

**A MEETING OF THE
BOROUGH OF TELFORD & WREKIN**

**Will be held at THE PLACE,
OAKENGATES, TELFORD TF2 6ET
on THURSDAY, 2 MARCH 2017
at 6.00pm**

**All Members are summoned to attend for the transaction
of the under mentioned business**



Assistant Director Governance, Procurement & Commissioning

AGENDA

1. **Prayers**
2. **Apologies for Absence**
3. **Declarations of Interest**
4. **Minutes of the Council**
To confirm the minutes of the Meeting of the Council held on 19 January 2017.
5. **Leader's Report & Announcements**
The Leader of the Council may give an oral report on matters of significance to the Borough, comment upon the Cabinet decisions or make any announcements.

Appendix A
White
Pages

6. **Mayor's Announcements**

To note the Mayoral Engagements undertaken since the Council meeting held on 19 January 2017.

Appendix B

White
Pages

7. **Public Questions**

To receive any questions from the public which have been submitted under Council Procedure Rules 7.11 and 7.12. The session will last no more than 15 minutes with a maximum of 2 minutes allowed for each question and answer. Questions can be asked of The Leader and Cabinet Members.

- (i) The following question to Cllr R A Overton, Cabinet Member: Housing, Leisure & Health has been submitted by Mr R Felton:

“Does the Council support the green spaces between Muxton and Lilleshall?”

- (ii) The following question to Cllr S Davies, Leader, has been submitted by Mrs T Wood:-

"The Council is responsible for ensuring that all Councillors promote and maintain high standards of conduct, scrutiny and honesty. Therefore do you support any reported incidents of non-compliance by a regulatory body being fully investigated to ensure the Council's responsibilities and authority in decision-making are being upheld."

8. **Cabinet Decisions Made Since the Last Meeting of the Council**

To receive the report on the Cabinet decisions made since publication of the last Council meeting agenda. Cabinet Members may speak on these decisions and Members may ask questions about key decisions of the relevant Cabinet Member for the purposes of clarification only. Members are asked to note the additional delegations to officers granted at those meetings.

Appendix C

White
Pages

9. **Service and Financial Planning 2017/18 to 2019/20**

To consider the reports listed below which are contained within the separate Budget document enclosed with the agenda. Reports D1 to D4 will be considered by Cabinet on 23 February 2017 for recommendation to Council for approval subject to any amendments.

Appendix D1-4

Yellow Pages
(To Follow)

Appendix D5

White Pages
(To Follow)

- a) Overview & Revenue Budget (D1)
- b) Capital Programme (D2)
- c) 2017/18 Treasury Management Strategy & 2016/17 Treasury Management Update (D3)
- d) Prudential Indicators (D4)
- e) Council Tax Formal Resolutions for 2017/18 (D5)

Alternative budget proposals have been submitted to Council by the Conservative Group. A copy of the proposals, and the comments of the Finance & Enterprise Scrutiny Committee and the Chief Financial Officer, is enclosed separately to the agenda (to follow with the other budget papers). At the meeting, the alternative budget proposals will be moved as an amendment to the Cabinet's proposals.

10. **Questions**

To answer questions received under Council Procedure Rule 6.2.

NB In accordance with the provisions of Council Procedure Rule 6.2.9 there will be a maximum of 30 minutes allowed for questions and answers. Any question not answered within the 30 minute time limit will receive a written reply within 5 working days.

11. **Notices of Motion**

(i) Councillor A J Eade will move the following Motion:

“This Council reaffirms its unanimous support of the Conservative group motion originally presented to Full Council on 1 May 2014 against a formal merger between Telford & Wrekin and Shropshire Councils.

However, to enable Telford & Wrekin Council and Shropshire Council to deliver more effective and better services across the whole of the county and work together on efficiency savings, this Council now removes any obstacles which have prevented Telford & Wrekin Officers discussing possible options with their counterparts in Shropshire and directs them to investigate potential efficiency savings via shared services or any other means to deliver cost savings to both authorities.

This Council further directs that a report will be presented to following Full Council meetings on progress made or difficulties encountered.”

The Motion will be seconded by Councillor N A Dugmore.

(ii) Councillor A J Eade will move the following Motion:

“This Council accepts Clinician's arguments that the current accident and emergency provision in Shropshire is unsafe and condemns the so far poor and slow decision making progress which has so far failed to resolve this critical issue.

However, this Council makes crystal clear its full support for the retention of the Women and Children's Unit at the Princess Royal Hospital along with the future provision of emergency care. The Council also makes clear its support for 24 hour urgent care provision at both the Princess Royal and Royal Shrewsbury Hospitals.

This Council further resolves to press the Secretary of State for Health to launch a national debate on future provision of the National Health Service."

The Motion will be seconded by Councillor J M Seymour.

(iii) Councillor A J Eade will move the following Motion:

"This Council notes the Labour Administration's previously stated Co-operative core values of Openness, Honesty Fairness and Respect, which seem to have fallen into disuse, and asks that they be reaffirmed."

The Motion will be seconded by Councillor C A Furnival.

KEY

Yellow paper	Recommendations from Cabinet to Full Council
White Paper	Reports submitted direct to Full Council
Green Paper	Recommendations from Committees, Boards and Commissions requiring approval by Full Council

FILMING, RECORDING & PHOTOGRAPHY

The Council supports the principle of transparency and encourages filming, recording and taking photographs at its meetings that are open to the public. It also welcomes the use of social networking websites (such as Twitter and Facebook) and micro-blogging to communicate with people about what is happening, as it happens.

There is no requirement to notify the Council in advance, but it should be noted that the Chairman of the meeting will have absolute discretion to terminate or suspend any of these activities if, in their opinion, continuing to do so would prejudice proceedings at the meeting. Full details of the Council's protocol on audio/visual recording and photography at meetings can be accessed via the following link:

http://www.telford.gov.uk/info/20243/council_meetings/365/filming_photography_recording_and_use_of_social_networking_at_meetings

PUBLIC QUESTIONS

At each Ordinary meeting of the Council a period of 15 minutes will be allocated for public questions. Questions can be asked of The Leader and Cabinet Members. Details of the protocol for public questions can be accessed via the following link:

http://www.telford.gov.uk/info/20243/council_meetings/364/public_questions_at_council_meetings

BOROUGH OF TELFORD & WREKIN

**Minutes of the Meeting of the Borough of Telford & Wrekin held on
Thursday, 2 March 2017 at 6.00pm at The Place, Oakengates, Telford**

Present:

Councillors J C Ashford, S L Barnes, S Bentley, K T Blundell, A J Burford, S P Burrell, E J Carter, L D Carter, E A Clare, G K Cook, S Davies, N A Dugmore, A J Eade, A R H England, N A M England, R C Evans (Mayor), I T W Fletcher, V A Fletcher, J A Francis, E J Greenaway, K R Guy, M B Hosken, J Jones, R T Kiernan, A Lawrence, J Loveridge, N C Lowery, A D McClements, R Mehta, J C Minor, L A Murray, T J Nelson, R A Overton, J Pinter, G C W Reynolds, S A W Reynolds, S J Reynolds, H Rhodes, K S Sahota, P J Scott, J M Seymour, R J Sloan, C F Smith (Speaker), M J Smith, B D Tillotson, K T Tomlinson, W L Tomlinson, C R Turley, P R Watling and D G Wright

76. Prayers

Reverend Keith Osmund-Smith said prayers.

77. Apologies for Absence

Councillors M Boylan, C A Furnival, C N Mason, and A A Meredith

78. Declarations of Interest

With reference to Minute Number 84 the Speaker reminded Members that section 106 of the Local Government Finance Act 1992 placed limitations on voting on the setting of Council Tax for the forthcoming year by any Member who was at least 2 months in arrears in the payment of outstanding Council Tax. Any Member in this situation would also be required to disclose the fact that this section of the Act applied to them. No disclosures were made by Members.

Councillors A J Burford, V A Fletcher, and R J Sloan declared an interest in Minute Number 88(ii) due to their Membership of the Joint Health Overview and Scrutiny Committee.

In relation to Minute Number 85(e) Councillor K S Sahota declared that his wife owned the Market Cafe in Wellington.

79. Minutes of the Council

RESOLVED – that the minutes of the meeting held on 19 January 2017 be confirmed and signed by the Mayor.

80. Leader's Report & Announcements

The Leader highlighted the Council's work to support and invest in the borough and its future despite severe budget cuts imposed by government. Investment and

income generation helped to support key services providing support for vulnerable children and the elderly. Responsible investments helped create a new asset base for the Council, generated income and created jobs. By 2020 the Council would have just three sources of income: Council Tax - and this Council had the second lowest Council Tax in the Midlands; Business Rate retention; and the income generated by the Council itself. He noted that Shropshire Council was seeking to replicate the commercial services at this Council. Responsible investment ensured the return would be greater than outlay: examples included NuPlace, the Solar Farm, and the Growth Fund investing in business. These three examples would generate £3m by 2019/20 for investment in 150K care hours, looking after children and keeping streets clean. Without this investment a further £1m would need to be cut from the budget. The Council was also involved in projects where its involvement would not be immediately obvious at the T54 Technology Park, Magna and Polytech factories. Southwater was also generating £700K pa. He also commented on the budget which included increases for Adult Social Care and Children's Safeguarding.

He reminded the Chamber that his number one priority upon being elected leader was to protect A&E services at the Princess Royal Hospital and retain the Women's & Children's Unit in Telford. The PRH4Me campaign had attracted over 25K pledges and he urged all residents to sign up in support.

81. Mayor's Announcements

The Mayor thanked Councillor L A Murray and his wife for organising a concert in support of her charity and reminded those present that the Vintage Charity Ball was taking place on 17 March 2017. Finally, she advised that a further event was taking place on 31 March 2017 – "A Evening with Tim Stimpson" – and she thanked New College for their management of the arrangements for this event.

82. Public Questions

- (i) The following question to Cllr R A Overton, Cabinet Member: Housing, Leisure & Health was submitted by Mr R Felton:

"Does the Council support the green spaces between Muxton and Lilleshall?"

Cllr R A Overton responded that the Council supported the protection of green spaces between Muxton and Lilleshall. The green space was of high landscape quality and was important in planning terms to prevent Muxton from sprawling into the village of Lilleshall. The Council sought to protect the space by establishing the Lilleshall Strategic Landscape in the new Local Plan and would resist planning applications which would encroach into the area and was currently fighting a number of planning appeals in the area. The council had allocated some land on the edge of Muxton and Donnington in the new Local Plan to help Telford grow but had made clear that any new homes must be set back substantially from Breton Park so that residents of the park could continue to enjoy their open outlook.

- (ii) The following question to Cllr S Davies, Leader, was submitted by Mrs T Wood:-

"The Council is responsible for ensuring that all Councillors promote and maintain high standards of conduct, scrutiny and honesty. Therefore do you support any reported incidents of non-compliance by a regulatory body being fully investigated to ensure the Council's responsibilities and authority in decision-making are being upheld."

The Leader responded that he did and thought it was important to be very clear that Councillors and Council Officers had very clear, distinctive and separate roles. The Council had a transparent governance framework whereby Councillors set Council policy and the Budget Strategy and Officers were responsible for implementation.

The Council was governed by a Constitution, financial regulations and a raft of other policies. It was the legal responsibility of the Managing Director, Monitoring Officer and Chief Finance Officer to ensure adherence to them. Officers had responsibility for managing day to day Council services and money.

Externally, the Council had external auditors and any complaints about the Council and its activities could be referred to the Independent Local Government Ombudsman. Complaints about Councillors' conduct could be referred to the Council's Standards Committee which monitored the Members' Code of Conduct.

In all circumstances, any issue or incident which led to the consideration or investigation by a relevant person or body would be on its own merits in terms of whether any action was required. It was incumbent on all Members to co-operate and work with regulators in those circumstances.

83. Cabinet Decisions Made Since the Last Meeting of the Council

Members received the report on the Cabinet decisions made since the last meeting of the Council.

2016/17 Financial Management Report

Councillor N A Dugmore asked why borrowing to fund the solar farm remained the same - £3.7m – through to 2020 when the likelihood of increasing interest rates suggested there would be increases?

Councillor L D Carter responded that he would be happy to provide a full explanation of the borrowing undertaken in respect of the solar farm and that the solar farm continued to generate £200K profit per year which was reinvested into vital services the Council provided.

Re-designation of Attendance Areas

Councillor N A Dugmore noted the delegation "to take all required actions and exercise all the Council's relevant powers to enable the re-designation of attendance

areas". Thus out of area children had a higher priority than borough children to attend Telford & Wrekin Schools in direct conflict of this Council's statutory duty. How did the Cabinet Member expected to legally defend this duty.

Councillor G C W Reynolds stated that the Council had on the day of the meeting written a letter with cross-party support to the Secretary of State about this issue. The letter stated that the Council needed to ensure fairness was right across the board and as a result of the Cabinet report the Council was ensuring local students had access to their local schools and the letter to the Secretary of State asked for his support for this position. Unfortunately, the Council could not change the law and it was up to MPs to lobby on the Council's and residents' behalf. She hoped for a positive response from the Secretary of State.

Councillor E J Greenaway noted from the report that Lawley had a shared attendance with Ercall Wood and Telford Langley. Ercall Wood was accessed via the Dawley Road from Lawley to Wellington and there were increasing concerns about the state of the route. The Dawley Road was subject to a 50mph speed limit and there had been a fatality along the stretch of the road. The footpath suffered from encroachment from the embankment and could not accommodate a pushchair or mobility vehicle. She had grave concerns about the safety of pupils and she called upon the Cabinet Member to require an evaluation of the route at the earliest opportunity and to fund the £17K to improve the footpath to the required standard of safety.

Councillor G C W Reynolds noted that during the consultation detailed in the report there was an 88% approval rating for the shared attendance. She went on to say that concerns regarding safety of routes in Wellington and Muxton would be investigated and options considered to see what could be done ahead of September 2018 when the changes came into force.

Councillor T J Nelson sought clarification on where good faith and trust was to come from in light of new Muxton residents' disappointment that they had been let down on catchment areas after bringing their skills, energy and dynamism to the borough in support of business-winning aims. Councillor T J Nelson noted that 85% of Telford & Wrekin parents were allocated their first preference of school in the latest admission round compared to 95% of Shropshire parents.

The Leader responded that the Council had applied national guidance in setting catchment areas and as Muxton grew, the need for a review was really important. In terms of business winning, business supporting aims, the Council maintained its stance and had purchased Audley Avenue Industrial Park and would continue to lobby companies to come to and stay in Telford – Telford was open for business.

Councillor G C W Reynolds echoed the Leader's comments urging belief in the borough. The redesignation of catchment areas was about fairness and allowing local children to go to local schools. She stated that the Council should be supporting all its schools because Telford Priory was serving 1000s of pupils and it was a disservice to the school, its pupils and their parents to criticise the school. She stated that it would achieve for current and future students.

Procurement Update

Councillor V A Fletcher asked whether all ethical standards, including the purchase of fair-trade products, were included in all procurement activities whenever possible.

Councillor L D Carter would check the position and respond in writing.

84. Service & Financial Planning 2017/18 to 2019/20

Councillor L D Carter, Cabinet Member: Council Finance, Partnerships & Commercial Services, presented a series of reports from the Managing Director, the Chief Financial Officer, the Director for Customer, Neighbourhood & Wellbeing Services and the Assistant Director: Customer & Neighbourhood. The reports, detailing the Revenue Budget, Capital Programme, the Treasury Management Strategy and Prudential Indicators, formed the Council's overall Medium Term Service & Financial Planning framework, and identified the service priorities and budget for 2017/18. Most of the savings required in 2017/18 were approved by Council in March 2016 as part of a two year strategy. However, the report included details of some additional savings proposals and investments for 2017/18 and set out the Cabinet's approach to developing the further savings that would be required through to 2019/20.

The Overview and Revenue Budget report set out the severe financial challenges facing the Council. By the end of this financial year, the Council would have made savings of £96m per annum, meaning that every year there was now £1,300 less to spend delivering services to each household in the Borough. The Council had sought to do this in ways that protected front line services as far as possible and where services to the public were affected to do this in as compassionate a way as possible.

However, despite the financial challenges, the Council was continuing to invest to create jobs and promote growth in the Borough, in line with the Administration's key priorities, whilst seeking to protect priority front-line services and working co-operatively with residents and partners to deliver these.

Following the publication of its draft budget proposals in early January, and a one month consultation period, Cabinet had confirmed its key budget strategy proposals for 2017/18 as:

- Managing a further reduction of 25.9% to the Revenue Support Grant from Government the following year.
- Dealing with the reduction in Revenue Support Grant from Government whilst maintaining the Cabinet's commitment to continue its existing policy of transferring grant to Town & Parish Councils in respect of Local Council Tax Support.
- A Council tax increase for 2017/18 of 1.2% in line with the medium term strategy agreed the previous year.
- To again implement the Government's assumed "Adult Social Care Precept" in line with the Government's original plans, equivalent to a further council tax increase of 2%.

- To continue implementing the package of savings and efficiency measures agreed in March 2016 but with the additional savings and efficiency measures for 2017/18 set out in Appendix 1 to the report.
- To develop detailed savings proposals for 2018/19 and 2019/20 to cover the expected budget shortfall of £15 - £20m over this two year period. The approach was explained in more detail in sections 10.2- 10.4 of the report.
- An updated proposed medium term capital programme (2016/17 to 2019/20) totalling over £280m was included in the Capital Programme report which detailed proposed capital investments.
- Use of funding from a rigorous review of one-off resources to fund some one-off investments of a revenue nature, including investment in the Pride Programme, making available additional funding of £4.959m for Children's safeguarding in 2017/18 compared to what was originally planned and making available £2.122m more funding in 2017/18 than originally planned for Early Help & Support services to help phase in the cuts that the Council was forced to make. Funds of £2.5m had been set aside to provide a "draw-down budget" for Early Help and Support services in 2017/18 through to 2019/20 to protect and support vulnerable adults.
- Investment of £275,000 one-off resources over 2 years starting in 2017/18 in Destination Telford initiatives.
- £500k of one-off resources would be added to £195k previously identified to create a new £695k Partnership Capacity Fund to support the extension of new approaches to joint working with voluntary sector and other community groups aligned to the achievement of ongoing savings.
- In addition £1.5m of one-off resources would be transferred to supplement the Invest to Save/Capacity fund.
- £250k of one-off resources would be earmarked to fund organisation development initiatives.
- The Council contribution to the Food Bank was now budgeted on an ongoing basis rather than from time limited funding recognising the critical support that this organisation provides to many local people.

Attached to the report were a number of appendices, including savings proposals, Impact Assessments of the savings proposals, the Pay Policy Statement 2017/18, analysis of base budget movements, and details of Reserves and Balances.

As the majority of savings for 2017/18 were agreed in March 2016 the focus of the Cabinet's consultation activity this year related to communicating and seeking views on priorities, such as protecting front-line services to vulnerable adults and children, helping residents to become healthier, feel safer and develop more skills to get better jobs. The consultation also sought feedback on investments in infrastructure, community funding and vulnerable adults and children and implementation of the Adult Social Care precept. The communication and engagement plan outlined in Appendix 13 to the report provided more detail on the first phase of budget engagement during January and February 2017. Opportunities for people to give their views included attendance at a variety of forum meetings such as the Parish Forum and Senior Citizen's Forum, on-line and paper based surveys to the wider community and community panel, and communication via social media. Direct email communication was sent to a wide range of partners and information including a budget 'video' was included on the Council's website. As outlined in paragraph 10.2

of the report, this was the first phase of engagement in relation to the financial strategy for 2018/19 and 2019/20.

The Council's Chief Financial Officer was required to give a view on the robustness of the Council's financial strategy, including the use of balances, and this was appended to the report. This had concluded that the Council was pursuing a sound financial strategy in the context of the most prolonged and challenging financial position it had ever faced due to the combined effect of Government grant cuts and increased service pressures.

The report on the Capital Programme presented the Council's Capital Strategy for 2016/17 – 2019/20 and later years and a capital programme of £281.740m that included the proposed investments contained in the overall budget strategy. It also set out the Council's Asset Management Plan and planned building maintenance programme, particularly focusing on 2017/18, and the three year Highways and Transport capital investment programme.

The report on the Treasury Management Strategy detailed the Treasury Strategy to be adopted for 2017/18. The Strategy was set within the parameters of the latest guidance and accounting standards. It was expected the Council would borrow up to £39.8m in 2017/18 based on the current capital programme plans, and would adopt a flexible approach to borrowing. The report also provided an update on the treasury management activities during 2016/17. The weighted average return on internal investments at the end of December 2016 was 0.29% compared to a benchmark return for the period of 0.24%. The report also included the Council's Minimum Revenue Provision (MRP) Statement, which had been updated to state the exact policy in use for each borrowing type and would apply from 2016/17. Overall the policy was broadly in line with that previously agreed, however it was being extended to include the purchase of investment properties. There would be a lower MRP charged on investment properties for 2017/18 onwards to reflect the nature of the asset.

The report on Prudential Indicators sought approval of the prudential indicators for 2017/18 to 2019/20 required under the Prudential Code of Capital Finance in Local Authorities.

Having been moved by Councillor Carter, the budget proposals were seconded by the Leader of the Council, Councillor S Davies.

Councillor A J Eade, Leader of the main opposition group, responded to the budget proposals and moved an amendment in the form of his group's alternative budget proposals which had been circulated as a separate appendix with the budget papers. He paid tribute to the Council's Finance and Scrutiny Teams for their hard work during the budget process but he was critical of what he considered to be a partisan approach taken by some members of the Finance & Enterprise Scrutiny Committee.

The alternative proposals focussed on reducing levels of debt and borrowing by proposing disposal of assets and making efficiency savings by joint working with Shropshire. The alternative proposals also earmarked £250K to fund an investigation into Child Sexual Exploitation in the Borough and a further £250K for a

review of population growth and future demand for secondary school places at pressure points across the Borough.

Councillor A Lawrence seconded the proposals, summarised on page 16 of the alternative budget papers, which included a strategy to dispose of non-core activities in order to reduce the council's debt burden, bring forward the introduction of a £9 per hour Living Wage, funding to finance a capital programme for highways improvements, £500K one off investment to commence the process to follow the Welsh example on recycling, £250K for an urgent review of population growth and future demand for secondary school places, one-off sum of £375k in 2017/18 and an additional £100kpa from 2017/18 onwards to improve environmental maintenance in the Borough, reinstatement of £233K to fund joint working with AFC Telford United, and proposals to reduce borrowing levels to safer and more sustainable levels.

Councillor W L Tomlinson, Leader of the Liberal Democrat/Independent group commented that whilst he was not supportive of the alternative proposals as a whole, there were some points of merit: the proposed review of rights of way and top-up financial support to the street pastors. However, on balance, the alternative proposals were largely about debt and he felt the administration's borrowing was to make an investment to get a return. With regard to the administration's proposals relating to the purchase of assets, he was supportive of pump-priming through commercial properties to give the Council an income and encourage investment in the borough and he also supported investment in housing stock in parcels of land which private developers had refused to develop. He noted these investments were already showing a return and would make over £2m in three years' time. He was less concerned about funding for Pride in the Community than in previously years due to the level of reserves. His group supported the approach to Council Tax Support, the Council Tax increase and the adoption of the Adult Social Care precept.

A number of members spoke both for and against the proposed budget. Those in favour strongly opposed alternative budget proposals to dispose of projects that were generating income, including the Solar Farm and Nu Place projects. In particular, a number of speakers emphasised that the budget proposals were to protect services in the longer term. Members speaking against the budget proposals raised concerns over proposed borrowing and associated risks, and emphasised a determination to tackle Child Sexual Exploitation, retain the mobile library for the rural area and increase recycling targets,

Councillor Carter responded at the end of the debate on the amendment and a vote was then taken on the amendment (alternative budget proposals). The amendment was defeated and a further debate took place on the substantive motion to approve budget recommendations in reports D1-D5.

A vote was taken on the budget proposals in reports D1 and D4 and the proposals were carried.

In accordance with legal requirements and Council Procedure Rule 11.5 a recorded vote was taken to approve recommendations in report D5 (Council Tax setting).

Voting was as follows:

For (33)

Councillors S Bentley, K T Blundell, A J Burford, S P Burrell, L D Carter, E A Clare, G K Cook, S Davies, A R H England, N A M England, R C Evans, K R Guy, J Jones, J Loveridge, A D McClements, R Mehta, J C Minor, L A Murray, R A Overton, J Pinter, G C W Reynolds, S A W Reynolds, S J Reynolds, H Rhodes, K S Sahota, P J Scott, R J Sloan, C F Smith, M J Smith, K T Tomlinson, W L Tomlinson, C R Turley, and P R Watling

Against (2)

Councillors J C Ashford and S L Barnes,

Abstentions (15)

Councillors E J Carter, N A Dugmore, A J Eade, I T W Fletcher, V A Fletcher, J A Francis, E J Greenaway, M B Hosken, R T Kiernan, A Lawrence, N C Lowery, T J Nelson, J M Seymour, B D Tillotson, and D G Wright

RESOLVED

(i) Overview and Revenue Budget 2017/18 – 2019/20

- (a) that the feedback from consultation summarised in Appendix 14 and from Scrutiny in Appendix 12 be considered**
- (b) that the Impact Assessments contained in Section 23 and Appendices 2 and 15 of the report be noted**
- (c) that the overall service and financial planning strategy set out in the report and the base budget in Appendix 7 of the report be approved**
- (d) that a Council Tax increase of 3.2% for 2017/18 (including the new 2% Adult Social Care precept assumed by the Government) and a medium term strategy of increases at the same level for the two years from 2018/19 to 2019/20 to match the period of the CSR and 4 year settlement be approved**
- (e) that the additional savings and pressures detailed in Appendix 1 of the report be approved**
- (f) that the commitment to continue to work with partner organisations, including Town & Parish Councils and Voluntary Sector and Community Groups to seek to identify ways to mitigate the impact of some of the cuts to services that we can no longer afford and the creation of the £695,000 Partnership Capacity Fund approved by Cabinet on 5 January 2017 be noted**
- (g) that in order to support the discussions with partner organisations, the transfer of £1.5m to the Invest to Save/Capacity Fund approved by Cabinet on 5 January 2017 which will provide further transitional funding for a Partnership Support Programme in line with the**

delegations and principles approved by full Council in March 2016 be noted.

- (h) that the policy framework for Reserves and Balances outlined in Appendix 9 of the report be noted.
- (i) that the revenue implications of the medium term capital programme for the period 2015/16 - 2018/19 set out in the Capital Programme report be approved.
- (j) that the Managing Director be authorised after consultation with the Cabinet Member for Council Finance, Partnerships and Commercial Services to allocate funding from the Destination Telford and Organisational Development reserves.
- (k) that the Pay Policy for 2017/18 shown at Appendix 3 of the report and which has been recommended by Personnel Committee be approved
- (l) that the Assistant Director Business, Development & Employment be authorised to agree the final details of the Telford Land Deal – including agreement of the Transfer of Liability/Residual Land package after consultation with the Cabinet Member for Council Finance, Partnerships and Commercial Services.
- (m) that the Assistant Director: Governance, Procurement & Commissioning be authorised to execute all necessary contract documentation including the affixing of the common seal of the council as appropriate to enable the Council to finalise the Telford Land Deal – including documents required to give effect to the agreement for the transfer of HCA liability/residual land, after consultation with the Cabinet Member for Council Finance, Partnerships and Commercial Services.
- (n) that the Assistant Director: Finance & Human Resources be authorised to action any virements required following the final allocation of the Dedicated Schools Grant and other related Grants as long as they are within the budget and policy framework.
- (o) that the Assistant Director: Early Help & Support be authorised, in consultation with the Cabinet Member: Adult Social Care, to enter into appropriate Section 256 and Section 75 Agreements under the NHS Act 2006 (as amended).
- (p) that the Assistant Director: Governance, Procurement & Commissioning be authorised to execute all necessary contract documentation including the affixing of the common seal of the council as appropriate to enable the council to enter into appropriate Section 256 and Section 75 Agreements under the NHS Act 2006.

- (q) that a further £2.9m of available one-off resources be transferred to the one-off contingency fund approved by Cabinet on 5 January 2017 to provide a total amount of £9.8m.
- (r) that should any late changes be announced as part of the final Revenue Support Grant settlement, authority to adjust the level of the £9.8m contingency fund to compensate be delegated to the Chief Financial Officer after consultation with the Cabinet Member for Council Finance, Partnerships and Commercial Services.
- (s) that this suite of service and financial planning reports serve as the Council's Efficiency Strategy for 2017/18 to enable new capital receipts generated in the three year period starting 1 April 2016 to be used to fund the revenue costs of reform as assumed throughout these reports.
- (t) that the CFO's robustness statement contained at Appendix 11 of the report be noted.
- (ii) **Capital Programme**
 - (a) that the report and associated capital estimates for 2016/17 and 2017/18 – 2019/20, which incorporates the Capital Strategy, the Capital Programme (Annex I), the Planned Building Maintenance Programme (Annex II), and Asset Management Plan (Annex III) and the three year Highways and Transport capital investment programme (Annex IV), be approved
 - (b) that the Assistant Director: Development, Business & Employment be authorised to deliver the planned programme of works within the Asset Management Plan and that the Assistant Director: Neighbourhood & Customer Services be authorized to deliver the Highways and Transport capital investment programme in line with the approved budgets with any variations or changes to schemes in these programmes, that remain within overall approved budgets, after consultation with the appropriate Cabinet Members.
- (iii) **2016/17 Treasury Strategy and Treasury Update**
 - (a) that the treasury management activities for the first half year be noted;
 - (b) the Treasury Management Policy Statement as shown at Appendix A of the report be noted; and
 - (c) the Treasury Strategy, including the Annual Investment Strategy for 2017/18 together with the associated treasury Prudential Indicators and the Minimum Revenue Provision Statement, which will apply from 2016/17 onwards be approved.
- (iv) **Prudential Indicators**

- (a) that the prudential indicators as proposed in the report as part of setting the budget for 2017/18 be approved.
- (v) Council Tax Formal Resolution
- (a) the formal resolutions to determine the levels of Council Tax for 2017/18 as detailed in the report be approved.

85. Questions

The following questions were asked under Council Procedure Rule 6.2.2:-

- (a) **Councillor P J Scott asked the following question of Councillor G C W Reynolds, Cabinet Member: Education, Employment and Regeneration**

"The Alternative Budget by the Conservative Group suggests that there is a pending crisis on secondary school places in parts of our borough. Is there a pending crisis and if so, what is being done by the administration to combat it?"

Councillor G C W Reynolds responded that there was not a pending crisis of secondary school places and, in fact, latest figures showed a surplus with 11% of places unfilled (which equated to 1387 places), mainly in the North of the borough where recent house building had taken place. The School Organisation Team were responsible for monitoring data on birth rates, proposed housing development and other influencing factors, in order to ensure that places were sustainable in coming years. She was disappointed at the lack of confidence in the team demonstrated by the alternative budget proposals which earmarked funding in the alternative budget for a review of population growth and future demand for secondary school places which she considered would have been better invested in making a difference to young people. She also commented on the proposals in the context of education budget cuts made by central government which equated to £1m. Councillor Reynolds offered reassurance that the Council would continue to monitor pupil places and worked with local schools to address pressures. She welcomed dialogue with organisations seeking to develop educational opportunities within the borough.

Councillor Scott asked whether the Cabinet Member agreed it was important that this message was disseminated via local media outlets?

Councillor Reynolds responded that she did and that a report would be made to the Cabinet outlining school places in Telford & Wrekin and the surplus.

- (b) **Councillor E J Carter asked the following question of Councillor E A Clare, Cabinet Member: Culture, Sports, Parks & Green Spaces**

"Could I ask the Cabinet Member for Culture, Sports, Parks and Green Spaces whether she believes credit should be given to members who bring forward initiatives for consideration by the Council whatever their political persuasion?"

Councillor Clare responded affirmatively.

Councillor Carter asked a supplementary question in light of a recent unsatisfactory experience as to why members should not arrange for their own press releases to be made.

Councillor Clare commented that a press release had not been made in the situation referred to.

The Mayor took the Chair for the following item of business

(c) Councillor R Mehta asked the following question of Councillor Shaun Davies, Leader

“I note that Shropshire Council recently decided not to take a rise in their councillors’ allowances. Could the Leader confirm that we are still committed to freezing our councillors’ allowances and inform us what savings in allowances and expenses have been made since the Labour administration came into power in 2011?”

The Leader responded that since 2011, the Cabinet had voluntarily reduced their Special Responsibility Allowance by 10% with one Cabinet Member not taking any special responsibility allowance at all. This had resulted in a saving of £137,128 to date. The administration had also reduced the number of other special responsibility allowances and had not sought to increase members’ allowances in accordance with the scheme which had resulted in a further saving of £105,614. During the course of this administration, a total saving to date of £242,742 had been made.

Councillor Mehta asked what the savings had been used to fund and whether the Leader would give a commitment to maintain the voluntary reduction?

The Leader reiterated that almost £0.25m savings had been made to fund Council priorities. He stated that the Cabinet had pledged that the freeze would continue and over the Summer it was intended to launch a bursary scheme for the achievement of sporting and educational excellence by children and young people funded through the savings made in relation to special responsibility allowances.

The Speaker returned to the Chair.

(d) Councillor J Pinter asked the following question of Councillor P R Watling, Cabinet Member: Children, Young People & Communities

“Further to the excellent work that the Mayor of Telford & Wrekin has done this year to raise awareness of domestic abuse by supporting West Mercia’s Women’s Aid and Refuge, could the Cabinet Member for Children, Young People & Communities please confirm that the administration will continue to tackle domestic abuse by continuing to raise awareness through the White Ribbon Campaign and a multi-agency approach across Telford & Wrekin to ensure that we do all that we can to protect and support victims of this unacceptable and inexcusable abuse.”

Councillor P R Watling responded by applauding the Mayor’s campaign to raise awareness of domestic abuse. The administration demonstrated its ongoing commitment to raise awareness of domestic abuse by supporting the campaign and

the Borough had now been a White Ribbon Town for three years. This involved men wearing a white ribbon as a symbol that domestic abuse was not acceptable and should not be tolerated especially those men in position of influence and could raise awareness to other men. The campaign was a multi agency approach to ensure that agencies did all they could to protect and support victims of abuse. The campaign promoted existing services to victims and worked directly with local communities to raise awareness and worked to reduce the number of incidents. Councillor Watling confirmed the administration would continue to raise awareness through the white ribbon campaign and multi agency approach across the borough.

Councillor Pinter asked what more Councillors could do to move the agenda forward?

Councillor Watling pointed to the prominent position of local Councillors which enabled them to champion the campaign. Male Members could act as role models for all men by wearing the White Ribbon with pride. Political parties could lobby MPs to back legislation such as the Istanbul Convention.

(e) Councillor K S Sahota asked the following question of Councillor P R Watling, Cabinet Member: Children, Young People & Communities

"I would like to thank the Leader and Cabinet on the way they worked with West Mercia Police, residents and business in the lead up to and on the day of the march of Britain First."

Can I ask Cllr Paul Watling, if he will continue to do all in his power to keep such marches away from our Borough - which does nothing more than divide our community and damage the local economy."

Councillor Paul Watling noted that the right to protest was enshrined in law and public bodies had a duty to facilitate such protests, including the use of their properties to hold assemblies. He recalled the detrimental impact that the EDL march in 2011 had on Wellington traders and he had been determined it would not happen again. Working in partnership with the Police, it had been possible to keep the march away from Wellington as well as supporting the Police by providing a more compact centre of operations in Telford Central. The administration had been working hard to create a town that was a safe place to work and live but sadly recent press reports and public debates had attracted interest from far right groups, unconnected to the borough to target the town. He applauded the planning process as an excellent example of partnership working between the Council, West Mercia Police, the community and other agencies. He particularly thanked the Police and Crime Commissioner, John Campion, Assistant Chief Constable Chris Singer, Superintendent Tom Harding and Inspector Keith Gee for their co-operation and leadership on this issue together with all Council staff on duty on the day.

Councillor Sahota asked what could be done to ensure that such marches did not return to the borough?

Councillor Watling stated that it was not possible to make sure they did not return but it was incumbent on all politicians to be aware that playing 'political football' with

sensitive issues resulted in knock on effects, including the funding of police and staff difficult events.

(f) **Councillor N A M England asked the following question of Councillor G C W Reynolds, Cabinet Member: Education, Employment and Regeneration**

“Please could the Cabinet Member for Education, Employment and Regeneration update the Council on the most recent youth unemployment figures, and the action we are taking to help local young people be work ready within Telford & Wrekin?”

Councillor G C W Reynolds responded that the latest figures for youth unemployment (residents aged 16 to 24), released in January 2017, related to the period October 2015 to September 2016 and showed that rates had fallen by 500 individuals, equal to 23.8%. This compared favourably to the 7% fall nationally and the 3.65% regional increase. At the current time, youth unemployment in the borough stood at 12.3% compared to the regional figure of 15.9%. Since September 2013, numbers of local young people aged 16-24 out of work had fallen by 66% compared to 34% nationally. This was a real testament to what the Council had achieved for young people in the borough through the Job Box. She commented on the feedback received from young people and advice from the Team. She considered that the key to this success was the Council’s ability to link local services to provide the support required and demonstrate a sense of faith in young people who were deserving of achieving their ambitions and that Telford was a place where young people could succeed. Councillor Reynolds noted that this support included one to one support through the mentor system and through the 11 job junctions in the borough, as well as supporting young people in school to be life ready and work ready.

Councillor England asked for an update on events and activities for local young people which were taking place.

Councillor Reynolds responded that 16 local secondary schools had signed up to the Life Ready – Work Ready programme and were working with local businesses including Cap Gemini, Denso, and Manby Bowdler solicitors; the Apprentice Show would take place on 16 March 2017; and the Council was also supporting events later in the year including Young Enterprise, the National Enterprise Challenge, and Harper Adams University’s Big Bang event to promote careers in Science, Technology, Engineering and Maths.

88. Notices of Motion

(i) Councillor A J Eade moved, in accordance with Council Procedure Rule 7, the following Motion:

“This Council reaffirms its unanimous support of the Conservative group motion originally presented to Full Council on 1 May 2014 against a formal merger between Telford & Wrekin and Shropshire Councils.

However, to enable Telford & Wrekin Council and Shropshire Council to deliver more effective and better services across the whole of the county and work together on efficiency savings, this Council now removes any obstacles which have prevented Telford & Wrekin Officers discussing possible options with their counterparts in Shropshire and directs them to investigate potential efficiency savings via shared services or any other means to deliver cost savings to both authorities.

This Council further directs that a report will be presented to following Full Council meetings on progress made or difficulties encountered.”

Councillor N A Dugmore seconded the Motion

Following a robust debate and vote the Motion fell.

RESOLVED - that the motion not be approved

(ii) Councillor A J Eade moved, in accordance with Council Procedure Rule 7, the following Motion:

“This Council accepts Clinician’s arguments that the current accident and emergency provision in Shropshire is unsafe and condemns the so far poor and slow decision making progress which has so far failed to resolve this critical issue.

However, this Council makes crystal clear its full support for the retention of the Women and Children’s Unit at the Princess Royal Hospital along with the future provision of emergency care. The Council also makes clear its support for 24 hour urgent care provision at both the Princess Royal and Royal Shrewsbury Hospitals.

This Council further resolves to press the Secretary of State for Health to launch a national debate on future provision of the National Health Service.”

Councillor J M Seymour seconded the Motion.

Councillor S Davies moved an amendment to the motion as follows:-

“This Council accepts Clinician’s arguments that the current accident and emergency provision in Shropshire is unsafe and condemns the so far poor and slow decision making progress which has so far failed to resolve this critical issue.

However, this Council continues to fight for the retention of the Women and Children’s Unit at the Princess Royal Hospital along with the future provision of emergency care and thanks Telford & Wrekin residents for their unrelenting support of the Council’s PRH4Me campaign.

This Council also makes clear its continued support for 24 hour Accident and Emergency and urgent care provision at both the Princess Royal and Royal Shrewsbury Hospitals.

This Council further acknowledges that due to the Government’s mismanagement there is now a national crisis in the National Health Service and resolves to press the

Secretary of State for Health to launch a national debate on future provision of the National Health Service.

Councillor R A Overton seconded the amendment.

At the end of a robust and lengthy debate, a vote was taken on the motion put forward by Councillor Davies which was CARRIED. In accordance with Committee Procedure Rule 9.5, a recorded vote on the motion was taken, the voting being as follows:

For (29)

Councillors K T Blundell, L D Carter, E A Clare, G K Cook, S Davies, A R H England, N A M England, R C Evans, K R Guy, J Jones, J Loveridge, A D McClements, R Mehta, J C Minor, L A Murray, R A Overton, J Pinter, G C W Reynolds, S A W Reynolds, S J Reynolds, H Rhodes, K S Sahota, P J Scott, C F Smith, M J Smith, K T Tomlinson, W L Tomlinson, C R Turley, and P R Watling

Against (0)

Abstentions (18)

Councillors J C Ashford, S L Barnes, S Bentley, S P Burrell, E J Carter, N A Dugmore, A J Eade, I T W Fletcher, J A Francis, E J Greenaway, M B Hosken, R T Kiernan, A Lawrence, N C Lowery, T J Nelson, J M Seymour, B D Tillotson, and D G Wright

RESOLVED - that the amended motion be approved

89. Closure Motion

In accordance with Council Procedure Rule 8.15, Councillor R A Sloan moved, and Councillor A R H England seconded, a motion to adjourn the meeting. Upon being put the vote, all Members unanimously:-

RESOLVED - that the meeting be adjourned.

The meeting ended at 9.44pm

Mayor:

Date:

BOROUGH OF TELFORD & WREKIN

Minutes of the Meeting of the Borough of Telford & Wrekin held on Thursday, 19 January 2017 at 6.00pm at The Place, Oakengates, Telford

Present:

Councillors J C Ashford, S L Barnes, S Bentley, K T Blundell, M Boylan, A J Burford, S P Burrell, E J Carter, L D Carter, E A Clare, S Davies, N A Dugmore, A J Eade, A R H England, N A M England, R C Evans (Mayor), I T W Fletcher, J A Francis, C A Furnival, E J Greenaway, M B Hosken, J Jones, R T Kiernan, A Lawrence, J Loveridge, N C Lowery, C N Mason, A D McClements, R Mehta, J C Minor, T J Nelson, R A Overton, J Pinter, G C W Reynolds, S A W Reynolds, S J Reynolds, H Rhodes, K S Sahota, P J Scott, J M Seymour, R J Sloan, C F Smith (Speaker), K T Tomlinson, W L Tomlinson, C R Turley, P R Watling and D G Wright

63. Prayers

In the absence of a member of the Clergy, no prayers were said.

64. Apologies for Absence

Councillors V A Fletcher, A A Meredith, M J Smith and B D Tillotson.

(NB Councillors G K Cook, K R Guy and L A Murray were also absent from the meeting.)

65. Declarations of Interest

The Monitoring Officer referred to Minute Number 71 – Council Tax Support Scheme – and advised that any Member in receipt of Council Tax Support or Council Tax Hardship funds should leave the room during discussion of the item. He also updated Members on existing case law regarding the reading and understanding of the report.

66. Minutes of the Council

RESOLVED – that the minutes of the meetings held on 24 November 2016 and 7 December 2016 be confirmed and signed by the Mayor.

67. Leader's Report & Announcements

The Leader wished all present a happy new year and welcomed Councillor R Mehta to his first Council meeting. He reminded the meeting that the Cabinet had recently published its Budget Strategy for 2017/18 for consultation and views were being sought from residents regarding the Government's proposals that Councils may take the opportunity to accelerate the implementation of the Adult Social Care Precept with increases of 3% in 2017/18 and in 2018/19 rather than the original assumption of 2% in each of the next 3 years. The Leader commented on the extent of Government funding cuts and the Council's efforts to generate its own income and

attract business to the area through its 'Business Winning, Business Supporting' ethos. He noted that the Borough's unemployment figures were reducing and were lower than the regional average and thanked the Youth Unemployment Team for their work in reducing youth unemployment. The Leader went on to remind the meeting that consultation was ongoing until 27 January on proposed changes to the school catchment boundaries, that the European Christmas Market would return this year following last year's success, that the 2016 pantomime had been the most successful to date and every library in the borough had been safeguarded. Finally, the Leader reported on the current PRH4Me campaign and urged the Council to unite and work together on this important issue.

68. Mayor's Announcements

The Mayor highlighted that she would be holding a Charity Ball on 17 March 2017 in support of her chosen charities for the year. She also announced the launch of the "£s for LBs" challenge and thanked the Healthy Lifestyles Team for their support with this fundraising opportunity.

The Mayor also expressed congratulations to a number of local young people who had recently achieved the prestigious Gold Duke of Edinburgh Award and she was pleased to honour them further with a certificate of achievement from the Council. Certificates would be sent to: E Sullman, R Burke, R Thomas, R Edwards, J Kirk, K Wong, A Pugh, P Humphreys and J Llewellyn.

69. Public Questions

The following question to Cllr A D McClements, Cabinet Member: Transport, Customer & Neighbourhood Services was submitted by Carol Scott MBE:

"I am pleased that Telford and Wrekin have launched "My Telford". Can you advise what advances are being made to update each incident status so that the reporting individual knows what action is being taken and are there plans to identify replications to save duplication of time and effort?"

Cllr A D McClements, Cabinet Member: Transport, Customer & Neighbourhood Services responded that My Telford launched in August 2016 and to date 7800 personal accounts had been created. The current version of the application allowed residents to report issues of concern, track history and status of reports, apply for school places and apply for permits. Additional functionality had been made available through the application on a regular basis and there were some final changes to be made before the application would be launch and marketed in April 2017 and the Cabinet Member encouraged all residents to sign up. This would include notifying the user if a report had already been made and further developments were planned for later in the year. The application had been created in-house at saving of £1m in design costs.

70. Cabinet Decisions Made Since the Last Meeting of the Council

Members received the report on the Cabinet decisions made since the last meeting of the Council.

Service & Financial Planning 2017/18 to 2019/20

Councillor A J Eade believed that the two unitary authorities in Shropshire were unable to work together due to a Motion carried in May 2014. He asked what plans were in place to rectify this so that efficiency savings could be made.

Councillor S Davies responded that there were a number of areas in which this Council and the County Council worked jointly, eg adoption, financial services and pensions. The Leader made no apology for the Administration not sharing senior posts with the County as he believed a single authority would be conflicted on issues such as securing business for the borough and retention of hospital services in Telford, issues to which this Administration was committed and would not support what he considered would amount to a takeover from Shropshire Council.

Local Development Order – Householder Extensions and Alterations

Councillor N A Dugmore asked if a neighbour dispute precipitated by the adoption of the LDO ended up in Court, what liability would this Council have?

Councillor R A Overton responded that the LDO related to non-controversial applications and that would mean if a dispute was identified during the LDO process, it would require full planning permission.

School Funding Formula 2017/18

Councillor N A Dugmore asked what adjustments would be made to the School Funding Formula in light of the borough's secondary schools performance?

Councillor G C W Reynolds responded that the School Funding Formula was unchanged. The Funding Formula was changing later this year resulting in the loss of £2m Educational Services Grant which made a real difference to what could be done to improve schools. The aim was to drive up performance in Secondary Schools. The borough had excellent performance in Primary Schools and she considered this would also be achieved in Secondary Schools, as the Council continued to work with staff and students to ensure they embraced the change and continue to improve.

71. Recommendations from Cabinet

Cabinet – 5 January 2017

(i) 2016/17 Financial Management Report

Councillor L D Carter, Cabinet Member: Council Finance, Partnerships & Commercial Services, presented the report of the Assistant Director: Finance & HR. He noted that the Financial Management report to Cabinet on 5 January 2017 had provided an update on progress relating to the capital programme. This subsequent report highlighted some new capital allocations and slippage which required formal approval by Full Council.

RESOLVED that the changes to the capital programme in section 1 of the report be approved

(ii) Council Tax Support Scheme 2017/18

Councillor L D Carter, Cabinet Member: Council Finance, Partnerships & Commercial Services, presented the report of the Assistant Director: Neighbourhood & Customer Services which recommended approval of the revised Council Tax Support Scheme for 2017/18 and the continuation of the Council Tax Hardship Policy and Fund.

RESOLVED that –

- (a) the Council Tax Support Scheme Policy for 2017/18 as shown at Appendix A of the report be approved.**
- (b) the continuation of the Council Tax Hardship Policy and accompanying funding be approved.**

72. Setting of the Council Tax Base for 2017/18

Councillor L D Carter, Cabinet Member: Council Finance & Service Delivery presented the report of the Assistant Director: Finance & Human Resources (Chief Finance Officer) which determined the Council Tax base for General and Special Fund purposes for 2017/18. In doing so, it was noted that the report referred to “Wrockwardine & Trench” Ward when this should be “Wrockwardine Wood & Trench”.

RESOLVED – that

- (a) the calculation of the tax base for 2017/18 as at paragraph 5.6 and Appendix 1 of the report be approved.**
- (b) in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI 2012:2914), the amount calculated for Telford and Wrekin Council Tax base for 2017/18 for its Special Fund Area shall be as per the appropriate parish amounts detailed in Appendix 1 of the report for the parishes listed in paragraph 5.7 of the report subject to “Wrockwardine & Trench” Ward being amended to read “Wrockwardine Wood & Trench”.**

73. Update to the Council’s Constitution and Political Balance

Councillor S Davies, Leader, presented the report of the Assistant Director: Governance, Procurement & Commissioning which set out the options relating to the power of referral to the Secretary of State following the Joint Shropshire and Telford & Wrekin Health Scrutiny Committee’s consideration of a substantial variation or development in health services and informed Members of changes in the Council’s political balance. He drew attention to the revised political balance calculation and nominations to Committees and Boards which had been tabled following Cllr C A Furnival joining the Conservative Group.

RESOLVED – that

- (a) the Constitution be amended to the effect that Telford & Wrekin Council retains the power of referral following consideration of a substantial variation or development in health service by the Joint Shropshire and Telford & Wrekin Health Overview and Scrutiny Committee as set out in the Terms of Reference for the Joint Shropshire and Telford & Wrekin Health Overview and Scrutiny Committee;
- (b) following the consideration of a contested substantial variation or development in health service that the Health and Adult Care Scrutiny Committee has the power to recommend to Full Council that the contested change in service is referred to the Secretary of State. Any referral to the Secretary of State will be made by Full Council;
- (c) the change to the Council's political balance as detailed in the tabled revision be noted;
- (d) the corresponding changes in the number and allocation of seats on the Council's Committees/Boards be endorsed; and
- (e) Council appoints the Committees/Boards and membership thereof, as shown at Appendix 1 to these minutes, for the remainder of the 2016/17 Municipal Year.

74. Questions

The following questions were asked under Council Procedure Rule 6.2.2:-

- (a) **Councillor S J Reynolds asked the following question of Councillor A R H England, Cabinet Member: Adult Social Care & Older People**

“The current government seems determined to ignore the significant pressure currently faced by the health and social care sector. Would the Cabinet Member for Adult Social Care explain what impact this is having on our ability to provide an effective adult care service and to maintain a resilient provider market?”

Councillor A R H England responded noted that government austerity measures had a detrimental effect on the vulnerable and disabled in society. It was disappointing that the autumn statement did not reference adult social care pressures and the Local Government financial settlement cut the New Homes Bonus to support one off adult social care support grant or pass on cuts to local tax payers by increasing the adult social care precept more quickly. However, he offered reassurance that the Council was working with public sector partners to build greater resilience in communities, restructuring the work force, developing new systems and pathways to work with clients in a different way. He went on to thank all staff working in this area for their commitment and understanding while these changes took effect. This approach would be based on providing the right help at the right time and promote independence. Early signs, in the borough and in trailblazing authorities such as Essex and Hertfordshire, indicated this approach could work by providing better outcomes at lower cost but it would take considerable time to put in place. Government cuts did not, however, allow sufficient time or provide sufficient funding

to support the significant costs of change or to support neighbourhood working, a key part of the STP strategy to manage demand away from hospitals. Throughout this process, the market would need to be carefully managed as demand for traditional care placements reduced, failure could occur and this would need to be managed by working with the sector to diversify to meet the challenges ahead.

Councillor S J Reynolds asked whether the Cabinet Member explain what Telford & Wrekin were doing across the Borough to support our older residents, to lessen the impact of the underfunding crisis in Adult Care.

Councillor A R H England indicated that despite a lack of funding, the new approach referred to was based on pilot work undertaken approx. 12 months ago and the experience of early trailblazing work elsewhere which would lessen the impact to older residents. The Council would also work with providers to enable them to adapt their model to one capable of supporting older people remain in their own homes allowing more resources to be invested in community care and health which was considerably less expensive than a hospital or residential unit.

(b) Councillor N A M England asked the following question of Councillor S Davies, Leader

“We all know that the Council is doing all it can to protect our local services at the Princess Royal Hospital and that you have been standing up for residents and holding those involved to account. Please could you update the Council on how the meeting went with the Health Secretary, Jeremy Hunt, and what progress has been made since the meeting?”

In his response, Councillor S Davies paid tribute to the NHS frontline staff and reminded the Council that the Council’s issue was not with them but with underfunding of the NHS and Adult Social Care by the Government. He advised that Mark Pritchard MP had arranged the meeting with the Secretary of State went well and, although no assurances were made in respect of retaining both emergency departments, the Health Secretary did concede that the final decision rested with him due to the power of referral discussed earlier in the meeting. He assured the Council that he would continue to press the case for two well funded and well resourced accident and emergency departments in the County.

The Leader noted it was almost two years since the Royal Visit to open the £20m Women’s and Children’s Unit. He considered that the Secretary of State had a moral and legal obligation to protect NHS funds and should, therefore, intervene in this crisis.

Councillor N A M England whether, following calls for better collaborative working with our local MPs, the Leader had noticed an improvement in the working relationship?

Councillor S Davies responded that it depended on the MP.

(c) Councillor I T W Fletcher asked the following question of Councillor A D McClements, Cabinet Member: Transport, Customer & Neighbourhood Services Leader

“Following on from the response given to my question at the 24th November meeting regarding approaches to Severn Trent over their delays in the work at Limekiln roundabout. Would the Cabinet member advise the Council if any compensation has been forthcoming from Severn Trent for the delays?”

Councillor A D McClements responded that following a robust intervention by the Council, work had been completed before Christmas and she thanked those individuals who had paid key roles in ensuring completion of the works. Whilst the works had been disruptive, there had been a positive response to the results of the improvement works. The Council was now in ongoing discussions with Severn Trent regarding the financial consequences and working with them towards a solution but those negotiations were at a critical stage and were required to be kept confidential.

Councillor I T W Fletcher asked whether the residents of Priorslee would be compensated.

Councillor A D McClements reiterated that discussions with Severn Trent were ongoing but that Councillor Fletcher would be kept updated on the outcome.

(d) Councillor I T W Fletcher asked the following question of Councillor A D McClements, Cabinet Member: Transport, Customer & Neighbourhood Services Leader

“Would you advise members what action is being taken by this Council to advise pensioners how to renew their concessionary nationwide bus passes?”

Councillor A D McClements responded that the process was automated. Since September 2016, an ICT software package to allow the Council to automatically renew bus passes as age was the only qualifying criteria. This removed the requirement for each applicant to apply on expiry. Renewed passes were ordered 6 days before expiry so that they were received by the customer in good time before the existing pass ran out. On average, approximately 400 passes were renewed per month. Bus passes could be awarded for a maximum of five years and between January and March 12,000 passes would reach their five year renewal anniversary. To prepare for this mass renewal, concessionary travel data had been cross checked against a number of Council databases to minimise the risk of error. The process would be more convenient for customers and efficient and cost effective to the Council as opposed to asking each individual to reapply. A press release had been issued, there had been media coverage and the Pensioners Forum had been advised.

Councillor I T W Fletcher thanked the Cabinet Member for her response as he had had to apply online for his own renewal.

75. Notices of Motion

(a) Councillor K S Sahota moved, in accordance with Council Procedure Rule 7, the following Motion:

“Since the Brexit vote we have seen a rise in hate crime across the Country.

We are proud to represent and live in a diverse, multi cultural and tolerant community where Racism, Xenophobia and other hate crimes have no place in the Borough of Telford and Wrekin.

This council condemns Hate Crime in the strongest possible terms and will not allow it to remain unchallenged or to be accepted.

We will work with our partners to ensure that we have the necessary support and the resources to reduce these crimes.

We would like to reassure everyone living in the Borough of Telford and Wrekin, regardless of their background, that they are a valued member of our community.”

Councillor A J Burford seconded the Motion.

Following a robust debate, the Motion was approved by unanimous vote.

RESOLVED - that the motion be approved

The meeting ended at 7.19pm

Mayor:

Date:

GOVERNANCE

Standards Committee – 9 Seats	
Cllr J C Ashford (Con) Cllr S Barnes (Con) Cllr A R H England (Lab) Cllr N A M England (Lab) Cllr C A Furnival (Con) Cllr R T Kiernan (Con) Cllr R J Sloan (Lab) Cllr K S Sahota (Lab) – Chair Cllr M J Smith (Lab) – Vice Chair	

Audit Committee – 9 Seats	
Cllr I T W Fletcher (Con) Cllr K R Guy (Lab) Cllr A Lawrence (Con) Cllr R Mehta (Lab) Cllr K S Sahota (Lab) Cllr R J Sloan (Lab) – Chair Cllr C F Smith (Lab) – Vice Chair Cllr W L Tomlinson (Lib Dem/Ind) Cllr D G Wright (Con)	

Council Constitution Committee – 9 Seats	
Cllr A G J Eade (Con) Cllr I T W Fletcher (Con) Cllr R A Overton (Lab) Cllr K S Sahota (Lab) Cllr R J Sloan (Lab) Cllr C F Smith (Lab) – Vice Chair Cllr M J Smith (Lab) – Chair Cllr B D Tillotson (Con) Cllr W L Tomlinson (Lib Dem/Ind)	

Boundary Review Committee – 9 Seats	
Cllr K T Blundell (Lib Dem/Ind) Cllr N A Dugmore (Con) Cllr A J Eade (Con) Cllr I T W Fletcher (Con) Cllr K R Guy (Lab) Cllr A D McClements (Lab) Cllr R A Overton (Lab) – Vice Chair Cllr G C W Reynolds (Lab) Cllr R J Sloan (Lab) – Chair	

REGULATORY

Planning Committee – 9 Seats	
Cllr N A Dugmore (Con) Cllr I T W Fletcher (Con) Cllr J Loveridge (Lab) Cllr N C Lowery (Con) Cllr J C Minor (Lab) – Chair Cllr L A Murray (Lab) Cllr S J Reynolds (Lab) Cllr P J Scott (Lib Dem/Ind) Cllr C R Turley (Lab) – Vice-Chair	<u>Labour Subs</u> Cllr G H Cook Cllr R Mehta Cllr C F Smith Cllr M J Smith <u>Conservative Subs</u> Cllr J A Francis Cllr R T Kiernan Cllr E J Greenaway <u>Lib Dem/Ind Sub</u> Cllr W L Tomlinson

Licensing Committee –11 Seats	
Cllr M Boylan (Con) Cllr G H Cook (Lab) Cllr I T W Fletcher (Con) Cllr J A Francis (Con) Cllr M B Hosken (Con) Cllr C N Mason (Lab) – Chair Cllr S J Reynolds (Lab) Cllr J M Seymour (Con) Cllr C F Smith (Lab) Cllr M J Smith (Lab) Cllr C R Turley (Lab) – Vice Chair	<u>Labour Subs</u> Cllr K R Guy Cllr J Jones Cllr J C Minor Cllr J A Pinter <u>Conservative Subs</u> Cllr J C Ashford Cllr S P Burrell Cllr R T Kiernan Cllr N C Lowery Vacant

SCRUTINY

Scrutiny Management Board – 9 Seats	
Cllr S Bentley (Con) Cllr A J Burford (Lab) Cllr N A M England (Lab) Cllr V A Fletcher (Con) Cllr E J Greenaway (Con) Cllr K R Guy (Lab) Cllr S A W Reynolds (Lab) - Chair Cllr J M Seymour (Con) Cllr C R Turley (Lab)	

Scrutiny Committee – Finance & Enterprise – 9 Seats	
Cllr S Bentley (Con) Cllr S P Burrell (Con) Cllr A J Burford (Lab) Cllr N A Dugmore (Con) Cllr R Mehta (Lab) Cllr S A W Reynolds (Lab) – Chair Cllr R J Sloan (Lab) Cllr C F Smith (Lab) Cllr D G Wright (Con)	

Scrutiny Committee – Children & Young People – 9 Seats	
Cllr S Barnes (Con) Cllr J A Francis (Con) Cllr K R Guy (Lab) – Chair Cllr J Jones (Lab) Cllr N C Lowery (Con) Cllr S A W Reynolds (Lab) Cllr K S Sahota (Lab) Cllr J A Pinter (Lab) Cllr K L Tomlinson (Lib Dem/Ind)	

Scrutiny Committee – Customer, Community & Partnership – 9 Seats	
Cllr J C Ashford (Con) Cllr N A M England (Lab) - Chair Cllr K R Guy (Lab) Cllr L A Murray (Lab) Cllr S J Reynolds (Lab) Cllr P J Scott (Lib Dem/I) Cllr J M Seymour (Con) Cllr B D Tillotson (Con) Cllr C R Turley (Lab)	

Scrutiny Committee – Health & Adult Care – 9 Seats	
Cllr M Boylan (Con) Cllr A J Burford (Lab) – Chair Cllr V A Fletcher (Con) Cllr C A Furnival (Con) Cllr R Mehta (Lab) Cllr L A Murray (Lab) Cllr T Nelson (Con) Cllr J A Pinter (Lab) Cllr R J Sloan (Lab)	

Joint Health & Overview Scrutiny Committee – 3 Seats	
Cllr A J Burford (Lab) – Chair Cllr V A Fletcher (Con) Cllr R J Sloan (Lab)	

PERSONNEL

Appeals Committee – 9 Seats	
Cllr J C Ashford (Con) Cllr J A Francis (Con) Cllr C A Furnival (Con) Cllr K R Guy (Lab) – Vice Chair Cllr M J Smith (Lab) – Chair Cllr C N Mason (Lab) Cllr A A Meredith (Con) Cllr R J Sloan (Lab) Cllr C F Smith (Lab)	<u>Labour Subs</u> Cllr K S Sahota Vacant Vacant Vacant <u>Conservative Subs</u> Cllr S P Burrell Cllr N A Dugmore Cllr D G Wright

Personnel Committee – 9 Seats	
Cllr S Bentley (Con) Cllr A J Burford (Lab) Cllr L Carter (Lab) Cllr S Davies (Lab) – Chair Cllr N A Dugmore (Con) Cllr A J Eade (Con) Cllr R A Overton (Lab) – Vice Chair Cllr P R Watling (Lab) Cllr W L Tomlinson (Lib Dem/Ind)	

OTHER

Health & Wellbeing Board – 14 Seats	
Cllr E A Clare	Cabinet Member – Culture, Parks, Events & Green Spaces
Cllr A R H England	Cabinet Member – Adult Social Care & Older People
Cllr R A Overton – Chair	Cabinet Member - Housing, Leisure & Health
Cllr K L Tomlinson	Lib Dem/Independent Group
Cllr J M Seymour	Conservative Group Chief Operating Officer,
Cllr P R Watling	Cabinet Member – Children, Young People & Communities
D Evans	Chief Operating Officer, Telford & Wrekin CCG
Dr J Leahy – Vice Chair	Chair, Telford & Wrekin CCG
C Jones	Director of Adult and Children’s Services, TWC
R Woods	NHS England
E Noakes	Director of Public Health, TWC
J Chaplin	Healthwatch
T Harding	Community Safety Partnership

Combined Fire Authority – 6 Seats	
Cllr E J Carter (Con)	
Cllr M B Hosken (Con)	
Cllr L A Murray (Lab)	
Cllr J Pinter (Lab)	
Cllr K S Sahota (Lab)	
Cllr C R Turley (Lab)	

West Mercia Energy Joint Committee	
Cllr L D Carter (Lab)	Substitutes
Cllr H Rhodes (Lab)	Cllr R A Overton (Lab)
	Cllr P R Watling (Lab)

WMCA Board	
Cllr S Davies (Lab)	Substitute
	Cllr R A Overton (Lab)

WMCA Overview & Scrutiny Committee	
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Cllr N A M England (Lab)	Substitute Cllr S A W Reynolds (Lab)
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WMCA Audit Committee	
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Cllr R J Sloan (Lab)	Substitute Cllr C F Smith (Lab)
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MAYORAL ENGAGEMENTS
2 January 2017 – 19 February 2017

January	17	M	Noor Women's Group Celebration Event at Wellington Town Centre, Telford
	18	M	Citizenship Ceremony at the Register Office, Wellington Civic & Leisure Centre
	20	M	Wickes Telford Kitchen & Bathroom Showroom Opening at Snedshill Trading Estate, St George's
	24	M	West Mercia Police Behind the Badge Campaign at West Mercia Police HQ, Hindlip Hall, Worcester
	25	DM	Senior Citizens Forum at Meeting Point House, Telford Town Centre
	27	M	Holocaust Memorial Day at Addenbrooke House, Ironmasters Way
	28	M	Official Launch of Arleston Community Centre at St Giles Close, Arleston
February	7	M	Telford Dance Showcase 2017 at The Place, Oakengates Theatre
	11	DM	Polish Culture Evening at Little Wenlock Village Hall, Telford
	14	M	HR Talk at the University of Wolverhampton, Wulfruna Street, Wolverhampton
	15	M	Citizenship Ceremony at the Register Office, Wellington Civic & Leisure Centre
		M	Official Opening of Indelease at Pearson Road, Central Park, Telford
	18	M	Hadley Orpheus Male Voice Choir & Brewood Singers Charity Appeal Concert at Wellington Methodist Church, New Street, Wellington

TELFORD & WREKIN COUNCIL**COUNCIL – 2 MARCH 2017****MATTERS DETERMINED BY THE CABINET****REPORT OF CABINET – FOR INFORMATION ONLY****1.0 INTRODUCTION**

This report sets out those matters determined by the Cabinet at its meetings on 2 and 23 February 2017.

2.0 CABINET BUSINESS

Matters that have been determined by Cabinet are listed below:

2.1 2 February 2017

NK	2.1.1	Anti-Slavery & Human Trafficking Policy
K	2.1.2	Procurement Update
NK	2.1.3	Telford & Wrekin Energy Service
NK	2.1.4	West Midlands Rail Collaboration Agreement

2.2 23 February 2017 (Subject to Cabinet Approval)

KC	2.2.1	2016/17 Financial Management Report
KC	2.2.2	Service and Financial Planning 2017/18 to 2019/20
K	2.2.3	Re-designation of Attendance Areas

Key

K	= Key Decisions
NK	= Non-Key Decisions
E	= Exempt Items
PE	= Part Exempt Item
C	= Council
PC	= Part Recommendation to Council

3.0 DELEGATION OF POWERS GRANTED BY THE CABINET

REPORT HEADING	DELEGATION GRANTED TO	DETAIL OF DELEGATION GRANTED
Telford & Wrekin Energy Service	Assistant Director: Commercial Services in consultation with the Lead Cabinet Member: Finance, Partnerships and Commercial Services	To make any arrangements and enter into any agreements on behalf of the Council to implement the resolutions.
West Midlands Rail Collaboration Agreement	Cabinet Member for Transport, Customer & Neighbourhood Services	To cast the Council's vote in favour of the special resolution that is necessary under Article 8.3 of West Midlands Rail Limited Articles of Association to authorise the signing of the amended Collaboration Agreement (included at Appendix 1 to the report), whether that resolution is passed in writing or at a general meeting of the Company.
Re-designation of Attendance Areas <u>(Subject to Cabinet Approval)</u>	Assistant Director: Education & Corporate Parenting, in consultation with the Lead cabinet Member for Education, Employment and Regeneration	To take all required actions and exercise all the Council's relevant powers to enable the re-designation of attendance areas.

LEGAL COMMENT FINANCIAL COMMENT LINKS WITH CORPORATE PRIORITIES RISKS AND OPPORTUNITIES ENVIRONMENTAL IMPACT EQUALITY & DIVERSITY WARD IMPLICATIONS	As described in each report considered by Cabinet. Copies of all reports have been previously circulated to all Members of the Council.
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Telford & Wrekin
C O U N C I L

FULL COUNCIL – 2 MARCH 2017

SERVICE & FINANCIAL PLANNING 2017/18 – 2019/20

Summary of Recommendations		p
Overview and Revenue Budget	Appendix D1	p
Capital Programme	Appendix D2	p
2017/18 Treasury Strategy & Treasury Update	Appendix D3	p
Prudential Indicators	Appendix D4	p
Council Tax Formal Resolutions 2017/18	Appendix D5	p

COUNCIL – 2 MARCH 2017
AGENDA ITEM 9 – SERVICE & FINANCIAL PLANNING 2017/18- 2019/20
SUMMARY OF RECOMMENDATIONS

RECOMMENDATIONS – D1

1. To consider the feedback from consultation summarised in Appendix 14 and from Scrutiny in Appendix 12.
2. To note the Impact Assessments contained in Section 23 and Appendices 2 and 15.
3. To approve the overall service and financial planning strategy set out in this report and the base budget in Appendix 7.
4. To approve a Council Tax increase of 3.2% for 2017/18 (including the new 2% Adult Social Care precept assumed by the Government) and a medium term strategy of increases at the same level for the two years from 2018/19 to 2019/20 to match the period of the CSR and 4 year settlement.
5. To approve the additional savings and pressures detailed in Appendix 1.
6. To note the commitment to continue to work with partner organisations, including Town & Parish Councils and Voluntary Sector and Community Groups to seek to identify ways to mitigate the impact of some of the cuts to services that we can no longer afford and the creation of the £695,000 Partnership Capacity Fund approved by Cabinet on 5 January 2017.
7. In order to support these discussions to note the transfer of £1.5m to the Invest to Save/Capacity Fund approved by Cabinet on 5 January 2017 which will provide further transitional funding for a Partnership Support Programme in line with the delegations and principles approved by full Council in March 2016.
8. To approve the policy framework for Reserves and Balances outlined in Appendix 9.
9. To approve the revenue implications of the medium term capital programme for the period 2015/16 - 2018/19 set out in the Capital Programme report also on this agenda.
10. Delegation of authority to the Managing Director after consultation with the Cabinet Member for Council Finance, Partnerships and Commercial Services to allocate funding from the Destination Telford and Organisational Development reserves.
11. To approve the Pay Policy for 2017/18 included as Appendix 3 which has already been approved by the Personnel Committee.

12. To delegate to the Assistant Director Business, Development & Employment authority to agree the final details of the Telford Land Deal – including agreement of the Transfer of Liability/Residual Land package after consultation with the Cabinet Member for Council Finance, Partnerships and Commercial Services.
13. That the Assistant Director: Legal, Procurement & Commissioning be authorised to execute all necessary contract documentation including the affixing of the common seal of the council as appropriate to enable the Council to finalise the Telford Land Deal – including documents required to give effect to the agreement for the transfer of HCA liability/residual land, after consultation with the Cabinet Member for Council Finance, Partnerships and Commercial Services.
14. That authority be delegated to the Assistant Director: Finance & Human Resources to action any virements required following the final allocation of the Dedicated Schools Grant and other related Grants as long as they are within the budget and policy framework.
15. That authority be delegated to the Assistant Director: Early Help & Support, in consultation with the Cabinet Member: Adult Social Care, to enter into appropriate Section 256 and Section 75 Agreements under the NHS Act 2006 (as amended).
16. That the Assistant Director: Legal, Procurement & Commissioning be authorised to execute all necessary contract documentation including the affixing of the common seal of the council as appropriate to enable the council to enter into appropriate Section 256 and Section 75 Agreements under the NHS Act 2006.
17. The transfer of a further £2.9m of available one-off resources to the one-off contingency fund approved by Cabinet on 5 January 2017 to provide a total amount of £9.7m.
18. That should any late changes be announced as part of the final Revenue Support Grant settlement, authority to adjust the level of the £9.8m contingency fund to compensate be delegated to the Chief Financial Officer after consultation with the Cabinet Member for Council Finance, Partnerships and Commercial Services.
19. That this suite of service and financial planning reports serve as the Council's Efficiency Strategy for 2017/18 to enable new capital receipts generated in the three year period starting 1 April 2016 to be used to fund the revenue costs of reform as assumed throughout these reports.
20. To note the CFO's robustness statement in Appendix 11.

RECOMMENDATIONS – D2

1. To approve the report and associated capital estimates for 2016/17 and 2017/18 – 2019/20, which incorporates the Capital Strategy, the Capital Programme (Annex I), the Planned Building Maintenance Programme (Annex II), and Asset Management Plan (Annex III) and the three year Highways and Transport capital investment programme (Annex IV).
2. To delegate authority to the Assistant Director: Development, Business & Employment to deliver the planned programme of works within the Asset Management Plan and to the Assistant Director: Neighbourhood & Customer Services to deliver the Highways and Transport capital investment programme in line with the approved budgets with any variations or changes to schemes in these programmes, that remain within overall approved budgets, after consultation with the appropriate Cabinet Members.

RECOMMENDATIONS – D3

1. To note the treasury management activities for the first half year
2. To note the Treasury Management Policy Statement (Appendix A)
3. To approve the Treasury Strategy, including the Annual Investment Strategy for 2017/18 together with the associated treasury Prudential Indicators and the Minimum Revenue Provision Statement, which will apply from 2016/17 onwards.

RECOMMENDATION – D4

1. To approve the prudential indicators proposed in this report as part of setting the budget for 2017/18.

RECOMMENDATION – D5

1. To approve the formal resolutions to determine the levels of Council Tax for 2017/18 as detailed in the report.

TELFORD & WREKIN COUNCIL

**CABINET – 23 FEBRUARY 2017
COUNCIL – 2 MARCH 2017**

SERVICE AND FINANCIAL PLANNING 2017/18 TO 2019/20

REPORT OF THE MANAGING DIRECTOR AND THE CHIEF FINANCIAL OFFICER

LEAD MEMBERS Cllrs S. DAVIES and L. CARTER

1. INTRODUCTION

This report seeks approval of the Service & Financial Planning strategy for the three year period 2017/18 to 2019/20 with specific budget proposals for 2017/18. This overview report, along with other linked reports on the agenda covering:-

- The medium term Capital Programme
- The Treasury Management Strategy and
- Prudential Indicators

form the Council's overall Medium Term Service & Financial Planning framework and proposes the service priorities and budget for 2017/18. Most of the savings required in 2017/18 were approved by Council in March 2016 as part of a two year strategy. However, this report includes details of some additional savings proposals and investments for 2017/18 and sets out our approach to developing the further savings that will be required through to 2019/20.

The Council published its draft budget proposals for 2017/18 – 2019/20 on 5 January 2017 when they were approved for consultation by the Council's Cabinet. A one month consultation period on the Council's proposals commenced on 6 January 2017 and ended on 5 February 2017. The results of the consultation exercise are summarised in section 20 below with further information detailed in Appendix 14.

2. OVERVIEW.

When the Coalition Government was formed in May 2010 they committed to eliminating the national budget deficit. This remains an objective of the current Government although the target date for achieving a balanced national budget has slipped considerably. However, the Government has also protected many areas of public spending - but not local government. Councils have therefore faced very significant reductions and this is set to continue for

the duration of this Parliament so councils will continue to be hit very hard meaning that difficult choices about priorities have to be made.

Unlike the Government, the Council has a statutory responsibility to achieve a balanced budget each year. In order to achieve a balanced financial position this Council will have made savings of £96m pa by the end of this financial year, meaning that every year we now have £1,300 less to spend delivering services to each household in the Borough. The Council has sought to do this in ways that protect front line services as far as possible and where services to the public are affected to do this in as compassionate a way as possible. Despite the reductions that we have had to make, the Council is still a large organisation delivering many services to local people and it is essential that we use our remaining revenue and capital resources as effectively as possible to deliver the greatest possible benefit for local people.

The Council has consistently said that it will continue to protect the most vulnerable in our society and prioritised the protection of services to vulnerable adults and children in our community. The Council is committed to ensuring that we always meet the assessed needs of vulnerable people but this does not mean that we can continue to deliver the same services in the same ways. We have to make changes but will always place priority on these essential services and will not let financial pressures due to Government cuts mean that we fail to meet the assessed needs of the most vulnerable. To do this, we have also had to be innovative in identifying ways to generate more income to fund key front line services.

The Council has sought to generate income by adopting a more commercial approach whilst seeking to recognise and manage risks as far as possible. We were the second council nationally to open a solar farm and are currently investing in NuPlace a wholly owned company that will rent over 400 good quality homes, mainly at market rents. Both of these schemes generate a profit after paying the loan used to fund the investment and other operating costs. The profit from these and other commercial projects and from our participation in the West Mercia Energy Joint Arrangement is used to help reduce the amount of cuts that we would otherwise have to make to the services that the Council provides.

The Council is also committed to investing in the Borough's future. Ensuring that Telford & Wrekin is an attractive place to live, work and visit is essential if we are to attract new businesses that will create jobs and bring prosperity to the area and the people that live here. The Council also benefits from retaining a share of any additional business rates which helps to minimise the cuts that we have to make to services. Under Government proposals the share of additional business rates growth that is retained will potentially increase to 98% before the end of the current Parliament making growth of the local business rates base even more important for the future financial viability of Council services. As part of our "Business Winning, Business Supporting" Approach, the Council is investing an additional £50m in our Property Investment Portfolio which will largely be invested within the Borough in new and also existing industrial, commercial and property holdings. The

net return after debt charges will be used to support front line services as will additional retained income from business rates.

In March 2016, the Council set a medium term budget strategy with specific detailed proposals for both 2016/17 and 2017/18. Key features of which were:-

- Given the Government's decision, after 5 years, not to provide council tax freeze grants in future a decision to increase council tax by 1.2% each year from 2016/17 through to 2019/20.
- A decision to implement the Government's new "Adult Social Care precept" equivalent to a further 2% council tax increase each year from 2016/17 to 2019/20.
- To implement a package of savings totalling £30m over the two year period 2016/17 – 2017/18. This package of detailed savings proposals was consulted on last year, when we received over 4,000 comments, and as a result it is not necessary to consult on these savings proposals for 2017/18 again.
- A commitment to continue to work with partner organisations, including Town & Parish Councils and voluntary sector and community groups to seek to identify ways to mitigate the impact of some of the cuts to services that we can no longer afford to provide. These discussions have been very successful and the Council is committed to extending this approach further.
- Despite the unprecedented cuts in grants from Government, due to our strong financial management and our success in bidding for external funding, usually for specific capital projects e.g. to fund infrastructure rather than for revenue (or day to day running costs), the Council made a number of investments. These included:-
 - Over £50m being committed for transport and highways improvements over the medium term. These projects are funded by specific capital funding that the Council successfully bid for from the DfT, DCLG and from the Marches LEP as well as from Section 106 agreements that the Council has negotiated with developers together with some funding from the Council's own capital resources.
 - An investment of over £50m in NuPlace, the Council's wholly owned housing company with the profit being used to protect front-line services from cuts.
 - Investing over £25m in the Council's Property Investment Portfolio to improve and develop industrial, commercial or retail facilities in order to support new and existing businesses, create and protect jobs and generate increased business rates income and rental income (in excess of all associated costs) to be used

to help protect front line services from some of the impact of Government cuts. This scheme has been very successful and further funding of £30m has subsequently been approved by Council to extend the initiative further.

- Spending just under £4m over two years to roll-out Superfast Broadband to parts of the borough where there is no superfast broadband infrastructure and broadband suppliers are unlikely to invest.

Following the success of our Community Pride Fund in 2014/15, which was oversubscribed, a £1m Community Pride Fund for 2017/18 was included in the budget proposals.

- Identification of funding to campaign for the protection of services at the Princess Royal Hospital which is a key priority for the Council as well as other communication and marketing priorities.

The Cabinet remain committed to this medium term financial strategy which received widespread support during the very extensive consultation undertaken last year. This included consideration of 194 detailed savings proposals that met the need for savings in 2016/17 and the vast majority of what was required for 2017/18. The Council has therefore taken the opportunity to improve the way that future savings proposals are developed and consulted upon. This approach is set out in section 10.2 of this report.

The consultation process this year has therefore focussed in particular on whether local people think that the Council should implement the Adult Social Care precept at a faster rate than the Government originally proposed. When the Government announced the Autumn Statement in November and then published the local government finance settlement in December 2016 they did not make any additional ongoing funding available for adult social services despite the widely recognised severe funding challenges facing councils. However they did propose that councils could increase the speed with which the Adult Social Care precept (which is effectively an additional council tax) could be implemented. The Government had originally assumed that all eligible councils would implement the maximum 8% Adult Social Care precept over 4 years at the rate of 2% each year from 2016/17. However, in recognition of the funding pressures they offered the opportunity to implement the remaining 6% over 2 rather than 3 years.

This, when added to the general council tax increase proposed by the Council of 1.2% (to offset the impact of the Government's decision to cease paying any further council tax freeze grants), would mean a total council tax increase of 4.2% which would present local residents with a greater challenge when inflation and the rate at which people's incomes are increasing is generally much lower than this.

The consultation process included a survey of community panel members, an online survey and attendance at a number of forums including the Senior Citizen's Forum, Young People's Forum, Business Board and Town & Parish Council Forum etc. where the Cabinet Member for Council Finance, Partnership and Commercial Services outlined the Council's financial challenges and the Cabinet's proposals to meet them.

The overall results of the consultation are summarised in section 20 below with further information detailed in Appendix 14. **However, having considered the responses to the consultation, it is now recommended that the Council should continue with its previously agreed strategy that Council Tax should be increased by 3.2% in total for 2017/18, 2018/19 and 2019/20** as there is not sufficient support for the Government's proposal to accelerate the implementation of the Adult Social Care precept and despite the very significant financial challenges facing the Council, we are very aware of the financial challenges that are also being faced by many in our community.

Key proposals for 2017/18 include:-

- Managing a further reduction of 25.9% to our Revenue Support Grant from Government next year (based on the provisional settlement as at the time of drafting this report the final settlement has still not been received although it is not expected to be significantly different). However, if additional funding is received by the Council it will be used to support Adult Social Services and any further reduction would be offset by reducing the contingency. The reduction in the provisional settlement of 25.9% is in line with the 4 year settlement provided in principle by the Government last year although this "offer" was then subject to approval of the Council's "Efficiency Strategy". Confirmation that our Efficiency Strategy has been approved by the Government and therefore confirmation of the 4 year grant settlement was received in November 2016.
- Dealing with the reduction in our Revenue Support Grant from Government Whilst Maintaining Our Commitment to continue our existing policy of transferring grant to Town & Parish Councils in respect of Local Council Tax Support. In line with the agreement made in January 2013 the amount available to allocate to Town & Parish Councils in 2017/18 is £0.186m following the latest cut of 25.9% to the Council's (provisional) Revenue Support Grant next year.

Council Tax

- A Council tax increase for 2017/18 of 1.2% in line with the medium term strategy agreed last year.
- To again implement the Government's assumed "Adult Social Care Precept" in line with the Government's original plans, this is equivalent to a further council tax increase of 2%. (Therefore in total, that part of the council tax bill relating to this Council's spending would increase by 3.2% next year.)

Savings Proposals

- To continue implementing the package of savings and efficiency measures agreed in March 2016 but with the additional savings and efficiency measures for 2017/18 set out in Appendix 1.
- To develop detailed savings proposals for 2018/19 and 2019/20 to cover the expected budget shortfall of £15 - £20m over this two year period. Our approach to further savings will be closely aligned to the Council's "Being the Change" strategy and summarised in section 10.5 of this report. Work to develop these options for future service provision will be undertaken with partners, service users and the community in line with our co-operative working principles. The approach is explained in more detail in sections 10.2- 10.4 of this report.

Investment in Capital Projects

An updated proposed medium term capital programme (2016/17 to 2019/20) totalling over £280m is included in the Capital Programme report also on this agenda which details proposed capital investments. These include:-

Pride Programme-

- ❖ Funding for a further major investment in improvements to local roads and associated infrastructure of £20m as part of the Council's continuing Pride Programme of environmental improvements. This is scheduled over a two year period commencing April 2019.
- ❖ £1m to fund repairs to structures such as bridges and retaining walls in 2017/18 as a further extension of the Pride Programme. Many of these structures are now very old and this will ensure that they remain safe.
- ❖ £1m to fund investment in small scale Pride projects particularly local regeneration projects, over the years 2017/18 and 2018/19. A report detailing how this will be allocated will be brought forward to a future Cabinet meeting.
- ❖ The capital programme for 2017/18 already included £1m for in Community Pride Fund. It is now proposed to double this funding so that £2m is available. £1m will be for capital projects and £1m will be available to support revenue projects. Details of how this

funding will be allocated will be brought forward to a future Cabinet meeting.

Other

- ❖ Funding for further investment in NuPlace, the Council's wholly owned housing company of £13.4m. A report detailing the proposed use of this allocation will be brought to Cabinet in the near future.
- ❖ A doubling of the ICT capital programme from £1m to £2m pa for the three year period 2017/18 to 2019/20. This will enable investment to be made resulting in increased efficiencies and ongoing cost savings as well as ensuring that the Council's ICT network is robust.

Investment in Revenue Projects.

As well as the above new capital programme investments, it is proposed to use funding from a rigorous review of one-off resources to fund some one-off investments of a revenue nature. These include:-

Pride Programme

- ❖ Investment of £1.4m one-off resources over the 2 year period 2017/18 – 2018/19 to improve pavements across the Borough which is a further extension of the Councils comprehensive Pride Programme of environmental improvements.

Other

- ❖ Safeguarding vulnerable children and adults is our top Council priority. We continue to ensure that services have the financial resources to do this and are making available additional funding of £4.959m for Children's safeguarding in 2017/18 compared to what was originally planned. We are also making £2.122m more funding available in 2017/18 than originally planned for our Early Help & Support services to help phase in the cuts that we are being forced to make. We have also set aside funds to provide a £2.5m "draw-down budget" for Early Help and Support services in 2017/18 through to 2019/20 to protect and support vulnerable adults.
- ❖ Investment of £275,000 one-off resources over 2 years starting in 2017/18 in Destination Telford initiatives to promote Telford as a place to visit for leisure or to do business, for businesses to invest in and for people to come to live.
- ❖ £500k of one-off resources will be added to £195k previously identified to create a new £695k Partnership Capacity Fund to support the extension of new approaches to joint working with voluntary sector and other community groups aligned to the achievement of ongoing savings.

- ❖ In addition £1.5m of one-off resources will be transferred to supplement the Invest to Save/Capacity fund. This will partly be used to pump prime further “devolution” deals with partner organisations and community groups for example it may be possible to support groups to maintain/improve green space, pavements/walkways etc. where this helps to reduce Council expenditure in these areas and/or supports the Council’s “Green Guarantee”. This funding will also support the delivery of cost improvement plans across the Council but particularly in Safeguarding and Early Help & Support.
- ❖ £250k of one-off resources will be earmarked to fund organisation development initiatives. These will ensure that our smaller workforce are properly equipped to undertake their often new and much broader roles as we continue to shrink our workforce.
- ❖ The Council contribution to the Food Bank is now budgeted on an ongoing basis rather than from time limited funding recognising the critical support that this organisation provides to many local people. This represents a total commitment by the Council of more than £130,000 over the period 2016/17 to 2019/20.

The Government has also, exceptionally, announced that councils may use new capital receipts generated during the three year period starting 1 April 2016 to fund the one-off costs of transformation. Effectively the Government are recognising that councils now face extreme financial challenges and are having to make fundamental changes to the way that services are delivered necessitating massive change programmes often with significant upfront one-off costs. The Government relaxation does have an implication for ongoing debt charges as debt levels will be higher than they would otherwise have been but this is a pragmatic solution to the severe challenges faced by local authorities. This new flexibility, albeit temporary, has enabled a review of one-off resources to be undertaken and some funds to be identified that can now be invested to support priorities and budget pressures that would otherwise have had to have been used to fund these one-off costs of service transformation. This sum has been further supplemented by a rigorous review of all other one-off resources and a review of financial risks not offset by specific reserves or provisions. This review included consideration of the remaining £233k set aside from the sale of the Bucks Head public house for potential investment in community facilities in conjunction with AFC Telford. This funding has been set aside since December 2013 pending receipt of acceptable proposals from the Club. Other than the release of £45k as a loan to fund essential fire safety and other works at the ground no other acceptable proposal has been received and it is therefore recommended that the remaining funding is de-committed and used to part fund a replacement 3G pitch in Madeley, which was a financial commitment

facing the Council. Details of all reserves and provisions are set out in Appendix 9.

As well as consultation with the public and business community, the Council's cross party Finance & Enterprise Scrutiny Committee has also held a series of meetings to consider the proposals put forward by the Council's Cabinet and by the main Opposition group. A report prepared by the Scrutiny Committee summarising their conclusions is included as Appendix 12.

3. SUMMARY

- 3.1 Since 2010, Telford & Wrekin Council has faced cuts in the grant we receive from Government whereas prior to this date the grant would increase each year to recognise inflationary and other pressures. The scale of these cuts and the protracted period over which they continue to be made are unprecedented. The cuts in our grants are being made at a time when demand for many services, such as safeguarding children against harm or neglect and Adult Social Care have been increasing. These factors combine to place this Council, like most others, under extreme financial pressure.
- 3.2 However despite our severe financial constraints, Telford and Wrekin is a progressive Council with ambitions to improve the Borough and the lives of residents. We are tackling the impact of the Government's sustained grant cuts head on and finding new ways to deliver services and to generate income to help offset some of the grant cuts. We have a long track record of sound financial management and innovative solutions.
- 3.3 Our medium term service and financial planning strategy sets out how as a Co-operative Council, the organisation wants to take forward the Borough over the medium term. It is a vision which is centred on building a strong local identity and resilient and healthy communities by driving housing and economic growth whilst protecting and enhancing our reputation as a "green town".
- 3.4 Despite the severe financial challenges we face, our mission is clear. We are attracting new jobs and investment and promoting growth in the borough, whilst seeking to protect, as far as we are able to, priority front-line services and are working co-operatively with our residents and partners to deliver these.
- 3.5 **A Council working for, and together with, our Community:-**

<p>From our on-going engagement with local people over many years, we are clear that they and their families have some fundamental priorities which we as a Council are working alongside them and in partnership to achieve.</p>

We know that the people of Telford & Wrekin want to live:-

- **In a safe community** – we work in partnership with West Mercia Police to ensure that Telford & Wrekin remains a low crime area. Our work to support and safeguard children from sexual exploitation has been recognised by Ofsted as amongst the best in the country. We have worked to get Telford designated as a White Ribbon Town where domestic violence is not tolerated. Our Public Protection team carry out a lot of unseen work to ensure that local services and facilities are safe, that nuisances are tackled and houses in multiple occupation are better managed. We have made a commitment as a Council to always look after the most vulnerable in our community.
- **In a clean environment** – we work in partnership with TWS and Veolia and also with many Town and Parish Councils and the Parish Environmental Teams to ensure that our streets, parks and public spaces are clean and tidy and that we have first class waste collection and recycling services.
- **In a place with good roads and pavements** – each year we invest in a major programme to repair and maintain our roads and pavements. We have also secured significant amounts of Government funding to improve many roads, roundabouts and junctions so that congestion caused by more cars using our roads in the future will be reduced or avoided. Through our ‘Pride in Your Community’ initiative we have also made lots of little improvements in communities and on estates that can make a big difference to everyday life.
- **Where there are first class schools and education facilities** – we work in partnership to support our primary, secondary and special schools and performance is amongst the best in the West Midlands
- **Where there are excellent and accessible hospital and GP services** – we are working with many GP practices and Health Services in our neighbourhoods to provide more joined-up health and care services that better meet people’s needs there is support in the community to help people to stay healthy. We are also doing all we can to seek to retain full Accident & Emergency services at the Princess Royal Hospital as well as the Women’s and Children’s Centre.
- **Where they have a job and there is a thriving economy** – through our Enterprise Telford approach, we are attracting more new businesses to come to our Borough every year bringing new jobs. We have also supported many existing businesses to succeed and expand. Through our ‘Pride in your High Street’ initiative, we have sought to give local businesses the key skills to both survive and thrive in our town centres. We work to protect local jobs, we have lobbied Government to retain key activity in our town such as HMRC, Cap Gemini and the Land Registry. We also work, through our Job Box and Apprenticeship schemes, to ensure local people, and particularly young people, have the skills they need to get a job.

3.6 While many other councils have focussed on making cuts while neglecting growth and stopped major development projects, we continue to invest to create jobs and safeguard the future prosperity of the Borough and its residents:

- The Council is investing over £50m in NuPlace a wholly owned Council Company for the development of around 400 properties for private rent and over £55m in expanding the Property Investment Portfolio. These initiatives will boost businesses, create jobs and generate additional income for the Council to help reduce the impact of Government cuts. Additional income from these initiatives is expected to arise from increased retained business rates, additional council tax and from New Homes Bonus and the sale of Council services to NuPlace as well as from direct profit (after funding all loan repayments and operating costs) from the projects. These capital investments also offer the Council the prospect of significant capital growth in asset values over the longer term.
- Our £250m Southwater scheme is now open, kick-started by Council investment this has created over 400 jobs, safeguarded a further 300 and created a vibrant heart to the town as well as a regional leisure attraction. The Southwater developments also directly contribute income totalling £1.18m from rental of council owned properties and income from the Multi Storey car park. A further £0.68m is generated from retained business rates income. The net surplus after loan repayments and operating costs is used to support existing front line services and to reduce the cuts that would otherwise have to be made. Work on a new hotel and commercial outlet as well as enhancing the public realm is to commence this year.
- The owners of The Town Centre Shopping Centre are progressing a major expansion programme set to create an estimated 2,000 jobs.
- We opened a new Town Centre library in the Southwater development with Wolverhampton University opening University Centre Telford within the same building.
- Nearly £200m has been invested in improving the infrastructure of our schools and community leisure facilities over the past 6 years.
- Through our 'Enterprise Telford' Strategy, we are making it easier for businesses to come here and grow, offering support to existing companies as well as attracting new firms and helping to create new jobs, supported by our new Growth Hub delivered in collaboration with businesses and the University of Wolverhampton.
- We have invested in land stability schemes along with the Government to protect the Ironbridge Gorge – the area's biggest tourist attraction and the West Midlands region's only World Heritage Site.
- Regeneration schemes completed in Hadley, Brookside, Oakengates, Hollinswood and St. Georges, a total investment of £14.4m
- The proposed medium term Capital Programme report also on this agenda totals over £280m.

- 3.7 On 25th November 2015, the Government announced the results of its Comprehensive Spending Review which set out expectations for economic growth, inflation and tax receipts for the remainder of this Parliament. The Comprehensive Spending Review also set out the Government's spending priorities. As expected the Government reiterated its objective to eliminate its budget deficit and to run a budget surplus by the end of the Parliament. The Government has also continued to protect spending on the NHS, Education and Overseas Aid in real terms and has also now committed to protecting spending on Defence as well as a number of other significant areas of public expenditure. As so many other parts of public spending are now protected, unprotected areas such as Local Government will continue to face significant reductions for the remainder of this decade.
- 3.8 The Autumn Statement was announced by the Chancellor on 23 November 2016. This was against the backdrop of widespread international economic uncertainties arising from Brexit and the USA presidential election and lower Office of Budget Responsibility forecasts for UK Government tax receipts. Key announcements affecting the Council were summarised in the service and financial planning report considered by Cabinet on 5 January 2017.
- 3.9 The provisional Local Government Finance Settlement was announced on 15 December 2016. However, despite the "4 year Grant Settlement", details of some funding and details relating to Business Rates were not released until January. These and other changes since the report to Cabinet on 5 January 2017 was prepared are summarised in Section 3.12 below.
- 3.10 At the time of drafting this report, the final settlement had still not been received but limited change is anticipated. Authority to make any final changes to reflect the final settlement is requested in this report for the Chief Financial Officer after consultation with the Cabinet Member for Council Finance, Partnerships and Commercial services by adjusting the additional contingency set aside within the strategy to cover any reduction whilst if additional funding is received adult social care will be prioritised. The Council will continue to make cuts on an unprecedented scale with a cut of around 25.9% in our (provisional) Revenue Support Grant next year alone.
- 3.11 The Government's low priority for local government compared to other parts of the public sector and its subsequent significant transfer of risks to the local government sector including the introduction of local council tax support rather than centrally funded council tax benefits and local retention of business rates (including significant risks associated with outstanding appeals against business rates valuations prepared by the Government's Valuation Office Agency) at a time when it is also radically reducing the grant that it gives to councils clearly all combine to increase the level of financial risk faced by councils. It is therefore essential that the Council has a medium term service and financial

planning strategy in place that includes strategies to reduce reliance of government funding, that an appropriate level of reserves and contingencies is maintained by the Council and that financial performance across the Council is effectively controlled.

3.12 Key changes from the position considered by Cabinet on 5 January 2017 and the Council's overall service and financial planning strategy for the period 2017/18 to 2018/19 are summarised in the table below:-

	2017/18 £m	2018/19 £m	2019/20 £m
Projected Budget Gap considered by Cabinet on January 5 (included £6.4m proposed cut to Revenue Support Grant in 2017/18 and the assumed savings approved in March 2016 assumed for 2017/18)	(0.692)	12.187	21.563
Additional Adult Social Care Pressures	0.778		
New Social Care Support Grant	(0.778)		
Additional Safeguarding Pressures	0.500		
Invest to Save Funding*	(0.500)		
Impact of changes to grants including New Homes Bonus, Housing Benefit Administration, Education Support Grant, Social Care Support Grant (one-off benefit in 2017/18 not previously taken in to account).	(0.696)	0.045	0.038
Additional business rates after completion of the statutory NNDR1 form which was issued late by the Government reflecting further benefits from growth in the Borough	(0.318)	(0.812)	(0.892)
Additional council tax following approval of council tax base at Council on 19 January 2017 again reflecting financial benefit from further growth and good collection rates			
Other changes	0.081	0.070	0.033
Less the council's assumption of 2% council tax increase relating to adult social care precept	(1.151)	(2.340)	(3.566)
Less 1.2% council tax increase	(0.691)	(1.404)	(2.139)
Updated budget gap	(3.467)	7.746	15.037
Add pressures – Appendix 1	5.803	4.645	4.063
Less additional savings adjusted for leakage detailed in Appendix 1	(1.779)	(2.380)	(2.723)
Further ongoing savings to be identified	0	(8.750)	(16.000)
Remaining shortfall to be covered from use of one-off resources as part of a planned	0.557	1.261	0.377

strategy to deliver a sustainable ongoing budget position.			
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Notes:-

- The projections assume that all savings approved at Council in March 2016 and the additional savings in Appendix 1 are delivered in accordance with currently anticipated timescales.
- Projections for 2018/19 and 2019/20 will need to be refined as further information becomes available.
- The proposed use of £2.2m of balances over the 3 year period is £2.8m less than was required in the January 2017 report and is prudent following the comprehensive review of available one-off resources that has been undertaken
- The Council has not finalised the impact of the triennial revaluation of the pension fund although provision has been made for increased costs any additional cost will be funded from the additional one-off contingency.
- The Safeguarding Invest to Save Funding of £0.5m will generate ongoing savings but the position for 2018/19 and 2019/20 will be reviewed as additional information becomes available. The total additional investment in safeguarding in 2017/18 is now £5m including the £4.459m pressures included in the January report to Cabinet.
- The total additional investment in the Early Help & Support budget now totals £2.1m being the £1.344m pressures included in the January cabinet report and the benefit of the £0.778m Adult Social Care Support grant now allocated within the budget.

4. BASE BUDGET 2017/18.

- 4.1 The base budget (i.e. before savings are deducted and pressures are included) is summarised in the table below.

REVENUE BASE BUDGET - BEFORE SAVINGS AND INVESTMENTS

Service Delivery Unit	<u>2017/18</u>	<u>2017/18</u>	<u>2017/18</u>
	<u>GROSS</u>	<u>GROSS</u>	<u>NET</u>
	<u>EXPENDITURE</u>	<u>INCOME</u>	<u>EXPENDITURE</u>
	£	£	£
Health & Well-Being	18,495,218	16,911,593	1,583,625
Governance, Procurement & Commissioning	11,272,491	7,940,507	3,331,984
Customer & Neighbourhood Services	117,303,682	87,106,542	30,197,140

Business, Development & Employment	14,134,793	14,320,420	(185,627)
Commercial Services	37,416,050	33,939,100	3,476,950
Finance & Human Resources	8,570,690	7,177,510	1,393,180
Early Help and Support	58,147,127	15,644,178	42,502,949
Children's Safeguarding	21,460,605	624,961	20,835,644
Education & Corporate Parenting	130,766,719	118,283,879	12,482,840
Co-operative Council	3,515,897	2,008,407	1,507,490
Council Wide Items	5,426,891	8,116,298	(2,689,407)
Netting off of Internal Recharges included above	(35,617,107)	(35,617,107)	0
Total	390,893,055	276,456,288	114,436,767
Contributions To/From Balances	3,725,000	434,750	3,290,250
Net Total	394,618,055	276,891,038	117,727,017

5. ROBUSTNESS OF THE BUDGET STRATEGY

The Council is required to set a balanced budget and under section 25 of the Local Government Act 2003, the Council's Chief Financial Officer is required to give a view on the robustness of the Council's financial strategy including the use of balances and of the financial planning process.

Appendix 11 gives a more detailed view, but overall the conclusion of the Council's Chief financial Officer is that, given the continued delivery of savings which now total over £96m, the long-term service redesign, particularly in relation to Adults and Children's services, the commercial approach being adopted and the investment being made in the borough, it is considered that the Council is pursuing a sound financial strategy in the context of the most prolonged and challenging financial position it has ever

faced due to the combined effect of Government grant cuts and increased service pressures.

6. RECOMMENDATIONS.

Members are asked to approve the following recommendations for consideration by full Council on 2 March 2017:-

1. To consider the feedback from consultation summarised in Appendix 14 and from Scrutiny in Appendix 12.
2. To note the Impact Assessments contained in Section 23 and Appendices 2 and 15.
3. To approve the overall service and financial planning strategy set out in this report and the base budget in Appendix 7.
4. To approve a Council Tax increase of 3.2% for 2017/18 (including the new 2% Adult Social Care precept assumed by the Government) and a medium term strategy of increases at the same level for the two years from 2018/19 to 2019/20 to match the period of the CSR and 4 year settlement.
5. To approve the additional savings and pressures detailed in Appendix 1.
6. To note the commitment to continue to work with partner organisations, including Town & Parish Councils and Voluntary Sector and Community Groups to seek to identify ways to mitigate the impact of some of the cuts to services that we can no longer afford and the creation of the £695,000 Partnership Capacity Fund approved by Cabinet on 5 January 2017.
7. In order to support these discussions to note the transfer of £1.5m to the Invest to Save/Capacity Fund approved by Cabinet on 5 January 2017 which will provide further transitional funding for a Partnership Support Programme in line with the delegations and principles approved by full Council in March 2016.
8. To approve the policy framework for Reserves and Balances outlined in Appendix 9.

9. To approve the revenue implications of the medium term capital programme for the period 2015/16 - 2018/19 set out in the Capital Programme report also on this agenda.
10. Delegation of authority to the Managing Director after consultation with the Cabinet Member for Council Finance, Partnerships and Commercial Services to allocate funding from the Destination Telford and Organisational Development reserves.
11. To approve the Pay Policy for 2017/18 included as Appendix 3 which has already been approved by the Personnel Committee.
12. To delegate to the Assistant Director Business, Development & Employment authority to agree the final details of the Telford Land Deal – including agreement of the Transfer of Liability/Residual Land package after consultation with the Cabinet Member for Council Finance, Partnerships and Commercial Services.
13. That the Assistant Director: Legal, Procurement & Commissioning be authorised to execute all necessary contract documentation including the affixing of the common seal of the council as appropriate to enable the Council to finalise the Telford Land Deal – including documents required to give effect to the agreement for the transfer of HCA liability/residual land, after consultation with the Cabinet Member for Council Finance, Partnerships and Commercial Services.
14. That authority be delegated to the Assistant Director: Finance & Human Resources to action any virements required following the final allocation of the Dedicated Schools Grant and other related Grants as long as they are within the budget and policy framework.
15. That authority be delegated to the Assistant Director: Early Help & Support, in consultation with the Cabinet Member: Adult Social Care, to enter into appropriate Section 256 and Section 75 Agreements under the NHS Act 2006 (as amended).
16. That the Assistant Director: Legal, Procurement & Commissioning be authorised to execute all necessary contract documentation including the affixing of the common seal of the council as appropriate to enable the

council to enter into appropriate Section 256 and Section 75 Agreements under the NHS Act 2006.

17. The transfer of a further £2.9m of available one-off resources to the one-off contingency fund approved by Cabinet on 5 January 2017 to provide a total amount of £9.7m.
18. That should any late changes be announced as part of the final Revenue Support Grant settlement, authority to adjust the level of the £9.8m contingency fund to compensate be delegated to the Chief Financial Officer after consultation with the Cabinet Member for Council Finance, Partnerships and Commercial Services.
19. That this suite of service and financial planning reports serve as the Council's Efficiency Strategy for 2017/18 to enable new capital receipts generated in the three year period starting 1 April 2016 to be used to fund the revenue costs of reform as assumed throughout these reports.
20. To note the CFO's robustness statement in Appendix 11.

7. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific priorities?	
	Yes	<i>The service and financial planning strategy is integral to ensuring that available resources are used as effectively as possible in delivering all corporate priority outcomes.</i>
	Will the proposals impact on specific groups of people?	
	Yes	<i>The proposals contained in this report may impact on specific groups of people. Initial impact screening on the additional 2017/18 savings proposals, has highlighted potential equalities, environmental and economic impacts which are included in Section 23. Where a potential impact relating to our equality duty was identified further analysis has been carried out. Information relating to this analysis is</i>

		<i>show in Appendix 15 and have identified that there is little or no impact on the General Equality Duty.</i>
TARGET COMPLETION/DELIVERY DATE		<i>A series of borough wide public consultation activities have been undertaken during January and early February. The proposals contained in the report were also subject to Member scrutiny during this period. Final proposals will be considered by full Council on 2 March 2017. The final agreed recommendations will be implemented during 2017/18 and future years.</i>
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	<i>This report sets out the service and financial planning strategy for the council for 2017/18 and the medium term.</i>
LEGAL ISSUES	Yes	<p>The Council's budget setting process is governed by the Local Government Finance Acts, 1988, 1992, and 2012, and the Local Government Act 2003 (as amended) and supported by secondary legislation and guidance. This report presents the proposed budget which has been consulted upon in accordance with the Council's Policy Framework & Budget Procedure Rules as contained in the Constitution to meet its Public Sector Equality duty as mentioned in the report.</p> <p>It is a legal requirement that the Chief Finance Officer must report on the robustness of estimates made for the purpose of final budget calculations, and the adequacy of the proposed financial reserves.</p> <p>The Council is required by law to agree its budget for the financial year 2017/18 and to set its Council tax levels for the year 2017/18 before the 11th March 2017.</p> <p>The approval of the Council's Pay Policy Statement must, by law, be approved by full Council.</p> <p>In Accordance with regulations any vote taken at a budget decision</p>

		meeting of an authority must be a recorded vote.
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	<p><i>This report sets out the strategy framework which includes consideration of corporate risks – particularly in relation to the availability of balances.</i></p> <p><i>Environmental assessment is a procedure that ensures that the environmental implications of Council decisions are taken into account. The principle is to ensure that plans, programmes and projects likely to have significant effects on the environment are made subject to an environmental assessment.</i></p> <p><i>The Environmental Assessment aims to provide a level of protection to the environment and to contribute to the integration of environmental considerations into the preparation of projects, plans and programmes with a view to reducing their environmental impact. The environmental assessment detailed in Appendix 2 provides information on the environmental impacts of the budget proposals. Overall, on balance the environmental assessment of the budget proposals is positive.</i></p> <p><i>The economic impacts of the proposals are also detailed in Appendix 2 and are broadly neutral in 2017/18 given the reduction in spending by the Council, much of which will reduce economic activity within the Borough although this is broadly offset by the continuation of initiatives funded from one-off resources and the capital and revenue investments outlined in the report.</i></p>
IMPACT ON SPECIFIC WARDS	Yes/No	<i>Borough-wide impact.</i>

8. **PREVIOUS MINUTES.**

- Full Council 5 March 2015 – Service & Financial Planning 2015/16 – 2017/18

- Cabinet 5 January 2017 – Service & Financial Planning 2017/18 – 2019/20.

9. OUR ORGANISATIONAL FOCUS

9.1 A large organisation delivering for local residents, businesses and visitors:

Telford & Wrekin Council serves a population of 172,000 people which is forecast to grow to around 196,900 by 2031. As our population grows, it is also ageing and becoming more diverse. The Borough is a key growth hub in the West Midlands in terms of both housing and the local economy and jobs. We have a strong track record at attracting inward investment from both the private and public sector including £70m from the Ministry of Defence and in excess of £80m from Magna (automotive supply chain manufacturing). Manufacturing provides 16.7% (8% England) of jobs in the Borough.

Telford is the focus for much of our housing and economic activity, with the historic market towns of Newport to the north, Wellington to the West and the UNESCO world heritage site of Ironbridge to the south on the banks of the River Severn. Although at face value it is a successful and attractive place to live, Telford & Wrekin is an area of contrast with 15 neighbourhoods ranked in the 10% most deprived nationally bringing very real challenges as to how we ensure that all of our population shares in the prosperity which our growing economy generates.

Despite the significant Government cuts faced by the Council, Telford & Wrekin Council is still a large organisation with a significant revenue budget and capital programme and delivers a wide range of essential services to the local community. These include universal services delivered to residents across the Borough such as waste collection and disposal, household recycling, grass cutting, road maintenance, sports and leisure facilities, strategic planning and development control, economic development etc. to more targeted services such as support for the homeless, adult social services provided to older members of the community and those with physical or sensory disabilities and services to protect vulnerable children from harm, neglect and abuse.

The Council is clear about its focus for the next 4 years. Through our Co-operative approach, we will continue to work to meet the needs of the local community and businesses within the resources we have. Because of the cuts to the grant we receive from Government, this will mean that we have to develop new delivery models and target our resources at those individuals, families and communities in greatest need. Equally, we will not be able to continue to deliver all of the services which we currently do. In this context, our priorities are to:

- Put our children and young people first

- Protect and create jobs as a ‘Business Supporting, Business Winning Council
- Improve local people’s prospects through education and skills training
- Protect and support our most vulnerable children and adults
- Ensure that neighbourhoods are safe, clean and well maintained
- Support neighbourhoods most in need and work to ensure that local people have access to suitable housing
- Improve the health and wellbeing of our communities and address health inequalities

9.2 “Put our children and young people first”

Over the past 4 years we have made significant progress in “putting children and young people first”. Central to this has been the implementation of “Family Connect” – a single, multi-agency front door for children, young people and families. This has meant that we have enhanced information sharing for safeguarding multi-agency child enquiries. Supporting this we have developed a single, common case management system across children services. The development of this way of working will continue as it is critical to ensuring that children and families receive the “right help at the right time”.

The Council has also invested in creating new modern learning environments as part of the “Building Schools for the Future” programme.

9.3 “Protect and create jobs as a ‘Business Supporting, Business Winning Council”

A strong local economy is essential to increasing the prosperity of the Borough. We want a thriving, growing economy. Since 2011, the Council has worked successfully to attract and support inward investment into the Borough and to support the retention and growth of our existing businesses. The local economy has grown faster than the national average and we have designated the whole Borough an “Enterprise Area” with incentives for business expansion and investment across all economic sectors.

Under Enterprise Telford we offer a more competitive “investment offer” tailored to individual business requirements than our competitor locations.

As well as creating jobs and driving prosperity in the Borough, this has brought additional revenue to the Council through business rates which has supported our budget for front line services.

In exceptional cases, the Council will negotiate some flexibility around business rates, mainly for major new inward investors but currently these can only extend through to 2019/20. It is now proposed that this

deadline is replaced by a rolling 5 year maximum life for any future business rates deals.

9.4 “Improve local people’s prospects through education and skills training”

To ensure that all residents can access the benefits of our growing economy, we need to make sure that they have the right skills to meet the needs of local employers.

Supporting people into work, whatever their age, is a key priority for the Council. To deliver this, our focus is on working better, working smarter with Job Centre Plus and local training providers, to make the most effective use of these resources – both to support people finding work but also to ensure that the skills needs of local employers are met. Our “Life Ready, Work Ready” initiative is focused on ensuring that all young people when they enter the labour market are work ready and in possession of basic employability and life skills.

Educational attainment in the Borough has improved significantly over recent years and standards in our primary schools are now in line or above national averages. The performance across our secondary schools is more variable and several schools now have refreshed leadership teams in place. GCSE results are starting to show improvement but are currently below the national average, whilst 86% of schools in the Borough are classified as good or outstanding by OFSTED, we will continue to support and challenge those schools, which need to improve further.

9.5 “Protect and support our most vulnerable children and adults”

Two thirds (65%) of the authority’s budget is spent on supporting and protecting children and adults. The financial challenges which we face have meant that we have already started to look at different delivery models and to ensure that these services are delivered as effectively as possible to have a positive impact on the lives of people who need support. Ways in which we have done this include:

- Delivered more timely placement of children for adoption.
- Increased the number of foster carers from within the Borough to reduce agency and out of Borough placements.
- Ensured a sharp focus on supporting parents to care for children, especially teenagers, and returning children in care back home where it is deemed to be safe.
- Development of “MyLife”- a web based resource to provide information and advice for residents needing social care support.
- Development and launch of the “Personal Assistants Register” to help residents access the right home support.
- Development and sign off of an “Information & Advice Charter” with the voluntary sector.

As our resources reduce, however, we will need to ever more focus our resources on those in greatest need. Equally, we want to do everything we can to prevent children and adults requiring the most intensive support and interventions. Core to this will be working hard to support people to be able to continue to live in their homes, in their local neighbourhoods – this means working better, more effectively with families, community groups and local organisations to provide appropriate support to enable this to happen.

We have made a start adopting a new approach to working with adult social service users, details set out in Right Help, Right Time to Promote Independence, published in 2015. Promoting independence now sits at the heart of adult social care. We have established a structured and fair system which works to make the very best use of the limited resources that we have. We will promote health and wellbeing through the effective development of universal services ensuring that we have “something for everyone”

We recognise that people want to remain in their own home for as long as possible and we will continue to co-ordinate support around individuals to this end. We have effective systems in place to support carers and will continue to support carers to care for family and friends for as long as they wish to.

We are working with the NHS to support safe and effective discharge from hospitals and avoid inappropriate admissions. This does however pose significant risk to the local authority as the Health system continues to be under significant pressure.

Early signs show that this approach is working, we now need to consider how we integrate locality based services for children, young people and adults.

If we are to successfully reduce the present dependency on public services we must build resilient communities which can help to improve health, and reduce inequalities. We must mobilise assets within communities, promoting equity and increasing peoples control over their own health and lives by:

- Strengthening communities and building community resources
- Promoting volunteering and peer roles
- Establishing collaborations and partnerships
- Signposting access to community resources

9.6 “Ensure that neighbourhoods are safe, clean and well maintained”

Having neighbourhoods which are safe, clean and well maintained is an essential part of making the Borough a great place to live and to attract inward investment.

Over the past 3 years we have invested significantly in our “Pride in our Community” programme to improve the quality of the environment in neighbourhoods along with retendering the household recycling service – saving £30m over the lifetime of the waste contract, delivering a simpler household “purple top” recycling collection service for residents and provision of new household recycling centres which are open 7 days a week. We have also seen local people take on responsibility to improve their neighbourhood with the recruitment of 246 volunteer snow wardens and 416 street champions to date.

We continue to explore new delivery models for neighbourhood services through working with the community and Town and Parish councils which has seen the development over the last 2 years of 12 Parish Environmental Teams (PETs) which has generated an extra £300k per annum of additional funding to enhance the Environment. We are also utilising the Community Payback Teams who have saved the council £175k per annum through the provision of additional labour. This report also includes proposals to use £1.4m over the next two years to improve our borough’s pavements and our £5.2m capital investment into LED lighting right across the borough will see a new contract commence from February 2017 and a LED replacement programme completed over the next 2 years delivering a further £250k per annum in energy savings as a result.

Our priority for next year will be a key focus on Enforcement ensuring a more robust response and consequences for those who commit environmental crime in our borough. Our work to retender for a new Grounds and Cleansing and Highways provider from 2019 will ensure we secure best value as a result of that procurement process.

9.7 “Support neighbourhoods most in need and work to ensure that local people have access to suitable housing”

Across the Borough, there are currently 15 neighbourhoods ranked among the 10% most deprived nationally – areas with deprivation which are comparable to the most deprived inner-city estates. In recent years, the Council has invested in the physical regeneration of local and district centres including: Hollinswood, Madeley, Leegomery, Malinslee, Hadley, Brookside and Oakengates Centre. The total value of this is £38m. Moving forward, we will place greater focus on the social regeneration of our neighbourhoods most in need.

Whilst we look to ensure that Council services are joined-together to achieve this, our approach will be community-led. We will better engage with local residents and community groups to understand their challenges and to develop new ways in which they can be empowered to overcome the challenges in their neighbourhoods.

Whilst the housing stock of the Borough continues to grow (we expect to deliver well over 1,000 new homes in 2016/17). We want to ensure that all residents can live in good housing. The Council has worked

hard through 2016/17 to tackle empty properties through a support package and loan facility in place. To support the ever growing demand for private rented accommodation, we have established and launched a Landlord Accreditation Scheme to support and set minimum standards for private landlords within the Borough and launched “Telford Home finders” a web based lettings agency for accredited landlords. For our most vulnerable, we have significantly reduced dependency on bed and breakfast for temporary housing accommodation.

We have established “NuPlace” a private company building new homes for both market and affordable rent – with 129 of the 132 first phase properties at Randlay and Woodlands now let and over 100 of these now occupied with the others being occupied during December. Phase 2 properties at Matlock Avenue and Madeley are also now being reserved. NuPlace continues our goal to improve quality housing choices for local residents, support the regeneration of a number of neighbourhoods, and create income for the Council to support the delivery of front-line services.

9.8 “Improve the health and wellbeing of our communities and address health inequalities”

Good health and wellbeing is crucial because it allows people to maximise their potential and enjoy a fulfilling life. A positive sense of wellbeing is vital for a prosperous and flourishing Telford & Wrekin.

Although there have been some improvements in the health of the population, there remain real health inequalities in the Borough – that is people in the most deprived parts of the Borough live fewer years than people in the least deprived parts.

To address these challenges our new Health & Wellbeing Strategy is focussing on encouraging healthier lifestyles, improving mental health and mental wellbeing and strengthening community resilience and community based support. We are working with local GPs and other partners to develop models of neighbourhood working to support people to stay healthy and keep well. We are leading the way in developing peer-led approaches to improving health particularly for those on their journey recovering from drugs and alcohol addiction.

10. MOVING FORWARD: OUR MEDIUM-TERM 2017/18 TO 2019/20 SERVICE & FINANCIAL PLANNING STRATEGY

- 10.1 The medium term service and financial planning strategy approved at Full Council in March 2016 agreed the majority of the detailed savings that were required for 2017/18. Some additional savings proposals are included in Appendix 1 together with details of further pressures. The medium term service and financial planning strategy also set out the

proposed medium term approach to Council Tax increases i.e. that these should be 1.2% each year through to 2019/20 plus the application of the Government's new "adult social care precept" - that the 2% figure assumed by the Government should be implemented in full. Views on the proposed total Council Tax increase of 3.2% (or whether the Government's additional 1% increase in the Adult Social Care precept should be implemented) and the additional savings proposals in Appendix 1 were sought during the consultation process.

10.2 A New Approach to Developing Savings Proposals and Community Consultation

- 10.2.1 Having previously agreed a medium term service and financial planning strategy at Council in March 2016 for the two year period 2016/17 to 2017/18, it is now possible to focus on longer-term planning. In an organisation that will have already delivered £96m of ongoing annual savings by the end of this financial year it is essential that a longer term view is taken as future savings will be more challenging and time will be needed to consult with stakeholders about options and ways to minimise impacts. Therefore a new approach to consultation and the development of savings for the years 2018/19 and 2019/20 will be taken with proposals being developed as soon as opportunities arise and capacity allows rather than co-ordinating through an annual process as historically was the case when resources were not so tight and the need to implement change not so urgent.
- 10.2.2 The service and financial planning report to Council in March 2016 set out detailed proposals relating to specific savings and the outcome of extensive public consultation relating to these proposals. The 4 week programme of consultation outlined the high level messages in relation to the Council's financial position and also specifically sought views on 32 proposals (out of a total of 194) that were likely to have greatest impact on the community. Following approval of the Council's budget in March 2016, consultation on the implementation of these proposals has continued as appropriate, including consultation during the Summer relating to the future management of a number of libraries and markets within the Borough. We have also been working closely with a number of community groups and Parish Councils in relation to future management of the Council's community centres.
- 10.2.3 Based on current estimates, further savings will need to be made during 2018/19 and 2019/20 totalling between £15m and £20m. As the majority of savings until 2018/19 have already been identified this provides us with an opportunity to take a different approach in terms of finalising and consulting on the Council's medium-term Service & Financial Planning Strategy. Although there is a need to bring forward a number of additional savings for 2017/18 (detailed in Appendix 1), consultation has already taken place on the vast majority of savings that are likely to have the greatest impact upon the community in 2017/18. Equalities, Environmental and Economic Impact

assessments on the additional savings proposals have been carried out and are summarised in sections 23 and 24 and Appendices 2 and 15.

10.2.4 Our previous approach to budget consultation means we have been able to raise awareness of the Council's financial position amongst partners and the community and to reach a large number of people, however by developing a defined list of savings and consulting on the potential impact of implementing them, we miss the opportunity to develop a wider range of solutions. This can be seen in the work that has been done to secure the future of a number of libraries and community centres. By working with Town and Parish Councils and residents we have been able to develop alternative ways of delivering these services. It is therefore proposed to adopt this approach with those savings to be delivered in 2018/19 and 2019/20 that have the potential to impact directly upon our residents. We will therefore start an earlier dialogue with a range of partners and service users who could assist in developing alternative service solutions.

10.2.5 This report identifies where we need to make savings under the headings of 'Being the Change'. We will proceed to identify where we intend to enter into a dialogue with the community and our partners in relation to service re-design or savings that will impact upon the community. Our approach will involve communication in relation to the Council's strategy for Service & Financial Planning and will identify where we intend to start a dialogue regarding those savings that have the potential to impact directly upon the community. We have also invited Town and Parish Councils to come forward with their own proposals. This dialogue will be supported by the programme of community capacity building that will be delivered across the Council and coordinated by the Community Participation Team. This will enable the community and potential partners to have a greater level of input in developing solutions to some of our most difficult financial challenges. This approach supports our ethos as a Cooperative Council and will ensure that our financial strategy aligns with the themes of 'Being the Change'.

10.2.6 The process of implementing the library savings has followed this approach and has involved the following steps:

- raising awareness of the need to reduce the cost of library provision to the Council
- working with Town and Parish Councils to develop a model of retaining library provision within the Borough
- negotiating a transitional funding support package to enable the movement of libraries to Town and Parish Councils
- carrying out statutory consultation relating to the revised model of library provision within the Borough

10.2.7 This approach differs to the way in which we have previously developed our budget strategy which has involved us developing a range of savings proposals and seeking the views of the community on these proposals. This approach limits the opportunity to work creatively and proactively with residents and other stakeholders such as Town and Parish Councils and the voluntary and community sector. We want to work more closely with these and other partners in identifying options and potential solutions to the budget challenges that we face. As we had already largely set our budget for 2017/18 in broad terms, we have a unique opportunity to take a more open and positive approach to developing our savings proposals for the following 2 years, which will enable us to develop a more creative range of solutions involving our communities and partners. This will include following a similar process to that outlined for libraries above; identifying areas in which there is a need to make savings, working with partners to develop a range of alternatives to make the savings, carrying out consultation on revised ways of delivering services where required, and providing some transitional support, where possible or necessary, to implement the agreed solution.

10.3 Support for alternative service provision

An important aspect of this strategy is ensuring that organisations within the Borough have the capacity to work with us to develop and deliver alternative sustainable service solutions. The budget for 2016/17 included £100,000 that has been set aside from a reserve budget to be invested in building the capacity of the voluntary and community sector in the Borough. The report to Cabinet on 5 January 2017 proposed that an additional £95,000 which is unallocated funding from the Corporate Grants budget is added to this to provide a one off pot of £195,000 that will be invested in building the capacity of organisations that are able to help the Council reduce its service costs and demand on Council services. Following the review of one-off resources that has been undertaken, it is proposed that £500,000 of additional one-off resources are added to create a total **Partnership Capacity Fund** of £695,000. It was recommended and agreed that the use of this one-off fund would include the following;

- grant will be used to build capacity and sustainability of the community or voluntary organisation
- organisations will support delivery of Council savings or reduce demand on council services
- funding will act as pump priming to secure additional external funding
- Allocations from the fund to be approved by the Managing Director after consultation with the Cabinet Member for Council Finance, Partnerships and Commercial Services.

This fund will complement the existing Partnership Support Fund that is available to organisations that are taking on the delivery of services that can no longer be delivered by the Council. Support will also be

provided to organisations to secure external funding via the new Funding Officer post within the Community Participation Team.

10.4 Approach to Future Development of Savings Proposals.

10.4.1 Our approach to Service and Financial Planning is underpinned and informed by our Co-operative Council ethos. This means that we are working together, with the community and partners, to collectively deliver the best we can for Telford & Wrekin with the combined resources we have. We are working to:

- Bring more public services together so that people get what they need at the right place and the right time;
- Involve local people and our employees more in planning and running services; and
- Support our communities better and encourage local people and organisations to do more to help their communities.

10.4.2 Central to this are our Co-operative values which are at the heart of all that we say and do as an organisation:

- **Openness and Honesty** - be open and honest in the way we work and make decisions and communicate in a clear, simple and timely way
- **Ownership** - be accountable for our own actions and empower others with the skills to help themselves
- **Fairness and Respect** - respond to people's needs in a fair and consistent way
- **Involvement** - work together with our communities, involving people in decisions that affect their lives and be prepared to listen and take on new ideas

10.5 Based on this ethos we have adopted 4 core elements for our medium term service and financial strategy set out in more detail in “Being the Change” to take the organisation forward and help us to deliver the budget savings projected to be required over the medium term. In summary the 4 core elements are:-

- Focussing on Solving Problems and promoting Social Responsibility and action to manage and reduce demand for services
- Challenging & Changing, Reviewing and Reimagining the way we do things
- Reducing our Dependency on Government Grants
- Being a Modern Organisation with Modern Practices and Where we Always Get the Basics Right

10.5.1 Focussing on Solving Problems and promoting Social Responsibility and action to manage and reduce demand for services – Target for additional savings over 2018/19 and 2019/20 is £8m.

- **“Demand Management”** - ensure that resources are targeted at those residents most in need of help. This is about understanding why people use our services and keeping them out of high cost systems.
- **“Prevention”** – avoid problems which place demand on public services by encouraging people to help themselves to prevent needs developing in the first place. This is relevant to the majority of our population and has a lifelong all age focus.
- **“Early Help & the Right Help”** – when individuals and families do need help and support, we want to identify them quickly and identify the right, effective support first time to avoid issues escalating and requiring more intensive and expensive intervention but also to avoid long-term dependency on our services. Through a whole Council approach, we will improve the customer journey to provide a better seamless journey for clients.
- **“Think Family – Strengthening Families”** – to target our resources at those families most in need of support by taking holistic approach through a key worker model to “turning around” these families. This is a partner-wide agenda and is being led by the Local Strategic Partnership (LSP) and is linked with Enterprise Telford through which we aim to deliver more jobs to promote economic independence.
- **“Working in Communities”** – to reduce demand by targeting our resources at areas in the greatest need of support and working more effectively with the resources which are already in place in our communities. Strong communities place the least demand on public services.
- **“Building Community Capacity”** – the need to harness the resources of the community, community groups and Town And Parish Councils, in helping to develop solutions to improve outcomes for our residents. This is core to our Co-operative approach, the Council doesn’t have a monopoly on the resources or solutions to resolving challenges in our communities. This approach will be strengthened by the new £695,000 Partnership Capacity Fund totalling referred to in section 10.3 above.
 - **Community self-help** – building people’s social support networks by making best use of the resources and assets which are available in a local area – this helps people remain in and be an active part of their local community
 - **Effective co-production** – supporting the development of service provision by communities and moving away from a narrow focus of meeting needs through practitioner provided services.

10.5.2 Challenging & Changing, Reviewing and Reimagining the way we do things – Target for additional savings over 2018/19 and 2019/20 of £5m.

We continue to evaluate the organisation to understand what is working effectively and efficiently and what needs to be changed. Through this we are able to create and seize opportunities. Examples of what we have done and will continue to deliver include:

- **Redesigning services and business process reengineering** to ensure that they are delivered in the most efficient and effective manner.
- **Redesigning and managing our “front-door”** to enable users to get the right service at the right time. Examples include “First Point for Business” and “Family Connect”.
- **Challenging Policies** – e.g. for calculation of Minimum Revenue Provision (changing debt repayment from equal instalments of principal to an annuity basis with cumulative revenue benefits of over £40m by 2019/20).
- **Working with the private sector** – including the Telford Business Board and major local employers, the management of the Telford Town Centre shopping centre, house-builders and our Universities to drive economic growth in order to generate jobs and increased prosperity for the residents of the Borough and to generate additional income for the Council from business rates and New Homes Bonus and council tax on new homes built in the Borough. Building on this progress, moving forward there are some major ways that we will change as an organisation:
 - **“Channel Shift”** by providing services and information in the most efficient way. For example, providing clear and robust information on the Council’s website will mean that residents can “self-serve” and not need to contact the Council in other less efficient, more expensive ways such as by telephone or face to face. Other examples include the use of smart phone “apps” such as our Everyday Telford App which allows people to report neighbourhood issues directly to the Council.
 - **“Improving Business Intelligence”** – we are a data rich organisation, but all services need to be better at turning this data into intelligence to understand who is using our services and the outcomes they receive. As we continue to change the organisation we need to understand the impact of these changes both in terms of efficiency but also in terms of impact on budget and the community too.
 - **“Developing new ways of delivering services”** – we will need to be working in an ever more integrated way with our partners including:
 - **Telford & Wrekin NHS Clinical Commissioning Group** – continue to explore how we can work better together to provide and/or commission more effective preventive services in communities and so take pressure off health and social care systems.
 - **Town & Parish Councils** – building on strong working relationships such as Parish Environmental Teams to improve

local neighbourhoods and new arrangements for library services in some areas. Are there opportunities for Parish and Town Councils to manage and deliver other services at a more local level?

- **The Local Strategic Partnership** have committed to making “Think Family – Strengthening Families” as one of their top priorities to drive better data sharing across organisations and more integrated and co-ordinated ways of working to improve outcomes and reduce costs.

10.5.3 Reducing our Dependency on Government Grants – Target for additional savings over 2018/19 and 2019/20 of £2m.

We have already taken significant steps to reduce our dependency on Government Grants and we will continue to drive these forward as grant continues to be rapidly withdrawn by the Government:-

- **“Increasing income through trading our existing services”** – there are many Council services that already “trade” outside the organisation and secure income. Primarily ICT, Finance and H.R. Services, Facilities Management and Cleaning, Property Management and Catering. A key purchaser of these services are schools – both those in the Borough and in the past 12 months an increasing number of schools from outside the Borough.
- **“New commercial development/projects”** – we have developed a track record on taking on new ventures to deliver income to the Council and protect front-line services:
 - A solar farm providing £4.4m profit over the next 25 years.
 - Established “NuPlace”, a housing company which will provide around 400 new homes for private and affordable rent, with the first homes now occupied.
 - Established a Growth Fund to invest in development of premises for businesses to encourage job creation and retention as well as generating additional rental income and business rates income

We will continue to research and develop new opportunities that can bring in an income stream to the Council. Our approach will always be business case-based.

- **“Maximising existing funding streams”** – there are 3 main areas which we are already progressing and will continue to drive:
 - **Business Supporting, Business Winning** – continuing to work to attract new investment and work to support the retention and growth of existing businesses. As well as being the right thing to develop jobs and growth in the Borough, the Council receives 49% of all new **business rates** rising to potentially 98% at some point in the future subject to clarification of Government proposals.
 - **Growth Through Good Planning** - this is a whole Council approach by which all services work to support and enable business investment in the Borough. Through this approach we have been ranked by the 2014 Core Cities Report in the top 3

local authorities for job growth and housing growth. Through this the Council will see **new Council Tax** and Business Rate receipts, as well as receiving the Governments’ **New Homes Bonus** for new homes – until any major changes to the local government finance system.

- **Property Investment Portfolio** - a property investment portfolio delivering £5.1m income per annum from rental income.
- **“Securing external funding”** – again we have successfully driven this agenda, including £18.79m through the Marches Local Enterprise Partnership Local Growth Fund. In addition, we have also joined the **West Midlands Combined Authority** and are actively working through this to maximise future opportunities for the Borough.

To continue to reduce our dependency on Government Grants, building on our achievements to-date, we must continue to be creative, fast-acting and smart to identify and realise opportunities as and when we identify them.

10.5.4 Being a Modern Organisation with Modern Practices and Where we Always Get the Basics Right – Target for additional savings over 2018/19 and 2019/20 of £2m.

Core to being a modern organisation is continuing to reshape the Council’s relationship with its staff. We must continue to move towards a more flexible, more pragmatic and less bureaucratic approach to decision making. This means:

- Increased autonomy for managers and staff to take decisions
- Greater focus on development through workforce development programmes
- Greater flexibility including wider more flexible working and job descriptions for staff.
- Encourage creative thinking and challenge
- Focus on efficiency and reducing bureaucracy
- Increased staff engagement so that employee representatives will have a greater influence in the organisation

Whilst driving change and reshaping the relationship between the Council and its staff, we will continue to focus on getting the basics right, including:

- **Safeguarding our most vulnerable children and adults**
- **Procurement and purchasing** – ensuring that we maximise value from the services which we procure – this may be direct benefit or a wider benefit to the community for example, social benefit from capital projects including the employment of local people in new build schemes. It is not enough to be led by what the market will provide. We work to influence and shape the market to ensure that tax payers receive maximum value for money. We will improve further our robust contract management to ensure providers and suppliers meet their contractual obligations, review existing contracts to ensure they are fit

for purpose and achieving value for money, widely advertise all contract requirements over £5k to achieve optimum market prices, make greater use of framework agreements and get added social value from procurement.

- **Contract management** – ensuring that we always receive the service or products which we have procured through effective monitoring of delivery and renegotiation of contracts.

11. SAVINGS ALREADY DELIVERED

11.1 The Council has faced truly unprecedented cuts to its grants from central Government which have now forced us to make ongoing annual savings of over £96m. The need for savings has increased each year due to Government grant cuts, inflation and other pressures. Ongoing savings delivered by year are detailed below:-

	£m
2009/10	4.156
2010/11	6.725
2011/12	11.659
2012/13	19.069
2013/14	11.306
2014/15	17.204
2015/16	10.237 (Includes in-year Public Health cut)
2016/17	15.743
Total	96.099

11.2 This is equal to a cut of around £1,300 pa in the cost of Council services for every household in Telford and Wrekin. In delivering these savings, we have applied the principle of 'as far as possible minimising the impact on priority front-line services'. This principle remains at the core of our current strategy although it is now inevitable that we have to put some savings proposals forward that do have significant consequences on front line services. Savings delivered to date include:-

11.3 Council Jobs

- Reduced the number of jobs by over 1,520 since April 2010, saving around £28m pa following major redesign and restructuring of the organisation to meet the challenges facing the Council. This has seen 645 vacant posts deleted and 875 redundancies (with a further 39 people under notice as at 31 January 2017 who will leave before the end of the financial year). Through effective redeployment only 104 of these have been compulsory redundancies.
- Redeployed over 3,100 people within the organisation as a result of restructuring with many employees now having been redeployed more than once.

- Since 2009 staff pay has increased by 4.2% while inflation (RPI) has risen by 24.8% cutting staff pay in real terms by 20.6%

11.4 Senior managers

- Reduced the size of the senior management team by 57% which is over twice the national average reduction of “Nearly 23.2%” as reported by the Municipal Journal in October 2015.
- Cut the pay of our most senior post by 30% in real terms.
- Cut the number of middle managers by 45%.

11.5 Back office costs

- Cut back-office costs by around 48% since 2009, saving £10.8m a year. This scale of reduction is significantly greater than what most authorities have achieved through outsourcing or sharing services and has been achieved much more quickly as protracted negotiations with other councils or third party providers have been avoided. Retaining full control of these services also allows maximum flexibility to drive further changes in future and, for some services, generate more income through trading.

11.6 Buying better value services

- Delivered £11.4m procurement savings over the past 8 years by renegotiating and re-tendering contracts for the provision of services.
- Secured savings of £30m over the lifetime of the waste collection and disposal contract.

11.7 Income through growth

- As part of our business winning approach, we expect to generate an extra £7.1m income by 2018, through growth in business rates and council tax since the introduction of the new local government finance system in April 2013.
- We will receive just under £6.5m in 2017/18 from the New Homes Bonus paid by the Government to reward councils for increasing housing supply which is in line with figures issued as part of the provisional local government finance settlement.
- Increased income from more commercial approaches across our services over the past two years, including increasing income from schools outside of Telford & Wrekin.

11.8 New Commercial Income

As outlined earlier in this report, a major strand of our approach to dealing with the Government’s cuts to our Revenue Support Grant has been to increase income. This additional income, after covering associated marginal costs makes a significant contribution to our fixed costs and as a consequence is now a very significant factor in reducing the cuts to front line services that we would otherwise have to make.

Significant income streams include the overall positive impact from our investment in homes for rent through our wholly owned company, NuPlace, which is projected to exceed £0.6m in 2017/18, the profit from the solar farm which will exceed £0.2m, the net additional income from the Telford Growth Fund which is boosting the returns from our existing Property Investment Portfolio total income from which will exceed £6.5m in 2017/18 and the contribution made from our success in delivering high quality support and advisory services to schools – whether they be maintained schools or Academies and whether located within the Borough – or increasingly, outside the Borough. The gross income from trading with schools now exceeds £8.5m pa.

11.9 Shared Services, Trade Union Facilities Time, Cabinet Member Allowances

The Council continually reviews delivery options for its services to ensure value for money. A number of services are provided in partnership with other local authorities and statutory agencies. Examples include:-

- The West Mercia Youth Offending Service (WMYOS) established in partnership with Worcestershire, Hereford, Shropshire, health, police and probation. The service is now managed by The Police and Crime Commissioner (PCC) with genuine integrated working practices ensuring improved outcomes at a lower cost.
- Membership of West Mercia Energy, a joint energy procurement consortium consisting of 4 upper tier authorities.
- We have for some years delivered a number of specialist services through a joint arrangement with Shropshire Council. Telford hosts sensory inclusion and portage whilst Shropshire provides a pan Shropshire adoption service. We are currently exploring a wider partnership arrangement for the adoption service.
- We also work with authorities across the West Midlands through our links to IEWM to put in place regional procurement contracts for agency foster care and residential accommodation.
- Working co-operatively with our Town and Parish Councils such as the Parish Environmental Teams and new arrangements for the delivery of some library services.
- Sharing the administrative costs of the pension scheme by participating in the Shropshire wide superannuation scheme.
- We continue to look for other opportunities for joint working where it can be demonstrated that service users will benefit at a lower cost.
- Trade Unions have agreed a 20% reduction in facilities time payments for directly employed staff.
- Cabinet Members voluntarily reduced their special responsibility allowances by 10% at the start of the previous Administration which the current Administration have continued.

11.10 Council buildings

- Disposed of 27 properties including the former Civic Offices building.

- Reduced the office space we use by a third, saving the Council £2m. p.a.

12. CAPITAL RECEIPTS AND DEBT CHARGES

12.1 The Council's programme of property rationalisation has not only reduced running costs but is also generating significant capital receipts enabling us to fund some investment from internal resources rather than from increased borrowing. To date, capital receipts total £26m. Debt clearly has to be repaid and adds to pressure on the revenue budget so the generation of capital receipts from the sale of surplus assets helps protect essential front line services. This reduces the amount of cuts that would otherwise have to be made.

12.2 The Council, unlike the Government, is not able to borrow to fund revenue services as the Council has to set a balanced revenue budget each year with any shortfall being funded by the use of balances – if available, or from further cuts to spending or increased income.

12.3 Debt repayments represent a long term fixed charge against the revenue budget which reduces the amount of funding available for the provision of front line services. "Good capital investment" can also fund assets which will increase in value over the longer term. Invest-to-Save schemes such as the solar farm or the Housing Investment Programme and investment in the Property Investment Portfolio represent "good capital investment" as they earn a surplus which can be used to help protect front line services as the surplus generated helps to reduce the impact on the revenue budget of Government cuts to our grants.

12.4 In Telford & Wrekin debt repayments in 2016/17 accounted for 6.9% of the net revenue budget (including payment to Shropshire Council in respect of pre-unitary authority debt). This compares to:-

- | | |
|-----------------------------|-------|
| • Birmingham | 26.5% |
| • Shropshire | 9.2% |
| • Unitary Authority average | 10.0% |
| • Telford & Wrekin | 6.9% |

12.5 Debt repayments in the average unitary authority are almost 50% higher as a proportion of net revenue stream compared to Telford & Wrekin. A graph showing the percentage of the net revenue budget allocated to debt repayments in 2016/17 for all unitary authorities is included in Appendix 6. The External Auditor has not raised any concerns about the level of outstanding or planned debt, confirming this in response to a Member question at a meeting of the Audit Committee on 31 January 2016.

- 12.6 Our programme of asset sales totals £48.2m over the medium term. The planned profile of these receipts is shown below:

	£m
2016/17	7.398
2017/18	7.865
2018/19	12.635
2019/20	10.800
Later years	9.550
Total	48.248

- 12.7 Generation of these receipts is a key assumption within the service and financial planning strategy. The Council has a detailed schedule of asset disposals to address this and this schedule is regularly monitored by both officers and members of the Audit Committee and all the revenue consequences of temporary financing pending these scheduled disposals are built in to the Council's base budget projections contained in this report. This dependency will continue to be subject to close monitoring. If any delay is experienced in generating expected receipts, mitigation factors could include a combination of re-phasing some capital spending schemes, identification of other assets for disposal or additional borrowing on a temporary or long term basis although this would increase revenue costs and necessitate further cuts to other services or the use of additional one-off resources.
- 12.8 The Spending Review 2015 gave local authorities the right to use new capital receipts generated from 1 April 2016 for a three year period on the revenue costs of reform projects. The Government's guidance is unclear, suggesting that the Council needs an Efficiency Strategy that should be approved annually in advance of the year in order to make use of this flexibility. This report includes a recommendation to confirm that this suite of service and financial planning reports, including the treasury management strategy and prudential indicators reports comprises our efficiency strategy for 2017/18.

13. SECTION 106 AGREEMENTS

- 13.1 Planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended), commonly known as s106 agreements, are a mechanism which make a development proposal acceptable in planning terms, that would not otherwise be acceptable. They are focused on site specific mitigation of the impact of development. S.106 agreements are often referred to as 'developer contributions'. The common uses of planning obligations are to; secure affordable housing, to secure financial contributions to provide infrastructure (for example relating to necessary highways works to provide access to the development) and to help fund new educational

facilities for the children of families that move in to newly built houses. Careful negotiations are undertaken with developers in reaching the s.106 agreement which are legally binding and clearly state what the funding can be used for.

- 13.2 Legally a S.106 can only be requested when it is:
1. necessary to make the development acceptable in planning terms
 2. directly related to the development; and
 3. fairly and reasonably related in scale and kind to the development.
- 13.3 Negotiations have to ensure that developments remain viable and the National Planning Policy Framework (NPPF) states where obligations are being sought or revised, local planning authorities should take account of changes in market conditions over time and, wherever appropriate, be sufficiently flexible to prevent planned development being stalled.
- 13.4 The Council's Children and Young People Scrutiny Committee undertook a scrutiny review of Primary School Places during 2014 which considered s.106 agreements relating to education and it was agreed that details of these agreements would be included in the service and financial planning report in future years. Details are therefore included in Appendix 10 for the period 1st April 2016 to 31st October 2016 showing income and expenditure on each scheme relating to Education. Details of these and all other s.106 agreements will be included in the final accounts report which is considered by Cabinet in June of each year to show the year-end balance and in-year movement relating to each current s.106 agreement.

14. MEDIUM-TERM FINANCIAL OUTLOOK

14.1 Context

Throughout the last Parliament, the Government exercised very tight control over public sector spending but protected spending on education and the health service which together account for a large part of total public expenditure. Overseas aid was also protected with a commitment to spend at 0.7% of GDP. This means that spending on other parts of the public sector faced disproportionate cuts with Local Government most severely affected. The cuts to local government have not been uniformly distributed across the country but have been targeted at areas of greatest social need which have historically attracted more grant from government to reflect their greater levels of deprivation. More prosperous parts of the country tend therefore to be less affected by the cuts to grants but also tend to have a higher level of council tax base and growth which increases income from council tax, new homes bonus and from retained business rates.

14.2 Comprehensive Spending Review 2015.

The Chancellor delivered his Comprehensive Spending Review on 25th November 2015. The Spending Review 2015 (SR15) report sets out the Government's spending plans for 2016/17 to 2019/20 and sets out expectations for economic growth, inflation and tax receipts for the remainder of the Parliament. The Comprehensive Spending Review also set out the Government's spending priorities.

14.3 Autumn Statement 2016.

Philip Hammond, Chancellor of the Exchequer made his 2016 Autumn Statement to the House of Commons on 23 November 2016.

Announcements particularly relevant to local government and the Council within the Autumn Statement 2016 are summarised below:-

14.3.1 Government Spending

The Chancellor confirmed that the Government has abandoned its commitment to reduce public sector net borrowing to a surplus by the end of this Parliament. It is now planning for a deficit of £21.9bn in 2019/20, compared to the surplus of £10.4bn planned for at Budget 2016, an increase in public sector net borrowing for 2019/20 of £32.3bn. In total borrowing will be £122bn higher through to 2021/22 than previously assumed.

The Chancellor stated that the Government is committed to the existing overall plans for departmental resource spending until 2019/20, which were set out at Spending Review 2015. Departmental resource spending will grow with inflation in 2020/21 and 2021/22.

A new fiscal framework is intended to provide the opportunity for additional investment in the productive capacity of the UK economy, the centrepiece of which is a new National Productivity Investment Fund (NPIF), which will provide for £23 billion of spending between 2017/18 and 2021/22. This fund will provide additional support in order to:-

- Accelerate new housing supply;
- Tackle congestion on the roads;
- Support the market to roll out full-fibre connections and future 5G communications;
- Enhance the UK's position as a world leader in science and innovation.
- The Autumn Statement sets out the priority areas and levels of funding up until 2020/21 across the four areas identified; but specific projects will only be decided in the future. The funding available across the four areas is £2.4bn in 2017/18; £3.8bn in 2018/19; £5.0bn in 2019/20; and £5.5bn in 2020/21. A further £7bn will be available in 2021/22.

At the time of preparing this report details of how the NPIF will operate were still not available.

14.3.2 Business Rates

The Government has announced a number of changes to business rates. The main changes announced are:

- From April 2017, there will be 100% business rates relief on investment in new broadband fibre infrastructure;
- From April 2017, rural rate relief will be increased to 100%;
- The Government has not yet stated whether local authorities will be provided with s31 grant to compensate for these reforms but on past precedent, it would be expected that they would do so although these announcements will have limited impact locally.

14.3.3 Regions

Measures announced included:

- The Government will award £1.8bn to Local Enterprise Partnerships across England through a third round of Growth Deals. £392m of this will go to the Midlands. The Chancellor announced that awards to individual LEPs will be announced in "the coming months";
- The Government will give mayoral combined authorities powers to borrow for their new functions, which will allow them to invest in economically productive infrastructure, subject to agreeing a borrowing cap with HM Treasury;
- The Government will also consult on lending local authorities up to £1bn at a new local infrastructure rate of gilts + 60 basis points for three years to support infrastructure projects that provide high value for money. This represents a 0.2% discount on the rates that we can generally borrow at from the PWLB.
- The Government will publish a Midlands Engine strategy shortly;

14.3.4 Other measures announced:

- A new Housing Infrastructure Fund of £2.3bn by 2020-21, to be allocated to local government on a competitive basis.
- The Government will increase the National Living Wage (NLW) by 4.2% from £7.20 to £7.50 from April 2017 – this had already been assumed within our projections.
- There will be no Autumn Statement in 2017 and beyond as the annual budget will be delivered in the autumn, rather than spring in future.
- Estimates for economic growth show revisions downwards compared to the budget in April 2016 - from 2.2% to 1.3% in 2017/18, from 2.1% to 1.9% in 2018/19, unchanged in 2019/20 and from 2.2% to 2.1% in 2020/21.
- Forecasts for CPI inflation were increased from 0.6% to 1.0% in 2016/17, from 1.6% to 2.5% in 2017/18 and from 2.1% to 2.5% in 2018/19 but unchanged at 2.0% in both 2019/20 and 2020/21.
- Forecasts for national projected receipts from Council Tax for England show increases of between £0.1bn and £0.2bn per annum between 2015/16 and 2019/20, but a decline of £0.1bn in 2020/21.
- Forecasts for national projected receipts from business rates show increases in receipts in all future years of between £0.6bn in 2016/17 to £1.6bn in 2017/18 and 2018/19. In part, this is due to higher assumptions for RPI.

- The national debt is forecast to continue to increase as a percentage of GDP peaking at 90.2% of GDP in 2017/18 whilst the absolute level of the national debt will continue to increase in to the next parliament.

14.3.5 Main Impacts of Autumn Statement Announcements on Council Budgets:-

- Unfortunately despite widespread concerns being expressed by many groups in recent months, there was no recognition of the funding pressures facing Adult Social Care or the wider financial pressures facing councils.
- An increase in Insurance Premium Tax of 2% from June next year will cost the Council around £25k pa.
- The Council has an assumed savings target from the benefit from salary sacrifice cars of £40k pa. This will need to be phased out from our budgets due to the changes to salary sacrifice schemes announced by the Chancellor.
- The increase in employer's National Insurance contributions may cost the Council around £20k pa
- No update on expectations for public sector pay were announced so it is assumed that despite higher rates of inflation that the Government would look to still cap pay awards at 1% pa nationally. If higher inflation results in higher pay awards this would impact on the Council's budget but some allowance has been included in current forecasts of our budget gap as explained later in this report.
- Higher levels of inflation and the living wage increase will impact on suppliers of services to the Council – particularly care providers resulting in upward pressure on prices.
- The living wage increase directly attributable to the Council will be covered from the funding set aside for implementation of single status. Further increases in the Government's "Living Wage" are also assumed to be funded from the single status ongoing budget provision.
- The Government confirmed that the previously proposed cuts to Education Services Grant. However, the Education for All Bill is not proceeding which would have removed Council's improvement duties. Therefore councils now have duties with no funding to pay for them. This position has therefore been discussed with schools in the Borough to agree a funding contribution for 2017/18. This position will need to be revisited for later years.

14.4 Social Care

Last year, the Government announced that councils with adult social care responsibilities would be able to raise an additional 2% pa through Council Tax to fund adult social care by introducing a new "social care precept". This 2% would be in addition to the council tax referendum limit and would need to be used exclusively for adult social care only. The Government assumed that this would raise an additional £2bn per annum by 2019/20 and the Government assumed that all eligible councils would increase by the maximum 2% each year throughout this

period in its projections of the funding available for adult social care in the CSR2015 and in the local government grant settlement.

Telford & Wrekin Council set a medium term strategy that reflected this Government assumption i.e. that we would pass this additional council tax increase on to council tax payers. This is a clear transfer of responsibility from central government tax receipts to council tax payers but the funding position for adult social services is such that almost all councils have had to follow this approach.

As part of the provisional Local Government finance settlement a one-off Adult Social Care Support grant for 2017/18 and the ability to accelerate the implementation of the adult Social care precept were announced. These are discussed in more detail in Section 14.7 of this report.

14.5 Local Government Funding Reform

Fundamental changes were made to the local government finance system from 2013/14 including the localisation of a share of business rates, the replacement of the national Council Tax benefit scheme with local council tax support schemes and the transfer of responsibility for public health services from the NHS to councils. This current local government finance system represented a significant transfer of risk from the Government to councils but also brought opportunities and incentives to encourage growth in local communities. This Council is well placed to benefit from the current financial system with an attractive environment, good motorway connections and ready to go development sites. We have grasped the challenge to become a “Business Supporting and Business Winning” Council.

The Government is committed to passing 100% of revenues from business rates to councils by the end of the current Parliament. In this area Telford & Wrekin Council would receive 98% and the Shropshire Fire & Rescue Service 2%. However at the time of drafting this report, the Government has still not clarified whether this will be with effect from the 2019/20 or 2020/21 financial years or how this system will operate.

However the Government has made it clear that they will not merely pass the additional funding to councils to make up for the cuts to our grants but rather, they will pass additional responsibilities to councils so that the transfer is fiscally neutral at both a central and local government level.

What is very unclear at present is what additional responsibilities will be transferred and how much additional risk the Government are seeking to transfer for demand led services as well as 100% of the risk that relates to the collection of business rates which is likely to decrease during economic downturns when demand for many of our services also tends to increase.

Appeals against business rates are currently a significant issue as the Government's Valuation Office Agency takes a considerable period of time to process appeals. Currently around 2/3 of the total rateable value in the borough is subject to appeal. The Council has to estimate what proportion of these appeals will be successful and to what extent successful appeals will reduce the rates collected. Transferring 100% of business rates income to councils potentially doubles this exposure to the risk of appeals against Valuation Office Agency decisions on rateable values. The revaluation of the rateable value of all business premises that comes in to effect from April 2017 will result in further appeals which can take years for the Valuation Office Agency to determine and result in very significant back-dating costs in respect of successful appeals. The Government have stated that the new rates multiplier to be used for 2017/18 includes an element to cover the cost of appeals and in the absence of any other data this has been used to estimate the local provision required to cover new appeals against the April 2017 rating list. In the absence of any other information, this estimate is highly likely to be wrong and to safeguard the income stream from business rates in future years, a business rates equalisation reserve of £1.25m has been established within the Council's general fund accounts. This will be used to even out the benefit assumed from business rates within the Council's 3 year service and financial planning strategy which will be updated as experience of the impact of new RV appeals is gained over coming months.

The Government has also said that as part of their reform of local government funding they will also review the allocation of resources across the country taking in to account the need to spend on council services which should take in to account factors such as the population age profile of different areas and socio-economic factors. This review will also consider what resources are available locally to fund this assessed need to spend from council tax and business rates. It is therefore possible that some significant changes to the allocation of funding between parts of the country may occur which will probably be effected through changing the distribution of remaining revenue support grant and by changing the complex system of tariffs and top-ups within the business rates retention system. The Government would probably seek to phase in significant changes through a new damping mechanism with a system of floors and ceilings to limit the year on year changes to a maximum percentage adding another layer of complexity to an already very opaque system.

This Council will however continue to take every opportunity through official consultation processes and other opportunities as they arise to lobby for a fair funding settlement for Telford & Wrekin residents. Despite some improvement recently. Whilst at the time of drafting this report the final revenue support grant settlement had not been received, based on the provisional settlement received in December

2016, the Council still has a significantly lower spending power per household (£1648.54 in 2017/18) than the national average (£1804.84). The Council is, however, pleased that the average reduction locally between 2016/17 and 2017/18 of 0.4% is better than the national average reduction of 1.14%. This still leaves the Council significantly below national average spending power although an adjustment for the costs of fire services needs to be recognised but is not easy to ascertain from the Government's published figures. Detailed responses to all official consultation opportunities offered by the Government to date have been sent by the Council but it now appears very unlikely that any significant methodology changes will be implemented by the Government until the fundamental changes required as part of the move to the much publicised 100% business rates retention system are implemented in either 2019/20 or 2020/21.

The Council sent a response to the provisional settlement which will be agreed by the Cabinet Member for Council Finance, Partnerships and Commercial Services. This response highlighted the wholly inadequate funding for Adult Social Care. The Local Government Association and other national commentators, as well as many councils have consistently drawn attention to the pressures facing this service. Adult Social Care is the largest council service and therefore in the face of continuing cuts to our grants has to make savings. Where-ever possible these will be efficiency measures rather than cuts to services as we will always meet the assessed needs of individuals.

The Government's proposal to allow additional funding to be raised from increasing the Adult Social Care precept more quickly than it had previously assumed simply transfers the cost of funding this essential service from national tax receipts to local council tax payers. It also favours areas that already have higher levels of council tax and/or higher value properties as a 1% council tax increase clearly raises more in these areas than in Telford & Wrekin which has a comparatively low rate of council tax and where the average property is in Band B compared to Band D nationally. Areas with higher value housing stock also tend to have lower levels of need as they tend generally to have healthier and wealthier populations with a consequent increase in the number of "self-funders" and fewer people requiring care and support for as long as in more deprived areas. The new one-off (2017/18 only) Adult Social Care Support grant does reflect need to spend although this is based on data that is at least 5 years old but it does not compensate areas that have less ability to raise additional income from a 1% additional council tax increase which may be easier for residents in wealthier parts of the country to afford, on average, than in areas with relatively low income levels.

Other key decisions to be taken by the Government as part of their overall funding review will include what proportion of growth from business rates income will be retained locally by tariff authorities, how often future resets will be undertaken and whether these are full or

partial resets. Whether appeals will be managed solely at a local level or not. Whether councils would still benefit from a safety net system should they see an excessive decrease in rates income. How the needs formula will operate and the balance between the conflicting needs for as great a level of accuracy as possible against having as simple and transparent a system as possible.

A number of consultation papers have already been issued by the Government relating to aspects of this funding reform process which is broadly welcomed by the Council which has, as explained above, responded at all opportunities to date to ensure that our views are considered by the Government. Clearly the Council will continue to respond at all future opportunities to make its case for a fair deal for Telford & Wrekin. However, at present there is very considerable uncertainty about how the new system will impact on the Council and even whether it will be implemented within our current medium term planning horizon (i.e. in 2019/20) or not.

This high degree of uncertainty does nothing to assist with medium term service and financial planning. Despite the Government's offer of 4 year grant settlement this only relates to Revenue Support Grant which represents an ever-decreasing proportion of our total funding. Projections of what the council's budget gap might be in 2019/20 and beyond are currently extremely difficult and will be refined as and when additional information becomes available.

14.6 New Homes Bonus

The future operation of the New Homes Bonus scheme was subject to consultation in December 2015. The outcome of this consultation was not announced until a year later as part of the Provisional Local Government Finance Settlement on 15 December 2016 and the following significant changes are proposed:

- Funding is reduced by £241m in 2017/18 (this funding will be diverted to the new Adult Social Care Support Grant – see below).
- The number of years for which legacy payments are made will be reduced from 6 years to 5 years of payments in 2017/18
- This will reduce further to 4 years worth of payments from 2018/19 onwards
- From 2018/19, the Government will consider withholding payments from local authorities that are not “planning effectively, by making positive decisions on planning applications and delivering housing growth”
- There are no plans to withhold payments for areas without a local plan in 2017/18; however this will be revisited in 2018/19
- The intention for a further consultation was announced regarding withholding payments for homes that are built following an appeal
- A national baseline of 0.4% of the council tax base for 2017/18 will be introduced, below which the bonus will not be paid as the Government

has assumed that this reflects a percentage of housing that would have been built anyway. This baseline may alter in future years.

- The local growth, in terms of numbers of properties, above the baseline is then multiplied by the national average band D council tax for 2016/17 (£1529.56) to give the actual grant entitlement. An additional bonus of £350 for each affordable home is payable and is outside the baseline.
- 2017/18 allocations have been announced along with indicative allocations for 2018/19 and 2019/20 (which may alter pending any further changes to the scheme and actual housing numbers). As the indicative allocations are simply calculated as a percentage of the NHB control totals using the 2017/18 total payment as a basis, authorities could see significant variances between these and the eventual allocations they receive in future years. Indicative Amounts for Telford & Wrekin announced as part of the settlement were in December 2016 were:-

2017/18	£6.458m
2018/19	£4.937m
2019/20	£4.737m

However, these have now been updated using local data. Latest projections included in the budget model are:-

2017/18	£6.5m
2018/19	£5.7m
2019/20	£5.6m

Clearly these show a significant reduction in the benefit from New Homes Bonus although it is still expected to remain a significant source of revenue in future years.

14.7 Local Government Finance Settlement

In the 2016/17 settlement indicative Revenue Support Grant figures were also included for the following three years. The Government offered councils that submitted an acceptable “Efficiency Strategy” a firm 4 year grant settlement. This Council submitted its efficiency strategy and received confirmation that we are eligible for this 4 year grant settlement during November. To some extent this assists with medium term financial planning. However, it has to be recognised that the 4 year offer only relates to Revenue Support Grant which represents an ever decreasing proportion of our total funding.

Despite persistent requests from across the local government community over many years for an early settlement so that effective financial planning can be undertaken, the provisional settlement was not announced until 15 December 2016. This late announcement makes planning and forward projections extremely difficult and compresses the time available for consultation. As expected this settlement will force the Council to continue to make cuts on an unprecedented scale as it has a legal duty to set a “balanced budget”.

Whilst the Comprehensive Spending Review and Autumn Statements set the strategic financial overview for the Government as a whole over the medium term, the provisional local government finance settlement sets out the specific proposals affecting local government for 2017/18 with details for each council being provided. Key issues for the Council included:-

- A period of consultation was held on the provisional settlement with a final announcement not being made until after this report had been drafted. Therefore any changes affecting the overall strategy for 2017/18 will need to be accommodated by adjusting the additional funding being set aside in the additional contingency as part of this service and financial planning strategy.
- When the 2016/17 settlement was announced social care authorities were allowed to include a Social Care Precept of 2% per annum for the 4 years, up to and including, 2019/20. The settlement announced that local authorities will now be able to increase the Social Care Precept by up to 3% per annum in 2017/18 and 2018/19 - so providing funding earlier than previously anticipated - but cannot exceed 6% in total over this three year period. To ensure that income from the precept is used for adult social care, council's will be required to publish a description of their plans; further, those using the extra freedom to raise their precept by 3% must also show how they plan to use the extra money to improve social care.
- The referendum limit for unitary authorities was adjusted in line with the Social Care Precept flexibility above: i.e. 2% core threshold plus a maximum of 3% social care precept for 2017/18.
- As mentioned above, changes to New Homes Bonus were also confirmed as part of the settlement announcements. The changes have allowed £240m to be diverted from New Homes Bonus to a new "**Adult Social Care Support Grant**". The allocation for Telford & Wrekin Council, based on the adult social care relative needs formula is £0.778m in 2017/18. This is a one-off benefit in 2017/18 only and is now included within the budget.
- Within the business rates retention system the NNDR baseline and top up/tariff amounts have been amended in the settlement to reflect the impact of the 2017 Revaluation. The adjusted amounts are intended to make changes in rateable values revenue neutral for individual authorities. The actual amount of business rates available for the budget strategy can only be confirmed when the NNDR 1 form is completed and submitted in January 2017. However, the NNDR 1 form and associated methodology changes were not released until January creating considerable uncertainty over how much business rates funding would be available next year. The form has now been received and completed enabling the estimates for business rates to be updated
- Similarly, on 5 January when Cabinet considered the draft service and financial planning strategy, details of funding totalling over £3m expected for next year had still not been released by the Government and a significant degree of uncertainty over our actual position

therefore remained. These estimates have now also been updated to reflect latest information.

- What was clear, however, **was that, as expected, the Council's Revenue Support Grant has been cut by 25.9% for next year in cash terms (based on the provisional settlement as the final settlement is still not available at the time of drafting this report but is unlikely to be significantly different).**

14.8 HCA Land Transfer Agreement

Under the terms of the Telford Land Deal between TWC and HCA which was approved by Council and signed in March 2016, TWC are required to take transferred ownership of HCA residual, non-developable land in Telford (Liability Sites). The 2016 agreement set out a timeframe of 12 months to enter a dialogue around transfer of liabilities to TWC subject to more detailed information on costs and an agreed funding mechanism. An initial assessment of between £3m and £3.5m was made at that point as to the potential costs to the Council should the Liability Sites require remediation.

Following detailed analysis of the sites to be transferred an in principle agreement has been achieved which will see HCA make a £3m full and final grant/dowry payment to TWC to cover the costs arising from the liability sites which will transfer in perpetuity. It is anticipated that sites will transfer in a number of tranches and payment from HCA will be received in two instalments of c.£1m at the end of 2016/17 and £2m at the end of 2017/18. This reflects the majority of sites transferring at the end of 2017/18.

The terms of this agreement have been agreed by the DCLG Endowment Committee but remain subject to Treasury sign off. This is anticipated to be completed by end of February/early March 2017. Delegations are therefore sought in the recommendations of this report to finalise the arrangements.

Under the agreed terms of the Land Deal Agreement TWC is anticipated to receive c.£19m of local profit share derived from the uplift of land values from sale of HCA land over 10 years (a proportion of which must be shared with the Marches LEP). The total value that the local area can receive from the Deal through reinvestment into site preparation/infrastructure and profit share is capped at £44.5m. The profit share element may vary if more or less investment is required to successfully bring sites to market. The Agreement sets out the use that local profit share may be put to which can include investment into acquisition/preparation of additional sites, infrastructure and other investment that will directly support delivery of new homes and jobs contributing to the Land Deal targets. Under the 2016 Agreement the Telford Land Deal Board which includes representation from TWC, HCA and the Marches LEP sign off proposals for use of profit share (including those for which the LEP proposes to use its % of profit share). It is anticipated that first profit share will arise at the end of first quarter

2018/19. It is proposed that the Enterprise Telford Board chaired by the Leader and including lead Cabinet members responsible for business, development, employment, highways, infrastructure, housing and finance, will consider and approve TWC projects proposed to receive funding from local profit share to be then considered and approved by the TLD Board.

14.9 Future projections.

It is still very difficult to make accurate projections of the likely budget gap that the Council may face in the years beyond 2017/18 despite the Revenue Support Grant figures provided through to 2019/20. The Council faces many uncertainties, these include the:-

- Impact of successful appeals by ratepayers against the Valuation Office Agency's rateable values,
- Timing of the introduction of the new retained business rates retention system,
- Impact locally of the additional responsibilities that will be transferred to councils as part of the move towards 100% local retention of business rates,
- Impact of the new approach to assessing local needs within the new local government finance system,
- Impact of the new approach to New Homes Bonus in later years and the further consultations on the operation of the scheme in future announced by the Government in December
- The detailed arrangements for the "Improved" Better Care fund
- Trend of schools to move to Academy status and the consequent risk of loss of existing and potential council income for a wide range of services to academy chains.
- Whether uncertainty caused as the UK triggers Article 50 will impact on interest rates, business confidence or exchange rates with an impact on the rate of inflation – any of which could significantly affect the Council's medium term financial projections.
- Volumes of activity in demand led services which the Council cannot control e.g. the number of children that need to be taken in to care to protect them from harm, neglect or abuse.

However, it is clear that the Council faces further significant grant cuts in both 2018/19 and 2019/20. The 4 year settlement provided the following projections for Revenue Support Grant:-

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
RSG	24.899	18.457	14.147	9.812
% Reduction from Previous Year	-20.81%	-25.88%	-23.35%	-30.65%

It is therefore essential that we now use the best available information to estimate the likely level of budget shortfall in later years so that we can start to plan ahead now. After having delivered over £96m of annual savings already, it is clear that further cuts will be more challenging so we will start to discuss potential future service options and possible approaches to bridging the gap in these years whilst seeking to minimise impacts on our community with Town and Parish Councils, local community groups, service users, the voluntary sector and other partner organisations.

The Council's budget model includes many assumptions on factors that will impact on the anticipated scale of the budget shortfall that we will face in future years including assumptions on major income streams and spending. Using the best information currently available and therefore updated since the 5 January 2017 Cabinet report we currently anticipate that the Council will face the following budget shortfalls over the medium term. These projections will be regularly updated as further information becomes available:-

	2017/18 £m	2018/19 £m	2019/20 £m
Expected budget shortfall before additional pressures or savings but after assumed increases in council tax*	(3.467)	11.213	7.291
Expected cumulative budget shortfall	(3.467)	7.746	15.037

* These figures assume that all savings approved at Council in March 2016 are delivered in full and according to currently assumed timetables.

The projections for years after 2017/18 are only intended as a broad indication at this stage for planning purposes and the estimates will be further updated as additional information becomes available.

It is with this medium term focus in mind that pressures and any developments need to be considered. The approach adopted in preparing this strategy has been to maximise ongoing savings as far as possible whilst seeking to approve only unavoidable pressures as these have to be funded from further savings.

15. 2016/17 PROJECTED OUTTURN POSITION

As the Financial Management report also on this agenda shows, excellent financial control is being exercised and good progress is being made in delivering the overall budget for 2016/17 although there are some areas of significant pressure and the actual outturn will clearly be different as we are only part way through the year. The final outturn may be a better or worse position than that currently shown in

the financial management report and it is clearly essential that all Cabinet Members and budget holders continue to exercise tight financial control and to deliver all planned savings. However, it is anticipated that the Council will have some one-off funding available at year end (currently estimated to be in the region of £3m) which will be used to support one-off costs associated with the delivery of this medium term service and financial planning strategy and key priority services and investments.

16. SAVINGS PROPOSALS 2017/18 AND LATER YEARS

Appendix 1 includes details of additional savings proposals and pressures for 2017/18. These savings proposals total £1.779m in 2017/18 but their full year impact increases to £2.38m in 2018/19 and by 2019/20 are estimated to generate £2.723m of ongoing savings.

However, Appendix 1 also details additional pressures for additional investment in safeguarding and re-phasing of Early Help & Support savings totalling £5.803m in 2017/18 but reducing to £4.645m in 2018/19 and £4.063m by 2019/20.

Savings net of these pressures and an allowance for the benefit from the savings that will leak to non-General Fund revenue budgets (mainly capital and Dedicated Schools Grant budgets) therefore total a shortfall of £4.024m in 2017/18, £2.265m in 2018/19 and £1.340m by 2019/20.

Further detail is included on the summary sheet of Appendix 1 which also analyses the new savings proposals by the nature of the saving and by Being the Change theme.

17. INVESTMENT IN PRIORTIES

The rigorous review of one-off resources detailed in the January report to Cabinet and very good performance in collection of council tax and business rates enables some one-off investments to be funded from available one-off resources.

Investment in Capital Projects

An updated proposed medium term capital programme totalling over £280m is included as a separate report within this suite of service and financial planning papers and details proposed capital investments. These include:-

Pride Programme-

- ❖ Funding for a further major investment in improvements to local roads and associated infrastructure of £20m as part of the Council's continuing Pride Programme of environmental improvements. This is scheduled over a two year period commencing April 2019.

- ❖ £1m to fund repairs to structures such as bridges and retaining walls in 2017/18 as a further extension of the Pride Programme. Many of these structures are now very old and this will ensure that they remain safe.
- ❖ £1m to fund investment in small scale Pride projects particularly local regeneration projects, over the years 2017/18 and 2018/19. A report detailing how this will be allocated will be brought forward to a future Cabinet meeting.
- ❖ The capital programme for 2017/18 already included £1m for in Community Pride Fund. It is now proposed to double this funding so that £2m is available. £1m will be for capital projects and £1m will be available to support revenue projects. Details of how this funding will be allocated will be brought forward to a future Cabinet meeting.

Other

- ❖ Funding for further investment in NuPlace, the Council's wholly owned housing company of £13.4m. A report detailing proposed use of this allocation will be brought to Cabinet in the near future.
- ❖ A doubling of the ICT capital programme from £1m to £2m pa for the three year period 2017/18 to 2019/20. This will enable investment to be made resulting in increased efficiencies and ongoing cost savings as well as ensuring that the Council's ICT network is robust.

Investment in Revenue Projects.

As well as the above new capital programme investments, it is proposed to use funding from a rigorous review of one-off resources to fund some one-off investments of a revenue nature. These include:-

Pride Programme

- ❖ Investment of £1.4m one-off resources over the 2 year period 2017/18 – 2018/19 to improve pavements across the Borough which is a further extension of the Council's comprehensive Pride Programme of environmental improvements.

Other

- ❖ Safeguarding vulnerable children and adults is our top Council priority. We continue to ensure that services have the financial resources to do this and are making available additional funding of £4.459m for Children's safeguarding in 2017/18 compared to what was originally planned plus £0.5m of invest to save funding. We are also making £1.344m more funding available in 2017/18 than originally planned for our Early Help & Support services to help phase in the cuts that we are being forced to make plus a further £0.778m from the Adult Social Care Support grant. We have also

set aside funds to provide a £2.5m “draw-down budget” for Early Help and Support services in 2017/18 through to 2019/20 to protect and support vulnerable adults.

- ❖ Investment of £275,000 one-off resources over 2 years starting in 2017/18 in Destination Telford initiatives to promote Telford as a place to visit for leisure or to do business, for businesses to invest in and for people to come to live.
- ❖ £500k of one-off resources will be added to £195k previously identified to create a new £695k Partnership Capacity Fund to support the extension of new approaches to joint working with voluntary sector and other community groups aligned to the achievement of ongoing savings.
- ❖ In addition £1.5m of one-off resources will be transferred to supplement the Invest to Save/Capacity fund. This will partly be used to pump prime further “devolution” deals with partner organisations and community groups for example it may be possible to support groups to maintain/improve green space, pavements/walkways etc. where this helps to reduce Council expenditure in these areas and/or supports the Council’s “Green Guarantee”. This funding will also support the delivery of cost improvement plans across the Council but particularly in Safeguarding and Early Help & Support.
- ❖ £250k of one-off resources will be earmarked to fund organisation development initiatives. These will ensure that our workforce are properly equipped to undertake their often new and much broader roles as we continue to shrink our workforce.
- ❖ The Council contribution to the Food Bank is now budgeted on an ongoing basis rather than from time limited funding recognising the critical support that this organisation provides to many local people. This represents a total commitment by the Council of more than £130,000 over the period 2016/17 to 2019/20.

This is an affordable programme of investment in key priority areas. Much of this funding will help secure additional income or savings for the Council.

18. OVERALL PROJECTED BUDGET SHORTFALLS & STRATEGY

Key changes from the position considered by Cabinet on 5 January 2017 and the Council’s overall service and financial planning strategy for the period 2017/18 to 2018/19 are summarised in the table below which brings the updated projections of the budget gap and the additional savings detailed in Appendix 1 and the pressures also included in Appendix 1 together:-

	2017/18 £m	2018/19 £m	2019/20 £m
Projected Budget Gap considered by Cabinet on January 5 (included £6.4m proposed cut to Revenue Support Grant in 2017/18 and the assumed savings approved in March 2016 assumed for 2017/18)	(0.692)	12.187	21.563
Additional Adult Social Care Pressures	0.778		
New Social Care Support Grant	(0.778)		
Additional Safeguarding Pressures	0.500		
Invest to Save Funding*	(0.500)		
Impact of changes to grants including New Homes Bonus, Housing Benefit Administration, Education Support Grant, Social Care Support Grant (one-off benefit in 2017/18 not previously taken in to account).	(0.696)	0.045	0.038
Additional business rates after completion of the statutory NNDR1 form which was issued late by the Government reflecting further benefits from growth in the Borough	(0.318)	(0.812)	(0.892)
Additional council tax following approval of council tax base at Council on 19 January 2017 again reflecting financial benefit from further growth and good collection rates			
Other changes	0.081	0.070	0.033
Less the council's assumption of 2% council tax increase relating to adult social care precept	(1.151)	(2.340)	(3.566)
Less 1.2% council tax increase	(0.691)	(1.404)	(2.139)
Updated budget gap	(3.467)	7.746	15.037
Add pressures – Appendix 1	5.803	4.645	4.063
Less additional savings adjusted for leakage detailed in Appendix 1	(1.779)	(2.380)	(2.723)
Further ongoing savings to be identified	0	(8.750)	(16.000)
Remaining shortfall to be covered from use of one-off resources as part of a planned strategy to deliver a sustainable ongoing budget position.	0.557	1.261	0.377

Notes:-

- The projections assume that all savings approved at Council in March 2016 and the additional savings in Appendix 1 are delivered in accordance with currently anticipated timescales.

- Projections for 2018/19 and 2019/20 will need to be refined as further information becomes available.
- The proposed use of £2.2m of balances over the 3 year period is £2.8m less than was required in the January 2017 report and is prudent following the comprehensive review of available one-off resources that has been undertaken
- The Council has not finalised the impact of the triennial revaluation of the pension fund although provision has been made for increased costs any additional cost will be funded from the additional one-off contingency.
- The Safeguarding Invest to Save Funding of £0.5m will generate ongoing savings but the position for 2018/19 and 2019/20 will be reviewed as additional information becomes available. The total additional investment in safeguarding in 2017/18 is now £5m including the £4.459m pressures included in the January report to Cabinet.
- The total additional investment in the Early Help & Support budget now totals £2.1m being the £1.344m pressures included in the January cabinet report and the benefit of the £0.778m Adult Social Care Support grant now allocated within the budget.

19. COUNCIL TAX

Council Tax in Telford & Wrekin has historically been low compared to other councils. Appendix 4 is a graph comparing council tax levels across the Midlands region and demonstrates that in 2016/17 council tax in this area is the third lowest in the Midlands region at Band D (£1184.21) and is less than 1.2% higher than Dudley which is lowest (£1170.24). Appendix 5 compares our council tax to the other unitary authorities in England and shows that we have the sixth lowest council tax at Band D out of 55 unitary authorities being over £100 less pa at Band D compared to the average.

If Telford & Wrekin Council had levied a council tax at the average level of Midlands authorities (£1315.58 at Band D) in the current year, we would have generated an additional £6.39m p.a.

A further factor that has reduced resources in this area is “grant damping” whereby grant that the Government has calculated should be paid to this council is withheld and used to support spending by councils that would otherwise receive less grant e.g. as a result of reducing population numbers. In the calculations used to establish the current local government finance system which came in to effect from 1st April 2013, £1.6m pa of this loss was perpetuated in the new baseline funding settlement for the Council and will be withheld from us for the foreseeable future.

The Council also continues to suffer from a population undercount. We believe that the Office for National Statistics undercounts our population by around 4,000 people which has resulted in a further loss of grant of around £1.2m pa. in recent years.

As well as a comparatively low level of council tax, this area also has comparatively low property values with the majority of our properties being in Council Tax Bands A or B. Whilst this is relatively good news for local residents in terms of their council tax bill and although we appreciate that council tax bills are still a significant cost for local households, it means that we do not have the same scope to generate income from council tax as many other parts of the country where levels of council tax are much higher and average property levels are also higher so a 1% increase raises considerably more per property than it does in Telford & Wrekin.

The Government made some important changes to local government funding last year affecting council tax last year. They announced that they would not provide council tax freeze grants in future. They also announced a new Adult Social Care precept equivalent to a 2% council tax increase and assumed that all “upper tier” councils such as Telford & Wrekin would implement this for the remainder of the Parliament. As part of the budget consultation process last year, three options for council tax increases were consulted on and a decision was taken at Council in March 2016 that increases of 3.2% (including the 2% Adult Social Care Precept assumed by the Government would be implemented through to 2019/20.

A specific issue that we consulted on is whether we should now accelerate the implementation of the Adult Social Care precept. In recognition of the extreme pressure facing Adult Social Care budgets the Government has offered councils the opportunity to accelerate the implementation of the Adult Social Care Precept with increases of 3% next year and in 2018/19 rather than their original assumption of 2% in each of the next 3 years. This would equate to a “one-off” benefit totalling £1.77m over the next two years for Telford & Wrekin Adult Social Care service users but would make no real long-term difference to the funding available for Adult Social Care. The two council tax options that we are consulted on were:-

- Apply the new 3% Adult Social Care precept in 2017 and 2018, giving a total increase in council tax of 4.2% for the next two years (74p per week in 2017/18 and 78p per week in 2018/19 for the average Band B property). In 2019/20, council tax would rise by 1.2% (23p per week for the average Band B property). This would give the Council an additional £1.77m in total over the next two years to help support Adult Social Care services.
- Spread the Government assumed 2% Adult Social Care precept over three years as currently planned instead of two and apply the Council’s planned increase in council tax of 3.2% a year (an increase of 57p per week in 2017/18, 58p per week in 2018/19 and 60p per week in 2019/20 for the next 3 years for the average Band B home).

The results of the consultation exercise which drew to a close on 5 February are summarised in Section 20 below and detailed in Appendix 14 but in the light of the responses received, the Council will now proceed to increase council tax by a total of 3.2% (including the Adult Social Care precept) in 2017/18 and re-affirms its medium term strategy of increases at this level in both 2018/19 and 2019/20.

20. COMMUNITY ENGAGEMENT AND CONSULTATION.

- 20.1 In March 2016 Council agreed a medium term service and financial planning strategy for the two year period 2016/17 to 2017/18. Extensive public consultation was carried on this strategy which included 32 savings proposals that were likely to have the greatest impact on the community. Engagement on this strategy has continued as appropriate, including consultation relating to the future management of a number of libraries within the Borough. There has also been ongoing engagement with communities and Town and Parish Councils on services that the Council can no longer deliver, including Council run Community Centres.

Communicating and engaging with the community and partners on our financial strategy continues to be an integral part of our budget process. Consultation on our Service and Financial Planning Strategy for 2017/18 to 2019/20 commenced on 6 January and closed on 5 February 2017. As the majority of savings for 2017/18 were agreed in March 2016 the focus of our communication and engagement activity this year related to communicating and seeking views on our priorities, such as protecting front-line services to vulnerable adults and children, helping residents to become healthier, feel safer and develop more skills to get better jobs. The consultation also sought feedback on our investments in our infrastructure, community funding and vulnerable adults and children and implementation of the Adult Social Care precept as outlined above.

Our communication and engagement plan outlined in Appendix 13 provides more detail on the first phase of budget engagement during January and February 2017. Opportunities for people to give their views included attendance at a variety of forum meetings such as the Parish Forum and Senior Citizen's Forum, on-line and paper based surveys to the wider community and community panel, and communication via social media. Direct email communication was sent to a wide range of partners and information including a budget 'video' was included on the Council's website. As outlined in 10.2 this is the first phase of engagement in relation to our financial strategy for 2018/19 and 2019/20.

20.2 Response to Communication and Engagement

Appendix 14 provides a more detailed breakdown on the response to this first phase of budget engagement for 2017. The majority of direct responses related to people completing the budget survey with a total of 801 being completed with 775 respondents expressing a preference for either Option A or Option B on the question of Council Tax increase. The majority of respondents (58%) were in favour of Option B and applying a total planned increase of 3.2% per year until 2019/20. As outlined in Appendix 14 we also received comments on the Council's budget plans and priorities and a number of suggestions relating to how the Council could make efficiencies. This information will be forwarded to the relevant area of the Council for further consideration and will be used during the next phase of our budget strategy.

A range of forum meetings provided an opportunity for a more in depth discussion relating to the Council's priorities and financial strategy. Approximately 97 people took part in specific budget focused forum meetings which were attended by a number of Cabinet Members, including the Cabinet Member for Council Finance, Partnerships and Commercial Services, and representatives from the Senior Management Team. Forum meetings involved a budget presentation and an opportunity for questions and discussion. In addition workshops were held with the Young People's and Senior Citizen's Forums which explored ways in which communities could be engaged in supporting local priorities. These workshops have provided useful information in relation to supporting our programme of community capacity building, and it is envisaged that further sessions such as this will be carried out over the next 12 to 18 months as we develop this area of work further.

20.3 Response To Consultation And Scrutiny

The Finance & Enterprise Scrutiny Committee is a politically balanced committee of eight non-Executive elected members and two co-opted members. The Committee is the main mechanism by which Cabinet consults annually with scrutiny on the budget proposals. The Committee met 4 times during the service and financial planning consultation period and their response is included as Appendix 12 of this report.

The Cabinet are grateful for the professional manner in which the Committee gave careful consideration to the draft medium term service and financial planning strategy.

A key area of investigation was whether the Cabinet should recommend a further 2% or 3% Adult Social Care precept be applied in 2017/18. After weighing the arguments for both options, the Committee unanimously concluded that the precept should be implemented at a rate of 2%pa for three years (2017/18 – 2019/20) and the Committee's full response at Appendix 12 sets out the reasons for this conclusion.

This view was also in line with the response to public consultation and as a result, the Council is recommending in this report that the Council does not change its original plan to apply the Adult Social Care precept at 2% pa rather than taking advantage of the possible 3% increase now offered, although not assumed, by the Government.

The Cabinet have also noted the further comments made by the Committee and that there were differences of opinion amongst committee members on these points. One of these comments related to asking for a contribution towards the funding of street pastors. However, discussions have previously been held with the street pastors and no specific funding requirements have been identified. If, in future funding is required a request could be accommodated from within the Council's new £695k Partnership Capacity Fund which is potentially available to all voluntary and community groups working with the Council in the Borough.

In the absence of evidence being presented to support any further amendments to the Cabinet's original proposals and the differing views of Committee members, no further changes are therefore incorporated in this report.

21. BASE BUDGET, BALANCES AND CONTINGENCIES

21.1 Base Budget

A summary of the Base Budget position is included at Appendix 7 which shows a net base budget of £117.7m for 2017/18 before savings and investments giving a base budget funding surplus of £3.472m – before the pressures flagged above and detailed in Appendix 1 are reflected. Appendix 8 includes an analysis of the main changes in moving from the 2016/17 budget to the 2017/18 base budget.

21.2 Balances

Appendix 9 summarises the overall reserves and balances position of the Council after taking account of the various earmarked reserves and the risks faced by the Council. This currently shows around £15.85m available which could be taken in to account as part of medium term budget strategy considerations. However, this figure excludes the currently projected underspend in the current financial year as reported in the Financial Management report also on this agenda as this position will change before the end of the year. Any available underspend at year end will be used to fund priority investments and to support the delivery of the ongoing savings that the Council must make in later years.

A rigorous review of all reserves, provisions and balances was undertaken as detailed in the report to cabinet in January 2017. This benefitted from very good collection for council tax and business rates

in recent years which has resulted in additional funding accumulating in the collection funds which can now be released. The Government's temporary relaxation of the rules for using capital receipts also enabled some one-off funds to be released. The Government have offered Councils the ability to fund the one-off costs of service reform projects from new capital receipts generated during a three year period commencing from 1st April 2016. This has enabled some funds previously committed to fund one-off invest to save initiatives and severance costs etc. to be released but will result in higher levels of debt than would have otherwise been the case and therefore higher debt charges than would otherwise have been the case as all capital receipts would otherwise be used to fund planned capital projects. However, whilst the debt charges are ongoing they will be more than offset by the ongoing savings generated from the invest to save measures. The service and financial planning strategy set out in this suite of reports will comprise the efficiency strategy required to facilitate the use of this flexibility.

The funding released from this review will be used to support the delivery of the medium term service and financial planning strategy as set out in this report and to fund some one-off investments.

21.3 Risk Management

As an organisation which provides a vast range of different services to the community and spends in excess of £400m per annum, the management of risks is an important consideration in the budget setting process. The Council has a strategic risk register which is used to identify the substantive issues which may impact negatively on the delivery of the Council's priorities and may also have a financial impact. This is regularly reviewed by Senior Management Team to manage risks and mitigate potential exposures both as part of everyday business and as part of decision making processes. The budget for 2017/18 also includes a number of risk-mitigating elements:

- Despite the financial challenges being faced, the Council has a clear goal to attract new jobs and investment and promote growth in the borough and is committed to an investment programme which will safeguard the prosperity of the borough – growth will result in additional council tax, new homes bonus and business rates pending any major changes to the system including the proposed introduction of 98% retention of business rates.
- A key focus of the budget is on income generation, thus reducing the Council's reliance on Government Grant in the future. All proposals are subject to a rigorous business case development process to manage and mitigate risks as far as possible.
- An Invest to Save and Capacity Fund and a Partnership Capacity Fund are in place to provide additional resources for priority areas and to assist with the delivery of savings, again bids are subject to a rigorous business case development process.

- Although very challenging, many savings have been phased over a number of years to allow adequate time for full consideration, consultation and implementation.
- The Council has a comprehensive employee restructuring programme which is used consistently and supported by clear, costed rationales to support reductions in ongoing costs whilst maintaining the delivery of essential services and minimising compulsory redundancies as far as possible.
- Contingencies have been built into the budget: a general contingency of £2.776m; and additional one-off ring-fenced funding for Early Help & Support of £2.5m.
- £4.459m investment in to Children's Safeguarding in 2017/18 to support Looked After Children plus £0.5m invest to save funding
- Creation of a Business Rates Equalisation Account of £1.25m to help smooth the benefit from additional business rates which can be exceptionally volatile given the significant number and value of appeals outstanding against rateable values and the uncertainties around the likely level of additional appeals against the new valuation list effective from 1 April 2017.
- A robust monitoring regime is in place to identify any adverse variances early so that corrective action can take place. Additional in year savings targets have been delivered in recent years to meet service pressures.
- The projected financial position for 2016/17 currently shows an underspend which will be available to support the 2017/18 budget strategy and the delivery of future savings.
- The Council has General Fund balances as a safeguard against unforeseen costs (prior to any increase as a result of the anticipated favourable outturn for 2016/17). As explained in the report to Cabinet in January 2017, a rigorous review of reserves and balances has been undertaken which has released a considerable sum. This will be used to support the medium term service and financial planning strategy and to fund some one-off investments as well as creating an additional one-off contingency of £9.7m to provide additional assurance that this is a robust medium term strategy.
- In extreme emergency circumstances, general balances and some other funds that have been set-aside for specific purposes could be used and then replaced as part of a future strategy.
- The Council holds £11.92m set aside for one-off costs associated with the equal pay settlement. This is a significant sum which will be reviewed as modelling work on the likely settlement is firmed-up.
- Capital programme resources are available, in accordance with the Prudential Code of Borrowing and capacity may exist to capitalise

expenditure planned to be funded from revenue in extreme circumstances.

- There is an effective Treasury Management Strategy also put forward for approval by Cabinet and ultimately full Council on this agenda which aims to maximise returns for the Council while minimising risks with a solid track record of exceeding targets set. This report was previously considered by the Audit Committee at their meeting held on 31 January 2017 and unanimously recommended to Cabinet for approval.
- Appropriate insurance arrangements are in place to safeguard the council's assets and protect against liabilities.
- Financial advice and support is provided by professional and experienced in-house finance staff, drawing on external knowledge for specific projects where appropriate.
- All reports considered by SMT and Cabinet are required to include financial and legal comments prepared by suitably qualified officers to ensure that financial and legal implications are clearly understood before decisions are taken.

These factors together with the Council's long track record of effective financial management over what has been an exceptionally challenging period of austerity, which is unprecedented both in scale and duration, provide comfort that the Council is in a sound financial position despite the further challenges that the Government have now presented with the latest grant announcement.

21.4 Inflation Assumptions and Contingencies

The Council's budget model includes an allowance for pay awards of 1.0% for 2017/18 and 1.5% for 2018/19 and 2019/20. If actual pay awards are lower than this the saving will be used to reduce the savings requirements for these years. If they are higher the Council will need to find further savings. The Chancellor has announced an expectation that public sector pay increases will not be greater than 1% pa, however after 7 years of considerable pay restraint which have seen the pay of council employees cut in real terms by over 20% (and considerably more for the most senior staff) there is a risk that as the economy improves the Council may not be able to retain or attract suitably skilled staff to deliver services in what is now a very challenging environment. This slightly higher provision for potential pay awards is considered prudent given the OBR's estimates for rising inflation during this period following the devaluation of the pound.

In accordance with practice in recent years, no allowance has been built in for general inflation, although some provision for contractually committed inflation has been made and some provision for the additional costs that care providers will face as a result of the new national "living"/minimum wage.

The base budget for 2017/18 includes a revenue contingency of £2.776m and additional one-off ring-fenced funding of £2.5m for Early Help & Support. Recommendation 17 of this report also transfers an additional amount of £2.9m to the one-off contingency fund of £6.9m established from the review of one-off balances at Cabinet in January 2017 to provide further support of up to £9.7m in total if required.

21.5 Single Status

The Council is planning to implement a new job evaluation scheme during 2018/19 to meet the requirements of the single status legislation. An allowance for additional costs arising from this has been built in to the budget for 2018/19 of £1.37m. This includes the cost to the Council of the Government's new national "living"/minimum wage which is expected to be an additional £0.48m pa when fully implemented. This leaves around £0.9m for further costs arising from the implementation of the new scheme. This is after allowing for existing commitments against the funding previously earmarked e.g. to meet the costs of moving away from fixed point grades and some additional payments for social workers to reflect market rates. It is in the context of introducing a local job evaluation scheme that will have a lower on-going cost than previously assumed. In addition to the ongoing budgetary provision £11.92m one-off funding was set aside several years ago to meet any one-off costs associated with implementing the single status agreement.

22. EDUCATION FUNDING – DEDICATED SCHOOLS GRANT

The Dedicated Schools Grant is received in 3 blocks of funding:-

- Schools Block, which is mostly delegated to schools,
- High Needs Block (which funds Special Education needs placements and support, Special Schools and Pupil Referral Units and alternative provision) and
- Early Years Block which funds provision for 2, 3 and 4 year olds.

The DSG allocations for 2017/18 were announced on 20 December 2016 and are based on pupil numbers recorded in October 2016. The total Schools Block DSG after any recouplement for academies is £107.490m, which reflects an increase in pupil numbers of 538. During 2016/17 the Department for Education (DfE) carried out an exercise with each Local Authority to re-baseline the funding blocks to reflect the pattern of planned spending by authorities rather than the DfE allocation. The results of this exercise have been used when calculating the Schools Block and the High Needs Block in 2017-18.

In 2017/18 Telford & Wrekin's per pupil funding amount in respect of the Schools Block is £4,384 compared to £4,456 in 2016/17. The decrease is a result of the re-baselining exercise referred to above,

which adjusted DSG allocations according to actual expenditure and as a result increased Telford & Wrekin's High Needs Block allocation with a corresponding decrease in the Schools Block allocation. This decrease in the Schools Block is partially offset by the transfer of the retained duties element of the Education Services Grant (ESG) to the Schools Block in 2017/18. This amounted to £0.4m for Telford & Wrekin. Individual schools funding continues 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.

The 2017/18 High Needs Block allocation is based upon the 2016/17 re-baselining exercise. Additional funds have then been added to reflect estimated population growth in each local authority. This resulted in a total allocation for Telford & Wrekin of £20.147m, including additional funds for population growth of £330,000.

With regard to the Early Years Block, from September 2017 there is a significant extension to the free provision for 3 and 4 year olds as working families become entitled to 30 hours free provision, a doubling of the current 15 hours entitlement. Alongside this and in the context of significant increases in the minimum (living) wage, early years funding will increase in 2017/18, both in funding per hour paid to local authorities and the number of hours funded. The hourly funding rate paid by the DfE to Telford & Wrekin for 2 year olds will increase from £4.85 to £5.20 and for 3 and 4 year olds from £4.03 to £4.36. The actual allocations of early years DSG funding in 2017/18 will be based upon data from the January 2017 and January 2018 censuses, but the DfE have provided estimated allocations which amount to over £11m for Telford & Wrekin in 2017/18.

The rates per pupil for pupil premium in 2017 to 2018 will be maintained at their current rates. The total allocation for Telford & Wrekin for 2017/18 has yet to be determined as it will be based upon January 2017 census data, but as an indication, the 2016/17 allocation for Telford & Wrekin's schools (including academies) is £9.5m.

In the 2015 Spending Review the Government announced their intention to remove the ESG general funding rate from 2017/18. Telford & Wrekin received £2m in respect of this funding in 2016/17. Following the first stage of the National Funding Formula for schools consultation, they set out their intention to provide transitional funding for local authorities from April to August 2017. After this date, the general funding rate will be removed. The allocation for the ESG transitional grant was announced on 20 December at a rate of £27.50 per pupil for five months, an uplift on the estimate of £20 the DfE announced on 30 November. However, based on the current number of maintained schools in Telford & Wrekin, this results in a 2017/18 allocation of £0.6m, a reduction of £1m compared to 2016/17. The grant will immediately be recouped if any school converts to academy status

between April and August 2017, in proportion to the school's pupil numbers and the date of conversion.

The school improvement monitoring and brokering grant was announced on 30 November 2016. This grant of £30 million (pro rata of £50 million per annum) will be allocated to local authorities from September 2017. Local authorities will receive an allocation of at least £1,800 for each maintained school in their authority as at September 2017, subject to a total minimum allocation of £50,000 for each authority. Telford & Wrekin have 54 maintained schools currently so would expect to receive £97k in respect of this new grant, although there has been no final allocation notification.

The DfE have stated that they recognise local authorities will need to use other sources of funding to pay for education services once the general rate has been removed. They have revised the school funding regulations to allow local authorities to retain some of the school block funding to cover the statutory duties they carry out for maintained schools but any amount retained has to be agreed by the Schools Forum. Telford & Wrekin's Schools Forum agreed at the meeting held on 13 January 2017 to allow the local authority to retain £860,000 from DSG in 2017/18, to fund statutory duties carried out for schools.

23. EQUALITY IMPACT ASSESSMENT

Equality Impact Assessment is a tool that is used to ensure our decision making takes into consideration the protected characteristics with regard to the General Equality Duty (GED). In short we must demonstrate that we pay due regard to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity and to foster good relations. We need to assess and analyse the practical impact on those whose needs are affected by cuts or changes. We have adopted a proportionate approach that takes into account the relevance of a proposal with regard to equality. This is a measured response recognising that our resources are best aimed at dealing with those proposals that could have the most significant impact. In order to accomplish this we have followed a process designed to screen proposals and ensure that they are fully explored.

An initial scoping exercise to determine which budget saving proposals require action or further investigation with regard to equality impact was completed. For proposals where implications have been identified and are at a sufficiently developed state a proportionate impact assessment has been undertaken. Where a proposal is still at an early stage of development an equality impact assessment will be undertaken during its development.

The 2017/18 proposals that have been identified for further work related to the equality duty are as follows;

No.	Description of Saving	Action
23	Increase in primary school meal prices from £2 to £2.30	Initial Impact Assessment to be completed, however:- <ul style="list-style-type: none"> • The price has not been increased for 3 years, • The proposed increase would be phased-in over 3 years, • The proposed price would be in line with that charged other providers, • Additional promotion of Free School Meals will be undertaken to increase take-up by those eligible to claim.
25	Review of off-peak ice skating concessions	Initial Impact Assessment to be completed, however, <ul style="list-style-type: none"> • The Council has a generous concessions policy, • An Off-Peak Concession price would still be available (the level of the concession would be reduced not removed), • Promotion of the wide range of the other leisure concessions available would be undertaken to help mitigate the impact

24. ENVIRONMENTAL AND ECONOMIC IMPACT ASSESSMENT.

Environmental assessment is a procedure that ensures that environmental implications of Council decisions are taken into account. The principle is to ensure that plans, programmes and projects likely to have significant effects on the environment are made subject to an environmental assessment. The Environmental Assessment aims to provide a level of protection to the environment and to contribute to the integration of environmental considerations into the preparation of projects, plans and programmes with a view to reduce their environmental impact.

The environmental assessment detailed in Appendix 2 provides information on the environmental impacts of the additional savings now put forward for 2017/18. Overall, on balance the environmental assessment of the budget proposals is positive for example as the council will operate from fewer buildings energy use will be lower and

lower employee numbers will result in decreased car journeys to and from work and potentially work related journeys as we redesign services and use communication technology differently.

An economic impact assessment has also been undertaken for those proposals that have a significant individual economic impact (and is also included in Appendix 2). Clearly reducing spending by the council will impact on the local economy for example through fewer people being directly employed by the council and less business being placed by the council with local suppliers as spending cuts are made. The Council adopts a proactive business supporting and business winning approach which will reduce the adverse economic impacts caused by the Government's continuing cuts to our grant.

25. PAY POLICY

The Council's Pay Policy for 2017/18 was considered at Personnel Committee on 2 February 2017. The Localism Act 2011 requires local authorities to produce an annual Pay Policy Statement. The Act requires the statement to detail the Council's policies in respect of remuneration at various tiers within the Council. The Act does not apply to local authority schools.

The purpose of these provisions is to provide transparency with regard to the Council's approach to setting the pay of its employees by determining:

- The methods by which pay is determined.
- The detail and level of remuneration of its most senior staff
- The Committees responsible for ensuring consistent application of the provisions set out in the Statement.

The Council's Pay Policy Statement details

- pay negotiation bodies,
- initial allocation of pay points.
- lowest paid employees and the ratio comparison with the highest paid officers.
- Senior management remuneration.
- the recruitment of chief officers
- additions to chief officers pay
- termination payments
- where accountability and responsibility lies.

The Pay Policy for 2017/18 is included as Appendix 3 of this report.

26. ROBUSTNESS OF THE FINANCIAL STRATEGY AND LEVELS OF RESERVES & BALANCES.

The Council is required to set a balanced budget and under section 25 of the Local Government Act 2003, the Council's Chief Financial Officer (CFO) is required to report on the adequacy of the Council's reserves and balances and on the Council's financial strategy including the use of balances and of the financial planning process and the Council must have regard to this report when agreeing the medium term financial strategy.

Appendix 11 gives a more detailed view, but overall, given the continued delivery of savings which now total over £96m, the long-term service redesign, particularly in relation to Adults and Children's services, the commercial approach being adopted, and the investment being made in the borough, it is considered that the Council is pursuing a sound financial strategy in the context of the most prolonged and challenging financial position it has ever faced due to the combined effect of Government grant cuts and increased service pressures.

27. NEXT STEPS & TIMETABLE.

Once the service and financial planning strategy for 2017/18 has been approved by full Council on 2 March 2017 and the council tax resolutions have been decided, it will be imperative that considerable resource is devoted to rigorous financial management and monitoring by all managers and budget holders. All managers need to effectively and proactively manage their business. The finance service will be restructured during 2017/18 which will inevitably reduce the amount of support that can be provided to service managers, the Administration and Opposition groups. Clearly, in terms of priority, capacity and time, this will be on supporting the preparation and monitoring of the Administration's budget. Managers will need to take an increased role in the financial management of their services through increased use of the Agresso financial management system and appropriate training to facilitate and support this will be made available.

The Council faces many financial challenges over and above the obvious and very significant reductions in Government grant. There are many risks and uncertainties inherent in the new financial system that was imposed by the Government during 2013/14. However, the new local government finance system also presents many opportunities that this Council is ideally placed to be able to take advantage of.

As well as exercising tight financial control and effective financial management, managers and Cabinet Members will need to turn attention to the medium term financial strategy beyond 2018/19 in order to identify further savings and opportunities for additional income to bridge the significant projected budget shortfalls through to 2019/20. This will involve discussion with partner organisations, service users and the community. The Council will need to actively respond to the additional consultation opportunities offered by the Government during

2017/18 around the new local government finance system and ensure that the implications of the final changes are understood and opportunities are maximised and the associated risks are effectively managed.

28. BACKGROUND PAPERS

- LG Futures Autumn Statement briefing – November 2016
- LG Futures Local Government Finance Settlement briefing – December 2016
- BBC News Website
- Revenue Support Grant Settlement Announcement – CLG Website
- Service & Financial Planning Report to Council – 3rd March 2016
- Municipal Journal – 8th October 2015, article by Dan Peters, “Drop in Senior Numbers”.
- Service & Financial Planning Report to Council 3 March 2016.
- Service & Financial Planning Report to Cabinet 5 January 2017.

Report prepared by:-

- **Ken Clarke, Assistant Director: Finance & H.R. (C.F.O.) - Tel: (01952) 383100**

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**APPENDIX 1
SUMMARY OF SAVINGS PROPOSALS 2017/18**

Area	Additional Savings Proposed				Pressures Identified				Total Additional Savings Net of Pressures				check
	2017/18 £	2018/19 £	2019/20 £	Total £	2017/18 £	2018/19 £	2019/20 £	Total £	2017/18 £	2018/19 £	2019/20 £	Total £	
Business, Development & Employment	297,537	0	0	297,537	0	0	0	0	297,537	0	0	297,537	-
Finance & Human Resources	220,140	342,370	117,000	679,510	0	0	0	0	220,140	342,370	117,000	679,510	-
Cooperative Council Team	273,760	0	0	273,760	0	0	0	0	273,760	0	0	273,760	-
	791,437	342,370	117,000	1,250,807	0	0	0	0	791,437	342,370	117,000	1,250,807	
Children's Safeguarding	0	0	0	0	(4,459,000)	417,000	(21,000)	(4,063,000)	(4,459,000)	417,000	(21,000)	(4,063,000)	-
Early Help & Support	0	0	0	0	(1,344,000)	741,000	603,000	0	(1,344,000)	741,000	603,000	0	-
Education & Corporate Parenting	0	41,667	0	41,667	0	0	0	0	0	41,667	0	41,667	-
Legal, Procurement & Commissioning	240,905	51,767	100,000	392,672	0	0	0	0	240,905	51,767	100,000	392,672	-
	240,905	93,434	100,000	434,339	(5,803,000)	1,158,000	582,000	(4,063,000)	(5,562,095)	1,251,434	682,000	(3,628,661)	
Health & Wellbeing	0	0	0	0	0	0	0	0	0	0	0	0	-
Customer & Neighbourhood Services	329,160	0	0	329,160	0	0	0	0	329,160	0	0	329,160	-
Commercial Services	444,184	175,200	130,825	750,209	0	0	0	0	444,184	175,200	130,825	750,209	-
	773,344	175,200	130,825	1,079,369	0	0	0	0	773,344	175,200	130,825	1,079,369	
Total	1,805,686	611,004	347,825	2,764,515	(5,803,000)	1,158,000	582,000	(4,063,000)	(3,997,314)	1,769,004	929,825	(1,298,485)	
Cumulative	1,805,686	2,416,690	2,764,515		(5,803,000)	(4,645,000)	(4,063,000)		(3,997,314)	(2,228,310)	(1,298,485)		
Leakage	(27,085)	(9,165)	(5,217)	(41,468)					(27,085)	(9,165)	(5,217)	(41,468)	
Cumulative less leakage	1,778,601	2,380,440	2,723,047	2,723,047					(4,024,399)	(2,264,560)	(1,339,953)	(1,339,953)	
Check totals	-	-	-	-	-	-	-	-	-	-	-	-	-

Summary of Additional Savings by Type - 2017/18, 2018/19 and 2019/20

Area	Funding £	Income £	Staffing £	Non-Staffing £	Procurement £	Property Rationalisation £	Service Review/Redesign £	Total £
Business, Development & Employment	-	-	-	-	-	-	297,537	297,537
Finance & Human Resources	-	12,000	517,510	150,000	-	-	-	679,510
Cooperative Council Team	-	-	161,460	112,300	-	-	-	273,760
Children's Safeguarding	-	-	-	-	-	-	-	-
Early Help & Support	-	-	-	-	-	-	-	-
Education & Corporate Parenting	-	-	-	-	-	-	41,667	41,667
Legal, Procurement & Commissioning	-	-	91,810	300,862	-	-	-	392,672
Health & Wellbeing	-	-	-	-	-	-	-	-
Customer & Neighbourhood Services	-	-	195,240	133,920	-	-	-	329,160
Commercial Services	-	424,769	105,990	147,000	-	-	72,450	750,209
Overall Total	-	436,769	1,072,010	844,082	-	-	411,654	2,764,515

Summary of Additional Savings by Efficiency Theme - 2017/18, 2018/19 and 2019/20

Area	A Solving Problems and Promoting Social Responsibility and action to manage and reduce demand for services £	B Challenging and changing, reviewing and re-imagining how we do things £	C Reducing our Dependency on Government Grants £	D Being a modern organisation with modern practices and where we always get the basics right £	E Service Cut - the service will no longer be delivered by the Council or through any other delivery arrangement £	Total £
Business, Development & Employment	-	297,537	-	-	-	297,537
Finance & Human Resources	-	517,510	12,000	150,000	-	679,510
Cooperative Council Team	-	161,460	-	-	112,300	273,760
Children's Safeguarding	-	-	-	-	-	-
Early Help & Support	-	-	-	-	-	-
Education & Corporate Parenting	-	41,667	-	-	-	41,667
Legal, Procurement & Commissioning	-	282,000	-	-	110,672	392,672
Health & Wellbeing	-	-	-	-	-	-
Customer & Neighbourhood Services	-	329,160	-	-	-	329,160
Commercial Services	-	-	424,769	325,440	-	750,209
Overall Total	-	1,629,334	-	436,769	222,972	2,764,515

DETAILED SCHEDULE OF SAVINGS PROPOSALS

No.	Savings Type	Efficiency Theme - A, B, C, D, E	Description of Saving	Is public consultation required? Yes/No	Additional Savings			Total Ongoing Saving	Lead Officer	Rationale	Impact on the Community and possible alternative/mitigation	Staffing impact	Impact on other council service or partner budget	Other risks and impacts and possible mitigation
					2017/18	2018/19	2019/20							
					£		£	£						
Managing Director: Richard Partington														
Business, Development & Employment														
1	Service Review/Redesign	B	Saving from early delivery 16/17 & 17/18 - i.e. overdelivery against 17/18 targets	No	297,537			297,537	Various	Savings from over delivery of 16/17 and 17/18 savings targets	Predominantly from over delivery of PIP income targets in 16/17 and 17/18	None	Significant benefits for other services including B.I.T. engineering, facility management to benefit through design and build and ongoing property management	Downturn in market, failure to achieve income targets due to voids. Investor market is strong - mitigate risk through robust business cases for investor. Opportunity to diversify and strengthen PIP
Total Business Development & Employment					297,537			297,537						
Finance & HR														
2	Staffing	B	Fundamental Service Review and Restructure across the whole of Finance & Human Resources	No	54,000	342,370	117,000	513,370	Pauline Harris/Tracey Smart/Julie Pugh/Sophie Lane/Sue Wilson	Reduction in staffing budgets is the only option to make savings. This will be achieved through a combination of service re-design and some service cuts. This includes more automation following the implementation of the new payroll system and maximising the use of Agresso by service Managers..	Limited directly but may be delays in responding to FOI and other requests and from debtors	The proposal will require a service area wide restructure and significant reduction in the number of employees. The restructure process includes a consultation period and every effort will be made to redeploy employees where possible.	Unable to provide as much support to as many services and projects and less "hands on" support to Managers. The level of service/support currently provided will reduce/change. Finance support needs to be focussed on supporting business change and delivery of savings, managers will be more responsible for routine budget management.. Less HR advice will be available to support managers but will be focussed on the most challenging cases that pose the greatest risk of employment claims being brought against the Council. Collection rates for council tax and business rates income and sales ledger debt will have to be closely monitored to ensure that savings on staff costs do not impact significantly on current reasonably good collection rates.	Care must be taken to ensure that the appropriate strategic financial control is maintained and external audit costs do not increase to offset the savings and the Council's reputation for sound financial management and financial support to key projects is not compromised too much. Careful re-design of processes is key to ensuring risks are mitigated. There is an increased likelihood of late provision of information, such as FOI requests, and reduced opportunity to seek out additional income opportunities/support managers in new initiatives. Reduced HR support may impact on risks of employment tribunal/settlement costs if issues are not dealt with appropriately at an early stage. There is a risk that collection rates for debts may be impacted. To help mitigate a new HR/Payroll system will go live in 2017, resources will be aimed at highest risk/value added areas and managers will be encouraged to self-serve as much as possible with initial training and support provided.
3	Staffing	B	Reduction in PA support team budget	No	4,140			4,140	Ken Clarke	Residual budget following previous staffing changes	Nil	Nil	Nil	Nil
4	Income	C	Increased income from trading with schools	No	12,000			12,000	Tracey Smart	Income from additional work being done and anticipated for schools	Nil	Nil	Will represent a cost to school budgets.	There is already a high dependency on income from schools in the finance team. We will have to maintain high service standards and remain competitive if we are to retain and grow this income further.
5	Non-Staffing	D	Review of accounting policies including capitalisation of interest for projects which are not complete at year end and benefits from active treasury management	No	150,000			150,000	Pauline Harris	Review of accounting policies that may generate a revenue saving e.g. where capital projects are underway but not complete at year end our policy would be to capitalise the interest costs relating to any borrowing rather than making a charge to revenue.	Nil	Nil	Nil	Debt levels would be higher than if interest costs were charged to revenue account.
Total Finance & HR					220,140	342,370	117,000	679,510						
Cooperative Council														
6	Staffing	B	Staffing restructures in CPT and ODD to realign services to meet changing needs of organisation.	No	161,460			161,460	Jon Power/Rachael Jones	Restructure of Organisational and Delivery and Community Participation Teams in order to review services delivered by teams to support changing needs of the organisation, full savings to be delivered in 2017/18	Potential for positive impact on Community as increased resources to support community capacity building activity	Fundamental refocusing of roles and job descriptions, net change in number of posts increase of 0.47 FTE	None	None
7	Non-Staffing	E	Unallocated funding as result review corporate grants 2015, agreed in budget strategy 2016/17	Yes - completed	112,300			112,300	Rachael Jones	Review of corporate grants carried out 2015, saving relates to unallocated funding. Separate funding of £100k has been set aside for capacity building voluntary sector, proposed £95,300 unallocated from 2016/17 added to give fund of £195,300.	None	None	None	None
Total Cooperative Council					273,760			273,760						
TOTAL SAVINGS RICHARD PARTINGTON					791,437	342,370	117,000	1,250,807						
Director: Clive Jones														
Education & Corporate Parenting														
8	Service Review/Redesign	B	As part of changes to education funding arrangements, to seek agreement from schools to fund some services as part of a collective top-slice from school budgets in 2017/18	Yes - with schools	158,333	41,667		200,000		Opportunity arising as part of changes to the education funding arrangements.	To be confirmed following discussions with schools	To be confirmed following discussions with schools	To be confirmed following discussions with schools	To be confirmed following discussions with schools
9	Service Review/Redesign	B	Savings not delivered in 2017/18		(158,333)			(158,333)		N/A	N/A	N/A	N/A	N/A
Total Education & Corporate Parenting						41,667		41,667						
Legal, Procurement & Commissioning														
10	Staffing	E	Audit, IG & Insurance - Service Review	No	43,043	48,767	0	91,810	JE	Audit, Insurance & Information Governance Services Service reduction	Less oversight of the governance of the organisation	If the proposals as planned are delivered there will be no impact upon auditors (although the management of the team will transfer to Governance and the oversight of audit reports will be affected by the deletion of the Audit, IG, Insurance & Investigation Services SDM post – the most senior auditor).	Teams across the Council will have to take on more responsibility for ensuring compliance with processes and procedures. The ability of the audit team to support internal investigations will be affected as the team will be cut from 3fte to 1fte. Insurance services will lose capacity and will be reduced to 1fte. IG will lose capacity and will require teams to work on their own ombudsman complaints in the first instance. Teams will have to ensure compliance with IG procedures and implement legislative changes to IG processes in 18/19 which will be onerous	None
11	Non-Staffing	E	Audit, IG & Insurance - Cost Savings	No	6,730	0	0	6,730	JE	Savings - principally on training and development	None	Less well trained staff	None	None
12	Non-Staffing	E	Procurement & Brokerage - Cost Savings	No	2,000	3,000	0	5,000	SB	Savings - principally on training and development	None	Less well trained staff	None	None
13	Non-Staffing	B	SLA budget - Commissioning	No for 2017/18; may be required for 2019/20 saving	182,000	0	100,000	282,000	LT	In the first instance this has been identified as BCF spend and budget allocated from existing funding not currently allocated. Year 19/20 savings will come from a change in the way that the voluntary sector is funded	Support will be provided to enable the voluntary sector to secure sustainable alternative funding.	None identified yet	This could potentially put pressure on the demand for statutory services in children's and adults services	There needs to be a wider conversation about commissioning as part of longer term planning because these proposals significantly reduce capacity in the commissioning teams.
14	Non-Staffing	E	TAMHS grant - cease	No	7,132	0	0	7,132	LT	This service is no longer provided	None	None	None	None
Total Legal, Procurement & Commissioning					240,905	51,767	100,000	392,672						
TOTAL SAVINGS CLIVE JONES					240,905	93,434	100,000	434,339						
Director: Jonathan Rowe														
Customer & Neighbourhood Services														
15	Non-Staffing	B	Review of budgets across Customer services	No	5,000			5,000	Lee Higgins	this is a line by line review that will allow us to further reduce the remaining revenue budgets left in customer services	None	None	None	None
16	Non-Staffing	B	Reduction in mystery shopping budget as now undertaken in house	No	18,000			18,000	Lee Higgins	We have reduced our number of mystery shopper exercises and now use more 'volunteers' so we can reduce this budget accordingly with no major impact	Employ volunteers as mystery shoppers	None	Community Engagement Team still essential in helping to run this programme	None

No.	Savings Type	Efficiency Theme - A, B, C, D, E	Description of Saving	Is public consultation required? Yes/No	2017/18 £	2018/19	2019/20 £	Total Ongoing Saving £	Lead Officer	Rationale	Impact on the Community and possible alternative/mitigation	Staffing impact	Impact on other council service or partner budget	Other risks and impacts and possible mitigation
17	Staffing	B	Restructure of Customer Services and Benefits	No	158,240			158,240	Lee Higgins	The restructure proposals have already been launched so that this savings will be delivered early in the spirit of one restructure to help mitigate impact on morale of constant restructures	Will lead to more customers being nudged to use digital access channels for contact and longer term not providing face to face for some customers e.g. landlords. Channel shift should help to protect current performance levels in the contact centre	Structure already launched and out for consultation	No impact	Channel Shift essential along with promotion of all new digital access channels and some decisions not to offer face to face services where appropriate for some services
18	Non-Staffing	B	Retain the provision for enhanced winter maintenance services during significant Snow events as per winter maintenance policy, but to fund from contingency if events happen and not continue to fund from Revenue Budgets	No	45,000			45,000	Dave Hanley	Additional funding was provided for the enhanced level of winter maintenance for the last few years the winters have not been as harsh leading to a small underspend in the service. As a result the proposal is to remove the 'revenue' budget, still continue to provide the enhanced service and during a harsh winter if winter budgets are stretched the service will call on the corporate contingency pot for that year to continue the service.	None	None	None.	We have 244 Snow wardens who can be deployed (pending their individual availability) to assist and we will be working with Rachel Jones and her team to extend volunteering for both snow wardens, street champions and potentially to help with drainage and flooding
19	Non-Staffing	B	To retain the commitment to support partnership deployment of flood barriers, but to reduce revenue funds to equate with average costs experienced over recent years and to use corporate contingency if required during exceptional levels of rainfall.	No	20,000			20,000	Dave Hanley	The flood barriers in the Gorge have not been installed as frequently over the last 4 years and therefore we believe we can reduce the budget by 20K and still provide the level of resilience required in times of flooding	Limited impact based on the last 4 years of trend data looking at how often the flood barriers have had to be installed.	Reduced payments to staff who have to go out of hours to install and oversee the barriers while in operation	None	The councils corporate contingency budget will be accessed to ensure flood barriers are always implemented as required in times of unprecedented rainfall if current revenue budgets are spent
20	Non-Staffing	B	Removal of R & M budgets for bus shelters	No	30,000			30,000	Dom Proud	Following a line by line review Highway Services have a number of revenue budgets that are really for 'capital' related expenditure. As a result the proposal is to offer up the revenue budget saving and use the capital highways budgets to deliver this scheme.	None but may put strain on our capital programme	None	None	None
21	Non-Staffing	B	Removal of the revenue budget for traffic surveys budget and use capital as required	No	15,920			15,920	Dom Proud	Following a line by line review Highway Services have a number of revenue budgets that are really for 'capital' related expenditure. As a result the proposal is to offer up the revenue budget saving and use the capital highways budgets to deliver this scheme.	None but may put a strain on our capital programme	None	Impact on the Highways Capital Programme	None
22	Staffing	B	Restructure of Corporate Communications Team	No	37,000			37,000	Nigel Newman	This is a reduction in posts within the corporate comms team and reflects the 12% across the board savings required. We believe we can deliver this savings through more generic officers working in comms e.g. all working on social media, pr and internal comms	None	Yes would reduce in a reduction in posts within the comms team achieved by sharing the internal comms role across a wider group of staff through a move to more generic working	May impact on the ability to meet the full needs of internal services to market their offer	still being considered
Total Customer & Neighbourhood Services					329,160	-	-	329,160						
Commercial Services														
23	Income	C	Increase primary school meal prices from £2 to £2.30 over a 3 year period	Y (not strictly consultation but prior notification of price increase as part of annual review of Services for Schools)	40,000	40,000	40,000	120,000	Lorna Hicks (Stuart Davidson)	School meal price hasn't changed for paid meals for 3 years. Free School Meals are charged at £2.20 so an increased charge over a 2 year period would bring this in line by 18/19. A further increase to £2.30 by 2019/20 is considered reasonable, as a cost of £2.30 is comparable with other providers.	Could impact on families that are on the border of being unable to claim free school meals (FSM) and could result in a loss of paid meals served and parents electing for cheaper, less healthy options. Mitigation would involve continued promotion of FSM to try to increase uptake. Schools have already been notified of the first 10p increase for 2017/18 as part of wider discussions about prices for School Catering. Parents will be advised of the price increase along with the new menus in the Spring Term prior to implementation in April 2017.	No direct impact	None	None
24	Income	C	Extend swimming lesson programme	Y	15,500	8,500	0	24,000	Mark Moore (Stuart Davidson)	Based on current performance it is considered that there is potential to generate additional income from an expansion of the lesson programme.	The majority of the proposed expansion would not be controversial or lead to significant loss of public or club swimming. Consultation will only be required with specific groups who are affected by programme changes. Pool programmes are revised on a termly basis and any groups impacted upon will be written to and invited to a meeting to give them the opportunity to comment on proposed programme changes and put forward alternatives. This will be done on a site by site basis between January and March 2017 in advance of any changes being implemented after the Easter Holidays	Additional staffing costs have been factored into the projections.	None	This saving is based upon income growth and assumes increased demand to fill additional spaces.
25	Income	C	Review of off-peak ice skating concessions (increase to half non-concessionary rate in 2017/18)	N in 17/18 (part of annual pricing review)	4,929	2,000	0	6,929	Mark Moore (Stuart Davidson)	Benchmarking suggests that our concessions policy is relatively generous. Increasing off-peak skating concessionary prices as proposed is again a comparatively generous concession, particularly as majority of other ice rinks are privately run and do not offer concessions at all. The impact of Club 2000 price review would only impact on Club 2000 members - to enable the club to be supported with this, it is proposed that this price increase does not take effect until 18/19.	Increasing off-peak skating concessionary prices would impact upon concessionary groups and may impact upon health inequalities. Free swimming for children and young people and adult concessionary swimming prices would not be affected. Leisure prices (including ice skating) are reviewed annually through existing delegated authority in consultation with the lead Cabinet member, they are not normally subject to separate public consultation. However, any price changes would be communicated widely to customers in advance of implementation and we would also actively promote the wide range of other leisure concessions available for local residents.	None	None	Decline in participation may reduce level of saving or remove benefit altogether
26	Income	C	Review ice rink hire fees	Y	12,800	7,200		20,000	Mark Moore (Stuart Davidson)	Benchmarking indicates that current Ice Skating lesson prices are cheap compared with other Ice Rinks, it is proposed to increase the charges by 10% in 2017/18 and a further 5% in 2018/19.	Impact limited to those who attend or deliver skating lessons. Leisure prices are reviewed annually through existing delegated authority in consultation with the lead Cabinet member, they are not normally subject to separate public consultation. However, in this case, there are some specific impacts on particular groups and therefore consultation will be carried out with both figure and dance instructors and ice skating customers before reviewing prices in the usual way as part of the annual price review. Affected groups would be notified of the proposed changes in January-February 2017 and invited to meet and share comments or alternative proposals.	None	None	Potential reduction in participation would impact upon level of saving but considered low risk.

No.	Savings Type	Efficiency Theme - A, B, C, D, E	Description of Saving	Is public consultation required? Yes/No	2017/18 £	2018/19	2019/20 £	Total Ongoing Saving £	Lead Officer	Rationale	Impact on the Community and possible alternative/mitigation	Staffing impact	Impact on other council service or partner budget	Other risks and impacts and possible mitigation
27	Income	C	Services for Schools price review to improve the profitability of services provided	Y (not strictly consultation but prior notification of price increase as part of annual review of Services for Schools)	82,000	33,000	33,000	148,000	Chris Goulson/Kirsty King/Stuart Davidson	Initial financial modelling suggests full costs are not always being recovered, therefore prices need to be increased - proposed target is £52k for Cleaning, £35k for Caretaking, £11k for ICT. An additional £50k saving on Primary School Catering budget (contingency) has also been identified, which can be delivered in 2017/18.	None	None	Will impact on schools' budgets, so price increases for these services will be phased in over 3 years to mitigate the impact to schools. Any loss of business from schools could have wider implications for other services, for example if a school decides to move to a new provider for all services. For all services except ICT, schools receive a bespoke written contract update clearly setting out planned price or service changes at least 3 months in advance of implementation. For 2017/18, this information will be sent out in December 2016. Schools then have time to vary or cancel their contract accordingly. For ICT, proposed prices for ICT support are set in consultation with the ICT Schools Governance Board, which includes representatives from a range of local schools. Prices for 2017/18 have already been agreed with the Governance Board.	None
28	Income	C	Improve profitability of Arthog/Arthog outreach	N	18,515	51,500	27,825	97,840	Jo Barnett (Stuart Davidson)	The saving in 2018/19 includes £25k relating to repayment of loan which ceases in 17/18 and this is the release of that element. The remaining saving relates to additional income target from 2017/18 onwards, as analysis of occupancy of Arthog shows that there is scope to increase profitability of the Centre, particularly at weekends.	Positive impact of more people participating in outdoor education activities.	Staffing will need to be increased to maximise occupancy of centre - target relates to net income	None	This saving is largely based upon income growth and assumes increased demand to maximise occupancy.
29	Non-Staffing	D	Additional reductions in black and white printing (build controls into re-tender of MFD) plus additional savings from colour printing in 17/18	N	87,000	30,000	30,000	147,000	Kirsty King	A £32k saving linked to reductions in colour printing was built into 2016/17 budgets, so an additional saving of £87k is proposed for 2017/18 based on us continuing to reduce costs by approx. £10k per month. For 2018/19 and 2019/20, proposal is to reduce black and white printing by an additional 15% in each year, based on current average monthly black and white printing cost of £16.6k.	None	None	None	Proposed reductions in black and white printing are challenging, however the new MFD contract will allow controls to be put in place to facilitate this if needed.
30	Staffing	D	Additional savings arising from 2016/17 review of cleaning specification and associated restructure	N	48,000			48,000	Kate Sumner (Stuart Davidson)	The review of cleaning specification and programme of building closures will achieve a saving of £48k over and above the £110k target.	None	Consulted upon as part of 2016/17 restructure.	None	None
31	Staffing	D	Deletion of 2 posts in biT and creation of 1 higher-level apprentice/graduate post	N	57,990			57,990	Chris Goulson	Saving to be achieved as a result of a VR request and a vacancy. Reduction in capacity can be accommodated due to reduction of BSF work.	None	None	None	None
32	Service Review/Redesign	D	Other savings already brought forward for 17/18 - over delivery against 17/18 targets	N - already consulted on	72,450			72,450	All SDMs in Commercial Services	N/A	N/A	N/A	N/A	N/A
33	Income	C	White label partnership with established energy price comparison service	Y - market research will be needed	5,000	3,000		8,000	Toni Guest	Proposed model is to partner with an established provider to provide a TWC-branded energy price comparison service with commission being paid on conversions. Model includes legal and marketing costs and assumes 3% of residents participate (similar to that achieved by other local authorities).	This project would encourage local residents/organisations to switch providers and could result in cost reductions.	None/minimal - to be delivered within existing resources	None	Main risk is that participation is lower than anticipated and net income projections not achieved (marketing costs built into the model)
Total Commercial Services					444,184	175,200	130,825	750,209						
TOTAL SAVINGS JONATHAN ROWE					773,344	175,200	130,825	1,079,369						
OVERALL TOTAL SAVINGS					1,805,686	611,004	347,825	2,764,515						
PRESSURES					- 5,803,000	1,158,000	582,000	- 4,063,000						
					1,805,686	611,004	347,825	2,764,515						

PRESSURES

No.	Service Area	Description	2017/18	2018/19	2019/20	Total	Lead Officer
			£	£	£	£	
Children's Safeguarding							
	Placement Budget & Associated Costs	Placement numbers have increased significantly in 2016/17. Ofsted have confirmed that children and young people are appropriately being brought into care. It is anticipated that numbers will peak and then start to fall back as a result of a number of actions being taken. We are currently working on a multi year (4) action plan and predictive model. This will provide a more accurate assessment of CiC numbers over this period and the expected impact of various actions being taken.	4,459,000	-417,000	21,000	4,063,000	Jo Britton
Total Children's Safeguarding			4,459,000	- 417,000	21,000	4,063,000	
Early Help & Support							
	Costs associated with the provision of Care	Pressure reflecting the latest projections in the current financial management report	1,344,000	- 741,000	- 603,000	0	
Total Early Help & Support			1,344,000	- 741,000	- 603,000	-	
OVERALL PRESSURES			5,803,000	- 1,158,000	- 582,000	4,063,000	

No.	Savings Type	Efficiency Theme - A, B, C, D, E	Description of Saving	Is public consultation required? Yes/No	Additional Savings			Total Ongoing Saving	Lead Officer	Rationale	Economic impact assessment	Environmental Impact Assessment
					2017/18	2018/19	2019/20					
					£		£	£				
Managing Director: Richard Partington												
Business, Development & Employment												
1	Service Review/Redesign	B	Saving from early delivery 16/17 & 17/18 - i.e. overdelivery against 17/18 targets	No	297,537			297,537	Various	Savings from over delivery of 16/17 and 17/18 savings targets	None	None
Total Business Development & Employment					297,537	-	-	297,537				
Finance & HR												
2	Staffing	B	Fundamental Service Review and Restructure across the whole of Finance & Human Resources	No	54,000	342,370	117,000	513,370	Pauline Harris/Tracey Smart/Julie Pugh/Sophie Lane/Sue Wilson	Reduction in staffing budgets is the only option to make savings. This will be achieved through a combination of service re-design and some service cuts. This includes more automation following the implementation of the new payroll system and maximising the use of Agresso by service Managers..	None	None
3	Staffing	B	Reduction in PA support team budget	No	4,140			4,140	Ken Clarke	Residual budget following previous staffing changes	None	None
4	Income	C	Increased income from trading with schools	No	12,000			12,000	Tracey Smart	Income from additional work being done and anticipated for schools	None	None
5	Non-Staffing	D	Review of accounting policies including capitalisation of interest for projects which are not complete at year end and benefits from active treasury management	No	150,000			150,000	Pauline Harris	Review of accounting policies that may generate a revenue saving e.g. where capital projects are underway but not complete at year end our policy would be to capitalise the interest costs relating to any borrowing rather than making a charge to revenue.	None	None
Total Finance & HR					220,140	342,370	117,000	679,510				
Cooperative Council												
6	Staffing	B	Staffing restructures in CPT and ODD to realign services to meet changing needs of organisation.	No	161,460			161,460	Jon Power/Rachael Jones	Restructure of Organisational and Delivery and Community Participation Teams in order to review services delivered by teams to support changing needs of the organisation, full savings to be delivered in 2017/18	None	None
7	Non-Staffing	E	Unallocated funding as result review corporate grants 2015, agreed in budget strategy 2016/17	Yes - completed	112,300			112,300	Rachael Jones	Review of corporate grants carried out 2015, saving relates to unallocated funding. Separate funding of £100k has been set aside for capacity building voluntary sector, proposed £95,300 unallocated from 2016/17 added to give fund of £195,300.	None	None
Total Cooperative Council					273,760	-	-	273,760				
TOTAL SAVINGS RICHARD PARTINGTON					791,437	342,370	117,000	1,250,807				
Director: Clive Jones												
Education & Corporate Parenting												
8	Service Review/Redesign	B	As part of changes to education funding arrangements, to seek agreement from schools to fund some services as part of a collective top-slice from school budgets in 2017/18	Yes - with schools	158,333	41,667		200,000		Opportunity arising as part of changes to the education funding arrangements.	None	None
9	Service Review/Redesign	B	Savings not delivered in 2017/18		(158,333)			(158,333)	N/A		None	None
Total Education & Corporate Parenting					-	41,667	-	41,667				
Legal, Procurement & Commissioning												

No.	Savings Type	Efficiency Theme - A, B, C, D, E	Description of Saving	Is public consultation required? Yes/No	2017/18 £	2018/19	2019/20 £	Total Ongoing Saving £	Lead Officer	Rationale	Economic impact assessment	Environmental Impact Assessment
10	Staffing	E	Audit, IG & Insurance - Service Review	No	43,043	48,767	0	91,810	JE	Audit, Insurance & Information Governance Services Service reduction	None	None
11	Non-Staffing	E	Audit, IG & Insurance - Cost Savings	No	6,730	0	0	6,730	JE	Savings - principally on training and development	None	None
12	Non-Staffing	E	Procurement & Brokerage - Cost Savings	No	2,000	3,000	0	5,000	SB	Savings - principally on training and development	None	None
13	Non-Staffing	B	SLA budget - Commissioning	No for 2017/18; may be required for 2019/20 saving	182,000	0	100,000	282,000	LT	In the first instance this has been identified as BCF spend and budget allocated from existing funding not currently allocated. Year 19/20 savings will come from a change in the way that the voluntary sector is funded	None	None
14	Non-Staffing	E	TAMHS grant - cease	No	7,132	0	0	7,132	LT	This service is no longer provided	None	None
Total Legal, Procurement & Commissioning					240,905	51,767	100,000	392,672				
TOTAL SAVINGS CLIVE JONES					240,905	93,434	100,000	434,339				
Director: Jonathan Rowe												
Customer & Neighbourhood Services												
15	Non-Staffing	B	Review of budgets across Customer services	No	5,000			5,000	Lee Higgins	this is a line by line review that will allow us to further reduce the remaining revenue budgets left in customer services	None	None
16	Non-Staffing	B	Reduction in mystery shopping budget as now undertaken in house	No	18,000			18,000	Lee Higgins	We have reduced our number of mystery shopper exercises and now use more 'volunteers' so we can reduce this budget accordingly with no major impact	None	None
17	Staffing	B	Restructure of Customer Services and Benefits	No	158,240			158,240	Lee Higgins	The restructure proposals have already been launched so that this savings will be delivered early in the spirit of one restructure to help mitigate impact on morale of constant restructures	None	None
18	Non-Staffing	B	Retain the provision for enhanced winter maintenance services during significant Snow events as per winter maintenance policy, but to fund from contingency if events happen and not continue to fund from Revenue Budgets	No	45,000			45,000	Dave Hanley	Additional funding was provided for the enhanced level of winter maintenance for the last few years the winters have not been as harsh leading to a small underspend in the service. As a result the proposal is to remove the 'revenue' budget, still continue to provide the enhanced service and during a harsh winter if winter budgets are stretched the service will call on the corporate contingency pot for that year to continue the service.	Recognises the importance of winter maintenance to ensure flow of traffic to minimise impact on local businesses	None
19	Non-Staffing	B	To retain the commitment to support partnership deployment of flood barriers, but to reduce revenue funds to equate with average costs experienced over recent years and to use corporate contingency if required during exceptional levels of rainfall.	No	20,000			20,000	Dave Hanley	The flood barriers in the Gorge have not been installed as frequently over the last 4 years and therefore we believe we can reduce the budget by 20K and still provide the level of resilience required in times of flooding	Recognises the importance of flood prevention to minimise impact on local businesses/tourism etc	None
20	Non-Staffing	B	Removal of R & M budgets for bus shelters	No	30,000			30,000	Dom Proud	Following a line by line review Highway Services have a number of revenue budgets that are really for 'capital' related expenditure. As a result the proposal is to offer up the revenue budget saving and use the capital highways budgets to deliver this scheme.	None	None
21	Non-Staffing	B	Removal of the revenue budget for traffic surveys budget and use capital as required	No	15,920			15,920	Dom Proud	Following a line by line review Highway Services have a number of revenue budgets that are really for 'capital' related expenditure. As a result the proposal is to offer up the revenue budget saving and use the capital highways budgets to deliver this scheme	Recognises the importance of understanding traffic flows to plan effectively to manage the road networks and so minimise impact on local businesses/tourism etc	Recognises the importance of understanding traffic flows to plan effectively to manage the road networks and so minimise impact on the environment through efficient travel
22	Staffing	B	Restructure of Corporate Communications Team	No	37,000			37,000	Nigel Newman	This is a reduction in posts within the corporate comms team and reflects the 12% across the board savings required. We believe we can deliver this savings through more generic officers working in comms e.g. all working on social media, pr and internal comms	None	None
Total Customer & Neighbourhood Services					329,160	-	-	329,160				
Commercial Services												
23	Income	C	Increase primary school meal prices from £2 to £2.30 over a 3 year period	Y (not strictly consultation but prior notification of price increase as part of annual review of Services for Schools)	40,000	40,000	40,000	120,000	Lorna Hicks (Stuart Davidson)	School meal price hasn't changed for paid meals for 3 years. Free School Meals are charged at £2.20 so an increased charge over a 2 year period would bring this in line by 18/19. A further increase to £2.30 by 2019/20 is considered reasonable, as a cost of £2.30 is comparable with other providers.	None	None

No.	Savings Type	Efficiency Theme - A, B, C, D, E	Description of Saving	Is public consultation required? Yes/No	2017/18 £	2018/19	2019/20 £	Total Ongoing Saving £	Lead Officer	Rationale	Economic impact assessment	Environmental Impact Assessment
24	Income	C	Extend swimming lesson programme	Y	15,500	8,500	0	24,000	Mark Moore (Stuart Davidson)	Based on current performance it is considered that there is potential to generate additional income from an expansion of the lesson programme.	None	None
25	Income	C	Review of off-peak ice staking concessions (increase to half non-concessionary rate in 2017/18)	N in 17/18 (part of annual pricing review)	4,929	2,000	0	6,929	Mark Moore (Stuart Davidson)	Benchmarking suggests that our concessions policy is relatively generous. Increasing off-peak skating concessionary prices as proposed is again a comparatively generous concession, particularly as majority of other ice rinks are privately run and do not offer concessions at all. The impact of Club 2000 price review would only impact on Club 2000 members - to enable the club to be supported with this, it is proposed that this price increase does not take effect until 18/19.	None	None
26	Income	C	Review ice rink hire fees	Y	12,800	7,200		20,000	Mark Moore (Stuart Davidson)	Benchmarking indicates that current Ice Skating lesson prices are cheap compared with other Ice Rinks, it is proposed to increase the charges by 10% in 2017/18 and a further 5% in 2018/19.	None	None
27	Income	C	Services for Schools price review to improve the profitability of services provided	Y (not strictly consultation but prior notification of price increase as part of annual review of Services for Schools)	82,000	33,000	33,000	148,000	Chris Goulson/Kirsty King/Stuart Davidson	Initial financial modelling suggests full costs are not always being recovered, therefore prices need to be increased - proposed target is £52k for Cleaning, £35k for Caretaking, £11k for ICT. An additional £50k saving on Primary School Catering budget (contingency) has also been identified, which can be delivered in 2017/18.	None	None
28	Income	C	Improve profitability of Arthog/Arthog outreach	N	18,515	51,500	27,825	97,840	Jo Barnett (Stuart Davidson)	The saving in 2018/19 includes £25k relating to repayment of loan which ceases in 17/18 and this is the release of that element. The remaining saving relates to additional income target from 2017/18 onwards, as analysis of occupancy of Arthog shows that there is scope to increase profitability of the Centre, particularly at weekends.	None	None
29	Non-Staffing	D	Additional reductions in black and white printing (build controls into re-tender of MFD) plus additional savings from colour printing in 17/18	N	87,000	30,000	30,000	147,000	Kirsty King	A £32k saving linked to reductions in colour printing was built into 2016/17 budgets, so an additional saving of £87k is proposed for 2017/18 based on us continuing to reduce costs by approx. £10k per month. For 2018/19 and 2019/20, proposal is to reduce black and white printing by an additional 15% in each year, based on current average monthly black and white printing cost of £16.6k.	None	Positive impact in terms of reduced paper consumption and consumables together with reduced energy use.
30	Staffing	D	Additional savings arising from 2016/17 review of cleaning specification and associated restructure	N	48,000			48,000	Kate Sumner (Stuart Davidson)	The review of cleaning specification and programme of building closures will achieve a saving of £48k over and above the £110k target.	None	None
31	Staffing	D	Deletion of 2 posts in biT and creation of 1 higher-level apprentice/graduate post	N	57,990			57,990	Chris Goulson	Saving to be achieved as a result of a VR request and a vacancy. Reduction in capacity can be accommodated due to reduction of BSF work.	None	None

No.	Savings Type	Efficiency Theme - A, B, C, D, E	Description of Saving	Is public consultation required? Yes/No	2017/18 £	2018/19	2019/20 £	Total Ongoing Saving £	Lead Officer	Rationale	Economic impact assessment	Environmental Impact Assessment
32	Service Review/Redesign	D	Other savings already brought forward for 17/18 - over delivery against 17/18 targets	N - already consulted on	72,450			72,450	All SDMs in Commercial Services	N/A	None	None
33	Income	C	White label' partnership with established energy price comparison service	Y - market research will be needed	5,000	3,000		8,000	Toni Guest	Proposed model is to partner with an established provider to provide a TWC-branded energy price comparison service with commission being paid on conversions. Model includes legal and marketing costs and assumes 3% of residents participate (similar to that achieved by other local authorities).	Potential impact on other energy suppliers.	
Total Commercial Services					444,184	175,200	130,825	750,209				
TOTAL SAVINGS JONATHAN ROWE					773,344	175,200	130,825	1,079,369				
OVERALL TOTAL SAVINGS					1,805,686	611,004	347,825	2,764,515				

APPENDIX 3 - TELFORD & WREKIN COUNCIL

Pay Policy Statement – 2017/18

1. Introduction and Purpose

- 1.1 Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement (the ‘Statement’) sets out the Council’s approach to pay policy in accordance with the requirements of section 38 of the Localism Act 2011.
- 1.2 The purpose of this Statement is to provide transparency about the Council’s approach to setting the pay of its employees (excluding those working in local authority schools and/or employed under the School Teachers’ Pay and Conditions Document) by identifying:
 - the methods by which salaries of all employees are determined;
 - the detail and level of remuneration of its most senior staff, i.e. ‘chief officers’, as defined by the relevant legislation; and
 - the Committee responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.
- 1.3 Once approved by the Council, this policy statement will come into effect on 1st April 2017 and will continue to be subject to annual review.

2. Legislative Framework

- 2.1 In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes the Employment Rights Act 1996, the Equality Act 2010, the Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, the Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With regard to the equal pay requirements contained within the Equality Act, the Council is taking steps to ensure there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality-proofed job evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

3. Pay Structure

- 3.1 Based on the application of the job evaluation process, the Council uses the nationally negotiated pay spines (further details can be found at www.lge.gov.uk) as the basis for its local grading structure. This determines the salaries of the large majority of the non school-based workforce, together with the use of other nationally-defined rates where relevant.

3.2 The Council adheres to national pay bargaining in respect of the national pay spines and any annual cost of living increases negotiated in those pay spines. The last national pay awards for employees were:

Negotiating Group:	Effective date:	Settlement:
Joint National Council for Chief Executives	1 st April 2017	1%
Joint National Council for Chief Officers	1 st April 2017	1%
Joint Negotiating Committee for Youth & Community Workers	1 st September 2017	Headline increase of 1% with higher percentage increase for lowest grades
National Joint Council for Local Government Services	1 st April 2017	Headline increase of 1% with higher percentage increase for lowest grades
Soulbury Committee	1 st September 2017	1%

3.3 All other pay-related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council Policy. In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

3.4 New appointments will normally be made at the minimum of the relevant grade; this can be varied in exceptional circumstances, having regard to the need for equal pay. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.

4. Senior Management Remuneration

4.1 For the purposes of this Statement, senior management means ‘chief officers’ as defined within s43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 1st April 2017:

a) Managing Director

The salary of the post is £139,753 per annum. The salary is a single ‘spot’ salary. There is no incremental range.

- b) **Directors**
The salaries of the posts designated as Directors are £111, 802 per annum. The salaries are single 'spot' salaries and have no incremental range.
- c) **Assistant Directors**
The salaries of the posts designated as Assistant Directors have six incremental points ranging from £77, 225 to £85,637 per annum Incremental progression will take place on 1st April each year to the maximum of the scale.

5. Recruitment of Chief Officers

- 5.1 The Council's policy and procedures with regard to recruitment of chief officers is set out within the Officer Employment Procedure Rules in Part 4 of the Constitution. When recruiting to all posts the Council will take full and proper account of its Equal Opportunities Charter and the Recruitment and Redeployment Policies. The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies. At this time there are no market forces supplements paid to any Chief Officers.
- 5.2 Where the Council remains unable to recruit chief officers under a contract of employment, or there is a need for interim support to provide cover for a vacant substantive chief officer post, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The Council does not currently have any chief officers engaged under such arrangements.

6. Additions to Salary of Chief Officers

- 6.1 Following the latest (January 2016) restructure of the Council's Senior Management Team (SMT), the size of the Council's SMT has reduced by 58% since 2009/10. This reduction is twice the average seen nationally.
- 6.2 The Council does not apply any bonuses or performance-related pay to its chief officers.
- 6.3 In addition to the basic salary set out the Council may pay other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfillment of duties which could include:

- responsibility allowances/salary supplements for fulfilling statutory officer duties and salary supplements,
- market forces supplements,
- additional payments for undertaking other responsibilities

This list is not exhaustive.

Authority for any ‘additional pay’ for Directors and Assistant Directors is delegated to the Managing Director after consultation with the Leader of the Council.

The Council does not currently pay any additional responsibility allowances, salary supplements or market forces supplements to senior managers.

The following ‘additional pay’ currently applies:

Post / Tier of Post	Payment Details:
Managing Director	Details of Returning Officer Fees are attached at Appendix A
Managing Director, Directors and Assistant Directors	All casual mileage is reimbursed at HMRC rates
Managing Director, Directors and Assistant Directors	Personal protection of pay within defined parameters will apply where an individual is downgraded as a result of a re-structuring process for a period of up to 5 years.

7. Payments on Termination

- 7.1 The Council’s approach to statutory and discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006, and Regulation 60 of the Local Government Pension Scheme Regulations 2013.
- 7.2 Any other payments falling outside the provisions or the relevant periods of contractual notice shall, in respect of the Managing Director, Directors and Statutory Officers, be subject to a decision made by the Personnel Committee which has otherwise delegated authority to approve such payments to other Chief Officers to the Managing Director.
- 7.3 The Council’s policy is not to re-employ, for a period of at least 12 months after their employment with Telford & Wrekin Council ends, anyone who has been made redundant or who has left the Council in the interest of the efficiency of service where a severance payment has

been made in accordance with the Council's policy under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 or under Regulation 30 of the Local Government Pension Scheme 2013 or Schedule 2, Paragraphs 2 (2) and 2 (3) of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014. The re-engagement of an individual on a consultancy, agency or private service provider basis is also prohibited in circumstances where this arrangement could have reasonably been foreseen at the time the individual left.

- 7.4 Flexible retirement under Regulation 30 of the Local Government Pension Scheme Regulations 2013 or Regulation 11 (2) of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 will be permitted only where savings to fund the cost of such release are achieved.

8. Publication

- 8.1 Upon approval by the full Council, this Pay Policy Statement will be published on the Council's Website. In addition, for members of the Council's Senior Management Team and for those who report directly to the Head of Paid Service (Managing Director) where the full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note setting out the total amount of:

- salary, fees or allowances paid to or receivable in the current and previous year;
- any bonuses so paid or receivable in the current and previous year (N.B. The Council does not operate a bonus system);
- any sums payable by way of expenses allowance that are chargeable to UK income tax;
- any compensation for loss of employment and any other payments connected with termination;
- employers pension contribution
- any benefits received that do not fall within the above

- 8.2 This information will be listed individually by job title where the salary is £50,000 or more. Persons whose salary is £150,000 or more will be identified by name.

- 8.3 Additional information relating to pay is published in accordance with the DCLG Local Government Transparency Code 2015 is available on the Council's website as part of its annual [Workforce Information](#) report.

9. Lowest Paid Employees and the Median salary

- 9.1 The lowest paid persons employed under a contract of employment with the Council are employed on full-time (37 hours per week) equivalent

salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1st April 2017, this is £15,014 per annum. The Council employs Apprentices who are not included within the definition of 'lowest paid employees' as they are employed under a Training Contract

- 9.2 The statutory guidance under the Localism Act 2011 recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation.
- 9.3 The pay levels within the Council as at 1st April 2017 define the multiple between the lowest paid (full time equivalent) employee and the Managing Director as 1:9.2 and between the lowest paid employee and average Chief Officer as 1:5.9. The Council's pay multiples therefore fall well below Lord Hutton's public sector threshold set out in 9.2 above.
- 9.4 The full-time equivalent median (mid-point) pay level within the Council is £21,269¹. The multiple between the Managing Director and this median point is 1:6.5 and the average Chief Officer is 1:4.1.
- 9.5 As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.

10. Accountability and Decision Making

- 10.1 In accordance with the Constitution of the Council, the Personnel Committee is responsible for decision-making in relation to the recruitment, pay, terms and conditions and severance arrangements for employees of the Council.

¹ Median calculated on data as at 31st Dec 2016

LOCAL GOVERNMENT ACT 1972**Unitary Council – Electoral Fees**

Scale of Fees and Disbursements for Elections with effect from 1st April 2009.

PART A – RETURNING OFFICER’S FEES

Fee for conducting the election and generally performing the duties required by an enactment relating to the election or poll and including all expenses other than those specifically mentioned in Part ‘C’ below.

		£
1.	<u>Uncontested Elections</u> For each ward	134.00
2.	<u>Contested Elections</u> For each ward	234.00
3.	<u>Declaration of Results</u> To the Deputy Returning Officer in charge of counting the votes and declaring the result (or where this function is performed by the Returning Officer personally, to the Returning Officer) For each ward	99.00

Parish Councils – Electoral Fees

Scale of Fees and Disbursements for Parish Council Elections and Polls with effect from 1 April 2009. Fees for Parish Elections are paid by Parish Councils.

PART A – RETURNING OFFICER’S FEES

		£
1.	<u>Uncontested Parish Elections</u> (i) For each parish or where the parish is divided into wards, for each ward	50.00
2.	<u>Contested Parish Elections</u> (i) For each parish or where the parish is divided into wards, for each ward	100.00
3.	<u>Polls Consequent on a Parish Meeting</u> (i) Where official notice of a poll has been received but no poll is taken in consequence of the withdrawal of a candidate or otherwise	23.00

	<p>(ii) For every poll taken for the election of the chairman of a parish meeting or for an appointment to any other office</p> <p>(iii) For every poll taken consequent on a parish meeting on any question other than as mentioned in paragraph 3(ii)</p> <p>(iv) In the case of a poll to which either paragraph 3(ii) or (iii) applies, for each additional polling station after the first</p> <p>Notes:</p> <ol style="list-style-type: none"> 1. If a poll is taken on the same date in any parish on more than one question then only one fee shall be charged under paragraph 3(iii) 2. If polls are taken on the same day in any parish for the election or appointment of persons to more than one office, then separate fees shall be payable under paragraph 3(ii) for each poll 3. Where polls are taken in any parish on the same day for the election or appointment of persons to any office <u>and</u> on any other questions consequent on a parish meeting, separate fees shall be payable under paragraphs 3(ii) and (iii) but only one fee shall be payable under paragraph 3(iv) in respect of each additional polling station 	<p>54.00</p> <p>54.00</p> <p>11.00</p>
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Mileage Rates

Essential Car Users

Lump Sum payment per annum:

451-999cc	£846
1000-1199cc	£963
1200+ (Wrekin conditions only)	£1,239

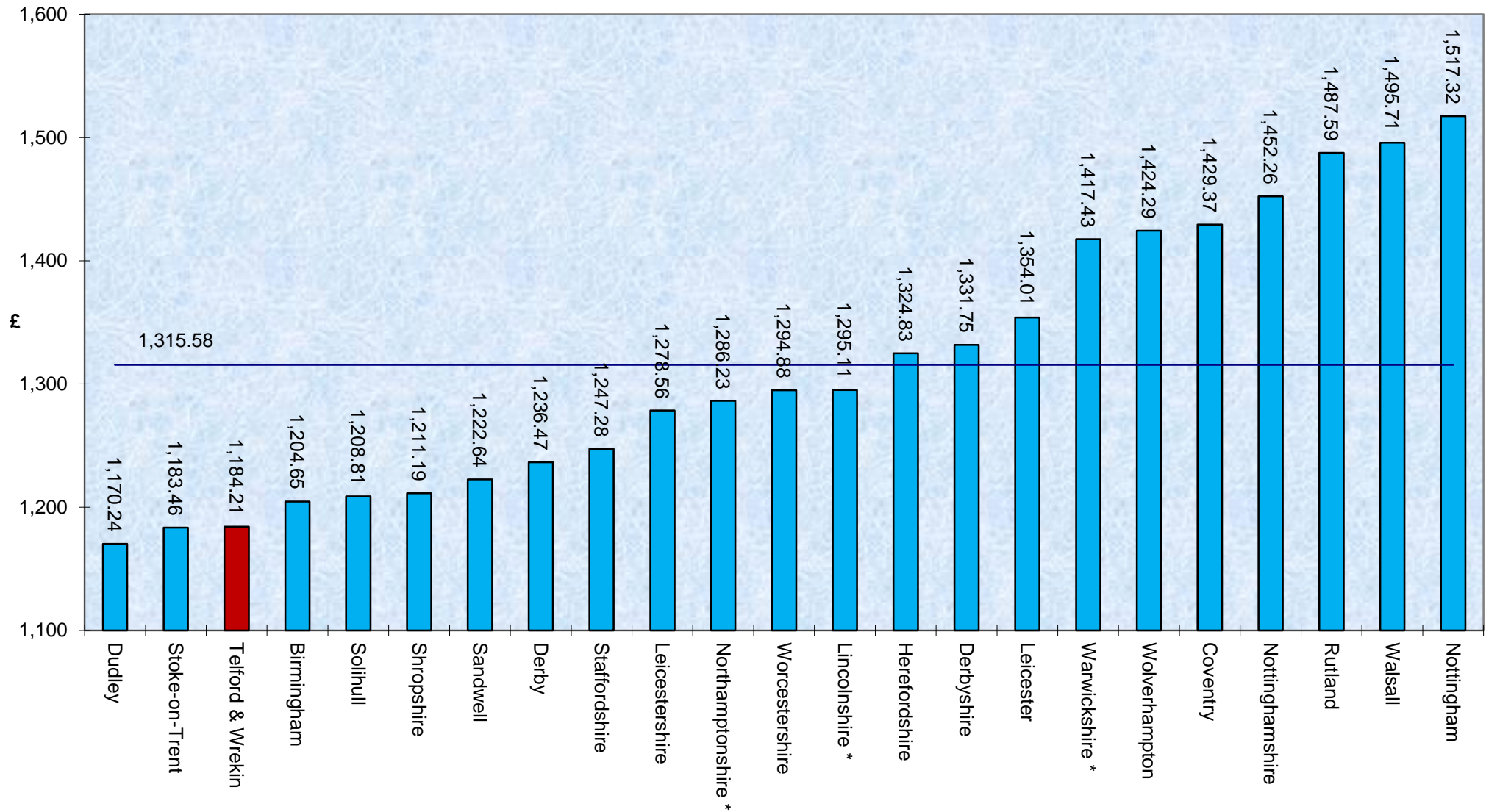
Mileage rates (regardless of engine size): 36.9p per mile

Casual Car Users

All mileage will be reimbursed at HMRC rates as follows:

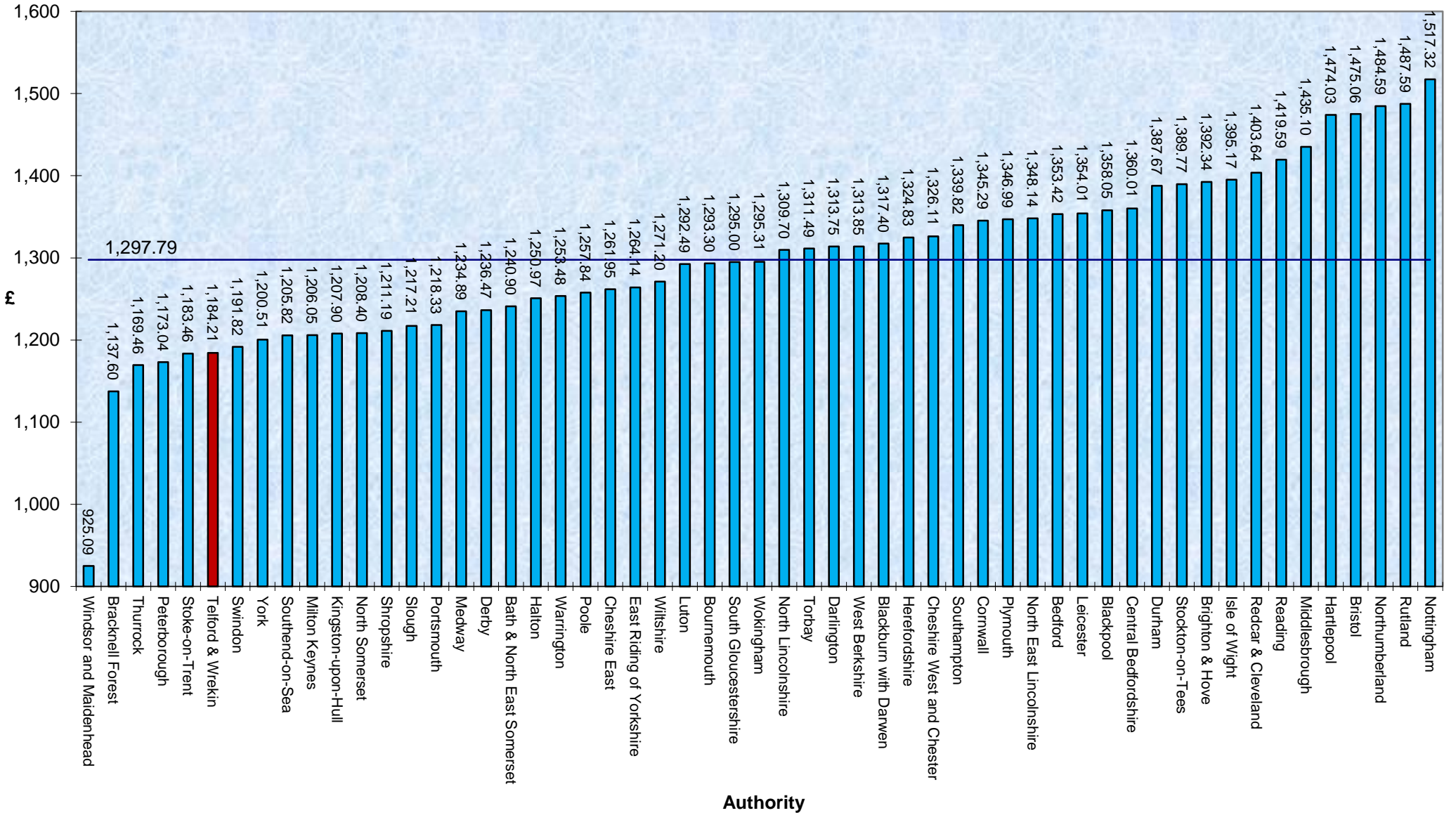
First 10,000 miles:	45p per mile
Above 10,000 miles:	25p per mile

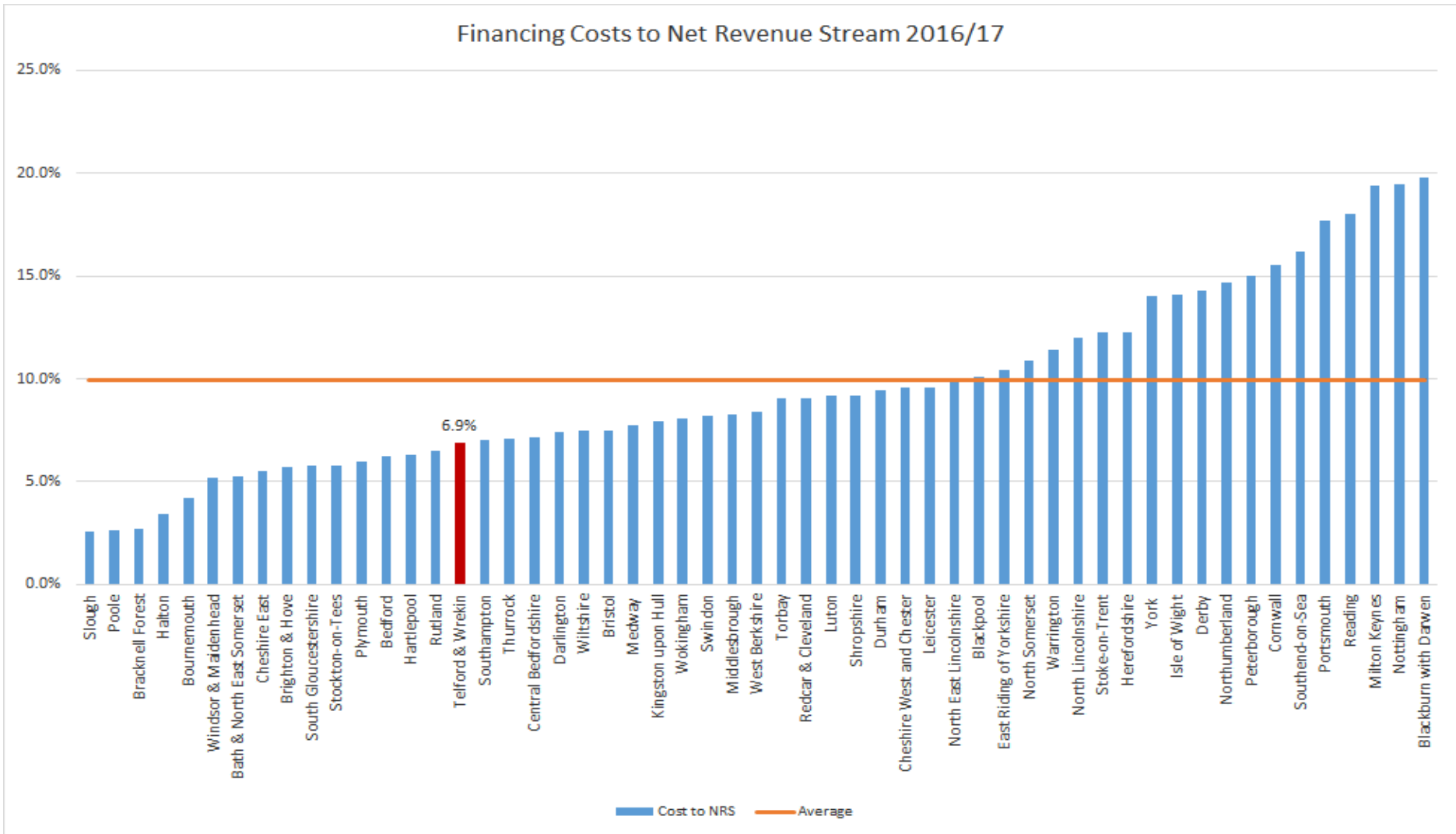
**Midlands Authorities 2016/17 Band D Council Tax for Equivalent Unitary Services
(Excluding Police, Fire* and Parish Precepts)**



Authority
*** includes fire expenses**

Unitary Authorities 2016/17 Band D Council Tax (Excluding Police, Fire and Parish precepts)





TELFORD & WREKIN COUNCIL
REVENUE BASE BUDGET - BEFORE SAVINGS AND INVESTMENTS

Service Delivery Unit	<u>2017/18</u> <u>GROSS</u> <u>EXPENDITURE</u> £	<u>2017/18</u> <u>GROSS</u> <u>INCOME</u> £	<u>2017/18</u> <u>NET</u> <u>EXPENDITURE</u> £
Health & Well-Being	18,495,218	16,911,593	1,583,625
Governance, Procurement & Commissioning	11,272,491	7,940,507	3,331,984
Customer & Neighbourhood Services	117,303,682	87,106,542	30,197,140
Business, Development & Employment	14,134,793	14,320,420	(185,627)
Commercial Services	37,416,050	33,939,100	3,476,950
Finance & Human Resources	8,570,690	7,177,510	1,393,180
Early Help and Support	58,147,127	15,644,178	42,502,949
Childrens Safeguarding	21,460,605	624,961	20,835,644
Education & Corporate Parenting	130,766,719	118,283,879	12,482,840
Co-operative Council	3,515,897	2,008,407	1,507,490
Council Wide Items	5,426,891	8,116,298	(2,689,407)
Netting off of Internal Recharges included above	(35,617,107)	(35,617,107)	0
Total	390,893,055	276,456,288	114,436,767
Contributions To/From Balances	3,725,000	434,750	3,290,250
Net Total	394,618,055	276,891,038	117,727,017

Budgets for Service Delivery Units will be restated once the Council has made final decisions on the savings and investment proposals contained in this report.

Base Budget Movements from 2016/17 - APPENDIX 8

	2017/18	
	£'000	£'000
2016/17 Base Budget		122,279
Net Transfer to Reserves		196
		<u>122,475</u>
<u>Inflation</u>		
General	(244)	
Pay Inflation	799	
		556
<u>Pressures</u>		
Pensions - Increases to the employers contribution mainly due to the triennial evaluation	2,179	
Apprentice Levy	303	
Impact of changes to Grants including reduced Education Services Grant and cuts to Public Health Grant	1,023	
Ofsted Recommendations	150	
Funding for Safeguarding Ofsted Action Plan	200	
Social Care Cost Pressures - transitional clients	308	
Additional Social Care Pressures	778	
Social Care Support Grant	(778)	
CHC - impact of reduced funding	2,400	
New Better Care Fund Funding	(500)	
Other	(599)	
		5,464
<u>Capital/Treasury</u>		
Impact of Capital Programme	(746)	
		(746)
<u>Less Savings</u>		
Savings Proposals - approved in March 2016 Strategy	(11,937)	
		(11,937)
<u>Plus Pressures - approved in March 2016 Strategy</u>	1,915	
		1,915
Base Budget		117,727
<u>Less Funding</u>		
Council Tax Income - including 3.2% increase and collection fund surplus	61,885	
Revenue Support Grant - per settlement	18,457	
Parishes CTS Grant - in line with reductions in RSG	(185)	
Retained Business Rates including top up and S 31 grant	41,037	
Total Funding		121,194
Base Budget Surplus		(3,467)

Usable Balances at 1 April 2020Appendix 9

		Balance at 1 April 2020 £m
Total Reserves and Balances		62.02
Less Commitments/Earmarked Funds:		
School Funds	Balances held on behalf of schools; therefore not available to the Council	- 9.39
Funds held for other sectors/partnership working	Includes funds for the Local Safeguarding Partnership, Telford Energy Advice Centre, Arthog, PVI Early Years sector and Section 38 Funds	- 0.05
Building Schools for the Future Funds	Procurement, capital and lifecycle costs which are fully committed to delivering the BSF programme	- 0.01
Grant funding	Grant funding received and fully committed in the budget strategy	- 0.15
Insurance Reserves	Required to cover policy excesses and other potential costs such as MMI liabilities and claims prior to 1998 (unitary)	- 2.29
Hadley PFI Sinking Fund	Based on funding model; fully committed equalisation fund	- 0.58
Other Corporate Items	For Example ITS/Capacity Fund	- 3.76
Single Status	Provision for equal pay settlement	- 11.92
Other Provisions	For example Bad Debt Provision and Pride Funding Reserve	- 6.79
Specific Earmarked Service Balances	Residual balances held by services following a rigorous review of balances undertaken	- 3.48
Residual General Working Balances		23.60
Earmarked for Financial Risks following Risk Review		- 7.75
Residual Balances Available for the Budget Strategy		15.85
Proposed Commitments in the budget report		
Community Capacity Building Fund		- 0.50
Organisational Development Initiatives		- 0.25
ITS/Capacity Fund (including support to facilitate the transfer of services to third party organisations)		- 1.50
Footway Programme Funding		- 1.40
Destination Telford Funding		- 0.28
One-off balances required to support the budget strategy		- 2.20
Creation of one-off contingency balance		- 9.72
		-

Appendix 9 Ctd. Schedule of Provisions, Reserves and Balances

Balance Sheet Structure	Description	Actual Bal April 2016		April 2017 Opening		April 2018 Opening		April 2019 Opening		April 2020 Opening		Purpose - brief reason for the reserve/balance	Comment on level/appropriateness of value held
		Actual Closing Balance 31/3/2016	Estimated Change during 2016/17 (additions/withdrawals)	Estimated Closing Balance 31/3/17	Estimated Change during 2017/18 (additions/withdrawals)	Estimated Closing Balance 31/3/18	Estimated Change during 2018/19	Estimated Closing Balance 31/3/19	Estimated Change during 2019/20	Estimated Closing Balance 31/3/20			
General / Special Fund Balances													
Special Fund Bals	Special Fund Balance	(684,401.31)		(684,401.31)		(684,401.31)		(684,401.31)		(684,401.31)		Working balance	Sufficient
General Fund Bals	General Fund Balance	(3,806,005.49)		(3,806,005.49)		(3,806,005.49)		(3,806,005.49)		(3,806,005.49)		General Fund Working Balance	Forms part of minimum level of balances required
Reserves	Budget Strategy Reserve	(6,874,928.41)	500,257.16	(6,374,671.25)	500,000.00	(5,874,671.25)		(5,874,671.25)		(5,874,671.25)		Feeds into budget strategy	
Total General / Special Fund Balances		(11,365,335.21)	500,257.16	(10,865,078.05)	500,000.00	(10,365,078.05)	0.00	(10,365,078.05)	0.00	(10,365,078.05)			
Specific Commitments not Available													
Reserves	Collection Fund Reserve Fund	(1,702,000.00)	(3,528,563.24)	(5,230,563.24)	(2,400,000.00)	(7,630,563.24)		(7,630,563.24)		(7,630,563.24)		Drawn down balance from Collection fund surplus.	Feeds into budget strategy
Reserves	Capital Funding Reserve	(1,000,000.00)		(1,000,000.00)	1,000,000.00	0.00		0.00		0.00		Set aside at 14/15 year end to fund Pride in Your Community Fund Initiative in 17/18 (instead of prudential)	Fully Committed
Reserves	Environmental Mtce Programme	(1,500,000.00)		(1,500,000.00)		(1,500,000.00)		(1,500,000.00)		(1,500,000.00)		Fully committed to fund a programme of improvements	
Provision	Single Status Provision - General Fund element	(11,917,031.52)		(11,917,031.52)		(11,917,031.52)		(11,917,031.52)		(11,917,031.52)		Funding set aside to meet costs of implementing single status	Fully Committed
Reserves	Skills Dvpt and Apprentices	(256,224.44)	95,000.00	(161,224.44)	95,000.00	(66,224.44)	66,224.44	0.00		0.00		To support employees facing redundancy and apprentice posts; usage based on previous year spend may alter if scheme alters.	
Reserves	Solar Farm Sinking Fund	(12,040.00)		(12,040.00)		(12,040.00)		(12,040.00)		(12,040.00)			
Reserves	Severance Fund	(5,600,927.20)		(5,600,927.20)		(5,600,927.20)		(5,600,927.20)		(5,600,927.20)		Fund set up to meet the one off costs of redundancies arising from restructures in order to deliver ongoing savings	Monitored as restructures progress; the Council also has the ability to capitalise costs associated with service transformation which will be utilised.
Provision	Redundancy Provision	(710,889.25)	710,889.25	0.00		0.00		0.00		0.00		Specific provision to meet one off costs associated with the Council re-structure - relates to those who had received notification of redundancy at 31 3 16. A new provision will be created at 31 3 17.	Fully committed in 16/17
reserves	Pride in Your Community - Funding Reserve	(4,589,890.00)	434,000.00	(4,155,890.00)	434,000.00	(3,721,890.00)	434,000.00	(3,287,890.00)	434,000.00	(2,853,890.00)		Reserve created to fund debt charges associated with the Pride In Your Community initiative.	Will meet associated debt charges until 2026/27
Reserves	Insurance - Self Insurance Fund	(1,822,199.42)		(1,822,199.42)		(1,822,199.42)		(1,822,199.42)		(1,822,199.42)		Self insurance fund to cover insurance excesses - established in 2008/09 following decision to increase excesses.	Regularly reviewed - requirement depends on claims; in year requirement assumed to equal contribution.
Reserves	Voluntary Sector Support Fund	(149,115.87)	(95,300.00)	(244,415.87)	50,000.00	(194,415.87)	50,000.00	(144,415.87)	50,000.00	(94,415.87)		To fund the Voluntary Sector following budget cuts in 2016/17	
School Bals	School Balances	(6,550,522.52)	750,000.00	(5,800,522.52)	750,000.00	(5,050,522.52)	750,000.00	(4,300,522.52)		(4,300,522.52)		This represents school balances held by the LEA only. Additional amounts are held by schools as balances in independent bank accounts. Projected movement in balances is based on schools budget plans. It should be noted that schools budget outturns, over the sector as a whole are invariably better than initial budgets (i.e. balances are higher.)	
Reserves	Schools' Supply Insurance Fund	(167,892.10)	40,000.00	(127,892.10)	40,000.00	(87,892.10)	5,000.00	(82,892.10)	5,000.00	(77,892.10)		Self Insurance Fund for supply teacher cover in Schools including maternity pay - fluctuates year on year dependant on levels of sickness and maternity leave	LA administered insurance fund to limit the additional costs incurred by schools resulting from contracted staff absence due to sickness. This is a fund constantly reviewed to ensure premiums are appropriate for the level of cover and claim
Reserves	Theft & Vandalism Fund	(81,112.15)	20,000.00	(61,112.15)	10,000.00	(51,112.15)	10,000.00	(41,112.15)	10,000.00	(31,112.15)		Self Insurance fund to cover schools costs re theft and vandalism - would expect to hold small variance.	LA administered to limit losses to schools. Regular review to ensure premiums are at an appropriate level.
Reserves	Schools Maternity Insurance Fund	(40,317.17)	15,000.00	(25,317.17)	5,000.00	(20,317.17)	5,000.00	(15,317.17)	5,000.00	(10,317.17)		Self insurance fund to cover maternity leave	LA administered to limit losses to schools. Regular review to ensure premiums are at an appropriate level.
Provision	Single Status - DSG and Schools	(4,323,770.95)		(4,323,770.95)		(4,323,770.95)		(4,323,770.95)		(4,323,770.95)		Provision for Single Status costs in schools and DSG centrally funded staff. Use of this dependant on final implementation of SS.	As per Corporate percentages
Reserves	Youth Offending	(17,284.50)	0.00	(17,284.50)	17,284.50	0.00		0.00		0.00		T&W share of Partnership reserve for YOS - confirmed share of reserve following closure of Partnership - to be utilised to offset any in year savings once announced or impact in 16/17 associated with WM YOS grant	
Reserves	Local Safeguarding Board	(31,296.04)	5,000.00	(26,296.04)	10,000.00	(16,296.04)	10,000.00	(6,296.04)	5,000.00	(1,296.04)		T&W Share of Partnership reserve to support the work of the Local Safeguarding Board	

Appendix 9 Ctd. Schedule of Provisions, Reserves and Balances

Balance Sheet Structure	Description	Actual Bal April 2016		April 2017 Opening		April 2018 Opening		April 2019 Opening		April 2020 Opening		Purpose - brief reason for the reserve/balance	Comment on level/appropriateness of value held
		Actual Closing Balance 31/3/2016	Estimated Change during 2016/17 (additions/withdrawals)	Estimated Closing Balance 31/3/17	Estimated Change during 2017/18 (additions/withdrawals)	Estimated Closing Balance 31/3/18	Estimated Change during 2018/19	Estimated Closing Balance 31/3/19	Estimated Change during 2019/20	Estimated Closing Balance 31/3/20			
Reserves	SDG Balances	(3,334.83)	1,000.00	(2,334.83)	1,000.00	(1,334.83)	1,000.00	(334.83)	334.83	0.00	School Development Group Fund - monies used to support development of Learning Communities by schools	Balance held on behalf of schools.	
Reserves	Early Years	(91,277.09)	15,000.00	(76,277.09)	10,000.00	(66,277.09)	10,000.00	(56,277.09)	10,000.00	(46,277.09)	ring fenced fund for PVI early years sector used to pay for refurb and r&m on early years provision	reasonable	
Reserves	Early Years	(156,994.53)	58,000.00	(98,994.53)	30,000.00	(68,994.53)	30,000.00	(38,994.53)	38,994.53	0.00	To sustain existing nursery provisions in key areas of need		
Reserves	Match Funding Provision/Trading Support	(84,583.24)		(84,583.24)		(84,583.24)		(84,583.24)		(84,583.24)	To assist with the development of new income streams and provide an smoothing account for any changes to trading income.		
Reserves	Hadley PFI Sinking Fund	(1,613,800.08)	732,475.00	(881,325.08)	100,000.00	(781,325.08)	100,000.00	(681,325.08)	100,000.00	(581,325.08)	Equalisation account relating to Hadley PFI	Based on the funding model - fully committed	
Reserves	Invest to Save Reserve	(103,500.04)	15,334.00	(88,166.04)	85,003.00	(3,163.04)	3,163.04	0.00		0.00	Committed to support Workforce Training re Safeguarding and Early Intervention .		
Reserves	PIP Reserve Contribution Account	(224,969.05)		(224,969.05)		(224,969.05)		(224,969.05)		(224,969.05)	Reserve to be used to aid with the ongoing rationalisation of the PIP resulting pressures on Income and Service Charge voids.		
Reserves	Dilapidations - PIP	(152,559.54)		(152,559.54)		(152,559.54)		(152,559.54)		(152,559.54)	Committed spend on Hollinswood House & Stafford Park 15 and a number of other properties in relation to dilapidations.		
Reserves	Granville House	(70,803.12)	70,803.12	0.00		0.00		0.00		0.00	Granville House refurbishment - to be utilised as part of accommodation strategy, Agreed at SMT. D Runtun.	Revenue	
Reserves	Transforming Telford Reserve	(56,755.99)	56,755.99	0.00		0.00		0.00		0.00	One off benefit following winding up of Transforming Telford	Committed to support the 2016/17 revenue position	
Debtors	Transforming Telford Residual balance	(547,071.81)	547,071.81	0.00		0.00		0.00		0.00	One off benefit following winding up of Transforming Telford	Committed to support the 2016/17 revenue position	
Provision	Land Charges Provision	(80,803.34)	50,000.00	(30,803.34)		(30,803.34)		(30,803.34)		(30,803.34)	Created to cover litigation costs; settlement finalised and awaiting final costs.		
Reserves	Corporate ICT Reserve	(605,495.10)	601,000.00	(4,495.10)	4,495.10	0.00		0.00		0.00	To support the ICT Capital Programme	Within 16/17 capital programme	
Total Specific Commitments		(44,264,460.89)	593,465.93	(43,670,994.96)	241,782.60	(43,429,212.36)	1,474,387.48	(41,954,824.88)	658,329.36	(41,296,495.52)			
Specific Earmarked Balances Identified as Risks													
Debtors	Bad Debt Provision	(3,934,955.18)		(3,934,955.18)		(3,934,955.18)		(3,934,955.18)		(3,934,955.18)	To cover bad debts	Level based on formula	
Reserves	Corporate Capacity / Invest to Save Fund	(5,004,942.43)	1,279,000.00	(3,725,942.43)	1,601,000.00	(2,124,942.43)	232,000.00	(1,892,942.43)	43,000.00	(1,849,942.43)	Various initiatives to build capacity and provide funding to deliver future savings. Includes support to partner organisations who take on the delivery of services.	It is proposed to add £1.5m to this fund as part of the 2017/18 budget strategy.	
Reserves/Provision/Creditor	Insurance Funds	(422,488.91)	179,400.00	(243,088.91)		(243,088.91)		(243,088.91)		(243,088.91)	Self Insurance Reserve (non-Education) as part of overall insurance strategy	Level seems reasonable, based on the excesses to which the council is exposed under the current arrangements	
Reserves	General - Insurance - SCC liabilities	(228,437.19)		(228,437.19)		(228,437.19)		(228,437.19)		(228,437.19)	This is an additional insurance reserve which was established when the County Council's balance sheet was disaggregated and is available to cover claims liabilities that arise.	If this does ever become available following the actuarial valuation the level would increase the level of self insurance available to the authority.	
Reserves	Stop Loss Provision	(944,848.78)	75,000.00	(869,848.78)	75,000.00	(794,848.78)	75,000.00	(719,848.78)	75,000.00	(644,848.78)	Stop Loss Insurance - Self insurance to cover fire policy excesses on school buildings and other adhoc costs including lead roof theft and flooding		
Reserves	BSF Lifecycle and FM	(39,286.80)	39,286.80	0.00		0.00		0.00		0.00	This is cost of the ongoing maintenance of the Attenuation basin at Er call Wood - to be transferred to another area when identified.		
Reserves	Building Schools for the Future	(62,322.82)	50,000.00	(12,322.82)		(12,322.82)		(12,322.82)		(12,322.82)	Reserve set aside for procurement and support costs associated with BSF - no further call on this.		
Total Specific Earmarked Balances Identified as Risks		(10,637,282.11)	1,622,686.80	(9,014,595.31)	1,676,000.00	(7,338,595.31)	307,000.00	(7,031,595.31)	118,000.00	(6,913,595.31)			

Appendix 9 Ctd. Schedule of Provisions, Reserves and Balances

Balance Sheet Structure	Description	Actual Bal April 2016		April 2017 Opening		April 2018 Opening		April 2019 Opening		April 2020 Opening		Purpose - brief reason for the reserve/balance	Comment on level/appropriateness of value held
		Actual Closing Balance 31/3/2016	Estimated Change during 2016/17 (additions/withdrawals)	Estimated Closing Balance 31/3/17	Estimated Change during 2017/18 (additions/withdrawals)	Estimated Closing Balance 31/3/18	Estimated Change during 2018/19	Estimated Closing Balance 31/3/19	Estimated Change during 2019/20	Estimated Closing Balance 31/3/20			
Specific Earmarked Service Balances													
Reserves	Elections Equalisation Reserve	(146,582.44)	(55,000.00)	(201,582.44)	(55,000.00)	(256,582.44)	(55,000.00)	(311,582.44)		(311,582.44)		Set aside to assist in funding future local elections as annual revenue budget may not be sufficient in any given year.	depends on the number of elections that arise; next Borough election due May 2019
Reserves	Single Status Project Team	(342,824.91)	20,000.00	(322,824.91)	20,000.00	(302,824.91)	150,000.00	(152,824.91)	152,824.91	0.00		Required to fund single status project work (including legal and consultancy costs) and preparation for implementation	
Reserves	Community Right to Challenge	(8,546.00)		(8,546.00)		(8,546.00)		(8,546.00)		(8,546.00)		Funding to support any additional cost arising	
Reserves/Provision	Balance Control Mechanism / Residual balances from closed schools	(186,684.83)	128,870.54	(57,814.29)	57,814.29	0.00		0.00		0.00		Balances clawed back from schools through the balance control mechanism plus residual balances from closed schools	To cover possible deficits of schools which close in the future.
Reserves	Early Help Plan	(48,239.90)	31,239.90	(17,000.00)		(17,000.00)		(17,000.00)		(17,000.00)		Required to Support Early Help Action Plan	
Reserves	Joint Commissioning Balance	(26,438.59)	26,438.59	0.00		0.00		0.00		0.00		To support 2016/17 spending levels	
Reserves	Childrens Services	(430,559.00)	430,559.00	0.00		0.00		0.00		0.00		Being used in 2016/17 as per Budget Strategy to support spending levels in 2016/17	
Reserves	Safer Communities cwfd	(31,110.90)	10,000.00	(21,110.90)	10,000.00	(11,110.90)	10,000.00	(1,110.90)		(1,110.90)		Combination of two reserves - committed to fund Domestic Violence service and initiatives, Crucial Crew and other community safety costs to be incurred.	
Reserves	SIS - One vision	(1,927.54)	500.00	(1,427.54)	500.00	(927.54)	500.00	(427.54)	427.54	0.00		Given by One Vision Charity to support children with vision impairment - committed	
Reserves	Youth Projects Support	(94,108.87)	35,000.00	(59,108.87)	38,695.63	(20,413.24)		(20,413.24)		(20,413.24)		Funding of Youth Parliament and required to build community capacity and resilience for Youth and Family support	
Reserves	Stafford Park Pooled Fund	(23,674.00)	23,674.00	0.00		0.00		0.00		0.00		To offset 2016/17 costs	
Reserves	Education Welfare Balance	(38,715.39)	26,215.00	(12,500.39)	10,000.00	(2,500.39)	2,500.39	0.00		0.00		Income from fixed penalty notices re Truancy etc - held to support budget if shortfall in income and fund training and resources costs associated with this process. Funding of 1 additional posts.	
Reserves	School Reorganisation Reserve	(330,017.00)	100,000.00	(230,017.00)	230,017.00	0.00		0.00		0.00		Monies carried forward as a reserve against the possible unfavourable balance on schools conversions to academy status	
Reserves	Assistive Technology	(52,284.99)	52,284.99	0.00		0.00		0.00		0.00		Required to offset in year costs	
Reserves	PCT monies	(92,439.28)	92,439.28	0.00		0.00		0.00		0.00		Committed to budget strategy	
Reserves	Transforming Social Care Grant	(159,356.70)	43,907.00	(115,449.70)	61,691.00	(53,758.70)		(53,758.70)		(53,758.70)		Grant paid to LA's to implement Transformation to Social care service delivery including Personalisation etc	The committed balance meets current committed costs to support the transformation of EHS.
Reserves	Young Persons Substance Misuse	(13,089.00)	4,196.00	(8,893.00)	4,197.00	(4,696.00)		(4,696.00)		(4,696.00)		To be used to cover additional costs of DARs IT system and additional licences as part of transformation to whole system approach to IT systems in EHS.	
Reserves	Public Health Transition Grant	(29,204.73)		(29,204.73)		(29,204.73)		(29,204.73)		(29,204.73)		To offset pressures in 2016/17	
Reserves	Legal Reserve	(104,168.40)		(104,168.40)		(104,168.40)		(104,168.40)		(104,168.40)		For standards investigations and Legal Staffing	Fully committed
Reserves	Customer Services & Benefits	(271,275.35)	55,000.00	(216,275.35)	50,000.00	(166,275.35)	50,000.00	(116,275.35)	50,000.00	(66,275.35)		To support additional staffing costs as a result of Welfare Reform changes and to support delay in implementing restructure 2016/17	
Reserves	ICT Equipment Reserve	(197,500.00)	72,929.00	(124,571.00)	99,221.00	(25,350.00)	25,350.00	0.00		0.00		Development of the App, costs of CRM and to support schools pricing model in 16/17 & 17/18	
Reserves	Telford Loyalty Card Scheme	(26,203.34)	13,203.34	(13,000.00)		(13,000.00)		(13,000.00)		(13,000.00)		To fund costs associated with the TLC card.	
Reserves	Member Dvpt Reserve	(5,000.00)		(5,000.00)		(5,000.00)		(5,000.00)		(5,000.00)		To be spent on training and equipment as required	

Appendix 9 Ctd. Schedule of Provisions, Reserves and Balances

Balance Sheet Structure	Description	Actual Bal April 2016		April 2017 Opening		April 2018 Opening		April 2019 Opening		April 2020 Opening		Purpose - brief reason for the reserve/balance	Comment on level/appropriateness of value held
		Actual Closing Balance 31/3/2016	Estimated Change during 2016/17 (additions/withdrawals)	Estimated Closing Balance 31/3/17	Estimated Change during 2017/18 (additions/withdrawals)	Estimated Closing Balance 31/3/18	Estimated Change during 2018/19	Estimated Closing Balance 31/3/19	Estimated Change during 2019/20	Estimated Closing Balance 31/3/20			
Reserves	Coalbrookdale Water Course	(128,658.65)	10,000.00	(118,658.65)	10,000.00	(108,658.65)	50,000.00	(58,658.65)	50,000.00	(8,658.65)	Coalbrookdale Water course drawdown as and when required each year.	This is a commuted sum for Coalbrookdale Water Course - each year monitoring is done & once in every 4 years works are done to maintain water courses. Work last completed in 14/15.	
Reserves	Waste	(519,402.00)	519,402.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	This is to fund the contract termination costs payable to TWS linked to the early implementation of 2 CRC sites in 2016/17.		
Reserves	Environmental Pressures	(1,265,490.98)	634,995.00	(630,495.98)	400,000.00	(230,495.98)	230,495.98	0.00	0.00	0.00	This includes £800k of Pride funding for 2016/17 and PETS		
Reserves	Stoneyhill Landfill	(22,138.00)		(22,138.00)		(22,138.00)		(22,138.00)		(22,138.00)	This is for a commuted sum for the cleaning & maintenance of the silo's (golf balls) and as a contingency in case the technology does not ensure the quality of the "stuff" piped out to STW system. This was a new design to deliver the ongoing savings, the revenue budget just covers the annual running / monitoring costs. The budget will not cover the costs of cleaning. When it is required in the future	This needs to be held for costs we will incur in future years, although they are unknown at this point in time.	
Reserves	Development Planning System - changed descriptor from Budget Strategy Reserve for 16/17	(100,000.00)		(100,000.00)		(100,000.00)		(100,000.00)		(100,000.00)	Balance was held for new Planning System development, however the current system is being upgraded to enable the latest version of GIS. The system will be reviewed as to its sustainability.	Plan to move unspent to legal costs	
Reserves	Capacity Fund - Skills Analysis	(14,856.00)	14,856.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Research of skills gaps surveys		
Reserves	Capacity Fund - Targeted Marketing Campaign	(11,250.34)	11,250.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Destination Telford .	Fully committed in 16/17, supplementing Destination Telford.	
Reserves	Capacity Fund - First Point for Business			0.00	0.00	0.00	0.00	0.00	0.00	0.00			
Fund Balances	Destination Telford	(168,114.15)	139,000.00	(29,114.15)	29,114.15	0.00	0.00	0.00	0.00	0.00	Destination Telford .	Committed in 16/17 and ongoing, supplementing Destination Telford.	
Reserves	Growth Hub development	(10,045.95)		(10,045.95)		(10,045.95)		(10,045.95)		(10,045.95)			
Reserves	Car Parking Enforcement Balances	(11,822.05)		(11,822.05)		(11,822.05)		(11,822.05)		(11,822.05)	Was used to fund A Brookes post which is now vacant. Could be used to assist with the Permits invest to save proposal.	Committed to the 2016/17 position	
Reserves	Development Control Highways	(52,952.76)	52,952.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Balance trfd from YBAC Capacity fund £37,948 15/16 and £38,328 16/17 to fund .Highways Development Control officer.	Will be fully applied by 16/17	
Reserves	Environmental Services Gen Reserve	(141,000.00)	141,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Granville House Refurb fund £16k, Eastern Primary Clean £25k, Cleaning of drains and gullies £25k, Drainage schemes £30k, road sweeping £30k, Castlefields Way £15k.		
Reserves	Leisure Grant Holding Account	(34,820.27)		(34,820.27)		(34,820.27)		(34,820.27)		(34,820.27)		Committed to in year position	
Reserves	Sponsorship Fund			0.00	0.00	0.00	0.00	0.00	0.00	0.00		Funding for Apprentice.	
Reserves	Local Plan Enquiry	(221,208.03)		(221,208.03)		(221,208.03)		(221,208.03)		(221,208.03)	Public Examination of Local Plan	Enquiry due to take place November 2016 but delayed so costs not yet known	
Reserves	Planning Appeal costs	(46,623.50)	30,280.00	(16,343.50)	16,343.50	0.00	0.00	0.00	0.00	0.00	Set aside for legal costs associated with planning appeals		
Reserves	Waste Contract Sinking Fund	(1,863,485.68)	376,700.00	(1,486,785.68)	277,687.51	(1,209,098.17)		(1,209,098.17)		(1,209,098.17)	Enable the ongoing management of new Waste contract.	Fully committed for new Waste contract.	
Reserves	Pride in Your Community	(301,832.58)	281,833.00	(19,999.58)		(19,999.58)		(19,999.58)		(19,999.58)	Fully committed for Pride		

Appendix 9 Ctd. Schedule of Provisions, Reserves and Balances

Balance Sheet Structure	Description	Actual Bal April 2016		April 2017 Opening		April 2018 Opening		April 2019 Opening		April 2020 Opening		Purpose - brief reason for the reserve/balance	Comment on level/appropriateness of value held
		Actual Closing Balance 31/3/2016	Estimated Change during 2016/17 (additions/withdrawals)	Estimated Closing Balance 31/3/17	Estimated Change during 2017/18 (additions/withdrawals)	Estimated Closing Balance 31/3/18	Estimated Change during 2018/19	Estimated Closing Balance 31/3/19	Estimated Change during 2019/20	Estimated Closing Balance 31/3/20			
Reserves	Grounds & Cleansing Contract	(150,000.00)	150,000.00	0.00		0.00		0.00		0.00		To fund initial data capture work required for new grounds cleansing contract. Spend to be incurred in 2016/17	
Reserves	Telford Town Park Commuted Sums	(19,990.00)		(19,990.00)		(19,990.00)		(19,990.00)		(19,990.00)		Balance to be built up over 10 years to fund management and maintenance plan for further ten years after 2020.	
Reserves	Parish Environmental Teams	(30,167.20)	30,167.20	0.00		0.00		0.00		0.00		Balance of Parish Contribution to scheme to fund materials/works.	Expected draw down against parish material spend and additional apprentice costs over and above Parish £5k contribution.
Reserves	Public Realm	(7,880.80)	7,880.80	0.00		0.00		0.00		0.00		Member/Parish council contributions received relating to works to be completed in 16/17	
Reserves	Capital grant funding held as a reserve	(579,300.10)	579,300.10	0.00		0.00		0.00		0.00		Committed to funding the capital programme	
Reserves	Family Nurse Partnership Monies	(20,000.00)	20,000.00	0.00		0.00		0.00		0.00		Monies received from CCG to support Safeguarding initiative in relation to Family Nursing	
Reserves	Transport	(168,830.00)	40,000.00	(128,830.00)	40,000.00	(88,830.00)	28,830.00	(60,000.00)		(60,000.00)		Costs for purchase of Sat Nav system for Fleet vehicles and logical system change and for replacement vehicles and adaptations and for Transport work in Commissioning	Reserve to be allocated between SDUs
Reserves	Transport Review Reserve			0.00		0.00		0.00		0.00			
Reserves	SEN Review Reserve	(100,000.00)	45,000.00	(55,000.00)	55,000.00	0.00		0.00		0.00		To fund additional costs associated with review and introduction of EHCP including external support	
Reserves	EHS Transformation	(92,678.10)	18,635.00	(74,043.10)	74,043.10	0.00		0.00		0.00		To support new model and transformation of EHS	
Reserves	Substance Misuse Bond Scheme	(24,351.81)	5,000.00	(19,351.81)	5,000.00	(14,351.81)	5,000.00	(9,351.81)		(9,351.81)		Supports charitable housing options e.g Manning Place & KIP project	
Reserves	New Technology	(140,009.92)		(140,009.92)		(140,009.92)		(140,009.92)		(140,009.92)		Committed to Financial Management system development	
Reserves	Catering Control Account	(39,425.42)	20,000.00	(19,425.42)	19,425.42	0.00		0.00		0.00		Funding to Support Lets Cook Project and other initiatives if required	To be kept under review
reserves	Organisational Improvement Fund	(6,145.12)		(6,145.12)		(6,145.12)		(6,145.12)		(6,145.12)		To fund Organisational Improvement Programme	
Reserves	Cooperative Council Initiatives	(19,867.95)	5,000.00	(14,867.95)	5,000.00	(9,867.95)	5,000.00	(4,867.95)	4,867.95	0.00		To pump prime new income initiatives	
Reserves	Mystery Shopper Exercise	(560.00)	560.00	0.00		0.00		0.00		0.00		Committed	
Reserves	Library Self Service Facilities	(6,824.73)	6,824.73	0.00		0.00		0.00		0.00		Used to fund replacement of public access PC's within Libraries, set up and Internet Cafe and support Library Self Serve facilities. This will be required to support the transfer of Library services to Parishes.	
Reserves	Crisis Assistance Reserve	(111,244.99)	96,963.00	(14,281.99)	14,281.99	0.00		0.00		0.00		To support work on crisis assistance scheme including a grant to the CAB and Just Credit union.	
Reserves	Graphic Design - PC Replacement Reserve	(4,959.69)	4,959.69	0.00		0.00		0.00		0.00		For replacement equipment	
Reserves	Corporate Communications Reserve	(18,297.20)	12,247.00	(6,050.20)		(6,050.20)		(6,050.20)		(6,050.20)		To fund Gov Connect and training costs.	
Reserves	People Services Reserve	(7,437.95)		(7,437.95)		(7,437.95)		(7,437.95)		(7,437.95)		Funding for scanning of personnel files.	
Reserves	Delivery & Planning Reserve	(26,877.97)		(26,877.97)		(26,877.97)		(26,877.97)		(26,877.97)		IEWM Grant to fund training costs	
Reserves	Register Office	(137.71)	137.71	0.00		0.00		0.00		0.00		£4k for replacement headstones and the balance is for back scanning of registration documents	
Reserves	Finance	(50,747.62)		(50,747.62)		(50,747.62)		(50,747.62)		(50,747.62)		To provide specialist advice, additional hours and support for Finance	
Reserves	Revenues Reserve	(160,000.00)		(160,000.00)		(160,000.00)		(160,000.00)		(160,000.00)		To provide additional support to the Revenues Service	
Reserves	Modern Apprentice Reserve	(75,000.00)	15,000.00	(60,000.00)	15,000.00	(45,000.00)	15,000.00	(30,000.00)	15,000.00	(15,000.00)		To fund modern apprentices across the 2 accountancy teams (no base budget).	
Reserves	Commercial Development Reserve	0.00	25,000.00	25,000.00		25,000.00		25,000.00		25,000.00		Professional support for commercial initiatives, such as the WOC	
Reserves	Treasury Management Reserve	(60,000.00)		(60,000.00)	30,000.00	(30,000.00)	30,000.00	0.00		0.00		Set aside to provide support for any technical advice needed	
Reserves	Library Book Fund			0.00		0.00		0.00		0.00		For the purchase of new books in Southwater	

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Balance Sheet Structure	Description	Actual Bal April 2016		April 2017 Opening		April 2018 Opening		April 2019 Opening		April 2020 Opening		Purpose - brief reason for the reserve/balance	Comment on level/appropriateness of value held
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Reserves	Land Charges	(96,255.00)		(96,255.00)		(96,255.00)		(96,255.00)		(96,255.00)		To support the pricing review of Land Charges. This is likely to be used to support the costs of litigation	
Reserves	Care & Enablement Reserve	(70,785.00)		(70,785.00)		(70,785.00)		(70,785.00)		(70,785.00)		To support restructure proposals	
Reserves	Co Operative Council & Commercial Projects Fund-Reserve	(55,071.01)	40,000.00	(15,071.01)	15,071.01	0.00		0.00		0.00		To be used for 16/17 Commercial projects - and other issues Wellington Health Suite and Private Wire feasibility	
Reserves	Transformation Posts Reserve	(165,184.26)	14,289.41	(150,894.85)	98,000.00	(52,894.85)	52,894.85	0.00		0.00		To support transformation of EHS and delivery of new Target operating model	
reserves	Public Health Grant	(178,118.16)		(178,118.16)		(178,118.16)		(178,118.16)		(178,118.16)		Fully Committed for use in 2016/17 - ringfenced for Public Health purposes	
Reserves	Joint Arrangement			0.00		0.00		0.00		0.00			
Reserves	Early Help Partnership	(69,263.53)		(69,263.53)		(69,263.53)		(69,263.53)		(69,263.53)		Local Advisory Board Development – locality working. To build capacity within the voluntary sector to deliver the Healthy Child Programme, Children Centre Core Purpose and activity to support school readiness (as directed by the Early Help Partnership Board and in response to the recent Early Help and Support Restructure)	
Reserves	Childrens Services Reserves - Early Intervention	(79,157.19)	79,157.19	0.00		0.00		0.00		0.00		Used to offset 16/17 position	
Reserves	BCF Risk Reserve	(200,590.97)	132,121.00	(68,469.97)	68,469.97	0.00		0.00		0.00		To support development and transitional costs of such developments within BCF and to offset bottom line 2016/17	
Reserves	Change Programme	(141,384.62)	50,159.00	(91,225.62)	91,225.62	0.00		0.00		0.00		To support work on CIP and Target Operating Model changes including locality working.	
Reserves	ICT Infrastructure	0.00		0.00		0.00		0.00		0.00		Required for upgrade to Abacus and work to integrate 2 main Adult systems - Carefirst & Abacus. Expansion of mobile working.	
Reserves	Workforce Development	(90,347.50)	36,578.00	(53,769.50)	53,769.50	0.00		0.00		0.00		This is required to ensure new ways of working re assessment & support planning are embedded in day to day working. As part of restructured workforce.Changes (as agreed with CCG) in relation to brokerage and CHC referrals also require training	
Reserves	Innovation fund	(195,000.00)	106,000.00	(89,000.00)	89,000.00	0.00		0.00		0.00			
Reserves	Revitalise Fund (Pride In Your High Street)	(800,000.00)	164,173.00	(635,827.00)	635,827.00	0.00		0.00		0.00			
Reserves	Creative Development	(25,783.46)		(25,783.46)		(25,783.46)		(25,783.46)		(25,783.46)			
Reserves	Time for Me offer	(23,610.50)		(23,610.50)		(23,610.50)		(23,610.50)		(23,610.50)			
Reserves	Leisure/Aspirations Invest to Save Funding	(130,912.02)		(130,912.02)		(130,912.02)		(130,912.02)		(130,912.02)		Condition of grant that we build up a replacement fund. This will be applied when expenditure is incurred each year. £13k sinking fund contribution budget pa had been taken in previous savings rounds.	No budgeted provision
Reserves	Tennis Centre Sinking Fund			0.00		0.00		0.00		0.00		Condition of grant that we build up a replacement fund. This will be applied when expenditure is incurred each year. £13k sinking fund contribution budget pa had been taken in previous savings rounds.	
Reserves	Procurement Advice reserve	(29,561.00)	0.00	(29,561.00)	29,561.00	0.00		0.00		0.00		For GPC Advice & Procurement systems	
Reserves	World Heritage Lottery Fund	(5,000.00)	5,000.00	0.00		0.00		0.00		0.00		Now agreed with IGMT	
Reserves	Young Persons Substance Misuse	(74,891.17)	12,000.00	(62,891.17)	62,891.17	0.00		0.00		0.00		funding of a peer support and mentoring offer for children and young people with drug and alcohol problems	
Reserves	Carers Services	(29,500.24)	29,500.24	0.00		0.00		0.00		0.00		For 16/17 position	
Reserves	Accommodation	(100,000.00)		(100,000.00)		(100,000.00)		(100,000.00)		(100,000.00)		To be used to support Accommodation Strategy	
Total Specific Earmarked Service Balances		(12,054,802.01)	5,075,378.81	(6,979,423.20)	2,661,846.86	(4,317,576.34)	600,571.22	(3,717,005.12)	273,120.40	(3,443,884.72)			
Overall Total		(78,321,880.22)	7,791,788.70	(70,530,091.52)	5,079,629.46	(65,450,462.06)	2,381,958.70	(63,068,503.36)	1,049,449.76	(62,019,053.60)			

Section 106 Monetary Contributions Received and Expended for Education Purposes 01/04/16 to 31/03/17

APPENDIX 10

Planning Application No	Scheme	Bal brought forward	Income	Expenditure	Bal Carried forward	Project	
E003	W2010/0011	Wakins Nursery Apley Castle	-30325.88	0.00	0.00	-30325.88	To be used within vicinity of development - either HLC, Millbrook or Apley Wood (solutions currently being considered)
E006	W2005/0961 & TWC/2012/0408	Marshbrook Way Donnington	0.00	0.00	0.00	0.00	Towards Muxton 3 class extension - completed
E007	W2009/1015	Land at Church Farm Yard	0.00	0.00	0.00	0.00	Preston St Lawrence CE Primary refurb - completed
E015	TWC/2012/0320 & TWC/2013/0720	Land off Sommerfield Road	-121609.68	-118470.00	0.00	-240079.68	To be used within vicinity of development - either HLC, Millbrook or Apley Wood (solutions currently being considered)
E016	TWC/2011/1037	Land at The Walker Institute (Phase 2)	-38065.72	0.00	0.00	-38065.72	Will be used for expansion in North East Telford - project yet to be confirmed.
E019	W2006/1347	Leegomery Centre	-27630.77	0.00	0.00	-27630.77	To be used within vicinity of development - either HLC, Millbrook or Apley Wood (solutions currently being considered)
E020	TWC/2011/0821	Land at Wellington Rd Newport	0.00	-702910.00	0.00	-702910.00	New primary provision & expansion of secondary provision
E021	TWC/2013/0938	Land to the South Side of Holyhead Rd	-50544.09	-50000.00	0.00	-100544.09	Will be used for expansion in North West Telford - project yet to be confirmed.
E575	W2004/0981 & TWC/2013/0096	KMC (comm.centre/sch design)	-660000.00	-27629.60	688338.03	708.43	Meadows Primary Extension - completed
E603	W2005/1290	Dawley Bingo Hall	0.00	0.00	0.00	0.00	Captain Webb Primary redevelopment completed
E605	W2005/0659 & W2007/1161	Land @ Britannia Way	-91539.36	0.00	293.98	-91245.38	To be used within vicinity of development - HLC
E607	TWC/2010/0638	Land at The Pidgeon Box	-53996.34	0.00	54057.53	61.19	Will be used for expansion in North East Telford - project yet to be confirmed.
E609	W2007/1732	Capewell Works	0.00	0.00	0.00	0.00	Teagues Bridge Primary - 3 class & hall extension - completed
E610	W2005/0661	Parkdale - Hadley	293.98	-293.98	0.00	0.00	To be used within vicinity of development - HLC
E620	TWC/2012/0371	Land at Muxton C2 & C3	-105946.87	0.00	106001.75	54.88	Towards Muxton 3 class extension - completed
E624	TWC/2010/0147	Land @ Holyhead Rd (former garage)	0.00	0.00	0.00	0.00	Meadows Primary Extension - completed
E627	TWC/2012/0211	Land at Maynards Croft Newport	-36601.67	-2110.75	0.00	-38712.42	Newport Infant 2 class extension project - completed
E628	TWC/2010/0722	Redhill - Education	-109461.39	0.00	109517.89	56.50	Will be used for expansion in North East Telford - project yet to be confirmed.
E630	TWC/2012/0609 & TWC/2014/1124	Woodlands Primary Redevelopment	-92621.65	0.00	92669.63	47.98	Woodlands Demountable (15/16) & John Fletcher Primary Works (16/17)
E636	TWC/2012/0787	Former White Hart Pub	0.00	0.00	0.00	0.00	Captain Webb Primary redevelopment completed
E637	TWC/2013/0297	Land off Edgmond Rd Newport	-206879.75	0.00	0.00	-206879.75	To be used toward expansion of education facilities in Newport area - project yet to be confirmed
E642	TWC/2014/1122	Land at junction of Stirchley Ave Randlay	-40182.64	0.00	0.00	-40182.64	Randlay Primary School Kitchen Works (16/17)
EH45	W2006/0608	Land off Church Walk Donnington	0.00	0.00	0.00	0.00	Muxton 3 class extension - completed
YD25	TWC/2013/0083	Land at Hadley Park West (Oakehampton Rd)	-365557.35	-130807.00	0.00	-496364.35	To be used within vicinity of development - either HLC, Millbrook or Apley Wood (solutions currently being considered)
YD26	TWC/2012/0886	Land at 121-125 Hadley Park Road	-39494.06	0.00	0.00	-39494.06	To be used within vicinity of development - either HLC, Millbrook or Apley Wood (solutions currently being considered)
YD27	TWC/2010/0089	Highfield House	0.00	0.00	0.00	0.00	St Patricks Primary School refurbishment
YD28	TWC/2014/0333	Land at Corner of Stafford Rd/A41 Newport	-73950.99	0.00	0.00	-73950.99	To be used toward expansion of education facilities in Newport area - project yet to be confirmed
YD30	TWC/2010/0828	Lawley Primary New School	-151400.04	-294736.84	0.00	-446136.88	1st & 2nd instalment re new School at Lawley & school expansion plan sum
YD57	TWC/2014/0360	Land at Heath Hill/Balls Hill	0.00	0.00	0.00	0.00	Contribution to Captain Webb Primary Extension
YD59	TWC/2013/0606	Land at Hadley Park Rd West Millar Homes	0.00	-134386.00	134386.00	0.00	To be used within vicinity of development - HLC PRIMARY EXPANSION
YD61	TWC/2014/0882 & TWC/2015/0177	Park Road Malinslee	-52512.20	0.00	52582.29	70.09	Old Park Primary Extension (16/17)
YD82	TWC/2015/0028	Land at Frome Way Donnington	-98750	-2083.01	0.00	-100833.01	Teagues Bridge Primary - 3 class & hall extension - completed
YD84	TWC/2013/0693	Heath Court, Cliff Cres Ellerdine	0.00	-20571.00	0.00	-20571.00	High Ercall Adaptations

Totals	-2446776.47	-1483998.18	1237847.10	-2692927.55
				-2692927.55
To 31/10/16				0.00

ROBUSTNESS OF BUDGET ESTIMATES AND ADEQUACY OF RESERVES: STATEMENT OF THE CHIEF FINANCIAL OFFICER

BACKGROUND

A key responsibility of the Council's Chief Financial Officer is to give assurance on the robustness of the budget strategy which includes highlighting the risks associated with its deliverability and sustainability and the adequacy of reserves.

The framework within which the Council's budget setting process operates and the final budget strategy was developed is governed by legislation which provides regulatory safeguards for the Council:

Section 25 of the Local Government Act 2003 requires the authority's Chief Financial Officer to report on the **robustness of the estimates and the adequacy of reserves** allowed for in the budget proposals in the budget report, so Members are informed and can consider this when they make their budget decisions.

Section 114 of the Local Government Act 1988 highlights the Chief Financial Officer's responsibility to report to members if it appears to him that an unbalanced budget is likely to be set for the year.

Local Government Finance Act 1992 identifies the requirement to set a balanced budget.

Section 151 of the Local Government Act 1972 - Financial Administration requires that authorities should appoint a Section 151 Officer to have responsibility for the proper administration of its financial affairs.

The Accounts and Audit Regulations 2015 – Regulation 4 requires that the accounting records and control systems include measures to ensure that risk is appropriately managed.

The requirements of the prudential Code must also be complied with (a separate report on prudential Indicators is included elsewhere in this suite of service and financial planning reports).

In addition the CIPFA guidance on Local Authority Reserves and Balances requires that a statement reporting on the annual review of earmarked reserves should be made to Council, at the same time as the budget. The statement should list the various earmarked reserves, the purpose for which they are held and provide advice on the appropriate levels. It should also show the estimated opening balances for the year, planned

additions/withdrawals and the estimated closing balance. This is included as Appendix 9 of this report.

ROBUSTNESS OF ESTIMATES

Overview

Since 2010 the Council has faced unprecedented cuts in Government grant and over the past 8 years has made £96m of ongoing savings to manage within its reducing resources. The Government will continue to cut public spending as it aims to meet its target of eliminating the national budget deficit and while some part of the sector, such as health and defence, are protected further cuts will inevitably fall on local authorities as clearly set out in the Comprehensive spending Review announcement in November 2015.

The projected budget gap over the next three years for the Council is over £20m which will be met through a package of savings measures. It is now inevitable that some of the cuts will have significant impacts on local people and the Council is committed to consultation and is keen to work with partner organisations to identify alternative options for service delivery. In parallel the Council is committed to investing in Telford's future.

The Council has specifically prioritised Early Help & Support and Children's Safeguarding. After implementing the Government's new 2% "social care precept" the budget for Early Help & Support will increase by £2.1m next year; and Children's Safeguarding will increase by £5m to reflect the pressures being experienced by these services. This is not to say that changes are not required in these services and longer-term savings are required which will be achieved from new operating models.

The Council's medium term service and financial strategy has 4 core elements which will take the organisation forward and deliver budget savings:

- Focusing on solving problems and promoting social responsibility and action to manage and reduce demand for services,
- Challenging and changing, reviewing and reimagining the way we do things,
- Reducing our dependency on Government grants,
- Being a modern organisation with modern practices and where we always get the basics right.

These themes are expanded upon in the "Being The Change" report issued by the Managing Director in December 2015 which also implemented a new Senior Management Team structure to drive the organisation forward. These themes are set out in more detail in the Council's Efficiency Strategy that was approved by Full Council on 3 March 2016 and duly endorsed by Government.

Despite the financial challenges being faced, the Council has a clear goal to attract new jobs and investment and promote growth in the borough. Growth

will deliver increased numbers of houses and businesses in the borough which will result in additional council tax, new homes bonus (although the New Homes Bonus system is changing in 2017/18 it is still an important income stream) and business rates and whilst some additional costs will arise from a larger population, the net additional income generated will contribute towards helping to reduce the level of cuts needed.

2017/18 is the fifth year in which local government funding is provided through the Business Rates Retention Scheme. Under this system, authorities retain 50% (49% for Telford & Wrekin Council and 1% for the Combined Fire Authority) of locally collected business rates and 50% of any growth in business rates. This brings opportunities, in terms of the council directly benefiting from business rate growth, but also increased risk, in terms of lost income if businesses close or move out of the area or claim significant empty property reliefs. Ensuring business rates income is maximised is a key priority for the Council which is being closely monitored. The announcement to move to 100% business rates retention by 2020 is in principle welcomed however we await further technical consultation for more details to fully understand the implications for us. Final information relating to the outcome of the 2017 Revaluation, to be implemented in April 2017, is also outstanding and in particular the impact on levels of appeals could also have implications for the Council.

The financial outlook is clearly challenging and there is an ongoing programme of targeted service reviews and restructuring underway.

Overall therefore, given the continued delivery of savings which now total over £96m, the long-term service redesign, particularly in relation to Early Help & Support and Children's services, the commercial approach being adopted, and the investment being made in the borough, it is considered that the Council is pursuing a sound financial strategy in the context of the most prolonged and challenging financial position it has ever faced due to the combined effect of Government grant cuts and increased service pressures.

The 2017/18 Service & Financial Planning Strategy has been informed by:

1. Impact Assessments and Risk Management

We are continuing to develop and deliver savings; with the high level of grant cuts some impact on service delivery is inevitable. A commitment has been given to protect delivery of the most essential services for vulnerable children and adults.

As the Council has already approved a two year budget strategy and the majority of savings proposals for 2017/18 were subject to consultation and impact assessments as part of the 2016/17 budget process there will be a new approach taken in 2017/18: it is proposed that over the next 18 months the Council will engage with a range of

partners and service users who could assist in developing alternative service solutions in those areas that have potential to impact upon our residents.

Both environmental and economic impact assessments have been undertaken for the additional savings put forward for 2007/08. Overall, on balance the environmental assessment is positive. Some proposals are likely to have an economic impact as spending by the council is reduced.

It seems inevitable that the level of financial risk will increase both to individual services and the operation of the council as a whole and this will be common to local authorities across the country and exacerbated by the move to 100% local retention of business rates. Cumulative risk attached to adopting an increasingly commercial approach will also need to be kept under review and key commercial decisions will continue to be subject to development of business cases and Cabinet approval

A differential approach to savings targets has been taken by Cabinet Members and Directors within their service areas, rather than an across the board percentage reduction, to recognise the relative demands, risks, opportunities and challenges faced by different Council services.

We have set aside a revenue contingency of £2.776m next year; in addition a further £2.5m one off budget facility has also been set aside specifically for Early Help & Support. Additional funding is being made available to increase the budget for Early Help & Support by £2.1m next year and for children's safeguarding by £5.0m.

Individual service areas have continually managed and monitored key risks relating to their service areas to ensure they are providing the best service they can when faced with reduced resources and ongoing reviews. The senior management team monitors service performance and seeks to manage and mitigate significant potential exposures to risks where possible.

2. The Financial Management Process

Financial monitoring provides a regular financial health-check throughout the year and also provides information which feeds into the budget strategy. Financial monitoring follows a risk-based approach with high-value, volatile areas being monitored more closely than low-value, less volatile areas. Regular financial management reports are presented to Senior Management Team and Cabinet during the year which highlight any significant variances and therefore areas of risk. Progress on the delivery of savings will be monitored through this route flagging both 'in year' and future year financial strategy impacts. The reports also monitor the budget contingency and performance against council tax, business rates and sales ledger income collection targets.

The Senior Management team also regularly consider significant debts outstanding to the Council and agree actions to obtain payment as quickly as possible.

3. The Budget Setting Process

The overall medium term financial planning position of the Council is controlled through a model which is updated during the year as new information becomes available - including current year trends identified through monitoring. At a more detailed level finance officers meet with budget holders and review all budgets on an annual basis on top of the usual monitoring work. Budgets are cash limited. Areas of unavoidable growth and pressures have been identified and scrutinised as part of the budget process along with the deliverability of the savings package which forms an integral part of the overall strategy.

The budget setting process links to both the budget monitoring process, performance monitoring and risk management, discussed above, together with other issues such as meeting new legislative requirements and statutory obligations.

2017/18 Budget Assumptions and Considerations:

Given the difficult financial position the Council faces, a tight line has been taken on planning assumptions for next year but this is mitigated by the inclusion of the general revenue contingency of £2.8m and one-off funding of £2.5m for Early Help & Support. A risk assessed review of reserves and balances has been undertaken which identifies uncommitted balances of £15.8m prior to any remaining underspend at year end. After taking into account the proposed commitments in this report £9.7m will be set aside as a further one-off contingency.

<u>Inflation</u>	
Pay Award	1% has been included for pay awards for 2017/18 and 1.5% for 2018/19 and 2019/20, including teachers pay. If the estimates are inaccurate the actual level of pay award will be allocated to service budgets and any adjustment made to the budget model which will either increase or reduce the savings requirement.
Apprentice Levy	An allowance of 0.5% of the pay bill has been included to meet the cost of the Apprentice Levy wef 1 April 2017. Schools will pick up the cost of their element of the levy.
Employer's Pension Contribution	As anticipated, the triennial evaluation of the pension fund at 31 March 2016 identified a pension fund deficit. Discussions and negotiations with Pension Fund Officers are underway. Despite the pension fund overall funding position having moved from being 76% funded to 84% funded we anticipate an increase in the employers rate wef 1 April 2017, following the triennial revaluation and £2m growth has been included

<p>Employer's National Insurance Contribution</p> <p>Non-Pay budgets</p> <p>Contingencies</p>	<p>in the 17/18 budget to accommodate this cost . Employer's teachers pension contributions increased in September 2015 from 14.1% to 16.5%, and so the full year impact of this will be felt in financial year 2016/17</p> <p>Nil increase.</p> <p>A provision for known contractually committed inflation has been included. No other allowance for non-pay inflation has been made as budgets are cash limited. If inflation continues to rise this will place pressure on service budgets and the position will be kept under review through regular financial monitoring.</p> <p>There is a general contingency of £2.776m plus a further one off budget of £2.5m specifically for Early Help & Support. Following a robust review of reserves and balances it has also been possible to create a one-off contingency of £9.7m to support the budget.</p>
<p>Service Pressures</p>	<p>The difficult economic situation has an impact on the community and results in an increase in demand for council services.</p> <p>The key service pressures identified for the medium term relate to Early Help & Support and Children's Safeguarding.</p> <p>Children's Safeguarding– there are currently 390 Children in Care (at 31.12.16) and financial monitoring shows a projected overspend of £4.1m in the current year. Safeguarding children from harm and neglect is one of the Council's top priorities and the 2017/18 budget includes new revenue investment of £4.5m in this area A further £0.5m invest to save funds is also being allocated in 2017/18. A cost improvement plan is in place to address areas of pressure to ensure that costs are contained within the increased base budget as far as possible. The position will be continually monitored and reviewed again as part of the 2018/19 service and financial planning process.</p> <p>Early Help & Support – the Council has consistently prioritised the protection of vulnerable people and the level of cuts made to the Adult Social Services budgets has been significantly less than other services. The Council will continue to use the Government's "Social Care Precept" of 2% on council tax bills which will generate £1.1m to be re-invested into Social Care to meet cost pressures in 2017/18.</p>

	<p>In total, the 2017/18 Adult Social Services budget will be increased by £2.1m (which includes the one-off £0.8m Adult Social Care Support Grant allocated by Government). While we are committed to meeting the assessed needs of vulnerable adults changes will be needed to the way services are provided to deliver savings in future years.</p> <p>One-off funds of £2.5m have been ring-fenced for Early Help & Support in recognition of the pressures being faced.</p>
<p>Central Government Funding / Local Government Resources Review</p>	<p>The Business Rates Retention Scheme replaced the current system for funding Local Government in April 2013. This allows local authorities to retain 50% of locally collected business rates and going forward 50% of any growth in business rates (49% for Telford & Wrekin Council and 1% for the Combined Fire Authority). There are opportunities in relation to business rates growth but also risks in terms of reduction in business rate income. The amount included for business rates in 17/18 has been based on local information, which we consider to be more realistic than the national estimate used by the Government in their settlement figures and will need to be closely monitored throughout the year.</p> <p>The level of business rates appeals is of particular concern, with £149m rateable value from the 2010 Valuation lists currently under appeal. The Council has made prudent provision to meet the cost of successful appeals. However the level of future appeals is difficult to predict due to likelihood of higher volumes of appeals following the 2017 revaluation and the new Check, Challenge & Appeals process.</p> <p>Latest information relating to the 2017 business rates revaluation has been used to determine the amount of retained business rates included in the budget. The valuation list will be continually updated which clearly creates uncertainty. Again, the Council has been prudent in allowing provision for business rates fluctuations and the proposed budget includes the creation of a £1.25m Business Rates Equalisation account to help smooth the benefit from business rates between years.</p>
<p>Council Tax</p>	<p>The Council will increase council tax by the 2% "Social Care Precept" and by an additional 1.2% (3.2% in total) in 2017/18.</p> <p>Confirmation of the referendum limit thresholds for 2017/18 was received in late December and there is no risk of the planned council tax increase being above the threshold set and the council therefore incurring additional costs of holding</p>

	a referendum and potential re-billing costs.
Council Tax Support	Telford & Wrekin's Local Council Tax Support (CTS) Scheme was approved by Council in January 2017 which increased the global percentage reduction in CTS paid to non-vulnerable, working age claimants from 21% to 25%. A council tax hardship fund of £0.030m is available to award discretionary discounts in cases of extreme financial hardship. Council tax support is paid as a council tax discount and there is a greater financial risk than under the Council Tax Benefit System as claimants classed as "non-vulnerable" who previously received 100% benefit will now have some council tax to pay. Since CTS was implemented in April 2013 claimant numbers have reduced, reflecting the improving economy and collection rates have remained strong.
Interest Rates	<p>Base rates were reduced from 0.5% to 0.25% in August 2016; the next move will depend on how the economy responds to the uncertainties of Brexit and the extent to which the Bank of England will be tolerant of excessive inflation levels. The Bank of England's Quantitative Easing programme increased to £435bn. Our investment and borrowing strategies for 2017/18 are set within this context.</p> <p>The assumptions for new borrowing are 3.0% in 2017/18 and 3.5% in subsequent years. A flexible approach to borrowing will be taken, in consultation with our treasury advisors, consideration will be given to affordability, maturity profile of existing debt, interest rates and refinancing risks as well as borrowing source. Maximum investment levels with counterparties are set to ensure prudent diversification and following strict investment criteria. Full details are included in the Treasury Management Strategy report included in this suite of service and financial planning reports. One of the primary objectives is to reduce the Council's exposure to risk while at the same time maximising returns. In the current interest rate environment and with considerable uncertainty on the financial robustness of counterparties, it is more advantageous to reduce investment levels and therefore reduce borrowing requirements. The investment portfolio is monitored on a regular basis and advice is received from independent professional treasury advisors.</p>
Treasury Management	The Treasury Strategy for 2017/18 follows the requirements of the CIPFA Treasury Management Code of Practice and clearly identifies the various exposures to risk and strategies in place to minimise this. The Audit Committee has a role to review and monitor the Council's treasury management arrangements which includes policies, procedures and the

	<p>management of risk. The 2017/18 Treasury Strategy was presented to Audit Committee on the 31 January for their consideration and comments and was supported by them. The Committee will monitor progress during the year.</p>
<p>Dedicated Schools Grant (DSG)</p>	<p>The figure allocated by the DfE in December 2016 for 2017/18 Dedicated Schools Grant was £137.98m (including academies). However the Early Years element of DSG will be adjusted for actual numbers of early years pupils in January 2017 and January 2018 and so will be finalised retrospectively in Summer 2018. Compared to Local Authority funding, school funding is comparatively protected from central government funding cuts. The schools block element is at the same cash level per pupil as in 2016/17, the cash amount for the high needs block has modestly increased (although not by enough to keep pace with demand) whilst the early years element of the grant has increased in response to cost pressures on early years provider and the extension to 30 hours free provision for working families from September 2017.</p>
<p>Education Services grant (ESG)</p>	<p>The Government are to remove ESG during 2017/18. Telford & Wrekin Council received £2m ESG in 2016/17. In 2017/18, the total available funding (including transitional grant, retained amounts agreed by the Schools Forum and a new school improvement grant allocated by the Government) will be £1.5m. An element of the transitional grant will be recouped if any school converts to academy status between April and August 2017.</p>
<p>Estimates on the level and timing of capital receipts</p>	<p>The revenue budget and capital programme assume around £48.2m anticipated future capital receipts over the medium term planning period. Any shortfall or delays in generating expected receipts or in the amounts generated will need to be taken into account in future service and financial strategies. This could require scaling the capital programme back, re-phasing schemes or entering in to additional prudential borrowing which would necessitate further cuts to services. Delivery of projected receipts is monitored on a monthly basis as part of overall financial monitoring and reported to Cabinet quarterly.</p> <p>The Government have offered some flexibility on the use of capital receipts generated for a 3 year period from April 2016. New receipts generated during this period may be used to fund the revenue costs of service reform projects. The Government recognise that in doing so revenue balances would be preserved but debt levels would be increased. The budget assumes use of this flexibility up to £4m in both 2017/18 and 2018/19.</p>

<p>Minimum Revenue Provision (MRP)</p>	<p>The policy in relation to MRP is set out in the Treasury Management Strategy Report. The rules around the calculation of the cost of borrowing that must be charged to the revenue account – the minimum revenue provision (MRP) - have been prudently applied in setting the 2017/18 budget strategy.</p> <p>The MRP policy is broadly in line with the previous year however it has been extended to include the investment properties where there will be a lower MRP charged for 2017/18 onwards to reflect the type of asset i.e. it will appreciate in value and provide a return.</p> <p>The MRP methodology adopted increases borrowing in the medium term as less MRP is set aside however by the end of the life of the asset the impact on borrowing is nil. KPMG, the Council’s external auditors, are comfortable with this approach.</p> <p>Full details of the MRP approach is included in the Treasury Strategy report (also on this agenda).</p>
<p>Prudential Borrowing / Prudential Indicators</p>	<p>The use of prudential borrowing is in line with the capital programmes approved by full Council. Prudential Indicators are approved as part of the budget strategy (see separate report on this agenda) and are monitored and reviewed on a regular basis.</p>
<p>Single Status</p>	<p>The Single Status process is in progress with planned implementation during 2018/19. An annual provision equal to 4% of the relevant pay bill has been set aside in the accounts for the 4 years 2007/08 to 2010/11. It is now considered that there is adequate funding in the provision and no further contribution will be made and potentially if a locally designed scheme is implemented some of the funding set aside may be available to be released. The additional ongoing budget is included in the budget strategy from 2018/19 totalling £1.37m; after meeting the expected cost of the Government’s new national “living”/minimum wage £0.9m will remain to meet further costs arising from implementation.</p> <p>There is possible exposure to liabilities from back pay and equal pay claims which along with any other one-off costs (such as a potential period of pay protection for employees who see their pay reduced) could be met from the one-off provision.</p>
<p>Savings</p>	<p>The Council has an excellent track record of delivering</p>

	<p>savings in accordance with agreed plans. Over the past 8 years savings totalling over £96m have been delivered. There is a schedule of additional 2017/18 savings proposals included in the strategy at Appendix 1 which will deliver savings over the medium term planning period. Total savings are expected to reach well in excess of £110m by 2018/19. There is a capital receipts flexibility to meet severance costs. In order to support the delivery of ongoing savings £1.5m has been added to the Invest to Save/Capacity Fund following a robust review of reserves and balances.</p>
<p>Financial Risks inherent in any new funding partnerships, major outsourcing deals or major capital developments</p>	<p>There are a number of major capital projects that have been identified which require careful project management and monitoring during 2017/18 and beyond to ensure commitments are matched by funding actually achieved, particularly the reliance on capital receipts and future government funding levels for the council and its public sector partners. These include the Housing Investment Programme and Building Schools for the Future programme.</p>
<p>The availability of other funds to deal with major calls on contingencies</p>	<p>General reserves or other funds may have to be used temporarily and restored if revenue contingencies, management and policy action is insufficient to deal with a major issue. The Council has evaluated the risks it faces against available balances as outlined earlier in this appendix and concluded that around £15.8m is available to use in the overall budget strategy. After a number of commitments proposed in this report to support the Administration's medium term strategy a contingency balance of £9.7m will remain. Current projections for 2016/17 indicate that over £3m will be available to increase useable balances by at year end. In addition the Council could review capitalisation of expenditure charged to revenue and seek to make maximum use of the new flexibility on the use of capital receipts offered by the Government.</p>
<p>The overall financial standing of the authority (level of borrowing, debt outstanding, collection of council tax etc.</p>	<p>The Council's approach to sustaining its overall sound financial position is covered in a number of sections of this Appendix. The overall projected net indebtedness position at 31 December 2016 was £179.5m; net additional prudential borrowing anticipated in 17/18 is £39.8m, although a significant element of this relates to the Housing Investment Programme and PIP investments which will generate a commercial return greater than the cost of associated debt charges. The total reliance on capital receipts in the medium term strategy is £48.2m in line with profiled disposals (additional information is provided in both the Capital Programme and Treasury Management Strategy Reports). The Council budgets prudently for its level of borrowing,</p>

	<p>avoiding external borrowing where cash flow permits and running down investment exposure while rates available for new investments are very low.</p> <p>The assumed council tax collection rate for 2017/18 onwards is 99% which has been increased from 98.75% as high collection rates have been sustained since the introduction of Local Council Tax Support. For each 1% not collected the cost is approximately £0.594m in lost income to the Council. Legislation requires that any collection fund deficit is corrected through Council Tax in the next year. In recent years collection has outperformed projections allowing use of a council tax surplus as part of next year's strategy.</p> <p>Cumulative collection rates to date for recent years are</p> <table data-bbox="798 779 1085 1041"> <tr><td>2011/12</td><td>99.59%</td></tr> <tr><td>2012/13</td><td>99.42%</td></tr> <tr><td>2013/14</td><td>99.21%</td></tr> <tr><td>2014/15</td><td>98.89%</td></tr> <tr><td>2015/16</td><td>98.38%</td></tr> <tr><td>2016/17*</td><td>65.48%</td></tr> </table> <p>*part year only</p> <p>Final recovery rates for all years are projected to be over 99%.</p> <p>Close monitoring of the impact of CTS on collection rates will continue during 2017/18.</p>	2011/12	99.59%	2012/13	99.42%	2013/14	99.21%	2014/15	98.89%	2015/16	98.38%	2016/17*	65.48%
2011/12	99.59%												
2012/13	99.42%												
2013/14	99.21%												
2014/15	98.89%												
2015/16	98.38%												
2016/17*	65.48%												
<p>The authority's track record in budget and financial management</p>	<p>The Council continues to demonstrate extremely strong financial management with outturn being very close to the net budget set and no overspends during the previous 9 years:</p> <ul data-bbox="587 1451 1268 1787" style="list-style-type: none"> • 2007/08 – underspent by £0.300m (0.27% of budget) • 2008/09 - underspent by £0.366m (0.31% of budget) • 2009/10 – underspent by £0.332m (0.27% of budget) • 2010/11 – underspent by £0.083m (0.07% of budget) • 2011/12 – underspent by £1.843m (1.42% of budget) • 2012/13 – underspent by £0.055m (0.04% of budget) • 2013/14 – underspent by £0.099m (0.07% of budget) • 2014/15 – underspent by £1.145m (0.89% of budget) • 2015/16 – underspent by £0.121m (0.10% of budget) <p>This demonstrates an outstanding track record of continuous strong financial management, despite considerable pressure on service budgets, notably Early Help & Support and Children's Safeguarding and an unprecedented protracted period of significant cuts to Government funding.</p>												

<p>Virement and Contingencies</p>	<p>Virement is an important feature of budgetary control. It provides flexibility to adapt expenditure patterns to meet changing needs and objectives, consistent with Council policy.</p> <p>No Assistant Director or Service Delivery Manger should plan to overspend. All expenditure should be consistent with approved service priorities and the overall approved budget.</p>
<p>The adequacy of the authority's insurance arrangements to cover major unforeseen risks</p>	<p>The Council's insurance arrangements are a balance between external insurance premiums and internal funds to "self insure". The Council use the services of an external insurance advisor to provide additional expertise in managing insurance arrangements.</p> <p>The Council has a strategic risk register which is used to identify the substantive issues which may impact negatively on the delivery of the Council's priorities and may also have a financial impact. This is regularly reviewed by Senior Management Team and Service Areas to manage risks and mitigate potential exposures.</p>

These assumptions are reviewed on an annual basis.

Reserves & Balances Policy

Introduction

Guidance on local authority reserves and balances is available from the Chartered Institute of Public Finance & Accountancy (CIPFA). This represents good financial management and underpins the framework followed by Telford and Wrekin Council in this policy.

Types of Reserves and Balances

As part of the Service & Financial Planning process, the Council will consider the establishment and maintenance of reserves and balances.

Reserves and balances can be held for a number of purposes. Some reserves and balances are essential for the prudent management of the Council's financial affairs. These will provide a working balance to cushion the impact of uneven cash flows; a contingency for the impact of unexpected events or emergencies and allow the creation of earmarked reserves to meet known liabilities. The consequences of not keeping a minimum level of reserves can be serious and is therefore one of the considerations taken into account when setting the medium term financial plan.

When establishing reserves, the Council will ensure compliance with the Code of Practice on Local Authority Accounting in the United Kingdom.

Some of the most commonly established earmarked reserves are:

- Sums set aside for major schemes, such as capital developments
- Insurance reserves – to provide for an element of self-insurance
- Service Balances – to permit under spends to be carried forward for future commitments
- School Balances – unspent balances of budgets delegated to individual schools

Level of Reserves and Balances

The minimum prudent level of reserves that the Council should maintain is a matter of judgement. It is the Council's safety net for unforeseen circumstances and must last the lifetime of the Council unless contributions are made from future year's revenue budgets. CIPFA guidance does not set a statutory minimum level so it is up to the Council itself, taking into account all the relevant local circumstances, to make a professional judgement on what the appropriate level of reserves and balances should be. Telford & Wrekin Council adopts a risk based approach to determine the appropriate level of reserves and balances to sustain and that which can be released to support the medium term financial plans.

Reserves and balances are only maintained in accordance with the risk assessment undertaken and are used in a planned way. Therefore the

opportunity cost of maintaining the determined levels is kept to a minimum while interest is earned on the retained amount.

Process

Each reserve and balance will have a clear purpose showing how and when it can be used together with a process for review to ensure continuing relevance and adequacy.

An annual review of reserves and balances will be undertaken as part of the budget process each year and a schedule presenting the estimated opening balances for the forthcoming year, planned additions to/withdrawals from and the estimated closing balances will be presented in the budget report. The schedule will also show the purpose of each reserve and a comment on the appropriateness of the value held.

Consideration is given to the key financial risks and mitigation available to determine the resources available over the medium term to support the Council's budget.

This process will be repeated each year to ensure the ongoing adequacy of the Council's reserves and balances.

Responsibilities and Reporting Mechanism

The Chief Financial Officer has a duty to local tax payers, and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.

The level and usage of reserves will be formally approved by Council, as part of the budget strategy, informed by the Chief Financial Officer's judgement and expertise.

The budget report to Council will include a statement showing the estimated opening balances for the year ahead (including general fund and earmarked funds), any projected additions to/withdrawals and an estimated end of year balance. This will be accompanied by a statement from the Chief Financial Officer on the adequacy of the general reserves and provisions for the forthcoming year and the authority's medium term financial strategy.

Finance & Enterprise Scrutiny Committee

Response to the Service & Financial Planning 2017/18-2018/19

The Finance & Enterprise Scrutiny Committee is a politically balanced committee of eight non-Executive elected members and two co-opted members. The Committee is the main mechanism by which Cabinet consults annually with scrutiny on the budget proposals.

The Committee held four meetings between 12 January and 1 February 2017 to scrutinise the Service & Financial Planning 2017/18-2018/19 strategy agreed by Cabinet for consultation on 5 January 2017 and the alternative budget proposals put forward by the main opposition group. The Committee has made a separate response to the alternative budget proposals.

In March 2016 the Council had agreed a medium-term budget strategy with savings to be delivered over 2016/17-2017/18. The Finance & Enterprise Scrutiny Committee had scrutinised the savings proposals as part of the consultation in January 2016 and put forward a detailed response to Cabinet. This year, as there were fewer new savings proposals, the Committee decided to focus attention on the adult care budget and the options for setting the adult social care precept as the main proposal in the budget for consultation with local residents. The timing of the publication of the budget proposals meant the scrutiny process started later than usual with one fewer meeting so time was prioritised for this issue.

The Committee would like to thank the Cabinet Members and officers who attended meetings to provide information, answer questions and assist the committee in its deliberations:

Cllr. Lee Carter, Cabinet Member for Council Finance, Partnerships & Commercial Services
Cllr. Arnold England, Cabinet Member for Adult Social Care & Older People
Ken Clarke, Assistant Director Finance & Human Resources
Clive Jones, Director Children & Adult Services
Jonathan Eatough, Assistant Director Governance, Procurement & Commissioning
Debbie Lloyd, Interim Assistant Director Early Help & Support
Tracey Smart, Finance Manager Schools and Care Services

Written responses were also provided to a number of questions and the committee would like to thank officers involved in providing information to the committee often at short notice.

The Committee has agreed the following response for Cabinet to consider. Cllr Burrell declared an interest in the adult care budget and did not take part in any discussion on the adult care budget, or the Adult Social Care precept, or the formulation of any comments on the adult care budget or the precept.

Adult Social Care Precept

The budget proposals set out two options for implementing the Adult Social Care precept - either to apply a 3% increase in Council Tax for two years in 2017/18 and 2018/19; or to apply a 2% increase for three years from 2017/18 to 2019/20.

The committee dedicated one meeting to considering the adult care budget and the implications for the service of accelerating the implementation of the Adult Social Care precept, looking at how the additional one-off funding (if the precept were applied at 3% for 2 years) would be used and how the drop in funding in the third year (2019/20) would be

managed. Members were provided with details of the new delivery model being introduced in adult care, and some of the innovative approaches, designed to deliver better outcomes for people and to bring the service back into budget. It was acknowledged that there were risks and challenges with the new model and that the early funding could help to smooth in the changes and accelerate the delivery of savings.

The committee weighed the arguments for each option for the precept carefully and acknowledged that it was a difficult decision which needed to balance the funding needs of adult care services against any additional burden placed on Council Tax payers.

Members welcomed the additional investments proposed for Early Help and Support services and were in full support of the commitment to protect and support vulnerable adults as far as possible. The further grant reductions for adult care in the order of £15m over 3 years at a time of increasing demand were recognised and that the precept would not go near to making up the shortfall. The committee clearly recognised that an early one-off benefit of £1.77m would be a significant sum of money for the service.

The committee acknowledged that the decision about the precept would depend on the views of the public. An analysis of feedback from the public was not available at the time of the meeting as the consultation was still open.

However, the unanimous view was that on balance the Council should not accelerate the implementation of the Adult Social Care precept and the committee **recommend that the precept should be implemented at a rate of 2% a year for three years (2017/18-2019/20)** for the following reasons:

- Members were concerned by the risks around the pace of delivering savings and felt that collecting the precept over a longer period would give greater certainty and stability to service planning and budget management over a longer term. There was a concern about how the drop in funding in the third year (2019/20) would be managed if the precept was collected over two years and savings were delivered more slowly than expected.
- The committee was concerned about the affordability for some residents of increasing Council Tax bills by 4.2%. The difference in pence per week between a 3.2% and 4.2% increase in Council Tax may seem small amounts but would matter to struggling households already under pressure. It was also noted at a previous meeting that there was a need to be mindful of the potential impact of a steeper increase in Council Tax on collection rates.
- The Council Tax base would be higher by 2019/20 as a result of new development allowing the precept to be levied from more households if applied over three years.

It was acknowledged that the Health & Adult Care Scrutiny Committee would continue to monitor the adult care budget and the delivery of savings and would pick up other points raised by the Finance & Enterprise Scrutiny Committee around the cost of care packages and the risk register.

Other issues

While the main issue for the committee was the adult social care precept, a number of other comments were made, noting that there were differences of opinion on some points:

- Members were provided with details of the net income generated by the Solar Farm (£0.2m in 2016/17) and NuPlace (estimated £0.62m in 2017/18). Some members welcomed the income as essential to help sustain front line services which may otherwise be cut and supported the proposed additional investment in NuPlace to generate further income and continue to add to the stock of good quality rented accommodation in the borough. However some members were concerned about adding to the risks and impact on the revenue budget associated with higher levels of borrowing, and investing in the property market, when there was uncertainty about interest rates and potential downturns in the property market, although a member commented that the auditor had been asked by the Audit Committee about risk with the current level of existing or proposed debt and no concerns had been raised.
- It was agreed that there were many worthy projects in the borough worthy of support but the Council could not afford to fund everything it may wish. However, it was suggested that Cabinet should consider funding for the Street Pastors and ensure they are aware of funding allocated to support volunteer groups.
- There were some concerns about the continued allocation of Local Council Tax Support grant to Town and Parish Councils and the differential between parishes. It was noted that the grant forms part of RSG which is allocated nationally and the amount available is reducing year on year so the Council has to reduce what is passed on to town and parish councils.
- There was a view that the proposal to increase the price of school meals amounting to a 4% increase would hit hardworking families also faced with an increase in Council Tax, and suggested that the increase should be absorbed by the increase in Council Tax or phased in over a longer period in line with inflation. However, it was pointed out that the price of school meals had not increased for three years and that the increase was to cover costs as the service could not run at a loss. It was also pointed out that lower income families could be entitled to free school meals.

Report prepared by Stephanie Jones, Scrutiny Officer, telephone 01952 383114

Task	Who
<p>Corporate Communications to include:</p> <ul style="list-style-type: none"> • Budget pages on the Council’s website (www.telford.gov.uk/budget) • Youtube video on the Council’s budget • Two news releases • Social media posts (on Facebook and Twitter) • Email (using Gov Delivery) • Staff news (for internal communications) 	<p>Corporate Communications Team</p>
<p>Consultation events including:</p>	
<p>Parish Forum – Presentation and discussion</p>	<p>Cllr Lee Carter, Jonathan Rowe, Ken Clarke and members of the Community Participation Team</p>
<p>Young People’s Forum – Presentation and Workshop</p>	<p>Cllr Paul Watling, Cllr Gilly Reynolds and members of the Community Participation Team</p>
<p>Local Strategic Partnership – Budget Discussion</p>	<p>Richard Partington</p>
<p>Voluntary Sector Chief Officer Group – Presentation and discussion</p>	<p>Cllr Lee Carter, Ken Clarke and members of the Community Participation Team</p>

Senior Citizens Forum – Presentation, discussion and workshop	Cllr Lee Carter, Cllr Arnold England, Clive Jones, Jonathan Rowe, Ken Clarke, Laura Thorogood and members of the Community Participation Team
Business Board – Presentation and discussion	Cllr Lee Carter, Jonathan Rowe, Clive Jones, Katherine Kynaston and members of the Community Participation Team
Trade Unions – Presentation and discussion	Cllr Lee Carter and Ken Clarke
Schools Forum – Presentation and discussion	Ken Clarke
<p>Consultation survey:</p> <ul style="list-style-type: none"> • Online – at www.telford.gov.uk/budget • Hard copies have also been made available in First Point reception areas and distributed at Forum meetings 	Community Participation Team and the Research and Intelligence Team

Appendix 14 - Results of Budget Communication and Engagement 6 January to 5 February 2017

Budget Consultation Survey

There were a total of 801 responses to the survey.

The majority of responses (54%) were received from the open online survey on the Council website. 45% of responses came from members of the Community Panel with 2% of responses received from other sources including forums.

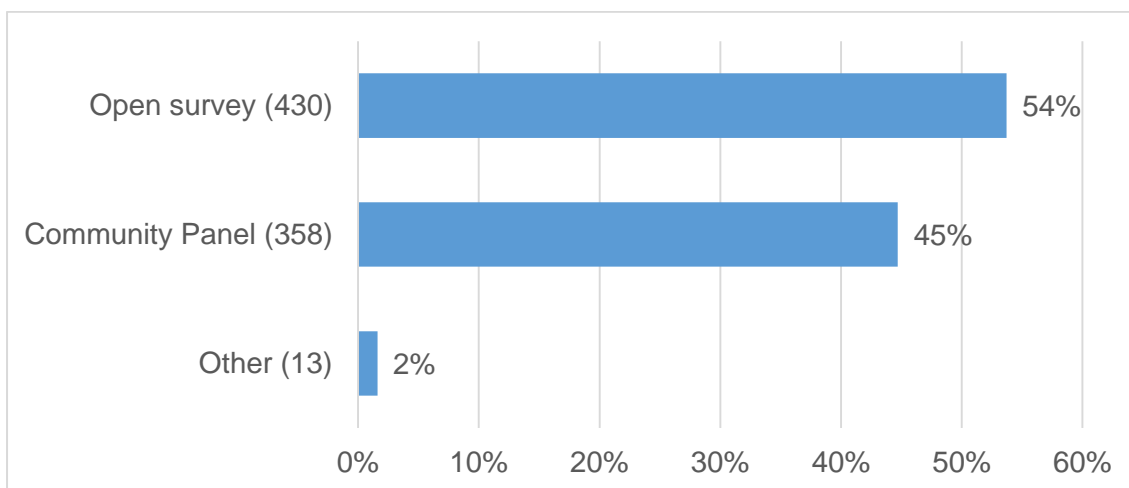


Figure 1: Budget Consultation Survey responses by source

Financial Strategy

A total of 316 survey respondents commented on the Council's budget plans.

38% of those comments were in support of the Council's plans, with 54% making general comments about the Council's priorities.

4% of respondents made comments indicating that they did not support the Council's plans, whilst in 3% of comments the position of the respondent regarding the budget plans was unclear.

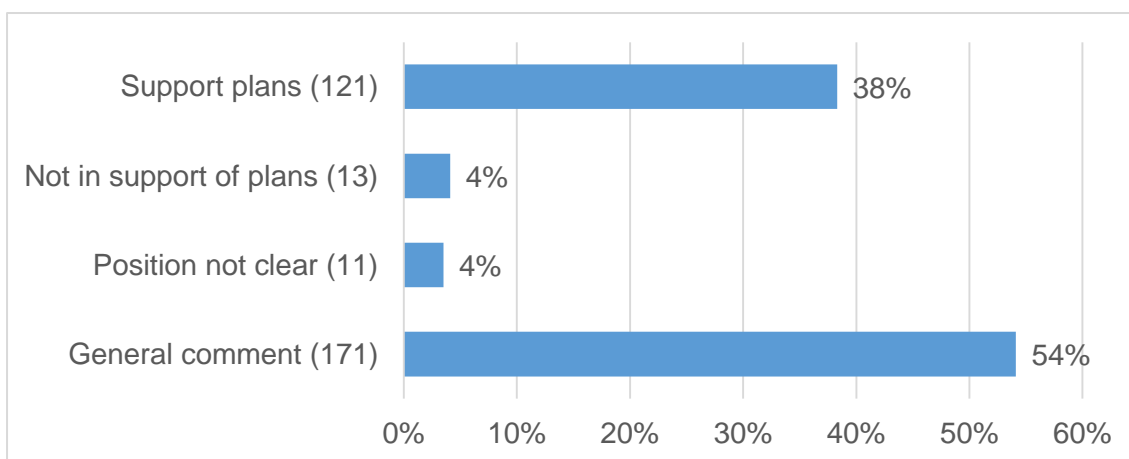


Figure 2: Position on budget plans

Appendix 14 - Results of Budget Communication and Engagement 6 January to 5 February 2017

Comments

There were a number of themes emerging from the free text comments.

Of the 197 comments containing specific details on the budget plans, 22% related to the increase in the amount of Council Tax.

One in five comments referenced the amount of road works and level of highways development in the borough.

11% of comments made reference to the cuts in Government funding with the same proportion indicating that they felt further efficiencies should still be made within the Council.

11% of comments highlighted a need to prioritise social care with 10% referring to the importance of protecting vulnerable children and adults.

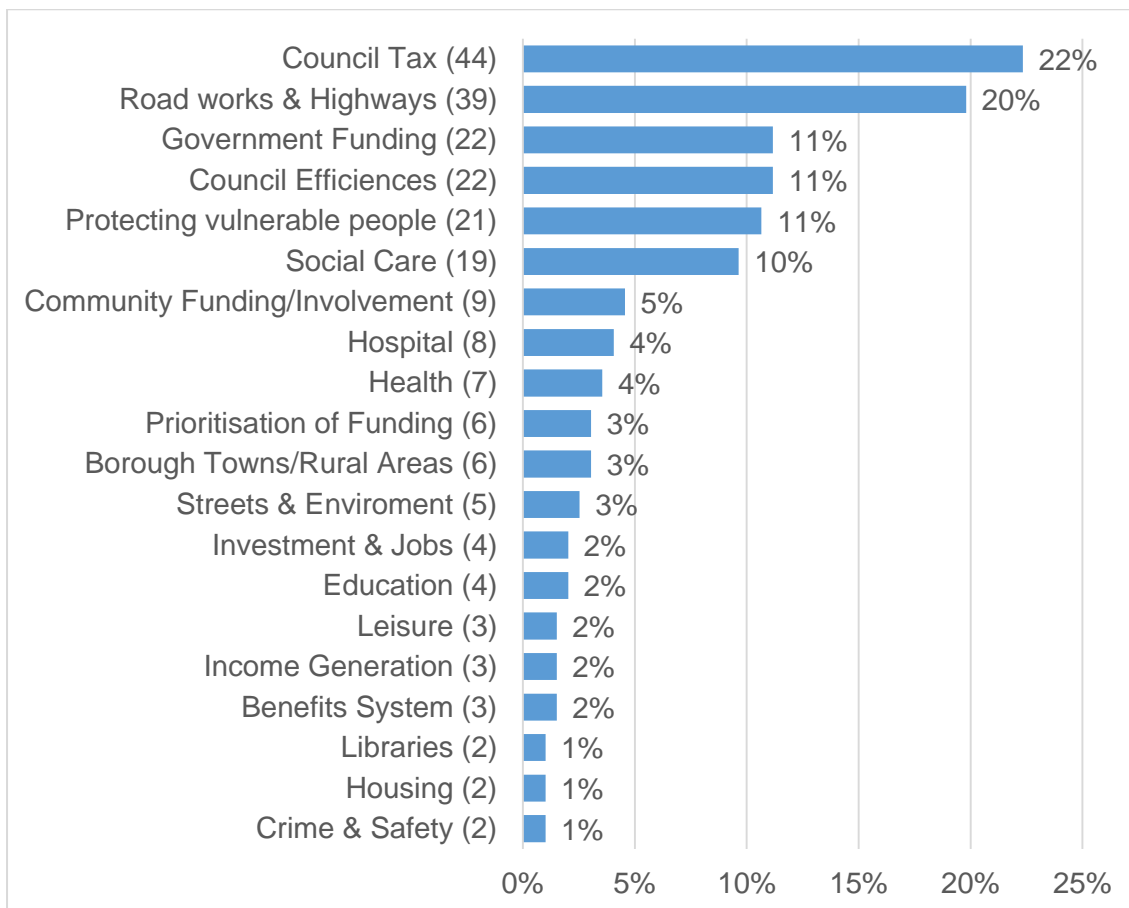


Figure 3: Comments on budget plans by theme

Appendix 14 - Results of Budget Communication and Engagement 6 January to 5 February 2017

Council Tax Options

775 respondents expressed a preference for either Option A or Option B on the question of the Council Tax increase.

The majority of respondents (58%) indicated that they were in favour of Option B - applying a total planned increase of 3.2% per year until 2019/20.

42% indicated a preference for Option A - a 4.2% increase for the next two years followed by a 1.2% increase in 2019/20.



Figure 4: Council Tax Options

Digital Engagement and Social Media

Website and Email

During the first phase of consultation between 6 January and 5 February there were 2972 views of the Budget web pages and 427 views of the Budget related Newsroom content.

A total of 43,220 Budget related News For You emails were sent of which 13,137 (30%) were opened.

There were 492 views of the YouTube budget video.

Facebook and Twitter

Budget related posts on Facebook reached 9,722 people with 395 engagements (actions taken on the posts) and 1,585 views of the Facebook video.

There were 5,353 impressions (appearances in timelines or search results) of Budget related tweets and 79 engagements (interactions with tweets).

Appendix 15 - Individual Proposal Equality Impact Analysis

The following proposals have been identified for further investigation in relation to their impact on people who share protected characteristics and the General Equality Duty;

No.	Description of Saving	Action
23	Increase in primary school meal prices from £2 to £2.30	Initial impact analysis completed. No further action required
25	Review of off-peak ice skating concessions	Initial impact analysis completed. No further action required

Saving Proposal 23 - Increase primary school meal prices from £2 to £2.30 over a 3 year period

Telford & Wrekin Council School Meals Service provides a healthy two course meal to over 8,000 pupils daily in Telford and Wrekin. Evidence shows that a nutritious lunch supports pupils to be healthy, improve their well-being as well as helping their academic and social development. Meals are provided to meet a range of specific medical or cultural dietary requirements at no additional cost.

Proposal

School meals currently cost £2.00 per meal per day. This price has not changed for paid meals for 3 years.

The proposal will see an increase of 10p per meal each year for the next 3 years. This equates to a 50p increase per week or £19.50 per school year for the next 3 years.

This increase is required to cover cost pressures including food and transport costs which have increased significantly over the past 12 months, a trend that is anticipated to continue. Despite managing the supply chain and purchasing product direct from producers rather than a distributor the current level of charge is not sustainable in the long term. The price increases are required to maintain the quality of the meals provided.

Impact

Any increase in daily meal costs would have a greater impact on those families with a low income or multiple children in Keystages 2, 3 and 4 who are non eligible or do not claim for Free School Meals (FSM). Families will need to increase their budget for school meals, impacting their spending elsewhere, or provide their own meals, unlike Telford & Wrekin school meals many home prepared packed lunches do not meet the government standards for a healthy and nutritious lunch.

Mitigation

The service works with schools to fully understand the needs of their pupils as each school is different and has different needs and priorities. The Catering Service will support the

school to advertise and promote the uptake of school meals and FSM for those that qualify. Support includes;

- newsletter information
- attendance at parents evenings
- parents lunches
- working with school councils to hear pupils views

The Catering Service actively works with the schools to encourage continued promotion of FSM during Keystage 1 to increase uptake of school meals beyond Keystage1

Take up of meals, including FSM, is monitored on a weekly basis by the Group Catering Manager and interventions appropriate to the school can be implemented quickly where there is any significant negative impact on meal numbers.

Implementation

Schools have already been notified of the first 10p increase for 2017/18 as part of wider discussions about prices for School Catering.

Parents will be advised by the schools of the price increase along with the new menus in the Spring Term prior to implementation in April 2017.

Agreed by Lorna Hicks, Group Catering Manager, and Stuart Davidson, Commercial Services Manager.

Saving Proposal 25 - Review of off-peak ice skating concessions (increase to half non-concessionary rate in 2017/18)

Ice Skating Charges

Off peak ice skating accounts for 9.5 hours per week over the course of the overall the programme. Off peak sessions totalled 972 admissions by concessionary TLC holders (748 adults and 224 juniors) during 2015/16. This relates to admissions and would include multiple visits from individual customers.

The current concessionary price for adult off peak skating is £1.10 with an additional charge of £1.30 skate hire. For junior entry is free of charge and a charge for skate hire of £1.25 is made. This represents a current discounted level for adults of 57.5% for customers who require the hire of skates and 80.5% for those customers who have their own skates. Juniors currently enjoy a 74% discount if they require the hire of skates and 100% discount if they have their own skates.

The general level of discount on other leisure activities for concession TLC holders is up to 40% so the current level of discount is already generous.

It is proposed that the charges for off peak public skating would be £2.85 for adults and £2.40 for juniors. It is proposed that skate hire charges are unchanged. These currently stand at £1.30 for adults and £1.25 for juniors. This would mean that the level of discount would become 26.5% for an adult who required the hire of skates and 50% discount for adults who had their own skates. Juniors would enjoy a discount of 24% if they required the

hire of skates and 50% if they had their own skates. The proposed level of discount is still in excess of that offered to standard resident TLC holders.

Benchmarking exercises have shown that other ice rinks do not offer a concessions price.

These proposals do not mean any changes for the Council's Concessions policy and have no effect on the eligibility criteria.

Whilst the proposal will reduce the opportunity for people who qualify for concessionary fees; people on low incomes, with a disability, or carers, to take part in ice skating the overall impact is anticipated to be relatively low. There are still many activities to take part in across the borough that can meet this need at no cost, or low cost, to the individuals affected. This impact is also balanced against the need to generate income to support themselves and other areas of the Council, such as Adult Social Care.

Club 2000

Club 2000 are a voluntary sector sports & leisure club for people aged 16 and over with physical and/or learning disabilities. The club use the facilities at Oakengates Leisure Centre without charge. This includes exclusive use of the Studio for 2.5 hours, the Swimming Pool for 1 hour and the Sports Hall for 1 hour. The use of facilities is every Thursday evening, during term time from 6.30 – 9pm.

This is considered peak time for a busy leisure facility and free use of the centre by the club restricts the council's ability to either hire those areas to fee paying organisations or generate income through casual use.

If the Council was to charge current hire rates for the areas occupied by Club 2000, it would expect to receive in the region of £4,000 per year. It is proposed to charge Club 2000 for the hire of facilities at a 50% discounted rate.

The overall impact of this proposal on people with disability is considered to be low. The introduction of this cost is proposed for the financial year 2018/19. This will give sufficient time to Club 2000 to adjust and incorporate this cost. They will be supported by the Council to make this transition.

Agreed by Mark Moore, Leisure Operations Manager, and Stuart Davidson, Commercial Services Manager.

TELFORD & WREKIN COUNCIL

COUNCIL 2 MARCH 2017

SERVICE & FINANCIAL PLANNING 2016/17 – 2019/20: CAPITAL PROGRAMME

REPORT OF THE MANAGING DIRECTOR, CHIEF FINANCE OFFICER (THE ASSISTANT DIRECTOR: FINANCE & HUMAN RESOURCES), THE DIRECTOR: CUSTOMER, NEIGHBOURHOOD & WELL-BEING SERVICES AND THE ASSISTANT DIRECTOR: CUSTOMER & NEIGHBOURHOOD

LEAD MEMBER: CLLR LEE CARTER

PART A – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

The report details the revised capital programme for 2016/17 and the proposed capital programme for 2017/18 to 2019/20, together with the Capital Strategy (including the proposed Asset Management Plan and related Building Maintenance and the Highways and Transport capital investment programme).

2. RECOMMENDATIONS

2.1 Members are asked to approve the report and associated capital estimates for 2016/17 and 2017/18 – 2019/20, which incorporates the Capital Strategy, the Capital Programme (Annex I), the Planned Building Maintenance Programme (Annex II), and Asset Management Plan (Annex III) and the three year Highways and Transport capital investment programme (Annex IV).

2.2 Members are asked to delegate authority to the Assistant Director: Development, Business & Employment to deliver the planned programme of works within the Asset Management Plan and to the Assistant Director: Neighbourhood & Customer Services to deliver the Highways and Transport capital investment programme in line with the approved budgets with any variations or changes to schemes in these programmes, that remain within overall approved budgets, after consultation with the appropriate Cabinet Members.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT *Do these proposals contribute to specific priority plan objectives?*

Yes/No *All priorities are covered by the report. The overall budget framework contains funding to support the Council's work to promote*

Equalities & Diversity across the Borough. As part of the Planned Maintenance funding an allocation had been identified to improve accessibility, and service delivery from the Authority's buildings

Will the proposals impact on specific groups of people?

Yes/No An element of the capital improvements to Council buildings will be focused on improving accessibility. The allocation is prioritised using the full range of asset management data and specifically using the accessibility audits as well as working with Assistant Directors and the Equalities team.

TARGET COMPLETION / DELIVERY DATE

There are many different capital projects and each one has a different target completion date. Some of the programmes are ongoing, others will complete during the period of the programme as shown in Annex I.

FINANCIAL/VALUE FOR MONEY IMPACT

Yes/No Where appropriate these are detailed in the body of the report.

LEGAL ISSUES

Yes/No All proposals are covered by the legislative framework within which the council operates

OTHER IMPACTS, RISKS AND OPPORTUNITIES

Yes/No The Council's current strategic risks has been considered as part of allocating resources in the overall programme

IMPACT ON SPECIFIC WARDS

Yes/No Proposals affect all wards in the Borough

PART B – ADDITIONAL INFORMATION

4.0 SUMMARY

- 4.1 This report presents the Council's Capital Strategy for 2016/17 – 2019/20 and later years and a capital programme of £281.740m that includes the proposed investments included in the overall budget strategy. It also sets out the Council's Asset Management Plan and proposed planned Building Maintenance programme, particularly focusing on 2017/18 and the three year Highways & Transport capital investment programme.
- 4.2 The strategy and programmes address our corporate priorities in conjunction with the service and financial planning strategy.
- 4.3 The revenue cost of the use of the Council's own resources and unsupported borrowing are built into the proposed 2017/18 budget and future projections, while the cost of government supported allocations is currently met through a combination of what remains of Revenue Support Grant after the significant cuts of recent years and direct capital grants.

4.4 The Asset Management Plan sets out the framework for assessing and prioritising property related issues. The approved framework has been adhered to in prioritising the planned building maintenance programme for 2017/18. The building maintenance programme has been set in accordance with the proposed budget 2017/18 – 2019/20.

5.0 **STRATEGIC OVERVIEW**

In the short to medium term, Telford & Wrekin Council is in a period of significant transformation and change. The drivers of this are:

- The retrenchment of public spending by the Government - the Council is facing the challenge of making significant savings, totalling over £96m over the past 8 years whilst trying to protect front-line services as far as possible. Our Service and Financial Planning Strategy sets out our response to this challenge and how these savings are being identified and delivered.
- Being a Cooperative Council and reshaping the relationship between the Council, its employees, the community and partners to:
 - **Improve and bring public services together;**
 - **Involve local people and our employees more in planning and running our services;**
 - **Strengthen and develop our communities and encourage people to do more to help their own communities;**

Both of these drivers have required the Council to review its 'priorities' which have been adopted as:

As a Cooperative Council, we will work with our communities to create:

'Telford & Wrekin – the Place of Enterprise, Innovation & Partnership'

We will:

- ***put our children and young people first***
- ***protect and create jobs as a 'Business Supporting, Business Winning Council'***
- ***improve local people's prospects through education and skills training***
- ***protect and support our vulnerable-children and adults***
- ***ensure that neighbourhoods are safe, clean and well maintained***
- ***improve the health and wellbeing of our communities and address health inequalities***
- ***regenerate those neighbourhoods in need and work to ensure that local people have access to suitable housing***

Capital investment clearly plays a key role in the achievement of our local priorities. Through our Asset Management Plan and Capital Strategy **we seek to maximise the**

value and opportunities of our assets to take forward the delivery of emerging strategic priorities.

Our Capital Strategy and Asset Management programme are not, however, just about ‘concrete, tarmac, buildings etc’, they are about making a positive difference to the quality of local people’s lives through specific projects, services, technology and facilities. In recent years, key initiatives progressed/ delivered through targeted capital investment include:

- “Pride in your Community”14/15, 15/16 – A resident focused investment programme, to complement the Council’s business and housing growth agenda helping to ensure that the Borough is an attractive place for people to live in and to locate businesses in so supporting our growth and well –being agenda. This included an investment of £8m capital and £1.86m revenue funding over 2 years (2014/15 and 2015/16) across the Borough to regenerate communities by improving the physical environment and the appearance of our neighbourhoods. Some of the expenditure for the final year has run into 2016/17.
- A commercial Housing Investment Programme delivering over 400 housing units within key community sites throughout the borough built for private rent by a wholly owned company producing an income for the Council to help reduce the cuts to essential front-line services as well as creating an appreciating asset and associated commercial development by the Council’s Property Investment Portfolio.
- Established a **solar farm** providing £4.4m profit over its projected 25 year life.
- **Property Investment Portfolio** – Over £6m income per annum. Established **Growth Fund** to invest in premises to encourage job creation, rental income and business rates income.
- “Investing in our Roads” – “In addition to the Pride in your Community Funding” The Council is committing to a programme of £2m pa (over and above the allocations that we receive from Government and the part of the “Pride in your Community” funding that will also supplement the roads programme) to maintain our road network for the next 3 years – a total investment by the Council over this period of £6m.
- Investing in land stability schemes to protect the Ironbridge Gorge – the area’s biggest tourist attraction and the West Midlands region’s only World Heritage Site.
- Nearly £200m will have been invested in Building Schools for the Future which will see seven new secondary schools re-built and a further six secondary schools re-modelled, alongside two re-built Primary Schools and new or refurbished community leisure facilities.
- A commitment to re-run the very successful Community Pride Fund in 2018/19 making a further £2m of capital grants available to our community.

6.0 CAPITAL STRATEGY: 2016/17 – 2019/20

- 6.1 During 2017/18, we are planning to invest **£76.843m** as part of a **£281.740m** capital programme, to build and improve the facilities, assets and infrastructure to support the delivery of these objectives. This investment has been secured primarily through a combination of Government grants and supported borrowing allocations, use of the Council's own resources (capital receipts), and Prudential Borrowing by the Council. Over the planning period, our capital programme is as follows:

Priority Area	Total £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Later Years £m
Early Help & Support	0.968	0.968	0.000	0.000	0.000	0.000
Development, Business & Employment	126.352	28.772	35.782	26.878	11.620	23.300
Customer & Neighbourhood Services	93.168	28.032	28.203	9.499	13.717	13.717
Education & Corporate Parenting	27.174	15.388	2.925	8.861	0.000	0.000
Health & Well-Being	1.371	0.759	0.153	0.153	0.153	0.153
Cooperative Council	0.301	0.301	0.000	0.000	0.000	0.000
Legal Procurement & Commissioning	0.783	0.132	0.527	0.062	0.062	0.000
Finance & Human Resources	14.194	5.984	4.070	4.070	0.070	0.000
Commercial Services	17.429	6.747	5.183	2.599	2.900	0.000
	281.740	87.083	76.843	52.122	28.522	37.170

- 6.2 Supporting Telford & Wrekin's role as a focus for continued growth and development until 2026 underpins all our priorities. This is very much a 'capital' agenda – though it must be supported by the day-to-day delivery of high quality and efficient and improving services for the community - and we will look creatively to utilise local resources such as the Council's land assets and land owned by other partners, and external funding and investment to turn vision into reality.

7.0 CAPITAL PLANNING FRAMEWORK

- 7.1 The Council's Capital Strategy is driven by our shared Vision for the Borough and our Priorities. All our plans and spending proposals (both capital and revenue) are developed within a partnership framework. The capital strategy is seen as a key opportunity to:

- drive forward the Vision and Priorities for the Borough;
- influence the development of the Borough and the actions of other agencies;
- work in partnership with other bodies to pursue national and regional objectives;
- ensure that funding mechanisms are used effectively and external funding maximised;
- maintain and improve the condition and suitability of our assets.

7.2 A key feature of our approach is that capital and revenue expenditure are considered together through one integrated service and financial planning framework and process. The Capital Strategy process brings together all aspects of capital planning and management. It guides and acts as the focus for all work on capital issues. The capital strategy process is given firm leadership:

- at officer level by the Senior Management Team;
- at member level by the Cabinet.

Progress and the outcomes of capital expenditure are also considered by the Council's scrutiny committees as part of their service and financial performance monitoring role. They also input specifically to the strategy development process through scrutiny of the Draft Budget Strategy.

(i) Approach

7.3 Our approach to the Capital Strategy Process is described below. This process is continually evolving and has been developed to enable the Council to respond effectively to the developments in Capital and Asset Management Planning.

7.4 The Prudential Code of Borrowing requires us to look at capital and revenue spend in an integrated way. Under this regime, the Council has much more freedom to invest in capital projects as long as the borrowing is determined to be affordable, prudent, sustainable and represents value-for-money. The prudential system of capital finance makes the capital strategy a much more integral and essential part of the annual budget setting process and medium term financial strategy; developed through an emerging 3-year forward planning framework which brings together service and financial planning priorities and proposed developments to support delivery of our priorities.

(ii) Capital Strategy Process

a) Strategic Review of Needs

7.5 We annually review plans and priorities for capital spending. This is done as part of the annual corporate planning process and the outcome of major policy and/or service reviews. In seeking to determine priorities for investment and action, it is important to understand the key issues, needs and opportunities that need to be addressed. The following documents in particular map these out in detail, these are:

- 'Shaping Our Future: Our Journey to 2020' – what the Council and its partners will focus on over the next six years;
- Medium-term Council Plan – what the Council will focus on over the next three years.

7.6 The result is a clear strategic view of priorities which identifies both **pressures and developments** in terms of:

- Projects required to progress the Vision for the Borough – whether partner, Council or joint (developments);

- Projects required to meet service priorities (pressures and developments);
- Maintenance spending required on assets (pressures).

This process is done collaboratively through dialogue with partners and is also informed by the Council's annual consultation strategy. This framework encourages a joined-up focus on outcomes, on major strategic initiatives and partnership working. The outcome is a broadly-based overview of capital spending priorities, business needs and opportunities, and outcomes to be realised.

b) Strategic Consideration of Priorities, Resources and Resource Implications

7.7 The financial implications of new capital spending requirements are carefully assessed within service and financial planning in terms of:

- Overall resource availability including the anticipated results of asset disposals;
- Identification and consideration of whole life costings;
- Identification of significant revenue implications for capital proposals, with overall decisions on capital programme being made (and consulted on) as part of the overall service and financial planning process;
- Consideration of appropriate procurement strategies and potential funding regimes.
- 'Pay back'/Invest to Save potential.

7.8 The Prudential Code of Borrowing highlights the need, in making decisions on capital investment, to have regard to a number of core factors. As such, the Capital Strategy and Programme for 2017/18 has been developed around the following principles and processes:

- Corporate Strategic Planning Assessment:

7.9 Revenue and capital budgets are planned together as far as practicable each year. Desired spending has been prioritised and narrowed down into an overall capital strategy taking account of local, national and regional priorities. National priorities are considered within the parameters of the Government's Annual Capital Guidelines (ACG's) for major service areas.

- Options Appraisal to Secure Value for Money:

7.10 In developing the capital programme, the Council has sought to identify which of a number of alternative ways is the best way to fund and deliver a capital project to meet its objectives. Also, to ensure that the Council's approach to prudential borrowing is affordable, prudent and sustainable, a set of prudential indicators have been developed to monitor performance. The case for capital investment requires consideration/identification of how such spend represents or will improve value-for-money to the community.

c) Detailed Capital Programme

7.11 The Strategic Assessment of capital spending priorities is then subjected to further internal and external consultation and translated into an achievable phased programme across the whole Council with clearly agreed and identified:

- Revenue implications.
- Procurement Arrangements;
- Timescales, project management arrangements and accountabilities;

Annex I sets out details of our committed Capital Programme 2016/17 – 2019/20 and Detailed Analysis of Capital Grants.

d) Control, Monitoring, Performance Management & Review

7.12 A corporate framework for project management exists for capital schemes. Regular monitoring of progress and spend takes place both at service level and corporately. The Asset Management Plan ensures that relevant property PIs have been incorporated into corporate performance monitoring arrangements and into the monitoring of the management of the capital programme. In-year progress is highlighted as part of the reporting arrangements of the Service & Financial Performance Management Framework.

8.0 ASSET MANAGEMENT PLANNING & PROGRAMME

Our Strategic Approach

8.1 The Asset Management Plan (Annex III) and associated data on Property (i.e. condition, suitability, sufficiency, access, asbestos surveys) informs the Council's Building Investment Programme. The Council has completed all surveys for Operational Properties used for the delivery of its services and these are updated on a rolling programme each year. The Council's Asset Management Plan 2017 /2020 has identified a condition backlog of £7.5million for Operational Properties (excluding schools) and £21.5m for Schools / education properties. The school condition back log will be significantly addressed over the next few years with the investment from the Building Schools for the Future Programme (BSF). The Operational Property backlog will also show significant reductions as a result of Property Rationalisation and investment in retained buildings.

8.2 The Building Investment Programme as identified in Annex II, is set in accordance with the approved framework for prioritising condition backlog as included in the Asset Management Plan. The proposed level of investment included in the Capital Programme 2017/18 is £1.275m for Educational Assets and £0.700m for all other Operational Assets. The budget allocations do not take into account the capital investment relating to Schools and the secured investment relating to BSF which will greatly reduce the condition backlog for Education Properties as part of the building rationalisation process. In addition to the above capital allocations, Schools are also in receipt of Devolved Formula Capital (DFC) which is used fundamentally for repairing and maintaining the School building stock on a day to day basis.

Condition backlog as detailed in the Asset Management Plan Priority 1

Urgent works that will prevent closure of premises and/or address a high risk to the health and safety of occupants and/or remedy a serious breach of legislation.

Priority 2

Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address medium risk to the health and safety of the occupants and/or remedy a minor breach of legislation.

Priority 3

Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of the occupants and/or a minor breach of legislation.

8.3 Previous year condition comparisons

		2011	2012	2013	2014	2015	2016
Schools	P1-P3	£28,593,580	£30,652,623	£24,617,893	£21,529,991	£18,939,529	£17,144,675
Operational	P1-P3	£12,766,526	£8,770,020	£8,369,886	£7,480,279	£6,806,221	£5,852,620

*Note: Hadley PFI / Madeley Academy / Abraham Darby Academy / Phoenix Academy have not been included within the above figures.

8.4 The Asset Management Database is analysed on a yearly basis as the priorities may change due to new findings as part of continuing re-surveys of property. Emergencies that occur within the financial year may also lead to reprioritisation of the allocated budgets and a change to the programme identified.

8.5 In accordance with prioritisation as set out in the Asset Management Plan we have identified the building maintenance programme for 2017/18 as identified in Annex II; all schemes listed are deemed necessary in order to maintain service delivery.

9.0 PARTNERSHIP AND CROSS CUTTING ACTIVITY

9.1

The Council actively works with partners to maximise assets for example through various co-locations of services which is a key feature in particular of the Learning Communities that are being developed. Amalgamation and co-location of services and community facilities is a key aim that drives our asset management and service planning.

10.0 CONSULTATION

10.1 The Council has been engaging widely with the local community around service and financial planning. Further details are set out in the over-arching Service and Financial Planning report considered by Cabinet on 8 January 2017. As capital programmes are being rolled out there will be a need for further consideration on consultation with the public.

11.0 RESOURCES

11.1 Mainstream Government Supported Borrowing

The main borrowing allocations still to be used are set out below, no future allocations will be received:

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Later Years £m
Education & Corporate Parenting	1.275	0.000	0.000	0.000	0.000
Total	1.275	0.000	0.000	0.000	0.000

The government have announced that no new borrowing approvals funded from RSG would be issued.

11.2 Supplementary Grants

While information is still awaited on some allocations, the following allocations have been built into the overall resources position

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Later Years £m
Early Help & Support	0.579	0.000	0.000	0.000	0.000
Development, Business & Employment	2.706	0.220	0.000	0.000	0.000
Customer & Neighbourhood Services	22.558	13.122	3.717	3.717	3.717
Commercial Services	2.349	0.000	0.000	0.000	0.000
Health & Well-Being	0.547	0.096	0.096	0.096	0.096
Legal Procurement & Commissioning	0.070	0.465	0.000	0.000	0.000
Education & Corporate Parenting	5.026	2.774	9.033	0.000	0.000
Total	33.835	16.677	12.846	3.813	3.813

11.3 Capital Receipts

The capital programme places a significant reliance on future capital receipts, totalling £48.248m shown in the table below. Any shortfall in the amounts received or re-phasing of schemes would have a revenue impact which is not built into the budget strategy. This would have to be mitigated through re-phasing of spend, re-prioritising schemes or incurring additional borrowing which would have a revenue impact which would have to be taken into account in future in the Medium Term Service & Financial Planning Strategy. The Government have offered some flexibility in the use of capital receipts generated during the 3 years starting April 2016. New capital receipts may be used to fund revenue costs associated with reform projects that generate ongoing revenue savings provided that full Council approves an "Efficiency Plan". Telford & Wrekin Council has taken advantage of this flexibility offered by the Government and the service and financial planning strategy has been prepared to allow the flexibility to do so with the anticipated Capital Receipts in 2016/17 of £5.814m being allocated to fund capitalisation of revenue spending in relation to efficiency expenditure. Prudential borrowing has increased as a consequence. It is anticipated that we will repeat this in 2017/18 and 2018/19 at around £4.0m each year.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Later Years £m
Total	7.398	7.865	12.635	10.800	9.550

11.4 Prudential Borrowing Regime

Within the budget strategy for 2016/17 to 2019/20 the level of Prudential Borrowing assumed is as follows:

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Later Years £m
Total	37.730	39.816	23.711	13.909	23.807

11.5 Overall Resources Position

For planning purposes, some forward allocation indications have been included below. In these cases no firm scheme proposals will be put forward for approval until actual allocations are known.

Resources Available	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Later Years £m	Total £m
Government Allocations						
Education & Corporate Parenting	1.275	0.000	0.000	0.000	0.000	1.275
	1.275	0.000	0.000	0.000	0.000	1.275
Grant Allocations						
Early Help & Support	0.579	0.000	0.000	0.000	0.000	0.579
Development, Business & Employment	2.706	0.220	0.000	0.000	0.000	2.926
Customer & Neighbourhood Services	22.558	13.122	3.717	3.717	3.717	46.831
Health & Well-Being	0.547	0.096	0.096	0.096	0.096	0.931
Commercial Services	2.349	0.000	0.000	0.000	0.000	2.349
Legal Procurement & Commissioning	0.070	0.465	0.000	0.000	0.000	0.535
Education & Corporate Parenting	5.026	2.774	9.033	0.000	0.000	16.833
	33.835	16.677	12.846	3.813	3.813	70.984
Other Resources						
Capital Receipts	7.398	7.865	12.635	10.800	9.550	48.248
Revenue/External	6.845	12.485	2.930	0.000	0.000	22.260
Prudential Borrowing	37.730	39.816	23.711	13.909	23.807	138.973
	51.973	60.166	39.276	24.709	33.357	209.481
Total	87.083	76.843	52.122	28.522	37.170	281.740

The revenue impact of the use of Council resources, government allocations and prudential borrowing in the proposed programme are built in to the budget summary.

12.0 CONCLUSION

12.1 Because Telford & Wrekin is a growing and changing area it has substantial capital spending needs:

- to support and meet the growing needs of the Borough and our aspirations to transform Telford & Wrekin;
- to maintain and develop the Council's own stock of capital assets;
- to address the 'New Town effect' of a commonly-ageing infrastructure.

12.2 As a former new town area, with the Council having limited land and asset holdings, we have a more limited capacity to generate capital receipts through disposals than some other authorities. We, therefore, take the capital strategy and its asset management planning very seriously. We look on capital spending as an integral element of our overall approach to Community Planning, partnership working and community engagement.

12.3 We are committed to maximising the effectiveness of our assets and capital spending and to identifying or creating opportunities to attract external funding resources. **Our**

focus is on delivering our priorities and policy objectives and on ensuring that our vision for the community can, each year, become more of a reality for local people.

13. PREVIOUS MINUTES

13.1 Cabinet 5 January 2017 – Service & Financial Planning 2017/18 to 2018/19

14.1 Background Papers

14.1 Funding notifications, investment proposals, cabinet reports on various schemes, previous Capital Strategy documents and capital programmes.

Report prepared by

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Capital Programme - 2016/17 to 2019/20 & Later Years

Policy Area	Total £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Later Years £'000
Early Help & Support	968	968	0	0	0	0
Development Business & Employment	126,352	28,772	35,782	26,878	11,620	23,300
Customer & Neighbourhood Services	93,168	28,032	28,203	9,499	13,717	13,717
Education & Corporate Parenting	27,174	15,388	2,925	8,861	0	0
Health & Well-Being	1,371	759	153	153	153	153
Co operative Council & Commercial Delivery	301	301	0	0	0	0
Legal Procurement & Commissioning	783	132	527	62	62	0
Finance & Human Resources	14,194	5,984	4,070	4,070	70	0
Commercial Services	17,429	6,747	5,183	2,599	2,900	0
	281,740	87,083	76,843	52,122	28,522	37,170
Resources						
Borrowing Approval	1,275	1,275	0	0	0	0
Government Grant	70,984	33,835	16,677	12,846	3,813	3,813
Prudential	138,973	37,730	39,816	23,711	13,909	23,807
Capital Receipts	48,248	7,398	7,865	12,635	10,800	9,550
Revenue	3,770	793	2,277	700	0	0
External	18,490	6,052	10,208	2,230	0	0
Total funding	281,740	87,083	76,843	52,122	28,522	37,170

Capital Programme - 2016/17 to 2019/20 & Later Years
Scheme Summary showing major schemes separately

Assistant Director	Scheme	Expenditure						Funding					
		Total £'000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Later Years £'000	Government £'000	Prudential £'000	Capital Receipts £'000	Revenue £'000	External £'000	
Early Help & Support	Social Care Capital Grant	579	579	0	0	0	0	579	0	0	0	0	0
	ICT Social Care Review	389	389	0	0	0	0	0	389	0	0	0	0
		968	968	0	0	0	0	579	389	0	0	0	0
Health & Well-Being	Day Opportunities for Adults with Learning Disabilities	103	103	0	0	0	0	0	0	103	0	0	0
	Public Health Capital Grants	448	448	0	0	0	0	448	0	0	0	0	0
	Parks for People	819	207	153	153	153	153	483	336	0	0	0	0
	Health & Well-Being Other Schemes	1	1	0	0	0	0	0	1	0	0	0	0
		1,371	759	153	153	153	153	931	337	103	0	0	0
Development Business & Employment	Town Centre - Phase 1 & Accommodation Strategy	410	410	0	0	0	0	0	0	410	0	0	0
	Dawley Regeneration	304	304	0	0	0	0	0	254	50	0	0	0
	Small Scale Regeneration Projects	1,000	0	500	500	0	0	0	1,000	0	0	0	0
	Superfast Broadband Programme	3,802	3,207	595	0	0	0	2,872	0	713	0	217	0
	Housing DBE	2,962	487	2,475	0	0	0	0	2,187	0	0	0	775
	Brookside	251	251	0	0	0	0	0	251	0	0	0	0
	HCA Land Deal	3,676	1,108	1,254	1,314	0	0	0	0	0	0	0	3,676
	Land Deal Board Schemes	1,696	683	1,013	0	0	0	0	0	0	0	0	1,696
	Property Investment Programme	56,362	11,117	9,639	7,106	5,500	23,000	0	55,862	500	0	0	0
	Housing Company - Housing	54,368	11,059	19,831	17,658	5,820	0	0	50,968	650	0	0	2,750
	Development Business and Employment other schemes	1,521	146	475	300	300	300	54	5	1,187	0	275	0
	126,352	28,772	35,782	26,878	11,620	23,300	2,926	110,527	3,510	0	492	8,897	
Customer & Neighbourhood Services	Ironbridge Gorge Stability	2,144	1,894	250	0	0	0	0	2,144	0	0	0	0
	Every Day Telford - Pride in your Community	2,645	645	2,000	0	0	0	0	1,631	0	0	1,000	14
	Transport & Highways Schemes	86,693	24,849	25,322	9,088	13,717	13,717	46,831	31,891	0	0	1,400	6,571
	Customer Services Systems Development	1,686	644	631	411	0	0	0	1,412	0	0	274	0
	93,168	28,032	28,203	9,499	13,717	13,717	46,831	37,078	0	0	2,674	6,585	
Education & Corporate Parenting	Building Schools For The Future	10,346	9,564	379	403	0	0	2,558	-6,074	12,920	1,268	-333	7
	Service Transformation - Invest To Save	300	150	150	0	0	0	0	300	0	0	0	0
	Education & Corporate Parenting All Other Schemes	16,528	5,674	2,396	8,458	0	0	14,275	-1,510	700	7	100	2,956
	27,174	15,388	2,925	8,861	0	0	16,833	-7,284	13,620	1,275	-233	2,963	
Commercial Services	ICT/ eGov	7,050	1,108	2,353	1,589	2,000	0	0	6,618	0	0	432	0
	Every Day Telford - Pride Hollinswood Centre	684	684	0	0	0	0	0	174	502	0	8	0
	Supported Independent Living - Disabled Facilities Grant	1,801	1,801	0	0	0	0	1,577	224	0	0	0	0
	Housing Related Schemes	1,888	1,278	500	110	0	0	772	26	1,045	0	0	45
	3G Pitch	750	0	750	0	0	0	0	518	0	0	232	0
	Commercial & Business Fund	0	0	0	0	0	0	0	0	0	0	0	0
	Asset Management Plan - General Works & Surveys	2,970	870	700	700	700	0	0	2,970	0	0	0	0
	Commercial Services other schemes	2,286	1,006	880	200	200	0	0	1,981	140	0	165	0
	17,429	6,747	5,183	2,599	2,900	0	2,349	12,511	1,687	0	837	45	
Finance & Human Resources	Every Day Telford -Pride in your Community	301	301	0	0	0	0	0	301	0	0	0	0
	Efficiency Schemes Capitalisation	13,814	5,814	4,000	4,000	0	0	0	8,000	5,814	0	0	0
	14,115	6,115	4,000	4,000	0	0	0	8,301	5,814	0	0	0	
Legal Procurement & Commissioning	Legal Fees	248	62	62	62	62	0	0	248	0	0	0	0
	Housing & Technology support for People with Learning Disabilities	535	70	465	0	0	0	535	0	0	0	0	0
	783	132	527	62	62	0	535	248	0	0	0	0	
Finance & Human Resources	Managing the funding of the Capital Programme	0	0	0	0	0	0	0	-23,514	23,514	0	0	0
	Finance & Human Resources other schemes	380	170	70	70	70	0	0	380	0	0	0	0
	380	170	70	70	70	0	0	-23,134	23,514	0	0	0	
	281,740	87,083	76,843	52,122	28,522	37,170	70,984	138,973	48,248	1,275	3,770	18,490	

TELFORD & WREKIN COUNCIL

**CABINET 23 FEBRUARY 2017
COUNCIL 2 MARCH 2017**

TITLE: PLANNED BUILDING INVESTMENT PROGRAMME 2017/18

REPORT OF: ASSISTANT DIRECTOR COMMERCIAL SERVICES

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

To identify the proposed planned building capital maintenance programme for financial year 2017/18, in accordance with Service and Financial Planning 2016/17 to 2017/18.

2. RECOMMENDATIONS

2.1 That Cabinet approve the planned building capital maintenance programme for 2017/18 as identified as part of this report and agree that officers may enter into any contracts necessary to deliver the works in accordance with the requirements of the Contract Procedure Rules.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	Maintaining Council property provides an environment for high quality services to be delivered. The investment contributes to the delivery of the following priorities: <ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Improve prospects through education & skills training. • Improving health and wellbeing of communities. • Protect and support vulnerable children and adults. • Putting Children & Young People first. • Regenerating neighbourhoods in need, and ensuring access to suitable housing.
	Will the proposals impact on specific groups of people?	
	Yes	All residents accessing Council Services
TARGET COMPLETION/DELIVERY DATE	Most projects will be delivered during the financial year 2017/18. Larger projects may cover more than one financial year.	

FINANCIAL/VALUE FOR MONEY IMPACT	Yes	Budgetary provision for the planned programme of works £1,275,031 Educational and £700,000 Operational (as detailed in Appendix A). Confirmation of the Education capital allocations for 2017/18 have not been received and are expected to be notified shortly by the Education Funding Agency, and appropriate adjustments to the programme of works will be made accordingly to ensure spend is within available funds.
LEGAL ISSUES	No	There are no direct legal implications arising from this report however any repair/maintenance works will be subject to competitive procurement to ensure best value is achieved for the Council by complying with the Council's Contract Procedure Rules and any applicable EU requirements.
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	Where improvements are made to properties, other opportunities when the works are being undertaken are investigated and implemented where possible. This may include contributing to larger schemes where a maintenance liability will be reduced or reducing energy costs.
IMPACT ON SPECIFIC WARDS	No	Borough wide impact

PART B) – ADDITIONAL INFORMATION

4. INFORMATION

The Asset Management Plan and associated data on property (i.e. condition, suitability, sufficiency, access, asbestos) informs the Council's planned building capital investment programme. The Council has completed condition surveys for operational properties used for the delivery of its services. These are updated on a rolling programme each year. The Council's Asset Management Plan 2017-2021 has identified a condition backlog of approximately £5.85M for operational properties (excluding schools) and £17.15M for schools/educational properties.

The school condition back log at secondary level has been significantly addressed over the last few years with the investment from the Building Schools for the Future programme.

The planned building capital investment programme as identified in Appendix A, is set in accordance with the approved framework for prioritising condition backlog as included in the Asset Management Plan. The proposed level of investment included in the Capital Programme 2017/18 is £1,275,031 for Educational assets and £700,000 for all other operational assets. The budget allocations do not take into account the capital investment relating to expansion of schools. In addition to the above capital allocations, schools are also in receipt of Devolved Formula Capital (DFC) which is used fundamentally for maintaining and investing in the school building stock on a day to day basis.

5. IMPACT ASSESSMENT – ADDITIONAL INFORMATION

Community Impact

Maintaining buildings ensures that Council Services are delivered efficiently and with service continuity. Many of the key services are delivered from the Council's property portfolio and are the first key point of contact with our customers.

Equalities Impact

Where possible, as part of the planned building capital investment funding, improvements to accessibility will be carried out. Where improvements to existing facilities are being undertaken, Equalities Issues (i.e. baby changing facilities) are also included as part of the scheme. This allows the Council to increase access to public buildings for people with disabilities.

Environmental Impact

Environmental improvements are incorporated into schemes where appropriate, in an aim to reduce the Council's Carbon Emissions. This will improve the Council's Carbon Reduction Commitment liability and reduce any financial penalties that may be incurred under the scheme.

6. PREVIOUS MINUTES

N/A

7. BACKGROUND PAPERS

Asset Management Plan 2017-2021 (refreshed 2017)

**Report prepared by Chris Goulson,
biT Service Delivery Manager
Telephone: 01952 384302**

APPENDIX A - Education Planned Building Capital Maintenance Programme 2017/18

Asset	Description of Works	Estimated Budget	Corporate Priorities	Ward
Apley Wood Primary	Boiler Replacement	£10,530	<ul style="list-style-type: none"> Protect and support vulnerable children and adults. Putting Children & Young People first. 	Apley Castle
Aqueduct Primary	Structural Demountable Improvements, Roof	£70,000	<ul style="list-style-type: none"> Protect and support vulnerable children and adults. Putting Children & Young People first. 	Dawley and Aqueduct
Captain Webb Primary	Roof Replacement Phase 2	£60,000	<ul style="list-style-type: none"> Protect and support vulnerable children and adults. Putting Children & Young People first. 	Dawley and Aqueduct
Grange Park Primary	Demolition	£150,000	<ul style="list-style-type: none"> Improve prospects through education & skills training. Putting Children & Young People first. 	The Nedge
Holmer Lake Primary	Window Replacement	£200,000	<ul style="list-style-type: none"> Improve prospects through education & skills training. Putting Children & Young People first. 	The Nedge
John Fletcher of Madeley Primary	Roof Replacement and Curtain Walling	£70,000	<ul style="list-style-type: none"> Improve prospects through education & skills training. Putting Children & Young People first. 	Madeley and Sutton Hill
Redhill Primary	Kitchen Refurbishment	£70,000	<ul style="list-style-type: none"> Improve prospects through education & skills training. 	Priorslee

			<ul style="list-style-type: none"> • Putting Children & Young People first. 	
Southall School	Security Fencing	£58,000	<ul style="list-style-type: none"> • Improve prospects through education & skills training. • Putting Children & Young People first. 	
Various Schools	Asbestos Removals - To undertake landlord responsibility asbestos removals within property assets. Although checks are undertaken annually it is proposed to undertake new Management Surveys (type 2) on all school properties. Where removals are required these will be prioritised using the Asbestos Management survey data.	£75,000	<ul style="list-style-type: none"> • Improve prospects through education & skills training. • Protect and support vulnerable children and adults. • Putting Children & Young People first. • Improving health and wellbeing of communities. 	Various
Various Schools	Data updates - to update the asset management data. This will include condition and suitability surveys and updated drawing/floor plans of buildings as and when upgrades are carried out.	£75,000	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Regenerating neighbourhoods in need, and ensuring access to suitable housing. 	Various
Various Schools	Emergency works / Access Works / Security Works - budget allocation for emergency works or where school security/access issues are identified. Examples are major boiler failures. This will ensure that schools are able to remain operational with minimum closures.	£76,501	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Improve prospects through education & skills training. • Improve prospects through education & skills training. • Putting Children & Young People first. 	Various
William Reynolds Primary	Boiler House Refurbishment	£120,000	<ul style="list-style-type: none"> • Improve prospects through education & skills training. 	Woodside

			<ul style="list-style-type: none"> Putting Children & Young People first. 	
Windmill Primary	Boiler House Roof/Replacement Boiler	£180,000	<ul style="list-style-type: none"> Improve prospects through education & skills training. Putting Children & Young People first. 	Brookside
Wombridge Primary	Replace Roof No.4	£60,000	<ul style="list-style-type: none"> Improve prospects through education & skills training. Putting Children & Young People first. 	Oakengates and Ketley Bank
	TOTAL	£1,275,031		

Corporate Planned Building Capital Maintenance Programme 2017/18

Asset	Description of Works	Estimated Allocated Budget	Corporate Priorities Contributed to proposals	Ward
Addenbrooke House	Replacement Lifts	£75,000	<ul style="list-style-type: none"> Ensuring neighbourhoods are safe, clean and well maintained. Regenerating neighbourhoods in need, and ensuring access to suitable housing 	The Nedge
Darby House	Boiler Replacement and Associated works	£240,000	<ul style="list-style-type: none"> Ensuring neighbourhoods are safe, clean and well maintained. Regenerating neighbourhoods in need, and ensuring access to suitable housing 	Ketley and Overdale
Various Properties	Corporate Painting Programme	£50,000	<ul style="list-style-type: none"> Ensuring neighbourhoods are safe, clean and well maintained. 	Various

			<ul style="list-style-type: none"> • Regenerating neighbourhoods in need, and ensuring access to suitable housing 	
Various Properties	Asbestos Removals - To undertake landlord responsibility asbestos removals within property assets. Although checks are undertaken annually it is proposed to undertake new Management Surveys (type 2) on all operational. Where removals are required these will be prioritised using the Asbestos Management survey data.	£100,000	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Regenerating neighbourhoods in need, and ensuring access to suitable housing • Improving health and wellbeing of communities. 	Various
Various Properties	Emergency works/unforeseen works - A reserve budget to cover landlord responsibilities for major unplanned replacements (i.e. boiler failure). This is required to ensure building stock continuity.	£115,000	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Regenerating neighbourhoods in need, and ensuring access to suitable housing 	Various
Various Properties	Data Updates - to update the asset management data on operational assets. This includes condition and suitability surveys together with updated plans on 20% of properties.	£75,000	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Regenerating neighbourhoods in need, and ensuring access to suitable housing 	Various
Various Sites (Changing Rooms)	Electrical Refurbishment	£45,000	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Regenerating neighbourhoods in need, and ensuring access to suitable housing 	Various
	TOTAL	£700,000		

Please note: - the costs shown in the above tables are estimates. Actual costs will be established by competitive tendering in accordance with the Councils Tendering Procedures. All figures are inclusive of Project Management/Design Fees

Corporate Property Asset Management Plan

2017/2021

A robust Asset Management Plan will inform decisions relating to Service Delivery, and bring major benefits to the local communities.

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Statement of Assets

1.0 Statement of Context

The Council's "Local Development Framework" core strategy was adopted a number of years ago. Emerging planning policy, 'Shaping Places' is currently being developed to take us through to 2031 with employment and residential sites having been consulted on in 2015 and 16. Shaping Places is focussed on "completing the New Town" and anticipates the borough's population will grow by 30,000 up to 2031. As a "Business Supporting, Business Winning" council we also welcome sustainable growth and through our Invest in Telford offer are actively pursuing this. However we recognise that continued growth and development of the area requires that services and facilities are constantly monitored and reviewed, resulting in challenges and opportunities for property holdings and Asset Management.

We are well placed to meet this challenge and critically in 2012/13 the Council was re-structured to integrate the traditional Planning and Economic Development roles alongside other property functions under a new service area of Development, Business and Housing. In 2013, the Skills function of the Council was also incorporated into the service area to create Development, Business & Employment, in recognition of the importance that skills play in the growth agenda and the direct link between development and employment. This now provides a single point of contact for business, investors and developers and provides a seamless service from initial enquiry through identifying land/premises, supporting with the planning process to enabling the finished development. Our ability to support and deliver growth is critical in terms of securing a more prosperous future for the borough with growth helping to reduce unemployment and raise wage levels. Growth is also a key element of the Council's budget strategy going forward as we seek to take advantage of the government's initiatives to give local authorities greater control of their areas through New Homes Bonus and retention of business rates. As a New Town, with approximately 100 hectares zoned for commercial development, plus zoned residential development land as yet undeveloped Telford is well placed and these changes will facilitate growth as part of the budget strategy.

The Asset Management plan sets out our proposals to effectively manage our assets in this context and focuses specifically on the following areas;

- Property and associated land used for operational purposes
- Property Investment Portfolio (property held for investment purposes)
- Land (held for future disposal or future operational use)

The Land Strategy, Operational Property Strategy and PIP Strategy all inter link to form a comprehensive approach to Asset Management covering Council property assets within Telford.

Asset Management Plan - Aims:

- Ensure assets are fit for purpose
- Maximise the use of assets
- Ensure assets are located in appropriate locations for service delivery
- Deliver an integrated approach to Asset Management across the Authority
- Reinforce a corporate approach for holding property and outline objectives
- Ensure Asset Management decisions are co-ordinated and consistent with council priorities
- Manage a simple and robust performance measurement system
- Provide comprehensive and accurate data to assess property performance and to support and facilitate improved service delivery

- Use land and buildings to facilitate the “growth” agenda and be the enabler of regeneration
- Optimise and prioritise the level of property investment, to meet the Council’s current and future service needs
- Promote the innovative use of property together with partners and stakeholders

2.0 Links to Key Plans and Objectives

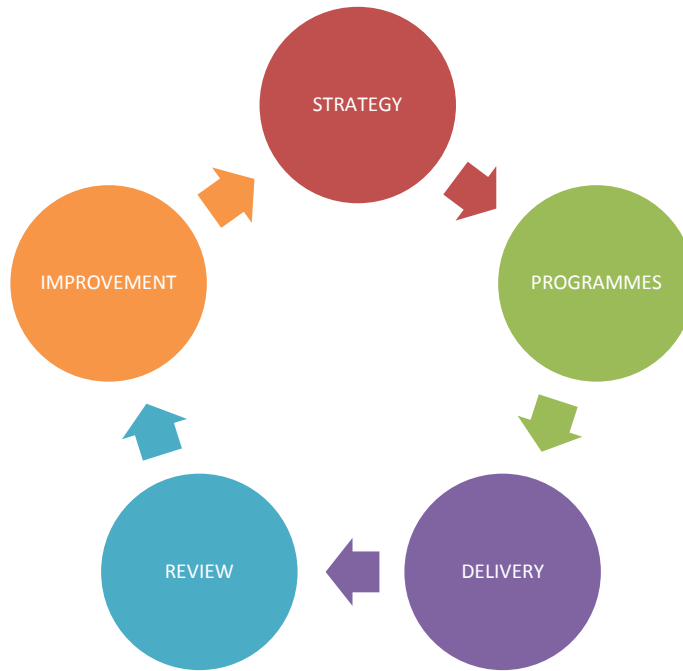
The Co-operative Council approach details the Strategic Asset Management decision-making links within and across Services:

Strategy

- Understanding community needs and those of our partner organisations
- Corporate policies and priorities
- Service delivery and financial strategies

Improvement

- What are the corporate drives for further change?
Co-operative Council, Community Strategy, Council Plan, Priority Plans, Service Delivery Plans, Personal Development Plans
- What are the challenges and opportunities now facing services?



Programmes

Analysis of current performance and future needs including:

- Property Audit to understand current performance and trends
- Options appraisal and prioritisation
- Capital planning

Delivery

- Delivery planning
- Project Management
- Procurement

Review

- Has the change delivered the expected outcomes?
- How are services performing?
- Have the property-related objectives been achieved?

3.0 Data Management

The ability to make informed property decisions is dependent upon collating and updating accurate data.

Core Data

All Council Property Data is recorded on a Property Management System, which is designed to accommodate all forms of Property Data in a central location. The Property Management software brings all the main functions such as Asset Management, Capital Projects, Service Asset Register and Help Desk software together into one integrated solution. This provides greater exchange of information and a streamlined property database linked to a help desk. The software is Internet based and provides a direct link to customers and stakeholders, enabling them to access data and information in a user friendly environment.

- The Asset Register:

The Council maintains a central Asset Register to record valuations and information for all land and buildings, in accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) and Audit requirements. A five-year rolling programme of asset and insurance valuations is in place for Operational Property, ensuring that 20% of assets are re-valued each year after the validity of the basic data/information has been verified. The Property Investment Portfolio is re-valued annually.

- Condition & Suitability

Condition Surveys of all Schools and Operational Buildings have been completed and are re-assessed as part of an ongoing re-survey process. Property data is captured across all service areas and work is prioritised according to the data, allowing a transparent planned programme of work to be implemented. Similarly, this enables informed decisions on investment disposal.

- Asbestos

A comprehensive Asbestos Database is held incorporating 'Type 2 Enhanced Surveys' as part of the Asset Management Data, ensuring that quality, up to date information is retained. In accordance with the Council's Asbestos Management Plan, annual risk assessments are conducted on all previously surveyed properties, to ensure that the Council targets available resources at priority items and manages the risks on site.

- Access

Accessibility to properties is paramount to the delivery of services. Comprehensive Disabled Access Audits of Operational Properties, ensuring suitability of premises in relation to Service Delivery, has been carried out. The Audits are stored electronically on the central Asset Management Database and are accessible for stakeholders and managers via a web browser. This ensures ownership under the duties imposed as part of the Disability Discrimination Act (DDA).

- Energy and Efficiency

Carbon Reduction Commitment (CRC) has led to the Council obtaining accurate readings of all energy consumption and staff resources have been established to target high use buildings raising awareness amongst occupiers. The publication of the first CRC national league table has placed Telford & Wrekin Council at number 304 out of 2,100 Organisations. The league table ranks the United Kingdom's leading Public and Private Sector Organisations by the work they have completed on carbon management. This is an encouraging start which should improve as the BSF and Property Rationalisation programmes continue.

The first use of photovoltaics, taking advantage of the attractive feed in rates was completed with a private operator as part of the Wellington Civic & Leisure development. Following on from this success they were also installed at recent extensions and new builds at Lakewood and Hollinswood Hub (part Hollinswood regeneration see 6.0) In addition, water harvesting has been installed at Hadley Learning Community, Old Park Primary and Short Wood Primary, together with sedum roofs to minimise water run off. Web enabled monitoring of heating and ventilation at new Schools is proving to be a significant benefit. This controlled management

should result in meaningful reductions in energy usage, improving efficiency. Combined with the property rationalisation programme this is expected to lead to a major reduction in the Councils carbon footprint.

- Measured Surveys

Accurate, comprehensive, measured Building Surveys are available on AutoCAD/ArchiCAD for all properties.

4.0 Programme Development and Implementation

The Decision Making Process

The information contained in the Asset Management System facilitates informed, property related decisions. This corporate planning process identifies requirements for the Property Portfolio. The Council utilises data detailing condition, suitability, access, sufficiency and asbestos, in the following areas (list not exhaustive):

- Review of office accommodation
- Repair and Maintenance Programmes
- Capital Programmes
- BSF
- Property Rationalisation
- Borough Towns and Local Centre Regeneration
- Housing Investment
- Commercial Development

Maintenance Programme

The planned Maintenance Programme for 2017/18 has been submitted to Cabinet for approval in February 2017. This details the priorities set in accordance with the framework described in the Asset Management Plan.

Formulating the Property Related Capital Programme and Key Issues

In order to develop the capital programme an option appraisal is undertaken which consider; reduced operating costs, regeneration factors, service benefits, geographic and deprivation indices, alternate premises, sharing premises and partnership with the Private Sector or other Public Sector Partners. Whole life cycle costing provides a far more accurate assessment of the long-term cost effectiveness of a project, than standard economic methods that focus solely on capital costs or operating-related costs in the very short term. Research has identified the relationship between capital cost, cost in use and the cost to the business of assets as a ratio of 1:5:200. This demonstrates that the cost of operating and maintaining a building over its life will be five times the original capital cost. Moreover, the cost of staff productivity and occupation is two hundred times the capital cost.

Telford & Wrekin Council actively considers sustainability as part of asset provision, use and management and a Sustainable Procurement Strategy is embedded our commissioning approach. We are innovative in ensuring sustainability is part of all new-build and refurbishment schemes.

Key issues addressed in finalising the 2017/18 Capital Investment Programme include:

- The delivery of Capital Projects to underpin and support improved service delivery
- Property Rationalisation - planned investment in retained buildings to reduce maintenance back log
- Regeneration – support and Project Management to all Regeneration Projects
- Repair and Maintenance Programmes for the PIP will maintain income levels
- Climate Change/Energy Efficiency/ CRC

5.0 Operational Assets

Property Rationalisation/ New Ways Working

Changing Work Patterns and Culture

Following the Autumn Statement and the spending review a raft of service re structures have been undertaken and will complete in January 2017. We have worked with Assistant Directors and Service Delivery Managers to ensure the new services and teams are co located to deliver maximum synergies and also reduce the space occupied to deliver further savings. A report was approved which sets out a series of moves between January and March which ultimately will see the vacation of Euston Way and Bishton Court and achieving a saving of around £300,000 per annum.

Southwater One



6.0 Regeneration Opportunities across the Borough

Telford Town Centre

Southwater Development – Phase One



The continuing Regeneration of Telford Town Centre is a key priority for Telford & Wrekin Council, partners and the region. The regeneration has underpinned and supported growth, stimulated and attracted investment in the Borough and created a Town Centre responding to the needs of the community. Over the last few years, regeneration has focussed on the Southwater area with the council and private sector partners investing circa £250m to deliver a comprehensive mixed use development. Phase one of the development included an 11 screen IMAX Cineworld Cinema, Premier Inn hotel, 11 restaurants including tenants such as Nandos, Bella Italia, Zizzi and Chimichanga to name a few, a new multi-storey car park and a new Council building, Southwater One, to house the new Library and existing Council First Point bringing services to the heart of the town centre. The development included high quality landscaping and public spaces including a new Southwater Lake.

Also included within the development is a new Energy Centre (housed in the extension to the rear of the Ice Rink). The Energy Centre provides heat and hot water to Southwater One and the Ice Rink. It also has the capacity to connect to future development such as the apartments and hotel proposed on the remaining development land in Southwater. The development now effectively links the shopping centre with The International Centre and Telford Town Park. The Council has worked closely with our public and private sector partners Citygrove, Southwater Event Group, and the Homes and Communities Agency to deliver this development.

On the back of the success of the first phase in partnership with Meeting Point House the Council started a joint development to enclose Meeting Point House both extending its size and offer but including 3 bars and restaurants on the pedestrian frontage in a £1.3 million scheme. Novello Lounge opened in October 2016 and the other bars are now being fitted out. Encouraged by the success of the first phases the Shopping Centre owners are re developing the former retail warehouse site with a new food court including TGI Friday which is due for opening in Spring 2017.

To the west of the development, on the site of the former Council offices, Asda opened their new 6,500 m² store and petrol filling station in February 2014, having relocated from the northern quarter of the shopping centre.

Investment in Southwater has raised confidence levels amongst the private sector and acted as a catalyst for further investment. The owners of Telford Shopping Centre have announced a £200m investment in extensions to the Shopping Centre with the first investment to be focussed on the southern quarter, immediately adjacent to Southwater. Furthermore, in November 2014 it was confirmed that the University of Wolverhampton would be occupying the third floor of Southwater as a training and educational facility bring a higher education offer to the town centre for the first time. This completes the occupation of the building and will bring further vitality to the area.

Phase two of Southwater will see the development of a hotel with construction planned to start in spring 2017 plus the potential development of apartments and additional space for bars and restaurants, adjacent to Southwater Lake. The apartments will be delivered as part of the Council Housing Investment Programme (NuPlace). In January the refurbishment and extension of Meeting Point House was completed which included Liquor Bar and Novello Bar and other bars and restaurants on the ground floor with a small theatre on the first floor. Hoardings went up before Christmas and the main works are due to start in January.

Meeting Point House



Borough Towns and Local Centres

The regeneration of the Borough to stimulate investment and development is critical. With reduced funding there is a need to be creative with the use of our assets to facilitate and achieve this. The majority of the centres have now been rebuilt or significantly refurbished.

Hollinswood Local Centre

Hollinswood was the last of the local centres to be redeveloped. The scheme involved the demolition of the existing shops and public house. These were replaced with new shops plus an Activity Hub for Social Services providing for people with disabilities. The Hub is part of a further rationalisation of property and restructure of Social Services which will involve changing the service they offer and closing Halesfield 22 and Lakeside which are both no longer fit for purpose. The scheme is complemented by landscaping and parking improvements as well as enhancements to the Community Centre. The proposal went out to public consultation in the summer 2014 and planning was approved in November 2014. The Woodcutter Public House

which had attracted anti-social activity was purchased in July 2014 and was demolished as part of the enabling works in January 2015. Construction started in March 2015. The shop phase opened in December and the Activity Hub completed in March 2016. The opening of the centre was celebrated in December with the switching on of the Christmas lights.

Woodcutter (Hollinswood) Demolition January 2015



Southwood (Hollinswood) Activity Hub



School Projects

Building Schools for the Future

The Council was awarded funding for Wave 4 of the Government's Building Schools for the Future (BSF) Programme. This was a one off chance to completely transform secondary education and community buildings within the Borough. biT led and advised on all 'technical' aspects of this Project and were responsible for delivery of the programme.

In order to deliver transformational change, the Council has co-located Secondary Education with Primary Schools and Leisure/Community facilities. In certain cases this involved closing facilities, disposing of the sites and re locating elsewhere.

The programme has run from 2009 and the final school at Charlton, Wellington completed and opened in June 2016.

Charlton School – Opened June 2016



Lawley Village Academy

Elsewhere across the school portfolio a number of extensions, kitchen refurbishments, boiler replacements, re-roofing and other improvements have been undertaken. The largest project has been the construction of Lawley Village Academy a 7 class base Primary school with the capacity to extend to 14 class places when surrounding residential development completes. This opened in January 2016.



School Extension Projects

The Old Park Primary New Classroom

The biT Team have delivered a full classbase extension to the Old Park Primary School in Malinslee to accommodate an expanding pupil roll, which opened in September 2016.



William Reynolds Primary Classroom Extension

This project provided the primary school with two building bulletin compliant classrooms by extending the existing classbases. The extension was completed for September 2016 opening in readiness for the new Academic year.



Apley Wood Primary Reception Area

Apley Wood Primary School saw the building of a new reception which opened in early 2016.



Other School Projects

In addition to the above projects, major roofing works have been undertaken at Captain Webb Primary, St Georges Primary and Wrockwardine Wood Junior. An ongoing project to replace curtain walling and windows at John Fletcher of Madeley Primary School will also continue into the 2017/18 financial year. Moorfield Primary School and Aqueduct Primary have both had boiler replacements this year also.

Three schools have benefitted from kitchen refurbishment in 2016 – Holmer Lake Primary, Newport Infant and Randlay Primary, and Aqueduct Primary and Millbrook Primary Schools have had toilet refurbishment carried out this last year.

Leisure Centres

The Councils leisure portfolio delivers significant income to the Council besides providing obvious health benefits to customers and residents. The maintenance and improvement of these properties is a major element of biTs work.

2016 saw the recladding of Oakengates Leisure Centre at an approximate cost of £200,000. The scheme started in September 2016 and finished at Christmas. The scheme has given a significant lift to one of the best used centres. The building adjoins The Priory Academy a new school provided via BSF funding who jointly use the facilities. The re cladding complements the new school and provides a fantastic facility that includes, school, sports centre, athletics track and tennis centre.

Oakengates Leisure Centre External Cladding Replacement



Income Generation Opportunities

As well as using our land and property assets to deliver regeneration we are also looking at using them to facilitate income generating opportunities. Examples include the Solar Farm and Housing Investment Programme.

Solar Farm

The Council has completed the building a 5MW capacity solar farm on 12 hectares of agricultural land at Wheatley Grange, Horton. The solar farm will be made up of more than 16,000 panels and will generate enough electricity to power more than 800 homes. Income generation has started immediately with a net figure of £180,000 for the first year.

The planning application for the solar farm was approved by the Council's Planning Committee in April 2014 and Izen Energy systems constructed the facility on behalf of the Council with completion occurring in 2015.

The project forms part of our strategy to:

- become more environmentally and financially sustainable

- reduce our carbon footprint
- offset cuts in central government funding
- protect frontline services

Solar Farm completed



Housing Investment Programme

Telford & Wrekin Council is delivering an ambitious growth agenda which has seen major investment in Telford in support of the Council's vision. The number of households in the market rented sector increased by 63% nationally and by 68% in the West Midlands between 2001 and 2011. In Telford & Wrekin the market has effectively doubled from 5,839 to 10,793 households.

The Council has established a Wholly Owned Company ("WOC") called Nuplace Ltd limited by shares to develop new homes to meet the Council's regeneration and growth objectives. The plans include building circa 387 units across a number of sites within the Borough including, the land at Randlay Lorry Park, Woodlands, Madeley Court, Newport Springfields, Matlock Avenue and Hadley with a total investment value of approximately £52.6m. The WOC will create a number of jobs during the construction and operational phase, stimulating economic growth and regeneration opportunities. Construction on both Phase 1 sites, Randlay and Woodlands started in summer 2015 and were completed in Summer 2016 and Winter 2016 respectively. Randlay is fully let and only two units remain at Woodlands.

Construction on two of the Phase 2 sites (Matlock and Madeley) commenced Winter 2016 with the two remaining sites (Hadley and Newport) due to commence early 2017 with an approximate build period of 12-18 months. The first units will be available from 9 months from commencement on site. Marketing at Matlock started in November and already around 50% of the units are reserved.

Further feasibility studies are also being undertaken on potential sites for Phase 3 of the programme. These sites include land at Snedshill and the former Blessed Robert Johnson school site.





Hortonwood West



7.0 Property Investment Portfolio (PIP)

The Authority holds a number of individual sites for Investment, Regeneration and Economic Development purposes. Details of all assets and their values based on CIPFA valuation principles are contained in the Authority's Asset Register (see Section 10). The PIP has an annual gross revenue target of £5.2 million.

The Regeneration & Investments Team continued to achieve in 2016, despite the continuing challenging economic conditions. Revenue income to the Council has been maintained, costs associated with holding empty property reduced, in particular Business Rates, and jobs within the Borough safeguarded.

Regeneration & Investments continued throughout 2016 to implement its Property Disposal Programme. The proceeds from such sales have been used to reinvest into investments capable of providing income and capital growth, have reduced maintenance liabilities and will deliver new employment opportunities for the Borough. Examples of the investments made include a prominent town centre car park at Hall Court and a new retail development within Southwater which completed at the end of 2016.

In addition to the recycling of receipts generated to invest the Council has also set up a £50million Growth fund utilising prudential borrowing to invest in investment opportunities either of existing premises or new build or other investments that support wider economic growth. Examples of such investments include the acquisition of Audley Avenue Industrial Estate in Newport.



The construction of a new 30,000sqft Industrial unit at Hortonwood West to support the further growth of an existing tenant



In addition further investments into another industrial unit at Hortonwood West and a new Hotel in Southwater are planned for 2017.

Southwater

As part of the Council's delivery of the strategic regeneration project of Southwater as described within this AMP the PIP have invested in four new retail units and an office in 2014 which have been let to national and regional operators namely Green King plc, Costa, Wildwood, Wolverhampton University and Mimosa which combined generate some £385,000 per annum.



Key Achievements of the Investment Portfolio in 2016

- Continued assistance to customers during the economic downturn, via stepped rents, payment arrangements, and re-gearing of leases. This helped ensure achievement of the income target, and safeguarded jobs within the Borough

- Continued use of High Court enforcement, which has resulted in the recovery of difficult long standing debts.
- Achieved a low void rate of 3.00% of the units, and improved the process to reduce the liability for Empty Property Rates
- Continued to utilise online marketing tools including Zoopla for online enquiries.
- Negotiated the surrender of the last farm business tenancy and successfully marketed the disposal of the land and farm house at Marsh Farm, generating a net receipt of over £600,000 against a previous rental income of £5000. The monies generated will be invested to generate an income in excess of £60,000 per annum.
- Effectively managed the repair and maintenance budgets ensuring expenditure is below approved levels
- Acquired Audley Avenue Industrial estate which generates a further income to the authority whilst safeguarding over 160 jobs.
- Completed the construction of the first Industrial unit at Hortonwood West, which generates a further income

Plans and Developments 2017

- Achieve the Investment Portfolio income target whilst continuing to be proactive in assisting local businesses
- Bring forward new developments utilising the growth fund including the planned developments at Hortonwood West, Southwater and Madeley.
- Reduce the number of tenants who occupy by way of a licence by negotiating the grant of new leases, securing income for longer periods of time and increasing the investment value of assets held
- Continue the use of conditional break options linked to repayment of rent free incentives, surrender premiums, rent deposits and guarantees in return for lease flexibility
- Continue to reduce levels of current and former tenant debt and investigate alternative means of debt recovery
- Set and effectively manage repair and maintenance budgets for each individual asset, ensuring expenditure continues to be below approved levels
- Set and effectively manage service charge budgets for individual assets, ensuring expenditure is below approved levels
- Continue to refresh the Estates & Investments website, explore new means of marketing to attract new business and maximise revenue

- Continue to implement the Property Disposal Programme, reinvesting in assets capable of delivering revenue and capital growth, have reduced liabilities, ensuring the long term sustainability of the PIP
- Continue to explore potential development and investment opportunities presented via The Land Deal held with The Homes & Communities Agency
- Increase occupancy levels at The Business Development Centre to 90%
- Development of new properties capable of achieving the highest possible energy rating and conforming to national policies regarding sustainability and energy performance
- Work with the Inward Investment & Business Support Teams to target specific sectors to help reduce voids in offices

Continue to work with Business Support Officers on the provision of after care and business advice given to customers of the Council, further improving rates of retention.

Land Strategy

TWC Land Assets

The Land Assets held by the Authority within the Asset Register are defined as playing fields, public open space, amenity land, woodland, paddocks etc and amount to some 300 hectares (Ha). Specifically, the area excludes the site area of built Operational and Non-Operational Assets (which extends to some 700Ha). The aim of the Land Strategy, undertaken in 2010, was to undertake a detailed appraisal of each individual land asset by collating information from a number of sources into a single database.

The information obtained for each site includes:-

Site Description
 Site Area
 Existing Use
 Suitability for disposal
 Potential for alternative use
 Legal issues
 Planning issues
 Engineering information
 Regeneration considerations

For specific issues such as Planning, regard was made to the adopted Local Development Framework and the sites current land allocation, together with a view on future development potential. The information collated has been used to categorise each Land Asset. A traffic light system of categorising has been adopted as follows:

Red	Land suitable for disposal
Amber	Land that may be suitable for disposal will require further investigations before a recommendation is made e.g. Engineering study, Planning Application etc.
Green	Land to be retained

The detailed appraisal of the 358 Assets categorised as follows:

Category	Number of Assets
Red	17
Amber	107
Green	234

Approval has been granted for the disposal of all assets identified as “red” and to date fourteen have been sold. Upon completion of the remaining sales, a capital receipt of £150,000 will have been generated for the Authority.

The Land Strategy identified a further 107 “Amber Sites” that could be suitable for disposal but where further studies/investigations are required before the assets can be sold e.g. engineering studies, ecological surveys, planning applications etc. A programme has been established to investigate these Amber Sites. These sites are being reviewed on a rolling programme with currently an additional nine sites being identified for disposal.

Assets categorised as Green (land to be retained) are continually reviewed to ensure that where criteria/circumstances have changed the site’s development /disposal can come forward.

The Land Strategy, Operational Property Strategy and PIP Strategy all connect and form the approach to Asset Management within Telford.

Management of Homes and Communities Agency (HCA) Assets

A Land Deal was signed in March 2016 which formalised a legal agreement between the parties that puts TWC in charge of a range of activities that support the delivery of HCA sites within the Borough including marketing, disposals planning applications and infrastructure investment.. The management of HCA Assets is a significant opportunity to shape how the Borough is developed in line with the localism agenda and to support the new role HCA have as a facilitator and enabler of development. It has provided the opportunity for the Council to take a proactive approach in promoting the opportunities in Telford and to support the Councils wider agenda of growth within the Borough.

A number of sales have come forward since the establishment of the working relationship between the parties with over 30Ha of employment land already committed for development including:

The sale of some 9.43Ha for the development by Magna Cosma

8.0 Asset Details & Performance

The Statement of Assets is found in Appendix 1.

Three key measures against condition and space utilisation are contained in Appendix 2.

With reducing budgets, maintenance/refurbishment has been kept to a minimum across both Operational Property and Schools. However, the BSF programme has reduced the school maintenance back log as new and refurbished schools have been delivered as new Academies. On the Operational side, Property Rationalisation has also reduced the backlog of outstanding maintenance as services and staff are concentrated in modern buildings and old out, dated buildings, are disposed of.

As set out in Chapter 5, energy use is increasingly important from both an environmental and financial viewpoint. Whilst we have pursued a programme of eco-friendly initiatives such as bio mass boilers, increased insulation etc. this has been offset by increasing use of technology

powered by electricity in buildings. It is expected that further significant reductions in usage can come from both the BSF and Property Rationalisation Programme which will both utilise modern technologies including photovoltaic technology and ground source heat pumps etc.

Similarly, space utilisation should further improve from current standards as Property Rationalisation continues (Chapter 5).

Appendix 1 - Fixed Assets Utilised by the Council

1.1 Operational Property

Category	Quantity	Total Values
Academies	11	£11
Bus Stations	3	£572,300
Cemeteries	3	£3
Changing Rooms & Pavilions	11	£1,155,000
Children Centres	2	£1,692,000
Community Centres	3	£895,500
Day Centres	2	£1,653,000
Golf Course	1	£2,010,000
Hostels/Homeless Accommodation/Residential Homes	59	£6,889,034
Ice Rink	1	£3,230,000
Industrial Estates and Units – Operational (non PIP)	1	£280,800
Leisure Centres	7	£18,348,000
Libraries	8	£8,282,000
Nursery Schools	1	£305,000
Operational Offices	10	£11,826,000
Outdoor Activity Centre	1	£724,000
Primary Schools (Maintained/Foundation/VC/VA)	49	£108,071,000
Public Conveniences	3	£119,000
Pupil Referral Units	2	£657,000
Registrars	1	£843,800
Secondary Schools (Maintained/Foundation/VA)	3	£36,660,500
Ski Centre	1	£478,000
Special Schools	3	£6,459,000
Theatres	1	£2,003,000
Travellers' Sites	2	£1,136,000
Visitor Information Centre	1	£830,000
Youth Projects	3	£609,500
TOTAL	193	£ 215,729,448

1.2 Operational Property Leased in from Property Investment Portfolio

Category	Quantity	Total Values
Industrial Estates and Units (PIP)	4	£684,600
Offices	2	£100,370
Training / Day Centre	1	£199,400
TOTAL	7	£984,370

1.3 Operational Property Leased in from Private Sector

Category	Quantity	Total Values
HLC Learning Community (PFI)	1	
Offices	2	
TOTAL	3	

1. Other Property Assets

2.1 Property Investment Portfolio (PIP)

Category	Quantity	Total Values
Depot	1	£1,226,500
Industrial	38	£31,741,200
Offices	28	£18,356,600
Retail	29	£15,599,900
Smallholdings	1	£150,000
TOTAL	97	£67,074,200

2.2 Other Miscellaneous Sites and Property

Category	Quantity	Total Values
Allotments	10	
Amenity Sites	4	
Assets held for sale	36	
Assets Under Construction	9	
Car Parks	32	
Community Centres - leased out	9	
Leased out property – non PiP	3	
Miscellaneous Sites	169	
Open Space and Recreational Areas	190	
Regeneration Sites	8	

APPENDIX 2

Indicator 1Bi : Required maintenance by cost expressed as a total cost in Priority levels 1–3

Telford & Wrekin Property Performance Indicators for 2016.

Priority 1–3 covers a 5 year maintenance period. The total cost of priority level 1 – 3 works for all Operational Property (including schools) is £22,997,295.

T&WC figure is split as follows:

School Property	£17,144,675
Operational Property	£5,852,620

Previous year comparisons

		2011	2012	2013	2014	2015	2016
Schools	P1-P3	£28,593,580	£30,652,623	£24,617,893	£21,529,991	£18,939,529	£17,144,675
Operational	P1-P3	£12,766,526	£8,770,020	£8,369,886	£7,480,279	£6,806,221	£5,852,620

The condition liability for operational buildings has reduced due to the ongoing reduction in the number of properties directly operated by the Council, i.e. community centres, along with the overall reduction in office accommodation by 34% in recent years. The figures here include estimates for new buildings which have been acquired and do not currently have condition surveys – these will be undertaken during the normal condition update rolling programme.

School Condition Surveys do not show the full reduction due to the investment of circa £1.7m in 2016/17. Surveys will continue to be updated in 2017 and will reflect this investment in future updates. With this in mind, the condition liability for Schools shows a further decrease this year due to the replacement of the old Charlton school, which has helped reduce the overall condition backlog circa £1.5m.

Annex IV

TELFORD & WREKIN COUNCIL

CABINET

23rd FEBRUARY 2017

HIGHWAYS & TRANSPORT CAPITAL INVESTMENT PROGRAMME 2017-2021

REPORT OF THE ASSISTANT DIRECTOR : CUSTOMER & NEIGHBOURHOOD SERVICES

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

- 1.1 To identify the proposed planned Highways and Transport Capital Investment Programme for financial years 2017/18 –2020/21, in accordance with the proposed Budget Strategy.

2. RECOMMENDATIONS

2.1 That Cabinet:

- i. Approve the planned Highways and Transport capital investment programme for 2017/18 – 2020/21
- ii. Delegate responsibility for agreeing any variations or changes to schemes in the capital programme that remain within overall approved budget limits to the Assistant Director Customer & Neighbourhoods Services in consultation with the Cabinet Member for Transport, Customer & Neighbourhood Services.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT

Do these proposals contribute to specific priority plan objectives?

Yes/No

Maintaining the highway network has been identified as a key priority through community consultation. Maintaining an efficient and effective transport network through the Highways and Transport Capital Programme contributes to the delivery of the following Council Priorities:

- Ensure that neighbourhoods are safe, clean and well maintained;
- Improve the health and wellbeing of our communities and address health inequalities;
- Regenerate those neighbourhoods in need and work to ensure local people have access to suitable housing.

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		Will the proposals impact on specific groups of people?	
		Yes/No	The highway and transport network is used by all sections of the community. As far as is practicably possible all schemes aim to meet guidance on accessibility; all maintenance schemes are based on assessments of condition of the highway network and feedback from the local community.
	TARGET COMPLETION / DELIVERY DATE	There are many different capital projects and each one has a different target completion date.	
	FINANCIAL/VALUE FOR MONEY IMPACT	Yes	Budgetary provision for the Highways and Transport Capital Programme for 2017/18 is £20.27m which includes capital grants. Indicative capital funding for future years 18/19 to 20/21 are outlined in this report. Expenditure against budgeted allocations will be monitored and any variances or amendments will be reported through the Service and Financial Planning process as required.
	LEGAL ISSUES	No	There are no direct legal implications arising from this report. The Council has a duty to manage and maintain the highway network and any works will be procured and managed in accordance with financial and contract procedure rules.
	OTHER IMPACTS, RISKS AND OPPORTUNITIES	Yes	The highway and transport network forms a key part of the physical environment that people experience on a daily basis. In delivering the programme it is important that all opportunities are explored to maximise the enhancement of the local environment, where it can be done in an efficient and cost-effective way.
	IMPACT ON SPECIFIC WARDS	No	Proposals affect all wards in the Borough

PART B) – ADDITIONAL INFORMATION

4. INFORMATION

- 4.1 The Council's adopted Asset Management Policy sets out the future vision for highways in Telford & Wrekin: Our vision is as follows:-

We will keep Telford moving by delivering a safe, efficient and sustainable highway to meet the needs of communities and businesses, providing access to jobs and services, supporting health and wellbeing and catering for future growth **AND** maximising and managing investment into the highway network to support the local economy, investing in new technologies and our workforce to promote innovation and creativity. **Consultation, collaboration and community engagement will be the key to our success.**

Annex IV

- 4.2 The adopted asset management policy forms one of the essential aspects to the Council becoming a 'band 3' authority over the next few years in order to secure the newly formed highways incentive funding. During the forthcoming year we expect to be assessed as a Band 2 authority reaching a band 3 by the following year and therefore securing the maximum level of funding.
- 4.3 The Council has invested significant funding over recent years into highway and transport infrastructure. This includes securing external government funding into the Box Road improvements, the LEP Growth Point junction improvements, the dualling of Rampart/Hall Park Way and the replacement of Telford Central footbridge. In addition to this the Council has invested significant funding into highways maintenance and environmental maintenance schemes through the Pride in Your Community programme.
- 4.4 Telford continues to face the need for continuing investment into infrastructure to support our residents and communities and to make the Borough attractive for securing inward investment, in turn helping to create new jobs. The New Town status of Telford means that much of the infrastructure is deteriorating at a similar rate and is now coming to the end of its useful life. Whole life costings undertaken as part of our asset management approach show that should the previous funding levels of highway maintenance continue then the network would deteriorate until such a point where more expensive road treatments would be required in order to bring the network back up to standard.
- 4.5 However the Council has agreed to invest significant sums into upgrading and maintaining our local road and highways infrastructure. Over the next four years this would include almost £4m into our footpaths, £7.6m into structures, £23m into our Highways to improve our roads and over a £2.4m to improve the maintenance of our drainage systems and street furniture.
- 4.6 In addition the Council is currently in the process of re-letting its street lighting contract, which will be supported by a major investment in the 17/18 and 18/19 of £5.3m in upgrading our street lighting to LED's across the Borough, helping to reduce our energy costs by nearly half a millions pounds per annum by 2019 and improve the quality of lighting at the same time.
- 4.7 This funding will significantly improve the current condition of the Council's highway assets. The £20m the Council is investing in 2019 onwards is particularly significant as this will tie into the new highways contract that will replace the existing TWS contract. Work is commencing on this process now to ensure that the Council implements a contract which is fit for purpose and will ensure that additional £20m investment goes as far as possible.
- 4.8 Clearly this investment will need to be well programmed and planned in terms of delivery to minimise disruption to residents. Central to this will be the Council's Highways Communication Strategy that will ensure our residents are kept informed on this investment particularly when it directly affects their daily lives. The strategy sets out an approach that will make best use of social media, the website, MyTelford, the Everyday Telford App and other communication methods with residents.
- 4.9 The Council has also developed a new value management process that will take the technical needs and condition of our roads and combine that with the needs of our communities to develop and prioritise roads for investment over this period.

Annex IV

4.10 A more detail report on the resourcing and planning of this highway investment will be brought forward to Cabinet over the coming months in relation to this.

Table 1 – FUNDING SOURCES

Source	2017-18	2018-19	2019-20	2020-21	Total
	£'000	£'000	£'000	£'000	4-Year Programme Indicative £'000
4-Year Budget					
Council Capital					
Maintenance including footpaths	2,700	2,700	10,000	10,000	25,400
Urgent Structures Work	1,000				1,000
LED Lighting Invest to Save	2,150	2,671	-	-	4,821
Total Council Capital	5,850	5,371	10,000	10,000	31,221
External Funding					
Maintenance ¹ (pending outcome of Band 2 assessment Summer 2017)	2,869	2,778	2,778	2,778	11,203
Integrated Transport	939	939	939	939	3,756
LED Lighting (Invest to Save)	521	-	-	-	521
Pothole Action Fund	250	-	-	-	250
Telford Town Centre Connectivity Package (Roundabout improvements)	9,843	-	-	-	9,843
Total External Funding Capital	14,422	3,717	3,717	3,717	25,573
Total Funding	20,272	9,088	13,717	13,717	56,794

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Table 2 – Summary of Highways & Transport Capital Programme

Highway Programme Area	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total 4-Year Programme £'000
	£'000	£'000	£'000	£'000	£'000
Maintenance of Existing Assets					
Carriageway Maintenance	3,450	3,431	7,921	7,921	22,723
Footpath maintenance	1,000	1,000	1,000	1,000	4,000
Structures maintenance	1,600	600	2,700	2,700	7,600
Street lighting maintenance	-	100	200	200	500
Drainage Maintenance	218	132	400	400	1,150
Street furniture	216	130	472	472	1,290
Annual Condition Surveys	85	85	85	85	340
Maintenance Programme sub-total	6,569	5,478	12,778	12,778	37,603
Transport & Major Schemes (Improving and Amending the Highway Network)					
New / Upgraded Infrastructure	355	250	350	350	1,305
Safety Schemes	384	350	439	439	1,612
Transport Modelling	200	339	150	150	839
LED borough wide Lighting (Invest to Save)	2,671	2,671	-	-	5,342
Pothole Action Fund	250	-	-	-	250
Telford Town Centre Connectivity Package (6 roundabout junction improvements)	9,843	-	-	-	9,843
Transport & Major Schemes-sub-total	13,703	3,610	939	939	19,191
Total Capital Programme	20,272	9,088	13,717	13,717	56,794

5 IMPACT ASSESSMENT – ADDITIONAL INFORMATION

5.1 Community Impact

Maintaining the highway and transport network is key to ensuring that people are able to travel for work and education, for accessing services and for leisure activities. The network is used on a daily basis by residents and visitors to the Borough and in terms of service use is likely to be the most used service the Council provides. The condition of the highway and its surroundings can have a significant influence on the overall perception of the quality of the physical environment wherever possible we maximise on opportunities to improve the local environment for the benefit of local communities. As part of the Cooperative Council approach the process of engaging contractors for the Highways Programme will include the consideration of supporting local employment and apprentice schemes.

Annex IV

5.2 Equalities Impact

Where possible, as part of the capital programme, improvements to accessibility will be carried out, such as the provision of dropped kerbs and tactile paving. This allows the Council to support its Local Transport Plan objective of improving accessibility.

5.3 Environmental Impact

Environmental improvements are incorporated into schemes wherever appropriate in order to support the recognition that highway and footpath condition can have a significant bearing on the perceived environmental quality of an area. Again, by identifying links with other programme the Council will aim to take a Total Place approach when delivering highways schemes, thereby ensuring that both environmental and highways issues are addressed. The Council will be seeking to use recycling of materials and new more sustainable surfacing treatments, in collaboration with other local authorities, with the aim of reducing the Council's Carbon Emissions.

PREVIOUS MINUTES

Cabinet 7 January 2016 – Service & Financial Planning 2016/17 to 2017/18

**Report prepared by Dominic Proud –
Transport & Highways Development Service Delivery Manager**

TELFORD & WREKIN COUNCIL

COUNCIL – 2 MARCH 2017

2017/18 TREASURY STRATEGY AND TREASURY UPDATE REPORT

REPORT OF THE CHIEF FINANCE OFFICER (ASSISTANT DIRECTOR: FINANCE & HUMAN RESOURCES)

LEAD CABINET MEMBER – CLLR LEE CARTER

PART A – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

The report updates members on Treasury Management activities during 2016/17 and details the Treasury Strategy recommended to be adopted for 2017/18. The approach that the Council has been pursuing in recent years to treasury management of limiting investments in third parties is beneficial in the current interest rate climate and very importantly reduces the Council's exposure to counterparty risk at a time when there is still uncertainty about the financial robustness of some financial institutions. Maintaining high levels of very cheap temporary debt has generated surplus treasury management returns of more than £8m in recent years which has reduced the impact of Government cuts to the Council's grants and therefore helped to protect front line services. At some point the Council will need to lock in to fixed-term interest rates to reduce the exposure to future interest rate increases. However, the Council's budget proposals issued for consultation in January 2017 include allowance for locking in all current and anticipated debt at fixed interest rates that are higher than current PWLB rates for any duration (from 1 year to 50 years) and therefore the Council is very well placed to start to lock in to longer term fixed rates and will do so as soon as our external treasury management advisors indicate that the Council should start this process. The Council receives regular advice from Arlingclose who are a firm of expert advisors specialising in all aspects of local government treasury management and we act in accordance with the advice received.

The report also sets out expected debt levels. We have an excellent track record of complying with all the prudential indicators and limits agreed by Council and are operating well within the overall approved credit ceiling. The proportion of the Council's net revenue budget used to service debt repayment is 6.9% in the current financial year. This compares to 10% for the average unitary authority (almost half as much again compared to the position at Telford and Wrekin). The Council has increased debt levels in recent years as it follows a more commercial approach. This has included investment in NuPlace which provides high quality homes for rent from a reliable landlord, mainly at market rent levels and an expansion of the Property Investment Portfolio. These investments are expected to bring long term capital growth which will strengthen the Council's balance sheet as well as generating revenue returns well in excess of the associated debt charges. They will also bring other direct and indirect financial and other benefits to the residents of the Borough including additional income from council tax, business rates and new homes bonus, as well as protecting and creating jobs for local people. The Council's solar farm which generates an index linked surplus of around £200k pa after all costs was also funded from borrowing, the surplus again being used to help support front line services.

This report and the Prudential Indicators report which will be considered by Cabinet on 23 February and Council on 2 March set out our overall approach to treasury management and the controls that are put in place to ensure that council taxpayers interests are protected and risks are managed as effectively as possible.

2016/17 Treasury Management Update

The treasury portfolio at the end of December showed overall net indebtedness of £179.5m (borrowing: £192.7m less investments: £13.2m). Base rates were reduced to 0.25% in August with the next move being dependent on how the economy responds to the uncertainties of Brexit and the extent to which the Bank of England will be tolerant of excessive levels of inflation.

The borrowing strategy for 2016/17 is to take new borrowing within shorter maturities before gradually lengthening maturities. Also to take advantage of longer term loans when the opportunity presents itself. To date, part of our EIP PWLB loans have matured and 3 new loans totalling £15m have been taken. Further, three of our LOBO's with Barclays Bank have been converted to maturity loans. Short term borrowing has been used to fund short term cash flow requirements and take advantage of low interest rates.

As referred to above, a large part of the Council's total existing borrowing and planned further borrowings relates to the funding of income earning investments which are budgeted to generate returns in excess of the annual debt charges and other operating costs.

Commercial Schemes within External Borrowing

	31/03/16 Actual £m	31/03/17 Estimate £m	31/03/18 Estimate £m	31/03/19 Estimate £m	31/03/20 Estimate £m
External Borrowing from 5.1.3	164.098	195.207	235.023	258.734	272.643
Housing Investment programme - Houses	9.674	19.565	38.080	54.822	60.642
Solar Farm	3.710	3.710	3.710	3.710	3.710
PIP	2.842	13.459	23.098	30.204	35.704
External Borrowing excluding Commercial Schemes	147.872	158.473	170.135	169.998	172.587

The overall investment strategy for 2016/17 is to gain maximum benefit with security of principal sum invested being the primary consideration. The weighted average return on internal investments at the end of December 2016 was 0.29% compared to a benchmark return for the period of 0.24%. A schedule of short-term investments is shown at Appendix F.

TREASURY STRATEGY

The Council's Treasury Management Strategy is set within the parameters of the relevant statute, guidance and accounting standards which include the Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services and the Prudential Code.

The Council is currently expected to be required to borrow up to £40.2m in 2017/18 based on the current capital programme plans and will adopt a flexible approach to borrowing. In consultation with its treasury management advisors consideration will

be given to affordability, maturity profile of existing debt, interest rate and refinancing risk as well as borrowing source, which is primarily expected to be the Public Works Loan Board, but may also include the LGA Municipal Bonds Agency, European Investment Bank or commercial sources.

The strategy for any investments will generally be to reduce investments in order to reduce counter-party risk and to reduce net interest costs as longer-term borrowing rates will tend to be greater than we are able to earn on new investments, but we will look to lengthen investment periods, where cash flow permits, to achieve higher interest rates within acceptable risk parameters. Maximum investment levels with counterparties will be set to ensure prudent diversification is achieved whilst recognising that strict investment criteria that the Council applies severely reduces the number of suitable available counterparties and therefore sums with individual counterparties may be up to £15m at any one time.

The report also includes the Council's Minimum Revenue Provision Statement, this has been updated to state the exact policy in use for each borrowing type and will apply from 2016/17. Overall the policy is broadly in line with that previously agreed, however it is being extended to include the purchase of investment properties. There will be a lower mrp charged on investment properties for 2017/18 onwards to reflect the nature of the asset.

The report also sets the Prudential Indicators associated with Treasury Management for 2017/18.

It should be noted that there may be some changes to the Treasury Strategy before it is presented to Cabinet on 23 February as further information becomes available. The final strategy will be circulated to Audit Committee Members for information with any significant changes highlighted.

2. **RECOMMENDATIONS**

Members are asked to

1. Note the treasury management activities for the first half year,
2. Note the Treasury Management Policy Statement (Appendix A) and
3. Approve the Treasury Strategy, including the Annual Investment Strategy for 2017/18 together with the associated treasury Prudential Indicators and the Minimum Revenue Provision Statement, which will apply from 2016/17 onwards.

3. **SUMMARY IMPACT ASSESSMENT**

COMMUNITY IMPACT

Do these proposals contribute to specific priority plan objectives?

Yes/ ~~No~~ Maximisation of investment income whilst managing risks and minimising borrowing costs whilst also managing risks helps to support the council's overall financial position and therefore the delivery of all policy objectives.

Will the proposals impact on specific groups of people?

~~Yes/~~
No

TARGET COMPLETION / DELIVERY DATE		Part of ongoing Treasury Management Activities within the Treasury Management Strategy and Policy approved by Council.
FINANCIAL/VALUE FOR MONEY IMPACT	Yes/ No	Where appropriate these are detailed in the body of the report.
LEGAL ISSUES	Yes/ No	The Council's Treasury Strategy has to comply with the relevant statute, codes and guidance which are set out both in the main body of this report and Appendices A and C of the strategy itself Attached).
		The Assistant Director: Finance & Human Resources (Section 151 Officer) has responsibility for the administration of the financial affairs of the Council. In providing this report the Assistant Director: Finance & Human Resources is meeting one of the responsibilities of the post contained within the Council's Constitution at Part 2, Article 12, paragraph 12.04(f) which states "The Chief financial Officer will contribute to the promotion and maintenance of high standards of governance, audit, probity and propriety, risk management and the approval of the statement of accounts through provision of support to the Audit Committee."
OTHER IMPACTS, RISKS AND OPPORTUNITIES	Yes/ No	The key opportunities and risks associated with treasury management activities are set out in the body of the report and in the Treasury Management Strategy and Policy approved by Council and will be regularly monitored throughout the year.
IMPACT ON SPECIFIC WARDS	Yes/ No	

PART B – ADDITIONAL INFORMATION

4. 2016/17 TREASURY MANAGEMENT UPDATE

4.1 CURRENT PORTFOLIO POSITION

	31 March 16	31 Dec 16
	Principal	Principal
	£m	£m
Fixed Rate Borrowing – PWLB	28.519	43.638
Fixed Rate Borrowing – LOBO	60.000	45.000
Fixed Rate Borrowing – Market	0.000	15.000
Variable Rate Borrowing - market	<u>75.579</u>	<u>89.078</u>
Total Debt	164.098	192.716
Investments - in-house	<u>10.689</u>	<u>13.255</u>
Total Investments	10.689	13.255
Net Indebtedness	153.409	179.461

4.2 INTEREST RATES

Base rates were reduced to 0.25% in August. The Bank of England Quantitative Easing programme was also increased to £435bn. The next move in the base rate will be largely be dependent on how the economy responds to the uncertainties of 'Brexit' and the extent to which the Bank of England will tolerate higher levels of inflation following the fall in the value of sterling after the referendum vote and the continuing weakness of the currency.

4.3 BORROWING & RESCHEDULING

The borrowing strategy for the current year has been to borrow temporarily to take advantage of low interest rates where possible and to undertake new longer term borrowing initially in shorter maturities before gradually extending maturities.

Rescheduling

During 2016/17 no rescheduling has taken place as market conditions have not been favourable, however the scope for opportunities is regularly monitored.

New Borrowing

Between the period 1 June 2016 (previous Member update) and 31 December 2016, £145.5m of temporary loans have been raised in order to fund short-term cash flow requirements at various points. Interest rates have ranged from 0.19% to 0.50% - interest rates have remained fairly low during this time. £89.0m of this temporary borrowing was outstanding at 31 December 2016. The following longer term borrowing has been undertaken in the year to date with a view to slowly locking in to some longer-term fixed interest rates.

Date	Loan	Period	Amount	Interest Rate
20/6/06	PWLB EIP	10 years	£5,000,000	1.45%
20/6/06	PWLB EIP	19 years	£5,000,000	1.98%
5/7/16	PWLB EIP	15 years	£5,000,000	1.44%

4.4 INVESTMENTS

The strategy for the current year is: The Authority's objective when investing money is to strike an appropriate balance between risk and return.

4.4.1 In-House Investments

The majority of the Council's investments are internally managed – currently just temporary investments for cash flow purposes.

Temporary Investments

All the funds are invested by the Council's own officers in order to maximise returns from day to day cash flows

In total £1,426m of investments were placed between 1 June and 31 December. Interest rates have ranged from 0.15% to 0.45% and periods ranged from overnight deposits to 20 days. £13.255m in house temporary investments were held at 31 December 2016.

Longer Term Investments

A number of internally managed deposits have been made previously. We currently hold no longer term investments.

It should be noted that under the current guidance from our Treasury Advisors our investment policy would mean that new deposits with financial institutions should not be placed for longer than 13 months.

Overall the weighted average return on all internal investments for the year to date was 0.29% compared to a benchmark return for the period of 0.24%.

4.4.2 Overall Position and Exposure

A full analysis of all Council investments at the end of December is shown in Appendix F.

Our current counterparty limit and maximum exposure is £15.0m for the current year with any one counterparty. At the end of December the greatest exposure with a single counterparty was £6.2m with Lloyds Bank (47% of the total portfolio).

The Council is guided by its Treasury advisers, Arlingclose, in assessing investments.

4.5 LEASING

Each year the Council arranges operating and finance leases for assets such as vehicles, computers and equipment. This helps to spread the cost over a number of years.

There have been no drawdowns in the year to date for 2016/17. A lease drawdown is anticipated in March.

5. TREASURY STRATEGY FOR 2017/18 to 2019/20

5.1 BACKGROUND

5.1.1 The CIPFA Treasury Management Code of Practice

The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators on an annual basis. The TMSS also incorporates the Annual Investment Strategy as required under the CLG's Investment Guidance.

The purpose of this TMSS is, therefore, to approve the:

- Treasury Management Strategy for 2017/18
- Annual Investment Strategy for 2017/18
- Prudential Indicators for 2017/18, 2018/19, 2019/20 and 2020/21
- MRP Statement.

Treasury Management is about the management of risk. The Authority is responsible for its treasury decisions and activity. No treasury management activity is without risk.

The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

As per the requirements of the Prudential Code, the Authority adopted the CIPFA TM Code at a meeting of Full Council on 4 March 2010. In addition, the Department for Communities and Local Government (CLG) issued revised Guidance on Local Authority Investments in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year.

This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Guidance.

All treasury activity will comply with relevant statute, guidance and accounting standards.

The strategy takes into account the impact of the Council's Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position (Appendix B), the Prudential Indicators (Appendix C) and the outlook for interest rates (Appendix D).

5.1.2 External Context

Economic background: The major external influence on the Authority's treasury management strategy for 2017/18 will be the UK's progress in negotiating a smooth exit from the European Union. Financial markets, wrong-footed by the referendum outcome, have since been weighed down by uncertainty over whether leaving the Union also means leaving the single market. Negotiations are expected to start once the UK formally triggers exit in

early 2017 and last for at least two years. Uncertainty over future economic prospects will therefore remain throughout 2017/18.

The fall and continuing weakness in sterling and the near doubling in the price of oil in 2016 have combined to drive inflation expectations higher. The Bank of England is forecasting that Consumer Price Inflation will breach its 2% target in 2017, the first time since late 2013, but the Bank is expected to look through inflation overshoots over the course of 2017 when setting interest rates so as to avoid derailing the economy.

Initial post-referendum economic data showed that the feared collapse in business and consumer confidence had not immediately led to lower GDP growth. However, the prospect of a leaving the single market has dented business confidence and resulted in a delay in new business investment and, unless counteracted by higher public spending or retail sales, will weaken economic growth in 2017/18.

Looking overseas, with the US economy and its labour market showing steady improvement, the market has priced in a high probability of the Federal Reserve increasing interest rates in December 2016. The Eurozone meanwhile has continued to struggle with very low inflation and lack of momentum in growth, and the European Central Bank has left the door open for further quantitative easing.

The impact of political risk on financial markets remains significant over the next year. With challenges such as immigration, the rise of populist, anti-establishment parties and negative interest rates resulting in savers being paid nothing for their frugal efforts or even penalised for them, the outcomes of the French presidential and general elections (April – June 2017) and the German federal elections (August – October 2017) have the potential for upsets.

Credit outlook: Markets have expressed concern over the financial viability of a number of European banks recently. Sluggish economies and continuing fines for pre-crisis behaviour have weighed on bank profits, and any future slowdown will exacerbate concerns in this regard.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however continue to fall.

Interest rate forecast: The Authority's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.25% during 2017/18. The Bank of England has, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods. Given this view and the current inflation outlook, further falls in the Bank Rate look less likely. Negative Bank Rate is currently perceived by some policymakers to be counterproductive but, although a low probability, cannot be entirely ruled out in the medium term, particularly if the UK enters recession as a result of concerns over leaving the European Union.

Gilt yields have risen sharply, but remain at low levels. The Arlingclose central case is for yields to decline when the government triggers Article 50. Long-term economic fundamentals remain weak, and the quantitative easing (QE)

stimulus provided by central banks globally has only delayed the fallout from the build-up of public and private sector debt. The Bank of England has defended QE as a monetary policy tool, and further QE in support of the UK economy in 2017/18 remains a distinct possibility, to keep long-term interest rates low.

5.1.3 Local Context

The Authority's current level of debt and investments is set out at Appendix B.

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The CFR, together with Usable Reserves, are the core drivers of the Authority's Treasury Management activities.

The Authority is able to borrow funds in excess of the current level of its CFR up to the projected level in 2020/21. The Authority is likely to only borrow in advance of need if it felt the benefits of borrowing at interest rates now compared to where they are expected to be in the future, outweighs the current cost and risks associated with investing the proceeds until the borrowing was actually required.

The forecasted movement in the CFR in coming years is one of the Prudential Indicators (PIs). The movement in actual external debt and usable reserves combine to identify the Authority's borrowing requirement and potential investment strategy in the current and future years.

The estimates, based on the current Revenue Budget and Capital Programmes, are:

	31/03/16 Actual £m	31/03/17 Estimate £m	31/03/18 Estimate £m	31/03/19 Estimate £m	31/03/20 Estimate £m
Capital Financing Requirement	335.586	377.249	417.539	438.789	450.432
Less: Other long term liabilities (e.g. PFI)	-57.813	-58.260	-56.408	-54.167	-51.848
Borrowing CFR	277.773	318.989	361.131	384.622	398.584
Less: External Borrowing	-164.098	-195.207	-235.023	-258.734	-272.643
Internal Borrowing	113.675	123.782	126.108	125.888	125.941
Less: Usable reserves	-62.161	-62.161	-62.161	-62.161	-62.161
Less: Working capital	-43.618	-61.621	-63.947	-63.727	-63.780
Investments	7.896	0.000	0.000	0.000	0.000

Commercial Schemes within External Borrowing

External Borrowing from Above	164.098	195.207	235.023	258.734	272.643
Housing Investment programme – Houses	9.674	19.565	38.080	54.822	60.642
Solar Farm	3.710	3.710	3.710	3.710	3.710
PIP	2.842	13.459	23.098	30.204	35.704
External Borrowing excluding Commercial Schemes	147.872	158.473	170.135	169.998	172.587

The table above shows an increasing Capital Financing Requirement and will require the Council to undertake additional longer term borrowing as well as converting from temporary borrowing we currently hold to fixed borrowing at the best time for the Council dependent on market conditions.

The row relating to external borrowing includes debt associated with funding the Council's Housing Investment Programme through NuPlace together with other commercial investments from 2015/16 onwards. The anticipated income from these projects is projected to generate a surplus after funding the debt and operational costs which will be used to support front line services. The outstanding debt relating to the Housing Investment Programme will be repaid by the eventual sale of some or all of the properties held by the Council's wholly owned company. The proceeds of any partial disposals will be used to reduce the outstanding debt until the whole amount of debt used to fund the investment has been repaid.

5.1.4 Borrowing Strategy

The Authority currently holds £192.716 million of loans, an increase of £28.6 million on the previous year end. The Council also holds £58.260 million of other longer term liabilities (mainly PFI). The balance sheet forecast in the above table shows that the Authority expects borrowing to increase by year end and continue to increase over the next few years. The Authority may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing.

The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow using short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone

investment income) and reduce overall treasury risk. Whilst such a strategy is most likely to be beneficial over the next 1-2 years as official interest rates remain low, it is unlikely to be sustained in the medium-term. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2017/18 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Authority will also evaluate forward-fixing long-term loans which start at a date in the future, say 12-36 months ahead. Such loans benefit the Authority by fixing a known rate for future borrowing commitments without incurring the funding cost in the intervening period.

In addition, the Authority may borrow short-term loans to cover exceptional cash flow shortages.

The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board and any successor body
- LGA Bond Agency
- UK local authorities, including Fire and Police Authorities
- any institution approved for investments (see below)
- any other bank or building society authorised by the Prudential Regulation Authority to operate in the UK
- UK public and private sector pension funds
- capital market bond investors
- European Investment Bank
- Local Authority Capital Finance Company and other special purpose companies created to enable joint local authority bond issues.

The Authority has previously raised a significant part of its long-term borrowing from the Public Works Loan Board, but it continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.

LGA Bond Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a joint and several guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

LOBOs: The Authority holds £45m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. The figure at the start of the year was £60m, but Barclays Bank have converted their LOBO's (£15m) to fixed rate maturity loans at no cost to the council. £40m of the remaining LOBOs have options during 2017/18, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk, which will arise at some point in the future when interest rates increase. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Total borrowing via LOBO loans will be limited to £45m. Short-term and variable rate loans leave the Authority exposed to the risk of short-

term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.

Debt Rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Some bank lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk. Treasury management and borrowing strategies in particular continue to be influenced not only by the absolute level of borrowing rates but also the relationship between short and long term interest rates. The interest rate forecast provided in Appendix D indicates that an acute difference between short and longer term interest rates is expected to continue. This difference creates a “cost of carry” for any new longer term borrowing where the proceeds are temporarily held as investments because of the difference between what is paid on the borrowing and what is earned on the investment. Whilst the cost of carry can be assumed to be a reasonably short-term issue since borrowing is often for longer dated periods (anything up to 50 years) it cannot be ignored against a backdrop of uncertainty and affordability constraints in the Authority’s wider financial position.

5.2 Investment Strategy

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves. In the past 12 months, the Authority’s investment balance has ranged between £4 million and £30 million, and levels are expected to remain around the same levels in the forthcoming year.

Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

The Authority may invest its surplus funds with any of the counterparties in table 2 below, subject to the cash and time limits shown.

Approved Investment Counterparties

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£15m 5 years	£15m 20 years	£15m 50 years	£7.5m 20 years	£15m 20 years
AA+	£15m 5 years	£15m 10 years	£15m 25 years	£7.5 m 10 years	£15m 10 years
AA	£15m 4 years	£15m 5 years	£15m 15 years	£7.5m 5 years	£15m 10 years
AA-	£15m 3 years	£15m 4 years	£15m 10 years	£7.5m 4 years	£15m 10 years
A+	£15m 2 years	£15m 3 years	£15m 5 years	£7.5m 3 years	£15m 5 years
A	£15m	£15m	£15m	£7.5m	£15m

	13 months	2 years	5 years	2 years	5 years
A-	£15m 6 months	£15m 13 months	£15m 5 years	£7.5m 13 months	£15m 5 years
BBB+	£7.5m 100 days	£7.5m 6 months	£7.5m 2 years	£4m 6 months	£7.5m 2 years
BBB	£4m next day only	£4m 100 days	n/a	n/a	n/a
None	£0m 6 months	n/a	£4m 25 years	£1,000 5 years	£0m 5 years
Pooled funds	£10m per fund				

There is no intention to restrict investments to bank deposits, and investments may be made with any public or private sector organisations that meet the above credit rating criteria. The table reflects a lower likelihood that the UK and other governments will support failing banks as the bail-in provisions in the Banking Reform Act 2016 and the EU Bank Recovery and Resolution Directive are implemented.

Credit Rating: Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB are restricted to overnight deposits at the Authority's current account bank.

Banks Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered Providers: Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency

and, as providers of public services, they retain a high likelihood of receiving government support if needed.

Pooled Funds: Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period may be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Risk Assessment and Credit Ratings: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other Information on the Security of Investments: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Regard will therefore be given to other available information on the credit quality of the organisations in which it invests as advised by our treasury advisors, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if our Treasury Advisors have raised substantive doubts about its credit quality, even though it may meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with

the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Specified Investments: The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

The Authority defines “high credit quality” organisations as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

Non-specified Investments: Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 3 below.

The Council's purchase of shares in the Housing Wholly Owned Company (and any other wholly owned company) and subsequent loans to the company are service-related and are not included in the annual investment strategy.

Table 3: Non-Specified Investment Limits

	Cash limit
Total long-term investments	£25m
Total investments without credit ratings or rated below A-	£5m
Total investments (except pooled funds) in foreign countries rated below AA+	£5m
Total non-specified investments	£30m

It should be noted that the authority has an historic investment in Shropshire Waste Management shares totalling £33k which was transferred when the Unitary authority was created in 1998.

Investment Limits: The Authority has revenue reserves, which could be used to cover investment losses and are forecast to be £62 million on 31st March 2017 although not all of these are available. In order that no more than 50% of reserves (as recommended by the code) will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £15 million, which is well within the limit. A group of banks under the same ownership or a group of funds under the same management will be treated as a single organisation for limit purposes. Limits will also be placed

on investments in brokers' nominee accounts (e.g. King & Shaxson), foreign countries and industry sectors as below:

Approved Instruments: The Authority may lend or invest money using any of the following instruments:

- interest-bearing bank accounts,
- fixed term deposits and loans,
- callable deposits and loans where the Authority may demand repayment at any time (with or without notice),
- callable deposits and loans where the borrower may repay before maturity, but subject to a maximum of £5 million in total,
- certificates of deposit,
- bonds, notes, bills, commercial paper and other marketable instruments, and
- shares in money market funds and other pooled funds.

Investments may be made at either a fixed rate of interest, or at a variable rate linked to a market interest rate, such as LIBOR, subject to the limits on interest rate exposures below.

Liquidity management: The Authority uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium term financial plan and cash flow forecast.

5.3 Ethical Investment

The Council will not knowingly directly invest in organisations whose activities include practices which directly pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the mission and values of the Council. At the same time the Council will take full responsibility for proper management of risk and safeguarding its investments by ensuring that they are diversified and made with organisations suitably credit assessed.

The Council's lending activity will be subject to (in order of rank)

- The assessment of meeting the minimum lending criteria as specified in the current Treasury Management Strategy and the minimum credit ratings as outlined in the Strategy;
- Meeting the Security, Liquidity & Yield criteria as set out in the current Treasury Management Strategy and Compliance with the Treasury Management Practice Statements;
- And investments are not contrary to the values outlined in the Ethical Investment Framework (Appendix G)

5.4 The Use of Financial Instruments for the Management of Risks

Policy on Use of Financial Derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

5.5 Balanced Budget Requirement

The Authority complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

5.6 2017/18 MRP Statement

5.6.1 The Local Authorities (Capital Finance and Accounting)(England)(Amendment) Regulations 08 (SI 08/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to “have regard” to such Guidance under section 21(1A) of the Local Government Act 2003.

5.6.2 The four MRP options available are:

Option 1: Regulatory Method

Option 2: CFR Method

Option 3: Asset Life Method

Option 4: Depreciation Method

NB This does not preclude other prudent methods.

5.6.3 MRP in 2017/18: Options 1 and 2 may be used only for supported expenditure. Methods of making prudent provision for self financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).

5.6.4 The MRP Statement will be submitted to Council before the start of the 2017/18 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

5.6.5 The Council will calculate MRP by the following methods.

Historic MRP (re pre 2007/08 borrowing). This will be calculated by dividing the balance at 31/3/07 (calculated in accordance with regulations) by 50 for an annual charge that charges over a finite period rather than a 4% reducing balance. Broadly in line with option 3.

MRP in respect of prudential borrowing, government supported allocations since 2007/08 and PFI will be charged over the life of the asset on an annuity basis (option 3 in the regulations). MRP for borrowing in respect of NuPlace is set at £0 due the expectation that the value will appreciate over time and that

the houses will all eventually be sold and the Council will apply the capital receipts arising to reduce the Capital Financing Requirement. Along the same lines as NuPlace, MRP for borrowing in respect of Investment Properties will be calculated as 20% of the value of the annuity MRP to reflect that although there will normally be capital appreciation, a downturn in the economy could result in reductions in value of investment properties

Also MRP in respect of leases brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability which is broadly in line with the life of the asset.

5.7 Monitoring and Reporting on the Treasury Outturn and Prudential Indicators

The Assistant Director: Finance & Human Resources will report to the Audit Committee on treasury management activity / performance and Performance Indicators as follows:

- half yearly against the strategy approved for the year. The Authority will produce an outturn report on its treasury activity no later than 30th September after the financial year end and an updated report alongside the Treasury Strategy in the last quarter of the financial year.
- Audit Committee will be responsible for the scrutiny of treasury management activity and practices rather than the Budget and Finance Scrutiny Committee.

6 Other Items

6.1 Training

CIPFA's Code of Practice requires the responsible officer to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. Full training will be made available for any new members following Annual Council in May 2017.

Reviewing and addressing training needs: The authority regularly reviews the training needs of its staff involved with treasury management and ensures that staff are appropriately trained.

6.2 Investment Consultants/Treasury Advisors

The Council uses Arlingclose as its external treasury management advisers.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review to ensure the quality of any such service is controlled. During 2015/16 the Council re-tendered the contract for the provision of this service and Arlingclose were successful for a further 3 years, with an extension option.

7. BACKGROUND PAPERS

CIPFA Code of Practice for Treasury Management in Local Authorities
Temporary Borrowing Records
PWLB records
Investment records
Draft Treasury Strategy provided by Arlingclose
Local Government Act 2003
CLG Guidance on Local Authority Investments
Audit Commission – Risk and Return

Report prepared by
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Ken Clarke, Assistant Director: Finance & Human Resources (01952)
383100.

TREASURY MANAGEMENT POLICY STATEMENT

1. INTRODUCTION AND BACKGROUND

1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.

1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:-

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
- Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

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

1.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Audit Committee and for the execution and administration of treasury management decisions to Assistant Director: Finance & Human Resources, who will act in accordance with the organisation's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

1.5 The Council nominates Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2. POLICIES AND OBJECTIVES OF TREASURY MANAGEMENT ACTIVITIES

2.1 The Council defines its treasury management activities as:

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

2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

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

2.4 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt. The Council will look to minimise borrowing through the use of maturing investments to fund capital expenditure rather than reinvestment.

2.5 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary considerations. Generally as investments mature they will not be reinvested but be used to minimise borrowing.

APPENDIX B

EXISTING PORTFOLIO PROJECTED FORWARD

	Current Portfolio £m	%	31/3/17 Estimate £m	31/3/18 Estimate £m	31/3/19 Estimate £m	31/3/20 Estimate £m	31/3/21 Estimate £m
External Borrowing:							
Fixed Rate – PWLB	43.6	17	85.2	125.0	148.7	162.6	186.5
Fixed Rate – Market	60.0	24	60.0	60.0	60.0	60.0	60.0
Variable Rate – PWLB	0.0	0	0.0	0.0	0.0	0.0	0.0
Variable Rate – Market	89.0	36	50.0	50.0	50.0	50.0	50.0
Total External Borrowing	192.6	77	195.2	235.0	258.7	272.6	296.5
IFRS Long Term Liabilities:							
PFI	57.3	23	57.3	55.5	53.3	50.9	49.7
Finance Leases	0.9	0	0.9	0.9	0.9	0.9	0.9
Total Gross External Debt	250.8	100	253.4	291.4	312.9	324.4	347.1
Investments:							
<i>Managed in-house</i>							
Short-term monies (Deposits/ monies on call /MMFs)	13.3	100	0.0	0.0	0.0	0.0	0.0
Long-term investments (maturities over 12 months)	0.0	0	0.0	0.0	0.0	0.0	0.0
Total Investments	13.3	100	0.0	0.0	0.0	0.0	0.0
(Net Borrowing Position)/ Net Investment position	(237.5)		(253.4)	(291.4)	(312.9)	(324.4)	(347.1)

Appendix C

Prudential Indicators 2017/18 – 2020/21

1 Background:

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

2. Gross debt and the Capital Financing Requirement:

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and next two financial years.

The Assistant Director: Finance & Human Resources reports that the authority had no difficulty meeting this requirement in 2016/17, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

3. Estimates of Capital Expenditure:

3.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

Capital Expenditure	16/17 Approved £m	16/17 Revised £m	17/18 Estimate £m	18/19 Estimate £m	19/20 Estimate £m	20/21 Estimate £m
Total	98.895	87.083	76.843	52.122	28.522	37.170

**if applicable*

3.2 Capital expenditure will be financed or funded as follows:

Capital Financing	16/17 Approved £m	16/17 Revised £m	17/18 Estimate £m	18/19 Estimate £m	19/20 Estimate £m	20/21 Estimate £m
Capital receipts	5.814	7.398	7.865	12.635	10.800	9.550
Government Grants	29.491	33.835	16.677	12.846	3.813	3.813
Revenue / External contributions	11.239	6.845	12.485	2.930	0.000	0.000
Total Financing	46.544	48.078	37.027	28.411	14.613	13.363
Supported borrowing	0.000	1.275	0.000	0.000	0.000	0.000
Unsupported borrowing	52.351	37.730	39.816	23.711	13.909	23.807
Total Funding	52.351	39.005	39.816	23.711	13.909	23.807
Total Financing and Funding	98.895	87.083	76.843	52.122	28.522	37.170

4. Ratio of Financing Costs to Net Revenue Stream:

4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.

4.2 The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	16/17 Approved %	16/17 Revised %	17/18 Estimate %	18/19 Estimate %	19/20 Estimate %	20/21 Estimate %
Total	4.96	3.72	6.60	8.32	8.71	8.72

5. Capital Financing Requirement:

5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing.

Capital Financing Requirement	16/17 Approved £m	16/17 Revised £m	17/18 Estimate £m	18/19 Estimate £m	19/20 Estimate £m	20/21 Estimate £m
Total CFR	403.249	377.249	417.539	440.292	450.714	472.216

6. Actual External Debt:

6.1 This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

Actual External Debt as at 31/03/16	£m
Borrowing	164.098
Other Long-term Liabilities	57.813
Total	221.911

7. Incremental Impact of Capital Investment Decisions:

7.1 This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	16/17 Approved £	17/18 Estimate £	18/19 Estimate £	19/20 Estimate £	20/21 Estimate £m	21/22 Estimate £m
Increase in Band B Council Tax	27.01	1.84	12.08	23.42	42.93	63.17

7.2 The increase in Band B council tax reflects the increases in the provision for Capital Financing Charges of £3.948m by 2021/22 to undertake additional borrowing of £79.410m arising from the proposed capital programme.

8. Authorised Limit and Operational Boundary for External Debt:

8.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

8.2 The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's

existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

8.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

8.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

Authorised Limit for External Debt	16/17 Approved £m	16/17 Revised £m	17/18 Estimate £m	18/19 Estimate £m	19/20 Estimate £m	20/21 Estimate £m
Borrowing	330	330	350	370	380	410
Other Long-term Liabilities	62	62	61	60	59	58
Total	392	392	411	430	439	468

8.5 The Operational Boundary links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

8.6 The Assistant Director: Finance & Human Resources has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Audit Committee.

Operational Boundary for External Debt	16/17 Approved £m	16/17 Revised £m	17/18 Estimate £m	18/19 Estimate £m	19/20 Estimate £m	20/21 Estimate £m
Borrowing	310	310	330	350	360	390
Other Long-term Liabilities	60	60	60	59	58	57
Total	370	370	390	409	418	447

9. Adoption of the CIPFA Treasury Management Code:

9.1 This indicator demonstrates that the Council has adopted the principles of best practice.

Adoption of the CIPFA Code of Practice in Treasury Management
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The Council approved the adoption of the CIPFA Treasury Management Code at its Council meeting on 4 March 2010.

The Council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

10. Gross Debt and the Capital Finance Requirement

10.1 The purpose of this treasury indicator is to highlight a situation where the Council is planning to borrow in advance of need. If these figures exceed CFR (which they don't) they would indicate we are borrowing in advance of need.

Gross and Net Debt	16/17 Estimated £m	17/18 Authorised £m	18/19 Authorised £m	19/20 Authorised £m	20/21 Authorised £m
Outstanding Borrowing (at nominal value)	195.207	235.023	258.734	272.643	296.450
Other Long-term Liabilities (at nominal value)	58.260	56.408	54.167	51.848	50.640
Gross Debt	253.467	291.431	312.901	324.491	347.090

11. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

11.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments / total debt net of total investments)

11.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

Guidance note on quantum of acceptable volatility...

	Existing level (or Benchmark level) at 31/03/16 %	16/17 Approved %	16/17 Revised %	17/18 Estimate %	18/19 Estimate %	19/20 Estimate %	20/21 Estimate %
Upper Limit for Fixed Interest Rate Exposure	100	100	100	100	100	100	100
Upper Limit for Variable Interest Rate Exposure	30	30	70	70	70	70	70
Local Indicator – Upper limit for net variable rate exposure. (Net principal re gross variable rate borrowing and investments divided by gross borrowing plus investments)	70	70	70	70	70	70	70

11.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

12. Maturity Structure of Fixed Rate borrowing:

12.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to

protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

- 12.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

Maturity structure of fixed rate borrowing	Existing level (level at 31/03/16) %	Lower Limit for 17/18 %	Upper Limit for 17/18 %
under 12 months	46 (46)	0	70
12 months and within 24 months	1 (1)	0	30
24 months and within 5 years	3 (2)	0	50
5 years and within 10 years	3 (0)	0	75
10 years and within years	2 (0)	0	75
years and within 30 years	0 (0)	0	75
30 years and within 40 years	10 (12)	0	100
40 years and within 50 years	14 (16)	10	100
50 years and above	21 (24)	15	100

13. Credit Risk:

- 13.1 The Council considers security, liquidity and yield, in that order, when making investment decisions.
- 13.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk.
- 13.3 The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments would be assigned a score based on their perceived risk.

	Target
Portfolio average credit score	6 or lower, which is equivalent to a credit rating of 'A' or higher

- 13.4 The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

14. Upper Limit for total principal sums invested over 364 days:

- 14.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

Upper Limit for total principal sums invested over 364 days	16/17 Approved %	16/17 Revised %	17/18 Estimate %	18/19 Estimate %	19/20 Estimate %	20/21 Estimate %
	95	95	95	95	95	95

Appendix D – Arlingclose Economic & Interest Rate Forecast November 2016

Underlying Assumptions:

- The medium term outlook for the UK economy is dominated by the negotiations to leave the EU. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU and other countries.
- The global environment is also riddled with uncertainty, with repercussions for financial market volatility and long-term interest rates. Donald Trump's victory in the US general election and Brexit are symptomatic of the popular disaffection with globalisation trends. The potential rise in protectionism could dampen global growth prospects and therefore inflation. Financial market volatility will remain the norm for some time.
- However, following significant global fiscal and monetary stimulus, the short term outlook for the global economy is somewhat brighter than earlier in the year. US fiscal stimulus is also a possibility following Trump's victory.
- Recent data present a more positive picture for the post-Referendum UK economy than predicted due to continued strong household spending.
- Over the medium term, economic and political uncertainty will likely dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment.
- The currency-led rise in CPI inflation (currently 1.0% year/year) will continue, breaching the target in 2017, which will act to slow real growth in household spending due to a sharp decline in real wage growth.
- The depreciation in sterling will, however, assist the economy to rebalance away from spending. The negative contribution from net trade to GDP growth is likely to diminish, largely due to weaker domestic demand. Export volumes will increase marginally.
- Given the pressure on household spending and business investment, the rise in inflation is highly unlikely to prompt monetary tightening by the Bank of England, with policymakers looking through import-led CPI spikes to the negative effects of Brexit on economic activity and, ultimately, inflation.
- Bank of England policymakers have, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods. Given this view and the current inflation outlook, further monetary loosening looks less likely..

Forecast:

- Globally, the outlook is uncertain and risks remain weighted to the downside. The UK domestic outlook is uncertain, but likely to be weaker in the short term than previously expected.
- The likely path for Bank Rate is weighted to the downside. The Arlingclose central case is for Bank Rate to remain at 0.25%, but there is a 25% possibility of a drop to close to zero, with a very small chance of a reduction below zero.
- Gilt yields have risen sharply, but remain at low levels. The Arlingclose central case is for yields to decline when the government triggers Article 50.

Appendix E – Recommended Sovereign and Counterparty List (Section 8)

- **Group Limits** - For institutions within a banking group, the authority executes a limit at the highest of any of the single banks within that group.
- **Sovereign Limit** – The Council will only invest a maximum of £15m of the portfolio with non UK sovereigns. This is a reduction of the limit from £20m and will only apply from 2017/18 onwards.

Instrument	Country/ Domicile	Counterparty	Maximum Counterparty Limit %/£m	Maximum Group Limit (if applicable) %/£m	Council Holding At 31/12/16 £m
Term Deposits / CDs / Call Accounts	UK	Santander UK Plc (Banco Santander Group)	15	15	2.81
Term Deposits / CDs / Call Accounts	UK	Bank of Scotland (Lloyds Banking Group)	15	15	0
Term Deposits / CDs / Call Accounts	UK	Lloyds (Lloyds Banking Group)	15	15	6.20
Term Deposits / CDs / Call Accounts	UK	Barclays Bank Plc	15	15	0
Term Deposits / CDs / Call Accounts	UK	HSBC Bank Plc	15	15	0
Term Deposits / CDs / Call Accounts	UK	Nationwide Building Society	15	15	0
Term Deposits / CDs / Call Accounts	UK	NatWest (RBS Group)	15	15	0
Term Deposits / CDs / Call Accounts	UK	Royal Bank of Scotland (RBS Group)	15	15	0
Term Deposits / CDs / Call Accounts	UK	Standard Chartered Bank	15	15	0
Term Deposits / CDs / Call Accounts	UK	Close Brothers Limited	15	15	0
Term Deposits / CDs / Call Accounts	UK	Goldman Sachs International Bank	15	15	0
Term Deposits / CDs / Call Accounts	UK	Leeds Building Society	15	15	0
Term Deposits / CDs / Call Accounts	Australia	Australia and NZ Banking Group	15	15	0

Term Deposits / CDs / Call Accounts	Australia	Commonwealth Bank of Australia	15	15	0
Term Deposits / CDs / Call Accounts	Australia	National Australia Bank Ltd (National Australia Bank Group)	15	15	0
Term Deposits / CDs / Call Accounts	Australia	Westpac Banking Corp	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Bank of Montreal	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Bank of Nova Scotia	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Canadian Imperial Bank of Commerce	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Royal Bank of Canada	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Toronto-Dominion Bank	15	15	0
Term Deposits / CDs / Call Accounts	Finland	Nordea Bank Finland	15	15	0
Term Deposits / CDs / Call Accounts	Finland	Pohjola Bank	15	15	0
Term Deposits / CDs / Call Accounts	Germany	Deutsche Bank AG	15	15	0
Term Deposits / CDs / Call Accounts	Germany	Landesbank Hessen – Thuringen (Helaba)	15	15	0
Term Deposits / CDs / Call Accounts	Netherlands	ING Bank NV	15	15	0
Term Deposits / CDs / Call Accounts	Netherlands	Rabobank	15	15	0
Term Deposits / CDs / Call Accounts	Netherlands	Bank Nederlandse Gemeenten	15	15	0
Term Deposits / CDs / Call Accounts	Singapore	DBS Bank Ltd	15	15	0
Term Deposits / CDs / Call Accounts	Singapore	Oversea-Chinese Banking Corporation (OCBC)	15	15	0
Term Deposits / CDs / Call Accounts	Singapore	United Overseas bank (UOB)	15	15	0

Term Deposits / CDs / Call Accounts	Sweden	Svenska Handelsbanken	15	15	4.22
Term Deposits / CDs / Call Accounts	Switzerland	Credit Suisse	15	15	0
Term Deposits / CDs / Call Accounts	US	JP Morgan Chase Bank	15	15	0

***Please note this list could change if, for example, a counterparty/country is upgraded, and meets our other creditworthiness tools. Alternatively, if a counterparty is downgraded, this list may be shortened. The counterparty list was correct as at 31 December 2016.*

SUMMARY OF INVESTMENTS**TOTAL RISK PER COUNTERPARTY AS AT 31 DECEMBER 2016**

	CREDIT RATING			TOTAL £000
<u>Fixed Deposits</u>				
Svenska Handelsbanken	Sweden AAA	F1+ AA-	2	4,216
Lloyds	UK AAA	F1 A+	5	6,195
Santander	UK AAA	F1 A	2	2,811
TOTAL- CASH DEPOSITS				13,222
Shropshire Waste Management				33
TOTAL INVESTMENTS				13,255

<u>SUMMARY BY SOVEREIGN RATING</u>	<u>£000</u>	<u>%</u>
UK AAA	9,039	68
Sweden AAA	4,216	32
Total	13,255	100

Ethical Investment Framework – Telford and Wrekin Council

At the current time the Council's treasury activity consists principally of making short-dated loans to the UK Government (through the Debt Management Agency Deposit Facility) and to banks and building societies which adheres to the S-L-Y principles of (Security, Liquidity and Yield, in that order).

The preservation of capital is the Council's principal and overriding priority. The banks and building societies on the Council's lending list are selected only if the institutions and the sovereign meet a minimum credit criteria. In accordance with its social and corporate governance responsibilities, the Council seeks to support institutions which additionally have an ethical and responsible approach to environmental and social issues including employment and global trade. These "ethical" criteria and their basis are described below.

1. Environmental and Social Standards

Equator Principles

The Equator Principles are a voluntary set of guidelines based on the environmental and social standards practiced by the International Finance Committee when evaluating financing projects. Financial institutions that adopt the Principles agree to use a screening process aiming to ensure that environmental and social assessments help inform decisions to finance development projects. This allows signatories to engage proactively with their stakeholders on environmental and social policy issues.

The Equator Principles (EPs) are a screening framework for determining, assessing and managing environmental and social risk in project finance transactions for major infrastructure and industrial projects. The EPs are adopted voluntarily by financial institutions and are applied where total project capital costs exceed US\$10 million. The EPs are primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making. They are based on the International Finance Corporation's performance standards on social and environmental sustainability and on the World Bank Group Environmental Health and Safety Guidelines.

Financial institutions which are signatories to the EPs commit to not providing loans to projects where the borrower will not or is unable to comply with their respective social and environmental policies and procedures that implement the EPs.

The following banks relating to institutions on the Council's lending list have adopted the Equator Principles :

- Barclays Bank
- HSBC Bank plc
- Lloyds Banking Group (parent of Bank of Scotland and Lloyds TSB Bank)
- Royal Bank of Scotland
- Standard Chartered
- Banco Santander (parent of Santander UK plc).

<http://www.equator-principles.com/index.php/members-reporting>

2. Human Rights, Labour and Environment

The **UN Global Compact** is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

Corporations which sign up to the UN Global Compact are encouraged to themselves embrace and in turn, support and enact, within their sphere of influence, a set of core values which are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The following banks relating to institutions on the Council's lending are participants/stakeholders of the UN Global Compact :

- HSBC
- Royal Bank of Scotland
- Standard Chartered
- Grupo Santander (ultimate parent of Santander UK plc).

<http://www.unglobalcompact.org/ParticipantsAndStakeholders/index.html>

Limitations to ethical policies :

It should be noted here that the individual institutions which have signed up to the Equator Principles and to the Global Compact screen borrowers before lending for infrastructure and industrial projects.

However, financial institutions also engage daily in money market and interbank lending transactions; the criteria for such lending is based primarily on credit risk assessment (i.e. the assessment of their lending being repaid in full and on time when it is due). Being a signatory to the EPs will not necessarily be a critical feature of such credit assessment and the Council is not in a position to monitor interbank lending. The same applies to an individual financial signing up to the UN Global Compact.

It should also be noted that becoming a signatory of voluntary guidelines (Equator Principle or Global Compact) does not guarantee that that institution's policies and practices are of a better standard than those institutions which are not signatories to the voluntary guidelines.

Activist investment : The Council does not invest directly in shares or in corporate bonds. Not only are such investments inherently higher risk investments, and requires a distinct and separate set of fund management expertise. Under current legislation (SI 2003 No 3146) the purchase of share capital or loan capital of a body corporate is a capital expenditure investment which, on sale or maturity, becomes a capital receipt and is unsuitable for the Council's treasury investments which are primarily the cash management of its operating surpluses and reserves. Corporate bond and equity investments would however be made by the Council's pension fund (run by Shropshire Council).

Other than through its pension fund (which is measured by Shropshire Council), the Council cannot seek to influence decision making at a company by voicing concerns, engaging in a dialogue with management, or lobbying other shareholders for support. Activist investors attempt to purchase sufficient shares or obtain seats on the board with the goal of effecting major change in the company to make the company more valuable financially or socially (for example to change management policies and adopt better governance; optimise shareholder value through acquisitions/divestitures, be more socially responsible etc).

Credit Ratings – A Guide.

Long-term credit ratings and Sovereign Ratings

Fitch Rating' long-term credit ratings are set up along a scale from 'AAA' to 'D', first introduced in 1924 and later adopted and licensed by Standard & Poors (S&P). Moody's also uses a similar scale, but names the categories differently. Like S&P, Fitch also uses intermediate modifiers for each category between AA and CCC (i.e., AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB- etc.).

Investment grade

- **AAA** : the best quality, reliable and stable
- **AA** : good quality, a bit higher risk than AAA
- **A** : economic situation can affect finance
- **BBB** : medium class counterparties, which are satisfactory at the moment

Non-investment grade

- **BB** : more prone to changes in the economy
- **B** : financial situation varies noticeably
- **CCC** : currently vulnerable and dependent on favourable economic conditions to meet its commitments
- **CC** : highly vulnerable, very speculative bonds
- **C** : highly vulnerable, perhaps in bankruptcy or in arrears but still continuing to pay out on obligations
- **D** : has defaulted on obligations and Fitch believes that it will generally default on most or all obligations
- **NR** : not publicly rated

Short-term credit ratings

Fitch's short-term ratings indicate the potential level of default within a 12-month period.

- **F1+** : best quality grade, indicating exceptionally strong capacity of obligor to meet its financial commitment
- **F1** : best quality grade, indicating strong capacity of obligor to meet its financial commitment
- **F2** : good quality grade with satisfactory capacity of obligor to meet its financial commitment
- **F3** : fair quality grade with adequate capacity of obligor to meet its financial commitment but near term adverse conditions could impact the obligor's commitments
- **B** : of speculative nature and obligor has minimal capacity to meet its commitment and vulnerability to short term adverse changes in financial and economic conditions
- **C** : possibility of default is high and the financial commitment of the obligor are dependent upon sustained, favourable business and economic conditions
- **D** : the obligor is in default as it has failed on its financial commitments.

Support Ratings (1 – 5)

The Purpose and Function of Support Ratings

Support Ratings are Fitch Ratings' assessment of a potential supporter's propensity to support a bank and of its ability to support it. Its propensity to support is a judgment made by Fitch Ratings. Its ability to support is set by the potential supporter's own Issuer Default Ratings, both in foreign currency and, where appropriate, in local currency. Support Ratings do not assess the intrinsic credit quality of a bank. Rather they communicate the agency's judgment on whether the bank would receive support should this become necessary. These ratings are exclusively the expression of Fitch Ratings' opinion even though the principles underlying them may have been discussed with the relevant supervisory authorities and/or owners.

Timeliness and Effectiveness Requirements

Fitch Ratings' Support Rating definitions are predicated on the assumption that any necessary "support" is provided on a timely basis. The definitions are also predicated on the assumption that any necessary support will be sufficiently sustained so that the bank being supported is able to continue meeting its financial commitments until the crisis is over.

Obligations and Financial Instruments Covered

In terms of these definitions, unless otherwise specified, "support" is deemed to be in terms of foreign currency. It is assumed that typically the following obligations will be supported: senior debt (secured and unsecured), including insured and uninsured deposits (retail, wholesale and interbank); obligations arising from derivatives transactions and from legally enforceable guarantees and indemnities, letters of credit, and acceptances; trade receivables and obligations arising from court judgments.

Likewise, the agency does not assume that the following capital instruments will be supported when sovereign support is involved: preference/preferred shares or stock; hybrid capital (tier 1 and upper tier 2), including reserve capital instruments (RCIs) and variations upon RCIs; and common/ordinary equity capital. It is also assumed that there will be no support for any moral obligation on securitizations. The sovereign support status of subordinated debt is difficult to categorize in advance; it is assessed on a case by case basis, distinguishing among different jurisdictions.

Definitions:

- 1: A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'A-'.
- 2: A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'BBB-'.
- 3: A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'BB-'.
- 4: A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'B'.

- 5: A bank for which external support, although possible, cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-Term Rating floor no higher than 'B-' and in many cases no floor at all.

GLOSSARY

Term	Meaning
Affordable Borrowing Limit	The amount the authority would normally borrow at any point of time in the year. This boundary might be exceeded temporarily but only in exceptional circumstances. The limit is set by Full Council at the beginning of March and is a prudential indicator.
Authorised Borrowing Limit	The maximum amount the authority can borrow at any point of time in the year. This limit should never be exceeded. The limit is set by Full Council at the beginning of March and is a prudential indicator.
Capital Financing Requirement (CFR)	This represents the underlying need for the authority to borrow and represents the assets of the authority less the long term capital liabilities.
Credit Default Swaps (CDS)	CDS are bought by investors to insure against defaults (i.e. the counterparty not being able to repay). The higher the cost/premium then the higher the risk – CDS therefore given a market view of the credit worthiness of an organisation.
Credit Ratings	Rating on the ability of an organisation to meet its obligations; ratings are assigned by independent, specialist companies, such as Fitch and Moodys using market intelligence they gather.
Credit Risk	The risk that the debtor will default on their obligations
Counterparty	The organisation that you are conducting your business with.
Debt Management Account Deposit Facility	Provided by the <u>Debt Management Office</u> , users can place cash in secure fixed-term deposits. Deposits are guaranteed by the government and therefore have the equivalent of a sovereign triple-A credit rating.
Derivative Instruments	A security whose price is dependent upon or derived from one or more underlying assets. The derivative itself is merely a contract between two or more parties. Its value is determined by fluctuations in the underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates and market indexes. Most derivatives are characterized by high leverage. For example, a stock option is a derivative because it derives its value from the value

	of a stock. An interest rate swap is a derivative because it derives its value from one or more interest rate indices.
Discounts	These relate to Public Works Loans Board loans. If rates have increased since the borrowing was undertaken then part of the benefit that PWLB will achieve from being able to loan out at that higher rate are passed back to an authority if they repay the loan early.
Fund Managers	Independent investment managers who work to a specific mandate and invest funds on behalf of the Council
Inflation	The rise in prices of goods and services over a period of time.
Interest Rate Risk	The risk that the value of an investment will change due to changes to the interest rate.
Internal Borrowing	This is where the amount of an authority's borrowing is less than its CFR or underlying need to borrow and represents the use of internal balances rather than borrowing from the market.
LIBID	London inter-bank bid rate. Interest rate at which prime banks will borrow money in the London inter-bank market.
LIBOR	London inter-bank offer rate. Interest rate at which prime banks will lend money in the London inter-bank market. Fixed every day by the British Bankers Association to five decimal places.
Liquidity Risk	The risk of not being able to trade an investment quickly to release cash.
Minimum Revenue Provision (MRP)	This is the amount charged against the Income and Expenditure Account for the year in relation to the repayment of debt on borrowing in order to fund capital expenditure.
Obligor	An individual or company that owes debt to another individual or company (the creditor), as a result of borrowing or issuing bonds.
Premia	This is the penalty applied to the early redemption of PWLB loans where rates have fallen since the loan was undertaken.
Prudential Code	A professional code of practice which provides regulatory framework to local authorities on capital expenditure, investments and borrowing activities.
Prudential Indicators	A set of indicators developed within the Prudential Code which define thresholds for investment and borrowing within a local authority.

PWLB	Public Works Loans Board – a Government agency providing long and short term loans to local authorities. Interest rates are generally lower than the private sector and slightly higher than the rates at which the Government themselves may borrow.
Re-scheduling	This relates to repaying existing borrowing early and replacing it with borrowing for a different period usually, but not necessarily, at lower rates
Return	The gain from holding an investment over a given period
Security	An investment instrument, other than an insurance policy or fixed annuity, issued by a corporation, government or other organisation which offers evidence of debt or equity.
Sovereign Exposure	Risk of exposure to one particular country.
Supranational Bonds	These are bonds (similar to gilts) issued by multi government development organisations and are supported by all of the governments who form part of the organisation. E.g. European Investment Bank and are usually very secure.
Quantitative Easing	This is where the government buy back their own gilt issuance to effectively pump money into the financial markets of the economy.

TELFORD & WREKIN COUNCIL

COUNCIL - 2 MARCH 2017

PRUDENTIAL INDICATORS

**REPORT OF THE CHIEF FINANCE OFFICER (ASSISTANT DIRECTOR:
FINANCE & HUMAN RESOURCES)**

LEAD CABINET MEMBER – CLLR LEE CARTER

1. Summary of Main Proposals

- 1.1 To consider the prudential indicators for 2017/18 to 2019/20 required under the Prudential Code of Capital Finance in Local Authorities and to approve the indicators for 2017/18.

2. Recommendations

- 2.1 Members are asked to approve the prudential indicators proposed in this report as part of setting the budget for 2017/18.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT Do these proposals contribute to specific priorities?

Yes/No The prudential indicators form part of the Council's service and financial planning strategy and the overall budget and policy framework which is integral to ensuring that available resources are used as effectively as possible in delivering all corporate priority outcomes.

Will the proposals impact on specific groups of people?

Yes/No

**TARGET
COMPLETION /
DELIVERY DATE**

Prudential Indicators have to be set annually under the Local Government Act 2003.

**FINANCIAL/VALUE
FOR MONEY IMPACT**

Yes/No Where appropriate these are detailed in the body of the report.

LEGAL ISSUES

Yes/No CIPFA's Prudential Code is regarded as mandatory guidance associated with the Local Government Act 2003.

**OTHER IMPACTS,
RISKS AND
OPPORTUNITIES**

Yes/No

The opportunities and risks associated with the report have been identified and assessed. Arrangements will be put in place to manage the risks and maximise the opportunities that have been identified.

**IMPACT ON
SPECIFIC WARDS**

Yes/No

PART B – ADDITIONAL INFORMATION

4. Summary

4.1 The Prudential System was introduced from 1 April 2004. Under the Prudential System the Council has to approve Prudential Indicators annually and these are contained in the report.

5. The CIPFA Prudential Code

5.1 In September 2003 CIPFA Council approved and subsequently published the final version of the code (updated in 2009), and the concluding paragraph of its executive summary records;

*“The Prudential Code supports the systems of capital investment in local authorities. It is integrated within the wider statutory and management processes of local government. Key elements of the system continue to be determined by legislation, in particular the amount required to be charged to taxation by local authorities in respect of capital investment and the amount and method of government support for capital investment. These will be significant decisions when local authorities take decisions on capital investment. **However, the level of capital investment that can be supported will be subject to affordability and sustainability and be a matter for local decision.**”*

5.2 The general approach of the code is to require the Council to set estimates and limits on its borrowing and features associated with borrowing. The underlying philosophy is that the Council should set limits that ensure borrowing is affordable in the medium to long term. Affordability is determined by the overall amount of borrowing and the interest rate at which it is done. Because borrowing is only permissible (and will remain so) for capital expenditure local authorities have traditionally borrowed at longer term fixed rates of interest (i.e. over 1 year, and typically over 20 years). This helps ensure stability over the medium term; for example a variable rate loan currently at 2.5% may be less attractive than a fixed rate loan at 2.8% if there is thought to be a reasonable possibility that variable rates will rise above 3.2% within a year. To help ensure financial stability the code requires authorities to consider the structure of their borrowing.

5.3 The code also requires authorities with significant investments to set indicators associated with lending money.

5.4 Practically the remaining paragraphs of this section consider the indicators and recommends what the indicators should be for 2017/18. In most cases indicators have to be set for 3 financial years ahead, so figures are also provided for 2018/19 and 2019/20. In proposing these indicators a pragmatic approach has been taken; i.e. known Council plans (including the present treasury structure) have been considered.

5.5 For each indicator, ***the CIPFA requirements of the code are set out in bold italics***. The limits proposed by the Chief Finance Officer for 2017/18 are then set out. An explanation is provided, unless the indicator and limits are completely self explanatory.

5.6 Prudential Indicators of Affordability – Ratio Affordability Measure

5.6.1 ***The local authority will estimate for the forthcoming financial year and the following two financial years the ratio of financing costs to net revenue stream. This prudential indicator shall be referred to as estimates of ratio of financing costs to net revenue stream.***

5.6.2 In Telford & Wrekin’s case this indicator makes more sense if Local Government Reorganisation (LGR) debt paid over to Shropshire Council is included.

Revenue Budget

Year 1(2017/18)	6.60%
Year 2(2018/19)	8.32%
Year 3(2019/20)	8.71%

5.6.3 The indicator has been calculated as debt interest costs divided by budget requirement for the general fund element. The general fund indicator above shows a slight increase in the ratio between 2017/18 and 2018/19 (this broadly matches the expected prudential borrowing which is noted in 5.10.2 and the cuts in grants impacting on net revenue stream). This indicator looks solely at the impact of debt charges and is not netted down where the capital is being invested in income generating assets that will create a revenue surplus – such as the extension of the Council’s Property Investment Portfolio or investment in NuPlace.

5.7 Prudential Indicators of Affordability – Incremental Council Tax Affordability Measures

The local authority will

- (i) forecast the total budgetary requirements for the authority based on no changes to the existing capital programme***
- (ii) forecast the total budgetary requirements for the authority with the changes to the capital programme included in the calculation***

(iii) take the difference between (i) and (ii) and calculate the addition or reduction to Council tax that would result.

This prudential indicator will be referred to as estimates of the incremental impact of new capital investment decisions on the Council Tax and shall be expressed in the following manner £ xx.xx.

5.7.1 The indicator is calculated by taking the estimates of capital included in the Capital Budget Report, assuming it is financed through a mixture of borrowing and use of capital receipts (with interest at 3.5% ongoing, with Minimum Revenue Provision calculated in line with the MRP policy as detailed in the Treasury Strategy Report) and dividing them by the tax base (48,612.8). The indicator works on a cumulative basis (i.e. the year 2 indicator includes the full year cost of year 1 expenditure, together with the part year cost of that year's programme), but only part year interest cost in the year expenditure is incurred.

5.7.2 The estimate of the incremental impact on Council Tax (Band B – as the average property in the Borough falls in to this band) of capital decisions proposed over and above capital investment decisions that have already been taken by the Council are as follows;

<u>Year</u>	<u>Prudential Borrowing</u> £	<u>Total</u> £
2017/18	1.84	1.84
2018/19	12.08	12.08
2019/20	23.42	23.42

5.7.3 Prudential Indicators of Affordability – Incremental Housing Rent Affordability Measures

This Indicator does not apply to Telford & Wrekin Council as the Council does not operate “council housing through a Housing Revenue Account”.

5.8 Estimates of Capital Financing Requirement

The local authority will make reasonable estimates of the total capital financing requirement at the end of the forthcoming financial year and the following two years. These prudential indicators shall be referred to as:

Estimate of capital financing requirement as at the end of years 1, 2 and 3.

5.8.1 The capital financing requirement is a concept in the Prudential System, but can simply be understood as the Council's underlying need to borrow money over the long term. The code requires that the figure is calculated gross, to include debt that is paid for by other authorities following LGR, so in Telford &

Wrekin's case, these figures have limited meaning, and locally the indicator needs adjusting for LGR debt.

5.8.2 Table A shows the estimated cumulative capital financing requirement at a point in time. These estimates include the impact of the Public Finance Initiative.

	Total CFR
31/3/2017	£377.2m
31/3/2018	£417.5m
31/3/2019	£440.3m
31/3/2020	£450.7m

5.8.3 The movement in the CFR is consistent with other planning assumptions.

5.8.4 Gross Debt and Capital Finance Requirement. The purpose of this treasury indicator is to highlight a situation where the Council is planning to borrow in advance of need. If these figures exceed CFR (which they don't) they would indicate we are borrowing in advance of need.

	Outstanding Borrowing (at nominal value)	Other Long-term Liabilities (at nominal value)	Gross Debt
31/3/2017	£195.2m	£58.3m	£253.5m
31/3/2018	£235.0m	£56.4m	£291.4m
31/3/2019	£258.7m	£54.2m	£312.9m
31/3/2020	£272.6m	£51.9m	£324.5m

5.9 Treasury Management Prudential Indicators

5.9.1 The Council adopted the revised ***CIPFA Code of Practice for Treasury Management in the Public Services*** at its meeting in March 2010. Treasury Management Practices (TMPs) have been established by the Chief Finance Officer in line with the advice of our Treasury Advisors, and are kept up to date with support from Arlingclose our Treasury Advisors. ***The first prudential indicator in respect of treasury management is that the local authority has adopted the CIPFA Code*** is therefore met.

5.10 Capital Expenditure and Capital Commitments Prudential Indicators

5.10.1 ***The local authority will make reasonable estimates of the total of capital expenditure that it plans to incur during the forthcoming financial year and at least the following two financial years. These prudential indicators shall be referred to as:***

Estimate of total capital expenditure to be incurred in years 1, 2 and 3

5.10.2 The budget and capital report to Council for 2017/18 identifies programmed capital schemes, and subsequent year's capital needs. The estimates of capital expenditure to be incurred are therefore;

	Prudential Borrowing	Grant Funded	Revenue/ External	Capital Receipts	Total
	£m	£m	£m	£m	£m
2017/18	39.816	16.677	12.485	7.865	76.843
2018/19	23.711	12.846	2.930	12.635	52.122
2019/20	13.909	3.813	0.000	10.800	28.522

It is only the column relating to prudential borrowing that impacts on prudential indicators. These figures include the Housing Company and associated Property Investment Portfolio schemes which should generate returns for the Council well in excess of the associated debt charges

5.11 **External Debt Prudential Indicators**

5.11.1 ***The local authority will set for the forthcoming financial year and the following two financial years a prudential limit for its total external debt, gross of investments, separately identifying borrowing from other long term liabilities. This prudential indicator shall be referred to as:***

Authorised limit for external debt = authorised limit for borrowing + authorised limit for other long term liabilities for years 1, 2 and 3.

5.11.2 The recommended Authorised Limit for External Debt for:

Year 1 (2017/18) is £350m for borrowing and £61m for other long term liabilities

Year 2 (2018/19) is £370m for borrowing and £60m for other long term liabilities

Year 3 (2019/20) is £380m for borrowing and £59m for other long term liabilities

5.11.3 This limit represents the maximum amount the Council may borrow at any point in time in the year. It has to be set at a level the Council considers is "prudent". (This limit is analogous to the limit on borrowing set out in section 44 of the 1989 Act). Because it is ultra vires to exceed, the authorised limit must be set so as to avoid circumstances in which the Council would need to borrow more money than this limit.

5.11.4 Other long term liabilities include items that would appear on the balance sheet of the Council that are analogous to borrowing. For example, the capital cost of leases would be included.

5.12 Operational Boundary

The local authority will also set for the forthcoming financial year and the following two years an operational boundary its total external debt, gross of investments, separately identifying borrowing from other long term liabilities. This prudential indicator shall be referred to as the:

Operational Boundary = operational boundary for borrowing + operational boundary for other long term liabilities for years 1, 2 and 3.

5.12.1 The operational boundary is a measure of the maximum amount that the Council would normally borrow at any time during the year. The code recognises that circumstances might arise when the boundary might be exceeded temporarily, but suggest a sustained or regular pattern of borrowing above this level ought to be investigated, as a potential symptom of a more serious financial problem.

5.12.2 The Recommended Operational boundary for External debt is

Year 1 (2017/18) is £330m for External debt for and £60m for other long term liabilities

Year 2 (2018/19) is £350m for External debt for and £59m for other long term liabilities

Year 3(2019/20) is £360m for External debt for and £58m for other long term liabilities

5.13 Interest Rate Exposure

5.13.1 ***The local authority will set, for the forthcoming year and the following two years, limits to its exposures to the effects of changes in interest rates. These prudential indicators will relate to both fixed interest rates and variable interest rates and will be referred to respectively as the upper limits on fixed and variable interest rate exposures.***

5.13.2 There is no requirement in the code to set lower limits; however, given the risks associated with having excessively high relatively short fixed, or variable rate borrowing, it is suggested that lower limits are set locally for longer maturing fixed rate borrowing.

5.13.3 Variable rate exposures

Borrowing that is at variable rates LESS Investments that are variable rate investments

The limits proposed are as follows;

	Net Variable Limit
	%
2017/18	70
2018/19	70
2019/20	70

5.13.4 We have also set a local indicator for setting a maximum exposure for variable rates as a percentage of total investment plus total debt. The limit proposed would be as follows;

	Upper Limit
2017/18	70%
2018/19	70%
2019/20	70%

5.13.6 Fixed Interest Rate Exposure

The local authority will set, for the forthcoming year and the following two years, both upper and lower limits for its exposure to fixed interest rate risk calculated as follows and each expressed as total borrowing less total investments:

Fixed interest rate exposures

Borrowing that is at fixed rates LESS Investments that are fixed rate investments

Expressed as a percentage or absolute of total borrowing less investments.

5.13.7 The limits (expressed as an absolute of total fixed borrowing less total fixed investments) proposed are as follows;

Fixed Rate Risk	Upper Limit	Lower Limit
2017/18	100%	70%
2018/19	100%	70%
2019/20	100%	70%

In principle, it may be necessary / desirable for all borrowing at a point in time to be at a fixed rate. The lower limit is effectively the counterpart to the upper limit for variable rate exposure.

5.14 **Prudential limits for the maturity structure of fixed rate borrowing**
The local authority will set for the forthcoming year both upper and lower limits with respect to the maturity structure of its borrowing, calculated as follows

Amount of projected borrowing that is fixed rate maturing in each period
Expressed as a Percentage of
Total projected borrowing that is fixed rate at the start of the period.
where the periods in question are

- **Under 12 months**
- **1 year and within 2 years**
- **2 years and within 5 years**
- **5 years and within 10 years**
- **10 years and within 20 years**
- **20 years and within 30 years**
- **30 years and within 40 years**
- **40 years and within 50 years**
- **50 years+**

5.14.1 The proposed prudential limits are as follows;

Maturity	Lower Limit %	Upper Limit %	Actual % for 31/03/16
Under 12 months	0	70	46
1-2 years	0	30	1
2-5 years	0	50	1
5-10 years	0	75	0
10-20 years	0	75	0
20-30 years	0	75	0
30-40 years	0	100	12
40-50 years	10	100	16
Over 50 years	15	100	24

5.14.2 Under the investment guidance issued by CLG the Council needs to set indicators for **principal sums invested for periods longer than 364 days**. It is recommended that we set the following limit

Maximum principal investment that can be invested for more than 364 days

Financial Year	Upper Limit
2017/18	95%
2018/19	95%
2019/20	95%

6. Financial Implications

- 6.1 The prudential indicators provide a framework for 2017/18 in which the Council conducts its treasury activities, consistent with good treasury risk management.
- 6.2 The code indicates that “in all cases, the process of setting prudential indicators for treasury management should be accompanied by a clear and integrated forward treasury management strategy, and a recognition of the pre-existing structure of the authority’s borrowing and investment portfolios.” The indicators proposed here take account of the existing structure of borrowing and all reasonable restructuring activity that might occur.
- 6.3 The code requires the following matters to be taken into account when setting or revising prudential indicators
- (a) option appraisal for all projects, i.e. value for money
 - (b) asset management planning, i.e. stewardship of asset
 - (c) strategic planning for the authority, i.e. service objectives
 - (d) achievability of the forward plan, i.e. its practicality
 - (e) implications for external borrowing, i.e. prudence
 - (f) implications for Council Tax and housing rents, i.e. affordability.

Items (a)-(c) are largely considered in the current arrangements as part of the asset management planning / corporate capital strategy processes. Items (d) and (f) in financial terms have been taken account of by the Chief Finance Officer in presenting the budget and item (e) is inherent to the prudential indicator setting process.

7. Background Papers

Local Government Act 2003
CIPFA Prudential Code for Capital Finance in Local Authorities
Guidance on Local Authority Investments

TELFORD & WREKIN COUNCIL**COUNCIL – 2 MARCH 2017****COUNCIL TAX - FORMAL RESOLUTIONS FOR 2017/18****REPORT OF THE CHIEF FINANCIAL OFFICER (ASSISTANT DIRECTOR OF FINANCE AND HUMAN RESOURCES)****LEAD MEMBER – COUNCILLOR LEE CARTER****1. PART A – SUMMARY REPORT**

Council Tax levels must be approved by Full Council. This report sets out the formal resolutions to determine the levels of Council Tax for Telford & Wrekin Council for 2017/18. The levels of tax take account of the requirements of Telford & Wrekin Council, the West Mercia Police & Crime Commissioner, Shropshire and Wrekin Fire Authority, and the various Parish and Town Councils.

The Council's General and Special Fund budgets for 2017/18 were approved earlier at this meeting and the Council Tax Base was approved at the meeting of Full Council on 19 January 2017.

Council Tax levels are based on spending requirements and the council tax base (number of chargeable Band D equivalent dwellings). Once this report is agreed the Band D Council Tax will be:

Authority		Band D Council Tax £	Increase %
Telford & Wrekin	General Fund	1,160.58	1.2
	Special Fund	14.90	1.3
Telford & Wrekin	Total (excluding Adult Social Care Precept)	1,175.48	1.2
Telford & Wrekin	Adult Social Care Precept	46.62	2.0
Telford & Wrekin	Total (including Adult Social Care Precept)	1,222.10	3.2
West Mercia Police & Crime Commissioner		189.60	0.0
Shropshire and Wrekin Fire Authority		94.52	0.5
Parish & Town Councils		82.35	10.9
Total Council Tax		1,588.57	3.0

The percentage increases all relate to change from current year levels except in the case of the Adult Social Care precept where the Government require councils to show whether a further 2% or 3% precept is being applied in 2017/18.

The increases in overall council tax will vary dependent on parish area. This Council has set a 1.2% increase for the main part of its Council Tax. From 2016/17, a new “Adult Social Care Precept” was introduced by the Government, which is equivalent to a 2% Council Tax increase in 2016/17 and 2% or 3% for 2017/18 and the income from which must be ring-fenced to be spent on Adult Social Care Services. This Council has elected to increase the Adult Social Care Precept by 2% in 2017/18.

In the Government’s calculation of core spending power from 2017/18 through to 2019/20, the Government have assumed that social services authorities such as Telford & Wrekin increase their council tax by 2% plus at least 2% for the Adult social Care Precept. Telford & Wrekin’s increase of 3.2% is therefore below the Government’s assumed increase each year for the next 3 years.

Overall the total average bill has increased by 3.0% after including increases by Police, Fire and the average increase applied by Parish and Town Councils.

The average increase in overall bills represents a range from 2.41% to 4.97% depending on variations in parish council spending and precepts.

While the total average Band D bill will be £1,588.57, the majority of properties in the area fall in Bands A and B – for a Band B property the overall average bill is £1,235.55.

The necessary formal resolutions are set out in section 5 of the report.

2.0 RECOMMENDATIONS

Members are asked to approve the formal resolutions to determine the levels of Council Tax for 2017/18 as detailed in the report.

3.0 SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific priorities?	
	Yes	The level of Council Tax is a product of the Service & Financial Planning Strategy which is integral to ensuring that available resources are used as effectively as possible to deliver corporate priorities.
TARGET COMPLETION /DELIVERY DATE	The Council Tax must be set by 11 March each year prior to the start of the financial year to which it relates.	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	The financial impacts are detailed in the Service & Financial Planning Report.

LEGAL ISSUES	No	The Council must make calculations concerning its spending and Council Tax for the area to enable the Council's statutory obligations to be fulfilled. Members should note that the Local Government Finance Act 1992 imposes a statutory duty upon the Council to calculate its council tax requirement and to set its Council Tax for 2017/18 before the 11th March, 2017. Details of those Regulations and how they have been observed are set out in this report.
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	These are considered as part of the Service & Financial Planning report.
IMPACT ON SPECIFIC WARDS	No	Borough Wide

PART B – ADDITIONAL INFORMATION

4.0. **INFORMATION**

The Council Tax Base was approved at Full Council on 19 January 2017. The Council's budget for 2017/18 was agreed earlier at this meeting.

The budget is made up of a General Fund element and a much smaller Special Fund element. The Special Fund is required to ring fence costs that apply to areas that were previously unparished and where the Council still provides some additional services normally provided by Town and Parish Councils mainly relating to footway lighting and cemeteries, whereas some parishes provide and pay for these services.

Some parishes in the special fund area have, however, assumed responsibility for footway lighting so that two special fund charges are applied in different areas dependent upon whether footway lighting is provided by this Council or the Parish Council. The charge for special fund areas has increased by 1.3%, and across the Borough as a whole the proposals set out in this report represent a 1.2% increase on average in the Council Tax levied by Telford & Wrekin Council plus the Adult Social Care Precept which is a 2% increase.

The Adult Social Care Precept is equivalent to a 2% Council Tax increase. The income from this must be ring-fenced to be spent on Adult Social Care Services.

5. FORMAL RESOLUTIONS

5.1. That it be noted that at its meeting on 19 January 2017 the Council calculated the following amounts for the year 2017/18 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 made under Section 33 of the Local Government Finance Act 1992 as amended (The Act):-

(a) **48,612.8** being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (The Regulations), as its Council Tax base for the year (The Council Tax Base).

(b) **Part of the Council's Area
Tax Base**

The Parish of:-

CHETWYND	237.3
CHETWYND ASTON & WOODCOTE	168.0
CHURCH ASTON	481.8
DAWLEY HAMLETS	2,151.3
DONNINGTON & MUXTON	3,742.0
EDGMOND	533.8
ERCALL MAGNA	565.0
GORGE, THE	1,382.4
GREAT DAWLEY	2,462.4
HADLEY & LEEGOMERY	4,026.3
HOLLINSWOOD & RANDLAY	1,384.5
KETLEY	1,237.3
KYNNERSLEY	75.8
LAWLEY & OVERDALE	2,736.1
LILLESHALL	547.4
LITTLE WENLOCK	239.4
MADELEY	4,074.5
NEWPORT	3,678.8
OAKENGATES	2,380.9
PRESTON	98.7
RODINGTON	348.9
ST GEORGES & PRIORSLEE	3,786.9
STIRCHLEY & BROOKSIDE	2,262.2
TIBBERTON & CHERRINGTON	275.2
WATERS UPTON	384.7
WELLINGTON	6,474.8
WROCKWARDINE	1,424.9
WROCKWARDINE WOOD	1,414.0
	48,575.3

being the amounts calculated by the Council in accordance with Regulation 6 of The Regulations, as the amounts of its Council Tax Base for the year for dwellings in those parts of its area to which one or more special items relate.

5.2. That the following amounts be now calculated by the Council for the year 2017/18 in accordance with Sections 31 to 36 of The Act:-

- (a) £402,835,844 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act, taking into account all precepts issued to it by Parish Councils.
- (b) £339,422,699 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £63,413,145 being the amount by which the aggregate at 5.2(a) above exceeds the aggregate at 5.2(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year.
- (d) £1,304.45 being the amount at 5.2(c) above divided by the Council Tax base, calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including parish precepts and special items).
- (e) £4,727,293 being the aggregate amount of all special items referred to in Section 34(1) of the Act.
- (f) £1,207.20 being the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates (calculated by deducting from the amount at 5.2(d) above, the quotient of the amount at 5.2(e) above divided by the Council Tax Base). The only area that this relates to is the Parish of Eyton. This includes the Adult Social Care Precept of £46.62.

(g)	<u>Part of the Council's Area</u>	£
	The Parish of:	
	Chetwynd	1,221.94
	Chetwynd Aston & Woodcote	1,239.93
	Church Aston	1,243.58
	Dawley Hamlets (SF2*)	1,271.79
	Donnington & Muxton	1,251.91
	Edgmond	1,240.32
	Ercall Magna	1,267.72
	The Gorge (SF2*)	1,286.40
	Great Dawley (SF2*)	1,405.23
	Hadley & Leegomery	1,280.74

Hollinswood & Randlay	1,361.98
Ketley	1,322.83
Kynnersley	1,241.30
Lawley & Overdale (SF2*)	1,310.26
Lilleshall	1,274.79
Little Wenlock	1,266.63
Madeley (SF2*)	1,357.42
Newport	1,321.98
Oakengates (SF2*)	1,400.25
Preston	1,210.23
Rodington	1,251.73
St. Georges & Priorslee (SF1*)	1,247.01
Stirchley & Brookside(SF2*)	1,349.21
Tibberton & Cherrington	1,224.27
Waters Upton	1,268.57
Wellington (SF2*)	1,294.39
Wrockwardine	1,253.43
Wrockwardine Wood & Trench (SF1*)	1,288.85

**SF1 indicates a parish in the special fund area which has taken over responsibility for footway lighting. An additional charge of £0.20 per Band D is made for cemeteries.*

**SF2 indicates a parish in the special fund area which has not taken over responsibility for footway lighting. An additional charge of £28.57 per Band D is made for both cemeteries and footway lighting.*

being the amounts given by adding to the amount at 5.2(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 5.1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate.

- (h) The amounts in Appendix 1 being the amounts given by multiplying the amounts at 5.2(f) and 5.2(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

6. The West Mercia Police & Crime Commissioner precept for 2017/18 was set at its meeting on 7 February 2017. The following amounts were stated in precepts issued to the Council, in accordance with

Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

<u>Valuation</u> <u>Band</u>	<u>Amount</u> <u>£</u>
A	126.40
B	147.47
C	168.54
D	189.60
E	231.74
F	273.87
G	316.01
H	379.20

7. The Shropshire & Wrekin Fire and Rescue Authority's precept for 2017/18 was set at its meeting on 22 February 2017. The following amounts were stated in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

<u>Valuation</u> <u>Band</u>	<u>Amount</u> <u>£</u>
A	63.01
B	73.52
C	84.02
D	94.52
E	115.52
F	136.53
G	157.53
H	189.04

8. That, having calculated the aggregate in each case of the amounts at 5.2(h) and 6 and 7 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act, 1992, hereby sets the amounts in Appendix 2 as the amounts of council tax for the year 2017/18 for each of the categories of dwellings shown.
9. Background Papers
Service & Financial Planning Report 2017/18 – 2018/19
Parish Precept Requests
Police & Crime Commissioner Precept Request
Fire Authority Precept Request
2017/18 Revenue Support Grant Settlement
Acts, Directions and Regulations as quoted above.

UNITARY AUTHORITY AND TOWN/PARISH COUNCILS COUNCIL TAX LEVELS 2017/18

Appendix 1

Part of the Council's area The Parish of :-	A	B	C	D	E	F	G	H
CHETWYND	814.62	950.39	1,086.16	1,221.94	1,493.47	1,765.02	2,036.56	2,443.88
CHETWYND ASTON & WOODCOTE	826.62	964.38	1,102.15	1,239.93	1,515.46	1,791.00	2,066.55	2,479.86
CHURCH ASTON	829.05	967.22	1,105.39	1,243.58	1,519.92	1,796.27	2,072.63	2,487.16
DAWLEY HAMLETS	847.85	989.16	1,130.46	1,271.79	1,554.39	1,837.01	2,119.64	2,543.58
DONNINGTON & MUXTON	834.60	973.70	1,112.80	1,251.91	1,530.10	1,808.31	2,086.51	2,503.82
EDGMOND	826.88	964.69	1,102.50	1,240.32	1,515.94	1,791.57	2,067.20	2,480.64
ERCALL MAGNA	845.14	986.00	1,126.85	1,267.72	1,549.42	1,831.14	2,112.86	2,535.44
EYTON	804.80	938.93	1,073.06	1,207.20	1,475.46	1,743.73	2,012.00	2,414.40
THE GORGE	857.59	1,000.52	1,143.45	1,286.40	1,572.25	1,858.12	2,143.99	2,572.80
GREAT DAWLEY	936.81	1,092.95	1,249.08	1,405.23	1,717.48	2,029.76	2,342.04	2,810.46
HADLEY & LEEGOMERY	853.82	996.12	1,138.42	1,280.74	1,565.34	1,849.95	2,134.56	2,561.48
HOLLINSWOOD & RANDLAY	907.98	1,059.31	1,210.63	1,361.98	1,664.62	1,967.29	2,269.96	2,723.96
KETLEY	881.88	1,028.86	1,175.84	1,322.83	1,616.78	1,910.75	2,204.71	2,645.66
KYNNERSLEY	827.53	965.45	1,103.37	1,241.30	1,517.13	1,792.98	2,068.83	2,482.60
LAWLEY & OVERDALE	873.50	1,019.08	1,164.66	1,310.26	1,601.41	1,892.58	2,183.76	2,620.52
LILLESBALL	849.86	991.50	1,133.14	1,274.79	1,558.07	1,841.36	2,124.65	2,549.58
LITTLE WENLOCK	844.42	985.15	1,125.88	1,266.63	1,548.09	1,829.57	2,111.05	2,533.26
MADELEY	904.94	1,055.76	1,206.58	1,357.42	1,659.05	1,960.70	2,262.36	2,714.84
NEWPORT	881.32	1,028.20	1,175.08	1,321.98	1,615.74	1,909.52	2,203.30	2,643.96
OAKENGATES	933.49	1,089.07	1,244.65	1,400.25	1,711.40	2,022.57	2,333.74	2,800.50
PRESTON	806.82	941.28	1,075.75	1,210.23	1,479.16	1,748.10	2,017.05	2,420.46
RODINGTON	834.48	973.56	1,112.64	1,251.73	1,529.88	1,808.05	2,086.21	2,503.46
ST. GEORGES & PRIORSLEE	831.33	969.88	1,108.43	1,247.01	1,524.11	1,801.22	2,078.34	2,494.02
STIRCHLEY & BROOKSIDE	899.46	1,049.38	1,199.28	1,349.21	1,649.01	1,948.84	2,248.67	2,698.42
TIBBERTON & CHERRINGTON	816.18	952.20	1,088.23	1,224.27	1,496.32	1,768.38	2,040.45	2,448.54
WATERS UPTON	845.71	986.66	1,127.61	1,268.57	1,550.46	1,832.37	2,114.28	2,537.14
WELLINGTON	862.92	1,006.74	1,150.55	1,294.39	1,582.01	1,869.66	2,157.31	2,588.78
WROCKWARDINE	835.62	974.88	1,114.15	1,253.43	1,531.96	1,810.50	2,089.05	2,506.86
WROCKW'DINE WOOD & TRENCH	859.23	1,002.43	1,145.63	1,288.85	1,575.25	1,861.66	2,148.08	2,577.70

NOTE : These figures exclude the Police and Fire Authority tax levels .

TOTAL COUNCIL TAX LEVELS FOR TELFORD & WREKIN COUNCIL FOR 2017/18

Appendix 2

Part of the Council's area The Parish of :-	A	B	C	D	E	F	G	H
CHETWYND	1,004.03	1,171.38	1,338.72	1,506.06	1,840.73	2,175.42	2,510.10	3,012.12
CHETWYND ASTON & WOODCOTE	1,016.03	1,185.37	1,354.71	1,524.05	1,862.72	2,201.40	2,540.09	3,048.10
CHURCH ASTON	1,018.46	1,188.21	1,357.95	1,527.70	1,867.18	2,206.67	2,546.17	3,055.40
DAWLEY HAMLETS	1,037.26	1,210.15	1,383.02	1,555.91	1,901.65	2,247.41	2,593.18	3,111.82
DONNINGTON & MUXTON	1,024.01	1,194.69	1,365.36	1,536.03	1,877.36	2,218.71	2,560.05	3,072.06
EDGMOND	1,016.29	1,185.68	1,355.06	1,524.44	1,863.20	2,201.97	2,540.74	3,048.88
ERCALL MAGNA	1,034.55	1,206.99	1,379.41	1,551.84	1,896.68	2,241.54	2,586.40	3,103.68
EYTON	994.21	1,159.92	1,325.62	1,491.32	1,822.72	2,154.13	2,485.54	2,982.64
THE GORGE	1,047.00	1,221.51	1,396.01	1,570.52	1,919.51	2,268.52	2,617.53	3,141.04
GREAT DAWLEY	1,126.22	1,313.94	1,501.64	1,689.35	2,064.74	2,440.16	2,815.58	3,378.70
HADLEY & LEEGOMERY	1,043.23	1,217.11	1,390.98	1,564.86	1,912.60	2,260.35	2,608.10	3,129.72
HOLLINSWOOD & RANDLAY	1,097.39	1,280.30	1,463.19	1,646.10	2,011.88	2,377.69	2,743.50	3,292.20
KETLEY	1,071.29	1,249.85	1,428.40	1,606.95	1,964.04	2,321.15	2,678.25	3,213.90
KYNNERSLEY	1,016.94	1,186.44	1,355.93	1,525.42	1,864.39	2,203.38	2,542.37	3,050.84
LAWLEY & OVERDALE	1,062.91	1,240.07	1,417.22	1,594.38	1,948.67	2,302.98	2,657.30	3,188.76
LILLESHELL	1,039.27	1,212.49	1,385.70	1,558.91	1,905.33	2,251.76	2,598.19	3,117.82
LITTLE WENLOCK	1,033.83	1,206.14	1,378.44	1,550.75	1,895.35	2,239.97	2,584.59	3,101.50
MADELEY	1,094.35	1,276.75	1,459.14	1,641.54	2,006.31	2,371.10	2,735.90	3,283.08
NEWPORT	1,070.73	1,249.19	1,427.64	1,606.10	1,963.00	2,319.92	2,676.84	3,212.20
OAKENGATES	1,122.90	1,310.06	1,497.21	1,684.37	2,058.66	2,432.97	2,807.28	3,368.74
PRESTON	996.23	1,162.27	1,328.31	1,494.35	1,826.42	2,158.50	2,490.59	2,988.70
RODINGTON	1,023.89	1,194.55	1,365.20	1,535.85	1,877.14	2,218.45	2,559.75	3,071.70
ST. GEORGES & PRIORSLEE	1,020.74	1,190.87	1,360.99	1,531.13	1,871.37	2,211.62	2,551.88	3,062.26
STIRCHLEY & BROOKSIDE	1,088.87	1,270.37	1,451.84	1,633.33	1,996.27	2,359.24	2,722.21	3,266.66
TIBBERTON & CHERRINGTON	1,005.59	1,173.19	1,340.79	1,508.39	1,843.58	2,178.78	2,513.99	3,016.78
WATERS UPTON	1,035.12	1,207.65	1,380.17	1,552.69	1,897.72	2,242.77	2,587.82	3,105.38
WELLINGTON	1,052.33	1,227.73	1,403.11	1,578.51	1,929.27	2,280.06	2,630.85	3,157.02
WROCKWARDINE	1,025.03	1,195.87	1,366.71	1,537.55	1,879.22	2,220.90	2,562.59	3,075.10
WROCKW'DINE WOOD & TRENCH	1,048.64	1,223.42	1,398.19	1,572.97	1,922.51	2,272.06	2,621.62	3,145.94



Telford & Wrekin
C O U N C I L

FULL COUNCIL – 2 MARCH 2017

ALTERNATIVE BUDGET PROPOSALS SUBMITTED BY THE CONSERVATIVE GROUP

Budget Proposals 2017/18	Appendix A	p 2
Chief Financial Officer's Statement	Appendix B	p 19
Response of Finance & Enterprise Scrutiny Committee	Appendix C	p 23

2017/2018

Alternative Budget Proposals

From

The Main Opposition Group

Of

Telford & Wrekin Council.

Published January 2017.

1. OVERVIEW.

The Opposition key budget strategy proposals for 2017/18

Budget Deficit: –

Council Tax for 2017/18 – We support the administration's proposal to increase Council Tax by 1.2% and given the current pressures in funding Adult Social Care, we also support an additional supplementary increase of 2%. We likewise supported giving our local community a choice on phasing arrangements of this increase and agree with the conclusions from scrutiny and the consultation on this issue and therefore support the increase for 2017/18 and the following two years being set at 3.2%.

However, it is essential that further efficiencies are identified to continue to control the budget in the current difficult financial climate.

Protecting Social Care – Child Exploitation – This is an area of significant local concern. Despite an undertaking by the current Labour Administration, and the implementation of a number of action plans to bring this budget under control; since 2011/12 expenditure has exceeded budget by a huge £13.7m.

Despite this significant expenditure, Telford & Wrekin has been identified as having the highest incidence of reported Child Sex Offences for the year up to and including September 2015. A position above that of Stoke and Rotherham.

With this in mind we would create a reserve of £0.250m to fund any subsequent investigation into the issues of CSE (Child Sexual Exploitation) in the Borough.

In addition to this we propose the provision of two additional Social Workers to increase the effectiveness of the Council's CATE Team in tackling CSE in the Borough.

We also recognise and pay tribute to Telford's Street Pastors who do an invaluable job of protecting our youngsters and others on Telford & Wrekin's streets. With this in mind the Conservative Group gives an undertaking to these volunteers that we will always support them financially.

With this in mind, we would contribute an additional £5k per annum on top of the £10k allocated by the Police and Crime Commissioners fund, and would welcome further talks to ensure their future financial viability.

Debt Reduction – The Current Administration continues to increase debt at an unprecedented rate – our strategy is to dispose of non-core activities which have been debt financed by the current Administration and reduce the council's debt burden.

We continue to advocate a significant change in policy direction with the aim of bringing the burden of debt down to a sustainable level.

Reduction in Risk – Given the challenges the Council faces, we recognise that Local Authorities, including Telford & Wrekin, must move into areas which will provide additional opportunities for income generation.

We believe that Telford & Wrekin Council should focus on marketing its core activities, which it knows well and thereby reduce the impact that risks present. To achieve this we continue to propose significant asset disposals.

Bring forward Living wage - We propose to introduce a £9.00 per hour Living Wage earlier than planned from 1st September 2018. This will provide our workforce with a higher income in stark contrast to the current Administration which talks of a living wage but only announces redundancies. (The Living Wage will rise nationally to at least £9.00 by April 2020.)

Development of the Borough/Shaping Places - We do not accept the Housing target of 15,555 new houses set by the current Labour Administration. We believe it to be unsustainable and will place a huge burden on the Borough's infrastructure. The Council's own Housing Needs Survey has specified a need figure of only 9,940 so to build an additional 5,615 homes, many on Greenfield sites, is not justified or necessary. This will only serve to put further financial pressure on the Council to support infrastructure, education and social services for an increasing population. Despite the receipt of additional income from New Homes Bonus and Council Tax, additional services have to be supplied for the additional population.

Local Plan

We will initiate and fund a complete review of the Administration's Local Plan Proposals and recent consultation and have set £100k aside for this review.

Highways

We have been able to identify surplus funds within the Councils resources to finance a capital program to begin to bring highways to an acceptable standard.

Recycling Rates

We seek to follow the lead of our neighbours in Wales and set an aspiration target of recycling for T&W of 64% by 2020 and 70% by 2025 and have included £0.050m one off investment to commence the process

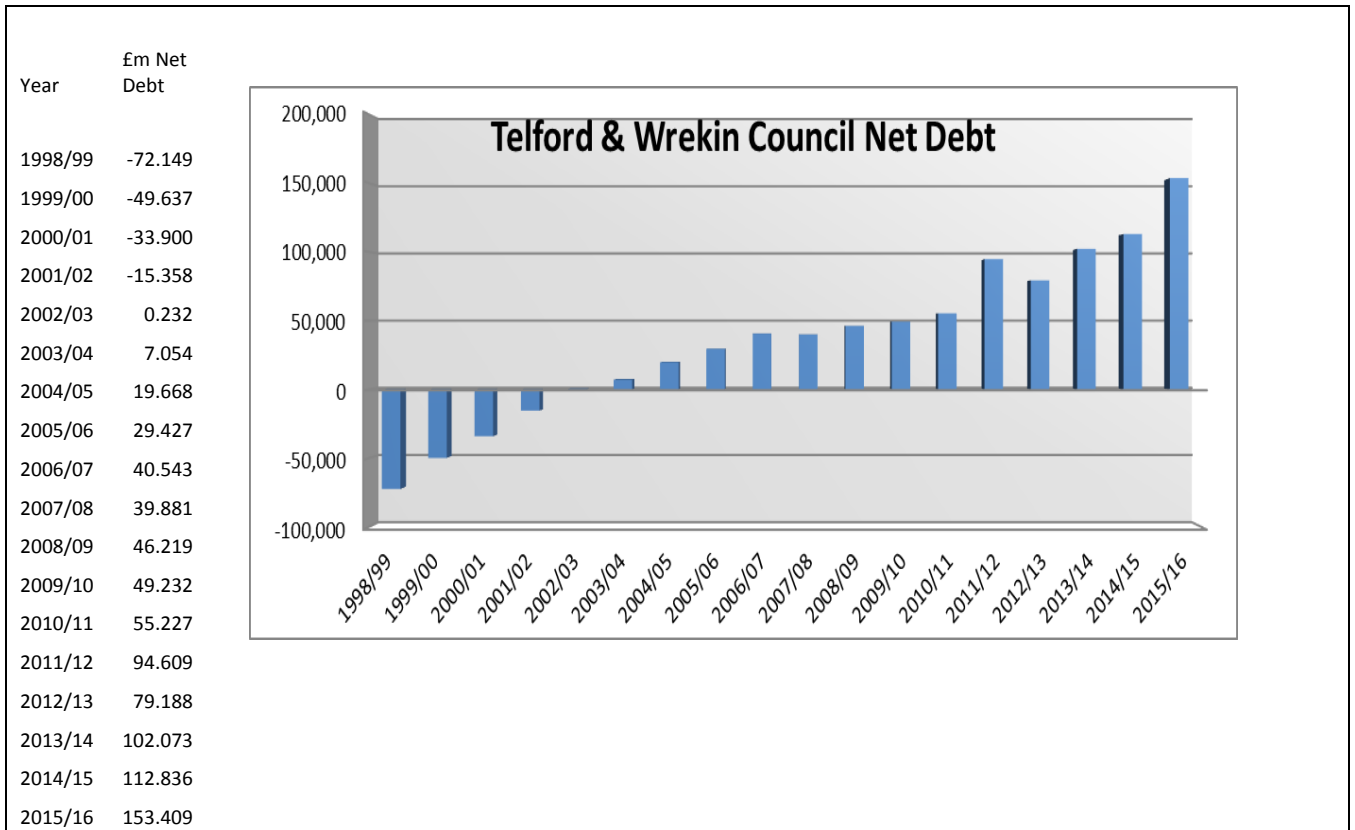
Council 'Prudential Borrowing' – During May 2011 the incoming Labour Administration criticised Conservative "Prudential Borrowing" commitments used to fund Borough wide regeneration, which then stood at **£117.9m**.

As a result, Labour's "*100 Day Budget*" of summer 2011 reduced Prudential Borrowing to **£91.1m** (a reduction of £26.8m). However, the Labour Administration's Prudential Borrowing commitments have since increased to unprecedented levels and are currently projected to reach an anticipated record **£347.0m**

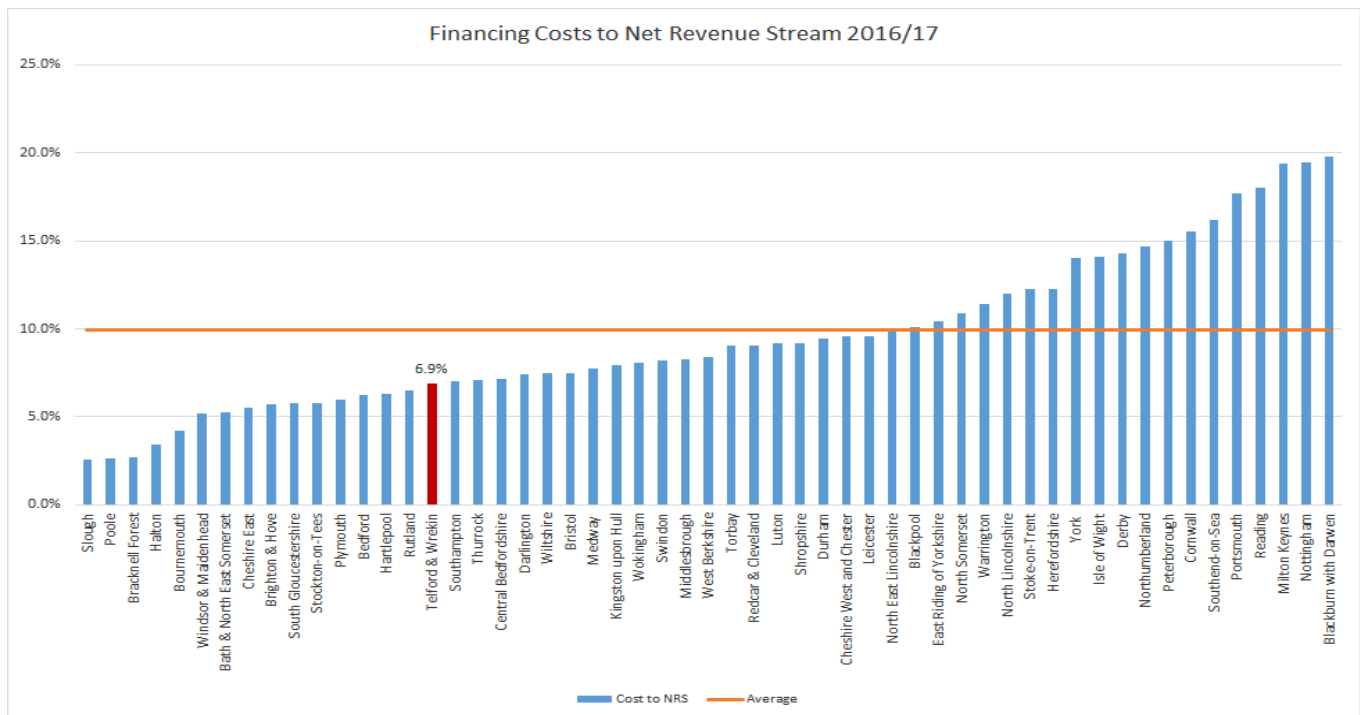
Although much of this additional debt is envisaged to generate a greater revenue return than the cost of borrowing, the exposure to a future change in circumstances, legislation, technology or solar farm feed-in tariffs etc could prove a very significant

risk in the future. Furthermore a significant proportion of this debt is invested into speculative areas such as commercial and residential property.

We do not agree with this ‘tax and spend’ approach and will seek to reduce borrowing levels to safer and more sustainable levels.



Debt as a % of the Revenue Budget



Currently around 6.9% of the Council’s Revenue budget is swallowed up by debt charges, this is with a current average interest rate of 3.45% and **net debts of £179.5m at December 2016**. However, this is only after recalculating the figures to allow for the Council’s Minimum Revenue Provision (MRP) changes.

Consequently, the current strategy will see prudential borrowing rise to **£347m**. Previously the council has been able to enjoy treasury windfalls due to the prevailing interest rates being below the original budgeted rate (which assumes the need to lock in). The current actual interest rates are around 0.3%. This favourable regime is likely to end shortly.

We consider that any increase in debt charges which increase the proportion of principal repayment and interest charges as a percentage of the revenue budget above current levels is both unwise and taking a gamble with public finances. As a result, future budgets may be exposed to greater debt charges.

Moving up the Risk Curve

As previously presented T&W continues to face growing risks.

Risk 1 – Move to local funding

Central government is rightly moving forward to make local authorities responsible for their own funding

Risk 2 – Final Salary Scheme

The Council is a member of the Shropshire Pension scheme; this is a final salary defined benefit scheme and is currently underfunded.

Risk 3 –Investment Profile

Commercial property is an unpredictable and volatile market area.

Risk 4 – Accounting changes

Changes have been made to MRP calculations, which reduce present debt charges but increases them in future years

Risk 5 Debt funded approach

The expansion of the Council balance sheet is being mostly funded by borrowing via the Public Loan works board.

Risk 6 Capping

Currently council tax is capped preventing funding from being increased other than by nominal amounts.

Risk 7 – Political Driven Growth Agenda

Growth is now being achieved via a move into more speculative and risky assets as already mentioned.

Review of the Current Administrations rapid debt lead approach

We consider the current Administration's approach to be flawed and represent an unbalanced strategy and a business model with inherent vulnerabilities arising from an excessive focus on capital expenditure, asset growth and reliance on debt to generate short-term profitability.

Proposed Actions to de-risk the balance sheet

- Reverse the recent additional Property Investment Portfolio (PIP) borrowing
- Dispose of the Solar Farm
- Dispose of Nuplace property development

The above actions will result in capital receipts totalling around **£87m** which would reduce prudential borrowing from the current projected total of **£347m to £260m** The Conservative Group would fund the additional revenue cost arising from making these adjustments from further savings yet to be identified.

The National Picture – Other Local Authority Borrowing and Investments

The primary challenge facing authorities in managing their capital spending and resourcing has been the need to minimise the revenue cost of their capital programmes whereby Authorities meet debt servicing costs from revenue spending.

In 2014-15, these costs accounted for £3.6 billion of revenue, equivalent to 7.8% of revenue spend (excluding education). Other Authorities in the same way as T&W have adopted a range of prudent treasury management strategies including minimising external borrowing, and recalculating the minimum revenue provisions (MRP) they must set aside to cover debt repayments. They have also increased

'internal borrowing', where authorities fund capital spending from temporarily surplus cash. This avoids interest payments by deferring the need to borrow externally

Nationally authorities' debt servicing costs have grown as a proportion of revenue spending, reflecting that additional prudential borrowing has been engaged as a way to achieve policy objectives.

A quarter of single tier and county councils now spend the equivalent of 9.9% or more of their revenue expenditure on debt servicing. Metropolitan district councils **are particularly exposed**, with a quarter spending over 11.2% of their revenue spend on servicing debt.

Whilst T&W's level currently stands at 6.9%, **the direction of travel is an important consideration as this is likely to rise.**

Across the sector as a whole debt servicing costs as a share of revenue spend fell slightly in 2014-15, as a number of local authorities reduced their MRPs

As interest rates start to rise, new borrowing will become more expensive, and authorities may also take on more external debt in order to lock in relatively low interest rates

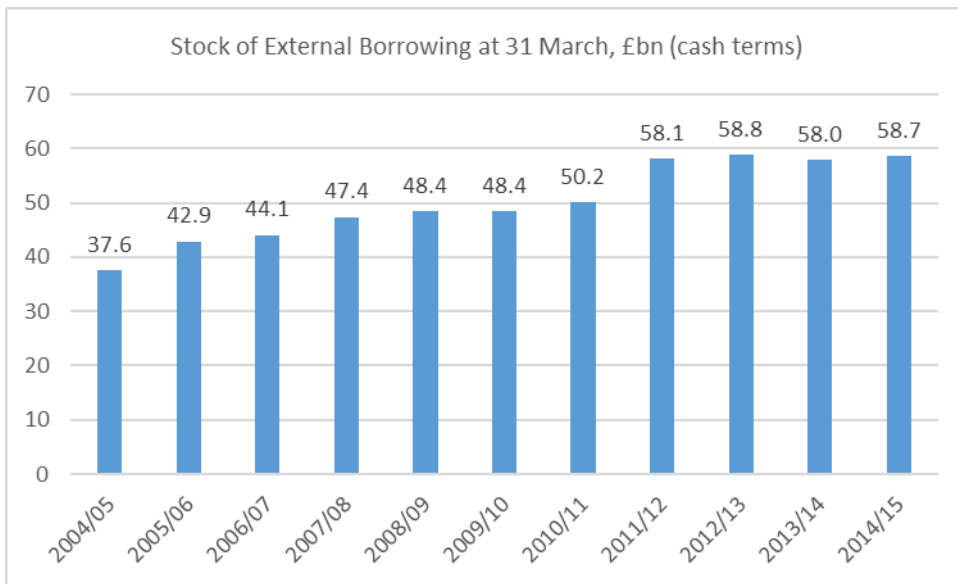
Authorities have used internal borrowing to keep the cost of debt servicing down. However, they may switch to external borrowing if an interest rate rise looks imminent in order to lock in borrowing at a relatively low rate. This will increase the cost of debt servicing. At the same time, authorities' revenue incomes will be constrained by cuts in government funding. If authorities cannot reduce their debt servicing costs, this will place further pressure on revenue spending.

Authorities may also decide that borrowing for new capital spending is unaffordable, reducing the scale of future capital projects. Counterparty risk has increased as levels of investments on deposit have grown

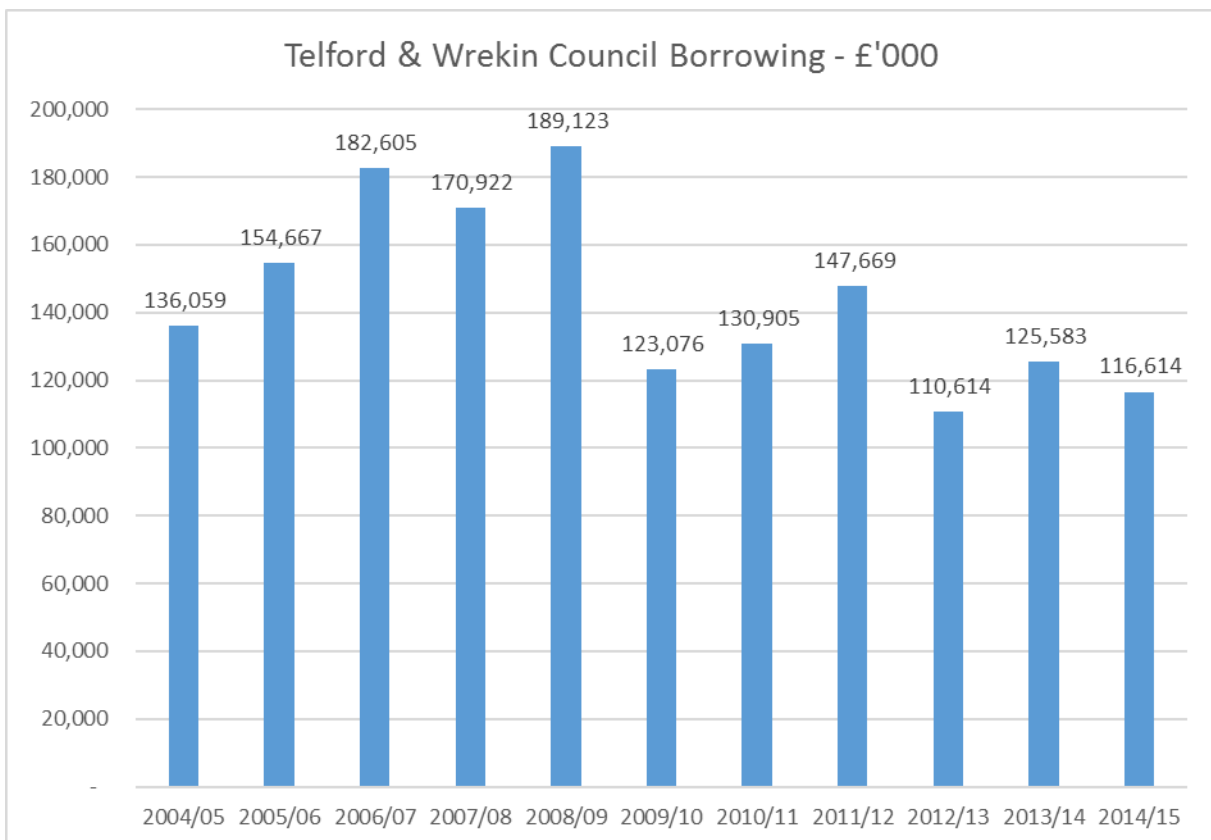
Local authorities in general are more exposed to counterparty risk – The possibility that an institution holding an investment fails – as levels of early Repayment of debt have fallen and investments on deposit with third parties have Grown. Early repayment of Public Works Loan Board (PWL) debt fell from an annual average of £3.4 billion in the three years to 2010-11, to £186 million per year in the three years to 2015-16. Investments on deposit grew by £6.9 billion (37%) from 2010-11 to 2014-15. These changes may have been partly driven by the fall in interest rates in recent years which has increased the premium payable on early repayments by local authorities.

The general reluctance among authorities to borrow more is reflected in the amount of gross external borrowing held by authorities. Although gross borrowing increased in 2011-12, this was because local authorities moved to self-financing their housing revenue accounts. Gross external borrowing remained relatively unchanged in cash terms from 2011-12 to 2014-15 Gross external borrowing in 2014-15 stood at £58.7 billion.

Gross external borrowing has remained relatively flat in cash terms since 2011-12.



What can be seen from the above trend is that while debt nationally increased within local Government in the years 2004-2011 since then debt levels have stabilised reflecting a move to a more cautious approach to debt and anticipation of interest rate rises. Based on this trend it can be assumed that 2015/16 is not likely to materially change.



Developments

Partnering with other authorities – We believe that significant savings can be achieved over time by partnering with adjacent authorities. Part year savings of £125k are included as a part of this proposal in line with our recommendations made last year rising to £250k by 2019/20.

Revenue opportunities – We favour the formation of Centres of Excellence at the Council, which can then market their services to other public sector bodies. Our low cost base and stable workforce is a key advantage meaning that we should be able to secure work from other public bodies outside of our local area.

The Approach

Currently T&W has some success with generating external income but this has been limited to opportunities within the local area itself. We propose to market our services nationally and will work with officers to find the most appropriate model and opportunities.

Set up costs of £250K will be transferred from reserves for this purpose.

There are a number of areas within the council which can be usefully shared. These include: -

Partnering

- Payroll
- Internal Audit
- Finance Team
- Legal
- Treasury management
- Senior Officer Team
- Architectural Services
- Highway maintenance – pooling of equipment
- Human resources

New Revenue Opportunities

- Children's services
- Planning
- ICT

Spending Review – As indicated within our 'Pilot proposals' for the Council's Leisure Facilities last year to give Council managers greater commercial freedom, we favour a smaller central structure at the Authority, which currently costs the Council over **£12m per year**, with an emphasis on wider competition for the provision of services. T&W Council is now a much smaller organisation than it was 5 years ago which, given the likely direction of travel over the next few years, is likely to become smaller still.

We will commence a major spending and structure review to free up the ability of Managers to manage and provide services.

Rights of Way

Surprisingly, two thirds of Telford & Wrekin is rural and the enjoyment and access to our countryside is an important resource to be enjoyed by the community. The health benefits of walking are well known and may have a greater benefit to the community than the offer of free swimming which has now been withdrawn.

This budget has been underfunded by the current Labour Administration and it is proposed to provide an additional one-off amount of £0.1m to enhance the work of the authority in both rural and urban areas on top of the existing proposals.

Highways

As indicated in our last budget we have now identified surplus / unused funds within the administration's budget of £19.9m and allocated some of these to highways.

Education

Despite high levels of house building across the borough and a significant increase in the provision of primary schools to meet a burgeoning demand, Telford & Wrekin Council have singularly failed to collect any significant Developer contributions towards the provision of new or extended secondary schools in the borough.

Despite many warnings from the Conservative Group over the past 6 years the current labour administration have failed to act on this issue and have failed to plan properly for future growth, reflecting a muddled approach to infrastructure requirements in general.

In order to deal with this issue and prevent a pending crisis in secondary education, we propose to set aside £250K for an urgent review of population growth and future demand for secondary school places at pressure points across the Borough due to: - **The current Labour Administration's proposal by to build a total of 15,555 new homes in the Borough. (When the council's own Housing Needs Survey suggests less than 10,000 are needed.)**

The potential lack of planning policies to prevent additional and unplanned speculative housing developments proceeding across the borough.

Borough Maintenance

To aid inward investment and provide stable and secure employment, the Borough of Telford and Wrekin must be an attractive and desirable place to live. Along with poor highways and the potential shortage of secondary school places, the cutting of environmental budgets again reflects a lack of joined up thinking and have been regarded as a simple way of reducing costs.

The appearance of the borough's environment is a key issue for the Conservative Group as the frequency of grass cutting, of tree cuts, litter picking and road sweeping etc, all contribute to a feeling of a looked after and well maintained borough.

Whilst savings have to be made in this area we propose to reverse these budget cuts and to re-invest again in environmental maintenance so a unique selling point of the borough can be restored.

We propose spending an additional one-off sum of £375k in 2017/18 and an additional £100kpa from 2017/18 onwards to improve the Borough's appearance and will work with officers to further increase this funding in future years

REVIEW OF STAFF TERMS AND CONDITIONS

Given the difficult financial position of the authority, it is necessary to review the terms and conditions of staff and streamline the benefits available. We will remove the remaining "Essential Car User" Allowances saving £0.14m pa.

OTHER SAVINGS

We have identified a number of roles and functions that can be undertaken by other team members and our proposals include the removal of

- Direct Financial Support for Trades Unions
- Indirect Union support via free accommodation
- Reductions to membership subscriptions
- Reductions to conference attendance

Union membership and participation is welcomed; however it is considered iniquitous that tax payers in Telford & Wrekin should be paying for Union representation for Council Officers, facilities which should be paid for by employees themselves. In many instances Council Officers also live outside of the Borough and we question why these facilities should be paid for by T&W Council tax payers.

Highways

The borough has a backlog of maintenance which reflects more than 30 years of historic under investment, the table below shows annual funding requirement needed to bring highways up to standard.

As indicated in last years budget proposals it is going to take a considerable amount of officer's time to find a funding approach that avoids having to use incremental borrowing. We have however made progress against our objective which allows us to allocate funding in the budget for the first year of a renewal program.

Highways

	17/18	18/19	19/20	20/21	21/22	Total
Expenditure	£,000	£,000	£,000	£,000	£,000	£,000
Annual Investment	9,500	9,500	9,500	9,500	9,500	47,500
Funding						
DfT Grant	3,119	2,778	2,778	2,778	2,778	14,231
Existing capital programme	2,000	2,000	2,000	2,000	2,000	10,000
Additional Capital Funding required	4,381	4,722	4,722	4,722	4,722	23,269
Funding in Alternative Budget Model - from one offs	4,381					

We propose that this investment is initially financed as follows

- Utilisation of part of available balances
- Reduction in single status fund by £1m
- Using £3.1m of in year underspending.

We will continue to work with officers to identify funding so the highways can be restored avoiding the use of prudential borrowing. Over the last few years the Council has not fully spent all of its budgeted contingency funds which has enabled funding to be allocated to priority initiatives at year end. We would prioritise further investment in highways improvements as and when any additional one-off funding or unused contingency became available over the medium term.

Whilst reducing cash and investments in the short term, this will be offset as PIP and Nuplace assets are sold and the cash used to reduce existing prudential borrowing

Other Reserves £m

Creation of contingency balance 7.167
This balance to be used to support the budget.

Summary

	£m
One-Off Funding Available:	
Usable Balances	15.850
Plus Reduction in Single Status Fund	1.000
Plus 2016/17 Projected Underspend	3.100
Total one off funding available	19.950

Proposed Uses:

Reserves used in Admin Budget Strategy	2.195
Further use of balances	1.159
ITS/Capacity Fund	1.500
Footway/Pavements Programme Funding	1.400
Community Capacity Building Fund	0.500

Destination Telford	0.150
Organisational Development Fund	0.150
Additional Borough Maintenance	0.375
Child Sexual Exploitation	0.250
Additional Social Workers to tackle CSE	0.240
Centre of Excellence	0.250
Madeley 3 g Pitch	0.233
2017/18 Highways Funding	4.381
Contingency	7.167
	19.950

Recycling Rates

Our close neighbours in Wales are achieving 58% recycling rates currently and have plans to reach 64% by 2020 and 70% by 2025.

The current administration has signed a long term contact with Veolia. However, that contact has embedded within it modest recycling rate targets of 58.84% by 2020 and 59.52% by 2025. Given the similarities between our near neighbours and T&W we therefore have included £50K in our budget to fund initiatives to begin to plan to work with Veolia and the community to target higher recycling rates.

The contract has no in-built flexibility to adjust targets consequently higher targets will require additional investment.

REVIEW OF THE LABOUR ADMINISTRATIONS PROPOSALS.

Safeguarding vulnerable children and adults is an aim shared by the Conservative Group, we remain very concerned however that this is an area that whilst very much under the spot light is not under control. Increasing the budget by £5.8m, which represents an approximate 9% increase in spending, does appear to be writing a blank cheque. Whereas what is now needed is a root and branch review of the function.

Highways. The intention of the administration to finally invest in highways at long last is very welcome given the 30 years legacy of under investment principally by previous labour administrations. **Our proposals have advocated this investment for a long time and this model includes our own earlier funding proposals for the first time.**

Debt. We strongly **disagree** with proposals to increase Council prudential borrowing to £347m this is at a time when nationally councils are building investment balances and avoiding debt increases. While we do have some capacity within our budget to support debt interest the sustainable level is already approaching what our group consider to be **excess**, we are not yet however at the level of Metropolitan district

councils which **are particularly exposed**, (with a quarter spending over 11.2% of their revenue spend on debt servicing.) but the direction of travel appears to be towards over exposure and for T&W to be placed within the same risk group as Metropolitan councils.

Recent budgets and the councils success in maintaining budget control have been supported by the lower interest rates available on a day to day basis compared to the interest rates originally forecast (which represents the current lock in rates)

Currently around **£89m debt is short term** and the actual daily interest rate paid is around **0.30% compared to the 3.5% budgeted**. This is a situation that will not continue indefinitely, as once interest rates more to increase debt will need to be locked in.

The Administration's Savings Proposals

No 23 Increase school meal prices – We disagree with the administration's proposal and will freeze meal prices for 2017/2018.

No 25 off peak skating – **We disagree with this proposal and will strike this from the savings list.**

Mobile Library Service – The Conservative Group remain extremely supportive of the borough's Library service, having provided a brand new library at Wellington and planned a new library at Southwater. We also acknowledge the ever changing service which libraries now provide to an ever growing population.

However, we also support traditional services such as the rural mobile library service, which will now be cancelled by the current Labour Administration in order to save £42k. This service provides valuable contact for residents in the rural area and members of the community in residential homes, right across the borough.

We accept that the cost of providing this service is high and while we welcome a suggestion from the administration that Rural Ward Members use up to £2k of their pride funding to support the service, this would also impact adversely on the provision of other projects in the rural area when compared to what can be provided by Councillors in urban areas.

Consequently, we propose a redesigned and targeted ordering service working on a monthly cycle. The delivery vehicle is owned by the council and we would work with council officers to provide this valuable service within a maximum cost of £18k per annum.

AFC Telford United – The Conservative Group recognise the valuable contribution that the football club makes to the community right across the borough and has also positively promoted the name of Telford itself.

When in administration, the then Conservative controlled council and the club maintained a strong working partnership which secured the club a long tenure at the Bucks head Football ground and other valuable income generating assets.

At a time when the football club is considering changing its future structure and operation, the withdrawal of £233k to fund joint working is considered to be very

unhelpful and a retrograde step. We believe at times such as this that the council should stand alongside the club and demonstrate its full support.

We propose reinstating the £233k budget and instead providing the proposed football pitch at Madeley out of one off monies.

SUMMARY OF CONSERVATIVE BUDGET PROPOSALS

The overall service and financial planning strategy for the period 2017/18 to 2018/19 is summarised in the table below:-

	2017/18	2018/19	2019/20
	£m	£m	£m
Base Budget Gap (after £6.4m proposed cut to Revenue Support Grant in 2017/18 and the savings approved in March 2016 assumed for 2017/18)	(0.692)	12.187	21.563
Adult Social Care Pressures	0.778		
Social Care Support Grant	(0.778)		
Safeguarding Pressures	0.500		
Invest to Save Funding	(0.500)		
Impact of changes to grants including New Homes Bonus, Housing Benefit Administration, Education Support (one off benefit in 2017/18 not previously taken into account)	(0.696)	0.045	0.038
Additional Business Rates after completion of the statutory NNDR1 form which was issued late by the Government reflecting further benefits from growth in the borough	(0.318)	(0.812)	(0.892)
Other Changes	0.081	0.070	0.033
Less 2% Social Care Precept	(1.151)	(2.340)	(3.566)
Less 1.2% Council Tax Increase	(0.691)	(1.404)	(2.139)
Budget Gap after Council Tax Increases	(3.467)	7.746	15.037
Add Pressures	5.803	4.645	4.063
Less Additional Savings Identified	(1.779)	(2.380)	(2.723)
Less: Savings to be Identified		(8.750)	(16.000)
Base Budget Shortfall	0.557	1.261	0.377
Use of Reserves	(0.557)	(1.261)	(0.377)
Total Administration Budget	0.000	(0.000)	(0.000)

Additional Revenue Investments

Funded from Reserves:

Child Sexual Exploitation	0.250		
2 Additional Social Workers to support CSE	0.080	0.080	0.080
Centre of Excellence	0.250		
Madeley 3 g Pitch	0.233		
Use of Reserves	(0.813)	(0.080)	(0.080)
	0.000	0.000	0.000

Included in the Base Budget:

Street Pastors Contribution	0.005	0.005	0.005
Cost of accelerating Govt. living wage increase		0.220	0.271
Local Plan Review	0.100		
Rights of Way	0.100		
Education - Review of Secondary School places	0.250		
Borough Maintenance	0.100	0.100	0.100
Recycling	0.050		

0.605	0.325	0.376
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Additional Savings

Joint Working/Partnering with other authorities	(0.125)	(0.200)	(0.250)
Review of Staff Terms and Conditions	(0.140)	(0.140)	(0.140)
Other - Trade Unions etc.	(0.100)	(0.100)	(0.100)
Further Savings to be Identified		(0.791)	(1.788)

(0.365)	(1.231)	(2.278)
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Administration Savings Re-instated

No 23 - Increase School Meal Prices	0.040	0.080	0.120
No 25 - Review Off Peak Skating Concessions	0.005	0.007	0.007
Mobile Library - redesigned service	0.018	0.018	0.018

0.063	0.105	0.145
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Other

Revenue Benefit of not undertaking £20m Highways: prudential borrowing in 2019/20 and 2020/21			(0.175)
Revenue Costs of Asset Sales	0.856	0.801	1.932
Further use of Balances	(1.159)		

0.000	(0.000)	(0.000)
0.000	0.000	0.000

CONCLUSION

Our alternative strategy represents a major departure from the current administrations strategy as follows: -

- Reduces Debt by £107m.
- Reduces the risks the council faces
- Proposes a new strategy for incremental income generation.
- Reduces Union Subsidies
- New Reserve for Protection of Children
- Accelerates implementation of living wage
- Better Planning for school places £250K
- Review and Revise Shaping places
- Review rights of way
- Reduces the extent of service impacts
- Contingency of £7.1m

- £4.381m 2017/18 to begin highways restoration
- £233K for Telford United re-instates budget deletion.

Budget Proposals prepared by: -

**Councillor Adrian Lawrence
Councillor Andrew Eade**

ROBUSTNESS OF THE ALTERNATIVE BUDGET STRATEGY PROPOSED BY THE MAIN OPPOSITION GROUP FOR 2017/18 – 2019/20.

The Council is required to set a balanced budget and under section 25 of the Local Government Act 2003, the Council's Chief Financial Officer is required to give a view on the robustness of the Council's financial strategy including the use of balances and of the financial planning process.

The alternative budget put forward by the main Opposition group will be considered by full Council and it is therefore appropriate that a view on the robustness of the alternative budget proposals is provided.

The proposals put forward by the main Opposition Group are substantially similar as those put forward by the Administration including the same assumptions on:-

- Income generated from council tax, including council tax increases, and from implementing the social care precept.
- Investments, pressures and the additional 2017/18 savings are generally the same as the Administration's with the exception of:
 - additional one-off investments of £1.233m:-
 - £0.250m for marketing council services nationally
 - £0.250m in 2017/18 relating to a review of policy on school places,
 - £0.250m for a CSE review
 - £0.233m funding for the 3G pitch
 - £0.100m for a Review of the Local Plan
 - £0.100m for Rights of Way are included.
 - £0.050m for promotion of recycling
 - Additional ongoing investments of:-
 - Environmental maintenance £0.100m
 - Street pastors £0.005m
 - Acceleration of implementation of the Government's "Living Wage" is also proposed at a cost of £0.220m in 2018/19 and £0.271m in 2019/20, although any additional costs arising from the resultant compression of differentials has not been assessed.
 - Two additional social workers to support tackling CSE in the borough £0.080m p.a.(funded from one-offs for the 3 year model)
 - Reductions in two of the Administration's proposed one-off investments:-
 - Employee training and development £0.100m
 - Destination Telford £0.125m
 - The overall savings package is generally the same, although additional ongoing savings totalling £0.791m in 2018/19, rising to £1.788m by 2019/20 would be required.
 - These additional savings are required despite the Alternative budget proposing additional ongoing savings totalling £0.365m in 2017/18, £0.440m in 2018/19 and £0.490m by 2019/20. These savings arise from assumed benefits from working in partnership with other councils

(although no detailed work has been undertaken to estimate the scope for potential savings), deleting all remaining essential care user allowances and reductions in support for trades unions etc.

- Some of the Administration's proposals would not be implemented at a cost of £0.145m by 2019/20:-
 - Increase in the price of school meals,
 - Mobile library but a remodelled, lower cost, option rather than the existing service,
 - Review of off-peak skating concessions
- The capital programme is largely the same subject to the comments below.
- Both budgets include an additional contingency which gives comfort on the overall deliverability of the proposals.

Key areas of difference include:-

- A proposal to reduce debt levels by not proceeding with/selling some of the commercial investments (NuPlace, Solar Farm) and not proceeding with the £20m Highways capital investment or additional Property Investment Portfolio investments included in the Administration's proposals. This would have the effect of ultimately reducing debt levels by £107m compared to the Administration's proposals. However, there would be a significant revenue cost arising from losing the assumed profit from the commercial schemes (i.e. excess of income over the cost of debt charges and operating costs). This net revenue cost is £0.856m in 2017/18, £0.801m in 2018/19 and £1.932m in 2019/20 and has been built in to the summary shown on page 15 of the Alternative Budget report and means that front line services would have to be cut to balance the Council's budget. The supply of good quality private rented homes in Newport and Telford would be reduced and the Council's opportunities to attract inward investment, additional jobs as well as increased business rates income would be significantly reduced.
- The deletion of the funding proposed by the Administration to improve the Borough's highways infrastructure means that the Alternative budget currently includes an unfunded commitment of £18.9m in respect of Highways improvements. However, the budget proposes that as opportunities arise, for example at the end of each financial year, any surplus funding that can be identified will be allocated towards further highways improvements as a key priority.
- A proposal to reduce the number of new homes to be built in the Borough. Under the current local government finance system this would have a financial impact on the Council as income from council tax and New Homes Bonus would be significantly lower than would otherwise be the case. The marginal cost of delivering services to new properties is generally lower than the additional income generated from new properties due to economies of scale and therefore further cuts to front line services would ultimately be required. However, this would be unlikely to affect 2017/18 significantly.
- Transferring £1m from the one-off funding set aside for single status in advance of being in a position to model the financial implications of the potential single status settlement. However, a balance of £10.9m would still remain in this provision.
- Further use of one-off resources to balance the budget of £1.159m in 2017/18 and a requirement for additional savings to be identified totalling £0.791m in 2018/19 rising to £1.788m in 2019/20.

- The Alternative budget is therefore reliant on a significantly higher use of one-offs over the three year planning period (£12.783m) than the Administration's proposals (£6.130m). This has allowed the Administration to create an additional revenue contingency of £9.72m compared to £7.167m in the Alternative budget. These contingencies increase confidence in the deliverability of the overall service and financial planning strategies proposed in a time of unprecedented and protracted severe financial constraint whilst demand for some key services is volatile. However, the strategy for the next three years put forward by the Administration is not reliant on the achievement of the projected £3.1m underspend in the current year which would be available to further supplement the contingency proposed by the Administration if required. Clearly if the financial position changes before the end of the year relying on the full amount of the currently projected underspend increases the risk that the proposed alternative strategy would not be fully deliverable in 2017/18 without remedial action.

Additional comments:-

- As Chief Financial Officer, I consider the investment strategy that has been adopted by the Administration to be sound and entirely reasonable. Clearly there are risks in implementing new initiatives but there are also financial risks in managing many aspects of the Council's Budget and in seeking to generate additional income from trading, which is a feature in both the Administration's and Alternative Budgets. The issue is to ensure on-going effective management of these risks across the organisation and the track record of the Council to date of robust financial management, in an extremely volatile period of major reductions in Government funding, is very strong. Despite very significant financial challenges the Administration have consistently delivered financial outturn within budget for many consecutive years and the Council's accounts continue to receive an unqualified external audit opinion. Income from NuPlace, the Solar Farm and the additional PIP investment represents a small percentage of the total council budget. All reports considered by Cabinet include details of financial implications and major projects are effectively managed – including the management of risks.
- Most support services generate income from schools and other external clients. The proposed sharing of these services could potentially jeopardise this income or result in some of the benefit being shared with another Council. Therefore specific proposals would need to be subject to consideration of a business case to understand the full implications for the Council including any penalties for early termination of IT supplier contracts and one-off project costs.
- Full Council has approved a Treasury Management Strategy which seeks to minimise counterparty risks and net costs by keeping investments to the minimum needed to meet cash-flow requirements. I believe that this is a sound strategy for this Council in the current financial climate. At some point it will clearly be necessary to lock in to higher fixed term interest rates and the budget is prepared on the basis to enable this to be done at any time. However, running a significant portfolio of very low cost short term debt has generated very significant revenue benefits (totalling around £8m in recent years). These benefits have been used to cover additional spending in key front line services for vulnerable children and adults. I would not currently advise the Council to change this approach, certainly not until the Council's

independent Treasury Management Advisors indicate that it would be prudent to start to lock in to higher fixed term interest rates and potentially only on a phased basis.

However, the overall budget for 2017/18 would be likely to balance and can therefore be considered as robust.

Ken Clarke,
Chief Finance Officer.

Finance & Enterprise Scrutiny Committee

Response to the Alternative Budget Proposals of the Main Opposition Group 2017/18

The Finance & Enterprise Scrutiny Committee is a politically balanced committee of eight non-Executive elected members and two co-opted members. The Committee is the main mechanism by which Cabinet consults annually with scrutiny on the budget proposals.

Under the Council's Constitution alternative budget proposals should also be presented for scrutiny before being presented to Council. The committee met on 26 January 2017 to consider the alternative budget strategy put forward by the main opposition group. The proposals were presented by group leader Cllr. Andrew Eade and Cllr. Adrian Lawrence. The committee also considered the Chief Financial Officer's statement of robustness on the alternative budget strategy.

Cllr Burrell declared an interest in the adult care budget and did not take part in any discussion on the adult care budget, or the Adult Social Care precept, or the formulation of any comments on the adult care budget or the precept.

The committee would like to make the following comments on the alternative budget proposals:

- It was recognised that the key risk to the Council's budget was funding cuts. It was acknowledged that the administration and main opposition group budget strategies had some common aims but there were differences of approach.
- The committee had different views on the approach of selling off commercial assets to reduce debt.
 - One group of members disagreed with the proposal because of the Solar Farm and NuPlace generate significant on-going income which is used to fund front line services. It was not clear how the loss of income would be made up without cutting services. NuPlace also increased the stock of good quality rented accommodation for local residents. A member commented that the auditor had been asked by the Audit Committee about risk with the current level of existing or proposed debt and no concerns had been raised.
 - One group of members supported the proposal to sell assets as necessary to reduce the level and cost of borrowing and to reduce exposure to the risks associated with high levels of borrowing, such as interest rate rises or dips in the property market where money was invested in commercial property.
- A member welcomed the proposed £100k investment in Rights of Way as free exercise for all and felt that health should be as high a priority as generating income by investing in leisure facilities. Other members, while understanding the sentiment, recognised that the Council could not afford to support all worthwhile causes financially and would take money away from adult care whereas investment in leisure facilities generated income.
- A member welcomed the proposal to make a £5k per year on-going contribution to the work of the Street Pastors from the base budget. The committee unanimously acknowledged the good work done by the Street Pastors. It was recognised again that the Council could not afford to financially support all worthy causes but the committee agreed that a suggestion would be made to Cabinet to consider funding for the Street

Pastors and ensure the Street Pastors are aware of the funding allocated to support volunteer groups.

- The alternative budget supported the administration's additional investment in Early Help and Support for adult care but the committee noted that information about the average cost of a care package had not been available at the meeting on 18 January when the adult care budget was considered. The committee requested that the Health & Adult Care Scrutiny Committee look at the average cost of care packages as part of their on-going monitoring of the adult care budget and delivery of savings.
- There was a concern that the projected cost of bringing forward the introduction of the Living Wage was too low. Not many staff were on the minimum wage but the cost of uplifting other pay rates to maintain the differential between grades would need to be factored in.
- Members noted the Chief Financial Officer's statement that overall the alternative budget for 2017/18 would be likely to balance and could be considered robust. However, a member drew attention to the comments about unfunded commitments and that the reliance on the full amount of currently projected underspend meant that if the financial position changed there was an increased risk that the alternative budget would not be fully deliverable in 2017/18 without remedial action.

Report prepared by Stephanie Jones, Scrutiny Officer 01925 383114.