

**Responses to questions from the Budget & Finance Scrutiny Committee on the Service & Financial Planning Strategy
2014/15-2015/16**

<p>1. Communities capital spend of £8M: What provision has been made for rising interest rates in relation to debt charges incurred?</p>	<p>Our debt charge assumptions are based on being able to borrow at 2.5% in 14/15, 3.25% in 15/16 and 4.5% from 16/17 onwards (based on long-term assumptions of 2.5% for inflation and 2% for the real terms cost of use of capital but historically very low rates of current short term interest rates). Actual decisions on borrowing and investment are taken through our treasury management processes and it is not the case that for every capital scheme in each year we take out separate loans – clearly this would not be possible given that we expect to be funding the majority of capital spend from capital receipts. Our treasury management strategy (TMS) is considered in detail by the Audit Committee and is also presented to full Council and actual decisions on length of loans, source of funding (usually but not exclusively PWLB) and whether to opt for fixed or variable rates are taken in line with the TMS and following discussion with Arlingclose, our Treasury Management advisors.</p> <p>Our current strategy is that, where possible, maturing investments will be used to reduce the level of additional borrowing which will reduce interest rate exposure going forward.</p> <p>Interest rate exposure is also considered as a financial risk; no treasury management activity is without risk; managing the risk is part of our Treasury Strategy.</p> <p>The budget contingency is set aside for unforeseen expenditure; if interest rates rise higher than our budget assumptions this would be reported through financial monitoring and would be a potential call on the contingency. The Council also has balances which could be used in the short-term, and replaced later, if there was a critical need.</p>
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<p>2. Road network: What is the basis of the claim that £2M p.a. will “maintain our road network”?</p>	<p>The £2m Council funding supplements the annual highway grants received from the Department for Transport, which for 2014/15 will be £3.4m. In addition to this the Council is also proposing through the ‘Everyday Telford – Pride in Your Community’ programme, a resident focused investment programme of £8m capital and £1.5m revenue to be delivered across the Borough over a period of 2 years, which includes a substantial additional investment (expected to be around £2.8m per year) into highways maintenance i.e. roads, footpaths, structures etc .</p> <p>Therefore the total planned expenditure on Highway related assets is £8.2m per annum for the first 2 years</p> <p>This level of investment is greater than previous years and recognises that much has been done to improve primary and secondary roads in the Borough, however there is a need to target investment into residential roads. This level of investment helps prolong the life of the Condition of the Highway, starts to address the backlog across the Borough across the whole road network and targets investment into the areas of need within Urban areas - in particular within Residential areas and Employment areas.</p>
<p>3. Destination Telford: Can we see the marketing plan which establishes the figure of £100K as sufficient to make an impact on perceptions of Telford as a viable business location?</p> <p>a. What are the objective parameters for this work?</p> <p>b. Is there a cost / benefit analysis and if not, why?</p>	<p>Destination Telford is a wide ranging programme of work that supports changing the image and perception of Telford across a range of audiences from commercial developers, inward investors and house builders to business and leisure visitors, intended to increase spend, business investment, jobs and strengthen our existing communities. It is not therefore one marketing strategy but several, each with a different focus and actions tailored to our different audiences. The funding is not intended to deliver all the activities but to establish the strategy, develop key elements of the marketing activity, address some critical barriers to success and throughout to provide the basis to engage with partners and agencies seeking to align their expenditure and activity, to achieve a sustainable ongoing destination programme.</p> <p>Cabinet approval was granted in April 2013 for a series of measures focussed on developing our strategy. Since then the programme has been developed with the support of an Inward Investment Advisor who has worked with highly successful investment destinations including Manchester and Milton Keynes with a focus on practical marketing activity which will have a strong and direct</p>

impact on audience perceptions.

The Destination Telford Programme encompasses four main marketing campaigns:

- Invest in Telford
- Meet Telford & Shropshire (business tourism)
- Visit Ironbridge & beyond (leisure tourism)
- Experience Telford

To date activity has been focussed on Invest in Telford and on Meet and Visit as these are the key campaigns to drive economic growth and support job creation across the Borough.

The **Invest in Telford** campaign is intended to raise Telford's profile and perception of the Borough as a place to invest amongst existing businesses, potential new investors and a range of key business intermediaries. The campaign was launched locally and regionally/nationally at two large events in 2013 and is now supported by a suite of high quality marketing literature and by detailed propositions which promote the destination to key inward investment sectors. A 12 month marketing strategy is now in place which will see:

- smart and targeted promotion of the destination at key regional and national events and conferences, through social media and through direct meetings between Telford directors and key investment intermediaries.
- A new Invest in Telford website,
- a library of showcase photographic images and videos that can promote the destination through YouTube channels.

The benefits of the approach will be measured primarily through:

- The number of intermediaries contacted and the breadth of the contact database established to enable regular and long term contact
- The number of inward investment enquiries generated and supported
- The number of followers established on social media
- Media coverage generated through the Invest programme
- The number of businesses contacting us through the Invest in Telford

website demonstrating increased awareness of the destination.

Meet and Visit are two existing campaigns that drive awareness of and promote Telford's key business and leisure economies. The campaigns are delivered in partnership with key businesses engaged in Telford's visitor economy through the Telford Tourism Partnership ensuring sharing of marketing budgets leading to economies of scale and greater market exposure.

The **Experience Telford** campaign is now under development and it is envisaged that this campaign will target a wide audience of local and regional leisure visitors from shoppers and diners to those attending Telford's growing programme of cultural events including T in the Park and T Live. The campaign will support, profile and promote the Town's new restaurant and leisure offer, growth in the Borough Towns and shoppers but will also help attract new residents to the Town and support the Borough's ambitious house building targets.

The budget is also supporting some specific initiatives to address identified barriers to the destination. This includes addressing gateways and signage around the Borough and specifically within Southwater/Town Centre Zone Designation.

The breadth and variance of activity being delivered under this programme makes a straightforward cost/benefit analysis difficult. Each campaign will be monitored against different outputs as proposed above, but it will be difficult in some instances to show a direct link between a growth in perception/awareness of the destination and an economic benefit. The cumulative impact, as shown by other successful destinations, will put Telford on the destination map. The partnerships built along the way e.g. with volume house builders, regional and national tourism agencies and key investment intermediaries e.g. UKTI incentivised by the Borough's relatively modest investment, will contribute to the sustainability of the destination campaign.

<p>4. Looked after children, “Draw-down budget”: What is the rationale for describing this as an “investment” when it appears to be a revenue contingency?</p>	<p>We use the term “Investment” to describe additional funding. In this context we are describing the draw down budget as an investment because it is additional funding over and above the net base budget after required savings have been made.</p>
<p>5. Telford Loyalty Card: What is</p> <ol style="list-style-type: none"> a. Number of cards issued? b. Proportion of cards in use? c. Gross and net value delivered? 	<p>Number of cards issue As of January 22, the number of cards registered is 50,264. A registered card enables the user to access TLC discounts at Council facilities. This is equivalent to 30% of the borough’s population having a registered TLC. There are now more TLCs registered than the peak achieved by the Flex card, which when it was free reached at around 44,000 registered cards. In the nine months since its launch, TLC has achieved a 14% greater reach than Flex, at its peak, achieved.</p> <p>Proportion of cards in use? Two key goals of the TLC are get people more physically active, ideally at Council leisure facilities, and encourage people to support local businesses by shopping local. A good indicator of the use of TLC is that it now used in around 75% of council leisure facilities transactions. A TLC does not have to be registered for the card holder to gain discounts from the 213 local businesses who support the scheme. So while there are over 50,000 registered cards, many more are likely to be in “show and go” use at supporting businesses in the borough. The cost of installing technology to allow us to accurately monitor use of TLCs in supporting businesses is prohibitive.</p> <p>Gross and net value delivered It is difficult to ascertain the gross and net value delivered due to a range factors. The best measure of the value of TLC would focus on Leisure, but for reasons outlined earlier, like-for- like year on year comparisons are difficult. This is because:</p> <ul style="list-style-type: none"> • Annual pricing reviews making value comparisons very hard • User figures are skewed by infrastructure changes during both periods

pre and post TLC's launch, such as the closure of Telford Ice Rink, Newport Pool and Oakengates synthetic pitch and making these comparisons very difficult.

Focussing on income as a measure of the effectiveness of TLC ignores one of the key drivers behind the TLC concept – improving the borough's health by encouraging more people to get active (ideally using Telford & Wrekin's leisure centres). This will help to address longer term public health issues such as tackling obesity, cardiovascular disease and a range of conditions. The latest Active People Survey data (measured October 2012 –October 2013) indicates a continued positive trend in respect of Physical Activity Participation in Telford and Wrekin, an increase in physical activity amongst disabled people and some evidence to suggest the gap in participation amongst social groups may be declining. It should be recognised that the TLC not only includes leisure discounts but also the Council's leisure concessions scheme which aims to address the financial barriers to participation.

Income generation and sponsorship

The TLC scheme has already attracted sponsors. The Council is also investigating developing the TLC model in future so that supporting businesses can pay for a higher level of marketing of their membership of the scheme that businesses would in turn pay for.

Net value

Costs for the TLC are given below and around two thirds of these costs are one-off costs associated with the card's launch. These must also not be seen in isolation as there would previously have some associated costs with the operation of the Flex card scheme, which TLC replaced, including staff time and marketing. Figures for these were not recorded and so cannot be factored in to offset TLC's costs.

Launch costs (including design, marketing, promotion and distribution)

£13,360 ex VAT

Card production costs and software upgrade for booking system. £17, 601 ex VAT

From mid June 2013, a one year dedicated TLC post to promote the scheme and recruit businesses has been created, while management of the scheme

	<p>has been taken on by the Council's Corporate Communications team. To date the costs, including on costs, of this post are: £15,412. Therefore the net cost of the scheme to date is £36,373 (Nigel Newman)</p>
<p>6. Single Status: I can't see any provision for this (though I may have missed it). a. Is it included? b. What is the provision?</p>	<p>Our external auditors have advised us to treat the one-off funding that has been accumulated as a creditor within our accounts. Appendix 9 to the service and financial planning report lists all provisions, reserves and balances but does not therefore include details of this £11.8m one-off funding set aside for the potential one-off equal pay costs arising on the Council's General Fund budget.</p> <p>The ongoing funding for equal pay is referred to at the end of section 5.5 of the report. This states that there is an additional cost allowance of £2m built in to the budget from 2014/15 based on the expectation that we will implement the settlement during 2014/15.</p>
<p>7. Adult Care & Support a. Saving of £1.957M: What is the estimated cost of legal advice required to mitigate the risk of legal challenge to these cuts? b. Saving of £1M from Personalised saving model: What is the justification for this figure given the novel nature of this approach?</p>	<p>To be provided at the meeting on 27th January.</p>
<p>8. Ironbridge a. Park & Ride charges: This service is significantly under-utilised. What impact do we think a charge will have on demand and why? b. Parking charge increase: What measures will be implemented to tackle increases in illegal parking (which is already endemic) caused by this measure?</p>	<p>a. <i>Park & Ride charges: This service is significantly under-utilised. What impact do we think a charge will have on demand and why?</i> The offer of a free P&R service from inception has been used in order to promote the service and demonstrate the value of the service to the public as an alternative means of travelling sustainably into the Gorge, and patronage has increased year on year with now some 18,000 passengers per year using the service. Some visitors and residents have expressed surprise that the service is free, bearing in mind that similar services around the country are not free to use. The first three year's running costs have been met by the Department for Transport grant which is due to end</p>

	<p>in 2015 and an access strategy for the Gorge is being developed that seeks to sustain the P&R without transferring all the running costs to the Council. The strategy will consider all associated costs and revenues associated with operating and maintaining the P&R, the Gorge Connect bus service (currently a charged services) and car parks in the gorge. We are also consulting with the Ironbridge Gorge Museum Trust including possibilities for joint funding and operating these services in order to provide integration between the bus services and all car parks in the Gorge. Ultimately, the aim is to pitch any charge to use the P&R at a level that aims not to detract the use of the service. A nominal contribution towards running costs would be sought, in the order of £1 per trip.</p> <p><i>b. Parking charge increase: What measures will be implemented to tackle increases in illegal parking (which is already endemic) caused by this measure?</i></p> <p>The parking charges in Ironbridge have historically been low and the proposed increase of 20% from 1st April will mean that visitors will pay, for instance, in the Bridge and Dale End car parks £1.60 for 2 hours (30p more than at present) and £2.90 all day (50p more than at present), with a maximum hourly charge of £1.60 in the Square (30p more than at present). These charges remain lower than many other similar tourist areas across the country.</p> <p>Residents and businesses will continue to benefit from a council subsidy for free parking through the Ironbridge parking permit scheme, where the Council currently issues 1038 free permits.</p> <p>On street parking enforcement is a responsibility of the Police and transport officers will work closely with the police to monitor the situation in the Gorge.</p>
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