Public Document Pack

SCOTTISH BORDERS COUNCIL
THURSDAY, 28 FEBRUARY, 2019

A MEETING of the SCOTTISH BORDERS COUNCIL will be held in the COUNCIL CHAMBER, COUNCIL HEADQUARTERS, NEWTOWN ST. BOSWELLS on THURSDAY, 28 FEBRUARY, 2019 at 10.00 AM

J. J. WILKINSON,
Clerk to the Council,
21 February 2019

BUSINESS		
1.	**Apologies for Absence.**	
2.	**Order of Business.**	
3.	**Declarations of Interest.**	
4.	**Fit For 2024** (Pages 7 - 22) Consider report by the Chief Executive launching the new Fit for 2024 programme which will support the delivery of the Revenue and Capital Financial Plan over the life of the 5 year revenue plan. (Copy attached)	15 mins
5.	**Inspire Learning: A World Class Digital Learning Environment for the Scottish Borders** (Pages 23 - 46) Consider report by the Chief Financial Officer outlining the Council's strategic intent to create a world-class digital learning environment across the Scottish Borders that will reduce inequality and improve academic performance amongst our young people. (Copy attached.)	15 mins
6.	**Budget Communication Strategy 2019/20** (Pages 47 - 62) 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
7.	**Motion by Councillor Haslam** (Pages 63 - 66) Consider Motion by Councillor Haslam as detailed on the attached paper in terms of Standing Order 26, seconded by Councillor Aitchison and signed by Councillors Tatler, Carol Hamilton, Edgar, Turnbull and Richards. (Copy Motion attached.)	15 mins
8.	**Financial Strategy & Resources 2019/20** (Pages 67 - 90) Consider report by Chief Financial Officer on the financial strategy and	10 mins

	estimated Financial Plan resources for the Council covering the period 2019/20. (Copy attached.)	
9.	**Capital Investment Strategy** (Pages 91 - 134) Consider report by Chief Financial Officer seeking approval for the Capital Investment Strategy 2019/20. (Copy attached.)	10 mins
10.	**Treasury Management Strategy** (Pages 135 - 184) Consider report by Chief Financial Officer seeking approval for the Treasury Management and Investment Strategies 2019/20. (Copy attached.)	10 mins
11.	**Financial Plan Equality Impact Assessment (EIA)** (Pages 185 - 198) Consider report by Chief Officer HR on potential equality impacts of the savings proposals. (Copy attached.)	10 mins
12.	**Draft 5 Year Revenue and 10 Year Capital Financial Plans**	
	(a) **Motion by Councillor Haslam** (Pages 199 - 228) The Conservative/Independent Alliance Administration recommend approval of the 5 year revenue budget and 10 year capital plan set out in document 12(a) and in doing so ask the Council to note: Despite being faced with significant financial challenges as a result of reductions in funding from the Scottish Government, this Administration is presenting a really exciting budget for the Borders, packed with huge investment plans at a truly vital time for our economy. Millions of pounds will be invested in new and improved schools as part of our 10 year capital plan, £16m being provided for a new of Eyemouth Primary School, £9m for a new Earlston Primary School, and funding for a new Galashiels Academy. The Conservative and Independent Administration has taken the difficult decision to raise council tax to 4% next year. This will provide match funding for a new Hawick High school and provide an extra £2.3m investment in our roads and pavements over the next 4 years. This administration also plans to transform Education in the Borders with a £16 million investment over a ten year period in a new 'Inspire Learning' programme across all primary and secondary schools in order to make sure children learn in the best possible environments with the latest technology at their fingertips. This will include iPads being provided to all P6-S6 pupils, and at a ratio of one per every five P1-P5 pupils from 2019/20. The rollout will completed within just two years. This Administration is committed to protecting the most vulnerable individuals, families and communities of the Borders. An additional £3million will be invested in new extra care housing for projects in Hawick, Kelso, Eyemouth and Peebles in addition to those already committed to at Todlaw, Duns and Langhaugh, Galashiels. We aim to make the Borders one of the best areas in Scotland to live, work and visit, and this proposal, alongside our other investment plans confirms our commitment to that." As part of these budget proposals: • Frontline services such as waste and recycling collections will remain unchanged.	

- There will be no change to public toilet provision in 2019/20.
- A second Community Action Team (CAT) for the Borders will be permanently funded.
- A new recycling awareness campaign will be funded to encourage people to recycle properly in order to reduce landfill tax costs and pollution.
- More money than ever before will be available for communities to allocate as they see fit through a new £1.167m consolidated Community Fund. This will make it easier than ever before for communities to access funding and to have a say in how it is used in their area.
- An extra £2.3m will also be spent on roads and pavements with £86m investment for road/transport infrastructure over 10 years being planned.
- We will continue to invest in outdoor education to provide destination parks in all our major towns and provide facilities to encourage people of all ages to be active and stay healthy.
- £58m for flood protection including Hawick.

The council is also constructing the foundations of a more efficient council which can drive ever better outcomes for the people we serve. Fit for 2024 is a major new strategy forming a key part of our budget plans to improve wellbeing, drive out inefficiency and to do so on the basis of sustainable development.
The budget provides the funding for major projects that will regenerate our high streets, create new and high quality jobs and increase the number of tourists coming to the Borders as well as attracting people to come and live and work here.
This budget is bold, brave and builds the future prosperity of the Borders, placing us at the cutting edge of new developments in education, technology and care. It's a budget we can be proud of and members across the political spectrum can support our plans knowing they are voting for a budget that benefits the whole region.

(b) **Motion by Councillor Bell** (Pages 229 - 258)

1. The Opposition Parties on Scottish Borders Council – the Scottish National Party and the Liberal Democrat Party - recommend approval of an alternative 5 year revenue plan of £1.4bn for the Scottish Borders and a 10 year capital plan of £347m; both as set out in document 12(b) and in doing so ask Council to note the following principles and proposals:

   - This budget builds on opportunities and improves the lives of Borderers whatever their age. It focuses on delivering quality services, opportunities for all in a thriving economy, empowering communities and enabling people to live independently and achieve their goals.

   - This budget rebuilds educational support, protecting teacher numbers, library services, school mental health services and frontline Council services; whilst also recognising that we must modernise service delivery and make efficiencies.

   - The Opposition budget specifically proposes :-

     - £34m investment over ten years into new or refurbished Primary schools
     - To add to Government support in order to build 2 new

	High Schools over the capital period ➢ £11.4m investment in a carefully introduced Digital Learning programme in schools ➢ Investing £2.8m capital and £6.4m revenue in 2019/20 into Early Learning & Childcare ➢ To continue investment to a total of £58m in Flood & Coastal Protection over the capital period ➢ To continue the £0.282m funding for a community policing team to prevent low level criminal activity, and proposes that the Council starts a new initiative to control on-street parking ➢ To earmark £2.4m contribution to re-establish Reston Station at a time that is in phase with the Transport Scotland investment 2. The Opposition Parties also recommend that: Scottish Borders Council mainstreams funding – initially £1m - from September 2019 into Borders Decides. This will devolve decisions about road maintenance, traffic management and the environment to local level. Prioritisation of spend will be decided by the community through participative budgeting, and based on officer recommendations.	
13.	**Any Other Items Previously Circulated**	
14.	**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.**

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FIT FOR 2024

Report by Chief Executive

SCOTTISH BORDERS COUNCIL

28th February 2019

1 PURPOSE AND SUMMARY

1.1 **This report proposes a new 5 year programme of transformation across the Council - called 'Fit for 2024' - with the aim of delivering a Council that is adaptable, efficient and effective, and one ultimately capable of not only meeting the challenges ahead, but of fully optimising outcomes for the citizens and communities for which it is responsible.**

1.2 Summary of the main points of the report:

(a) Context - Beginning with the financial challenge, the report notes the scale and breadth of the challenges the Council faces. It notes the opportunities provided by a coalescence of a number of initiatives, including the South of Scotland Enterprise Agency and the Local Governance Review. It recognises changing citizen and customer expectations, both in terms of operational contacts with the Council, and in a desire for increased involvement in its decision-making processes.

(b) Vision and guiding principles – The report sets out a template for Fit for 2024 built on the primary purposes for which the Council exists and guiding principles drawn from international, national and local commitments. This holds that, through delivery of excellent leadership, and top class services, the Council will drive improvements in wellbeing guided by the Christie principles, by principles of Sustainable Development and the necessity of us all playing 'our part' pursuant to the Corporate Plan.

(c) Fit for 2024 Forward plan – The report lays out the range of projects and initiatives necessary to the delivery of Fit for 2024, highlighting the importance of a 'whole' Council approach, the cross-cutting nature of what is required, and the need for all elements of the programme to be driven corporately.

(d) Council approval is sought for Fit for 2024 on the basis of the vision and guiding principles described, recognising the significant strategic implications of the programme for our organisation, and noting the proposed elements of the programme.

(e) As the first of a series of practical issues, which will emerge as a result of Fit for 2024, it is proposed that a range of Council community funds and grants to external bodies is consolidated in a single fund, and devolved across the Council's five Area Partnerships. The background to and rationale for this proposal and related proposals are set out in Annex A to this report, with the resultant recommendations set out below in paragraph 2.2 of this report.

2 RECOMMENDATIONS

2.1 I recommend that Scottish Borders Council:-

(a) approves the transformation programme Fit for 2024;

(b) approves – specifically - the proposed vision for Fit for 2024 and guiding principles to facilitate that transformation journey, namely:

i. A Council which through the delivery of excellent leadership and top class services drives improvements in wellbeing across and throughout the Scottish Borders;

ii. A Fit for 2024 Transformation Programme that is guided by the Christie principles, by principles of Sustainable Development and the necessity of us all playing 'our part'.

(c) notes the significant strategic implications of Fit for 2024 for the Council, and the proposed elements of the programme as described in paragraph 4.3;

(d) approves the preparation of internal and external communications plans to support Fit for 2024; and

(e) approves investment in resources to deliver Fit for 2024.

2.2 With reference to Annex A of this report, I recommend that Scottish Borders Council agrees to:-

(a) consolidate the Council's Localities Bid Fund, Quality of Life Fund, Community Grant Scheme, Local Festival Grant, Federation of Village Halls Grant, Community Council Grant and the current contribution to the Third Sector and creates a Community Fund for devolvement to the five Area Partnerships;

(b) amend in principle the Scheme of Administration to reflect the recommendation at paragraph 2.2 (a) above, with the amendment to the Scheme being the subject of a future report to Council;

(c) offer in kind accommodation, in place of the current financial contribution, to the Third Sector; and

(d) consider the allocation of a further £445,000 as part of the 2019/20 budget process to the Community Fund (referred to in paragraph 2.2(a) above) across the five Localities based upon head of population, to support communities in taking forward locally agreed community priorities and solutions.

3 BACKGROUND TO FIT FOR 2024

3.1 Over the last decade, financial challenge has become a predominant and pervasive feature of the local government landscape. For SBC, since 2013/14, this has required the delivery of over £40m of permanent cost reductions on a cash basis in order to balance the budget each year. Further and deeper real terms cuts are expected over the period to 2024 and beyond.

3.2 To add to this picture, a host of other pressures bear down on the Council, among them:-

- greater demands for our services;
- the challenges of meeting the needs of our growing older population, with an 80% rise in the number of over 75s in the Scottish Borders predicted by 2041;
- the need to drive a step change in the economic performance of the area, transforming the Scottish Borders from one of the weakest contributors to national growth to one of the most vibrant rural economies in Europe;
- far-reaching reforms in Health and Social Care which place the individual at the centre of an integrated and holistic approach to their needs;
- new requirements in Education, empowering schools, enhancing parental and pupil involvement, and driving improvement through collaboration;
- rapid digital transformation as a continuous and permanent feature of our environment in general and of customer service and service delivery in particular;
- new duties under the Community Empowerment (Scotland) Act 2015 and in relation to Poverty and Inequality; and
- budgetary, legislative and regulatory impacts as a result of the UK's proposed exit from the European Union.

It is a fair assessment to suggest that the outlook for the Council remains extremely challenging.

3.3 At the same time, a number of potentially transformative opportunities have arisen, which the Council must seize if it is to deliver for the communities and citizens of the Scottish Borders. These include:-

- The South of Scotland Enterprise Agency;
- The Borderlands Inclusive Growth Deal;
- The Edinburgh and South-East Scotland City Region Deal; and
- The Local Governance Review, which presents an opportunity to design a public service approach which responds directly and effectively to the place-based challenges of our region.

3.4 Lastly, what citizens and communities expect of their Councils is also changing:-

(a) **The customer experience**

Customers expect and we must provide both customer service and service delivery of the highest standard. At the same time, rapid technology enhancements and customers' digital expectations have all acted as a catalyst in the demand for (and ability to deliver)

online public services. From registering the birth of a child, to providing an environment for customers to interact 24/7 with the Council, there are increased and growing expectations of services. The keynote is minimising customers' time and effort and delivering exactly what they want when and where they want it: a customer-first mind-set.

(b) **Enhanced community engagement, participation and empowerment**

In 2015 the Scottish Parliament passed the Community Empowerment (Scotland) Act 2015 to give new rights to community bodies and new duties to public sector authorities. The Act, derived from the principles set out by the Christie Commission, envisages proactive support from Councils (and Community Planning Partners) to help communities to do more for themselves and have more say in decisions that affect them. The establishment of Area Partnerships and the development of Locality Plans is an example of our response to that.

In 2017 Council leaders agreed that at least 1% of local government budgets should be subject to participatory budgeting (PB) by the end of 2021, giving communities more influence to make decisions on how funding is spent in their localities. We have piloted PB here in the Scottish Borders with the first round of the Localities Bid Fund (LBF) completed in early 2018, and the current round of LBF open for applications.

In the Scottish Borders Household Survey 2018, 64% of respondents indicated they would like greater involvement in decisions the Council makes about their local area.

Better community engagement and participation leads to the delivery of better, more responsive services and better outcomes for communities.

We recognise the important contribution that local communities make to the quality of life in the Scottish Borders. We also recognise that both improved customer experience and community empowerment are integral to the future configuration of the Council, and its activities, as well to interactions with the Council.

3.5 It is clear that as our strategic and operating environments change, so the Council must change, especially so if we are to continue to deliver the high levels of service that citizens expect

A Vision and guiding principles

3.6 'Fit for 2024' is Scottish Borders Council's response to these challenges. It is a vision for the future, guiding principles, but robust in its assessment and execution of the actions needed to deliver a Council that is adaptable, efficient and effective.

3.7 In setting out our 'Future Council', it is necessary to return to first principles and ask the question 'what is the Council for?' In answer, the Council's activities may be said to fall into three main categories: representing the local community; delivering services to meet local needs; and striving to improve quality of life and community well-being. Of these, the most important is 'wellbeing'. Leadership and services are essential, but ultimately contribute to the objective of improving wellbeing.

3.8 Over the last few years, in Scotland, as in other parts of the world, there has been increasing interest in a 'wellbeing' approach to government, which focuses on societal progress through measuring wellbeing as a

function of improvements in quality of life, material conditions and sustainability. In Scotland, this has found its principal expression in the Christie Commission and the National Performance Framework now enshrined in legislation through the Community Empowerment (Scotland) Act 2015.

(a) **The Christie Principles**

To tackle deep rooted, and highly complex issues like poverty, poor health and educational attainment, the Christie Commission advocated a joined up approach in which public services are viewed as a whole system. The Commission report (2011) recommended that public services should: prioritise prevention; involve people and communities; promote partnership working, and increase the efficiency of public services. Above all, it contended the focus should be on outcomes rather than process and inputs.

(b) **Sustainable Development**

Without engaging the public sector, sustainable societies will be undeliverable. The UN's agreement of 17 Sustainable Development Goals, and Scottish Government's incorporation of the UN SDGs in the new National Performance Framework highlight the increasing urgency of this agenda for the world and for national governments. In its 2005 Sustainable Development Strategy – Securing the Future, the UK Government said: 'The goal of sustainable development is to enable all people throughout the world to satisfy their basic needs and enjoy a better quality of life, without compromising the quality of life of future generations.' This short description is also used by Scottish Government, and provides a useful encapsulation of a concept, which is a pervasive element of public policy in Scotland and is increasingly expected to shape the Council's decision-making, policies and service delivery. A detailed Report on Sustainable Development is in preparation, though it should be noted that the principle already features in Connected Borders' commitment to 'a future that delivers economic growth and sustainable development', in the Community Plan and in the Council's Corporate Plan for 2018-2023.

(c) **#YourPart**

The Council's Corporate Plan promotes a further concept vital to understanding 'Fit for 2024'. This is the notion (expressed in the #tag) that, to meet the scale of challenges now faced by public bodies generally and Scottish Borders Council specifically, all of us have a part to play - as individuals, families, businesses, partners and communities. Taking one example from the many examples set out in the Corporate Plan, this means using the services we put online whether 'applying for Housing Benefit, [or] reporting a complaint to help us to reduce costs' and enabling us to direct resources to where they are most needed.

3.9 This then is the Council's template: through delivery of excellent leadership, and top class services driving improvements in wellbeing guided by the Christie principles, by principles of Sustainable Development and by the necessity of us all playing 'our part'.

3.10 It should be recognised that Fit for 2024 raises fundamental questions about the future shape of Scottish Borders Council. This is an issue for Elected Members, Council management and staff, partners and stakeholders, businesses, communities and citizens. The Council will need to interrogate aspects of its business, how it is configured and how and what it delivers. This will challenge everyone. It follows from this that

effective and timeous communication of the context for decisions and what the Council is aiming for is essential. Indeed, fundamental to this is the notion that our communication is not merely passive, but engages all of the groups referred to in our efforts to transform the Council. All of these considerations necessitate the development of both internal and external communications plans and this forms a specific recommendation of the report.

4 FIT FOR THE FUTURE – THE FORWARD PLAN

4.1 Fit for the Future is about the 'whole' Council, and all aspects of how the Council delivers will be under intense scrutiny and subject to change – structure, management, workforce, business processes and productivity. Repeating the theme of first principles referred to in paragraph 3.5, we must ask ourselves in relation to each service or business process we review – 'what is it we are trying to do?' The approach is sometimes referred to as 'purpose-led transformation'. Its significance is that it compels an approach which focuses not on the narrower interests of a service or department, but on optimising intended outcomes. At a strategic level, this means improving wellbeing. At an operational level, it may mean, for example, ensuring that social workers are armed with appropriate mobile technology, so clients require to provide their details only once, and the required information is available to be used by the Council and its partners for all relevant and related purposes.

4.2 Taking a purpose-led approach, furthermore, invokes important subordinate principles:-

- It ensures business is focused on the customer end-to-end journey rather than internal silos
- It ensures business (process/operational) metrics focus on customer benefits
- It ensures staff accountability is built on delivering the 'right' metrics
- It promotes lean processes, focused on delivering value to the end user/customer, and freeing up resources to be re-directed into driving outcomes
- It draws on facts and evidence and upon best practice from across the public and private sector, understanding why it is best practice and how it could deliver benefits to the Scottish Borders.

4.3 To make the vision, and guiding principles of Fit for 2024 relevant, our framework for transformation must be applied to the actual business of the Council. Planning transformation only in theory will not deliver what the Council or those we serve require. In this respect, Fit for 2024 will be a challenging and exacting exercise.

A series of inter-connected areas of focus will be taken forward as part of the Fit for 2024 Programme. Resources will need to be prioritised in order to deliver this ambitious programme on many fronts. However, this programme allows the consolidation & co-ordination of large areas of existing work, and will ensure consistency of purpose and direction.

4.3.1 Service by service review/restructure

Whilst many of the Council's services have undergone review over recent years which delivered financial plan savings, there is now a need for a more consistent approach across every SBC service that is designed to meet future demands. This will be sponsored by the relevant Service Director but will be led by an objective review team, which includes officers from key corporate services and other

non-service specific challenge.

A comprehensive plan/timetable for these reviews will be developed, which prioritises those services which offer the greatest scope for change, improvement and financial savings based on:

- Key indicators, including cost & performance comparisons with other local authorities;
- Time elapsed since a comprehensive review of that service; and
- Evidence-based analysis of good practice and opportunities from around the country.

Every service review will have clear targets in terms of anticipated benefits, including financial savings, service improvements and capacity to meet future service demands.

4.3.2 **Enhanced community engagement, participation and empowerment**

As noted, evidence suggests that there is a strong appetite for strengthened community empowerment, engagement, and participation in the Scottish Borders. While recognising the leadership role of the Council, to maximise the impact of limited collective resources, there must be a greater focus on supporting communities to participate in the shaping and enhancing of community resilience and quality of life across the Scottish Borders.

This will require a different approach: building capacity and supporting communities' participation in local decision making, with further investment and greater co-ordination of efforts and resources across SBC and all our partners and local communities.

Fit for 2024 will require us to work collectively and collaboratively with communities and partners to:

- Reflect current and future legislative and policy requirements that call on greater community engagement and involvement (including the outcomes of the Planning Review and Local Governance Review)
- Better understand our communities' capacity in participating in local decision making and taking forward actions/projects which meet the local priorities they identify (for example, through Area Partnerships and Locality Plans)
- Provide the appropriate level of support, tools (e.g. participatory budgeting) and resource to those communities that wish to use it

Further detail is available in Annex A.

4.3.3 **Best use of physical assets – including reducing the Council estate**

The Council makes significant investments in properties across all localities in the Borders, either through the creation of new assets such as the Schools Estates Review or through the Property Maintenance Fund which ensures that SBC assets are maintained in a safe and functioning condition. Over the past 5 years SBC has spent, on average, over £14m per year in the running costs of property including refurbishing and repairing the estate. The sheer size of the SBC estate means that investment is spread thinly and makes it challenging to sustain an estate that is fit for purpose into

the future.

Fit for 2024 will drive innovation and creativity in how investment is used to best effect. The Council will need to be bolder and braver in its estate decisions, engaging communities and partners in dialogue about how, together, we meet changing customer needs and community demands.

Along with our partners and the communities, a joint approach is required to rethink and reshape the collective property portfolio, not just that belonging to SBC, to ensure that it:

- meets current and future needs of service users, communities and service providers;
- maximises and make best use of investment opportunities of both existing revenue and capital resources as well as external funding opportunities; and
- is sustainable and affordable in terms of both ongoing funding and energy efficiency

4.3.4 **Investment in well planned & designed Digital Solutions**

SBC is invested in an ambitious programme of Digital Transformation, which seeks to underpin new ways of working and to ensure that customers and services can fully exploit the opportunities that new technology can offer. Digital investment is an enabler for change but will require a shift from traditional ways of doing things so that all benefits around customer choice & convenience, service improvements and financial benefits can be fully realised.

Working with SBC's strategic IT partner, CGI, Fit for 2024 will take a long-term approach to develop future proof digital solutions that offer greatest value and maximum benefits. New Systems such as Business World and ParentPay have acted as a catalyst for service redesign activity particularly in Financial Services and Business Support. However, SBC recognises the need to realise more benefits from the investment made in new systems such as through the Digital Customer Access project and the roll-out of Office 365 across all IT users in SBC.

Fit for 2024 will ensure that the full Digital Programme will align with corporate priorities to enable the changes, improvements and savings set out in the Financial Plan to be achieved.

4.3.5 **Development of Workforce skills, flexibility and working patterns**

SBC invests in the development of its workforce across all services. Recognising future challenges, including the potential risks posed by an aging workforce, SBC has developed a range of courses aimed at developing leadership across all levels of the organisation. SBC has also increased the numbers of Modern Apprenticeships available within the Council.

The recent development of a Competency and Behaviour Framework provides clarity for all SBC staff on the expectations the Council from each individual. This is helpful for both officers and managers in setting out the part everyone has to play in meeting the Fit for 2024 challenge.

A significant amount of review work has led SBC towards a truly corporate model for support functions, which has reduced costs,

silo-working and has led to a greater opportunity for sharing resources for the greater good. Further Workforce Transformation to create behavioural change has already been successful in changing long-established practice e.g. in reducing staff travel through changed policy, management scrutiny and the introduction of pool cars.

Fit for 2024 will seek to build on all of the above activity, maintaining:

- Demand-led working – a comprehensive look at demands for all SBC services and a re-alignment of resources and working patterns based on evidence.
- Talent management & development to increase flexibility for individuals and collective staffing resources.
- Increased opportunities for cross departmental & inter-agency sharing of skills and officers.

4.3.6 **Optimise partnership resources**

SBC is engaged in a range of partnership working with a variety of partners, including neighbouring authorities, other local public services and the 3rd sector. The benefits of this way of working include better outcomes and greater co-ordination of efforts & resources. However, as financial pressures increase, there are significant opportunities for still greater sharing of resources, assets and expertise with a range of partner organisations. Fit for 2024 will develop a clear framework for shared services with partners, coupled with targets for tangible benefits and savings to be achieved from these arrangements.

Specific areas that will be further explored immediately are:

- Options for shared back-office services with local partners;
- Increased co-location of key staff, particularly those in joint services; and
- Income opportunities for SBC delivering key functions for others.

Opportunities to 'commission' key functions from partners.

4.3.7 **Process Improvement & Productivity**

Building on existing activity, Fit for 2024 will set out an ambitious programme of process improvement and productivity work that enables SBC to sustain or enhance both service delivery and quality levels, while requiring less input of resources. This Council-wide programme will include streamlining back-office activity and increasing the productivity levels of frontline services. Much of this work will be underpinned by digital investment and automation opportunities but it will also aim to stop activity that adds no value to SBC's customers. This work will use both internal & external skills to:

- Systematically review every resource-intensive or high volume back-office process across SBC;
- Explore areas of potential increased productivity in all services, particularly those areas with greatest spend or resource requirements.
- Automate processes wherever possible and cease activities where no value is ultimately added to customers or services.

4.3.8 **Ongoing exploration of ideas & good practice elsewhere**

SBC actively seeks ideas for savings & improvements from customers, elected members, staff and managers. Customer surveys, committee decisions, analysis of comments & complaints received, staff surveys and ongoing dialogue with managers are all methods currently used to identify options for positive change.

Fit for 2024 will enhance SBC's ambition to be a learning organisation and will encourage officers and managers to embrace good practice from both the public & private sector. There will be a more formal approach to research into good practice and how this could benefit SBC. This evidence will shape the development of future improvement projects to ensure that efforts are focused on work with the maximum level of success, and will include:

- Analysis of award-winning services, projects and practice from elsewhere;
- Ongoing identification & considerations of successful improvement and savings delivered by other local authorities; and
- Systematic surveys of customers, staff, managers and partners for ideas – with a clear route for consideration and implementation.

5 IMPLICATIONS

5.1 Financial

Key objectives of this report are to drive improvement and financial savings. The Council will require to save almost £17M by 2024 if it is to be able to deliver on the ambitions of Fit for 2024. Detailed savings will be reported in relation to the individual elements of the Fit for 2024 Programme as the intensive work associated with each project or initiative is developed.

5.2 Risk and Mitigations

At this stage, there are two broad categories of risk:

(a) Failing to deliver on Fit for 2024 would mean that the Council fails to deliver the financial efficiencies which are integral to driving the improvements in outcomes and wellbeing sought, and essential to delivering an organisation that is sustainable, adaptable, efficient and effective.

(b) There are specific risks associated with failing to deliver operationally on those projects which make up the Fit for 2024 Programme. These projects will require detailed analysis of impact and likelihood, and rigorous management.

5.3 Equalities

An Equalities Impact Assessment has not been carried out in relation to this report, which establishes a framework for a business transformation programme over the next 5 years. However, Equality Impact Assessments will be required and undertaken in relation to the individual elements of the programme described in paragraph 4.3 of the report.

5.4 Acting Sustainably

No direct economic, social or environmental effects flow directly from this report, but economic, social or environmental effects will follow from implementation of the Fit for 2024 Programme, and will require to be

highlighted in relation to individual projects which make up the Programme.

5.5 **Carbon Management**

No carbon management issues flow directly from this report, but such issues may flow from implementation of the Fit for 2024 Programme, and, where identified, will require to be highlighted in relation to the relevant individual projects which make up the Programme.

5.6 **Rural Proofing**

There is no direct rural proofing impact as a result of this report, but impacts may result from implementation of the Fit for 2024 Programme, and, where identified, will require to be highlighted in relation to the relevant individual projects which make up the Programme.

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

As noted in paragraph 2.2(b) of the report recommendations, a change will be required to the Scheme of Administration to facilitate the consolidation of grants in a Community Fund pursuant to recommendation 2.2(a). It is proposed that the required amendment to the Scheme of Administration will be set out in a subsequent report to Council. Any further changes required to either the Scheme of Administration or the Scheme of Delegation as a result of the Fit for 2024 Programme will be identified and reported to Council.

6 CONSULTATION

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

6.2 Work is being undertaken with Corporate Communications to develop both internal and external communication plans around the Fit for 2024 Programme.

Approved by

Tracey Logan **Signature .....**
Chief Executive

Author(s)

Name	Designation and Contact Number
Michael Cook Jason McDonald	Corporate Policy Advisor Senior Manager, Business Strategy & Resources

Background Papers: Nil
Previous Minute Reference: N/a

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Enhanced Community Engagement, Participation and Empowerment

Further Context

Over a lengthy period of time the number of grants and funds that have been created within Scottish Borders Council has led to a cluttered and confusing internal landscape with inconsistent criteria and processes.

The funding landscape has also changed significantly over the past few years, with participatory budgeting being introduced in a number of formats, for example public voting, crowdfunding and co-operative schemes being created across the UK.

The capacity of communities to access funding varies across the Scottish Borders, from those requiring small scale budgets for low level projects, seed and feasibility funding, to those who are looking to fund medium sized projects within Community Action Plans, and more mature organisations such as Development Trusts which are seeking significant funding packages made up of a number of larger funds.

Different levels of support required to access funding ranges across the Borders from basic capacity building to specialist intensive support for large scale projects. This support comes from a number of sources: Community Learning and Development (CLD), Communities & Partnership's Team, capacity building teams both within SBC, Third Sector, project specialists and consultants.

Finally, there may be additional requirements in response to the funding allocations within The Edinburgh and South East City Region Deal, The Borderlands Initiative and the South of Scotland Economic Partnership (SoSEP) etc., the Community Empowerment (Scotland) Act and also in light of the outcome of the Local Governance Review.

In response to all of the above, we will be required to look forward and build community funds over the next 5 years that create more fluidity and flexibility, that support and facilitate communities to come up with creative solutions to local priorities and also builds community capacity which will require funding.

By consolidating the existing community funds, devolving these to Area Partnerships and building on the participatory budgeting pilot (Locality Bid Fund), these community funds could also provide flexibility to enable match funding opportunities to be maximised, and to support and facilitate delivery of local Community Action Plans. It is also hoped that by devolving these funds, that Area Partnerships will be strengthened, will be able to refocus community funds in supporting their local priorities, and will assist in empowering communities.

Fit for 2024 – Annex A

Enhanced Community Engagement, Participation and Empowerment

Year 1 – 2019/2020

In the short term we propose:

- **Creating a single Scottish Borders Council Community Fund**

  This will be done by consolidating the existing community grants and funds (incl. Quality of Life but excluding Small Schemes) - see Table 1.

Table 1: Proposed Consolidation of 2019-20 available Budget for a Community Fund

Grant/Fund	**Available Budget 2019/20**
Community Grant Scheme	£137,465
Local Festival Grants	£82,545
Community Councils	£62,728
Federation of Village Halls	£50,025
Contribution to the Third Sector	£19,955
Quality of Life	£100,000
Localities Bid Fund (LBF)	£500,000
LBF earmarked balance from 2018/19	£250,000
Community Action Team*	(£281,285)
Permanent effect of Financial Plan Saving (2018/19)	(£200,000)
Sub Total	£721,433
Fit for 2024 – Communities Fund	£445,000
Total	**£1,166,433**

*It is proposed that the Police Scotland Community Action Team (which is tasked from local community and local Elected Member input), is funded from the 2019-20 available budget allocation for community grants and funding.

This Community Fund would then be split across the five Area Partnerships per head of population - see Table 2.

Enhanced Community Engagement, Participation and Empowerment

Table 2: Proposed available budget 2019-20 for a Community Fund by Area Partnership

Locality (Area Partnership)	**Population** (NRS 2017)	**Available Budget 2019/20**		**With Additional £445,000**
Berwickshire	20,945	£131,372.06		£212,406.01
Cheviot	19,477	£122,164.41		£197,518.83
Eildon	35,330	£221,598.23		£358,286.19
Teviot & Liddesdale	17,942	£112,536.52		£181,952.19
Tweeddale	21,326	£133,761.78		£216,269.78
Total	**115,020**	**£721,433**		**£1,166,433**

By creating a Community Fund with a single point of entry this allows for a more effective and efficient processing of funding applications. Village halls, local festivals, community councils etc. would make applications to this new fund.

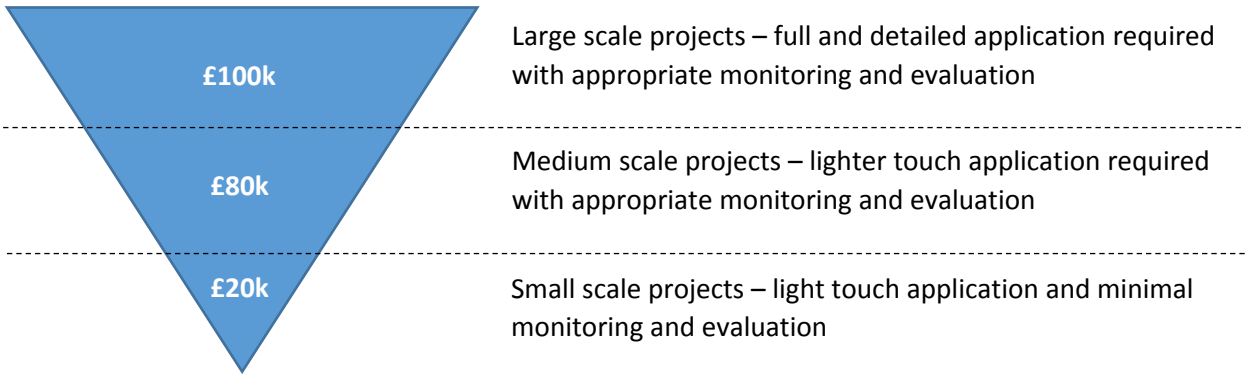
The current Scheme of Administration will be required to be amended to reflect these changes, and such amendments will be brought to Council for consideration and approval.

- **Strengthening Area Partnerships**

  Devolving the respective Community Fund to each individual Area Partnership will allow flexibility for how it is allocated and used. It might be used for one-off community projects and events, organisations that require seed funding, feasibility studies and Community Development Trusts which wish to develop Community Action Plans. These funds/schemes could be open all year, or be allocated in phases. It will be for each Area Partnership to decide how they wish their budget to be allocated, with a number of options/tools available, for example – asking the local community to vote on a funding decision.

  Below is an example of how potentially the Community Fund could be split:

  Example allocation of a Community Fund of £200,000



Enhanced Community Engagement, Participation and Empowerment

The Community Fund will support the evolution and strengthening of the Area Partnerships, in particular with regard to governance and accountability. Area Partnerships will offer a more open and transparent process and support the implementation of each Area's Locality Plan. A framework will be developed for each Area Partnership to work within which will be brought to Council for consideration and approval.

In addition it is noted that in the Area Partnerships Proposals paper that went to full Council on 2 November 2017, it was agreed that there would be a review of Area Partnerships after 18 months in operation (Area Partnerships were effective from 1 January 2018).

- **Piloting mainstream participatory budgeting**

  We will continue to work towards the COSLA 1% of Council budget for 2020-21 by identifying the most appropriate services and teams, e.g. neighbourhood services, and piloting different approaches to how we can work with our communities in the Borders to enable them to influence mainstream spend.

  The calculation for the COSLA 1% of Council budget is based on "total estimated expenditure for revenue, as per the local government finance circular, less assumed council tax intake". The 2020/21 assumed funding figure for Scottish Borders Council is £210.235m therefore 1% is £2.102m.

- **Continuing to support the Third Sector**

  We continue to support the Third Sector by offering in kind accommodation in place of current financial contributions.

  We will also continue to work with the Third Sector to further build community capacity in our local communities, including asset transfers, participation requests and future requirements of the Community Empowerment (Scotland) 2015 Act.

- **Preparing for planned legislative and policy changes**

  There are a number of reviews being undertaking which may bring significant legislative and policy changes - the Local Governance Review, the Planning Review and Community Planning Partnership Review etc. We need to build a flexible and fluid approach and funding proposition that will allow us to respond to this changing landscape.

INSPIRE LEARNING:
A WORLD CLASS DIGITAL LEARNING ENVIRONMENT FOR THE SCOTTISH BORDERS

Report by Interim Director of Children & Young People, Chief Financial Officer

SCOTTISH BORDERS COUNCIL

28 February 2019

1 PURPOSE AND SUMMARY

1.1 **This report presents an overview of the implications of Scottish Borders Council's intent to create a world-class digital learning environment across the Scottish Borders that will reduce inequality and improve academic performance amongst our young people.**

1.2 The report seeks approval by Council Members to ensure the necessary capital and revenue funding provisions are made within the 2019/20 financial planning process and seeks to secure a mandate to proceed with this ground-breaking and ambitious programme that will inspire learning, teaching and success Scottish Borders-wide.

1.3 It is intended that the Digital Learning Transformation Programme will contribute significantly to the delivery of a range of strategic Council and Children and Young People Directorate objectives through factors including improving retention of teaching staff, reducing staff turnover, enabling a virtual learning environment, better connecting students with the wider school community and greatly improving connections between school leavers and local business.

1.4 The financial model summarised within the report has been costed over an 11 year period (the remaining duration of the existing Scottish Borders Council contract with CGI) and is fully inclusive of all known component elements required. In particular, the proposed programme covers:

- All training and professional development over the life of the programme
- Full support to deliver the business change
- All supporting infrastructure subject to full site survey (on which assumptions have been made for the purposes of the model)
- The ability to deliver an iPad into the hands of every child from P6 to S6 and 1:5 ratio for P1 to P5
- A programme of maintenance through periodic refresh

1.5 Options for the required Capital and Revenue financial provisions are laid out separately in the draft Financial Plans of the Council's Administration and Opposition parties.

1.6 The financial model has been regularly and rigorously re-modelled and since the inception of the initiative, a significant reduction in the overall projected cost of the programme of around £8.2m has been achieved through robust scrutiny, challenge and renegotiation with CGI, Apple and XMA reducing the total additional cost of ownership from £24.000m to £15.760m and a total net additional cost to the Council of £11.119m over the life of the project, including all borrowing costs.

2 RECOMMENDATIONS

2.1 It is recommended that Council:-

(a) Notes the report and in particular, the financial implications of the proposed Digital Learning Transformation Programme;

(b) Considers the required revenue and capital funding provisions as part of the 2019/20 Financial Plan;

(c) Approves the Inspire Learning Transformation Programme enabling its formal initiation and delivery within the proposed timescales.

3 BACKGROUND

Digital Learning

3.1 National guidelines from Scottish Government have placed digital at the heart of the learning process. Viewed as a way to enhance learning, it is now the responsibility of every Scottish teacher to effectively embed digital tools in learning. Whilst digital tools are used in education settings across the world, each setting, including the Scottish Borders, has its own unique challenges and targets, and as such, technology must be used in a flexible way in order to progress towards achieving these targets.

3.2 "Digital learning" is any instructional practice that effectively uses technology to strengthen a student's learning experience. Additionally, digital learning can be used to provide professional learning opportunities for teachers, to reduce teacher workload, improve marking and feedback to the child and the wider school community and importantly, to provide personalised learning experiences for students.

3.3 Digital Learning is a term that refers to the means and method by which learning is delivered and accessed by all. It refers to the digital tools used to enable or manage learning in education. This may mean resources, hardware, software, storage, systems and support and include components such as:

- A mobile digital learning device
- A network that will support every student having a device for learning
- A flexible Audio Visual solution in all learning spaces
- Classroom Management software
- Education software to support learning
- Coding and Programming tools – software and hardware
- Creation of a safe, online learning environment
- Support for Teachers to deepen experience, grow confidence and recognise new skills attainment.

Mobile Digital Learning Devices in Schools

3.4 For each component, there are a number of options in terms of how it may be provided. Fundamental to the Council's Digital Learning Strategy will be a mobile digital learning device or tablet and similarly, there are a range of tablet technology options such as iOS, Android and Microsoft Windows devices. A mobile digital learning device is a great way to create and experience digital textbooks, capable of enhancing text and making content more interactive with images, video and audio. They are also an effective tool in engaging students in reading to improve literacy, support them with creative ways of producing content and help deepen their understanding and research skills.

3.5 There are many applications ("Apps") available for every stage of the education process. These include literacy, numeracy, STEM (science, technology, engineering and mathematics) skills and a wide range of built-in accessibility features to broaden access to learning for all

students.

3.6 A Tablet provides students with access to web resources at their fingertips, making it easy for them to research information for school projects, class work and homework. It also facilitates the completion of tasks and enables them to digitally hand-in homework assignments, to receive meaningful and timely feedback from teachers and to even join classes remotely. It can also give users access to a wide variety of interactive applications that often take a different approach to learning. This different approach can make learning easier for some students. Lots of websites are designed for tablet use and have been optimised for this type of interactive technology. They provide features which can be used in the classroom to encourage collaboration and computational thinking. Students can find tablet technology intuitive and engaging in the learning process.

3.7 Many school children use touch screen based platforms such as tablets, game consoles and smartphones and already have a good knowledge of the technology. Many already have a tablet at home. For others, school is the only place where they can access this kind of technology. When a student takes a tablet device home as part of a school deployment often the wider school community of family can benefit from access to the tools it provides.

4 OPTION IDENTIFICATION AND EVALUATION

Vision

4.1 National guidelines from Scottish Government have placed digital at the heart of the learning process, with four objectives:

- Develop the skills and confidence of educators in the appropriate and effective use of digital technology to support learning and teaching
- Improve access to digital technology for all learners
- Ensure that digital technology is a central consideration in all areas of curriculum and assessment delivery
- Empower leaders of change to drive innovation and investment in digital technology for teaching and learning

4.2 There are a number of fundamental components to the vision of a Digital Learning Transformation Programme for the Scottish Borders. These have been identified as being:

- Creating a fast, reliable WiFi network in every Borders school and internet access for every young person.
- Flexible audio visual learning spaces in our schools through equipping every classroom with a wireless, efficient technology solution
- Providing every teacher in SBC with a mobile digital learning device, case and keyboard
- Providing all secondary school students with a mobile digital learning device for use wherever it makes the learning experience better
- Providing every P6 and P7 student with a mobile digital learning device for use wherever it makes the learning experience better
- Supplying mobile digital learning devices into P1-5 for use wherever it

makes the learning experience better
- Classroom management software and education software to support learning in and out-with our schools
- Enabling and supporting the development of more advanced, high level coding skills in our secondary schools
- Planning a sustainable project that allows student devices to be refreshed before end-of-life
- Providing our teachers with top quality, accredited professional digital learning opportunities and support to develop their experience
- Providing a fully managed service support (device and application support / training and curricular guidance) for the whole digital learning environment in order that teachers and other key stakeholders do not need to worry about the technology but instead maximise its potential through focus on teaching and learning
- Promoting Digital Leaders programmes in schools across SBC

Objectives

4.3 In order to evaluate the potential options for the Scottish Borders, a number of objectives against which options can be evaluated have been identified:

- Technological Objectives
  - Ability to connect learning across teachers, pupils, school and home
  - Robustness and reliability
  - Flexibility and control – ability to share and to control the learning environment
  - Security and Safety
  - Support to teachers during implementation and development of their digital teaching skills

- Educational and Corporate Objectives
  - Extent to which options provide the best possible learning and teaching environments for all children and young people
  - Evidence of ability to support the achievement of Excellence through raising Attainment
  - Demonstrable Teacher investment – identifying teachers for accreditation to build capacity in SBC and deliver professional development for teachers which in turn will attract and retain teachers in the Scottish Borders
  - Developing the young workforce, promoting employability and giving all children positive destinations when leaving school
  - Alignment with the Scottish Government Strategy for Education and Children and Young People's Strategy for Digital Learning and Teaching – specific provisions that include improving WiFi network, mobile technology to enhance learning and greater access to educational resources
  - Support to Achieving Equity: Ensuring that every child has the same opportunity to succeed, with a particular focus on closing the poverty-related attainment gap and providing vulnerable children with the support they need to achieve, attain and feel included
  - Ability to monitoring and track curriculum progress potentially linking to SEEMIS, the standard Education management

information nationally
    - Opportunity to engage local businesses and involve them in the work of the school

- Cost
    - Overall cost
    - Unit cost of mobile digital learning device
    - Cost of managed service

- Implementation and Management
    - Ability to implement within specified timescale by 2019/20 academic year for secondary and 2020/2021 for primary
    - The requirement for a managed service across the programme including key pre-requisites such as a helpdesk, "how to" support, training and digital championing

Preferred Option

4.4 The Digital Learning Transformation Programme has yet to be initialised although a summary option appraisal was undertaken in order to identify the most cost-effective option on which the Council could base its considerations. A number of the options identified could deliver many of the required outcomes sought by the Council in implementing its Digital Learning Transformation Strategy. Having evaluated the options available however, what is clear is that there is only one option that delivers a solution that meets all of the above defined objectives.

4.5 The roll out of Apple iPads, on an iOS operating platform, within the Scottish Borders has been identified as the clear preferred option for the delivery of the world-class Digital Learning environment that Scottish Borders Council seeks to provide in its schools: Inspire Learning. There are many detailed reasons for this clear preference but in summary, the reasons underpinning this decision are:

Cost	The negotiated unit cost of the Apple iPad device is substantially lower than any available alternatives. This is partly as a result of the efficiencies drawn from the XMA framework. Significant efficiencies have been secured by rigorous negotiation on all aspects of the proposed programme in conjunction with all partners including CGI, who have presented a saving against the existing contract rate-card of £1.5m in total for the managed service element.
Teacher Development and Support	The opportunities presented by the Apple solution, when considered against other options, are believed to be of greater benefit in respect of Teacher Development through the availability of Apple Teacher, Apple Professional Learning, etc. Generally, the Apple training package is considered to be superior to supporting alternative options. The Apple solution is also the only one identified that gives full digital control in the classroom to the teacher.
Coverage and	The Apple solution is the only solution that is fully cross-compatible. What this means is that it is only

Flexibility	through the Apple solution that not only are all the principle Apple Apps and digital textbooks, curriculum teaching materials and Apple Classroom available, but that all other potential requirements such as MS Office, GLOW and GSuite are compatible also.
iPad-specific Features	The iPad is the mobile learning device that offers the widest suite of features required for a fully inclusive digital learning environment. These features include exclusive offline capability, assistive technology for sense-impaired pupils and privacy and security.
Availability of (Positive) Evidence	The Apple solution, of all the potential options available, is the solution for which there is the greatest volume of evidence over the delivery of targeted outcomes to date. Whilst the use of digital learning tools globally has evolved in recent years, it remains used only by the minority. The majority of evidence gathered to date indicates that the Apple platform is the one through which most success has been achieved. This is further elaborated in 4.6-4.8.
A single solution	The Apple option is championed by CGI, the Council's long-term information technology partner who are already working with other public-sector organisations to implement similar, if not exactly the same, type of programme. As such, it is the only option which delivers one single, holistic solution that completely fits the expressed vision of Scottish Borders Council outlined in 4.1 above.
Already Established Relationship	When Scottish Borders Council established its long-term IT partnership with CGI, a key driver was to create the platform from which it could realise maximum efficiency and performance over the period of the partnership. This is exactly the type of opportunity for which the partnership was created.
Timescale	The Council has defined a timescale for the programme that will see the first and largest tranche of rollout commencing in 2019. In order to deliver on this timescale, it is only through the already-established partnership arrangements for IT management and procurement that this commitment can be achieved.

The Evidence

4.6 Apple Classroom has already been rolled out across schools in the UK and globally, including the US and Canada, Australia and New Zealand, Sweden, Denmark, Germany, Italy and the UAE. Results to date are well documented with strong fundamental evidence that in all cases:

- Academic Performance has consistently improved
- Engagement and motivation of students has increased
- Cost savings and improved efficiency have been achieved

4.7 Where rolled out, the device given to students is perceived by many to be a physical manifestation of society's investment in young people's learning. To date, the use of iPads with Apple Classroom appears to have transformed the way students learn within a richer learning environment focussed on the individual learning needs of students. The evidence in support of this gathered so far across these key areas indicates:

Academic Performance

• Increased attainment and improved examination results
• Growth in all year levels
• Sustained improvements in maths, English, physics and chemistry
• Sustained improvement in reading comprehension, spelling and grammar
• Improvement in literacy outcomes
• Improved personal learning
• Enhanced teaching
• Greater reflective thinking
• Teaching which more closely aligns to personal student skill sets
• Increase in the number of students pursuing higher education, with a particular increase in those choosing STEM related subjects
• Enhanced thinking and communication skills
• Strong support to the delivery of key performance indicator "Employability and Creativity"

Engagement

• Students are more motivated and engaged in learning. Creating, exploring and learning in new ways has ensured they stay engaged.
• More students are engaged in research and critical thinking skills needed for the 21st Century
• Fewer disciplinary problems and exclusions
• Decreased absence rates
• Greater creativity and collaboration and free exchange of ideas
• Better connection of young people with their classmates
• Students relish the opportunity to demonstrate their learning
• Young people feel comfortable with iPad technology
• Students are able to go deeper into the lesson and expand learning from the classroom

Efficiency

• Reduced frustration with outdated traditional technology
• Reduced IT support requirement
• Elimination of technology solutions that don't reflect or support the needs of a digital society
• New more fit-for-purpose learning materials
• Reductions in the need for the current level of IT refresh, consumables, textbooks, hardware peripherals and printing & paper costs and the associated time across schools to process purchase and accounting

4.8 On a more local level, there are a number of outstanding schools in the UK with similar environments to the Scottish Borders including:

- Tynecastle High School (winner of Scottish Education Awards for Digital Learning 2018)
- The Steven Perse Foundation School, Cambridge (UKs highest performing school 2016)
- Essa Academy, Bolton (multilingual school rated outstanding by OFSTED)

In addition, a large-scale project of a similar nature has just begun across Glasgow City Council.

Benefits of the CGI Fully Managed Service

4.9 The proposed solution by CGI is borne out of a strong partnership between the Council and CGI and also with XMA in which further investment has been made over the last three years. Using the CGI outsource contract to deliver the Digital Learning Transformation Programme, SBC will benefit from a simplified procurement process, greatly reducing time and cost. Our current contract provides value for money procured under CGI's Public Sector IT outsource contract. This was put in place to ensure the exact benefits this programme offers i.e. maximising efficiency, seamlessness of implementation / management and ensuring the solution exactly meets identified need, can and actually will be accrued within the ambitious and challenging timeframe the Council has set.

4.10 The table below sets out a summary of the expected benefits that will be accrued from putting a managed service with CGI in place for the Digital Learning programme:

Educational Benefits	Technological Benefits
Improvement of staff confidence in using technology allowing them to focus on teaching and learning	A single helpdesk support number
Improvement of the student experience through a reliable and balanced network performance	Support from in-school Digital leaders
Central deployment, mobile device management (MDM) and management of device / daily activities will be undertaken by Digital Learning Team removing burden of technical workload / setup away from teachers	24 hours a day / 7 days a week availability of a managed network

Caching of servers in order to optimise bandwidth and provide a more consistent end user experience	Ability to closely monitor network capacity and performance in order to optimise the Digital Learning environment going forward
Enhanced security at network and device level through managed iPad build, promoting flexibility at teacher level	A formal Continuous Improvement process throughout contract period
The mobile digital environment will provide Business Intelligence capability to promote better decision making at both a school and local authority level	Adoption of ITIL (formerly Information Technology Infrastructure Library) industry standardised processes

4.11 Scottish Borders Council will also benefit from all planning, communication and documentation created as part of the current Glasgow City Council programme thus maximising efficiency, within a context of ensuring that only the most appropriate and best-fit solution is implemented within the Scottish Borders.

5 IMPLEMENTATION, MANAGEMENT AND COST MODEL

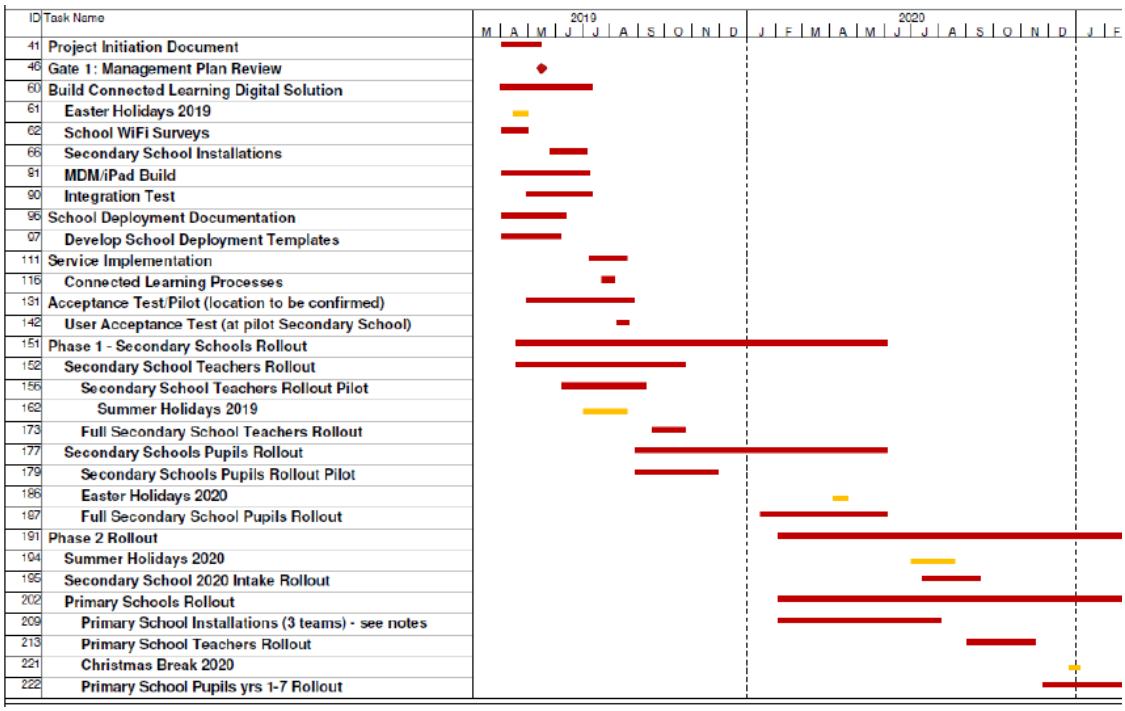
Proposed Plan

5.1 The intention for rollout of the implementation and refresh is simple in its concept. All supporting infrastructure will be put in place aligned to the rollout of the mobile digital learning devices on the basis summarised below:

From:

- April 2019 – rollout to Secondary School teachers
- August 2019 – rollout to all S1 – S6 pupils
- April 2020 – rollout to all P6 and P7 teachers
- August 2020 – rollout to P6-P7 and new S1 pupils

Whilst these are targeted dates, a number of factors will determine the exact date of rollout over the period of implementation but the draft plan stated above can be graphically demonstrated as:



5.2 Refresh will occur after year 4, where all teacher and pupil iPads will be replaced. Each year, a new P6 tranche will come as pupils progress up through Primary School. Going forward, all existing iPads will be refreshed when the pupil enters S3.

5.3 As pupils leave school at S4-S6, their devices will be recycled back into P1 to P5 until they are 4 years old. By way of example, 1,200 devices are forecast to come out of S4-S6 at end of year 1 with 3 years' life left in them and can be put into P5 if desired on a 1:5 ratio followed by 1,100 with 2 years left a year later, and then a further 800 with 1 year life left in the year after again.

5.4 Set up and initial training is both comprehensive and straightforward. This is explained more fully below.

Impact on and Outcomes for Teachers and Pedagogy

Training and Professional Development

5.5 When initiated, the proposed implementation plan will commence with the rollout of iPads to all secondary school teachers. This will happen 4 months before rollout is made to any pupils in order to give teachers time to get to know their iPad and to undertake the required professional development and training. A similar principle will apply a year later in relation to the rollout to primary schools.

5.6 Professional learning is critical to not only delivering in full the benefits of the transformation programme but to ensure that teachers feel rewarded by the investment in their professional capabilities and role. Continually investing in professional learning will provide a safeguard that enthusiasm for the programme is consistently sustained going forward.

5.7 This professional training will clearly have to be pitched at ensuring that

all teachers, regardless of current digital skills, are appropriately upskilled digitally to the required level of being able to fully add value in the classroom. Differentiation of how training needs across teachers are met therefore will be fundamental to ensuring a general level of digital literacy is achieved. This will take place through a number of media that will be agreed within a Support Plan and will include formal CGI / Apple-enabled Induction training, drop-in clinics, additional support sessions, training guidance and access to reference materials.

5.8 Such an approach is fully consistent with the Leadership provisions within the Council's Digital Strategy and a planned and phased approach to develop and improve Teachers learning and confidence is paramount to its delivery. By doing so, it is hoped that here in the Scottish Borders many of our teaching staff and the schools in which they work will be recognised going forward formally by achieving Apple Distinguished Educator and Apple Distinguished Schools status respectively.

5.9 Informal survey of a cross-section of teaching staff in the Scottish Borders indicated that assurances over the provision of professional development, coupled to alleviating concerns over the Wi-Fi capability across the school estate were the two most important components of ensuring the successful delivery of the programme and its outcomes. By taking the approach summarised above, in addition to the full site survey planned prior to embarking on the rollout at each school in the Scottish Borders, these two critical areas of assurance required by our teaching staff can be given at the outset of the transformation programme.

5.10 On 29 January 2019, Head-teachers from Scottish Borders Schools were invited to attend a demonstration, workshop and plenary discussion in the proposed programme that will transform education, teaching and learning across the region. The response from this key stakeholder group has been overwhelming and by way of evidence in support of this conclusion, a number of comments extracted from verbal and written correspondence from those in attendance is detailed in Appendix 1 of the report.

In the Classroom

5.11 The Council's Corporate Management Team were introduced to how the digital tools might actually operate in the classroom at a number of demonstrations during the Autumn of 2018, either here in the Scottish Borders or on-site elsewhere. In terms of how it will enable teachers specifically, this introduction demonstrated a range of features including:

- How the teacher will maintain control of what each individual pupil does
- How the teacher can personalise the learning of each individual pupil, increasing pace, engagement and motivation when required
- How flexibility can be increased through e.g. the ability to teach remotely – this could increase availability of subjects to pupils as well, change our approach to Home Tuition or even provide a more flexible and efficient way of managing the impact of staff absence
- The potential for improved and more efficient workflow of teachers through aspects such as interactive and real-time feedback, mark-up and voice recording, etc ameliorating the need for traditional 'marking' time – Apple claim that research indicates that up to 4

hours a week of teacher time can be saved if more flexible feedback media such as recorded voice is used instead of traditional review marking and written feedback
- The potential for collaboration, presentation and innovation amongst pupils and teachers alike
- The extent of the wealth of learning materials available to teachers, the majority of which is free-to-use

Summary of Financial Model and Total Cost and Financing Options

5.12 The total cost of the Digital Learning Transformation Programme has been costed over the remaining 11 years of the Council's contract with CGI although a small proportion of financing latter years' capital costs extend beyond the life of the project by up to 2 years. Due to a number of factors including economic developments, expected advances in technology, unknown demographic projections beyond this period and the potential evolution of the school estate during this time, this is the most appropriate timeframe for the programme to be lifed.

5.13 Given the embryonic nature of the Inspire Learning programme currently, a number of variable factors, including the basis of how the Council will finance the programme and the exact borrowing and financing costs, remains a factor. To inform the overall decision as to whether the programme should proceed however, a financial model has been constructed in order to assess its financial feasibility. This model has been thoroughly tested and remodelled numerous times and since work exploring the feasibility of the programme commenced during the summer of 2018, a significant reduction in the overall cost of the programme of has been achieved through a rigorous process of scrutiny, challenge and renegotiation with CGI, Apple and XMA. This has reduced the total cost of by over £8m.

5.14 At the time of preparing this report, the total cost of the implementation and ongoing managed service over the life of the programme is forecast to be £15.760m. This is known as the Total Cost of Ownership (TCO) and consists of a mix of revenue and capital investment. This is a final negotiated position with CGI and other key stakeholders as contained in the formal proposal released to the Council. It is believed to demonstrate considerable value to the Council when compared to the existing contract rate-card and previously costed financial models. It's main components are:

	£m
Mobile Learning Devices incl. Spare Devices	7.226
Other Equipment, Deployment and Documentation	1.967
Project Implementation Resource	1.645
CGI Managed Service	4.922
	15.760

5.15 Long-term investment of almost £16m, regardless of the substantial cost reductions already negotiated, the timescale it is made over or the financing and accounting mechanism used, is clearly significant. In annual terms, the current forecast total cost of ownership over the life of the

programme is projected to be:

Total Cost of Ownership			
Financial Year	£m	Financial Year	£m
2018/19	0.000	2024/25	1.703
2019/20	3.550	2025/26	1.154
2020/21	1.437	2026/27	1.463
2021/22	0.882	2027/28	1.048
2022/23	1.809	2028/29	1.041
2023/24	1.485	2029/30	0.188
Total			15.760

5.16 Given the nature of the programme, there is an obvious front-loading of the total cost as the necessary devices and infrastructure are purchased and rolled out, although as the table above details, no costs will be incurred in the current financial year.

5.17 In terms of financing, there are a range of options available but in general terms, there is both a revenue and capital financial requirement that is split close to a '1/3 to 2/3' basis over the life of the programme. Within these financial parameters, there are a number of component variables such as capital investment, revenue funding including from existing budgets and from where there may be a reduction in current spend levels such as in the IT refresh or managed service budgets. An indicative provision has been made within the draft 2019/20 Administration and Opposition Financial Plans accordingly. Depending on which options are ultimately preferred, there will be an impact on the overall cost in terms of the unit costs of equipment and other components. The actual profiled gross revenue requirement per annum is summarised below:

Revenue			
Financial Year	£m	Financial Year	£m
2018/19	0.000	2024/25	0.531
2019/20	0.503	2025/26	0.527
2020/21	0.520	2026/27	0.530
2021/22	0.527	2027/28	0.419
2022/23	0.599	2028/29	0.412
2023/24	0.571	2029/30	0.188
Total			5.327

5.18 The profiled annual capital requirement of the current revised financial model is detailed below:

Capital			
Financial Year	£m	Financial Year	£m
2018/19	0.000	2024/25	1.172
2019/20	3.047	2025/26	0.627
2020/21	0.917	2026/27	0.933
2021/22	0.355	2027/28	0.629
2022/23	1.210	2028/29	0.629
2023/24	0.914	2029/30	0.000
Total			10.433

5.19 To finance 10-year capital spend of £10.433m contained in the draft Financial Plan, £10.784m of debt repayment and servicing costs will be incurred from revenue over the life of the programme in total.

Potential Financial Benefits

5.20 In terms of cost mitigation, there are potential efficiencies that may be delivered as a result of the Transformation Programme. Further analysis of the contract specification, costs schedules and future options is required before such potential savings can be quantified in full but in IT budgetary terms are likely to fall in three main areas:

- The reduced requirement for refresh of existing Scottish Borders schools' IT equipment that will be replaced by the new equipment rolled out as part of the Transformation Programme;
- A reduction in / elimination of the existing Schools' RM Managed Service contract
- There are currently 4,000 IT devices across the school estate. These are the devices that SBC corporately must refresh and maintain. An associated reduction of 1,300 devices due to the Digital Learning Transformation Programme would result in a reduction in service charge costs.

5.21 Beyond IT, as per the evidence gathered where similar programmes have already been rolled out, there is likely to be a reduction in the requirement for physical learning materials, printing and photocopying, consumables. Other staffing-related areas of potential saving that may be realisable attributable to digital learning transformation relate to secondary schools library services and home tuition. Additionally, there are further peripheral areas of current expenditure that could be positively impacted by the proposed Digital Learning Transformation Programme such as software purchase by schools or relating to technology-assisted learning within Children and Families Social Work.

5.22 In total, by year 4, £0.450m of annual recurring efficiency savings are forecast to be delivered as a direct result of the programme.

5.23 These savings figures above remain indicative however and until the exact impact of Inspire Learning is evaluated, cannot be guaranteed. The savings have been identified as part of this report however, in order to provide an indication of the type and level of financial benefit accruable,

othe financial cost model.

Potential Financial Benefits / Efficiencies when fully implemented	£m
Reduction in existing refresh requirement by	(0.150)
RM Managed Service reduction	(0.026)
Device refresh reduction	(0.052)
Learning materials, administration, etc	(0.100)
Other staffing-related service cost reductions	(0.122)
Annual Savings when fully implemented	(0.450)

5.24 If estimated savings are deducted from the total cost model, an indicative net cost of the Programme, over its life, would be in the region of £11.119m therefore summarised as:

	£m
Total Cost of Ownership	15.760
Efficiencies on Existing Spend	(4.641)
Net Cost of Ownership	11.119

Required Budget Provision

5.25 As per the draft 2019/20 Financial Plan, £10.433m of capital investment is required over the next 10 years. The cost of repaying and servicing borrowing to fund this investment has been factored into the revenue requirement.

5.26 A revenue provision has been made into the draft Administration and Opposition revenue Financial Plans for 2019/20. The Administration's 5-year plan has a provision accordingly which includes all direct revenue costs net of forecast efficiency savings (within Children & Young People) and debt repayment and servicing charges (within Finance) and is forecast to be:

Financial Year	£m
2018/19	0
2019/20	818
2020/21	1,087
2021/22	1,090
2022/23	1,311
2023/24	1,315

6 IMPLICATIONS

6.1 Financial

There are clearly considerable financial implications of the proposed Digital Learning Transformation Programme. How Scottish Borders Council ultimately finances the capital investment and revenue expenditure requirements of the programme should it agree to proceed requires further determination also. The projected total revenue and capital costs of the Programme, aligned to the draft Financial Plan proposals of the Council's Administration are laid out in section 5 above.

6.2 Risk and Mitigations

There is both financial and non-financial risk inherent within the overall proposed Digital Learning Transformation Programme. Whilst significantly refined over the Autumn / Winter of 2018/2019 from initial estimates, the projected cost of the programme remains based on the skeleton bid stage only currently. Full Due Diligence over the school estate infrastructure relative to need e.g. WiFi access points will require undertaking before a final contract specification can be developed.

In non-Financial terms there are a number of risks also covering obvious factors such as slippage, the potential impacts on schools, teachers and pupils and their level of attainment and engagement.

Again however, the report is simply an overview of the proposed strategic intent and likely outcomes, with indicative costs and projected financial / non-financial benefits in order to seek a mandate to progress to the next stage of formally initialising the Programme and make the required revenue and capital financial plan provisions.

6.3 Equalities

An initial Equalities Impact Assessment has been carried out on this proposal. As the report outlines, a key objective of the proposed Transformation Programme is to support the achievement of equity amongst all pupils in the Scottish Borders and sustained improvement in attainment and engagement.

6.4 Acting Sustainably

There are no currently identified specific impacts on the economy, community or environment arising from the proposals contained in this report.

6.5 Carbon Management

There are no significant adverse effects on carbon emissions arising from the proposals contained in this report. This proposal has the potential to reduce travel costs for staff and pupils.

6.6 **Rural Proofing**

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

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

There are no changes to be made to either the Scheme of Administration or the Scheme of Delegation as a result of the proposals contained in this report.

7 CONSULTATION

7.1 The Council's Corporate Management Team has been consulted at regular intervals during the feasibility stage of the programme and all comments and directions have been incorporated into this final report which the Management Team has approved. Members of all political groups have been consulted during this initial stage and both the ruling Administration group and the Opposition group have proposals contained within their draft Financial Plans to embark on the delivery of this exciting and ambitious programme.

7.2 Head-teachers across the Scottish Borders have also been consulted on the proposals and their feedback is attached in Appendix 1.

Approved by

Name

David Robertson **Chief Financial Officer**

Stuart Easingwood **Interim Service Director – Children and Young People**

Author(s)

Name	
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Background Papers:

Previous Minute Reference:

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

Contact us at Council Headquarters, Newtown St Boswells, Melrose TD6 0SA.

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INSPIRE LEARNING:
TRANSFORMATION TO A WORLD CLASS DIGITAL LEARNING ENVIRONMENT FOR THE SCOTTISH BORDERS

APPENDIX 1:

SUMMARY OF HEAD-TEACHER FEEDBACK FOLLOWING DIGITAL LEARNING DEMONSTRATION, WORKSHOP AND PLENARY DISCUSSION 29 FEBRUARY 2019

I have been looking for some time at what will really transform pedagogy in the classroom to truly equip my children with the necessary skills to thrive in their learning and in the world in which we live today and in the future. Essentially what Curriculum for Excellence sets out to do. Good teaching has always existed…but we do live in a very different world now. So what would make the biggest difference? I have returned on numerous occasions to digital technology as the answer to what my children need. But access to the technology large scale, the infrastructure to support it and the upskilling of staff to use it to transform teaching and learning to make it fit for purpose for the 21st century is something I cannot achieve in my individual schools on our annual budgets. And so I am hugely inspired and excited about this direction of travel for our authority. I know it will transform the quality of learning experience, making it more engaging and equitable, equipping our children with the skills employers and businesses are looking for. I also know it will address our focus on high quality feedback as key to helping children learn more effectively and will strengthen our parents as partners in their children's learning strategy. To have the support centrally to drive forward our improvement agenda in such an inspirational way is not only exciting, but the right thing to do for all our young people. They deserve it.

The challenge for teachers is to prepare young people for a world which doesn't yet exist but is exponentially global and data rich. To access the best opportunities in this world, our young people have to be flexible, creative, confident communicators and able to apply their skills in unfamiliar contexts. The input from the Apple team revealed for head-teachers how technology in the classroom could not only engage and motivate young people with high quality resources but do so meaningfully and in a way which can really accelerate their skills development in the core areas of teamwork, problem solving and creativity. A striking feature of the potential of the apple approach is the way it facilitates the most effective pedagogy, particularly feedback and the modelling of excellent practice. If a teacher can provide real time, high quality feedback and instantaneously share outstanding examples of pupils' work, then the classroom is really transformed in the most critical areas of learning.

This an amazing opportunity to be able to equip our young people better for the constantly changing future. It's gives us a chance for the Borders to be further ahead of the cities and give our children 'the edge' in a competitive employment market.

SBC have not been afforded an achievable opportunity to change the landscape of learning for a long time. We have the chance to further remove the barriers of inequality and deliver on the promise of true access for all in terms of learning, ambition and skills for life.

The monetary investment and belief that SBC are willing to commit to, will go a long way to prove to current, aspiring and foreign teachers that SBC are serious in terms of preparing our young people for the global economy. Exciting times, potentially.

The potential for developing our children's digital literacy is huge. With a commitment to upgrade the communication infrastructure between schools, appropriate and timely support from CGI and a

commitment to offer training support to all school staff, I am confident that this model will have a significant impact on our children's learning, as well as developing staff capacity and capability.

This will promote independent learning, develop pupils' thinking and inspire them to achieve great things. There is huge scope to develop learning, not just in terms of ICT, but throughout the curriculum. Engaging families with learning would also be a great benefit and motivate youngsters to work in collaboration with other family members.

There is a need for teachers from across the Borders, and the country, to meet together to discuss learning, sources of evidence and achievement of Curriculum for Excellence levels. This currently presents challenges around class cover, transport costs and travel time. Using this technology teachers could share lessons, a wide range of evidence and hold discussions with colleagues from a wide geographical area. This would directly impact on the standard of teaching and learning and attainment in our schools.

This will positively impact on teacher workload and in reducing bureaucracy, really allowing teachers the time to give effective, timely feedback to children, orally, in a way that is attached to a piece of work, and can be re-visited as often as required. It also allows parents/carers to hear the same feedback being given. Future tasks can be linked to evidence that feedback has been followed and a young person has then achieved their next step.

From a small school perspective, in terms of planning and delivering in multi-composite classes the benefits are huge. Parental engagement will also increase. In this digital age it is really exciting and empowering for classroom teachers.

Current IT provision is insufficient to meet the needs of our school and makes it extremely challenging to ensure our young people are accessing opportunities to develop their digital literacy skills. The proposed package, were it to be implemented at my school, would enhance our capacity to challenge and engage pupils and their families, beyond our wildest dreams……in a small, rural school like mine, it could be a game changer!

Regardless of the hardware or the type of device, the idea that SBC could be cutting edge for improvements in learning & life outcomes through empowering good teachers to deliver better learning experience.

We will be able to create a culture where every teacher believes they need to embrace change and improve, not because they aren't good enough but because they know they can be better and teach in a smarter, less bureaucratic way.

I would ask all those making critical decisions about the future spending priorities to be bold and non-compromising to ensure high quality resources for our young people. Our young people are our future; by not investing in them we are giving the Borders a limited future. As an educator, as a parent and as a citizen of the Scottish Borders I see the huge potential of our young people. Let SBC be the leading light in the world at being completely committed to making a secure and prosperous future for our young people by enabling them to have global connections and providing them with the skills and opportunities they need to make a positive difference to our world. We ask for you to give us the IT resources to enable us to showcase what Scottish Borders has to offer the world.

SBC have clearly stated that education is its priority. This is an opportunity to demonstrate that commitment. The investment is large, there is no denying that, however the rewards this will reap go far beyond improving teaching and learning, making assessment smarter, improve tracking efficiency

and accuracy (though it will do these things, which is vital), it will improve our young people's life chances in an equitable way and develop the critical life and employability skills to secure a positive future for the Scottish Borders. In my opinion, we cannot delay. Our young people need this essential investment and so does the future of the Scottish Borders. I ask you to be courageous, show the hope and commitment you have for the future and be known (and proud) to be the councillors that are the facilitators of innovation.

This is a very exciting and reassuring proposal from Scottish Borders to enhance the digital skills of our staff and learners. I fully support the proposed move towards I-pad devices due to their ease of use, life-span and reliability. Modern, user friendly technology is key to ensuring our learners have the resources at their fingertips to enhance their digital literacy and computational thinking skills. In addition, this will also provide new opportunities for enhancing many other 21st century skills such as problem-solving, creativity, collaboration and critical thinking.

One of our main attainment gaps is based around pupils who cannot complete homework because they do not have access to technology at home. We envisage pupils who need to complete homework having the opportunity now to work at home or after school in our learning hub on their devices.

A key priority for the school is to close the poverty related attainment gap and this initiative will be transformational because all pupils will have access to the same web based resources allowing them to raise their attainment in all lessons. Young people have amazing research skills and this will allow them to quickly access the knowledge they need to develop their learning at anytime, anywhere.

It will truly embed digital learning and digital literacy into every lesson that young people experience. The key benefit to learning will be that staff can differentiate and personalise lessons in ways that were previously not possible. There is no doubt that this will enrich the curriculum as well and will increase the engagement and motivation in learning, making it more relevant to life outside school.

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BUDGET COMMUNICATIONS STRATEGY 2019/20

Report by the Chief Financial Officer

SCOTTISH BORDERS COUNCIL

28 FEBRUARY 2019

1 PURPOSE AND SUMMARY

1.1 The purpose of this report is to inform the Council of 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 and Area Partnership meetings. This approach is being developed within the Council's new Corporate Plan (Our plan – and your part in it). This feedback has been considered as part of the 2019-2024 Financial Planning process.

1.3 As part of the agreed budget consultation exercise on the Council's updated Financial Plan, the Dialogue Community Engagement tool was made available from 25 October 2018 to 31 January 2019 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 and improve services, in a challenging economic climate, as well as allowing them to comment on other contributions already made on the system. As at the 31 January 2019, 30 differently themed discussion threads were recorded using the Dialogue Community Engagement tool, with further 48 comments.

1.4 The budget was also discussed at all 5 Area Partnership meetings during November and December 2018. These meetings allowed attendees to bring forward proposed solutions to questions, issues and challenges faced by the community.

1.5 A summary of the public feedback from the Dialogue tool is detailed in Appendix 1 and a summary of the feedback from the Area Partnership meetings is detailed in Appendix 2.

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 the feedback from the Area Partnership meetings (Appendices 1 and 2);

(c) the actual responses from the Dialogue tool; all comments are available on the Council's website and a hard copy is available in the Elected Member's Library; and

(d) the Council's responses to the issues raised in the form of a 'you said, we did' analysis.

3 BACKGROUND

3.1 As part of the financial planning process for 2019/20, the Council committed to engaging with staff, partners, stakeholders and the Scottish Borders community.

3.2 The forms of engagement have included:

- An online Dialogue Community Engagement tool, made available from 25 October 2018 to all members of the public, allowing the Council to gain valuable feedback on ideas and suggestions from local people on how the Council could do things differently to save money;
- The budget was discussed at the Area Partnership meetings;
- Consultation with all Unions as part of the budget process;
- Stakeholder engagement meetings took place with a range of stakeholders including partners and staff prior to this report made to Council.

4 DIALOGUE COMMUNITY ENGAGEMENT TOOL AND AREA PARTNERSHIP MEETINGS

4.1 As part of the agreed budget Communication Strategy, the Dialogue Community Engagement tool was made available to members of the public via 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 input 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 shown below was provided:

We need you *We are now starting our budget-setting process for 2019/20 and want YOUR ideas on what our priorities should be for our budget.* *Where should we prioritise funding, do things differently and improve services, whilst still addressing our priorities for the Borders, including economic growth, attainment and care?* *Like household budgeting, there are limited funds available, and if we spend more in one area we have to reduce it in another.*
Considerations *The requirement to 'balance the books' each year requires us to save money and to make a number of difficult choices which may not be popular with all people. When submitting your ideas, you **may** want to*

consider the following themes:

- ***Efficiencies*** *– can we do things in a more streamlined way?*
- ***Removal or reduction of services*** *– are there services, which in your view, could be removed, or reduced?*
- ***Different models of delivering services*** *– are there services which, we could deliver differently, or that communities could take responsibility for to maintain them in the long term?*
- ***Increased charges to service users*** *– should we be charging more for some services?*
- ***Using other funding options*** *– what services in your area do you value most which could be retained/expanded/enhanced through the use of additional funds e.g. Localities Bid Fund, Quality of Live Fund etc.*

Please give us your ideas and feedback.

The consultation will remain open until end of January 2019 and all responses will be fed into the budget planning process before the final proposals go to the Council meeting on 28 February 2019.

4.2 The Dialogue tool has been available on the Council website from 25 October 2018 to 31 January 2019. Up to 31 January 2019, 48 comments had been made, following 30 differently themed discussion threads. 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 continue to 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.

4.3 Opportunity was given at the five Area Partnership meetings held in November and December 2018, to allow the community to play their part and contribute their thoughts and ideas, including what the spending priorities should be, where additional income could be made and how savings could be achieved.

4.4 The Area Partnership meetings generated comments about the budget under specific headings; Efficiencies, Identifying priorities, Different models of delivering services, increased charges to service users and Other funding options.

4.5 The responses to date from the Dialogue tool, together with feedback from the Area Partnership meetings, have been summarised in Appendices 1 and 2. These appendices also show how these responses have been considered as part of the 2019/20 Financial Planning process.

4.6 The Corporate plan (Our plan – and your part in it) promotes the approach to engaging individuals, communities, businesses and partners on an ongoing basis. This concept, therefore, of asking people to play their part is not new, and is now "business as usual".

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 Rural Proofing

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

5.7 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 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 have been incorporated into the report.

Approved by

David Robertson
Chief Financial Officer **Signature**

Author(s)

Name	Designation and Contact Number
Suzy Douglas	Financial Services Manager 01835 8255881

Background Papers: N/A
Previous Minute Reference:

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APPENDIX 1 – DIALOGUE COMMUNITY ENGAGEMENT

The online Dialogue Community Engagement tool generated a range of ideas within 30 individually themed discussion threads. These ideas have been consolidated into 7 specific areas, with narratives on how these ideas have been used to inform the 2019/20 – 2023/24 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.

Theme	You Said	We Did
School Buildings and Education	• Review smaller schools and consider amalgamating small primary schools; where there are mixed years in classes and where there are several small schools in one larger community.	The Council has significant savings proposals included in the Financial Plan which will be delivered through a review of Property & Assets. Capital receipts of £4.6m are anticipated through disposals of Council assets over the next three years of the Financial Plan. A School Estates Review is also underway which will examine the viability of smaller schools and assess how best to deliver the curriculum across the Borders.
	• Review school building infrastructure and facilities; Eyemouth school is too small and not accessible by wheelchair users.	Ambitious large scale projects to significantly improve the school estate to match current and future demand is ongoing, with planned capital investment of £25m over next three years, with a further £71m in the seven years thereafter. The Council's school estate continues to remain under review and options, are being considered in relation to a number of schools where condition, suitability and efficiency of education provision are at a less than optimum level.
	• Schools to use funds to provide pre and post school clubs.	£6.4m of revenue funding is being made available in 2019/20 for early learning and childcare expansion.
	• SBC continue to protect education budgets and increase budgets allocated for education. These should be ringfenced to ensure teacher numbers are sustained.	The Council is committed to maintaining pupil : teacher ratios across its school provision.

	• Reduce teacher numbers and costs by creating better common year classes.	Each year when pupil numbers are being projected for the next academic session the Council, in consultation with Head Teachers, plans for the most efficient and effective class organisation to deliver the curriculum.
	• Paid classroom assistants to be provided in each primary school.	The Devolved School Management (DSM) scheme provides resources for additional classroom support where this is considered necessary to support pupils and teachers.
	• Investment within education, to support the Equality gap.	Major investment in the schools estate is planned in the Council's Capital Investment Plan to address the most pressing issues of condition and suitability.
	• Resources be made available to reintroduce 'lost' subjects both academic and vocational e.g. languages and music.	"Inspire Learning", the Council's digital learning transformation programme, will invest £16m over the next 11 years in order to transform educational outcomes and our young people's attainment and engagement into their learning. It is hoped this new technology will allow online access to educational content and allow schools to deliver a wider curriculum more cost effectively.
Refuse and Waste Disposal	• Funding for community-based waste reduction schemes.	A review of our kerbside collection service has been undertaken in conjunction with Zero Waste Scotland which looked at multiple delivery options and considered the impact on householders, recycling rates, and cost. The recommendations following this review will be presented to Council in the Spring.
	• Switch to using re-usable plastics within all council and health services; HQ, schools, care homes, hospitals etc.	The Council is currently undertaking a number of projects looking at the elimination of single use plastics.
	• Bin collections not to be reduced further. Review	The Council is not currently considering any further

	collections for specific recycling waste; provide local - skips, recycling and garden waste. • End charging for commercial disposal of waste; likely to reduce fly tipping.	reductions to its kerbside collection service. 2 weekly collections will continue to be provided with innovative solutions being considered to support recycling in rural communities. The Council is making significant further investment into improving its Community Recycling Centres and improving recycling rates in order to reduce the amount of waste going to landfill. The Council believes it is right that commercial firms pay to dispose of waste legally at Borders Community Recycling Centres.
Public Transport	• Budget to finance "public transport deprived" areas; specifically consideration of funding of £300,000 for Tweedsmuir, with no provision of public transport.	We are only looking to change service frequencies on the most under-utilised routes in order to improve cost effectiveness. We are looking to work closely in partnership with Border Buses which will look to address various issues such as vehicle size and creating an integrated network. The bus fleet delivering services is increasingly being modernised with new more comfortable and fuel efficient vehicles by service providers such as Border Buses. A summit is being planned to review how best to provide transport to rural communities.
Soft Play and Play Parks	• Soft play to be provided in more localities; Jedburgh. • All towns to have good Play Park facilities; replicate Galashiels and Hawick.	Provision of £2.6m over 3 years has been made within the Capital Investment plan to invest in new outdoor community spaces to support leisure and play for all ages in all major towns. The Council has delivered a number of new play areas across the Scottish Borders both directly and working in partnership with communities and supporting them to access funding and maintain the

		playparks. It is committed to the ongoing improvement of all outdoor community spaces including play parks across all towns in the Scottish Borders.
Council Services and Buildings	• Reduce waste; such as the length of time for street lighting. • Dispose of disused council buildings; reinvest into existing infrastructure rather than new projects. • Review out of hours usage of school buildings.	This opportunity has been considered 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. The Council continues to deliver its Property Rationalisation Strategy which aims to increase the effectiveness of utilisation of property assets and dispose of those which are surplus to requirements, providing further financial capacity for revenue and capital reinvestment into priority areas.
Council Governance and Management	• Reduce the number of Councillors within each district; this could be more cost effective. • Amalgamate Councils and associated Services; payroll, waste services, roads' maintenance. • Remove higher grade management staff (G12) and increase support posts.	The number of Councillors is recommended by the Boundary Commission and approved by Parliament and is not at the discretion of the Council. Amalgamating Councils would require a change in legislation. The Council has recently proposed a single public body for the Borders. The Council regularly seeks out opportunities for sharing services with other local authorities and public service partners across the Scottish Borders. The Council is proposing to examine management structures, span of control and supervision as part of its Fit for 2024 programme.

APPENDIX 2 – AREA PARTNERSHIP

As part of the budget communication strategy for 2019/20, the Council's budget was discussed at the five Area Partnership meetings held in November and December 2018.

The common areas for discussion were Efficiencies, Priorities, Models for Delivering Services, Increased Charges and Other Funding Options.

- Efficiencies – Can we do thinks in a more streamlined way?
- Identifying priorities – Are there services, which in your view, should be prioritised?
- Different models of delivering services – Are there services which we could deliver differently, or that communities could take responsibility for to maintain them in the long term?
- Increased charges to service users – Should we be charging more for some services?
- Other funding options – What services in your area do you value most which could be retained, expanded or enhanced through the use of additional funds?

These were then considered in three categories; Question/Issue/Challenge, the Proposed Solution and the Consequence/Impact.

Please note: due to the volume of comments made at the meetings, it has not been possible to capture every specific comment in this format.

A summary of the discussions from the five meetings is noted below, which have been grouped into common themed topics.

Outcomes from Area Partnership Meeting	**SBC Response**
Education/Young People <u>Identifying priorities</u> • Better integration of mental health services for schools. Early intervention and prevention. • Education spend should be a priority – keeping rural schools is an issue, need to bring more business and housing to the area to keep small schools sustainable. • Community Learning & Development/Youth Voice. • Young people engaged in the budget process. <u>Different models of delivering services</u> • College provision for eastern borders. • Youth projects. • Young people run Community centres – skills training for young people, merge community centres to larger facilities if possible. • Working with the young people, lot of opportunities here/sharing best practice. <u>Other funding options</u> • Important to future proof. Spend to save. Ageing population. School roles (150 less school role).	Funding of £150k in 2019/20 for secondary schools for mental health support. Considerable capital investment in order to deliver a new high school in Galashiels and new primary schools in Earlston and Eyemouth; with general improvements and investment across the wider school estate. A new intergenerational campus at Jedburgh will open in Spring 2020. The Council is committed to delivering Scottish Government's Early Years Expansion Programme to 1,140 hours per annum across the Scottish Borders by 2020/21. The Council is also launching Inspire Learning; its Digital Learning Transformation Programme, investing almost £16m in order to improve attainment, engagement and efficiency across all Primary and Secondary schools.
Refuse and Waste Disposal <u>Efficiencies</u> • Increasing education on how people can use waste services more efficiently i.e. composting, going plastic	The Council is planning significant investment in order to update its fleet of refuse collection

free. • SBC need a strategy on managing waste. • Recycling / different options. • Country wide solution to recycling. <u>Identifying priorities</u> • Refuse collection – do not move to 3 weekly collections. <u>Different models of delivering services</u> • Don't put your bins out if they are only a quarter full? • Recycling – can we purchase less plastic and reduce waste. Jedburgh leisure trust has put forward a proposal.	vehicles; plans also include improving community recycling centres and a new waste transfer station at Easter Langlee. A new optimal model of service delivery is being implemented for our Waste Collection service. The Council will also continue to promote and enable better recycling across the borders, reducing the need for landfill and has retained 2 weekly collections.
Transport/Services <u>Efficiencies</u> • Bus companies should align timetables with bus services on rural areas. • Transport – dial a bus service for youth groups. • Electronic bus stops, gives up to date information. • Transport access to undrawn services. <u>Identifying priorities</u> • Transport. • Public Transport. • Transport in local areas. • Community transport. • Transport – rail station at Reston. • Transport – East Berwickshire to BGH. <u>Different models of delivering services</u> • Do people need to travel? • Responsive transport. • Post office bus. <u>Other funding options</u> • Social Transport • Traffic wardens more than pay for themselves.	The Council will continue to focus on reducing its carbon footprint; through reducing staff mileage, ceasing unnecessary journeys and investing in the greener provision of pool cars. The Council continues to work with NHS Borders, around the provision of Community Transport, for those with Health and Social Care needs. The Council is committed to find cost effective transport provision for those routes where demand is low and cost per passenger is high. The Council intends opening up a discussion with transport operators, bus users, our partners and the public generally to develop sustainable, flexible and cost effective transport services for the future. The Council is contributing significantly to a platform and car parking at the new Reston train station.
Greener Issues <u>Efficiencies</u> • Reduce amount of paperwork sent to residents (communications about rent). • Use grey recycled paper like NHS. No colours on council tax leaflets. Reduce printing and postage waste. Email rather than use paper. <u>Different models of delivering services</u> • No charge for green waste services.	The Council continues to make considerable investment digitally through its website, social media and a range of products through its digital programme, such as digital customer access. It has also significantly reduced its paper requirement and will continue to aspire to become a fully paperless organisation. The Council no longer offers a green waste service. Residents are able to recycle green waste at all Borders Community Recycling Centres.
Road's Maintenance <u>Efficiencies</u> • Don't put paving slabs down in Eyemouth High Street –	The Council will continue to undertake

lorries and vans wreck them. See Manchester. • Pot hole repair in summer! • Explore innovative methods/material for road resurfacing. • Better way to fill in pot holes – three lorries? • Don't fill pot holes then resurface road three weeks' later. Poor communications. • Don't need street lights in rural areas. <u>Identifying priorities</u> • Roads' maintenance (rural) impact of timber lorries. <u>Different models of delivering services</u> • Need national innovation for improved road maintenance. • Contract with local farmers for snow services.	significant capital investment into improvements across its roads, bridges and street lighting infrastructure with £88m of spend currently planned over the next 10 years, all of which is undertaken in accordance with its Roads Asset Management Planning procedures. Additional revenue investment of £2.3m over above the annual £6.5m is being made over 4 years to improve roads, pavements and infrastructure. The Council also continues to undertake advance work to consider the requirement for a new bridge in Peebles. The Council also continues to work with the Scottish Strategic Transport Scheme (SSTS) to leverage in additional funding to support repairs and maintenance to roads affected by the timber industry.
Council Assets <u>Efficiencies</u> • Make better use of Hawick campus. • Each school has a community which houses libraries that is open for all young people and community members, which is staffed by a librarian. • Leisure centres open at more convenient times for people in work – early mornings, evenings and weekends. More people using services, more cost effective, reduce cost. • Schools should be open in the evenings, as a community hub and adult learning services. • Invest directly in infrastructure. <u>Identifying priorities</u> • Halls – occupancy rates. <u>Different models of delivering services</u> • Schools can be used as a community asset during evenings and weekends. <u>Other funding options</u> • New Jedburgh campus, can JPT be considered.	A new centre for excellence in textiles is being established in Hawick High School. The budget plans propose investment of over £52m for capital projects in 2019/20. The Council will publish its first Capital Investment Strategy (CIS), for the financial year 2019/20 and subsequent financial years. It is designed to highlight the capital investment priorities and explain how these priorities will assist with the delivery of the Council's Strategic Corporate Plans. This document should be read in conjunction with the Councils 10 year capital investment plan 2019-2029. The Council is currently developing a new Corporate Landlord strategy including property rationalisation, to ensure best value across its estate. It also works in strong partnership with Live Borders to ensure leisure facilities, halls and some school assets are used as efficiently as possible.
IT/Digital <u>Efficiencies</u> • Digital innovation – remote dial into meetings with Council. Make use of existing technology. Have staff available at certain times of the day/week to make contacting services easier. Text reminders for GP, dentist appointments are good. • Digital is good but plenty of people not online and not to be forgotten about. • Invest in equipment being the best and most efficient it	The Council is committed to developing digital solutions to improve both effectiveness within its workforce and the customer experience. A Digital Transformation Programme was established in 2016 and oversees this work. Significant savings attributed to this efficiency programme are included within the Financial Plan.

can be. • Incompatibility of IT systems. <u>Identifying priorities</u> • Digital access in rural areas! • Connections with work employment – digital/broadband. • Reduce opening hours of libraries, use of kindles. Other digital solutions and increase provision of online books • Infrastructure very important/digital infrastructure. • Social spaces for young people with free wifi. <u>Different models of delivering services</u> Internet cafes	As part of the Financial Plan, additional budget of £818K in 2019/20 (£269K in 2020/21) is provided for the implementation of Digital Learning in schools along with £1m investment through the Capital Investment Plan over the next 10 years for technology enabled care. The majority of office based Council staff and elected Members are now able to work in a more portable or mobile manner.
Health Services and Social Care <u>Efficiencies</u> • Integration of health services and social care. There are good models. • Increasing aids and adaptations – providing information on local services after hospital discharge. • Link between NHS/SBC. <u>Identifying priorities</u> • Early intervention & prevention investment and protecting the most vulnerable. • Provision of social care for elderly and people with dementia. • Services for older people. • Young people's mental health services. • More investment in social care. <u>Different models of delivering services</u> • Roll out of health hubs. • Care services • IJB briefing note not being communicated. <u>Increased charges to service users</u> • Charging for elderly – dental care. <u>Other funding options</u> • Medical NHS Services/care in the community	The Council and NHS Borders are progressing with the Integration of H&SC under the auspices of the IJB. Additional funding of £348k annually for Older People, to address forecast demographic changes. Capital investment of £762k over the next three years, with further investment of £514k are planned for the following 7 years for Older People. Residential Care Home upgrades to enhance and improve facilities for residents and Residential Care Home works in order to deliver specific recommendations within the Joint Older People's Services Inspection Report. Capital investment £4.8m over next three years for a specialist Dementia Residential Facility to deliver a specific Health and Social Care Partnership priority on Dementia. The Council commissions vital services from those who are best placed to deliver the service. The duty of care resides with the Council, which it takes very seriously. The Council's arms-length care company is contractually its 'provider of last resort'. This is a key safeguard to service users to minimise any risks associated with a provider exiting the market or a contract being taken back. Partnership working through the Integration Joint Board will continue to develop, as the partnership becomes more mature.
Public Services <u>Efficiencies</u> • Do we have to demand the workload coming in (reactive)/instead go out and provide services (proactive)? • More joined up approach to procurement and delivery of services. Shared services within and outwith Borders. • Single referral for any service within partnerships. • Duplication of services, three lunch clubs in Jedburgh	The Council will continue to invest in order to support transformational change, greater efficiency and improved outcomes across the organisation. The Council will shortly launch 'Fit for 2024', a rolling programme of review across all aspects

and another being launched. • Co-working. • Sustainability. <u>Identifying priorities</u> • Keep money in the Borders rather than funding external service providers. • Consider long term sustainability in all service planning. • Mobile Library. • Actively reflecting need and demand before commissioning services. • Greater use of facilities. <u>Different models of delivering services</u> • Invest in prevention services to make services affordable in the long run. • Disaggregate services from a central point to five areas. <u>Increased charges to service users</u> • Link charges to what services are a priority, i.e. reduce charges for prioritised services to encourage growth. • Higher Council Tax. • Clarity on who is providing what services. What do the council provide? What do live borders provide for instance. • People are often keen to make contributions for services that are efficient. • Do we cover operating costs? • Small rises have to be sustainable. • Maybe if reduced rates, more people might go, may increase revenue. Would require better promotion. • Yes, services cost money. • Yes, if affordable and access for those who cannot. <u>Other funding options</u> • Council tax? • Providing services that could be commercial, that don't impact on the private sector. • Festive lights.	of the organisation. Efficiency and Best Value remain at the heart of all Council planning and decision making. Both the Administration group and the Opposition group of elected members, have carefully considered the balance between increasing Council Tax in order to fund vital Council services and the affordability of such increases to the people of the Scottish Borders. The Council continues to review all its Fees and Charges on an annual basis. Huge investment in being made in Locality models and community empowerment. A policy on charging is approved and in line with this agreed policy the Council seeks to recover the costs of service provision wherever possible. As per guidance from the Scottish Government on the 31st January 2019, the Council has the option to increase Council Tax by up to 4.79% in 2019.
Library Services <u>Identifying priorities</u> • Reduction of library services. • Learning support in schools based in library. <u>Different models of delivering services</u> • Reduce physical library spaces and work with community partners to take on library duties. • Cafes could provide books and reading facilities, or use school libraries.	The Council works in close partnership with Live Borders to review and monitor the efficiency and efficacy in the provision of building based and mobile library services.
Scottish Borders/Communities/Economic Development <u>Identifying priorities</u> • Attracting families to the area.	The Great Tapestry of Scotland is a major town centre regeneration project for Galashiels, which

• Housing developments – affordable, quality of life. • Remove barriers to community access to council assets. • How to make it more attractive for people to live here. • Leisure facilities/parks. • Partnership to encourage ambition to try. • Families. <u>Different models of delivering services</u> • Communities and social enterprises can help but they can't be the answer to providing services and growing communities. Can't always achieve sustainable funding. • Community Third Sector Public Services. • Examples of grass cutting – communities. • Community Hub. • Take facilities to communities. • Toilets could be serviced by communities in Jedburgh • Grass cutting for example. • How do we know what goes on in communities. • Community log. • Increase volunteering opportunities, but don't know how to do this locally. • Resilient communities are a good example of community responsibility. • Economic development, business going to Edinburgh from Tweedbank. • Neighbourhood services model. • More investment in local initiatives i.e. social enterprises. • Importance of voluntary sector. • Third Sector – who can access grants. • Deep water harbour. • Tourism, agriculture, care sector. • Skills shortages – textile centre of excellence. • Windfarm <u>Increased charges to service users</u> • Section of community spaces by businesses, groups (i.e. flowers at roundabouts etc.). • Spend the welfare fund – SBC is lowest in Scotland • Attracting more behaviour to the area. • Spend – impact on jobs, keeping the money in the area. • Invest in economic development to grow economies and communities (long term plan needed) <u>Other funding options</u> • Increase funding to invest and seeing that investment. • Working in Partnership.	will have significant economic benefits including increased visitor numbers for the wider Scottish Borders. The visitor centre will also have social and education opportunities and has the support of a range of local groups. The textile centre of excellence will open in Hawick in 2019, aimed at addressing critical skill shortages in the sector and providing a range of training at all levels to a wide range of individuals. Since the Community Empowerment (Scotland) Act 2015 came into force, the Council, along with other key partners from across the Borders region, have been working together and with local communities and businesses to look at tackling the challenges and taking up the opportunities the Scottish Borders faces. The Financial Plan for 2019/20 provides additional funding for Fit for 2024; £445k Communities Fund to promote Community Solutions and £650k Enabling funding. New funding of £316k over the next five years for outdoor community spaces. £1,613k capital investment over the next ten years, supporting the outcome of the Locality/Town review work, including development of new Conservation Areas Regeneration Schemes. The Council has acquired the Lowood Estate, near Tweedbank, for £9.6m, in order to create much required housing capacity in the central Borders. Current forecasts indicate that development of this and similar sites could create more than 670 new jobs. In partnership with the Scottish Government, £52m is being invested in an infrastructure project to protect residential and commercial properties from flood risk within the river Teviot's flood plain. £19,322k capital investment over the next ten years, supporting the development of necessary infrastructure to maximise inward investment and the future growth of the Scottish Borders' economy. The Council is keen to explore further with communities and community groups to investigate where we can work better together to ensure the region looks its best. A pilot initiative to develop a way of managing communal land and increasing biodiversity is an ambition of the Administration.

NOTICE OF MOTION UNDER STANDING ORDER 26

ADMINISTRATION BUDGET MOTION

The 2019/20 Local Government Settlement handed down from the Scottish Government has been one of the most challenging financial settlements in recent years, with inadequate funding to fully support the needs of local government.

Nevertheless, the Administration of Scottish Borders Council will continue to work hard to deliver a budget that meets the aspirations of Borders Council tax payers. Later today, the Administration will put forward spending proposals which will see investment in new services and many exciting new initiatives, benefiting the whole of the Scottish Borders. This, combined with sound financial management, has allowed the Administration to mitigate the worst of the poor financial settlement imposed by Scottish Government.

Following lobbying by Local Authorities and Cosla, the Scottish Government has changed its position and allowed Councils to consider raising the Council Tax rate by a maximum of 4.79% in 2019/20.

The Administration of Scottish Borders Council has said from the outset that it would do everything possible to deliver an affordable Council Tax policy, which properly ensures that the needs and aspirations of all Borderers are met. Consequently, the Council agreed on 20 December 2018 to set the Council Tax rate for 2019/20 at an increase of 3% in line with the limits imposed by Scottish Government in the Finance Circular 8/2018 published on the 17 December 2018.

As a result of this change, and after much debate and consideration, the Administration now proposes that the Council Tax should be increased by a further 1% to 4% for financial year 2019/20 to specifically deliver the following spending proposals:-

1. An additional £2.3m of revenue spending for roads, pavements and infrastructure over the next four years;

2. Accelerate our plans to replace four high schools in the Borders, and secure the delivery of the new Hawick High School commencing design and construction in 2022/23, with a match funding contribution of £20m funded through capital borrowing. It is envisaged this project will be match funded by the Scottish Government under the Schools for the Future programme.

The Council Tax rate that will therefore apply in the Scottish Borders across all Council Tax Bands in 2019/20 is shown in Table 1 below;-

Table 1

Council Tax Band	Proportion of the Band D Tax	Annual Charge Applicable from 1 April 2019
Band A	6/9	£ 797.35
Band B	7/9	£ 930.24
Band C	8/9	£ 1,063.13
Band D	9/9	£ 1,196.02
Band E	12/9	£ 1,571.44
Band F	15/9	£ 1,943.53
Band G	18/9	£ 2,342.21
Band H	22/9	£ 2,930.25

This spending will leave a significant and lasting legacy that is a clear investment in the future of the Borders.

The spend profile is shown in Table 2.

Table 2

	2019/20	2020/21	2021/22	2022/23	2023/24	Future Years
	‘£000	£’000	£’000	£’000	£’000	£’000
Additional Roads and Pavements Revenue spend(1)	600	600	600	500	0	0
Loans Charges to fund capital borrowing (2)	0	0	0	100	600	600*
Annual revenue total raised by 1% increase in council tax t0 4%(1+2)	600	600	600	600	600	600
One off Capital Investment	0	0	0	3,000	17,000	0

Council also agrees the following:-

3. The establishment of a Member/Officer Schools Oversight Group to facilitate the delivery of the four new high schools in Galashiels, Hawick, Selkirk and Peebles and the new primary schools in Eyemouth and Earlston.

Proposer - **Councillor Shona Haslam**

Seconder - **Councillor Sandy Aitchison**

Signatory 3 - **Councillor Robin Tatler**

Signatory 4 - **Councillor Carol Hamilton**

Signatory 5 - **Councillor Gordon Edgar**

Signatory 6 - **Councillor George Turnbull**

Signatory 7 - **Councillor Neil Richards**

Date – 14 February 2019

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FINANCIAL STRATEGY AND RESOURCES 2019/20

Report by the Chief Financial Officer

SCOTTISH BORDERS COUNCIL

28 February 2019

1 PURPOSE AND SUMMARY

1.1 **The purpose of this report is to advise Council of the estimated revenue and capital resources available for financial year 2019/20 following publication of the local government finance settlement on the 17 December 2018 and subsequent funding notification from Scottish Government for 2019/20 on the 31st January 2019.**

1.2 The report recommends the financial strategy to be followed by the Council next year and identifies the financial constraints and major risks to be addressed.

1.3 The report also outlines the process supporting the construction of the draft revenue and capital Financial Plans for 2019/20 as well as draft plans for future years.

1.4 The Corporate Management Team has worked with political groups to support Members set a corporate revenue and capital budget, meeting identified pressures facing the Council. These pressures have arisen from a variety of factors. The principle pressures identified are due to the anticipated continuing constraints on external revenue and capital funding from central government, the impact of national pay negotiations, the increasing pressures from demographics, particularly the increasing numbers of very elderly people requiring care services, as well as inflation.

1.5 The budget development process has been conducted to ensure that the financial plans of the Council are aligned with its business and people planning objectives and the level of resources available.

1.6 The report highlights that total revenue resources of £283.238m are available to Elected Members assuming the Council accepts the 2019/20 settlement offer from Scottish Government along with a 3% increase in the Council Tax rate approved by Council on 20th December 2018 based on the parameters set out in the LGFS. Subsequently the Cabinet Secretary wrote to Council Leaders on the 31st January 2019 explaining he is now willing to allow Councils to vary Council Tax by up to 4.79% in 2019/20. The impact of other potential variations in the Council Tax is shown in the tables in paragraph 7.2 and 9.1.

1.7 The benefits, in terms of financial stability and effective change management, derived from adopting a longer term corporate approach to the revenue and capital planning process are widely accepted. Financial year 2019/20 represents the second year of the revenue 5 year financial plan for the Council agreed in February 2018. It is anticipated members will continue to adopt a longer term approach to financial planning and consequently the estimated resources available over the following four financial years are also shown. These estimates will continue to be updated annually as the detail of the financial settlement from Scottish Government becomes known. It is anticipated from 2020/21 that a three year settlement will be provided from Scottish Government assisting long term financial planning.

1.8 Regular monitoring reports submitted to the Executive Committee during 2018/19 have identified that there are significant savings which have not yet been delivered on a permanent basis. The Corporate Management team has therefore considered a revised approach to organisational change under the banner of 'Fit for 2024' which will reshape the transformation programme ensuring individual projects are more cross-cutting and focused on joined up business process review. A paper elsewhere on the agenda provides details of the new approach recommended.

1.9 In line with previous Audit Scotland recommendations scenario planning has once again been used to model a range of scenarios with regard to Scottish Government grant, Council Tax increases and estimated future inflation. This analysis is included at Appendix 2.

1.10 This report also seeks approval of the financial strategy for the Council covering the period 2019/20 – 2023/24. The strategy provides the overall framework for the financial management of the Council and covers the revenue budget, capital investment plan, the Council's treasury management arrangements and the recommended policy on reserves.

1.11 The approach to the development of the 2019/20 budget has been aligned with the financial planning process in the NHS reflecting the increasing maturity of the Integration Joint Board (IJB) and the requirement to deliver shifts in the balance of care across the partnership from acute to community settings.

1.12 The financial plan is highly dependent on the delivery of savings and a risk based approach has once again been used to set the level of recommended balances. These are held both as contingency against unforeseen circumstances, to facilitate the delivery of savings and to smooth the financial plan in the event of non-realisation of the savings envisaged.

2 RECOMMENDATIONS

2.1 **It is recommended that Council:**

(a) notes the estimated revenue resources for 2019/20 to 2023/24;

(b) notes the estimated capital resources for 2019/20 to 2028/29 and the requirement to adhere to the prudential code for capital borrowing;

(c) notes the flexibility provided by the Cabinet Secretary to allow Council Tax to be increased by up to 4.79% in 2019/20;

(d) approves the financial strategy set out in section 4.4 (a) to (h) of this report having considered the risk register highlighted in appendix 1;

(e) proceeds to consider the Administration's proposed Financial Plan for 2019/20 including the council taxes to be paid in respect of all chargeable dwellings to fund these plans as part of the budget motion.

3 THE REVENUE FINANCIAL PLANNING PROCESS 2019/20 TO 2023/24

3.1 Financial year 2019/20 represents the second year of the 5 year financial plan for the Council first agreed in February 2018 with this updated plan covering the period 2019/20 to 2023/24. A corporate approach has again been pursued with a focus on aligning the financial, business and people planning elements of the Council's Corporate Plan.

4 FINANCIAL STRATEGY

4.1 The Council along with all public bodies faces significant challenges as it aims to provide the best possible services within the resources available. The adoption of a longer term timeframe for financial planning has previously enabled the Council to plan the delivery of service changes across financial years through modernising services, investing in new technology, and in developing a range of strategic partnerships to provide longer term benefits. Despite the annual nature of the financial settlement this longer term approach has enabled the required changes to be delivered in a planned manner, mitigating the need for reactive cuts to services. It is understood that Scottish Government plans to move towards three year settlements from 2020/21 which will greatly assist the financial planning process.

4.2 The financial strategy for 2019/20 is therefore designed to further this approach and to ensure that:

(a) resources are raised to meet approved service levels in the most effective manner;

(b) officers manage the effective deployment of those resources in line with the Council's corporate objectives and priorities;

(c) the revenue and capital plans approved by Council provides stability in resource planning, and;

(d) the changes required to services are delivered in a properly planned manner through the Council's Fit for 2024 programme.

4.3 This strategy continues to recognise the need to ensure that the Council's budget is targeted so that it meets a number of strategic aims. The Council recognises it has a duty to provide the most effective possible stimulus to the wider economy, protect the environment, look after those who are most vulnerable in society and work with community planning partners to intervene as early as possible to reduce future demand for public services. This can be best achieved through stopping anticipated problems arising or by addressing issues that are likely to escalate early on and assisting communities and individuals to help themselves wherever possible. This approach recognises the important need to continue to maximise efficiency and providing good value for money to local taxpayers over the long term.

4.4 The recommended high level financial strategy to be followed over the period 2019/20 – 2023/24 is therefore once again to:-

(a) set a prudent, sustainable budget in line with available resources;

(b) continue to invest in infrastructure that will raise standards, improve quality of life for local communities and reduce future demand for services;

(c) set a capital programme which keeps debt within prudent sustainable limits as set out in the treasury strategy,

(d) provide for loans charges of £20.358m (2019/20) to finance capital investment recognising the long term implications of capital borrowing. This figure is planned to rise in future years reflecting the Council's capital plans;

(e) maximise income while keeping fees charged to service users at an affordable level;

(f) continue to invest in new ways of working and efficiency projects to deliver long term financial savings and service benefits;

(g) focus on preventative revenue and capital spend; and,

(h) recognising the challenges faced by the organisation, maintain unallocated reserves of £6.315m for 2019/20 as outlined in section 5 below and in line with the assessed risk register in appendix 1.

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 2019.

Table 1 Funds and Balances	**1 April 2019**
	(Estimated)
	£m
Statutory Funds	
Corporate Property Repairs and Renewals Fund	0
Plant and Vehicles Renewals Fund	5.415
Insurance Fund	1.119
Capital Fund Excl Development Contributions	1.165
General Fund – Earmarked	
Devolved School Management	0.690
Specific Departmental Reserves	3.740
Allocated reserves	2.627
General Fund – Non-Earmarked	6.315
Total	**21.071**

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 external auditors.

5.3 A Corporate Financial Risk Register has again been used as the basis for setting reserve levels in 2019/20 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 legal and contractual claims and unplanned emergencies in approving an appropriate level of unallocated balances.

5.4 A review of the major risks facing the Council has been undertaken by senior finance officers and these are shown in the risk register in appendix 1. The level of unallocated 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 revenue budget, the reasons why reserves are held in the first place, the scale and complexity of the organisation and also provides an appropriate transparent rationale for the level of balances held.

5.5 **Unallocated balances**

Given the issues identified in the risk register and risks inherent in setting the revenue budget, members are recommended to maintain an unallocated general fund equivalent to £6.315m in 2019/20. The unallocated balance projected at the 31st March 2019 equates to 2.23% of net revenue expenditure and is sufficient to cover 54% of the risks identified in the finance risk register should they be realised.

6 THE AEF SETTLEMENT 2019/20

6.1 Mainstream support for Local Government from the Scottish Government is collectively known as Aggregate External Finance (AEF) and comprises:-

(a) General Revenue Funding to support expenditure on the complete range of Council Services;

(b) A distribution of funding from the National Non-Domestic Rates Pool;

(c) Ring-fenced grants which must be used for specified purposes.

6.2 The impact of the 2019/20 Local Government Finance Settlement received on the 17th December and reported to Council on the 20th December 2018 was updated on the 31st January following a letter received from the Cabinet Secretary to Councils via COSLA. This

letter followed the Budget Bill Stage 1 debate in Parliament and detailed a package of further measures covering local taxation and local government finance to further support the draft 2019/20 Local Government Finance Settlement.

6.3 The updated Settlement also included an additional £90m for local government in Scotland in 2019/20 and a restatement of commitment that Scottish Government will fund the costs of ongoing teachers' pay negotiations in full. The Borders share of the additional £90m funding is £1.99m which reduces the 2.3% reduction in 2019/20 core revenue grant reported at the Council meeting on the 20th December 2018 by 1%, to a reduction of 1.3%. The letter also confirmed that previous assumptions that Councils needed to budget to fund 33% of the additional costs associated with employer contributions for Teacher pensions could be reduced to 21%. This reduced requirement to budget for projected cost increase resulted in a benefit of £0.265m for this Council. The assumed financial impact from these two amendments is £2.255m from 2019/20.

6.4 This additional funding is accompanied by a range of other measures that the Cabinet Secretary for Finance is proposing to implement as set out below:

- To consult, in 2019, on the principles of a locally determined tourist tax, prior to introducing legislation to permit local authorities to introduce a transient visitor levy, if it is appropriate for local circumstances;

- To support an agreed amendment from the Scottish Greens to the Transport (Scotland) Bill that would enable those local authorities who wish to use such a power, to introduce a workplace parking levy;

- To devolve Non-Domestic Rates Empty Property Relief to local authorities in time for the next revaluation;

- Support for the recommendation of the Commission on Local Tax Reform that the present council tax system must end. In order to make progress the Scottish Government will convene cross-party talks on its replacement with a view to publishing legislation, should cross-party agreement on a replacement be reached, by the end of this Parliament, with that legislation taken forward in the following Parliament;

- An increase in the core local government settlement of £90m (£1.990m for SBC);

- Continue to provide an earmarked £160 million from the Scottish Government for H&SC investment to support social care and mental health services – including those under the direction of Integration Authorities– whilst, as part of this package, allowing local authorities the flexibility to offset their adult social care allocations to Integration Authorities in 2019-20 by 2.2% compared to 2018-19,

i.e. by up to £50 million across all local authorities to help them manage their own budget;

- The approved IJB budget for 18/19 was £45.829m before the Health and Social Care fund is passed to the IJB in full. The flexibility provided by the Cabinet Secretary would allow the Council to reduce core funding up to 2.2% equating to £1.008m The requirement to pass on the full share of £160m equating to £2.496m has been built into in the budget. The IJB are also required to deliver ongoing efficiency savings of £1.02m in the draft budget.

- Provide local authorities with the flexibility to increase the Council tax by 3% in **real terms**, which equates to 4.79% next year. SBC Council Tax was set at 3% in December 2018 reflecting the parameters set out in the December settlement. A further flexibility now exists to vary Council Tax by a further 1.79% equating to £1.080m;

- Bringing forward a three year funding settlement for local government from 2020-21 budget onwards.

- There is an intention to bring forward as early as possible (early in the new financial year) changes to legislation which will allow Councils to vary loans fund repayments for advances made before 1 April 2016.

7 REVENUE RESOURCES

7.1 The updated Settlement for 2019/20 confirmed resources from the Scottish Government through:

(a) Revenue Support Grant of £167.589m and Non Domestic Rates of £36.624m, providing total grant support of £204.213m;

(b) Total specific grant has been confirmed to fund Early Learning & Childcare (£6.398m), the Pupil Equity Fund (£1.754m), Community Justice Social Work (£1.177m) and Gaelic (£0.001m);

(c) Funding over and above the Settlement is still awaited to fund the Teachers Induction Scheme, 1+2 Languages, Discretionary Housing Payments (DHP), Free Personal Care under 65, Mental Health, Scottish Assessors – Barclay Review and Customer First top-up. All these budgets will be created during 2019/20 when funding is confirmed;

(d) The development of the 2019/20 budget has seen closer cooperation and joint financial planning between the Council, NHS Borders and the IJB. Key aspects of the budget in this area include a Health and Social Care fund of £7.347m that is once again to be transferred from the NHS to Council via the Integration Joint Board (IJB). This funding has previously been delegated on a permanent recurrent basis to the Council's Social Care function by the IJB. A further

adjustment has been made to the local government settlement to directly provide Councils with a further £160m nationally in 2019/20 to fund:

- the expansion of Free Personal Care & Nursing Care to those under 65 (£30m is yet to be distributed),
- continued implementation of the Carers (Scotland) Act (£10m distributed with an SBC share of £0.231m),
- school counselling services (£12m yet to be distributed) and;
- further investment in Integration (£108m distributed with an SBC share of £2.496m).

7.2 The total revenue resources available to the Council based on an increase in Council tax of 3% for 2019/20 are shown in table 1 at £283.238m. Financial implications of Council Tax increases of 4% and 4.79% are also shown below.

Table 1

	2019/20 £'000	2020/21 (Provisional) £'000	2021/22 (Provisional) £'000	2022/23 (Provisional) £'000	2023/24 (Provisional) £'000	Total £'000
Aggregate External Finance						
General Revenue Support	167,589	168,026	166,035	164,064	163,088	828,802
Assumed SG grant reductions 1% years 2 & 3, then 0.5%	0	(1,991)	(1,971)	(976)	(966)	(5,904)
Ring fenced grants	9,330	7,576	7,576	7,576	7,576	39,634
Health & Social Care Partnership	7,347	7,347	7,347	7,347	7,347	36,735
					0	
Non-domestic Rates	36,624	36,624	36,624	36,624	36,624	183,120
	220,890	**217,582**	**215,611**	**214,635**	**213,669**	**1,082,387**
Council Tax (Band D £1,184.52 - increase of 3% in each year)	**62,348**	**64,627**	**66,727**	**68,827**	**70,700**	**333,229**
Total	**283,238**	**282,209**	**282,338**	**283,462**	**284,369**	**1,415,616**
Council Tax (Band D £1,196.02 - increase of 4% in each year)	**62,948**	**65,227**	**67,327**	**69,427**	**71,300**	**336,229**
Total	**283,838**	**282,809**	**282,938**	**284,062**	**284,969**	**1,418,616**
Council Tax (Band D £1,205.11 - increase of 4.79% in each year)	**63,428**	**65,707**	**67,807**	**69,907**	**71,780**	**338,629**
Total	**284,318**	**283,289**	**283,418**	**284,542**	**285,449**	**1,421,016**

8 RESOURCING ESTIMATES 2020/21 AND BEYOND

8.1 At present the Scottish Government has only confirmed a one year Settlement and therefore has only published draft AEF figures for 2019/20. There has, however, been a commitment from the Scottish Government to provide a three year funding settlement for local government from 2020/21 budget onwards; and to develop a rules based framework for local government funding in partnership with COSLA that would be introduced for the next Parliament. 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. The assumption for planning purposes is that AEF resources will reduce by 1% in 2020/21 and 2021/22 with an assumed reduction of 0.5% in the final 2 years of the plan. These estimates exclude any transfers for new statutory burdens.

8.2 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 an essential discipline.

8.3 Regular monitoring report submitted to the Executive Committee during 2018/19 have, however, identified that there are significant savings which have not yet been delivered on a permanent basis. The management team has therefore considered a revised approach to transformation under the banner of 'Fit for 2024' which will reshape the transformation programme ensuring individual projects are more joined up, cross-cutting and focused on joined up business process review. A paper elsewhere on the agenda provides details of the new approach recommended.

8.4 It should be noted that the 2019/20 figures from Scottish Government remain draft until the local government finance order is approved by Parliament. Any further amendments to the draft figures published will be reported to Council with an assessment of the financial implications.

8.5 The benefits of longer term financial planning have previously been promoted by Audit Scotland in the overview report for Local Government in Scotland. Audit Scotland have highlighted the good practise previously adopted by the Council in adopting medium term 5 year financial planning. The report recommended that this approach be extended to encompass greater use of scenario planning over a longer period. In response Council officers have once again modelled variations in the assumed level of Scottish Government grant, Council Tax increases and estimated inflationary increases in cost pressures over the 10 year period commencing 2019/20. This analysis is included at Appendix 2.

8.6 This analysis highlights a range of potential financial outcomes which would if realised require the Council to identify revenue savings of between £42m and £76m over the next 10 year period depending on the assumptions used. The range of scenarios modelled highlights the need for robust cost control and the continuation of a programme of strategic transformational change to ensure the Council can respond appropriately to these challenges.

9 COUNCIL TAX

9.1 As noted in paragraph 6.4 the Settlement for 2019/20 provides flexibility for Councils to increase Council Tax by up to 3% in real terms, which equates to 4.79% in 2019/20. The Table below shows the impact of various increases in the Council Tax. 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.

3% Increase (£)	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Charge 18/19	766.68	894.46	1,022.24	**1,150.02**	1,510.99	1,868.78	2,252.11	2,817.54
19/20 prices - 3%	789.68	921.29	1,052.91	**1,184.52**	1,556.33	1,924.85	2,319.69	2,902.08
Annual Increase	23.00	26.83	30.66	**34.50**	45.33	56.06	67.57	84.52
Monthly Increase	1.92	2.24	2.56	**2.88**	3.78	4.67	5.63	7.04

4% Increase (£)	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Charge 18/19	766.68	894.46	1,022.24	**1,150.02**	1,510.99	1,868.78	2,252.11	2,817.54
19/20 prices - 4%	797.35	930.24	1,063.13	**1,196.02**	1,571.44	1,943.53	2,342.21	2,930.25
Annual Increase	30.66	35.77	40.89	**46.00**	60.44	74.75	90.09	112.70
Monthly Increase	2.56	2.98	3.41	**3.83**	5.04	6.23	7.51	9.39

4.79% Increase (£)	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Charge 18/19	766.68	894.46	1,022.24	**1,150.02**	1,510.99	1,868.78	2,252.11	2,817.54
19/20 prices -4.79%	803.40	937.30	1,071.21	**1,205.11**	1,583.38	1,958.30	2,360.00	2,952.51
Annual Increase	36.72	42.84	48.96	**55.08**	72.38	89.51	107.88	134.96
Monthly Increase	3.06	3.57	4.08	**4.59**	6.03	7.46	8.99	11.25

9.2 The table above shows the impact of a 3%, 4% and 4.79% increase in the Council Tax alongside the annual and monthly increases that would be associated with these uplifts in Council Tax bills.

10 CAPITAL RESOURCES

10.1 In setting its Capital Plan, the Council 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.

10.2 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.

10.3 The requirements of the Prudential Code were updated in December 2017 including the recommendation that Councils publish a capital strategy for 2019/20. As such Scottish Borders Council's Capital Strategy is included elsewhere on this agenda as part of the suite of financial planning papers.

10.4 The borrowing requirements associated with the proposals are anticipated to be fully financed by the Loans Charges revenue budget of:

	£m
2019/20	20.358
2020/21	21.103
2021/22	21.214
2022/23	21.474
2023/24	22.119

10.5 These are the recommended figures that should be reflected in the revenue budget to finance the proposed capital programme and are reflected in the Treasury strategy shown elsewhere Council agenda. Future increases in capital expenditure will require corresponding increases in the loans charges budget.

11 CAPITAL FUNDING ASSUMPTIONS

11.1 Capital Settlement

A General Capital Grant is issued to each Local Authority in Scotland as part of the Settlement process. Overall the level of capital grant has increased by £1.6m in 2019/20 when compared to previous assumptions. This arises primarily from repayment of £1.4m from the £150m top sliced from the national capital settlement in 2016/17.

11.2 Scottish Government –Capital Grants

The draft settlement confirms capital grant of £19.483m in 2019/20 which includes £2.718m for the Hawick flood protection scheme. In addition the settlement confirms the continuation of the specific capital grant for cycling walking and safer street of £0.188m in 2019/20. The proposed plan assumes specific grants of £50m over the 10 year period.

11.3 Other External Capital Grants & Contributions

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.

11.4 Development Contributions

(a) Development 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. Due to the uncertainty of the timing on payment of these it is not prudent to include large sums of development 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 £1.189m of development contributions over the next 10 year period.

11.5 **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 £4.567m of capital receipts being generated over first 3 years of the plan. The assumptions around the deliverability of these will be subject to ongoing review.

11.6 **General Capital Grant future years**

The total estimated Capital Grant over the period of the Plan is estimated at £155.365m, an increase of £13.541m from the previous Plan. Although indicative grant figures have not been provided for future years the assumption in the Plan is that the 2019/20 level, adjusted for the £150m national top slice referred to in paragraph 11.1 will be maintained. There is a risk that the assumptions for future years may be over or under estimated.

11.7 **Replacement Funds**

(a) A fund was established by the Council in 2004 to ensure resources were in place for the continued 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. The Plan assumes purchases of £2m per annum over the period of the Plan which will be fully funded.

(b) A Fund was established by the Council in 2016 to ensure resources were available to provide for the replacement of carpets on synthetic pitches. The plan is based on assumed replacement lives of 10 years for each facility**.**

11.8 **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) The proposed revenue budget to support capital through loans charges is set out in paragraph 10.4. Decisions to increase future capital borrowing will require permanent increases, funded by savings elsewhere or the generation of additional income, in 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 £93.6m borrowing an increase of £18.9m 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 is a risk however if interest rates rise above the assumed levels this may result in additional charges. This will require regular monitoring to ensure that the borrowing levels are sustainable and affordable.

11.9 The total capital funding available is £346.135m. The following table summarises the total resources for the proposed Capital Plan.

	3 year operational £000's	7 year strategic £000's	Total £000's	Est. External Funding £000's	Est. SBC Contribution £000's
Specific Grants from Scottish Government	37,817	12,184	50,001	50,001	0
Other External Grants & Contributions	15,112	515	15,627	15,627	0
Development Contributions	389	800	1,189	1,189	0
Capital Receipts	4,567	400	4,967	0	4,967
General Capital Grant	47,565	107,800	155,365	0	155,365
Plant & Vehicle Replacement - P&V Fund	6,000	14,000	20,000	20,000	0
Synthetic Pitch Replacement Fund	517	3,658	4,175	4,175	0
Borrowing	59,246	35,565	94,811	1,200	93,611
Total	**171,213**	**174,922**	**346,135**	**92,192**	**253,943**

12 IMPLICATIONS

12.1 Financial Implications

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

12.2 Risk and Mitigation

Revenue Plan

(a) The Council faces a number of risks in setting its Revenue Financial Plan for five years 2019/20 - 2023/24. The main identified risks are set out in the appendix 1. The Council faces significant financial challenges, not least the requirement to deliver ongoing savings to balance the revenue and capital plan each year and fund on going pressure from the demographic change facing the Borders population. The maintenance of reserves to manage such risks is an essential element of any sound financial strategy and the recommended level of reserves, to act as a contingency is £6.315m in financial year 2019/20.

(b) It should be noted that the offer of funding from Scottish Government contained in the finance circular is provisional at this stage pending Parliamentary approval of the Government's budget bill and the publication of the final 2019/20 funding order. Any adjustment to the Scottish Government's proposed budget and the local government settlement as part of the parliamentary approvals process may require subsequent adjustment to the Council's budget. In this event a further report will be submitted to Council at the earliest opportunity.

(c) There is an ongoing requirement for robust management action to further 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 financial risk to the Council.

(d) The key risks associated with the Council's revenue and capital plans will be monitored on a regular basis within the regular monitoring reports submitted to the Council's Executive Committee.

12.3 **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.

12.4 **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.

12.5 **Carbon Management**

There are no effects on carbon emissions.

12.6 **Rural Proofing**

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

12.7 **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.

13 CONSULTATION

13.1 Corporate Management Team has fully supported the revenue and capital financial planning process.

13.2 The Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit & Risk, the Chief Officer HR, and the Clerk to the Council have been consulted and any comments have been reflected in the report.

Approved by

David Robertson
Chief Financial Officer **Signature .....**

Author(s)

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

Background Papers:
Previous Minute Reference:

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

Contact us at Suzy Douglas, Council HQ, sdouglas@scotborders.gov.uk, 01835 824000 X5881.

Risk Register: Financial Strategy 2019/20- 2023/24

APPENDIX 1

No.	Risk Category	RISK *Threat to achievement of business objective*	Scope/potential consequences of risk	Assessment of Risk (likelihood x impact) *Assume No Controls in Place*			Risk Control Measures in Place	Are all Controls Operational?	Potential Financial Risk	Assessment of Residual Risk (likelihood x impact) With Control Measures		
				Likelihood	Impact	Risk Score				Likelihood	Impact	Risk Score
								Y / N / Partial	£			
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 other agencies' responsibilities.	3	3	9	Estimate of reducing resources over the 5 year period built into financial plan.	Y	**2,600,000 based on 1% variation in future govt grant levels and financial plan assumptions**	4	3	12
2	Economy and Funding	Continuation of depressed housing market.	Assumption re Developer Contributions prove too optimistic. 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
3	Environment	Weather - adverse winter conditions.	Strain on Winter Maintenance budget. Additional revenue and capital costs.	4	4	16	Bellwin Scheme available, but only within certain criteria. Not available to cover higher costs of adverse winter weather. Reserve of £1m earmarked to provide contingency for adverse weather. 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

Risk Register: Financial Strategy 2019/20- 2023/24

APPENDIX 1

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				Likelihood	Impact	Risk Score				Likelihood	Impact	Risk Score
								Y / N / Partial	£			
4	Environment	Weather - severe floods	Additional revenue and capital costs.	3	4	12	Bellwin Scheme, threshold applies at 0.2% of net revenue expenditure and within certain criteria.	Y	**568,000**	3	3	9
5	Budget Control	Inability to achieve projected savings.	Increased risks due to expenditure not being contained within budget, may result in future reduced service provision as a consequence.	4	3	12	Tracking through monitoring process. Monitoring indicates greater levels of savings required but delivery is becoming more difficult. 2018/19 monitoring indicates delay in delivery of £4.6m of savings and difficulty of delivery increasing.	Partial	**2,300,000**	3	3	9
6	Budget Control	Future demographics - Social Work. Ageing population, more children with complex needs.	Additional revenue and capital costs. Assumption this will be funded by transfer from IJB.	5	3	15	Business and medium term Revenue Financial Plans aligned to demographic pressures.	Y	**0**	4	2	8
7	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	Current costs reflected in revenue budget.	Partial	**0**	3	3	9
8	Projects	Development Major Capital projects requiring Govt Support E.g. Flooding	Potential Requirement to Write costs incurred developing capital Schemes off to Revenue should Govt Support not be forthcoming. 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. Tweedbank and Hawick Flood. Robust project management. Dialogue and ensuring necessary statutory approvals are achieved mitigates risks.	**Y**	**0**	**3**	**3**	**9**

Risk Register: Financial Strategy 2019/20- 2023/24

APPENDIX 1

No.	Risk Category	RISK *Threat to achievement of business objective*	Scope/potential consequences of risk	Assessment of Risk (likelihood x impact) *Assume No Controls in Place*			Risk Control Measures in Place	Are all Controls Operational?	Potential Financial Risk	Assessment of Residual Risk (likelihood x impact) With Control Measures		
				Likelihood	Impact	Risk Score				Likelihood	Impact	Risk Score
								Y / N / Partial	£			
9	Economy and Funding	Underfunding of national policy changes	Risk that the distribution formula used is misaligned with local requirements eg changes to charging regimes or teachers pay.	4	4	16	Active engagement through COSLA and the Settlement Distribution Group (SDG) to ensure local circumstances are reflected as far as possible in distributions.	Partial	**200,000**	3	3	9
10	Supplier failure	Major contractors / providers of essential services going out of business e.g. Transport provider or care providers	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. SBcares now in place as provider of last resort for care contracts.	Partial	**250,000**	3	2	6
11	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 any projected funding deficit through recovery period and / or medium term Revenue Financial Plan. Fund valuation at 31 March 2017 showed an improvement in the funding level to 114%. Stable contribution rate over the next 2 year Period. Next valuation due 31/3/20.	Y	**0**	3	3	9
12	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. Ongoing monitoring of financial impact of changes to the composition of scheme membership.	Y	**700,000**	3	2	6

Risk Register: Financial Strategy 2019/20- 2023/24

APPENDIX 1

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				Likelihood	Impact	Risk Score		Y / N / Partial	£	Likelihood	Impact	Risk Score
13	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 Link 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.	Y	**0**	2	3	9
14	Economy and Funding	Increase in scale of bad debts owed to the Council (AR, Council Tax, NDR)	Potential pressure on revenue budgets as greater amounts need to be written off. Debt recovery arrangements indicate this risks is being managed with significant improvement in recent years over debt management and recovery.	4	3	12	Bad Debt provision in place, proved adequate for Council Tax and NDR historically. More robust policy framework now in place. Current level of bad debt provision acceptable debt acceptable.	Y	**125,000**	3	2	6
15	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
16	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. Increased risk of overspend given pressures arising from H&SC integration, unplanned withdrawal of resource transfer funding or around delayed discharge.	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. Regular reporting to CMT and quarterly reporting to Executive. Challenges facing the Council associated with constraints on public sector funding are increasing.	Y	**2,800,000** **(1% overspend risk on £280m)**	4	3	12
17	Economy and Funding	Municipal Mutual Insurance	Council is a scheme creditor of failed insurance firm. Solvent run off of the company no longer anticipated.	4	3	12	Contained monitoring of the situation - no risk mitigation possible. Provision made in allocated balances.	N	**0**	5	2	10

Risk Register: Financial Strategy 2019/20- 2023/24

APPENDIX 1

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				Likelihood	Impact	Risk Score				Likelihood	Impact	Risk Score
								Y / N / Partial	£			
18	Economy and Funding	Contractual legal claims/ penalties levied against council claim including damages claims from individual formerly in local authority care	Litigation following a Contractual claim resulting from legal dispute. Legal costs following an adverse judgement.	5	3	15	Monitoring processes, both internal and reporting to Members. Corporate Approach to project delivery and Corporate Transformation. Council's legal position will be robustly defended via Court Process if necessary.	Y	**750,000** **general est. based on current risks.**	4	3	12
19	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.	Partially	**50,000**	4	3	12
20	Economy and funding	EU grant funded programmes	Risk of claw back of grant funding following EU grant funded programme conformity audit	4	3	12	Satisfactory governance systems within SBC. Discussions continue with Scottish Government to ensure clear guidance.	Partially	**0**	3	4	12
21	Economy and Funding	Uncertainties around the impact of Brexit	Adverse impact on the supply of goods and services to the Council primarily associated with food supplies to older people's homes and schools and distribution of fuel. Unplanned inflation risk following Brexit	5	4	20	Brexit Response Team in place. Active engagement with CPP partners and government, information sharing and civil contingency arrangements with Police Scotland. Likely short term impact - 4 months.	Partially	**300,000**	5	3	15
		Projected General Fund unallocated balance as at 1 April 2018							**6,315,000**			
		Risks Per risk register							**11,643,000**			
		% of Risks per risk register covered by unallocated balances							**54 %**			

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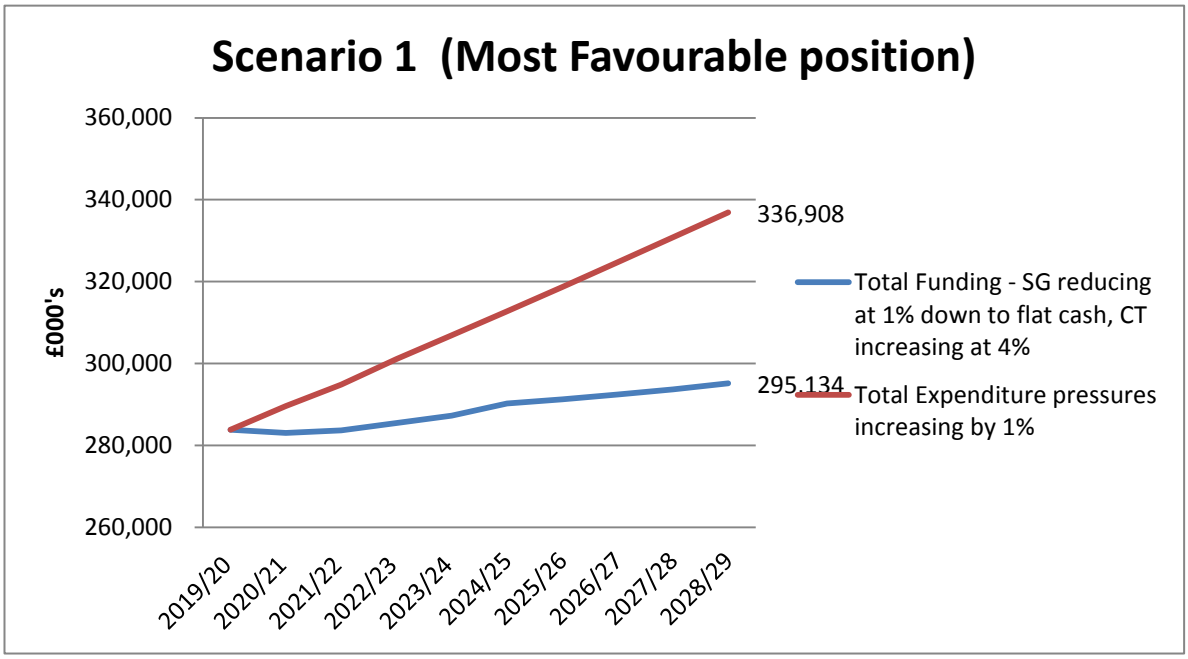
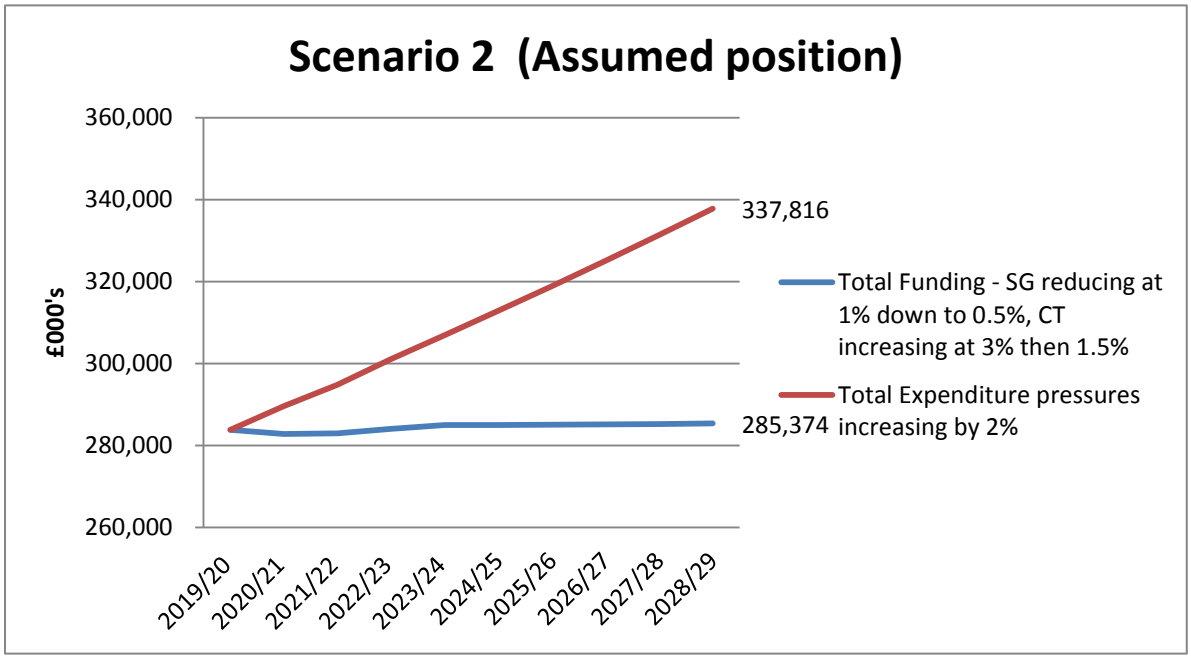
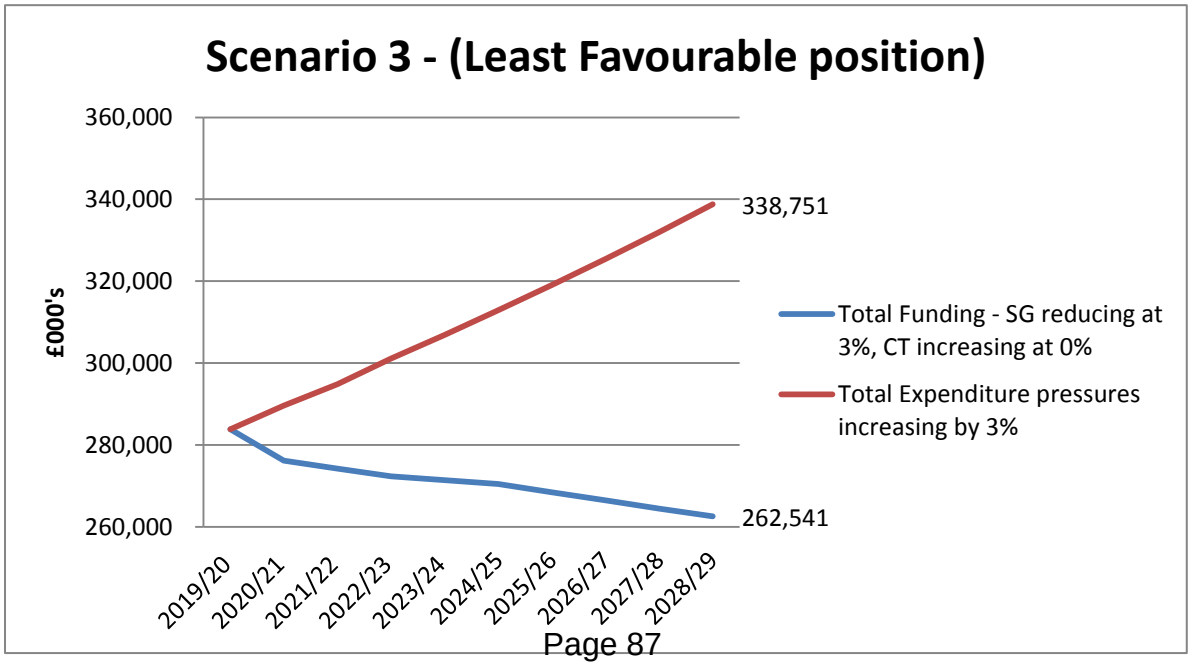

Scenario 1 (Most Favourable position)
£000's
360,000
340,000
320,000
300,000
280,000
260,000
2019/20
2020/21
2021/22
2022/23
2023/24
2024/25
2025/26
2026/27
2027/28
2028/29
336,908
295,134
Total Funding - SG reducing at 1% down to flat cash, CT increasing at 4%
Total Expenditure pressures increasing by 1%


Scenario 2 (Assumed position)
£000's
360,000
340,000
320,000
300,000
280,000
260,000
2019/20
2020/21
2021/22
2022/23
2023/24
2024/25
2025/26
2026/27
2027/28
2028/29
337,816
285,374
Total Funding - SG reducing at 1% down to 0.5%, CT increasing at 3% then 1.5%
Total Expenditure pressures increasing by 2%


Scenario 3 - (Least Favourable position)
£000's
360,000
340,000
320,000
300,000
280,000
260,000
2019/20
2020/21
2021/22
2022/23
2023/24
2024/25
2025/26
2026/27
2027/28
2028/29
338,751
262,541
Total Funding - SG reducing at 3%, CT increasing at 0%
Total Expenditure pressures increasing by 3%

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CAPITAL INVESTMENT STRATEGY 2019/20

Report by the Chief Financial Officer

SCOTTISH BORDERS COUNCIL

28 FEBRUARY 2019

1 PURPOSE AND SUMMARY

1.1 **This report presents Scottish Borders Council's first Capital Investment Strategy (CIS) supporting the 2019/20 financial planning process.**

1.2 The Council recognises that the requirements of the Prudential Code were updated in December 2017 including the recommendation that Councils published a Capital Investment Strategy for 2018/19. The Code recognised the short timescale available for the production of this document and therefore allowed deferral of this development to 2019/20. Consequently Scottish Borders Council has produced this document for 2019/20.

1.3 The Capital Investment Strategy is designed to highlight the capital investment priorities and explain how these priorities will assist with the delivery of the Council's Strategic Corporate Plan 2018 -2023. As such the CIS is structured to reflect the themes of this Corporate Plan. The document should be read in conjunction with the Council's 10 year capital investment plan 2019 – 2029 and the Treasury Strategy which provides detail of the Council's Prudential Indicators and sets out how the Capital Investment plans (CIP) of the Council will be financed.

2 RECOMMENDATIONS

2.1 It is recommended that Council approves the Capital Investment Strategy as part of the suite of 2019/20 budget papers on the Council agenda.

3 BACKGROUND

3.1 As part of the financial planning process for 2019/20, the Council committed to producing a Capital Investment Strategy in line with the requirements of the Prudential Code.

3.2 The Council recognises that the requirements of the Prudential Code were updated in December 2017 including the recommendation that Councils published a Capital Investment Strategy for 2018/19. The Code recognised the short timescale available for the production of this document and therefore allowed deferral of this development to 2019/20. Consequently Scottish Borders Council has produced this document for 2019/20.

4 CAPITAL INVESTMENT STRATEGY

4.1 As per the CIPFA Prudential Code 2017 the purpose of a Capital Investment Strategy is:

"In order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy that sets out the ***long-term context in which capital expenditure and investment decisions are made*** *and gives* ***due consideration to both risk and reward*** *and* ***impact on the achievement of priority outcomes****."*
"While indicators for sustainability are required to be set over a minimum three year rolling period, indicators should be set in line with a capital strategy and asset management plan that is ***sustainable over the longer term****."*
Prudential Code (CIPFA, 2017)

4.2 The Capital Investment Strategy is designed to highlight the capital investment priorities and explain how these priorities will assist with the delivery of the Council's Strategic Corporate Plan 2018 -2023. As such the CIS is structured to reflect the themes of this Corporate Plan. The document should be read in conjunction with the Council's 10 year capital investment plan 2019 – 2029 and the Treasury Strategy which provides detail of the Council's Prudential Indicators and sets out how the Capital Investment plans (CIP) of the Council will be financed.

4.3 The Capital Investment Strategy has been compiled through input from all relevant Council services including service input, the property and asset team and Finance.

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**

There are no equalities issues resulting from this report.

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 **Rural Proofing**

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

5.7 **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 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 have been incorporated into the report.

Approved by

David Robertson
Chief Financial Officer **Signature**

Author(s)

Name	Designation and Contact Number
Suzy Douglas	Financial Services Manager 01835 825881

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 825881

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CAPITAL INVESTMENT **STRATEGY**

2019-2020

Scottish Borders COUNCIL

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INTRODUCTION

THIS IS THE FIRST CAPITAL INVESTMENT STRATEGY (CIS) PREPARED FOR SCOTTISH BORDERS COUNCIL AS REQUIRED BY THE CIPFA PRUDENTIAL CODE.

The strategy applies to financial year 2019/20 and subsequent financial years. It is designed to highlight the capital investment priorities and explain how these priorities will assist with the delivery of the Council's Strategic Corporate Plan 2018 -2023. As such the CIS is structured to reflect the themes of this Corporate Plan. The document should be read in conjunction with the Council's 10 year capital investment plan 2019 – 2029 and the treasury strategy which provides detail of the Council's Prudential Indicators and sets out how the Capital Investment Plans (CIP) of the Council will be financed.

CORPORATE PLAN

On 20 February 2018 the council approved a new Corporate plan which sets the strategic direction over the next five years. The plan seeks to make the most of the opportunities we have, tackle the challenges faced by this unique area of Scotland, translate the policies of the elected members of Scottish Borders Council into tangible actions that will improve the quality of life of our 114,000 citizens and ensure the Council is in the best position possible to respond to national policies and other statutory requirements.

The Corporate Plan recognises that the Council cannot achieve everything it wants to alone, particularly against a background of fiscal austerity, resource constraints and rising public expectations. The Council in turn has recognised that its ambitions can only be delivered effectively through collaboration and this requires a range of effective partnership arrangements to be maintained with our community planning partners, families, individuals, business and community groups and where these relationships do not currently exist they will need to be developed. The Corporate Plan recognises that everyone has a role to play in improving the quality of life, prosperity and sustainability of the Borders. The plan takes an approach to partnership working that asks everyone to play #yourpart to keep the Borders thriving.

The corporate plan presents SBC's commitments under four themes and this Capital strategy is structured in the same way with our capital investment strategy set out under each: Our Services for You; Independent Achieving People; Thriving Economy with Opportunities for Everyone; and Empowered and Vibrant Communities.

Our services for you

DIGITAL CUSTOMER ACCESS

As an organisation we are committed to delivering as many services as possible online. This will have the dual advantages of providing better, more responsive customer services with each customer able to contact the Council and receive feedback regarding their enquiry online through their unique customer account. The move to delivering services online requires an investment in new technology delivered as part of our Digital Customer Access (DCA) project with our IT provider CGI. Cost savings are planned through reduced customer handling times and reduced transaction costs. Where required, face-to-face contact will be maintained to support vulnerable people.

CORPORATE LANDLORD

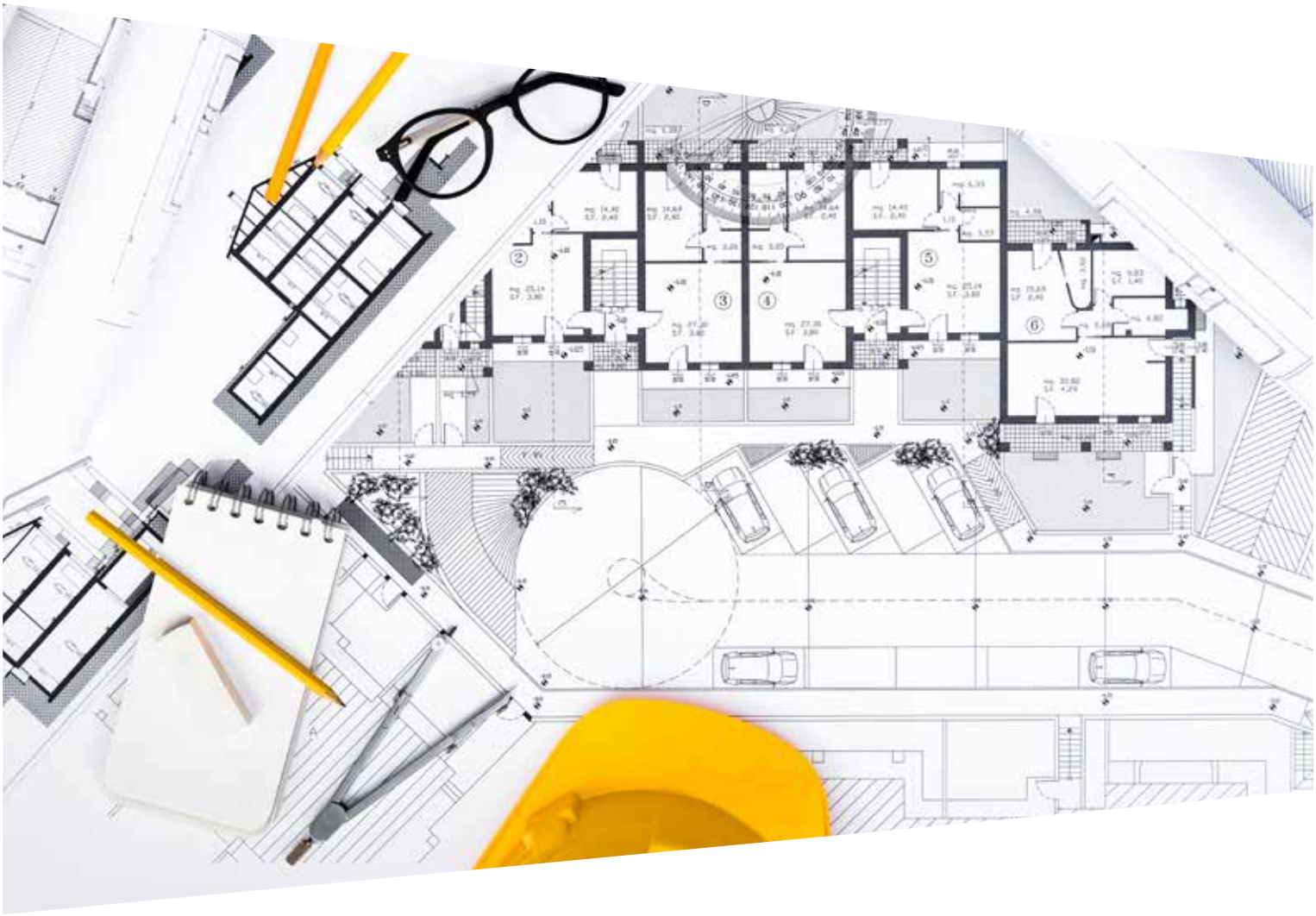
The Council currently operates and maintains a significant and diverse property portfolio comprising of 365 operational buildings including offices and depots. This places an enormous revenue burden on the Council as many of these buildings are old, require significant investment due to the variations in quality and condition, and are increasingly becoming unfit for purpose. The Council has therefore agreed a corporate landlord strategy which will see responsibility for estate planning, building facilities management, community letting, revenue repairs, building running costs and capital spend brought together under one Corporate Landlord function. The objectives behind this move are to make better use of the Council's estate, rationalising our property footprint in order to deliver operational efficiencies while investing in those buildings that remain.

OFFICE ACCOMMODATION

A major part of our Corporate Landlord programme is based on proposals to reduce the Council's office footprint by 20% over the next few years and consolidating into a reduced number of sites, raising an estimated £0.75m in capital receipts and saving £75k per annum. This will require investment in the remaining buildings, particularly in agile working practices, modern flexible office furniture and IT equipment.

DEPOT RATIONALISATION

The Council currently operates from six depots located across the region. It is now proposed to review the number of operational depots, delivering financial savings but also enabling much needed investment in the fabric of the remaining buildings and sites.



Independent, achieving people

EARLY YEARS

The Council's capital programme contains specific capital funding from the Scottish Government to provide improvements to the Early Years' service in the form of the refurbishment of buildings and some new build in St Ronan's (Innerleithen), St Boswells, Priorsford (Peebles) and in the Hawick and Galashiels clusters. The investment in these locations has been prioritised to help deliver the Council's strategic aim, shared with Scottish Government of delivering 1,140 hours of early learning and childcare to each child under the age of five by 2020.

SCHOOLS

The Council has in recent years invested heavily in partnership with the Scottish Government and Scottish Futures Trust in the replacement of life expired schools, prioritising those schools which have the most pressing need for investment assessed by their conditional and suitability. The Council has most recently replaced Broomlands (Kelso) and Langlee (Galashiels) primary schools and Kelso High School. The development of a new community campus in Jedburgh, due to be completed in 2020, will replace the current high school, along with Howdenburn and Parkside primary schools which were no longer considered fit for purpose.

Kelso High School

Langlee Primary School

Jedburgh Campus

SECONDARY PROVISION

The completion of Jedburgh will see the Council having replaced five of its nine secondary schools with modern facilities since 2007 using a variety of design, build and finance contract structures. The Council considered a report in November 2018 which set out the condition assets, likely costs and priorities for investment in its remaining secondary school estate. The costs of replacing the four remaining schools Galashiels Academy, Hawick High School, Selkirk High School and Peebles High School are significant with an assessed replacement cost of £41m for a community campus in Galashiels. The costs of replacing each building will be dependent on timescales and whether a campus model or standalone replacement option is chosen for each site. Regardless of the financial cost, the logistics of replacing these buildings are also very challenging, for example the need to address potential flooding issues in Hawick, and site availability in both Peebles and Hawick need to be addressed in order for the buildings to be re-provisioned. Given these challenges, Galashiels has been prioritised for the first phase of investment. It is assumed a revenue funded model for the replacement of the secondary school will be developed using HUB South East and that new buildings will be both energy efficient and wherever possible accommodate a wide range of community sporting, leisure, health and community support and advice based services.

This project is wholly dependent on the availability of funding from Scottish Government and the recent announcement of a further round of £1b funding under the Schools for the Future programme gives some cause for optimism that the school could be delivered by 2024. The Council is also advancing the case for a replacement for Hawick. It is not clear at this stage how and when the remaining three high schools could be replaced and in the intervening period capital investment will be prioritised within the 10 year Capital plan to ensure the buildings remain functionally fit for purpose.

PRIMARY SCHOOLS

The Council holds detailed condition and suitability information on all its schools and has identified the next priorities for investment in the primary estate as Eyemouth and Earlston primary schools. It is proposed that these buildings be replaced using traditional council capital resources. The top priority for replacement across the whole school estate is Galashiels Academy and the Council proposes that if the Scottish Government was to provide all the revenue finance for Galashiels, in the same way as was achieved for Kelso, then both a high school and two priority primary schools could be replaced in a much quicker timeframe than would otherwise be possible. If, however, less Scottish Government funding is available for Galashiels then this would be prioritised above the primary school replacements. The Council also recognises the importance of the need to ensure that the primary school estate has opportunities for rationalisation. With shrinking revenue and capital resources the Council wishes to ensure that we do not maintain too many school buildings that are significantly under capacity. Not only will this lead to under investment to maintain the quality of buildings but there are serious barriers to delivering the curriculum in schools that are too small. A project to determine the optimum size of the primary school estate has now been initiated. This will address schools that are currently mothballed and those awaiting statutory consultation regarding closure, and will examine the potential to rationalise the primary estate by closing other under occupied buildings and amalgamating schools where there are feasible alternatives that will maximise the quality and breadth of education on offer.

SOCIAL WORK

In line with the Council's vision to enhance the use of technology, we will be exploring the use of modern technology to enhance our social work practitioners to work more flexibly with service users. We will explore the use of mobile devices for the completion of case recording and the completion of assessments. In addition, we will be exploring the use of video conferencing to reduce the necessity of staff having to travel significant distances for reviewing and interviewing purposes. This will include the exploration of linking with video conferencing facilities for Justice Social Workers conducting interviews on service users who are in custodial settings out-with the authority area.

VIDEO CONFERENCING COULD BE USED BU JUSTICE SOCIAL WORKER.

HEALTH AND SOCIAL CARE

The Council approved a major strategy of the Housing and Care of Elderly vulnerable people in the Borders in June 2018 entitled "Integrated Strategic Plan for Older People's Housing Care and Support." This strategy covering the 10 year period to 2028 recognises the need to invest significant resources, through the Integrated Health and Social Care Partnership in order to cater for the needs of an increasingly elderly population. The strategy proposed a range of development including Extra Care housing in six key locations across the Borders in Duns, Galashiels, Eyemouth, Kelso, Hawick and Peebles. The first two of these developments will be new build facilities delivered in Duns and Galashiels in partnership with Trust Housing Association and Eildon Housing association respectively. A further extra care facility is currently being progressed using the old Kelso High School building which is grade B listed. This is a joint venture between a private developer and Eildon Housing Association. The Council has agreed to make contributions from second homes Council Tax to fund the future planned developments in Eyemouth, Hawick and Peebles.

DOVECOT EXTRA CARE HOUSING IN PEEBLES

In addition to extra care housing the Council, through the Integration Joint Board (IJB), is investing in a range of new build dementia care facilities and has recently entered into a partnership agreement to purchase seven acute dementia nursing beds in a new development built by Queens House in Kelso.

The IJB is also exploring the possibility of developing a new 'care village' at the recently purchased Lowood estate in Tweedbank. Current exploratory work will examine a range of options for this facility incorporating best practice from the Netherlands and Scotland.

In addition to the provision of additional care facilities a major element of the IJB strategy continues to be keeping people living safely in their own homes and out of institutional care for as long as this remains in their best interests. The Council invests in a range of aids and adaptation to both public and private housing stock to assist with this objective.

A thriving economy, with opportunities for everyone

BUSINESS ENVIRONMENT

The Council has worked hard in recent years to encourage investment in the Borders economy. The opening of the Borders Railway in 2015 provided a major investment in the infrastructure of the region opening up the central Borders with a journey time to central Edinburgh of only 55 minutes. The success of the railway is evident through the continued growth in passenger numbers which have now exceeded four million journeys since it opened and the early need for expansion of the park and ride facility at Tweedbank. Despite such investment there are huge areas of the Borders economy that remain largely under developed compared to Scotland as a whole. The public sector and tertiary industries such as forestry and farming and fishing in Berwickshire are all major employers. While unemployment is low the region still suffers from some of the lowest wages in Scotland, with high levels of fuel poverty and deprivation in some of our communities. The Council is keen to unlock latent growth potential in the Borders economy and is seeking to use its capital programme to unlock this potential through a range of inter-agency intervention, developments and collaborations.

TWEEDBANK AND LOWOOD

The Council has recently purchased the Lowood Estate located adjacent to the existing town of Tweedbank at the terminus of the Borders Railway. The master planning for this site is complete and the 120 acres of developable land now provide ability to plan and develop a mixed use development including housing, care, offices and light industrial uses.

CITY DEAL

The Council is an active participant in the Edinburgh and South East of Scotland City Region Deal, multi-agency investment and development collaboration between the Scottish and UK Governments, the University Sector and the five local authorities in the region. Through the City Deal the Council anticipates £15m in grant funding will be provided to help develop land already in council ownership between the rail head and the Lowood Estate. The business case for this development, which will lever in £30m of investment involving contributions from Scottish Government, Scottish Enterprise, the Council and the private sector, was approved by Council on the 31 January 2019 and will provide a range of high quality office, tourism and modern industrial space. This initial phase of development, comprising both public and private sector investment propositions, is planned to kick start the wider development of the adjacent Lowood Estate.

CONNECTIVITY – BROADBAND

To be successful, modern IT connectivity delivered through superfast broadband is a pre-requisite. The Council has already invested £8.4m of capital resources in partnership with the Scottish Government.

CGI AND IT IN SCHOOLS

In 2016/17 the Council signed a major strategic partnership with CGI for the provision of IT services as part of a 13 year contract. The contract is designed to support the Council in the delivery of services and to transform both the Council's IT infrastructure and wider council services. This transformation includes a full refresh of the Council's IT hardware and covers both the Corporate and Curricular networks. The partnership with CGI has already seen the delivery of the Enterprise Resource Planning (ERP) system which replaced outdated and disparate finance, payroll, HR and Procurement systems with one integrated IT solution. The Council is planning a major strategic investment in its Digital Customer Access solution which will transform the way the Council interacts with its stakeholders. The strategic partnership with CGI has also delivered significant improvement in the Wi-Fi infrastructure in schools, laying the foundations for a transformation project which will see the introduction of shared mobile devices in Primary 1-5 and a 1 device per pupil in Primary 6 to S6.

BORDERS SCHOOLCHILDREN WILL BENEFIT FROM MORE TECHNOLOGY INCLUDING THE USE OF TABLETS FOR LEARNING

CONNECTIVITY PHYSICAL INFRASTRUCTURE – ROAD AND RAIL

The condition of the infrastructure of the Borders is essential to keep the region moving, connected to the rest of Scotland and the UK and provides a major support to the local economy. The 10 year capital plan recognises the need to continue to invest in the roads, pavements and bridges infrastructure of the region. The 10 year plan provides investment in a number of specific initiatives including road safety improvements at Dirtpot Corner on the main Peebles to Galashiels trunk road and the upgrade of the Union Chain Bridge. In addition the Council recognises the need to promote investment in other forms of transport and the 10 year capital plan provides significant funding in multi-use paths to link our communities as already achieved between Innerleithen to Walkerburn and the expansion of safer walking and cycling infrastructure funded by specific grants.

WORKS AT DIRTPOT CORNER NEAR PEEBLES

The Council remains committed both to the extension of the Borders Railway through Hawick and on to Carlisle and the opening of Reston Station on the East Coast Mainline for which specific funding of £2.24m has been approved.

THE BORDERS RAILWAY

The Borders Railway linking Edinburgh, Midlothian and the Scottish Borders opened in September 2015, the project is a major investment providing additional travel opportunities for the people of Borders with new stations at Stow, Galashiels and Tweedbank.

The line provides ready access to education/training at Edinburgh College, Borders College and Queen Margaret University with improved access to the labour markets in Edinburgh and the and is a catalyst for housing and business growth at Tweedbank in the Lowood Estate.

Over the next few years, the Edinburgh city region is expected to see significant economic and population growth, along with rising tourism volumes, a diversifying business base and increased demand for skills.

"Borders Railway – Maximising the Impact: A Blueprint for the Future" was published by the 'Blueprint Group' of partners comprising Scottish Government, the Scottish Borders, Midlothian and City of Edinburgh Councils, Transport Scotland, Scottish Enterprise and VisitScotland. The document sets out the ambitions of the partners "to realise fully the economic benefits of the new Borders Railway", most particularly stimulating the growth of businesses, generating employment and boosting tourist visitor numbers. The Blueprint is structured around Great Locations for Working and Investing, Great Communities for Living and Learning, and Great Destinations to Visit. Using these themes the Blueprint Group has established a more detailed programme of activity and investment, and the Group meets regularly to oversee the implementation of that programme.

The Borders Railway Inward Investment Strategic Framework September 2016, sets out how the transformational intent of the Borders Railway Blueprint, as well as overarching inward investment objectives, should be promoted through an Inward Investment campaign, targeted specifically at an identified business audience.

Empowered, vibrant communities

Many of our services already work closely with communities, but under the community Empowerment (Scotland) Act 2015, communities have the right to become more involved in the way we provide all services. To encourage all our communities to achieve their full potential the Council's capital strategy includes specific investment targeted in the following priority areas

ARTIST'S IMPRESSION OF THE NEW BUILDING IN GALASHIELS TO HOUSE THE GREAT TAPESTRY OF SCOTLAND.

TOWN CENTRES AND TOURISM

The Council has an excellent track record of investing in the physical fabric of its town centres and had previously made significant improvements to the town centres and streetscape of Melrose, Kelso, Selkirk and Jedburgh, and is now planning similar developments in Hawick and Eyemouth. These works help to enhance the physical fabric of our towns making them more attractive places to shop and visit. The benefit of this approach which has been adopted for many years has now been recognised by the Scottish Government who have made a £50m fund available to allow further enhancements to urban areas in town centres and the Council fully intends to access this funding as it becomes available.

The Council is making a major investment in the centre of Galashiels through the provision of a new building to house the Great Tapestry of Scotland. This project will remove a vacant shop unit and reuse the handsome Victorian post office in the centre of the town which has lain vacant for many years. This development will complement the works already delivered in the form of the Transport Interchange and Channel Street with forms a new gateway to the town from the Borders Railway. The Council hopes to attract a new hotel chain to the town to encourage further visitors.

Elsewhere, the Council is encouraging tourism by investing in an expansion of the Jim Clark Museum in Duns which will provide a fitting home for memorabilia and cars associated with the world champion racing driver. Several towns in the Borders, particularly Hawick, are suffering from declining industrial buildings in the form of old textile mills. The costs of removing and renovating these buildings, many of which are beyond resource, is very significant. The Council has recently attracted £3.6m of grant funding from Scottish Government which will assist in the demolition and redevelopment of several such problem buildings in Hawick and the provision of modern industrial space e.g. Armstrong's building and modern industrial space at Galalaw.

WASTE MANAGEMENT

The evolving Waste Management strategy requires the closure of the Easter Langlee landfill in Galashiels site by 2021. This requires a solution by which residual waste is transported out-with the Borders to be dealt with by other facilities. The Council is currently procuring contracts to deal with residual waste and is in the process of constructing a transfer station to manage the waste handling process at the Easter Langlee facility. Arrangements are also in place to ensure recyclable material can be diverted from the waste stream.

WORK IS UNDERWAY ON A NEW WASTE TRANSFER STATION AT EASTER LANGLEE.

HOUSING SUPPLY

The Council as a stock transfer authority retains responsibility for strategic housing supply in the Borders. The Council actively works with Scottish Government and Registered Social Landlords to deliver the objectives set out in the annual Strategic Housing Investment Plan (SHIP). The Council and its partners have an excellent track record of attracting affordable housing grants and meeting the targets set out in the SHIP. The SHIP is now in its tenth iteration and since it was introduced in 2007 the Council and its partners have delivered 959 new affordable homes including social housing and homes for mid-market rent. The SHIP target moving forward is for Council and its partners to provide 128 additional affordable homes per year. In addition to the work undertaken with Registered Social Landlords the Council has delivered additional affordable housing through the National Housing Trust Local Authority variant model, Bridge Homes. This previously successfully delivered 49 properties constructed under the first national Housing Trust initiative via Tweedside LLP. These houses have now transferred in perpetuity to Eildon Housing Association. The Council continues to use its second homes Council Tax for the provision of affordable housing including the provision of extra care housing referred to above.

BRIDGE HOMES' DEVELOPMENT IN DENHOLM

PARKS AND OPEN SPACES

Parks and open spaces make a major contribution to public health and community wellbeing. The Council is keen to encourage access to all our parks and open spaces and the Wilton Lodge Park in Hawick has recently been the subject of a major upgrade, part funded with Heritage Lottery funding. Having completed Wilton Lodge the benefit of such destination play parks is evident and the Council has continued to invest significant resources in play and outdoor recreation facilities in Galashiels, Kelso and Harestanes Visitor Centre near Ancrum. The facilities provided range from attractive, accessible play equipment for children under 14 to facilities for teenagers including skate parks and pump tracks, and facilities to encourage physical activity amongst young and older adults alike in the form of outdoor gym equipment. The Council also recognises the importance of providing appropriate facilities for competitive and leisure based sport and continues to invest heavily in the provision of astro-turf facilities to encourage a range of ball sports including hockey, football and rugby both through our new school based community facilities and also stand-alone facilities e.g. Volunteer Park in Hawick. Recognising the importance of maintenance at the facilities the Council has adopted a life cycle approach to ensure funding exists to replace pitch carpets and other equipment as they wear out.

LIVE BORDERS

The Borders has three Leisure Trusts and the Council provides a capital grant to each on an annual basis to ensure they can enhance and maintain the facilities they operate. The Council also transferred it cultural facilities to Live Borders in 2016 and continues to provide support to allow investment in libraries, museums and community halls across the region.

THE COUNCIL CONTINUES TO INVEST IN ASTRO TURF SPORTS FACILITIES

NEW PLAYPARK AT WILTON LODGE PARK IN HAWICK

EXPANDED JIM CLARKE MUSEUM IS DUE TO OPEN THIS SUMMER

BUILDINGS IN SELKIRK TOWN CENTRE HAVE BEEN IMPROVED THROUGH THE CARS SCHEME

Other areas of Capital Investment

The Council's capital strategy also includes the following investment areas which although important in their own right do not sit neatly within one of the four corporate themes described above.

GREEN ENERGY

Reducing the Council's carbon footprint is a major objective not only to minimize our CO2 emissions but also to minimise costs. The Council has an ongoing programme of energy improvement works including window replacement, boiler replacement, photovoltaic (PV) cells and insulation. The Council accesses a variety of funding to deliver this investment including PWLB and SALIX funding. The Council is involved in a major scheme to reduce domestic consumption of energy and reduce fuel poverty.

PLANT AND VEHICLE

The Council operates a fleet of more than 450 vehicles ranging from large refuse collection vehicles and gritting lorries to small transit vans. The Council operates a plant and vehicle fund and charges departments the interest and depreciation on their vehicles credited to the fund to ensure they can be replaced from the fund when they become life expired. A fleet review is currently underway which will seek to reduce the total numbers of vehicles and plant operated by the Council.

NEW POOL CARS WILL ALSO BE AVAILABLE FOR COMMUNITY USE

POOL CARS

The Council also operates a pool car fleet of 55 vehicles both at its HQ campus and from locality offices as of February 2019. These vehicles are provided under a contract with Europecar and include seven all weather four-wheel drive vehicles. The intention is they will be available for community use out-with normal council business hours as part of a car club arrangement. In addition the Council operates a number of electric vehicles as part of its wider fleet arrangements.

EMERGENCY AND UNPLANNED SCHEMES

The Council recognises that the capital programme must contain a small element of contingency to deal with unforeseen circumstances and therefore maintains a small emergency and unplanned budget of £0.300m per annum to deal with unforeseen circumstances.

LINKS TO THE CAPITAL PLAN FUNDING PAGE

The detailed funding arrangements of the strategy noted above are set out in the Council's published capital investment plan. The funding page is replicated below setting out the projects funded by specific grant, other external grants and contributions, development contributions, capital receipts, general grant and capital borrowing. The borrowing implications of the capital investment plan are fully detailed in the Council's Treasury Strategy which is approved alongside the capital investment plan by full Council each year.

Scottish Borders Council
Draft Capital Financial Plan 2019/20 to 2028/29
Capital Investment Proposals

	CAPITAL INVESTMENT PROPOSALS	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total Operational Plan	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'001	Total Strategic Plan	Total £'000	Specific Project Funding	Net cost to SBC Capital
	Plant & Vehicle Fund															
	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	**14,000**	**20,000**	(20,000)	**0**
	Waste Collection Vehicles - Non P&V Fund															
	Waste Collection Vehicles - Non P&V Fund	300	0	0	**300**	0	300	300	0	0	0	300	**900**	**1,200**	(1,200)	**0**
	Flood & Coastal Protection															
Block	Flood Studies	365	350	350	**1,065**	350	350	350	350	350	350	350	**2,450**	**3,515**	(3,515)	**0**
Block	General Flood Protection Block	424	200	200	**824**	200	200	200	200	200	200	200	**1,400**	**2,224**	0	**2,224**
	Hawick Flood Protection	3,485	18,803	19,571	**41,859**	10,196	215	165	0	0	0	0	**10,576**	**52,435**	(43,039)	**9,396**
	Land and Property Infrastructure															
Block	Asset Rationalisation & Demolition	2,320	750	750	**3,820**	0	0	0	0	0	0	0	**0**	**3,820**	0	**3,820**
	Cemetery Land Acquisition	160	0	0	**160**	0	0	0	0	0	0	0	**0**	**160**	0	**160**
	Jedburgh High Street Building	522	879	11	**1,412**	0	0	0	0	0	0	0	**0**	**1,412**	(405)	**1,007**
Block	Building Upgrades	730	730	730	**2,190**	770	770	770	770	770	770	770	**5,390**	**7,580**	0	**7,580**
Block	Cleaning Equipment Replacement Block	50	50	50	**150**	50	50	50	50	50	50	50	**350**	**500**	0	**500**
Block	Commercial Property Upgrades	50	50	50	**150**	50	50	50	50	50	50	50	**350**	**500**	0	**500**
Block	Contaminated Land Block	52	52	52	**156**	52	52	52	52	52	52	52	**364**	**520**	0	**520**
	Energy Efficiency Works	1,045	1,045	1,045	**3,135**	1,045	1,045	1,045	1,045	1,045	1,045	1,045	**7,315**	**10,450**	0	**10,450**
Block	Health and Safety Works	835	835	835	**2,505**	835	835	835	835	835	835	835	**5,845**	**8,350**	0	**8,350**
	Outdoor Community Spaces	867	1,047	640	**2,554**	828	508	510	511	111	111	111	**2,690**	**5,244**	(208)	**5,036**
	Road & Transport Infrastructure															
	A72 Dirtpot Corner - Road Safety Works	120	0	0	**120**	0	0	0	0	0	0	0	**0**	**120**	0	**120**
Block	Accident Investigation Prevention Schemes Block	50	50	50	**150**	50	50	50	50	50	50	50	**350**	**500**	0	**500**
Block	Cycling Walking & Safer Streets	188	199	211	**598**	221	232	244	247	247	247	247	**1,685**	**2,283**	(2,283)	**0**
	Engineering Minor Works	14	0	0	**14**	0	0	0	0	0	0	0	**0**	**14**	(14)	**0**
	Galashiels Developments	200	0	0	**200**	0	0	0	0	0	0	0	**0**	**200**	0	**200**
Block	Lighting Asset Management Plan	300	200	200	**700**	200	200	200	200	200	200	200	**1,400**	**2,100**	0	**2,100**
	Peebles Bridge	0	0	0	**0**	0	0	0	0	0	0	420	**420**	**420**	0	**420**
	Reston Station Contribution	0	0	0	**0**	0	0	1,740	0	0	0	0	**1,740**	**1,740**	(100)	**1,640**
Block	Roads & Bridges -inc. RAMP, Winter Damage & Slopes	6,670	7,660	7,660	**21,990**	11,615	10,160	6,592	7,364	7,410	7,410	7,410	**57,961**	**79,951**	0	**79,951**
	Street Lighting Energy Efficiency Project	435	70	0	**505**	0	0	0	0	0	0	0	**0**	**505**	0	**505**
	Union Chain Bridge	403	260	0	**663**	0	0	0	0	0	0	0	**0**	**663**	0	**663**

	Waste Management															
	CRC - Bulky Waste Adjustments	255	0	0	**255**	0	0	0	0	0	0	0	**0**	**255**	0	**255**
Block	CRC - Improved Skip Infrastructure	146	0	0	**146**	0	0	0	0	0	0	0	**0**	**146**	0	**146**
	Easter Langlee Cell Provision	550	110	0	**660**	0	0	0	0	0	0	0	**0**	**660**	0	**660**
	Easter Langlee Leachate Management Facility	377	42	0	**419**	0	0	0	0	0	0	0	**0**	**419**	0	**419**
	New Easter Langlee Waste Transfer Station	389	0	0	**389**	0	0	0	0	0	0	0	**0**	**389**	0	**389**
	Waste Containers	48	48	50	**146**	50	51	53	53	54	54	54	**369**	**515**	0	**515**
	Corporate															
Block	ICT - Outwith CGI Scope	80	80	80	**240**	80	80	80	80	80	80	80	**560**	**800**	0	**800**
	ICT Transformation	449	566	599	**1,614**	468	526	381	336	526	526	526	**3,289**	**4,903**	0	**4,903**
	Digital Learning Transformation	3,047	917	355	**4,319**	1,210	914	1,172	627	933	629	629	**6,114**	**10,433**	0	**10,433**
													0	**0**		
	School Estate															
	Eyemouth Primary School	800	7,400	7,400	**15,600**	400	0	0	0	0	0	0	**400**	**16,000**	0	**16,000**
	Earlston Primary School	0	0	450	**450**	4,162	4,163	225	0	0	0	0	**8,550**	**9,000**	0	**9,000**
	Gala Academy - Capital contribution (assumes revenue funded model)	100	500	400	**1,000**	2,000	0	0	0	0	0	0	**2,000**	**3,000**	0	**3,000**
	Early Years Expansion	2,800	0	0	**2,800**	0	0	0	0	0	0	0	**0**	**2,800**	(2,800)	**0**
	Jedburgh Learning Campus incorporating 3G Pitch	667	0	0	**667**	0	0	0	0	0	0	0	**0**	**667**	0	**667**
	New Hawick High School - SBC 50% contribution	0	0	0	**0**	6,000	34,000	0	0	0	0	0	**40,000**	**40,000**	(20,000)	**20,000**
Block	School Estate Block	2,400	2,400	2,400	**7,200**	2,400	2,400	2,390	2,390	2,390	2,390	2,390	**16,750**	**23,950**	(1,000)	**22,950**
	School Estate Review	0	0	100	**100**	500	2,400	0	0	0	0	0	**2,900**	**3,000**	0	**3,000**
	Sports Infrastructure															
Block	Culture & Sports Trusts - Plant & Services	290	290	290	**870**	290	290	290	290	290	290	290	**2,030**	**2,900**	0	**2,900**
	Synthetic Pitch Replacement Fund	376	0	153	**529**	358	369	380	1,792	473	473	473	**4,318**	**4,847**	(4,175)	**672**
	Melrose 3G Pitch	500	0	0	**500**	0	0	0	0	0	0	0	**0**	**500**	0	**500**
	Culture & Heritage															
	Jim Clark Museum	5	0	0	**5**	0	0	0	0	0	0	0	**0**	**5**	0	**5**
Block	Public Halls Upgrades	0	208	99	**307**	0	0	0	0	0	0	0	**0**	**307**	0	**307**
	Sir Walter Scott Courthouse - Phase 2	0	460	2,488	**2,948**	932	0	0	0	0	0	0	**932**	**3,880**	(2,000)	**1,880**
	Trimontium, Melrose	0	60	0	**60**	0	0	0	0	0	0	0	**0**	**60**	0	**60**

	Economic Regeneration															
	Great Tapestry of Scotland - Building	4,479	50	0	**4,529**	0	0	0	0	0	0	0	**0**	**4,529**	(1,500)	**3,029**
Block	Borders Town Centre Regeneration Block	100	100	100	**300**	100	100	100	100	100	100	100	**700**	**1,000**	0	**1,000**
	Borders Innovation Park	5,425	6,991	4,109	**16,525**	1,950	1,950	0	0	0	0	0	**3,900**	**20,425**	(2,000)	**18,425**
	Newtown St Boswells Regeneration	20	20	84	**124**	84	120	56	0	0	0	0	**260**	**384**	0	**384**
	Eyemouth Regeneration	513	0	0	**513**	0	0	0	0	0	0	0	**0**	**513**	0	**513**
	Hawick Regeneration	2,017	0	0	**2,017**	0	0	0	0	0	0	0	**0**	**2,017**	(2,017)	**0**
	Galashiels Town Centre Regeneration	613	0	0	**613**	0	0	0	0	0	0	0	**0**	**613**	0	**613**
	Housing Strategy & Services															
	Private Sector Housing Grant - Adaptations	450	450	450	**1,350**	450	500	500	500	500	500	500	**3,450**	**4,800**	0	**4,800**
	Social Care Infrastructure															
Block	Adult Services Facilities Upgrades	200	200	200	**600**	59	34	0	0	0	0	0	**93**	**693**	0	**693**
Block	Care Inspectorate Requirements & Upgrades	53	54	55	**162**	57	58	59	61	62	62	62	**421**	**583**	0	**583**
NEW	Residential Dementia Care	500	3,800	500	**4,800**	0	0	0	0	0	0	0	**0**	**4,800**	0	**4,800**
	Extra Care Housing:	0	0	0	**0**	0	0	0	0	0	0	0	**0**	**0**	0	**0**
	Todlaw, Duns	1,090	0	0	**1,090**	0	0	0	0	0	0	0	**0**	**1,090**	(1,090)	**0**
	Langhaugh, Galashiels	1,800	0	0	**1,800**	0	0	0	0	0	0	0	**0**	**1,800**	(1,800)	**0**
	Stirches, Kelso, Eyemouth, Peebles, Waverley	0	1,523	1,523	**3,046**	0	0	0	0	0	0	0	**0**	**3,046**	(3,046)	**0**
	Technology Enabled Care	100	100	200	**400**	200	200	200	0	0	0	0	**600**	**1,000**	0	**1,000**
	Other															
	Emergency & Unplanned	300	300	300	**900**	300	300	300	300	300	300	300	**2,100**	**3,000**	0	**3,000**
	Total	**52,524**	**61,899**	**56,790**	**171,213**	**50,512**	**65,472**	**21,339**	**20,253**	**19,078**	**18,774**	**19,494**	**214,922**	**386,135**	**(112,192)**	**273,943**

Scottish Borders Council
Draft Capital Investment Plan 2019/20 to 2028/29
Capital Funding Proposals

CAPITAL FUNDING	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total Operational Plan	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total Strategic Plan	Total £000
Specific Grants from Scottish Government													
Hawick Flood Protection	(2,718)	(13,789)	(14,830)	**(31,337)**	(7,745)	(172)	(132)	0	0	0	0	**(8,049)**	**(39,386)**
Flood Studies	(365)	(350)	(350)	**(1,065)**	(350)	(350)	(350)	(350)	(350)	(350)	(350)	**(2,450)**	**(3,515)**
Cycling Walking & Safer Streets	(188)	(199)	(211)	**(598)**	(221)	(232)	(244)	(247)	(247)	(247)	(247)	**(1,685)**	**(2,283)**
Early Years Expansion	(2,800)	0	0	**(2,800)**	0	0	0	0	0	0	0	**0**	**(2,800)**
Hawick Regeneration	(2,017)	0	0	**(2,017)**	0	0	0	0	0	0	0	**0**	**(2,017)**
Hawick High School SFT	0	0	0	**0**	(3,000)	(17,000)	0	0	0	0	0	**(20,000)**	**(20,000)**
Other External Grants & Contributions													
Hawick Flood Protection	(118)	(1,767)	(1,253)	**(3,138)**	(515)	0	0	0	0	0	0	**(515)**	**(3,653)**
Sir Walter Scott Courthouse - Phase 2	0	(460)	(1,540)	**(2,000)**	0	0	0	0	0	0	0	**0**	**(2,000)**
Great Tapestry of Scotland - Building	(1,500)	0	0	**(1,500)**	0	0	0	0	0	0	0	**0**	**(1,500)**
Borders Innovation Park	(1,000)	(1,000)	0	**(2,000)**	0	0	0	0	0	0	0	**0**	**(2,000)**
Outdoor Community Spaces	0	0	(133)	**(133)**	0	0	0	0	0	0	0	**0**	**(133)**
2nd Homes Council Tax - Extra Care Housing	(2,890)	(3,046)	0	**(5,936)**	0	0	0	0	0	0	0	**0**	**(5,936)**
Jedburgh Building	0	(405)	0	**(405)**	0	0	0	0	0	0	0	**0**	**(405)**
Development Contributions													
Reston Station Contribution	0	0	0	**0**	0	0	(100)	0	0	0	0	**(100)**	**(100)**
School Estate Block	(100)	(100)	(100)	**(300)**	(100)	(100)	(100)	(100)	(100)	(100)	(100)	**(700)**	**(1,000)**
Engineering Minor Works	(14)	0	0	**(14)**	0	0	0	0	0	0	0	**0**	**(14)**
Outdoor Community Spaces	(53)	(15)	(7)	**(75)**	0	0	0	0	0	0	0	**0**	**(75)**
Capital Receipts	(1,827)	(2,440)	(300)	**(4,567)**	(400)	0	0	0	0	0	0	**(400)**	**(4,967)**
General Capital Grant	(16,765)	(15,400)	(15,400)	**(47,565)**	(15,400)	(15,400)	(15,400)	(15,400)	(15,400)	(15,400)	(15,400)	**(107,800)**	**(155,365)**
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)	**(14,000)**	**(20,000)**
Synthetic Pitch Replacement Fund	(364)	0	(153)	**(517)**	(358)	(369)	(380)	(1,132)	(473)	(473)	(473)	**(3,658)**	**(4,175)**
Borrowing													
- General	(17,505)	(20,928)	(20,513)	**(58,946)**	(20,423)	(29,549)	(2,333)	(1,024)	(508)	(204)	(624)	**(54,665)**	**(113,611)**
Waste Collection Vehicles - Non P&V Fund	(300)	0	0	**(300)**		(300)	(300)	0	0	0	(300)	**(900)**	**(1,200)**
Total	**(52,524)**	**(61,899)**	**(56,790)**	**(171,213)**	**(50,512)**	**(65,472)**	**(21,339)**	**(20,253)**	**(19,078)**	**(18,774)**	**(19,494)**	**(214,922)**	**(386,135)**

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Scottish Borders COUNCIL

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TREASURY MANAGEMENT STRATEGY 2019/20

Report by Chief Financial Officer

SCOTTISH BORDERS COUNCIL

28 February 2019

1 PURPOSE AND SUMMARY

1.1 **This report proposes the Treasury Management Strategy 2019/20 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 2019/20 is included in this report at Appendix 1 and reflects the impact of the Administration's Financial Plans for 2019/20 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 2019/20 as set out in Appendix 1.

(b) Notes that the draft Treasury Management Strategy was considered by Audit & Scrutiny Committee on 14 February 2019; with amended Treasury Management Strategy distributed to Audit & Scrutiny Committee members on 15 February 2019.

(c) Reviews its capital expenditure plans going forward to ensure they remain realistic, affordable and sustainable; and

(d) 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 Scrutiny 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 14 February 2019.

4 TREASURY MANAGEMENT STRATEGY 2019/20

4.1 Appendix 1 contains the draft Treasury Management Strategy for 2019/20 for consideration by the Council.

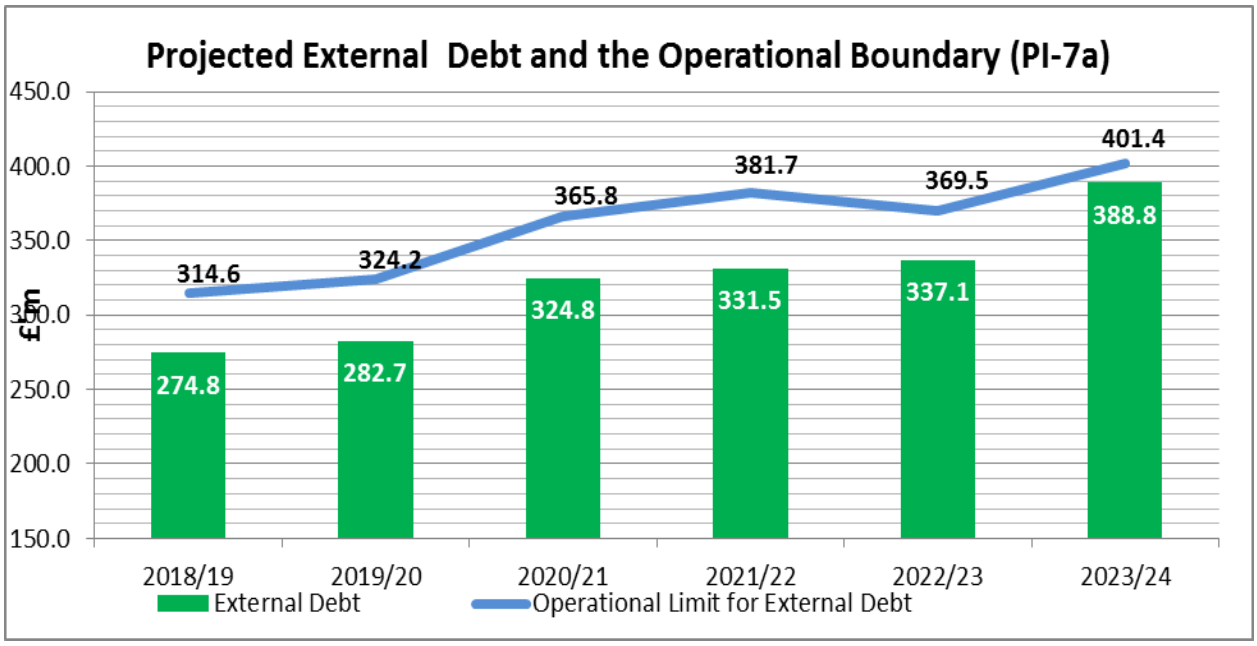
4.2 This is based on the Administration's Capital Financial Plans for 2019/20 to 2028/29.

4.3 Appendix 1, Annex A contains a summary of the proposed indicators within the strategy. The significant changes from the 2018/19 strategy are:

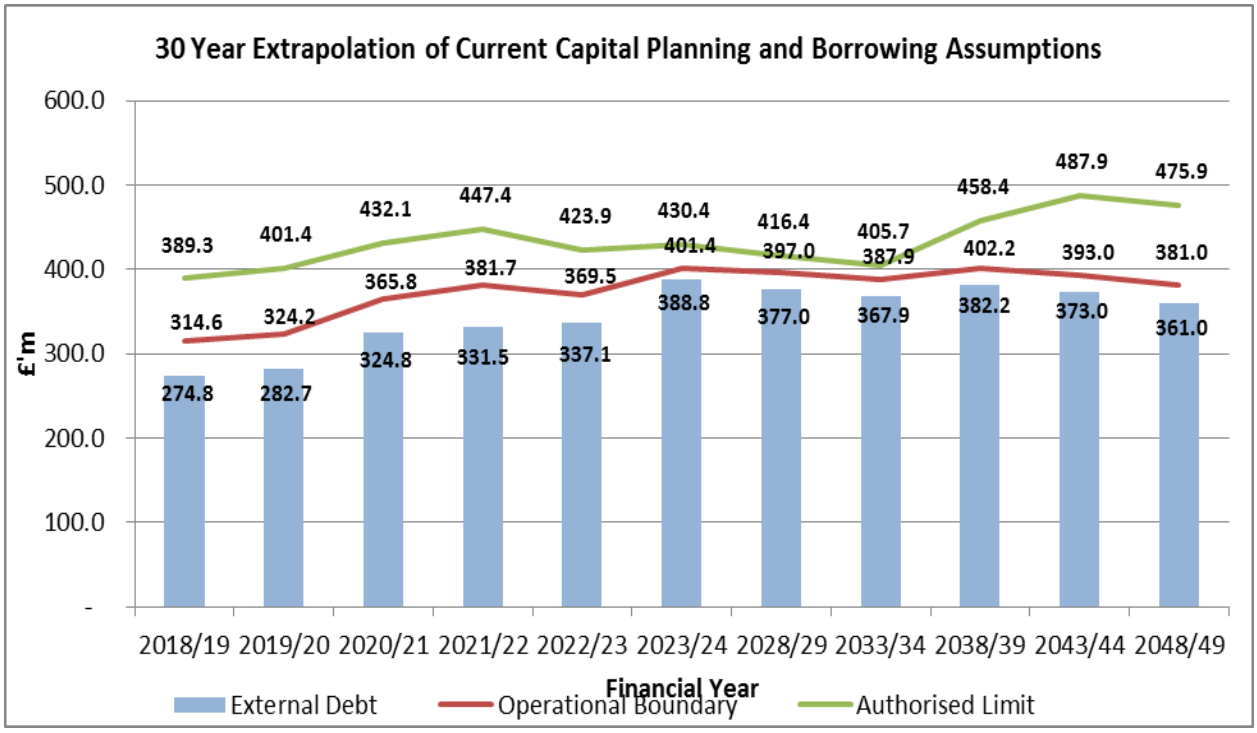
(a) Increase in the Capital Financing Requirement (CFR) for 2020/21 due to the inclusion of 2 new primary schools and the forward funding of the Borders Innovation Fund. Also impacting on the CFR movement is the anticipated capital borrowing requirements associated with the re-phasing of projects from 2018/19 into 2019/20 and future years as well as movements in the scheduled debt amortisation projections for the year.

(b) Increase in the Authorised Limit from 2019/20 onwards is associated with 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 normally exceed the operational boundary limit, defined by the Prudential Framework. The gap between these two elements as seen in the table, consistently shows that the Council maintains an "under-borrowed" position for current and next 5 years. The gap however is reducing over the years due to the ambitious capital program and the profile of the notional loan charges.



4.5 The chart below details projected external borrowing for the next 5 financial years and then at each 5 year interval up to 2048/49. Alongside this, the Operational Boundary and Authorised Limit are also shown. The chart is designed to inform long term scenario planning in line with best practice.



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 to Audit and Scrutiny 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. The risks to delivering the Strategy have been identified within the Strategy itself at Appendix 1. Controls and mitigating actions have been implemented, monitored and reviewed in line with the Council's Risk Management Policy. The 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 Service Director 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 Scrutiny Committee considered the strategy at the meeting on 14 February 2019 and supported its submission to Council for approval.

Approved by

David Robertson **Signature .....**
Chief Financial Officer

Author(s)

Name	Designation and Contact Number
Kirsty Robb Sara Halliday	Pension and Investment Manager, 01835 825249 Treasury Business Partner, 01835 824000, Ext 5854

Background Papers:
Previous Minute Reference: Audit & Scrutiny Committee, 14 February 2019

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Contact us at Capital & Investments Team, Finance, Scottish Borders Council, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA Tel: 01835 825249 Fax 01835 825166. email: mailto:treasuryteam@scotborders.gov.uk

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APPENDIX 1

SCOTTISH BORDERS COUNCIL

TREASURY MANAGEMENT STRATEGY (incorporating the Annual Investment Strategy) 2019/20

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1 Purpose and Scope

1.1 The Council is currently 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 2019/20** (this report).
This report is the most important of the three reports and covers:

- The capital plans of the Council (including prudential indicators);
- A policy for the statutory repayment of debt, (how residual capital expenditure is charged to revenue over time);
- The treasury management strategy (how the investments and borrowings are organised), including treasury indicators, and
- A permitted investment strategy (investment options and limits applied).

b) **Mid Year Treasury Management Report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c) **Annual Treasury Report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

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 Srutiny Committee**.

1.3 The treasury management issues covered by this report are:

Capital Issues
- the capital expenditure plans and the associated prudential indicators
- the loan fund repayment policy

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 CIFPA Prudential Code (the Prudential Code), the CIPFA Treasury Management Code (the Code) and Scottish Government loans fund repayment regulations and investment regulations.

1.5 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 and Scrutiny Committee to identify their training needs
- Working with Link 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).

1.6 Treasury Management Consultants

The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

1.7 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 raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

2.2 The second main function of the treasury management service is the funding of the Council's capital plans and strategy. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

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

2.5 CIPFA defines treasury management as:

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

2.6 Revised reporting is required for the 2019/20 reporting cycle due to revisions of the the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity if that is going to be undertaken. The capital strategy is being reported separately.

3 The Capital Prudential Indicators 2018/19 – 2023/24

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 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 £20.4m in 2019/20, rising to £22.1m in 2023/24.

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

3.1 Capital Expenditure (Prudential Indicator PI-1)

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 2019/20 – 2028/29 includes the following capital expenditure forecasts for the first five years. 2018/19 projected outturn figures are also shown:

Capital Expenditure (PI-1) £m	Estimate					
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Assets & Infrastructure	41.2	23.4	35.4	34.5	28.5	17.1
Other Corporate Services	2.8	3.6	1.6	1.0	1.8	1.5
Children & Young People	13.2	6.8	10.3	10.8	15.5	43.0
Culture & Sport	1.7	1.2	1.0	3.0	1.6	0.7
Economic Regeneration	4.3	13.2	7.2	4.3	2.1	2.2
Housing Strategy & Services	0.2	0.5	0.5	0.5	0.5	0.5
Social Care Infrastructure	0.0	3.7	5.7	2.5	0.3	0.3
Emergency & Unplanned Schemes	0.3	0.3	0.3	0.3	0.3	0.3
Total	**63.7**	**52.7**	**62.0**	**56.9**	**50.6**	**65.6**

It should be noted that expenditure associated with the construction of the proposed Jedburgh inter-generational school campus is not included in the above as it is funded as a 'Design, Build, Fund & Maintain (DBFM) model and therefore out-with the Councils capital programme.

3.2 Other Relevant Expenditure

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 is 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**					
	2018/19	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Bridge Homes LLP (Affordable house building programme)	0.4	-	-	-	-	-

3.3 Capital Financing Assumptions

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**					
	2018/19	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Capital Expenditure – per plan	63.7	52.7	62.0	56.9	50.6	65.6
Other Relevant Expenditure	0.4	-	-	-	-	-
Total Expenditure	64.1	52.7	62.0	56.9	50.6	65.6
Financed by:						
Capital receipts	1.2	1.8	2.4	0.3	0.4	-
CFCR	1.0	-	-	-	-	-
Developer Contributions	0.2	0.2	0.1	0.1	0.1	0.1
Govt. General Capital Grants	14.4	16.8	15.4	15.4	15.4	15.4
Govt. Specific Capital Grants	9.6	8.1	14.3	15.4	11.3	17.8
Other Grants & Contributions	5.4	5.5	6.7	2.9	0.5	-
Plant & Vehicle / Infrastructure Fund	2.8	2.4	2.0	2.2	2.4	2.4
Element of Net financing need for the year met by borrowing	**29.5**	**17.9**	**21.1**	**20.6**	**20.5**	**29.9**

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 indebtedness and so its underlying borrowing need. Any capital expenditure identified above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR. The CFR does not increase indefinitely, as prudent annual repayments from revenue need to be made which reflect the useful life of capital assets financed by borrowing.

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 by the PPP lease provider and so the Council is not required to separately borrow for these schemes. The Council has £70.4m of liabilities relating to such schemes within the 2018/19 long term liabilities figure. The CFR increases by a further £34.0m in 2020/21 as a result of the Jedburgh campus mentioned above.

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

Capital Financing Requirement (PI-2) £m	Actual	Estimate					
	17/18	18/19	19/20	20/21	21/22	22/23	23/24
Total CFR (PI-2) *	**306.9**	**325.0**	**332.4**	**375.9**	**383.8**	**390.8**	**449.3**
Movement in CFR represented by:							
Net financing need for the year (above)		29.5	17.9	21.1	20.6	20.5	29.9
Less scheduled debt amortisation and other financing movements		(11.4)	(10.5)	22.4	(12.7)	(13.5)	28.6
Movement in CFR		**18.1**	**7.4**	**43.5**	**7.9**	**7.0**	**58.5**

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

The figures for 2020/21 include £34m for Jedburgh Campus which is funded via PPP scheme and not capital borrowing requirement.

d) A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures shown in 3.1, 3.2 and 3.3, and the details above, demonstrate the scope of this activity and, by approving these figures, consider the scale proportionate to the Authority's remaining activity.

3.5 Statutory Repayment of Loans Fund Advances

a) The Council is required to set out its policy for the statutory repayment of loans fund advances prior to the start of the financial year. The repayment of loans fund advances ensures that the Council makes a prudent provision each year to pay off an element of the accumulated loans fund advances made in previous financial years.

b) A variety of options are provided to Councils so long as a prudent provision is made each year. The Council is recommended to approve the following policy on the repayment of loans fund advances:-

For loans fund advances made before 1 April 2016, the policy will be to maintain the practice of previous years and apply the **Statutory Method (option 1)**, with all loans fund advances being repaid in equal instalments of principal/ by the annuity method

For loans fund advances made after 1 April 2016, the policy for the repayment of loans advances will be the:-

1. **Asset life method** – loans fund advances will be repaid with reference to the life of an asset using either the equal instalment or annuity method (option 3);

The annuity rate applied to the loans fund repayments was based on historic interest rates and is currently 3.97%. However, under regulation 14 (2) of SSI 2016 No 123, the Council has reviewed and re-assessed the historic annuity rate to ensure that it is a prudent application.

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 and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

4.1 Current Portfolio Position

a) The overall treasury management portfolio as at 31 March 2018 and for the position as at 31 December 2018 are shown below for both borrowing and investments.

TREASURY PORTFOLIO				
	actual **31.3.18**	actual **31.3.18**	current **31.12.18**	current **31.12.18**
Treasury investments	£000	%	£000	%
banks	8,045	74%	14,880	94%
DMADF (H.M.Treasury)	0	0%	0	0%
money market funds	2,780	26%	1,020	6%
Total managed in house	**10,825**	**100%**	**15,900**	**100%**
Total managed externally	**0**	**0%**	**0**	**0%**
Total treasury investments	**10,825**	**100%**	**15,900**	**100%**
Treasury external borrowing				
local authorities	5,000	2%	0	0%
third party loans	631	0%	300	0%
PWLB	152,919	76%	159,631	82%
LOBOs	44,170	22%	34,868	18%
Total external borrowing	**202,720**	**100%**	**194,799**	**100%**
Net treasury investments / (borrowing)	**(191,895)**	**0**	**(178,899)**	**0**

b) The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing position, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

as at 31 March £m	**Estimate**				
	2018/19	**2019/20**	**2020/21**	**2021/22**	**2022/23**
Borrowing	204.4	215.4	227.2	237.9	247.6
Other Long Term Liabilities	70.4	67.3	97.6	93.6	89.4
Total Gross Borrowing (Prudential Indicator PI-5)	**274.8**	**282.7**	**324.8**	**331.5**	**337.0**
Capital Financing Requirement*	**375.9**	**383.8**	**390.8**	**449.3**	**475.9**
(Under) / Over Borrowing (Prudential Indicator PI-6)	**(101.1)**	**(101.1)**	**(66.0)**	**(117.8)**	**(138.9)**

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

c) Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these (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 2019/20 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

d) 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 2019/20.

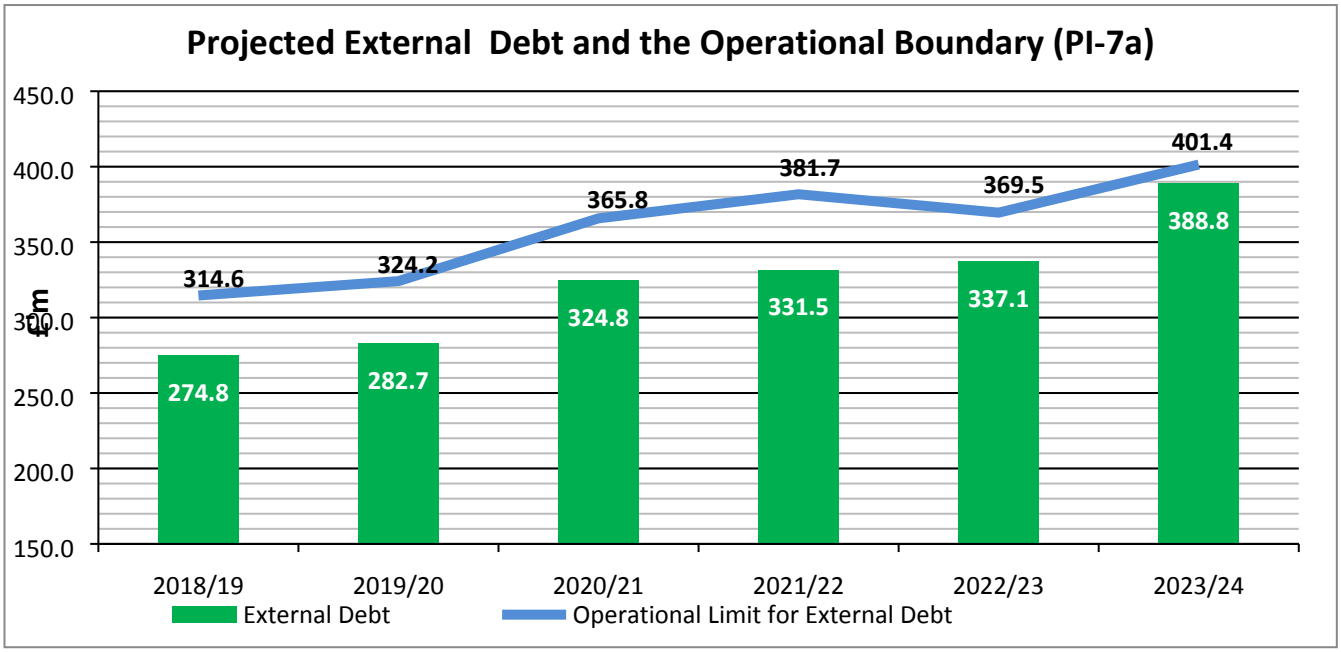
4.2 Treasury Indicators: Limits to Borrowing Activity

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 and the ability to fund under-borrowing by other cash resources.

Operational boundary £m	Estimate					
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Total Operational Boundary (PI-7a)	**314.6**	**324.2**	**365.8**	**381.7**	**369.5**	**401.4**
Less: Other long term liabilities	(70.4)	(67.3)	(97.6)	(93.6)	(89.4)	(132.2)
Operational Boundary exc. Other Long Term Liabilities (PI-7b)	**244.2**	**256.9**	**268.2**	**288.1**	**280.1**	**269.2**

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)

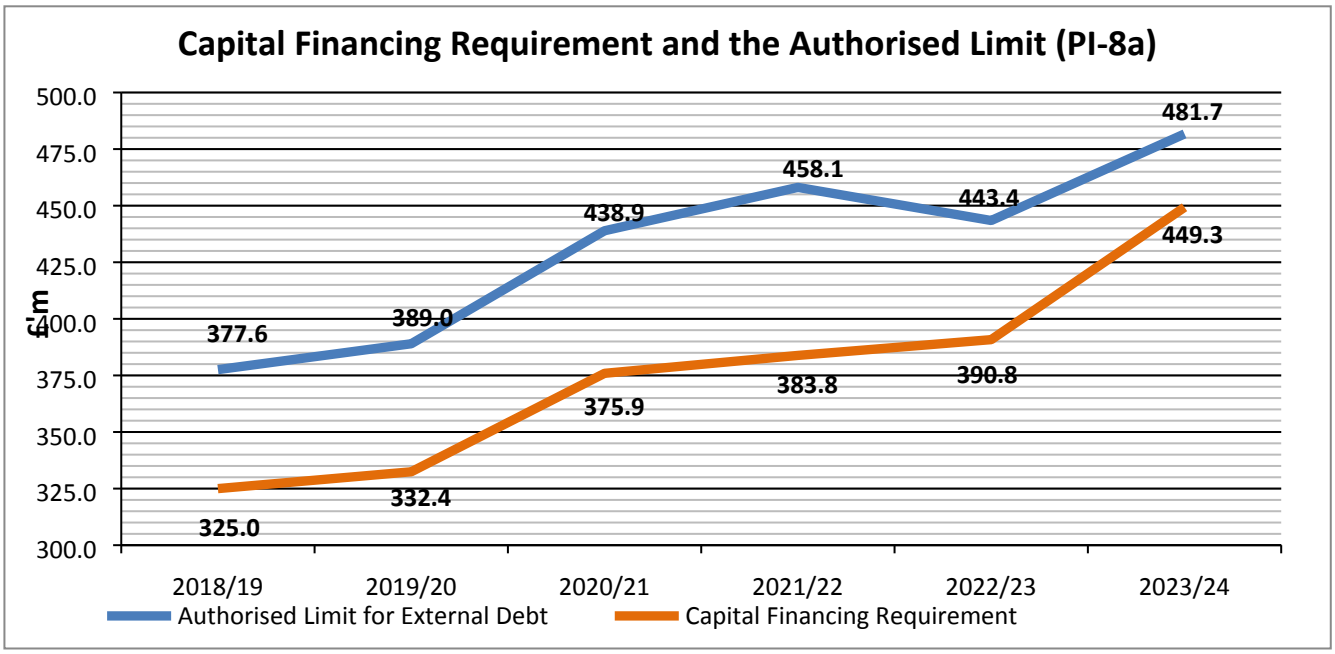
c) A further key prudential indicator represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing which, while not desired, could 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					
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Total Authorised Limit (PI-8a)	**377.6**	**389.0**	**438.9**	**458.1**	**443.4**	**481.7**
Less: Other long term liabilities	(70.4)	(67.3)	(97.6)	(93.6)	(89.4)	(132.2)
Authorised Limit exc. Other Long-Term Liabilities (PI-8b)	**307.2**	**321.7**	**341.3**	**364.5**	**354.0**	**349.5**

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 Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

Link Asset Services Interest Rate View	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	2.00%
3 Month LIBID	0.70%	0.80%	1.00%	1.10%	1.20%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	0.80%	0.90%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.00%	1.10%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
10yr PWLB Rate	2.20%	2.30%	2.40%	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.00%
25yr PWLB Rate	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.20%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%

b) 2018 was a year which started with weak growth of only 0.1% in quarter 1. However, quarter 2 rebounded to 0.4% in quarter 2 followed by quarter 3 being exceptionally strong at +0.6%. Quarter 4 though, was depressed by the cumulative weight of Brexit uncertainty and came in at only +0.2%. Growth is likely to continue being weak until the Brexit fog clears.

c) The above forecasts are based on a major assumption that Parliament and the EU agree an orderly Brexit, either by 29 March or soon after. At their 7 February meeting, the MPC repeated their well-worn phrase that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary of contractionary), than before the crash; indeed they have given a figure for this of around 2.5% in ten years' time but have declined to give a medium term forecast. However, with so much uncertainty around Brexit, the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they could also raise Bank Rate in the same scenario if there was a boost to inflation from increases in import prices, devaluation of sterling, and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor could provide fiscal stimulus to boost growth.

d) The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.25 – 2.50% in December 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We therefore saw US 10 year bond Treasury yields rise above 3.2% during October 2018 and also investors causing a sharp fall in equity prices as they sold out of holding riskier assets. Since then, US 10 year bond yields have fallen back on fears that the Fed could be too aggressive in raising interest rates and was going to cause a recession. However, the Fed dropped any specific reference to expecting further rate increases at their January 30 meeting. Equity prices have been very volatile on alternating good and bad news during this period.

e) From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

f) Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

g) Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years;

- Borrowing interest rates have been volatile so far in 2018-19 and while they were on a rising trend during the first half of the year, they have fallen significantly since then. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

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

h) **Annex C** contains a more comprehensive Economic Background narrative from Link 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 with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue to be considered.

b) Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 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 rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

c) Any decisions will be reported to Members at the next available opportunity.

4.5 Policy on borrowing in advance of need

a) Borrowing in advance of need 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.

b) The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed.

c) 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.

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 residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

d) All rescheduling will be reported to the **Executive** at the earliest meeting following its action.

5 Investment Strategy

5.1 Investment Objectives and Policy

a) The Council's investment policy implements the requirements of the Local Government Investments (Scotland) Regulations 2010, (and accompanying Finance Circular 5/2010), and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017, ("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;
(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) Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

d) Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

e) Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

f) This authority has defined the list of types of investment instruments that are permitted investments authorised for use in appendix D. Appendix F expands on the risks involved in each type of investment and the mitigating controls.

g) All investments will be denominated in **sterling.**

h) As a result of the change in accounting standards for 2018/19 under **IFRS 9,** this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (This area is currently under review by LASAAC and the Scottish Government. Members will be updated when there is further news.)

i) This authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 5.6). Regular monitoring of investment performance will be carried out during the year.

5.2 Council Permitted Investments

The proposed criteria for permitted investments are shown in annex D approval.

5.3 Creditworthiness Policy

a) This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating

agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies
- 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) 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 Ultra short dated bond funds with a credit score of 1.25
Light pink	5 years for Ultra short dated bond funds 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)

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

c) The Link Asset Services' creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

d) 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.

e) All credit ratings will be monitored on a real time basis. The Council is alerted to changes to ratings of all three agencies through its use of a creditworthiness service provided by Link 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 against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

f) 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 sovereign support for banks and the credit ratings of that supporting government.

g) The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

h) Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and "riskier" activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

i) While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

5.4 Country and Sector Considerations

a) Due care will be taken to consider the country 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 Link Asset Services' creditworthiness list:

Group of Banks	**£10m**

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 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

5.7 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). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.

- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectations

b) On the assumption that the UK and EU agree a Brexit deal in spring 2019 or soon after, then Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

2018/2019	0.75%
2019/2020	1.00%
2020/2021	1.50%
2021/2022	2.00%

c) The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows

2018/2019	0.75%
2019/2020	1.00%
2020/2021	1.25%
2021/2022	1.75%
2022/2023	2.00%
2023/2024	2.25%
Later years	2.50%

d) The overall balance of risks to economic growth in the UK is probably neutral. The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

Investment Treasury Indicator and Limit (Treasury Indicator TI-5)

e) Total principal funds invested for greater than 365 days. 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.

The Council is asked to approve the treasury indicator and limit:

Maximum principal sums invested for longer than 365 days (TI-5)					
£m	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
Principal sums invested for longer than 365 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).

5.8 Investment 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 benchmark is 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 2018/19.

(ii) Average borrowing rate movement year on year

Target is to maintain or reduce the average borrowing rate for the Council versus 2018/19.

6.3 **Investment Risk Benchmark Indicators** for Security, Liquidity and Yield, as set out in paragraph 5.8.

6.4 Loan Charges

a) Loan Charges for 2018/19 are expected to be at or below the Revenue Budget estimate contained in the Council's Financial Plans to be approved in March 2019, which are estimated as follows:

£m	2019/20	2020/21	2021/22	2022/23	2023/24
Interest on Borrowing	12.2	12.3	11.9	11.5	11.1
Investment income	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)
Capital Repayments	8.4	9.0	9.4	10.1	11.1
Total Loan Charges *	**20.4**	**21.1**	**21.2**	**21.5**	**22.1**

**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 2019/20.

ANNEXES

ANNEX A
SUMMARY OF PRUDENTIAL AND TREASURY INDICATORS

Indicator Ref.	Indicator	Page Ref.	2018/19	2019/20	2020/21	2021/22	2022/23
PRUDENTIAL INDICATORS							
Capital Expenditure Indicator							
PI-1	Capital Expenditure Limits (£m)	6	63.7	52.7	62.0	56.9	50.6
PI-2	Capital Financing Requirement (CFR) (£m)	8	325.0	332.4	375.9	383.8	390.8
Affordability Indicator							
PI-3	Ratio of Financing Costs to Net Revenue (inc. PPP repayment costs)	24	9.8%	9.3%	9.7%	10.2%	10.4%
PI-4	Incremental (Saving)/Cost Impact of Capital Investment Decisions on Council Tax	24	£(0.02)	£(0.01)	£0.00	£0.00	£0.00
External Debt Indicators							
PI-5	Actual Debt (£m)	9	274.8	282.7	324.8	331.5	337.0
PI-7a	Operational Boundary (inc. Other Long Term Liabilities) (£m)	10	314.6	324.2	365.8	381.7	369.5
PI-7b	Operational Boundary (exc. Other Long Term Liabilities) (£m)	10	244.2	256.9	268.2	288.1	280.1
PI-8a	Authorised Limit (inc. Other Long Term Liabilities) (£m)	11	377.6	389.0	438.9	458.1	443.4
PI-8b	Authorised Limit (exc. Other Long Term Liabilities) (£m)	11	307.2	321.7	341.3	364.5	354.0
Indicators of Prudence							
PI-6	(Under)/Over Gross Borrowing against the CFR (£m)	9	(101.1)	(101.1)	(66.0)	(117.8)	(138.9)
TREASURY INDICATORS							
TI-1	Upper Limit to Fixed Interest Rates based on Net Debt (£m)	25	314.6	324.2	365.8	381.7	369.5
TI-2	Upper Limit to Variable Interest Rates based on Net Debt (£m)	25	110.1	113.5	128.0	133.6	129.3
TI-3	Maturity Structure of Fixed Interest Rate Borrowing 2019/20	25	**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-5	Maximum Principal Sum invested greater than 365 days	19	20%	20%	20%	20%	20%

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)

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				
	17/18	18/19	19/20	20/21	21/22	22/23
Ratio of Financing Costs to Net Revenue Stream (PI-3) *(inc. PPP repayment costs)*	9.0%	9.8%	9.3%	9.7%	10.2%	10.4%

The estimates of financing costs include current commitments and the proposals in the Financial Plans for 2019/20. The movements in the above ratio from 2019/20 onwards reflect a real-time reduction in overall financial resources available to the Council.

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

This indicator identifies the revenue costs associated with 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				
	2019/20	2020/21	2021/22	2022/23	2023/24
Incremental (Saving)/Cost Impact of Capital Investment Decisions on the Band D Council Tax (PI-4)	£(0.01)	£0.00	£0.00	£0.00	£0.00

Treasury Management Limits on Activity

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	2018/19	2019/20	2020/21	2021/22	2022/23
Interest rate exposures					
	Upper	**Upper**	**Upper**	**Upper**	**Upper**
Limits on fixed interest rates based on net debt (TI-1)	314.6	324.2	365.8	381.7	369.5
Limits on variable interest rates based on net debt (TI-2)	110.1	113.5	128.0	133.6	129.3
Maturity Structure of fixed interest rate borrowing 2019/20 (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%

ANNEX B: INTEREST RATE FORECASTS 2019-22

[PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.]

Link Asset Services Interest Rate View	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	2.00%
3 Month LIBID	0.70%	0.80%	1.00%	1.10%	1.20%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	0.80%	0.90%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.00%	1.10%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
10yr PWLB Rate	2.20%	2.30%	2.40%	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.00%
25yr PWLB Rate	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.20%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
Bank Rate													
Link Asset Services	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	2.00%
Capital Economics	0.75%	0.75%	1.00%	1.25%	1.50%	1.75%	1.75%	1.75%	-	-	-	-	-
5yr PWLB Rate													
Link Asset Services	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
Capital Economics	1.80%	1.90%	2.00%	2.20%	2.50%	2.50%	2.60%	2.60%	0.00%	0.00%	0.00%	0.00%	0.00%
10yr PWLB Rate													
Link Asset Services	2.20%	2.30%	2.40%	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.00%
Capital Economics	2.20%	2.30%	2.40%	2.60%	2.80%	2.80%	2.80%	2.80%	-	-	-	-	-
25yr PWLB Rate													
Link Asset Services	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.20%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%
Capital Economics	2.70%	2.80%	3.00%	3.10%	3.30%	3.20%	3.20%	3.10%	-	-	-	-	-
50yr PWLB Rate													
Link Asset Services	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
Capital Economics	2.60%	2.70%	2.80%	2.90%	3.20%	3.20%	3.20%	3.10%	-	-	-	-	-

Source: Link Asset Services, February 2019

ANNEX C
Economic Background

GLOBAL OUTLOOK. World growth has been doing reasonably well, aided by strong growth in the US. However, US growth is likely to fall back in 2019 and, together with weakening economic activity in China and the eurozone, overall world growth is likely to weaken.

Inflation has been weak during 2018 but, at long last, unemployment falling to remarkably low levels in the US and UK has led to an acceleration of wage inflation. The US Fed has therefore increased rates nine times and the Bank of England twice. However, the ECB is now probably unlikely to make a start on raising rates in 2019.

KEY RISKS - central bank monetary policy measures
Looking back on more than ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as quantitative easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that period of stimulating economic recovery and warding off the threat of deflation, is coming towards its close. A new period is well advanced in the US, and started more recently in the UK, of reversing those measures i.e. by raising central rates and, (for the US), also reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of a reduction in spare capacity in the economy and of unemployment falling to such low levels, that the re-emergence of inflation is viewed as a significant risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this also encouraged investors into a search for yield and into investing in riskier assets such as equities. Consequently, prices in both bond and equity markets rose to historically high valuation levels simultaneously. This meant that both asset categories were exposed to the risk of a sharp downward correction and we did, indeed, see a sharp fall in equity values in the last quarter of 2018 and into early 2019. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery, by taking too rapid and too strong action, or, conversely, let inflation run away by taking action that was too slow and/or too weak. **The potential for central banks to get this timing and strength of action wrong are now key risks.** It is particularly notable that, at its 30 January 2019 meeting, the Fed dropped its previous words around expecting further increases in interest rates; it merely said it would be "patient".

The world economy also needs to adjust to a sharp change in **liquidity creation** over the last five years where the US has moved from boosting liquidity by QE purchases, to reducing its holdings of debt, (currently about $50bn per month). In addition, the European Central Bank ended its QE purchases in December 2018.

UK. 2018 was a year which started with weak growth of only 0.1% in quarter 1. However, quarter 2 rebounded to 0.4% in quarter 2 followed by quarter 3 being exceptionally strong at +0.6%. Quarter 4 though, was depressed by the cumulative weight of Brexit uncertainty and came in at only +0.2%. Growth is likely to continue being weak until the Brexit fog clears.

The MPC has stated that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary of contractionary), than before the crash; indeed they have given a figure for this of around 2.5% in ten years' time but have declined to give a medium term forecast. However, with so much uncertainty around Brexit, the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be

cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, the MPC could also raise Bank Rate in the same scenario if there was a boost to inflation from increases in import prices, devaluation of sterling, and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor could provide fiscal stimulus to boost growth.

Inflation. The Consumer Price Index (CPI) measure of inflation has been falling from a peak of 3.1% in November 2017 to 2.1% in December 2018. In the February Bank of England quarterly Inflation Report, inflation was forecast to still be marginally above its 2% inflation target two years ahead given a scenario of minimal increases in Bank Rate.

The **labour market** figures in November were particularly strong with an emphatic increase in total employment of 141,000 over the previous three months, unemployment at 4.0%, a 43 year low on the Independent Labour Organisation measure, and job vacancies hitting an all-time high, indicating that employers are having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation continued at its high point of 3.3%, (3 month average regular pay, excluding bonuses). This means that in real terms, (i.e. wage rates less CPI inflation), earnings are currently growing by about 1.2%, the highest level since 2009. This increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC was right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy.

In the **political arena**, the Brexit deal put forward by the Conservative minority government was defeated on 15 January. Prime Minister May is currently, (mid-February), seeking some form of modification or clarification from the EU of the Irish border backstop issue. However, our central position is that the Government will endure, despite various setbacks, along the route to reaching an orderly Brexit though the risks are increasing that it may not be possible to get full agreement by the UK and EU before 29 March 2019, in which case this withdrawal date is likely to be pushed back to a new date. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary and fiscal policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

USA. President Trump's massive easing of fiscal policy is fuelling a (temporary) boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2% (annualised rate) in quarter 1 to 4.2% in quarter 2 and 3.5%, (3.0% y/y), in quarter 3, but also an upturn in inflationary pressures. The strong growth in employment numbers and an unemployment rate of 4.0%, near to a recent 49 year low, has fed through to an upturn in wage inflation which hit 3.2% in December. However, CPI inflation overall fell to 1.9% in December and looks to be on a falling trend to continue below the Fed's target of 2% during 2019. The Fed has continued on its series of increases in interest rates with another 0.25% increase in December to between 2.25% and 2.50%, which was the fifth increase in 2018 and the ninth in this cycle. However, they dropped any specific reference to expecting further increases at their January 30 meeting. The last increase in December compounded investor fears that the Fed could overdo the speed and level of increases in rates in 2019 and so cause a US recession as a result. There is also much evidence in previous monetary policy cycles of the Fed's series of increases doing exactly that. Consequently, we have seen stock markets around the world falling under the weight of fears around the Fed's actions, the trade war between the US and China and an expectation that world growth will slow. Since the more reassuring words of the Fed in January, equity values have recovered somewhat.

The tariff war between the US and China generated a lot of heat during 2018; it could significantly damage world growth if an agreement is not reached during the current three month truce declared by President Trump to hold off from further tariff increases.

Eurozone. Growth was 0.4% in quarters 1 and 2 but fell back to 0.2% in quarter 3, though this was probably just a temporary dip. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of its manufacturing exports e.g. cars. Current forward indicators for economic growth and inflation have now been on a downward trend for a

significant period which will make if difficult for the ECB to make any start on increasing rates until 2020 at the earliest. Indeed, the issue now is rather whether the ECB will have to resort to new measures to boost liquidity in the economy in order to support growth. Having halved its quantitative easing purchases of debt in October 2018 to €15bn per month, the European Central Bank ended all further purchases in December 2018. In its January meeting, it made a point of underlining that it will be fully reinvesting all maturing debt for an extended period of time past the date at which it starts raising the key ECB interest rates.

China. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems. Progress has been made in reducing the rate of credit creation, particularly from the shadow banking sector, which is feeding through into lower economic growth. There are concerns that official economic statistics are inflating the published rate of growth.

Japan - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. It is likely that loose monetary policy will endure for some years yet to try to stimulate growth and modest inflation.

Emerging countries. Argentina and Turkey are currently experiencing major headwinds
and are facing challenges in external financing requirements well in excess of their reserves of foreign exchange. However, these countries are small in terms of the overall world economy, (around 1% each), so the fallout from the expected recessions in these countries will be minimal.

INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services in paragraph 4.3 are **predicated on an assumption of an agreement being reached on Brexit between the UK and the EU.** On this basis, while GDP growth is likely to be subdued in 2019 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement is likely to lead to a boost to the rate of growth in subsequent years which could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there was a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

However, there would appear to be a majority consensus in the Commons against any form of non-agreement exit so the chance of this occurring has now substantially diminished.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably neutral.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed for ten years since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine

definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

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

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**, possibly **Italy**, due to its high level of government debt, low rate of economic growth and vulnerable banking system, and due to the election in March 2018 of a government which has made a lot of anti-austerity noise. The EU rejected the original proposed Italian budget and demanded cuts in government spending. The Italian government nominally complied with this rebuttal – but only by delaying into a later year the planned increases in expenditure. This particular can has therefore only been kicked down the road. The rating agencies have downgraded Italian debt to one notch above junk level. If Italian debt were to fall below investment grade, many investors would be unable to hold Italian debt. Unsurprisingly, investors are becoming increasingly concerned by the actions of the Italian government and consequently, Italian bond yields have risen sharply – at a time when the government faces having to refinance large amounts of debt maturing in 2019.
- Weak capitalisation of some **European banks**. Italian banks are particularly vulnerable; one factor is that they hold a high level of Italian government debt - debt which is falling in value. This is therefore undermining their capital ratios and raises the question of whether they will need to raise fresh capital to plug the gap.
- **German minority government.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. Then in October 2018, the results of the Bavarian and Hesse state elections radically undermined the SPD party and showed a sharp fall in support for the CDU. As a result, the SPD had a major internal debate as to whether it could continue to support a coalition that is so damaging to its electoral popularity. After the result of the Hesse state election, Angela Merkel announced that she would not stand for re-election as CDU party leader at her party's convention in December 2018. However, this makes little practical difference as she has continued as Chancellor. However, there are five more state elections coming up in 2019 and EU parliamentary elections in May/June; these could result in a further loss of electoral support for both the CDU and SPD which could also undermine her leadership.
- **Other minority EU governments.** Sweden, Spain, Portugal, Netherlands and Belgium all have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Italy, Austria, the Czech Republic and Hungary** now form a strongly anti-immigration bloc within the EU. Elections to the EU parliament are due in May/June 2019.
- The increases in interest rates in the US during 2018, combined with a potential trade war between the USA and China, sparked major volatility in equity markets during the final quarter of 2018 and into 2019. Some **emerging market countries** which have borrowed heavily in dollar denominated debt, could be particularly exposed to investor flight from equities to safe havens, typically US treasuries, German bunds and UK gilts.
- There are concerns around the level of **US corporate debt** which has swollen massively during the period of low borrowing rates in order to finance mergers and acquisitions. This has resulted in the debt of many large corporations being downgraded to a BBB credit rating, close to junk status. Indeed, 48% of total investment grade corporate debt is now rated at BBB. If such corporations fail to generate profits and cash flow to reduce their debt

levels as expected, this could tip their debt into junk ratings which will increase their cost of financing and further negatively impact profits and cash flow.

- **Geopolitical risks,** especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **Brexit** – if both sides were to agree a compromise that removed all threats of economic and political disruption.
- **The Fed causing a sudden shock in financial markets** through misjudging the pace and strength of increases in its Fed Funds Rate and in the pace and strength of reversal of QE, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation,** whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

Brexit timetable and process

- March 2017: UK government notified the European Council of its intention to leave under the Treaty on European Union Article 50 on 29 March 2019.
- 25.11.18 EU27 leaders endorsed the withdrawal agreement
- Dec 2018 vote in the UK Parliament on the agreement was postponed
- 21.12.18 – 8.1.19 UK parliamentary recess
- 15.1.19 Brexit deal defeated in the Commons vote by a large margin
- 28.1.19 Further votes in the Commons
- 14.2.19 Further votes in the Commons
- 21.3.19 EU summit at which a Brexit option could be considered
- By 29.3.19 another vote (?) in UK parliament
- By 29.3.19 if the UK Parliament approves a deal, then ratification by the EU Parliament requires a simple majority
- By 29.3.19 if the UK and EU parliaments agree the deal, the EU Council needs to approve the deal; 20 countries representing 65% of the EU population must agree
- 29.3.19 Either the UK leaves the EU, or asks the EU for agreement to an extension of the Article 50 period if the UK Parliament has been unable to agree on a Brexit deal.
- 29.3.19: if an agreement is reached with the EU on the terms of Brexit, then this will be followed by a proposed **transition period ending around December 2020.**
- UK continues as a full EU member until March 2019 with access to the single market and tariff free trade between the EU and UK. Different sectors of the UK economy may leave the single market and tariff free trade at different times during the transition period.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.

- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK could also exit without any such agreements in the event of a breakdown of negotiations.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU.
- On full exit from the EU: the UK parliament would repeal the 1972 European Communities Act.

Annex D

TREASURY MANAGEMENT PRACTICE: PERMITTED INVESTMENTS, ASSOCIATED CONTROLS AND LIMITS

This Council approves the following forms of investment instrument for use as permitted investments

Treasury risks
All the investment instruments are subject to the following risks: -

1. **Credit and counter-party risk:** this is the risk of failure by a counterparty (bank or building society) to meet its contractual obligations to the organisation particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources. There are no counterparties where this risk is zero although AAA rated organisations have the highest, relative, level of creditworthiness.

2. **Liquidity risk:** this is the risk that cash will not be available when it is needed. While it could be said that all counterparties are subject to at least a very small level of liquidity risk as credit risk can never be zero, in this document, liquidity risk has been treated as whether or not instant access to cash can be obtained from each form of investment instrument. However, it has to be pointed out that while some forms of investment e.g. gilts, CDs, corporate bonds can usually be sold immediately if the need arises, there are two caveats: - a. cash may not be available until a settlement date up to three days after the sale b. there is an implied assumption that markets will not freeze up and so the instrument in question will find a ready buyer.

3. **Market risk:** this is the risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately. However, some cash rich local authorities may positively want exposure to market risk e.g. those investing in investment instruments with a view to obtaining a long term increase in value.

4. **Interest rate risk**: this is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately. This authority has set limits for its fixed and variable rate exposure in its Treasury Indicators in this report. All types of investment instrument have interest rate risk except for the following forms of instrument which are at variable rate of interest

5. **Legal and regulatory risk:** this is the risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

Controls on treasury risks

1. **Credit and counter-party risk:** this authority has set minimum credit criteria to determine which counterparties and countries are of sufficiently high creditworthiness to be considered for investment purposes. See paragraphs 5.3 and 5.4.

2. **Liquidity risk:** this authority has a cash flow forecasting model to enable it to determine how long investments can be made for and how much can be invested.

3. **Market risk:** this authority does not purchase investment instruments which are subject to market risk in terms of fluctuation in their value.

4. **Interest rate risk**: this authority manages this risk by having a view of the future course of interest rates and then formulating a treasury management strategy accordingly which aims to maximise investment earnings consistent with control of risk or alternatively, seeks to minimise expenditure on interest costs on borrowing

5. **Legal and regulatory risk:** this authority will not undertake any form of investing until it has ensured that it has all necessary powers and also complied with all regulations. All types of investment instruments

Unlimited investments

Regulation 24 states that an investment can be shown as being 'unlimited' in terms of the maximum amount or percentage of the total portfolio that can be put into that type of investment. However, it also requires that an explanation must be given for using that category. The authority has given the following types of investment an unlimited category: -

1. **Debt Management Agency Deposit Facility.** This is considered to be the lowest risk form of investment available to local authorities as it is operated by the Debt Management Office which is part of H.M. Treasury i.e. the UK Government's sovereign rating stands behind the DMADF. It is also a deposit account and avoids the complications of buying and holding Government issued treasury bills or gilts.

Annex E
SCHEME OF DELEGATION

(i) Full board/council

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

(ii) Boards/committees/council/responsible body

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Body/person(s) with responsibility for scrutiny

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

THE TREASURY MANAGEMENT ROLE OF THE SECTION 95 OFFICER

The S95 (responsible) officer

- Take and/or authorise all operational decisions regarding the Council's investments and borrowing, in accordance with approved Treasury Management Policy and Strategy.
- Responsible for execution and administration of treasury management decisions in accordance with the Council's Treasury Management policy statement and Treasury Management Practice, and if (s)he is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- In terms of Treasury Management, from time to time, formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and construct a lending list defining appropriate limits.
- Borrow, in advance of need, 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. 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 investment risks created by the existence of investments at the same time as additional borrowing being outstanding; and
    - how far in advance it is reasonable to borrow, considering the risks identified. Any such advance borrowing shall be reported through the mid-year or annual Treasury Management reporting mechanism.
- Take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast contained in the Treasury Management Strategy.
- Maintain a counterparty list consistent with the Investment Counterparty Selection Criteria and revise the criteria and submit them to Committee for approval as necessary, and in addition, set out the types of investment to be made (Permitted Investments).

Annex F

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 has a "AAA" rated status from either Fitch, Moody's or Standard and Poor's.	£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
d. Ultra short dated bond funds **(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 have a "AAA" rated status from either Fitch, Moody's or Standard and Poor's.	N/A	N/A	N/A
e. Call account deposit accounts with financial institutions (banks and building societies) **(Low risk depending on credit rating)**	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.	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'sDay to day investment dealing with this criteria will be further strengthened by use of additional market intelligence.	As shown in the counterparty section criteria above.	As shown in the counterparty section criteria above.	As shown in the counterparty section criteria above.
f. Term deposits with financial institutions (banks and building societies) **(Low to medium risk depending on period & credit rating)**	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.	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. Day to day investment dealing with this criteria will be further strengthened by use of additional market intelligence.	As shown in the counterparty section criteria above.	As shown in the counterparty section criteria above.	As shown in the counterparty section criteria above.

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good & Trust Fund Limits	Pension Fund In-House Limits
g. 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					
a. Investment properties	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 re-valued regularly and reported annually with gross and net rental streams.	£30m	£25m	N/A
b. Loans to third parties, including soft loans	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 rational behind the loan and the likelihood of partial or full default.	£25m	£1m	N/A
c. Loans to a local authority company	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 loan to a local authority company requires Member approval and each application is supported by the service rational behind the loan and the likelihood of partial or full default.	£25M	N/A	N/A
d. 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	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

	are sold.				
e. Shareholdings in a local authority company	These are service investments which may exhibit market risk and are likely to be highly illiquid.	Each equity investment in a local authority company requires Member approval and each application will be supported by the service rational behind the investment and the likelihood of loss.	£1m	N/A	N/A
f. 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)	£600,000	N/A	N/A

The Monitoring of Investment Counterparties

The status of counterparties will be monitored regularly. The Council receives credit rating and market information from Link 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 by the Chief Financial Officer, and if required new counterparties which meet the criteria will be added to the list.

Use of External Fund Managers

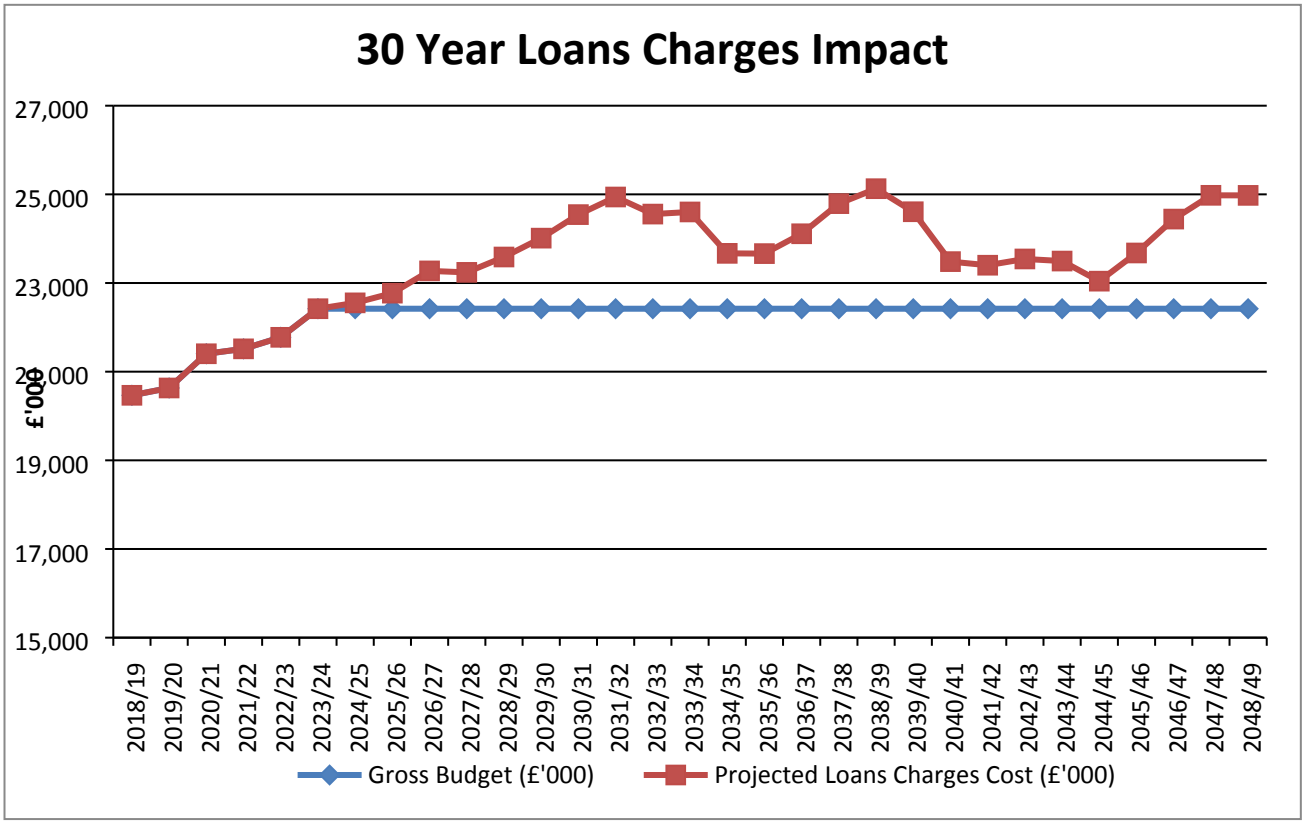
It is the Council's policy to use external fund managers to manage the investment portfolios of the Scottish Borders Council Pension Fund and the pooled investment fund of the Common Good and Trust Funds. This Annex reflects the approved policies around the Common Good and Trust Fund Investment Strategy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

ANNEX G

Long Term (30 Yr) Loans Charges Analysis

Current capital and revenue plans have been extrapolated over a 30 year period in order to assess the impact on the revenue Loans Charges budget. In line with assumptions made when assessing external debt and associated limits as described in paragraph 4.5 of the covering report, long term capital planning will cause a pressure on the loans charges budget from financial year 2024/25, as detailed in the chart below. Movements in notional loans charges associated with internal borrowing also impact on these figures.

It should be noted that from 2029-30, the first year outwith the current 10 year Capital Plan, a 5 year average capital expenditure and borrowing requirement has been assumed.



ANNEX H

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+ AA AA-	F1+ F1+ F1+	Aa1 Aa2 Aa3	P-1 P-1 P-1	AA+ AA AA-	A-1+ A-1+ A-1+
Strong grade But susceptible to adverse conditions	A+ A A-	F1+ / F1 F1 F1	A1 A2 A3	P-1 P-1 / P-2 P-1 / P-2	A+ A A	A-1+ / A-1 A-1 A-1 / A-2
Adequate Grade	BBB+ BBB BBB-	F2 F2 / F3 F3	Baa1 Baa2 Baa3	P-2 P-2 / P-3 P-3	BBB+ BBB BBB-	A-2 A-2 / A-3 A-2
Speculative Grade	BB+ BB BB-	B B B	Ba1 Ba2 Ba3	NP * NP NP	BB+ BB BB-	B-1 B-2 B-3
Very Speculative Grade	B+ B B-	B B B	Ba1 Ba2 Ba3	NP NP NP	B+ B B-	- - -
Vulnerable Grade	CCC CCC CCC CC C	C C C C C	Caa1 Caa2 Caa3 - Ca	NP NP NP NP NP	CCC+ CCC CCC- CC C	C C C 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 Link 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.

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 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.

Pensions & Investments Team, Finance, Scottish Borders Council, Council HQ, Newtown St Boswells

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FINANCIAL PLAN FROM 2019/20 - EQUALITY IMPACT ASSESSMENTS

Report By Service Director HR & Communications

SCOTTISH BORDERS COUNCIL

28 February 2019

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 2019/20 have been identified and will be managed accordingly.

1.2 The Council has a legal obligation in terms of the Equality Act 2010, when exercising functions, to have due regard to the need to:

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

This is known as the Public Sector Equality Duty.

1.3 Carrying out and considering the findings of an Equality Impact Assessment (EIA) provides evidence that as part of the decision making process there has been "due regard" to the effect of the relevant policy or practice on the Council's obligations under the Public Sector Equality.

1.4 Initial Equality Impact Assessments on the 2019/20 Financial Plan proposals have been undertaken as an integral part of the revenue and capital budget planning processes in order to fully inform decisions proposed by officers and approved by members.

1.5 While some of the assessed proposals indicate no impact, it is recommended that any potential impact continues to be monitored, given the nature of the proposals.

1.6 These 90 proposals may potentially impact in a positive or negative way on one or more of the Protected Characteristics 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

a) notes the summary outcomes of the 90 Initial Equality Impact Assessments undertaken in respect of the 2019/20 Financial Plan proposals;

b) agrees to undertake further and ongoing Equality Impact work in respect of these proposals with specific reference to the equality groups on whom there may be possible negative impact;

c) agrees that where there is an identified relevance to the Council's statutory 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;

d) 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 BACKGROUND

3.1 The Council has a legal obligation in terms of the Equality Act 2010, when exercising functions, to have due regard to the need to:

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

This is known as the Public Sector Equality Duty.

3.2 The relevant protected characteristics for these purposes are:

- age;
- disability;
- gender reassignment;
- pregnancy and maternity;
- race;
- religion or belief;
- sex;
- sexual orientation

3.3 The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 requires that all changes to Council policy or practice are Impact Assessed for relevance to each part of the Public Sector Equality Duty under the Act.

4 OVERVIEW OF EQUALITY IMPACT ASSESSMENT PROCESS

4.1 In addition to the Council's legal obligation, 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 the what are known in the Equality Act 2010 as protected characteristics listed in the Equality Act 2010

These are:

- Age,
- Disability
- Gender
- Marital status
- Pregnancy and Maternity
- Race groups,
- People with religious or other beliefs,
- Sexual orientation,

4.2 In addition the Council also undertakes an assessment of potential impact on people with the following characteristics:

- Carers,
- Poverty,

- Employees

A rural proofing assessment is also undertaken as part of any Policy change decision.

4.3 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.

4.4 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 are available in the Members' Library.

5 INITIAL IMPACT ASSESSMENT FOR BUDGET PROPOSALS

5.1 As an integral part of the 2019/20 Financial Planning process initial impact analyses on proposals brought forward to members have been undertaken in order to inform the planning and decision making of Corporate Management Team and Members. This seeks to ensure that any potential equalities impact form part of the evaluation criteria when considering budget proposals alongside financial benefit, potential impact on performance and outcomes, deliverability and the views of stakeholders.

5.2 For each of the Financial Planning proposals a relevant officer 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.

5.3 Initial Equality Impact Assessments have been undertaken in respect of 49 key component Revenue Financial Plan savings proposals and 41 Capital Plan proposals. Certain proposals have been identified as clearly operational in nature and accordingly do not require an Equality Impact assessment.

5.4 Those proposals which have been assessed may potentially impact on one or more of the Equality Characteristic Groups in a positive or negative way. Any potential negative impact would require ongoing management through each proposal's implementation stage, in terms of mitigating and alleviating these impacts. Any positive impact identified should be maximised during the planning and implementation stage of the proposals.

5.5 While some of the assessed proposals indicate no impact, it is recommended that any potential impact continues to be monitored, given the nature of the proposals.

6 NEXT STEPS

6.1 The outcomes of the Initial Impact Assessments are summarised in Appendix 1 and the full Initial Assessment templates are available in hard copy form in the Members' Library. The proposals will continue to be assessed and managed through evidence gathering and mitigation and alleviation in accordance with the EIA process. There will be particular focus on the proposals in which a potential negative impact has been identified.

6.2 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.

6.3 In many cases, relevance to the Council's Equality duty is attributable to potential impact (positive or negative) on employees. Whilst it has been identified that there will be a reduction in numbers of staff in certain areas, steps will be taken to minimise the impact of this on current members of staff.

6.4 Key to this is the 'People Planning' process, the aim of which is to support managers to consider their current workforce make-up, think about where their services will be in the coming years and plan ahead to manage changes effectively.

6.5 To manage changes/ reductions effectively in impacted areas the Council will consider various options, including Deployment, Redeployment, and Flexible Retirement. It is anticipated that these efforts will reduce the need for staff members to leave the employment of the Council.

6.6 Deployment and Redeployment opportunities are sought across the Council and SB Cares, which should increase retention. Relevant HR tools and Policies promote good practice by prominently stating that employees will be treated fairly and that the Council is committed to ensuring that discrimination, victimisation and harassment does not occur. Additionally, HR Policies provides guidance and procedures that when consistently applied ensure fairness in application.

All of these aspects demonstrate SBC's commitment to eliminating discrimination, advancing equality of opportunity and fostering good relations.

7 IMPLICATIONS

7.1 **Financial**

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

7.2 **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 required savings within the Financial Plan.

7.3 **Equalities**

The Equality Impact Assessment process detailed in this report will assist equality outcomes for service users, Council employees and the Borders population. Any issues regarding Council staff will be addressed through Trades Unions and Staff Consultation processes.

7.4 **Acting Sustainably**

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

7.5 **Carbon Management**

There are no effects on carbon emissions.

7.6 **Rural Proofing**

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

7.7 **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.

8 CONSULTATION

8.1 The Monitoring and Reporting Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Financial Officer and the Clerk to the Council have been consulted and their comments have been incorporated into the report.

Approved by

Clair Hepburn
Service Director HR & Communications

Author

Name	Designation and Contact Number
Iain Davidson	Employee Relations Manager 01835 825221

Background Papers: Copies of each of the 90 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: Iain Davidson, Employee Relations Manager, Scottish Borders Council, Council Headquarters, Newtown St Boswells, and Melrose, TD6 0SA.
Telephone – 01835 825221. Fax – 01835 824000.
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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?										
Revenue proposals	Elimination of discrimination victimisation and harassment	Promotion of equality of opportunity	Foster good relations	Age	Disability	Gender	Marital Status	Race Groups	People with Religious or other Beliefs	ancy& Mat	Sexual Orientation	Carers	Poverty	Employees
Corporate														
Fit for 2024	N	N	N	Negative	None	Negative	None	Negative	None	None	None	None	None	Pos/ Neg
Corporate Recruitment Process (to be shared across departments).	N	N	N	None	None	None	None	None	None	None	None	None	None	None
Contracted Services														
Management Fee reduction to Live Borders based on 3% reduction and agreement with Live Borders that they will manage budget pressures within existing management fee	Y	Y	Y	None	None	None	None	None	None	None	None	None	None	None
More effective contract management across the Council	**This proposal is of an operational nature and there will be no equality impact**													
Assets & Infrastructure														
Energy Efficiency Project	**This proposal is of an operational nature and there will be no equality impact**													
New delivery model for Public Toilet provision	Y	Y	Y	Pos / Neg	Pos / Neg	Pos / Neg	None	Pos/ Neg	None	None	None	None	None	None
Review of Street Lighting Energy Efficiency Project (SLEEP) provision	**This proposal is of an operational nature and there will be no equality impact**													
Increase Fleet Management service's surplus budget	**This proposal is of an operational nature and there will be no equality impact**													
Waste services Kerbside Collection Review	Y	Y	Y	Negative	Negative	None	None	None	None	None	None	Negative	None	Negative
More efficient property and asset portfolio & implementation of Corporate Landlord	N	N	Y	None	None	None	None	None	None	None	None	None	None	None
Additional Fees & Charges Income across Assets & Infrastructure	Y	Y	Y	None	None	None	None	None	None	None	None	None	Negative	None
Catering - Health Improving Initiatives	N	N	N	Negative	None	None	None	None	None	None	None	None	None	None
Catering - changes to meals in schools	N	N	N	Negative	None	None	None	None	None	None	None	None	None	None
Asset & Infrastructure Staffing restructures- Cleaning/Catering	N	N	N	None	None	None	None	None	None	None	None	None	None	Pos/ Neg
Asset & Infrastructure Staffing restructures- Property Sevices	**No**	No	No	None	None	None	None	None	None	None	None	None	None	None
Capitalise Roads Expenditure	**This proposal is of an operational nature and there will be no equality impact**													
Property Maintenance Fund	**This proposal is of an operational nature and there will be no equality impact**													
Rent & Service Charge Income from third parties for property costs	**This proposal is of an operational nature and there will be no equality impact**													
Increase Income at Aggregates Yard	**N**	N	N	None	None	None	None	None	None	None	None	None	None	None
Review of non - Roads Plant and Vehicle	**This proposal is of an operational nature and there will be no equality impact**													
Waste Services - Food waste contract Inter Authority Agreement	No	No	No	None	None	None	None	None	None	None	None	None	None	None
Waste - Education around Recycling	Yes	No	No	None	None	None	None	None	None	None	None	None	None	None
Parks - apply Management Fee to Capital programme	**This proposal is of an operational nature and there will be no equality impact**													
Neighbourhoods - Discretionary budgets & Contracted Services	**No**	No	No	None	None	None	None	None	None	None	None	None	None	None
Review of Environmental Provision	No	No	Yes	Negative	Negative	None	None	None	None	None	None	Negative	None	None
Upgrade of CONFIRM	No	No	No	None	None	None	None	None	None	None	None	None	None	Pos/ Neg
Waste Services - Operational Efficiencies														
Economic Development & Corporate Services														
Shared Services	**This proposal is of an operational nature and there will be no equality impact**													
Economic Development	**This proposal is of an operational nature and there will be no equality impact**													
Emergency Planning - 0.5 FTE post (vacant)	N	N	N	None	None	None	None	None	None	None	None	None	None	None

	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?										
Revenue proposals	Elimination of discrimination victimisation and harassment	Promotion of equality of opportunity	Foster good relations	Age	Disability	Gender	Marital Status	Race Groups	People with Religious or other Beliefs	ancy& Mat	Sexual Orientation	Carers	Poverty	Employees
Commercial Rent Income	N	N	N	None	None	None	None	None	None	None	None	None	None	None
Health & Social Care														
Review of Day Services (older People & Learning Disability)	N	N	Y	Negative	Negative	None	None	None	None	None	None	None	None	Negative
Undertake a productivity review programme across Adult Social Work service	N	N	Y	None	None	None	None	None	None	None	None	None	None	Pos/ Neg
Return adults with high supported living needs to the Scottish Borders, decommissioning high-tariff out of area placements (Learning Disability) - moved to 2020/21	N	N	Y	None	Positive	None	None	None	None	None	None	None	None	None
Reduce Direct Payment Prepayment	N	N	N	None	None	None	None	None	None	None	None	None	None	None
Reassessment of existing care packages	N	N	N	None	None	None	None	None	None	None	None	None	None	Negative
Roll-out of Hospital to Home initiative in all localities	N	N	N	None	None	None	None	None	None	None	None	None	None	Negative
Children & Young People														
Allocation of management and support costs to Early Years expansion	N	N	N	None	None	None	None	None	None	None	None	None	None	None
Children & Families Social Work – reduce external placements	N	Y	N	Pos / Neg	None	None	None	None	None	None	None	None	None	None
School Estate Review	N	N	Y	None	None	None	None	None	None	None	None	None	None	Pos/Neg
Additional Support Needs: Budget reduced in line with current business need	**This proposal is of an operational nature and there will be no equality impact**													
Initial redesign of Early Years central management & support	N	N	N	None	None	None	None	None	None	None	None	None	None	None
Historic GIRFEC resource now mainstreamed (Getting It Right For Every Child)	N	N	N	None	None	None	None	None	None	None	None	None	None	None
Increased fees & charges - School Lets (School Meals 2019/20, 2020/21 and 2022/23)	Y	Y	Y	Negative	None	None	None	None	None	None	None	Negative	Negative	None
Customers & Communities														
Review of Exemptions & Discounts	**This proposal is of an operational nature and there will be no equality impact**													
Integrated Customer Services Model	**This proposal is of an operational nature and there will be no equality impact**													
Housing Benefits overpayment	**This proposal is of an operational nature and there will be no equality impact**													
Centralise stationery and take 10% saving	**This proposal is of an operational nature and there will be no equality impact**													
Fees & Charges	Y	Y	Y	None	None	Negative	Negative	None	Negative	None	Negative	None	Negative	None
Reduce Council Tax Reduction Scheme (CTRS)	**This proposal is of an operational nature and there will be no equality impact**													
Digital Customer Access (DCA) Savings	Y	Y	Y	Pos/ Neg	Pos/ Neg	None	None	Pos/ Neg	None	None	None	Pos/ Neg	None	Pos/ Neg
Reduce Subscriptions Budget across the Council by a further 10%	**This proposal is of an operational nature and there will be no equality impact**													
Finance, IT & Procurement														
Procurement savings across all departments	N	N	N	None	None	None	None	None	None	None	None	None	None	None
Self insurance approach	**This proposal is of an operational nature and there will be no equality 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?										
Revenue proposals	Elimination of discrimination victimisation and harassment	Promotion of equality of opportunity	Foster good relations	Age	Disability	Gender	Marital Status	Race Groups	People with Religious or other Beliefs	ancy& Mat	Sexual Orientation	Carers	Poverty	Employees
Loans Charges	**This proposal is of an operational nature and there will be no equality impact**													
Human Resources														
AVCs	Y	Y	Y	Positive	None	Positive	None	None	None	Positive	None	Positive	None	Positive
Remove grade 5 post through ERP development	N	N	N	None	None	None	None	None	None	None	None	None	None	Negative
Extension of pool cars	N	N	N	None	Negative	None	None	None	None	None	None	None	None	Positive
Centralise training budget and take efficiency	N	N	N	Negative	None	None	None	None	None	None	None	None	None	Negative
Centralise conferences budget and take efficiency	N	N	N	Negative	None	None	None	None	None	None	None	None	None	Negative
Regulatory Services														
Planning Fee Income	N	N	N	None	None	None	None	None	None	None	None	None	None	None
South East Scotland Planning Authority (SESPlan) Payment Holiday	N	N	N	None	None	None	None	None	None	None	None	None	None	None
Regulated Bus Fares	N	Y	Y	Negative	Negative	None	None	None	None	None	None	None	Negative	Negative
Additional Fees & Charges Income across Regulatory Services	**N**	N	N	None	None	None	None	None	None	None	None	None	None	None
Legal Services - Staffing (Vacant Post)	**N**	N	N	None	None	None	None	None	None	None	No	No	None	None
Balance sheet review	**This proposal is of an operational nature and there will be no equality impact**													
Planning - Discretionary Budgets	N	N	N	None	None	None	None	None	None	None	None	None	None	None
Passenger Transport: Transport Interchange	**N**	N	N	None	None	None	None	None	None	None	None	None	None	Positive
Reduce Bus Subsidies	**N**	N	Y	Negative	Negative	None	None	None	None	None	None	None	Negative	Negative
Protective Services - Discretionary Budgets	**N**	N	N	None	None	None	None	None	None	None	None	None	None	None
Protective Services -Staffing	**N**	N	N	None	None	None	None	None	None	None	None	None	None	None

		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
CAPITAL FINANCIAL PLAN 2019/20	**Service**														
	Contracted Services														
Sports Infrastructure		N	N	Y	Positive	Positive	None	None	None	None	None	None	None	None	None
Jim Clark Museum, Duns	Culture & Heritage	N	N	Y	Positive	Positive	Positive	None	None	None	None	None	None	None	None
Sir Walter Scott Courthouse, Selkirk	Culture & Heritage	N	Y	Y	Positive	Positive	Positive	None	None	None	None	None	None	None	None
	Asset & Infrastructure														
Cemetery Land Acquisition	Land & Property Infrastructure	N	Y	N	None	None	None	None	None	Positive	Positive	None	None	None	None
Jedburgh High Street Building	Land & Property Infrastructure	N	N	N	None	None	None	None	None	None	None	None	None	None	None
Energy Efficiency Works	Land & Property Infrastructure	N	N	Y	None	None	None	None	None	None	None	None	None	None	Positive
A72 Dirtpot Corner - Road Safety Works	Road & Transport Infrastructure	N	Y	Y	Positive	Positive	Positive	None	None	Positive	Positive	Positive	Positive	Positive	Positive
Peebles Bridge	Road & Transport Infrastructure	Y	Y	Y	Positive	None	None	None	None	None	None	None	None	Positive	Positive
Street Lighting Energy Efficiency Project	Road & Transport Infrastructure	N	N	N	None	None	None	None	None	None	None	None	None	None	None
Union Chain Bridge	Road & Transport Infrastructure	N	Y	Y	Positive	Positive	None	None	None	None	None	None	None	Positive	None
CRC - Bulky Waste Adjustments	Waste Management	N	N	N	None	None	None	None	None	Positive	Positive	None	None	None	
Easter Langlee Cell Provision	Waste Management	N	N	N	None	None	None	None	None	None	None	None	None	None	None
Easter Langlee Leechate Management Facility	Waste Management	N	N	N	None	None	None	None	None	None	None	None	None	None	None
New Easter Langlee Waste Transfer Station	Waste Management	N	N	N	None	None	None	None	None	None	None	None	None	None	None
Waste Containers	Waste Management	Y	Y	Y	None	None	None	None	None	None	None	None	None	Positive	Positive
Cycling, Walking & Safer Streets		N	N	N	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive
Hawick Flood Protection		N	Y	Y	Positive	Positive	None	None	None	None	None	None	None	Positive	None
Waste Collection Vehicles (Non P&V)		N	N	N	None	None	None	None	None	None	None	None	None	None	None
Reston Station Contribution		Y	Y	Y	Positive	Positive	None	None	None	None	None	None	Positive	Positive	Positive
Plant & Vehicle Fund		N	N	N	None	None	None	None	None	None	None	None	None	None	None
	Economic Development & Corporate Services														
Great Tapestry of Scotland - Building		N	Y	Y	Positive	Positive	None	None	None	None	None	None	None	Positive	None
Town Centre Regeneration		N	N	Y	Negative	Negative	None	None	None	None	None	None	None	None	None
Borders Innovation Park		Y	Y	Y	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive	None	Positive	None
Newtown St.Boswells Regeneration		N	Y	Y	Positive	Positive	None	None	None	None	None	None	None	None	None
Eyemouth Regeneration		N	Y	Y	Negative	Negative	None	None	None	None	None	None	None	None	None
Hawick Regeneration		N	Y	Y	Negative	Negative	None	None	None	None	None	None	None	None	None
	Health & Social Care														
Adult Services Facilities Upgrade (Older People)		Y	Y	Y	Positive	Positive	None	None	None	None	None	None	None	None	None
Care Inspectorate Requirements (Older People)		Y	Y	Y	Positive	Positive	None	None	None	None	None	None	None	None	None
Residential Dementia (Older People)		Y	Y	Y	Positive	Positive	Positive	None	None	None	None	None	Positive	Positive	None
Extra Care Housing		Y	Y	Y	Positive	Positive	None	None	None	None	None	None	Positive	Positive	None
	Children & Young People														
Eyemouth Primary School		Y	Y	Y	Positive	Positive	Positive	None	None	None	Positive	Positive	Positive	Positive	Positive
Earlston Primary School		Y	Y	Y	Positive	Positive	Positive	None	None	None	Positive	Positive	Positive	Positive	Positive
Galashiels Academy - Capital Contribution		Y	Y	Y	Positive	Positive	Positive	None	None	None	Positive	Positive	Positive	Positive	Positive
Early Years Expansion		Y	Y	Y	Positive	None	None	None	Positive	None	None	None	Positive	Positive	Positive
Jedburgh Learning Campus incorporating 3G pitch		Y	Y	Y	Positive	Positive	Positive	None	Positive	None	Positive	Positive	Positive	Positive	Positive
New Hawick High School - SBC 50% contribution		Y	Y	Y	Positive	Positive	Positive	None	None	None	Positive	Positive	Positive	Positive	Positive
School Estate Review		Y	Y	Y	Positive	Positive	Positive	None	Positive	None	Positive	Positive	Positive	Positive	Positive

	Finance, IT & Procurement														
ICT - Outwith existing contract scope		N	N	N	Positive	None	None	None	None	Positive	None	None	None	Positive	Positive
ICT Transformation		N	N	N	Positive	None	None	None	None	Positive	None	None	None	Positive	Positive
Digital Learning Transformation		N	Y	Y	Positive	Positive	None	None	None	None	None	None	None	Positive	Positive
	Regulatory Services														
Private Sector Housing Grant		Y	Y	Y	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive

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Hawick's Wilton Lodge Play Park opened in March 2018

Scottish Borders Council

Administration's Draft Financial Plans

28 February 2019

Scottish Borders COUNCIL

Draft Revenue & Capital Investment Plan
Revenue 2019/20 - 2023/24, Capital 2019/20-2028/29

Scottish Borders Council
Draft Financial Plan 2019/20 to 2023/24
Revenue Resources

	2019/20 £'000	2020/21 (Provisional) £'000	2021/22 (Provisional) £'000	2022/23 (Provisional) £'000	2023/24 (Provisional) £'000	Total £'000
Aggregate External Finance						
General Revenue Support	167,589	168,026	166,035	164,064	163,088	828,802
Assumed SG grant reductions 1% years 2 & 3, then 0.5%	0	(1,991)	(1,971)	(976)	(966)	(5,904)
Ring fenced grants	9,330	7,576	7,576	7,576	7,576	39,634
Health & Social Care Partnership	7,347	7,347	7,347	7,347	7,347	36,735
					0	
Non-domestic Rates	36,624	36,624	36,624	36,624	36,624	183,120
	220,890	**217,582**	**215,611**	**214,635**	**213,669**	**1,082,387**
Council Tax (Band D £1,196.02 - increase of 4% in 2019/20 and 3% thereafter)	**62,948**	**65,227**	**67,327**	**69,427**	**71,300**	**336,229**
Total	**283,838**	**282,809**	**282,938**	**284,062**	**284,969**	**1,418,616**

Scottish Borders Council
Draft Financial Plan 2019/20 to 2028/29
Capital Resources

	3 year operational £000's	7 year strategic £000's	Total £000's	Est. External Funding £000's	Est. SBC Contribution £000's
Specific Grants from Scottish Government	37,817	32,184	70,001	70,001	0
Other External Grants & Contributions	15,112	515	15,627	15,627	0
Development Contributions	389	800	1,189	1,189	0
Capital Receipts	4,567	400	4,967	0	4,967
General Capital Grant	47,565	107,800	155,365	0	155,365
Plant & Vehicle Replacement - P&V Fund	6,000	14,000	20,000	20,000	0
Synthetic Pitch Replacement Fund	517	3,658	4,175	4,175	0
Borrowing	59,246	55,565	114,811	1,200	113,611
Total	**171,213**	**214,922**	**386,135**	**112,192**	**273,943**

Detailed Capital funding can be found at the back of this budget pack

Scottish Borders Council
Draft Financial Plan 2019/20 to 2023/24
Summary of Revenue Budget Movement

	2019/20 £'000	2020/21 (Provisional) £'000	2021/22 (Provisional) £'000	2022/23 (Provisional) £'000	2023/24 (Provisional) £'000	Total £'000
Base Budget (approved 20 February 2018)	**272,665**	**283,838**	**282,809**	**282,938**	**284,062**	**1,406,312**
Manpower adjustments	8,930	4,977	3,476	3,613	3,610	24,606
Non-pay and department specific inflation	1,044	1,001	1,035	1,053	1,149	5,282
Service Specific priorities & National policy changes	6,550	(191)	706	1,577	1,064	9,706
Previous year Financial Plan unrealised savings	3,122	0	0	0	0	3,122
Total Pressures	**19,646**	**5,787**	**5,217**	**6,243**	**5,823**	**42,716**
Savings Proposals						
Corporate	(1,272)	(5,245)	(3,883)	(4,114)	(4,698)	(19,212)
Contracted Services (Live Borders)	(415)	(560)	(556)	(551)	(146)	(2,228)
Assets & Infrastructure	(1,898)	(512)	(300)	(264)	(49)	(3,023)
Economic Development & Corporate Services	(162)	(110)	(110)	(110)	(10)	(502)
Health & Social Care	(1,319)	198	0	0	0	(1,121)
Children & Young People	(1,372)	(322)	(152)	(33)	(6)	(1,885)
Customer & Communities	(629)	25	0	0	0	(604)
Finance, IT & Procurement	(533)	(143)	0	0	0	(676)
Human Resources	(374)	(5)	0	0	0	(379)
Regulatory Services	(499)	(142)	(87)	(47)	(7)	(782)
Total Savings	**(8,473)**	**(6,816)**	**(5,088)**	**(5,119)**	**(4,916)**	**(30,412)**
	283,838	**282,809**	**282,938**	**284,062**	**284,969**	**1,418,616**
Funding	**283,838**	**282,809**	**282,938**	**284,062**	**284,969**	**1,418,616**

Scottish Borders Council
Draft Financial Plan 2019/20 to 2028/29
Summary of Capital Budget Movement

	3 year operational £000's	7 year strategic £000's	Total £000's	Est. External Funding £000's	Est. SBC Contribution £000's
Base Budget (approved 20 February 2018)	**130,174**	**163,787**	**293,961**	**(73,116)**	**220,845**
Capital Financed from Current Revenue (CFCR)	0	0	0	0	0
Specific Grants from Scottish Government	10,178	21,758	31,936	(31,936)	0
Other External Grants & Contributions	7,203	515	7,718	(7,718)	0
Development Contributions	(1,151)	100	(1,051)	1,051	0
Capital Receipts	207	400	607	0	607
General Capital Grant	3,741	9,800	13,541	0	13,541
Plant & Vehicle Replacement - P&V Fund	0	0	0	0	0
Synthetic Pitch Replacement Fund	153	320	473	(473)	0
Borrowing	20,708	18,242	38,950	0	38,950
Total Funding Adjustments	**41,039**	**51,135**	**92,174**	**(39,076)**	**53,098**
Funding	**171,213**	**214,922**	**386,135**	**(112,192)**	**273,943**
Investment Proposals					
Contracted Services (Live Borders)	5,219	7,280	12,499	(6,175)	6,324
Asset & Infrastructure	93,235	115,555	208,790	(70,764)	138,026
Economic Development & Corporate Services	24,621	4,860	29,481	(5,517)	23,964
Health & Social Care	11,898	1,114	13,012	(5,936)	7,076
Children & Young People	27,817	70,600	98,417	(23,800)	74,617
Customer & Communities	0	0	0	0	0
Finance, IT & Procurement	7,073	12,063	19,136	0	19,136
Human Resources	0	0	0	0	0
Regulatory Services	1,350	3,450	4,800	0	4,800
Total Investment	**171,213**	**214,922**	**386,135**	**(112,192)**	**273,943**

Detailed Capital Investment by year can be found at the back of this budget pack

Scottish Borders Council
Draft Financial Plan 2019/20 - 2023/24
Service Level Summary

	2019/20 £'000	2020/21 (Provisional) £'000	2021/22 (Provisional) £'000	2022/23 (Provisional) £'000	2023/24 (Provisional) £'000	Total £'000	Capital Investment (10 years)
Corporate	(177)	(6,517)	(10,400)	(14,514)	(19,212)	(50,820)	0
Contracted Services (Live Borders)	5,776	5,069	4,505	3,931	3,787	23,069	12,499
Assets & Infrastructure	27,719	28,408	28,983	29,518	29,852	144,481	208,790
Economic Development & Corporate Services	535	533	457	381	406	2,311	29,481
Health & Social Care	59,368	60,723	62,209	63,747	65,298	311,347	13,012
Children & Young People	124,816	126,931	128,840	131,659	134,153	646,401	98,417
Customer & Communities	19,054	19,537	19,856	20,271	20,602	99,318	0
Finance, IT & Procurement	34,500	35,412	35,604	35,969	36,722	178,208	19,136
Human Resources	5,288	5,625	5,688	5,752	5,817	28,170	0
Regulatory Services	6,959	7,088	7,196	7,348	7,544	36,133	4,800
Total	**283,838**	**282,809**	**282,938**	**284,062**	**284,969**	**1,418,616**	**386,135**

Corporate

Overarching proposals covering the whole Council

Capital Investment	3 year operational £'000s	7 year strategic £'000s	TOTAL	Est External Funding	Est. SBC Contribution	Detail
n/a	0	0	0	0	0	
Total Investment	**0**	**0**	**0**	**0**	**0**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	0	(177)	(6,517)	(10,400)	(14,514)
Permanent Virements	0	0	0	0	0
Revised Base Budget	**0**	**(177)**	**(6,517)**	**(10,400)**	**(14,514)**

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Fit for 2024 - Communities Fund	0	445	(445)	0	0	0	Locality Fund to drive community solutions	
Fit for 2024 - Enabling Resource	0	650	(650)	0	0		Enabling resource to support this significant change agenda	
Total Pressures		**1,095**	**(1,095)**	**0**	**0**	**0**		

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Fit for 2024	0	(1,272)	(5,245)	(3,883)	(4,114)	(4,698)	To be allocated across all Services - rolling programme of reviews including a review of the Devolved School Management (DSM) scheme	(43)
Total Savings		**(1,272)**	**(5,245)**	**(3,883)**	**(4,114)**	**(4,698)**		**(43)**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**(177)**	**(6,517)**	**(10,400)**	**(14,514)**	**(19,212)**

Contracted Services: Live Borders (Sport, Heritage and Culture)

Live Borders: Sport Facilities, Active Schools, Cultural Services (Libraries, Museums, Halls & Community Centres, Arts Development)

Capital Investment	3 year operational £'000s	7 year strategic £'000s	TOTAL	Est External Funding	Est. SBC Contribution	Detail
Sports Infrastructure	1,899	6,348	8,247	(4,175)	4,072	Capital allocation to Sports Trusts to improve and refurbish SBC owned Sport and Leisure facilities and a Synthetic Pitch Replacement Fund to manage the replacement of synthetic pitches across the Borders
Culture & Heritage	3,320	932	4,252	(2,000)	2,252	Public Halls upgrades, new upgraded Jim Clark Museum in Duns and the upgrade and redevelopment of the Sir Walter Scott Courthouse in Selkirk
Total Investment	**5,219**	**7,280**	**12,499**	**(6,175)**	**6,324**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	5,749	5,776	5,069	4,505	3,931
Permanent Virements	255	0	0	0	0
Revised Base Budget	**6,004**	**5,776**	**5,069**	**4,505**	**3,931**

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2022/24 £'000s	Detail	FTE Impact est
Non-pay inflation	115	2	3	2	2	2	To allow for anticipated inflationary increases	
Great Tapestry of Scotland Opening	0	185	(150)	(10)	(25)	0	Primarily, one-off opening costs for 2019/20	
Total Pressures		**187**	**(147)**	**(8)**	**(23)**	**2**		**0**

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Management Fee reduction to Live Borders based on 3% reduction and agreement with Live Borders that they will manage budget pressures within existing management fee	5,514	(165)	(160)	(156)	(151)	(146)	This 3 year agreement will enable joint work on delivering a number of key strategic projects including property rationalisation and allow delivery of services to achieve joint strategic outcomes	
More effective contract management across the Council	97,485	(250)	(400)	(400)	(400)	0	Supported by new Business World functionality	
Total Savings		**(415)**	**(560)**	**(556)**	**(551)**	**(146)**		**0**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**5,776**	**5,069**	**4,505**	**3,931**	**3,787**

Asset and Infrastructure

Property Management, Estates, Catering, Cleaning, Design, Major Projects, Neighbourhood Services, Infrastructure & Assets, SBc Contracts, Fleet, Pay & Display, Waste Management

Capital Investment	3 year operational £'000s	7 year strategic £'000s	TOTAL	Est External Funding	Est. SBC Contribution	Detail
Land & Property Infrastructure	16,232	22,304	38,536	(613)	37,923	Capital works on the Council estate including parks and play facilities, encompassing structural, energy efficiency, Health & Safety works, improvements and upgrades
Roads & Transport Infrastructure	24,342	59,711	84,053	(14)	84,039	Encompasses the Roads, Bridges and Lighting blocks and a number of other infrastructure projects
Cycling, Walking & Safer Streets	598	1,685	2,283	(2,283)	0	Specific SG funding to encourage walking and cycling, especially to schools and to connect communities
Peebles Bridge	0	420	420	0	420	Preparatory work to consider the future requirement for a new bridge in Peebles to support future development per the Local Development Plan
Flood & Coastal Protection works	1,889	3,850	5,739	(3,515)	2,224	Small scale capital flood works projects and flood studies for future major schemes. Flood studies and scheme preparation fully funded by Scottish Government
Hawick Flood Protection	41,859	10,576	52,435	(43,039)	9,396	Infrastructure project to protect residential and commercial properties from flood risk within the River Teviot's flood plain in Hawick. Scottish Government 80% and external partners funding of the project.
Waste Management	2,015	369	2,384	0	2,384	Easter Langlee cell provision and leachate management, Community Recycling Centre skip infrastructure and provision of waste containers. Final stages of construction of new waste transfer station at Easter Langlee
Waste Collection Vehicles (Non P&V)	300	900	1,200	(1,200)	0	Contribution to refuse lorry replacements not provided by Plant and Vehicle fund, funded by Waste revenue budget contribution for specific funding
Reston Station Contribution	0	1,740	1,740	(100)	1,640	Council contribution to provision of new platform and car parking at Reston, supported by potential funding from development contributions
Plant & Vehicle Fund	6,000	14,000	20,000	(20,000)	0	Rolling programme of fleet replacement to meet Council requirements, fully funded from the Plant and Vehicle fund and replenished by revenue budgets over vehicle lives
Total Investment	**93,235**	**115,555**	**208,790**	**(70,764)**	**138,026**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	29,473	27,719	28,408	28,983	29,518
Permanent Virements	378	0	0	0	0
Revised Base Budget	**29,851**	**27,719**	**28,408**	**28,983**	**29,518**

Asset and Infrastructure

Property Management, Estates, Catering, Cleaning, Design, Major Projects, Neighbourhood Services, Infrastructure & Assets, SBc Contracts, Fleet, Pay & Display, Waste Management

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Manpower adjustments	24,154	811	720	495	505	516	To provide for latest SG pay negotiations at 3%, 3%, 2%, 2%, 2%	
Non-pay inflation	3,947	130	116	89	91	94	To allow for anticipated inflationary increases	
Property Maintenance Fund Inflation	2,497	50	51	52	53	54	To allow for anticipated inflationary increases of materials and works associated with maintaining the Council estate	
Catering (Food) Inflation	1,782	26	27	27	28	28	Estimated inflationary price increase of food costs	
Sanitary products in public bodies	0	37	0	0	0	0	As per SG Settlement	
Free Child Burials	0	7	0	0	0	0	As per SG Settlement	
Winter Maintenance (Salt) Inflation	697	156	17	17	18	18	Estimated inflationary price increase of salt costs, re-tender in 19/20	
Aggregates & Bitumen Inflation	581	0	12	12	12	13	Estimated inflationary price increase of bitumen and aggregates	
Roads Investment	1,800	(1,800)	0	0	0	0	One-off funding provided in 2018/19 therefore removed in 2019/20	
Roads Investment	6,500	600	0	0	(100)	(500)	£2.3m investment over 4 years to improve roads, pavements & infrastructure	
Vehicle Spare Parts Inflation	1,289	0	13	13	13	13	Estimated inflationary price increase of spare parts	
Landfill Tax Inflation	3,676	99	0	0	0	0	Estimated inflationary price increase of Landfill Tax which is set by the Scottish Government	
Waste Contract	3,676	0	102	105	108	110	Estimated inflationary price increase of contract based on Landfill Tax which is set by the Scottish Government	
Shared Access Paths	350	(350)	0	0	0	0	One-off funding provided in 2018/19 therefore removed in 2019/20	
Outdoor Community Spaces	0	0	143	65	71	37	Replacement Fund for Outdoor Community Spaces	
Total Pressures		**(234)**	**1,201**	**875**	**799**	**383**		**0**

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Energy Efficiency Project	3,256	(103)	(103)	0	0	0	Spend to save investments in a range of energy efficiency measures designed to reduce our Carbon Footprint and make cashable savings	
New delivery model for Public Toilet provision	200	0	(50)	0	0	0	Phase 2 of the public convenience review, to market test potential outsourcing of toilet provision as previously agreed by Council.	
Review of Street Lighting Energy Efficiency Project (SLEEP) provision	523	(14)	0	0	0	0	Completion of SLEEP project	
Increase the Fleet Management service's budgeted surplus	(295)	(22)	0	0	0	0	Bringing Fleet budget in line with historic performance. No service impact expected	
Waste Services kerbside collection review	3,896	(200)	(110)	0	0	0	Savings arising from the proposal of a new optimised model of service delivery, including route optimisation, review of working patterns and depot rationalisation. Collections will remain fortnightly for general waste and recycling	(12)
More efficient property and asset portfolio & implementation of Corporate Landlord	18,500	(100)	(250)	(251)	(215)	0	Savings resulting from property rationalisation and implementing the Corporate Landlord model across the Council	

Asset and Infrastructure

Property Management, Estates, Catering, Cleaning, Design, Major Projects, Neighbourhood Services, Infrastructure & Assets, SBc Contracts, Fleet, Pay & Display, Waste Management

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Additional Fees & Charges Income across Assets & Infrastructure	(2,005)	(49)	(49)	(49)	(49)	(49)	Extra income from higher Fees & Charges which have been increased in line with inflation. Possible reductions in demand due to higher prices have been factored into the assumed additional income	
Catering - Health Improving Initiatives	120	(105)	0	0	0	0	Removal of loss-making vending machines across the Council. Removal of juice from school menu and acceleration of legislative change from 2020	
Catering - changes to meals in schools	1,894	(88)	0	0	0	0	Seasonal meal choices within schools and review of purchasing within nutritional standards	
Asset & Infrastructure staffing restructures	467	(115)	0	0	0	0	Review of establishment within Asset and Infrastructure	(4)
Capitalise roads expenditure	6,500	(250)	0	0	0	0	Fund £250k roads activity through capital rather than revenue	
Property Maintenance Fund	2,497	(150)	150	0	0	0	One-off reduction in property maintenance fund in 2019/20	
Rent & Service Charge Income from third parties for property costs	0	(100)	100	0	0	0	Re-charge of costs for use of SBC property in 2019/20	
Increase income at Aggregates Yard	(201)	(50)	0	0	0	0	Increase income at Aggregates Yard through more Commercial focus	
Review of non-Roads plant and vehicle	3,097	(50)	0	0	0	0	Linked to Fleet Management review	
Waste Services - Operational Efficiencies	8,590	(35)	(140)	0	0	0	Operational efficiencies covering food waste, haulage and landfill	
Waste Services - Food waste contract Inter Authority Agreement	100	(10)	0	0	0	0	Reduction in haulage costs	
Waste - education around recycling	3,676	(200)	0	0	0	0	Reduce landfill costs	
Parks - apply Management Fee to Capital programme	0	(80)	0	0	0	0	In line with the Corporate approach	
Neighbourhoods - Discretionary budgets & Contracted Services	486	(78)	0	0	0	0	Operational efficiencies	
Review of environmental provision	100	0	(50)	0	0	0	Review scope of environmental delivery model	
Corporate recruitment process	24,154	(66)	0	0	0	0	Staffing cost efficiencies supported by digital transformation	
Upgrade of CONFIRM	0	(33)	(10)	0	0	0	Operational efficiencies through implementation of new digital solution supporting Digital Customer Access (DCA)	
Total Savings		**(1,898)**	**(512)**	**(300)**	**(264)**	**(49)**		**(16)**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**27,719**	**28,408**	**28,983**	**29,518**	**29,852**

Economic Development & Corporate Services

Corporate Policy, Economic Development, Commercial Property Income, Emergency Planning

Capital Investment	3 year operational £'000s	7 year strategic £'000s	TOTAL	Est External Funding	Est. SBC Contribution	Detail
Great Tapestry of Scotland - Building	4,529	0	4,529	(1,500)	3,029	Bulding to house the Great Tapestry of Scotland
Town Centre Regeneration	913	700	1,613	0	1,613	To support the outcome of the Locality/Town review work, including development of new Conservation Areas Regeneration Schemes
Borders Innovation Park	16,525	3,900	20,425	(2,000)	18,425	To support the development of necessary infrastructure to maximise inward investment and the future growth of the Scottish Borders economy
Newtown St Boswells Regeneration	124	260	384	0	384	Development phase for the village centre regeneration
Eyemouth Regeneration	513	0	513	0	513	To support the regeneration of Eyemouth
Hawick Regeneration Block	2,017	0	2,017	(2,017)	0	To support the regeneration of Hawick
Total Investment	**24,621**	**4,860**	**29,481**	**(5,517)**	**23,964**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	64	535	533	457	381
Permanent Virements	432	0	0	0	0
Revised Base Budget	**496**	**535**	**533**	**457**	**381**

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Manpower adjustments	1,172	49	45	31	31	32	To provide for latest SG pay negotiations at 3%, 3%, 2%, 2%, 2%	
Non-pay inflation	92	2	3	3	3	3	To allow for anticipated inflationary increases	
Corporate Policy Advisor post	0	0	60	0	0	0	New post in 2020/21	1
Shared Service opportunities with Dumfries & Galloway Council - unrealised saving	0	150	0	0	0	0	2018/19 saving no longer deliverable - offset by savings below	
Total Pressures		**201**	**108**	**34**	**34**	**35**		**1**

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Shared Services	819	0	(100)	(100)	(100)	0	To target opportunistic shared service possibilities with partners and other councils	
Commercial Rent income	(1,244)	0	(10)	(10)	(10)	(10)	Inflationary increases to the commercial property charges	
Economic Development	333	(125)	0	0	0	0	Remove the savings delivered during 2018/19 on a permanent basis	
Corporate recruitment process	1,172	(16)	0	0	0	0	Staffing cost efficiencies supported by digital transformation	
Emergency Planning - 0.5 FTE post	42	(21)	0	0	0	0	Remove 0.5 FTE from the SBC establishment (current vacancy).	(0.5)
Total Savings		**(162)**	**(110)**	**(110)**	**(110)**	**(10)**		**(0.5)**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**535**	**533**	**457**	**381**	**406**

Health and Social Care

Child & Adult Protection, Emergency Duty, Business Support, Quality Improvement, Criminal Justice, Safer Communities, Older People, Learning Disability, Mental Health, Physical Disability, Generic Services

Capital Investment	3 year operational £'000s	7 year strategic £'000s	TOTAL	Est External Funding	Est. SBC Contribution	Detail
Adult Services Facilities Upgrade (Older People)	600	93	693	0	693	Planned Residential Care Home upgrades to enhance and improve facilities for residents
Care Inspectorate Requirements (Older People)	162	421	583	0	583	Residential Care Home works in order to deliver specific recommendations within the Joint Older People's Services Inspection Report
Residential Dementia (Older People)	4,800	0	4,800	0	4,800	Proposed specialist Dementia Residential Facility to deliver a specific Health and Social Care Partnership priority on Dementia
Extra Care Housing	6,336	600	6,936	(5,936)	1,000	Investment in Technology Enabled Care
Total Investment	**11,898**	**1,114**	**13,012**	**(5,936)**	**7,076**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	56,692	59,368	60,723	62,209	63,747
Permanent Virements	1,087	0	0	0	0
Revised Base Budget	**57,779**	**59,368**	**60,723**	**62,209**	**63,747**

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Manpower adjustments	8,899	975	882	634	744	682	To provide for latest SG pay negotiations at 3%, 3%, 2%, 2%, 2%	
Non-pay inflation	82	1	1	1	1	1	To allow for anticipated inflationary increases	
SB Cares Contract inflation	16,771	29	29	29	0	0	SB Cares Contract inflation to cover increased utilities costs	
Older People demographic increases	13,344	348	348	348	348	348	Forecast additional cost of increasing numbers of Older People 65-74 and 74+	
Increased young adults with learning / physical disabilities	20,200	250	250	250	250	250	Forecast additional cost of increasing numbers of young adults in transition from Children's to Adult Services	
Assume demographic pressure funded by H&SC Fund	13,344	0	(598)	(598)	(598)	(598)	Funded through the H&SC Fund from 2020/21	
COSLA Residential Care Home Contract (Older People)	8,900	235	235	235	235	310	Increase COSLA Care Home Contract by 2.4% p.a.	
Dementia care services (Older People)	13,344	(534)	0	0	0	0	One-off funding provided in 2018/19 therefore removed in 2019/20	
Extra Care Housing (ECH) - Dementia Unit Running Costs	1,281	0	0	0	550	550	Costs for ECH Dementia Unit per June 2018 report to Executive	
Extra Care Housing Developments (Duns & Galashiels) - Running costs	1,281	0	0	580	0	0	Net running costs associated with new Extra Care Housing developments at Todlaw, Duns and Langhaugh, Galashiels	
Community Policing	721	(282)	0	0	0	0	One-off funding provided in 2018/19 therefore removed in 2019/20	
Community Action Team (CAT)	721	282	3	0	0	0	Reinstatement of CAT funding to support continuation of Sergeant and 6 model on a permanent basis	7
Second Community Action Team (CAT)	721	265	0	0	0	0	Invest in a second CAT Team from May 2019	
Additional dementia care (Queens House)	13,344	457	7	7	8	8	Additional dementia beds in Queens House commissioned for 5 years	
Review management arrangements across all Adult social work services	172	60	0	0	0	0	Previous year unrealised financial plan savings	
Review Commissioned Services including SB Cares within Learning Disability Service	11,910	100	0	0	0	0	Previous year unrealised financial plan savings	

Health and Social Care

Child & Adult Protection, Emergency Duty, Business Support, Quality Improvement, Criminal Justice, Safer Communities, Older People, Learning Disability, Mental Health, Physical Disability, Generic Services

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Carers Act extension	0	231	0	0	0	0	As per SG Settlement	
Health & Social Care	7,188	159	0	0	0	0	Increase Social Care Fund base budget to 2018/19 level	
Increase Criminal Justice budget	1,123	10	0	0	0	0	As per grant funding letter	
Health & Social Care	44,173	264	0	0	0	0	As per SG Settlement	
Strata Health System procurement	24,721	58	0	0	0	0	Procurement of full Strata Health System post 6 month 'proof-of-concept' pilot project. Will result in demonstrably more efficient and automated hospital discharge process and a live and dynamic residential and domiciliary care directory. 50% of full cost anticipating 50% NHS contribution	
Total Pressures		**2,908**	**1,157**	**1,486**	**1,538**	**1,551**		**7**

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Review of Day Services (Older People and Learning Disability)	3,057	(400)	0	0	0	0	The Re-imagining Day Services Review project is ongoing, a key pillar of the Integration Joint Board (IJB)Integrated Transformation Programme. Following implementation of its recommendations, including new service provision, some existing day centre provision will be decommissioned. This will not have an impact in Health & Social Care staffing although there may be potential impact for SB Cares staff. The Council's HR Policies and Procedures will be utilised to manage and mitigate any staffing changes/reductions	
Undertake a productivity review programme across Adult Social Work services, savings will require investment to commission the review	3,404	(44)	0	0	0	0	This is currently underway across some services in NHS Borders – clinical and non clinical, has identified considerable cashable savings through increased efficiency by productivity. Potential reduction of 2FTE following work study although exact potential is unknown until process review. The Council's HR Policies and Procedures will be utilised to manage and mitigate any staffing changes/reductions	(2)
Return adults with high supported living needs to the Scottish Borders, decommissioning high-tariff out of area placements (Learning Disability)	1,178	0	(52)	0	0	0	Longer-term, requires significant capital and revenue partnership investment, but for the specific clients identified, will provide better outcomes to meet specialist client needs at considerably reduced cost. Potential for unquantified increase in front line staff although options for commissioning the service are being considered	

Health and Social Care

Child & Adult Protection, Emergency Duty, Business Support, Quality Improvement, Criminal Justice, Safer Communities, Older People, Learning Disability, Mental Health, Physical Disability, Generic Services

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Reduce Direct Payment Prepayment	5,189	(250)	250	0	0	0	Currently direct payments are paid in advance with the initial payment being for 4 weeks. It is proposed to reduce the initial payment to an advance of 2 weeks	
Reassessment of existing care packages	9,789	(100)	0	0	0	0	A reassessment of existing homecare packages for older people and clients with physical disabilities is ongoing and delivering savings in 2018/19.	
Corporate recruitment process	8,899	(45)	0	0	0	0	Staffing cost efficiencies supported by digital transformation	
Roll-out of Hospital to Home initiative in all localities	9,789	(480)	0	0	0	0	At the August IJB Board meeting agreement was given to roll-out the Hospital to Home initiative in all localities following a successful pilot in Teviot and Berwickshire. Funding of £985k was directed from the Integrated Care Fund to finance the project (NHS staff) with the projected saving being reduced homecare delivered through a programme of enablement and reduced occupied bed days in NHS Borders (both at the BGH and Community hospitals).	
Total Savings		**(1,319)**	**198**	**0**	**0**	**0**		**(2)**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**59,368**	**60,723**	**62,209**	**63,747**	**65,298**

Children & Young People

Early Years, Primary Schools, Secondary Schools, Additional Support Needs, Children & Families Social Work, Educational Psychology, Central Schools, School Meals, Transport, Community Learning & Development (CLD)

Capital Investment	3 year operational £'000s	7 year strategic £'000s	TOTAL	Est External Funding	Est. SBC Contribution	Detail
Eyemouth Primary School	15,600	400	16,000	0	16,000	Projected construction costs of new Primary School at Eyemouth
Earlston Primary School	450	8,550	9,000	0	9,000	Projected construction costs of new Primary School at Earlston
Gala Academy - Capital Contribution - assumes 100% revenue funded model	1,000	2,000	3,000	0	3,000	Projected costs of preliminary Capital works. Assumes SG fully fund construction costs
Early Years Expansion	2,800	0	2,800	(2,800)	0	SG-funded Capital requirement to fund next stage of ELC expansion to 1140 hours
Jedburgh Learning Campus incorporating 3G Pitch	667	0	667	0	667	A new 3-18 learning campus in Jedburgh replacing 2 Primary Schools and the High School. The capital budget provision is primarily for project management, incidentals and the new 3G synthetic pitch provision
New Hawick High School - SBC 50% contribution	0	40,000	40,000	(20,000)	20,000	SBC 50% contribution to a new Hawick High School with an estimated cost of £40m
School Estate Block	7,200	16,750	23,950	(1,000)	22,950	Programme of works across the school estate to ensure compliance with a range of legislation in relation to health and safety, care inspectorate, environmental health and Insurers and to enable improvement of safety in schools
School Estate Review	100	2,900	3,000	0	3,000	Ambitious large scale project to significantly improve the school estate to match current and future demand
Total Investment	**27,817**	**70,600**	**98,417**	**(23,800)**	**74,617**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	114,568	124,816	126,931	128,840	131,659
Permanent Virements	(767)	0	0	0	0
Revised Base Budget	**113,801**	**124,816**	**126,931**	**128,840**	**131,659**

Children & Young People

Early Years, Primary Schools, Secondary Schools, Additional Support Needs, Children & Families Social Work, Educational Psychology, Central Schools, School Meals, Transport, Community Learning & Development (CLD)

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact Est
Manpower adjustments	73,696	3,746	2,413	1,657	1,691	1,725	To provide for latest SG pay negotiations at 3%, 3%, 2%, 2%, 2%	
Increased pension costs		2,151	0	0	0	0	Assumed increase as per SG guidance from 17.2% to 22.4%	
Non-pay inflation	6,173	199	244	194	198	204	To allow for anticipated inflationary increases	
Unitary Charge Public-Private Partnership (PPP) Schools	8,898	222	228	234	240	247	This is the contractual inflationary increase required for the 3 High Schools built with PPP funding. RPI rate of 3.2%.	
Jedburgh funding charges	0	0	975	0	0	0	The new multi-generational Jedburgh campus is being funded by a combination of SBC capital funding / Scottish Government grant & revenue funding. This pressure relates to the revenue funding element only	
Jedburgh lifecycle maintenance	0	0	300	0	0	0	This is a provision for maintaining the new multi-generational Jedburgh campus in an as new condition through a planned cycle of regular repair and maintenance and equipment replacement	
Jedburgh increased Facilities Management (FM) charges	0	0	160	0	0	0	This pressure relates to increased revenue costs related to the new multi-generational Jedburgh campus (mainly Non Domestic Rates, Utilities and Cleaning)	
Pupil Equity Fund	1,841	(87)	(1,754)	0	0	0	Pupil Equity Fund in 2019/20 of £1.754m is based on free school meal entitlement. This is fully funded by Scottish Government and assumed to continue to 2020/21 where it is being removed from the budget. The Pupil Equity Fund is allocated directly to schools and targeted at closing the poverty related attainment gap. The funding is spent at the direction of Head teachers working in partnership with each other and the local authority	
Additional Support Needs Residential Placements and Respite Care	500	(500)	0	0	0	0	One-off funding provided in 2018/19 therefore removed in 2019/20	
Children & Young People Prevention, Intervention and Innovation	500	(500)	0	0	0	0	One-off funding provided in 2018/19 therefore removed in 2019/20	
Mental health support provision	217	150	0	0	0	0	1 FTE in each Secondary School per existing contract	9
Access to Youth opportunities	200	(200)	0	0	0	0	One-off funding provided in 2018/19 therefore removed in 2019/20	
Early Learning & Childcare expansion	6,689	6,398	0	0	0	0	Specific grant as per SG settlement	65
School Clothing Grant	215	75	0	0	0	0	As per SG settlement	
New Gala High School	0	0	0	0	420	210	Pro-rata based on Kelso campus costs assuming new school is fully SG funded	
Additional New Schools NDR, Utilities, Cleaning Pressure	793	360	0	0	180	90	Additional budget required to fund costs in new schools	
Foster, Kinship and Through Care Fees and Allowances Uplift	1,488	74	49	50	51	52	3% increase in 19/20, 2% thereafter	
Digital Learning Transformation	0	299	(178)	(74)	72	(28)	Current estimated additional annual revenue cost of implementing Digital Learning Transformation Programme P6-S6	
Total Pressures		**12,387**	**2,437**	**2,061**	**2,852**	**2,500**		**74**

Children & Young People

Early Years, Primary Schools, Secondary Schools, Additional Support Needs, Children & Families Social Work, Educational Psychology, Central Schools, School Meals, Transport, Community Learning & Development (CLD)

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact Est
Allocation of management and support costs to Early Years expansion	6,398	(320)	0	0	0	0	Equates to 5% allocation of support costs to expansion programme. FTE will increase annually in line with this expansion.	
Children & Families Social Work – reduce external placements	5,670	(400)	0	0	0	0	A further £400k reduction in the budget for External Placements	
School Estate Review	0	0	(289)	(146)	0	0	Rationalisation of School Estate. School Estate plan to be redeveloped and implemented with effect from 2020/21	
Additional Support Needs: Budget reduced in line with current business need	10,505	(309)	0	0	0	0	Permanent transfer of unrequired non-staffing budget with no impact on FTE.	
Initial redesign of Early Years central management & support	6,689	(72)	0	0	0	0	Targeted efficiencies from redesigning the support functions to the Early Years expansion programme	
Historic GIRFEC (Getting It Right For Every Child) resource now mainstreamed	100	(100)	0	0	0	0	Historic funding allocation for GIRFEC. Over a number of years the specific budget has been reduced as GIRFEC was mainstreamed. Now propose to fully mainstream within existing budgets and therefore residual budget can be removed	
Corporate recruitment process	73,696	(138)	0	0	0	0	Staffing cost efficiencies supported by digital transformation	
Increased fees & charges - School Meals 2019/20, 2020/21 and 2022/23 and general inflationary increase to Lets	574	(33)	(33)	(6)	(33)	(6)	Forecast fees & charges increase to be agreed. (10p increase oin n price of a school meal in each of 2019/20, 2020/21 and 2022/23) and inflationary increase on Lets.	
Total Savings		**(1,372)**	**(322)**	**(152)**	**(33)**	**(6)**		**0**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**124,816**	**126,931**	**128,840**	**131,659**	**134,153**

Customer & Communities

Business Support, Business Planning Performance & Policy Development, Community Planning & Engagement, Communities Fund, Customer Advice & Support, Democratic Services, Business Change & Programme Management, Discretionary Housing Payments, Housing Benefits, Non Domestic Rates Relief, Scottish Welfare Fund

Capital Investment	3 year operational £'000s	7 year strategic £'000s	TOTAL	Est External Funding	Est. SBC Contribution	Detail
n/a	0	0	0	0	0	
Total Investment	**0**	**0**	**0**	**0**	**0**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	19,827	19,054	19,537	19,856	20,271
Permanent Virements	(2,340)	0	0	0	0
Revised Base Budget	**17,487**	**19,054**	**19,537**	**19,856**	**20,271**

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Manpower adjustments	12,603	499	447	307	313	319	To provide for latest SG pay negotiations at 3%, 3%, 2%, 2%, 2%	
Non-pay inflation	564	9	9	10	10	10	To allow for anticipated inflationary increases	
Localities Bid Fund (LBF)	250	(32)	0	0	0	0	To use Localities Bid Fund (LBF) to fund Community Action team leaving £218k permanent LBF funding plus carry forward from previous years	
Contract Inflation	228	0	2	2	2	2	To allow for small inflationary increases to external contracts	
Local Government election	21	0	0	0	90	0	Adjustment of budget required to run local government elections every 5 years	
Rapid Rehousing funded by Scottish Government	0	35	0	0	0	0	Provided as part of SG Settlement	
Corporate - Digital Transformation - unrealised saving	(1,765)	1,765	0	0	0	0	Corporate delays in the delivery of Digital Transformation savings requires this proposal to be built back into the base budget. Service proposals on Digital Transformation are included under specific Service Directorates.	
Men's Shed Co-ordinator	30	(30)	0	0		0	One-off funding provided in 2018/19 therefore removed in 2019/20	
Locality Public Nuisance Funding	50	(50)	0	0		0	One-off funding provided in 2018/19 therefore removed in 2019/20	
Total Pressures		**2,196**	**458**	**319**	**415**	**331**		**0**

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Review of Exemptions & Discounts	(59,977)	(50)	0	0	0	0	Review of existing Council Tax exemptions and discounts to ensure entitlement	
Integrated Customer Services Model	228	(11)	0	0	0	0	This reflects the second year of savings which were implemented in September 2018	
Housing Benefits overpayment	(239)	0	25	0	0	0	This was a temporary increase to income which will reduce by 2020/21	
Centralise stationery and take 10% saving	132	(15)	0	0	0	0	Around £150k is spent corporately on stationery each year. In line with Digital Transformation advances, this budget can be reduced	
Fees & Charges	(242)	(25)	0	0	0	0	Extra income from higher Fees & Charges which have been increased in line with inflation	
Reduce Council Tax Reduction Scheme (CTRS)	5,507	(200)	0	0	0	0	This proposed reduction is in line with current forecasts in 2018/19	
Digital Customer Access (DCA) savings	0	(160)	0	0	0	0	Savings as a result of transformational change in the organisation enabled through digital investment. This will, in line with the property rationalisation programme, mean that we offer customer facing arrangements from consolidated sites. 7 FTE is a very approx number and actual FTE reduction will depend on grade mix. The full detail and grade mix will be unknown until proposals and recommendations for the operating model are agreed. The service will try to manage the reduction in FTE through natural attrition and the use of temporary contracts where possible. Any actual staff impact will be managed through the appropriate HR policies and procedures	(7)
Corporate recruitment process	12,603	(130)	0	0	0	0	Staffing cost efficiencies supported by digital transformation	
Reduce subscriptions budget across the Council by a further 10%	327	(38)	0	0	0	0	Current forecast spend in 2018/19 on subscriptions, allows opportunities for delivering an efficiency saving in 2019/20	
Total Savings		**(629)**	**25**	**0**	**0**	**0**		**(7)**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**19,054**	**19,537**	**19,856**	**20,271**	**20,602**

Finance, IT and Procurement

Chief Executive, Corporate Finance, Financial Services, Information Technology, Capital Financed from Current Revenue, Interest on Revenue Balances, Loan Charges, Provision for Bad Debts, Recharge to Non-General Fund

Capital Investment	3 year operational £'000s	7 year strategic £'000s	TOTAL	Est External Funding	Est. SBC Contribution	Detail
ICT - Out with existing contract Scope	240	560	800	0	800	IT works outwith the scope of the CGI contract
ICT Transformation	1,614	3,289	4,903	0	4,903	IT replacements, upgrades and transformation across the Council
Digital Learning Transformation	4,319	6,114	10,433	0	10,433	Capital investment to deliver Digital Learning transformation
Emergency & Unplanned	900	2,100	3,000	0	3,000	Budget to deliver emergency works in year
Total Investment	**7,073**	**12,063**	**19,136**	**0**	**19,136**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	35,644	34,500	35,412	35,604	35,969
Permanent Virements	(325)	0	0	0	0
Revised Base Budget	**35,319**	**34,500**	**35,412**	**35,604**	**35,969**

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Manpower adjustments	2,939	260	75	72	73	75	To provide for latest SG pay negotiations at 3%, 3%, 2%, 2%, 2%	
Non-pay inflation	23	0	28	32	32	33	To allow for anticipated inflationary increases	
Water Rates Valuation	484	109	56	0	0	0	To allow for anticipated increases from water revaluation	
Whole System Approach	0	25	0	0	0	0	Per SG settlement	
IT Contract Inflation	6,806	(97)	(97)	0	0	0	Inflation and changes to funding assumptions	
IT costs per previously agreed contract	6,806	(963)	166	(23)	0	0	ICT contract including initial transformation spend	
Digital Customer Access (DCA)	0	0	55	0	0	0	Costs associated with delivering the DCA project	
Loans Charges to provide for capital	20,193	365	772	111	260	645	Revenue cost of capital borrowing for new projects	
NHS Borders IT disaster recovery - unrealised saving	(15)	15	0	0	0	0	Further investigation confirmed NHS have made alternative arrangements therefore this saving requires to be built back into base	
Total Pressures		**(286)**	**1,055**	**192**	**365**	**753**		**0**

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Procurement savings across all departments	34,612	(143)	(143)	0	0	0	Ongoing efficiencies through Procurement activity	
Self insurance approach	1,379	(150)	0	0	0	0	Alternative approach to move to self insurance model. May involve higher policy excess. Saving subject to retender	
Corporate recruitment process	2,939	(40)	0	0	0	0	Staffing cost efficiencies supported by digital transformation	
Loans charges	20,193	(200)	0	0	0	0	Subject to external review of current loan arrangements	
Total Savings		**(533)**	**(143)**	**0**	**0**	**0**		**0**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**34,500**	**35,412**	**35,604**	**35,969**	**36,722**

Human Resources

Human Resources, HR Shared Services, Early Retirement/Voluntary Severance, Communications & Marketing, Corporate Transformation

Capital Investment	3 year operational £'000s	7 year strategic £'000s	TOTAL	Est External Funding	Est. SBC Contribution	Detail
n/a	0	0	0	0	0	
Total Investment	**0**	**0**	**0**	**0**	**0**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	2,998	5,288	5,625	5,688	5,752
Permanent Virements	1,833	0	0	0	0
Revised Base Budget	**4,831**	**5,288**	**5,625**	**5,688**	**5,752**

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Manpower adjustments	2,699	103	92	63	64	65	To provide for latest SG pay negotiations at 3%, 3%, 2%, 2%, 2%	
Transformational Change support	500	(250)	250	0	0	0	To support the Fit for 2024 transformational change programme across the organisation, permanent £500k budget from 2020/21	4
Organisational Efficiencies - unrealised saving	(594)	594	0	0	0	0	Previous year unrealised financial plan savings	
Changes to working practices - unrealised saving	(384)	384	0	0	0	0	Previous year unrealised financial plan savings	
Total Pressures		**831**	**342**	**63**	**64**	**65**		**4**

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Additional Voluntary Contributions (AVC) to the Pension Fund	0	(5)	(5)	0	0	0	Introduction of an enhanced AVC provision that will provide NI and tax savings for participants and the Council	
Remove grade 5 post through ERP development	24	(24)	0	0	0	0	The roll out of the ERP system will result in a requirement for less administration. The Council's HR Policies and Procedures will be utilised to manage and mitigate any staffing changes/reductions	(1)
Extension of pool cars	814	(250)	0	0	0	0	Increase in number of pool vehicles	
Corporate recruitment process	2,699	(35)	0	0	0	0	Staffing cost efficiencies supported by digital transformation	
Centralise training budget and take efficiency	577	(50)	0	0	0	0	Management buy-in required across the Council	
Centralise conferences budget and take efficiency	61	(10)	0	0	0	0	Targeted efficiency	
Total Savings		**(374)**	**(5)**	**0**	**0**	**0**		**(1)**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**5,288**	**5,625**	**5,688**	**5,752**	**5,817**

Regulatory Services

Planning, Assessors, Passenger Transport, Audit and Risk, Legal; Protective Services, Housing Strategy

Capital Investment	3 yr £'000s	7 year £'000s	TOTAL	Est External Funding	Est. SBC Contribution	Detail
Private Sector Housing Grant	1,350	3,450	4,800	0	4,800	Grant funding to assist the provision of major adaptations to Private Sector housing following a needs and priority assessment by Social Work
Total Investment	**1,350**	**3,450**	**4,800**	**0**	**4,800**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	7,650	6,959	7,088	7,196	7,348
Permanent Virements	(553)	0	0	0	0
Revised Base Budget	**7,097**	**6,959**	**7,088**	**7,196**	**7,348**

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Manpower adjustments	7,890	307	273	188	192	196	To provide for latest SG pay negotiations at 3%, 3%, 2%, 2%, 2%	
Non-pay inflation	304	8	6	5	5	5	To allow for anticipated inflationary increases	
Contract Inflation	229	2	2	2	2	2	To allow for small inflationary increases to external contracts	
Galashiels Transport Interchange (TI)	(54)	(10)	(10)	0	0	0	Reduced revenue pressure from Gala TI due to higher income	
Assessors - reduction in canvasser numbers - unrealised savings	(14)	14	0	0	0	0	Previous year unrealised financial plan savings	
Assessors - bulk printing savings - unrealised savings	(10)	10	0	0	0	0	Previous year unrealised financial plan savings	
Provision of an Animal Feed Service for other Local Authorities - unrealised savings	(30)	30	0	0	0	0	Previous year unrealised financial plan savings	
Total Pressures		**361**	**271**	**195**	**199**	**203**		**0**

Regulatory Services

Planning, Assessors, Passenger Transport, Audit and Risk, Legal; Protective Services, Housing Strategy

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Planning Fee Income	(1,081)	(30)	(30)	(40)	0	0	Additional Planning Fee Income based on a forecast increase in applications	
South East Scotland Planning Authority (SESPlan) Payment Holiday	15	(15)	50	0	0	0	Further one year saving from reduced SESPlan contribution. No service impact expected	
Regulated Bus Fares	(2,137)	(40)	(40)	(40)	(40)	0	Extra income from higher fares in line with inflation. Higher cost of bus travel in The Borders	
Additional Fees & Charges Income across Regulatory Services	(518)	(24)	(7)	(7)	(7)	(7)	Extra income from higher Fees & Charges which have been increased in line with inflation. Including additional income from Pre-Planning advice, where the income from this new service has been better than originally predicted	
Legal Services - Staffing	1,006	(20)	0	0	0	0	Removal of vacant post	(1)
Balance sheet review	0	(50)	50	0	0	0	One off saving as a result of a balance sheet review	
Planning - Discretionary Budgets	340	(20)	0	0	0	0	Reduction in discretionary budgets across the service.	
Passenger Transport: Transport Interchange	214	(65)	0	0	0	0	Review of associated maintenance costs and current staffing levels	(0.5)
Reduce bus subsidies	1,599	(85)	(165)	0	0	0	Review of existing subsidised services and/or provision of alternative models	
Corporate recruitment process	7,890	(90)	0	0	0	0	Staffing cost efficiencies supported by digital transformation	
Protective Services - Discretionary Budgets	65	(20)	0	0	0	0	Reduction in hired and contracted budget lines	
Protective Services - Staffing	1,634	(40)	0	0	0	0	Removal of two part time vacant posts	(1)
Total Savings		**(499)**	**(142)**	**(87)**	**(47)**	**(7)**		**(2.5)**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**6,959**	**7,088**	**7,196**	**7,348**	**7,544**

Scottish Borders Council
Draft Capital Investment Plan 2019/20 to 2028/29
Capital Investment Proposals

	CAPITAL INVESTMENT PROPOSALS	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total Operational Plan	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'001	Total Strategic Plan	Total £'000	Specific Project Funding	Net cost to SBC Capital
	Plant & Vehicle Fund															
	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	**14,000**	**20,000**	(20,000)	**0**
	Waste Collection Vehicles - Non P&V Fund															
	Waste Collection Vehicles - Non P&V Fund	300	0	0	**300**	0	300	300	0	0	0	300	**900**	**1,200**	(1,200)	**0**
	Flood & Coastal Protection															
Block	Flood Studies	365	350	350	**1,065**	350	350	350	350	350	350	350	**2,450**	**3,515**	(3,515)	**0**
Block	General Flood Protection Block	424	200	200	**824**	200	200	200	200	200	200	200	**1,400**	**2,224**	0	**2,224**
	Hawick Flood Protection	3,485	18,803	19,571	**41,859**	10,196	215	165	0	0	0	0	**10,576**	**52,435**	(43,039)	**9,396**
	Land and Property Infrastructure															
Block	Asset Rationalisation & Demolition	2,320	750	750	**3,820**	0	0	0	0	0	0	0	**0**	**3,820**	0	**3,820**
	Cemetery Land Acquisition	160	0	0	**160**	0	0	0	0	0	0	0	**0**	**160**	0	**160**
	Jedburgh High Street Building	522	879	11	**1,412**	0	0	0	0	0	0	0	**0**	**1,412**	(405)	**1,007**
Block	Building Upgrades	730	730	730	**2,190**	770	770	770	770	770	770	770	**5,390**	**7,580**	0	**7,580**
Block	Cleaning Equipment Replacement Block	50	50	50	**150**	50	50	50	50	50	50	50	**350**	**500**	0	**500**
Block	Commercial Property Upgrades	50	50	50	**150**	50	50	50	50	50	50	50	**350**	**500**	0	**500**
Block	Contaminated Land Block	52	52	52	**156**	52	52	52	52	52	52	52	**364**	**520**	0	**520**
	Energy Efficiency Works	1,045	1,045	1,045	**3,135**	1,045	1,045	1,045	1,045	1,045	1,045	1,045	**7,315**	**10,450**	0	**10,450**
Block	Health and Safety Works	835	835	835	**2,505**	835	835	835	835	835	835	835	**5,845**	**8,350**	0	**8,350**
NEW	Outdoor Community Spaces	867	1,047	640	**2,554**	828	508	510	511	111	111	111	**2,690**	**5,244**	(208)	**5,036**
	Road & Transport Infrastructure															
	A72 Dirtpot Corner - Road Safety Works	120	0	0	**120**	0	0	0	0	0	0	0	**0**	**120**	0	**120**
Block	Accident Investigation Prevention Schemes Block	50	50	50	**150**	50	50	50	50	50	50	50	**350**	**500**	0	**500**
Block	Cycling Walking & Safer Streets	188	199	211	**598**	221	232	244	247	247	247	247	**1,685**	**2,283**	(2,283)	**0**
	Engineering Minor Works	14	0	0	**14**	0	0	0	0	0	0	0	**0**	**14**	(14)	**0**
	Galashiels Developments	200	0	0	**200**	0	0	0	0	0	0	0	**0**	**200**	0	**200**
Block	Lighting Asset Management Plan	300	200	200	**700**	200	200	200	200	200	200	200	**1,400**	**2,100**	0	**2,100**
	Peebles Bridge	0	0	0	**0**	0	0	0	0	0	0	420	**420**	**420**	0	**420**
	Reston Station Contribution	0	0	0	**0**	0	0	1,740	0	0	0	0	**1,740**	**1,740**	(100)	**1,640**
Block	Roads & Bridges -inc. RAMP, Winter Damage & Slopes	6,670	7,660	7,660	**21,990**	11,615	10,160	6,592	7,364	7,410	7,410	7,410	**57,961**	**79,951**	0	**79,951**
	Street Lighting Energy Efficiency Project	435	70	0	**505**	0	0	0	0	0	0	0	**0**	**505**	0	**505**
	Union Chain Bridge	403	260	0	**663**	0	0	0	0	0	0	0	**0**	**663**	0	**663**

Scottish Borders Council
Draft Capital Investment Plan 2019/20 to 2028/29
Capital Investment Proposals

	CAPITAL INVESTMENT PROPOSALS	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total Operational Plan	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'001	Total Strategic Plan	Total £'000	Specific Project Funding	Net cost to SBC Capital
	Waste Management															
	CRC - Bulky Waste Adjustments	255	0	0	**255**	0	0	0	0	0	0	0	**0**	**255**	0	**255**
Block	CRC - Improved Skip Infrastructure	146	0	0	**146**	0	0	0	0	0	0	0	**0**	**146**	0	**146**
	Easter Langlee Cell Provision	550	110	0	**660**	0	0	0	0	0	0	0	**0**	**660**	0	**660**
	Easter Langlee Leachate Management Facility	377	42	0	**419**	0	0	0	0	0	0	0	**0**	**419**	0	**419**
	New Easter Langlee Waste Transfer Station	389	0	0	**389**	0	0	0	0	0	0	0	**0**	**389**	0	**389**
	Waste Containers	48	48	50	**146**	50	51	53	53	54	54	54	**369**	**515**	0	**515**
	Corporate															
Block	ICT - Outwith CGI Scope	80	80	80	**240**	80	80	80	80	80	80	80	**560**	**800**	0	**800**
	ICT Transformation	449	566	599	**1,614**	468	526	381	336	526	526	526	**3,289**	**4,903**	0	**4,903**
	Digital Learning Transformation	3,047	917	355	**4,319**	1,210	914	1,172	627	933	629	629	**6,114**	**10,433**	0	**10,433**
													0	**0**		
	School Estate															
	Eyemouth Primary School	800	7,400	7,400	**15,600**	400	0	0	0	0	0	0	**400**	**16,000**	0	**16,000**
	Earlston Primary School	0	0	450	**450**	4,162	4,163	225	0	0	0	0	**8,550**	**9,000**	0	**9,000**
	Gala Academy - Capital contribution (assumes revenue funded model)	100	500	400	**1,000**	2,000	0	0	0	0	0	0	**2,000**	**3,000**	0	**3,000**
	Early Years Expansion	2,800	0	0	**2,800**	0	0	0	0	0	0	0	**0**	**2,800**	(2,800)	**0**
	Jedburgh Learning Campus incorporating 3G Pitch	667	0	0	**667**	0	0	0	0	0	0	0	**0**	**667**	0	**667**
	New Hawick High School - SBC 50% contribution	0	0	0	**0**	6,000	34,000	0	0	0	0	0	**40,000**	**40,000**	(20,000)	**20,000**
Block	School Estate Block	2,400	2,400	2,400	**7,200**	2,400	2,400	2,390	2,390	2,390	2,390	2,390	**16,750**	**23,950**	(1,000)	**22,950**
	School Estate Review	0	0	100	**100**	500	2,400	0	0	0	0	0	**2,900**	**3,000**	0	**3,000**
	Sports Infrastructure															
Block	Culture & Sports Trusts - Plant & Services	290	290	290	**870**	290	290	290	290	290	290	290	**2,030**	**2,900**	0	**2,900**
	Synthetic Pitch Replacement Fund	376	0	153	**529**	358	369	380	1,792	473	473	473	**4,318**	**4,847**	(4,175)	**672**
	Melrose 3G Pitch	500	0	0	**500**	0	0	0	0	0	0	0	**0**	**500**	0	**500**
	Culture & Heritage															
	Jim Clark Museum	5	0	0	**5**	0	0	0	0	0	0	0	**0**	**5**	0	**5**
Block	Public Halls Upgrades	0	208	99	**307**	0	0	0	0	0	0	0	**0**	**307**	0	**307**
	Sir Walter Scott Courthouse - Phase 2	0	460	2,488	**2,948**	932	0	0	0	0	0	0	**932**	**3,880**	(2,000)	**1,880**
	Trimontium, Melrose	0	60	0	**60**	0	0	0	0	0	0	0	**0**	**60**	0	**60**

Scottish Borders Council
Draft Capital Investment Plan 2019/20 to 2028/29
Capital Investment Proposals

	CAPITAL INVESTMENT PROPOSALS	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total Operational Plan	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'001	Total Strategic Plan	Total £'000	Specific Project Funding	Net cost to SBC Capital
	Economic Regeneration															
	Great Tapestry of Scotland - Building	4,479	50	0	**4,529**	0	0	0	0	0	0	0	**0**	**4,529**	(1,500)	**3,029**
Block	Borders Town Centre Regeneration Block	100	100	100	**300**	100	100	100	100	100	100	100	**700**	**1,000**	0	**1,000**
	Borders Innovation Park	5,425	6,991	4,109	**16,525**	1,950	1,950	0	0	0	0	0	**3,900**	**20,425**	(2,000)	**18,425**
	Newtown St Boswells Regeneration	20	20	84	**124**	84	120	56	0	0	0	0	**260**	**384**	0	**384**
	Eyemouth Regeneration	513	0	0	**513**	0	0	0	0	0	0	0	**0**	**513**	0	**513**
	Hawick Regeneration	2,017	0	0	**2,017**	0	0	0	0	0	0	0	**0**	**2,017**	(2,017)	**0**
	Galashiels Town Centre Regeneration	613	0	0	**613**	0	0	0	0	0	0	0	**0**	**613**	0	**613**
	Housing Strategy & Services															
	Private Sector Housing Grant - Adaptations	450	450	450	**1,350**	450	500	500	500	500	500	500	**3,450**	**4,800**	0	**4,800**
	Social Care Infrastructure															
Block	Adult Services Facilities Upgrades	200	200	200	**600**	59	34	0	0	0	0	0	**93**	**693**	0	**693**
Block	Care Inspectorate Requirements & Upgrades	53	54	55	**162**	57	58	59	61	62	62	62	**421**	**583**	0	**583**
NEW	Residential Dementia Care	500	3,800	500	**4,800**	0	0	0	0	0	0	0	**0**	**4,800**	0	**4,800**
	Extra Care Housing:	0	0	0	**0**	0	0	0	0	0	0	0	**0**	**0**	0	**0**
	Todlaw, Duns	1,090	0	0	**1,090**	0	0	0	0	0	0	0	**0**	**1,090**	(1,090)	**0**
	Langhaugh, Galashiels	1,800	0	0	**1,800**	0	0	0	0	0	0	0	**0**	**1,800**	(1,800)	**0**
	Stirches, Kelso, Eyemouth, Peebles, Waverley	0	1,523	1,523	**3,046**	0	0	0	0	0	0	0	**0**	**3,046**	(3,046)	**0**
	Technology Enabled Care	100	100	200	**400**	200	200	200	0	0	0	0	**600**	**1,000**	0	**1,000**
	Other															
	Emergency & Unplanned	300	300	300	**900**	300	300	300	300	300	300	300	**2,100**	**3,000**	0	**3,000**
	Total	**52,524**	**61,899**	**56,790**	**171,213**	**50,512**	**65,472**	**21,339**	**20,253**	**19,078**	**18,774**	**19,494**	**214,922**	**386,135**	**(112,192)**	**273,943**

Scottish Borders Council
Draft Capital Investment Plan 2019/20 to 2028/29
Capital Funding Proposals

CAPITAL FUNDING	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total Operational Plan	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total Strategic Plan	Total £000
Specific Grants from Scottish Government													
Hawick Flood Protection	(2,718)	(13,789)	(14,830)	**(31,337)**	(7,745)	(172)	(132)	0	0	0	0	**(8,049)**	**(39,386)**
Flood Studies	(365)	(350)	(350)	**(1,065)**	(350)	(350)	(350)	(350)	(350)	(350)	(350)	**(2,450)**	**(3,515)**
Cycling Walking & Safer Streets	(188)	(199)	(211)	**(598)**	(221)	(232)	(244)	(247)	(247)	(247)	(247)	**(1,685)**	**(2,283)**
Early Years Expansion	(2,800)	0	0	**(2,800)**	0	0	0	0	0	0	0	**0**	**(2,800)**
Hawick Regeneration	(2,017)	0	0	**(2,017)**	0	0	0	0	0	0	0	**0**	**(2,017)**
Hawick High School SFT	0	0	0	**0**	(3,000)	(17,000)	0	0	0	0	0	**(20,000)**	**(20,000)**
Other External Grants & Contributions													
Hawick Flood Protection	(118)	(1,767)	(1,253)	**(3,138)**	(515)	0	0	0	0	0	0	**(515)**	**(3,653)**
Sir Walter Scott Courthouse - Phase 2	0	(460)	(1,540)	**(2,000)**	0	0	0	0	0	0	0	**0**	**(2,000)**
Great Tapestry of Scotland - Building	(1,500)	0	0	**(1,500)**	0	0	0	0	0	0	0	**0**	**(1,500)**
Borders Innovation Park	(1,000)	(1,000)	0	**(2,000)**	0	0	0	0	0	0	0	**0**	**(2,000)**
Outdoor Community Spaces	0	0	(133)	**(133)**	0	0	0	0	0	0	0	**0**	**(133)**
2nd Homes Council Tax - Extra Care Housing	(2,890)	(3,046)	0	**(5,936)**	0	0	0	0	0	0	0	**0**	**(5,936)**
Jedburgh Building	0	(405)	0	**(405)**	0	0	0	0	0	0	0	**0**	**(405)**
Development Contributions													
Reston Station Contribution	0	0	0	**0**	0	0	(100)	0	0	0	0	**(100)**	**(100)**
School Estate Block	(100)	(100)	(100)	**(300)**	(100)	(100)	(100)	(100)	(100)	(100)	(100)	**(700)**	**(1,000)**
Engineering Minor Works	(14)	0	0	**(14)**	0	0	0	0	0	0	0	**0**	**(14)**
Outdoor Community Spaces	(53)	(15)	(7)	**(75)**	0	0	0	0	0	0	0	**0**	**(75)**
Capital Receipts	(1,827)	(2,440)	(300)	**(4,567)**	(400)	0	0	0	0	0	0	**(400)**	**(4,967)**
General Capital Grant	(16,765)	(15,400)	(15,400)	**(47,565)**	(15,400)	(15,400)	(15,400)	(15,400)	(15,400)	(15,400)	(15,400)	**(107,800)**	**(155,365)**
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)	**(14,000)**	**(20,000)**
Synthetic Pitch Replacement Fund	(364)	0	(153)	**(517)**	(358)	(369)	(380)	(1,132)	(473)	(473)	(473)	**(3,658)**	**(4,175)**

Scottish Borders Council
Draft Capital Investment Plan 2019/20 to 2028/29
Capital Funding Proposals

CAPITAL FUNDING	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total Operational Plan	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total Strategic Plan	Total £000
Borrowing													
- General	(17,505)	(20,928)	(20,513)	**(58,946)**	(20,423)	(29,549)	(2,333)	(1,024)	(508)	(204)	(624)	**(54,665)**	**(113,611)**
Waste Collection Vehicles - Non P&V Fund	(300)	0	0	**(300)**		(300)	(300)	0	0	0	(300)	**(900)**	**(1,200)**
Total	**(52,524)**	**(61,899)**	**(56,790)**	**(171,213)**	**(50,512)**	**(65,472)**	**(21,339)**	**(20,253)**	**(19,078)**	**(18,774)**	**(19,494)**	**(214,922)**	**(386,135)**

Opposition Parties'

Draft Revenue & Capital Investment Plan

Revenue 2019/20 - 2023/24, Capital 2019/20-2028/29

Scottish Borders Council
Draft Financial Plan 2019/20 to 2023/24
Revenue Resources

	2019/20 £'000	2020/21 (Provisional) £'000	2021/22 (Provisional) £'000	2022/23 (Provisional) £'000	2023/24 (Provisional) £'000	Total £'000
Aggregate External Finance						
General Revenue Support	167,589	168,026	166,035	164,064	163,088	828,802
Assumed SG grant reductions 1% in years 2 & 3 then 0.5%	0	(1,991)	(1,971)	(976)	(966)	(5,904)
Ring fenced grants	9,330	7,576	7,576	7,576	7,576	39,634
Health & Social Care Partnership	7,347	7,347	7,347	7,347	7,347	36,735
Non-domestic Rates	36,624	36,624	36,624	36,624	36,624	183,120
	220,890	**217,582**	**215,611**	**214,635**	**213,669**	**1,082,387**
Council Tax (Band D £1,184.52 - increase of 3% in each year)	**62,348**	**64,627**	**66,727**	**68,827**	**70,700**	**333,229**
Total	**283,238**	**282,209**	**282,338**	**283,462**	**284,369**	**1,415,616**

Scottish Borders Council
Draft Financial Plan 2019/20 to 2028/29
Capital Resources

	3 year operational £000's	7 year strategic £000's	Total £000's	Est. External Funding £000's	Est. SBC Contribution £000's
Specific Grants from Scottish Government	37,817	12,184	50,001	50,001	0
Other External Grants & Contributions	15,112	515	15,627	15,627	0
Development Contributions	389	800	1,189	1,189	0
Capital Receipts	4,567	400	4,967	0	4,967
General Capital Grant	47,565	107,800	155,365	0	155,365
Plant & Vehicle Replacement - P&V Fund	6,000	14,000	20,000	20,000	0
Synthetic Pitch Replacement Fund	517	3,658	4,175	4,175	0
Borrowing	59,946	35,565	95,511	1,200	94,311
Total	**171,913**	**174,922**	**346,835**	**92,192**	**254,643**

Detailed Capital funding can be found at the back of this budget pack

Scottish Borders Council
Draft Financial Plan 2019/20 to 2023/24
Summary of Revenue Budget Movement

	2019/20 £'000	2020/21 (Provisional) £'000	2021/22 (Provisional) £'000	2022/23 (Provisional) £'000	2023/24 (Provisional) £'000	Total £'000
Base Budget (approved 20 February 2018)	**272,665**	**283,238**	**282,209**	**282,338**	**283,462**	**1,403,912**
Manpower adjustments	8,930	4,977	3,476	3,613	3,610	24,606
Non-pay and department specific inflation	1,044	1,001	1,035	1,053	1,149	5,282
Service Specific priorities & National policy changes	5,656	(527)	930	1,868	1,093	9,020
Previous year Financial Plan unrealised savings	3,322	0	0	0	0	3,322
Total Pressures	**18,952**	**5,451**	**5,441**	**6,534**	**5,852**	**42,230**
Savings Proposals						
Corporate	(1,270)	(4,255)	(4,107)	(4,405)	(4,727)	(18,764)
Contracted Services (Live Borders)	(415)	(560)	(556)	(551)	(146)	(2,228)
Asset & Infrastructure	(1,898)	(712)	(300)	(264)	(49)	(3,223)
Economic Development & Corporate Services	(162)	(110)	(110)	(110)	(10)	(502)
Health & Social Care	(1,319)	198	0	0	0	(1,121)
Children & Young People	(1,377)	(322)	(152)	(33)	(6)	(1,890)
Customer & Communities	(607)	(300)	0	0	0	(907)
Finance, IT & Procurement	(533)	(143)	0	0	0	(676)
Human Resources	(384)	(49)	0	0	0	(433)
Regulatory Services	(414)	(227)	(87)	(47)	(7)	(782)
Total Savings	**(8,379)**	**(6,480)**	**(5,312)**	**(5,410)**	**(4,945)**	**(30,526)**
	283,238	**282,209**	**282,338**	**283,462**	**284,369**	**1,415,616**
Funding	**283,238**	**282,209**	**282,338**	**283,462**	**284,369**	**1,415,616**

Scottish Borders Council
Draft Financial Plan 2019/20 to 2028/29
Summary of Capital Budget Movement

	3 year operational £000's	7 year strategic £000's	Total £000's	Est. External Funding £000's	Est. SBC Contribution £000's
Base Budget (approved 20 February 2018)	**130,174**	**163,787**	**293,961**	**(73,116)**	**220,845**
Capital Financed from Current Revenue (CFCR)	0	0	0	0	0
Specific Grants from Scottish Government	10,178	1,758	11,936	(11,936)	0
Other External Grants & Contributions	7,203	515	7,718	(7,718)	0
Development Contributions	(1,151)	100	(1,051)	1,051	0
Capital Receipts	207	400	607	0	607
General Capital Grant	3,741	9,800	13,541	0	13,541
Plant & Vehicle Replacement - P&V Fund	0	0	0	0	0
Synthetic Pitch Replacement Fund	153	320	473	(473)	0
Borrowing	21,408	(1,758)	19,650	0	19,650
Total Funding Adjustments	**41,739**	**11,135**	**52,874**	**(19,076)**	**33,798**
Funding	**171,913**	**174,922**	**346,835**	**(92,192)**	**254,643**
Investment Proposals					
Contracted Services (Live Borders)	4,692	7,217	11,909	(6,175)	5,734
Asset & Infrastructure	93,629	112,332	205,961	(70,764)	135,197
Economic Development & Corporate Services	24,305	4,609	28,914	(5,517)	23,397
Health & Social Care	11,898	1,114	13,012	(5,936)	7,076
Children & Young People	30,175	32,693	62,868	(3,800)	59,068
Customer & Communities	0	0	0	0	0
Finance, IT & Procurement	5,864	13,507	19,371	0	19,371
Human Resources	0	0	0	0	0
Regulatory Services	1,350	3,450	4,800	0	4,800
Total Investment	**171,913**	**174,922**	**346,835**	**(92,192)**	**254,643**

Detailed Capital Investment by year can be found at the back of this budget pack

Scottish Borders Council
Draft Financial Plan 2019/20 - 2023/24
Service Level Summary

	2019/20 £'000	2020/21 (Provisional) £'000	2021/22 (Provisional) £'000	2022/23 (Provisional) £'000	2023/24 (Provisional) £'000	Total £'000	Capital Investment (10 years)
Corporate	(1,223)	(5,432)	(9,539)	(13,944)	(18,671)	(48,809)	0
Contracted Services (Live Borders)	5,826	5,069	4,505	3,931	3,787	23,119	11,909
Assets & Infrastructure	28,447	27,558	28,166	28,834	29,702	142,708	205,961
Economic Development & Corporate Services	535	533	457	381	406	2,311	28,914
Health & Social Care	59,103	60,458	61,659	63,197	64,748	309,167	13,012
Children & Young People	125,049	127,386	129,451	132,280	134,569	648,737	62,868
Customer & Communities	19,176	19,312	19,631	20,046	20,377	98,540	0
Finance, IT & Procurement	34,003	34,666	35,178	35,691	36,144	175,683	19,371
Human Resources	5,278	5,571	5,634	5,698	5,763	27,944	0
Regulatory Services	7,044	7,088	7,196	7,348	7,544	36,218	4,800
Total	**283,238**	**282,209**	**282,338**	**283,462**	**284,369**	**1,415,616**	**346,835**

Corporate

Overarching proposals covering the whole Council

Capital Investment	3 yr operational £'000s	7 year strategic £'000s	TOTAL	Est External Funding	Est. SBC Contribution	Detail
n/a	0	0	0	0	0	
Total Investment	**0**	**0**	**0**	**0**	**0**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	0	(1,223)	(5,432)	(9,539)	(13,944)
Permanent Virements	0	0	0	0	0
Revised Base Budget	**0**	**(1,223)**	**(5,432)**	**(9,539)**	**(13,944)**

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Enabling funding for Fit for the Future programme/ Community Engagement	0	47	46	0	0	0	Enabling funding to support change agenda and community engagement	
Total Pressures		**47**	**46**	**0**	**0**	**0**		**0**

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Fit for 2024	0	(1,270)	(4,255)	(4,107)	(4,405)	(4,727)	To be allocated across all Services - rolling programme of reviews including a review of the DSM scheme	(43)
Total Savings		**(1,270)**	**(4,255)**	**(4,107)**	**(4,405)**	**(4,727)**		**(43)**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**(1,223)**	**(5,432)**	**(9,539)**	**(13,944)**	**(18,671)**

Contracted Services: Live Borders (Sport, Heritage and Culture)

Live Borders: Sport Facilities, Active Schools, Cultural Services (Libraries, Museums, Halls & Community Centres, Arts Development)

Capital Investment	3 year operational £'000s	7 year strategic £'000s	TOTAL	Est External Funding	Est. SBC Contribution	Detail
Sports Infrastructure	1,372	6,285	7,657	(4,175)	3,482	Capital allocation to Sports Trusts to improve and refurbish SBC owned Sport and Leisure facilities and a Synthetic Pitch Replacement Fund to manage the replacement of synthetic pitches across the Borders
Culture & Heritage	3,320	932	4,252	(2,000)	2,252	Public Halls upgrades, new upgraded Jim Clark Museum in Duns and the upgrade and redevelopment of the Sir Walter Scott Courthouse in Selkirk
Total Investment	**4,692**	**7,217**	**11,909**	**(6,175)**	**5,734**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	5,749	5,826	5,069	4,505	3,931
Permanent Virements	255	0	0	0	0
Revised Base Budget	**6,004**	**5,826**	**5,069**	**4,505**	**3,931**

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2022/24 £'000s	Detail	FTE Impact est
Non-pay inflation	115	2	3	2	2	2	To allow for anticipated inflationary increases	
Invest in Community Centre Management Committees		50	(50)	0	0	0	Additional direct support for Community Centre Management Committees	
Great Tapestry of Scotland Opening	0	185	(150)	(10)	(25)	0	Primarily one-off opening costs for 2019/20	
Total Pressures		**237**	**(197)**	**(8)**	**(23)**	**2**		**0**

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Management Fee reduction to Live Borders based on 3% reduction and agreement with Live Borders that they will manage budget pressures within existing management fee	5,514	(165)	(160)	(156)	(151)	(146)	This 3 year agreement will enable joint work on delivering a number of key strategic projects including property rationalisation and allow delivery of services to achieve joint strategic outcomes	
More effective contract management across the Council	97,485	(250)	(400)	(400)	(400)	0	Supported by new Business World functionality	
Total Savings		**(415)**	**(560)**	**(556)**	**(551)**	**(146)**		**0**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**5,826**	**5,069**	**4,505**	**3,931**	**3,787**

Asset and Infrastructure

Property Management, Estates, Catering, Cleaning, Design, Major Projects, Neighbourhood Services, Infrastructure & Assets, SBc Contracts, Fleet, Pay & Display, Waste Management

Capital Investment	3 year operational £'000s	7 year strategic £'000s	TOTAL	Est External Funding	Est. SBC Contribution	Detail
Land & Property Infrastructure	16,008	19,242	35,250	(613)	34,637	Capital works on the Council estate including parks and play facilities, encompassing structural, energy efficiency, Health & Safety works, improvements and upgrades
Roads & Transport Infrastructure	25,020	59,669	84,689	(14)	84,675	Encompasses the Roads, Bridges and Lighting blocks and a number of other infrastructure projects
Cycling, Walking & Safer Streets	598	1,685	2,283	(2,283)	0	Specific SG funding to encourage walking and cycling, especially to schools and to connect communities
Peebles Bridge	0	420	420	0	420	Preparatory work to consider the future requirement for a new bridge in Peebles to support future development per the Local Development Plan
Flood & Coastal Protection works	1,829	3,731	5,560	(3,515)	2,045	Small scale capital flood works projects and flood studies for future major schemes. Flood studies and scheme preparation fully funded by Scottish Government
Hawick Flood Protection	41,859	10,576	52,435	(43,039)	9,396	Infrastructure project to protect residential and commercial properties from flood risk within the River Teviot's flood plain in Hawick. Scottish Government 80% and external partners funding of the project.
Waste Management	2,015	369	2,384	0	2,384	Easter Langlee cell provision and leachate management, Community Recycling Centre skip infrastructure and provision of waste containers. Final stages of construction of new waste transfer station at Easter Langlee
Waste Collection Vehicles (Non P&V)	300	900	1,200	(1,200)	0	Contribution to refuse lorry replacements not provided by Plant and Vehicle fund, funded by Waste revenue budget contribution for specific funding
Reston Station Contribution	0	1,740	1,740	(100)	1,640	Council contribution to provision of new platform and car parking at Reston, supported by potential funding from development contributions
Plant & Vehicle Fund	6,000	14,000	20,000	(20,000)	0	Rolling programme of fleet replacement to meet council requirements, fully funded from the Plant and Vehicle fund and replenished by revenue budgets over vehicle lives
Total Investment	**93,629**	**112,332**	**205,961**	**(70,764)**	**135,197**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	29,473	28,447	27,558	28,166	28,834
Permanent Virements	378	0	0	0	0
Revised Base Budget	**29,851**	**28,447**	**27,558**	**28,166**	**28,834**

Asset and Infrastructure

Property Management, Estates, Catering, Cleaning, Design, Major Projects, Neighbourhood Services, Infrastructure & Assets, SBc Contracts, Fleet, Pay & Display, Waste Management

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Manpower adjustments	24,154	811	720	495	505	516	To provide for latest SG pay negotiations at 3%, 3%, 2%, 2%, 2%	
Non-pay inflation	3,947	130	116	89	91	94	To allow for anticipated inflationary increases	
Property Maintenance Fund Inflation	2,497	50	51	52	53	54	To allow for anticipated inflationary increases of materials and works associated with maintaining the Council estate	
Catering (Food) Inflation	1,782	26	27	27	28	28	Estimated inflationary price increase of food costs	
Sanitary products in public bodies	0	37	0	0	0	0	As per SG Settlement	
Free Child Burials	0	7	0	0	0	0	As per SG Settlement	
Winter Maintenance (Salt) Inflation	697	156	17	17	18	18	Estimated inflationary price increase of salt costs, re-tender in 19/20	
Aggregates & Bitumen Inflation	581	0	12	12	12	13	Estimated inflationary price increase of bitumen and aggregates	
Roads Investment	1,800	(1,800)	0	0	0	0	One-off funding provided in 2018/19 therefore removed in 2019/20	
Roads Investment	6,500	1,000	(1,000)	0	0	0	Acceleration of ongoing roads maintenance	
Vehicle Spare Parts Inflation	1,289	0	13	13	13	13	Estimated inflationary price increase of spare parts	
Landfill Tax Inflation	3,676	99	0	0	0	0	Estimated inflationary price increase of Landfill Tax which is set by the Scottish Government	
Waste Contract	3,676	0	102	105	108	110	Estimated inflationary price increase of contract based on Landfill Tax which is set by the Scottish Government	
Invest one-off in parking	0	228	(228)	0	0	0	Preparatory investment to control on-street parking	
Shared Access Paths	350	(350)	0	0	0	0	One-off funding provided in 2018/19 therefore removed in 2019/20.	
Outdoor Community Spaces	0	0	43	98	104	71	Replacement Fund for Outdoor Community Spaces	
Restore grass cutting in cemeteries	4,000	100	(50)	0	0	0	Investment in reinstated specific grass cutting arrangements	
Total Pressures		**494**	**(177)**	**908**	**932**	**917**		**0**

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Energy Efficiency Project	3,256	(103)	(103)	0	0	0	Spend to save investments in a range of energy efficiency measures designed to reduce our Carbon Footprint and make cashable savings	
Review of Street Lighting Energy Efficiency Project (SLEEP) provision	523	(14)	0	0	0	0	Completion of SLEEP project	
Increase the surplus budget of the Fleet Management service	(295)	(22)	0	0	0	0	Bringing Fleet budget in line with historic performance. No service impact expected	
Waste services Kerbside Collection Review	3,896	(200)	(110)	0	0	0	Savings arising from the proposal of a new optimised model of service delivery, including route optimisation, review of working patterns and depot rationalisation. Collections will remain fortnightly for general waste and recycling	(12)
More efficient property and asset portfolio & implementation of Corporate Landlord	18,500	(100)	(250)	(251)	(215)	0	Savings resulting from property rationalisation and implementing the Corporate Landlord model across the Council	

Asset and Infrastructure

Property Management, Estates, Catering, Cleaning, Design, Major Projects, Neighbourhood Services, Infrastructure & Assets, SBc Contracts, Fleet, Pay & Display, Waste Management

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Additional Fees & Charges Income across Assets & Infrastructure	(2,005)	(49)	(49)	(49)	(49)	(49)	Extra income from higher Fees & Charges which have been increased in line with inflation. Possible reductions in demand due to higher prices have been factored into the assumed additional income	
Catering - Health Improving Initiatives	120	(105)	0	0	0	0	Removal of loss-making vending machines across the Council. Removal of juice from school menu and acceleration of legislative change from 2020	
Catering - changes to meals in schools	1,894	(88)	0	0	0	0	Seasonal meal choices within schools and review of purchasing within nutritional values	
Asset & Infrastructure staffing restructures	467	(115)	0	0	0	0	Review of establishment within Asset and Infrastructure	(4)
Capitalise roads expenditure	6,500	(250)	(150)	0	0	0	Fund £250k roads activity through capital rather than revenue	
Property Maintenance Fund	2,497	(150)	0	0	0	0	One-off reduction in property maintenance fund in 2019/20	
Rent & Service Charge Income from third parties for property costs	0	(100)	100	0	0	0	Re-charge of costs for use of SBC property in 2019/20	
Increase income at Aggregates Yard	(201)	(50)	0	0	0	0	Increase income at Aggregates Yard by more Commercial focus	
Review of non-Roads plant and vehicle	3,097	(50)	0	0	0	0	Linked to Fleet Management review	
Waste Services - Operational Efficiencies	8,590	(35)	(140)	0	0	0	Operational efficiencies covering food waste, haulage and landfill	
Waste Services - Food waste contract Inter Authority Agreement	100	(10)	0	0	0	0	Reduction in haulage costs	
Waste - education around recycling	3,676	(200)	0	0	0	0	Reduce landfill costs	
Parks - apply Management Fee to Capital programme	0	(80)	0	0	0	0	In line with the Corporate approach	
Neighbourhoods - Discretionary budgets & Contracted Services	486	(78)	0	0	0	0	Operational efficiencies	
Corporate recruitment process	24,154	(66)	0	0	0	0	Staffing cost efficiencies supported by digital transformation	
Upgrade of CONFIRM	0	(33)	(10)	0	0	0	Operational efficiencies through implementation of new digital solution supporting Digital Customer Access	
Total Savings		**(1,898)**	**(712)**	**(300)**	**(264)**	**(49)**		**(16)**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**28,447**	**27,558**	**28,166**	**28,834**	**29,702**

Economic Development & Corporate

Corporate Policy, Economic Development, Commercial Property Income, Emergency Planning

Capital Investment	3 year operational £'000s	7 year strategic £'000s	TOTAL	Est External Funding	Est. SBC Contribution	Detail
Town Centre Regeneration	291	679	970	0	970	To support the outcome of the Locality/Town review work, including development of new Conservation Areas Regeneration Schemes
Great Tapestry of Scotland - Building	4,529	0	4,529	(1,500)	3,029	Building to house the Great Tapestry of Scotland
Borders Innovation Park	16,525	3,900	20,425	(2,000)	18,425	To support the development of necessary infrastructure to maximise inward investment and the future growth of the Scottish Borders economy
Galashiels Regeneration	613	0	613	0	613	To support the regeneration of Galashiels
Newtown St Boswells Regeneration	30	30	60	0	60	Initial development phase for the village centre regeneration
Eyemouth Regeneration	300	0	300	0	300	To support the regeneration of Eyemouth
Hawick Regeneration Block	2,017	0	2,017	(2,017)	0	To support the regeneration of Hawick
Total Investment	**24,305**	**4,609**	**28,914**	**(5,517)**	**23,397**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	64	535	533	457	381
Permanent Virements	432	0	0	0	0
Revised Base Budget	**496**	**535**	**533**	**457**	**381**

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Manpower adjustments	1,172	49	45	31	31	32	To provide for latest SG pay negotiations at 3%, 3%, 2%, 2%, 2%	
Non-pay inflation	92	2	3	3	3	3	To allow for anticipated inflationary increases	
Corporate Policy Advisor post	0	0	60	0	0	0	New post in 2020/21	1
Shared Service opportunities with Dumfries & Galloway Council - unrealised saving	0	150	0	0	0	0	2018/19 saving no longer deliverable - offset by savings below	
Total Pressures		**201**	**108**	**34**	**34**	**35**		**1**

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Shared Services	819	0	(100)	(100)	(100)	0	To target opportunistic shared service possibilities with partners and other councils	
Commercial Rent income	(1,244)	0	(10)	(10)	(10)	(10)	Inflationary increases to the commercial property charges	
Economic Development	333	(125)	0	0	0	0	Remove the savings delivered during 2018/19 on a permanent basis	
Corporate recruitment process	1,172	(16)	0	0	0	0	Staffing cost efficiencies supported by digital transformation	
Emergency Planning - 0.5 FTE post	42	(21)	0	0	0	0	Remove 0.5 FTE from the SBC establishment (current vacancy).	(0.5)
Total Savings		**(162)**	**(110)**	**(110)**	**(110)**	**(10)**		**(0.5)**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**535**	**533**	**457**	**381**	**406**

Health and Social Care

Child & Adult Protection, Emergency Duty, Business Support, Quality Improvement, Criminal Justice, Safer Communities, Older People, Learning Disability, Mental Health, Physical Disability, Generic

Capital Investment	3 year operational £'000s	7 year strategic £'000s	TOTAL	Est External Funding	Est. SBC Contribution	Detail
Adult Services Facilities Upgrade (Older People)	600	93	693	0	693	Planned Residential Care Home upgrades to enhance and improve facilities for residents
Care Inspectorate Requirements (Older People)	162	421	583	0	583	Residential Care Home works in order to deliver specific recommendations within the Joint Older People's Services Inspection Report
Residential Dementia (Older People)	4,800	0	4,800	0	4,800	Proposed specialist Dementia Residential Facility to deliver a specific Health and Social Care Partnership priority on Dementia
Technology Enables Care	400	600	1,000	0	1,000	Investment in Technology Enabled Care
Extra Care Housing	5,936	0	5,936	(5,936)	0	Investment in Extra Care Housing, initially in Duns and Galashiels
Total Investment	**11,898**	**1,114**	**13,012**	**(5,936)**	**7,076**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	56,692	59,103	60,458	61,659	63,197
Permanent Virements	1,087	0	0	0	0
Revised Base Budget	**57,779**	**59,103**	**60,458**	**61,659**	**63,197**

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Manpower adjustments	8,899	975	882	634	744	682	To provide for latest SG pay negotiations at 3%, 3%, 2%, 2%, 2%	
Non-pay inflation	82	1	1	1	1	1	To allow for anticipated inflationary increases	
SB Cares Contract inflation	16,771	29	29	29	0	0	SB Cares Contract inflation to cover increased utilities costs	
Older People demographic increases	13,344	348	348	348	348	348	Forecast additional cost of increasing numbers of Older People 65-74 and 74+	
Increased young adults with learning / physical disabilities	20,200	250	250	250	250	250	Forecast additional cost of increasing numbers of young adults in transition from Children's to Adult Services	
Assume demographic pressure funded by H&SC Fund	13,344	0	(598)	(598)	(598)	(598)	Funded through the H&SC Fund from 2020/21	
COSLA Residential Care Home Contract (Older People)	8,900	235	235	235	235	310	Increase COSLA Care Home Contract by 2.4% p.a.	
Dementia care services (Older People)	13,344	(534)	0	0	0	0	One-off funding provided in 2018/19 therefore removed in 2019/20	
Extra Care Housing - Dementia Unit Running Costs	1,281	0	0	0	550	550	Costs for ECH Dementia Unit per June 2018 report to Executive	
Extra Care Housing Developments (Duns & Galashiels) - Running costs	1,281	0	0	580	0	0	Net running costs associated with new Extra Care Housing developments at Todlaw, Duns and Langhaugh, Galashiels	
Community Policing	721	(282)	0	0	0	0	One-off funding provided in 2018/19 therefore removed in 2019/20	
Community Action Team (CAT)	721	282	3	(285)	0	0	Reinstatement of CAT funding to support a 3 arrangement from 2018/19 to provide additional Police Officers	7
Additional dementia care (Queens House)	13,344	457	7	7	8	8	Additional dementia beds in Queens House commissioned for 5 years	
Review management arrangements across all Adult social work services	172	60	0	0	0	0	Previous year unrealised financial plan savings	
Review Commissioned Services including SB Cares within Learning Disability Service	11,910	100	0	0	0	0	Previous year unrealised financial plan savings	

Health and Social Care

Child & Adult Protection, Emergency Duty, Business Support, Quality Improvement, Criminal Justice, Safer Communities, Older People, Learning Disability, Mental Health, Physical Disability, Generic

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	
New model for Community Justice	721	0	0	0	0	0	To be funded outwith settlement	
Carers Act extension	0	231	0	0	0	0	As per SG Settlement	
Health & Social Care	7,188	159	0	0	0	0	Increase Social Care Fund base budget to 2018/19 level	
Increase Criminal Justice budget	1,123	10	0	0	0	0	As per grant funding letter	
Health & Social Care	44,137	264	0	0	0	0	As per SG Settlement	
Strata Health System procurement	24,721	58	0	0	0	0	Procurement of full Strata Health System post 6 month 'proof-of-concept' pilot project. Will result in demonstrably more efficient and automated hospital discharge process and a live and dynamic residential and domiciliary care directory. 50% of full cost anticipating 50% NHS contributiuon	
Total Pressures		**2,643**	**1,157**	**1,201**	**1,538**	**1,551**		**7**

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Review of Day Services (Older People and Learning Disability)	3,057	(400)	0	0	0	0	The Re-imagining Day Services Review project is ongoing, a key pillar of the Integration Joint Board (IJB) Integrated Transformation Programme. Following implementation of its recommendations, including new service provision, some existing day centre provision will be decommissioned. This may impact on the current SB Cares General Fund Contribution level and on the current the level of service required from SB Cares. This will not have an impact in Health & Social Care staffing although there may be potential impact for SB cares staff. The Council's HR Policies and Procedures will be utilised to manage and mitigate any staffing changes/reductions	
Undertake a productivity review programme across Adult Social Work services, savings will require investment to commission the review	3,404	(44)	0	0	0	0	This is currently underway across some services in NHS Borders – clinical and non clinical, has identified considerable cashable savings through increased efficiency by productivity. Potential reduction of 2FTE following work study although exact potential is unknown until process review. The Council's HR Policies and Procedures will be utilised to manage and mitigate any staffing changes/reductions	(2)
Return adults with high supported living needs to the Scottish Borders, decommissioning high-tariff out of area placements (Learning Disability) - moved to 2020/21	1,178	0	(52)	0	0	0	Longer-term, requires significant capital and revenue partnership investment, but for the specific clients identified, will provide better outcomes to meet specialist client needs at considerably reduced cost. Potential for unquantified increase in front line staff although options for commissioning the service are being considered	

Health and Social Care

Child & Adult Protection, Emergency Duty, Business Support, Quality Improvement, Criminal Justice, Safer Communities, Older People, Learning Disability, Mental Health, Physical Disability, Generic

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Reduce Direct Payment Prepayment	5,189	(250)	250	0	0	0	Currently direct payments are paid in advance with the initial payment being for 4 weeks. It is proposed to reduce the initial payment to an advance of 2 weeks	
Reassessment of existing care packages	9,789	(100)	0	0	0	0	A reassessment of existing homecare packages for older people and clients with physical disabilities is ongoing and delivering savings in 2018/19. The full year impact of these saving is expected to be at least £100k	
Corporate recruitment process	8,899	(45)	0	0	0	0	Staffing cost efficiencies supported by digital transformation	
Roll-out of Hospital to Home initiative in all localities	9,789	(480)	0	0	0	0	At the August IJB Board meeting agreement was given to roll-out the Hospital to Home initiative in all localities following a successful pilot in Teviot and Berwickshire. Funding of £985k was directed from the Integrated Care Fund to finance the project (NHS staff) with the projected saving being reduced homecare delivered through a programme of enablement and reduced occupied bed days in NHS Borders (both at the BGH and Community hospitals)	
Total Savings		**(1,319)**	**198**	**0**	**0**	**0**		**(2)**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**59,103**	**60,458**	**61,659**	**63,197**	**64,748**

Children & Young People

Early Years, Primary Schools, Secondary Schools, Additional Support Needs, Children & Families Social Work, Educational Psychology, Central Schools, School Meals, Transport, Community Learning & Development (CLD)

Capital Investment	3 year operational £'000s	7 year strategic £'000s	TOTAL	Est External Funding	Est. SBC Contribution	Detail
Jedburgh Learning Campus	667	0	667	0	667	A new 3-18 learning campus in Jedburgh replacing 2 Primary Schools and the High School. The capital budget provision is primarily for project management, incidentals and the new 3G synthetic pitch provision
Eyemouth Primary School	15,600	400	16,000	0	16,000	Projected construction costs of new Primary School at Eyemouth
Earlston Primary School	450	8,550	9,000	0	9,000	Projected construction costs of new Primary School at Earlston
Gala Academy - Capital contribution - assumes a revenue funded model	1,000	2,000	3,000	0	3,000	Projected costs of preliminary Capital works. Assumes SG fully fund construction costs
Early Years expansion	2,800	0	2,800	(2,800)	0	SG-funded Capital requirement to fund next stage of ELC expansion to 1140 hours
Hawick High School	0	3,000	3,000	0	3,000	Projected costs of preliminary Capital works. Assumes SG fully fund construction costs
School Estate Block	5,667	13,734	19,401	(1,000)	18,401	Programme of works across the school estate to ensure compliance with a range of legislation in relation to health and safety, care inspectorate, environmental health and Insurers and to enable improvement of safety in schools
1 new/refurbished Primary Schools	0	9,000	9,000	0	9,000	Ambitious large scale project to significantly improve the school estate to match current and future demand
Planned Programming Adjustments for 3rd primary school	3,991	(3,991)	0	0	0	Reflects timing movements required to rephase funding to support primary school investment proposals
Total Investment	**30,175**	**32,693**	**62,868**	**(3,800)**	**59,068**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	114,568	125,049	127,386	129,451	132,280
Permanent Virements	(767)	0	0	0	0
Revised Base Budget	**113,801**	**125,049**	**127,386**	**129,451**	**132,280**

Children & Young People

Early Years, Primary Schools, Secondary Schools, Additional Support Needs, Children & Families Social Work, Educational Psychology, Central Schools, School Meals, Transport, Community Learning & Development (CLD)

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact Est
Manpower adjustments	73,696	3,746	2,413	1,657	1,691	1,725	To provide for latest SG pay negotiations at 3%, 3%, 2%, 2%, 2%	
Increased pension costs		2,151	0	0	0	0	Assumed increase as per SG guidance from 17.2% to 22.4%	
Non-pay inflation	6,173	199	244	194	198	204	To allow for anticipated inflationary increases	
Unitary Charge Public-Private Partnership (PPP) Schools	8,898	222	228	234	240	247	This is the contractual inflationary increase required for the 3 High Schools built with PPP funding. RPI rate of 3.2%.	
Jedburgh funding charges	0	0	975	0	0	0	The new multi-generational Jedburgh campus is being funded by a combination of SBC capital funding / Scottish Government grant & revenue funding. This pressure relates to the revenue funding element only	
Jedburgh lifecycle maintenance	0	0	300	0	0	0	This is a provision for maintaining the new multi-generational Jedburgh campus in an as new condition through a planned cycle of regular repair and maintenance and equipment replacement	
Jedburgh increased Facilities Management (FM) charges	0	0	160	0	0	0	This pressure relates to increased revenue costs related to the new multi-generational Jedburgh campus (mainly Non Domestic Rates, Utilities and Cleaning)	
Pupil Equity Fund	1,841	(87)	(1,754)	0	0	0	Pupil Equity Fund in 2019/20 of £1.754m is based on free school meal entitlement. This is fully funded by Scottish Government and assumed to continue to 2020/21 where it is being removed from the budget. The Pupil Equity Fund is allocated directly to schools and targeted at closing the poverty related attainment gap. The funding is spent at the direction of Head teachers working in partnership with each other and the local authority	
Additional Support Needs Residential Placements and Respite Care	500	(500)	0	0	0	0	One-off funding provided in 2018/19 therefore removed in 2019/20	
Children & Young People Prevention, Intervention and Innovation	500	(500)	0	0	0	0	One-off funding provided in 2018/19 therefore removed in 2019/20	
Mental health support provision	217	150	0	0	0	0	1 FTE in each Secondary School per existing contract	9
Access to Youth opportunities	200	(100)	0	0	0	0	Create a £100k permanent budget allocation for youth opportunities	
Early Learning & Childcare expansion	6,689	6,398	0	0	0	0	Specific grant as per Settlement	65
School Clothing Grant	215	75	0	0	0	0	As per SG settlement	
Reinstate Librarians in all secondary schools	0	257	0	0	0	0	Reinstatement of previous efficiency saving	
Invest in ASN/CPD provision	10,505	100	0	0	0	0	Additional investment in ASN/ SEN and CPD provision in schools	
New Gala High School	0	0	0	0	420	210	Pro-rata based on Kelso campus costs assuming new school is fully SG funded	
Additional New Schools NDR, Utilities, Cleaning Pressure	793	360	0	0	180	90	Additional budget required to fund costs in new schools	
Foster, Kinship and Through Care Fees and Allowances Uplift	1,488	74	49	50	51	52	3% increase in 19/20, 2% thereafter	
Digital Learning Transformation	0	80	44	82	82	(233)	Current estimated additional annual revenue cost / of implementing Digital Learning Transformation Programme P6-S6	
Total Pressures		**12,625**	**2,659**	**2,217**	**2,862**	**2,295**		**74**

Children & Young People

Early Years, Primary Schools, Secondary Schools, Additional Support Needs, Children & Families Social Work, Educational Psychology, Central Schools, School Meals, Transport, Community Learning & Development (CLD)

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact Est
Allocation of management and support costs to Early Years expansion	6,689	(320)	0	0	0	0	Equates to 5% allocation of support costs to expansion programme. FTE will increase annually in line with this expansion.	
Children & Families Social Work – reduce external placements	5,670	(400)	0	0	0	0	A further reduction in the budget for External Placements	
School Estate Review - delayed by 1 year	0	0	(289)	(146)	0	0	Rationalisation of School Estate. No formal plan to close mothballed schools currently in place. School Estate plan to be redeveloped and implemented with effect from 2020/21	
Additional Support Needs: Budget reduced in line with current business need	10,505	(309)	0	0	0	0	Permanent transfer of unrequired non-staffing budget with no impact on FTE.	
Initial redesign of Early Years central management & support	6,689	(72)	0	0	0	0	Targeted efficiencies from redesigning the support functions to the Early Years expansion programme	
Historic GIRFEC resource now mainstreamed	100	(100)	0	0	0	0	Historic funding allocation for GIRFEC. Over a number of years the specific budget has been reduced as GIRFEC was mainstreamed. Now propose to fully mainstream within existing budgets and therefore residual budget can be removed	
Corporate recruitment process	73,696	(138)	0	0	0	0	Staffing cost efficiencies supported by digital transformation	
Increased Fees & Charges - School Meals 2019/20, 2020/21 and 2022/23), and general inflationary increase in Out of School Care	574	(38)	(33)	(6)	(33)	(6)	Forecast fees & charges increase to be agreed. (10p increase on price of a school meal in each of 2019/20, 2020/21 and 2022/23) and inflationary increase in OOSC	
Total Savings		**(1,377)**	**(322)**	**(152)**	**(33)**	**(6)**		**0**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**125,049**	**127,386**	**129,451**	**132,280**	**134,569**

Customer & Communities

Business Support, Business Planning Performance & Policy Development, Community Planning & Engagement, Communities Fund, Customer Advice & Support, Democratic Services, Business Change & Programme Management, Discretionary Housing Payments, Housing Benefits, Non Domestic Rates Relief, Scottish Welfare Fund

Capital Investment	3 year operational £'000s	7 year strategic £'000s	TOTAL	Est External Funding	Est. SBC Contribution	Detail
n/a	0	0	0	0	0	
Total Investment	**0**	**0**	**0**	**0**	**0**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	19,827	19,176	19,312	19,631	20,046
Permanent Virements	(2,340)	0	0	0	0
Revised Base Budget	**17,487**	**19,176**	**19,312**	**19,631**	**20,046**

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Manpower adjustments	12,603	499	447	307	313	319	To provide for latest SG pay negotiations at 3%, 3%, 2%, 2%, 2%	
Non-pay inflation	564	9	9	10	10	10	To allow for anticipated inflationary increases	
Localities Bid Fund (LBF)	250	(132)	(22)	0	0	0	Reduce Localities Bid Fund (LBF) leaving £118k permanent LBF funding plus carry forward from previous years	
Contract Inflation	228	0	2	2	2	2	To allow for small inflationary increases to external contracts	
Local Government election	21	0	0	0	90	0	Adjustment of budget required to run local government elections every 5 years	
Review commissioning arrangements (Grants) - unrealised saving	0	200	0	0	0	0	Issues with delivery in 2018/19 requires this proposal to be built back into the base budget	
Rapid Rehousing funded by SG	0	35	0	0	0	0	Provided as part of Scottish Government Settlement	
Corporate - Digital Transformation - unrealised saving	(1,765)	1,765	0	0	0	0	Corporate delays in the delivery of Digital Transformation savings requires this proposal to be built back into the base budget. Service proposals on Digital Transformation are included under specific Service Directorates.	
Men's Shed Co-ordinator	30	(30)	0	0		0	One-off funding provided in 2018/19 therefore removed in 2019/20.	
Locality Public Nuisance Funding	50	(50)	0	0		0	One-off funding provided in 2018/19 therefore removed in 2019/20.	
Total Pressures		**2,296**	**436**	**319**	**415**	**331**		**0**

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Review of Exemptions & Discounts	(59,977)	(50)	0	0	0	0	Review of existing Council Tax exemptions and discounts to ensure entitlement	
Integrated Customer Services Model	228	11	0	0	0	0	Reinstate 2018/19 saving and proposed 2019/20 saving	
Housing Benefits overpayment	(239)	0	25	0	0	0	This was a temporary increase to income which will reduce by 2020/21	
Centralise stationery and take 10% saving	132	(15)	0	0	0	0	Around £150k is spent corporately on stationery each year. In line with Digital Transformation advances, this budget can be reduced	
Fees & Charges	(242)	(25)	(25)	0	0	0	Extra income from higher Fees & Charges which have been increased in line with inflation	
Reduce grants to communities	0	0	(200)	0	0	0	Reinstate 2018/19 proposal in 2020/21	
Reduce Council Tax Reduction Scheme (CTRS)	5,507	(200)	0	0	0	0	This proposed reduction is in line with current forecasts in 2018/19	
Digital Customer Access (DCA) savings	0	(160)	(100)	0	0	0	Savings as a result of transformational change in the organisation enabled through digital investment. This will, in line with the property rationalisation programme, mean that we offer customer facing arrangements from consolidated sites. 7 FTE in 2019/20 is a very approx number and actual FTE reduction will depend on grade mix. The full detail and grade mix will be unknown until proposals and recommendations for the operating model are agreed. The service will try to manage the reduction in FTE through natural attrition and the use of temporary contracts where possible. Any actual staff impact will be managed through the appropriate HR policies and procedures	(7)
Corporate recruitment process	12,603	(130)	0	0	0	0	Staffing cost efficiencies supported by digital transformation	
Reduce subscriptions budget across the Council by a further 10%	327	(38)	0	0	0	0	Current forecast spend in 2018/19 on subscriptions, allows opportunities for delivering an efficiency saving	
Total Savings		**(607)**	**(300)**	**0**	**0**	**0**		**(7)**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**19,176**	**19,312**	**19,631**	**20,046**	**20,377**

Finance, IT and Procurement

Chief Executive, Corporate Finance, Financial Services, Information Technology, Capital Financed from Current Revenue , Interest on Revenue Balances, Loan Charges, Provision for Bad Debts, Recharge to Non-General Fund

Capital Investment	3 year operational £'000s	7 year strategic £'000s	TOTAL	Est External Funding	Est. SBC Contribution	Detail
ICT - Out with existing contract Scope	240	560	800	0	800	IT works outwith the scope of the CGI contract
ICT Transformation	1,614	3,289	4,903	0	4,903	IT replacements, upgrades and transformation across the Council
Digital Learning Transformation	3,110	7,558	10,668	0	10,668	Capital investment to deliver Digital Learning transformation
Emergency & Unplanned	900	2,100	3,000	0	3,000	Budget to deliver emergency works in year
Total Investment	**5,864**	**13,507**	**19,371**	**0**	**19,371**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	35,644	34,003	34,666	35,178	35,691
Permanent Virements	(325)	0	0	0	0
Revised Base Budget	**35,319**	**34,003**	**34,666**	**35,178**	**35,691**

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Manpower adjustments	2,939	260	75	72	73	75	To provide for latest SG pay negotiations at 3%, 3%, 2%, 2%, 2%	
Non-pay inflation	23	0	28	32	32	33	To allow for anticipated inflationary increases	
Water Rates Valuation	484	109	56	0	0	0	To allow for anticipated increases from water revaluation	
Whole System Approach	0	25	0	0	0	0	Per SG settlement	
IT Contract Inflation	6,806	(97)	(97)	0	0	0	Inflation and changes to funding assumptions	
IT costs per previously agreed contract	6,806	(963)	166	(23)	0	0	ICT contract including initial transformation spend	
Digital Customer Access (DCA)	0	0	55	0	0	0	Costs associated with delivering the DCA project	
Loans Charges to provide for capital	20,193	(132)	523	431	408	345	Revenue cost of capital borrowing for new projects	
NHS Borders IT disaster recovery - unrealised saving	(15)	15	0	0	0	0	Further investigation confirmed NHS have made alternative arrangements therefore this saving requires to be built back into base	
Total Pressures		**(783)**	**806**	**512**	**513**	**453**		**0**

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Procurement savings across all departments	34,612	(143)	(143)	0	0	0	Ongoing efficiencies through Procurement activity	
Self insurance approach	1,379	(150)	0	0	0	0	Alternative approach to move to self insurance model. May involve higher policy excess. Saving subject to retender	
Corporate recruitment process	2,939	(40)	0	0	0	0	Staffing cost efficiencies supported by digital transformation	
Loans charges	20,193	(200)	0	0	0	0	Pending external review of current loan arrangements	
Total Savings		**(533)**	**(143)**	**0**	**0**	**0**		**0**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**34,003**	**34,666**	**35,178**	**35,691**	**36,144**

Human Resources

Human Resources, HR Shared Services, Early Retirement/Voluntary Severance, Communications & Marketing, Corporate Transformation

Capital Investment	3 year operational £'000s	7 year strategic £'000s	TOTAL	Est External Funding	Est. SBC Contribution	Detail
n/a	0	0	0	0	0	
Total Investment	**0**	**0**	**0**	**0**	**0**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	2,998	5,278	5,571	5,634	5,698
Permanent Virements	1,833	0	0	0	0
Revised Base Budget	**4,831**	**5,278**	**5,571**	**5,634**	**5,698**

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Manpower adjustments	2,699	103	92	63	64	65	To provide for latest SG pay negotiations at 3%, 3%, 2%, 2%, 2%	
Transformational Change support	500	(250)	250	0	0	0	To support the Fit for 2024 transformational change programme across the organisation, permanent £500k budget from 2020/21	4
Organisational Efficiencies - unrealised saving	(594)	594	0	0	0	0	Previous year unrealised financial plan savings	
Changes to working practices - unrealised saving	(384)	384	0	0	0	0	Previous year unrealised financial plan savings	
Total Pressures		**831**	**342**	**63**	**64**	**65**		**4**

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Additional Voluntary Contributions (AVCs)	0	(15)	(5)	0	0	0	Introduction of an enhanced AVC provision that will provide NI and tax savings for participants and the Council	
Remove grade 5 post through ERP development	24	(24)	0	0	0	0	The roll out of the ERP system will result in a requirement for less administration. The Council's HR Policies and Procedures will be utilised to manage and mitigate any staffing changes/reductions	(1)
Extension of pool cars	814	(250)	(44)	0	0	0	Increase in number of pool vehicles	
Corporate recruitment process	2,699	(35)	0	0	0	0	Staffing cost efficiencies supported by digital transformation	
Centralise training budget and take efficiency	577	(50)	0	0	0	0	Management buy-in required across the Council	
Centralise conferences budget and take efficiency	61	(10)	0	0	0	0	Targeted efficiency	
Total Savings		**(384)**	**(49)**	**0**	**0**	**0**		**(1)**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**5,278**	**5,571**	**5,634**	**5,698**	**5,763**

Regulatory Services

Planning, Assessors, Passenger Transport, Audit and Risk, Legal, Protective Services, Housing Strategy

Capital Investment	3 year £'000s	7 year £'000s	TOTAL	Est External Funding	Est. SBC Contributio	Detail
Private Sector Housing Grant	1,350	3,450	4,800	0	4,800	Grant funding to assist the provision of major adaptations to Private Sector housing following a needs and priority assessment by Social Work
Total Investment	**1,350**	**3,450**	**4,800**	**0**	**4,800**	

Revenue Opening Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget (approved 20 February 2018)	7,650	7,044	7,088	7,196	7,348
Permanent Virements	(553)	0	0	0	0
Revised Base Budget	**7,097**	**7,044**	**7,088**	**7,196**	**7,348**

Budget Pressures	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Manpower adjustments	7,890	307	273	188	192	196	To provide for latest SG pay negotiations at 3%, 3%, 2%, 2%, 2%	
Non-pay inflation	304	8	6	5	5	5	To allow for anticipated inflationary increases	
Contract Inflation	229	2	2	2	2	2	To allow for small inflationary increases to external contracts	
Galashiels Transport Interchange (TI)	(54)	(10)	(10)	0	0	0	Reduced revenue pressure from Gala TI due to higher income	
Assessors - reduction in canvasser numbers - unrealised savings	(14)	14	0	0	0	0	Previous year unrealised financial plan savings	
Assessors - bulk printing savings - unrealised savings	(10)	10	0	0	0	0	Previous year unrealised financial plan savings	
Provision of an Animal Feed Service for other Local Authorities - unrealised savings	(30)	30	0	0	0	0	Previous year unrealised financial plan savings	
Total Pressures		**361**	**271**	**195**	**199**	**203**		**0**

Regulatory Services

Planning, Assessors, Passenger Transport, Audit and Risk, Legal, Protective Services, Housing Strategy

Savings Proposals	Base Budget £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Detail	FTE Impact est
Planning Fee Income	(1,081)	(30)	(30)	(40)	0	0	Additional Planning Fee Income based on a forecast increase in applications	
South East Scotland Planning Authority (SESPlan) Payment Holiday	15	(15)	50	0	0	0	Further one year saving from reduced SESPlan contribution. No service impact expected	
Regulated Bus Fares	(2,137)	(40)	(40)	(40)	(40)	0	Extra income from higher fares in line with inflation. Higher cost of bus travel in The Borders.	
Additional Fees & Charges Income across Regulatory Services	(518)	(24)	(7)	(7)	(7)	(7)	Extra income from higher Fees & Charges which have been increased in line with inflation. Including additional income from Pre-Planning advice, where the income from this new service has been better than originally predicted.	
Legal Services - Staffing	1,006	(20)	0	0	0	0	Removal of vacant post	(1)
Balance sheet review	0	(50)	50	0	0	0	One off saving as a result of a balance sheet review	
Planning - Discretionary Budgets	340	(20)	0	0	0	0	Reduction in discretionary budgets across the service.	
Passenger Transport: Transport Interchange	214	(65)	0	0	0	0	Review of associated maintenance costs and current staffing levels	(0.5)
Reduce bus subsidies	1,599	0	(250)	0	0	0	Review of existing subsidised services and/or provision of alternative models	
Corporate recruitment process	7,890	(90)	0	0	0	0	Staffing cost efficiencies supported by digital transformation	
Protective Services - Discretionary Budgets	65	(20)	0	0	0	0	Reduction in hired and contracted budget lines	
Protective Services - Staffing	1,634	(40)	0	0	0	0	Removal of two part time vacant posts	(1)
Total Savings		**(414)**	**(227)**	**(87)**	**(47)**	**(7)**		**(2.5)**

Revenue Closing Position	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s
Base Budget 2019/20	**7,044**	**7,088**	**7,196**	**7,348**	**7,544**

Scottish Borders Council
Draft Capital Investment Plan 2019/20 to 2028/29
Capital Investment Proposals

	CAPITAL INVESTMENT PROPOSALS	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total Operational Plan	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total Strategic Plan	Total £'000	Specific Project Funding	Net cost to SBC Capital
	Plant & Vehicle Fund															
	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	**14,000**	**20,000**	(20,000)	**0**
	Waste Collection Vehicles - Non P&V Fund															
	Waste Collection Vehicles - Non P&V Fund	300	0	0	**300**	0	300	300	0	0	0	300	**900**	**1,200**	(1,200)	**0**
	Flood & Coastal Protection															
Block	Flood Studies	365	350	350	**1,065**	350	350	350	350	350	350	350	**2,450**	**3,515**	(3,515)	**0**
Block	General Flood Protection Block	398	183	183	**764**	183	183	183	183	183	183	183	**1,281**	**2,045**	0	**2,045**
	Hawick Flood Protection	3,485	18,803	19,571	**41,859**	10,196	215	165	0	0	0	0	**10,576**	**52,435**	(43,039)	**9,396**
	Land and Property Infrastructure															
Block	Asset Rationalisation & Demolition	2,320	750	750	**3,820**	0	0	0	0	0	0	0	**0**	**3,820**	0	**3,820**
	Cemetery Land Acquisition & Development	250	250	0	**500**	0	0	0	0	0	0	0	**0**	**500**	0	**500**
	Jedburgh High Street building	522	879	11	**1,412**	0	0	0	0	0	0	0	**0**	**1,412**	(405)	**1,007**
Block	Building Upgrades	707	707	707	**2,121**	745	745	745	745	745	745	745	**5,215**	**7,336**	0	**7,336**
Block	Cleaning Equipment Replacement Block	50	50	50	**150**	50	50	50	50	50	50	50	**350**	**500**	0	**500**
Block	Commercial Property Upgrades	50	50	50	**150**	50	50	50	50	50	50	50	**350**	**500**	0	**500**
Block	Contaminated Land Block	52	52	52	**156**	52	52	52	52	52	52	52	**364**	**520**	0	**520**
	Energy Efficiency Works	1,045	1,045	1,045	**3,135**	1,045	1,045	1,045	1,045	1,045	1,045	1,045	**7,315**	**10,450**	0	**10,450**
Block	Health and Safety Works	807	807	807	**2,421**	807	807	807	807	807	807	806	**5,648**	**8,069**	0	**8,069**
Block	Play Areas & Outdoor Community Spaces	867	1,047	229	**2,143**	0	0	0	0	0	0	0	**0**	**2,143**	(208)	**1,935**
	Road & Transport Infrastructure															
	A72 Dirtpot Corner - Road Safety Works	120	0	0	**120**	0	0	0	0	0	0	0	**0**	**120**	0	**120**
Block	Accident Investigation Prevention Schemes Block	50	50	50	**150**	50	50	50	50	50	50	50	**350**	**500**	0	**500**
Block	Cycling Walking & Safer Streets	188	199	211	**598**	221	232	244	247	247	247	247	**1,685**	**2,283**	(2,283)	**0**
	Engineering Minor Works	14	0	0	**14**	0	0	0	0	0	0	0	**0**	**14**	(14)	**0**
	Galashiels Developments	200	0	0	**200**	0	0	0	0	0	0	0	**0**	**200**	0	**200**
Block	Lighting Asset Management Plan	290	194	194	**678**	194	194	194	194	194	194	194	**1,358**	**2,036**	0	**2,036**
	Peebles Bridge	0	0	0	**0**	0	0	0	0	0	0	420	**420**	**420**	0	**420**
	Reston Station Contribution	0	0	0	**0**	0	0	1,740	0	0	0	0	**1,740**	**1,740**	(100)	**1,640**
Block	Roads & Bridges -inc. RAMP, Winter Damage & Slopes	6,670	7,660	7,660	**21,990**	11,615	10,160	6,592	7,364	7,410	7,410	7,410	**57,961**	**79,951**	0	**79,951**
	Additional Roads investment	500	0	0	**500**	0	0	0	0	0	0	0	**0**	**500**	0	**500**
	Multi-use paths	200	0	0	**200**	0	0	0	0	0	0	0	**0**	**200**	0	**200**
	Street Lighting Energy Efficiency Project	435	70	0	**505**	0	0	0	0	0	0	0	**0**	**505**	0	**505**
	Union Chain Bridge	403	260	0	**663**	0	0	0	0	0	0	0	**0**	**663**	0	**663**

Scottish Borders Council
Draft Capital Investment Plan 2019/20 to 2028/29
Capital Investment Proposals

	CAPITAL INVESTMENT PROPOSALS	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total Operational Plan	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total Strategic Plan	Total £'000	Specific Project Funding	Net cost to SBC Capital
	Waste Management															
	CRC - Bulky Waste Adjustments	255	0	0	**255**	0	0	0	0	0	0	0	**0**	**255**	0	**255**
Block	CRC - Improved Skip Infrastructure	146	0	0	**146**	0	0	0	0	0	0	0	**0**	**146**	0	**146**
	Easter Langlee Cell Provision	550	110	0	**660**	0	0	0	0	0	0	0	**0**	**660**	0	**660**
	Easter Langlee Leachate Management Facility	377	42	0	**419**	0	0	0	0	0	0	0	**0**	**419**	0	**419**
	New Easter Langlee Waste Transfer Station	389	0	0	**389**	0	0	0	0	0	0	0	**0**	**389**	0	**389**
	Waste Containers	48	48	50	**146**	50	51	53	53	54	54	54	**369**	**515**	0	**515**
	Corporate															
Block	ICT - Outwith CGI Scope	80	80	80	**240**	80	80	80	80	80	80	80	**560**	**800**	0	**800**
	ICT Transformation	449	566	599	**1,614**	468	526	381	336	526	526	526	**3,289**	**4,903**		**4,903**
	Digital Learning Transformation	0	1,037	2,073	**3,110**	2,073	1,210	914	1,172	627	933	629	**7,558**	**10,668**		**10,668**
	School Estate															
	Eyemouth Primary School	800	7,400	7,400	**15,600**	400	0	0	0	0	0	0	**400**	**16,000**	0	**16,000**
	Earlston Primary School	0	0	450	**450**	4,162	4,163	225	0	0	0	0	**8,550**	**9,000**	0	**9,000**
	Gala Academy - Capital contribution (assumes a revenue funded model)	100	500	400	**1,000**	2,000	0	0	0	0	0	0	**2,000**	**3,000**	0	**3,000**
	Early Years expansion	2,800			**2,800**							0	**0**	**2,800**	(2,800)	**0**
	Jedburgh Learning Campus incorporating 3G Pitch	667	0	0	**667**	0	0	0	0		0	0	**0**	**667**	0	**667**
Block	School Estate Block	1,889	1,889	1,889	**5,667**	2,400	2,400	2,390	2,356	2,390	1,697	101	**13,734**	**19,401**	(1,000)	**18,401**
	1 new/refurbished Primary Schools	0	0	0	**0**	0	0	450	4,162	4,163	225	0	**9,000**	**9,000**		**9,000**
	Hawick High School	0	0	0	**0**	0	0	0	0	100	500	2,400	**3,000**	**3,000**		**3,000**
	School Estate Review	0	0	0	**0**	0	0	0	0	0	0	0	**0**	**0**	0	**0**
	Sports Infrastructure															
Block	Culture & Sports Trusts - Plant & Services	281	281	281	**843**	281	281	281	281	281	281	281	**1,967**	**2,810**	0	**2,810**
	Jedburgh 3G Synthetic Pitch	0	0	0	**0**	0	0	0	0	0	0	0	**0**	**0**	0	**0**
	Synthetic Pitch Replacement Fund	376	0	153	**529**	358	369	380	1,792	473	473	473	**4,318**	**4,847**	(4,175)	**672**
	Melrose 3G pitch	0	0	0	**0**	0	0	0	0	0	0	0	**0**	**0**		**0**
	Culture & Heritage															
	Jim Clark Museum	5	0	0	**5**	0	0	0	0	0	0	0	**0**	**5**	0	**5**
Block	Public Halls Upgrades	0	208	99	**307**	0	0	0	0	0	0	0	**0**	**307**	0	**307**
	Sir Walter Scott Courthouse - Phase 2	0	460	2,488	**2,948**	932	0	0	0	0	0	0	**932**	**3,880**	(2,000)	**1,880**
	Trimontium, Melrose	0	60	0	**60**	0	0	0	0	0	0	0	**0**	**60**	0	**60**

Scottish Borders Council
Draft Capital Investment Plan 2019/20 to 2028/29
Capital Investment Proposals

	CAPITAL INVESTMENT PROPOSALS	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total Operational Plan	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total Strategic Plan	Total £'000	Specific Project Funding	Net cost to SBC Capital
	Economic Regeneration															
	Great Tapestry of Scotland - Building	4,479	50	0	**4,529**	0	0	0	0	0	0	0	**0**	**4,529**	(1,500)	**3,029**
Block	Borders Town Centre Regeneration Block	97	97	97	**291**	97	97	97	97	97	97	97	**679**	**970**	0	**970**
	Borders Innovation Park	5,425	6,991	4,109	**16,525**	1,950	1,950	0	0	0	0	0	**3,900**	**20,425**	(2,000)	**18,425**
	Newtown St Boswells Regeneration	10	10	10	**30**	10	10	10	0	0	0	0	**30**	**60**	0	**60**
	Eyemouth Regeneration	100	100	100	**300**	0	0	0	0	0	0	0	**0**	**300**	0	**300**
	Hawick Regeneration Block	2,017	0	0	**2,017**	0	0	0	0	0	0	0	**0**	**2,017**	(2,017)	**0**
	Galashiels Town Centre Regeneration	613	0	0	**613**	0	0	0	0	0	0	0	**0**	**613**	0	**613**
	Housing Strategy & Services															
	Private Sector Housing Grant - Adaptations	450	450	450	**1,350**	450	500	500	500	500	500	500	**3,450**	**4,800**	0	**4,800**
	Social Care Infrastructure															
Block	Adult Services Facilities Upgrades	200	200	200	**600**	59	34	0	0	0	0	0	**93**	**693**	0	**693**
Block	Care Inspectorate Requirements & Upgrades	53	54	55	**162**	57	58	59	61	62	62	62	**421**	**583**	0	**583**
NEW	Residential Dementia Care	500	3,800	500	**4,800**	0	0	0	0	0	0	0	**0**	**4,800**	0	**4,800**
	Extra Care Housing:				**0**							0	**0**	**0**	0	**0**
	Todlaw, Duns	1,090	0	0	**1,090**	0	0	0	0	0	0	0	**0**	**1,090**	(1,090)	**0**
	Langhaugh, Gala	1,800	0	0	**1,800**	0	0	0	0	0	0	0	**0**	**1,800**	(1,800)	**0**
	Stirches, Kelso, Eyemouth, Peebles, Waverley		1,523	1,523	**3,046**							0	**0**	**3,046**	(3,046)	**0**
	Technology Enabled Care	100	100	200	**400**	200	200	200	0	0	0	0	**600**	**1,000**	0	**1,000**
	Other															
	Emergency & Unplanned	300	300	300	**900**	300	300	300	300	300	300	300	**2,100**	**3,000**	0	**3,000**
	Planned Programming Adjustments for School Estate	4,490	137	(636)	**3,991**	627	2,810	452	(4,074)	(3,758)	(137)	89	**(3,991)**	**0**	0	**0**
	Total	**53,224**	**61,899**	**56,790**	**171,913**	**44,512**	**31,472**	**21,339**	**20,253**	**19,078**	**18,774**	**19,494**	**174,922**	**346,835**	**(92,192)**	**254,643**

Scottish Borders Council
Draft Capital Investment Plan 2019/20 to 2028/29
Capital Funding Proposals

CAPITAL FUNDING	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total Operational Plan	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total Strategic Plan	Total £000
Specific Grants from Scottish Government													
Hawick Flood Protection	(2,718)	(13,789)	(14,830)	**(31,337)**	(7,745)	(172)	(132)	0	0	0	0	**(8,049)**	**(39,386)**
Flood Studies	(365)	(350)	(350)	**(1,065)**	(350)	(350)	(350)	(350)	(350)	(350)	(350)	**(2,450)**	**(3,515)**
Cycling Walking & Safer Streets	(188)	(199)	(211)	**(598)**	(221)	(232)	(244)	(247)	(247)	(247)	(247)	**(1,685)**	**(2,283)**
Early Years Expansion	(2,800)	0	0	**(2,800)**	0	0	0	0	0	0	0	**0**	**(2,800)**
Hawick Regeneration	(2,017)	0	0	**(2,017)**	0	0	0	0	0	0	0	**0**	**(2,017)**
Other External Grants & Contributions													
Hawick Flood Protection	(118)	(1,767)	(1,253)	**(3,138)**	(515)	0	0	0	0	0	0	**(515)**	**(3,653)**
Sir Walter Scott Courthouse - Phase 2	0	(460)	(1,540)	**(2,000)**	0	0	0	0	0	0	0	**0**	**(2,000)**
Great Tapestry of Scotland - Building	(1,500)	0	0	**(1,500)**	0	0	0	0	0	0	0	**0**	**(1,500)**
Borders Innovation Park	(1,000)	(1,000)	0	**(2,000)**	0	0	0	0	0	0	0	**0**	**(2,000)**
Outdoor Community Spaces	0	0	(133)	**(133)**	0	0	0	0	0	0	0	**0**	**(133)**
2nd Homes Council Tax - Extra Care Housing	(2,890)	(3,046)	0	**(5,936)**	0	0	0	0	0	0	0	**0**	**(5,936)**
Jedburgh Building	0	(405)	0	**(405)**	0	0	0	0	0	0	0	**0**	**(405)**
Development Contributions													
Reston Station Contribution	0	0	0	**0**	0	0	(100)	0	0	0	0	**(100)**	**(100)**
School Estate Block	(100)	(100)	(100)	**(300)**	(100)	(100)	(100)	(100)	(100)	(100)	(100)	**(700)**	**(1,000)**
Engineering Minor Works	(14)	0	0	**(14)**	0	0	0	0	0	0	0	**0**	**(14)**
Outdoor Community Spaces	(53)	(15)	(7)	**(75)**	0	0	0	0	0	0	0	**0**	**(75)**
Capital Receipts	(1,827)	(2,440)	(300)	**(4,567)**	(400)	0	0	0	0	0	0	**(400)**	**(4,967)**
General Capital Grant	(16,765)	(15,400)	(15,400)	**(47,565)**	(15,400)	(15,400)	(15,400)	(15,400)	(15,400)	(15,400)	(15,400)	**(107,800)**	**(155,365)**
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)	**(14,000)**	**(20,000)**
Synthetic Pitch Replacement Fund	(364)	0	(153)	**(517)**	(358)	(369)	(380)	(1,132)	(473)	(473)	(473)	**(3,658)**	**(4,175)**

Scottish Borders Council
Draft Capital Investment Plan 2019/20 to 2028/29
Capital Funding Proposals

CAPITAL FUNDING	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total Operational Plan	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total Strategic Plan	Total £000
Borrowing													
- General	(18,205)	(20,928)	(20,513)	**(59,646)**	(17,423)	(12,549)	(2,333)	(1,024)	(508)	(204)	(624)	**(34,665)**	**(94,311)**
Waste Collection Vehicles - Non P&V Fund	(300)	0	0	**(300)**	0	(300)	(300)	0	0	0	(300)	**(900)**	**(1,200)**
Total	**(53,224)**	**(61,899)**	**(56,790)**	**(171,913)**	**(44,512)**	**(31,472)**	**(21,339)**	**(20,253)**	**(19,078)**	**(18,774)**	**(19,494)**	**(174,922)**	**(346,835)**

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