Public Document Pack

SCOTTISH BORDERS COUNCIL
TUESDAY, 22 FEBRUARY, 2022

A MEETING of the SCOTTISH BORDERS COUNCIL will be held VIA MS TEAMS on TUESDAY,

22 FEBRUARY, 2022 at 10.00 AM

J. J. WILKINSON,
Clerk to the Council,
15 February 2022

BUSINESS		
1.	**Convener's Remarks.**	
2.	**Apologies for Absence.**	
3.	**Order of Business.**	
4.	**Declarations of Interest.**	
5.	**Community Choices - Participatory Budgeting** (Pages 3 - 20) Consider report by Director Resilient Communities. (Copy attached.)	10 mins
6.	**Scottish Borders Council Plan 2022-2023** (Pages 21 - 42) Consider report by Chief Executive. (Copy attached.)	15 mins
7.	**Updated Financial Regulations** (Pages 43 - 74) Consider report by Director Finance and Corporate Governance. (Copy attached.)	5 mins
8.	**Budget Communication Strategy 2022/23** (Pages 75 - 94) Consider report by Director Finance and Corporate Governance. (Copy attached.)	10 mins
9.	**Long Term Financial Strategy (Revenue) 2022/23** (Pages 95 - 116) Consider report by Director Finance and Corporate Governance. (Copy attached.)	10 mins
10.	**Financial Strategy & Resources 2022/23 - 2026/27** (Pages 117 - 138) Consider report by Director Finance and Corporate Governance. (Copy attached.)	10 mins
11.	**Capital Investment Strategy 2022/23** (Pages 139 - 184) Consider report by Director Finance and Corporate Governance. (Copy	10 mins

	attached.)	
12.	**Treasury Management Strategy 2022/23** (Pages 185 - 240) Consider report by Director Finance and Corporate Governance. (Copy attached.)	10 mins
13.	**Financial Plan Integrated Impact Assessment (IIA)** (Pages 241 - 252) Consider report by Director, People, Performance and Change. (Copy attached.)	10 mins
14.	**Draft 5 Year Revenue and 10 Year Capital Financial Plans** (Pages 253 - 298) Consider Motion by Councillor Haslam, seconded by Councillor Rowley including the Administration's Draft Financial Plan for Revenue & Capital & Fees & Charges. (Copy Motion and supporting papers attached.)	60 mins
15.	**Capital Programme 2022/29 Investment in Play Areas and Outdoor Community Spaces** (Pages 299 - 308) Consider report by Director Infrastructure and Environment. (Copy attached.)	10 mins
16.	**Any Other Items Previously Circulated**	
17.	**Any Other Items Which the Convener Decides Are Urgent**	

NOTES

1. **Timings given above are only indicative and not intended to inhibit Members' discussions.**

2. **Members are reminded that, if they have a pecuniary or non-pecuniary interest in any item of business coming before the meeting, that interest should be declared prior to commencement of discussion on that item. Such declaration will be recorded in the Minute of the meeting.**

Please direct any enquiries to Louise McGeoch Tel 01835 825005
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Community Choices – Participatory Budgeting

Report by Director, Resilient Communities

SCOTTISH BORDERS COUNCIL

22 FEBRUARY 2022

1 PURPOSE AND SUMMARY:

1.1 **This report provides an update on the Council's approach to Participatory Budgeting (PB) approach, including the national position, and outlines the next steps to building on the current mainstreaming objective.**

1.2 On 29 October 2017, the Convention of Scottish Local Authorities (CoSLA) announced that Council Leaders had agreed that at least 1% of local government budgets would be subject to Participatory Budgeting by the end of the financial year (2020/21) with the aim of giving communities more influence over decisions on how funding is spent in their local area.

1.3 Nationally, whilst some work on PB has continued, the majority of local PB activity (planning or delivery) had stopped whilst in response to the ongoing pandemic. As a result, CoSLA and Scottish Government have recognised the exceptional circumstances brought about by the pandemic and have revised the Framework Agreement timescales and ambition accordingly to give further flexibility to Local Authorities who are yet to achieve the 1% target.

1.4 At the same time, council officers working alongside colleagues in CoSLA, have been developing the Council's mainstreaming approach to Participatory Budgeting as detailed within section 5 of this report, and progress to date in relation to achieving the 1% is given within section 6.

2 RECOMMENDATIONS:

2.1 **I recommend that Scottish Borders Council:-**

(a) Notes the progress to date in achieving the current 1% target;

(b) Endorses the mainstreaming approach being taken to Participatory Budgeting and the next steps outlined in section 7 in this report.

(c) Agrees to receive an update report each year in line with the financial planning process from the Director of Resilient Communities on Participatory Budgeting activity within Scottish Borders Council and meeting the targets agreed by CoSLA.

3 BACKGROUND

3.1 On 29 October 2017, the Convention of Scottish Local Authorities (CoSLA) announced that Council Leaders had agreed that at least 1% of local government budgets would be subject to Participatory Budgeting (PB) by the end of 2020/21 with the aim of giving communities more influence over decisions on how funding is spent in their local area.

3.2 CoSLA and Scottish Government worked together to develop and agree a framework (The Community Choices Framework) which would be used to develop approaches to PB. It defines Community Choices as the term used in Scotland for Participatory Budgeting and sets PB as the enabler for active participation of citizens in local decision making. The agreement, which has now been superseded, can be found here: https://www.cosla.gov.uk/__data/assets/pdf_file/0015/18501/communitychoices-frameworkagreement.pdf.

3.3 The 1% target is defined in the Framework Agreement as 'total estimated expenditure for revenue, as per the local government finance circular, less assumed council tax intake. It is considered reasonable to exclude council tax as it is a local tax and therefore already directly and locally accountable.' (CoSLA/Scottish Government 2017). PB requires to:

- enable active participation of citizens in local decision making;
- establish a shared expectation that elected members, senior officers,
- civil society and local communities will use PB to go beyond the current arrangements for consultation and engagement;
- support the longer term strategic aim of public sector reform that can be achieved by applying spend to the greatest areas of need, where
- social cohesion can be developed or maintained;
- deliver a partnership approach to PB whereby mainstream funding is identified across a partnership for mainstream services with an aim to shaping how services are delivered in the area; and
- actively involve local people with the intention of making them "less
- passive consumers of public services and more supportive of new models of delivery".

3.4 Following the Community Empowerment (Scotland) Act 2015, community empowerment, through participatory democracy, has become an established hallmark of Scotland's national and local policy landscape. Empowerment and participation are embedded as key CoSLA principles and reflected in the National Performance Framework. PB and other participatory processes, enhance local democracy by bringing together those who have traditionally held operational decision-making with people living in communities impacted by those decisions.

4 NATIONAL POSITION IN A COVID-19 RECOVERY CONTEXT

4.1 Nationally, whilst some work on PB continued during 2020, the majority of local PB activity (planning or delivery) stopped in response to the pandemic. As a result CoSLA and Scottish Government have recognised the exceptional circumstances brought about by the ongoing pandemic, and the impact this has had on the ability of local authorities to meet the 1% Framework Agreement by the end of March 2022.

4.2 Scottish Government and CoSLA Leaders have renewed their commitment to meeting the 1% target and the Framework Agreement has now been revised to allow a degree of flexibility in meeting the deadline, alongside the importance of embedding social renewal within future mainstream PB activity. The revised Framework Agreement is included at Appendix 1. It is also available here COSLA-SG-Participatory-Budgeting-Framework-Agreement-June-2021.pdf

5 MAINSTREAM PARTICIPATORY BUDGETING APPROACH

5.1 Taking into account the Council's challenging current financial position, the PB target is not about identifying a separate and/or additional resource. It is principally about involving communities in decisions regarding existing resources. The 1% is the minimum target set and can be made up of revenue and capital expenditure. It is for local authorities to decide how to take forward PB budgeting at a local level to reach the target.

5.2 A variety of approaches have been considered in order for Scottish Borders Council to achieve the 1% target outlined above. A strategic group, chaired by the Director, Resilient Communities, with appropriate Directors, Service Managers and the Financial Services Manager is now established and driving forward the PB planning and delivery on a corporate basis. This group consider and identify in scope budget allocations and authorise the allocation of staffing resources across services, as required, to support the delivery process. Whilst the Communities & Partnership team are the corporate lead for PB delivery, they are working with and supporting individual services to engage with communities, and manage and develop the delivery of PB in respect of their budgets, following direction from the strategic group.

5.3 Discussions have also taken place with Area Partnerships and key stakeholders on how communities can best be involved in the decisions relating to budget and spending priorities. It was recognised that training both for officers and communities (including Area Assessment Panels), would be beneficial and raise awareness of local democracy, enhance community engagement, participation and empowerment and further develop the investment strategies linked to place.

5.4 Training workshops have been provided to Council officers, Elected Members and Community Partners through Scottish Community Development Centre (SCDC). Scottish Community Development Centre offered four training sessions, commencing on 10 November 2021 and took place on a weekly basis. Sessions covered a variety of topics associated with PB, including: what is PB, where did it come from and what are the benefits to communities; what is community empowerment, what are the barriers and opportunities; and community engagement. Following these sessions it was recognised that ongoing training and engagement was required.

6 PROGRESS TO DATE

6.1 The Council is currently forecasting to spend £3.970m on Participatory Budgeting activity, as summarised in the table below, for the financial year 2021/22 with a minimum target of £2.332m required.

Budget	**Project**	**Forecast £'000's**
Revenue	Community Fund	372
Revenue	Build Back a Better Borders Fund	443
Revenue	Foodbanks/FareShare Support	127
Capital	Play Parks	78
Capital	Hawick Flood Scheme Active Travel Network	2,950
	Total Forecast 2021/22	**3,970**

6.2 A quarterly conversation is being held with officers and local Foodbanks, FareShare outlets and other food networks across the Borders. Utilising the Financial Hardship Fund, we have been able to hear directly from these groups in relation to lived experience, and also asked them what type of financial support would be most useful to them in reducing food insecurity across the Borders with dignity and respect.

6.3 Engagement has taken place with community groups in the Hawick area throughout the Hawick Flood Scheme project and the outcomes of these discussions have resulted in direct changes to the design of the Scheme and budget spend including the inclusion of the Hawick Active Travel Network.

6.4 Newtown Primary School have been involved in the design of the pattern of the wet pour safety surface of Newtown St Boswells Play Park, and is a good example of how we can involve communities in making choices.

6.5 Pupils from Peebles High Schools have been awarded funding from both the Tweeddale Community Fund and The Democratic Society and will be running their own PB project in relation to making improvements within the school environment. The young people involved are very keen to share their PB experience with others and have already engaged with nutritionists, the school Senior Management Team and Tweeddale Elected Members.

7 NEXT STEPS

7.1 Whilst there was an initial delay in the delivery of the 1% CoSLA commitment to mainstream Participatory Budgeting due to resources being deployed in responding to the pandemic, significant progress has now been made to achieving the target for this year and in the future.

7.2 Following SCDC training completed with Council Officers; Elected members and Community Partners, further training and engagement will be required across all groups to enable the Council to continue to reach the minimum target of 1%. Moving forward, a webinar is currently being developed for Council Officers, covering specific outcomes including: what is PB; why PB is important to the Council and our communities and what is the Council's responsibility with regards to PB. The webinar will also facilitate discussions for Council Officers as to how PB works in practice, including methods that can be adopted and how this can be implemented across services. The first webinar is proposed to take place on 16 February 2022. An E-Learning module will also be developed with the same aims/outcomes as the webinar training and will include a "test your knowledge" exercise upon completion. The aims and objectives of the training are further detailed at Appendix 2.

7.3 CoSLA have recently launched an Elected Members briefing for PB, which is live on the Improvement Service Website. Officers are also engaging in direct conversations with community groups to support them to both fund and deliver their own PB projects similar to the one currently underway in Peebles High School.

7.4 National Guidance is currently being developed in relation to Participatory Budgeting, and once this is issued, will be considered and incorporated into the approach currently being undertaken.

7.5 Additional areas being considered in relation to a PB approach for 2022/23 include the Place Based Investment Programme, community food growing, skate parks, pupil voice in relation to school meals, climate change & net zero, period poverty and demand led transport. Work will also progress on a pilot approach within one of our localities focussing on budget areas across Neighbourhood Services and Roads.

7.5 The approach being taken is to embed PB as a way in which the Council does its business and therefore will be evolutionary. It will be delivered via mainstreaming routes rather than the small grant or one off budgets that have previously been the focus but will take time to develop and refine as we learn what works best for our communities. To successfully achieve this it is critically important that we train and develop key officers across the organisation to consider PB in their service and spending plans.

8. IMPLICATIONS

8.1 Financial

a) The Council is currently forecasting to exceed the PB target for 2021/22 with spend of £3.970m on Participatory Budgeting activity against a minimum target of £2.332m.

b) The 1% target for 2022/23 is £2.430m and it is anticipated the Council will exceed this target through the continuation of a Participatory Budgeting approach to Community Funds, Play Parks and the Hawick Flood Scheme Active Travel Network.

c) Further opportunities from within existing revenue and capital budgets are being considered for 2022/23 and beyond including Place Based Investment Programme, period poverty, skate parks and climate change and net zero activities.

8.2 Risk and Mitigations

There is a reputational risk to the Council if progress in relation to delivering the 1% target set by CoSLA is not achieved.

Further to this, and as set out in Section 6.1, it is worth re-iterating that the Council expects to exceed the minimum target of 1% for the financial year of 2021/22 which should have a positive bearing on the Council's reputation and will help to highlight that the Council is going above and beyond the minimum threshold outlined in the framework. This will be further enhanced if targets continue to be exceeded in 2022/2023 as anticipated in section 8.1.

In addition to this, Council Officers have identified, recorded and continue to manage several risks at both a Corporate and Service level which focus on community and stakeholder engagement and Community Empowerment. As the key aim of participatory budgeting is to give communities more influence over decisions on how funding is spent in their local area, it serves to have a positive bearing on these risks by actively seeking engagement, encouraging input and empowering local residents to participate in relation to what is important to them.

There is one additional risk on which mainstreaming participatory budgeting will have a positive bearing. This risk focuses on the delivery of actions committed to following the Best Value Audit in 2019. The specific action (action 13) within the improvement plan states: "Use the experience of the budget consultation process 2020/21 to develop the approach to mainstreaming participatory budgeting. Work with communities to identify priority areas within current budgets…", as such endorsement for the mainstreaming of participatory budgeting as set out in the proposal will help to ensure that this action is achieved, help to negate reputational damage that may materialise should the action not be met, and ensure that we are fulfilling our obligations to achieve Best Value.

8.3 Integrated Impact Assessment

An Integrated Impact Assessment will be carried out on future proposals for mainstreaming Participatory Budgeting, however, the premise of the approach is to ensure that everyone within a particular community has the opportunity to participate. Every effort will be made to support disadvantaged individuals within the protected characteristic groups. As a result, it is anticipated that there will be no negative impacts under either the Equality Duty of the Fairer Scotland Duty

8.4 Acting Sustainably

It is anticipated that through Participatory Budgeting there will be a positive effect on the following community and participation outcomes:

a) Involve the community in developing and implementing the project
b) Take into account under-represented or excluded groups
c) Take into account equal opportunities
d) Improve community quality of life
e) Improve community capacity
f) Encourage local action and decision making

There is already evidence at this early stage that this approach is having a positive effect on community and participation outcomes.

8.5 Climate Change

There are no anticipated effects on carbon emissions as a result of the recommendations made in this report. The most recent participatory survey in relation to the Council Budget included as part of its list of priorities, options relating to climate change and improving bio-diversity. Thus serving to facilitate the potential for a positive impact on climate change by giving local residents the opportunity to influence how funding is prioritised towards these specific areas.

8.6 Rural Proofing

This report contains no implications that will compromise the Council’s rural proofing policy. Mainstreaming Participatory Budgeting will apply across the Borders.

8.7 Changes to Scheme of Administration or Scheme of Delegation

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

9 CONSULTATION

9.1 The Director (Finance & Corporate Governance), the Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Director (People Performance & Change), the Clerk to the Council and Corporate Communications are being consulted and any comments received have been incorporated into the final report.

Approved by

Jenni Craig
Director - Resilient Communities **Signature ………………………………..**

Author(s)

Name	Designation and Contact Number
Jenni Craig	Director, Resilient Communities
Shona Smith	Communities & Partnership Manager
Hayley Megson	HR Business Partner

Previous Minute Reference: Council 19 03 2021

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

Contact us at: Shona Smith, Scottish Borders Council, Council HQ, Newtown St Boswells, Melrose TD6 0SA. Tel: 01835 826626 Email: ssmith@scotborders.gov.uk

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Community Choices: Participatory Budgeting in Scotland

Framework for the operation of the 1% target for Local Authorities (2021 Update)

1. Introduction

In 2017 Scottish Local Government committed to the Community Choices 1% Framework Agreement whereby at least 1% of local government budgets will be subject to participatory budgeting (PB) by the end of 2021. This agreement and timeline have been reviewed to recognise the impact of the COVID-19 pandemic upon Local Government, people, and communities.

Local and national government remain committed to making progress and meeting the target while adhering to the principles of PB required to empower communities and make a difference in people's lives. It is expected that at least 1% of council budgets will be subject to PB by the end of 2021/22.

This framework sets out that, done well, and using key participation principles, the longer-term strategic aim of community empowerment and public sector reform can be achieved by allocating resources to the areas of greatest need. Participation in local decisions will ensure greater control to people and communities over decisions that affect their lives. Enhanced participation of key groups will also help ensure that existing inequalities are fully recognised in community empowerment, service design and delivery. Decisions rooted in priorities identified by local communities is a key recommendation from the Local Government Blueprint to strengthen local democracy.

This Framework is redrafted subsequent to a central recommendation from the Social Renewal Advisory Board's call on the public sector to give more control to people and communities over the decisions that affect their lives, with increased participation and decision-making as close to communities as possible. It has been drawn up collaboratively by COSLA and the Scottish Government.

2. What is participatory budgeting (PB)?

Community Choices is the term used in Scotland for participatory budgeting. PB enables the active participation of community voices in local financial decision making. PB supports a democratic and engaged citizenship by enabling local people to have a direct say in how a defined public budget can be used to address their priorities. It is one method of community engagement that can be used alongside other models of empowerment as part of a wider approach to advancing participatory democracy.

3. What is Mainstream PB?

Mainstream PB enables the direct participation of citizens' voices in local financial decision making, resource allocation and service design. This moves beyond allocating individual budgets, also known as small grants PB, or identifying separate budgets for community engagement and consultation, towards mainstreaming PB within decisions on the allocation of existing resources across all council services. It can be used alongside other models of community engagement as part of strategic approach to advancing participatory democracy alongside representative democracy and public sector reform.

There are also several wider benefits to local democracy associated with running mainstream participatory budgeting. It can help improve the democratic process by widening participation and re-invigorating the role of local authorities, local councillors, and civil society. It can contribute to the effectiveness of public spending by improving the way money is invested by increasing the knowledge available to the local authority when undertaking service planning.

PB should be empowering of local communities, inclusive of diverse groups not traditionally involved in decision making, focused upon dialogue and deliberation as part of decision making and result in meaningful outcomes for local communities and people.

The PB Charter for Scotland sets out seven key features showing what a high quality PB process should look like. It aims to ensure PB is fair and inclusive, participatory, deliberative, empowering, creative and flexible, transparent and becomes part of our democracy. More information about the benefits of PB can be found on www.pbscotland.scot

A COSLA and Democratic Society film to highlight and promote mainstream participatory budgeting can be viewed here.

4. Principles of Mainstream PB

The fundamental principle of Mainstream PB, and what sets it apart from other forms of community engagement and budget consultation, is that decision making must lie with the people and communities who will be directly affected by the service area or budget.

Shifting the focus of PB from small grants models towards mainstreaming requires the integration of key elements and principles. Mainstream PB can take many shapes and forms and cover a range of approaches, priority areas and purposes, therefore flexibility of approach is left to individual authorities and councillors based on local priorities and need.

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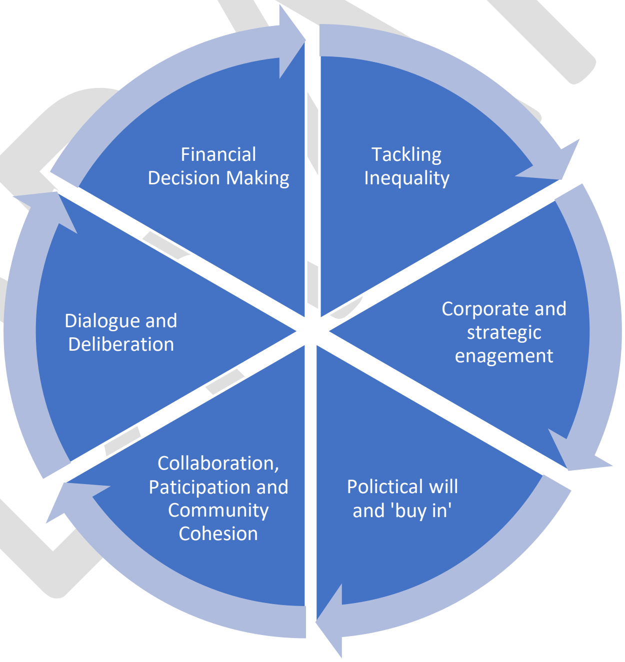
It may be useful to consider some initial questions when considering the focus and purpose of mainstream PB; either as a whole council approach or tailored to individual projects. These key questions should be addressed regardless of the service or the budget allocated. They are fundamental in determining:

- What is the purpose of using a PB approach?
- What priorities have been identified by local communities?
- What is the scope of the project?
- Who are the strategic and community partners?
- What is the council seeking to achieve?
- What are the desired outcomes and/or objectives?
- What difference will PB make to people's lives?
- How will the activity address inequalities and overcome barriers to participation?

Mainstream PB goes beyond traditional consultation or including community representation on a decision-making panel. The involvement of strategic and community partners should happen as early as possible to embed an equalities approach within the project design. As a result, the scope and intended outcomes of PB activity may evolve over time, however clear communication and consensus building on the purpose, scope, and benefits of Mainstream PB will ensure this happens in partnership with the local community. It should seek to achieve and include:



Consequently, Mainstream PB's impact can be significantly greater if it is linked strategically to existing corporate, strategic and / or locality plans.

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5. Arriving at the target

1% is the minimum target set and can be made up of revenue and capital expenditure. It is for local authorities to decide how to take forward PB at a local level to reach the target. PB approaches can be a combination of mainstream and small grants which count towards the target.

To ensure a shared understanding of the 1% target, this is defined as

- 'total estimated expenditure for revenue, as per the local government finance circular,
- less assumed council tax intake. [It is considered reasonable to exclude council tax as it is a local tax and therefore already directly and locally accountable.]
- Calculate 1% of this remaining figure to arrive the target

For example, Council A:

- Estimated expenditure for revenue: £599,889,000
- Less Assumed council tax intake of £97,845,000
- Total: £502,044,000
- 1% target = £5,020,440

The Local Government Finance Circular for 21/22, which contains all the information required to calculate each council's notional target, can be found here.

5. Resourcing PB

There are financial costs associated with running meaningful and sustainable PB. The duty of Best Value can be met by ensuring participation in good governance and effective management of resources, with a focus on improvement, to deliver the best possible outcomes for the public.
As a guide, costs could include staff, venue/digital platforms, promotion, and evaluation. Local government is well placed to support this with its network of facilities and communication channels.

Under existing statutory duties local authorities should take steps to ensure that any planned engagement is accessible and considers how barriers to participation can be overcome. The outcomes of Mainstream PB activity should also pay due regard to fulfilling existing equalities duties such as the Public Sector Equality Duty highlighted in 'Evaluation of participatory budgeting activity in Scotland 2016-2018' by Glasgow Caledonian University, the Fairer Scotland Duty (2018) and the Islands Act (2018) via project outcomes. Resourcing engagement, as set out under the Community Empowerment (Scotland) Act 2015 should also be a key strategic priority for how councils conduct day-to-day business.

Reviewing where existing statutory duties to participate and engage with communities already exists, provide a useful starting point to integrate Mainstream PB.

Councils should draw upon existing internal resources (e.g., digital and communications) and partnership arrangements with external agencies e.g., Health and Social Care Partnerships, Community Planning Partnerships. Communities and the voluntary sector can

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also make an important contribution. With clear parameters, communities can help in the design/re-design and specification of services within available resources.

6. Timescale

The original 1% Framework Agreement placed an expectation on Local Government to have at least 1% of local authority budgets subject to PB by the end of the 2020/21 financial year. This renewed Framework Agreement recognises the challenges and delays many councils have experienced as a result of the COVID-19 pandemic. Where councils require some flexibility to meet the target it is expected that at least 1% of council budgets will be subject to PB by the end of 2021/22.

7. Reporting

For appropriate monitoring local authorities will complete a high-level pro-forma and return it to COSLA on an annual basis. This proforma has been drafted with input from Local Authority Finance Officers. COSLA will collate the information and report a global figure for Local Government to the Scottish Government on an annual basis.

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Training content outline

Webinar – proposed date 16th Feb 2022, delivered to high priority list in fist instance.

Aims/outcomes of training:

- **To understand what Community Choices (PB) is.**
- **To understand why Community Choices is important to the council and our communities.**
- **What is the Council's responsibility to Community Choices (community empowerment act, 1% etc)**
- **How Participatory Budgeting works in practice and methods that can be used (including successful PB projects/examples, breakout rooms to discuss)**
- **How can Community choices be implemented in their service (breakout rooms to discuss).**

E-leaning Module

SCDC slides already live on E-Learning website, targeted to all budget holders.

Aims/outcomes of E-learning:

- **To understand what Community Choices (PB) is.**
- **To understand why Community Choices is important to the council and our communities.**
- **What is the Council's responsibility to Community Choices (community empowerment act, 1% etc)**
- **How Participatory Budgeting works in practice and methods that can be used (including successful PB projects/examples).**
- **Test your knowledge on completion.**

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SCOTTISH BORDERS COUNCIL PLAN 2022-2023

Report by Chief Executive

SCOTTISH BORDERS COUNCIL

22 February 2022

1 PURPOSE AND SUMMARY

1.1 **This report seeks Council's approval of the 'Scottish Borders Council Plan 2022-2023'; in principle support of annual review of the Council Plan; and endorsement of a review of the Council's performance management approach.**

1.2 Scottish Borders Council agreed its present Corporate Plan in February 2018. Following Council approval of the Corporate Plan Refresh on 17 June 2021, the present report asks Council to agree the 'Scottish Borders Council Plan 1 April 2022-31 March 2023' set out in draft at Appendix A. The draft Plan consolidates and articulates the Council's strategic ambition beginning with the Corporate Plan 2018-2023 but incorporating strategic commitments made since 2018. In so doing, the draft Plan seeks both to provide a bridge from the existing Corporate Plan 2018-2023 to future Council Plans and to lay a template for those Council Plans in future.

1.3 To ensure that future Council Plans keep pace with the developing strategic context and member ambition, it is proposed, in principle, that Council support annual review of the Council Plan.

1.4 Furthermore, to ensure that the Council is effectively measuring strategic priorities which emerge from its Council Plan, Council is asked to endorse review of the Council's performance management approach.

2 RECOMMENDATIONS

2.1 **I recommend that Council approves:-**

a) The Scottish Borders Council Plan 1 April 2022-31 March 2023 at Appendix A;
b) Development of a digital version of the Plan on the Council website, building on the desk top version presented in Appendix A;
c) In principle, that the Council Plan should be reviewed and updated annually; and
d) Review of the Council's performance management approach to ensure consistency with the Council Plan.

3 BACKGROUND

3.1 Scottish Borders Council agreed its present Corporate Plan in February 2018. As identified in the Refresh of the Corporate Plan approved by Council in the summer of 2021, many significant developments have taken place since 2018. These have a significant bearing on the Scottish Borders as a region and upon the strategic ambition of the Council and should inform the content of the strategic framework that is the substance of a 'council plan'. They include, among other things, the impact of the COVID-19 pandemic, agreement of the Scottish Borders Climate Change Route Map, and intimations of national policy intent, such as the establishment of a National Care Service.

3.2 In its approval of the Refresh of the Council Plan on 17 June 2021, Council agreed that revisiting of the Council Plan should be annual, and the first such review should align with Council's consideration of its Financial Plan 2022-23 to 2027-28.

3.3 The 'Scottish Borders Council Plan 1 April 2022-31 March 2023' is presented to Council today pursuant to Council's decision of 17 June 2021, and with the object of the annual consideration of the Council's Plan becoming embedded as established practice. The rationale for this 'established practice' is that the Council's Financial Plans are intended to deliver on the goals set out in the Council Plan. In short, the Financial Plans are the 'servant' of the Council Plan in which members set out their strategic ambition for the period ahead. Accordingly, the Financial Plans should be seen to emerge from the Council Plan, accepting the imperative of the Council continuing its careful management of financial sustainability to enable it to deliver on the Council Plan. It also follows that the cycle of developing a Council Plan should run concurrently with the development of the Council's Financial Plans. Furthermore, there is a strong read across between the draft Plan and the Council's Transformation Programme, reflecting the obvious relationship between the Council's priorities, and transformation objectives in securing the best outcomes organisationally and for the region.

3.4 In its Best Value Assurance Report of October 2019, the Accounts Commission, while endorsing the Council's 'steady progress as it continues to transform the way it delivers services', highlighted the Council's need to 'be more effective in evaluating, managing and reporting its performance, bringing greater clarity on where and how its services need to improve.' This is highly pertinent to the development of the Council Plan and, most especially, the question of how the Council strengthens the relationship between its strategic aspirations, improvement and delivery.

3.5 The development of a reinvigorated Council Plan presents the organisation with the perfect opportunity to realign its performance management approach, ensuring cohesive monitoring of the organisation's strategic outcomes. Manifestly, what the Council measures must reflect the priorities it has articulated in its Council Plan. This is addressed in the report recommendations.

Next Steps

3.6 The primary purpose of this report is to seek Council's approval of the draft Scottish Borders Council Plan 1 April 2022-31 March 2023. A broader purpose is set out in the 'foreword' to the Plan. The following points should be emphasised:

a) The Plan seeks to set out the Council ambitions and priorities for the year ahead. It outlines, in draft, what the Council wants to achieve and how it intends to do it.

b) The Plan looks very different from Corporate Plans of the past. This is intentional, as we explain in the next paragraph, but the content is well established. It builds on our Corporate Plan for 2018-2023 and the Refresh of last summer, augmented by the Council's significant strategic commitments made since 2018. An accurate picture of the scale and breath of those commitments could not be given without reference, for example, to the South of Scotland Regional Economic Strategy, Scottish Borders Anti-Poverty Strategy Action Plan or the Scottish Borders Climate Change Route Map. To be truly responsive to a strategic context which evolves rapidly, it is clear that the Plan should be annually revisited. Ultimately, of course, whether future councils revisit the Council Plan on an annual basis will be a matter for them, but, as a measure of good practice, Council is asked to support annual review of the Council Plan as a matter of principle. Furthermore, if, as noted, the Council Plan is intended to guide the Council's Financial Plans, then the development of the Council Plans must accompany and shape the development of the Financial Plans. In light of this, it is considered desirable that the Council Plan is typically presented or re-presented when the Council considers its Financial Plans.

c) The Plan aims to be short, simple and relatable. It is intended to be public-facing and must be accessible to the public – to whom the Council is accountable. At the same time, considerable effort has been made to ensure clarity around the actions the Council is taking or intends to take, so that it (and the public) can measure if those actions are having the outcomes intended. If they are not, the Council needs to change what it is doing. That is why the Council is also intending to review its performance management approach. If the Council Plan captures the Council's priorities, then self-evidently it is those priorities which the Council should be measuring and seeking to continuously improve.

d) Formulation of the new Council Plan provides a perfect opportunity to rethink how performance drives excellence, transparency and improvement. SBC is ambitious to establish a total performance management culture, based on the priorities of members reflected in the Council Plan. Subject to Council approval, the review process will be progressed to be reported back in conjunction with the development of the next Council Plan.

e) The keynote of the existing Corporate Plan remains the recognition that, if the Scottish Borders is to successfully meet future challenges and grasp future opportunities to transform, this requires everyone to play their part, from the Council delivering services to volunteers supporting communities throughout the Scottish Borders; from the Council reducing its greenhouse gas emissions to residents seeking to reduce their waste and to put the right things in the right bins. While the emphasis of the 'new' Plan is on the Council's 'part' in 'improving the wellbeing of citizens within the Scottish Borders and making our region a more sustainable and better place to live, work in and to visit', the recognition that our communities, businesses and partners must play their 'part' remains a prerequisite of collective improvement and success.

f) The Scottish Borders Council Plan 1 April 2022-31 March 2023, seeks both to provide a bridge from the existing Corporate Plan 2018-2022 to future Council Plans and to lay a template for those Council Plans in future. Following the Council Elections in May, the new Council will want to shape and develop the Plan. Officers are preparing for that. The Plan at Appendix A is intended to help support that process.

g) Working through the Scottish Borders Place-Making Programme, it is intended further iterations of the Council Plan are enhanced by two developments:

- A transformed engagement and co-production with our communities of a shared ambition for the region;

- A Plan that speaks to our 'Places' across the Scottish Borders by setting out the priorities for different communities, whether in Berwickshire, Cheviot, Eildon, Teviot & Liddesdale, or Tweeddale. In short, it is intended to include 'Area Chapters' within future iterations of the Council Plan, which seek to set out for each of the areas of the Scottish Borders clear ambition, action and outcomes in the same way that the draft at Appendix A seeks to do for the region as a whole.

h) Subject to Council approval of the draft Council Plan, officers will proceed to develop a fully digital version of the Plan on the Council website, building on the desk top version presented in Appendix A.

4 IMPLICATIONS

4.1 Financial

Recognising that the draft Council Plan builds on our Corporate Plan for 2018-2023 and the significant strategic commitments made by the Council since 2018, there is strong correlation between the draft Plan and the Council's draft Financial Plans for 2022-2023 to 2027-2028. At the same time, any Council Plan is about more than pre-existing commitments. It also articulates ambition. In this regard, the Plan is not in itself an approval of each and every action which may flow from the Plan. Rather the Plan is an expression of the Council's strategic intent. Where that intent gives rise to financial implications not already expressly budgeted for, those financial implications will necessarily need to be reported to Council/the appropriate committee.

4.2 Risk and Mitigations

Highlighted by the COVID-19 pandemic, the Climate and Nature Emergency, and EU Exit, the strategic context in which the Council is operating has changed significantly since it agreed its Corporate Plan in 2018. To ensure that the Plan, which establishes the strategic ambition of the Council remains relevant and directs the Council's activities effectively, it needs to take account of such changes, and, to refresh the thinking and commitments in the light of those changes. This is what the proposed Council Plan at Appendix A seeks to address. By approving the principle of annual review of the Council Plan, Council will mitigate the risk of the Council Plan being out of date, or silent on the actions needed to address relevant strategic issues. Furthermore, endorsement of the review of the Council's performance management approach will ensure the development of a performance framework and performance indicators based upon member priorities articulated through the Council Plan.

4.3 Integrated Impact Assessment

An integrated Impact Assessment has been undertaken. The findings indicate that, whilst the Council Plan is relevant to both the Equality and Fairer Scotland Duty, there is no need for a full assessment to be undertaken. This is because the impact of the Plan is indirect rather than direct. It will impact and influence the Council's decision-making, policy approach and delivery more widely, but by setting the terms in which that decision-making, policy approach and delivery takes place. The specific plans and policies described in or which flow from the Council Plan will require IIAs.

4.4 Sustainable Development Goals

The draft Council Plan complements the Embedding Sustainable Development Report of 29 August 2019. The draft Plan is explicitly part of a journey aimed at embedding a culture in the Council which supports delivery of the UN SDGs 'as they relate to local government', in the context of the Council's remit and responsibilities. The goal is to embed values in the Council's decision-making, policy development and delivery which are complementary to the UN SDGs. It informs the 'values' of the Council Plan, and 'Our Outcomes' are strongly correlated with the UN SDGs as noted below:

Our Outcomes	UN SDGs
Clean, green future – we tackle climate change and we value, protect and enhance our local environment and nature, so that the Scottish Borders can be enjoyed by future generations	13 Take urgent action to combat climate change and its impacts 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
Fulfilling our potential - From child to adult, everyone in the Scottish	4 Ensure inclusive and equitable quality education and promote

Borders has access to high quality education and the opportunities they need to fulfil their potential	lifelong learning opportunities for all potential
Strong inclusive economy, transport and infrastructure – built upon strong and effective physical and digital connections and infrastructure, the benefits of a productive and sustainable economy are widely shared, enabling us to fulfil our potential in the Scottish Borders and attract others to live, work and visit	1 End poverty in all its forms everywhere 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all 9 Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation
Empowered, vibrant communities – the Scottish Borders has thriving, inclusive communities where people support each other and take responsibility for their local area	11 Make cities and human settlements inclusive, safe resilient and sustainable
Good health and wellbeing – the people of the Scottish Borders have the opportunities and are supported to take control of their health and wellbeing, enjoying a high quality of life	3 Ensure healthy lives and promote wellbeing for all at all ages
Working together improving lives – working together, an effective and efficient Council delivers for its communities and the Scottish Borders	16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

4.5 **Climate Change**

A just transition to net zero is at the heart of the draft Council Plan, most directly in relation to the Clean Green Future Outcome, but it is also invested strongly in other outcomes such as in the ambition for resilient and sustainable communities in the Empowered Vibrant Communities Outcome, or the Strong Economy Outcome ambition to ‘Seize the economic opportunities of a just transition to net zero.’

4.6 **Rural Proofing**

The draft Council Plan has been developed with a strong focus on place, recognising the particular geography and demography of the Scottish Borders. It is a specific objective of the Plan to develop ‘community-led place plans across rural communities and towns.’ At the same time, the commitment to ‘enhanced participation and engagement’ will have a strongly positive effect in promoting inclusivity and thereby facilitating the participation of those people, businesses and stakeholders based in rural locations.

4.7 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

4.8 Changes to Scheme of Administration or Scheme of Delegation

Not applicable.

5 CONSULTATION

5.1 The Executive Director (Finance & Regulatory), the Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Service Director HR & Communications, the Clerk to the Council and Corporate Communications have been consulted and any comments received have been incorporated into the final report.

Approved by

Signature ……………………………………

Netta Meadows
Chief Executive

Author(s)

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Background Papers: Refresh of Scottish Borders Council Plan 2018-2023 Report 17 June 2021

Previous Minute Reference: Minute item 8 Scottish Borders Council 17 June 2021

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

Contact us at the phone numbers above or Michael.Cook@scotborders.gov.uk / MHermiston@scotborders.gov.uk

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SCOTTISH BORDERS COUNCIL PLAN

1 APRIL 2022- 31 MARCH 2023

WORKING TOGETHER – IMPROVING LIVES

Scottish Borders COUNCIL

FOREWORD

This Council Plan sets out our ambitions and priorities for the year ahead. It outlines what we want to achieve and how we intend to do it. It builds on our **Corporate Plan for 2018-2023**, and includes those big developments, such as the **Scottish Borders Climate Change Route Map** and our **Scottish Borders Anti-Poverty Strategy**, which were identified in the Refresh of the Corporate Plan last summer.

At the same, there is something new and different about this 'Council Plan'. As you'll see, it's for a year, with its style and content differing from Corporate Plans of the past. The reasons for this are:

- We want a simple Council Plan that is understood by all.
- We want a Plan that is responsive. To achieve this, the Plan needs to be revisited every year, so we can take account of the biggest issues affecting the Scottish Borders and act on what we need to prioritise.
- We want to ensure a clear link between what we want to achieve and how we intend to do it. This means setting out our aims, the actions we need to take to deliver those aims, and measuring our delivery. If we fail to deliver, we need to change what we are doing.

We recognise that as a Council we have great strengths. We want to build on this, but also focus on the things we know we need to improve upon. These changes won't happen overnight, and this Council Plan will help us shape our direction of travel. There are two things, in particular, that we want to develop:

- We want a Plan that reflects a shared ambition with our communities and citizens across the Scottish Borders. This new Council Plan will, set out 'Our Part' in delivering for the Scottish Borders, but 'Our Part' will be much more meaningful if it is produced with your help, 'Your Part'.
- We want a Plan that speaks to our 'Places' across the Scottish Borders by setting out the priorities for different communities, whether in Berwickshire, Cheviot, Eildon, Teviot & Liddesdale, or Tweeddale.

Our Council Plan for 2022-23 lays a template for the way we will be working in the future. We look forward to developing future iterations of this plan with our communities.

The Council Plan is based on 6 outcomes that we aim to deliver for the Scottish Borders. Five of the outcomes focus on improving the wellbeing of citizens within the Scottish Borders and making our region a more sustainable and better place to live, work in and to visit. The sixth outcome is about developing a Council that is as effective and efficient as it can be – we need to do this in order to deliver on the other five outcomes.

FOCUS	OUTCOMES
• Improving the wellbeing of citizens within the Scottish Borders and making our region a more sustainable and better place to live, work in and to visit	1 Clean, green future 2 Fulfilling our potential 3 Strong inclusive economy, transport and infrastructure 4 Empowered, vibrant communities 5 Good health and wellbeing
• Developing a Council that is as effective and efficient as it can be	6 Working together improving lives

FOREWORD

Following on from the outcomes, the Plan tells you 'how' we intend to deliver them at a strategic level. To highlight this we have specified our Priorities for 2022-23, setting out the Desired Project Outcomes and the Key Milestones we need to achieve to realise our ambitions.

It almost goes without saying that there are significant interdependencies between our Outcomes and the Projects needed to deliver them. For example, reducing our carbon footprint supports not only our aim to tackle climate change but also positive health outcomes for current and future generations. Similarly, improving the educational attainment of disadvantaged children ensures they are able to access opportunities to fulfil their potential and supports economic growth in our region. Links between outcomes exist throughout the Plan and some actions support multiple outcomes.

Our Values
How we'll approach the Plan

▼

Our Outcomes
Key priorities for the Scottish Borders

▼

Our Priorities for 2022/23
How we'll achieve our outcomes

▼

Monitor, Learn, Improve

As well as our Outcomes and Priority Projects, we set out our Our Values. They underpin how we intend to go about our business.

Lastly, the keynote of our approach in this Council Plan remains the recognition that, if the Scottish Borders is to successfully meet future challenges and grasp future opportunities, this requires everyone to play their part, from the Council delivering services to volunteers supporting communities throughout the Scottish Borders; from the Council reducing its greenhouse gas emissions to residents seeking to reduce their waste and to put the right things in the right bins.

Working with you and our partners, we are committed to improving lives. This is a shared endeavour and we look forward to carrying on the journey with you.

Our Values

People Focused - working collaboratively with colleagues & partners, everything we do is for the benefit of our communities

Inclusive & Fair - we ensure everyone has the best opportunities & always seek to act fairly

Agile - we take advantage of new opportunities to deliver good value for money and we maximise the use of all digital opportunities

Sustainable - we are passionate about the prospects of future generations, we demonstrate this in our decisions and delivery and ensure we live within our means

Our Outcomes

Clean, green future

We tackle climate change and we value, protect and enhance our local environment and nature, so that the Scottish Borders can be enjoyed now and by future generations

Empowered, vibrant communities

The Scottish Borders has thriving, inclusive communities where people support each other and take responsibility for their local area

Fulfilling our potential

From child to adult, everyone in the Scottish Borders has access to high quality education and the opportunities they need to fulfil their potential

Good health and wellbeing

The people of the Scottish Borders have the opportunities and are supported to take control of their health and wellbeing, enjoying a high quality of life

Strong inclusive economy, transport and infrastructure

Built upon strong and effective physical and digital connections and infrastructure, the benefits of a productive and sustainable economy are widely shared, enabling us to fulfil our potential in the Scottish Borders and attract others to live, work and visit

Working together improving lives

Scottish Borders Council will be a well-run and efficient organisation. We will have well informed, timely and effective decision making, which is evidence led and focused on the needs of customers and communities; and we will have a positive and open culture

Delivering our Outcomes

Clean, green future

Implement the first phase of Scottish Borders Climate Change Route Map

Deliver the Scottish Borders Community Food Growing Strategy 'Cultivating Communities'

Further increase recycling and minimise waste

Keep streets and neighbourhoods clean and attractive

Continue to support local resilience to flooding and extreme weather events

Promote affordable and accessible public transport, walking, cycling and wheeling that reduce reliance on private cars

Support our schools and communities to develop local plans which support nature, local environments and address climate change

Fulfilling our potential

Deliver an ambitious and aspirational education to all our children and young people which fully develops their skills for learning, life and work

Provide the best opportunities for every person to thrive and achieve their full potential regardless of social background, circumstance or additional needs

Improve our services by listening to our children, young people and families

Ensure children and young people have access to services which promote and support positive mental health and wellbeing

Continue to develop Early Learning and Childcare provision and extended support to families

Build on recent investments in digital learning and empower our communities and workforce through technology

Improve services through smarter data and evidence collection

Strong inclusive economy, transport and infrastructure

Seize the economic opportunities associated with a just transition to net zero

Make our economy stronger by supporting the development of existing and new businesses and social enterprises and encouraging increased investment in the Scottish Borders

Promote our visitor economy and assist other key industries, particularly in health and social care, construction, land use, manufacturing, food & drink, and the creative sector

Regenerate our town centres and rural communities

Enhance digital and transport capacity, capability and connectivity

Make the most of the region's natural and cultural heritage assets

Support the employability prospects of young people, families and adults

Empowered, vibrant communities

Put Communities at the centre of what we do and how we work

Build on the knowledge, energy and expertise of local people, community groups and third sector organisations to create and develop successful places

Build on the Community Resilience experience over the course of the Pandemic

Support and enable communities to work together to create, and take ownership of place plans that set out local needs and ambitions and prioritise associated projects and actions

Work with our partners and communities to join-up and improve services, realise opportunities and deliver projects which best respond to communities' needs and priorities

Reduce the number of children in poverty; and reduce the impact of living in poverty on families

Good health and wellbeing

Implement and update our Health and Social Care Partnership plans to improve outcomes

Maximise the use of Technology to improve health and social care outcomes

Continue to develop workforce plans and recruitment strategies to ensure that we have the right number of skilled, qualified, engaged and motivated staff

Deliver National Health and Wellbeing Outcomes and Public Health Priorities

Develop sustainable services to meet growing demand

Work with Live Borders and our communities to revise our Sports and Culture Strategies to promote good health and wellbeing

Working together improving lives

Work as one team to serve the Scottish Borders

Listen, learn and work together with our partners and communities

Take responsibility and hold each other to account

Build an inclusive council that represents our area, celebrating difference and individuality, and valuing everyone's contribution

Empower and trust our staff to be innovative, creative and curious

Learn from best-practice and implement solutions that are right for the Scottish Borders

Build our services around community and customer needs

Ensure financial sustainability to deliver Council Plan commitments

Our Priorities for 2022/23

Clean, green future	• Accelerate action to adapt to and mitigate the effects of climate change and extreme weather
Fulfilling our potential	• Empower communities and schools to deliver a high quality education focused on excellence, equity, wellbeing and improved outcomes for children and families
Strong inclusive economy, transport and infrastructure	• Deliver the key economic development programmes for our region - the **South of Scotland Regional Economic Strategy**, **Borderlands Inclusive Growth Deal** and the **Edinburgh and South East Scotland City Region Deal** and **Regional Prosperity Framework** – making our economy stronger, greener and more sustainable
Empowered, vibrant communities	• Support and empower people to achieve strong, active, **resilient and sustainable communities** and realise opportunities for improving people's lives
Good health and wellbeing	• Enable and support the people of the Scottish Borders to take control of their health and wellbeing, and enjoy a high quality of life
Working together improving lives	• Ensure that Scottish Borders Council is effective, sustainable, responsive and aligned to the needs and priorities of our communities

CLEAN GREEN FUTURE

PRIORITY: Accelerate action to adapt to and mitigate the effects of climate change and extreme weather

Desired outcomes:

- Reduction of greenhouse gas emissions to meet or exceed our targets to deliver **Net Zero** by 2045
- Services and infrastructure that are ready to meet the needs of our communities in the face of **climate change** and extreme weather events
- Enable change through increased public understanding of the need to change our behaviour around how we use resources and the need for increased resilience across our communities
- An approach to energy in the Scottish Borders which is robust, affordable and does not contribute to climate change
- Protected, managed and restored environments which support the wellbeing of people and nature

When?	2022/23 Key Milestones
Q1	Increase allotment creation and participation through year one of 'Cultivating Communities' (**the Scottish Borders Community Food Growing Strategy**) Begin development of Local Heat & Energy Efficiency Strategies (LHEES) that sets out how we will decarbonise building across the region Pilot a Schools Resource Pack for children and young people that promotes sustainability, linked to the **Curriculum for Excellence**
Q2	Promote action on Net Zero by 2045 through proactive engagement with communities as part of Place-Making
Q3	Commence an extreme weather assessment of key coastal infrastructure and bridges Commence review of the Council's greenspace maintenance operations to identify opportunities for improved environmental management
Q4	Update and improve our assessment of carbon emissions impacts across our organisation and the Scottish Borders Increase the number of Council Fleet all electric vehicles by 65% and the number of fleet charging points by at least 175% Commence development of an improved waste service through behaviour change, to reduce waste, and increase recycling Create a Scottish Borders Local Area Energy Plan (LAEP) through the Borderlands Energy Master Plan to develop robust, affordable and sustainable local energy systems Support a regional approach to land use management which delivers wider environmental goals through South of Scotland Regional Land Use Partnership Pilot and Borderlands Natural Capital Project

FULFILLING OUR POTENTIAL

PRIORITY: Empower communities and schools to deliver a high quality education focused on excellence, equity, wellbeing and improved outcomes for children and families

Desired outcomes:

- Excellence in Learning
- A service which meets the diverse needs of our people and reduces inequalities
- Increased participation and engagement of children, young people, families, communities and other key stakeholders
- Effective mental health and wellbeing support for children and young people

When?	2022/23 Key Milestones
Q1	Respond to the opportunities of the **Scottish Attainment Challenge**, targeting resources where the poverty related attainment gap is greatest to deliver improved attainment in literacy and numeracy Deliver evidence based investment in high quality learning environments to support eligible families with 2 year olds, and future roll out of provision across all early years children Commence work with education partners and employers to develop employability pathways to enable young people to move successfully from education to employment
Q2	Deliver '**Get into Summer 2022**' for children and families of low income households which provides co-ordinated access to food, childcare and activities during the holidays Engagement with parents and carers to gather information leading to improved service delivery and a phased plan for extended childcare Completion of new pathway to ensure appropriate **Mental Health Services** and supports are in place
Q3	Embark on a programme of curriculum reform incorporating **National and International (Organisation for Economic Co-Operation and Development – OECD) recommendations** Introduction of Parent Portal to improve digital customer access to services and information Develop a service directory which outlines available support for children and young people, families and professionals
Q4	Identify 'Nurture Bases' in each locality to support primary school aged children with social and emotional difficulties Implement an Equity Strategy to target action and resource to address inequalities in attainment and achievement Complete an Engagement strategy which will focus on gathering and acting upon the views of children and young people and which enables young people to experience their rights as set out in the **United Nations Convention on the Rights of the Child (UNCRC)** Support development of digital skills and learning in our schools and our communities (including the Inspire Academy) Develop an action plan based upon agreed Health and Wellbeing census outcomes

STRONG INCLUSIVE ECONOMY, TRANSPORT AND INFRASTRUCTURE

PRIORITY: Deliver the key economic development programmes for our region - the **South of Scotland Regional Economic Strategy**, **Borderlands Inclusive Growth Deal** and the **Edinburgh and South East Scotland City Region Deal** and **Regional Prosperity Framework** – making our economy stronger, greener and more sustainable.

Desired outcomes:

- Seize the economic opportunities of a just transition to net zero
- A stronger economy, where existing and new businesses and social enterprises grow and expand, increasing productivity and investment into the Scottish Borders
- Promote our visitor economy and assist our other key industries particularly health and social care, construction, land, manufacturing, food & drink, and creative industries
- Regenerate our town centres and rural communities
- Enhance digital and transport connectivity
- Support the employability prospects of young people, families and adults

When?	2022/23 Key Milestones
Q1	• Deliver a programme of support for international, national and regional events • Progress Borderlands Inclusive Growth Deal projects which support the visitor economy, including the Mountain Biking Innovation Centre in Innerleithen • Work with communities and businesses, as part of Place-Making, to drive and target investment in town centres and create healthy local economies • Progress the feasibility study for the Borders Railway Extension project as part of the Borderlands Deal • Open and promote the benefits of a new Railway Station at Reston
Q2	• Commence refresh of the Scottish Borders Local Access and Transport Strategy, focusing on affordable and accessible public transport and a network that favours more walking, cycling and wheeling • Support the Scottish Government in its roll out of the **R100 Superfast Broadband** project in the Scottish Borders • Work with the UK Government to support the roll out of the **Rural Exchange Network** of 4G in the Scottish Borders • Progress the Destination Tweed project as part of the Borderlands Deal
Q3	• Commence delivery of a Local Employability Plan to ensure we support local employment opportunities
Q4	• Progress delivery of the Borders Innovation Park at Tweedbank under the Edinburgh and South East Scotland City Region Deal • Begin delivery of new business space at Coldstream as part of the Borderlands Deal • Develop a South of Scotland Inward Investment Strategy with SOSE • Strengthen opportunities to support local supply chains and 'Community Wealth Building' • Deliver **Scottish Borders Council's Anti-poverty Strategy Action Plan**

EMPOWERED VIBRANT COMMUNITIES

PRIORITY: Support and empower people to achieve strong, active, **resilient and sustainable communities** and realise opportunities for improving people's lives.

Desired outcomes:

- Community-led place plans across rural communities and towns.
- Enhanced participation and engagement
- Modern, sustainable and simplified services that meet the needs of communities and customers
- Services delivery arrangements aligned with the needs and priorities of communities
- Sustainable use of our land and buildings
- Reduce the number of children in poverty; and reduce the impact of living in poverty on families

When?	2022/23 Key Milestones
Q1	• Working with Area Partnerships, agreement of a forward programme of **place making** across communities in the 5 localities • Strengthen the role of Area Partnerships in developing and overseeing place making planning and delivery through a series of facilitated workshops • Commence the development of a modern Community Engagement Strategy
Q2	• Commence the development of community-led Place Plans including the 4 Borderlands Inclusive Growth Deal target towns of Eyemouth, Galashiels, Hawick and Jedburgh • With key Partners and Area Partnerships, develop and agree a programme of engagement with both service users and communities to shape proposals over the future design of services in line with needs, expectations, demand and sustainability • Work with our Community Planning partners to refresh our **Community Planning Arrangements** – including the Community Plan and Locality Plans rooted in community-led place plans
Q3	• Commence work with people to shape a sustainable future for land and in buildings in their communities
Q4	• Build on the **Locality and Hub model** developed in response to the pandemic to provide practical, joined-up support to communitie • Completion of at least 15 community-led Place Plans across the Borders communities (including the 4 target Borderlands communities) in line with a programme agreed with Area Partnerships • Completion of the Review of Area Partnerships • Continue to develop an approach to budgeting which engages our communities **(Participatory Budgeting)** • Progress our investment plan in play areas and outdoor community spaces

GOOD HEALTH AND WELLBEING

PRIORITY: The people of the Scottish Borders have the opportunities and are supported to take control of their health and wellbeing, enjoying a high quality of life.

Desired outcomes:

- Improved National **Health and Wellbeing Outcomes** and **Public Health Priorities**
- Work with partners to keep '**The Promise**' in Scottish Borders, so that every child grows up loved, safe and respected and able to realise their full potential
- Our staff feel supported and we work to optimise their wellbeing
- Our services are flexible and will meet the outcomes of any future National Care Service
- Services are designed around service users' needs
- The right services commissioned and developed with partners for Health and Social Care
- People have access to quality cultural, leisure and sport activities

When?	2022/23 Key Milestones
Q1	• Commissioning Services will meet service users' needs by utilising existing and new funding to implement projects to support sustainability in care • Delivery of robust Health Protection functions to control outbreaks of communicable disease
Q2	• Review of governance and accountability for Public Protection Services (1 Year on) • Improve recruitment and retention into Social Care and Social Work and collaborate with Health partners to develop the Integrated Workforce Plan 2022/25 • Increase the use of **Technology Enabled Care across Social Care**
Q3	• Continue to develop capital plans for the provision of facilities that enable people to be supported in a homely setting • Fully utilise the technology that is available to facilitate mobile working, integrated working and the sharing of data across the Partnership • Contribute to the joint needs assessments for all **Integration Joint Board (IJB)** delegated services to inform the priorities of the new **IJB Strategic plan** • Develop a Council Commissioning Framework, which includes Social Care, CGI and Live Borders
Q4	• Review of the Sports and Cultural Strategies for the Scottish Borders • Develop and deliver the projects linked to the current Health And Social Care Partnership Strategic Plan and the projects delivered via the Social Work Review • Deliver the action plan to narrow **Health Inequalities**

WORKING TOGETHER, IMPROVING LIVES

PRIORITY: Ensure that Scottish Borders Council is effective, sustainable, responsive and aligned to the needs and priorities of our communities.

Desired outcomes:

- Digital solutions that enable high quality customer experience and efficient services
- Customers and communities are engaged in the redesign and improvement of services
- Ongoing development of a talented and valued workforce where people can develop their skills and careers
- Be an employer of choice
- Best value from all our suppliers
- Performance-driven services
- Resilient services, able to dynamically react to emergencies and changing demands
- Modern services, which are continually evolving in line with Council Plan priorities
- SBC working with all partners in a joined up way

When?	2022/23 Key Milestones
Q1	• Align **SBC's Programme of Transformation (Fit For 2024)** with Council Plan themes and priorities to maximise the impact of investment in change • Review, implement and monitor delivery of **Covid-19 Recovery Plan** and integrate within the Council Plan
Q2	• Build on the lessons learned from Covid-19 to develop robust plans for business continuity and preparedness • Undertake a review of performance across SBC to develop a service improvement culture that drives excellence, transparency and improvement towards delivery of our Council Plan
Q3	• Develop and implement career pathways from entry to director level across SBC, incorporating clear training plans and a digital skills programme • Review and enhance the way SBC buys services from other organisations, providers and partners to ensure best value and quality for customers , while exploring opportunities to support local suppliers
Q4	• Review of all SBC's Partnership working to ensure effectiveness, optimal use of shared resources and collective clarity on the outcomes most important for the people of the Scottish Borders • Demonstrate clear benefits from **SBC's Digital Strategy**, focusing on best customer experience, including: improved customer access to joined up services and information, simplified processes, and mobile solutions for frontline services • Ensure all staff know and understand SBC's vision and values within the Council Plan, and the **Competency and Behaviours Frameworks**, as part of annual appraisal

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FINANCIAL REGULATIONS

Report by Director, Finance & Corporate Governance

Scottish Borders Council

22 February 2022

1 PURPOSE AND SUMMARY

1.1 **The purpose of this report is to seek members' approval for an updated version of the Council's Financial Regulations.**

1.2 Financial Regulations are a key element in the governance arrangements for the Council. They focus primarily on the financial control, management and administration of the Council's financial affairs. The Regulations were last reviewed in 2018/19.

1.3 Updates to the Financial Regulations reflect the new corporate structure, services and job titles. Pronouns used throughout the document have also been updated from he/his to they/ their

1.4 Generally the Regulations have been brought up to date to reflect changes in management responsibilities and procedures. There are no substantial changes in terms of the principles behind the Regulations or the control arrangements currently in place.

2 RECOMMENDATIONS

2.1 **It is recommended that Council approves the revised Financial Regulations shown at Appendix 1 for immediate implementation.**

3 BACKGROUND

3.1 Section 95 of the Local Government (Scotland) Act 1973 places a duty on every Local Authority to 'make arrangements for the proper administration of their financial affairs'. One of the key ways in which the Council discharges that duty is to establish a framework for the financial control, management and administration of the Council's affairs; this is done through the Financial Regulations. The Council's Procedural Standing Orders require these Regulations to be approved by Council.

3.2 For the purpose of completeness the other main documents which identify the Council's overall governance arrangements are:

- Procedural Standing Orders
- Scheme of Administration
- Scheme of Delegation
- Local Code of Corporate Governance

4 AMENDMENTS TO FINANCIAL REGULATIONS

4.1 The last review of Financial Regulations was approved by Council on 29 November 2018. Since then there has been some senior restructuring within the Council, and an associated need to reflect this in the Financial Regulations. The main changes to the regulations reflect the new corporate structure, services and job titles. Pronouns used throughout the document have also been updated from he/his to they/their.

4.2 Generally the Regulations have been brought up to date to reflect changes in management responsibilities and procedures. There are no substantial changes in terms of the principles behind the Regulations or the control arrangements currently in place.

5 IMPLICATIONS

5.1 Financial

There are no direct financial implications attached to any of the recommendations contained in this report.

5.2 Risk and Mitigations

Financial Regulations provide a framework for the control, management and administration of the Council's financial affairs. Implementation of control measures, most of which are vested in the Section 95 Officer (and by implication staff and systems deployed by them), help to mitigate a number of financial risks by ensuring compliance to the regulations.

The effective implementation of the financial regulations, through prudent risk management brings many benefits to the Council, including: improved governance and accountability, enhanced credibility, facilitation of effective decision making and protection against reputational damage.

The importance of Risk Management is specifically highlighted in Section 14 of the Financial Regulations and gives reference to the need to identify, assess and control/manage risks through the development of mitigating actions, referring to the expectations of managers in this regard.

This is underpinned by the work the organisation continues to undertake to identify, assess, control, review and report on financial risks at corporate and service levels as well as in regard to financial funds (e.g. the pension fund), relevant strategies and programmes to ensure that the Council meets the obligations set out in the Financial Regulations.

5.3 **Integrated Impact Assessment**
It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report. Amendments have been made to the Financial Regulations to remove reference to he/his, and use the pronouns they/their to ensure the document is gender neutral.

5.4 **Sustainable Development Goals**
There are no significant effects on the economy, community or environment.

5.5 **Climate Change**
No effect on carbon emissions are anticipated from the recommendation of this report.

5.6 **Rural Proofing**
It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

5.7 **Data Protection Impact Statement**
There are no personal data implications arising from the proposals contained in this report.

5.8 **Changes to Scheme of Administration or Scheme of Delegation**
There are no changes to the Schemes of Administration or Delegation as a result of this report.

6 CONSULTATION

6.1 The Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Director (People Performance & Change), the Clerk to the Council and Corporate Communications have been consulted and any comments received have been incorporated into this final report.

Approved by

David Robertson **Director, Finance & Corporate Governance**

Author(s)

Name	Designation and Contact Number
Suzy Douglas	Financial Services Manager X5881

Background Papers: [insert list of background papers used in compiling report]

Previous Minute Reference: [insert last Minute reference (if any)]

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

Contact us at sdouglas@scotborders.gov.uk

APPENDIX 1

Scottish Borders Council

FINANCIAL REGULATIONS

February 2022

Contents

1. INTRODUCTION

1.1 Section 95 of the Local Government (Scotland) Act 1973 states that:-

> *“every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that the proper officer of the authority has responsibility for the administration of those affairs.”*

These Financial Regulations (hereinafter referred to as the “Regulations”) fulfil this requirement by setting out the responsibilities of the Director of Finance and Corporate Governance, the Council’s Chief Financial Officer, as the proper officer with responsibility for the administration of the Council’s Financial Affairs, known as the Section 95 Officer, along with the responsibilities of members of the SLT and staff and by providing a mandatory framework for financial administration in Scottish Borders Council.

The Director of Finance and Corporate Governance carries out this role with regard to the CIPFA guidance contained in “The Role of the Chief Financial Officer in Local Government”

1.2 Compliance with these Regulations is mandatory for all employees of the Council, employees of its subsidiary organisations and, where referred to, Elected Members. The SLT is responsible for ensuring that:-

(a) all employees are aware of their respective duties and responsibilities under these Regulations;
(b) where appropriate, job descriptions reflect the requirements of these Regulations; and
(c) where appropriate, staff receive copies of or extracts from these Regulations.

The Chief Executive is responsible for ensuring that Elected Members are aware of their duties and responsibilities under these Regulations.

1.3 Failure to comply with any requirement of these Regulations may result in the matter being dealt with under the Council’s disciplinary procedures.

2. PRINCIPLES

2.1 The financial affairs of the Council shall at all times be conducted in accordance with the three principles of corporate governance set out in The Cadbury Report and CIPFA/SOLACE Guidance on Corporate Governance, namely:-

Openness – in terms of approach and disclosure of information;
Integrity – straightforward dealing and completeness;
Accountability – whereby individuals accept responsibility for their actions.

2.2 It is also a requirement of these Regulations that financial transactions do not take place unless they fall within the legal powers of the Council. Where new service developments or contributions to other organisations arise or in cases of doubt, clarification as to legality must be obtained from the Chief Legal Officer or their representative before any liability or expenditure is incurred.

3. ROLE OF THE CHIEF FINANCIAL OFFICER

3.1 The Council's SLT has to ensure that, as custodians of public money, the Council performs and accounts for its financial activities in an honest, legal and trustworthy manner in accordance with best accounting practice.

3.2 The Council has designated the Chief Financial Officer as the officer responsible for the administration of the Council's financial affairs in terms of Section 95 of the Local Government (Scotland) Act 1973. This means they are entitled to issue, and require compliance with, instructions on any aspect of financial management or administration. They, or anyone so delegated by them, may examine administration and control systems within Services and secure any improvements which they consider necessary. They also have the authority to instigate investigations and comment on matters of economy, efficiency or effectiveness of any practices or procedures, existing or proposed.

3.3 The Local Authority Accounts (Scotland) Regulations 1985 specify that the system of accounting control and the form of the accounts and supporting records are to be determined by the Chief Financial Officer and that they ensure accounting controls are observed and the accounts and supporting records are kept up to date. This includes all of the financial systems which support this process. They are responsible for publishing the Annual Accounts of the Council and attendant information, and for making the arrangements for the statutory audit required by Section 96 of the Local Government (Scotland) Act 1973.

3.4 CIPFA guidance 'Delivering Good Governance in Local Government' recommends that the review of effectiveness of internal control should be reported in an Annual Governance Statement, and the Council's Annual Accounts will include a Statement on the System of Internal Control and Governance. In order to inform that statement, The Strategic Leadership Team (SLT) will be required to provide certain assurances regarding the internal financial controls operating in their departments.

3.5 In terms of a management role, the Chief Financial Officer is responsible for advising the Council, its Committees, the Chief Executive and Directors on all financial matters and for monitoring and reporting on financial performance and the Council's overall financial position. It is a requirement of these Regulations that their views are canvassed and they are given the opportunity to express these in any report to the Council or any of its Committees which affects the Council's finances. They must also be granted access to any information and be given such explanations as required to assist them to comply with their responsibilities.

4. DEFINITIONS

4.1 In these Regulations:-

"Directors" means:-

Joint Director of Public Health
Director – Finance & Corporate Governance (Chief Financial Officer/ Section 95 Officer)
Director – People, Performance & Change
Director - Social Work & Practice
Director - Education & Lifelong Learning
Chief Officer Integration Joint Board / Health & Social Care Partnership
Director - Resilient Communities
Director - Infrastructure & Environment

Director – Strategic Commissioning & Partnerships

The “Council’s Strategic Leadership Team (SLT)” comprises the Chief Executive and all Directors.

“CIPFA” means the Chartered Institute of Public Finance and Accountancy.

“Employees” means all staff directly employed by the Council (including teaching staff) and agency and similarly contracted persons.

“Budget Head” means each line in the Revenue or Capital Financial Plan as appropriate approved by the Council each year. In addition, “Budget Head” means each line within a block allocation, where appropriate, within the Capital Financial Plan.

“Capital Expenditure” is defined in Appendix 1. Where there are areas of doubt, the Chief Financial Officer shall determine whether an item of expenditure is to be classed as capital or revenue, with reference to proper accounting practice.

“Executive Committee” means the Executive Committee of the Council established under the Council’s Scheme of Administration.

“Executive Member” means the Elected Members appointed as such by the Council from time to time.

“Asset” means any land, building, plant, vehicle, machinery, equipment, computer hardware or software, furniture or fittings used or proposed to be used in the delivery of services.

“Trading Organisations” means the Roads Trading Operation (SBContracts)

“Monitoring Officer” is defined by the Local Government and Housing Act 1989. The role is undertaken by the Chief Legal Officer (or such other Officer so designated by the Council from time to time).

5. FINANCIAL ADMINISTRATION

5.1 The Executive Committee is responsible for advising the Council on the regulation and control of the finances of the Council. This is carried out through regular revenue and capital budgetary control reports to the Executive Committee and by annually providing Council with five year revenue (supported by the 10 year Long Term Financial Strategy) and ten year capital financial plans (supported by the Capital Investment Strategy).

5.2 The Chief Financial Officer is, for the purposes of Section 95 of the Local Government (Scotland) Act 1973, responsible for the proper administration of the Council's financial affairs.

5.3 As the Council's financial adviser, the Chief Financial Officer will ensure that a report is made to the Council, at least annually, with respect to the level of financial resources for revenue and capital estimated to be available in each financial year. In addition, reports will be made to Executive Committee:-

- 3 times in each financial year (normally August, November and February) with respect to the financial performance of each Service and Trading Organisation against approved revenue and capital budgets, together with the overall position for the Council.

- As at each financial year end, showing the final outturn position for revenue and capital.

5.4 The Council is responsible for advising on the making and amending from time to time of such Financial Regulations as it considers necessary and desirable for the maintenance, supervision and control of the financial affairs of the Council.

5.5 The SLT is responsible for ensuring the security, custody and control of all resources including employees, plant and equipment, buildings and furnishings, materials, cash and stores appertaining to their department.

5.6 Directors must consult the Chief Financial Officer with respect to any matter covered under 5.7 below or any other matter which may significantly impact financially upon the Service concerned, the Council itself or the Council’s ability to meet its financial obligations before any commitment is incurred.

5.7 Where a Service proposes -

- a new policy; or
- a variation of existing policy; or
- a variation in the means or time-scale of implementing existing policy

which affects or may affect the Council's finances, the appropriate Director must submit a report to the Executive Committee which may report thereon to the Council.

6. FINANCIAL PLANNING

6.1 Prior to the commencement of each financial year the Council will approve its Revenue and Capital Financial Plan and this will include setting the Council Tax for the forthcoming year. The Council is required to approve a balanced budget for the forthcoming financial year and will ensure that the revenues of the Authority including Government Grant, Non-Domestic Rate income, Fees & Charges and planned budget savings are sufficient when combined with the Council Tax product to finance the expenditure plans for the Authority.

6.2 Following consultation with the Chief Executive the Chief Financial Officer will, in sufficient time each year, intimate to the SLT the arrangements for the preparation of capital and revenue financial plans, which shall be consistent with and form an integral part of the Council’s overall Corporate, Business Planning and People Planning processes.

6.3 The SLT will lead the review of the Financial Planning resource and development of a 5 year Revenue and 10 year capital plan to deliver the priorities set out in the Council’s Corporate Plan. This ensures a long term approach to financial planning to identify challenges and opportunities facing the Council. To ensure that the Council’s financial plan remains affordable the Management Team will continue to review the assumptions made in the financial plans throughout the year.

6.4 The detailed form of the capital and revenue financial plans will be determined by the Chief Financial Officer and be in accordance with any general directions given by the Council.

6.5 The SLT, Elected Members and the Chief Financial Officer, will ensure that they fully participate in the preparation of capital and revenue financial plans for their Services in accordance with the processes and directions referred to in 6.1 and 6.2 above.

6.6 The 10 year capital plan will consist of a 3 year operational plan and 7 year strategic plan, as approved by Members.

6.7 The revenue budget will consist of a 5 year medium term revenue plan to support the delivery of a 1 year budget and 2-5 year indicative plans to support medium term decision making. The revenue financial plan will show the movement between financial years as well as service pressures, developments and efficiencies. This medium term plan will be supported by a Long Term Financial Strategy taking a 10 year view of the revenue budget.

6.8 The Chief Financial Officer will report to the Administration Budget Working Group (ABWG) and ultimately the Council on the aggregate effect of the capital and revenue financial plans on the Council's financial resources. Each Member of the Council will be provided with a digital copy of the proposed Financial Strategy, capital and revenue financial plans together with a statement by the Chief Financial Officer of their effect on the Council's finances and the recommended or optional levels of Council Tax to be levied.

7. BUDGETARY CONTROL

General

7.1 The Chief Financial Officer will provide Directors with on-line access to Business World, the Council’s integrated Enterprise Resource Planning system and with periodic statements to facilitate the management of their Services’ financial affairs. The Chief Financial Officer will assist Directors with financial management information needs including identifying changing requirements and possible ways of meeting them.

7.2 It is the responsibility of the SLT, in consultation with the Chief Financial Officer, to ensure that the financial performance of the Services and those budget heads for which they are responsible, are properly managed and monitored and that expenditure and income are managed within approved budgets.

7.3 The Executive Committee will provide a challenge and oversight role in the delivery of the Capital Financial Plan and to ensure it is delivered within the agreed capital investment principles. This will include making recommendations to Council on proposed changes to the Plan where appropriate. The capital investment principles underpinning the Capital Financial Plan are shown at Appendix 2.

7.4 Each Director shall monitor and regulate the financial performance of his Service so as to:-

- ensure that actual expenditure committed and actual income receivable are within approved budgets;
- achieve such other financial targets as may be imposed by the Council, the Executive Committee, the Administration Budget Working Group, the Chief Executive or the Chief Financial Officer.

7.5 The SLT shall comply with procedures determined by the Executive Committee, the Chief Executive or the Chief Financial Officer, with regard to the preparation of budget monitoring reports for presentation to the Executive Committee as appropriate. Such procedures may include the style and content of such reports, the definition of consultations required and the timetable to be adopted.

7.6 The Executive Committee will keep the Council informed as to the state of the Council's finances and nothing in these Regulations will limit the right of the Executive Committee to recommend to the Council such changes to Service budgets as it may deem appropriate. For the avoidance of doubt such changes may be either of general application or particular to specific budget heads or to specific services.

7.7 Nothing in these Regulations will prevent the incurring of expenditure which is essential to meet any immediate needs created by an emergency, subject to the action conforming to the Council's emergency procedures defined in Standing Order 49 (which can be found on Intranet (Document Procedural Standing Orders - Scottish Borders Council (moderngov.co.uk) and various Emergency Planning and Business Continuity Plans) and being reported to the next appropriate Executive Committee meeting together with proposals for funding that expenditure.

Revenue

7.8 The inclusion of any item of expenditure in an approved revenue budget will allow the relevant Directors to incur such expenditure subject to compliance with any regulations, procedures, etc approved by the Council, the Executive Committee, the Chief Executive or the Chief Financial Officer which may from time to time be in force.

7.9 Except in accordance with the scheme of virement specified at 7.10 and the arrangements for earmarked balances at 7.12, a service may not commit or incur expenditure which cannot be met from the amount currently available in the revenue budget under a budget head to which that expenditure should be charged.

7.10 Subject to the procedures detailed below, Directors may authorise virement where the budget heads involved are to be varied by not more than the greater of £10,000 or 10% of the original approved budget for each budget head subject to a maximum of £100,000 in any virement. The Executive Committee may sanction virements in excess of these limits as set out in the Scheme of Delegation.

7.11 All virements must be advised to the Chief Financial Officer using the appropriate documentation and must comply with the defined procedures (available on the intranet).

7.12 If as at 31 March, in any financial year, an underspending has arisen on a revenue budget head, such underspend may be carried forward as an earmarked balance to a subsequent financial year subject provided:

- the reason for the underspend is identified before 31 March;
- the nature and amount of the proposed earmarked balance is approved by the Executive Committee before 31 March; and
- no overspend existing within the relevant Service

From time to time the Executive Committee may:-

- determine the relevant budget heads to which this regulation applies:

- suspend the operation of this Regulation.

Nothing in this regulation shall obviate the need to comply with the scheme of virement detailed at 7.10 during a financial year.

7.13 The Trading Organisations of the Council will be exempt from Financial Regulations 7.8, 7.9 7.10 and 7.11 subject to their compliance with any regulations and procedures determined by the Council or the Executive Committee for the control of their operations and to their meeting any financial targets specified by the Council and the statutory financial targets in force from time to time and not leading to any increased costs chargeable to the Council client during any financial year. For the avoidance of doubt, the remainder of these Financial Regulations shall apply to trading organisations.

7.14 Regulations 7.9, 7.10, 7.11 and 7.12 will not apply to expenditure and income managed by School Head Teachers in terms of the Council's Scheme of Devolved School Management (DSM). For the avoidance of doubt, the remainder of these Financial Regulations shall apply to resources managed by Head Teachers under the DSM scheme on behalf of schools.

Capital

7.15 The approval by the Council of the Capital Programme prior to the commencement of each financial year shall be taken as approval for the individual projects or expenditures included therein. For spending blocks within the programme, detailed spending plans will be presented to the Executive Committee for approval. The Director - Infrastructure & Environment may incur expenditure included in the programme (and where appropriate, blocks) without further reference to the Council provided that:-

- the scope and phasing of the project remains in accordance with the detailed proposals previously approved by the Council,

- the Executive Committee has approved detailed plans for spending block allocations; and,

- the expenditure on the project in each year of the Programme will not exceed the amounts approved by the Council.

7.16 Subject to the procedures set out below, the Director - Infrastructure & Environment may in consultation with the Chief Financial Officer authorise a virement between capital budget heads for up to £100,000 or 10% of the approved budget. For clarity, the interpretation of budget head in relation to block allocations will be the block allocation lines as reported to Executive Committee – NB allocations of up to £100,000 or 10% between projects within approved block programmes is therefore permissible without prior Executive approval. All virements approved will however be reported to the next Executive Committee.

7.17 If at 31 March in any financial year an overspend has arisen on a project budget due to acceleration of project timescales, the approved project budget for the subsequent financial year shall be decreased to the full extent of such overspending. Monitoring reports will include the total budgeted cost of projects across the whole timeline for project delivery.

If as at 31 March in any financial year an underspend has arisen on a project budget due to a timing movement, such underspend will be added to the approved project budget for the next financial year.

8. ACCOUNTING

8.1 All accounting systems, procedures and supporting records of the Council and its Officers shall be determined by the Chief Financial Officer in consultation with Directors as appropriate.

9. MANAGEMENT OF FUNDS AND RESERVES

9.1 The Chief Financial Officer will manage the following funds in accordance with the limits and conditions imposed by statute and by the Council and in accordance with the Financial Strategy :-

- General Fund
- Loans Fund
- Pension Fund
- Trust Funds comprising the Educational Trust and all other bequests, endowments and trusts administered by the Council
- Common Good Funds
- Insurance Fund
- Capital Fund

9.2 Such other funds as the Council may decide to set up will be managed by the appropriate Director in consultation with the Chief Financial Officer

10. CAPITAL FINANCING AND TREASURY MANAGEMENT

10.1 Full Council is responsible for the approval of the Council's treasury management policies and practices. Scrutiny and review of the Treasury Management Strategy, mid-year reports and final outturn position is undertaken by the Audit & Scrutiny Committee prior to submission to full Council. Monitoring of the Capital Investment plans sits with Executive Committee.

10.2 All capital financing activities will be conducted in accordance with the Prudential Code for Capital Finance in Local Authorities. The Chief Financial Officer is responsible for:-

- ensuring that the requirements of that Code are complied with,

- ensuring that the Prudential Indicators are calculated, regularly reviewed and amended where necessary,

- formally delegating to appropriate Directors their responsibilities with regard to compliance with that Code.

10.3 The Council adopts the key recommendations of CIPFA Code of Practice for Treasury Management in the Public Services (subject to variation for any particular circumstances of the Council). Accordingly, the Council will create and maintain, as the cornerstone for effective treasury management:-

- a Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities;

- suitable Treasury Management Practices, setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The approved Policy Statement is shown at Appendix 3

The Council will receive reports on its treasury management policies, practices and activities, including as a minimum an annual strategy and plan in advance of the financial year, a mid-year review and an annual report after the close of the financial year, in a form prescribed in the Treasury Management Policy.

10.4 Before the start of the financial year the Chief Financial Officer shall report to the Executive Committee on the strategy for Treasury Management for the coming year. The Chief Financial Officer shall submit an annual report on Treasury Management activities for a financial year to the Executive Committee wherever possible by the following 30 September.

10.5 All decisions on borrowing, deposits of surplus funds or financing is delegated to the Chief Financial Officer who is required to act in accordance with CIPFA's Code of Practice on Treasury Management in the Public Services, the approved treasury management policy statement and approved annual strategy (all available on the Intranet).

10.6 All investments under its control will be made in the name of the Council; bearer securities shall be excepted from this regulation but any purchases of such securities must be reported to the Executive Committee.

10.7 All securities in the name of the Council will be held in the custody of the Chief Financial Officer or under arrangements approved by them.

10.8 All funds and money in the hands of the Council, with the exception of funds held in the name of the Pension Fund, will be aggregated for the purposes of Treasury Management and will be the responsibility of the Chief Financial Officer.

10.9 The Chief Financial Officer will be the Council's registrar of stocks, bonds and mortgages, other than the exceptions identified in paragraph 10.6 above, and will maintain records of all borrowing of money by the Council.

10.10 All trust funds will, wherever possible, be in the name of the Council. All monies left in trust to the Council or to be administered by its officials must be notified immediately to the Chief Financial Officer.

10.11 All nominated capital balances held in relation to Common Good and Trust Funds administered by the Council will be managed in accordance with the Common Good and Trust Fund Investment Strategy.

10.12 Any officer acting as trustee by virtue of his official position must deposit all securities, etc. relating to the trust with the Chief Legal Officer unless the deed otherwise provides.

11. BANKING ARRANGEMENTS, CHEQUES AND OTHER PAYMENT MEDIA

11.1 All arrangements with the Council's bankers will be made by or under arrangements approved by the Chief Financial Officer, who is authorised to operate such bank accounts as they may consider necessary. This regulation will also apply to bank accounts for all Voluntary Funds and Imprests operated by Officers of the Council by reason of their employment.

11.2 All cheques on the Council's main banking accounts will be ordered only on the authority of the Chief Financial Officer or other officer authorised by them, who will make proper arrangements for their safe custody.

11.3 Cheques on the Council's main banking accounts will bear the facsimile signature of the Chief Financial Officer or be signed by Chief Financial Officer, or other Officer authorised by them to do so.

11.4 The Chief Financial Officer is authorised to overdraw the Council's main bank account from time to time as may be necessary, providing that the overdraft at any time does not exceed £300,000 unless in emergency circumstances.

11.5 The Chief Financial Officer is authorised to make use of the most appropriate payment media having regard to their security and cost effectiveness.

11.6 Any employee who considers they require to open and operate a bank account in the name of the Council for the performance of their duties shall require the prior written approval of the Chief Financial Officer to do so. This includes any bank account opened in relation to a voluntary fund as listed in 26.4 below and those opened on behalf of private individuals under corporate appointeeship arrangements.

11.7 The Chief Financial Officer is required to maintain a central register of all bank accounts operated by the Council, including those for voluntary funds and corporate appointeeships. It is the responsibility of each Directors to ensure that information in relation to bank accounts operated within their service is reported to the Chief Financial Officer for inclusion in the register.

11.8 Any Payment Cards will be used only on Council business and within authorised limits. Receipts must be obtained and retained wherever possible, reconciliations completed on a monthly basis and any evidence of irregularity should be immediately advised to the Chief Financial Officer.

12. INCOME

12.1 Directors will report annually to Council, as part of the setting of the Council’s Financial Plan, on the charging policy to be adopted for the forthcoming financial year for services provided under their control.

12.2 The collection of all money due to the Council will be under arrangements approved by the Chief Financial Officer. Directors should ensure compliance with the Income Management policy.

12.3 Payment for goods or services provided should be sought in advance of the goods or service being provided wherever possible.

12.4 The Chief Financial Officer must be notified promptly of all income due to the Council. Directors must ensure that invoices for goods or services provided are issued as soon as possible after provision of the goods or service and provide the Chief Financial Officer with all relevant details in connection with work done, goods supplied or services rendered and of all other amounts due as may be required by him to record correctly all sums due to the Council in line with the Debt Recovery Policy.

12.5 The Chief Financial Officer must be notified promptly of all money due to the Council and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money. The Chief Financial Officer will have the right to inspect any documents or other evidence in this connection as they may decide.

12.6 All invoices, receipt forms, books, tickets and other such items of financial stationery will be ordered by the Chief Financial Officer and supplied to Directors, who in turn should ensure that satisfactory arrangements for the control of these items are in place.

12.7 All money received by an officer on behalf of the Council must be lodged in the Council's bank account without delay (or as otherwise directed, passed to a member of the Treasury team). No deduction may be made from such money unless authorised by the Chief Financial Officer. No cheques will be cashed out of money held on behalf of the Council. Each officer who banks money must provide to the Chief Financial Officer a relevant reference to the income received (such as the sundry debtor account number, receipt number or the name and address of the debtor) or otherwise indicate the origin of the cheque/cash.

12.8 Every transfer of Council money between Services must be recorded on the appropriate form and signed by the appropriate official. In the case of electronic transfers the procedures determined by the Chief Financial Officer must be followed.

12.9 The Chief Financial Officer has authority to write-off individual irrecoverable debts up to £100,000 and shall report to the Executive Committee annually on the aggregate amounts written off. Any debt in excess of £100,000 may only be written-off as irrecoverable following approval by the Executive Committee. All debt due to the Council will be recovered in line with the Debt Recovery policy.

12.10 The Chief Financial Officer is responsible for collection and recovery of all debts due to the Council.

13. GRANT APPLICATIONS AND CLAIMS

13.1 It is the responsibility of Directors to ensure that they identify all opportunities for the Council to claim grants available to it and submit grant applications to the awarding body.

13.2 It is the responsibility of Directors to ensure that the Chief Financial Officer is advised of the details of all grants receivable by the Council and is involved in applications where the amounts involved are significant.

13.3 The Chief Financial Officer is responsible for maintaining a register of all significant grants receivable by the Council and providing details of these to the appropriate Director.

13.4 All grant claims must be completed timeously by the appropriate Directors in accordance with Financial Procedure "Following the Public Pound" available from the Finance team and on the Intranet.

14. RISK MANAGEMENT

14.1 The SLT will act as risk champions, driving risk from the top down, ensuring all major decisions are subject to a risk assessment, and fostering a supportive culture where all members of staff are openly able to discuss and escalate risks to the appropriate level. SLT will regularly review the most significant risks threatening strategic objectives.

14.2 Directors are responsible for ensuring that proper arrangements are in place to manage risk in respect of the Services for which they are responsible and should:

- Ensure that they understand the risk policy, process and reporting requirements;
- Ensure Risk Registers are compiled and maintained for each Service, Programme or Project based on a comprehensive assessment of risk;
- Challenge the status of identified risks, ensure appropriate risk mitigation actions are underway to address all the risks identified in the Risk Registers, and escalate risks and mitigations, as required;
- Develop, maintain and test Business Continuity Plans to ensure delivery of crucial service to the public during periods of disruption.
- Support internal and external audits;
- Deliver periodic presentations to the Audit & Scrutiny Committee to outline the strategic risks facing their Services and internal controls and governance in place to manage or mitigate those risks; and
- Carry out the complete risk management process on all major activities in accordance with approved risk management strategy, policy and guidelines (available on the Intranet).

14.3 Directors will be required to provide the Chief Executive with annual assurance in relation to the risk management arrangements operating in their Service as part of their Annual Assurance Statement on Internal Control and Governance.

14.4 Internal Audit is required to review the efficacy of Risk Management arrangements and associated internal controls put in place by Management and provide independent assurance on the effectiveness of the Risk Management Strategy and activities as part of its assurance on the Council’s Corporate Governance arrangements.

15. INSURANCE

15.1 All Insurance arrangements are provided under an SLA with the City of Edinburgh Council. The Chief Financial Officer will affect all insurance cover and negotiate all claims in consultation with other officers where necessary. All correspondence regarding claims against the Council must be passed immediately to the Chief Legal Officer in accordance with the Insurance guide and online forms (available on the Intranet). Under no circumstances should liability of the Council be acknowledged or admitted by an employee or an Elected Member. This requirement applies to any Arms Length External Organisations (ALEOS) established by the Council and to External Contractors working on behalf of the Authority.

15.2 Directors must give prompt notification to the Chief Financial Officer of all new risks, property or plant, vehicles or equipment which require to be insured and of any alteration affecting existing insurances including those related to services being delivered via joint working and partnership arrangements.

15.3 Directors must immediately notify the Chief Financial Officer in writing of any loss, liability or damage or any event likely to lead to a claim and, after consultation with the Chief Executive, inform the Police where appropriate.

15.4 All appropriate employees of the Council will be included in a suitable fidelity guarantee insurance policy if their duties require it.

15.5 In accordance with the Insurance guide and online forms (available on the Intranet). The Chief Financial Officer will annually, or at such other period as they may consider necessary, review all insurances in consultation with Directors, as appropriate.

15.6 Directors must consult the Chief Legal Officer regarding the terms of any indemnity which the Council is requested to give.

15.7 The Chief Financial Officer has authority to obtain the advice of consultants on insurance and risk management matters, subject to sufficient budgetary provision.

15.8 Proposals from Directors for ex-gratia payments in relation to insurance claims must be submitted to the Chief Financial Officer for consideration and approval, subject to sufficient budgetary provision.

16. INTERNAL AUDIT

16.1 The Local Authority Accounts (Scotland) Regulations 2014 require a local authority to operate a professional and objective internal auditing service. This service must be provided in accordance with the professional standards set out in Public Sector Internal Audit Standards (PSIAS) (2017).

16.2 A continuous Internal Audit, under the independent control and direction of the Chief Officer Audit & Risk, will be arranged to carry out a programme of assurance and consultancy work to review systems and activities that are currently existing or under development, in all directorates throughout the Council, to objectively provide assurance on the adequacy of systems of internal control, governance, and risk management. Work will be directed by risk and will be carried out in accordance with the Internal Audit Charter, Internal Audit Strategy and Internal Audit Annual Plans (all available on the Intranet) approved by the Audit & Scrutiny Committee.

16.3 Directors and Managers should engage with Internal Auditors in a positive way to achieve shared goals for robust systems of internal control, governance, and risk management, and should implement recommendations within agreed timescales to demonstrate best value and continuous improvement.

17. PREVENTION OF FRAUD, CORRUPTION, THEFT, AND CRIME

17.1 The SLT will act as counter fraud leaders, tackling fraud from the top down, allocating sufficient resources proportionate to the level of fraud risk to ensure that income is maximised and assets are safeguarded, and fostering a strong counter fraud culture.

17.2 The Integrity Group, whose purpose is to improve the Council’s resilience to fraud, corruption, theft and crime, will support Management to fulfil their responsibilities in tackling fraud. It will:

- oversee the counter fraud policy framework;
- consider fraud risks and carry out counter fraud controls assessments;
- agree and monitor the implementation of improvement actions; and

- raise awareness as a method of fraud prevention.

17.3 Directors are responsible for implementing policies, procedures and controls to prevent and detect fraud, theft and corruption in their Services in accordance with corporate counter fraud policy, strategy and guidelines (available on the Intranet).

17.4 Senior management will:

- identify fraud and corruption risks;
- ensure that they understand and apply the counter fraud policy requirements within their own service provision procedures and practices to ensure a comprehensive and coherent approach to fraud prevention, detection and investigation;
- take action to prevent, detect and investigate fraud;
- periodically highlight to staff the importance of behaving with integrity;
- support internal and external audits;
- carry out a periodic review of the efficacy of their counter fraud arrangements; and
- nominate counter fraud champions to support them to fulfil these responsibilities in tackling fraud.

17.5 All employees will act within the law and behave with integrity, honesty and openness as set out in Employee Code of Conduct and HR policies (available on the Intranet).

17.6 Where fraud, theft, corruption or crime is suspected:-

- employees shall comply with the “Whistleblowing” policy within Code of Conduct for Employees (available on the Intranet within HR Policies and Procedures) as appropriate;

- employees shall comply with the “Anti-Money Laundering Policy” (available on the Intranet).

- Directors and Managers are responsible for reporting all actual or suspected cases of fraud, theft, corruption or crime to the Chief Officer Audit & Risk by email fraud@scotborders.gov.uk, and initiating an investigation and ensuring this is conducted in accordance with the “Guidelines on Conducting Investigations” (available on the Intranet within “HR Policies and Procedures”), the aim of which is to take corrective action, minimise losses and help prevent further frauds.

17.7 Internal Audit is required to give independent assurance on the effectiveness of processes put in place by Management to manage the risk of fraud. Internal Audit’s other responsibilities in relation to fraud are provided in more detail within the Internal Audit Charter (available on the Intranet).

18. ASSET MANAGEMENT

18.1 Directors are responsible for managing and continuously reviewing the utilisation of all assets in or under their control or custody and for the preparation of Asset Management Plans as required by the Council, Executive Committee, Chief Executive or Chief Financial Officer.

18.2 The Director - Infrastructure & Environment is responsible for maintaining a register of all heritable property in the Council’s ownership (including that held by Common Good Funds).

18.3 Directors must consult with the Director Infrastructure & Environment, Chief Legal Officer and the Chief Financial Officer regarding any acquisition, disposal or lease of land and/or buildings by the Council.

18.4 Adequate budgetary provision must be identified for any property acquisition or lease to the Council, which must be first confirmed by the Chief Financial Officer.

18.5 All terms and conditions of a property transaction must be first approved by the Director Infrastructure & Environment, Chief Legal Officer and the Chief Financial Officer before conclusion of the transaction.

18.6 Directors are responsible for maintaining inventories of all moveable assets which record an adequate description of furniture, fittings and equipment, computer hardware and software, vehicles, plant and machinery under their control and which is the property of the Council which shall be operated and managed in accordance with the Financial Procedure “Inventories” available on the Intranet. The form in which inventories are recorded is to be determined by the appropriate Director, be consistent with the standard inventory form shown in the financial procedure and agreed by the Chief Financial Officer.

18.7 Directors are responsible for maintaining an annual check of all items on their service inventory, for taking action in relation to surpluses or deficiencies and amending the inventory and advising the Chief Financial Officer accordingly.

18.8 Furniture, fittings and equipment, computer hardware and software, vehicles, plant and machinery belonging to the Council will not be removed otherwise than in accordance with the ordinary course of the Council's business. No property or equipment may be used other than for Council purposes except with the specific approval of the Directors concerned. In the case of I.T. equipment, the additional approval of the Director - Strategic Commissioning and Partnerships is also required.

18.9 Directors are responsible for the care and custody of the stocks and stores in their service which shall be managed in accordance with the Financial Procedure “Stocktaking guidance” available from the Finance team and on the Intranet.

18.10 Directors will, at least once per year, review the level of stocks held and ensure these are not in excess of normal requirements except in special circumstances.

18.11 Directors will, after consultation with the Chief Financial Officer, make arrangements for periodic sample examinations of stocks by persons other than the storekeeper concerned. All adjustments of stock valuations in the stores accounting records for write-offs, stock deficiencies, obsolescence, etc. may only be made with the approval of the Chief Financial Officer.

18.12 The Chief Financial Officer will be entitled to receive from Directors such information as they require in relation to stores for the accounting, costing and financial records.

18.13 Surplus moveable assets shall be disposed of by competitive tender or public auction unless decided otherwise in a particular case after consultation with the Chief Financial Officer. Surplus I.T. equipment will be disposed of by a third party with the specific approval of the Chief Financial Officer.

19. SECURITY

19.1 Directors are responsible for ensuring proper security is maintained at all times for all buildings, stocks, stores, furniture, equipment, vehicles, plant, cash, computer systems etc under their control.

19.2 Maximum limits for cash holdings will be agreed with the Chief Financial Officer and must not be exceeded without their express written permission.

19.3 Keys to safes and similar receptacles must be kept in the custody of the persons responsible at all times. The loss of any such keys must be reported immediately to the Chief Financial Officer and where appropriate to the Police.

19.4 Directors are responsible for maintaining proper security and privacy of information in respect of computer systems and manual records and for ensuring that the provisions of the Data Protection Act 1998 and subsequent legislation are complied with.

20. CONTRACTS FOR BUILDING, CONSTRUCTION OR ENGINEERING WORK

20.1 Where contracts provide for payment to be made by instalments, the supervising Directors will arrange for the keeping of a contract register or registers to show the state of account on each contract between the Council and the Contractor.

20.2 Payments to Contractors on account of contracts will be made only on a certificate of payment issued by the supervising Directors or other officer nominated for the purpose.

20.3 Subject to the provisions of the contract in each case, every variation must be authorised or confirmed in writing by the supervising Directors or other officer or consultant nominated for the purpose.

20.4 Any change in the estimated cost and / or phasing of a project must be reported to the next available meeting of the Executive Committee for consideration of its effect and a recommendation as to the course of action to be followed.

20.5 The Chief Financial Officer will, to the extent they consider necessary, examine records and accounts for contracts and they will be entitled to make all such enquiries and receive such information and explanations as they may require in order to satisfy them as to the accuracy of the records and accounts.

20.6 Claims from contractors and third parties in respect of matters not clearly within the terms of any existing contract will be referred to the Chief Legal Officer and Chief Financial Officer for consideration of the Council's legal liability and consideration of the financial aspects before a settlement is reached. A report by the Directors responsible for the contract on each proposed ex gratia and/or extra contractual claim will be submitted to the Executive Committee, as appropriate, for approval.

20.7 Where completion of a contract is delayed, it shall be the duty of the Directors concerned to take appropriate action in respect of any claim for liquidated damages, loss and/or expense and to report their action to the Executive Committee as appropriate.

21. PROCUREMENT OF GOODS, SERVICES & WORKS

21.1 The procurement of all goods, services and works shall be in accordance with the relevant provisions in the Council's Procurement & Contract Standing Orders, The Procurement Reform Act (Scotland) 2014, the Public Contracts (Scotland) Regulations 2015, the Council's approved Procurement Strategy, and relevant EU regulations. The Purchasing Handbook is complementary and supportive of Standing Orders and Financial Regulations. The handbook provides an additional and less technical source of guidance, allowing officers to procure in accordance with all related governance required for any procurement.

21.2 Official orders shall be in a form approved by the Chief Financial Officer.

21.3 Any major procurement or contract which is of a significant amount and of strategic relevance to the Council must be authorised / signed by the Chief Legal Officer. (A major procurement is defined by any activity that requires approval by any committee of the Council.)

21.4 Official orders shall be authorised (whether by signature or electronic means) only by officers authorised by the appropriate Directors who will be responsible for official orders issued from their services. The names of such officers together with specimen signatures and initials where appropriate, authorised to certify such orders must be sent to the Chief Financial Officer by Directors. Before issuing any such order the certifying officer must ensure that a current provision within a relevant budget head exists to meet the resulting liability.

21.5 Official orders shall be issued for all work, goods or services to be supplied to the Council. Orders should be issued using the Procurement (Purchasing) module of the Council's ERP system, Business World.

21.6 Each order must conform to any directions of the Council or the Chief Financial Officer with respect to central purchasing and the standardisation of supplies and materials.

21.7 A copy of each order should be retained in accordance with the Records Management and Retention Policy, and access granted, if so requested, to the Chief Financial Officer.

21.7 Directors must consult the Chief Financial Officer, prior to the procurement of any asset, so that the advantages or otherwise of leasing/contract hire as compared to purchasing may be evaluated.

21.8 All terms and conditions of a leasing/contract hire contract, prior to being agreed and signed, must first be approved by the Chief Financial Officer and Chief Legal Officer.

21.9 In relation to the funding of external bodies, any payments or in-kind provision shall be in accordance with the Council's Code of Practice on 'Following the Public Pound' available on the Intranet.

22. PAYMENT OF INVOICES

22.1 The Chief Financial Officer is responsible for making payment of all certified invoices and monies due by the Council.

22.2 The normal method of payment of money due from the Council will be by Bankers Automated Clearing System (BACS) or other instrument drawn on the Council's bank account by the Chief Financial Officer. The Chief Financial Officer has the authority to arrange for payments to be made direct from the Council's bank account by BACS, direct debit, standing order or other means.

22.3 Directors are responsible for ensuring that all invoices and other payment vouchers arising from sources in their service are examined, checked, verified and certified in accordance with instructions issued by the Chief Financial Officer. Invoices arising from orders raised using the Council’s ERP system Business World shall be released for payment only when all electronic authorisation orders have been completed. Otherwise, certification of invoices and all other payment vouchers must be in manuscript (or other means approved by the Chief Financial Officer) by or on behalf of the Directors. The names of officers, together with specimen signatures and initials where appropriate, authorised to certify such payments must be sent to the Chief Financial Officer by Directors.

22.4 Before certifying or authorising an invoice for payment the certifying officer must be satisfied that:-

- An official order, where required, has been properly raised and authorised for the work, goods or services;
- The work, goods or services to which the invoice relates, are the same as that ordered, has been received, carried out, examined and approved;
- The relevant expenditure has been properly incurred and is within the relevant budget provision;
- Appropriate entries have been made in asset registers, inventories, stores records, or stock systems as required;
- The invoice has not been previously passed for payment and is a proper liability of the Council; and
- The appropriate ledger code and other relevant information has been properly entered on the invoice against orders raised, acceptable to the Chief Financial Officer.

22.5 Except under an approved scheme of devolved invoice processing, all invoices must be sent in the first instance to the Payments section. In accordance with the guidance specified on the official orders, the supplier must quote the official order number, details of the goods or services supplied and the place where the work was done or goods delivered.

22.6 Directors should ensure that their staff address any Purchase to Pay (P2P) task items promptly in the ERP system Business World.

22.7 Immediately after the end of each financial year Directors will notify the Chief Financial Officer of all outstanding expenditure relating to that year in accordance with the "end of year accounting instructions and timetable".

23. SALARIES, WAGES, PENSIONS AND ALLOWANCES

23.1 The payment of all salaries, wages, pensions, compensation, allowances and other emoluments to all employees, former employees or Elected Members of the Council will be made by the Director People, Performance & Change (in consultation with the Chief Financial Officer) or under arrangements approved and controlled by them.

23.2 Directors are responsible for notifying the Director People, Performance & Change as soon as possible of all matters affecting the payment of such emoluments, in particular :-

- appointments, resignations, dismissals, suspensions, secondments and transfers;
- changes in remuneration, excluding increments and pay awards;
- information necessary to maintain records of service for pension, income tax and national insurance.

23.3 Directors will, in accordance with the agreed procedures, notify the Director People, Performance & Change immediately of absences from duty for sickness or other reason, apart from approved paid leave.

23.4 Appointments of all employees will be made in accordance with the appropriate policies of the Council and within the approved budget.

23.5 All time records, overtime claims and other pay documents will be in a form prescribed or approved by the Director People, Performance & Change and will be certified in manuscript (or other means approved by the Director People, Performance & Change) by or on behalf of the relevant Directors. The names of officers, together with specimen signatures and initials, authorised to sign such records will be sent to the Chief Financial Officer by Directors.

23.6 The Clerk to the Council is responsible for advising the Director People, Performance & Change of all changes to Allowances payable to elected Members including:

- Election to and resignation from the Council;
- Appointment to and resignation from posts carrying additional and/or special responsibilities.

24. TRAVELLING, SUBSISTENCE AND OTHER EXPENSES

24.1 All staff are required to complete the ‘Business Travel Decision Maker’ before travel to ensure the most efficient and effective approach is taken to travel. The options include use of technology to access a meeting remotely, car sharing, travel by train and use of Council pool cars. Should the decision maker result in a recommendation to seek approval from line management to use own vehicle and therefore claim mileage, paragraphs 24.2 – 24.6 must be complied with.

24.2 Payments to Members and employees of the Council who are entitled to claim for travelling or other expenses will only be made for actual expenditure reasonably and necessarily incurred in the course of their duties.

24.3 Payments to Members of the Council including co-opted members of its Committees who are entitled to claim travelling or other allowances will be made by the Director People, Performance & Change following submission of the prescribed form duly completed and signed and supported, where appropriate, by receipts. All mileage claims should be supported by fuel VAT receipts and be in accordance with the Mileage Guidelines issued by Human Resources (available on the Intranet in HR Policies and procedures).

24.4 All claims by employees for payment of car mileage allowance, subsistence allowance, travelling and incidental expenses will be submitted electronically online to the Director People, Performance & Change. Claims must be in a form approved by the Director People, Performance & Change, made up to a specified date of each month, and submitted to them within three working days thereof and supported, where appropriate, by receipts. All mileage claims should be supported by fuel VAT receipts and be in accordance with the Mileage Guidelines issued by Human Resources (available on the Intranet in HR Policies and procedures).

24.5 The names of officers, together with specimen signatures and initials, authorised to sign such documents must be sent to the Chief Financial Officer by Directors and immediately amended on the occasion of any change.

24.6 Certification of claims by the authorising officer will be taken to mean that they are satisfied that the journeys were authorised, the expenses properly and necessarily and actually incurred and that the allowances are properly payable by the Council.

25. IMPREST ACCOUNTS

25.1 The Chief Financial Officer will provide such imprest accounts for such officers of the Council as may need them for the purposes of defraying petty cash and other small expenses which shall be operated and managed in accordance with the Financial Procedure “Managing Petty Cash” available from Finance and on the Intranet.

25.2 No income received on behalf of the Council may be paid into an imprest account but must be banked or paid to the Authority as provided elsewhere in these Regulations.

25.3 All payments from Imprest Accounts will be limited to minor items of expenditure and must wherever practicable be supported by a receipted voucher.

25.4 The Chief Financial Officer will annually request from an imprest holder or a holder of cash floats, a certificate as to the state of the imprest account held by them.

25.5 Larger imprests may be held in a bank account and the bank account title must include the name 'SCOTTISH BORDERS COUNCIL’. Imprest bank accounts can only be opened on the authorisation of the Chief Financial Officer and must comply with Regulation 11.1.

25.6 Claims for reimbursement of Imprest Accounts must be made by the imprest holder in accordance with procedures and timescales determined by the Chief Financial Officer.

25.7 Imprest Accounts must not be increased or topped up from other funds or from personal funds.

25.8 On leaving the employment of the Council or otherwise ceasing to be entitled to hold an imprest, an officer will account to the Chief Financial Officer for the amount advanced to them.

26. PRIVATE PROPERTY AND VOLUNTARY FUNDS

26.1 All arrangements for the safekeeping of valuables (e.g. cash, jewellery, watches, bank books, documents of title etc. deposited with an employee of Social Work) will require to be approved by the Chief Financial Officer.

26.2 The Chief Financial Officer must be advised of all voluntary funds, e.g. school funds, comfort funds, etc., administered by officers of the Council by reasons of their employment. It will be the duty of such officers to prepare annual accounts promptly and to arrange for the accounts to be examined by a competent and appropriately qualified person who is independent of administering the Fund.

26.3 Paragraphs 11.1 and 16.1 of these Regulations will apply to this section.

26.4 Accounts and supporting records should be prepared and maintained in accordance with the appropriate Financial Procedures available from Finance or on the Intranet as follows;-

- Welfare and Comfort funds held in Residential and Day Centres
- School Funds; Guidelines to Headteachers on Accounting Procedures
- Financial Advice to Honorary Treasurers, Honorary Auditors and Other Office Bearers of Community Centres

27. TRADING ORGANISATIONS

27.1 It may be practical in certain circumstances, to enable the operation of Trading Organisations, for certain Financial Regulations to be waived. The appropriate Directors shall require the written authority of the Chief Financial Officer, in consultation with the Chief Executive before such action is taken.

28. DELEGATION

28.1 It shall be competent for any Director to delegate any or all of the powers, duties and responsibilities set out in these Regulations to any member of staff they line manage (either directly or indirectly) subject to :-

- the powers, duties and/or responsibilities being set out in writing and cross-referred to the appropriate Financial Regulation
- the officer to whom the delegation is made expressly acknowledging and accepting the delegated powers, duties and/or responsibilities in writing to the Director
- the Director sending copies of the delegation and acceptance to the Chief Financial Officer for approval.

28.2 Paragraph 28.1 shall not apply to the statutory duties imposed on the Section 95 Officer or the Monitoring Officer.

29. EMPLOYEE RESPONSIBILITIES

29.1 **Breach of Financial Regulations**
If you believe that anyone has broken, or may break, these Financial Regulations, you must report this immediately to the Chief Financial Officer (or, if more appropriate, to the Chief Legal Officer who may then discuss the matter with the Chief Executive, Chief Legal Officer (as Monitoring Officer) or any other member of the SLT or authorised person as appropriate to decide what action to take.

29.2 **Failure to Comply**
Failure to comply with any requirement contained within these Financial Regulations, and associated documents, may result in the matters being dealt with under the Council's Human Resources Policy Framework.

30. REVIEW

30.1 The Chief Financial Officer, in consultation with the SLT shall review these Regulations on a regular basis, generally triennially. Minor update changes to financial regulations are delegated to the Chief Financial Officer in consultation with the Chief Officer Audit and Risk. Financial regulations will be published on the Intranet. Financial regulations should be reviewed by the Executive Committee at least every 3 years.

Capital Expenditure

1. Decisions on the proper accounting treatment of capital expenditure rest with the Chief Financial Officer and will be taken with reference to the definitions contained in the most recently published CIPFA Local Authority Code of Accounting practice.

2. All expenditure on the acquisition, creation or enhancement of long term assets should be treated as Capital. Expenditure to be treated as provision of a long term asset is:-

   - acquisition, reclamation, enhancement or laying out of land.
   - acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures.
   - acquisition, installation or replacement of plant, machinery, apparatus, vehicles and vessels.
   - Acquisition, development of intangible assets.

   "Enhancement" means carrying out works which are intended to:-

   - lengthen substantially the useful life of the assets; or
   - increase substantially the open market value of the assets; or
   - increase substantially the extent to which the asset can or will be used for the purposes of or in connection with the functions of the authority.

3. Expenditure on the acquisition of a long term asset, or expenditure which adds to, and not merely maintains, the value of an existing asset, is Capital provided that the asset yields benefits to the authority and the services it provides are for a period of more than one year.

4. Improvement works and structural repairs should be treated as Capital, whereas expenditure to ensure that the asset maintains its previously assessed standard of performance is Revenue.

5. The costs of keeping an asset in good repair or decoration to reach its assessed period of useful life are revenue.

6. The Prudential Code requires the authority to identify the impact of capital investment decisions by forecasting total budgetary requirements. The budgetary requirements should be included in the authority's revenue budget. For this purpose, capital expenditure includes all of the above, as well as items such as:-

   - approved lending on mortgage for house purchase
   - approved on-lending to Registered Social Landlords and for NHT arrangements
   - specific consent to borrow from Scottish Government
   - lending for car purchase
   - lending to the private sector
   - grants to the private sector (for capital expenditure items) as permitted under legislation and consents from Scottish Government
   - assets acquired by way of finance lease or under PPP / PFI / NRD financing arrangements

7. Individual assets with a cost of less than £5,000 and a group of assets with a combined cost of less than £20,000 will not be treated as capital expenditure and must be charged to revenue

Appendix 2

Capital Investment principles

The capital investment principles underpinning the Capital Programme are as follows:

- To ensure that **best value for money** is derived from the Council's capital investment through better planning.
- To demonstrate to stakeholders that the capital investments are **in line with the Council's key long term objectives** in relation to the development and delivery of its services.
- To use the Capital Planning Process to demonstrate that the Council is **delivering its key objectives in a considered and objective manner.**
- To use the longer term planning horizon **to undertake rigorous option appraisal**, and **examine and mitigate risks** associated with delivery of the schemes within the programme.
- To plan for the **better use of scarce financial resources**, both revenue and capital, and to look for opportunities to reduce dependency on revenue.
- To better **align capital investment to the best management** of the Council's asset portfolio.
- To **embed project management disciplines** into the delivery of schemes to deliver them on-time and within budget.

Appendix 3

Treasury Management Policy Statement

Adopted by Council – 22 April 2010

1. The Council defines its treasury management activities as:

   The management of the Council'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 the optimum performance consistent with those risks.

2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.

3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

4. The Chief Financial Officer will from time to time formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list defining appropriate limits.

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BUDGET COMMUNICATIONS STRATEGY 2022/23

Report by Director, Finance & Corporate Governance

SCOTTISH BORDERS COUNCIL

22 FEBRUARY 2022

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 recent survey. This feedback has been considered as part of the 2022/23 Financial Planning process.

1.3 As part of the budget consultation exercise on the Council's updated Financial Plan, a survey was made available to members of the public on the Council website from early December 2021 to 6 February 2022. Members of the public were asked to help us understand the priorities of Borderers and gave local people the opportunity to influence the next Council budget and a range of other important service areas for the future.

1.4 As at the 6 February 2022, 765 members of the public gave us their views on how they think resources should be prioritised to address the high-level challenges the Council is facing.

2 RECOMMENDATIONS

2.1 It is recommended that Council:

(a) Notes the budget Communication Strategy used; and

(b) Considers the feedback provided by respondents to the survey in setting the Council's budget for 2022/23 and subsequent financial years.

3 BACKGROUND

3.1 As part of the financial planning process for 2022/23, the Council committed to engaging with staff, partners, stakeholders and the Scottish Borders community.

3.2 The forms of engagement have included:

- An online survey, made available from early December 2021 to 6th February 2022 to all members of the public, allowing the Council to gain valuable feedback on how individuals in the Scottish Borders can prioritise action across a range of key issues.
- Consultation with all Trade Unions as part of the budget process.

4 'HAVE YOUR SAY' SURVEY

4.1 As part of the budget Communication Strategy, the survey was used as a way of engaging with communities on their spending priorities. The survey was made available to members of the public via the Council website with the following aims of asking participants to:

- prioritise action across a range of key issues and provide input on the focus of spending around education, the road network and tackling climate change.
- provide feedback on Council Tax and the development of future plans for customer service arrangements and digital services.
- allowing communities to also think about how they could contribute to the #yourpart campaign in shaping our next budget and Corporate Plan and future priorities by telling us what their priorities are.

4.3 Up to the date the consultation closed, 765 respondents gave feedback on their priorities. As summary of the feedback and a 'you said – we did' analysis are included at Appendices 1 & 2. The results were made available to Elected Members for consideration in forming the Council's budget proposals.

5 IMPLICATIONS

5.1 **Financial**

There are no direct financial implications resulting from this report.

5.2 **Risk and Mitigations**

By conducting various engagement programmes regarding the Financial Plan, the Council demonstrates a commitment to gathering stakeholder views to inform decision making. This helps to mitigate risks around failing to engage with stakeholders & communities on services and decisions that directly affect them, therefore aiding in the reduction of stakeholder resistance and lack of buy-in, both of which could delay the delivery of proposed strategies and associated savings and have a negative impact on the Council's reputation. This is further enhanced by the "You said, We did" analysis which helps to increase transparency and signpost specific strategies and activities that have been or are being implemented. In addition to this, the Budget Communications Strategy has a positive bearing on community empowerment through its ability to complement the participatory budgeting process.

5.3 Integrated Impact Assessment

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

5.4 Sustainable Development Goals

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

5.5 Climate Change

There are no direct effects on carbon emissions resulting from this report. Several of the questions contained within the survey asked respondents to prioritise specific activities aimed at tackling climate change. As Council declared a Climate Change Emergency in September 2021 these questions have provided an opportunity for residents of the Scottish Borders to have their say on the development of some mitigating actions. Furthermore the inclusion of such questions has helped to raise the profile of climate change and highlight that the Council is actively looking to develop strategies that will have a positive impact on the environment.

5.6 Rural Proofing

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

5.7 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

5.8 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/Chief Legal Officer, the Chief Officer Audit and Risk, the Director People, Performance and Change, the Clerk to the Council and Corporate Communications have been consulted and any comments received have been incorporated into this final report.

Approved by

David Robertson **Signature.................................**
Director, Finance & Corporate Governance

Author(s)

Name	Designation and Contact Number
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Background Papers: N/A

Previous Minute Reference:

Note – You can get this document on tape, in large print and various other formats by contacting us at the address below. In addition, contact the address below for information on language translations, additional copies, or to arrange for an Officer to meet with you to explain any areas of the publication that you would like clarified. Contact Suzy Douglas Council Headquarters on 01835 824000 X5881

APPENDIX 1

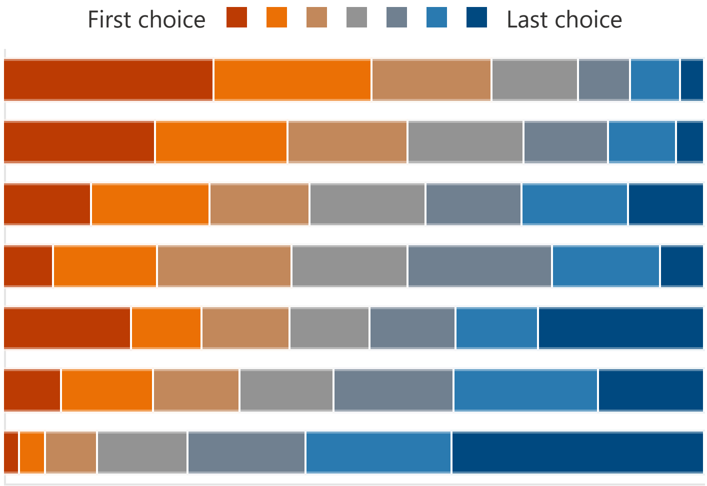
HAVE YOUR SAY

765
Responses

Closed
Status

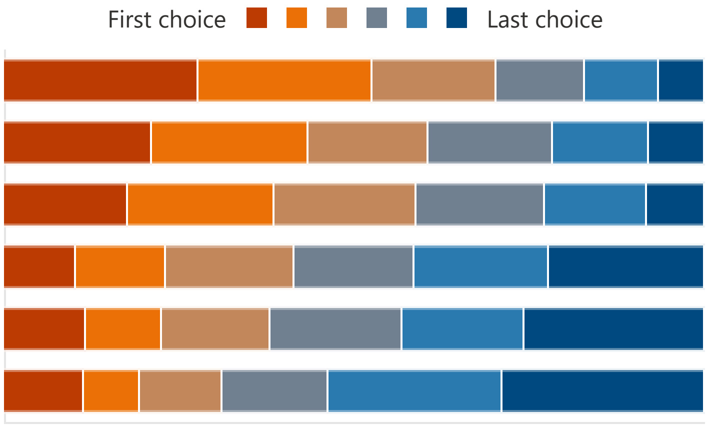
1. There are a number of significant challenges facing the Council and the Scottish Borders generally, as set out in our recently refreshed Corporate Plan. Many of these are interconnected. The Council, through its budget, services, projects and its influence and work with partners, has the opportunity to try and tackle these. But to help us prioritise action we want to know which are most important to you.

Rank	Options
1	**Economy** - the average wage ...
2	**Health and Social Care** - the ...
3	**Demography** - we have a falli...
4	**Skills, Training, Employabilit**...
5	**Environment/Climate Chang**...
6	**Transport** - around 10,000 pe...
7	**Vulnerable Communities** - th...



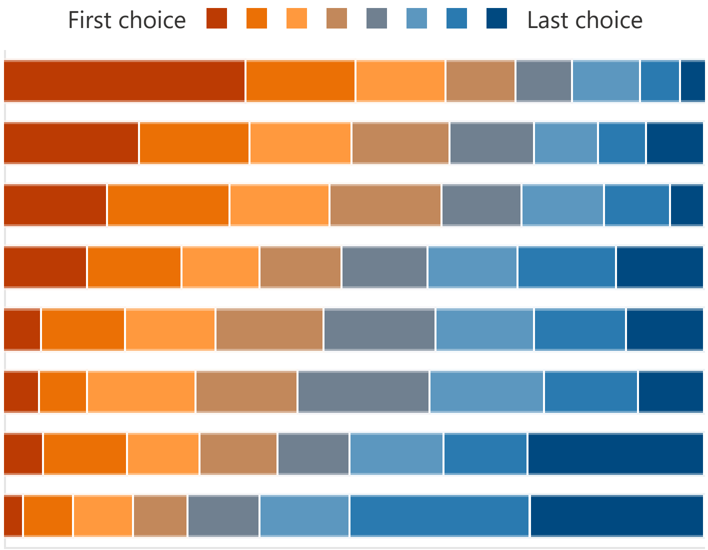
2. As one of our biggest services, we spend around a third of Council resources on Education. There are a number of legal requirements such as pupil/teacher ratios which impact on the flexibility of how the budget can be spent.
However you can help us prioritise the following education and skills areas, and associated budget allocations, by ranking in order of your priority - highest priority at the top.

Rank	Options
1	Closing the poverty-related at...
2	Supporting young people's m...
3	Access to training for adults in...
4	Widening digital learning skill...
5	Access to high quality outdoo...
6	High quality, modern school b...



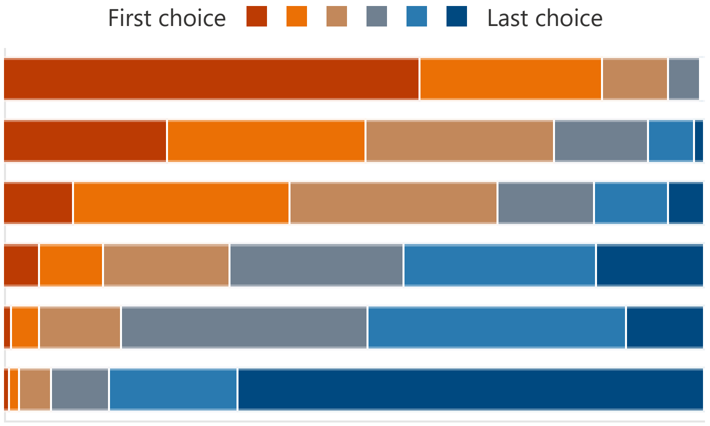
3. Our Infrastructure and Environment section also receives a significant annual budget (around £44m/year of our revenue budget) to deliver a huge range of services including roads, property and asset management and maintenance, waste services, grass cutting, public transport and flood protection.
A significant proportion of our capital budget is also connected to this area (almost £80m over three years).
Have your say on which of the following areas within this service you think we should prioritise by ranking them in order of your priority - highest at the top.

Rank	Options
1	Investment into roads and acti...
2	Increasing biodiversity, includi...
3	Widening access and increasin...
4	Increasing opportunities for fo...
5	Retaining public toilets and im...
6	Improving the quality of play ...
7	Increasing recycling rates
8	Enhanced street and footpath ...

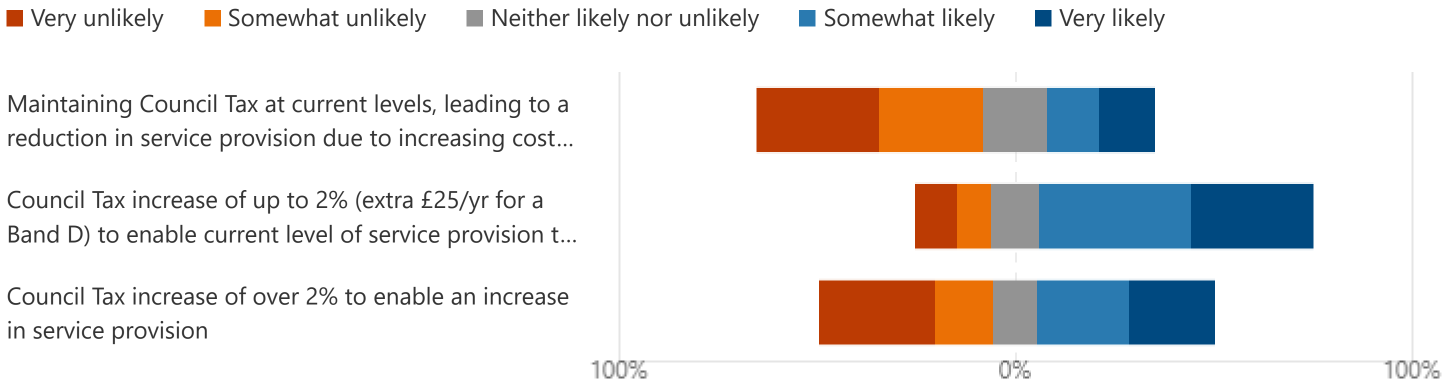


4. An annual programme of works is developed each year to address priority road repairs and is based on our regular inspections of routes and other critical information/guidance. This has to be balanced with reactive repairs and short term fixes.
Due to the complexities involved in developing the programme it is not possible for the Council to open this up to public prioritisation. We do try to ensure that all localities benefit from the works.
There are a range of elements to our roads service however and we would like you to provide your feedback on how you would prioritise these different areas of the service. This will help us to review the current prioritisation of these different elements of the service and allocate available budget accordingly.
Please rank the following in order of your priority - highest priority at the top.

Rank	**Options**
1	Proactive and longer lasting r...
2	Drain/gully clearance to help r...
3	Reactive and quick temporary ...
4	White line renewal to enhance...
5	Road signage maintenance/cl...
6	Verge grass cutting for aesthe...



5. Council Tax provides around 20% of all Council funding. For every 0.5% increase in Council Tax around £300,000 a year extra is available for the Council to spend.
How likely or otherwise would you be to support the following actions:



6. Would you be supportive of an increase in Council Tax if the money this raised was ringfenced for a specific purpose/project?

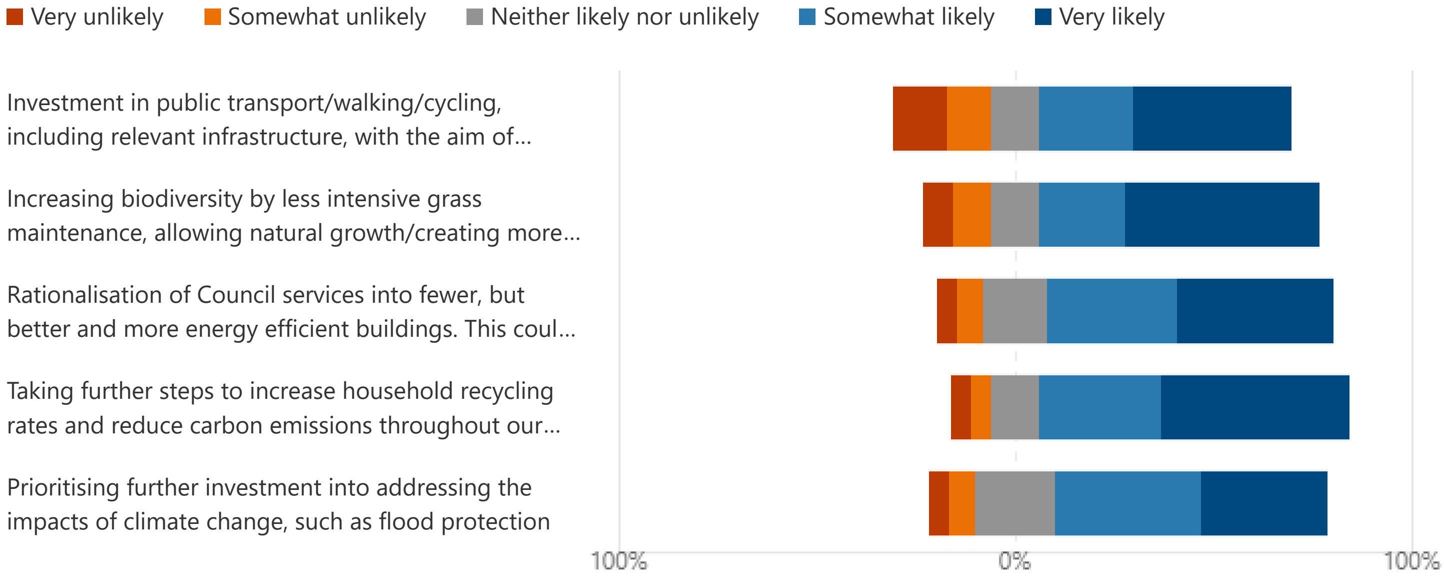
●	Yes	153
●	No	191
●	Maybe, depending on the pur...	421

7. In light of your previous answer, what purpose/projects would you wish any Council Tax increase to support

518

Responses

8. The Council declared a 'Climate Emergency' in September last year and published a Climate Change Route Map in June this year aimed a setting the Scottish Borders on a path to net zero emissions by 2045.
Reflecting on the need to take action to tackle climate change, how likely or otherwise would you be to support the following measures:



9. At the heart of what the Council is aiming to achieve is improving the wellbeing, in its widest possible sense, of everyone living in the Scottish Borders. What could the Council do to help increase your wellbeing and that of your family?

622

Responses

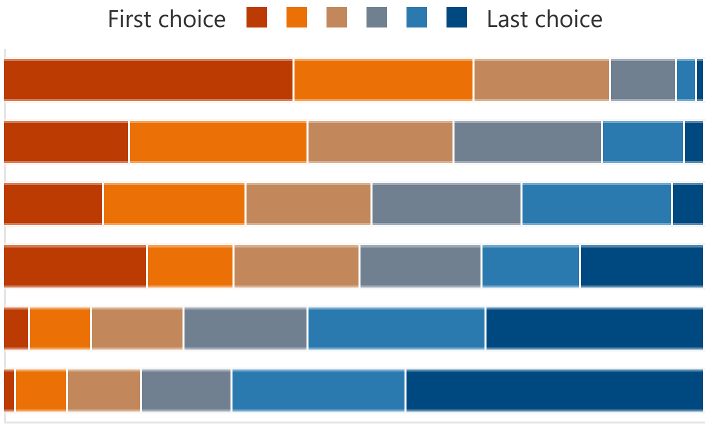
10. As part of the drive towards net zero emissions there is a national target of recycling 70% of household waste by 2025.
We have already achieved a huge reduction in the amount of household waste sent to landfill and no longer send any waste to landfill in the Scottish Borders. There has been an associated increase in the recycling rate and in the year to December 2020 over 56% of household waste was recycled.
We're obviously keen to maximise the recycling rate, so how could the Council help you to reduce your waste and increase the amount recycled in your household?

643

Responses

11. The Covid-19 pandemic has transformed the way in which customers have interacted with the Council.
To help us to further develop and enhance our customer services and prioritise investment please rank the following range of current and potential means of communicating/dealing with the Council in your order of preference - highest at the top.

Rank	**Options**
1	Email
2	Online - website, including yo...
3	Telephone
4	Face-to-Face in suitable locati...
5	Online - social media
6	Video call



12. The Council is continuing to develop new digital ways for customers to deal with us. What Council services would you like to be available online 24/7 to help you do more at a time that suits you?

434

Responses

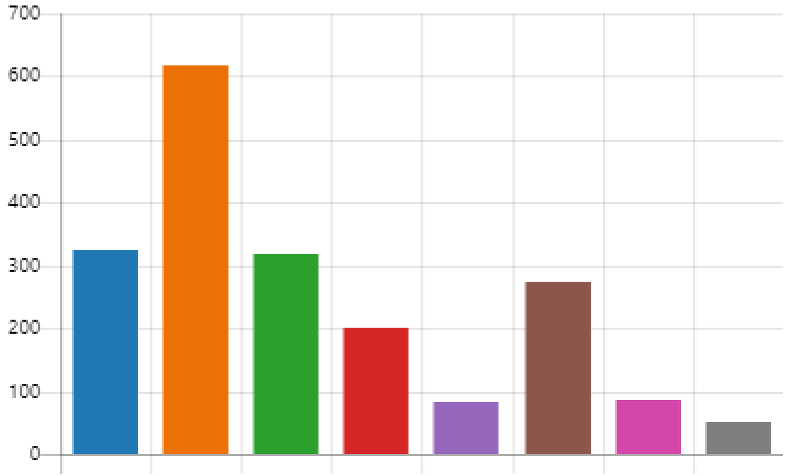
13. The Council is committed to increasing the opportunities for people and communities to have a say in how we invest and support jointly agreed priorities within their community. What would be your top priority for improving the community in which you live?

598

Responses

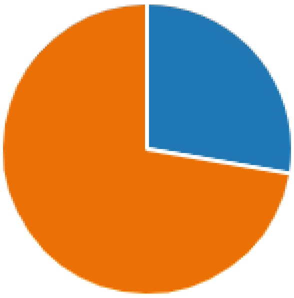
14. We want to involve local people and communities more in local decision-making, from helping to determine the shape of our frontline services to setting local priorities in your area and deciding how budgets can be spent.
How would you like to discuss this with us? Please select all that apply

●	At town hall style events/meet...	323
●	Surveys and consultations suc...	616
●	Online polls via social media o...	319
●	Online workshops	200
●	Through your local Area Partn...	84
●	Through your local Communit...	274
●	Through another community ...	87
●	Other	50



15. We also have a People’s Panel that we discuss ideas with that help shape our decisions and policies – would you be interested in being part of this Panel?

● Yes	212
● No	553



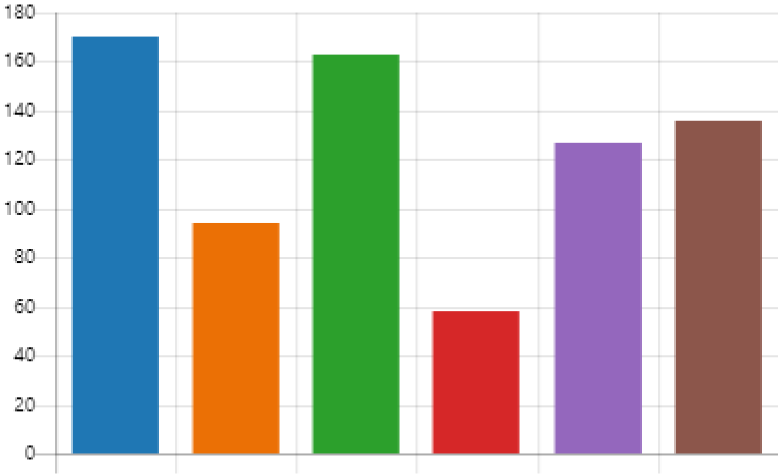
17. Do you have suggestions on things the Council could do differently, or potential savings we could make?

411

Responses

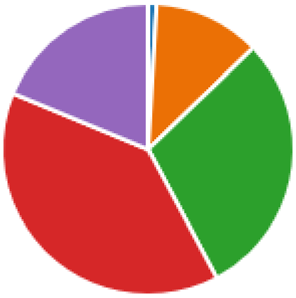
18. Locality
If unsure please select other and put in your postcode

● Berwickshire	170
● Cheviot	94
● Eildon	163
● Teviot & Liddesdale	58
● Tweeddale	127
● Other	136



19. Your age group

🔵	under 18	7
🟠	18-34	90
🟢	35-50	223
🔴	51-65	296
🟣	65+	142



Appendix 2

Scottish Borders Council
Draft Financial Plan 2022/23 to 2026/27
Budget survey - You said, We did

Would you be supportive of an increase in Council Tax if the money this raised was ringfenced for a specific purpose/project?

In light of your previous answer, what purpose/projects would you wish any Council Tax increase to support?

(The top 4 themes of response are listed below)

You said	**We did**
Roads Network	The Council is investing £95.1m in Roads over the next 10 years to improve Roads, Bridges and pavements with increased focus on first and final fixes and piloting alternative technologies to reduce temporary patching and build resilience. This includes a new approach with the purchase of a Pothole Pro following successful trials in the Borders during 2021 to avoid the need for temporary patching. The Council is proposing a one-off £1.35m increase in revenue spend on roads to target high profile/high priority identified local schemes and white lining following a process of public consultation.
Education	£2.9m investment is being made in 75 FTE additional teaching and support staff in schools to reduce the attainment gap. 3 new Secondary schools will be built in Gala, Peebles and Hawick during the next Council along with new Eyemouth and Earlston primary schools by end of 2025/26. The work in Earlston will include provision of a new GP surgery funded by NHS Borders.
Social Care	Significant investment of over £8.5m permanent, recurring funding has been provided to Social Work services to deliver increased pay for social care staff along with a further increases over 2021/22 levels for care at home investment, interim care, free personal & nursing care and the carers act. The Council is also advancing the delivery of new care facilities at Tweedbank and in Hawick to modernise the care estate.
Climate change	The Council is investing in spend to save projects in a range of energy efficiency measures designed to reduce our Carbon Footprint with an investment of over £4m in the next 3 years and £400k to support increasing work around sustainability and a fair transition to net zero. Work is also progressing to protect our towns from flooding including delivery of the £92m Hawick Flood Protection scheme and natural flood measures in upland areas. The Council is transitioning its fleet to alternative green fuel sources and has ordered the first 20 all electric vehicles to replace existing diesel cars.

At the heart of what the Council is aiming to achieve is improving the wellbeing, in its widest possible sense, of everyone living in the Scottish Borders. What could the Council do to help increase your wellbeing and that of your family?
(The top 5 themes of response are listed below)

You said	**We did**
Keep Council Tax increases to a minimum	Council Tax and fees & charges will increase by 3% in 2022/23. With inflation currently running over 5%, this increase is a below inflation increase and represents a real terms reduction in the funding available to the Council next year. Around 25% of lowest income households do not pay any Council Tax as this is fully offset by the Council Tax reduction scheme.
Support Health, fitness and wellbeing activities	The Council is investing an additional £500k in Culture & Sports Trusts to support them in providing high quality sports and recreation activities in the COVID-19 recovery period. £4m investment programme is in place to improve and modernise outdoor Community Spaces. As part of this, destination play areas have been delivered in Harestanes, Galashiels, Kelso, Peebles, Hawick, Coldstream and Newtown St Boswells, with further projects to be delivered in Jedburgh, Duns, Eyemouth and Earlston.
Improvements in roads, paths and cycle ways	Significant investment in the Roads network of £95.1m over the next 10 years plus over £2.5m investment through the Cycling, Walking, Safer Streets programme over 5 years to improve paths and safe cycling opportunities. An active travel network is also being developed in Hawick as part of the Flood Protection works. The destination Tweed project is seeking to join up the paths network across the Borders to encourage cycling and walking.
Transport	The Council continues to support the extension of the Borders Railway through the pilot study currently being undertaken by Transport Scotland and is currently investing £2.4m in opening Reston Station on the east coast mainline. A Demand Responsive Transport (DRT) pilot is being launched to support usage of the new Reston Station. In line with national policy under 21s in the Borders will be eligible for free travel from the end of January 2022.
Investment in communities and towns	Investment through the capital plan in Hawick through the development of a Conservation Area Regeneration Scheme (CARS). Use of second homes Council Tax to bring empty homes into use through a new £500k empty homes fund managed by a new empty homes officer, this fund will provide grants of up to £25k to redevelop empty homes in our towns and countryside. £250k investment in a neighbourhood support fund, for area partnerships to target local priorities.

As part of the drive towards net zero emissions there is a national target of recycling 70% of household waste by 2025. We have already achieved a huge reduction in the amount of household waste sent to landfill and no longer send any waste to landfill in the Scottish Borders. There has been an associated increase in the recycling rate and in the year to December 2020 over 56% of household waste was recycled. We're obviously keen to maximise the recycling rate, so how could the Council help you to reduce your waste and increase the amount recycled in your household?

(The top 4 themes of response are listed below)

Increase types of collection	The Council is working with Zero Waste Scotland to identify opportunities to improve kerbside collection services. Feedback from this survey will help shape future service provision and bid applications. The Council has diverted most waste from landfill, increased recycling performance and reduced its carbon emmissions through its new residual waste contract. In addition the Council has invested over £4.5m in its waste waste transfer stations and purchased 5 new Refuse Collection Vehicles four of which have electric bin lifters reducing vehicle emissions.
Educate the public	The Council is currently focusing on educating its children and young people. This has involved the development of a Schools Resource Pack covering recycling, climate change and a number of other subjects. At the current time the resource pack is being piloted in 8 primary schools, with the aim that this will be rolled out to all primary schools from August 2022. The Council has worked with Zero Waste Scotland to introduce a National Recycling Sorter which enables residents across Scotland to check what materials should be placed in which bin.
Accessibility and use of recycling centres	The hours of operation at Community Recycling Centres have been adjusted to reflect customer feedback and useage data. This has included providing longer opening hours in the summer & at weekends and shorter hours in the winter. In 2020 the Council upgraded Easter Langlee Community Recycling Centre to improve accessibility and reduce the need to shut the site when skips are being serviced.
Reduce use of plastics	The Council recognises and supports the need to reduce the quantity of plastics used in packaging. This is confirmed in the Counci'ls Climate Change Route Map. The Scottish and UK Governments are working on a number of legislative and policy drivers to reduce the amount of plastic used in packaging including Extended Producer Responsiblity Scheme and the Deposit Return Scheme. The Council will continue to work with the Scottish Government to reduce use of plastics.

The Council is continuing to develop new digital ways for customers to deal with us. What Council services would you like to be available online 24/7 to help you do more at a time that suits you?

(The top 5 themes of response are listed below)

Introduce an online chat service	The Council is planning the launch of a web chat service to allow customers to contact the Council over a live web chat. This will allow customers to resolve a range of issues through this flexible and modern approach.
Ability to engage with the Council through one route	The Council is rolling out a customer account allowing individuals to securely sign up for a personal account on the Council website. After signing up they will be able to submit requests, raise queries and access information relevant to themselves. The account will record their requests, provide progress updates where applicable and have options to view and use Council systems. The account will be available via the Council website and so be easily accessible from devices such as laptops, tablets and mobiles phones.
Provide Council Tax services online	As above the customer account being rolled out will allow customers to access their Council Tax account to check or update personal information and make payments.
Emergency response	Feedback from members of the public asked the Council to focus 24/7 support on times of crisis indicating they value this service and that this approach should continue with resources focused on support to communities in emergency situations.
Provide as many Council services as possible online	The Council is aiming to deliver as many services as possible on line and has an active programme to roll out this digital engagement.

The Council is committed to increasing the opportunities for people and communities to have a say in how we invest and support jointly agreed priorities within their community. What would be your top priority for improving the community in which you live?
(The top 4 themes of response are listed below)

Town Regeneration	The Council is investing in new facilities to regenerate our town centres including the opening of the new Tapestry centre in Galashiels and the extension of the Jim Clark museum in Duns. These initiatives are intended to encourage footfall in our town centres.
Investment in communities and facilities	Over the next 10 years the Council is planning over £500m investment in our communities, new facilities being delivered will include new Community schools for Peebles, Gala, Hawick, Earlston and Eyemouth. New outdoor activity spaces are being developed through Outdoor Community spaces programme including parks, the Council is playing its part in developing 2 region City Deals including Borderlands and Edinburgh South East Scotland project and major investment is planned at Tweedbank through this initiative. The new schools will deliver huge improvements in community sport facilities and encourage access and participation for all.
Public Transport	The Council continues to support the extension of the Borders Railway through the pilot study currently being undertaken by Transport Scotland and is currently investing £2.4m in opening Reston Station on the east coast mainline. A Demand Responsive Transport (DRT) pilot is being launched to support usage of the new Reston Station. In line with national policy under 21s in the Borders will be eligible for free travel from the end of January 2022.
Improving Roads network	Over the next 10 years the Council will invest £95.1m in improving roads, bridges, pavements and paths.

Do you have suggestions on things the Council could do differently, or potential savings we could make?
(The top 4 themes of response are listed below)

Ensure that the public have more say	The Council continues to develop Community Choices approaches to involving communities in how budgets are prioritised and spent. We are using citizen space to gather views from the public including this consultation to be more responsive to local needs.
Ensure the Council takes a proactive and transparent approach	The Council is committed to openness and transparency in all its dealings. The majority of Council meetings are held in public, online and full minutes of meetings and decisions are published on the Council website. The Council live streams its meetings on Teams and are looking at ways of recording these meetings to ensure they can be viewed after the meeting for a 6 month period. The Council is also examining ways in which more information can be published on the Council website to reduce the number of FOI requests which are responded to. The Council is looking to modernise its website and is looking for alternative methods of communicating including Yammer and Citizen space as a way of encouraging active dialogue and participation with communities.
Review service delivery models	The Council is continually seeking to modernise its services and adopt innovative ways of supporting our communities through the use of technology. A good example is the support provided to individuals and businesses during the pandemic both online and through our community assistance hubs which operated in each locality. The Fit for 2024 transformation programme continues to undertake cross cutting service reviews to deliver efficiency savings and modernise the Council.
Review staffing arrangements	The Council is now developing specific projects as part of the agreed digital transformation strategy which will seek to ensure the tasks undertaken to deliver services are done by the most appropriate staff, this includes automation of some business processes, allowing staff to focus on value added tasks, providing staff on the frontline with the technology they need to do their job, reducing administration and manual effort and integrating our back office systems with hand held technology provided to staff who are out in our communities.

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LONG TERM FINANCIAL STRATEGY (REVENUE)

Report by Director, Finance & Corporate Governance

SCOTTISH BORDERS COUNCIL

22 February 2022

1 PURPOSE AND SUMMARY

1.1 **Following approval of the approach to Long Term Financial Planning at the 16th December 2021 Council meeting, this report provides Council with a final strategy document including detailed financial modelling to supplement the 2022/23 Financial Plan.**

1.2 The Council first adopted a five year planning period for revenue in 2013/14. This strategy now adopts a ten year look forward, aligning the time frame for revenue planning with the ten year period already adopted for planning the capital investment programme.

1.3 The approach to longer term financial planning is advocated as good practice by Audit Scotland. This approach has allowed the Council to deliver balanced budgets in each year since 2013/14 and to plan effectively for the financial consequences of multi-year transformational change across the Council. Since adopting a longer term planning horizon the Council has successfully delivered £63m of savings on a permanent basis, assisting significantly with financial sustainability. Adopting a consistent 10 year revenue planning horizon will further assist the Council to plan service and strategic change appropriately and ensure the financial implications of the Corporate Plan are properly considered, affordable and reflected in future budgets.

2 RECOMMENDATIONS

2.1 It is recommended that Scottish Borders Council approves the long term financial strategy at Appendix 1 to assist revenue financial planning over a 10 year period from 2022/23.

3 LONG TERM STRATEGY

3.1 Since 2013/14 the Council has adopted a 5 year approach to medium term revenue planning and a 10 year timeframe for the Capital Plan. This Long Term Financial Strategy now extends the revenue planning period over 10 years allowing the Council to plan more effectively over a longer period. The approach to longer term financial planning is advocated as good practice by Audit Scotland.

3.2 This strategy is an important component of the Financial Planning process. It underpins the longer term sustainability of the Council and ensures that the financial implications of the Corporate Plan are properly considered, affordable and reflected in future budgets. As such the long term financial strategy is a key tool helping the Council to deliver essential services to the communities of the Borders.

3.3 The strategy will be used to guide the Council to inform future decision making and financial planning. Many of the challenging decisions and actions necessary will require clear vision, effective partnership working, good communication and the buy in of communities through initiatives like #playyourpart.

3.4 This strategy seeks to ensure the Council addresses these challenges and remains financially sustainable over the longer term by living within our means, prioritising those things that are most important, adopting new ways of working, exploiting new technology, developing further commercial opportunities where possible and engaging effectively with the people of the Borders to improve their quality of life and their experience of engaging with the Council.

3.5 For this Long Term Financial Strategy, 2022/23 represents year 1 base year. The Council's medium term financial plan will cover the period to 2026/27 and this longer term financial plan projects forward to 2031/32 giving a longer term 10 year view of the revenue budget. This strategy thereby aligns the planning horizon for revenue with the approach already adopted for capital. A number of key variables have been considered in preparing the 10 year plan as shown below:

- Scottish Government funding levels
- Council Tax income levels
- Opportunities for increased commercialisation to increase income including fees & charges and increased grant funding opportunities
- Assumptions on inflation including pay increases
- Assumptions on increased demand for services such as in Health & Social Care services
- Investment in modernisation of the Council such as:
    - IT investment to drive revenue savings and ongoing costs to maintain a secure and reliable operating environment
    - investment in plant and vehicles to improve service delivery and addressing climate change, replacing ageing vehicles with modern electric vehicles where possible
    - investment in buildings to improve service delivery and energy efficiency
- Savings deliverable from transformational change including

investment in digital technologies, increased automation and a reducing property footprint

- National policy decisions which will impact on Local Government in the future such as the National Care Service.

This is not an exhaustive list of variables, however the issues identified are considered to be the core issues which require to be considered.

3.6 The full Long Term Financial Strategy document along with detailed assumptions on key variables and supporting financial models are attached at Appendices 1, 2 and 3 to supplement the 2022/23 financial plan.

3.7 The analysis provided in Appendix 3 highlights a range of potential financial outcomes. 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.

4 IMPLICATIONS

4.1 Financial

There are no financial implications beyond those contained in the report and appendices.

4.2 Risk and Mitigations

The major risks associated with this report are that the assumptions made do not materialise. This risk is mitigated in the financial modelling supporting the strategy through the use of sensitivity analysis which includes mid case, most favourable and least favourable positions. These assumptions will be flexed over time as greater clarity emerges on the impact of the Local Government settlement in future years, the priorities of the new Administration from May 2022, emerging national priorities and the objectives of the new Corporate Plan.

4.3 Integrated Impact Assessment

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

4.4 Sustainable Development Goals

There are no significant effects on the economy, community or environment.

4.5 Climate Change

No effect on carbon emissions are anticipated from the recommendation of this report.

4.6 Rural Proofing

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

4.7 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

4.8 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to the Schemes of Administration or Delegation as a result of this report.

5 CONSULTATION

5.1 The Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Director People, Performance and Change, the Clerk to the Council and Corporate Communications have been consulted and any comments received have been incorporated into this final report.

Approved by

David Robertson **Signature …………………………………..**
Director, Finance & Corporate Governance

Author(s)

Suzy Douglas	Financial Services Manager 01835 824000 X5881

Background Papers: 16th December 2021 Scottish Borders Council meeting
Previous Minute Reference:

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

SCOTTISH BORDERS COUNCIL

LONG TERM FINANCIAL STRATEGY (REVENUE)

2022/2023 - 2031/2032

Scottish
Borders
COUNCIL

EXECUTIVE SUMMARY

The Scottish Borders Council Long Term Financial Strategy (LTFS) is an important component of the Financial Planning process. It underpins the longer term sustainability of the Council and ensures that the financial implications of service delivery are properly considered, affordable and reflected in future budgets. The primary objective of the strategy is to ensure the Council continues to live within its means, balancing expenditure against the income raised through Government grant, Non-Domestic Rates, Council Tax and fees and charges. As such the long term financial strategy is a key tool helping the Council to deliver the objectives set out in the updated Council Plan.

This strategy seeks to build on previous financial modelling undertaken to assess the potential financial impact on Scottish Borders Council of service delivery priorities in the medium to longer term. To date the Council's forward financial plans have focused on the medium term, over a 5 year period for revenue income and expenditure, with a 10 year look forward adopted for our planned investment in assets as set out in the Council's published Capital Strategy.

The adoption of a medium term approach 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 its strategic partnerships to provide longer term benefits. This approach has enabled the required changes to services to be delivered in a more planned, holistic manner, mitigating the need for reactive cuts to services.

This medium term approach has been central to the Council's Fit for 2024 transformation programme which is now fully embedded within the budget process with the delivery of cross cutting savings integral to balancing the budget.

It is now intended to extend the financial planning approach to encompass a longer term 10 year look forward that will seek to identify the challenges facing the Council and the opportunities we have to address them. In doing so the Council will seek to better integrate its approach to people, business, asset and financial planning processes and ensure these are fully aligned to clear priorities set out in the refreshed Council Plan that will be updated annually alongside the approved Council Budget. These priorities will in future be developed and defined in a co-productive way fully involving local communities, our community planning partners and the third sector.

In developing this Long Term Financial Strategy for revenue, a number of key assumptions have been made. For this first version, 2022/23 represents year 1 base year, with 2023/24 – 2026/27 reflected in the Council's published Revenue Financial Plan. This strategy now forecasts a further 5 years giving a longer term 10 year view of both the revenue and capital budgets.

The strategy supports the Council to deliver the following outcomes:

- A forecast balanced budget in each of the 10 years of the Plan, assuming that required savings to balance the plan will be delivered on a recurring basis
- Delivery of savings through transformational change allowing significant investment in service improvements
- Borrowing funded through revenue, in line with investment detailed in the Capital Plan

The development and production of this strategy signals how the Council is looking to the future including anticipated expenditure commitments, planned new developments and income streams.

The Council recognises that it must modernise in the face of resource constraints, changing demographics, rising expectations, calls for greater community involvement in decisions over the design and delivery of public services and the ongoing reform of the Scottish Public Sector.

With limited resources and increasing pressure on Council services it is clear we need to adapt and change the Council to be more efficient, more responsive to its citizens and more sustainable. We therefore need to adopt a co-productive approach that fully involves communities in decisions over place based and online service redesign from the outset, and ensures an approach that supports and empowers them when a different model of service delivery is proposed.

The strategy set out in this document will therefore be used to guide the Council to inform future decision making and financial planning. Many of the challenging decisions and actions necessary will require clear vision, effective partnership working, good communication and the buy in of communities through initiatives like #playyourpart.

This strategy seeks to ensure the Council addresses these challenges and remains financially sustainable over the longer term by living within our means, prioritising those things that are most important, adopting new ways of working, ensuring the Council is operating as efficiently as possible, exploiting new technology, developing further commercial opportunities where possible and engaging effectively with the people of the Borders to improve their quality of life and their experience of engaging with the Council.

The changes required must be understood in the context of the wider financial position of the Council, our transformation plans, wider public policy, the landscape of public service delivery in Scotland within which we operate and new national approaches such as Participatory Budgeting/Community Choices.

CONTEXT

The LTFS is part of a suite of strategic management plans including:

- Council Plan
- Council's Financial & Transformation plans
- Capital Investment Strategy
- Treasury Strategy
- Digital Strategy
- Anti-poverty Strategy
- Climate Change route map
- Procurement Strategy

As well as transforming the services the Council provides, and the way in which they are provided, the Council must also ensure that it is sustainable for the future. In order to do this, the Council needs to ensure that it has a sound financial base, good governance arrangements, efficient processes that are joined up and automated wherever possible, effective transformation plans, strong ICT infrastructure and capabilities, well maintained operational premises, and a well-trained and motivated workforce.

The LTFS projects forward the approach already taken to the medium term financial plan which is developed over a 5 year timescale and aims to identify the financial impact of known, anticipated and potential events and requirements over a 10 year time-frame.

It is recognised that future projections covering this length of time will naturally contain some degree of uncertainty and the strategy therefore sets out clearly the assumptions made. In doing so the Council has reviewed a range of different potential outcomes with a best, worst and mid-range scenario and has assumed that a mid-case scenario will apply as the most likely outcome (as set out in Appendix 2).

The level of uncertainty and risk increases as the amount of influence the Council has over events reduces and the timespan of the projection increases. It is crucial, however, that in planning the future model of public service delivery in the Borders that the Council takes this long-term view, models the range of outcomes which may occur and accepts the inherent uncertainties in future planning. By considering a range of outcomes it is felt that this will give the Council the best chance of optimising its future service delivery model and responding to the changes required.

The key to future sustainability is to develop a range of deliverable options and solutions which can be adapted quickly to reflect changing circumstances. Flexibility and agility are needed when conditions and outcomes are uncertain. In order to do this, the Council must have clear priorities, policies and plans supported by robust information and evidence so that financial resources can be targeted in the most effective way.

The Council is also clear, however, that it operates within a wider economic context and therefore in realising this vision a number of key issues and risks have to be considered.

The Council wants the Borders to be a place where people want to live and learn; an attractive destination for visitors, with high quality job opportunities and infrastructure which provides the conditions for local businesses to thrive in a smart rural region. This includes the provision of high-quality, online connectivity for our homes, businesses and communities.

The Council operates within a wider economic context and therefore in realising this vision a number of key issues and risks have to be considered.

KEY INFLUENCES AND RISKS

The Long Term Financial Strategy has considered a number of key macro-economic issues, some of which are out with the Council's control, and those internal issues which the Council has the ability to influence. Both external and internal influences need to be considered with key variables modelled to guide Council decisions about the future.

External Influences (outwith the Council's control)

Economic changes such as:

- Interest rate fluctuations
- Level of grant funding from Scottish Government
- National Pay agreements and wider price inflation
- Unemployment levels in the Borders
- Supply chain issues associated with the wider economy

Climate related issues such as:

- Climate change
- Flooding
- Storm damage

Public Health issues including:

- The health and wellbeing of the local population
- Further financial and economic impacts from COVID-19 and potential future pandemics

Internal Influences (within the Council's control)

- Working to clear corporate priorities as set out in the Corporate Plan
- Transformational change programme to improve outcomes
- Effective people planning
- Asset management plan to optimise the Council's property estate
- Use of robust performance data to drive improvement
- Use of digital technology and automation to improve services and reduce costs
- The Council's commitment to net zero and resultant actions required to reduce the carbon footprint
- Community engagement, partnership working and co-production of future service delivery models
- Community Empowerment including Participatory Budgeting/Community Choices with a Council commitment that communities will be enabled to make and influence decisions at a local level equating to 1% of the Council's budget
- Optimising the Council's treasury function and ensuring the financing of the capital programme remains affordable to the Council in the longer term

KEY VARIABLES INFLUENCING THE PLAN

For this Long Term Financial Strategy, 2022/23 represents year 1 the base year. The Council's medium term financial plan covers the period to 2026/27 and this longer term financial plan projects forward to 2031/32 giving a longer term 10 year view of the revenue budget. This strategy thereby aligns the planning horizon for revenue with the approach already adopted for capital. The following key variables have been considered in preparing the 10 year plan:

- Scottish Government funding levels
- Council Tax income levels
- Opportunities for increased commercialisation to increase income including fees & charges and increased grant funding opportunities
- Assumptions on inflation including pay increases
- Assumptions on increased demand for services such as in Health & Social Care services
- Investment in modernisation of the Council such as:
  - IT investment to improve services, deliver revenue savings and to maintain a secure and reliable operating environment
  - investment in plant and vehicles to improve service delivery and addressing climate change, replacing ageing vehicles with modern electric vehicles where possible
  - investment in buildings to improve service delivery and energy efficiency

- Savings deliverable from transformational change including investment in digital technologies, increased automation and a reducing property footprint
- Loans charges – the revenue cost of borrowing to support investment through the Capital Plan
- National policy decisions which will impact on Local Government in the future such as the National Care Service.

This is not an exhaustive list of variables which need to be considered, however the issues identified are considered to be the core issues which require to be considered. If these are followed and refined in the future, this will provide the Council with a robust approach to ensuring that the Council remains financially and operationally sustainable, and in doing so ensuring that it meets its statutory obligations, its policy aspirations and the needs of local communities.

Scottish Government funding levels

Scottish Government grant through Revenue Support Grant (RSG) and Non-Domestic Rates (NDR) accounts for around 80% of the Council's funding. The Scottish Government has historically provided one year funding settlements to Local Authorities which has impacted on the ability to plan over the longer term with certainty. Single year settlements from Scottish Government have required the Council to make assumptions in the revenue plan from years 2-5 and plan on that basis.

For financial year 2022/23 another one year settlement was provided in December 2021. There is a commitment from Scottish Government to multi-year settlements in the future. Looking forward the policy intent set out in the Scottish Governments' recently published programme for government and the pressures being experienced in the Health Service budget drive a broad expectation that resources for Local governments services will continue to be constrained for the foreseeable future.

The current assumptions are that there will be a flat cash settlement each year in the core Grant Aided Expenditure (GAE) from Scottish Government. Each 1% deviation from this flat cash position accounts for around £2.2m of movement in funding.

Should a future reduction in Government grant materialise, options for bridging the resultant budget gap would be to apply reserves, accelerate savings plans, defer expenditure plans or revise future assumptions around Council Tax income.

A multi-year funding settlement from Scottish Government including clarification on ring-fencing of funding remains an aspiration for local government and it is hoped this may be forthcoming in future years. Such a forward projection, even if only based on indicative figures, would allow more accurate future forecasting to take place.

Council Tax income levels

Council Tax income accounts for around 20% of net funding. Scottish Government funded the freezing of Council Tax levels in 2021/22, for Scottish Borders Council the funding received was £1.955m which broadly equated to a 3% rise in Council Tax income. Current assumptions reflected in the plan assume a 3% increase in Council Tax in 2022/23, 4% increase in 2023/24, 3% increase in the following 2 years and 4% in year 5. Subsequent financial years include an assumption of 2% per annum.

This mid case assumption for increases in Council Tax attempt to maintain the Council's spending power in future years in the face of increasing inflation while recognising the demands on households budgets.

In 2022/23, each 1% increase in the Council Tax raises £0.67m and increases Band D by £12.54 annually (from £1,253.91 per annum to £1,266.45 (1%), £1,278.99 (2%) and £1,291.53 (3%)).

It is recognised that the Scottish Government is on record as seeking a replacement for the Council Tax system. Should this be enacted through legislation this will have a profound impact on the Council's finances. In the absence of firm plans to reform Council Tax, however, the longer term model assumes the current system will continue during the 10 year period examined.

Opportunities for increased commercialisation

Increasing commercialisation within the Council has been identified as a priority focus from 2022/23. A benchmarking exercise is currently being undertaken with other Scottish Local Authorities on fees & charges to ensure the Council's policy with respect to charging for services is in line with levels applied elsewhere and equally to determine whether the introduction of charging for new services may be appropriate. The Council income management policy was approved during 2021 and the benchmarking review will also seek to ensure that appropriate cost recovery is in place from the charges levied.

All additional income opportunities including fees & charges and grant funding opportunities will have a beneficial impact on the Council's financial position over the next 10 years.

A commissioning strategy is being produced which will include the development of a market positioning statement for all services, explore opportunities for more income and examine the way that the Council can best use its influenceable spend to support local business and lever in community benefits.

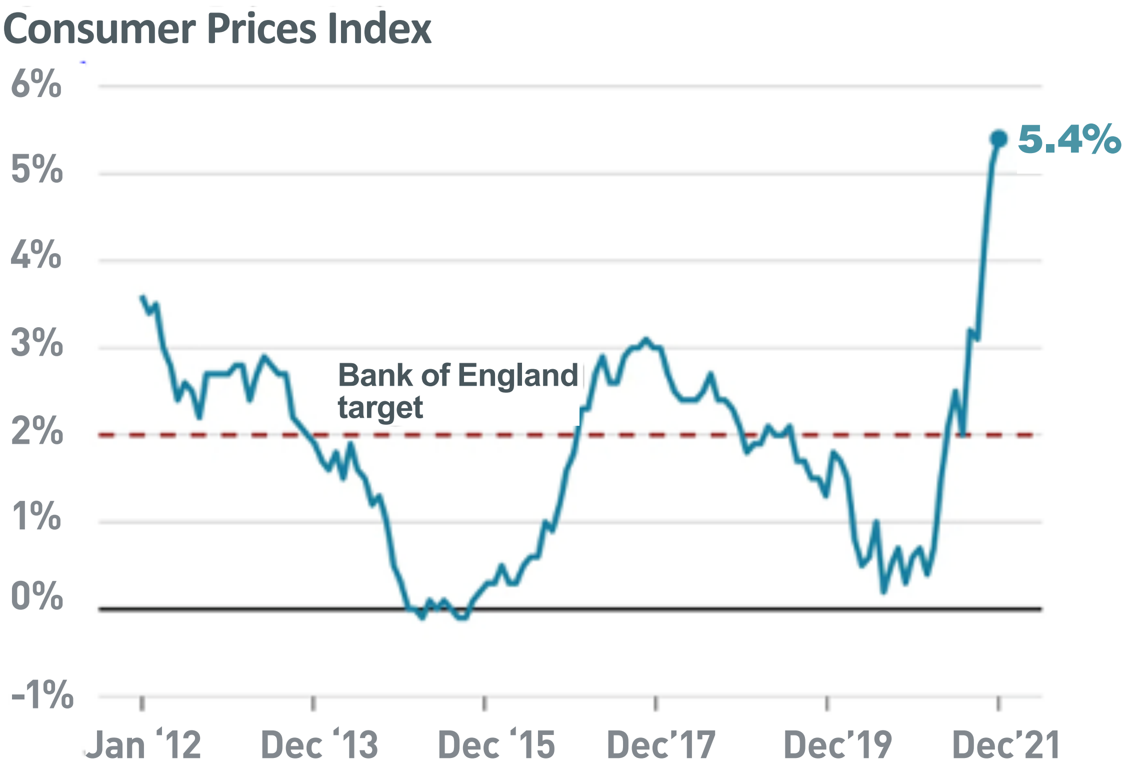
Assumptions on inflation

CPI and RPI inflationary increases are assumed for a range of contractual commitments and purchasing of materials. CPI (consumer price index) and RPI (retail price index) assumptions rates reflected in the financial plan are shown below:

2022/23	**CPI**	2.50%
	RPI	4.00%
2023/24	**CPI**	2.00%
	RPI	3.00%
2024/25	**CPI**	2.00%
	RPI	3.00%
2025/26	**CPI**	2.00%
	RPI	3.00%
2026/27	**CPI**	1.50%
	RPI	2.50%

2027/28	**CPI**	1.00%
	RPI	2.00%
2028/29	**CPI**	1.00%
	RPI	2.00%
2029/30	**CPI**	1.00%
	RPI	2.00%
2030/31	**CPI**	1.00%
	RPI	2.00%
2031/32	**CPI**	1.00%
	RPI	2.00%

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet a long term 2% inflation target. This long term objective was reinforced by the Committee in August 2021. Shown below in graphical form is the Consumer Prices Index (CPI) trend from January 2012 through to December 2021.



Assumptions on Pay

Pay agreements for Council staff are negotiated at a national level. 2021/22 represents the first year following the 3 year pay deal covering 2018/19 – 2020/21.

Agreement was reached for Scottish Joint Council (SJC) staff and Chief Officers for 2021/22 with the negotiations for Teachers pay remaining outstanding for 2021/22. Negotiations continue on pay agreements from 2022/23.

Assumptions for increases in pay over the 10 year period from 2022/23 reflect an assumed 2% increase in pay in each year, broadly in line with Scottish Government public sector pay policy. As future pay agreements are confirmed, these assumptions will be updated in the model. Every 1% increase in the Council's pay bill pay, SJC, SNCT and Chief Officer staff, costs circa £1.6m.

Assumptions on increased demand for services

The Council operates key services such as in Social Work which are subject to increased demographic demand from an ageing local population. This increase has been factored into the financial plan over the 10 year period to ensure that base budgets increase in line with the increased number of clients and increased complexity of care packages. Close monitoring is required to ensure that demographic growth investment is in line with increased demand for services. If investment in this area is insufficient over a number of years this could destabilise the budget whilst an over-provision of growth would mean the Council would not be effectively allocating resources across the Council in line with need and priority.

Investment in modernisation of the Council

The Council has, over the last number of years, recognised the importance of investment in services to support communities in the best possible way. This investment to modernise the Council will continue, within the resources available, to focus on:

- IT investment to drive automation of processes in order to deliver revenue savings and maintain a secure and reliable operating environment
- Enabling data driven decision making through investment in technology to increase efficiency and improve service delivery
- Investment in hand held technology and support systems to transform the front line delivery of services, reduce the administrative burden and allow professional staff to be focused on key tasks that only they can undertake
- Investment in new, more efficient plant and vehicles to improve service delivery and addressing climate change, replacing ageing, polluting vehicles with modern electric vehicles where possible
- Investment in new buildings and improvement in the fabric and condition of existing buildings to improve service delivery and energy efficiency

Investment in modernising the Council must continue to be weighed against the savings required to fund this modernisation.

Savings deliverable from transformational change

Delivery of planned savings through transformational change remains a cornerstone of the Council's financial sustainability for the future. Since 2013/14 the Council has delivered more than £63m of recurring savings through a medium term planning approach supported by extensive efficiency savings and transformation activity.

It is, however, becoming increasingly challenging to deliver savings on a recurrent basis and in order to remain sustainable the Council will need to make significant changes to its operating model, engage more effectively with our partners and communities and focus on agreed priorities.

Future transformational change will require to focus on investment in digital technologies, increased automation, customer self-service and a reduction in the Council's extensive property footprint.

Loan charges - borrowing to support investment through the Capital Plan

The Council adopts a strategic approach to its Treasury Management activities and projects the costs of funding its Capital programme through its Treasury Management Strategy. The Council has delivered significant savings in loans charges over the last number of years through the tactical decision to defer long term borrowing in a favourable interest rate environment. By only fixing longer term borrowing when absolutely necessary the Council avoids the cost of carry and seeks to minimise the costs of capital financing over the short, medium and long term.

Alignment of borrowing costs with available budget will be managed over the 10 year period through the use of the Council's Treasury Reserve. This reserve earmarked within general fund balances will allow smoothing of borrowing costs over the 10 year period. Additional budget requirements are reflected in the 5 year revenue plan and continue for years 6-10 in the 10 year revenue strategy to reflect resources required to fund the current Capital Plan.

National policy decisions which will impact on Local Government

National policy decisions impacting on Local Government such as the National Care Service bring further long term uncertainty to the plan. Developments in these national decisions will be followed closely by COSLA and Directors of Finance to ensure implications for Local Government can be reflected in local planning as soon as possible.

CONCLUSION

This first iteration of a longer term Strategy for revenue seeks to build on previous practice adopted by the Council through its 5 year medium term financial plan and takes a 10 year view of the financial and operating environment facing the Council. The plan thereby aligns the 10 year Capital programme with a 10 year revenue look forward. Such a longer term approach is recommended as good practice by Audit Scotland and should be seen as one of a range of tools to help the Council plan effectively as it moves forward. The inherent uncertainty of the future operating environment facing the Council is recognised, however, it is felt that by looking forward, anticipating potential issues and examining a range of scenarios the Council will be better placed to respond to future challenges.

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Scottish
Borders
COUNCIL

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Scottish Borders Council **Appendix 1**

Long Term Financial Plan 2022/23 to 2031/32 - Mid Case Scenario

	2022/23	2023/24 (Provisional)	2024/25 (Provisional)	2025/26 (Provisional)	2026/27 (Provisional)	2027/28 (Provisional)	2028/29 (Provisional)	2029/30 (Provisional)	2030/31 (Provisional)	2031/32 (Provisional)
Scottish Government funding - flat cash		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
H&SC funding - assume SG will fund H&SC demographic pressures over and above a flat cash settlement		£ 2.676m	£ 2.374m	£ 2.446m	£ 1.816m	£ 1.800m	£ 1.800m	£ 1.800m	£ 1.800m	£ 1.800m
Social Care Funding from NHS	2.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Council Tax increase	3.0%	4.0%	3.0%	3.0%	4.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Workforce increases (no agreed pay award nationally)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
RPI provision	4.0%	3.0%	3.0%	3.0%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%
CPI provision	2.5%	2.0%	2.0%	2.0%	1.5%	1.0%	1.0%	1.0%	1.0%	1.0%

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Scottish Borders Council

Appendix 2

Long Term Financial Plan 2022/23 to 2031/32 - Mid Case Scenario

	2022/23 £'000	2023/24 (Provisional) £'000	2024/25 (Provisional) £'000	2025/26 (Provisional) £'000	2026/27 (Provisional) £'000	2027/28 (Provisional) £'000	2028/29 (Provisional) £'000	2029/30 (Provisional) £'000	2030/31 (Provisional) £'000	2031/32 (Provisional) £'000
Scottish Government Funding	245,564	245,186	247,560	250,006	251,822	253,622	255,422	257,222	259,022	260,822
Health & Social Care Partnership	7,888	7,967	8,047	8,127	8,209	8,291	8,374	8,458	8,542	8,628
Aggregate External Finance from Scottish Government	**253,452**	**253,153**	**255,607**	**258,133**	**260,031**	**261,913**	**263,796**	**265,680**	**267,564**	**269,450**
Earmarked Balance	**2,353**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Council Tax	**69,066**	**72,440**	**75,208**	**78,068**	**81,802**	**84,060**	**86,378**	**88,754**	**91,191**	**93,690**
Total	**324,871**	**325,593**	**330,815**	**336,201**	**341,833**	**345,973**	**350,174**	**354,434**	**358,755**	**363,140**

	2022/23 £'000	2023/24 (Provisional) £'000	2024/25 (Provisional) £'000	2025/26 (Provisional) £'000	2026/27 (Provisional) £'000	2027/28 (Provisional) £'000	2028/29 (Provisional) £'000	2029/30 (Provisional) £'000	2030/31 (Provisional) £'000	2031/32 (Provisional) £'000
Base Budget	**314,657**	**324,871**	**325,593**	**330,815**	**336,201**	**341,833**	**345,973**	**350,174**	**354,434**	**358,755**
Budget Pressures										
Workforce budget adjustments	4,553	3,976	3,756	3,830	3,907	3,985	4,065	4,146	4,229	4,314
Non-pay and department specific inflation	1,899	1,630	1,976	1,998	1,413	1,482	1,553	1,625	1,701	1,780
Demographic pressures	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029
Service Specific priorities & National policy changes	7,477	(3,344)	1,263	1,356	1,029	1,150	1,161	1,173	1,185	1,196
Loans charges to provide for capital	1,460	1,804	958	300	0	0	1,879	254	227	432
Previous year Financial Plan unrealised savings	1,943	0	0	0	0	0	0	0	0	0
Total Pressures	**18,361**	**5,095**	**8,982**	**8,513**	**7,378**	**7,646**	**9,687**	**8,227**	**8,370**	**8,751**
Savings required to balance the plan	**(8,147)**	**(4,373)**	**(3,760)**	**(3,127)**	**(1,746)**	**(3,506)**	**(5,486)**	**(3,968)**	**(4,049)**	**(4,367)**
Total Net Expenditure	**324,871**	**325,593**	**330,815**	**336,201**	**341,833**	**345,973**	**350,174**	**354,434**	**358,755**	**363,140**

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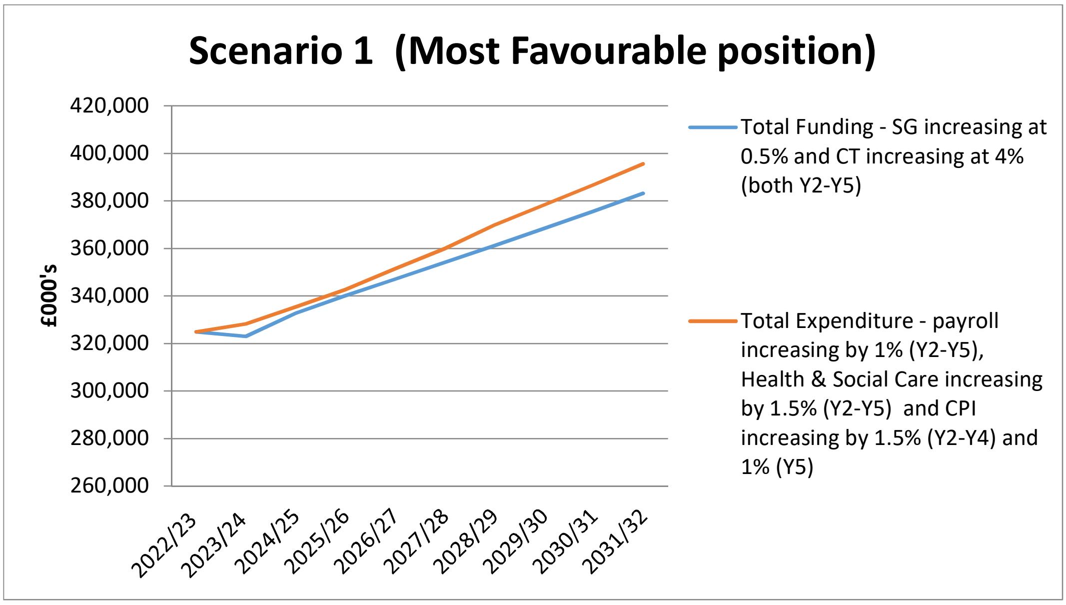
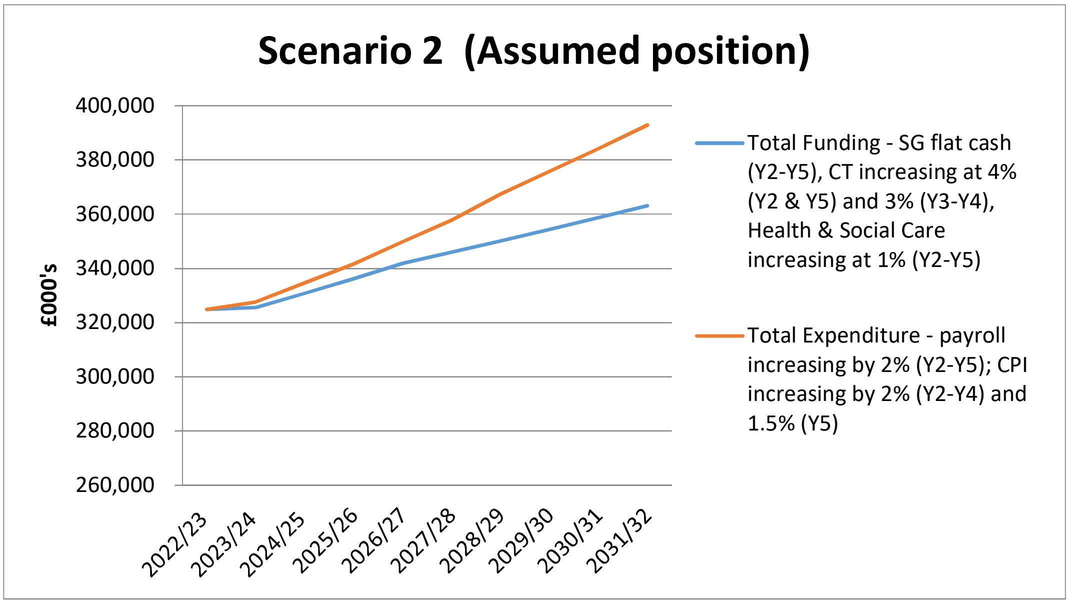
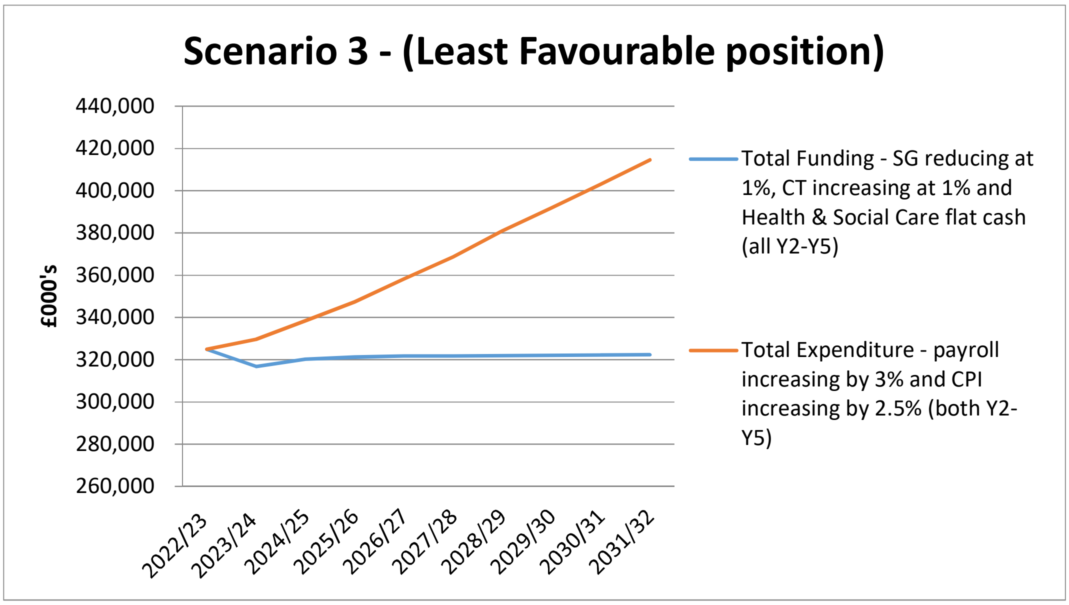
Appendix 3


Scenario 1 (Most Favourable position)
420,000
400,000
380,000
360,000
340,000
320,000
300,000
280,000
260,000
£000's
2022/23
2023/24
2024/25
2025/26
2026/27
2027/28
2028/29
2029/30
2030/31
2031/32
Total Funding - SG increasing at 0.5% and CT increasing at 4% (both Y2-Y5)
Total Expenditure - payroll increasing by 1% (Y2-Y5), Health & Social Care increasing by 1.5% (Y2-Y5) and CPI increasing by 1.5% (Y2-Y4) and 1% (Y5)


Scenario 2 (Assumed position)
400,000
380,000
360,000
340,000
320,000
300,000
280,000
260,000
£000's
2022/23
2023/24
2024/25
2025/26
2026/27
2027/28
2028/29
2029/30
2030/31
2031/32
Total Funding - SG flat cash (Y2-Y5), CT increasing at 4% (Y2 & Y5) and 3% (Y3-Y4), Health & Social Care increasing at 1% (Y2-Y5)
Total Expenditure - payroll increasing by 2% (Y2-Y5); CPI increasing by 2% (Y2-Y4) and 1.5% (Y5)


Scenario 3 - (Least Favourable position)
440,000
420,000
400,000
380,000
360,000
340,000
320,000
300,000
280,000
260,000
£000's
2022/23
2023/24
2024/25
2025/26
2026/27
2027/28
2028/29
2029/30
2030/31
2031/32
Total Funding - SG reducing at 1%, CT increasing at 1% and Health & Social Care flat cash (all Y2-Y5)
Total Expenditure - payroll increasing by 3% and CPI increasing by 2.5% (both Y2-Y5)

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FINANCIAL STRATEGY AND RESOURCES 2022/23

Report by Director Finance & Corporate Governance

SCOTTISH BORDERS COUNCIL

22 February 2022

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 2022/23 following publication of the Local Government Finance Settlement (LGFS) on the 20th December 2021 and the subsequent announcement of further one off funding of £120m for Local Government on 27th January 2022.**

1.2 The report recommends the financial strategy to be followed by the Council next financial 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 2022/23 as well as draft plans for future years.

1.4 The Strategic Leadership Team has supported Members to set a corporate revenue and capital budget, meeting identified pressures facing the Council. These pressures have arisen from a variety of factors. The principal pressures identified are due to the anticipated continuing constraints on external revenue and capital funding from central government, the uncertainty around national pay negotiations, the increasing pressures from demographics, particularly the increasing numbers of older people requiring care services, as well as general 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 £324.871m are available to Elected Members assuming the Council accepts the 2022/23 settlement offer from Scottish Government. The settlement gives Councils full flexibility to set the Council Tax rate that is appropriate for their local authority area for 2022/23. 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. This approach has been developed for financial year 2022/23 with a 10 year revenue financial strategy being included for approval elsewhere on this agenda. This brings the long term planning horizon for both revenue and capital in line at 10 years.

1.8 Financial year 2022/23 represents the fifth year of the revenue 5 year financial plan for the Council first agreed in February 2018. It is anticipated members will continue to adopt a longer term approach to financial planning. Estimates will continue to be updated annually as the detail of the financial settlement from Scottish Government becomes known.

1.9 The Council approved a revised approach to organisational change under the banner of 'Fit for 2024' when the budget was set for 2019/20 in February 2019. This approach continues to reshape the transformation programme ensuring individual projects are more cross-cutting and focused on joined up business process review. The Fit for 2024 programme has been a strong driver in developing financial plan proposals for the 5 year period of the plan.

1.10 This report also seeks approval of the financial strategy for the Council covering the period 2022/23 – 2026/27. 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 2022/23 budget has once again been prepared against a background of significant financial uncertainty caused by the COVID-19 pandemic. The impact of COVID-19 on wider society has been profound. This in turn has significant implications for the Council's finances and its service delivery model. It is anticipated that these impacts will continue to be felt for some time to come. It is anticipated that the COVID-19 reserve will continue to be deployed in 2022/23 to support the Council during the COVID-19 recovery period. The Council's financial strategy has been adapted accordingly using the best information available at this time.

1.12 A risk based approach has once again been used to set the level of recommended balances to be held in contingency recognising the uncertainty caused by the Pandemic.

2 RECOMMENDATIONS

2.1 **It is recommended that Council:**

- **(a) notes the estimated revenue resources for 2022/23 to 2026/27;**
- **(b) notes the estimated capital resources for 2022/23 to 2031/32 and the requirement to adhere to the prudential code for capital borrowing;**
- **(c) notes the flexibility provided through the LGFS process giving Councils full flexibility to set the Council Tax rate that is appropriate for their local authority area for 2022/23,**
- **(d) approves the financial strategy set out in section 4.6 (a) to (i) of this report, including the recommendation to maintain unallocated reserves at £8.421m for 2022/23, having considered the risk register highlighted in appendix 1; and**
- **(e) proceeds to consider the proposed Financial Plan for 2022/23.**

3 THE REVENUE FINANCIAL PLANNING PROCESS 2022/23 TO 2026/27

3.1 Financial year 2022/23 represents the fifth year of the 5 year financial plan for the Council first agreed in February 2018 with this updated plan covering the period 2022/23 to 2026/27. 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. This approach has been developed further for 2022/23 with the development of the 10 year Revenue Financial Strategy to align revenue and capital in planning over a 10 year timeframe.

4.2 The Fit for 2024 programme is now embedded within the budget process and delivery of cross cutting savings proposed by the programme are integral to balancing the budget in the period to 2024. It is recognised that further transformational change will be required beyond 2024 in line with the approved digital strategy and the refreshed Corporate Plan included elsewhere on the agenda. This further transformational change will focus in the first instance on delivering financial and service benefits through investment in digital solutions through significant investment in digital transformation as agreed as part of the CGI contract extension. Delivery of SBC's digital transformation programme is being prioritised with a focus on digitally enabling the frontline workforce, enabling data driven decision making and process automation.

4.3 It is recognised that COVID-19 has had a profound effect on the Council's finances. The budget in 2021/22 has continued to be impacted by additional costs, reduced income and delays in the delivery of savings associated with previously approved transformation plans. The monitoring report submitted to Executive Committee on the 8 February 2022 highlighted an impact of £22.224m in 2021/22. The Fit for 2024 transformation programme remains crucial to the delivery of service change and financial efficiencies.

4.4 The financial strategy for 2022/23 is therefore designed 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 as set out in the refreshed Corporate Plan;

(c) the revenue and capital plans approved by Council provide 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 change programme.

4.5 This strategy seeks to ensure that the Council's budget is targeted so that it meets a number of strategic aims. While ongoing recovery from the COVID-19 pandemic is crucial, there are a number of different policy issues which require to be addressed including the need to ensure the budget:- provides the best possible stimulus to the local economy, responds appropriately to the wider Climate Emergency declared by the Council in 2020, looks after those who are most vulnerable in our society and targets resources through early intervention and prevention programmes to reduce future demand for public services. This approach will be crucial in continuing to support communities to respond and recover from COVID-19.

4.6 The recommended high level financial strategy to be followed over the period 2022/23 – 2026/27 is therefore, to:-

(a) ensure the long term stability of the Organisation by setting a prudent, sustainable budget in line with available resources;
(b) continue to invest in education, community infrastructure and inclusive economic growth that will raise standards, address the threat of high unemployment levels where possible, improve quality of life for local people and encourage active, healthy lifestyles;
(c) work with community planning partners to invest in early intervention and prevention programmes to reduce future demand for services;
(d) continue to work with local RSL's deploying the affordable housing budget to provide safe warm homes through the Strategic Housing Improvement Plan;
(e) set a capital programme which keeps debt within prudent sustainable limits as set out in the treasury strategy;
(f) provide for loans charges of £19.284m (2022/23) 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;
(g) maximise income while keeping fees charged to service users at an affordable level;
(h) continue to invest in transformation projects that deliver long term financial savings and service benefits; and
(i) recognising the challenges faced by the organisation, particularly in relation to responding to and recovering from COVID-19, maintain unallocated reserves of £8.421m, 2.6% of net revenue expenditure for 2022/23 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 2022.

Table 1 Funds and Balances	**1 April 2022 (est £m)**
Specific Funds	
Corporate Property Repairs and Renewals Fund	0
Plant and Vehicles Renewals Fund	8.110
Pitch & Play Park Replacement fund	0.953
Insurance Fund	1.604
Capital Fund Excl Developer Contributions	1.370
General Fund – Earmarked	
Devolved School Management	0.684
Earmarked Departmental Reserves (incl COVID reserve)	24.802
Allocated reserves	3.004
General Fund – Non-Earmarked	8.421
Total	**48.948**

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 2022/23 and future years. This approach seeks to quantify the risks facing the Council’s finances, including underlying inflation, over optimistic savings assumptions, over optimistic assumptions regarding future Government grant funding, delays in delivery of transformation plans, unconfirmed future pay and pension cost increases, the failure by managers to enact effective budgetary control, severe weather events, the impact of COVID-19 on the wider economy, 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 £8.421m in 2022/23. The unallocated balance projected at the 31st March 2022 equates to 2.6% of net revenue expenditure and is sufficient to cover 61% of the risks identified in the finance risk register should they be realised.

6 THE AEF SETTLEMENT 2022/23

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 Local Government Finance Settlement, received on the 20th December 2021 confirmed revenue resources of £12.474.3 billion nationally in 2022/23, the implications for the Council budget are set out in section 7 below.

6.3 Subsequently on the 27th January 2022, Kate Forbes, Cabinet Secretary for Finance and Economy, announced her intention to amend the Scottish Government's Budget Bill at Stage 2 to allocate a further £120 million of resource to Local Government in 2022/23. Councils may allocate this funding as they see fit on a one-off basis in 2022/23 within their budget plans.

7 REVENUE RESOURCES

7.1 The Settlement for 2022/23 confirmed the following resources would be provided by the Scottish Government to the Scottish Borders:

(a) Revenue Support Grant of £192.672m, including £323.4m nationally to support Social Work budgets. Taken together with Non Domestic Rates distributions of £35.294m, this provides providing total grant support of £242.983m to the Council;

(b) Total specific grant has been confirmed to fund Early Learning & Childcare (£11.497m) plus funding for the Council's inclusion in an Early Learning and Childcare deferral pilot (£0.500m), the Pupil Equity Fund (£1.763m), Community Justice Social Work (£1.256m) and Gaelic (£0.001m);

(c) Funding over and above the Settlement is still awaited to fund the following Scottish Government priorities (national funding figures provided). Teachers Induction Scheme (£37.6m), Discretionary Housing Payments (DHP) (£80.2m), Gaelic (£0.103m), Pupil Equity Fund (£10m), Customer First top-up (£1.41m), Bridging Payments (£68.2m), new Health & Social Care funding (£200m), removal of Curriculum charging (£8m), removal of Music Tuition charging (£12m), Free School Meals expansion including holiday provision (£63.95m) and Educational Psychology trainees (£0.45m). All these budgets will be created during 2022/23 when funding is confirmed;

(d) The development of the 2022/23 budget has seen close 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 £7.888m 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 £323.4m nationally in 2022/23 to fund:

- A further £15m for Free Personal & Nursing Care (£0.524m for SBC);
- £164.4m to continue to support payment of the Living Wage (£144m) and the Carer's Act (£20.4m) (£4.541m for SBC);
- £124m to support care at home (£2.924m for SBC); and
- £20m interim care funding one-off in 2022/23 (£0.473m for SBC).

(e) Additional one-off resources of £120m provided nationally for 2022/23 with a Council allocation of £2.581m.

7.2 The revenue resources available to the Council based on an increase in Council tax of 1%, 2%, 3% and 4% in each financial year are shown below in table 2. The following table 3 provides the total revenue resources available to the Council based on an increase in Council tax of 3% for 2022/23 at £324.871m.

Table 2

Council Tax Income Financial Plan 2022/2023	% Increase	2022/23 (Provisional) £000's	2023/24 (Provisional) £000's	2024/25 (Provisional) £000's	2025/26 (Provisional) £000's	2026/27 (Provisional) £000's
Forecast Council Tax Income at Increase	**4%**	**£69,734**	**£73,132**	**£76,649**	**£80,316**	**£84,132**
Impact of 4% pa increase		**£2,679**	**£5,506**	**£8,485**	**£11,619**	**£14,919**
Incremental increase			**£2,827**	**£2,979**	**£3,134**	**£3,300**
Forecast Council Tax Income at Increase	**3%**	**£69,066**	**£71,743**	**£74,484**	**£77,317**	**£80,236**
Impact of 3% pa increase		**£2,011**	**£4,117**	**£6,320**	**£8,620**	**£11,023**
Incremental increase			**£2,106**	**£2,203**	**£2,300**	**£2,403**
Forecast Council Tax Income at Increase	**2%**	**£68,395**	**£70,357**	**£72,336**	**£74,360**	**£76,418**
Impact of 2% pa increase		**£1,340**	**£2,731**	**£4,172**	**£5,663**	**£7,205**
Incremental increase			**£1,391**	**£1,441**	**£1,491**	**£1,542**
Forecast Council Tax Income at Increase	**1%**	**£67,725**	**£68,984**	**£70,229**	**£71,485**	**£72,743**
Impact of 1% pa increase		**£670**	**£1,358**	**£2,065**	**£2,788**	**£3,530**
Incremental increase			**£688**	**£707**	**£723**	**£742**
Forecast Council Tax Income at Increase	**0%**	**£67,055**	**£67,626**	**£68,164**	**£68,697**	**£69,213**

Table 3

	2022/23 £'000	2023/24 (Provisional) £'000	2024/25 (Provisional) £'000	2025/26 (Provisional) £'000	2026/27 (Provisional) £'000	Total £'000
Aggregate External Finance						
General Revenue Support	192,672	194,780	194,875	197,249	199,695	979,271
Additional one-off Revenue Support Grant (share of £120m)	2,581	(2,581)	0	0	0	0
Ring fenced grants	15,017	15,017	15,017	15,017	15,017	75,085
Assumed additional funding for Health & Social Care for demographics		2,676	2,374	2,446	1,816	9,312
Health & Social Care Partnership	7,888	7,967	8,047	8,127	8,209	40,238
Non-domestic Rates	35,294	35,294	35,294	35,294	35,294	176,470
	253,452	**253,153**	**255,607**	**258,133**	**260,031**	**1,280,376**
Earmarked Balance	**1,353**	**0**	**0**	**0**	**0**	**1,353**
Earmarked COVID-19 Reserve to Culture & Sports Trusts	**1,000**	**0**	**0**	**0**	**0**	**1,000**
Council Tax (Band D £1,291.53 in 2022/23 - 3% increase)	**67,948**	**71,289**	**74,022**	**76,847**	**80,544**	**370,650**
Second Homes Council Tax	**1,118**	**1,151**	**1,186**	**1,221**	**1,258**	**5,934**
Total	**324,871**	**325,593**	**330,815**	**336,201**	**341,833**	**1,659,313**

8 RESOURCING ESTIMATES 2022/23 AND BEYOND

8.1 At present the Scottish Government has only confirmed a one year Revenue Settlement and therefore has only published draft AEF figures for 2022/23. In planning resources over the next 5 years through the revenue plan and 10 years through the Long Term Financial Strategy, the Council has 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 be provided on a flat cash basis in each future year of the 5 year 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 revenue 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 The Council approved a revised approach to organisational change under the banner of 'Fit for 2024' when the budget was set for 2019/20 in February 2019. The Fit for 2024 programme has been a strong driver in developing financial plan proposals for the 5 year period of the plan.

8.4 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. They recommend that this approach be extended to encompass greater use of scenario planning over a longer period. In response Council officers have developed the Long Term Financial Strategy provided elsewhere on this agenda.

9 COUNCIL TAX

9.1 The settlement gives Councils full flexibility to set the Council Tax rate that is appropriate for their local authority area for 2022/23. 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.

2% Increase	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Charge 21/22	835.94	975.26	1,114.58	**1,253.91**	1,647.49	2,037.60	2,455.77	3,072.07
22/23 prices (2% inc)	852.66	994.77	1,136.87	**1,278.99**	1,680.44	2,078.35	2,504.89	3,133.51
Annual Increase	16.72	19.51	22.29	**25.08**	32.95	40.75	49.12	61.44
Monthly Increase	1.39	1.63	1.86	**2.09**	2.75	3.40	4.09	5.12
Weekly Increase	0.32	0.38	0.43	**0.48**	0.63	0.78	0.94	1.18

3% Increase	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Charge 21/22	835.94	975.26	1,114.58	**1,253.91**	1,647.49	2,037.60	2,455.77	3,072.07
22/23 prices (3% inc)	861.02	1,004.52	1,148.03	**1,291.53**	1,696.93	2,098.74	2,529.25	3,164.25
Annual Increase	25.08	29.26	33.45	**37.62**	49.44	61.14	73.48	92.18
Monthly Increase	2.09	2.44	2.79	**3.13**	4.12	5.09	6.12	7.68
Weekly Increase	0.48	0.56	0.64	**0.72**	0.95	1.18	1.41	1.77

4% Increase	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Charge 21/22	835.94	975.26	1,114.58	**1,253.91**	1,647.49	2,037.60	2,455.77	3,072.07
22/23 prices (4% inc)	869.38	1,014.27	1,159.16	**1,304.06**	1,713.39	2,119.10	2,554.00	3,194.95
Annual Increase	33.44	39.01	44.58	**50.16**	65.90	81.50	98.23	122.88
Monthly Increase	2.79	3.25	3.72	**4.18**	5.49	6.79	8.19	10.24
Weekly Increase	0.64	0.75	0.86	**0.96**	1.27	1.57	1.89	2.36

9.2 The table above shows the impact of a 2%, 3% and 4% increase in the Council Tax alongside the annual, monthly and weekly 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 Investment Strategy from 2019/20. As such Scottish Borders Council's Capital Investment 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
2022/23	19.284
2023/24	21.063
2024/25	22.521
2025/26	23.321
2026/27	23.821

The significant increase in loans charges over the period in the early years is primarily driven by the construction of 3 new secondary schools, 2 new primary schools and two new care facilities.

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 letter. The draft settlement confirms general capital grant of £11.038m will be provided to the Council in 2022/23.

11.2 Scottish Government – Capital Grants

The Council's Capital settlement for 2022/23 also includes £9.555m for the Hawick flood protection scheme. In addition the settlement confirms an allocation in the specific capital grant for cycling walking and safer streets of £0.504m for 2022/23 and all allocation of £0.071m for the Local Bridge Maintenance Fund. The proposed plan assumes total specific grants from Scottish Government of £35.639m over the 10 year period to 2031/32.

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 £1.2m 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 principal. The estimate is reviewed on a regular basis to determine assets available for disposal and their likely disposal value and timing.

(b) The Plan assumes £0.400m 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. Current low levels of capital receipts reflects market conditions and the low value of projected assets for sale.

11.6 General Capital Grant future years

The total estimated Capital Grant over the period of the Plan is estimated at £103.103m. Should resources vary from current projections in future years this may require the associated borrowing levels, phasing and prioritisation of projects within the Capital Plan to be revisited.

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 plant and vehicle 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.

(c) A fund has been established by the Council to allow play facilities to be replaced at the end of their useful life. The replacement life is dependent upon the type of play 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 £249m. 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 £546.601m. 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	32,733	2,906	35,639	35,639	0
Other External Grants & Contributions	80,716	44,738	125,454	125,454	0
Development Contributions	462	711	1,173	1,173	0
Capital Receipts	400	0	400	0	400
General Capital Grant	25,837	77,266	103,103	0	103,103
Plant & Vehicle Replacement - P&V Fund	6,000	14,000	20,000	20,000	0
Synthetic Pitch Replacement Fund	1,107	3,497	4,604	4,604	0
Funded From Revenue	7,000	0	7,000	7,000	0
Borrowing	173,674	75,554	249,228	0	249,228
Total	**327,929**	**218,672**	**546,601**	**193,870**	**352,731**

12 IMPLICATIONS

12.1 Financial

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

12.2 Risk and Mitigations

Revenue Plan

(a) The Council faces a number of risks in setting its Revenue Financial Plan for five years 2022/23 - 2026/27. 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, fund on going pressure from the demographic change facing the Borders population and address challenges from ongoing COVID-19 response and recovery. 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 £8.421m in financial year 2022/23.

(b) 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.

(c) Within the Capital Plan overly optimistic project management resulting in unrealistic assumptions about time, costs and risks involved continues to pose a risk. This is being mitigated by more intense scrutiny at the initiation phase and reviewing lessons learned from previous projects.

(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 Integrated Impact Assessment

An integrated impact assessment (IIA) 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 Sustainable Development Goals

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 Climate Change

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 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

12.8 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 Strategic Leadership Team has fully supported the revenue and capital financial planning process.

13.2 The Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Director People, Performance and Change, the Clerk to the Council and Corporate Communications have been consulted and any comments received have been incorporated into this final report.

Approved by

David Robertson **Signature ....**
Director Finance & Corporate Governance

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Background Papers:
Previous Minute Reference: [insert last Minute reference (if any)]

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.

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Risk Register: Financial Strategy 2022/23- 2026/27

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.	4	4	16	Estimate of resources over the 5 year period built into financial plan. There is a projection that the Council will receive a flat cash settlement from Scottish Government, the risk is that this is overly optimistic. Real terms inflationary pressures are not funded. Increasing direction of funding within the settlement through specific grant. There is increasing pressure on core budgets.	Y	**2,430,000 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
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	**644,000**	3	3	9

Risk Register: Financial Strategy 2022/23- 2026/27

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	**£**			
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	4	16	Tracking through monitoring process. Monitoring indicates greater levels of savings required but delivery is becoming more difficult. 2021/22 monitoring indicates delay in delivery of circa £5.9m of savings and difficulty of delivery increasing.	Partial	**2,500,000**	4	4	16
6	Budget Control	Future demographics - Social Work. Ageing population.	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 and more children with complex needs	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	**500,000**	4	3	12
8	Projects	Development of Major Capital projects including IT not progressing to deliver assets.	Potential Requirement to Write costs incurred developing capital Schemes off to Revenue.	3	4	12	Inherent risks associated with development of large complex capital schemes e.g. Tweedbank and IT transformation. Robust project management, dialogue and ensuring necessary statutory approvals are achieved mitigates risks.	**Y**	**500,000**	**3**	**3**	**9**
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	**0**	3	3	9

Risk Register: Financial Strategy 2022/23- 2026/27

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	£			
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 costs increasing following retendering.	3	3	9	In some cases monthly contract monitoring and ongoing liaison. More due diligence required during and before contract periods. SBcares is provider of last resort for care contracts.	Partial	**300,000**	3	3	9
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 2020 showed funding level to 110%. Contribution rate increase over the next 3 year Period. 0.5% in 2023/24 Next valuation due 31/3/23.	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	**0**	3	2	6
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	6

Risk Register: Financial Strategy 2022/23- 2026/27

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	**£**			
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 and debt acceptable.	Y	**200,000**	4	3	12
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	**1,611,000** **(0.5% overspend risk on £322m)**	4	3	12
17	Pay	Budgetary provision of 2% in line with government pay policy is exceeded when pay is agreed	Provision against under-funding of future pay awards if Government pay policy were to be exceeded due to cost of living increases.	3	4	12	Engagement with COSLA and Directors of Finance on affordability of future pay settlements to limit impact on Council Tax payers	Y	**1,600,000**	3	3	9

Risk Register: Financial Strategy 2022/23- 2026/27

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* Likelihood	Impact	Risk Score	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
								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	**500,000** **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	**0**	3	2	6
20	Economy and Funding	Uncertainties around inflation in the supply of goods and services	Adverse impact on the costs of goods and services supplied to the Council eg energy and food from increased inflation risk.	5	4	20	Ongoing monitoring of contracts and future forward purchasing of commodities eg energy	Partially	**0**	4	3	12
21	Economy and Funding	Expenditure claimed through legacy EU funding streams is no longer eligible for EU grant	The Council would have to fund any potential shortfall resulting from the audit of EU claims which can arise up to 6 years after the original project concluded.	3	3	9	Ongoing review by officers to ensure only eligible expenditure is included in any grant claims submitted to the EU for reimbursement.	Y	**0 (managed within service project budgets)**	2	2	4
22	Economy and Funding	Ongoing Impact of Covid 19 Pandemic	Adverse impact on service delivery and demand for services from impact of COVID. Increased demands for support from vulnerable people. Increased costs of COVID response fro PPE, building heating costs, reduced income etc.	5	5	25	Regular monitoring of staffing and financial impact of pandemic, engage with key suppliers and regular engagement with SOLACE/ COSLA and Scottish Govt.	Partially	**2,000,000**	4	4	16
		Projected General Fund unallocated balance as at 1 April 2022							**8,421,000**			
		Risks Per risk register							**13,785,000**			
		% of Risks per risk register covered by unallocated balances							**61 %**			

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CAPITAL INVESTMENT STRATEGY 2022/23

Report by Director, Finance & Corporate Governance

SCOTTISH BORDERS COUNCIL

22 FEBRUARY 2022

1 PURPOSE AND SUMMARY

1.1 **This report presents Scottish Borders Council's updated Capital Investment Strategy (CIS) supporting the 2022/23 financial planning process.**

1.2 The requirements of the Prudential Code were updated in December 2017 including the recommendation that Councils publish a Capital Investment Strategy to support their Capital Plan. This strategy therefore supports the strategic investment priorities of Scottish Borders Council through the Capital Plan.

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 and the new Council Plan 2022-23, which is being presented to Council elsewhere on this agenda. As such the CIS is structured to reflect the themes of this Council Plan. The document should be read in conjunction with the Council's 10 year capital investment plan 2022 – 2032 and the Treasury Strategy which provides detail of the Council's Prudential Indicators and sets out how the Capital Investment plans 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 2022/23 budget papers on the Council agenda.**

3 BACKGROUND

3.1 As part of the financial planning process for 2022/23, the Council has updated and developed its Capital Investment Strategy in line with the requirements of the Prudential Code.

3.2 The requirements of the Prudential Code were updated in December 2017 including the recommendation that Councils published a Capital Investment Strategy to support their Capital Plan. Scottish Borders Council has updated and developed the existing strategy to support the strategic investment priorities of the Council through the Capital Plan.

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 and the new Council Plan 2022/23, which is being presented to Council elsewhere on this agenda. 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 2022 – 2032 and the Treasury Strategy which provides detail of the Council's Prudential Indicators and sets out how the Capital Investment plans of the Council will be financed.

4.3 The key updates to the Capital Investment Strategy from 2021/22 are:

- Council Plan –a refreshed Council Plan 2022-23 is being presented elsewhere on this agenda for approval. The Capital Investment Strategy has been structured using the six themes from the Council Plan demonstrating how our investment priorities will align with their delivery. These themes are:
    - Clean, green future – we tackle climate change and we value, protect and enhance our local environment and nature, so that the Scottish Borders can be enjoyed by future generations
    - Fulfilling our potential - From child to adult, everyone in the Scottish Borders has access to high quality education and the opportunities they need to fulfil their potential

  - Strong inclusive economy, transport and infrastructure – built upon strong and effective physical and digital connections and infrastructure, the benefits of a productive and sustainable economy are widely shared, enabling us to fulfil our potential in the Scottish Borders and attract others to live, work and visit
  - Empowered, vibrant communities – the Scottish Borders has thriving, inclusive communities where people support each other and take responsibility for their local area
  - Good health and wellbeing – the people of the Scottish Borders have the opportunities and are supported to take control of their health and wellbeing, enjoying a high quality of life
  - Working together improving lives – working together, an effective and efficient Council delivers for its communities and the Scottish Borders
- Updates to the Climate change section to update on the development of the Climate Change Route Map
- Updates to the Strategic Asset Management section outlining the development of an Estates Strategy which will provide a framework for how we manage and maintain our estate

4.4 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 wide ranging risks associated with the projects and programmes described in the Capital Investment Strategy. These are managed by the relevant department and/or project team in line with the Corporate Risk Management Policy and Framework.

As described in detail within the Strategy, oversight is provided by having appropriate governance in place, which includes regular reporting to ensure adequate scrutiny is provided throughout the lifetime of each project.

The Council's Treasury Management Strategy ensures that the Council operates within the prudent and affordable limits of the CIPFA Code (2017), whilst the CIPFA Prudential Code gives further assurance that the Council invests within the limitations of legislative controls. These controls reduce the risks associated with the Capital Investment Strategy and are audited as part of regular internal audit programmes of work, providing further assurance.

Contingency is provided by the Emergency and Unplanned Schemes budget. It should be noted that this contingency is sufficient to cover a limited proportion of risks should they arise.

5.3 **Integrated Impact Assessment**
It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

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

5.5 **Climate Change**
There are no direct carbon emissions impacts as a result of the Capital Investment Strategy report; however, there may be within individual projects and these will be identified and addressed as appropriate as part of their specific governance arrangements.

5.6 **Rural Proofing**
This report contains no implications that will compromise the Council’s rural proofing policy.

5.7 **Data Protection Impact Statement**
There are no personal data implications arising from the proposals contained in this report.

5.8 **Changes to 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/Chief Legal Officer, the Chief Officer Audit and Risk, the Director (People Performance & Change), the Clerk to the Council and Corporate Communications have been consulted and comments received have been incorporated into this final report.

Approved by

David Robertson **Signature ....**
Director Finance & Corporate Governance

Author(s)

Name	Designation and Contact Number
Suzy Douglas	Financial Services Manager 01835 824000 X5881

Background Papers: N/A
Previous Minute Reference:

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

Contact us at Suzy Douglas, Council Headquarters on 01835 824000 X5881

CAPITAL INVESTMENT **STRATEGY**

2022-2023

Scottish Borders COUNCIL

CONTENTS

CAPITAL INVESTMENT STRATEGY

FOREWORD

The Scottish Borders region covers over 1,800 square miles. The region, which is noted for the quality of its natural environment, is largely rural in nature and possesses a unique history. The area, which has a widely dispersed settlement pattern, is the fourth most sparsely populated region in mainland Scotland. Almost half of our 115,270 strong population live in rural areas and a further 30% live in settlements of less than 500 people.

The geography of the Borders presents significant challenges in delivering public services, not least providing care services to our increasingly elderly population, the challenge of improving broadband connectivity in rural areas, transport infrastructure, and the need to give our children and young people the best possible start in life. The economy of the Borders remains heavily dominated by the traditional industries of textiles, farming, forestry and fishing in our coastal communities. These traditional sectors are often associated with low wages and the Borders economy is characterised by some of the lowest wages in Scotland.

The Borders is also an area which faces significant inequality. Many of our communities contain significant pockets of deprivation where low incomes and fuel poverty persist. The Council is a living wage employer and encourages all our contractors and suppliers to also pay the Scottish living wage to all their employees. The £500m capital programme, and the many contracts we will procure to deliver this strategy, are intended to make a significant difference to the quality of life and living standards of individuals, families and communities across the Region

This capital strategy sets out how we plan to deal with the most pressing of these challenges: investing in our roads and bridges network, ensuring our school children are equipped with the most modern technology possible and investing in new schools and care facilities by replacing life expired buildings with modern, environmentally sustainable fit for purpose facilities. In making important investment decisions that will help to grow our region and our economy, we also recognise the need to address the challenges posed by climate change.

It is our responsibility to do our utmost to invest in measures that will reduce our carbon emissions impact and contribute to an inclusive net zero carbon economy that protects our communities both now and in the future from the damaging effects of climate change, including flooding.

Mark Rowley
Leader
Scottish Borders Council

Netta Meadows
Chief Executive
Scottish Borders Council

INTRODUCTION

This is the fourth Capital Investment Strategy (CIS) prepared by Scottish Borders Council (SBC) as required by the CIPFA Prudential Code. The strategy applies to financial year 2022/23 and subsequent financial years. It pulls together the investment implications of other more detailed policies, including the Councils refreshed Corporate Plan, and provides the reader with a single point of reference with which to understand the Council's Capital Investment Programme and its funding arrangements and how individual projects will help with the delivery of the Council's Strategic Objectives.

The Capital Investment Strategy has evolved since its first iteration in 2019/20 to reflect user feedback, changing local circumstances, changes to funding arrangements for capital projects and local political priorities.

CORPORATE PLAN

On 23 February 2022 Council will approve a refreshed Council Plan. This plan which will be updated following the election of the New Council in May 2022 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 115,270 citizens and ensure the Council is in the best position possible to respond to national policies and other statutory requirements.

The Council's aims are set out in the refreshed Council Plan. These six themes have been used to structure the Capital Investment Strategy demonstrating how our investment priorities will align with their delivery.

Clean, green future – we tackle climate change and we value, protect and enhance our local environment and nature, so that the Scottish Borders can be enjoyed by future generations.

Fulfilling our potential - From child to adult, everyone in the Scottish Borders has access to high quality education and the opportunities they need to fulfil their potential.

Strong inclusive economy, transport and infrastructure – built upon strong and effective physical and digital connections and infrastructure, the benefits of a productive and sustainable economy are widely shared, enabling us to fulfil our potential in the Scottish Borders and attract others to live, work and visit.

Empowered, vibrant communities – the Scottish Borders has thriving, inclusive communities where people support each other and take responsibility for their local area.

Good health and wellbeing – the people of the Scottish Borders have the opportunities and are supported to take control of their health and wellbeing, enjoying a high quality of life.

Working together improving lives – working together, an effective and efficient Council delivers for its communities and the Scottish Borders.

The Council Plan also recognises that the Council cannot achieve everything it wants to alone, particularly not set against a background of the ongoing COVID pandemic, the impacts of climate change and moving towards Net Zero, resource constraints and rising public expectations. The Council 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 need to be developed.

We have therefore agreed to adopt four working principles which will guide everything we do.

People Focused – working collaboratively with colleagues & partners, everything we do is for the benefit of our communities.

Agile – we take advantage of new opportunities to deliver good value for money and we maximise the use of all digital opportunities.

Inclusive & Fair – we ensure everyone has the best opportunities & always seek to act fairly.

Sustainable – we are passionate about the prospects of future generations, we demonstrate this in our decisions and delivery and ensure we live within our means

The Council 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.

STRATEGIES WHICH FEED INTO CAPITAL INVESTMENT PLAN

PLACE

In December 2020 Council agreed the need to examine new service delivery models as set out in the Fit for 2024 strategy that improve the Council's carbon footprint, make better use of technology and deliver financial savings. It is our intention to engage with communities to develop a place based strategy that considers ways to make things easier and more effective for citizens and realise best use of our resources. The strategy will provide a framework to underpin place based decision making around services and priorities for investment.

CLIMATE CHANGE

In September 2020, Scottish Borders Council declared a Climate Emergency reflecting its commitment to action on the issue. The declaration has a vital role to play in building public awareness that we are in a climate emergency situation which places unprecedented demands on all individuals, communities and businesses, as well as public bodies. In June 2021 the Climate Change Route Map was developed setting out how Scottish Borders Council will actively limit and reduce our net zero greenhouse gas emissions by 2045 in a way that is positive for the people and the economy of the Scottish Borders and builds on the strengths and assets of the region.

The impact upon the environment needs to be a key component of the brief and a strategic driver underpinning Council capital projects and service delivery. Reducing the Council's carbon footprint is a major objective to minimise CO2 emissions. This will mean consideration about the nature of capital investment we make including aspects such as enhancing existing assets; access and transport; material selection; lifecycle and maintenance; energy consumption; digital solutions and enhancing ecology and biodiversity.

GLOBAL PANDEMIC

The global coronavirus pandemic has dramatically changed the way we live our lives. The response to the pandemic has created opportunities to operate differently, for example through the use of Microsoft Teams and has been the catalyst for new ways of working in our schools through our award winning Inspire Learning programme. We look to build on this approach through our capital activity to improve service delivery and public access.

Clean Green Future Investment

GREEN ENERGY AND CLIMATE CHANGE

The Council has an ongoing Energy Efficiency Programme which has delivered carbon, cost and energy savings through a number of projects over that last two years including solar PV installations, boiler replacement, LED lighting upgrades (19,000 units), insulation upgrades, heating control enhancements and biomass boilers. The programme has also partnered with Live Borders to replace inefficient end of life plant delivering significant energy savings and improving the building environment for their customers. The Council accesses a variety of funding to deliver this investment including PWLB funding and SALIX funding. SBC is also leading a major scheme to reduce domestic consumption of energy and reduce fuel poverty in homes across the Region facilitated by Changeworks.

Future project plans include bulk solar PV procurement, battery storage systems, further upgrades of the Live Borders estate and projects to reduce the Council's reliance on carbon intensive fuels such as heating oil.

PLANT & VEHICLE

The Council currently operates a fleet of 395 vehicles down from 450 on the previous year which includes, HGV's, vans, pickups and cars, the Council also operates 1268 pieces of plant and equipment from small leaf blowers to large loaders and road maintenance equipment. The plant and vehicle fund charges departments interest and depreciation on their vehicles, this is then credited into the replacement fund to ensure that the fleet and plant can be replaced when they are no longer economical to operate. A fleet review is underway as part of the Council's Fit for 2024 programme which will seek to reduce the fleet size by tailoring the fleet to service needs, reduce our environmental impact and realise operational and financial efficiencies.

POOL AND ELECTRIC VEHICLES

The Council operates a leased pool car fleet of 41 vehicles along with 15 owned Fleet Hire vehicles, they are located at HQ Newtown and at a variety of other locations around the Borders. The leased vehicles are provided under a contract agreement and are predominantly small hybrid petrol driven cars. The Council is now in the process of procuring electric vehicles to replace these leased cars and is further developing its infrastructure to support these new vehicles. Currently there are 41 full electric vehicles on the fleet, some of these vehicles have been subsidised by grant funding, the Council will continue to seek new grant funding opportunities as we transition the fleet towards Net Zero.

ALTERNATIVE FUEL TYPES

The Council is continuing with its commitment to reduce its carbon footprint in 2022 by reducing its use of vehicles where possible and investing in new fuel technologies whilst phasing out the use of fossil fuel vehicles.

FLEET MANAGEMENT SOFTWARE AND COMPLIANCE ENHANCEMENT STRATEGIES

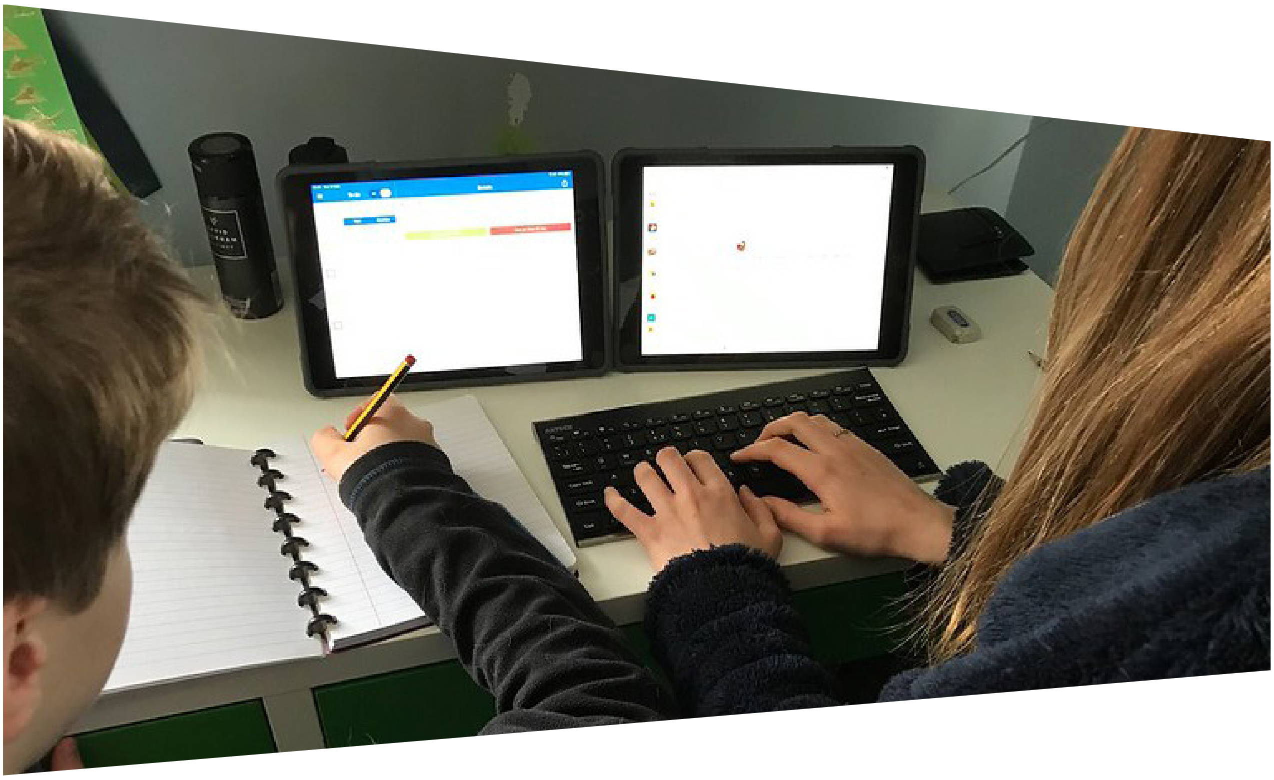
This year the Council is reviewing its current Fleet Management Software with an aim to reduce maintenance costs and improve the maintenance compliance processes. Specifically we are looking to improve the vehicle replacement process by using real time data on total cost of ownership allowing for vehicle life on fleet extension or retraction based on actual and up to date running costs. Monitor vehicle utilisation facilitating the reduction of vehicle’s held on fleet and to improve vehicle management by introducing an app based pre-use inspection system that will interface with the workshop repair module, reducing vehicle down time and the risk of operating defective vehicles.

PROCUREMENT STRATEGY

The strategy of procurement over the coming years will be to replace vehicles earlier where possible, ideally at the end of the warranty period, this should significantly reduce the operating costs at a point where residual value is still high. Procurement options including purchase and lease options will be evaluated to provide both the best value and flexibility to the Council.

Fulfilling our Potential

In September 2019, Scottish Government launched a new 'Learning Estate Strategy – Connecting People, Places and Learning' which replaces the previous 'Schools for the Future' programme. The CIS has been updated to reflect the significant changes, which this new strategy will introduce, not least of all the different funding mechanism which essentially requires the Council to forward fund all investment on a capital basis and then receive partial revenue support to maintain the buildings in a good condition over a minimum period of 25 years. In addition there will be other key outcomes which are required to be delivered, such as Low Carbon initiatives and sustainability, or to ensure that the new learning estate is fully digitally enabled.



LEARNING ESTATE

The Council has in recent years invested heavily in partnership with the Scottish Government and Scottish Futures Trust in the replacement of several life expired schools, prioritising those schools which have the most pressing need for investment assessed by their condition, capacity and suitability – this information is captured as part of the annual Core Facts Summary which is updated and submitted to Scottish Government.

The Council's own Learning Estate Strategy is expected to be published in 2022 to reflect the national strategy, and will seek to set out a 15-year overview of the entire estate including planned investment and disinvestment to shape the learning provision over that period within available capital constraints and prudent operational limits.

The Council has most recently opened a new 3-18 intergenerational community campus in Jedburgh, which replaced the Grammar School along with Howdenburn and Parkside Primary Schools which were also no longer fit for purpose.

The Council's capital funding from the Scottish Government for the delivering of 1140 hours within early learning and childcare was due to utilised by 31st March 2022; however, due to delays arising as a result of the Covid-19 pandemic, an extended timeframe was granted for an additional year. It is anticipated that, due to a number of councils being faced with similar delivery issues, the timeframe could be further extended and, following ongoing discussion with Scottish Government, a case for flexibility in the use of the funding will be submitted in the near future. In addition to previously noted projects, such as St Ronans and Priorsford, there are plans in the early stages to use the funding to replace 8 Portakabin units, which are nearing the end of their useable timeframe and could impact available early years places if deemed not fit for purpose.

The Council holds detailed condition and suitability information on all of its existing schools and learning estate and has identified the next priorities for investment in the estate as being Eyemouth and Earlston Primary Schools. It is intended that these buildings are replaced using currently committed Council capital resources, with a detailed planning application expected to be submitted during 2022, following a public consultation, with works planned for completion in 2025.

The Council also recognises the importance of maintaining a fit-for-purpose primary school estate. With shrinking revenue and capital resources, the Council wishes to ensure that we do not continue to maintain too many school buildings that are significantly under capacity, in poor condition or are deemed to have low suitability in respect of curricular activities. A key component of the emerging Learning Estate Strategy will examine the potential to rationalise the primary estate. This may result in closing other under occupied buildings that are of poor suitability and amalgamating schools where there are feasible alternatives. The ambition is to better support delivery of the curriculum, maximise the quality and breadth of education on offer and contribute towards providing a supportive environment which can contribute to raising attainment levels and improving outcomes for our school children.

The completion of the Jedburgh Campus saw the Council having replaced 5 of its 9 secondary schools with modern facilities since 2007 using a variety of design, build and finance contract structures. More recently, the Council considered a report in November 2018 which set out the condition, likely costs and priorities for investment in its remaining secondary school estate at Galashiels Academy, Peebles High School, Hawick High School, and Selkirk High School.

The cost of investing in the four remaining schools is significant. The logistics are also very challenging, for example the need to address potential flooding issues in Hawick, ensuring these significant public assets have the lowest possible carbon footprint and delivering replacement school buildings whilst minimising disruption to learning during construction activity. Given these challenges, Galashiels Academy was prioritised for the first phase of investment.

Following the major fire at Peebles High School in November 2019, the Council revised its capital plans, to not only replace what was lost, but maximise the opportunities to enhance facilities on the site through a complete new build of the High School.

The funding model for the national Learning Estate Investment Programme is based upon up front local authority borrowing for the capital cost of construction. Revenue funding to help meet the running costs of these community assets over a 25 year period is available from the Scottish Government. This funding will help to maintain the condition of new buildings over the longer term, provided a set of criteria is achieved.

This new strategy requires full consideration of innovative service delivery, shared services where possible, low carbon & energy efficiency, and digital connectivity. In addition, they should, wherever possible, accommodate a wide range of community sporting, leisure, health and community support and advice based services. In December 2020, Scottish Government announced that the Council's bid for revenue funding support for the new secondary schools in Galashiels and Peebles had been successful. Where possible these new buildings will be future proofed to allow future rationalisation and improvement of the wider estate where this provides best value.

Strong Inclusive Economy, Transport and Infrastructure

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 4m journeys since it opened in 2015 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, 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 EXPANSION

In 2018, the Council purchased the Lowood estate located adjacent to the existing village of Tweedbank at the terminus of the Borders railway. The master planning for this site is complete and 120 acres of developable land now provides the ability to plan and develop a mixed use development including housing, care, offices and light industrial uses. The first contract for the construction of the first phase of office development completed in December 2021 and will be occupied in Spring 2022. Both follow on from an initial investment in road infrastructure to unlock sites for development.

The care aspect of this development will be a 60 bedded Care Village which is based on a model known as the Hogeweyk model seen in the Netherlands, moving away from institutionalised care and creating a "neighbourhood that is part of broader society" This concept care model supports unique needs, lifestyles and personal preferences for living, care and well-being for people living mainly with severe dementia and frailty. It will include housing, retail and business which is central to the ethos of the village being at the heart of thriving residential area.

Tweedbank will also support two further developments with two third sector partners. Aberlour a well-respected provider for children's services who will create the Borders first Residential and Housing Support Facility for children and Young People with Learning Disability who previously would have required to live outside of the Borders and Cornerstone who have been working for a number of years with our Learning Disability service for adults and will develop a purpose built residential provision with placement for 8- 10 adults.

CITY DEAL

The Council is an active participant in the Edinburgh and South East of Scotland City Region Deal, a multi-agency investment and development collaboration between the Scottish and UK Governments, the University Sector and the 5 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 £30m of investment from Scottish Government, Scottish Enterprise, the Council and the private sector was approved by Council on the 31 January 2019.

The project 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 will, it is planned, kick start the wider development of the former Lowood Estate at Tweedbank.

BORDERLANDS

The Council is one of five local authorities signed up to the Borderlands Inclusive Growth Deal. The individual project business cases will lever investment from the Scottish and UK Governments into the Scottish Borders in a number of key areas over the next 10 years.

£19m investment to help create the world's first Mountain Bike Innovation Centre (MTBIC) integrated with a world-class Adventure Bike Park (ADVBP) and Trail Lab in Innerleithen. In addition, £1m will be spent upgrading the 7Stanes mountain biking network.

£10m of investment in the Destination Tweed project to deliver transformational economic benefit; protect, restore and invest in highly designated heritage assets; and realise the ambitions of communities along a 100-mile linear route extending from Moffat to Berwick-upon-Tweed via the heart of the Scottish Borders.

£7.25m of investment in a place programme of investment to stimulate the repurposing and reinvention of towns and town centres across the area to create places that are economically vibrant, resilient to change and that attract a working age population.

£3m improving business infrastructure by funding the construction of new business units in Coldstream and the acquisition of land for business use in Hawick.

£2.5m for developing a Natural Capital Innovation Zone area to enable businesses and land managers to trial environmentally friendly pilots, advance sector strategies and measures to capture and analyse real time information to maximise product yields, minimise pollution, promote carbon capture and flood management. In addition, the project will benefit from £2.5 million of revenue funding.

£7m for developing a South of Scotland Skills and Learning Network focused on emerging growth sectors such as transport and energy storage, sustainable construction, advanced manufacturing, renewable technologies, agri-tech and data science.

There are also Digital and Energy projects that will see the Scottish Borders benefit from investment of £9.45m and £3.6m, respectively.

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, to enhance Broad band connectivity across the region as part of the R100 project.

In 2016/17 the Council signed a major strategic partnership with CGI for the provision of IT services and this contract was extended in 2020 until 2040. 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 the transformation project "Inspire Learning" which has provided all SBC teachers and every pupil in P4 to S6 with an individual iPad. The project aims to revolutionise the delivery of education both at home and in the class room enabling remote learning, encouraging collaboration between schools and equipping pupils with the IT skills required for the 21st Century workplace.

This investment has been crucial to the continuation of learning and teaching during the COVID-19 pandemic. The Council continues to work with our strategic IT partner CGI on an ambitious £34m IT investment programme. This programme of work will deliver the digital strategy with a focus on digitally enabling the frontline workforce, enabling data driven decision making and process automation and making the Borders the first Smart Rural Region in the UK.

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 road, 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 that is now complete and the upgrade of the Union Chain Bridge, in partnership with Northumberland Council securing the future of this Grade A listed structure which passed its 200 year anniversary in 2020.

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 including the Innerleithen to Walkerburn route and the expansion of safer walking and cycling infrastructure funded by specific grant. Turning to Rail 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 of which specific funding of £2.34m is provided.

As part of the Hawick Flood Protection Scheme £12.6m grant funding has been awarded by Sustrans in respect of active travel schemes associated with the project. This investment along with other similar initiatives will provide vital links to communities, encourage more people to walk and cycle by creating dedicated traffic-free routes and enhance key locations across the Borders for both residents and visitors.

Empowered, Vibrant Communities

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

TOWN CENTRES AND TOURISM

The Council has an excellent track record of investing in the physical fabric of its town centres and has 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 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 available a £50m fund 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 has made a major investment in the centre of Galashiels with the opening of the Great Tapestry of Scotland in August 2021. This project removed a vacant shop unit and reused the handsome Victorian post office in the centre of the town which has lain vacant for many years. This visitor attraction complements the works already delivered in the form of the Transport Interchange and Channel Street which forms a new gateway to the town from the Borders Railway Station. The Council also hopes to attract a new hotel chain to the town to encourage further visitors.

The Great Tapestry of Scotland builds on other significant investment to encourage tourism such as the recent investment in the expansion of the Jim Clark Museum in Duns. The Jim Clark Museum provides 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 required the closure of the Easter Langlee landfill site by 2021. This required a solution by which residual waste is transported out with the Borders to be dealt with by other facilities. The Council has procured contracts to deal with residual waste and has also constructed a Waste Transfer Station at Easter Langlee which became operational in July 2019 negating the need to maintain disposal to our landfill site which has since been capped and restored. As a result of this work the Council has sent less than 1% (136 tonnes) of household residual waste produced in the Borders (50,716 tonnes) to landfill, which is the lowest in Scotland. It also ensured the Council met the requirements of the Scottish Governments Landfill ban ahead of its original 2021 deadline.

The new residual waste management contract with Levenseat and other waste management arrangements saw Scottish Borders secure the biggest increase in recycling rates of any area of Scotland in 2019. In 2020 Scottish Borders passed another milestone reaching a recycling rate of 52.8%, which is the first time we have recycled over 50%. The significant improvement means that the Scottish Borders is well above the national average of 42% and has the highest performance of any rural authority in Scotland. In addition, the Council's waste services saw their carbon impact decrease from 134,118 metric tonnes of Carbon Dioxide equivalent (TCO2e) in 2018 to 119,080 TCO2e in 2020. This 15,000 TCO2e difference is the equivalent to the greenhouse gas emissions emitted from driving 37 million miles in an average car.

During 2021 the Council awarded a new contract for the haulage and treatment of kerbside collected recycling i.e. Paper, Card, Cans & Plastics. The new contract has ensured all of the materials currently collected are maintained with no impact to households or businesses. It also ensures arrangements are in place until such time that the impacts of the Scottish Governments Deposit Return Scheme and the UK Governments Extended Producer Responsibility Scheme are fully understood.

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 grant and meeting the targets set out in the SHIP. The SHIP is now in its 13th iteration and since it was introduced in 2007 the Council and its partners have delivered 1,377 new affordable homes including social housing and homes for mid-market rent.

The SHIP target moving forward is for the Council and its partners to provide 128 additional affordable homes per year. At its December 2022 Meeting, Council agreed to dispose of the 54 properties owned by Bridge Home LLP to Eildon HA and has 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. The Council also uses Affordable Housing Policy Developer Contributions to assist delivery of affordable housing.

PARKS AND OPEN SPACES

Parks and open spaces make a major contribution to Biodiversity, public health and wellbeing including food growing and volunteering opportunities and provide safe high quality spaces for active communities. The pandemic has demonstrated the vital importance of access to the outdoors, within local parks and open spaces, to community health and wellbeing. The Council is in its fourth year of significant capital investment into these critical services, following from the huge success of the Heritage Lottery Funded restoration of Wilton Lodge Park in Hawick, which maintains its status as our only *Green Flag* park in the Scottish Borders.

Further to this, the Council through its funding has helped unlock community ambitions in these areas by supporting our communities with their own funding bids to secure inward capital investment into even more facilities with great examples of this joined up approach at Kelso Shedden Park, Coldstream Home Park, Peebles Victoria Park and once again Wilton Lodge park through the recent creation of a community pump track on the site of the former tennis courts, all of which were either funded and delivered by the Council or part funded and delivered by the community themselves, with Council assistance.

Inclusive access for play and learning is at the core of this investment and the best example of this is at Harestanes Visitor centre, where children can access high quality and unique inclusive play opportunities in a beautiful surrounding supported by access to other facilities such as the visitors centre and all of its amenities

Our programme moves to Duns Park in 22/23 and also includes plans for a new play park at Allerley Well Park in Jedburgh, a new skate park in Peebles and a skate incorporating a pump track in Jedburgh

Responding to the climate change and biodiversity agenda, funding to further enable this ambition for change has been bid for and partially secured, this will see the Council lead the way in modernising its green space management and helping balance the demands of communities with the requirements to further the aims of Biodiversity and climate change adaptation. We have a programme linked to Destination Tweed, *Pollinators along the Tweed* which involves working in partnership with Tweed Forum and BugLife, and which will help identify and modify our maintenance approach supported by capital funding to enable this transformation, along with appropriate revenue support thereafter. This provides opportunities for volunteering, education and health and wellbeing to be promoted and enhanced in our communities.

LIVE BORDERS

The Borders enjoys 3 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 its 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 new Jim Clark museum in Duns has proved to be a huge success with visitors and the Council aims to build on this success by working with our partners Live Borders in developing other tourist attractions in the area.

Good Health and Wellbeing

The Council approved a major strategy for the Housing and Care of Elderly people in June 2018 entitled "Integrated Strategic Plan for Older People's Housing Care and Support." This strategy, covering a 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, to be delivered in partnership with both Trust Housing Association (THA) and Eildon Housing Association (EHA) in 6 key locations across the Borders – Duns, Galashiels, Kelso (under construction by EHA), Eyemouth (THA), Hawick (EHA) and Peebles where unfortunately no site has as yet been identified.

One of the Extra Care facilities is currently being progressed through the refurbishment of the former Kelso High School building which is a grade B listed property which the Council recently sold to Eildon Housing Association as part of a joint venture between the Registered Social Landlord (RSL) and a private developer. In Eyemouth, plans are being developed for Extra Care Housing, delivered by Trust Housing Association which could link to a range of other services and community facilities. Berwickshire Housing Association is also a key partner in the provision of other affordable housing for the site. The Council has agreed to make contributions from Second Homes Council Tax to support the future planned developments in Kelso, Eyemouth, Hawick and Peebles.

The IJB is also exploring the possibility of developing new care facilities in Hawick and as part of the Lowood estate in Tweedbank. Current exploratory work will examine a range of options for this facility incorporating innovative best practice from the Netherlands and Scotland. Formative plans include both a 24 bed Dementia Care Unit and an 8 bedded unit catering for young people in conjunction with Aberlour and Scottish Borders Housing Association (SBHA) as development partners. As part of these schemes, the Council is working collaboratively with NHS Borders to explore the potential provision of Health Centres within these new developments.

The Council is also working closely with NHS Borders to ensure that plans of mutual strategic interest which improve on Health and Wellbeing outcomes are explored. This includes the provision of a new Health Centre, which better meets the needs of the Earlston Community which is integrated into the plans for the new Earlston Primary School Campus.

Investment has also been made in digital tools to empower our teams to access, use and update information and data while working anywhere in the Borders and to help keep them safe when they are working alone across the region. The rollout of this technology has started in social care and further investment is planned to extend the technologies across other front-line services over coming months and years. Using new dynamic routing and scheduling tools and mobile handsets to securely deliver and record information on our service users' needs and wellbeing, our home care service will be able to deliver more care visits, improve the quality of care recording and use the data required in real time to ultimately improve the outcomes for the people we provide care for across the Borders.

Further investment is being made to introduce digital devices for residents in our care homes which will provide a personalised device and apps to enhance access to information and entertainment services for example to support dementia care, aid the capture and recall of memories or encourage physical activity. We will also be introducing new digital systems across our care homes to transform the way plan and monitor the delivery of care and medication for our residents.

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

SOCIAL WORK

The Social Work team will continue developing the use of video conferencing to reduce the necessity of staff having to travel significant distances for reviewing and interviewing purposes. This will include linking with video conferencing facilities for Justice Social Workers conducting interviews on service users who are in custodial settings out-with the authority area. A key element of this will be the adoption of agile working practices across a reduced Council estate which will allow individual services to quickly respond to changing service needs.

In addition, and in line with the Council's vision to enhance the use of technology, we will be further 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.

Working Together to Improve Lives

DIGITAL CUSTOMER ACCESS

As an organisation we are committed to delivering as many services as possible online. The global pandemic has accelerated this during 2020 and we will continue to develop and strengthen this as it 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 will mean 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.

STRATEGIC ASSET MANAGEMENT

The Council operates and maintains a significant and diverse property portfolio. The Council is developing an estates strategy to provide a consistent framework for how we manage and maintain our estates and how we focus capital investment priorities. This will build on the management model that seeks to make better use of our estate, rationalising our property footprint in order to deliver operational efficiencies while investing capital in those buildings that remain.

OFFICE ACCOMMODATION

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

DEPOT RATIONALISATION

The Council currently operates from 6 depots located across the region as well as a number of stone depots and a quarry, some of which are no longer fully utilised. As part of the Council's Fit for 2024 programme and the associated review of Council services, the depot estate will be assessed to prioritise much needed investment in essential facilities to support staff and service delivery but also to disinvest and deliver financial efficiencies.

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 £0.175m per annum for this purpose.

TREASURY MANAGEMENT STRATEGY

The Treasury Management Strategy is a framework, which ensures the Council operates within prudent, affordable limits of compliance with the CIPFA Code (2017). The Strategy aims to:

- Ensure the Council has sufficient and appropriate facilities available to meet its short and long term borrowing requirement and funding needs;
- Secure new funding at the lowest cost; and
- Ensures that surplus funds are invested in accordance with the list of approved organisations for investment, minimising the risk to the capital sum and optimising the return on funds consistent with those risks.

The strategy includes prudential indicators required by the CIPFA Prudential Code and CIPFA Code of Practice for Treasury Management in the Public Sector. The Capital and Treasury Strategies are aligned to ensure an integrated approach between capital expenditure plans and treasury management strategy.

PRUDENTIAL CODE

The CIPFA Prudential Code introduced in April 2004 gave Councils freedom to invest in capital projects within the limitation of legislative controls, provided their programmes can be shown to be affordable, prudent and sustainable. The key mandatory indicators are:

- Capital Expenditure Limits – summary of the Councils capital expenditure plans;
- Capital Financing Requirement – measure of the Councils underlying borrowing need, including long term liabilities;
- Operational Boundary – expected maximum external debt during the course of the year; and
- Authorised Boundary – maximum limit beyond which borrowing is prohibited.

The Prudential indicators include the Capital Expenditure and the other Long Term Liabilities of the Council. This includes contractual long-term liabilities incurred from PPP and PFI contracts. For Scottish Borders Council these are Eyemouth, Earlston, Berwickshire, Kelso High Schools and Jedburgh Campus.

Due to the introduction of a new accounting regulation, namely, International Financial Reporting Standard (IFRS 16) – Leasing, the way in which we account for Leases will change from 1 April 2022. Previous leases that were held off Balance Sheet and therefore not included as a fixed asset of the Council are now required to be included. This is likely to have an effect on the Prudential Indicators for 2022/23 and the full impact is currently being assessed through a data gathering exercise.

GOVERNANCE

The Council's ten year Capital Investment Plan will continue to be updated on an annual basis and approved by Council. This ensures a long term approach to financial planning to identify challenges and opportunities facing the Council.

The Capital Investment Strategy will be fully updated every ten years, but will be reviewed and refreshed on an annual basis to ensure its continued alignment with the Council's priorities.

All capital projects will continue to be monitored, and changes approved four times a year by the Executive Committee. Full details of the Governance and approval process for Capital can be found in the Financial Regulations.

SKILLS AND TRAINING

Relevant professional staff will maintain up to date knowledge of capital and treasury issues by attendance at appropriate technical seminars (i.e. CIPFA Training).

The Council's corporate procurement strategy sets out the process for all levels of projects and all projects over £50k are progressed in conjunction with procurement specialists through a full tender process.

All elected members will be offered capital, revenue and treasury management training as part of their induction, with refresher training offered every two years.

LINKS

Corporate Plan

Treasury Strategy

Financial Plan

Local Development Plan

Asset Management Plan

Strategic Housing Improvement Plan (SHIP)

Learning Estate Strategy

City Deal

Borderlands Initiative

Regional Transport Strategy

LINKS TO THE CAPITAL PLAN

The detailed funding arrangements of the strategy noted above is set out in the Council published Capital Investment Plan. The borrowing implications of the capital plan are fully detailed in the Council's Treasury Strategy which is approved alongside the capital budget by full Council each year.

You can get this document on audio CD, 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.

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Scottish Borders COUNCIL

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Scottish Borders Council
Capital Investment Plan 2022/23 to 2031/32
Capital Investment Proposals

	CAPITAL INVESTMENT PROPOSALS	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total Operational Plan	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000	Total Strategic Plan £'000	Total £'000	Specific Project Funding £'000	Net cost to SBC Capital £'000
	Plant & Vehicle Fund															
	Plant & Vehicle (P&V) 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**
	Flood & Coastal Protection															
Block	Flood Prevention Works & Scheme Preparation	372	372	372	**1,116**	372	372	372	372	372	372	372	**2,604**	**3,720**	0	**3,720**
	Hawick Flood Protection	26,656	15,816	456	**42,928**	879	0	0	0	0	0	0	**879**	**43,807**	(36,964)	**6,843**
	Land and Property Infrastructure															
Block	Asset Rationalisation & Demolition	1,075	0	0	**1,075**	0	0	0	0	0	0	0	**0**	**1,075**	0	**1,075**
Block	Cemetery Land Acquisition & Development	895	0	105	**1,000**	0	334	649	0	0	0	0	**983**	**1,983**	0	**1,983**
	Jedburgh High Street Building	300	0	0	**300**	0	0	0	0	0	0	0	**0**	**300**	(50)	**250**
Block	Building Upgrades	522	437	437	**1,396**	437	624	624	624	624	624	624	**4,181**	**5,577**	0	**5,577**
Block	Energy Efficiency Works	1,878	1,045	1,045	**3,968**	1,045	1,045	1,045	1,045	1,045	1,045	1,045	**7,315**	**11,283**	(88)	**11,195**
Block	Health and Safety Works	633	400	400	**1,433**	400	500	500	500	500	500	500	**3,400**	**4,833**	0	**4,833**
Block	Play Areas and Outdoor Community Spaces	1,635	764	518	**2,917**	615	130	86	300	0	0	0	**1,131**	**4,048**	(269)	**3,779**
	Road & Transport Infrastructure															
Block	Cycling Walking & Safer Streets	404	404	404	**1,212**	404	247	247	247	247	247	247	**1,886**	**3,098**	(3,098)	**0**
	Engineering Minor Works	14	0	0	**14**	0	0	0	0	0	0	0	**0**	**14**	(14)	**0**
Block	Lighting Asset Management Plan	160	160	160	**480**	160	160	160	160	160	160	160	**1,120**	**1,600**	0	**1,600**
	Peebles Bridge	0	0	0	**0**	0	0	0	0	0	0	420	**420**	**420**	0	**420**
	Reston Station Contribution	0	0	1,740	**1,740**	0	0	0	0	0	0	0	**0**	**1,740**	(100)	**1,640**
Block	Roads & Bridges -inc. RAMP, Winter Damage & Slopes	7,731	7,660	7,100	**22,491**	7,100	7,100	7,100	7,100	7,100	7,100	7,100	**49,700**	**72,191**	(400)	**71,791**
	Eddleston Water Path	925	0	0	**925**	0	0	0	0	0	0	0	**0**	**925**	(925)	**0**
	Waste Management															
	Easter Langlee Cell Provision	50	0	0	**50**	0	0	0	0	0	0	0	**0**	**50**	0	**50**
	Easter Langlee Leachate Management Facility	130	0	0	**130**	0	0	0	0	0	0	0	**0**	**130**	(180)	**(50)**
	Closed Landfill Site - Health & Safety Works	30	0	0	**30**	0	0	0	0	0	0	0	**0**	**30**	0	**30**
	Wheeled Bins (100 in total) - Street Cleansing	52	0	0	**52**	0	0	0	0	0	0	0	**0**	**52**	0	**52**
	Waste Containers	97	101	106	**304**	112	117	123	129	136	143	150	**910**	**1,214**	0	**1,214**
	Corporate															
Block	ICT - Outwith CGI Scope	24	24	56	**104**	56	80	80	80	80	80	80	**536**	**640**	0	**640**
	ICT Transformation	0	0	0	**0**	0	242	25	24	22	0	0	**313**	**313**	0	**313**
	Extension of CGI contract	12,533	3,242	0	**15,775**	0	0	0	0	0	0	0	**0**	**15,775**	(7,000)	**8,775**
	Inspire Learning	111	683	128	**922**	65	143	65	65	0	0	0	**338**	**1,260**	0	**1,260**
	Learning Estate															
	Early Years Expansion	3,000	0	0	**3,000**	0	0	0	0	0	0	0	**0**	**3,000**	(3,000)	**0**
	Eyemouth Primary School	0	3,360	7,402	**10,762**	4,000	0	0	0	0	0	0	**4,000**	**14,762**	0	**14,762**
	Earlston Primary School	7,397	3,600	225	**11,222**	0	0	0	0	0	0	0	**0**	**11,222**	0	**11,222**
	Earlston GP Surgery	1,200	563	0	**1,763**	0	0	0	0	0	0	0	**0**	**1,763**	(1,763)	**0**
	Galashiels Academy	5,700	13,000	27,100	**45,800**	7,935	0	0	0	0	0	0	**7,935**	**53,735**	0	**53,735**
	Hawick High School	400	937	8,624	**9,961**	21,593	16,446	0	0	0	0	0	**38,039**	**48,000**	0	**48,000**
	Peebles High School	4,000	19,100	20,400	**43,500**	961	0	0	0	0	0	0	**961**	**44,461**	(3,229)	**41,232**
	Inspire Academy	453	0	0	**453**	0	0	0	0	0	0	0	**0**	**453**	0	**453**
Block	Learning Estate Block	2,153	1,800	1,790	**5,743**	1,790	1,790	1,790	1,790	1,790	1,790	1,790	**12,530**	**18,273**	(1,000)	**17,273**

Scottish Borders Council
Capital Investment Plan 2022/23 to 2031/32
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	CAPITAL INVESTMENT PROPOSALS	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total Operational Plan	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000	Total Strategic Plan £'000	Total £'000	Specific Project Funding £'000	Net cost to SBC Capital £'000
	Sports Infrastructure															
Block	Culture & Sports Trusts - Plant & Services	255	215	215	685	215	290	290	290	290	290	290	1,955	2,640	0	2,640
	Synthetic Pitch Replacement Fund	358	369	380	1,107	1,792	473	473	473	473	473	473	4,630	5,737	(4,604)	1,133
	Netherdale Stand	1,018	0	0	1,018	0	0	0	0	0	0	0	0	1,018	0	1,018
	Culture & Heritage															
	Jim Clark Museum	22	0	0	22	0	0	0	0	0	0	0	0	22	(15)	7
Block	Public Halls Upgrades	284	0	0	284	0	0	0	0	0	0	0	0	284	0	284
	Sir Walter Scott Courthouse - Phase 2	209	0	0	209	0	0	0	0	0	0	0	0	209	0	209
	Economic Regeneration															
Block	Borders Town Centre Regeneration Block	873	70	70	1,013	70	100	100	100	100	100	100	670	1,683	(542)	1,141
	Borders Innovation Park	599	4,553	6,183	11,335	3,186	357	0	0	0	0	0	3,543	14,878	(14,779)	99
	Newtown St Boswells Regeneration	224	120	56	400	0	0	0	0	0	0	0	0	400	0	400
	Eyemouth Regeneration	411	0	0	411	0	0	0	0	0	0	0	0	411	(380)	31
	Hawick Regeneration	2,033	0	0	2,033	0	0	0	0	0	0	0	0	2,033	(2,033)	0
	Galashiels Town Centre Regeneration	499	0	0	499	0	0	0	0	0	0	0	0	499	0	499
	Borderlands	9,939	25,763	17,062	52,764	10,939	14,838	9,752	1,595	520	3,551	0	41,195	93,959	(93,327)	632
	Earlston Business Relocation	150	0	0	150	0	0	0	0	0	0	0	0	150	0	150
	Access to Employment Land, Duns	110	0	0	110	0	0	0	0	0	0	0	0	110	(110)	0
	Housing Strategy & Services															
	Private Sector Housing Grant - Adaptations	515	500	500	1,515	500	500	500	500	500	500	500	3,500	5,015	0	5,015
	Social Care Infrastructure															
Block	Care Inspectorate Requirements & Upgrades	40	41	41	122	43	43	43	43	43	43	43	301	423	0	423
	2 Residential Care Homes	2,000	10,559	1,528	14,087	8,472	0	0	0	0	0	0	8,472	22,559	0	22,559
	Residential Care Accommodation - Upgrades	1,074	0	0	1,074	0	0	0	0	0	0	0	0	1,074	0	1,074
	Other															
	Emergency & Unplanned	175	175	175	525	175	175	175	175	175	175	175	1,225	1,750	0	1,750
	Total	**103,318**	**117,833**	**106,778**	**327,929**	**75,316**	**48,106**	**26,199**	**17,612**	**16,177**	**19,193**	**16,069**	**218,672**	**546,601**	**(193,870)**	**352,731**

TREASURY MANAGEMENT STRATEGY 2022/23

Report by Director, Finance & Corporate Governance

SCOTTISH BORDERS COUNCIL

22 February 2022

1 PURPOSE AND SUMMARY

1.1 **This report proposes the Treasury Management Strategy 2022/23 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 2022/23 is included in this report at Appendix 1 and reflects the impact of the Administration's Financial Plans for 2022/23 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 2022/23 as set out in Appendix 1;
(b) Notes that the draft Treasury Management Strategy was considered by Audit & Scrutiny Committee on 14 February March 2022, where it noted the narrowing of the gap between Capital Financing Requirements and Authorised Limit for External Debt and recommends Council give full consideration to this;

(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 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).

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 at the meeting on 14 February 2022.

4 TREASURY MANAGEMENT STRATEGY 2022/23

4.1 Appendix 1 contains the draft Treasury Management Strategy for 2022/23 for consideration by the Audit and Scrutiny Committee.

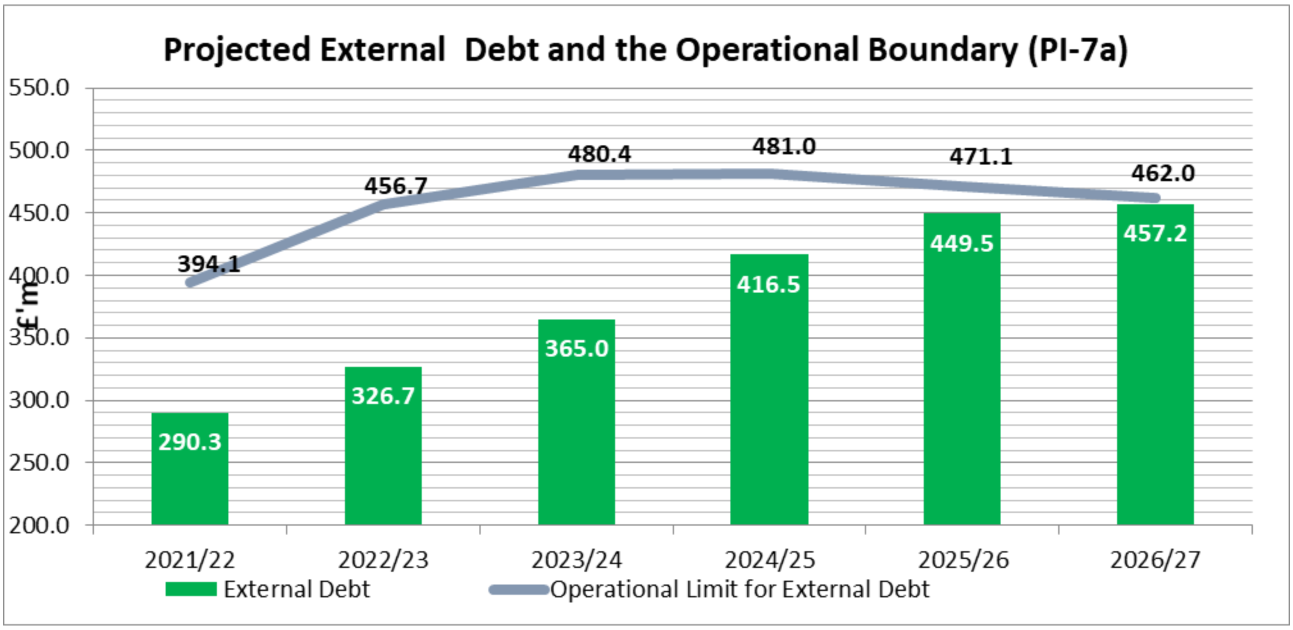
4.2 This is based on the Administration's current draft Financial Capital Plans for 2022/23 to 2031/32, yet to be published and as such is subject to change as these plans will not be presented to Council for approval until 22 February 2022. The final version of this report which will be reported to Council will include a 30 year loans charges projection based on assumed future capital expenditure.

4.3 Appendix 1, Annex A contains a summary of the proposed indicators within the strategy. The significant changes from the 2021/22 strategy are:

(a) Decrease in the Capital Financing Requirement (CFR) in the first two years with increases in later years due to the re-phasing of 1 primary school and 2 residential care homes. Also impacting on the CFR movement is the anticipated capital borrowing requirements associated with the re-phasing of projects from 2021/22 into future years as well as movements in the scheduled debt amortisation projections for the year.

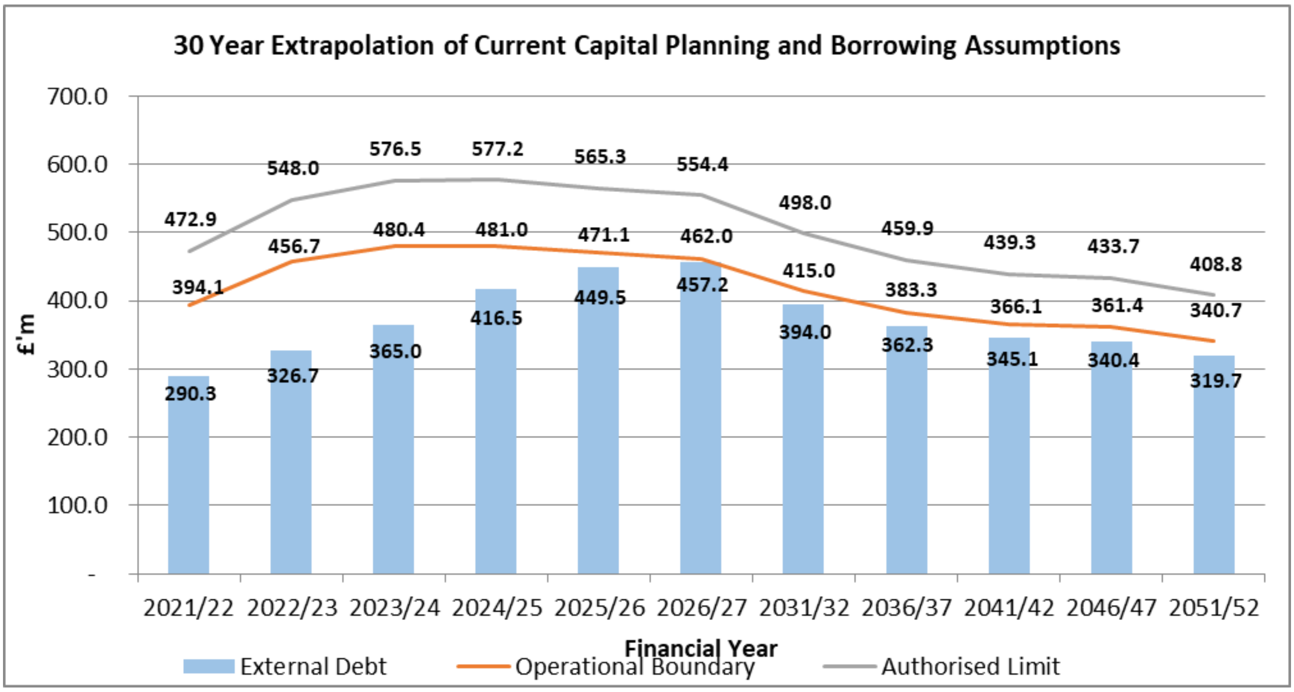
(b) Reduction in PI-6, Under-Borrowing against the CFR, in the last two years as a result of the increased level of external borrowing required to fund the capital plan.

4.4 The table overleaf 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 2051/52. 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.

It should be noted that from 2032-33, the first year out with the current 10 year Capital Plan, a 10 year average capital expenditure, and annual borrowing requirement of £10.5m, has been assumed.



4.6 CIPFA published revisions to the Treasury Management Code and Prudential Code on 20 December 2021, and has stated that formal adoption is not required until the 2023/24 plan – additional information and potential impact of these revisions is included at Paragraph 1.8 of Appendix 1.

4.7 The implementation of International Financial Reporting Standard (IFRS) 16 means that, from 1 April 2022, leases which were previously off balance sheet will now be included. As leases form part of the other long term liability figures which make up the Prudential Indicators it is possible that the Indicators currently suggested will be exceeded. The data gathering has been substantially completed and the financial implications are currently being assessed. Once this exercise is completed, later in the 2022/23 financial year, an updated report may be required to inform the members of the detailed impact of IFRS 16 with amended Prudential Indicators for approval.

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 Integrated Impact Assessment

There is no impact or relevance to Equality Duty or the Fairer Scotland Duty for this report. This is a routine financial monitoring report which forms part of the governance of the Treasury function within the Council. Nevertheless, a light touch assessment has been conducted and this will be published on SBC’s Equality and Diversity Pages of the website as in doing so, signifies that equality, diversity and socio–economic factors have duly been considered when preparing this report.

5.4 Sustainable Development Goals

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

5.5 Climate Change

There are no direct carbon emissions impacts as a result of this report.

5.6 Rural Proofing

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

5.8 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report

5.8 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 Chief Legal Officer (including as Monitoring Officer), the Chief Officer Audit and Risk, Director People Performance & Change, Communications 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 2022 and supported its submission to Council for approval.

Approved by

David Robertson **Signature ....**
Director, Finance & Corporate Governance

Author(s)

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Background Papers:
Previous Minute Reference: Audit & Scrutiny Committee 14 Feb 2022

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

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APPENDIX 1

SCOTTISH BORDERS COUNCIL

TREASURY MANAGEMENT STRATEGY (incorporating the Annual Investment Strategy) 2022/23

CONTENTS

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, estimates and actual figures.

a) **Treasury Management Strategy** (this report) – The first, and most important of the three reports, is forward looking 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 (the parameters on how investments are to be managed).

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 loans 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
- the 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 continue to 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 Group, 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.

1.8 2021 revised CIPFA Treasury Management Code and Prudential Code – changes which will impact on future TMSS/AIS reports and the risk management framework

CIPFA published the revised codes on 20th December 2021 and has stated that formal adoption is not required until the 2023/24 financial year. This Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to Full Council for approval.

The revised codes will have the following implications:

- a requirement for the Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement;
- clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a proportionate approach to commercial and service capital investment;
- address ESG issues within the Capital Strategy;
- require implementation of a policy to review commercial property, with a view to divest where appropriate;
- create new Investment Practices to manage risks associated with non-treasury investment (similar to the current Treasury Management Practices);
- ensure that any long term treasury investment is supported by a business model;
- a requirement to effectively manage liquidity and longer term cash flow requirements;
- amendment to TMP1 to address ESG policy within the treasury management risk framework;

- amendment to the knowledge and skills register for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each council;
- a new requirement to clarify reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage).

In addition, all investments and investment income must be attributed to one of the following three purposes:

Treasury management
Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery
Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return
Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

As this Treasury Management Strategy Statement and Annual Investment Strategy deals soley with treasury management investments, the categories of service delivery and commercial investments will be dealt with as part of the Capital Strategy report, however at the present time this Council does not have any service delivery or commercial investments.

Members will be updated on how all these changes will impact our current approach and any changes required will be formally adopted within the 2023/24 TMSS report.

1.9 International Financial Reporting Standard (IFRS) 16 - Leasing

From 1 April 2022, leases which were previously off balance sheet will now be included. As leases form part of the other long term liability figures which make up the Prudential Indicators below, it is possible that the Indicators currently suggested will be exceeded. The data gathering has been substantially completed and the financial implications are currently being assessed. Once this exercise is completed, later in the 2022/23 financial year, an updated report may be required to inform the members of the detailed impact of IFRS 16 with amended Prudential Indicators for approval.

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 Whilst any loans to third parties, commercial investment initiatives or other non-financial investments will impact on the treasury function, these activities are generally classed as non-treasury activities and are separate from the day to day treasury management activities.

2.6 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."

2.7 Revised reporting was introduced in the 2019/20 reporting cycle due to revisions to the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes included 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 2021/22 – 2026/27

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 £17.9m in 2022/23, rising to £25.4m in 2026/27.

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 2022/23 – 2031/32 includes the following capital expenditure forecasts for the first five years. 2021/22 projected outturn figures are also shown:

Capital Expenditure (PI-1)	**Estimate**					
£m	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**
Assets & Infrastructure	41.4	45.6	29.2	14.8	13.5	12.6
Other Corporate Services	9.8	12.7	3.9	0.2	0.1	0.5
Children & Young People	6.7	24.3	42.3	65.5	36.3	18.2
Culture & Sport	1.1	2.1	0.6	0.6	2.0	0.7
Economic Regeneration	5.7	14.8	30.5	23.4	14.2	15.3
Housing Strategy & Services	0.3	0.5	0.5	0.5	0.5	0.5
Social Care Infrastructure	0.7	3.1	10.6	1.6	8.5	0.1
Emergency & Unplanned Schemes	0.5	0.2	0.2	0.2	0.2	0.2
Total	**66.2**	**103.3**	**117.8**	**106.8**	**75.3**	**48.1**

3.2 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**					
	2021/22	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**
Capital Expenditure – per plan	66.2	103.3	117.8	106.8	75.3	48.1
Other Relevant Expenditure	-	-	-	-	-	-
Total Expenditure	**66.2**	**103.3**	**117.8**	**106.8**	**75.3**	**48.1**
Financed by:						
Capital receipts	0.6	0.4	0.0	0.0	0.0	0.0
CFCR	1.4	7.0	0.0	0.0	0.0	0.0
Developer Contributions	0.2	0.1	0.2	0.2	0.1	0.1
Govt. General Capital Grants	32.2	3.8	11.0	11.0	11.0	11.0
Govt. Specific Capital Grants	1.2	21.4	10.6	0.7	1.5	0.2
Other Grants & Contributions	8.9	24.5	33.6	22.6	14.1	15.2
Plant & Vehicle / Infrastructure Fund	2.0	2.0	2.0	2.0	2.0	2.0
Synthetic Pitch Replacement Fund	0.0	0.4	0.4	0.4	1.1	0.5
Element of Net financing need for the year met by borrowing	**19.7**	**43.7**	**60.0**	**69.9**	**45.5**	**19.1**

3.3 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. From 1 April 2016, authorities may choose whether to use scheduled debt amortisation (loans pool charges), or another suitable method of calculation in order to repay borrowing.

b) The CFR includes any other long term liabilities (e.g. PFI 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 PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes. The Council has £94.1m of liabilities relating to such schemes within the 2020/21 long term liabilities figure. The CFR may be impacted by the changes under IFRS 16 (see 1.9 above).

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

Capital Financing Requirement (PI-2) £m	Actual	Estimate					
	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Total CFR (PI-2) *	**350.1**	**351.1**	**381.1**	**426.3**	**481.0**	**510.4**	**513.0**
Movement in CFR represented by:							
Net financing need for the year (above)		**19.7**	**43.7**	**60.0**	**69.9**	**45.5**	**19.1**
Less scheduled debt amortisation and other financing movements		(18.7)	(13.7)	(14.8)	(15.2)	(16.1)	(16.5)
Movement in CFR		**1.0**	**30.0**	**45.2**	**54.7**	**29.4**	**2.6**

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

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. This Council does not currently have any commercial activity.

3.4 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 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).

Under regulation 14 (2) of SSI 2016 No 123, the Council calculates the annuity rate based on historic annuity rates to ensure that it is a prudent application and it is currently 3.63%.

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 2021 and for the position as at 31 December 2021 are shown below for both borrowing and investments.

TREASURY PORTFOLIO				
	actual **31.3.21**	actual **31.3.21**	current **31.12.21**	current **31.12.21**
Treasury investments	£000	%	£000	%
banks	2,913	10%	2,162	10%
DMADF (H.M.Treasury)	0	0%	0	0%
money market funds	25,000	90%	19,000	90%
Total managed in house	**27,913**	**100%**	**21,162**	**100%**
Total managed externally	**0**	**0%**	**0**	**0%**
Total treasury investments	**27,913**	**100%**	**21,162**	**100%**
Treasury external borrowing				
local authorities	15,000	7%	0	0%
third party loans	600	0%	600	0%
PWLB	166,369	77%	156,086	82%
LOBOs	35,000	16%	35,000	18%
Total external borrowing	**216,969**	**100%**	**191,686**	**100%**
Net treasury investments / (borrowing)	**(189,056)**	**0**	**(170,524)**	**0**

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

as at 31 March £m	**Estimate**					
	2021/22	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**
Borrowing	201.2	242.4	285.3	341.0	378.5	390.5
Other Long Term Liabilities	89.1	84.3	79.7	75.5	71.0	66.7
Total Gross Borrowing (Prudential Indicator PI-5)	**290.3**	**326.7**	**365.0**	**416.5**	**449.5**	**457.2**
Capital Financing Requirement*	**426.3**	**481.0**	**510.4**	**513.0**	**498.7**	**483.7**
(Under) / Over Borrowing (Prudential Indicator PI-6)	**(136.0)**	**(154.3)**	**(145.4)**	**(96.5)**	**(49.2)**	**(26.5)**

** 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 2022/23 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 2022/23.

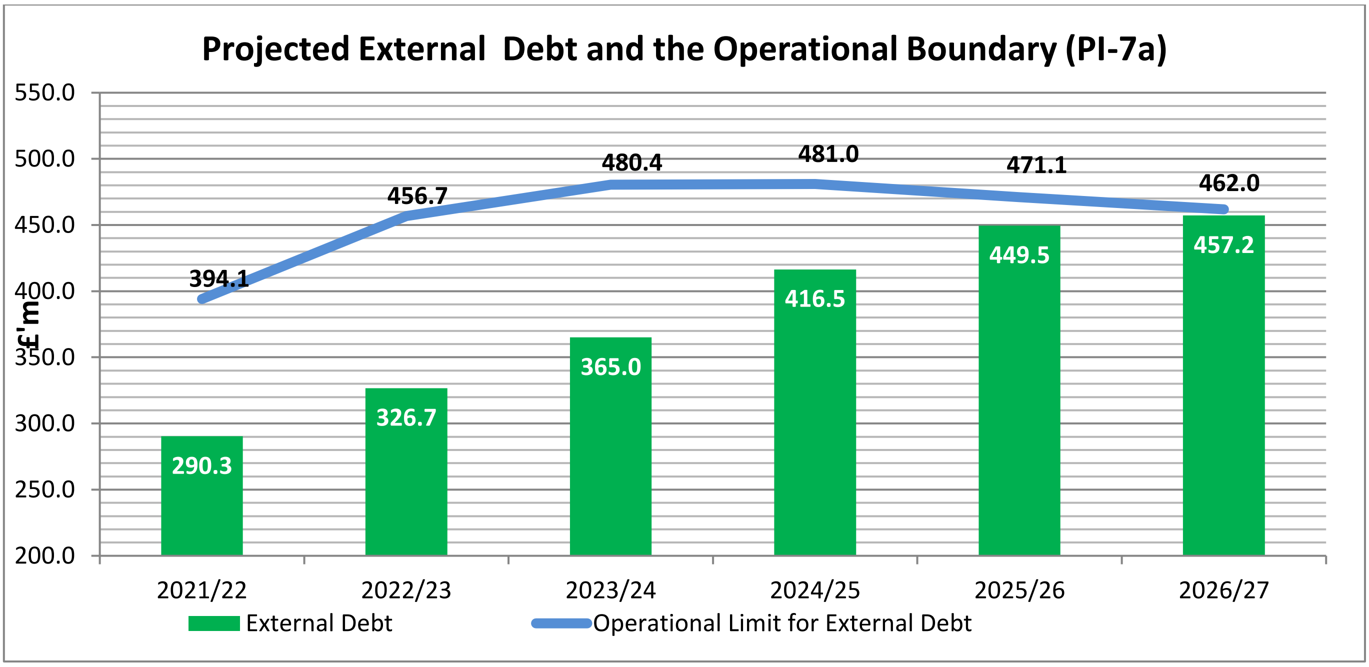
4.2 Treasury Indicators: Limits to Borrowing Activity

The Operational Boundary (Prudential Indicator PI-7)

a) This is the limit beyond 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**					
	2021/22	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**
Total Operational Boundary (PI-7a)	**394.1**	**456.7**	**480.4**	**481.0**	**471.1**	**462.0**
Less: Other long term liabilities	(89.1)	(84.3)	(79.7)	(75.5)	(71.0)	(66.7)
Operational Boundary exc. Other Long Term Liabilities (PI-7b)	**305.0**	**372.4**	**400.7**	**405.5**	**400.1**	**395.3**

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)

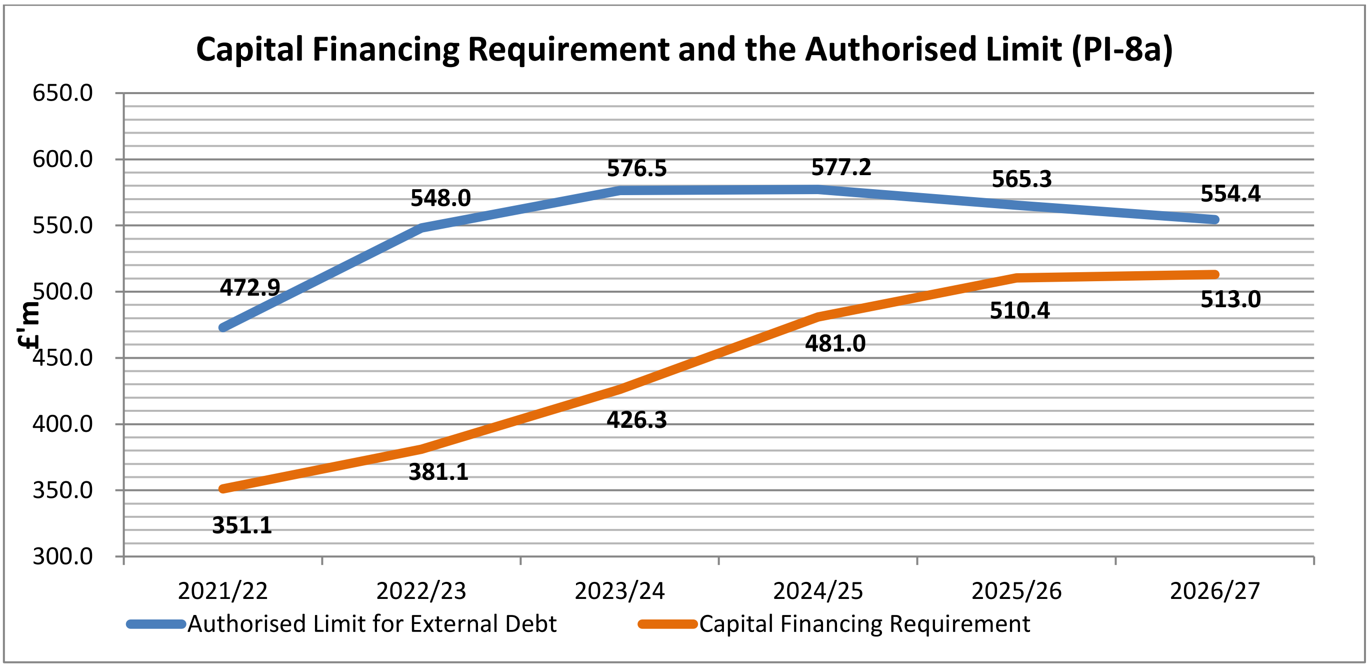
c) A further key prudential indicator represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

d) The authorised limits for external debt for the current year and two subsequent years are the legislative limits determined under Regulation 6(1) of the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016.

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

Authorised Limit £m	**Estimate**					
	2021/22	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**
Total Authorised Limit (PI-8a)	**472.9**	**548.0**	**576.5**	**577.2**	**565.3**	**554.4**
Less: Other long term liabilities	(89.1)	(84.3)	(79.7)	(75.5)	(71.0)	(66.7)
Authorised Limit exc. Other Long-Term Liabilities (PI-8b)	**383.8**	**463.7**	**496.8**	**501.7**	**494.3**	**487.7**

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



4.3 Prospects for Interest Rates

a) The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 20.12.21. These are forecasts for certainty rates, gilt yields plus 80bps:

Link Group Interest Rate View 20.12.21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30

Additional notes by Link on this forecast table: -

- *LIBOR and LIBID rates will cease from the end of 2021. Work is currently progressing to replace LIBOR with a rate based on SONIA (Sterling Overnight Index Average). In the meantime, our forecasts are based on expected average earnings by local authorities for 3 to 12 months.*
- *Our forecasts for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short term cash at any one point in time.*

b) Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16 December 2021. As shown in the forecast table above, the forecast for Bank Rate now includes four increases, one in December 2021 to 0.25%, then quarter 2 of 2022 to 0.50%, quarter 1 of 2023 to 0.75%, quarter 1 of 2024 to 1.00% and, finally, one in quarter 1 of 2025 to 1.25%.

c) Significant risks to the forecasts:

- **Mutations** of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed, or cannot be administered fast enough to prevent further lockdowns. 25% of the population not being vaccinated is also a significant risk to the NHS being overwhelmed and lockdowns being the only remaining option.

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity.

- **The Monetary Policy Committee** acts 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.

- **The Monetary Policy Committee** tightens monetary policy too late to ward off building inflationary pressures.

- **The Government** acts too quickly to cut expenditure to balance the national budget.

- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.

- **Longer term US treasury yields** rise strongly and pull gilt yields up higher than forecast.

- **Major stock markets** e.g., in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the "moral hazard" risks of having to buy shares and corporate bonds to reduce the impact of major financial market selloffs on the general economy.

- **Geopolitical risks,** for example in Ukraine, Iran, North Korea, but also in Europe and Middle Eastern countries; on-going global power influence struggles between Russia/China/US. These could lead to increasing safe-haven flows.

d) The balance of risks to the UK economy - the overall balance of risks to economic growth in the UK is now to the downside, including risks from Covid and its variants, both domestically and their potential effects worldwide.

e) Forecasts for Bank Rate - It is not expected that Bank Rate will go up fast after the initial rate rise as the supply potential of the economy is not likely to have taken a major hit during the pandemic: it should, therefore, be able to cope well with meeting demand after supply shortages subside over the next year, without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the spike up to around 5%. The forecast includes four increases in Bank Rate over the three-year forecast period to March 2025, ending at 1.25%. However, it is likely that these forecasts will need changing within a relatively short timeframe for the following reasons:

- We do not know how severe an impact Omicron could have on the economy and whether there will be another lockdown or similar and, if there is, whether there would be significant fiscal support from the Government for businesses and jobs.

- There were already increasing grounds for viewing the economic recovery as running out of steam during the autumn and now into the winter. And then along came Omicron to pose a significant downside threat to economic activity. This could lead into stagflation, or even into recession, which would then pose a dilemma for the MPC as to whether to focus on combating inflation or supporting economic growth through keeping interest rates low.

- Will some current key supply shortages spill over into causing economic activity in some sectors to take a significant hit?

- Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation.

- On the other hand, consumers are sitting on over £160bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total?

- It looks as if the economy coped well with the end of furlough on 30th September. It is estimated that there were around 1 million people who came off furlough then and there was not a huge spike up in unemployment. The other side of the coin is that vacancies have been hitting record levels so there is a continuing acute shortage of workers. This is a potential danger area if this shortage drives up wages which then feed through into producer prices and the prices of services i.e., a second-round effect that the MPC would have to act against if it looked like gaining significant momentum.

- We also recognise there could be further nasty surprises on the Covid front beyond the Omicron mutation.

- If the UK invokes article 16 of the Brexit deal over the dislocation in trading arrangements with Northern Ireland, this has the potential to end up in a no-deal Brexit

f) In summary, with the high level of uncertainty prevailing on several different fronts, we expect to have to revise our forecasts again - in line with whatever the new news is. It should also be borne in mind that Bank Rate being cut to 0.25% and then to 0.10%, were emergency measures to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away such emergency cuts on no other grounds than they are no longer warranted, and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

g) **Forecasts for PWLB rates and gilt and treasury yields**. Since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. As the interest forecast table for PWLB certainty rates above shows, there is forecast to be a steady, but slow, rise in both Bank Rate and gilt yields during the forecast period to March 2025, though there will doubtless be a lot of unpredictable volatility during this forecast period. While monetary policy in the UK will have a major impact on gilt yields, there is also a need to consider the potential impact that rising treasury yields in America could have on our gilt yields. **As an average since 2011, there has been a 75% correlation between movements in US 10-year treasury yields and UK 10-year gilt yields. This is a significant UPWARD RISK exposure to our forecasts for longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.**

h) **US treasury yields.** During the first part of 2021, US President Biden's, and the Democratic party's, determination to push through a $1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid pandemic was what unsettled financial markets. However, this was in addition to the $900bn support package already passed in December 2020. This was then followed by additional Democratic ambition to spend $1trn on infrastructure, (which was eventually passed by both houses later in 2021), and an even larger sum on an American families plan over the next decade; this is still caught up in Democrat / Republican haggling. Financial markets were alarmed that all this stimulus was happening at a time when:

1. A fast vaccination programme had enabled a rapid opening up of the economy during 2021.
2. The economy was growing strongly during the first half of 2021 although it has weakened overall during the second half.
3. It started from a position of little spare capacity due to less severe lockdown measures than in many other countries.
4. And the Fed was still providing substantial stimulus through monthly QE purchases during 2021.

It was not much of a surprise that a combination of these factors would eventually cause an excess of demand in the economy which generated strong inflationary pressures. This has eventually been recognised by the Fed at its December meeting with an aggressive response to damp inflation down during 2022 and 2023.

At its 3rd November Fed meeting, the Fed decided to make a start on tapering its $120bn per month of QE purchases so that they ended next June. However, at its **15th December meeting** it doubled the pace of tapering so that they will end all purchases in February. These purchases are currently acting as downward pressure on treasury yields and so it would be expected that Treasury yields will rise over the taper period and after the taper ends, all other things being equal. The Fed also forecast that it expected there would be three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024, taking rates back above 2% to a neutral level for monetary policy.

i) There are also possible **DOWNSIDE RISKS** from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down. How this will interplay with the Bank of England eventually getting round to not reinvesting maturing gilts and then later selling gilts, will be interesting to monitor.

j) There is likely to be **exceptional volatility and unpredictability in respect of gilt yields and PWLB rates** due to the following factors:

- How strongly will changes in gilt yields be correlated to changes in US treasury yields (see below). Over 10 years since 2011 there has been an average 75% correlation between movements in US treasury yields and gilt yields. However, from time to time these two yields can diverge. Lack of spare economic capacity and rising inflationary pressures are viewed as being much greater dangers in the US than in the UK. This could mean that central bank rates will end up rising earlier and higher in the US than in the UK if inflationary pressures were to escalate; the consequent increases in treasury yields could well spill over to cause (lesser) increases in gilt yields. There is, therefore, an upside risk to forecasts for gilt yields due to this correlation. The Link Group forecasts have included a risk of a 75% correlation between the two yields.
- Will the Fed take action to counter increasing treasury yields if they rise beyond a yet unspecified level?
- Would the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level?
- How strong will inflationary pressures actually turn out to be in both the US and the UK and so put upward pressure on treasury and gilt yields?

- How will central banks implement their new average or sustainable level inflation monetary policies?
- How well will central banks manage the withdrawal of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the “taper tantrums” in the US in 2013?
- Will exceptional volatility be focused on the short or long-end of the yield curve, or both?

k) As the US financial markets are, by far, the biggest financial markets in the world, any upward trend in treasury yields will invariably impact and influence financial markets in other countries. Inflationary pressures and erosion of surplus economic capacity look much stronger in the US compared to those in the UK, which would suggest that Fed rate increases eventually needed to suppress inflation, are likely to be faster and stronger than Bank Rate increases in the UK. This is likely to put upward pressure on treasury yields which could then spill over into putting upward pressure on UK gilt yields. The forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within the forecasting period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and Russia, China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

l) **The balance of risks to medium to long term PWLB rates** - there is a balance of upside risks to forecasts for medium to long term PWLB rates.

m) **10.1.22 UPDATE TO FORECASTS:** The Fed minutes for their December 14-15 meeting were released last week. These showed there is a very likely going to be an acceleration in the pace of monetary tightening policies including a faster rate of increase in the Fed rate and running down the stock of QE purchases. This has led to a sharp jump up in treasury yields, and also in gilt yields in this country. It is also now clearer that there could be a 50% increase in the price cap on fuel prices from 1st April 2022 in this country: this could boost inflation significantly and would then put added pressure on the Bank of England to raise Bank Rate faster as inflation would be unlikely to come down as fast as previously expected. What is still an unknown is whether the Government will damp down the calculation of inflation figures by providing some kind of subsidy for gas and electricity costs e.g., it could make loans to energy companies by spreading increased costs incurred this year over several future years as those loans are gradually repaid. **There has therefore been a sharp increase in the balance of upside risks to the forecasts for gilt yields, PWLB rates and Bank Rate.**

n) **A new era – a fundamental shift in central bank monetary policy.** One of the key results of the pandemic has been a fundamental rethinking and shift in monetary policy by major central banks like the Fed, the Bank of England and the ECB, to tolerate a higher level of inflation than in the previous two decades when inflation was the prime target to bear down on so as to stop it going above a target rate. There is now also a greater emphasis on other targets for monetary policy than just inflation, especially on ‘achieving broad and inclusive “maximum” employment in its entirety’ in the US, before consideration would be given to increasing rates.

- The Fed in America has gone furthest in adopting a monetary policy based on a clear goal of allowing the inflation target to be symmetrical, (rather than a ceiling to keep under), so that inflation averages out the dips down and surges above the target rate, over an unspecified period of time.
- The Bank of England has also amended its target for monetary policy so that inflation should be ‘sustainably over 2%’ before starting on raising Bank Rate and the ECB now has a similar policy.
- ***For local authorities, this means that investment interest rates and very short term PWLB rates will not be rising as quickly or as high as in previous decades when the economy recovers from a downturn and the recovery eventually runs out of spare capacity to fuel continuing expansion.***
- Labour market liberalisation since the 1970s has helped to break the wage-price spirals that fuelled high levels of inflation and has now set inflation on a lower path which makes this shift in monetary policy practicable. In addition, recent changes in flexible employment practices, the rise of the gig economy and technological changes, will all help to lower inflationary pressures.

- Governments will also be concerned to see interest rates stay lower as every rise in central rates will add to the cost of vastly expanded levels of national debt; (in the UK this is £21bn for each 1% rise in rates). On the other hand, higher levels of inflation will help to erode the real value of total public debt.

Investment and borrowing rates

o) **Investment returns** are expected to improve in 2022/23. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the MPC fall short of these elevated expectations.

p) **Borrowing interest rates** fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England and still remain at historically low levels. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.

q) On 25.11.20, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates which had been increased by 100 bps in October 2019. The standard and certainty margins were reduced by 100 bps but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three-year capital programme. The current margins over gilt yields are as follows:

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

r) **Borrowing for capital expenditure.** Our long-term (beyond 10 years), forecast for Bank Rate is 2.00%. As some PWLB certainty rates are currently below 2.00%, there remains value in considering long-term borrowing from the PWLB where appropriate. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio.

s) While this authority will not be able to avoid borrowing to finance new capital expenditure and to replace maturing debt, there will be a *cost of carry*, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances.

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 that needs to be considered.

b) Against this background and the risks within the economic forecast, caution will be adopted with the 2022/23 treasury operations. The Director of Finance & Corporate Governance 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 borrowing rates, then borrowing will be postponed.

- 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 Director of Finance & Corporate Governance 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 Director of Finance & Corporate Governance 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) Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates, even though the general margin of PWLB rates over gilt yields was reduced by 100 bps in November 2020.

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

4.7 New financial institutions as a source of borrowing and/or types of borrowing

a) Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).
- Municipal Bonds Agency (possibly still a viable alternative depending on market circumstances prevailing at the time).

b) Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

5 Investment Strategy

5.1 Investment Objectives and Policy

a) The Council's investment policy implements the requirements of the following:-

- Local Government Investments (Scotland) Regulations 2010, (and accompanying Finance Circular 5/2010);
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017, ("the Code");
- CIPFA Treasury Management Guidance Notes 2018.

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. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions.

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) **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 5.3.

h) This authority has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year

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

j) As a result of the change in accounting standards for 2022/23 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.

k) 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.

l) The above criteria are unchanged from last year.

5.2 Council Permitted Investments

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

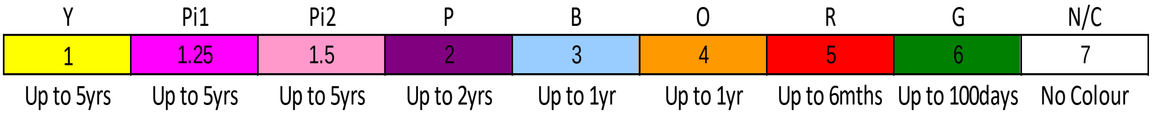
5.3 Creditworthiness Policy

a) This Council applies the creditworthiness service provided by the Link Group. 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, and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. 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 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 the Link Group.

- 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. 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, as well as information on any external support for banks to help support its decision-making process.

g) Significant levels of downgrades to Short- and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, as economies are beginning to reopen, there have been some instances of previous lowering of Outlooks being reversed.

h) Although bank CDS prices, (these are market indicators of credit risk), spiked upwards at the end of March / early April 2020 due to the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Council has access to this information via its Link-provided Passport portal.

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) The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix E. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

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)	**£25 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 Groups' creditworthiness list:

Group of Banks	**£10m**

Council's Own Banker

h) The Council's own banker (currently Royal Bank of Scotland) 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:

- BGC Brokers L.P.
- 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) The current forecast shown in paragraph 4.3, includes a forecast for a first increase in Bank Rate in May 2022, though it could come in February.

c) The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year, (based on a first increase in Bank Rate in quarter 2 of 2022), are as follows:

Average earnings in each year	
2022/23	0.50%
2023/24	0.75%
2024/25	1.00%
2025/26	1.25%
Long term later years	2.00%

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

d) 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	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**
Principal sums invested for longer than 365 days	20%	20%	20%	20%	20%

e) 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 £1,500,000 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 SONIA compounded rate**

d) At the end of the financial year, the Director of Finance & Corporate Governance 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 2021/22.

(ii) Average borrowing rate movement year on year

Target is to maintain or reduce the average borrowing rate for the Council versus 2021/22.

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

6.4 Loans Charges

a) Loans Charges for 2022/23 are expected to be at or below the Revenue Budget estimate contained in the Council's Financial Plans to be approved in February 2022, which are estimated as follows:

£m	2022/23	2023/24	2024/25	2025/26	2026/27
Interest on Borrowing	10.0	10.7	11.9	13.0	13.9
Investment income	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Capital Repayments	8.0	9.0	10.2	11.0	11.6
Total Loan Charges *	**17.9**	**19.6**	**22.0**	**23.9**	**25.4**

**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 2022/23.

ANNEXES

ANNEX A
SUMMARY OF PRUDENTIAL AND TREASURY INDICATORS

Indicator Ref.	Indicator	Page Ref.	2021/22	2022/23	2023/24	2024/25	2025/26
PRUDENTIAL INDICATORS							
Capital Expenditure Indicator							
PI-1	Capital Expenditure Limits (£m)	7	66.2	103.3	117.8	106.8	75.3
PI-2	Capital Financing Requirement (CFR) (£m)	9	351.1	381.1	426.3	481.0	510.4
Affordability Indicator							
PI-3	Ratio of Financing Costs to Net Revenue (inc. PPP repayment costs)	28	8.7%	8.6%	9.3%	9.7%	9.9%
PI-4	Incremental (Saving)/Cost Impact of Capital Investment Decisions on Council Tax	28	£(0.02)	£(0.01)	£(0.01)	£0.01	£0.03
External Debt Indicators							
PI-5	Actual Debt (£m)	10	290.3	326.7	365.0	416.5	449.5
PI-7a	Operational Boundary (inc. Other Long Term Liabilities) (£m)	11	394.1	456.7	480.4	481.0	471.1
PI-7b	Operational Boundary (exc. Other Long Term Liabilities) (£m)	11	305.0	372.4	400.7	405.5	400.1
PI-8a	Authorised Limit (inc. Other Long Term Liabilities) (£m)	12	472.9	548.0	576.5	577.2	565.3
PI-8b	Authorised Limit (exc. Other Long Term Liabilities) (£m)	12	383.8	463.7	496.8	501.7	494.3
Indicators of Prudence							
PI-6	(Under)/Over Gross Borrowing against the CFR (£m)	10	(136.0)	(154.3)	(145.4)	(96.5)	(49.2)
TREASURY INDICATORS							
TI-1	Upper Limit to Fixed Interest Rates based on Net Debt (£m)	29	394.1	456.7	480.4	481.0	471.1
TI-2	Upper Limit to Variable Interest Rates based on Net Debt (£m)	29	137.9	159.8	168.1	168.4	164.9
TI-3	Maturity Structure of Fixed Interest Rate Borrowing 2022/23	29	**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	23	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				
	20/21	21/22	22/23	23/24	24/25	25/26
Ratio of Financing Costs to Net Revenue Stream (PI-3) *(inc. PPP repayment costs)*	8.9%	8.7%	8.6%	9.3%	9.7%	9.9%

The estimates of financing costs include current commitments and the proposals in the Financial Plans for 2022/23. The movements in the above ratio from 2021/22 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				
	2021/22	2022/23	2023/24	2024/25	2025/26
Incremental (Saving)/Cost Impact of Capital Investment Decisions on the Band D Council Tax (PI-4)	£(0.02)	£(0.01)	£(0.01)	£0.01	£0.03

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	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Interest rate exposures					
	Upper	**Upper**	**Upper**	**Upper**	**Upper**
Limits on fixed interest rates based on net debt (TI-1)	394.1	456.7	480.4	481.0	471.1
Limits on variable interest rates based on net debt (TI-2)	137.9	159.8	168.1	168.4	164.9
Maturity Structure of fixed interest rate borrowing 2022/23 (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 2021-25

[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 Group Interest Rate View	20.12.21													
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30
Bank Rate														
Link	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
Capital Economics	0.25	0.25	0.50	0.75	0.75	0.75	0.75	1.00	1.00	-	-	-	-	-
5yr PWLB Rate														
Link	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
Capital Economics	1.40	1.40	1.50	1.50	1.60	1.70	1.70	1.80	1.90	-	-	-	-	-
10yr PWLB Rate														
Link	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
Capital Economics	1.60	1.60	1.70	1.70	1.80	1.80	1.90	2.00	2.00	-	-	-	-	-
25yr PWLB Rate														
Link	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
Capital Economics	1.80	1.80	1.90	1.90	2.00	2.10	2.10	2.20	2.30	-	-	-	-	-
50yr PWLB Rate														
Link	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30
Capital Economics	1.40	1.50	1.60	1.70	1.80	1.90	2.00	2.20	2.30	-	-	-	-	-

Source: Link Asset Services, December 2021

ANNEX C
Economic Background

COVID-19 vaccines.

These were the game changer during 2021 which raised high hopes that life in the UK would be able to largely return to normal in the second half of the year. However, the bursting onto the scene of the Omicron mutation at the end of November, rendered the initial two doses of all vaccines largely ineffective in preventing infection. This has dashed such hopes and raises the spectre again that a fourth wave of the virus could overwhelm hospitals in early 2022. What we now know is that this mutation is very fast spreading with the potential for total case numbers to double every two to three days, although it possibly may not cause so much severe illness as previous mutations. Rather than go for full lockdowns which heavily damage the economy, the government strategy this time is focusing on getting as many people as possible to have a third (booster) vaccination after three months from the previous last injection, as a booster has been shown to restore a high percentage of immunity to Omicron to those who have had two vaccinations. There is now a race on between how quickly boosters can be given to limit the spread of Omicron, and how quickly will hospitals fill up and potentially be unable to cope. In the meantime, workers have been requested to work from home and restrictions have been placed on large indoor gatherings and hospitality venues. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in sectors like restaurants, travel, tourism and hotels which had been hit hard during 2021, but could now be hit hard again by either, or both, of government restrictions and/or consumer reluctance to leave home. Growth will also be lower due to people being ill and not working, similar to the pingdemic in July. The economy, therefore, faces significant headwinds although some sectors have learned how to cope well with Covid. However, the biggest impact on growth would come from another lockdown if that happened. The big question still remains as to whether any further mutations of this virus could develop which render all current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread until tweaked vaccines become widely available.

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- In December, the Bank of England became the first major western central bank to put interest rates up in this upswing in the current business cycle in western economies as recovery progresses from the Covid recession of 2020.
- The next increase in Bank Rate could be in February or May, dependent on how severe an impact there is from Omicron.
- If there are lockdowns in January, this could pose a barrier for the MPC to putting Bank Rate up again as early as 3rd February.
- With inflation expected to peak at around 6% in April, the MPC may want to be seen to be active in taking action to counter inflation on 5th May, the release date for its Quarterly Monetary Policy Report.
- The December 2021 MPC meeting was more concerned with combating inflation over the medium term than supporting economic growth in the short term.
- Bank Rate increases beyond May are difficult to forecast as inflation is likely to drop sharply in the second half of 2022.
- However, the MPC will want to normalise Bank Rate over the next three years so that it has its main monetary policy tool ready to use in time for the next down-turn; all rates under 2% are providing stimulus to economic growth.
- We have put year end 0.25% increases into Q1 of each financial year from 2023 to recognise this upward bias in Bank Rate - but the actual timing in each year is difficult to predict.
- Covid remains a major potential downside threat in all three years as we ARE likely to get further mutations.

- How quickly can science come up with a mutation proof vaccine, or other treatment, – and for them to be widely administered around the world?
- Purchases of gilts under QE ended in December. Note that when Bank Rate reaches 0.50%, the MPC has said it will start running down its stock of QE.

MPC MEETING 16H DECEMBER 2021

- The Monetary Policy Committee (MPC) voted 8-1 to raise Bank Rate by 0.15% from 0.10% to 0.25% and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn.

- The MPC disappointed financial markets by not raising Bank Rate at its November meeting. Until Omicron burst on the scene, most forecasters, therefore, viewed a Bank Rate increase as being near certain at this December meeting due to the way that inflationary pressures have been comprehensively building in both producer and consumer prices, and in wage rates. However, at the November meeting, the MPC decided it wanted to have assurance that the labour market would get over the end of the furlough scheme on 30th September without unemployment increasing sharply; their decision was, therefore, to wait until statistics were available to show how the economy had fared at this time.

- **On 10th December we learnt of the disappointing 0.1% m/m rise in GDP** in October which suggested that economic growth had already slowed to a crawl even before the Omicron variant was discovered in late November. Early evidence suggests growth in November might have been marginally better. Nonetheless, at such low rates of growth, the government's "Plan B" COVID-19 restrictions could cause the economy to contract in December.

- **On 14th December, the labour market statistics** for the three months to October and the single month of October were released. The fallout after the furlough scheme was smaller and shorter than the Bank of England had feared. The single-month data were more informative and showed that LFS employment fell by 240,000, unemployment increased by 75,000 and the unemployment rate rose from 3.9% in September to 4.2%. However, the weekly data suggested this didn't last long as unemployment was falling again by the end of October. What's more, the 49,700 fall in the claimant count and the 257,000 rise in the PAYE measure of company payrolls suggests that the labour market strengthened again in November. The other side of the coin was a further rise in the number of vacancies from 1.182m to a record 1.219m in the three months to November which suggests that the supply of labour is struggling to keep up with demand, although the single-month figure for November fell for the first time since February, from 1.307m to 1.227m.

- These figures by themselves, would probably have been enough to give the MPC the assurance that it could press ahead to raise Bank Rate at this December meeting. However, the advent of Omicron potentially threw a spanner into the works as it poses a major headwind to the economy which, of itself, will help to cool the economy. The financial markets, therefore, swung round to expecting no change in Bank Rate.

- **On 15th December we had the CPI inflation** figure for November which spiked up further from 4.2% to 5.1%, confirming again how inflationary pressures have been building sharply. However, Omicron also caused a sharp fall in world oil and other commodity prices; (gas and electricity inflation has generally accounted on average for about 60% of the increase in inflation in advanced western economies).

- **Other elements of inflation are also transitory** e.g., prices of goods being forced up by supply shortages, and shortages of shipping containers due to ports being clogged have caused huge increases in shipping costs. But these issues are likely to clear during 2022, and then prices will subside back to more normal levels. Gas prices and electricity prices will also fall back once winter is passed and demand for these falls away.

- Although it is possible that the Government could step in with some **fiscal support for the economy**, the huge cost of such support to date is likely to pose a barrier to incurring further major expenditure unless it was very limited and targeted on narrow sectors like hospitality. The Government may well, therefore, effectively leave it to the MPC, and to monetary policy, to support economic growth – but at a time when the threat posed by rising inflation is near to peaking!

- This is the adverse set of factors against which the MPC had to decide on Bank Rate. For the second month in a row, the MPC blind-sided financial markets, this time with a **surprise increase in Bank Rate from 0.10% to 0.25%.** What's more, the hawkish tone of comments indicated that the MPC is now concerned that inflationary pressures are indeed building and need concerted action by the MPC to counter. This indicates that there will be more increases to come with financial markets predicting 1% by the end of 2022. The 8-1 vote to raise the rate shows that there is firm agreement that inflation now poses a threat, especially after the CPI figure hit a 10-year high this week. The MPC commented that “there has been significant upside news” and that “there were some signs of greater persistence in domestic costs and price pressures”.

- On the other hand, it did also comment that **“the Omicron variant is likely to weigh on near-term activity”.** But it stressed that at the November meeting it had said it would raise rates if the economy evolved as it expected and that now “these conditions had been met”. It also appeared more worried about the possible boost to inflation form Omicron itself. It said that “the current position of the global and UK economies was materially different compared with prior to the onset of the pandemic, including elevated levels of consumer price inflation”. It also noted the possibility that renewed social distancing would boost demand for goods again, (as demand for services would fall), meaning “global price pressures might persist for longer”. (Recent news is that the largest port in the world in China has come down with an Omicron outbreak which is not only affecting the port but also factories in the region.)

- On top of that, there were no references this month to inflation being expected to be below the **2% target in two years' time,** which at November's meeting the MPC referenced to suggest the markets had gone too far in expecting interest rates to rise to over 1.00% by the end of the year.

- These comments indicate that there has been a material reappraisal by the MPC of the inflationary pressures since their last meeting and the Bank also increased its forecast for inflation to peak at 6% next April, rather than at 5% as of a month ago. However, as the Bank retained its guidance that only **a “modest tightening”** in policy will be required, it cannot be thinking that it will need to increase interest rates that much more. A typical policy tightening cycle has usually involved rates rising by 0.25% four times in a year. “Modest” seems slower than that. As such, the Bank could be thinking about raising interest rates two or three times next year to 0.75% or 1.00%.

- In as much as a considerable part of the inflationary pressures at the current time are indeed **transitory,** and will naturally subside, and since economic growth is likely to be weak over the next few months, this would appear to indicate that this tightening cycle is likely to be comparatively short.

- As for the timing of the next increase in Bank Rate, the MPC dropped the comment from November's statement that Bank Rate would be raised “in the coming months”. That may imply another rise is unlikely at the next meeting in February and that May is more likely. However, much could depend on how adversely, or not, the economy is affected by Omicron in the run up to the next meeting on 3rd February. Once 0.50% is reached, the Bank would act to start shrinking its stock of QE, (gilts purchased by the Bank would not be replaced when they mature).

- **The MPC's forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -
  Raising Bank Rate as "the active instrument in most circumstances".
  Raising Bank Rate to 0.50% before starting on reducing its holdings.
  Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
  Once Bank Rate had risen to at least 1%, it would start selling its holdings.

- **US.** Shortages of goods and intermediate goods like semi-conductors, have been fuelling increases in prices and reducing economic growth potential. In November, **CPI inflation hit a near 40-year record level of 6.8%** but with energy prices then falling sharply, this is probably the peak. The biggest problem for the Fed is the mounting evidence of a strong pick-up in cyclical price pressures e.g., in rent which has hit a decades high.
- **Shortages of labour** have also been driving up wage rates sharply; this also poses a considerable threat to feeding back into producer prices and then into consumer prices inflation. It now also appears that there has been a sustained drop in the labour force which suggests the pandemic has had a longer-term scarring effect in reducing potential GDP. Economic growth may therefore be reduced to between 2 and 3% in 2022 and 2023 while core inflation is likely to remain elevated at around 3% in both years instead of declining back to the Fed's 2% central target.
- Inflation hitting 6.8% and the feed through into second round effects, meant that it was near certain that the **Fed's meeting of 15th December** would take aggressive action against inflation. Accordingly, the rate of tapering of monthly $120bn QE purchases announced at its November 3rd meeting. was doubled so that all purchases would now finish in February 2022. In addition, Fed officials had started discussions on running down the stock of QE held by the Fed. Fed officials also expected three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024, taking rates back above 2% to a neutral level for monetary policy. The first increase could come as soon as March 2022 as the chairman of the Fed stated his view that the economy had made rapid progress to achieving the other goal of the Fed – "maximum employment". The Fed forecast that inflation would fall from an average of 5.3% in 2021 to 2.6% in 2023, still above its target of 2% and both figures significantly up from previous forecasts. What was also significant was that this month the Fed dropped its description of the current level of inflation as being "transitory" and instead referred to "elevated levels" of inflation: the statement also dropped most of the language around the flexible average inflation target, with inflation now described as having exceeded 2 percent "for some time". It did not see Omicron as being a major impediment to the need to take action now to curtail the level of inflationary pressures that have built up, although Fed officials did note that it has the potential to exacerbate supply chain problems and add to price pressures.

See also comments in paragraph 4.3 under PWLB rates and gilt yields.

- **EU.** The slow role out of vaccines initially delayed **economic recovery** in early 2021 but the vaccination rate then picked up sharply. After a contraction of -0.3% in Q1, Q2 came in with strong growth of 2%. With Q3 at 2.2%, the EU recovery was then within 0.5% of its pre Covid size. However, the arrival of Omicron is now a major headwind to growth in quarter 4 and the expected downturn into weak growth could well turn negative, with the outlook for the first two months of 2022 expected to continue to be very weak.
- **November's inflation figures** breakdown shows that the increase in price pressures is not just due to high energy costs and global demand-supply imbalances for durable goods as services inflation also rose. Headline inflation reached 4.9% in November, with over half of that due to energy. However, oil and gas prices are expected to fall after the winter and so energy inflation is expected to plummet in 2022. Core goods inflation rose to 2.4% in November, its second highest ever level, and is likely to remain high for some time as it will take a long time for the inflationary impact of global imbalances in the demand and supply of durable goods to disappear. Price pressures also increased in the services sector, but wage growth remains subdued and there are no signs of a trend of faster wage growth which might lead to *persistently* higher services inflation - which would get the ECB concerned. The upshot is that

the euro-zone is set for a prolonged period of inflation being above the ECB's target of 2% and it is likely to average 3% in 2022, in line with the ECB's latest projection.

- **ECB tapering.** The ECB has joined with the Fed by also announcing at its meeting on 16th December that it will be reducing its QE purchases - by half from October 2022, i.e., it will still be providing significant stimulus via QE purchases for over half of next year. However, as inflation will fall back sharply during 2022, it is likely that it will leave its central rate below zero, (currently -0.50%), over the next two years. The main struggle that the ECB has had in recent years is that inflation has been doggedly anaemic in sticking below the ECB's target rate despite all its major programmes of monetary easing by cutting rates into negative territory and providing QE support.
- The ECB will now also need to consider the impact of **Omicron** on the economy, and it stated at its December meeting that it is prepared to provide further QE support if the pandemic causes bond yield spreads of peripheral countries, (compared to the yields of northern EU countries), to rise. However, that is the only reason it will support peripheral yields, so this support is limited in its scope.
- The EU has entered into a **period of political uncertainty** where a new German government formed of a coalition of three parties with Olaf Scholz replacing Angela Merkel as Chancellor in December 2021, will need to find its feet both within the EU and in the three parties successfully working together. In France there is a presidential election coming up in April 2022 followed by the legislative election in June. In addition, Italy needs to elect a new president in January with Prime Minister Draghi being a favourite due to having suitable gravitas for this post. However, if he switched office, there is a significant risk that the current government coalition could collapse. That could then cause differentials between Italian and German bonds to widen when 2022 will also see a gradual running down of ECB support for the bonds of weaker countries within the EU. These political uncertainties could have repercussions on economies and on Brexit issues.

- **CHINA.** After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of **2020**; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021.
- However, the pace of economic growth has now fallen back in **2021** after this initial surge of recovery from the pandemic and looks likely to be particularly weak in 2022. China has been struggling to contain the spread of the Delta variant through using sharp local lockdowns - which depress economic growth. Chinese consumers are also being very wary about leaving home and so spending money on services. However, with Omicron having now spread to China, and being much more easily transmissible, this strategy of sharp local lockdowns to stop the virus may not prove so successful in future. In addition, the current pace of providing boosters at 100 billion per month will leave much of the 1.4 billion population exposed to Omicron, and any further mutations, for a considerable time.
- The **People's Bank of China** made a start in December 2021 on cutting its key interest rate marginally so as to stimulate economic growth. However, after credit has already expanded by around 25% in just the last two years, it will probably leave the heavy lifting in supporting growth to fiscal stimulus by central and local government.
- Supply shortages, especially of coal for power generation, were causing widespread power cuts to industry during the second half of 2021 and so a sharp disruptive impact on some sectors of the economy. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

- **JAPAN.** 2021 has been a patchy year in combating Covid. However, recent business surveys indicate that the economy has been rebounding rapidly in 2021 once the bulk of the population had been double vaccinated and new virus cases had plunged. However, Omicron could reverse this initial success in combating Covid.

- The Bank of Japan is continuing its **very loose monetary policy** but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was actually negative in July. New Prime Minister Kishida, having won the November general election, brought in a supplementary budget to boost growth, but it is unlikely to have a major effect.

- **WORLD GROWTH.** World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum in the second half of the year, though overall growth for the year is expected to be about 6% and to be around 4-5% in 2022. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. While headline inflation will fall sharply, core inflation will probably not fall as quickly as central bankers would hope. It is likely that we are heading into a period where there will be a **reversal of world globalisation** and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

- **SUPPLY SHORTAGES**. The pandemic and extreme weather events, followed by a major surge in demand after lockdowns ended, have been highly disruptive of extended worldwide supply chains. Major queues of ships unable to unload their goods at ports in New York, California and China built up rapidly during quarters 2 and 3 of 2021 but then halved during quarter 4. Such issues have led to a misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. The latest additional disruption has been a shortage of coal in China leading to power cuts focused primarily on producers (rather than consumers), i.e., this will further aggravate shortages in meeting demand for goods. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods available to purchase.

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.

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. See paragraph 5.7.

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 offers the lowest risk form of investment available to local authorities as it is effectively an investment placed with the Government. It is also easy to use as it is a deposit account and avoids the complications of buying and holding Government issued treasury bills or gilts. As it is low risk it also earns low rates of interest. However, it is very useful for authorities whose overriding priority is the avoidance of risk. The longest period for a term deposit with the DMADF is 6 months.

Annex E

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/£25m overall	£5m per fund/£25m overall	£5m per fund/£25m 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 they 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'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.
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	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

	10 year period when the properties 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 Group, 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 Director of Finance & Corporate Governance, 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 F

Approved Countries for Investments

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- **U.K.**

[Ratings provided by Link Group as at 22 December 2021]

Annex G

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).

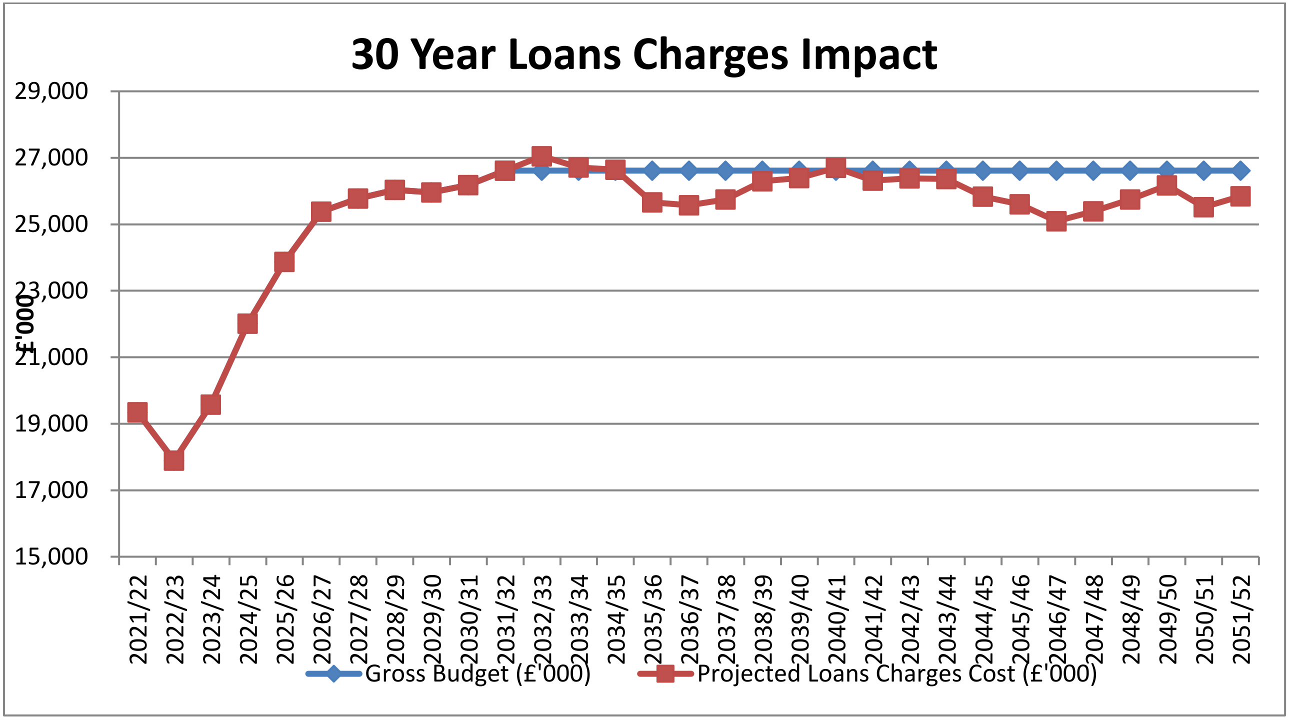
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non- treasury investments will be carried out and managed, to include the following *(TM Code p54): -*
    - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
    - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*
    - *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*
    - *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*
    - *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

ANNEX H

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 5.3 of the covering report, long term capital planning will cause a pressure on the loans charges budget from financial year 2031/32, 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 2032-33, the first year out with the current 10 year Capital Plan, a 10 year average capital expenditure, and annual borrowing requirement of £10.5m, has been assumed.



ANNEX I

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

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 SONIA compounded 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 £1,500,000 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 Link Group. 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

01835 824000, t&cteam@scotborders.gov.uk

FINANCIAL PLAN FROM 2022/23 – INTEGRATED IMPACT ASSESSMENTS

Report By Director People, Performance & Change

SCOTTISH BORDERS COUNCIL

22nd February 2022

1 PURPOSE AND SUMMARY

1.1 This report seeks to provide assurance to members that any potential equality impacts of the proposals contained within the Council's Financial Plan from 2022/23 have been identified and will be managed accordingly.

1.2 The Council has a legal obligation under 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) as part of the decision making process is the method of ensuring "due regard" is paid to the effect of the relevant policy or practice on the Council's obligations under the Public Sector Equality Duty.

1.4 The Council also has an obligation under the Fairer Scotland Duty to consider how socio- economic inequalities can be reduced through strategic decisions that it makes.

1.5 The Council accordingly subjects prospective policies and practices to assessment through an Integrated Impact Assessment (IIA). This addresses potential impacts, both positive and negative, on the Council's duties under the Equalities and Fairer Scotland legislation.

1.6 Initial Integrated Impact Assessments on the 2022/23 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.

Some of the revenue proposals have been carried forward from previous years and so have already been subject to an impact assessment. Where that is the case they have been re-assessed where appropriate. The small number which have not been re-assessed may be as the detailed proposals develop.

The capital proposals have all been carried forward from previous years and have not been re-assessed.

1.7 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.

These 40 proposals may potentially impact in a positive or negative way on one or more of the Protected Characteristics or Socio- Economic Factors 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 40 Initial Integrated Impact Assessments undertaken in respect of the 2022/23 Financial Plan proposals as detailed in Appendix 1;**

b) **agrees that officers undertake further and ongoing Impact Assessment work, as necessary, in respect of these proposals with specific reference to the equality or socio- economic groups on whom there may be a possible impact:**

(i) 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 or socio- economic groups, actions to maximise this impact should be identified and implemented as part of the project planning and delivery of each proposal or project;

(ii) 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 or socio-economic group, actions to mitigate and alleviate this impact should be 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 nine protected characteristics detailed within the Equality Act are:

- age;
- disability;
- gender reassignment;
- marriage and civil partnership;
- 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.

3.4 The Council is also subject to the Fairer Scotland Duty. The duty also derives from the Equality Act 2010 and requires the Council to have due regard to how it can reduce inequalities of outcome caused by socio-economic disadvantage when making strategic decisions.

3.5 "Socio- economic disadvantage" is defined as follows:

- Low and/ or No Wealth/ Income
- Material Deprivation
- Area Deprivation
- Socio – economic background

4 OVERVIEW OF INTEGRATED IMPACT ASSESSMENT PROCESS

4.1 In addition to the Council's legal obligations, an Integrated Impact Assessment (IIA) 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 IIA involves systematically assessing the potential (or actual) effects of policies on people in respect of the protected characteristics listed in the Equality Act 2010 and the socio-economic factors covered by the Fairer Scotland Duty. These are detailed above in paragraphs 3.2 and 3.5 respectively.

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

- Looked After or Accommodated Children and Young People
- Carers.
- Homelessness
- Addictions and Substance use
- People involved with the Criminal Justice system.

Rural proofing, acting sustainably and carbon management assessments are also undertaken as part of any Policy change decision.

4.3 If the IIA 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.

Similarly, due regard should be had to the reduction of any negative impacts on the socio- economic groups.

4.4 On reporting equalities and socio- economic impacts to Council it is not enough to state that an IIA has been carried out. The Council must be made aware of what the impacts are and how these can be addressed, and must use these findings within their decision making processes. Copies of each of the Initial Integrated Impact Assessments are available electronically.

5 INITIAL IMPACT ASSESSMENT FOR BUDGET PROPOSALS

5.1 As an integral part of the 2022/23 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 Senior Leadership Team and Members. This seeks to ensure that any potential impacts 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 and impact on socio- economic groups, 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)*;
- Whether the proposal is strategic, and therefore any impact on the Fairer Scotland duty falls to be considered;

- 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 Integrated Impact Assessments have been undertaken in respect of 40 key component Revenue Financial Plan savings proposals. Certain proposals have been identified as clearly operational in nature and accordingly do not require an Integrated Impact assessment. Other proposals were contained in previous Financial Plans and have already been the subject of assessment. As detailed in paragraph 1.6, those proposals have been re-assessed where appropriate and all will be subject to continued monitoring.

5.4 Those proposals which have been assessed may potentially impact on one or more of the Equality Characteristic Groups or Socio – Economic 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 1and the full Initial Assessment templates have been made available electronically. The proposals will continue to be assessed and managed through evidence gathering and mitigation and alleviation in accordance with the IIA process. There will be particular focus on those proposals in which a potential negative impact has been identified.

6.2 If at any point when undertaking further Integrated Impact Assessments, evidence suggests there may be discrimination against a protected characteristic or socio- economic 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 a number of 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 as detailed below. For the purposes of brevity this has not been repeated in any individual IIA.

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 take into account staff turnover and 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, 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 provide guidance and procedures that when consistently applied, ensure fairness in application.

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

6.7 Similarly, when changes mean that an employee's role alters, whether because of a change in duties, the way the work is undertaken, or a change in location, HR policies and procedures will be used to mitigate the effects of the change and to allow the employee to adapt to a new way of working. This includes the provision of appropriate training, where appropriate, the application of the Council's Disturbance Policy, consideration of requests for flexible working arrangements and if an employee has a disability the application of such adjustments as are reasonable to allow them to undertake their role.

7 IMPLICATIONS

7.1 Financial

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

7.2 Risk and Mitigations

(a) Rigorously following the Council's agreed process for Integrated Impact Assessment should ensure that any potential impact, positive or negative, of any proposal, on any equality or socio- economic group, is identified in a timely manner. As such this approach ensures that the Council is taking steps to fulfil its duties under the Equality Act 2010; does not inadvertently implement proposals that would directly or indirectly discriminate against any protected group. This serves to mitigate against: negative impacts to individuals, reputational damage, negative perceptions of credibility and transparency, increases in the number of complaints and potential legal claims.

(b) Where a potential negative 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. As the management of risk has a focus on pursuing opportunities as well as reducing threats this report details that when positive impacts in relation to protected equality or socio-economic groups are identified, efforts will be made to maximise and capitalise upon these during the planning and implementation stages of any given proposal.

(c) As detailed in the main body of the report, in addition to the IIA process, HR policies and procedures support the equalities requirements, further mitigating the risk of non-compliance and the possibility that the Council fails in its duty to abide by relevant sections of the Equality Act 2010.

7.3 **Equalities**

The Integrated Impact Assessment process detailed in this report will assist equality outcomes for service users, Council employees and the Borders community. 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 Director Finance & Corporate Governance), the Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Clerk to the Council and Corporate Communications have been consulted and their comments have been incorporated into this report.

Approved by

Clair Hepburn
Director People, Performance & Change

Author

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

Background Papers: Copies of each of the 40 Initial Integrated Impact Assessments have been made available electronically.

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, Melrose, TD6 0SA.
Telephone – 01835 825221.
E-mail – idavidson@scotborders.gov.uk

	Is the project relevant to the duties of the Council under the Equality Act 2010			Which groups of people may be impacted (both positively and negatively) if the proposal is adopted?																		
Revenue proposals	Elimination of discrimination victimisation and harassment	Promotion of equality of opportunity	Foster good relations	Age	Disability	Gender Reassignmen/t Transgender Identity	Marriage/ Civil Partnership	Pregnancy& Maternity	Race	People with Religious or other Beliefs	Sex	Sexual Orientation	Fairer Scotland Duty	Low/ No Wealth	Material Deprivation	Area Deprivation	Socio - Economic Background	Looked After/ Accommodated Children & Young People	Carers	Homelessness	Addictions/ Substance Use	Involvement in the Criminal Justice System
Corporate																						0
Post -Covid Operating Model	Y	Y	Y	Positive	Positive	None	None	Positive	None	Positive	None	None	Yes	Positive	None	Positive	None	None	Positive	None	None	None
Infrastructure & Environment																						
Additional Fees & Charges Income across Infrastructure & Environment	N	Y	Y	None	None	None	None	None	None	None	None	None	Yes	Negative	Negative	Negative	None	None	None	None	None	None
Statutory Planning Fee Income	N	N	N	None	None	None	None	None	None	None	None	None	Yes	Negative	Negative	None	None	None	None	None	None	None
Commercial Rent Income	N	Y	Y	None	None	None	None	None	None	None	None	None	Yes	Negative	Negative	Negative	Negative	None	None	None	None	None
Energy Efficiency Project	**This proposal is of an operational nature and there will be no equality or Fairer Scotland impact**																					
More efficient property and asset portfololio and implementation of corporate landlord	Y	Y	Y	Pos/ Neg	Pos/ Neg	None	None	Positive	None	None	None	None	Yes	None	Pos/ Neg	Pos/ Neg	None	None	Pos/ Neg	None	None	None
Facilities Management Savings	Y	Y	Y	Pos/ Neg	Pos/ Neg	None	None	Positive	None	None	None	None	Yes	Negative	Negative	Negative	Negative	None	Pos/ Neg	None	None	None
Parks & Environment	Y	Y	Y	Pos/ Neg	Pos/ Neg	None	None	Positive	None	None	None	None	Yes	Pos/ Neg	Pos/ Neg	Pos/ Neg	Pos/ Neg	None	Pos/ Neg	None	None	None
Roads & Infrastructure	Y	Y	Y	Pos/Neg	Pos/Neg	None	None	Positive	None	None	None	None	Yes	Negative	Negative	Negative	Pos/ Neg	None	Pos/ Neg	None	None	None
Waste Management +C14:W15C14:V15C14:V14C14:WC14:AA14	Y	Y	Y	Pos/ Neg	Pos/ Neg	None	None	Positive	None	None	None	None	Yes	Pos/ Neg	Pos/ Neg	None	Pos/ Neg	None	Pos/ Neg	None	None	None
Passenger Transport	Y	Y	Y	Pos/ Neg	Pos/ Neg	None	None	None	None	None	None	None	Yes	Pos/ Neg	Pos/ Neg	Pos/ Neg	Pos/ Neg	None	Pos/ Neg	None	None	None
Planning	Y	Y	Y	Pos/Neg	Pos/ Neg	None	None	Positive	None	None	None	None	Yes	Pos/ Neg	Pos/ Neg	Negative	Pos/ Neg	None	Pos/ Neg	None	None	None
Social Work & Practice																						
Review of Care Packages (Older People and Learning Disability_	**This proposal has previously been impact assessed**																					
Review of Day Care Services (Learning Disability)	Y	Y	Y	Positive	Positive	None	None	None	None	None	None	None	Yes	None	None	None	None	None	Positive	None	None	None
HCSS Recommissioning	N	Y	N	None	Positive	None	None	None	None	None	None	None	Yes	None	None	None	None	None	None	None	None	None
Complex Care (Learning Disability)	Y	Y	Y	Positive	Positive	None	None	None	None	None	None	None	Yes	Positive	Positive	Positive	Positive	None	Positive	None	None	None
Direct Payment Recoupment	**This proposal has previously been impact assessed**																					
Locality Working (Older People and Learning Disability)	Y	Y	Y	Positive	Positive	Positive	Positive	None	Positive	Positive	Positive	Positive	Yes	Positive	Positive	Positive	Positive	None	Positive	Positive		
Shared Lives	Y	Y	Y	Positive	Positive	None	None	None	None	None	None	None	Yes	Positive	Positive	Positive	Positive	Positive	Positive	None	None	None
Additional Fees & Charges	N	Y	N	Negative	Negative	None	None	None	None	None	None	None	Yes	Negative	Negative	None	None	None	None	None	None	None
Education and Lifelong Learning																						
Increased Fees & Charges - General inflationary increase to Lets	Y	Y	Y	Negative	None	None	None	None	None	None	None	None	Yes	Negative	Negative	Negative	Negative	None	None	None	None	None
Increases to fees for non -funded childcare	Y	Y	Y	Negative	None	None	None	None	None	None	None	None	Yes	Negative	Negative	None	None	None	None	None	None	None
Central Schools	Y	Y	N	Pos/ Neg	Pos/ Neg	None	None	Positive	None	None	None	None	Yes	Pos/ Neg	Pos/ Neg	None	Pos/ Neg	None	Pos/ Neg	None	None	None
School Transport	N	Y	N	Pos/ Neg	Pos/ Neg	None	None	None	None	None	None	None	Yes	Negative	Negative	Negative	Negative	None	None	None	None	None
Outcomes Funding for Galashiels Academy	Y	Y	Y	Positive	Positive	Positive	None	None	None	None	Positive	None	Yes	None	None	None	None	None	None	None	None	None
Outcomes Funding for Peebles HS	Y	Y	Y	Positive	Positive	Positive	None	None	None	None	Positive	None	Yes	None	None	None	None	None	None	None	None	None
Resilient Communities																						
Additional Fees and Charges	Y	Y	Y	None	None	None	Negative	None	None	Negative	None	Negative	Yes	Negative	Negative	None	None	None	None	None	None	None
A redesigned operating model for the Customer and Business Admin functions through the rollout of digital services across the Council .	Y	Y	Y	Pos/Neg	Pos/ Neg	None	None	Positive	None	None	None	None	Yes	Pos/ Neg	Pos/ Neg	Pos/ Neg	Pos/ Neg	None	Pos/ Neg	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 Reassignmen/t Transgender Identity	Marriage/ Civil Partnership	Pregnancy& Maternity	Race	People with Religious or other Beliefs	Sex	Sexual Orientation	Fairer Scotland Duty	Low/ No Wealth	Material Deprivation	Area Deprivation	Socio - Economic Background	Looked After/ Accommodated Children & Young People	Carers	Homelessness	Addictions/ Substance Use	Involvement in the Criminal Justice System
Finance & Corporate Governance																							
Additional fees & Charges Income across Regulatory Services	N	N	N	None	None	None	None	None	None	None	None	None	Yes	Negative	Negative	None	None	None	None	None	None	None
Finance Savings	N	N	N	None	None	None	None	None	None	None	None	None	Yes	None	None	None	None	None	None	None	None	None
Loans Charges	**This proposal is of an operational nature and there will be no equality impact**																					
Assessors & Electoral Registration Services	N	N	N	None	None	None	None	None	None	None	None	None	No									
Legal Services	N	N	N	None	None	None	None	None	None	None	None	None	Yes	None	None	None	None	None	None	None	None	None
Protective Services	N	N	N	None	None	None	None	None	None	None	None	None	Yes	None	None	None	None	None	None	None	None	None
Communications & Marketing	Y	Y	Y	Pos/Neg	Pos/Neg	None	None	Positive	None	None	None	None	Yes	Pos/Neg	Pos/Neg	Pos/Neg	None	None	Positive	None	None	None
Audit & Risk	N	N	N	None	None	None	None	None	None	None	None	None	Yes	Negative	Negative	None	None	None	None	None	None	None
Removal of Director Post	**This proposal is of an operational nature and there will be no equality impact**																					
Balance of budgeted recurrent Covid contingency	**This proposal is of an operational nature and there will be no equality impact**																					
People, Performance & Change																						
HR	Y	Y	N	Pos/ Neg	Pos/ Neg	None	None	Positive	None	None	None	None	Yes	Positive	Positive	Positive	None	None	Pos/ Neg	None	None	None
Employment Support Service	Y	Y	Y	Pos/ Neg	Pos/ Neg	None	None	Positive	None	None	None	None	Yes	Pos/Neg	Pos/Neg	Pos/ Neg	None	None	Positive	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 reassignment	Marriage/ Civil Partnership	Pregnancy & Maternity	Race	People with Religious or other Beliefs	Sex - Gender Identity	Sexual Orientation	Fairer Scotland Duty	Low/ No Wealth
CAPITAL FINANCIAL PLAN 2020/21	**Service**														
	Infrastructure & Environment														
Land & Property Infrastructure	**This proposal has previously been impact assessed**														
Roads & Transport Infrastructure	**This proposal has previously been impact assessed**														
Cycling, Walking & Safer Streets	**This proposal has previously been impact assessed**														
Peebles Bridge	**This proposal has previously been impact assessed**														
Flood & Coastal Protection works	**This proposal has previously been impact assessed**														
Hawick Flood Protection	**This proposal has previously been impact assessed**														
Waste Management	**This proposal has previously been impact assessed**														
Reston Station Contribution	**This proposal has previously been impact assessed**														
Plant & Vehicle Fund	**This proposal has previously been impact assessed**														
Private Sector Housing Grant	**This proposal has previously been impact assessed**														
0															
	Corporate Improvement & Economy														
Town Centre Regeneration	**This proposal has previously been impact assessed**														
Borders Innovation Park		Y	Y	Y	Positive	Positive	Positive	None	None	Positive	Positive	Positive	None	Yes	Positive
Hawick Regeneration	**This proposal has previously been impact assessed**														
Newtown St.Boswells Regeneration	**This proposal has previously been impact assessed**														
Borderlands		N	Y	Y	Positive	Positive	None	None	None	None	None	None	None	Yes	Positive
Sports Infrastructure	**This proposal has previously been impact assessed**														
Culture & Heritage	**This proposal has previously been impact assessed**														
Private Sector Housing Grant	**This proposal has previously been impact assessed**														
	Health & Social Care														
Care Inspectorate Requirements (Older People)	**This proposal has previously been impact assessed**														
Residential Care Accommodation Replacement	**This proposal has previously been impact assessed**														None
Technology Enabled Care	**This proposal has previously been impact assessed**														None
Residential Care Accommodation Upgrades	**This proposal has previously been impact assessed**														None
	Children & Young People														
Early Years Expansion	**This proposal has previously been impact assessed**														
Eyemouth Primary School	**This proposal has previously been impact assessed**														
Earlston Primary School	**This proposal has previously been impact assessed**														
Galashiels Academy	**This proposal has previously been impact assessed**														
Jedburgh Learning Campus incorporating 3G pitch	**This proposal has previously been impact assessed**														
New Hawick High School	**This proposal has previously been impact assessed**														
Peebles High School		Y	Y	Y	Positive	Positive	Positive	None	None	None	None	Positive	None	Yes	None
School Estate Block	**This proposal has previously been impact assessed**														
	Finance, IT & Procurement														
ICT - Outwith existing contract scope	**This proposal has previously been impact assessed**														
ICT Transformation	**This proposal has previously been impact assessed**														
Inspire Learning	**This proposal has previously been impact assessed**														
IT Projects - pre CGI contract	**This proposal has previously been impact assessed**														
IT Projects - extension of CGI contract		**This proposal is of an operational nature and there will be no equality or Fairer Scotland impact**													
Emergency & Unplanned	**This proposal is of an operational nature and there will be no equality or Fairer Scotland impact**														

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Motion By Councillor Haslam, seconded by Councillor Rowley

This Administration delivers for the Borders. Since 2017 we have worked with our community planning partners to deliver new schools, new community infrastructure, delivered the award winning Inspire learning programme, which provided every child in the their 4th year of primary schooling to their sixth year in our secondary schools, with an iPad, enabling home schooling during lock down and transforming the delivery of Education.

We have supported the Borders effectively during one of the most difficult periods in our history, sustaining services such as care for our vulnerable and waste collections throughout the pandemic. But we have also assisted in the protection of our economy by supporting key suppliers in the transport, early years and social care sectors with their cash flow, providing over £70m of grants to local businesses affected by COVID-19, and supporting vulnerable families through our 5 Community Assistance Hubs.

We have delivered on tackling poverty and agreed a new anti-poverty strategy, sustaining local jobs through our contracts with local businesses, become a living wage employer.

We have delivered on protecting and prioritising our environment commitment, declaring a climate emergency, developing a climate change route map to guide our transition to net zero carbon emissions by 2045. We have already, diverted all our household waste from landfill, increased recycling rates, improved the energy efficiency of many of our buildings, and invested heavily in major infrastructure projects such as the Hawick Flood protection scheme and the associated active travel network.

We have delivered new community infrastructure through our play areas and outdoor community spaces programme in Peebles, Galashiels, Newtown St Boswells and Kelso and at Harestanes, opened the new Jedburgh Grammar school and supported community groups to deliver their own projects including the hugely successful Hawick Pump Track.

We have opened new tourist attractions in Duns through the extended Jim Clark Museum and in Galashiels through the new Great Tapestry Centre bringing visitors to the Borders and creating new jobs.

We have delivered on the commitment to offer 1,140 hours of annual free childcare to every two to five year old in the Borders.

With regards to partnerships, we have signed not one but two City Deals through the Edinburgh and South East Scotland City Deal and the Borderlands Inclusive Growth Deal. Both these major initiatives will bring additional jobs and prosperity to the Region, including a new Mountain bike innovation centre in Innerleithen and delivery of the Destination Tweed project.

We have achieved all this at a time of ongoing constraint in public finances and balanced the books, having to make £63.4m of savings over the last 5 years (including a projected £9.3m in the current year) since we took office. Our Council tax remains one of the lowest in mainland Scotland.

Our plans for next years' budget have been shaped by an extensive public consultation which generated 765 responses from local people. We have listened to their feedback and tried to addresses their priorities which include:- more money for roads and pavements, rural transport, our town centres, investment in education, social care, supporting health and wellbeing, sustainability, protecting the environment and the commitment to net zero.

Feedback also highlighted how we can best engage with local people in the future with a clear preference for electronic means of communication while ensuring face to face contact remains an option for those who need it.

Specifically this Administration's budget brought to Council for approval today delivers on the following priorities:-

- A £325m overall revenue budget for 2022/23;
- A £0.5m increase in funding to culture and sport trusts;
- A £103m capital budget for 2022/23 and a capital plan which totals £547m over the next 10 years;
- Additional, permanent investment to improve roads, bridges and pavements with an additional expenditure of £95.1m over the next 10 years. Increased focus on first and final fixes and piloting alternative technologies to reduce temporary patching and build resilience;
- A £1.350m increase to target high profile/high priority identified local road schemes in 2022/23;
- Spend to save investments in a range of energy efficiency measures designed to reduce our Carbon Footprint and make cashable savings;
- £4m capital investment over next 3 years on energy efficiency alone;
- £1.6m in 22/23 on play areas and outdoor community spaces including new facilities, committed in Duns, Jedburgh, Peebles, Reston, Earlston and Eyemouth with more to follow;
- A New Eyemouth Primary School, a new Earlston Primary Schools and new secondary schools in Galashiels, Hawick and Peebles by end of 2026/27, funded by £130.4m capital investment over the next 3 years in Education & Lifelong Learning;
- An increase of £30k in the core grant payable to BREST – Duns swimming Pool;
- Working with NHS Borders to ensure best value by facilitating the construction of a new GP surgery in tandem with the new primary school for Earlston;
- £2.9m to fund 49 additional teachers and 26 support staff in schools
- Delivery of two residential care facilities in Tweedbank and Hawick and upgrades to other existing facilities;
- £50,000 to fund Mobile CCTV to support the two Community Action Police Teams funded by the Council;
- £0.5m to support a new Borders Events Strategy and smaller local events,
- £250k to bring a major International Cycling event to the Borders;
- Opening Reston Railway Station on the East Coast Mainline,

- £320,000 to fund a new Demand Responsive transport scheme for Rural areas providing connectivity to the new Reston station;
- £0.2m for a new neighbourhood support fund, for area partnerships to target local priorities;
- £0.4m to support increasing work around sustainability and the transition to net zero;
- £0.2m so members can promote civic pride and address accessibility works in our towns;
- An £8.61m increase in funding Social Work and Social Care funding;
- £30,000 to extend the Respite Care pilot for a further year doubling the previous short breaks budget;
- Opening a further Extra Care Housing development in the old Kelso High school during 2022/23;
- Funding of Real Living Wage increase to Social Care staff;
- And working with CGI to further develop digital solutions and deliver service improvements and efficiencies Council wide;
- **A net increase of 64 in the jobs provided by the Council, mainly in Education.**

On Council tax the Administration is proposing a 3% increase in Council tax for 2022/23, with a band D equivalent rate of £1,291.53.

The council tax increase proposed from April is significantly below the rate of inflation and will result in an increase in the average annual Band D bill of £37.62, equivalent to £3.13 a month, £0.72 per week.

Council is therefore asked to approve:

a) **the Administrations financial plans from 2022/23 for revenue and capital set out at item 14;**

b) **the Council Tax charges to be paid in financial year 2022/23, from 1 April 2022 in respect of all chargeable dwellings in the Scottish Borders for Council Tax Bands A – H, as set out in the table below, with a Band D equivalent of £1,291.53**

Scottish Borders Council Tax applicable Charges from April 1 2022:

Council Tax Band	Applicable Annual Charge Per property £
A	861.02
B	1,004.52
C	1,148.03
D	1,291.53
E	1,696.93
F	2,098.74
G	2,529.25
H	3,164.25

c) Notes a one off reduction of £150 to be applied to each household Council tax bill in bands A-D utilising funding made available by the Scottish Government through the Barnett Formula, more than offsetting the 3% increase for those bands.

d) Notes that a one off reduction of £150 will also be also applied to all those households eligible for the Council Tax Reduction Scheme to help with the cost of living, when confirmation of scheme eligibility is provided by the Scottish Government; and,

e) Approves the Fees and Charges for council services applicable from 1 April 2022 set out at item 14; and,

f) Requests that the Chief Executive bring forward a report to members within 6 months setting out the next phase of our Inspire learning programme including the potential for developing eSports provision in all our secondary schools.

Administration's
Draft Revenue & Capital Investment Plan
Revenue 2022/23 - 2026/27, Capital 2022/23-2031/32

Scottish Borders Council
Draft Financial Plan 2022/23 to 2026/27
Revenue Resources

	2022/23 £'000	2023/24 (Provisional) £'000	2024/25 (Provisional) £'000	2025/26 (Provisional) £'000	2026/27 (Provisional) £'000	Total £'000
Aggregate External Finance						
General Revenue Support	192,672	194,780	194,875	197,249	199,695	979,271
Additional one-off Revenue Support Grant (share of £120m)	2,581	(2,581)	0	0	0	0
Ring fenced grants	15,017	15,017	15,017	15,017	15,017	75,085
Assumed additional funding for Health & Social Care for demographics		2,676	2,374	2,446	1,816	9,312
Health & Social Care Partnership	7,888	7,967	8,047	8,127	8,209	40,238
Non-domestic Rates	35,294	35,294	35,294	35,294	35,294	176,470
	253,452	**253,153**	**255,607**	**258,133**	**260,031**	**1,280,376**
Earmarked Balance	**1,353**	**0**	**0**	**0**	**0**	**1,353**
Earmarked COVID-19 Reserve to Culture & Sports Trusts	**1,000**	**0**	**0**	**0**	**0**	**1,000**
Council Tax (Band D £1,291.53 in 2022/23 - 3% increase)	**67,948**	**71,289**	**74,022**	**76,847**	**80,544**	**370,650**
Second Homes Council Tax	**1,118**	**1,151**	**1,186**	**1,221**	**1,258**	**5,934**
Total	**324,871**	**325,593**	**330,815**	**336,201**	**341,833**	**1,659,313**

Scottish Borders Council
Draft Financial Plan 2022/23 to 2031/32
Capital Resources

	3 year operational £'000	7 year strategic £'000	Total £'000	Est. External Funding £'000	Est. SBC Contribution £'000
Specific Grants from Scottish Government	32,733	2,906	35,639	35,639	0
Other External Grants & Contributions	80,716	44,738	125,454	125,454	0
Development Contributions	462	711	1,173	1,173	0
Capital Receipts	400	0	400	0	400
General Capital Grant	25,837	77,266	103,103	0	103,103
Plant & Vehicle (P&V) Replacement - P&V Fund	6,000	14,000	20,000	20,000	0
Synthetic Pitch Replacement Fund	1,107	3,497	4,604	4,604	0
Funded From Revenue	7,000	0	7,000	7,000	0
Borrowing	173,674	75,554	249,228	0	249,228
					0
Total	**327,929**	**218,672**	**546,601**	**193,870**	**352,731**

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

Scottish Borders Council
Draft Financial Plan 2022/23 to 2026/27
Service Level Summary

	2022/23 £'000	2023/24 (Provisional) £'000	2024/25 (Provisional) £'000	2025/26 (Provisional) £'000	2026/27 (Provisional) £'000	Total £'000	Capital Investment (10 years) £'000
Corporate	2,054	60	(1,739)	(3,429)	(5,903)	(8,957)	0
Infrastructure & Environment	46,981	45,415	46,671	48,226	49,588	236,881	183,105
Social Work & Practice	76,119	78,739	81,279	84,530	87,160	407,827	24,056
Education & Lifelong Learning	115,987	118,081	119,006	119,487	122,093	594,654	195,669
Resilient Communities	18,087	17,064	17,299	17,538	17,782	87,770	114,123
Finance & Corporate Governance	26,938	28,639	30,261	31,290	32,023	149,151	1,750
People, Performance & Change	7,553	7,574	7,669	7,766	7,864	38,426	0
Strategic Commissioning & Partnerships	31,152	30,021	30,369	30,793	31,226	153,561	27,898
Total	**324,871**	**325,593**	**330,815**	**336,201**	**341,833**	**1,659,313**	**546,601**

Scottish Borders Council
Draft Financial Plan 2022/23 to 2026/27
Summary of Revenue Budget Movement

	2022/23 £'000	2023/24 (Provisional) £'000	2024/25 (Provisional) £'000	2025/26 (Provisional) £'000	2026/27 (Provisional) £'000	Total £'000
Base Budget (approved 19th March 2021)	**314,657**	**324,871**	**325,593**	**330,815**	**336,201**	**1,632,137**
Budget Pressures						
Workforce budget adjustments	4,553	3,976	3,756	3,830	3,907	20,022
Non-pay and department specific inflation	1,899	1,630	1,976	1,998	1,413	8,916
Demographic pressures	1,029	1,029	1,029	1,029	1,029	5,145
Service Specific priorities & National policy changes	8,937	(1,540)	2,221	1,656	1,029	12,303
Previous year Financial Plan unrealised savings	1,943	0	0	0	0	1,943
Total Pressures	**18,361**	**5,095**	**8,982**	**8,513**	**7,378**	**48,329**
Savings Proposals						
Corporate	0	(1,994)	(1,799)	(1,690)	(2,474)	(7,957)
Infrastructure & Environment	(1,822)	(904)	(331)	(78)	(49)	(3,184)
Social Work & Practice	(515)	(289)	(452)	0	0	(1,256)
Education & Lifelong Learning	(306)	(133)	(1,346)	(1,839)	297	(3,327)
Resilient Communities	(380)	(350)	(4)	(4)	(4)	(742)
Finance & Corporate Governance	(3,326)	(287)	422	484	484	(2,223)
People, Performance & Change	(103)	(88)	0	0	0	(191)
Strategic Commissioning & Partnership	(1,695)	(328)	(250)	0	0	(2,273)
Total Savings	**(8,147)**	**(4,373)**	**(3,760)**	**(3,127)**	**(1,746)**	**(21,153)**
	324,871	**325,593**	**330,815**	**336,201**	**341,833**	**1,659,313**
Funding	**324,871**	**325,593**	**330,815**	**336,201**	**341,833**	**1,659,313**

Scottish Borders Council
Draft Financial Plan 2022/23 to 2031/32
Summary of Capital Budget Movement

	3 year operational £'000	7 year strategic £'000	Total £'000	Est. External Funding £'000	Est. SBC Contribution £'000
Base Budget (approved 19th March 2021)	**309,343**	**270,778**	**580,121**	**(209,429)**	**370,692**
Specific Grants from Scottish Government	(9,714)	(1,515)	(11,229)	11,229	0
Other External Grants & Contributions	13,185	(16,356)	(3,171)	3,171	0
Development Contributions	83	(89)	(6)	6	0
Capital Receipts	(1,630)	0	(1,630)	0	(1,630)
General Capital Grant	(7,346)	(161)	(7,507)	0	(7,507)
Plant & Vehicle (P&V) Replacement - P&V Fund	0	0	0	0	0
Synthetic Pitch Replacement Fund	227	(380)	(153)	153	0
Funded from Revenue	(1,000)	0	(1,000)	1,000	0
Borrowing	24,781	(33,605)	(8,824)	0	(8,824)
Total Funding Adjustments	**18,586**	**(52,106)**	**(33,520)**	**15,559**	**(17,961)**
Funding	**327,929**	**218,672**	**546,601**	**(193,870)**	**352,731**
Investment Proposals					
Corporate	0	0	0	0	0
Infrastructure & Environment	91,076	92,029	183,105	(62,088)	121,017
Social Work & Practice	15,283	8,773	24,056	0	24,056
Education & Lifelong Learning	132,204	63,465	195,669	(8,992)	186,677
Resilient Communities	68,715	45,408	114,123	(111,171)	2,952
Finance & Corporate Governance	525	1,225	1,750	0	1,750
People, Performance & Change	0	0	0	0	0
Strategic Commissioning & Partnerships	20,126	7,772	27,898	(11,619)	16,279
Total Investment	**327,929**	**218,672**	**546,601**	**(193,870)**	**352,731**

Corporate

Overarching proposals covering the whole Council

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

Revenue Opening Position	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
Base Budget (approved 19th March 2021)	8,195	2,054	60	(1,739)	(3,429)
Permanent Virements	0	0	0	0	0
Revised Base Budget	**8,195**	**2,054**	**60**	**(1,739)**	**(3,429)**

Budget Pressures	**Base Budget £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**Detail**
COVID-19 response and recovery	-	69	0	0	0	0	Contribution towards costs of COVID-19 response and recovery
Build Back Better Borders (BBBB)	500	(500)	0	0	0	0	One-off investment in 2021/22 in the Build Back Better Borders Fund
Newcastleton flood prevention/protection consultation	10	(10)	0	0	0	0	One-off funding provided in 2021/22
COVID-19 funding	5,700	(5,700)	0	0	0	0	One-off funding provided by Scottish Government to support COVID-19 in 2021/22
Total Pressures		**(6,141)**	**0**	**0**	**0**	**0**	

Savings Proposals	**Base Budget £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**Detail**
New commissioning strategy	100,000	0	(250)	(250)	(250)	(250)	Undertake an efficiency review to consider all Council commissioning with the aim of delivering financial savings
Digital Transformation	0	0	(1,744)	(1,549)	(1,440)	(2,224)	Work is progressing in partnership with CGI to deliver transformational change focused on 3 key workstreams to enable the frontline through the roll out of hand held technology, automate business processes and enable data driven decision making
Total Savings		**0**	**(1,994)**	**(1,799)**	**(1,690)**	**(2,474)**	

Revenue Closing Position	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
Base Budget 2022/23	**2,054**	**60**	**(1,739)**	**(3,429)**	**(5,903)**

Infrastructure & Environment

Property, Facilities, Roads & Infrastructure, Parks & Environment, Waste Management, Passenger Transport, Planning, Housing Strategy

Capital Investment	3 year operational £'000	7 year strategic £'000	TOTAL £'000	Est. External Funding £'000	Est. SBC Contribution £'000	Detail
Land & Property Infrastructure	12,089	17,010	29,099	(407)	28,692	Capital works on the Council estate including parks and play facilities, structural, energy efficiency, Health & Safety works, improvements and upgrades
Roads & Transport Infrastructure	23,910	50,820	74,730	(1,339)	73,391	Encompasses the Roads, Bridges and Lighting blocks and a number of other infrastructure projects
Cycling, Walking & Safer Streets	1,212	1,886	3,098	(3,098)	0	Specific Scottish Government (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	1,116	2,604	3,720	0	3,720	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	42,928	879	43,807	(36,964)	6,843	Infrastructure project to protect residential and commercial properties from flood risk within the River Teviot's flood plain in Hawick. Funding from Scottish Government (80%) and external partners
Waste Management	566	910	1,476	(180)	1,296	Investment in waste containers
Reston Railway Station contribution	1,740	0	1,740	(100)	1,640	Contribution to help deliver a new rail station on East Coast Main Line at Reston to improve access to public transport including 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	A rolling programme of fleet replacements is in place to meet Council requirements, electric and more environmental vehicles will be introduced as opportunities allow. Funding is provided to purchase new vehicles through the Plant & Vehicle fund. This is repaid by revenue budgets each year over vehicle lives
Private Sector Housing Grant	1,515	3,500	5,015	0	5,015	Grant funding to assist the provision of major adaptations to Private Sector homes enabling residents to remain safely in their homes following a needs and priority assessment by Social Work
Total Investment	**91,076**	**92,029**	**183,105**	**(62,088)**	**121,017**	

Revenue Opening Position	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Base Budget (approved 19th March 2021)	44,625	46,981	45,415	46,671	48,226
Permanent Virements	576	0	0	0	0
Revised Base Budget	**45,201**	**46,981**	**45,415**	**46,671**	**48,226**

Infrastructure & Environment

Property, Facilities, Roads & Infrastructure, Parks & Environment, Waste Management, Passenger Transport, Planning, Housing Strategy

Budget Pressures	Base Budget £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Detail
Play Areas and Outdoor Community Spaces	208	71	37	22	0	0	Replacement Fund for Play Areas and Outdoor Community Spaces
Additional new schools Non Domestic Rates, utilities and cleaning pressure	1,259	0	65	150	150	150	Additional budget required to fund costs in new schools
Galashiels Academy Hard Facilities Management (FM) and Lifecycle Maintenance	0	0	0	169	268	24	Estimated Hard FM and Lifecycle maintenance costs for Galashiels Academy
Peebles High School Hard FM and Lifecycle Maintenance	0	0	0	279	278	30	Estimated Hard FM and Lifecycle maintenance costs for Peebles High School
Workforce budget adjustments	27,175	760	694	596	607	621	To provide for pay award at 2% each year pending national pay negotiations, NI rate change from 2022/23 and SJC pension increase of 0.5% from 2023/24
Non-pay inflation	12,034	298	445	313	324	330	To allow for anticipated inflationary increases
Property Maintenance Fund Inflation	2,823	85	75	77	79	68	To allow for anticipated inflationary increases of materials and works associated with maintaining the Council estate
Roads investment	9,697	510	0	0	0	0	Permanent Roads investment to improve Roads, Bridges and pavements with increased focus on first and final fixes and piloting alternative technologies to reduce temporary patching and build resilience
Increased roads investment in 2022/23	9,697	1,350	(1,350)	0	0	0	Investment in surfacing and white lining with a focus on top priority routes
Roads Investment	1,679	(797)	(85)	(300)	(300)	0	Temporary funding provided for roads investment in 2019/20 and 2020/21 financial plans reducing over the period 2022/23 to 2025/26
Additional cleaning staff, materials & Personal Protective Equipment (PPE)	520	(520)	0	0	0	0	Required COVID-19 mitigation measures in 2021/22 not required 2022/23
Catering (Food) Inflation	1,635	41	34	34	35	27	Estimated inflationary price increase of food costs
Access to Free Period Products both in schools and in wider communities	47	47	0	0	0	0	As per SG Settlement
Winter Maintenance (Salt) Inflation	871	44	18	19	19	15	Estimated inflationary price increase of salt costs
Aggregates & Bitumen Inflation	702	18	14	15	15	11	Estimated inflationary price increase of aggregates and bitumen
Vehicle Spare Parts Inflation	711	18	15	15	15	12	Estimated inflationary price increase of spare parts
Residual Waste Contract Inflation	4,448	111	91	93	95	73	Estimated inflationary price increase of contract
Waste Dry Mixed Recyclate (DMR) Contract	322	508	17	17	13	13	New DMR contracts and future years inflation
Eliminate landfill gas income	(239)	239	0	0	0	0	Provision for closed landfill site on balance sheet
Parks Management Fee adjustment	(80)	14	25	0	0	0	Adjustment to fees in line with investment
Waste Vehicle Depreciation	537	0	53	53	0	0	Fund new vehicles from Plant & Vehicle fund, depreciation budget required for future years replacements
Sustainability and carbon reduction	0	398	(323)	0	0	0	Focus on energy efficiency measures to assist with climate emergency including work on the Primary School estate
Demand Responsive Transport (DRT) pilot in Berwickshire	0	320	(320)	0	0	0	Pilot to explore new ways of delivering public transport in a rural area with poor connectivity and connecting people to new Reston rail station
Members Small Schemes budget	200	200	(200)	0	0	0	Increase in small schemes budget so Members can respond more to local civic pride priorities and accessibility works in their local communities
Council saving as a result of additional SG funding	20	(20)	0	0	0	0	Services already provided for within base budget
Investment from Second Homes Council Tax	1,211	(93)	33	35	35	37	Adjustment to investment from Second Homes Council Tax as a result of anticipated income. Second Homes Council Tax is used to support expenditure related to a range of affordable housing activities
Total Pressures		**3,602**	**(662)**	**1,587**	**1,633**	**1,411**	

Infrastructure & Environment

Property, Facilities, Roads & Infrastructure, Parks & Environment, Waste Management, Passenger Transport, Planning, Housing Strategy

Savings Proposals	Base Budget £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Detail
Additional Fees & Charges Income across Infrastructure & Environment	(7,453)	(103)	(35)	(36)	(38)	(39)	Income from fees & charges
Statutory Planning Fee Income	(954)	(40)	0	0	0	0	Increase to statutory planning fee income as a result of legislative change
Commercial Rent income	(1,264)	(10)	(10)	(10)	(10)	(10)	Inflationary increases to the commercial property charges
Energy Efficiency Project	2,981	(75)	(50)	(95)	0	0	Spend to save investments in a range of energy efficiency measures designed to reduce our Carbon Footprint and make cashable savings
More efficient property and asset portfolio & implementation of Corporate Landlord	9,594	(217)	(126)	(120)	0	0	Savings resulting from property rationalisation and implementing the Corporate Landlord model to drive efficiencies across the Council. Savings will be made from NDR, utilities, property maintenance including cleaning services. Any FTE impact is likely to be from facilities posts in affected buildings. Estimated FTE impact 2 FTE
Facilities Management savings	4,780	(183)	(183)	0	0	0	Savings from further optimisation of the Facilities Management Service which is expected from the development of an Estates Strategy in the first half of 2022. The continued standardisation of crossing patrol operational hours through natural turnover and redeployment. There may be an FTE impact, number to be confirmed as proposals are developed. Total Establishment 316.64 FTE
Parks & Environment	4,385	(211)	(100)	0	0	0	The continuation of service reviews focused on communities, reflecting the Climate Emergency and Biodiversity Duty. Working to enable communities to respond to their own priorities and initiatives e.g. Food Growing Strategy. A service wide range of operational initiatives to make more efficient use of the resources and assets, including appropriate people planning, fleet replacement and review assets to better support effective and efficient working. Review services and create flexibility across the workforce and wider I&E department will also be a significant strand of focus. There may be an FTE impact. Number to be confirmed as proposals are developed. Total establishment 129.41 FTE
Roads & Infrastructure	9,697	(500)	(167)	0	0	0	Review the roads operation to improve the quality of the roads network and build commercial opportunities. The Council will use new technology to deliver more permanent fixes and use digital opportunities to improve the efficiency of the service. Total establishment 150.12 FTE
Waste Management	9,010	(195)	(200)	(70)	(30)	0	Savings to be made from further optimisation of the waste service including review of working patterns. Future years savings from implementation of national legislation including Deposit Return Scheme and Extended Producer Responsibility obligations. Total establishment 116.42 FTE
Passenger Transport	1,813	(200)	(24)	0	0	0	The transport review will look at our approach to tender renewal and alternative modes of transport such as Demand Responsive Transport (DRT). This innovative way of delivering public transport differs from the current fixed route services and is defined by customers booking the service through an easy to use app or calling the operator directly to book

Infrastructure & Environment

Property, Facilities, Roads & Infrastructure, Parks & Environment, Waste Management, Passenger Transport, Planning, Housing Strategy

Savings Proposals	**Base Budget £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**Detail**
Planning Services	2,712	(44)	(9)	0	0	0	Review of internal processes and technology opportunities to drive efficiencies. Total establishment 66.2 FTE
Post-COVID-19 operating model	361	(44)	0	0	0	0	Savings from post-COVID-19 operating model in budgets across the Council such as travel, postage, stationery
Total Savings		**(1,822)**	**(904)**	**(331)**	**(78)**	**(49)**	

Revenue Closing Position	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
Base Budget 2022/23	**46,981**	**45,415**	**46,671**	**48,226**	**49,588**

Social Work & Practice

Child & Adult Protection, Emergency Duty, Quality Improvement, Criminal Justice, Safer Communities, Older People, Learning Disability, Mental Health, Physical Disability, Generic Services, Public Health, Children & Families Social Work

Capital Investment	3 year operational £'000	7 year strategic £'000	TOTAL £'000	Est. External Funding £'000	Est. SBC Contribution £'000	Detail
Care Inspectorate Requirements (Older People)	122	301	423	0	423	Residential Care Home works in order to deliver specific recommendations identified within the Care Inspectorate inspections
Residential Care Accommodation Replacement	15,161	8,472	23,633	0	23,633	Two new proposed multipurpose Residential Care Homes in Tweedbank and Hawick
Total Investment	**15,283**	**8,773**	**24,056**	**0**	**24,056**	

Revenue Opening Position	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Base Budget (approved 19th March 2021)	63,820	76,119	78,739	81,279	84,530
Permanent Virements	2,444	0	0	0	0
Revised Base Budget	**66,264**	**76,119**	**78,739**	**81,279**	**84,530**

Budget Pressures	Base Budget £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Detail
Workforce budget adjustments	14,427	433	355	337	346	354	To provide for pay award at 2% each year pending national pay negotiations, NI rate change from 2022/23 and SJC pension increase of 0.5% from 2023/24
Non-pay inflation	145	3	3	3	3	3	To allow for anticipated inflationary increases
Borders Care & Repair Contract	481	1	1	2	0	0	To allow for small inflationary increases to external contracts
Older People, young adults with learning / physical disabilities / mental health demographic increases	40,244	1,029	1,029	1,029	1,029	1,029	Forecast additional cost of people needing support
COSLA Residential Care Home Contract (Older People)	9,375	362	375	388	402	402	Increase COSLA Care Home Contract by 3.5% p.a.
Extra Care Housing (ECH) - Dementia Unit Running Costs	2,636	0	550	550	0	0	Anticipated care costs in relation to the two new care homes at Tweedbank and Hawick
Extra Care Housing Developments (Todlaw, Duns) - Running costs	2,636	33	0	0	0	0	Net running costs associated with new ECH developments at Todlaw, Duns, part year effect post opening in 2021/22
Extra Care Housing Developments (Langhaugh, Galashiels) - Running costs	2,636	42	0	0	0	0	Net running costs associated with new ECH developments at Langhaugh, Galashiels, part year effect post opening in 2021/22
Rapid Rehousing funded by Scottish Government (SG)	166	(1)	0	(165)	0	0	Provided as part of SG Settlement
Mobile CCTV units	0	50	(50)	0	0	0	Purchase of mobile CCTV units to support Police Community Action Team activity and respond flexibly to communities' safety concerns
Children & Families respite pilot	0	30	(30)	0	0	0	Extend 2021/22 pilot for a further year
Foster, Kinship and Through Care Fees and Allowances Uplift	2,589	51	52	53	54	55	Fees and Allowances uplift of 2% per annum

Social Work & Practice

Child & Adult Protection, Emergency Duty, Quality Improvement, Criminal Justice, Safer Communities, Older People, Learning Disability, Mental Health, Physical Disability, Generic Services, Public Health, Children & Families Social Work

Budget Pressures	**Base Budget £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**Detail**
Extra Care Housing Developments (Kelso) - Running costs	2,636	292	302	0	0	0	Net running costs associated with new ECH developments at Kelso, in line with capital plan and current care provision assumptions (planned completion 2022/23)
Extra Care Housing Developments (Eyemouth) - Running costs	2,636	0	0	0	630	0	Net running costs associated with new ECH developments at Eyemouth, in line with capital plan and current care provision assumptions (planned completion 2025/26)
Additional dementia care (Queens House)	9,378	8	8	8	0	0	Additional dementia beds in Queens House commissioned for 5 years
Safer Communities	1,233	(10)	0	0	0	0	Mainstreaming of Domestic Abuse Service from July 2020 on cessation of external funding. Final year of proposed changes 2022/23
Shared Lives (Learning Disability)	13,927	57	0	0	0	0	Shared lives external providers management fee
SG Settlement Funding		6,419	0	0	0	0	SG Settlement £8.61m is Scottish Borders Council's (SBC) share of £323.4m provided nationally. £15m Free Personal Care, £144m Living Wage, £20.4m Carer's Act, £124m Care at Home & £20m Interim Care with £2.191m SW&P demand pressures to be funded. A further share of £200m is committed in the Budget to be distributed in 2022/23. SW&P are now developing operational plans to deliver on this policy intent
Real Living Wage in Scotland	0	787	787	787	787	787	Funding to provide for real Living Wage in Scotland paid by care providers to their staff
Undeliverable Learning Disability savings	17,337	780	0	0	0	0	Removal of undeliverable Learning Disability savings
Meals at Home	102	4	0	0	0	0	Increased costs for Apetito contract
Total Pressures		**10,370**	**2,909**	**2,992**	**3,251**	**2,630**	

Social Work & Practice

Child & Adult Protection, Emergency Duty, Quality Improvement, Criminal Justice, Safer Communities, Older People, Learning Disability, Mental Health, Physical Disability, Generic Services, Public Health, Children & Families Social Work

Savings Proposals	**Base Budget £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**Detail**
Review of Care Packages (Older People and Learning Disability)	13,000	(130)	0	0	0	0	Robust reviewing of Care Packages utilising external consultation to undertake the review and standardise the approach across Older People and Learning Disability. A reduction in FTE is not likely as a result of this scheme
Review of Day Care Services (Learning Disability)	2,168	(75)	(75)	0	0	0	Review and re-provide for client needs, as appropriate. The review will engage stakeholders and benchmark service provision with other local authorities in Scotland and propose alternative service provision. This will include the new digital strategy to support providing services in different ways to reduce isolation and increase social interaction. This is likely to be a change from building to community based workplace and no FTE impact is expected
Hawick Community Support Service Recommissioning (Learning Disability)	446	(80)	0	0	0	0	Recommissioning of the service with a suitable external provider to meet the client needs in a more efficient and effective manner, thereby realising financial savings with little or no disruption to the client base
Complex Care (Learning Disability)	13,926	0	0	(252)	0	0	Service redesign by building a complex care facility within the Scottish Borders area to include repatriation of clients from other regions
Direct Payment Recoupment	6,283	150	0	0	0	0	Reduce the contingency of funding held by clients from 8 weeks to 4 weeks. Reinstatement in 2022/23 of the temporary saving realised in 2021/22
Locality Working (Older People and Learning Disability)	1,575	(150)	0	0	0	0	Roll out of the Locality Model of working. Providing support to communities through a single point of contact and working collaboratively with third sector. This improved integrated partnership model will provide improved support to communities and deliver the SBC Community Plan and financial efficiencies. No FTE impact is expected from this scheme as staffing will be redistributed to meet needs
Shared Lives	13,926	(200)	(200)	(200)	0	0	Commissioning of Shared Lives Service to assist people to remain in a family setting, reducing reliance on out of Council placements and allowing clients to remain as independent as possible
Post-COVID-19 operating model	119	(13)	0	0	0	0	Savings from post-COVID-19 operating model in budgets across the Council such as travel, postage, stationery
Safer Communities - Homeless Service	440	(13)	(14)	0	0	0	Service review to identify FF24 transformational savings
Additional Fees & Charges	102	(4)	0	0	0	0	Income from fees & charges
Total Savings		**(515)**	**(289)**	**(452)**	**0**	**0**	

Revenue Closing Position	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
Base Budget 2022/23	**76,119**	**78,739**	**81,279**	**84,530**	**87,160**

Education and Lifelong Learning

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

Capital Investment	3 year operational £'000	7 year strategic £'000	TOTAL £'000	Est. External Funding £'000	Est. SBC Contribution £'000	Detail
Early Years Expansion	3,000	0	3,000	(3,000)	0	Delivery of Early Years provision
Eyemouth Primary School	10,762	4,000	14,762	0	14,762	Delivery of new Primary School at Eyemouth
Earlston Primary School	11,222	0	11,222	0	11,222	Delivery of new Primary School at Earlston
Earlston GP Surgery	1,763	0	1,763	(1,763)	0	Delivery of GP surgery at new Primary School at Earlston. Will be funded by NHS Borders
Galashiels Academy	45,800	7,935	53,735	0	53,735	Delivery of new High School in Galashiels
Hawick High School	9,961	38,039	48,000	0	48,000	Delivery of new High School in Hawick
Peebles High School	43,500	961	44,461	(3,229)	41,232	£3m insurance contribution to a new Peebles High School
Inspire Academy	453	0	453	0	453	Delivery of Inspire Academy training facility at Tweedbank linked to the Council gaining Apple Professional Learning Provider status, one of only two such organisations with this status in the UK
School Estate Block	5,743	12,530	18,273	(1,000)	17,273	Programme of works across the school estate to enhance learning environments, 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
Total Investment	**132,204**	**63,465**	**195,669**	**(8,992)**	**186,677**	

Education and Lifelong Learning

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

Revenue Opening Position	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
Base Budget (approved 19th March 2021)	110,774	115,987	118,081	119,006	119,487
Permanent Virements	305	0	0	0	0
Revised Base Budget	**111,079**	**115,987**	**118,081**	**119,006**	**119,487**

Budget Pressures	**Base Budget £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**Detail**
Workforce budget adjustments	84,190	2,237	1,890	1,925	1,963	2,002	To provide for pay award at 2% each year pending national pay negotiations, NI rate change from 2022/23 and SJC pension increase of 0.5% from 2023/24
Non-pay inflation	81	2	2	2	2	2	To allow for anticipated inflationary increases
Pupil Equity Fund	1,764	(1)	0	0	0	0	Slight reduction in Scottish Government (SG) funding
Unitary Charge Public-Private Partnership (PPP) Schools	14,398	429	335	344	355	305	Contractual inflationary increase required for the 5 High Schools built with PPP funding. RPI rate of 4.0% in 2022/23 and 4.0% thereafter
Wipes in Secondary schools	520	(520)	0	0	0	0	Required COVID-19 mitigation measure in schools 2021/22 not required 2022/23
Masks in schools	28	(28)	0	0	0	0	Required COVID-19 mitigation measure in schools 2021/22 not required 2022/23
Reduce 1+2 languages	48	(24)	0	0	0	0	Change in funding from Scottish Government as programme is mainstreamed
School Clothing Grant	372	120	0	0	0	0	Increased funding from Scottish Government
Early Learning & Childcare expansion	12,146	(649)	0	0	0	0	Reduction in specific grant as per Scottish Government settlement
Early Learning & Childcare Deferral Pilot Scheme	0	500	0	0	0	0	Funding for Pilot Deferral Scheme for August to December birthdays
School Transport inflation	3,442	285	0	0	0	0	Inflation relating to new school transport contacts
Additional teaching and support staff	57,038	2,863	0	0	0	0	Specific Scottish Government funding for teachers 49 FTE and support staff 26 FTE in primary & secondary schools
Total Pressures		**5,214**	**2,227**	**2,271**	**2,320**	**2,309**	

Education and Lifelong Learning

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

Savings Proposals	**Base Budget £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**Detail**
Increased fees & charges for Lets	(163)	(6)	(6)	0	0	0	Income from fees & charges
Increases to fees for non-funded childcare	(28)	(16)	(2)	0	0	0	Charges for SBC provided Out of School club and non-funded childcare have not increased for several years. Initial £0.80 increase per hour in 2022/23 and further £0.50 per hour in 2023/24
Central Schools	1,562	(125)	(125)	0	0	0	Review of departmental management, quality assurance and non-DSM structure and resources will continue in 2022/23. Intention is to create a focused and fit-for-purpose structure providing strategic leadership for the core objectives as set out in the Children & Young People Improvement Plan, identifying service delivery models that support outcomes for Children & Young People at a locality model. This may result in a change in duties and grade for a number of staff and a reduction of up to 2 FTE. The total number of employees in this area is 30.4 FTE
School Transport	3,442	(133)	0	0	0	0	School Transport is outsourced and was successfully retendered in 2021/22
Outcomes funding for Galashiels Academy	0	0	0	(493)	(986)	106	Funding from Scottish Futures Trust linked to condition, energy, digital and jobs outcomes of the Learning Estate Investment Programme
Outcomes funding for Peebles HS	0	0	0	(853)	(853)	191	Funding from Scottish Futures Trust linked to condition, energy, digital and jobs outcomes of the Learning Estate Investment Programme
Post-COVID-19 operating model	29	(26)	0	0	0	0	Savings from post-COVID-19 operating model in budgets across the Council such as travel, postage, stationery
Total Savings		**(306)**	**(133)**	**(1,346)**	**(1,839)**	**297**	

Revenue Closing Position	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
Base Budget 2022/23	**115,987**	**118,081**	**119,006**	**119,487**	**122,093**

Resilient Communities

Business Support, Community Planning & Engagement, Communities Fund, Customer Advice & Support, Economic Development, Discretionary Housing Payments, Housing Benefits, Non Domestic Rates Relief, Scottish Welfare Fund

Capital Investment	3 year operational £'000	7 year strategic £'000	TOTAL £'000	Est. External Funding £'000	Est. SBC Contribution	Detail
Town Centre Regeneration	2,183	670	2,853	(1,032)	1,821	To support the outcome of the Locality/Town review work, including development of new Conservation Areas Regeneration Schemes including Hawick
Borders Innovation Park	11,335	3,543	14,878	(14,779)	99	To support the development of necessary infrastructure to maximise inward investment and the future growth of the Scottish Borders economy
Hawick Regeneration	2,033	0	2,033	(2,033)	0	To support the regeneration of Hawick
Newtown St Boswells Regeneration	400	0	400	0	400	Development phase for the village centre regeneration
Borderlands Inclusive Growth Deal	52,764	41,195	93,959	(93,327)	632	The Borderlands Inclusive Growth Deal is focused on achieving transformational change to increase productivity, grow the working age population, and contribute to inclusive and sustainable growth including projects such as Destination Tweed
Total Investment	**68,715**	**45,408**	**114,123**	**(111,171)**	**2,952**	

Resilient Communities

Business Support, Community Planning & Engagement, Communities Fund, Customer Advice & Support, Economic Development, Discretionary Housing Payments, Housing Benefits, Non Domestic Rates Relief, Scottish Welfare Fund

Revenue Opening Position	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
Base Budget (approved 19th March 2021)	17,609	18,087	17,064	17,299	17,538
Permanent Virements	157	0	0	0	0
Revised Base Budget	**17,766**	**18,087**	**17,064**	**17,299**	**17,538**

Budget Pressures	**Base Budget £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**Detail**
Workforce budget adjustments	10,743	279	274	236	240	244	To provide for pay award at 2% each year pending national pay negotiations, NI rate change from 2022/23 and SJC pension increase of 0.5% from 2023/24
Non-pay inflation	51	1	1	1	1	2	To allow for anticipated inflationary increases
Contract Inflation	222	2	2	2	2	2	To allow for small inflationary increases to external contracts
Discretionary Housing Payments (DHP)	733	(733)	0	0	0	0	DHP for 2022/23 will be provided outwith the settlement
Child Disability Payment Support funded by Scottish Government (SG)	0	55	0	0	0	0	New funding to support gathering supporting information on behalf of clients applying for child disability payment provided as part of SG settlement
Customer Advice & Support Services	201	123	0	0	0	0	Pressure on National Non Domestic Rates and Reduced Department for Work and Pensions (DWP) funding
Great Tapestry of Scotland	32	(32)	0	0	0	0	Adjustments to initial budget created in 2019/20
Borders Events Strategy	0	500	(500)	0	0	0	Investment to promote the region as the ideal location for delivering regional, national & international sporting, cultural & other events, maximising economic & social impact and supporting local scale events too
International Cycling event	0	250	(250)	0	0	0	Investment to bring part of world's biggest cycling event to Borders with part of 2023 World Championships, promoting region as ultimate cycling destination
Neighbourhood Support Fund	0	200	(200)	0	0	0	Additional one-off funding to be split over 5 areas in the Borders
Homelessness prevention and response measures	185	(15)	0	0	0	0	Provided as part of SG Settlement
Undeliverable community capacity savings	(71)	71	0	0	0	0	Removal of undeliverable community capacity savings
Total Pressures		**701**	**(673)**	**239**	**243**	**248**	

Resilient Communities

Business Support, Community Planning & Engagement, Communities Fund, Customer Advice & Support, Economic Development, Discretionary Housing Payments, Housing Benefits, Non Domestic Rates Relief, Scottish Welfare Fund

Savings Proposals	Base Budget £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Detail
Additional Fees and Charges	(265)	(4)	(4)	(4)	(4)	(4)	Income from fees & charges
A re-designed operating model for the Customer and Business Admin functions through the rollout of digital services across the Council.	8,113	(331)	(346)	0	0	0	Carry out a service review of these functions to look at opportunities to combine/consolidate resources. This will involve a standardised, streamlined process across the organisation, as well as a dependency on the property rationalisation programme. Estimated FTE reductions are 14 FTE from an establishment of 357 FTE
Post-COVID-19 operating model	481	(45)	0	0	0	0	Savings from post-COVID-19 operating model in budgets across the Council such as travel, postage, stationery
Total Savings		**(380)**	**(350)**	**(4)**	**(4)**	**(4)**	

Revenue Closing Position	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Base Budget 2022/23	**18,087**	**17,064**	**17,299**	**17,538**	**17,782**

Finance & Corporate Governance

Chief Executive, Finance, Loan Charges, Legal & Protective Services, Corporate Policy, Emergency Planning, Audit & Risk, Democratic Services, Assessors

Capital Investment	**3 year operational £'000**	**7 year strategic £'000**	**TOTAL £'000**	**Est. External Funding £'000**	**Est. SBC Contribution £'000**	**Detail**
Emergency & Unplanned	525	1,225	1,750	0	1,750	Budget to deliver emergency works in year
Total Investment	**525**	**1,225**	**1,750**	**0**	**1,750**	

Revenue Opening Position	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
Base Budget (approved 19th March 2021)	28,217	26,938	28,639	30,261	31,290
Permanent Virements	(931)	0	0	0	0
Revised Base Budget	**27,286**	**26,938**	**28,639**	**30,261**	**31,290**

Budget Pressures	**Base Budget £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**Detail**
Workforce budget adjustments	9,650	289	243	211	213	216	To provide for pay award at 2% each year pending national pay negotiations, NI rate change from 2022/23 and SJC pension increase of 0.5% from 2023/24
Non-pay inflation	1,506	30	31	31	32	33	To allow for anticipated inflationary increases
Loans Charges to provide for capital	19,349	1,460	1,804	958	300	0	Revenue cost of capital borrowing for new projects
Funding for Environmental Health Officers	939	(54)	0	0	0	0	Scottish Government funding linked to increased workload from COVID-19 removed in 2022/23
Local Government election	2	90	(90)	0	0	0	Adjustment of budget required to run local government elections every 5 years.
Assessors - Barclay Implementation	200	18	0	0	0	0	As per Scottish Government Settlement
Remove shared service for Audit service	(40)	40	0	0	0	0	Removal of income assumption from Midlothian Council
Emergency Planning Officer 0.5 FTE	121	24	0	0	0	0	Additional 0.5 FTE to bring total position to 1 FTE
Undeliverable Contract Management Saving	(1,081)	1,081	0	0	0	0	Removal of undeliverable financial plan savings
Total Pressures		**2,978**	**1,988**	**1,200**	**545**	**249**	

Finance & Corporate Governance

Chief Executive, Finance, Loan Charges, Legal & Protective Services, Corporate Policy, Emergency Planning, Audit & Risk, Democratic Services, Assessors

Savings Proposals	Base Budget £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Detail
Additional Fees & Charges Income across Regulatory Services	(668)	(16)	(16)	(16)	(16)	(16)	Income from fees & charges
Finance savings	2,733	(125)	(125)	0	0	0	These savings build on a previous significant restructure by managing vacancies to achieve medium and long term savings. Team structures within Finance will be reviewed in light of confirmed staffing changes and automation of processes. The savings equate to approximately 3 FTE. The total number of employees in this area is 65.4 FTE
Loans Charges	19,349	(25)	(25)	0	0	0	Ongoing review of the loans fund to ensure that the statutory repayment of debt is linked more closely to the life of assets which have previously been financed through borrowing
Rephasing of Loans Charges	19,349	(1,500)	0	500	500	500	Savings linked to timing of borrowing requirements for the approved capital programme
Assessors & Electoral Registration Services	782	0	0	(62)	0	0	Fit for 2024 review of the service - Valuation Roll (non-domestic rates), Council Tax Valuations & Electoral Registration
Legal Services	1,110	(40)	(9)	0	0	0	Vacancies and staffing levels will continue to be managed to deliver efficiencies and savings. The savings equate to approximately 1 FTE. The total number of employees in this area is 26.5 FTE
Protective Services	1,803	(86)	(86)	0	0	0	Transform the service using technology which will assist in streamlining processes and in turn improve efficiency
Communications & Marketing	507	(7)	(7)	0	0	0	Reduction in printing and stationery budgets
Audit & Risk	399	0	(19)	0	0	0	To review alternative service delivery models
Removal of Director post	150	(150)	0	0	0	0	Removal of Director post following restructure
Balance of budgeted recurrent COVID-19 contingency	(1,355)	(1,355)	0	0	0	0	Apply the balance of the budgeted recurrent COVID-19 contingency to fund pay and NI increases from 2022/23
Post-COVID-19 operating model	69	(22)	0	0	0	0	Savings from post-COVID-19 operating model in budgets across the Council such as travel, postage, stationery
Total Savings		**(3,326)**	**(287)**	**422**	**484**	**484**	

Revenue Closing Position	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Base Budget 2022/23	**26,938**	**28,639**	**30,261**	**31,290**	**32,023**

People, Performance & Change

Human Resources, Early Retirement/Voluntary Severance, Employment Support Service, Communications & Marketing, Corporate Transformation, Business Planning Performance & Policy Development, Business Change & Programme Management

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

Revenue Opening Position	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
Base Budget (approved 19th March 2021)	7,595	7,553	7,574	7,669	7,766
Permanent Virements	(97)	0	0	0	0
Revised Base Budget	**7,498**	**7,553**	**7,574**	**7,669**	**7,766**

Budget Pressures	**Base Budget £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**Detail**
Workforce budget adjustments	4,338	133	109	95	97	98	To provide for pay award at 2% each year pending national pay negotiations, NI rate change from 2022/23 and SJC pension increase of 0.5% from 2023/24
Apprenticeship Levy	635	25	0	0	0	0	Increase budget for apprenticeship levy in line with current workforce budget
Total Pressures		**158**	**109**	**95**	**97**	**98**	

Savings Proposals	**Base Budget £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**Detail**
HR	2,036	(20)	(83)	0	0	0	Service reviews over the next 2 years within the Human Resources team including structural changes as a result of process reviews. Estimated FTE impact 0.5 FTE. Total number of service FTE 53.41
Employment Support Service	342	(33)	(5)	0	0	0	Reduction of 0.2 FTE plus permanent removal of the trainee established base budgets as these are externally funded. Total number of service FTE 10.6
Reduction in Enhanced Strain on Fund	1,425	(45)	0	0	0	0	Reduction in enhanced strain on fund budget to align with forecast expenditure
Post-COVID-19 operating model	51	(5)	0	0	0	0	Savings from post-COVID-19 operating model in budgets across the Council such as travel, postage, stationery.
Total Savings		**(103)**	**(88)**	**0**	**0**	**0**	

Revenue Closing Position	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
Base Budget 2022/23	**7,553**	**7,574**	**7,669**	**7,766**	**7,864**

Strategic Commissioning & Partnerships

Information Technology, SB Cares, Culture & Sport

Capital Investment	**3 year operational £'000**	**7 year strategic £'000**	**TOTAL £'000**	**Est. External Funding £'000**	**Est. SBC Contribution £'000**	**Detail**
Sports Infrastructure	2,810	6,585	9,395	(4,604)	4,791	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	515	0	515	(15)	500	Block allocation to upgrade public halls, Sir Walter Scott Courthouse (Phase 2) and Jim Clark Museum
ICT - Out with existing contract scope	104	536	640	0	640	IT works outwith the scope of the CGI contract
IT & ICT Transformation	16,697	651	17,348	(7,000)	10,348	IT replacements, upgrades and investment to support Digital Transformation across the Council
Total Investment	**20,126**	**7,772**	**27,898**	**(11,619)**	**16,279**	

Revenue Opening Position	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
Base Budget (approved 19th March 2021)	33,822	31,152	30,021	30,369	30,793
Permanent Virements	(2,454)	0	0	0	0
Revised Base Budget	**31,368**	**31,152**	**30,021**	**30,369**	**30,793**

Budget Pressures	**Base Budget £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**Detail**
Workforce budget adjustments	14,635	422	411	356	364	372	To provide for pay award at 2% each year pending national pay negotiations, NI rate change from 2022/23 and SJC pension increase of 0.5% from 2023/24
Non-pay inflation	2,818	56	58	59	60	61	To allow for anticipated inflationary increases
Personal Protective Equipment (PPE)	123	(480)	0	0	0	0	Reversal of estimated impact of COVID-19
Community Equipment Store	442	(50)	0	0	0	0	Reversal of the increase in equipment required linked to COVID-19
Inspire Learning: Service Costs & Operating Leases	1,441	47	(287)	(21)	0	0	Reprofiling of service costs, Leasing, Service Costs net of Efficiencies (Refresh)
Business World License	0	175	0	0	0	0	Renewal of Business World license
Revenue implications of IT investment	0	312	0	0	0	0	Revenue consequentials of IT investment
IT costs per agreed contract	3,975	(40)	15	204	0	0	As per the agreed IT Financial Model
Increase Berwickshire Recreation and Educational Sports Trust (BREST) grant	60	30	0	0	0	0	Increase BREST (Duns Swimming Pool) grant to an annual grant of £90k
COVID-19 Support to Culture & Sports Trusts	5,208	1,000	(1,000)	0	0	0	Increase in funding for Culture & Sports Trusts to support COVID-19 response
Bordercare Alarms	405	7	0	0	0	0	Align Bordercare Alarms expenditure to current usage
Total Pressures		**1,479**	**(803)**	**598**	**424**	**433**	

Strategic Commissioning & Partnerships

Information Technology, SB Cares, Culture & Sport

Savings Proposals	**Base Budget £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**Detail**
Better use of Fleet Vehicles	278	(45)	(45)	0	0	0	Replacement of existing fleet vehicles approaching the end of their useful life to build a more permanent, efficient and reliable SB Cares Fleet.
Residential Care Retendering	5,673	(200)	(100)	0	0	0	Review of delivery arrangements for Residential Care to ensure the service delivery model provides best value in an environment of increasing service demand. The proposal is remodelling of Gardenview and Waverley, with Upper Deanfield to follow. There is an estimated increase required of 12 FTE which will be confirmed as work progresses. The additional staff costs will be offset by a reduction in private care providers costs to generate the required savings
Management Fee reduction to Live Borders based on a reduction and agreement with Live Borders that they will manage budget pressures within existing management fee	5,033	(251)	(246)	(250)	0	0	A new three year agreement for 2022/23-2024/25 will be underpinned by the budget set out here. This will continue to enable joint work on delivering a number of key strategic projects including property rationalisation and allow delivery of services to achieve joint strategic outcomes
Culture & Sports Trusts Management Fees	5,208	(500)	500	0	0	0	Increase in funding for Culture and Sports Trusts of £1m funded from COVID-19 reserve offset by £500k one-off saving in core grant - the net increase to the sports trusts is £500k. Saving allocation is Live Borders £483k, Berwickshire Recreation Educational Sports Trust (BREST) £6k and Jedburgh Leisure Facilities Trust (JLFT) £11k
IT savings	3,975	(100)	(100)	0	0	0	Reviews will be carried out including elements of the CGI contract to ensure contract remains fit for purpose and operates as efficiently as possible
Strategic Commissioning Savings	39,812	(591)	(337)	0	0	0	Comprehensive Review of Strategic Commissioning within Scottish Borders Council
Post-COVID-19 operating model	9	(1)	0	0	0	0	Savings from post-COVID-19 operating model in budgets across the Council such as travel, postage, stationery
Additional Fees & Charges	405	(7)	0	0	0	0	Income from fees & charges
Total Savings		**(1,695)**	**(328)**	**(250)**	**0**	**0**	

Revenue Closing Position	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
Base Budget 2022/23	**31,152**	**30,021**	**30,369**	**30,793**	**31,226**

Scottish Borders Council
Capital Investment Plan 2022/23 to 2031/32
Capital Investment Proposals

	CAPITAL INVESTMENT PROPOSALS	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total Operational Plan	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000	Total Strategic Plan £'000	Total £'000	Specific Project Funding £'000	Net cost to SBC Capital £'000
	Plant & Vehicle Fund															
	Plant & Vehicle (P&V) 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**
	Flood & Coastal Protection															
Block	Flood Prevention Works & Scheme Preparation	372	372	372	**1,116**	372	372	372	372	372	372	372	**2,604**	**3,720**	0	**3,720**
	Hawick Flood Protection	26,656	15,816	456	**42,928**	879	0	0	0	0	0	0	**879**	**43,807**	(36,964)	**6,843**
	Land and Property Infrastructure															
Block	Asset Rationalisation & Demolition	1,075	0	0	**1,075**	0	0	0	0	0	0	0	**0**	**1,075**	0	**1,075**
Block	Cemetery Land Acquisition & Development	895	0	105	**1,000**	0	334	649	0	0	0	0	**983**	**1,983**	0	**1,983**
	Jedburgh High Street Building	300	0	0	**300**	0	0	0	0	0	0	0	**0**	**300**	(50)	**250**
Block	Building Upgrades	522	437	437	**1,396**	437	624	624	624	624	624	624	**4,181**	**5,577**	0	**5,577**
Block	Energy Efficiency Works	1,878	1,045	1,045	**3,968**	1,045	1,045	1,045	1,045	1,045	1,045	1,045	**7,315**	**11,283**	(88)	**11,195**
Block	Health and Safety Works	633	400	400	**1,433**	400	500	500	500	500	500	500	**3,400**	**4,833**	0	**4,833**
Block	Play Areas and Outdoor Community Spaces	1,635	764	518	**2,917**	615	130	86	300	0	0	0	**1,131**	**4,048**	(269)	**3,779**
	Road & Transport Infrastructure															
Block	Cycling Walking & Safer Streets	404	404	404	**1,212**	404	247	247	247	247	247	247	**1,886**	**3,098**	(3,098)	**0**
	Engineering Minor Works	14	0	0	**14**	0	0	0	0	0	0	0	**0**	**14**	(14)	**0**
Block	Lighting Asset Management Plan	160	160	160	**480**	160	160	160	160	160	160	160	**1,120**	**1,600**	0	**1,600**
	Peebles Bridge	0	0	0	**0**	0	0	0	0	0	0	420	**420**	**420**	0	**420**
	Reston Station Contribution	0	0	1,740	**1,740**	0	0	0	0	0	0	0	**0**	**1,740**	(100)	**1,640**
Block	Roads & Bridges -inc. RAMP, Winter Damage & Slopes	7,731	7,660	7,100	**22,491**	7,100	7,100	7,100	7,100	7,100	7,100	7,100	**49,700**	**72,191**	(400)	**71,791**
	Eddleston Water Path	925	0	0	**925**	0	0	0	0	0	0	0	**0**	**925**	(925)	**0**
	Waste Management															
	Easter Langlee Cell Provision	50	0	0	**50**	0	0	0	0	0	0	0	**0**	**50**	0	**50**
	Easter Langlee Leachate Management Facility	130	0	0	**130**	0	0	0	0	0	0	0	**0**	**130**	(180)	**(50)**
	Closed Landfill Site - Health & Safety Works	30	0	0	**30**	0	0	0	0	0	0	0	**0**	**30**	0	**30**
	Wheeled Bins (100 in total) - Street Cleansing	52	0	0	**52**	0	0	0	0	0	0	0	**0**	**52**	0	**52**
	Waste Containers	97	101	106	**304**	112	117	123	129	136	143	150	**910**	**1,214**	0	**1,214**
	Corporate															
Block	ICT - Outwith CGI Scope	24	24	56	**104**	56	80	80	80	80	80	80	**536**	**640**	0	**640**
	ICT Transformation	0	0	0	**0**	0	242	25	24	22	0	0	**313**	**313**	0	**313**
	Extension of CGI contract	12,533	3,242	0	**15,775**	0	0	0	0	0	0	0	**0**	**15,775**	(7,000)	**8,775**
	Inspire Learning	111	683	128	**922**	65	143	65	65	0	0	0	**338**	**1,260**	0	**1,260**
	Learning Estate															
	Early Years Expansion	3,000	0	0	**3,000**	0	0	0	0	0	0	0	**0**	**3,000**	(3,000)	**0**
	Eyemouth Primary School	0	3,360	7,402	**10,762**	4,000	0	0	0	0	0	0	**4,000**	**14,762**	0	**14,762**
	Earlston Primary School	7,397	3,600	225	**11,222**	0	0	0	0	0	0	0	**0**	**11,222**	0	**11,222**
	Earlston GP Surgery	1,200	563	0	**1,763**	0	0	0	0	0	0	0	**0**	**1,763**	(1,763)	**0**
	Galashiels Academy	5,700	13,000	27,100	**45,800**	7,935	0	0	0	0	0	0	**7,935**	**53,735**	0	**53,735**
	Hawick High School	400	937	8,624	**9,961**	21,593	16,446	0	0	0	0	0	**38,039**	**48,000**	0	**48,000**
	Peebles High School	4,000	19,100	20,400	**43,500**	961	0	0	0	0	0	0	**961**	**44,461**	(3,229)	**41,232**
	Inspire Academy	453	0	0	**453**	0	0	0	0	0	0	0	**0**	**453**	0	**453**
Block	Learning Estate Block	2,153	1,800	1,790	**5,743**	1,790	1,790	1,790	1,790	1,790	1,790	1,790	**12,530**	**18,273**	(1,000)	**17,273**

Scottish Borders Council
Capital Investment Plan 2022/23 to 2031/32
Capital Investment Proposals

	CAPITAL INVESTMENT PROPOSALS	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**Total Operational Plan**	**2025/26 £'000**	**2026/27 £'000**	**2027/28 £'000**	**2028/29 £'000**	**2029/30 £'000**	**2030/31 £'000**	**2031/32 £'000**	**Total Strategic Plan £'000**	**Total £'000**	**Specific Project Funding £'000**	**Net cost to SBC Capital £'000**
	Sports Infrastructure															
Block	Culture & Sports Trusts - Plant & Services	255	215	215	**685**	215	290	290	290	290	290	290	**1,955**	**2,640**	0	**2,640**
	Synthetic Pitch Replacement Fund	358	369	380	**1,107**	1,792	473	473	473	473	473	473	**4,630**	**5,737**	(4,604)	**1,133**
	Netherdale Stand	1,018	0	0	**1,018**	0	0	0	0	0	0	0	**0**	**1,018**	0	**1,018**
	Culture & Heritage															
	Jim Clark Museum	22	0	0	**22**	0	0	0	0	0	0	0	**0**	**22**	(15)	**7**
Block	Public Halls Upgrades	284	0	0	**284**	0	0	0	0	0	0	0	**0**	**284**	0	**284**
	Sir Walter Scott Courthouse - Phase 2	209	0	0	**209**	0	0	0	0	0	0	0	**0**	**209**	0	**209**
	Economic Regeneration															
Block	Borders Town Centre Regeneration Block	873	70	70	**1,013**	70	100	100	100	100	100	100	**670**	**1,683**	(542)	**1,141**
	Borders Innovation Park	599	4,553	6,183	**11,335**	3,186	357	0	0	0	0	0	**3,543**	**14,878**	(14,779)	**99**
	Newtown St Boswells Regeneration	224	120	56	**400**	0	0	0	0	0	0	0	**0**	**400**	0	**400**
	Eyemouth Regeneration	411	0	0	**411**	0	0	0	0	0	0	0	**0**	**411**	(380)	**31**
	Hawick Regeneration	2,033	0	0	**2,033**	0	0	0	0	0	0	0	**0**	**2,033**	(2,033)	**0**
	Galashiels Town Centre Regeneration	499	0	0	**499**	0	0	0	0	0	0	0	**0**	**499**	0	**499**
	Borderlands	9,939	25,763	17,062	**52,764**	10,939	14,838	9,752	1,595	520	3,551	0	**41,195**	**93,959**	(93,327)	**632**
	Earlston Business Relocation	150	0	0	**150**	0	0	0	0	0	0	0	**0**	**150**	0	**150**
	Access to Employment Land, Duns	110	0	0	**110**	0	0	0	0	0	0	0	**0**	**110**	(110)	**0**
	Housing Strategy & Services															
	Private Sector Housing Grant - Adaptations	515	500	500	**1,515**	500	500	500	500	500	500	500	**3,500**	**5,015**	0	**5,015**
	Social Care Infrastructure															
Block	Care Inspectorate Requirements & Upgrades	40	41	41	**122**	43	43	43	43	43	43	43	**301**	**423**	0	**423**
	2 Residential Care Homes	2,000	10,559	1,528	**14,087**	8,472	0	0	0	0	0	0	**8,472**	**22,559**	0	**22,559**
	Residential Care Accommodation - Upgrades	1,074	0	0	**1,074**	0	0	0	0	0	0	0	**0**	**1,074**	0	**1,074**
	Other															
	Emergency & Unplanned	175	175	175	**525**	175	175	175	175	175	175	175	**1,225**	**1,750**	0	**1,750**
	Total	**103,318**	**117,833**	**106,778**	**327,929**	**75,316**	**48,106**	**26,199**	**17,612**	**16,177**	**19,193**	**16,069**	**218,672**	**546,601**	**(193,870)**	**352,731**

Scottish Borders Council
Capital Investment Plan 2022/23 to 2031/32
Capital Funding Proposals

CAPITAL FUNDING	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total Operational Plan	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000	Total Strategic Plan	Total £000
Specific Grants from Scottish Government													
Hawick Flood Protection	(17,838)	(10,147)	(148)	(28,133)	(920)	0	0	0	0	0	0	(920)	(29,053)
Cycling Walking & Safer Streets (CWSS)	(404)	(404)	(404)	(1,212)	(404)	(247)	(247)	(247)	(247)	(247)	(247)	(1,886)	(3,098)
Roads & Bridges - inc. RAMP, Winter Damage & Slopes (CWSS)	(100)	(100)	(100)	(300)	(100)	0	0	0	0	0	0	(100)	(400)
Early Years Expansion	(3,000)	0	0	(3,000)	0	0	0	0	0	0	0	0	(3,000)
Low Carbon Infrastructure Transformation (LCITP) Smart Grid	(88)	0	0	(88)	0	0	0	0	0	0	0	0	(88)
Other External Grants & Contributions													
Hawick Flood Protection	(4,779)	(3,132)	0	(7,911)	0	0	0	0	0	0	0	0	(7,911)
Borders Innovation Park	(500)	(4,553)	(6,183)	(11,236)	(3,186)	(357)	0	0	0	0	0	(3,543)	(14,779)
Play Areas and Outdoor Community Spaces	(77)	(133)	0	(210)	0	0	0	0	0	0	0	0	(210)
Hawick Regeneration	(2,033)	0	0	(2,033)	0	0	0	0	0	0	0	0	(2,033)
Eyemouth Regeneration	(380)	0	0	(380)	0	0	0	0	0	0	0	0	(380)
Jedburgh Building	(50)	0	0	(50)	0	0	0	0	0	0	0	0	(50)
Landfill Provision	(180)	0	0	(180)	0	0	0	0	0	0	0	0	(180)
Peebles High School Insurance Receipt	(3,229)	0	0	(3,229)	0	0	0	0	0	0	0	0	(3,229)
Borderlands (SG & Partners)	(9,939)	(25,763)	(16,430)	(52,132)	(10,939)	(14,838)	(9,752)	(1,595)	(520)	(3,551)	0	(41,195)	(93,327)
Borders Town Centre Regeneration Block	(542)	0	0	(542)	0	0	0	0	0	0	0	0	(542)
Jim Clark Museum	(15)	0	0	(15)	0	0	0	0	0	0	0	0	(15)
Eddleston Water Path	(925)	0	0	(925)	0	0	0	0	0	0	0	0	(925)
Access to Employment Land, Duns	(110)	0	0	(110)	0	0	0	0	0	0	0	0	(110)
Earlston Primary School	(1,763)	0	0	(1,763)	0	0	0	0	0	0	0	0	(1,763)
Development Contributions													
Reston Station Contribution	0	0	(100)	(100)	0	0	0	0	0	0	0	0	(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)
Play Areas and Outdoor Community Spaces	0	(48)	0	(48)	(11)	0	0	0	0	0	0	(11)	(59)
Capital Receipts	(400)	0	0	(400)	0	0	0	0	0	0	0	0	(400)
General Capital Grant													
General	(10,737)	(10,666)	(10,666)	(32,069)	(10,666)	(10,666)	(10,666)	(10,666)	(10,666)	(10,666)	(10,666)	(74,662)	(106,731)
Adjust. due to timing movement of Hawick FPS	7,348	0	0	7,348	0	0	0	0	0	0	0	0	7,348
Flood Prevention Works & Scheme Preparation	(372)	(372)	(372)	(1,116)	(372)	(372)	(372)	(372)	(372)	(372)	(372)	(2,604)	(3,720)
Plant & Vehicle (P&V) 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	(358)	(369)	(380)	(1,107)	(1,132)	(473)	(473)	(473)	(473)	(473)	0	(3,497)	(4,604)
Funded From Revenue	(7,000)	0	0	(7,000)	0	0	0	0	0	0	0	0	(7,000)
Borrowing													
General	(43,733)	(60,046)	(69,895)	(173,674)	(45,486)	(19,053)	(2,589)	(2,159)	(1,799)	(1,784)	(2,684)	(75,554)	(249,228)
Total	(103,318)	(117,833)	(106,778)	(327,929)	(75,316)	(48,106)	(26,199)	(17,612)	(16,177)	(19,193)	(16,069)	(218,672)	(546,601)

Fees

and

Charges

2022/23

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

SCOTTISH BORDERS COUNCIL **FEES & CHARGES** **Infrastructure & Environment** **Parks & Environment**	**2020/21 Charge (excl.vat)**	**2021/22 Charge (excl.vat)**	**2022/23 Charge (excl.vat)**	**Increase %**	**Estimated Usage**	**Estimated Impact of Inflation Increase £'s**
Burial Grounds						
Purchase of Ground						
Lairs for one or two interments	£846.00	£872.00	£899.00	3.10%	221	£ 5,967
Woodland burial - land (includes tree)	£846.00	£872.00	£899.00	3.10%		
Lairs for cremation caskets (up to 4)	£846.00	£872.00	£899.00	3.10%		
Interments						
Adults (first, or re-open)	£728.00	£750.00	£773.00	3.07%	581	£ 13,363
Woodland burial - interment	£728.00	£750.00	£773.00	3.07%		
Cremation caskets	£242.00	£250.00	£258.00	3.20%		
Interments on a Saturday (last interment 10:30am)						
Adult	£935.00	£964.00	£993.00	3.01%		
For sights with junctions or more than two approaches	£381.00	£393.00	£405.00	3.05%		
Interments on a Sunday, holiday or out with seasonal working hours						
Adult	£1,233.00	£1,270.00	£1,309.00	3.07%		
Cremation caskets	£494.00	£509.00	£525.00	3.14%		
Other Charges						
Re-issue of lair certificate	£30.00	£31.00	£32.00	3.23%	5	£ 5
Burial search fee - first hour	£47.00	£48.50	£50.00	3.09%	100	£ 150
Burial search fee - second hour	£47.00	£48.50	£50.00	3.09%		
Burial search fee - each additional hour	£11.80	£12.20	£12.60	3.28%		
Marking out, excavate only	£158.00	£163.00	£168.00	3.07%	0	£ -
Headstone foundations						
Marking out, excavate, lay foundation	£187.00	£193.00	£199.00	3.11%	304	£ 1,824
Marking out, excavate only	£158.00	£163.00	£168.00	3.07%	9	£ 45
Administration Charges						
Non resident lair sale/interment premium 50% of fee	£424.00	£437.00	£451.00	3.20%	13	£ 182
Admin fee per burial	£58.00	£60.00	£62.00	3.33%	577	£ 1,154
Issuing Title deed	£29.00	£30.00	£31.00	3.33%	220	£ 220
Fee selling lair back to SBC - 10% of price paid	£0.00	£0.00	£0.00		10	£ -
Fee to test dig a lair	£728.00	£750.00	£773.00	3.07%	0	£ -
Marking a grave for placement of small memorial	£97.00	£100.00	£103.00	3.00%	12	£ 36
Scattering ashes	£58.00	£60.00	£62.00	3.33%	0	£ -
Memorial Tree	£34.00	£35.00	£36.00	2.86%	3	£ 3
Public Conveniences						
RADAR Keys for disabled facilities	£5.00	£5.00	£5.00	0.00%	107	£ -
Parks & Open Spaces						
Allotments						
Admin Fee	£43.50	£43.50	£45.00	3.45%	82	£ 123

No fee per m2 of plot has been charged

A 50% concession is offered to new or existing tenants based on eligibility criteria, namely those in receipt of Universal Credit; Working Tax Credit; Income-based Employment and Support Allowance; Income-based Jobseeker's Allowance; Income Support; Housing Benefit; Pension Credit.

Changing Pavilion - Hawick						
Dressing room and showers - per 2 teams						
- Adults, Monday to Saturday	£34.00	£35.00	£36.00	2.86%	19	£ 19
- Adults, Sunday	£41.00	£42.00	£43.00	2.38%	0	£ -
- Juveniles, Monday to Saturday	£14.00	£14.50	£15.00	3.45%	1	£ 1
- Juveniles, Sunday	£16.00	£16.50	£17.00	3.03%	5	£ 3
Individual showers inc. of dressing room						
- Adults	£2.00	£2.00	£2.00	0.00%	0	£ -
- Juveniles	£1.00	£1.00	£1.00	0.00%	0	£ -
Dressing room only - per 2 teams						
- Adults, Monday to Saturday	£15.00	£15.50	£16.00	3.23%	35	£ 18
- Adults, Sunday	£17.00	£17.50	£18.00	2.86%	0	£ -
- Juveniles, Monday to Saturday	£5.40	£5.60	£5.80	3.57%	0	£ -
- Juveniles, Sunday	£6.40	£6.60	£6.80	3.03%	7	£ 1
Other Facilities						
Small facilities (1-6 shows/stands) - Parks & Open Spaces	£120.00	£124.00	£128.00	3.23%	10	£ 40
Medium Facilities - (7-12 shows/stands) Parks & Open Spaces	£239.00	£246.00	£254.00	3.25%	1	£ 8
Large Facilities - (13 and over shows/stands) Parks & Open Spaces	£360.00	£371.00	£383.00	3.23%	1	£ 12
					TOTAL	**£23,173**

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

SCOTTISH BORDERS COUNCIL **FEES & CHARGES** **Infrastructure & Environment** **Waste Management Services**	**2020/21 Charge (excl.vat)**	**2021/22 Charge (excl.vat)**	**2022/23 Charge (excl.vat)**	**Increase %**	**Estimated Usage**	**Estimated Impact of Inflation Increase £'s**
Waste Services						
Disposal Charges - per tonne, pro-rata						
Waste Transfer Stations						
Bulky Waste	£ 142.00	£147.00	£151.00	2.72%	500	£ 2,000
Commercial & Demolition	£ 129.75	£134.00	£138.00	2.99%	600	£ 2,400
Mixed Municipal Waste	£ 140.50	£145.00	£149.00	2.76%	500	£ 2,000
Dry Mixed Recyclate - Please contact 0300 100 1800 for current price and further information					0	£ -
Wood - Please contact 0300 100 1800 for current price and further information					0	£ -
Administration Charge - charged per invoice. Invoices are collated on a monthly basis	£26.50	£27.50	£28.25	2.73%	328	£ 246
Trade General Waste Contract (Bin) [2,3]						
1100 ltr	£1,076.40	£1,109.16	£1,142.96	3.05%	323	£ 10,917
660 ltr	£679.64	£700.44	£721.76	3.04%	202	£ 4,307
360 ltr	£359.84	£370.76	£382.20	3.09%	310	£ 3,546
240 ltr	£263.12	£271.44	£279.76	3.07%	101	£ 840
Trade General Waste Sacks [4]						
Per 52 sacks	£138.32	£142.48	£146.64	2.92%	713	£ 2,966
Per 13 sacks (minimum purchase)	£34.58	£35.62	£36.66	2.92%	0	£ -
Trade Recycling Contracts (Bin) [4]						
1100 ltr	£901.16	£957.32	£986.44	3.04%	0	£ -
660 ltr	£635.44	£672.88	£693.68	3.09%	67	£ 1,394
360 ltr	£292.24	£311.48	£321.36	3.17%	34	£ 336
240 ltr	£194.48	£203.84	£210.08	3.06%	71	£ 443
Trade Recycling Contracts (Sacks) [4]						
Minimum (1 sack/week)	£97.76	£103.48	£106.60	3.02%	0	£ -
Small (3 sacks/week)	£177.84	£191.36	£197.08	2.99%	398	£ 2,277
Medium (7 sacks/week)	£410.80	£441.48	£454.48	2.94%	170	£ 2,210
Large (13 sacks/week)	£663.00	£716.56	£738.40	3.05%	50	£ 1,092
Large quantities from commercial producers will be priced on an individual basis, based on quantity & method of collection						
Trade Recyclate Sacks (Additional to contract only)						
Per 26 sacks	£48.88	£51.74	£53.30	3.02%	522	£ 814
Food Contracts [3]						
140 ltr bin	£336.44	£336.44	£346.32	2.94%	76	£ 751
23 ltr bin	£77.48	£77.48	£80.08	3.36%	69	£ 179
1 roll of 35 ltr compostable liners (25 liners/roll)	£3.55	£3.75	£4.00	6.67%	622	£ 156
Replacement key for 140 ltr bin	£5.65	£5.80	£6.00	3.45%	6	£ 1
Special Collections - Business						
Per hour - pro-rata [1]	£121.50	£126.00	£130.00	3.17%	35	£ 140
Minimum charge (20 minutes) [1]	£43.00	£44.50	£46.00	3.37%	35	£ 53
Special Collections - Domestic						
Up to 5 articles (including fridges and freezers)	£40.00	£41.50	£42.75	3.01%	2,150	£ 2,688
Community Recycling Centre Trade Access Permit - tickets are sold in books of 5 or 10 (Prices shown are per book of 5 tickets)						
Recycling permit						
Small - (approx. small car or 1-4 bags)	£31.50	£32.50	£34.25	5.38%	5	£ 9
Medium - (approx. estate/car-derived van/4x4 or 5-9 bags)	£48.00	£49.50	£52.00	5.05%	5	£ 13
Large - (approx. large & small panel vans/micro & mini vans & transit vans not exceeding 3.5t gvw or 10-15 bags)	£60.00	£62.00	£65.25	5.24%	8	£ 26
Recycling & general waste permit						
Small - (approx. small car or 1-4 bags)	£59.00	£61.00	£64.00	4.92%	2	£ 6
Medium - (approx. estate/car-derived van/4x4 or 5-9 bags)	£103.00	£107.00	£112.50	5.14%	0	£ -
Large - (approx. large & small panel vans/micro & mini vans & transit vans not exceeding 3.5t gvw or 10-15 bags)	£143.00	£148.00	£155.50	5.07%	62	£ 465
Electrical Household Clearance items Permit						
Small load	£10.50	£11.00	£11.50	4.55%	60	£ 30
Charity disposing of donated household goods						
Small - (approx. small car or 1-4 bags)	£10.50	£11.00	£11.00	0.00%	0	£ -
Medium - (approx. estate/car-derived van/4x4 or 5-9 bags)	£21.00	£22.00	£22.00	0.00%	2	£ -
Large - (approx. large & small panel vans/micro & mini vans & transit vans not exceeding 3.5t gvw or 10-15 bags)	£31.00	£32.00	£33.00	3.13%	0	£ -
					TOTAL	**£42,304**

[1] Additional labour, plant and machinery charged at dayworks rates

[2] Annual charge based on one collection per week

[3] Includes Bin rental, disposal and service

[4] Includes disposal and service

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SCOTTISH BORDERS COUNCIL FEES & CHARGES Infrastructure & Environment Roads & Infrastructure	2020/21 Charge (excl.vat)	2021/22 Charge (excl.vat)	2022/23 Charge (excl.vat)	Increase %	Estimated Usage	Estimated Impact of Inflation Increase £'s
Road Closure						
Per Notice	£160.00	£165.00	£170.00	3.03%	3	£ 15
Per Order	£330.00	£340.00	£350.00	2.94%	169	£ 1,690

Costs for Road Closures are currently being reviewed. It is proposed to introduce a sliding scale depending on the complexity of the closure, however no figures have been agreed as yet

Scaffolding Permits						
Up to 3 months and every subsequent 3 months to a maximum of 4 payments (Min to Max)	£145.00	£150.00	£155.00	3.33%	64	£ 320
	£562.00	£579.00	£600.00	3.63%	0	£ -
	£655.00	£675.00	£695.00	2.96%	0	£ -
	£752.00	£775.00	£799.00	3.10%	0	£ -
	£850.00	£876.00	£905.00	3.31%	0	£ -
Temporary Traffic Light Permits						
For sights with junctions or more than two approaches	£70.00	£72.50	£75.00	3.45%	286	£ 715
De-icing salt						
Supplied to the public[1] - 1 tonne or more (pro-rata)	£88.50	£91.50	£96.50	5.46%	350	£ 1,752
Langlee Recycling Centre						
Cover/Washed/Sharp Sand	£22.75	£24.00	£25.00	4.17%	753	£ 753
Building Sand	£22.75	£24.00	£27.00	12.50%	152	£ 456
6mm to 10mm Pipe Bedding	£15.50	£16.00	£16.50	3.13%	135	£ 68
12mm to 25mm Pipe Bedding	£13.50	£14.00	£14.50	3.57%	418	£ 209
25mm to 75mm Type B Filler	£11.00	£11.25	£11.00	-2.22%	366	-£ 92
Type 1 Sub-Base	£8.25	£7.50	£7.50	0.00%	6	£ -
Concrete Mix	£15.00	£15.50	£16.00	3.23%	441	£ 221
Crusher Run 4"	£7.75	£8.00	£8.00	0.00%	838	£ -
4 by 2 Clean Stone	£9.75	£10.00	£10.25	2.50%	549	£ 137
Topsoil (as dug)	£6.50	£6.75	£7.00	3.70%	0	£ -
Screened Top Soil	£29.00	£30.00	£31.00	3.33%	29	£ 29
Verge Soil	£4.50	£4.75	£5.00	5.26%	59	£ 15
Plainings	£9.75	£9.00	£9.25	2.78%	35	£ 9
Reinstatement Soil	£14.25	£14.75	£15.25	3.39%	25	£ 13
Rubble	£6.75	£7.50	£8.00	6.67%	0	£ -
Soil and Stone	£6.75	£7.50	£8.00	6.67%	0	£ -
Slate	£6.75	£7.50	£8.00	6.67%	0	£ -
Tar Cuttings	£6.75	£7.50	£8.00	6.67%	0	£ -
Reinforced Concrete	£20.75	£22.00	£25.00	13.64%	0	£ -
Road Occupation						
Road Opening Permits	£108.00	£108.00	£108.00	0.00%	87	£ -
Road Occupation Permits	£36.00	£36.00	£36.00	0.00%	50	£ -
					TOTAL	**£6,308**

[1] excluding delivery - call 01835 825571 for quotation

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

SCOTTISH BORDERS COUNCIL **FEES & CHARGES** **Infrastructure & Environment** **Planning**	**2020/21 Charge (excl.vat)**	**2021/22 Charge (excl.vat)**	**2022/23 Charge (excl.vat)**	**Increase %**	**Estimated Usage**	**Estimated Impact of Inflation Increase £'s**

Access & Countryside

Archaeology

Professional time (per hour)	£69.00	£71.00	£73.00	2.82%	10	£ 20

Books/Leaflets

Borders Heritage Book	£5.00	£5.00	£5.00	0.00%	0	£ -
Tweed Rivers Book	£9.99	£9.99	£9.99	0.00%	0	£ -
Town Trail Leaflets	£1.00	£1.00	£1.00	0.00%	0	£ -
Paths around (old stock)	£1.00	£1.00	£1.00	0.00%	0	£ -
Paths around (new stock)	£2.00	£2.00	£2.00	0.00%	0	£ -
Short walks on the Eastern Southern Upland Way	£2.50	£2.50	£2.50	0.00%	0	£ -
St Cuthberts Way Short Walks	£9.99	£9.99	£9.99	0.00%	0	£ -

Access Exemption Notices[5]			£100.00		20	£ 2,000

Filming on Council land (per half day)			£350.00		1	£ 350

Housing

Landlord Registration - Principal Fee[1]	£65.00	£67.00	£67.00	0.00%	1,833	£ -
Landlord Registration - Property Fee[1]	£15.00	£15.00	£15.00	0.00%	1,000	£ -
Landlord Registration - Late Application Fee[1]	£130.00	£133.00	£133.00	0.00%	0	£ -
Private Sector Housing Grant - Recording Fee[1]	£60.00	£70.00	£70.00	0.00%	0	£ -
Private Sector Housing Grant - Admin Fee	£113.00	£117.00	£121.00	3.42%	80	£ 320

Development Management

Pre-Planning Application Advice Service

Written Response

Type of Development

Local Development (other than housing)	£110.00	£143.00	£185.00	29.37%	45	£ 1,890
Proposals for 1-2 house/s or flats	£110.00	£143.00	£185.00	29.37%	45	£ 1,890
Housing developments (3-49 houses)	£260.00	£338.00	£350.00	3.55%	13	£ 156
Housing developments (more than 49 houses or sites over 2 hectares)	£460.00	£598.00	£600.00	0.33%	0	£ -
Renewable Energy Projects over 2 hectares	£760.00	£988.00	£1,500.00	51.82%	0	£ -
All other major developments	£460.00	£598.00	£1,000.00	67.22%	2	£ 804

Meeting (per meeting)

Type of Development

Local Development (other than housing)	£260.00	£338.00	£400.00	18.34%	13	£ 806
Proposals for 1-2 house/s or flats	£260.00	£338.00	£400.00	18.34%	13	£ 806
Housing developments (3-49 houses)	£410.00	£533.00	£640.00	20.08%	0	£ -
Housing developments (more than 49 houses or sites over 2 hectares)	£710.00	£923.00	£1,250.00	35.43%	0	£ -
Renewable Energy Projects over 2 hectares	£1,010.00	£1,313.00	£2,500.00	90.40%	0	£ -
All other major developments	£710.00	£923.00	£1,500.00	62.51%	0	£ -

Non-material variations[5]						
Householder			£60.00		83	£ 5,000
Local			£120.00		0	£ -
Major			£200.00		0	£ -

SCOTTISH BORDERS COUNCIL **FEES & CHARGES** **Infrastructure & Environment** **Planning**	**2020/21 Charge (excl.vat)**	**2021/22 Charge (excl.vat)**	**2022/23 Charge (excl.vat)**	**Increase %**	**Estimated Usage**	**Estimated Impact of Inflation Increase £'s**
Building Standards Service **Preliminary Enquiries** **Written Response**[5]						
For Parts 1 to 7 inclusive: 50% of Building Warrant fee based on value of work[2] (minimum fee)		£150.00	£200.00		0	£ -
For Part 1 only: 5% of half warrant fee[3]		Minimum fee for single Part is £100.00. If more than one single Parts are requested, minimum fee is £150.00.	Minimum fee for single Part is £130.00. If more than one single Parts are requested, minimum fee is £200.00.		0	£ -
For Part 2 only: 35% of half warrant fee[3]					0	£ -
For Part 3 only: 10% of half warrant fee[3]					0	£ -
For Part 4 only: 10% of half warrant fee[3]					0	£ -
For Part 5 only: 5% of half warrant fee[3]					0	£ -
For Part 6 only: 30% of half warrant fee[3]					0	£ -
For Part 7 only: 5% of half warrant fee[3]					0	£ -
Meeting (per meeting)[5]						
Domestic applications for single property		£60.00	£80.00	33.33%	3	£ 60
Domestic Developments up to 3 units		£180.00	£225.00	25.00%	3	£ 135
Domestic Developments 4-49 units		£360.00	£450.00	25.00%	0	£ -
Domestic Developments over 49 units		£720.00	£950.00	31.94%	0	£ -
Minor Non-Domestic applications for property in single use		£180.00	£225.00	25.00%	1	£ 45
Major or complex Non-Domestic applications for property in single use		£360.00	£400.00	11.11%	1	£ 40
Major or complex Non-Domestic applications for property in multiple use		£720.00	£950.00	31.94%	1	£ 230
Amendments to warrant for drainage works[5]			£100.00		100	£ 10,000
Property Inspections						
Letter confirming work carried out on site is exempt from Regulations 8 to 12 as defined in Schedule 1 to Mandatory Regulation 3. Fee includes a single visit to site.		£220.00	£280.00	27.27%	1	£ 60
Letter confirming work carried out on site did not require Building Warrant approval as defined in Schedule 3 to Mandatory Regulation 5. Fee includes a single visit to site.		£220.00	£280.00	27.27%	1	£ 60
Additional inspection to site in relation to the above to check any remedial work required, etc.		£110.00	£150.00	36.36%	1	£ 40
Letters of Confirmation						
E-mail/letter clarifying that a proposal is exempt from the Standards or exempt from requiring Building Warrant approval as per Mandatory Regulations 3 and 5 respectively. (Specific answer based on drawings and specifications submitted. Answer will highlight areas where modification is required in order for proposal to be exempt or to comply with the Mandatory Standards.)[2]		£220.00	£280.00	27.27%	6	£ 360
Permit to Use a Temporary Raised Structure						
Administration fee for assessment of temporary raised structures – Raised seating structure.		£330.00	£430.00	30.30%	1	£ 100
Administration fee for assessment of temporary raised structures – Raised platform or stage greater than 30 m2.		£330.00	£430.00	30.30%	1	£ 100
Administration fee for assessment of temporary raised structures - Raised platform or stage less than 30 m2 with an overhead gantry.		£220.00	£300.00	36.36%	1	£ 80
Administration fee for assessment of temporary raised structures - Raised platform or stage less than 30 m2 without an overhead gantry.		£165.00	£200.00	21.21%	1	£ 35
Additional fee if Scottish Borders Council require to appoint an independent structural engineer in respect of an application to erect a temporary raised structure.		Engineer's fee			0	£ -

SCOTTISH BORDERS COUNCIL FEES & CHARGES Infrastructure & Environment Planning	2020/21 Charge (excl.vat)	2021/22 Charge (excl.vat)	2022/23 Charge (excl.vat)	Increase %	Estimated Usage	Estimated Impact of Inflation Increase £'s
Safety at Sports Grounds Certificate						
Administration fee for assessment in respect of a general safety certificate[4]		£440.00	£550.00	25.00%	1	£ 110
Administration fee for an amendment to a general safety certificate[4]		£440.00	£550.00	25.00%	1	£ 110
Administration fee for annual assessment in respect of a general safety certificate.		£440.00	£550.00	25.00%	3	£ 330
Administration fee for assessment of a sports ground with a view to providing details on ground capacity. This includes assessments for clubs where capacity is to be verified for the Scottish Football Association		£440.00	£550.00	25.00%	2	£ 220
Percolation Tests						
Witness of the third test percolation test and water table test hole and provision of design data in relation to provision of a closed soakaway infiltration trench. Maximum of 4 hours. (Tests one and two to be recorded by the applicant and water provided on site ready for the third test to be carried out.)		£330.00	£375.00	13.64%	1	£ 45
Additional charge per hour in relation to the above.		£110.00	£125.00	13.64%	0	£ -
Administration Fee for Compliance, Dangerous or Defective Building Notice work undertaken						
Fee for Scottish Borders Council administrating works following issue of a notice for compliance, defect or danger.		20% of the cost of work plus VAT			0	£ -
Fee for Scottish Borders Council administrating works in relation to immediate dangers		20% of the cost of work plus VAT			0	£ -
Roads Planning						
Vehicular Access Consent - to form or alter access over public footway or verge	£0.00	£202.00	£300.00	48.51%	35	£ 3,430
Road adoption searches (extended boundaries)[5]			£80.00		25	£ 2,000
					TOTAL	**£ 31,632**

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[1] Fees set by national agency.

[2] Minimum fee is £200.00

[3] Minimum fee for single Part is £130.00. If more than one single Parts are requested, minimum fee is £200.00

[4] Plus advert costs

[5] New fee

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

SCOTTISH BORDERS COUNCIL **FEES & CHARGES** **Social Work & Practice**	**2020/21 Charge (excl.vat)**	**2021/22 Charge (excl.vat)**	**2022/23 Charge (excl.vat)**	**Increase %**	**Estimated Usage**	**Estimated Impact of Inflation Increase £'s**
Lunch Clubs (per meal)	£3.60	£3.70	£3.81	2.97%	0	£ -
Meals provided at Day Centres (per meal)	£3.60	£3.70	£3.81	2.97%	0	£ -
Meals at home (per meal)	£3.30	£3.40	£3.50	2.94%	40,000	£4,000
Residential[1]						
Residential Homes in house (per week)	£723.00	£744.69	£767.03	3.00%	0	£ -
External Residential - Single Min (per week)	£614.07	£614.07	£614.07	0.00%	273,659	£ -
External Residential - Shared (per week)	£589.07	£589.07	£589.07	0.00%	0	£ -
External Nursing - Single Min (per week)	£714.90	£714.90	£714.90	0.00%	195,576	£ -
External Nursing - Shared (per week)	£689.90	£689.90	£689.90	0.00%	0	£ -
Residential Respite - Max (per week)	£512.00	£512.00	£512.00	0.00%	0	£ -
Bordercare Alarms (per week)	£4.65	£4.80	£4.94	2.92%	52,142	£7,300
Intermediate Care - Max (free for first 42 days)	£614.07	£744.69	£744.69	0.00%	0	£ -
Enhanced Residential	£714.90	£714.90	£714.90	0.00%	0	£ -
					TOTAL	**£11,300**

[1] The above charges are those set by the Council, where specific contribution is required by service users. Clients financially assessed under Self-Directed Support will pay a contribution to all services received, based on their ability to pay.

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

SCOTTISH BORDERS COUNCIL **FEES & CHARGES** **Education & Lifelong Learning**	**2019/20 Charge (excl.vat)**	**2020/21 Charge (excl.vat)**	**2021/22 Charge (excl.vat)**	**2022/23 Charge (excl.vat)**	**Increase %**	**Estimated Usage**	**Estimated Impact of Inflation Increase £'s**
School lets - Standard Rate							
Assembly Hall - Per Band B Hall per hour[1]	£18.00	£18.50	£19.10	£19.70	3.14%	100	£ 60
Dining Hall per hour[1]	£10.50	£10.80	£11.15	£11.50	3.14%	100	£ 35
Library per hour[1]	£10.50	£10.80	£11.15	£11.50	3.14%	30	£ 11
Classroom per hour[1]	£5.50	£5.70	£5.90	£6.10	3.39%	50	£ 10
Craft Studio per hour[1]	£10.50	£10.80	£11.15	£11.50	3.14%	50	£ 18
Community Room per hour[1]	£5.50	£5.70	£5.90	£6.10	3.39%	200	£ 40
1 Court per hour[1]	£5.50	£5.70	£5.90	£6.10	3.39%	1,500	£ 300
2 Courts per hour[1]	£11.00	£11.40	£11.80	£12.20	3.39%	2,000	£ 800
3 Courts per hour[1]	£16.50	£17.00	£17.70	£18.30	3.39%	3,000	£ 1,800
4 Courts per hour[1]	£22.00	£22.80	£23.60	£24.40	3.39%	250	£ 200
Grass Pitch - all (per game up to 2 hours)[1]	£27.50	£28.50	£29.40	£30.30	3.06%	1,000	£ 900
Synthetic Pitch (2G)	£24.00	£25.00	£25.80	£26.60	3.10%	500	£ 400
Synthetic Pitch (2G) - Half Pitch	£12.00	£12.50	£12.90	£13.30	3.10%	3,000	£ 1,200

Discounts
Junior Use entitled to 33% discount

Commercial Rate
Twice Standard rate

Fees Music Instruction Fees							
Residential Fee per pupil[2]	£115.00	£115.00	£120.00	£120.00	0.00%	175	£ -
Early Learning Childcare							
Non funded childcare fee per hour[3]	£3.20	£3.20	£3.20	£4.00	25.00%	2,500	£ 2,000
Non funded childcare fee per day (8-10 hours)[3]	£22.00	£22.00	£22.00	£32.00	45.45%	1,400	£ 14,000
School Meals							
Primary Schools - Pupil Meal cost	£2.20	£2.30	£2.40	£2.40	0.00%	250,000	£ -
Primary Schools - Adult Meal cost	£2.70	£2.80	£2.90	£3.00	3.45%	3,000	£ 300
						TOTAL	**£22,073**

[1] No Vat on multiple lets of 10+ dates

[2] Non Refundable £15 deposit per child

[3] New to the list

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

SCOTTISH BORDERS COUNCIL **FEES & CHARGES** **Resilient Communities**	**2020/21 Charge (excl.vat)**	**2021/22 Charge (excl.vat)**	**2022/23 Charge (excl.vat)**	**Increase %**	**Estimated Usage**	**Estimated Impact of Inflation Increase £'s**

Customer Services - Registrars

Notice of Marriage & Civil Partnerships each[1 & 2]	£30.00	£30.00	£30.00	0.00%	335	£ -
Extract[1]	£10.00	£10.00	£10.00	0.00%	3,264	£ -
Religious Marriage[1 & 2]	£70.00	£70.00	£70.00	0.00%	265	£ -
Conducting Civil Marriage & Civil Partnership Registration in Office in Office Hours[1 & 2]	£125.00	£125.00	£125.00	0.00%	406	£ 3,654.00
Conducting Civil Marriage & Civil Partnership Registration in Office in Office Hours[1 & 2] (booking over 3 months away)			£175.00			
Conducting Civil Marriage & Civil Partnership Ceremony in Office out with office hours[5]	£298.00	£305.00	£315.00	3.28%		
Conducting Civil Marriage & Civil Partnership Ceremony in Office on Saturday (before 5 p.m.)[5]	£340.00	£350.00	£360.00	2.86%		
Conducting Civil Marriage & Civil Partnership Ceremony in Office on Saturday (after 5 p.m.)[5]	£410.00	£420.00	£430.00	2.38%		
Conducting Civil Marriage & Civil Partnership Ceremony in Office with 9 or more guests[5]	£290.00	£300.00	£310.00	3.33%		
Civil Partnership converting to same sex marriage[1]	£30.00	£30.00	£30.00	0.00%		
Conducting Civil Marriage & Civil Partnership on a Sunday/Public Holidays & New Year at any venue[5]	£410.00	£420.00	£440.00	4.76%		
Conducting Civil Marriage & Civil Partnership after 5pm in Office[5]	£370.00	£380.00	£390.00	2.63%		
Conducting Civil Marriage & Civil Partnership in other venue (Monday to Saturday before 5pm)[5]	£390.00	£400.00	£410.00	2.50%		
Conducting Civil Marriage & Civil Partnership in other venue (Monday to Saturday after 5pm)[5]	£410.00	£420.00	£430.00	2.38%		
Naming & Vow renewing ceremony (during Office Hours)	£150.00	£155.00	£200.00	29.03%	8	£ 360.00
Naming & Vow renewing ceremony (Saturday)	£150.00	£155.00	£200.00	29.03%		
Naming & Vow renewing ceremony (after 5pm)	£150.00	£155.00	£200.00	29.03%		
Naming & Vow renewing ceremony Sunday/Public Holidays, Christmas & New Year	£180.00	£180.00	£225.00	25.00%		
Genealogy - per hour[1]	£15.00	£15.00	£15.00	0.00%	0	£ -
Digros Print	£2.00	£2.00	£3.00	50.00%	12	£ 12.00
Extracts search fee[1 & 2]	£5.00	£5.00	£5.00	0.00%	63	£ -
Private Citizenship	£68.00	£70.00	£75.00	7.14%	5	£ 25.00
Blue Badges[1]	£20.00	£20.00	£20.00	0.00%	2,160	£ -

TOTAL	**£4,051**

[1] Fees set by national agency.

[2] Fees set by national agency, in some instances these were previously incorrectly published for 2018/19 and 2019/20. All fees were charged at the correct level which were less than the previously published Fees and Charges.

[3] New to the list

[4] Some fees and charges have not been increased, as these are quite high and there is low demand.

[5] Fee now includes a non-refundable deposit of £50. This replaces the ceremony advance booking fee (£40).

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

SCOTTISH BORDERS COUNCIL FEES & CHARGES Finance & Corporate Governance Environmental Health	2020/21 Charge (excl.vat)	2021/22 Charge (excl.vat)	2022/23 Charge (excl.vat)	Increase %	Estimated Usage	Estimated Impact of Inflation Increase £'s

Pest Control

Eradication (domestic premises) of wasps	£49.50	£49.50	£51.00	3.03%	455	£ 683
Eradication (domestic premises) of ants	£57.25	£59.00	£61.00	3.39%	50	£ 100
Eradication (domestic premises) of insects	£57.25	£57.25	£59.00	3.06%	20	£ 35
Eradication (domestic premises) of rats/mice including re-visit	£70.00	£73.33	£76.00	3.64%	150	£ 401
Eradication (domestic premises) of moles	Individually priced and a quotation provided				0	£ -
Eradication (domestic premises) of fleas[1] in up to 2 bedroom property. Additional bedroom fee £25.00 - quotation required for over 6 bedrooms	£63.50	£67.00	£69.00	2.99%	20	£ 40
Eradication (domestic premises) of bed bugs[1] in up to 2 bedroom property. Additional bedroom fee £40.00 - quotation required for over 6 bedrooms	£100.00	£105.00	£108.00	2.86%	5	£ 15
Eradication (commercial premises non-farm) of wasps	£51.00	£51.00	£53.00	3.92%	15	£ 30
Eradication (commercial premises non-farm) of ants	£66.50	£68.50	£71.00	3.65%	15	£ 38
Eradication (commercial premises non-farm) of insects	£66.50	£66.50	£68.00	2.26%	15	£ 23
Eradication (commercial premises non-farm) of rats/mice[1] including re-visit	£80.00	£83.33	£86.00	3.20%	9	£ 24
Eradication (commercial premises non-farm) of moles	Individually priced and a quotation provided				0	£ -
Eradication (commercial premises non-farm) of flees	Individually priced and a quotation provided				0	£ -
Eradication (commercial premises non-farm) of bed bugs	Individually priced and a quotation provided				0	£ -

0

Annual contracts for pest control for agricultural & commercial premises are costed individually

Stray Dog Re-Claiming Fee	£100.00	£100.00	£100.00	0.00%	65	£ -

Animal Licensing

Selling Animals as Pets	£90.00	£374.00	£374.00	0.00%	3	£ -
Breeding of Animals- Dogs, Cats & Rabbits (1-3 years dependent on risk assessment)	£153.00	£360.00	£360.00	0.00%	6	£ -
Venison Dealers (3 years)	£115.00	£142.80	£147.00	2.94%	1	£ 4
Riding Establishments (1 year)[2]	£90.00	£111.60	£120.00	7.53%	21	£ 176
Dangerous Wild Animals (1 year)[2]	£91.00	£112.80	£116.00	2.84%	0	£ -
Animal Boarding Establishments (1 year)	£153.00	£189.60	£195.00	2.85%	41	£ 221
Zoo (4 years)	£450.00	£464.00	£478.00	3.02%	1	£ 14
Animal Welfare Establishment	£0.00	£280.00	£280.00	0.00%	0	£ -
Rehoming Animals (outwith an animal welfare establishment (25% discount applied for charities))	£0.00	£337.00	£337.00	0.00%	0	£ -

Fish Levy (charge is per hour - minimum charge 1 hour)[3]		£71.00	£73.00	2.82%	0	£ -

Health Certificates

(charge is per hour - minimum charge 1 hour)

Export Health Certificates (Food)	£69.00	£71.00	£73.00	2.82%	800	£ 1,600
Export Health Certificates (Food) - outwith office hours		£106.00	£109.00	2.83%	0	£ -
Additional Charges:						
Attestation[3]		£71.00	£73.00	2.82%	4	£ 8
Correction / Re-issue of a Certificate	£23.25	£24.00	£25.00	4.17%	2	£ 2
Copies of a Certificate	£23.25	£24.00	£25.00	4.17%	0	£ -
Charge for a Certificate issued at point of entry rather than the originating authority.	£82.50	£85.00	£88.00	3.53%	0	£ -
Request for Country / Region / Product specific Certificate where there is an absence of a DEFRA agreed format.	£90.00	£93.00	£96.00	3.23%	0	£ -

Public Health Funerals

Recovery of funeral costs under section 50 of the National Assistance Act 1948	£210.00	£217.00	£224.00	3.23%	2	£ 14

Abandoned Vehicles4

Abandoned vehicle - uplift	£150.00	£150.00	£150.00	0.00%	10	£ -
Abandoned vehicle - storage - fee per 24 hour storage	£20.00	£20.00	£20.00	0.00%	10	£ -
Abandoned vehicle - disposal	£150.00	£150.00	£150.00	0.00%	10	£ -

Immigration Visa Property Inspections

Visit / Inspection Fee	£75.00	£ 77.50	£80.00	3.23%	1	£ 3
Revisit Fee	£37.50	£ 38.75	£40.00	3.23%	1	£ 1
Issue of letter /report	£32.00	£ 33.00	£34.00	3.03%	1	£ 1

Private Water Supply

Information enquiries - per officer per hour[3]		£ 55.50	£57.00	2.70%	20	£ 1,110
No access visit fee -per officer per hour[3]		£ 55.50	£57.00	2.70%	4	£ 222

The Water intended for Human Consumption (Private Supplies) (Scotland) Regulations 2017

Regulated (Large/Commercial/Public Activity) Supplies

Initial supply sample visit fee[5] - per officer for single property (£57.00 per officer per property for multiple properties)	£75.00	£77.50	£80.00	3.23%	350	£ 875
Subsequent supply sample visit fee[5] - per hour per officer	£53.50	£55.50	£57.00	2.70%	800	£ 1,200
Supply sample failure notification and investigation fee[5] - per hour per officer	£53.50	£55.50	£57.00	2.70%	800	£ 1,200
Analysis of monitoring parameters[5]	As per Scottish Water laboratory costs				0	£ -
Additional monitoring	As per Scottish Water laboratory costs				0	£ -
Laboratory sample transfer fee per property sampled[3]	£0.00	£5.00	£5.00	0.00%	1,000	£ -
Risk Assessment (Preparatory work)[5]	£75.00	£0.00	£0.00	0.00%	300	£ -

SCOTTISH BORDERS COUNCIL FEES & CHARGES Finance & Corporate Governance Environmental Health	2020/21 Charge (excl.vat)	2021/22 Charge (excl.vat)	2022/23 Charge (excl.vat)	Increase %	Estimated Usage	Estimated Impact of Inflation Increase £'s
Risk assessment preparatory work[5] - per hour per officer	£0.00	£55.50	£57.00	2.70%	500	£ 750
Risk assessment site visit[5] - per hour per officer	£53.50	£55.50	£57.00	2.70%	300	£ 450
Risk assessment write up & issue of information[5] - per hour per officer	£53.50	£55.50	£57.00	2.70%	500	£ 750
Risk Assessment Review (Preparatory work)	£75.00	£0.00	£0.00	0.00%	120	£ -
Risk assessment review preparatory work - per hour per officer	£0.00	£55.50	£57.00	2.70%	200	£ 300
Risk assessment review failure investigation - per hour per officer	£53.50	£55.50	£57.00	2.70%	120	£ 180
Risk assessment review 5 yearly update or inadequacy - per hour per officer[3]	£0.00	£55.50	£57.00	2.70%	120	£ 180

The Private Water Supplies (Scotland) Regulations 2006

Type B Supplies (2017 Regulations - Exempt Supplies)4

Sample visit fee[5] - per single property (£50 per property for multiple properties)	£70.00	£70.00	£70.00	0.00%	60	£ -
Analysis of monitoring parameters[5]	As per Scottish Water laboratory costs				60	£ -
Additional monitoring[5]	As per Scottish Water laboratory costs				60	£ -
Risk assessment preparatory work[5]	£70.00	£70.00	£70.00	0.00%	50	£ -
Risk assessment site visit & report (per property or supply)[5]	£50.00	£50.00	£50.00	0.00%	50	£ -

Non Statutory

Mains Supplies (2017 Regulations - Exempt Supplies)

Sample visit charge - per hour per officer	£56.00	£ 58.00	£60.00	3.45%	5	£ 10
Analysis of monitoring parameters	As per Scottish Water laboratory costs				5	

Trading Standards

Weights and Measures Act 1985

Weighing instruments

Not exceeding 15kg	£38.20	£39.40	£41.00	4.06%	2	£ 3
Exceeding 15kg to 100kg	£56.75	£58.50	£60.00	2.56%	2	£ 3
Exceeding 100kg to 250kg	£80.50	£83.00	£85.00	2.41%	1	£ 2

Fees for the purpose of Section 74(2) and (4) of the 1985 Act

The fee to be paid for the adjustment of any weight or measure in the course of a service provided pursuant to Section 74 of the Act, shall be the same as the amount prescribed as the fee for testing it (plus VAT)	£103.00	£106.00	£109.00	2.83%	5	£ 15

Charge for the issue of a Calibration Certificate on the accuracy of any weight or measure	£31.00	£32.00	£33.00	3.13%	6	£ 6

TOTAL	**£10,688**

[1] Price may vary depending on the extent of the infestation and a quotation will be provided

[2] Wherever a veterinary inspection is required, the applicant will be required to pay the veterinary inspection fee.

[3] New fee

[4] Already at statutory max.

[5] Where sampling of a private water supply (PWS) is undertaken for risk assessment or grant purposes, the above charges will not be made where the provisions of Scottish Government PWS Information Letter 2/2014: Financial Implications - Reimbursement claims under Section 47 of the Local Government in Scotland Act 2003 ("PWS Information Letter 2/2014") are appropriate and can be applied.

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

SCOTTISH BORDERS COUNCIL **FEES & CHARGES** **Finance & Corporate Governance** **Civic Government**	**2020/21 Charge (excl.vat)**	**2021/22 Charge (excl.vat)**	**2022/23 Charge (excl.vat)**	**Increase %**	**Estimated Usage**	**Estimated Impact of Inflation Increase £'s**
Civic Government : Taxis etc.						
Taxi/Private Hire Operator [1]	£648.00	£669.00	£690.00	3.14%	276	£ 1,932
Taxi/Private Hire Driver (1 year)	£93.00	£96.00	£99.00	3.13%	333	£ 999
Replacement Driver’s Badge	£15.00	£16.00	£17.00	6.25%	0	£ -
Substitute Vehicle	£98.00	£101.00	£104.00	2.97%	10	£ 30
Change of Use from Taxi to Private Hire & Private Hire to Taxi Licence	£72.00	£74.00	£76.00	2.70%	0	£ -
Taxi Booking Office (3 years)	£236.00	£243.00	£250.00	2.88%	0	£ -
Other Civic Government Licensing:						
Second Hand Dealers (3 years)	£201.00	£207.00	£213.00	2.90%	58	£ 348
Street Traders (3 years)	£225.00	£232.00	£239.00	3.02%	17	£ 119
Street Trader employee (duration of employers licence)	£66.00	£68.00	£70.00	2.94%	4	£ 8
Market Operators (3 years)	£279.00	£288.00	£297.00	3.13%	22	£ 198
Metal Dealers (3 years)	£258.00	£266.00	£274.00	3.01%	0	£ -
Itinerant Metal Dealer (3 years)	£258.00	£266.00	£274.00	3.01%	16	£ 128
Indoor Sports Entertainment (3 years)	£169.00	£174.00	£179.00	2.87%	3	£ 15
Late Hours Catering (3 years)	£374.00	£385.00	£397.00	3.12%	11	£ 132
Sex Shops (3 years)	£670.00	£690.00	£711.00	3.04%	0	£ -
Knife Dealer (3 years)	£258.00	£266.00	£274.00	3.01%	1	£ 8
Skin Piercing and Tattooing (1 year Grant)	£201.00	£207.00	£213.00	2.90%	0	£ -
Skin Piercing and Tattooing (3 Years renewal)	£201.00	£207.00	£213.00	2.90%	7	£ 42
Ear Piercing Only (1 year grant)	£131.00	£135.00	£139.00	2.96%	0	£ -
Ear Piercing Only (3 years renewal)	£131.00	£135.00	£139.00	2.96%	3	£ 12
Public Entertainment:						
Commercial (3 years)	£584.00	£602.00	£620.00	2.99%	0	£ -
Commercial (1 year)	£197.00	£203.00	£209.00	2.96%	1	£ 6
Commercial Funfair (temporary):						
1-5 stalls	£53.00	£55.00	£57.00	3.64%	25	£ 50
6-20 stalls	£169.00	£174.00	£179.00	2.87%	4	£ 20
21 or more stalls	£335.00	£345.00	£355.00	2.90%	5	£ 50
Non-commercial (3 years)	£169.00	£174.00	£179.00	2.87%	60	£ 300
Non-commercial (1 year)	£58.00	£60.00	£62.00	3.33%	1	£ 2
Non-commercial (temporary)	£42.00	£44.00	£45.00	2.27%	60	£ 60
Other temporary licences	£85.00	£88.00	£91.00	3.41%	41	£ 123
Civic Government : General						
Application for Material Change	£34.00	£35.00	£36.00	2.86%	0	£ -
Issue of Duplicate Licence	£33.00	£34.00	£35.00	2.94%	0	£ -
Certified true copy of entry in register	£33.00	£34.00	£35.00	2.94%	0	£ -
Miscellaneous Licensing:						
Cinemas – Annual	£303.00	£312.00	£321.00	2.88%	1	£ 9
Residential Caravan Sites	£618.00	£637.00	£656.00	2.98%	0	£ -
Houses in Multiple Occupation (HMO) (3 years)	£590.00	£608.00	£626.00	2.96%	18	£ 324
Democratic Services						
Property Clearance Certificates	£83.00	£85.00	£88.00	3.53%	15	£ 45.00
Street Naming	£160.00	£165.00	£170.00	3.03%	21	£ 105.00
Property Numbering	£79.00	£81.00	£83.00	2.47%	300	£ 600.00
Property Re-naming	£79.00	£81.00	£83.00	2.47%	5	£ 10.00
					TOTAL	**£ 5,675**

NOTE

[1] Operators may pay in three annual instalments which may then be subject to approved increases.

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

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CAPITAL PROGRAMME 2022-29 – INVESTMENT IN PLAY AREAS AND OUTDOOR COMMUNITY SPACES

Report by Director Infrastructure and Environment

SCOTTISH BORDERS COUNCIL

22 February 2022

1 PURPOSE AND SUMMARY

1.1 This report sets out proposed priorities for delivery of investment in play areas and outdoor community spaces across the Borders for 2022-2029, building on the strategic investment programme approved in 2018. This report also proposes the establishment of an Elected Members Reference Group to oversee delivery.

1.2 The 2022/23 Capital Investment Plan, which is being presented to Council elsewhere on this agenda includes funding of £4.048m into Play Areas and Outdoor Community Spaces. This investment aims to improve community wellbeing and enhance outdoor activity opportunities for all ages. With the programme of original commitments nearing completion, a further programme of prioritisation for investment is now required. On this basis Officers have met with Ward Members to review future priorities for investment and, taking this into account, have prepared a proposed programme for investment over the next seven years. Parks & Environment will work with colleagues in the Communities and Partnerships Team to undertake local community engagement at the development stage throughout the investment programme in relation to the Council's Participatory Budgeting commitment.

2 RECOMMENDATIONS

2.1 **I recommend that Scottish Borders Council:-**

(a) Approve the proposed programme of work set out in Appendix A.

(b) Approves the establishment of a Members Reference Group to support the delivery and ongoing review of the proposed programme and appoints the Members of that Group.

(c) Agrees that recommendations on future changes to this programme will be highlighted as part of the established Financial Monitoring process to the Executive Committee.

3 BACKGROUND

3.1 The Scottish Borders currently has 187 play parks, including those located within schools, ranging from smaller local areas of play (LAPs) to strategic destination play areas. Since May 2018 Scottish Borders Council has, through a programme of investment, invested £2.1m, with a further £0.647m forecast in 2021/22 in enhancing this network of play areas and community spaces, aimed at providing high quality facilities in strategic locations to encourage play, greater physical activity and outdoor access for children and young people. As part of this, destination play areas have been delivered in Harestanes, Galashiels, Kelso, Peebles, Hawick, Coldstream and Newtown St Boswells, with further projects to be delivered in Jedburgh, Duns, Eyemouth and Earlston.

3.2 As part of this approved programme, Scottish Borders Council has undergone a rationalisation of play facilities which has seen some facilities become decommissioned based on low play value or need. This programme of approved decommissioning is ongoing as planned. While this sets the context for targeting future investment, no further decommissioning of play parks is proposed under the programme outlined in this report.

3.3 Further to the success of this investment, Scottish Borders Council has undertaken a review of future priorities within the network of play areas and community spaces based on local need, distribution and community accessibility. As part of this process Officers have met with Ward Members across all 11 Wards to identify local priorities, considered alongside a suitability and condition assessment. While these priorities are mapped out against current budget projections, it is recognised that there needs to be flexibility within this programme to respond to any changes in local priorities, community aspirations and any new or emerging local or national funding opportunities that may arise. In this regard, the establishment of the Member Reference Group would provide support throughout the programme.

3.4 The Council recognises the importance of these spaces and places as part of vibrant, sustainable and healthy communities. The investment allows the Council to deliver significant benefits across the Borders through taking a more strategic approach, with the flexibility to respond to opportunities and community aspirations.

4 PROPOSED PROGRAMME OF DELIVERY - PLAY AREAS AND OUTDOOR COMMUNITY SPACES

4.1 Appendix A outlines a proposed programme of capital investment over the next 7 years. These proposed projects have been identified, building on the previous round of investment, working with communities and Members to address areas of need.

4.2 As part of the investment programme, it is noted that there are no further proposals to decommission any play park assets other than those previously agreed. Therefore the investment will increase the number of assets and the associated statutory safety inspection duties.

4.3 It is proposed community engagement is undertaken throughout the development of this investment programme of proposals, working with Community Engagement officers in relation to the wider Council's Participatory Budgeting commitment.

5 MEMBERS REFERENCE GROUP

5.1 It is proposed that the delivery of the investment programme is overseen by a Members Reference Group, with support from Officers. The primary purpose of the Members Reference Group will be to maintain a strategic overview of the programme. The Group will:

- oversee the procurement and delivery of the programme
- support community consultation and participatory budgeting in the delivery of the projects
- make recommendations as appropriate on any changes to the programme reflective of emerging constraints and opportunities

5.2 It is proposed that the Group would meet biannually to review the programme against these parameters. It's proposed that Membership of the group would comprise the Council Convenor as Chair, the Executive Member for Community Development and Localities and representative Member from each of the 5 Area Partnerships. Support to the group will be provided by appropriate Council Officers.

6 IMPLICATIONS

6.1 Financial

(a) The proposed programme of work detailed in Appendix A will be funded from the existing Play Areas and Outdoor Community Spaces block, with additional Development Contributions of £0.059m:

	2022/23	2023/24	2024/25	Total Operational Plan	Total Strategic Plan	Total Capital Plan
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Total Investment as per Appendix A	1,635	764	518	2,917	1,131	4,048

(b) Officers will maximise the use of further Development Contributions where available.

(c) The above proposal does not include the Scottish Governments Play Park Renewal funding, once funding levels for 2022/23 and beyond are notified these will be highlighted as part of the established financial monitoring process to the Executive Committee.

(d) The Council has a Play Park Replacement Fund to allow for replacement of facilities at the end of their useful life.

(e) Further work has to be undertaken to assess the additional required inspections and maintenance regimes from the creation of these new facilities, and how this can be funded from within existing resources.

6.2 Risk and Mitigations

(a) There is a risk that as a project progresses through the various phases from inception to construction and commissioning, adjustments will be required to the phasing of the projects delivery or cost estimate, or that the project may not be able to be progressed as anticipated, resulting in the potential for reputational damage through e.g. a failure to deliver on expectations. These risks will be managed through regular capital project monitoring meetings with budget holders and project managers.

(b) With reference to the above noted risks and in order to capitalise on any potential opportunities that may arise during the lifecycle of the project, Elected Members are encouraged to approve the creation of a Members Reference Group, as outlined in Section 5 of the report. Building on the mitigations noted above this group will act as an additional layer of oversight for the project, and by doing so, help to ensure the successful delivery of the project and the realisation of subsequent positive impacts for local communities.

(c) Furthermore, as this project has and will continue to engage with various stakeholders it serves to have a positive bearing on both corporate and service risks that have been identified, recorded and continue to be managed in relation to stakeholder & community engagement and community empowerment. This is achieved by enabling communities to share their views in the development of plans that will directly affect them and raise any subsequent concerns, thus also helping to reduce reputational damage associated with failing to engage or involve communities in local decision making. In conjunction, and with reference to Section 4.3 there is also an opportunity to have a positive impact the Council's Participatory Budgeting commitments.

(d) Lastly, approval of this project presents an opportunity to contribute towards achieving the 'Empowered, Vibrant Communities' and 'Good Health and Wellbeing' Outcomes as outlined in the draft Council Plan, should it be approved, in terms of engagement, participation and access to quality leisure activities.

6.3 Integrated Impact Assessment

(a) The Council has a statutory obligation to eliminate unlawful discrimination, harassment and victimisation; advance equality of opportunity between people who share a characteristic (age, disability, gender re-assignment, trans/transgender identity, marriage or civil partnership, pregnancy and maternity, race groups, religion or belief, sex-gender identity, and sexual orientation) and those who do not; and foster good relations between people who share a characteristic and those who do not. This involves tackling prejudice and building understanding. Additionally, where proposals are "strategic", the Fairer Scotland Duty requires us to show that we have actively considered how we can reduce socio-economic inequalities in the decisions that we make and to publish a short written assessment on how we have done this.

(b) The programme will not disproportionately impact on grounds of equality, poverty, health and socio-economic disadvantage. The proposal will increase the quality/amount of facilities for play for young people in lower income areas, areas of material deprivation and rural areas. The proposed community engagement will ensure that the delivery of the programme meets local needs and is inclusive.

6.4 **Sustainable Development Goals**
The proposals have been assessed as contributing positively towards the UN Sustainable Development Goals 1, 3, 4, 11, 12, and 16;

	UN SD Goal	**Impact**
1	End poverty in all its forms everywhere	The proposal will increase the quality/amount of facilities for play for young people in lower income areas, which will encourage local activity and support community cohesion/quality of life
3	Ensure healthy lives and promote wellbeing for all at all ages	The proposal will increase the quality/amount of locally accessible facilities for play for young people who can access it on foot or by cycle. Proposals will be developed with community input.

4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all potential	The proposal will increase the quality/amount of facilities for learning through play in communities
11	Make cities and human settlements inclusive, safe resilient and sustainable	The proposal will increase the quality/amount of facilities for safe play within their public spaces
12	Ensure sustainable consumption and production patterns	The procurement exercise for the investment will adhere to sustainable procurement principles in accordance with SBC guidelines
16	Promote peacful and inclusive societies for sutainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	The proposals will be developed through a community engagement process adopting participatory budgeting principles.

6.5 **Climate Change**
The proposal will increase locally accessible community facilities, reducing the need for car journeys, thereby contributing positively to the 20 minute neighbourhood model (contextualised for rural communities). The proposal will also enhance local amenities and provide local infrastructure for recreation, skills development for young people and health and wellbeing. The procurement exercises that will be undertaken throughout the programme will seek to ensure sustainably sourced materials are included wherever possible, in accordance with circular economy principles and minimising resource use.

6.6 **Rural Proofing**
The proposed programme of investment has been assessed against the rural proofing checklist and no negative impacts were identified.

6.7 **Data Protection Impact Statement**
There are no personal data implications arising from the proposals contained in this report.

6.8 **Changes to Scheme of Administration or Scheme of Delegation**
There are no proposed changes to the Scheme of Administration or Scheme of Delegation.

7 CONSULTATION

7.1 The Executive Director (Finance & Regulatory), the Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Service Director HR & Communications, the Clerk to the Council and Corporate Communications have been consulted and comments have been incorporated into the final report.

Approved by

Name **Title**
John Curry **Director – Infrastructure & Environment**

Author(s)

Name	Designation and Contact Number
Craig Blackie Carol Cooke	Parks & Environment Manager, ext 8036 Greenspace Manager, ext 5537

Background Papers: Capital programme 2018/19 – Investment in Play areas and outdoor community spaces, Scottish Borders Council 31 may 2018

Previous Minute Reference: Scottish Borders Council, 31 May 2018 – Item 9
https://scottishborders.moderngov.co.uk/documents/g3726/Public%20minutes%2031st-May-2018%2010.00%20Scottish%20Borders%20Council.pdf?T=11

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

Contact us at Jacqueline Whitelaw, PLACE, Business Support, Scottish Borders Council, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA, Tel 0300 100 1800, email JWhitelaw@scotborders.gov.uk.

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Play Areas & Outdoor Community Spaces

		Planned Programme							
AREA	**SITE NAME**	**2022/23 £'000's**	**2023/24 £'000's**	**2024/25 £'000's**	**2025/26 £'000's**	**2026/27 £'000's**	**2027/28 £'000's**	**2028/29 £'000's**	**Total £'000's**
COMMITTED PROJECTS									
Berwickshire	Duns Public Park	198							198
Cheviot	Jedburgh Allerley Well Park	200							200
Cheviot	Jedburgh Skate Park	270							270
Tweeddale	Peebles Victoria Park Skate Park	200							200
Berwickshire	Reston	77							77
Eildon	Earlston NEW play park (PS)		300						300
Berwickshire	Eyemouth NEW playpark & skate park				450				450
PROPOSED PROJECTS									
Berwickshire	Gavinton	60							60
Cheviot	St Boswells Jenny Moore's Road	180							180
Eildon	Newstead The Orchard	60							60
Eildon	Selkirk Bog Park	60							60
Berwickshire	Chirnside		60						60
Cheviot	Kelso High Croft		60						60
Teviot & Liddesdale	Hawick Sleepy Valley, Burnfoot		200						200
Eildon	Galashiels Woodstock Avenue		80						80
Berwickshire	Paxton			60					60
Cheviot	Heiton			60					60
Teviot & Liddesdale	Newcastleton			200					200
Tweeddale	Peebles Eliots Park			60					60
Tweeddale	Walkerburn Alexandra Park			100					100
Teviot & Liddesdale	Denholm The Loaning				60				60
Teviot & Liddesdale	Hobkirk				60				60
Berwickshire	Ayton					60			60
Cheviot	Nisbet					60			60
Eildon	Fountainhall Recreation Field						80		80
Teviot & Liddesdale	Hawick Moat Park							170	170
Eildon	Midlem							60	60
Tweeddale	Peebles Glen Crescent Juniors							60	60
Play Park Investment		**1,305**	**700**	**480**	**570**	**120**	**80**	**290**	**3,545**

OTHER WORKS/COSTS									
Hawick Walled Garden Glass house		60							60
Duns Public Park Drainage Works (estimate)		58							58
Innerleithen Public Park Drainage & Surfacing Works (estimate £		130							130
Management Fee		82	64	38	45	10	6	10	255
Total Programmed Works		**1,635**	**764**	**518**	**615**	**130**	**86**	**300**	**4,048**

RESERVE LIST		
AREA	**LOCATION**	**£'000's**
Berwickshire	Hutton	60
Berwickshire	Greenlaw Town Hall	60
Berwickshire	St Abbs	60
Berwickshire	Gordon	60
Berwickshire	Westruther	60
Cheviot	Roxburgh	60
Eildon	Selkirk Fairfield Crescent	60
Eildon	Ashkirk	60
Eildon	Ettrickbridge	60
Eildon	Melrose Priors Walk	60
Eildon	Heriot	60
Eildon	Lilliesleaf	60
Teviot & Liddesdale	Bonchester Bridge	60
Tweeddale	Innerleithen Caddon Court	60
Tweeddale	Broughton	60
Tweeddale	Romanno Bridge Halmyre Loan	60

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