

**TELFORD & WREKIN COUNCIL**

**CABINET – 10 NOVEMBER 2011  
COUNCIL – 24 NOVEMBER 2011**

**100 DAY REVIEW OF 2011/12 SERVICE & FINANCIAL PLANNING  
STRATEGY**

**REPORT OF THE INTERIM CHIEF EXECUTIVE AND CHIEF FINANCE  
OFFICER**

**1. PURPOSE**

- 1.1 To set out final proposals to revise the Council's capital programme and the revenue budget for 2011/12 following completion of consultation on the proposals approved by the Cabinet on 26 July 2011.

**2. SUMMARY**

- 2.1 The Cabinet approved a set of proposed amendments to the budget that had been set by full Council in March at their meeting held on 26th July 2011.
- 2.2 These amendments particularly focussed on reducing the ongoing cost of servicing outstanding debt. Proposals included halting the planned construction of new Civic Offices which alone will generate ongoing annual savings of £1.1m. Other proposals included scaling back other capital projects but it was also proposed that some of these savings should be used to increase investment in the maintenance of roads and footpaths.
- 2.3 In total the proposals to reduce the cost of outstanding borrowings will generate savings of £0.567m in 2011/12 rising to ongoing annual savings of £2.935m by 2015/16.
- 2.4 Other proposals included in the report, and also included in financial monitoring reports, were expected to generate a net revenue saving of over £1m during the current year giving a total expected revenue saving in 2011/12 of £1.6m.
- 2.5 An extensive range of consultation took place over the summer to seek people's views on our budget proposals, along with what people's priorities are for the future and what they think the Council should be doing differently to save more money. Over 3,000 people participated in total, with 669 giving their views on the 100 day budget specifically. Results from this exercise relating to the 100 day budget proposals were generally extremely positive.

- 2.6 An equality impact assessment has also been completed and has not identified specific issues that need to be addressed. It has identified a number of positive impacts that can be expected from the proposals. It has also confirmed the need for further engagement regarding Community Hub services and Newport regeneration.
- 2.7 Cabinet are therefore asked to reaffirm the recommendations from the 26<sup>th</sup> July Cabinet report. These proposals will amend the Council's budget framework and, if approved by Cabinet, will therefore be considered at full Council on 24<sup>th</sup> November 2011.
- 2.8 This report primarily deals with changes to the budget approved for the current year. The draft service and financial planning strategy for 2012/13 and future years will be considered at Cabinet on 22<sup>nd</sup> December 2011 with publication of the proposals taking place in mid December 2011. Publication of the proposals will commence a third phase of consultation which will focus on the overall service and financial planning strategy for 2012/13 and future years.

### **3. RECOMMENDATIONS**

**Members are asked to note the results of the consultation exercise and to approve the following recommendations for consideration by Council on 24<sup>th</sup> November 2011:-**

- 3.1 The cancellation of the planned building of new Civic Offices to generate additional ongoing revenue savings of over £1.1m p.a.**
- 3.2 The development of a Community Hub in the Southwater area of Telford Town Centre which will provide customer access to Council services and a new library. The Community Hub could also provide space for community groups/organisations, and other public sector bodies – making the Community Hub a Cooperative Council centre.**
- 3.3 Changes to other capital projects and the generation of additional capital receipts generating ongoing revenue benefits of over £1.75m pa**
- 3.4 A much stronger emphasis on improved procurement processes in order to deliver savings which reduce the overall impact of grant cuts on front-line services.**
- 3.5 Increased investment in the maintenance of roads and pavements of a further £1.3m capital in 2012/13 and £0.25m in 2013/14 over and above the existing approved capital programme;**
- 3.6 Investment of £2.3m in a regeneration scheme for Hadley and £1.9m for Oakengates;**

- 3.7 Creation of a capital budget of £45k to match fund projects of up to £7.5k in each of the 6 Borough Town areas;**
- 3.8 Reinstatement of free swimming for under 16s with a flex card**
- 3.9 Allocation of up to £0.6m one-off funding to provide additional support for employees facing compulsory redundancy;**
- 3.10 Contributing £25k one off funding to a small business loans fund;**
- 3.11 Creation of a Co-operative Council initiatives budget of £15k;**
- 3.12 Carrying forward revenue benefits identified in the report of around £1.6m as a one-off benefit to help support the budget for 2012/13 together with any unspent element of the contingency at year end;**
- 3.13 Note the responses to the engagement exercise included in section 8 and Appendix 1 and the comments of the Budget & Finance Scrutiny Committee included as Appendix 3 of this report.**

**3.14 Summary of the net Revenue budget savings from the proposals**

The net savings generated by the proposals contained in this report for the Council's revenue budget, are summarised in the table below:-

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Ongoing £m
Impact of changes made to capital programme and benefit of additional capital receipts (see paragraph 7.8)	(0.567)	(1.191)	(1.603)	(2.747)	(2.935)
Impact of revenue items (see paragraph 7.10.iv)	(1.035)	2012/13 -2014/15 proposals and baseline position will be developed in accordance with the normal budget timetable and public consultation			
<b>Overall saving</b>	<b>(1.602)</b>				

The review focussed on delivering further savings in both the current year (2011/12) revenue budget and four year capital programme in order to reduce the future service impact of government grant cuts. The changes proposed will also feed into the 2012/13- 2014/15 service & financial planning process for which an overall strategy and specific proposals are currently being worked on for initial consultation with those service users likely to be most affected by the proposals for 2012/13. This phase of consultation will be undertaken prior to finalisation of an overall package for consideration by Cabinet in

December. In order to allow sufficient time for this second phase of consultation on the initial proposals with service users which will also help to inform equality impact assessments and proper consideration of the results from this consultation exercise, it is now proposed that the Service & Financial Planning strategy for 2012/13 should be considered at Cabinet on 22<sup>nd</sup> December 2011. Publication of this draft strategy in mid December will commence the third phase of consultation focussing on this overall proposed strategy.

#### **4. THE FINANCIAL CONTEXT FOR THE COUNCIL**

- 4.1 The Council agreed its budget for 2011/12 at the Council meeting held on 3rd March 2011. The report considered by Council highlighted that Government grants to the Council had been cut by £13.6m this year with a further cut in grant announced of £5.3m in 2012/13. These reductions were on top of cuts of £3m announced during the 2010/11 financial year. Allowing for the impact of inflation and the further cuts expected in 2013/14 and 2014/15, the council is facing a total reduction in grants from the Government in real terms of around £40m. Due to the scale and very significant front-loading of the cuts in grants, the Council set a budget for 2011/12 which was heavily reliant on the use of £9.2m of one-off resources in order to be able to phase in reductions in spending.
- 4.2 As well as the significant grant cuts, the Council faces a number of other financial pressures including pressure on budgets from comparatively high rates of inflation and increased taxes payable to the Government of £1.25m pa. There are also many service pressures, particularly on care services for children and adults.
- 4.4 Given the use of £9.2m of one off resources to support the budget in 2011/12 and the further grant cuts and under-lying budget pressures facing the council in 2012/13 significant further efficiencies and cuts will be needed to help bridge the projected budget gap facing the Council in future years.
- 4.5 Projections beyond 2012/13 have a high degree of uncertainty because the Council only received a 2 year grant settlement covering 2011/12 and 2012/13 pending a major review of the local government finance system with no details yet available of how this may impact on the Council. However based on the national planning totals announced in the October 2010 Comprehensive Spending Review further grant cuts of at least £4.8m are expected over the 2013/14 – 2014/15 period on top of underlying base budget pressures, inflationary pressures, any pay awards and demographic pressures in adult services are built in.
- 4.6 The Service & Financial Planning report considered at Cabinet in September included the following projections of the scale of the budget gap facing the Council over the next three years. (NB these figures are cumulative so should ongoing savings of £21.1m be implemented in

2012/13 the further gap for 2013/14 would be £6.2m) These projections reflected the savings that would accrue from the 100 Day Budget Review if approved.

2012/13 £m	2013/14 £m	2014/15 £m
21.1	27.3	31.4

## 5. **THE POLICY CONTEXT FOR THE COUNCIL**

5.1 The Council, as a member of the Local Strategic Partnership (LSP), remains fully committed to the realisation of the partnership’s long-term vision of “**a successful, prosperous and healthy community which offers a good quality of life for all the people of Telford & Wrekin**” that has been developed in consultation with the community.

5.2 Specifically, the new administration wants Telford & Wrekin to be a ***diverse, caring and enterprising Borough***. Through the Summer, the Council also carried out a comprehensive programme of consultation and engagement with the community to listen to, understand and respond to its views on medium and long-term priorities for the Borough, our thoughts remain that our approach must, as a minimum be focused on the realisation of seven key outcomes:

- Telford & Wrekin will be a great place to do business with higher levels of investment and business growth;
- Lower levels of poverty and social exclusion and greater well-being of households through higher numbers of residents in employment;
- Vulnerable children, young people and adults are safeguarded from harm and neglect;
- Even more children and young people are on the path to success in adult life through the provision of good quality education, training and jobs;
- A safe and cohesive place where people are empowered and have the confidence to play active roles in their communities;
- Improved health of people which enables them to live active, positive and independent lives;
- Mixed and sustainable communities with an increased supply of new housing, improved existing homes, and a high quality physical environment.

## 6. **GUIDING PRINCIPLES**

The Council’s budget review was framed around a number of guiding principles. The Council’s guiding principles, which should inform and direct our strategy, are:

- To develop spending plans that are based on and address the community's needs and priorities;
- Be open and transparent in how resources are spent across the Borough, but target spend at issues and areas where needs are greatest;
- As a Co-operative Council, work with our community to identify creative new ways of delivering services and ensuring that needs in the Borough continue to be addressed;
- Seeking to minimise the level of Council Tax increase, balanced against growing demands for Council services and protecting services from cuts (NB. This budget review is not considering levels of Council Tax in 2011/12 or beyond);
- Deliver efficiencies and savings, as far as possible minimising the impact on the quality of services, particularly through improving our approach to procuring goods and services;
- Look for external investment e.g. Government grants, to address priorities;
- Set aside some additional money to deal with any unforeseen circumstances caused by the current economic situation;
- Taking a responsible approach to the use of Council reserves that balances the need for financial prudence and sustainability with the need to maintain and protect important frontline services;
- Where possible cut the Council's reliance on borrowing for some capital schemes so that expenditure on debt repayments can be reduced;
- Sell some of the Council's land and property to reduce borrowing, cut running costs, and – where there is a strong business case – to fund priority facilities and schemes.

## **7. PROPOSALS APPROVED FOR CONSULTATION IN JULY 2011.**

7.1 In the light of the guiding principles and from the review work undertaken, the following revisions were proposed to the Council's existing Service & Financial Planning Strategy as part of the 100 Day Budget Review approved by Cabinet in July 2011:

### **A. CAPITAL PROGRAMME**

- 7.2 A review of the capital programme to identify where spending which is not contractually committed was undertaken in order to identify projects which could be cancelled, scaled back or deferred with the aim of reducing the levels of borrowing planned by the previous Council.
- 7.3 Significant changes to capital projects were proposed in relation to:

1. **Civic Offices Accommodation** – In May/June 2011, a further review of the Council's future accommodation requirements was undertaken in the context of the budget setting exercise, requirements to maximise the flexibility of the Council's accommodation, property rationalisation and New Ways of Working. Following the review of accommodation it was concluded that a solution which utilises existing Council owned properties and therefore offers greater flexibility in the medium term for accommodation requirements was the preferred solution. In relation to Southwater, the review acknowledged that a number of drivers for a public sector led development in Southwater remained relevant. These drivers include:

- **Service Delivery:** A centralised Community Hub which would include first point/contact centre and potential for other public sector and voluntary sector co-location within the Town Centre, which is accessible to residents, was seen as being critical to maintaining high standards of accessibility and service delivery.
- **Regeneration:** Increased footfall arising out of a public sector led development was seen as key in supporting the wider regeneration of Southwater.
- **Precedent, Quality & Confidence:** A public sector led development was seen as critical in setting design and sustainability standards as well as raising confidence levels for private sector investors.
- **Evening Economy:** The development provides space for bars, restaurants and shops, thus supporting the creation of a vibrant evening economy.

In response to these drivers, proposals for a Community hub in Southwater (as detailed in the Telford Town Centre report also considered at Cabinet on 26 July 2011) were approved which accommodate the following uses:

- **Community Hub:** The building will provide accommodation for front line staff to deliver high quality customer services. The Community Hub could also provide space for community groups/organisations, and public sector bodies which will mean that the Community Hub will be a cooperative council centre. Options will be explored with voluntary and other public sector organisations over the coming months.
- **A Library and Fairshare Credit Union.** An improved library was identified early on as a critical component in the Southwater development in terms of offering an enhanced provision whilst freeing up the existing site for future development (as detailed in the Town Centre report considered of 26 July 2011 by Cabinet).

- Bars, restaurants and shops: Units, on the ground floor of this building will benefit from an enviable location at the head of Southwater Square, overlooking the new Southwater Lake.

In summary, the plan to build Civic Offices in the Southwater area of the Town Centre will not be progressed. Instead, the accommodation strategy will:

- Proceed with the sale of the existing Civic Offices site;
- Build only a Community Hub encompassing a customer first point/contact centre and new library in Southwater
- Rationalise office accommodation to reduce the number of buildings operated by the Council by moving out of older less efficient smaller buildings currently used in order to generate revenue savings as well as further capital receipts;
- Invest in space saving furniture as this will generate ongoing revenue savings by enabling employees to be located at a higher density so reducing the amount of space that the Council needs to occupy for office accommodation and therefore also reducing annual running costs;
- Retain the use of Darby House and utilise the Wellington office development
- Use existing Council owned buildings within, or around, the Town Centre as the accommodation solution
- Free up a valuable site for disposal in the Southwater area

A range of options for office accommodation have been reviewed and the financial implications assessed based around the need to continue supporting Telford Town Centre Regeneration, have locations within or around the Town Centre and utilise existing Council owned buildings. The objective is to identify an option which delivers flexibility in the Council's estate to accommodate changes in accommodation needs and makes better use of buildings already owned by the Council.

The revenue savings of the revised proposals compared to the existing approved budget are summarised below:-

2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Ongoing £m
(0.147)	(0.756)	(1.163)	(1.163)	(1.163)

2. **Building Schools for the Future (BSF)** – A review of the BSF programme has been undertaken. Proposals for changes are

included in a separate report elsewhere on this agenda. The majority of the programme is funded by grant from Central Government and therefore the opportunity for savings to the Council's budget is limited.

3. **Telford Town Centre** - A separate report considered by Cabinet on 26 July 2011 included proposals for revisions to the Telford Town Centre investment package. This report recommended an increase in the overall investment of £7.69m over the currently approved budget which is funded from additional capital receipts. This reinforces the commitment to Telford Town Centre through public sector led development to provide precedence, ensure high quality and provide confidence for the private sector. The revenue savings of the revised proposals and re-phasing compared to the existing approved budget are summarised below:-

2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Ongoing £m
(0.278)	(0.218)	(0.354)	(0.104)	(0.355)

7.4 Other revisions to capital schemes were also proposed:-

1. **Hadley local centre** – A revised scheme was proposed with a projected cost of around £2.3m. Although with a similar net capital cost to the scheme currently budgeted, this revised regeneration project has a significant revenue benefit compared to the previously proposed scheme as a result of better rental income in 2012/13 of £94k, in 2013/14 of £117k and on an ongoing basis of £45k pa. Due to commercial pressures relating to this project this scheme was approved and design work has commenced with a planning application submitted in October 2011.
2. **Wellington** – No changes were proposed to the scheme in Wellington and completion will continue as originally planned.
3. **Dawley** – No changes were proposed to the budget allocation for the Dawley regeneration project.
4. **Newport** – a scheme to look at environmental works around the canal up to a value of £50k will be designed and consulted on generating a saving of around £0.2m
5. **Oakengates** – a scheme focussing on Oxford Street and Market Street but including removal of the canopy on Limes Walk and other works costing around £1.9m in total was proposed generating a reduced borrowing requirement of £0.5m.

6. **Waste Bulking station** – It is proposed to delete this £3.9m project from the capital programme pending the outcome of a forthcoming waste and recycling procurement exercise
7. **Locality Management, BTI Small Grants and Ironbridge BTI** – Around £0.5m of these budgets was uncommitted at the time of the 100 Day Budget Review. No new commitments will be entered in to except that it was proposed to reserve an amount of £45k for potential matched funding for grants to projects of up to £7.5k in the 6 Borough Town areas. This will produce a net saving of around £0.455m from these budgets.
8. **Capitalisation Direction** – A capitalisation direction had been applied for which, if granted, would enable statutory redundancy payments to be treated as a capital cost and to be funded either from capital receipts or from prudential borrowing. The application was for an amount not exceeding £2.94m and was approved by the Government. When it is known how much of the allocation is used during the current year the revenue cost will be built in to the medium term financial projections.

In total the proposals outlined in section 7.4 of this report would result in reductions in prudential borrowing and revenue costs totalling:-

Year	(Reduction) / Increase in Borrowing £m.	Revenue Saving* £m.
2011/12	(6.711)	(0.182)
2012/13	1.511	(0.559)
2013/14	(1.516)	(0.520)
2014/15	1.600	(0.556)
2015/16	0	(0.473)
Total	(5.116)	(0.473)

\* Excludes improved rental income of revised proposals for Hadley.

- 7.5 **Maintenance of Roads and Pavements** – reducing pot-holes and improving the condition of the roads and pavements is a high priority and this was confirmed through the recent consultation exercise. It was proposed to not only commit the additional £0.66m “pothole” grant from the Government, announced after the budget for 2011/12 had been agreed, but also a further £1.3m capital in 2012/13 and £0.25m additional capital in 2013/14 over and above the existing approved programme. Following this additional investment, the total approved programme for maintenance of roads and pavements will therefore be £5.7m in 2012/13 and £5.8m in 2013/14. The additional investment will be allocated on a priority needs basis and will be funded from savings

generated from the review of capital projects, including the deletion of the plans to build new civic accommodation outlined above.

7.6 **Capital Receipts** - In addition, the Council is exploring options for the realisation of further capital receipts, over and above expected amounts, from the sale of land or other assets (e.g. a separate report was considered by Cabinet in July 2011 in respect of the potential sale of the Council's interest in West Mercia Supplies) the proceeds of which could be used to pay down debt or act as an alternative to borrowing or other forms of more costly financing of priority schemes and projects.

7.7 Any additional capital receipts generated over and above the £80m approved by Council in March 2011 when the original budget for 2011/12 was set will potentially be used to reduce outstanding debt and so reduce the cost of principal and interest repayments which have to be borne by council tax payers. After updating projections of the capital receipts now anticipated over the medium term a significant revenue benefit compared to the current approved revenue budget is anticipated which is summarised in the table below.

The revenue costs/ (savings) of the revised proposals and re-phasing compared to the existing approved capital receipts budget are summarised below:-

2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Ongoing £m
0.040	0.401	0.441	(1.002)	(1.022)

7.8 **Summary of Capital Programme Changes : Savings on revenue budget** - In summary the revenue impacts of the changes to the capital programme and assumptions on the generation of additional capital receipts in future years is detailed in the table below:-

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Ongoing £m
Civic accommodation	(0.147)	(0.756)	(1.163)	(1.163)	(1.163)
Town Centre project	(0.278)	(0.218)	(0.354)	(0.104)	(0.355)
Other capital projects	(0.182)	(0.559)	(0.520)	(0.556)	(0.473)
Improved rental income at Hadley		(0.094)	(0.117)	(0.045)	(0.045)
New investment in road maintenance		0.035	0.110	0.123	0.123
Revised schedule of capital receipts	0.040	0.401	0.441	(1.002)	(1.022)
<b>Total revenue impact</b>	<b>(0.567)</b>	<b>(1.191)</b>	<b>(1.603)</b>	<b>(2.747)</b>	<b>(2.935)</b>

## **B. REVENUE BUDGET**

7.9 The review of the Council's revenue Budget for 2011/12 had 3 dimensions, with proposals based on:

- Revisions to spending priorities;
- Identification of further savings;
- Additional contributions to balances to help off-set pressures for next year's budget;

7.10 A full strategic and comprehensive review of the Council's budget is being undertaken to prepare our medium-term strategy for 2012/13 and beyond. This review will benefit from the data gained through the extensive consultation and engagement activity undertaken during the summer period.

### ***(i) Revisions to spending priorities***

- **Support to employees facing compulsory redundancy** – It was proposed to allocate a sum of up to £0.6m in order to support employees facing compulsory redundancy. The mechanism for using this funding and specifically where it should be targeted has been agreed between Members, officers and Trade Union representatives. Any use of this allocation during the current year will be funded on a temporary basis (from balances) with the total cost being met from reducing the assumed contribution to the single status provision in 2012/13.
- **Reinstatement of free swimming for Under-16s** who have a Flex Card. It was proposed that this change should take effect from the beginning of the School Summer holidays. Net cost of this was estimated at £30,000 which is to be funded from a reduction to the Community Fund Budget and, as such, has no net impact on the overall revenue budget.
- Creation of a small **Co-operative Council initiatives** budget which can be used to provide pump-priming monies for relevant community projects. This budget of £15,000 is again funded from the existing Community Fund and therefore had no net impact on the Council's overall budget.
- **The Community Fund** (formerly ££s for Projects) to operate, following the changes outlined above, at a level of £54,000, allocated on the basis of £1,000 per ward member.
- **Contribution to Small Business Loans Fund** – It was proposed to make a revenue contribution of £25k to a small business loans fund. The Council is working with local business people to establish a small business loans fund based on co-operative principles.

- Appointment of a **Director of Children's Services**- a key commitment of the new administration. The interim appointment from early August will cost around £75k this year. Funding for the ongoing position will form part of the review of senior management currently being undertaken by the Interim Chief Executive.

***(ii) Identification of further savings***

- Any further efficiency savings from existing revenue budgets that can be identified during the remainder of 2011/12 will be used to create a one-off benefit to help with pressure on the 2012/13 strategy;
- The budget for 2011/12 assumed that a contribution of £1.2m would be received from schools buy-back following reductions of £2.4m made by the Government to “non-front-line” schools grants”. Rather than place additional pressure on schools’ budgets at a late stage in their financial planning timetable, it was proposed that existing arrangements continue in 2011/12 and that this additional support for schools be met from the sources identified in Appendix 1 of the July cabinet report.
- Procurement – Having already set 20% non staff savings targets across the authority the Council is increasing the emphasis on procurement and the attainment of efficiencies to achieve the 20% non staff savings so that service cuts are minimised. To this end there is a new impetus being placed on procurement across the organisation. Savings on procurement in the region of £0.74m and £1.8m have been delivered in the last 2 financial years and about £0.6m are already identified for this financial year. However, we can and will improve on this figure. To do that we have established a task force working in every part of the organisation to improve our procurement practices with the sole objective of driving out savings without compromising service delivery. For example we are working with Improvement & Efficiency West Midlands, the local Regional Improvement and Efficiency Partnership, to secure further savings in high spend areas including family and community services, adult social care, energy and environmental services. Furthermore all key contracts are being reviewed to ensure that they are as competitive as they can be and all future contracts will be carefully considered using these criteria. Re-structuring in key areas, including family and community services, adult social care, environmental services and ICT are creating specialist procurement positions that will be supported by a central procurement team that can provide expert support and develop cross cutting procurement opportunities. In this way we are confident that we can maximise procurement savings and reduce the impact of service cuts.

***(iii) Additional contributions to balances to help off-set pressures for next year's budget***

- The Budget Review agreed that as part of the preparation for the 2012/13 budget strategy any additional savings generated in 2011/12 over and above the amounts agreed when the 2011/12 budget was approved will be treated as additional contributions to balances. Amounts identified to date include:-
  - Re-tendering of insurance arrangements has generated savings of around £0.25m for General Fund (and £0.15m to be allocated for schools);
  - Reductions in Special Responsibility Allowances agreed by the new administration will save £0.04m pa
  - New Homes Bonus grant of £0.615m;
  - Impact of slippage on 2010/11 capital programme (c. £0.3m one-off benefit in 2011/12
  - Treasury management investment opportunities generated a further £0.13m benefit in 2011/12
  - The revenue implications of changes to the capital programme summarised in section 7.8 of this report totalling £0.567m

It is proposed that these net revenue benefits totalling £1.6m are carried forward as a one-off benefit in to 2012/13. In addition any underspend on the contingency at year end will also be carried forward to provide further one-off benefits for the 2012/13 budget.

**7.10.iv Summary of changes to revenue budget**

	2011/12 £m	2012/13 £m
Additional support to employees facing compulsory redundancy to be funded from use of single status contribution in 2012/13	0.200	0.400 (0.600)
Reintroduction of Free Swimming for Under 16s	0.030	0.030
Co-operative Council Initiatives budget	0.015	0.015
Community Fund	0.054	0.054
££s for projects	(0.099)	(0.099)
Contribution to Small Business Loans Fund	0.025	
Director of Children's Services – interim arrangements	0.075	
Insurance re-tender	(0.250)	(0.250)
Reduced Special Responsibility Allowances	(0.040)	(0.040)
New Homes Bonus	(0.615)	(1.300)
Treasury Management	(0.430)	
<b>Total revenue impact</b>	<b>(1.035)</b>	<b>(1.790)</b>

## 8. SUMMARY OF ENGAGEMENT RESULTS

- 8.1 Since July, over 3,000 people have participated in an extensive programme of community engagement covering a range of topics. This programme included a survey on the 100-day budget, which people completed online, face to face and by post. There were 669 responses to this survey.
- 8.2 The survey focused on seven key proposals. Respondents were asked to indicate how strongly they agreed or disagreed with each proposal and were also given the opportunity to add additional comments. The table below summarises the responses and comments received. For further details and analysis, please see Appendix 1.

<b>Proposal</b>	<b>% strongly agree or agree</b>	<b>% strongly disagree or disagree</b>	<b>Summary of comments</b>
Invest more in maintaining roads & pavements	88.9%	5.4%	Most of the comments were supportive of this proposal with many respondents suggesting additional improvements. There were a small number that thought our roads met satisfactory standards for the time being.
Set up a small loans fund with other local business people to support small businesses	76.2%	10.7%	Most respondents welcomed this proposal and the comments largely reflected the need for encouragement and support. A small number of respondents felt that the Banks should provide loans, rather than the local authority.
Not going ahead with new Civic Offices	75.3%	18.4%	The majority of respondents agreed with this proposal, and there was support for us to utilise existing empty office space by Council staff. Of those that didn't agree, the reasons were because they felt that there was a need for a 'flagship' civic building in the Town Centre or that it would not be cost effective to have employees at several locations.
Revise the Town Centre	73.2%	15.0%	The majority of respondents agreed with this proposal and there

redevelopment scheme			was support for keeping Meeting Point House in its current location. Of those that didn't agree, it was felt that the proposed additional car park was not needed.
Reinstate free swimming for under 16s	67.3%	21.1%	The majority of respondents supported this proposal and there were a number of positive comments. However, out of all the proposals in this survey, this was the one that people queried the most given the current financial climate. Of those that didn't agree with the proposal, it was felt that parents/schools should pay, or that free swimming should be available to other groups e.g. senior citizens or that a nominal fee should be charged for all.
Revised regeneration scheme in Newport	65.7%	14.3%	Although the majority of respondents supported this proposal, the majority of comments received were from those that were not in agreement, including concerns about additional housing and retail developments.
Revised regeneration scheme in Oakengates	64.5%	12.4%	As above, although the majority of respondents supported this proposal, the majority of comments were from those that were not in agreement. Some felt that more help was required to stimulate businesses and trade, whilst others felt that the investment was a waste of money.

## **B. DEVELOPING OUR STRATEGY FOR 2012/13 & BEYOND**

8.3 As mentioned above, a strategic and comprehensive review of the Council's budget is being undertaken to prepare our medium-term Service & Financial Planning Strategy for 2012/13 and beyond. To support this process, a number of key workstreams have been identified and are in progress to identify opportunities, options and choices. These workstreams include:

- Consultation and engagement with the service users most affected by initial ideas for potential savings measures during the remainder of this month. From mid December a comprehensive programme of engagement with the wider community will commence on the overall

service and financial planning strategy for 2012/13 and future years. The results from this exercise will inform the Cabinet's final decisions which will be taken at Cabinet on 23<sup>rd</sup> February 2012.

- Establishment of a Procurement Task Force within the Council to further challenge current procurement practices and ongoing contract management arrangements and target the delivery of further efficiency savings;
- New ways of working and accommodation review – to deliver significant potential savings from the sale of surplus buildings and reduced running costs;
- Creation of an Economic Development Strategy Review Group which is looking at updating our approach to maximise the improvement we can make to the economic welfare of the residents of the Borough
- Progressing the major service review of children's and adults' services;
- Waste Project Board – reviewing our approach to waste management
- Development and implementation of Co-operative Council work programme which includes a review and improvement of local working arrangements with the voluntary and community sector and with Town & Parish Councils;
- Continuation of the restructure programme as planned
- Generation of non-staffing savings proposals for 2012/13 and future years highlighting the rationale for the proposal, implications and ways that the impacts could potentially be mitigated
- Review of capital receipts projections (sites, timings and values)

8.4 Underpinning these reviews will be the ethos that this Council wishes to:

- avoid compulsory redundancies for its employees wherever possible, though we cannot guarantee to protect every job;
- safeguard vital frontline services and to protect the elderly, the young and the most vulnerable people in our Borough, but we cannot guarantee to protect every service that the Council currently provides;
- work with residents, communities, partners and our workforce to find new ways of working and doing things differently and better with our communities.

8.5 Specific savings proposals are currently being developed and those ideas that are deemed to have the most significant impact on specific service users are currently the subject of a second phase of consultation to assess what the impacts on service users are and whether there are ways that these impacts can be reduced.

8.6 Details of the work undertaken by the Budget & Finance Scrutiny Committee and comments from the Committee are included as Appendix 3 of this report.

## 9. **KEY DATES**

- Council 24<sup>th</sup> November 2011 – Approval of 100 Day Budget Review
- Until the end of November – Consultation on initial savings options, particularly with those service users most affected and with the Budget & Finance Scrutiny Committee, in order to help develop an overall draft Service & Financial Planning strategy for consideration by Cabinet in December.
- Cabinet 22<sup>nd</sup> December 2011 – 2012/13-2014/15 Budget Strategy proposals launched for consultation including details of the overall savings programme.
- Cabinet 23rd February 2012 – final recommendations on strategy for 2012/13 – 2014/15
- Council 1<sup>st</sup> March 2012 – Final strategy for 2012/13 – 2014/15 approved, council tax set, capital programme, treasury management strategy and prudential indicators approved.

## 10. **OTHER IMPLICATIONS**

### **Equality & Diversity**

The Council has initiatives within its policy and financial plans to promote equality of opportunity. An equality impact assessment has been completed for the 100 day budget review proposals and identified a number of positive impacts; detailed in Appendix 2, Section 2, Number 2.

It has also confirmed the need for further engagement regarding; Community Hub services and Newport regeneration.

Due regard must be given to the General Equality Duty when making a final decision regarding these proposals.

It is recommended that future budgetary considerations also be accompanied by an equality impact assessment, where relevant and proportionate, to ensure due regard to the General Equality Duty. Where such proposals are unaccompanied clear reasoning should be provided.

### **Links with Corporate Priorities and Risk**

The report sets the strategy framework which includes consideration of both community and corporate priorities and the corporate risk register.

### **Financial & Legal Comments**

This report forms part of the Council's policy planning and budgetary framework

### **Ward Implications**

Borough Wide Strategy.

### **Background Papers**

- RSG and other Government grant related papers,
- Council Plan,
- Service & Financial Planning Report approved by Council on 3<sup>rd</sup> March 2011,
- 100 Day Review of 2011/12 Service & Financial Planning Strategy report approved by Cabinet on 26<sup>th</sup> July 2011,
- Service & Financial Planning 2012/13 – 2014/15 – Report to Cabinet 22<sup>nd</sup> September 2011
- Consultation exercise results.

**Report prepared by Ken Clarke, Head of Finance (01952) 383100,  
Richard Partington, Interim Chief Executive (01952) 380130 and  
Felicity Mercer, Policy & Value for Money Manager (01952) 380136.**

## Appendix 1 - Results of the Budget Review Survey

### Who did we consult?

Throughout September we carried out some wide ranging consultation with the local community on the proposed changes to this year's budget. This comprised a 2 sided questionnaire which focused on the proposals that would have most of an impact on the community. The survey was made available for people in the following ways:

- An **online survey** on the Council's website ([www.telford.gov.uk/budgetsurvey](http://www.telford.gov.uk/budgetsurvey))
- A **postal survey** to just over 1000 local residents who are members of our **Community Panel**.
- **Engagement events** at various locations across the borough. This included markets, shopping centres, fun days (like Park Live and the World Heritage Festival), Mecca Bingo, Princess Royal Hospital, Telford Bus Station and the Odeon Cinema.
- **Meetings with a range of internal and external groups/forums**

To support this we promoted the survey in the Your Views Matter leaflet which was distributed to 68,500 households across the borough – a joint distribution with the electoral papers. The survey was also promoted from the Your Views Matter homepage on the Council's website at [www.telford.gov.uk/yourviewsmatter](http://www.telford.gov.uk/yourviewsmatter) and press releases went out in the local papers.

### Responses

- A total of 669 responses were received by the closing date of 30 September 2011.
- Of those responses, 525 were from members of the Community Panel (a 49.8% response rate) and 144 were from other borough residents.
- Responses were received from residents of all of the borough's 33 wards, with the highest levels of participation coming from Ketley & Oakengates (7.9%), Wrockwardine (4.8%) and Hadley & Leegomery (4.5%). The lowest levels of participation were in Malinslee, Arleston and Dothill (all 1.3%).
- Of those that provided personal details:
  - 40% were female and 46% were male (14% did not divulge this information).
  - The largest number of respondents (19.6%) came from the 65 – 74 age group
  - Some 21% (142 respondents) indicated they had a longer term illness

## What did people tell us?

The survey focused on 7 proposals that were most relevant to the general public. For each proposal, respondents were asked to indicate from a range of options how strongly they agreed or disagreed. The table over the page sets out briefly what these proposals were along with the responses to each proposal:

<b>Proposal</b>	<b>Positive support</b> (Agree/ strongly agree)	<b>Negative support</b> (Disagree/ strongly disagree)	<b>Net Score</b> (positive less negative)	<b>Neither</b>	<b>Don't Know</b>
Invest more in maintaining roads and pavements over the next 2 years	<b>88.9%</b>	5.4%	83.5%	4.8%	1.0%
With other local business people, set up a loans fund of £250,000 to support small local businesses (the Council will contribute £25,000 towards the total)	<b>76.2%</b>	10.7%	65.5%	11.1%	2.0%
Not going ahead with building a new Civic Offices in the Town Centre	<b>75.3%</b>	18.4%	56.9%	4.0%	2.3%
Revise the Town Centre redevelopment scheme. The main changes are to add a new multi-storey car park and to keep Meeting Point House in its current location.	<b>73.2%</b>	15.0%	58.1%	8.9%	2.9%
Reinstate free swimming for under 16s with a flexcard	<b>67.3%</b>	21.1%	46.2%	9.9%	1.7%
Revised regeneration work in Newport (some but not all of the original proposals)	<b>65.7%</b>	14.3%	51.4%	12.4%	7.6%
Revised regeneration work in Oakengates (not including the original proposal to demolish a number of units to create a new approach to the Theatre from Market Street)	<b>64.5%</b>	12.4%	52.1%	13.8%	9.3%

Summary of these results:

- **All proposals received a minimum of 64% approval from those responding**
- **The highest level of support (88.9%) was for the proposal to invest more money in maintaining roads and pavements.** Most of the comments received in this area were supportive with many respondents suggesting additional improvements. There was a feeling that maintenance of roads was more of a priority than traffic management projects.
- **The majority of respondents supported the revised regeneration schemes for Oakengates (64.5%) and Newport (65.7%)** but of those that did not agree with the proposals:
  - **For Newport** there was dissatisfaction with the perceived ‘scaling back’ of regeneration plans, and wider concerns about additional housing and retail developments.
  - **For Oakengates** some welcomed the regeneration scheme but felt more help was required to stimulate businesses and trade. A small number thought that the investment was a waste of money.

Both these proposals also attracted the greatest level of ‘neutral’ responses, i.e. ‘Don’t Know’ or ‘Neither’.

- **The majority of respondents supported the proposal to restore free swimming for Under 16 (67.3%) but it also attracted the largest ‘negative’ response (21.1% disapproval).** Out of all the proposals in this survey, this was the one that people queried the most given the current financial climate. Of those that didn’t agree with the proposal, it was felt that parents/schools should pay, or that free swimming should be available to other groups e.g. senior citizens or that a nominal fee should be charged for all.
- **The majority of respondents supported the proposal not to build a new Civic Offices (75.3%).** Of those respondents that commented, some felt the Council should utilise existing empty office space by council staff, whilst some wanted to know if there would be inefficiencies from not having council staff in one central location. A small proportion also perceived the need for a ‘flagship’ civic building in the borough.

- **The majority of respondents supported the revised plans to the Town Centre redevelopment (73.2%).** There was some agreement with the utilisation of Meeting Point House and some respondents felt there was a need for private enterprise in the redevelopment. Others didn't feel the need for additional car parking.
- **The majority of respondents welcomed the proposal to set up a Small Business Loans Fund, (76.2%).** Comments largely reflected the need for encouragement and support. A small number of respondents felt that the Banks should provide loans, rather than the local authority.

**Equality Impact Assessment**

**Section 1 – Overview**

1. What is the title of the policy?

These are the policy decisions associated with the **100 Day Budget Cabinet Report**.

2. What are the objectives of the policy? For example, what are we aiming to achieve? Who does it benefit? Please provide a brief description

The 100 Day budget is designed to introduce changes to the previously agreed financial plan 2011/12 due the change of administration of the authority in May 2011.

This in-year budget has 7 adjustments or proposals;

1. **Civic Offices** - not going ahead with building new Civic Offices in Telford Town Centre, instead only build a Community Hub to include a First Point, contact centre and library. Council employees will be located in existing Council-owned buildings in and around the Town Centre (ongoing savings of over £1.1 million per year)
2. **Telford Town Centre** - revise the Town Centre redevelopment scheme (ongoing savings of £355,000 per year). The main changes are to add a new multi-storey car park and to keep Meeting Point House in its current location.
3. **Oakengates** - revise the regeneration scheme (revised cost £1.9 million, saving £1.1 million). The revised scheme includes repaving Oxford Street and Market Street, opening up the old access from Station Hill to Market Street, improving on-street parking and removing canopies at Limes Walk. It does not include the original proposal to demolish a number of units to create a new approach to the Theatre from Market Street.
4. **Newport** - following regeneration of Victoria Park and the High Street, the final phase of the original Newport regeneration scheme focused on the old canal and included a new bridge, lock gate, paving and benches. We will work with Newport Regeneration Partnership to develop a revised scheme that will include some but not all of the original proposals (revised cost £50,000, saving £200,000).
5. **Roads and pavements** - invest more in maintaining roads and pavements over the next two years (cost -£1.3 million in 2013/14 and £0.25 million in 2014/15)

6. **Swimming for under 16s** - reinstate free swimming for under 16s with a flex card (cost - £30,000)
7. **Small business loans fund** - with other local business people, set up a loans fund of £250,000 to support small businesses in the borough (the Council will contribute £25,000 towards the total)

These proposals are referred to by the emboldened title in the rest of this document.

3. Who does this policy affect?

Customers/service-users, partners and employees

4. What period does the policy cover?

These policy decisions have a variety of implementation periods but come into effect shortly after Cabinet, 24<sup>th</sup> November 2011.

5. Your contact details:

Name of person completing impact assessment and their post	Richard Taylor-Murison, Equalities Officer
Telephone	01952 382104
Date started	30 September 2011
Other officers/Stakeholders involved	Ken Clarke, Head of Finance Rachael Jones, Community Engagement, Equalities and Action Manager. Andy Challenor, Community Engagement and Equalities Manager, Fliss Mercer, Policy and Value for Money Manager Richard Worton, Senior Information Officer

## **Section 2 – Impact Assessment**

1. Will this policy have a significant impact on any of the following groups of people with regard to the General Equality Duty?

Positive and negative impacts should be assessed with regard to the General Equality Duty;

- eliminate unlawful discrimination, harassment and victimisation
- advance equality of opportunity

- foster good relations between different groups

Please mark all boxes indicating whether an impact has occurred, this could be **positive** or **negative**. Mark **None** if there is no impact. Help boxes are available to assist.

	Impact (X)		
	Positive	Negative	None
People of different ages	X		
People with ill health or people with a disability	X		
People of different gender			X
People who are transgender			X
Different racial groups			X
People with different religion or beliefs			X
People of different sexual orientation			X
Women who are pregnant or breast-feeding			X
People that are married or in a civil partnership			X
People affected by deprivation	X		

## 2. What is the expected impact?

No significant negative impacts have been identified through these policy changes.

Significant positive impacts have been identified

### **Age**

**Swimming for under 16s** – Reinstatement of this scheme will significantly increase the opportunity for under 16s to partake in exercise. Recent health information has indicated a more than average level of obesity in the under 16s of Telford and Wrekin; 11.7% compared to 9.6% nationally. (Telford and Wrekin Joint Strategic Needs Assessment, 2009) Access to activity is considered a high need in the JSNA.

**Roads and pavements** – A significant number of complaints and reports regarding poor or defective pavements have been received from older people. A programme which helps to restore pavements to an acceptable standard would address this concern, particularly those with some mobility difficulties.

### **People with ill health or people with a disability**

**Roads and pavements** – A significant number of complaints and reports regarding poor or defective pavements have been received from people with ill health or a disability. A programme which helps to restore pavements to an acceptable standard would address this concern, particular those with visual impairments and mobility difficulties.

### **Deprivation**

**Swimming for under 16s** – Whilst this scheme requires a flexcard which costs £3 for an under 16, the return benefits for the individual out way this cost. The flex card will have paid for itself after 2 visits.

It is also recognised that opportunities for exercise for young people who come from households with low incomes are limited. This scheme provides an enhanced opportunity for these young people.

**Small business loans fund** - The small business sector has been widely recognised as the largest creator of jobs and employment in the current climate. Many large businesses are reporting a reduction in the number of employees but growth of small businesses has not diminished. Supporting a diverse range of businesses will increase the stability of the borough and it's resilience to further downturns. It will help to keep people in jobs and also create jobs.

It also is worth noting that the changes to the **Oakengates Scheme** will see the removal of canopies from the shop units. Engagement has indicated that

this will potentially affect the shelter available to older people and people with a disability. Whilst this is a concern there are also benefits of increased light by removing the canopies that meets the concerns of visual impaired and hearing impaired people. Previous engagement has highlighted this as a personal safety concern issue.

3. What engagement and consultation have you already carried out?

Engagement has taken place through a range of methods and techniques, using paper and web based systems.

The Community Panel was surveyed. The panel is a list of people who have expressed an interest in providing feedback, completing surveys and other forms of research for the council. 525 responses were received. A response rate of 49% was achieved.

There were a further 144 responses received from members of the public.

The engagement has indicated that the proposals are broadly supported. Particular support was shown to the **Roads and pavements** proposals and establishment of a **Small business loans fund**.

Due to the nature of the information sources there are some limitations that must be recognised. The pool of respondents is not representative of the entire population of the borough. In many cases they have self selected and it is unlikely that they have a low income. The summary of responses goes some way to illustrating these imbalances.

A summary of the findings of engagement is attached - **Appendix 1 - Results of the Budget Review Survey**

4. Please give brief details of any further engagement/consultation you plan to carry out with any of the above groups, particularly where you feel you don't have sufficient information.

Further engagement will be carried out with regard to a number of proposals;

**Civic Offices** – the specific make up of services within the community hub is yet to be determined and engagement work will be required to resolve this.

**Newport** – this will be a small engagement exercise consistent with the level of funding available.

These activities are dependent on the adoption of the proposal.

### **Section 3 – Mitigating Actions**

1. For each significant **negative** impact identified in Section 2 (Questions 3 & 4), what action have you taken, or will you be taking, to reduce/manage these impacts?

No significant negative impacts have been identified through these policy changes.

2. For each significant **positive** impact you identified in Section 2 (Questions 3 & 4) what action have you taken, or will you be taking, to maximise the opportunity?

In order to access free **swimming for under 16s** a flex card is required. There is an on-going marketing campaign highlighting the benefits of the card including shop and council discounts, etc.

3. How do any of the above actions contribute to the aims of the General Equality Duty;
  - eliminate unlawful discrimination, harassment and victimisation
  - advance equality of opportunity
  - foster good relations between different groups

The proposals advance equality of opportunity for older people, younger people, people with disabilities and those who are on a low income by;

- Increasing safety and ease of mobility on pavements, in particular for older people and those with a disability.
- Providing greater access to activity for younger people including those who may come from a family with low income. This should have the long term effect of reducing health inequalities.
- Improving the trading conditions for small businesses, who provide a large number of jobs in the borough. This will improve their sustainability (keeping jobs) but also allow them to grow (creating jobs).

## **Section 4 – Review and Monitoring**

1. From what date will this policy be implemented?

24<sup>th</sup> November 2011

2. How will the actual impact of the policy be monitored and reviewed?

The monitoring of impacts will be carried out within the normal performance management structure of the responsible service or governance board. For example the small business loan fund will be administered by the Telford Investment Partnership Board and measurements will include the number of applications approvals and rejections. Some impacts are more difficult to quantify for example Free Swimming for Under 16s where it's contribution to reduction in the rate of obesity will need to be identified qualitatively.

As proposals progress consideration will be given to quantitative and qualitative measurement methods

**TELFORD & WREKIN COUNCIL****BUDGET & FINANCE SCRUTINY COMMITTEE****RESPONSE TO THE 100 DAY REVIEW OF THE 2011/12 SERVICE AND FINANCIAL PLANNING STRATEGY****INTRODUCTION**

The Budget & Finance Scrutiny Committee is a politically balanced Committee of eight elected members and one co-opted member of the public. The Committee has responsibility for scrutiny of the Council's budget strategy.

The Council's 2011/12 – 2012/13 Service and Financial Planning Strategy was approved by Council on 3<sup>rd</sup> March 2011. Following the borough elections in May, the new administration initiated a review of the strategy, and proposals to revise the capital and revenue budget for 2011/12 (the "100 Day budget") were approved for consultation by Cabinet on 26<sup>th</sup> July 2011.

The Budget & Finance Scrutiny Committee met on 27<sup>th</sup> July 2011 to consider the proposals. The Committee met the Cabinet Member for Resources and Service Delivery and the lead Corporate Director to discuss the proposals and projected savings, and met the Policy and Value for Money Manager to discuss the engagement strategy.

The Committee held a second meeting on 12<sup>th</sup> October 2011 to consider its response. The Policy and Value for Money Manager provided a report on the feedback from consultation with the public on the 100 Day budget so that members could take this into account when considering their response. The Committee also received a presentation from the Head of Finance on the Service and Financial Planning 21012/13 - 2014/15 Cabinet report of 22<sup>nd</sup> September 2011 which set out the updated budget projections for the period, and the Committee considered the 100 Day budget proposals in this context.

**COMMENTS ON THE 100 DAY BUDGET PROPOSALS**

The Committee accepted that savings needed to be made given the scale and front-loading of the cuts to the authority's grant settlement. Members acknowledged that the 100 Day budget proposals had resulted from an in-year review of an existing budget, and although the savings were significant, there had not been scope within the review for major structural changes. The Committee noted that the savings resulting from the proposals were consequently relatively small in relation to the overall projected shortfalls for 2012/13 – 2014/15.

The Committee would like to make the following points relating to the proposals:

- The Committee supported the increased investment over the next two years in the maintenance of roads and pavements, and that the high level of public support (88.9% of respondents agreed or strongly agreed with the investment) demonstrated that this was a priority for the public.
- The Committee recognised the hard work of officers that had gone into the public engagement activities within a short space of time, and noted the excellent response rate from members of the Community Panel (49.8%). However, one Member had strong reservations about the validity of asking a question about the cancellation of the new Civic Office when people would not be able to give an informed view without understanding local government finance. Members were further concerned that survey samples should be large and representative enough to draw a fair picture of public opinion across the borough.
- There was some concern about the potential impact that the Small Business Loans Fund could have, and the Committee agreed that this would be scrutinised at a future meeting.

#### **OTHER COMMENTS**

- The Committee expressed its concern that two thirds of the contingency had already been spent, half-way through the year.

**Response prepared by Stephanie Jones, Interim Scrutiny Group Specialist, Tel. 01952 383114.**