



Telford & Wrekin
C O U N C I L

Addenbrooke House Ironmasters Way Telford TF3 4NT

CABINET

Date **Thursday 12th November 2015** Time **5.00pm**
Venue **Meeting Room G3/G4, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT**

Enquiries Regarding this Agenda:

Democratic Services	Phil Smith	01952 383211
Media Enquiries	Corporate Communications Manager	01952 382403
Lead Officer	Richard Partington, Managing Director	01952 380102

Cabinet Members:

Cllr K Sahota	Leader
Cllr R Overton	Deputy Leader & Housing, Public Health & Protection
Cllr L Carter	Council Finance & Service Delivery
Cllr E Clare	Leisure Services & Culture
Cllr S Davies	Business, Neighbourhood & Customer Services
Cllr A England	Adult Social Care
Cllr A McClements	Communities, Regeneration & Transport
Cllr G Reynolds	Employment & Skills
Cllr P Watling	Children, Young People & Families

Invitees

Cllr A Eade	Leader – Conservative Group
Cllr W Tomlinson	Leader – Liberal Democrat/Independent Group

AGENDA

		<u>Cabinet Member</u>	<u>Page</u>
1.	Apologies for Absence		
2.	Declarations of Interest		
3.	Minutes of the meeting of the Cabinet held on 15th October 2015	Appendix A	1
K	4. Enterprise Telford – Delivering Growth & Prosperity	Cllr S Davies	Appendix B 13
K	5. School Funding Formula 2016/17	Cllr P Watling	Appendix C 23
K	6. Public Health Grant Savings Proposals 2015/16	Cllr R Overton	Appendix D 29

Continued ...

... Continued

K C 7. **Property Investment Portfolio – Investing in Telford’s Growth**

Cllr L Carter
Cllr S Davies

Appendix E

37

		<u>Key</u>	
K	Key Decision	C	Item reserved for Council
NK	Non-Key Decision	Orange	Exempt Item

CABINET

Decision Notices and Minutes of a meeting of the Cabinet held on Thursday, 12 November, 2015 at 5.00pm at Addenbrooke House, Ironmasters Way, Telford

PUBLISHED ON WEDNESDAY, 18th NOVEMBER, 2015

PRESENT: Councillors K S Sahota (Leader and Chair), L D Carter, E A Clare, S Davies, A R H England, A D McClements, R A Overton, G C W Reynolds and P R Watling

ALSO PRESENT: Councillor A J Eade (Conservative Group Leader) and W L Tomlinson (Liberal Democrat/Independent Group Leader)

CB-47 APOLOGIES FOR ABSENCE

None

CB-48 DECLARATIONS OF INTEREST

None

CB-49 MINUTES

RESOLVED – that the minutes of the meeting held on 15 October 2015 be confirmed and signed by the Chair.

CB-50 ENTERPRISE TELFORD – DELIVERING GROWTH AND PROSPERITY

Key Decision identified as **Enterprise Telford: Delivering Jobs and Growth** in the Notice of Key Decisions published on 14 October 2015.

Councillor S Davies, Cabinet Member: Business, Neighbourhood & Customer Services, presented the report of the Assistant Director: Development, Business & Employment, which provided an update on the successes achieved by 'Invest in Telford' and set out the Strategy for future growth including the 'Enterprise Telford Pledge' to business.

As part of the Council's business supporting and business winning approach, 'Invest in Telford' was launched in 2013 to promote the Borough as a place to invest to both existing businesses and potential new investors. Since then, the Council had dealt with over 3,000 businesses across all sectors and of all sizes, helping to secure and create jobs and securing over £2m of funding for growth. 'Invest in Telford' had also directly secured 21 business investments creating 369 jobs, and supported the expansion of 13 of the Borough's strategic businesses.

It was now proposed to build on these successes, and to respond to the national and regional agendas around economic development – eg: the

Government's devolution policy, the development of a national network of Business Growth Hubs and the launch of another phase of Enterprise Zones. The whole of Telford had been designated as an enterprise area, and it was proposed to introduce an Enterprise Telford Pledge to Business, a copy of which was appended to the report. This extended the offer to business through a bespoke package of support to create a more competitive investment environment. Part of this would be delivered through the new Business Growth Hub which had recently been opened at the Telford Innovation Campus, Priorslee. The Hub would act as a 'one-stop shop' for businesses and brought together the Council's Investment & Business Support Team, the University's Business Solutions team, the Telford Business Board and a range of other local, regional and national business support providers.

Another part of the Strategy was a proposal to establish a £20m Growth Fund to enable the Council to fund the acquisition of land or property, and build premises on behalf of investors for leaseback. This would drive growth and business expansion as well as deliver a revenue return to the Borough. This Fund was the subject of a separate report to Cabinet (see minute CB-53 below).

Members welcomed the proposals, which were vital to keep businesses in the Borough through helping them re-locate to larger premises, as well as attracting new businesses into the Borough. In response to a question about the involvement of the local business community, the Assistant Director and the Cabinet Member stated that the Telford Business Board was very supportive of the Council's approach, and reference was made to a number of testimonials from local companies about the assistance they had received. Reference was also made to the benefit of a healthy local economy in terms of the business rates income that could be used to support front-line services.

RESOLVED – that the 'Invest in Telford' Strategy for Growth and the Enterprise Telford 'Pledge to Business' be approved.

CB-51 SCHOOL FUNDING FORMULA 2016/17

Key Decision identified as **Funding Formula for Telford & Wrekin Schools for 2016/17** in the Notice of Key Decisions published on 14 October 2015

Councillor P R Watling, Cabinet Member: Children, Young People & Families, presented the report of the Assistant Director: Education & Corporate Parenting which sought approval for the proposed 2016/17 funding formula to be applied for mainstream schools in the Borough.

This was an annual process in the context of revisions to Department for Education (DfE) regulations or any other relevant developments. For mainstream school funding in 2016/17, the DfE had made only minor changes to the funding regulations. Following consultation with schools and the Telford & Wrekin Schools Forum, the following changes were proposed for 2016/17:

- One small change to the local funding formula to tighten the criteria for the allocation of split site funding;
- Utilise Dedicated Schools Grant (DSG) funding 'freed up' from the support provided to date for the BSF project and Falling Rolls Fund to support the High Needs budget in 2016/17. These funds were expected to amount to over £500,000 and would replace the 2014/15 DSG carry-forward used to support the current year's budget;
- Move just over £620,000 from funds available for the mainstream school funding formula to High Needs in order to fund increased places in special schools. This was in response to the increasing demand for high needs provision in the Borough along with the likelihood that there would be no increase in DfE High Needs funding in 2016/17.

While the latest figures were not yet available, it was clear that the overall pupil numbers in the Borough were growing significantly, particularly in the primary sector. This would lead to an estimated increase of around £3m in the overall cash sum of Schools Block DSG to be allocated by the DfE for 2016/17.

Councillor W L Tomlinson (Liberal Democrat/Independent Group Leader) welcomed the increased allocations for the High Needs budget, which would help to meet the increasing pressures on this provision and to help ensure that the needs of all pupils were met.

RESOLVED – that the revisions to the funding formula for Telford & Wrekin mainstream schools be approved.

CB-52 PUBLIC HEALTH GRANT SAVINGS PROPOSALS 2015/16

Key Decision identified as **Public Health Savings** in the Notice of Key Decisions published on 14 August 2015.

Councillor R A Overton, Cabinet Member: Housing, Public Health & Protection, presented the report of the Assistant Director: Health, Wellbeing & Public Protection which identified savings measures in response to an in-year reduction of £774k in the Public Health Grant received from the Department for Health.

During the summer, an announcement was made to cut the Public Health Grant nationally by £200m in 2015/16, which on a pro-rata basis equated to £774k for Telford & Wrekin. This was very disappointing and seemed contrary to the NHS commitment to preventative health care. Representations had been made to Government, and a letter had been sent to the Minister to detail the impact these cuts would have on the NHS in terms of reduced health gains and future care and treatment costs arising from obesity, physical inactivity, smoking, and alcohol and drug addiction.

The in-year nature of this funding cut had made it a very challenging task to identify savings. £424k was being proposed from the budget for the Assistant Director: Health, Wellbeing & Public Protection, with the detailed breakdown shown in the report. The largest component related to expenditure on smoking

cessation and NHS Health Checks. 78% of the savings would affect external providers, with largely in-year slippage against in-house service areas accounting for the remainder. To achieve the remainder of the savings it was proposed to conclude the offer of free swimming for the over 50s, introduced as part of the 2015/16 Budget Strategy, earlier than anticipated, with a further £144k from the use of non-recurrent reserves and possible use of the corporate contingency to make up any shortfall.

A number of Members questioned the logic and timing of this Government imposed cut on budgets that had already been allocated. It seemed perverse to be cutting programmes designed to improve people's health, as it would only add further to the pressures on the NHS in the long term. Particular concern was expressed about the loss of free swimming for over 50s, and Councillor W L Tomlinson (Liberal Democrat/Independent Group Leader) asked if the implementation of this measure could be delayed from 1 January 2016 to April 2016. If not, what other concessions were available? Councillor E A Clare, Cabinet Member: Leisure Services & Culture, stated that it was very disappointing to have to make these choices but there were other important priorities that would suffer further if the free swimming was extended beyond 1 January. She advised that people over 50 who qualified for a Concessions TLC card would be able to swim for the reduced rate of £1. Councillor Overton urged local people to lobby their MPs about the impact of these cuts on preventative health services.

RESOLVED –

- (a) that the Department of Health's proposed in-year saving of £774k to the Public Health Grant be noted;**
- (b) that the proposals for, and risks of, reducing expenditure in 2015/16 from the budget of the Assistant Director: Health, Wellbeing & Public Protection, as set out in the report, be approved;**
- (c) that the offer of free swimming for the over 50s cease earlier than anticipated from 1st January 2016.**

CB-53 PROPERTY INVESTMENT PORTFOLIO – INVESTING IN TELFORD'S GROWTH

Key Decision identified as **Property Investment Portfolio (PIP)** in the Notice of Key Decisions published on 14 October 2015.

Councillors S Davies, Cabinet Member: Business, Neighbourhood & Customer Services, and L D Carter, Cabinet Member: Council Finance & Service Delivery presented the report of the Assistant Director: Development, Business & Employment which sought approval for the establishment of a £20m Growth Fund to attract inward investment and deliver economic growth and revenue income, through the development of the Council's Property Investment Portfolio (PIP).

The PIP comprised a range of industrial, retail and office premises which played a vital role in accommodating a considerable number of local businesses. It also made an important contribution to the Council's revenue support budget, generating a consistent income stream in excess of £5m per annum to support the delivery of Council services. There was an ongoing programme to dispose of poorly performing assets in order to reinvest in newer, better performing sustainable investments. In tandem with the 'Invest in Telford' initiatives (see minute CB-50), there was an opportunity for the PIP to invest in the construction of new premises with committed tenants, speculative development of industrial units to meet general market demand, invest in existing PIP properties, and acquire and develop suitable employment land. Currently, the PIP was unable to move quickly to commit to schemes because it had to raise capital from disposals first. To provide more flexibility, it was proposed to create a Telford Growth Fund, which would allow the PIP to access borrowing up to £20m to fund further investment to deliver business growth, enable rationalisation of the PIP and increase the revenue return. The report contained a worked example showing the potential return on an investment opportunity. It was anticipated that if the whole £20m was invested, there would be an annual rental return of over £300k, along with a further £300k from business rates. Opportunities to use this borrowing provision to grow the PIP would be subject to a business case.

Councillor A J Eade (Conservative Group Leader) expressed concern at the proposal for further borrowing that would increase the Council's debt. He asked if any other alternatives had been explored, and expressed the view that private sector solutions should be looked at in order to minimise the risk to the Council if the predicted returns from this investment were not forthcoming. The Cabinet Member: Business, Neighbourhood & Customer Services stated that this would not be speculative development, and the Fund would only be used once a lease or rental agreement was agreed. Income would be generated from this investment through rent and business rates, and it was vital that the Council was able to increase its revenue income streams in order to try and protect front-line services from the Government cuts in grant funding.

RESOLVED –

- (a) that authority be delegated to the Assistant Director: Development, Business & Employment, in consultation with the Cabinet Member: Council Finance & Service Delivery and the Assistant Director: Finance, Audit & Information Governance, to consider the business case and determine the acquisition and disposal of PIP assets;**
- (b) that authority be delegated to the Assistant Director: Development, Business & Employment to undertake the acquisition and disposal of PIP assets following approval to the business case as set out at (a) above;**
- (c) TO RECOMMEND TO COUNCIL that the necessary changes to the in-year (2015/16) budget framework to enable the strategy detailed**

in the report to be used in this financial year to facilitate the ongoing rationalisation and expansion of the PIP be approved;

- (d) TO RECOMMEND TO COUNCIL that the necessary changes to the Capital Programme and revenue budget from 2015/16 to facilitate the ongoing rationalisation and expansion of the PIP, as outlined in the report, be approved;**
- (e) that authority be delegated to the Assistant Director: Law, Democracy & People Services to seal or sign any documents required to give effect to the above resolutions.**

The meeting ended at 5.52pm

Signed for the purposes of the Decision Notices

**Jonathan Eatough
Assistant Director: Law, Democracy & People Services
Date: 18 November 2015**

Signed:

Date:

CABINET

**Decision Notices and Minutes of a meeting of the Cabinet held on
Thursday, 15 October, 2015 at 5.00pm at Addenbrooke House,
Ironmasters Way, Telford**

PUBLISHED ON WEDNESDAY, 21 OCTOBER, 2015

(DEADLINE FOR CALL-IN: MONDAY, 26 OCTOBER, 2015)

PRESENT: Councillors K S Sahota (Leader and Chair), L D Carter, E A Clare, S Davies, A R H England, A D McClements, R A Overton, G C W Reynolds and P R Watling

ALSO PRESENT: Councillor A J Eade (Conservative Group Leader) and W L Tomlinson (Liberal Democrat/Independent Group Leader)

CB-36 APOLOGIES FOR ABSENCE

None

CB-37 DECLARATIONS OF INTEREST

Councillor S Davies declared a personal interest in agenda item 6 – Future Delivery Arrangements for West Mercia Youth Offending Service (WMYOS) – in relation to his work as a Solicitor representing people in the Youth Court.

Councillor A R H England declared a personal interest in agenda item 6 – Future Delivery Arrangements for West Mercia Youth Offending Service (WMYOS) – in relation to his role as a JP in the Youth Court.

CB-38 MINUTES

RESOLVED – that the minutes of the meeting held on 8 October 2015 be confirmed and signed by the Chair.

CB-39 2015/16 FINANCIAL MANAGEMENT

Key Decision identified as **2015/16 Financial Monitoring** in the Notice of Key Decisions published on 30 September 2015.

Part Recommendation for Full Council in relation to decision (b) not subject to Call-in

Councillor L D Carter, Cabinet Member: Council Finance & Service Delivery, presented the report of the Assistant Director: Finance, Audit & Information Governance, which provided Members with the latest financial monitoring information for 2015/16.

The net projected outturn position for 2015/16 was estimated to be within budget and was an improvement of £0.9m on the position reported to Cabinet

on 23 July 2015. Further cuts to local government funding were anticipated following the Government's pledge to protect spending on health, education, defence and overseas aid which would require the delivery of more savings over the coming years. The Council would not know its budget gap for the following year until the Government had issued the local government finance settlement at some point during December 2015. In the meantime, work was progressing on developing a range of options for further savings and it was inevitable that many new savings proposals would have greater front line service impacts than the savings made to date which had focussed on driving down staffing levels and other costs and improving efficiency within the organisation. In particular, Councillor Carter commended the approach of the Cabinet Members for Children & Young People and Adult Social Care who he considered had handled a difficult task with dignity and compassion. The Council would engage in extensive consultation on its savings proposals for the following year, starting in January.

There were a number of variations from the approved budget, including the cost of Children in Care placements (overspend of £1.6m) and the cost of Adult Care and Support services (projected overspend of £1.9m which was an improvement since the last report). There were benefits from Public Health projected savings of £0.77m, £0.7m relating to treasury management activities and £0.8m from the implementation of single status which would not be required in 2015/16.

The capital programme totalled £102m, which included all approvals since the budget was set. Spend was currently standing at around 98% of the budget allocation. The report detailed a number of new approvals, virements and slippage.

The collection levels for Business Rates and Council Tax were ahead of target, whilst the Sales Ledger debt was slightly behind the target set for the year.

Councillor Carter indicated that he would be working with Councillor W L Tomlinson (Liberal Democrat/Independent Group Leader) to campaign to the Government for fairer funding and he extended an invitation to join them to the Conservative Shadow Cabinet Member for Resources.

Councillor S Davies commented upon the opportunities that had been created in difficult financial circumstances, particularly the Council's achievements with regard to economic performance, youth employment, housing growth and business space and lamented the unplanned in-year cut to the Public Health grant.

RESOLVED -

- (a) that it be noted that 2015/16 revenue spending is currently projected to be within budget and that work will continue with SMT to sustain the position;**

- (b) that the position in relation to capital spend be noted, and **TO RECOMMEND TO COUNCIL** that the new allocations and slippage detailed in Appendix 3 of the report be approved; and
- (c) that the collection rates for NNDR, council tax and sales ledger be noted.

CB-40 GREEN GUARANTEE

Non-Key Decision

Councillor R A Overton, Cabinet Member: Housing, Public Health & Protection, presented the report of the Assistant Director: Development, Business & Employment and the Assistant Director: Leisure, Culture & Facilities Management which sought approval for the protection of at least 100 green spaces owned by Telford & Wrekin Council as part of the Council's Green Guarantee as referred to in the Telford & Wrekin Local Plan: Consultation document.

The Green Guarantee reflected the Council's commitment to the retention of locally important green spaces which had value to local communities. The Green Guarantee would be delivered in two parts. The first phase would immediately identify at least 100 green spaces in council ownership which would formally recognise areas of open space for leisure, recreation and biodiversity purposes to complement the areas of land which were currently protected by other means such as Local Nature Reserves, Sites of Special Scientific Interest, Fields in Trust sites and Village Greens and met the criteria set out in the report. Secondly an additional 50 sites (approximately) would be identified through public consultation which would begin in December 2016.

The initial list of 100 green spaces, set out at Appendix 1 to the report, had been selected using the experience and knowledge of officers across the Local Authority and applied a criteria detailed in the report based on the value of the site to local communities, biodiversity value and leisure and recreational value evidence work undertaken as part of preparing the Local Plan.

The process of protection would also see the current officer delegated authority, which covered disposal of council owned sites under £50k in value, being removed for those sites identified as part of the Green Guarantee and any future proposals for the disposal or potential change of use of the identified sites would require Cabinet approval.

No additional resources or funding would be provided to manage identified green spaces but Telford and Wrekin Council would continue to work with partners such as Town and Parish Councils, existing and new 'friends of' groups and local communities to provide the maintenance and upkeep of these important community assets.

Members welcomed the proposals for protecting green spaces in the Borough which played an important role in creating the character and appeal of Telford.

Local residents were being listened to and would have the opportunity to put forward sites for protection.

Following comments made by Councillor A J Eade (Conservative Group Leader) Councillor Overton responded that some sites were not included in the Green Guarantee as they had already been allocated in the Local Plan document which was subject to separate consultation. Councillor A J Eade (Conservative Group Leader) maintained his position that he considered more could be more done to protect the borough's green spaces from development.

RESOLVED –

- (a) **that the proposal to identify and protect at least 100 green spaces and to remove the current officer delegation relating to these spaces to ensure that all decisions relating to disposals or changes of use of these sites are determined by Cabinet be approved;**
- (b) **that the initial list of 116 green spaces as identified in Appendix 1 to the report be approved and that the proposal that the Assistant Director for Development, Business & Employment and Assistant Director for Leisure, Culture & Facilities Management in conjunction with lead Cabinet Members consult and progress the site boundaries and present to a future Cabinet meeting to confirm the protection of the sites and progress the Council's Green Guarantee Land Management Commitment be endorsed; and**
- (c) **that the intention to bring an additional 50 (approximately) areas forward for similar protection via a further public consultation at the conclusion of the Telford & Wrekin Local Plan be endorsed.**

CB-41 FUTURE DELIVERY ARRANGEMENTS FOR WEST MERCIA YOUTH OFFENDING SERVICE (WMYOS)

Key Decision identified as **Future Delivery Arrangements for West Mercia Youth Offending Service** in the Notice of Key Decisions published on 30 September 2015.

Councillor P R Watling, Cabinet Member: Children & Young People, presented the report of the Director: Children & Families which sought approval for the Office of West Mercia Police and Crime Commissioner to act as the host organisation to provide the West Mercia Youth Offending Service (WMYOS).

WMYOS was a partnership between Worcestershire, Herefordshire, Shropshire and Telford & Wrekin local authorities, West Mercia Police, National Probation Service, Health partners (represented by NHS England), and the West Mercia Police & Crime Commissioner. The service delivered the full range of Youth Justice provision for children, young people, their families and the victims of youth crime.

Since 2012, WMYOS had undergone a phased programme of transition with the establishment of a single West Mercia-wide service which provided a more integrated single organisation for WMYOS delivery. Hosting had initially been provided by the Probation Trust but following national changes to Probation services, Worcestershire County Council took on the role of host agency for WMYOS on an interim basis pending a formal decision on the most suitable longer-term delivery arrangements. The main reasons for considering a change to WMYOS delivery arrangements were set out in the report.

The comprehensive options appraisal undertaken by the WMYOS Management Board during 2014/15 included detailed consideration of a broad range of alternative delivery models. The options appraisal formed a strong evidence base for the proposed hosting arrangement by the Office of the Police and Crime Commissioner which is supported in-principle by all WMYOS partners. A number of alternative models had been rejected:-

- Outsourcing delivery to a third sector organisation. This was discounted following a comprehensive market engagement exercise which identified a limited range of suitably experienced potential providers.
- Establishing a Local Authority Trading Company (LATC) for WMYOS delivery. A full business case was undertaken for a LATC. Concerns around financial viability and the lack of engagement of all WMYOS partners led to this option being discounted.
- Hosting by a Local Authority. After careful consideration this option was not considered viable for reasons specific to the four individual Local Authorities. It was also felt that this was the option least likely to achieve the desired outcomes for longer-term WMYOS delivery.

Each of the alternative options had been assessed using clear and transparent criteria agreed by the WMYOS Management Board which included consideration of financial viability, performance impact, quality and sustainability. The overriding consideration of WMYOS partners had been on which model would offer the best impact on reducing offending and re-offending, whilst securing the best possible outcomes for children, young people, the victims of crime and the wider community. Significant benefits were attached to the proposed hosting arrangement with the Office of the Police and Crime Commissioner and these were fully set out in the report. The report also set out the main elements of the proposed hosting arrangement which would form the basis of a formal joint agreement between the WMYOS Management Board and the Office of the Police and Crime Commissioner.

RESOLVED –

- (a) that the Office of West Mercia Police and Crime Commissioner (PCC) be approved to act as the host organisation for the four local authorities and their statutory partners as of 1st April 2016**

subject to all parties entering into appropriate contract documentation to give effect to the hosting arrangement; and

- (b) that authority be delegated to the Director of Children and Family Services in consultation with the Cabinet Member for Children & Young People to take all steps to implement the hosting arrangement set out in the report including consulting with affected council staff on the details of the transfer to the PCC.**

CB-42 SKILLS TO EMPLOYMENT PROGRAMME

Key Decision identified as **Youth Unemployment** in the Notice of Key Decisions published on 30 September 2015.

Councillor G C W Reynolds, Cabinet Member: Employment & Skills, presented the report of the Assistant Director: Development, Business & Employment which provided an update on progress against the Council's youth unemployment pledges, highlighted key challenges going forward and presented an emerging skills to employment programme of activity for approval.

The report noted that significant progress had been made against all of the original pledges supporting around 600 young people into employment, education or voluntary work through the Council's Job Junctions and 206 into employment or education with the support of Job Box Mentors (plus an additional 15 into a second job). The Job Box 'one stop shop' continued to grow in recognition amongst business and young people and over 9,500 people had been engaged through the Council's Job Fairs.

Work with the Telford Business Board and individual businesses and investors had shown a tightening in the labour market creating skills gaps at all levels and technological changes within industry and across sectors and supply chain, creating workforce development challenges. The key message which continued to be received from business was that those seeking to enter their workforce often lacked key employability skills.

Given this context, whilst maintaining the success in reducing youth unemployment remained a priority, with the additional £500k committed by the Council in addition to the original £1.3m Youth Unemployment Programme, there was an opportunity to refocus activity to address these emerging priorities and more closely reflect the skills needs of local businesses and the needs of the cohort still seeking employment, including young people not in education, employment or training (NEETS).

The Report set out proposals to take the strategy forward through a Skills to Employment Programme that closely linked to the Council's Strengthening Families strategy and Enterprise Telford approach and would generate growth through business expansion and inward investment, supported by an economically independent and resilient workforce. The programme would be delivered through 3 strands underpinned by the related themes - 'inspire', 'grow' and 'engage':

- Life Ready Work Ready – to inspire and grow young people for the world of work
- Job Box – to engage and inspire jobseekers of all ages and backgrounds
- Growth Hub – to inspire, engage and grow businesses of all sizes, across all sectors, growing entrepreneurship and technological advancement

The delivery of the whole programme would require closer partnership with a range of stakeholders, particularly schools and education providers, to sustain momentum in reducing unemployment and promoting economic growth. It was proposed that the Telford Business Board and Local Strategic Partnership would act as sponsors for the different strands of the programme.

Members applauded the significant achievements set out in the report, particularly the provision of 165 apprenticeships with the Council, and welcomed the new and continued opportunities proposed to assist young people in the borough.

RESOLVED –

- (a) that the progress made to date against the pledges approved at Cabinet in January 2014 to tackle high levels of youth unemployment be noted; and
- (b) that the Skills to Employment Programme to the end of financial year 2017/18 as set out in Appendix 2 of the report be approved.

CB-43 ADOPTION OF A TELFORD & WREKIN PLANNING ENFORCEMENT POLICY

Key Decision identified as **Adoption of a Telford & Wrekin Planning Enforcement Policy** in the Notice of Key Decisions published on 30 September 2015.

Councillor R A Overton, Cabinet Member: Housing, Public Health & Protection, presented the report of the Assistant Director: Development, Business & Employment which proposed the adoption of a Local Planning Enforcement Policy. A copy of the proposed Policy was appended to the report.

The adoption and publication of the policy had a two-fold purpose. Firstly, it would provide transparency and certainty to all members of the public concerning the Council's handling of potential planning breaches. Secondly, it would enable the Council to access the new Planning Enforcement Fund which had been implemented to support Councils with legal proceedings against unlawful breaches of planning control. The Fund would run until 31 March 2016 and would give access to grants of up to £10,000 or 50% towards the costs of a legal injunction (whichever was the lesser). The pledges in the policy would be monitored and reported on monthly to ensure service

standards were maintained. A six week consultation on the proposed policy had taken place.

RESOLVED – that the **Local Planning Enforcement Policy** set out in **Appendix 1** of the report be adopted and published.

CB-44 **SCRAP METAL DEALERS ACT 2013**

Non-Key Decision

Councillor R A Overton, Cabinet Member: Housing, Public Health & Protection, presented the report of the Assistant Director: Health, Well-Being & Public Protection which set out the proposed level of licence fees for Scrap Metal Site and Collector's Licences and proposed that the Local Authority's powers for the administration and enforcement of the Scrap Metal Dealers Act 2013 be delegated to the Licensing Committee.

The Scrap Metal Dealers Act 2013 came into effect on 1 October 2013, replacing the previous registration system for scrap metal dealers. Local Authorities were now responsible for administration and compliance in relation to the Act. The power to set licence fees had also passed to Local Authorities, and proposed fees for the new licences under the Act were appended to the report. Benchmarking data on other Authorities' proposed fees was also provided to provide comparison.

Cabinet had previously delegated the powers of licensing and enforcement in relation to the Act to Licensing Officers and it was suggested that it would be most appropriate for the Licensing Committee to have oversight of these functions in future.

RESOLVED –

- (a)** that the proposed licence fees for Site Licences and Collectors Licences as set out at Appendix A of the report be approved to take effect from 1 November 2015;
- (b)** that authority be delegated to the Council's Licensing Committee in respect of the Local Authority's powers of administration and enforcement of the Scrap Metal Dealers Act 2013.

CB-45 **HAYBRIDGE HALL, HADLEY**

Non-Key Decision

Councillor R A Overton, Cabinet Member: Housing, Public Health & Protection, presented the report of the Assistant Director: Development, Business & Employment which sought approval to provide funding in the form of a grant from agreed Section 106 contributions for off-site affordable housing to assist in the redevelopment of Haybridge Hall for ten affordable apartments.

The report outlined the recent planning history in relation to the Haybridge Hall building which was owned by Wrekin Housing Trust (WHT) but had been unoccupied for some years and had gradually deteriorated with repairs deemed uneconomic. The building was not listed or located in a conservation area but it was included on the Council's Buildings of Local Interest list. Following refusal of a planning application for the demolition of the existing building and construction of four new build bungalows, WHT submitted papers with a view to applying for prior approval to demolish the flats. This had led to Cabinet approval for a delegation to the Director of Neighbourhood, Customer and Cultural Services to permit an Article 4(1) Direction to remove permitted development rights for demolition and require a full planning application to be served. This had not yet taken place, pending the outcome of discussions with WHT regarding an agreed solution that would bring the building back into viable use for affordable housing.

Discussions with WHT had resulted in proposals to deliver a new scheme redeveloping the existing building which would provide ten affordable apartments. Based on the addition of six units from the Trust's original scheme that was refused by the Local Planning Authority, the Council was proposing to offer a grant of £79,167 per additional unit, amounting to a total of £475,000. The grant unlocked an additional 6 affordable homes from the original planned scheme of 4 units and therefore supported precisely the purpose of the off-site affordable housing Section 106 funding negotiated from other developments.

The Grant would also contribute to the Trust's Retirement Living on the site which benefited from communal facilities and gardens for elderly residents. The need for such accommodation had been demonstrated in the Telford & Wrekin Strategic Housing Market Assessment published in February 2014 and would contribute to the acute need for affordable homes in the Hadley and Leegomery Ward by releasing under-occupied existing homes. The terms of the Grant contribution would need to be agreed with Wrekin Housing Trust but primarily the funding would enable the delivery of affordable homes in perpetuity with the Council requiring nomination rights over the new properties to ensure that they benefit local people.

WHT were also submitting a bid to the Homes and Communities Agency for funding under their Continuous Market Engagement Scheme and use of WHT's own reserves and loan contribution, to make the whole redevelopment viable. Therefore the project would be funded by a combination of HCA, WHT and the Council. The scheme delivery remained subject to planning approval.

Councillor G C W Reynolds welcomed the report as another example of the Council listening to the desires of residents and protecting local heritage assets.

RESOLVED –

- (a) **that supplementary capital approval, capital estimate and temporary borrowing (pending the receipt of Section 106 contributions of £0.475m to fund the grant) to support the**

provision of affordable housing described in paragraph 1.5 of the report be approved;

- (b) that authority be delegated to the Assistant Director: Development, Business & Employment to enter into the proposed grant agreement referred to in the report.**

CB-46 WEST MIDLANDS RAIL GOVERNANCE

Non-Key Decision

Full Council decision not subject to Call-in

Councillor K S Sahota, presented the report of the Assistant Director: Neighbourhood & Customer Services which outlined proposed governance arrangements for the development and oversight of the West Midlands Rail Franchise through West Midlands Rail Limited (WMR Ltd) and sought approval of the Council's membership of WMR Ltd and the appointment of directors to the board of WMR Ltd by Full Council.

Proposals to increase local involvement and influence over the West Midlands local rail network had been in development by West Midlands Rail (WMR) Partner Authorities for approximately two and a half years, in line with government policy on devolution and evidenced by the benefits experienced elsewhere from local control of rail services. The Secretary of State for Transport had made a commitment to work with Partner Authorities to achieve these ends. The process for the letting of the new West Midlands Rail Franchise was set out in the report along with the proposals for rail devolution in the West Midlands

The proposed governance structures of WMR Ltd were comprehensively outlined in the report and a full draft of the Articles of Association was provided. The report set out proposals that the Partner Authorities join WMR Ltd and appoint directors to WMR Ltd's Board. The principles which the Governance Structure was designed to achieve were set out, focussing on effective, inclusive and transparent decision making between partner authorities, democratic accountability and robust financial management.

It was anticipated that WMR Ltd would jointly manage the West Midlands Rail Franchise in partnership with the DfT which would allow WMR Ltd to develop experience and capability in readiness for future full devolution.

Councillor A D McClements, Cabinet Member: Communities, Regeneration & Transport, welcomed the benefits which could be afforded by a local organisation delivering local services, including democratic transparency, improvements to local train stations, electrification of the Wolverhampton to Telford line and improved access to the rail freight terminal. Councillor England also applauded the benefits to the local community and added that he would support a similar arrangement for local bus networks.

RESOLVED –

- (a) that the proposed governance arrangements for the development and oversight of WMR Ltd as set out in the report be approved;
- (b) that the Council joining WMR Ltd as a member be approved;
- (c) **TO RECOMMEND TO COUNCIL** that Councillor Kuldip Sahota be appointed as a Director of WMR Ltd and that Councillor Angela McClements will attend as his substitute if he is unable to attend any Board meetings, and note that in this role they will be authorised to make decisions in this capacity relating to the strategic direction for the new West Midlands Rail Franchise; and
- (d) that the intention that WMR Ltd will in due course enter into a formal partnership agreement with the DfT that will set out the rights and obligations of WMR Ltd in relation to the award of the new West Midlands Rail Franchise and related matters be noted.

The meeting ended at 5.52pm

Signed for the purposes of the Decision Notices

Jonathan Eatough
Assistant Director: Law, Democracy & People Services
Date: 21 October 2015

Signed:

Date:

TELFORD & WREKIN COUNCIL

CABINET – 12 NOVEMBER 2015

ENTERPRISE TELFORD – DRIVING GROWTH & PROSPERITY

REPORT OF ASSISTANT DIRECTOR: DEVELOPMENT, BUSINESS & EMPLOYMENT

LEAD CABINET MEMBER – CLLR SHAUN DAVIES

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

- 1.1 In 2013 the Council launched 'Invest in Telford' as part of its commitment to being a business supporting and business winning Authority. Through Invest in Telford we promote the Borough as a place to invest to both existing businesses and potential new investors and we offer free support to businesses from start-ups to our largest companies. Since the launch we have dealt with over 3,000 businesses and over 130 inward investment enquiries.
- 1.2 Since 2013, the economic picture within Telford & Wrekin has changed with new and exciting opportunities for growth, although still with challenges. Some of these challenges are a result of skills shortages in certain key sectors and problems in accessing funding to support business expansion and diversification. Other challenges relate to increasing competition from new and emerging markets.
- 1.3 At the same time, changes in regional structures and alliances, opportunities through devolution deals and Government's launch of another phase of Enterprise Zones and of a national network of Business Growth Hubs are all influencing the landscape for business investment and support.
- 1.4 This report provides an update on the successes achieved by 'Invest in Telford' and following our designation of the whole Borough as an enterprise area, sets out our new **Enterprise Telford** 'pledge' to business. This extends our offer to business through a bespoke package of support available borough wide creating a more competitive investment environment than regional and national destinations including those designated as Enterprise Zones.
- 1.5 The report also describes how, working with our partners the Telford Business Board and the University of Wolverhampton, we will deliver support to our businesses and new investors through Telford's new one stop shop **Business Growth Hub**.

2. RECOMMENDATIONS

2.1 That Cabinet approves the Invest in Telford strategy for growth and the Enterprise Telford Pledge to business.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Co-Operative Council priority objective(s)?	
	Yes	Protect and create jobs as part of a business winning and business supporting council
	Will the proposals impact on specific groups of people?	
	Yes	Existing and new businesses: Enterprise Telford and the Growth Hub will support growth in existing businesses and will provide an incentive to new investors. The proposals will reduce unemployment and create new higher skilled jobs for local people.
TARGET COMPLETION/DELIVERY DATE	The Invest in Telford campaign and Enterprise Telford pledge will be on-going with activity set out in 12 month action plans and activity monitored through KPI's.	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	The set up cost of the Growth Hub has been funded from one off Destination Telford funding, and plans are in development to make the Hub financially self sustaining ongoing. The support to businesses included within the Enterprise Telford Pledge will be provided from within existing resources and budgets, or from the generation of additional third party income. JAC 151015
LEGAL ISSUES	Yes	State Aid law recognises a variety of public support which is compatible with the internal market including support for small and medium enterprises and promoting the local economy. The Council will be mindful of State Aid Rules and any General Block Exemptions available to SMEs in

		<p>relation to grant funding to commercial entities who engage in tradeable activity. The Council will construe its behaviour against Constitutional standards of financial probity and stringent financial planning and financial risk management as well as risk and equality impact assessments and procurement requirements, which may impact its pledges, support package coordination and delivery to third parties.</p> <p>State Aid includes:</p> <ul style="list-style-type: none"> • Grants to enterprises for investment, research and development, employee training • Preferential or 'soft' terms at below market rates • Sale or lease of public land or property at discounted rates • Free Business and Consultancy advice <p>The report requests approval for further research and assessments which may be required in the future which does not give rise to any legal implications.</p> <p>MG Legal Services 21/10/15</p>
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	Enterprise Telford will complement the delivery of HCA land to the market and the Land Deal being negotiated with HCA/DCLG. Success will also deliver an increase in business rates.
IMPACT ON SPECIFIC WARDS	No	Impact is Borough wide.

PART B) – ADDITIONAL INFORMATION

4. INFORMATION

Background

- 4.1 Invest in Telford is the campaign name for a programme that incorporates business support and the promotion of Telford as a place for businesses to invest and expand, driving economic growth and job creation.

- 4.2 Invest in Telford is supported by a high quality website, marketing literature and investment propositions which are used to respond to the widest possible range of investment enquiries
- 4.3 Since 2013 the team has worked to raise Telford's profile with the Governments trade and industry body, UKTI, with Telford now promoted through this body as a key UK investment destination for advanced manufacturing (particularly automotive). Invest has raised Telford's profile with investment intermediaries such as property agents, lawyers and accountants with attendance at key trade shows and events generating significant investment enquiries. The Council Team have account management relationships with Telford's top 180 foreign direct investors (FDI), gathering local intelligence and supporting these companies to expand.
- 4.4 Since the formation of Invest inTelford the team has:
- generated 132 investment leads
 - directly secured 21 business investments creating 369 jobs
 - supported the expansion of 13 of the Borough's strategic businesses including Stadco, BAE, Denso and Heinz who have made multi-million pound investments
 - delivered full turnkey solutions, in house, for a number of investors including land acquisition, design and build, relocation and project management
 - worked with the Estates team to secure land and property disposals
- 4.5 Through Invest, support has been provided to local businesses across all sectors and of all sizes. We have:
- regular contact with over 3,000 businesses
 - visited and given direct support to c 1,000 businesses
 - helped create 261 jobs and safeguard 291 jobs
 - directly helped businesses to secure funding for growth in excess of £2m
 - supported Job Box by securing commitment to recruitment opportunities for young unemployed and participation on skills/jobs fairs from investor
 - supported aspiring entrepreneurs and pre-start ups with successful events such as Global Entrepreneurs Week, Start Up Saturday
- 4.6 The team also has an essential role in meeting business needs in terms of recruitment, skills and training, working as an intermediary between businesses and schools and colleges, establishing business skills and training needs and brokering solutions with education providers. The team is working closely with schools as part of a growing Science, Technology and Maths (STEM) network which now has over 50 members and a Twitter account that has grown 163% in 10 months.

National and Regional Context 2015

- 4.7 Telford's approach to economic growth will be increasingly influenced by the Government's devolution policy, by our non-constituent membership of the West Midlands Combined Authority and by the emerging Midlands Engine for growth. These have been the subject of separate reports.
- 4.8 In 2014 Government launched a national initiative to simplify and streamline the delivery of support to business. This was as a result of the increasingly confusing and often competing (and therefore wasteful) programmes of support on offer to businesses. Government has tasked each Local Enterprise Partnership (LEP) to develop a **Business Growth Hub**, through which accessible and 'joined up' support should be given to businesses regardless of sector or stage of development.
- 4.9 In 2015 Government launched a new round of **Enterprise Zone bids**, which gave each LEP the opportunity to submit an application to Government to designate a specific area as an Enterprise Zone. Enterprise Zone status provides a standardised package of support to business that includes business rate savings.

Local Context 2015

- 4.10 Since the launch of Invest in Telford the local economy is showing positive signs of growth with company expansions particularly strong in:
- Manufacturing - enhanced by the expansion of the Telford Innovation Campus of Wolverhampton University through investment into its engineering and manufacturing faculty with a particular focus on automotive manufacturing.
 - Defence and logistics – highlighted by the £83m investment into the MOD Logistics Hub at Donnington but also growing through investments by local companies including BAE Systems
 - Agric tech and food and drink - driven by the international renown of Harper Adams University with its food and drink academy and proposals for a national agri-tech research & business development centre providing a stimulus for sector growth in Newport.
- 4.11 Telford has a strong Business Board with senior representatives from businesses who are acting as 'champions' for their sectors; helping to identify both barriers to growth and opportunities and creating sector networks and collaborations. The Board are instrumental in promoting opportunities for Telford to create a reputation as a 'centre of excellence' in areas including rapid prototyping and composites and resource efficiency in advanced manufacturing.

- 4.12 Infrastructure funding secured through the Marches LEP Growth Deal is enabling the Council to strengthen connectivity across the Borough and region and the Council and its partner BDUK are jointly funding the Superfast Telford programme which will bring superfast coverage to a minimum of 98% of the Borough by 2017.
- 4.13 There are local challenges however. Whilst Telford has an impressive supply of ready-to-go land, there is a shortage of certain categories of property, specifically for manufacturing and warehouse space for small to mid sized SME's. Telford's older industrial estates are also in need of environmental and infrastructure improvements, particularly as a result of their piecemeal development over the last 20 years.
- 4.14 Telford also still has issues of unemployment, underemployment and business partners highlight skills shortages across sectors and an ageing workforce in some sectors that could hamper growth. The recently released 2015 update of the Index of Multiple Deprivation, shows that Telford needs to address deprivation and levels of NEETS (young people not in education, employment or training) and this demonstrates the need for a balance in the economy providing both high growth and high value added employment and high volume, high job creation employment to create larger numbers of low to medium skilled employment.

Invest in Telford – Delivering Growth 2015

- 4.15 Given the growth in the local economy it is essential that the Council continues to prioritise engagement with both our top FDI and home grown companies. It is only through strong account management that we will pick up market intelligence that will ensure that we can support these businesses to achieve their growth potential and also ensure that those looking to expand stay in our Borough.
- 4.16 Emerging regional changes offer significant opportunities for the Invest in Telford campaign. Telford is uniquely well placed to capitalise because of its predominantly urban nature, its geographical location and its strength in manufacturing. The West Midlands represents a highly connected market and with growing international competition from new and emerging markets the promotion of Telford as part of the West Midlands Engine for Growth is critical.
- 4.17 Invest in Telford is already collaborating with these partners and with UKTI in the Drive West Midlands initiative which will promote the West Midlands as an investment opportunity to overseas businesses in the automotive supply chain where there are still significant opportunities for growth. Invest in Telford will be part of the Drive West Midlands promotion at the Advanced Manufacturing Exhibition in Birmingham in November 2015, at the new Automechanica exhibition and MIPIM London in 2016.

- 4.18 To compete with the national network of Enterprise Zones, which offer a standardised package of support to new or growing investors, we have designated the whole of Telford an enterprise area. Through Invest in Telford our new **Enterprise Telford Pledge to Business** (Appendix 1) will provide a unique borough wide offer that matches investor aspirations with a tailor-made support package. Not limited to a standard EZ offer we aim to match the commitment of investors with a fast, responsive, deal focussed approach with a 'Hello Telford' landing offer and options around finance, land, design and build, property, recruitment and skills. Our offer includes the commitment of senior business champions from across our sectors willing to engage with and support potential and new investors.
- 4.19 A separate report to Cabinet sets out the Council's proposals for a £20m **Growth Fund**. This will enable the Council to fund the acquisition of land or property and build premises on behalf of investors for leaseback, driving growth and business expansion and delivering a revenue return to the Borough.
- 4.20 The Council has already made funding available through the Pride fund to remove the cluttering effect of excessive signage on our industrial estates. The Council has prioritised seeking funding for industrial estate improvements as part of future Growth Deal funding bids and will consider how the branding of our existing estates can be improved.
- 4.21 Taking advantage of Telford's growth opportunities, Invest has already developed tailored offers targeted at key sectors and will develop these for locations including T54 as a flagship employment site for advanced manufacturing and specifically the automotive supply chain and for Newport, where the Harper Adams 'brand' will enable us to create a unique and persuasive offer for potential investors in the food and drink and agri-tech research sectors.
- 4.22 Going forward, we will work closely with the Telford Business Board and Sector Champions to develop further growth proposals around developing 'Centre of Excellence' concepts, building on the innovative work of local businesses such as Ricoh.
- 4.23 Telford has the highest concentration of skilled workforce outside the SE and major, sector employers including Cap Gemini. Our strategy includes working with these partners to lobby and position Telford as a regional competitor in the Digital and ICT sector. This will help to promote Telford's potential to HMRC who have already identified Telford as a Specialist Digital Hub and other Government agencies, consolidating and growing local jobs and acting as a stimulus across our business base.

Telford Growth Hub

- 4.24 On 21st October the Council, with its partners the Telford Business Board, the University of Wolverhampton and Marches LEP, launched a new business **Growth Hub** at the Telford Innovation Campus, Priorslee.
- 4.25 The **Growth Hub** will bring together Telford's Investment and Business Support Team with the University's Business Solutions team, the Business Board Sector Champions and a range of other local, regional and national business support providers to create a one stop shop that will meet all business needs and will act as a showcase to attract inward investment.
- 4.26 The **Growth Hub**, which offers hot-desking, meeting space and access to webinars, will also provide access to significant European Grant Funding programmes, export advice, direct access to research and innovation and links to business and sector networks. The Federation of Small Business and the Chamber of Commerce are among the local business networks already closely engaged with the Hub.

Measuring Success

- 4.27 Success will be measured through an agreed set of key performance indicators that will cover both business support and inward investment activity. These will be set out in detail in the economic strategy and they will link with the Growth Hub reporting requirements of the Marches LEP.

5. IMPACT ASSESSMENT – ADDITIONAL INFORMATION

6. PREVIOUS MINUTES

None

7. BACKGROUND PAPERS

Appendix 1 – Enterprise Telford Pledge

Report prepared by Kathy Mulholland Service Delivery Manager, Inward Investment and Business Support, Telephone: (01952) 367572

Appendix 1

Enterprise Telford - Our Pledge to Business

We are committed to promoting the economic growth and prosperity of our whole Borough. We don't limit success to a single sector or location - **Enterprise Telford** – is a borough wide enterprise area – open for your business.

Wherever you invest, we can promise you the operating environment, skilled workforce, business support and the infrastructure to help you realise your ambitions. Whether you are an existing business with potential to expand or a new investor, we pledge to work with you to create an **Enterprise Telford** package tailored to support your plans.

Investors in **Enterprise Telford** will benefit from our unique experience of successfully matching investor expectations to tailor-made support. Our 'business winning, business supporting' approach, which brings together all the Council's business facing teams (planning, property, design, skills, business rates, business support) through a **dedicated account manager will guarantee you a red carpet welcome**.

Our **Business Growth Hub** offers a one stop shop for access to funding, business and sector networks, export advice, support with recruitment and skills training and direct access to research and innovation expertise from our two world class universities.

Hello Telford is our welcome offer - a fast and efficient property service, free hot-desking and meeting facilities and potential for rent free office space to assist with your relocation.

When you choose Enterprise Telford the Council's **in-house design and build service** can project manage the construction of your new premises and offer a complete relocation support package with charges discounted to reflect the level of investment.

We offer opportunities through our **Telford Growth Fund** to acquire land or buildings and deliver bespoke accommodation solutions on your behalf with leaseback options and long term property management services

Enterprise Telford will ensure that you benefit from **quick planning application validation, comprehensive and timely planning advice** including planning obligations and conditions that maximises certainty prior to major investment.

Enterprise Telford will provide **access to finance, supporting businesses from start-ups to multi national** to access a range of grant funding to support initial investment, expansion or diversification into new products or processes.

10 wards across Enterprise Telford benefit from **Assisted Area status providing additional financial incentives**

To maximise on funding success Enterprise Telford offers **free professional consultancy support and a competitive bid writing service.**

Enterprise Telford will help you attract and **recruit staff providing a one stop brokerage service to meet all skills, training, work experience and apprenticeship needs.**

Wherever you choose to invest in Enterprise Telford, you will have benefit from **high quality infrastructure provision** – fast road and rail connections regionally and nationally, uncongested local connections, energy security and fast, affordable broadband provision.

Enterprise Telford...whatever the sector, whatever the size, our focus will always be on you, your business, your plans

Testimonials 2015

James Beirne of Midland Alloy and Telford Business Board sector champion: " To have business support services under one roof is a great asset for the Telford business community. It also shows to future investors that we are pro growth and a great place to do business."

Rekha Rani Chhiber, managing director for Asteria Global Ltd: "It was on the off chance I rang Telford & Wrekin Council business support and I'm so glad I did. Through this service I decided to stay in the borough rather than relocate to Birmingham. A great choice and I'll be using the growth hub for my latest ideas to grow my business...."

Bryan Webb, Managing Director for Edgmond Food: "We will be relocating (in Telford) to a larger premises soon which is really exciting and through a streamlined range of business support services this has been a smooth process..."

Graham Humphery, Chairman of Eurofilm Extrusion Ltd : "We've accessed funding through a range of business support providers to increase our production. Identifying funding can be somewhat of a mine field but Telford & Wrekin Council's business support team helped us through this process - the growth hub will help other businesses to gain support when and where they need it."

TELFORD & WREKIN COUNCIL

CABINET – 12 NOVEMBER 2015

SCHOOL FUNDING FORMULA 2016/17

REPORT OF THE ASSISTANT DIRECTOR: EDUCATION & CORPORATE PARENTING

LEAD CABINET MEMBER – COUNCILLOR PAUL WATLING

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

- 1.1 Each year we review the local funding formula for mainstream schools in the context of revisions to DfE regulations or any other relevant developments. Although we consult with schools and the Schools Forum regarding any changes, the Council makes the final decision on the funding formula. The local funding formula applies both to academies and maintained schools.
- 1.2 The following changes are proposed for 2016/17:
 - One small change to the local funding formula, to tighten the criteria for the allocation of split site funding, bringing it closer to DfE recommended criteria;
 - Utilise DSG funds ‘freed up’ from the support provided to date for the BSF project and the falling rolls fund to support the High Needs budget in 2016/17. These funds, expected to amount to over £500,000 (the precise amount will depend upon the amount allocated to the Falling Rolls fund at the 20th November 2015 Schools Forum meeting) will replace the 2014/15 Dedicated Schools Grant carry forward used to support the 2015/16 budget;
 - Move just over £620,000 from funds available for the mainstream school funding formula to High Needs in order to fund increased places in special schools.
- 1.3 The context to the High Needs changes is that the DfE have advised local authorities to assume that there will be no increase in High Needs funding in 2016/17, but a combination of basic demographic pressures (more pupils in the area) and such factors as medical advances (children survive to school age who would previously not have done so) over a number of years has led to an increasing demand which cannot be accommodated within our current high needs provision
- 1.4 The revised funding formula has to be submitted to the Education Funding Agency (EFA), a DfE agency, by 31 October 2015. Telford & Wrekin’s formula will be submitted (as is allowed) subject to cabinet approval on 12 November 2015.
- 1.5 This report seeks Cabinet approval for the proposed 2016/17 funding formula for Telford & Wrekin mainstream schools.

2. RECOMMENDATION

- 2.1 **That the revisions to the funding formula for Telford & Wrekin mainstream schools be approved.**

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Co-operative Council priority objective(s)?	
	Yes	By ensuring that as far as is possible schools receive fair funding for their pupils, this supports the objective to improve local people's prospects through education and skills training.
	Will the proposals impact on specific groups of people?	
	Yes	Children, young people, parents and the wider community served by schools. The proposed High Needs arrangements for 2016/17 have been discussed with the Schools Forum and with schools generally at a Head Teachers Briefing session in September devoted to High Needs.
TARGET COMPLETION/DELIVERY DATE	The revised funding formula will take effect from 1 April 2016 for maintained schools and from 1 September 2016 for academies. Details of the formula have to be provided to the EFA by 31 October 2015, but ours will be submitted (as is allowed) on the basis of being 'subject to Cabinet approval.'	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	Despite the proposed movement of funds from the Schools Block to the High needs block, most mainstream schools are forecast to receive a cash increase in funding in 2016/17 arising from increases in pupil numbers. Reductions in funding per pupil continue to be protected by the national Minimum Funding Guarantee (MFG) for schools which means that no school's funding can reduce by more than 1.5% per pupil, per year. However, all schools, special and mainstream, will face significant inflationary pressures in 2016/17 due to a combination of national insurance and pension contribution increases combined with pay awards and any general inflation.
LEGAL ISSUES	Yes	The revised arrangements have to comply with the School Finance Regulations.
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	
IMPACT ON SPECIFIC WARDS	Yes	The revised funding formula will affect all schools in T&W, including academies, with the exception of nursery schools, special schools and independent schools and so will impact upon all Wards across the Borough.

PART B) – ADDITIONAL INFORMATION

4 THE FUNDING SYSTEM FOR SCHOOLS

- 4.1 Dedicated Schools Grant (DSG) is allocated in three blocks; Schools, High Needs and Early Years. Each is allocated on a different basis:

- Schools Block: Calculated by multiplying the number of pupils at the preceding October census (i.e. October 2015 for 2016/17) by a unit of funding (different for each local authority). 2015/16 allocation for T&W was £104.083m.
- High Needs Block: Calculated by taking historic allocations and then (for the last couple of years but not for 2016/17) inviting local authorities to bid for 'exceptional case' funding. Any remaining funding available nationally (advised to assume none for 2016/17) distributed broadly pro-rata to authorities. 2015/16 allocation for T&W was £16.206m.
- Early Years Block: Calculated by taking the average pupils in the last two January censuses (i.e. January 2016 and January 2017 for 2016/17) and then multiplying by a unit of funding. 2015/16 allocation for T&W was £9.574m.

4.2 DSG is ring-fenced for schools, but local authorities can move funds between the blocks. It can be seen above that whilst the School and Early Years blocks are allocated in proportion to pupil numbers, this is not necessarily the case for High Needs.

4.3 DSG is distributed to institutions as follows:

- Mainstream schools Via a locally determined funding formula, within the constraints of DfE regulations. These regulations required Local Authorities to implement a simpler funding formula for schools from April 2013 and were described by the DfE as the first stage towards a planned national funding formula for schools. However, at present, the local funding formula for schools continues to determine how much of the total funding received by T&W is allocated to each individual school.
- Special schools and pupil referral units (PRUs) Via a place plus top-up system, the place element being set nationally at £10,000, the top-up element being locally determined. The number of places is determined by a combination of the local authority and the EFA.
- Nurseries, nursery classes and private, voluntary and independent (PVI) early years providers. Via the Early Years Single Funding Formula (EYSFF) for 3 and 4 year olds, a locally determined formula, within the constraints of DfE regulations. Via a single hourly rate for 2 year olds (currently set at £4.85 in T&W, matching the allocation rate from the DfE).

4.4 For mainstream school funding, the DfE have made only minor changes to school funding regulations for 2016/17. The Minimum Funding Levels adjustment in 2015/16, which delivered an increase in Schools Block funding of 1.4% per pupil for T&W, has been retained in 2016/17. Non recoupment academies (just Madeley Academy locally) will now be included within the initial allocations of Schools Block DSG for LAs. As a result, the amount per pupil has increased from £4,428 to £4,456, which reflects the additional cost of funding Madeley compared to an average school (i.e. because Madeley is a secondary school with relatively high levels of deprivation).

4.5 Whilst we do not yet have final figures from the October 2015 census, it is clear that overall pupil numbers in the Borough are now growing significantly, particularly in the primary sector. This will lead to an increase in the overall cash sum of Schools Block DSG allocated by the DfE in 2016/17.

5 LOCAL CONTEXT AND PROPOSED FORMULA CHANGES

Supporting High Needs

- 5.1 As noted above, high needs allocations are not directly linked to demographics. In recent years, the costs of high needs, whether through the element of SEN statements individually funded in mainstream schools, or special schools, has been increasing. It has been possible to support these costs partly from DSG underspends over the last two years but increasing cost pressures and a change in methodology of funding provision for 2 Year olds will result in little or no capacity to continue funding High Needs in this way in 2016/17.
- 5.2 The 2015/16 High Needs Budget has been supported by £658,000 of DSG carried forward from the previous year. Other things being equal, this sum therefore will be needed to be found for 2016/17. We anticipate that this can be achieved largely from a 'natural' reduction in the need for DSG expenditure in two areas:
- Support for the BSF project We have agreed with the Schools Forum to request no more than £100,000 of DSG support for the project in 2016/17, compared to £342,000 in previous years. The reduction reflects that the main building work is nearing completion, whilst the retention of some funds reflects that the 12 month Defect Liability Period will extend into 2016/17 for a number of the rebuilt schools.
 - Falling rolls fund £450,000 was allocated in 2015/16 for this fund, which allocates additional funds to schools with a reduction in funding (due to falling pupil numbers) of more than 3%. As pupil numbers are now stable or rising in the large majority of T&W schools and the fund, to comply with DfE rules, can only be allocated to schools with a 'Good' or 'Outstanding' Ofsted rating, we anticipate a minimal call on it in 2016/17 (the final figure will be confirmed once the October 2015 census data is available).
- 5.3 However, in addition to the need to cover the gap arising from a lack of carry forward in 2016/17, it is also intended to extend high needs provision in 2016/17 to respond to increasing pressures in the system. In particular it is planned to:
- Increase places at Queensway at HLC, which supports pupils with high needs arising from autistic diagnoses, by 24;
 - Create a new 12 place Key Stage 2 provision to support pupils with high needs arising from behavioural issues (whilst reducing the number of places by 6 at Mount Gilbert school, catering for secondary age pupils with behavioural issues);
 - Increase places at Haughton School, supporting primary age pupils with complex needs, by 24;
 - Increase places at the Bridge School, supporting primary and secondary age pupils with severe needs by 4.
- 5.4 The budgeted cost of this increase in financial year 2016/17 is just over £620,000, and is planned to be funded by reducing the amount available for the mainstream schools funding formula. It represents around 0.6% of mainstream school budgets.
- 5.5 Consultation and briefing on these proposals took place at a Headteacher's Briefing specifically arranged to discuss high needs on 10 September 2015 and at the Schools Forum on 18 September 2015.

Split Site Funding

- 5.6 Six schools currently receive, this, four in the secondary sector, and two in the primary. The criteria for this, as described on our formula proforma submitted to the EFA for 2015/16, reads as follows:

Funding for those schools with satellite assets used consistently for educational needs. Secondary rate £20K, Primary rate £10K. The local authority estates department identified those schools which had assets that are separated from the main school buildings by main roads which require the supervision of pupils reaching the separate site.

- 5.7 The 2016/17 DfE guidance on split site allowances reads as follows:

“Criteria for providing extra funding should be clear and transparent, incorporating clear and objective trigger points and a clear formula for allocating additional funding.....

Examples of clear trigger points are:

- The sites are at least X metres / kilometres / miles apart as the crow flies and the sites are separated by a public highway;*
- The provision on the additional site does not qualify for an individual school budget share through the Dedicated Schools Grant;*
- The school has remote playing fields, separated from the school by at least X kilometres / miles and there is no safe walking route for the pupils ;*
- X% of staff are required to teach on both sites on a daily basis in order to support the principle of a whole school policy and to maintain the integrity of the delivery of the national curriculum;*
- At least x% of pupils are taught on each site on a daily basis.”*

- 5.8 Our current criteria do not necessarily ensure that funding is only provided where there are likely to be significant additional costs (e.g. where a site is a significant distance from a school).

- 5.9 In order to address this, we are proposing to retain the primary and secondary rates as above, i.e. £10,000 per qualifying primary school and £20,000 per qualifying secondary school, but change the qualifying criteria to the following (mirroring the first example above).

- 5.10 The sites are:

- at least 1 kilometre apart as the crow flies;
- separated by a public highway.

- 5.11 Based on current data, that would reduce the schools in receipt of split site funding to one secondary.

6. IMPACT ASSESSMENT – ADDITIONAL INFORMATION

- 6.1 Any change to the distribution of funding for schools leads to some schools being allocated more funding, and some schools less, compared to the existing situation. The main change proposed for 2016/17 is to increase funds for special schools. Whilst this reduces the resources available for mainstream schools, the overall growth in pupil numbers means that there will still be an increase in the resources allocated to mainstream schools. Schools continue to be protected by the national minimum Funding Guarantee, which prevents any year on year reduction exceeding 1.5%.
- 6.2 Under current regulations, the formula can be reviewed and if desirable it can be amended each year. It will be kept under review in the context of local circumstances and further changes in government regulations.

7. PREVIOUS MINUTES

- 7.1 Minutes of the meetings of the Cabinet held on Thursday, 8th November, 2012 (concerning the 2013/14 funding formula for schools), Thursday 14th November 2013 (concerning the 2014/15 funding formula) and Thursday 13 November 2014 (concerning the 2015/16 funding formula).

8. BACKGROUND PAPERS

“Schools revenue funding 2016 to 2017: Operational guide”, July 2015

T&W Schools Forum, Minutes and accompanying papers of meetings held on 18th September 2015

Report prepared by: Tim Davis, Finance Team Leader, Telephone: 01952 383756

TELFORD & WREKIN COUNCIL

CABINET – 12th NOVEMBER 2015

PUBLIC HEALTH GRANT SAVINGS PROPOSALS 2015-16

REPORT OF ASSISTANT DIRECTOR HEALTH WELLBEING & PUBLIC PROTECTION

LEAD CABINET MEMBER – CLLR RICHARD OVERTON

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

During the summer a public announcement was made to cut the Public Health grant by £200m nationally in 2015-16. A 4-week consultation with regard to how this saving is to be distributed between local authorities was launched on 31st July to which the council responded. For Telford & Wrekin this in-year saving would equate to £774k if the reduction is made on a pro-rata basis which is the Department of Health's (DH) preferred option.

The AD for Health Wellbeing and Public Protection has identified £424k in-year savings (approx 55% of potential cut). The in-year nature of this cut has made this a challenging task. 78% of the savings will affect external providers with largely in-year slippage against in-house service areas accounting for the remainder. The largest component of the savings relate to expenditure on smoking cessation and NHS Health Checks.

As this announcement came after the beginning of the year it was difficult to find possible reductions in the planned use of Public Health resources. There was, however, a public health initiative to provide free swimming for the over 50s as part of the 2015/16 budget strategy which was funded over a four year period on a one off basis from corporate resources. As no alternative options can be found to meet the grant cut, the concluding of this offer earlier than anticipated is one of the savings proposals included below. A further £144k of savings has also been identified from the use of non-recurrent reserves.

The overall total identified from the above proposals is £730k. If required, the remainder will be found from the corporate contingency

2. RECOMMENDATIONS

- 2.1 To note the Department of Health's proposed in-year saving to the Public Health Grant (£774k);**
- 2.2 To approve the proposals and risks of reducing expenditure in 2015/16 from the budget of the Assistant Director: Health, Wellbeing & Public Protection;**

2.3 To cease the offer of free swimming for the over 50s earlier than anticipated with effect from 1st January 2016.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Co-Operative Council priority objective(s)?	
	Yes	Reductions in public health spending will impact on many of the co-operative council priority objectives but in particular: Improve the health and wellbeing of our communities and address health inequalities, Protect and support our vulnerable children and adults, Put our children and young people first
	Will the proposals impact on specific groups of people?	
	Yes	Public Health programmes are targeted in some of our more deprived communities where the impact in terms of wellbeing and length of healthy life will be felt most. An impact assessment has been undertaken.
TARGET COMPLETION/DELIVERY DATE		
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	<p>The ringfenced Public Health grant in 2015/16 for Telford & Wrekin is £12.485m, comprising of an initial allocation of £10.913m and a further £1.572m allocation for the transfer of public health services for children aged 0-5 from October 2015.</p> <p>The Department of Health (DoH) is consulting with local authorities to consider options to deliver national in-year savings of £200m from the Public Health Grant. The DoH preferred option is to reduce each LA allocation by a flat rate of 6.2% which could mean a £0.774m reduction in T&W Public Health grant. T&W Budget strategy for 2015/16 has already delivered £0.300m Public</p>

		<p>Health budget savings.</p> <p>The potential £0.774m savings would be delivered from a combination of Health & Wellbeing budgets (£0.424m) and reserves/non recurrent budgets (£0.306m). Work is being undertaken within the service to identify the required further £0.044m savings to avoid the use of Corporate contingency if possible.</p> <p>There is a risk associated with the delivery of these savings in full in year as they are dependant on activity levels in specific areas such as smoking cessation. The projected delivery of these savings will need to be closely monitored to ensure any shortfall can be identified as early as possible and action taken to address it.</p> <p>GS 19/8/15</p>
LEGAL ISSUES	Yes	A review of the legal implications for this matter is set out in the report at paragraph 7 below.
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	The impact of reducing public health spending will also be felt across the public sector but especially the NHS
IMPACT ON SPECIFIC WARDS	No	Borough-wide impact, however many public health programmes are targeted in our most disadvantaged wards to reduce health inequalities

PART B) – ADDITIONAL INFORMATION

4. INTRODUCTION

The Public Health grant for 2015-16 is £10.9m. The last phase of the transfer of public health commissioning responsibilities from the NHS with respect to 0-5s children's services is to take place from October 2015 – the part year allocation is £1.5m. The Public Health grant is over-target by £1.9m (although this excludes the *target* allocation for 0-5s as this has not yet been determined). Approximately 6.6m of the total Public Health Grant is spent within the council.

During the summer an announcement was made to cut the Public Health grant by £200m in 2015-16, for Telford & Wrekin this would equate to £774k if the reduction is made on a pro-rata basis which is the Department of Health's

(DH) preferred option. A national 4–week consultation was launched on the 31st July to which the Council responded.

The Public Health grant is received from the DH and this in-year cut is disappointing and seems counter intuitive to the NHS commitment to preventative health care as outlined in the NHS Five Year Plan. Only 3% of the NHS budget was spent through the local authority Public Health grant. On average, in 2013/14, the NHS spent £1,742 per person on treatment services. This compares with an average spend today of £65 per person on Public Health preventative programmes in Telford & Wrekin. The in-year saving represents a cut of £4.60 per person in the borough and as Telford & Wrekin has significant health inequalities the cut will have a bigger impact. The impact of reducing spend on Public Health prevention measures will be felt by the NHS, employers (largely through lost productivity), the local authority, the police and communities themselves. Public Health spending is targeted at the most vulnerable groups and communities within the borough.

Unhealthy lifestyles costs the NHS and the economy billions of pounds per year – to the NHS smoking costs £2.7 billion, obesity £4.2 billion, alcohol £2.7 billion and physical inactivity £1.1 billion. Similarly to the economy smoking costs £5.2 billion, obesity £15.8 billion, alcohol £20 billion and physical inactivity £8.3 billion (Kings Fund). Public Health spending represents good value for money for the public purse:

- every £1 investment in interventions promoting active travel (cycling and walking) delivers a health benefit equating to £19;
- for every £1 spent on sport and physical activity programmes for at-risk youth an estimated £7.35 of social benefit is accrued through financial savings to police, the criminal justice system and the community;
- every £1 spent on smoking cessation saves £10 in future health care costs and health gains;
- every £1 spent on drugs treatment saves society £2.50 in reduced NHS & social care costs and reduced crime;
- every £1 spent on motivational interviewing & developing supportive networks for people with drugs & alcohol addiction returns £5 to the public sector in reduced healthcare, social care and criminal justice costs.

The national proposal is reduce the **2015/16** public health grant. It is unclear what the position will be for future years and this uncertainty is not helpful in planning terms.

5. BACKGROUND

The grant is made under Section 31 of the Local Government Act 2003 and there are conditions to govern its use. The primary purpose of the conditions is to ensure that the grant is spent on the new public health responsibilities transferred from the NHS to local authorities and there is a requirement that it is spent against public health outcomes. This means that the use of the grant should meet the following conditions:

- improve significantly the health and wellbeing of the local population
- reduce health inequalities across the life course, including within hard to reach groups

The new local authority public health responsibilities include a wide variety of functions, some of which some are prescribed and some non-prescribed. The prescribed functions are a mixture of services and leadership responsibilities and include sexual health services (STI testing & treatment and contraception services), NHS Health Checks, Health Protection, CCG support and National Child Measurement programme. In the future universal elements of the 0-5s service are prescribed.

Some headline performance from some of the services that form part of the new public health responsibilities include:

- Nearly 120 pregnant women were supported to give up smoking in 2014/15 – more than last year and smoking in pregnancy appears to be on a downward trajectory having been stable for many years.
- In total 1,075 smokers were supported to give up – lower than last year as the popularity of e-cigarettes has increased, but the service's success rate was 59% (higher than the national average) and the overall number of people quitting per head is far better than the national average. Nearly 70% of smoking cessation activity is with clients living in the 40% most deprived areas.
- Around 7,500 attendances or episodes of care were completed by the main sexual health services and over 2,200 users received long acting reversible contraception – 300 more than last year.
- The reach of our healthy lifestyle hub has increased since it was in-sourced into the council and operates out of Southwater. The team has delivered nearly 11,250 opportunistic brief interventions, 4,300 brief interventions and 950 extended 12- week programmes – all more than last year. Just over a quarter of their activity is targeted at the 35,500 residents living in the Target Intervention Wards.
- There are currently 712 people in active treatment with our substance misuse services. The Council's Drugs and Alcohol Recovery service, working with our other treatment providers, has been successfully supporting people in treatment to get into employment. At the end of March 82% of clients leaving treatment were working, which is by far the highest rate of all local authorities in the West Midlands.

6. PROPOSALS FOR IN-YEAR SAVINGS IN BUDGET OF AD: HEALTH WELLBEING AND PUBLIC PROTECTION 2015-16

The 2015-16 public health budget of the AD Health Wellbeing and Public Protection has been reduced by £100k to support other service areas, with a

further £200k savings made against the Council's base budget contribution to drugs and alcohol services.

The AD for Health Wellbeing and Public Protection has identified £424k in-year savings (approx 55% of potential cut). The in-year nature of this cut has made this a difficult task. 78% of the savings will affect external providers with largely in-year slippage against in-house service areas accounting for the remainder. The largest component of the savings relate to expenditure on smoking cessation and NHS Health Checks. These services are commissioned on a payment by results or check basis and demand last year was lower than expected. There are financial risks if demand for these contracted services is higher than expected and there are real health impacts from lower demand particularly from fewer smoking quitters on NHS services and health outcomes such as early deaths particularly in our most disadvantaged communities. In-house providers will need to maintain the current underspend to ensure delivery of these in-year savings.

Breakdown of savings proposals from the budget of the AD for Health Wellbeing & Public Protection

Area of spend	Budget 15/16 £000's	Total Possible Savings 15/16 £000's
Public Health Management and Administration	987	31
Smoking Cessation	562	190
NHS Health Check Programme	185	46
Substance Misuse	2,546	28
Sexual Health Services	1,240	4
Infection Control	61	0
Early Help	878	40
Living Well	877	70
0-5 Children's Services (from October 2015)	1,572	15
Total	8,908	424

Other potential savings

A further £319k of savings has also been identified. These include the use of council base budget reserves within the responsibility of the AD for Health, Wellbeing and Public Protection (£144k) and a proposal to conclude the offer of free swimming for the over 50s (estimated £162.5k) earlier than anticipated. The impact of this latter proposal will be felt most by the over 50s who cannot afford to participate in swimming regularly to improve their fitness and health. However people aged over 50 who qualify for a Concessions TLC card would be able to swim for the reduced rate of £1. These people would need to be

residents and include those in receipt of Council Tax Benefit, Housing Benefit, Pension Credit and Carers Allowance and disability type benefits (the latter is also applicable to non-residents). Residents who are over 50, and do not qualify for the Concessions TLC card, are able to apply for a standard adults TLC card which would enable them to swim for the discounted rate of £3.65. Residents also have the option of paying monthly for the Aspirations package that includes free swimming and may be more cost effective according to their pattern of usage of leisure facilities.

The overall total identified from the above proposals is £730k. If required, the remainder will be found from the corporate contingency.

7. LEGAL IMPLICATIONS

There are three key legal points relating to the proposals in this report.

First there is issue of ensuring that the Authority continues to meet its legal obligation for the provision of public health services whilst reducing the relevant budget. Section 2B(1) of The National Health Services Act 2006 (as amended) places a duty on the Authority to take such steps as they consider appropriate to improve the health of people within the Borough. This includes providing services and facilities for the prevention, diagnosis or treatment of illness and providing assistance to help individuals to minimise any risks to health arising from their accommodation or environment. Some of the proposals in this report will result in a reduction in the services which assist the Council in meeting this requirement. However, whilst the services are reduced it is still the case that the Authority continues to meet its legal obligation. In addition to the more generic obligations referred to above, there are some specific public health services which the Authority is required, by statute (such as in The Local Authorities (Public Health Functions and Entry to Premises by Local HealthWatch Representatives) Regulations 2013), to provide. These services are referred to in this report. Irrespective of budget reductions, the statutory services have to continue to be provided by the Authority even if the service is reduced. Any removal of these services would be unlawful and leave the Authority at a high risk of a successful legal challenge.

Second, and leading from the first issue, care needs to be taken about the mechanism to amend and/or reduce public health services. Some public health services for this year and beyond have already been provided for in contracts properly procured and executed prior to the announcement of the reduction to the public health budget. The late notification of the reduced funding means that the services were procured when the budget for those services was greater. Negotiations with contractors to review and amend contracts may now have to take place. In some cases the contracts may allow for appropriate changes, in other cases there may be a need to amend existing contracts. If that is the case then advice will be provided by the procurement and Legal Services teams to ensure that appropriate amendments are made and that the amendments remain within the provisions of the procurement rules.

Finally, any significant change to a statutory service will require an equalities impact assessment and in many cases a public consultation before a final decision is made as to how the service will change.

8. IMPACT ASSESSMENT – ADDITIONAL INFORMATION

The reduction in spending on public health programmes particularly smoking cessation, will have an impact on health inequalities within the borough. Smoking is the single biggest contributor to health inequalities - 50% of the differences in life expectancy between deprived and affluent populations is a result of smoking habits. Downward trends in life expectancy have been seen most in those communities that have benefited from quitting smoking.

9. PREVIOUS MINUTES

Service & Financial Planning 2015/16-2017/18 Report Cabinet 26th February 2015

2015/16 Financial Management Report Cabinet 23rd July 2015

Report prepared by Liz Noakes, Assistant Director Health Wellbeing and Public Protection Telephone: 01952 383003

TELFORD & WREKIN COUNCIL

CABINET - 12 NOVEMBER 2015

COUNCIL - 26 NOVEMBER 2015

PROPERTY INVESTMENT PORTFOLIO – INVESTING IN TELFORD'S GROWTH

REPORT OF THE ASSISTANT DIRECTOR: DEVELOPMENT, BUSINESS & EMPLOYMENT

LEAD CABINET MEMBERS – CLLR LEE CARTER and CLLR SHAUN DAVIES

PART A – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

1.0 To seek approval to borrowing to establish a £20m Growth Fund to attract inward investment and deliver economic growth and revenue income, through the development of the Council's Property Investment Portfolio (PIP).

2. RECOMMENDATIONS

2.1 That Cabinet delegate authority to the Assistant Director: Development, Business & Employment, in consultation with the Assistant Director: Finance, Audit & Information and the Cabinet Member: Council Finance & Service Delivery, to consider the business case and determine the acquisition and disposal of PIP assets;

2.2 That Cabinet delegate authority to the Assistant Director: Development, Business & Employment to undertake the acquisition and disposal of PIP assets following approval to the business case as set out in 2.1;

2.3 That Cabinet recommends to Council the approval of necessary changes to the in-year (2015/16) budget framework to enable the strategy detailed in this report to be used in this financial year to facilitate the ongoing rationalisation and expansion of the PIP as outlined in this report;

2.4 That Cabinet recommends to Council the approval of necessary changes to the capital programme and revenue budget from 2015/16 to facilitate the ongoing rationalisation and expansion of the PIP as outlined in this report;

2.5 That Cabinet delegate authority to the Assistant Director: Law, Democracy & People Services to seal or sign any documents required to give effect to the recommendations contained in this report.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	The proposals within this report will support the priority of protecting and creating jobs as part of a 'Business Supporting, Business Winning Council'
	Will the proposals impact on specific groups of people?	
	No	
TARGET COMPLETION/ DELIVERY DATE	The programme of PIP investment and disposals is a continual process.	
FINANCIAL/ VALUE FOR	Yes	The Property Investment Portfolio (PIP) generates revenue income of in excess of £5m for the Council which supports a range of

MONEY IMPACT		Council services. In order to secure the ongoing viability of the PIP this report seeks approval for the PIP to prudentially borrow up to a maximum of £20m to invest in and expand the portfolio and for the necessary changes to be made to the capital and revenue budget for 2015/16 to reflect this increase in borrowing. For indicative purposes the full year revenue impact of borrowing the full £20 million over 60 years (should all the borrowing be drawn down in 2015/16 and 2016/17) would be £884k although, at present, this is an unlikely scenario and the borrowing costs would be offset by additional rental income. The individual investments, including revenue borrowing costs, will be subject to approval by the Assistant Director: Development, Business and Employment and the Assistant Director for Finance, Audit & Information after consultation with the Cabinet Member for Council Finance & Service Delivery. JAC 12/10/15
LEGAL ISSUES	Yes	The Council has the power to carry out the recommendations contained within this report but has a statutory duty to obtain best consideration when disposing of property/land. In addition, the Council is also under an obligation to comply with EU procurement requirements when it awards any contracts such as the contract for construction described in this report.
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	The opportunities and risks will be continually monitored as part of the rationalisation programme. The investment will enable inward investment and business expansions providing opportunities for job creation, regeneration and generate additional business rates
IMPACT ON SPECIFIC WARDS	No	Borough wide

PART B – ADDITIONAL INFORMATION

4. INFORMATION

- 4.1 The Council's Property Investment Portfolio (PIP) comprises a range of industrial, retail and office premises, which play a vital role in accommodating a considerable number of our local businesses. The mix of the portfolio in unit numbers is dominated by industrial premises with a smaller proportion of office and retail space.
- 4.2 The PIP also makes an important contribution to the Council's revenue budget generating a consistent income stream in excess of £5million per annum to support the delivery of Council services.
- 4.3 The PIP was originally formed from the transfer of assets from Telford Development Corporation and whilst over a number of years these assets have been bought and sold, there remains a significant proportion of assets which are of an age that means that the current income cannot be sustained in the long term without further re-investment.
- 4.4 Furthermore, whilst the demand for industrial and retail premises continues to be strong with low void rates, office premises continue to see greater voids. The higher rents and service charges associated with these office buildings means that voids have a disproportionate negative impact on the portfolio.
- 4.5 In response to this there is an ongoing disposal programme of assets which seeks to sell poor performing assets to reinvest in newer better performing sustainable investments. The PIP is self-contained and as such any capital generated from disposals is retained to be reinvested into other investments and maintain income levels. This position however requires the PIP to sell an asset before it can reinvest in another, which impacts upon the

ability to maintain the revenue income, restricts the ability to react quickly to investment opportunities that come to the market and limits the ability to grow the portfolio.

- 4.6 The Council as an authority is asset weak compared to many others and the growth of the PIP would help support the increase in its asset base.

Telford Growth Fund – Supporting Investment Opportunities

- 4.7 The Council’s ‘Business Winning’ approach, coupled with the implementation of the HCA Stewardship Agreement has resulted in significant investment into the Borough and a continuing level of interest in premises. The borough has a strong pipeline of inward investment enquiries and the Enterprise Telford pledge to business, subject to a parallel Cabinet Report, will further incentivise ‘landing’ this investment interest. The recent decision to become a non-constituent member of the WMCA also provides opportunities to attract investment in key sectors including automotive and advanced manufacturing.

- 4.8 Current investor inquiries indicate interest in leasehold schemes as well as freehold and there are opportunities for the PIP to invest in the construction of new premises with committed tenants, speculative development of industrial units to meet general market demand, investment into existing PIP premises to increase market value, acquisition of investment properties and the acquisition and development of suitable employment land. The ability to meet the range of opportunities however is currently restricted by the ability of the PIP to move quickly to commit to the scheme within the necessary timescales, given the need to raise capital from disposals first.

- 4.9 The creation of the “**Telford Growth Fund**” will allow the PIP to access borrowing up to £20million to fund further investment to deliver business growth, enable rationalisation of the PIP and increase the revenue return. The Fund will directly increase the competitiveness of the Borough’s offer to investors.

- 4.10 Set out below is an example of the potential return based upon an investment opportunity for the Council to construct a new purpose built factory for an investor which would be retained within the PIP and leased to the business. Such opportunities are coming forward on the back of the Councils work with HCA and inward investment programme.

The figures below are based upon a borrowing rate of 4% and a capital investment of £2,000,000.

Year	Rent	Repayment	Interest	Net Income
1	£120,000	£8,404	£80,000	£31,576

The income would be subject to 5 yearly rent reviews. Additionally the Authority would receive an income of some £29,000 from Business Rates per annum (rising to £58,000 if the recent changes in business rates retention come forward). It should be noted that the above does not take account of any rental growth or void periods during the investment period although such investments will only be made where the covenant strength of the business supports the investment.

Year	Rent	Repayment	Interest	Net Income
1	£1,200,000	£84,000	£800,000	£316,000

Based on this example, for indicative purposes, the potential full year net income generated from the whole £20 million investment would be £316,000 per annum.

- 4.11 In addition to the opportunities from the Business Winning approach the availability of funds would also enable the delivery of the commercial elements of the next phase of Southwater to come forward including additional hotel and retail/restaurant space.

- 4.12 The provision of the borrowing will enable short term borrowing to allow more seamless transactions in the future and give greater opportunity to manage the revenue impacts of the capital programme more efficiently. Therefore the timing of disposals can be controlled better to ensure they are sold at the optimum time.
- 4.13 As well as financial investment into new and existing assets it should also be noted that we are continuing to explore avenues to improve the return on the office assets within the portfolio. This includes exploring a range of initiatives including targeting propositions to call centre type activity and potential conversion of premises to alternative uses such as residential.
- 4.14 Opportunities to use this borrowing provision to grow the PIP will be subject to a business case which will be considered by the Assistant Director for Development, Business & Employment and Assistant Director for Finance, Audit & Information in consultation with the Cabinet Member for Finance & Service Delivery.

5 PREVIOUS MINUTES

CB-64 – 8 November 2012

6 BACKGROUND PAPERS

None

Report prepared by James Dunn, Estates & Regeneration 01952 384331