

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

**Will be held at THE PLACE,  
OAKENGATES, TELFORD TF2 6ET  
on THURSDAY, 1 MARCH 2018  
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  
11 January 2018.
5. **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.

None received.

**Appendix A**  
White  
Pages 5-10

6. **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.

7. **Mayor's Announcements**

To note the Mayoral Engagements undertaken since the Council meeting held on 11 January 2018.

Appendix **B**  
White  
Page 11

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 12-15

9. **Recommendations from Cabinet**

**Cabinet – 15 February 2018**

(i) **Driving Delivery of the Council's Priorities**

**Recommended that the Council Plan is approved and the in-year performance against the Council's priorities is considered and noted.**

Appendix **D**  
Yellow  
Pages 16-49

10. **Service and Financial Planning 2018/19 to 2019/20**

To consider the reports listed below which are contained within the separate Budget document enclosed with the agenda. Reports E1 to E4 were considered by Cabinet on 15 February 2018 for recommendation to Council for approval.

Appendix **E1-4**  
Yellow Pages  
50-282

- a) Overview & Revenue Budget (E1)
- b) Capital Programme (E2)
- c) 2018/19 Treasury Strategy & Treasury Update (E3)
- d) Prudential Indicators (E4)
- e) Council Tax - Formal Resolutions for 2018/19 (E5)

Appendix **E5**  
White Pages  
283-289

11. **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.*

## 12. Notices of Motion

- (i) Councillor L D Carter will propose the following Motion:-

This Council notes with concern the attempted hostile takeover of GKN by Melrose PLC which threatens the jobs of many high skilled manufacturing workers, their pension funds and the supply chain.

We call upon the Secretary of State for Business, Energy and Industrial Strategy to use his powers under the Enterprise Act 2002 and intervene in the public interest to block any sale which is against the long term interests of the Company and its workforce.

The Motion will be seconded by Councillor S Davies.

- (ii) Councillor S Davies will propose the following Motion:-

Council notes with alarm the threat of imminent overnight closure of the A&E service at Princess Royal Hospital (PRH). It comes, apparently coincidentally, at a time when agreement from NHS England to proceed with the long-awaited consultation on Future Fit is still not forthcoming.

Council seeks urgent assurances from SaTH that the measure under consideration

1. Is not a way of pursuing the Future Fit preferred option by other means and without consultation
2. Has taken full account of the much-discussed clinical requirement for the Women and Children's Centre to be co-located with A&E and will include the necessary steps to ensure patient safety

Council reiterates its call to the two Members of Parliament for Telford and Wrekin to lobby their Government to ensure that the PRH retains its Women and Children's Centre and that the local NHS is sufficiently resourced and staffed to provide full acute services in this growing Borough.

The Motion will be seconded by Councillor A R H England.

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

This Council notes with concern the flawed consultation proposed by Shropshire and Telford & Wrekin CCGs to help determine future hospital services in Telford & Wrekin, Shropshire, and adjacent communities.

This Council also notes with concern the limited options proposed for consultation by Shropshire and Telford & Wrekin CCGs and believes that they will not offer an equitable, modern or cost effective solution to 21st Century health provision.

Consequently, this Council resolves to urge Shropshire and Telford & Wrekin CCGs to include a third option within its consultation process based on the tried and trusted model as provided in Northumbria.

This will include the provision of a new Emergency Care Unit located between Telford and Shrewsbury, community hospitals, plus the retention of the PRH and RSH to provide planned surgery and specialisms plus the four current community hospitals across Shropshire.

The Motion will be seconded by Councillor N A Dugmore.

#### **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](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](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, 11 January 2018 at 6.00pm at The Place, Oakengates, Telford**

#### **Present:**

Councillors S L Barnes, S Bentley, M Boylan, A J Burford, S P Burrell, 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, I T W Fletcher, V A Fletcher, J A Francis, C A Furnival, K R Guy, M B Hosken, J Jones, R T Kiernan, A Lawrence, N C Lowery, C N Mason, 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 (Mayor), 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

#### **58. Prayers**

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

#### **59. Apologies for Absence**

Councillors K T Blundell, E J Carter, E J Greenaway, J Loveridge and A A Meredith.

Councillor J C Ashford was absent from the meeting.

#### **60. Declarations of Interest**

Councillor A J Burford declared an interest in minute number 69 due to his position as joint Chair of the Joint Health Overview & Scrutiny Committee and indicated that he would abstain from the vote.

Councillor S P Burrell declared an interest in minute number 69 due to his Membership of the Joint Health Overview & Scrutiny Committee and indicated that he would abstain from the vote.

Councillor H Rhodes declared an interest in minute number 69 due to her Membership of the Joint Health Overview & Scrutiny Committee and indicated that he would abstain from the vote.

Councillor R J Sloan declared an interest in minute number 69 due to his recent past Membership of the Joint Health Overview & Scrutiny Committee and indicated that he would abstain from the vote.

#### **61. Minutes of the Council**

**RESOLVED** – that the minutes of the meeting held on 23 November 2017 be confirmed and signed by the Mayor.

## **62. Leader's Report & Announcements**

The Leader expressed thanks to staff, volunteers and contractors for minimising disruption during the significant snowfall seen across the borough in December 2017. He noted the success of the Pantomime and the European Christmas Market. The Leader was pleased to report that the Telford Land Deal had attracted £236m of investment into the borough over the preceding 18 months and noted that the deal would facilitate the expansion of Maiden's of Telford at Donnington Wood Retail Park. Success such as this resulted in increased business rates and the Leader expressed disappointment that the Council had been unsuccessful in its joint bid (with Shropshire and Herefordshire Councils) for retention of 100% business rates.

The Leader referred to the budget strategy, ongoing savings required and the Administration's ongoing efforts to keep Council Tax low.

He went on to note that the Council continued to work to further instil Pride in the Community to make Telford a place to proud of through the Pride Fund. He also welcomed the noticeable affect additional powers granted to Enforcement Officers had had on the environment in terms of the number of fines issues for littering and fly-tipping and a reduction in illegal traveller encampments.

Looking ahead, the Leader noted continued concern regarding the Future Fit process and expressed delight at plans for the Borough's upcoming 50<sup>th</sup> anniversary celebrations.

## **63. Mayor's Announcements**

The Mayor looked forward to an exciting remainder of his term of office and thanked those who offered continued support for his chosen charity, Severn Hospice which had benefited from a number of generous sources over the Christmas period. This included those who had made voluntary donations at the 'snow day' performances of the Pantomime at Oakengates Theatre and Council staff who had taken part in the Annual Christmas Raffle.

## **64. Public Questions**

- (i) The following question to Cllr A D McClements, Cabinet Member: Transport, Infrastructure & Broadband was submitted by Carol Scott MBE:

"T&W is supportive of WASPI women born in 1950's therefore would the council consider in any future budget following the Mayor Greater Manchester lead, Merseyside Council and TFL to issue bus passes to those women in the Borough still waiting and suffering hardship due to their delayed State Pension."

Cllr A D McClements, Cabinet Member: Transport, Infrastructure & Broadband responded to the question, setting out the current position with regard to the national statutory scheme for concessionary passes and fully committed budget.

Using a number of assumptions around usage by the subject group, the Cabinet Member set out the potential cost of introducing a scheme. She went on to explain

the associated challenges with regard to the logistics of operating a bespoke scheme separate to the national provision, that schemes operated elsewhere were done so as a result of funding opportunities provided by devolution deals, and the significant financial challenges facing the Council.

Councillor McClements concluded by confirming that despite the significant budget challenges the Council faced, she would include this request for consideration during the next round of budget setting and, in the meantime, would look at any other opportunities that may arise which would help to develop the kind of scheme alluded to for any group which would benefit from a better, more affordable, fit for purpose public transport infrastructure that aided Telford being a better place to live work, learn and do business.

#### **65. 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. There were no questions.

#### **66. Recommendations from Cabinet**

Cabinet – 7 December 2017

##### (i) Community Safety Partnership Strategy 2017-2019

Superintendent Tom Harding of West Mercia Police and the Chair of the Community Safety Partnership presented the report which set out the “Safer Telford and Wrekin Strategy 2017-19” for approval.

Superintendent Harding took a number of questions from the floor before the recommendations were moved and seconded. Upon being put to the vote, it was by a majority (31 for, 17 against, 0 abstentions):-

**RESOLVED that the Safer Telford and Wrekin Strategy 2017-19 be approved.**

##### (ii) 2017/18 Financial Management Report

Councillor Cllr L D Carter, Cabinet Member: Finance, Commercial Services & Economic Development, presented the report of the Assistant Director: Finance & Human Resources and Chief Financial Officer. It was, by a majority:-

**RESOLVED that the changes to the capital programme as detailed in Appendix 1 of the report be approved**

##### (iii) Council Tax Support Scheme 2018/19 and Council Tax Support Hardship Policy

Councillor R A Overton, Cabinet Member: Housing & Enforcement, presented the report of the Assistant Director: Neighbourhood & Customer Services. It was, by a majority:-

**RESOLVED that –**

- (a) the Council Tax Support Scheme Policy for 2018/19, as shown at Appendix A and the financial impact of the report be noted;**
- (b) the revised Council Tax Hardship Policy and accompanying funding be approved.**

**(iv) Telford & Wrekin Local Plan**

Councillor R A Overton, Cabinet Member: Housing & Enforcement, presented the report of the Assistant Director: Business, Development & Employment.

At the end of a robust and lengthy debate, in accordance with Committee Procedure Rule 9.5, a recorded vote on the motion was taken, the voting being as follows:

*For (30)*

*Councillors A J Burford, 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, C N Mason, 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*

*Abstentions (18)*

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

*Against (0)*

**RESOLVED that –**

- (a) the recommendations set out in the Inspector's report on the Examination of the Telford & Wrekin Local Plan (Appendix 1 to the report) and his Schedule of Main Modifications (Appendix 2 to the report) be accepted.**
- (b) the further Local Plan Minor Modifications (Appendix 3 and 4 to the report) be agreed.**
- (c) the changes set out in the Inspector's Schedule of Main Modifications (Appendix 2 to the report), the Minor Modifications (Appendix 3 to the report) and Second Schedule of Minor Modifications (Appendix 4 to the report) be made to the Telford & Wrekin Local Plan (Appendix 5 to the report) and that the Telford & Wrekin Local Plan (Appendix 5 to the report), as amended by incorporating these changes, be adopted by the Council.**
- (d) the Policies Map (Appendix 7 to the report ) be adopted to illustrate geographically the policies in the new Local Plan 2011-2031**

Cabinet – 4 January 2018

(i) 2017/18 Financial Management Report

Councillor Cllr L D Carter, Cabinet Member: Finance, Commercial Services & Economic Development, presented the report of the Assistant Director: Finance & Human Resources and Chief Financial Officer. It was, by a majority:-

**RESOLVED that the changes to the capital programme as detailed in Appendix 1 of the report be approved**

**67. Setting of the Council Tax Base for 2018/19**

Councillor L D Carter, Cabinet Member: xyz 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 2018/19. Upon being put to the vote, it was unanimously:-

**RESOLVED – that**

- (a) the calculation of the tax base for 2018/19 as at paragraph 5.6 and Appendix 1 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 2018/19 for its Special Fund Area shall be as per the appropriate parish amounts detailed in Appendix 1 for the parishes listed in paragraph 5.7.**

**68. Questions**

None received.

**69. Notices of Motion**

- (a) Councillor A R H England moved, in accordance with Council Procedure Rule 7, the following Motion:**

“This Council calls on SaTH to reverse their recent increase in parking charges at the Princess Royal Hospital at Telford and calls on the Government to replace the projected lost income to avoid a worsening financial deficit for the Trust.”

Councillor G C W Reynolds seconded the Motion.

At the end of a robust debate, a vote was taken on the motion put forward by Councillor England 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 (43)*

*Councillors S L Barnes, S Bentley, M Boylan, 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, I T W Fletcher, V A Fletcher, J A Francis, C A Furnival, K R Guy, M B Hosken, J Jones, R T Kiernan, A Lawrence, N C Lowery, C N Mason, 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, K S Sahota, P J Scott, J M Seymour, C F Smith, M J Smith, B D Tillotson, W L Tomlinson, C R Turley, P R Watling and D G Wright*

*Against (0)  
Councillors*

*Abstentions (4)  
Councillors A J Burford, S P Burrell, H Rhodes and R J Sloan by virtue of their Membership of Joint Health Overview & Scrutiny Committee.*

*Councillor K T Tomlinson had left the meeting.*

**RESOLVED - that the motion be approved**

The meeting ended at 7.56pm

**Mayor:** .....

**Date:** .....

**MAYORAL ENGAGEMENTS**  
**02 January 2018 – 18 February 2018**

<b>January</b>	<b>17</b>	<b>M</b>	Shropshire Chamber Business Awards 2018 Launch at Salop Leisure, Emstrey, Shrewsbury
	<b>20</b>	<b>M</b>	7 Academy of Performing Arts Annual Performance at The Edge Arts Centre, Farley Road, Much Wenlock
	<b>24</b>	<b>M</b>	Citizenship Ceremony at Register Office, Wellington Civic & Leisure Centre
	<b>26</b>	<b>M</b>	Holocaust Memorial Day at Addenbrooke House, Ironmasters Way, Telford
	<b>29</b>	<b>M</b>	Visit to Primary Care Wellbeing Service at Fuller House, Hall Court, Telford
<b>February</b>	<b>1</b>	<b>M</b>	Opening of Madeley Brunch Café at Russell Square, Madeley
	<b>11</b>	<b>M</b>	Mayor of Whitchurch Civic Service at St Alkmund's Church, Church Street, Whitchurch
	<b>12</b>	<b>M</b>	Mayor's Charity Pancake Race Press Shoot at Telford Ice Rink, St Quentin's Gate, Telford
	<b>13</b>	<b>M</b>	Student Talk at Newport Junior School, Avenue Road, Newport
		<b>M</b>	Mayor's Charity Pancake Race at Telford Ice Rink, St Quentin's Gate, Telford
	<b>16</b>	<b>M</b>	Shropshire Chairman's Civic Heads Dinner at The Boathouse, The Mereside, Ellesmere, Shropshire
	<b>17</b>	<b>M</b>	Armed Forces Veterans Breakfast Club Launch at The Clock Tower, Donnington
		<b>M</b>	Chinese New Year Celebration at Cordingley Hall, Donnington
<b>18</b>	<b>M</b>	Telford Central Mosque Open Day at King Street, Wellington	

# TELFORD & WREKIN COUNCIL

COUNCIL – 1 MARCH 2018

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 4 January 2018 and 15 February 2018.

## 2.0 CABINET BUSINESS

Matters that have been determined by Cabinet are listed below:

### 2.1 4 January 2018

- K C 2.1.1 2017/18 Financial Management Report
- K 2.1.2 Service & Financial Planning Strategy – Proposals for Consultation
- K 2.1.3 Homelessness Reduction Act 2017
- K 2.1.4 School Funding Formula 2018/19
- K E 2.1.5 Special Education Provision [Exempt]

### 2.2 15 February 2018

- K C 2.2.1 Driving Delivery of the Council's Priorities: Council Plan 2018/19 to 2019/20
- K 2.2.2 2017/18 Financial Management Report
- K C 2.2.3 Service & Financial Planning 2018/19 to 2019/20
- K 2.2.4 Declaration of two new Local Nature Reserves: Rough Park and Randlay Valley
- K 2.2.5 Edgmond Parish Neighbourhood Plan: Consideration of Examiner's Recommendations and Proposed Modifications Prior to Referendum
- K 2.2.6 Better Homes for All: Tackling Rogue Landlords & Improving Private Rented Housing

#### 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
Homelessness Reduction Act 2017	Assistant Director: Commercial Services in consultation with the Cabinet Member for Housing and Enforcement	To consider and review any changes to the Implementation Plan and changes in processes and procedures as required to comply with the Code of Guidance yet to be published
Homelessness Reduction Act 2017	Assistant Director: Commercial Services in consultation with the Cabinet Member for Housing and Enforcement	To approve and agree terms for the capital funding to help house homeless clients
Homelessness Reduction Act 2017	Assistant Director: Business, Development & Employment in consultation with the Cabinet Member for Finance, Partnerships & Commercial Services	To negotiate and complete the disposal of the asset as described in the report known as Carwood
Homelessness Reduction Act 2017	Assistant Director: Governance, Procurement & Commissioning.	To seal or sign any documents required to give effect to the recommendations contained in the report
Special Education Provision [Exempt]	Assistant Director: Business, Development & Employment and Assistant Director for Finance & HR	(Subject to the completion of the consultation) To incur expenses and take all required actions to implement and achieve the proposed re-location of the Special School to the new site as outlined in the report
Special Education Provision [Exempt]	Assistant Director: Business, Development & Employment and Assistant Director for Finance & HR in consultation with the Cabinet Member for Finance, Partnerships & Commercial Services	(Subject to the completion of the consultation) To negotiate and complete the acquisition of the site as outlined
Special Education Provision [Exempt]	Assistant Director: Business, Development & Employment in consultation with the Cabinet Member for Finance, Partnerships & Commercial Services	To negotiate and complete the disposal of appropriate interests in the asset which are deemed surplus to requirements

REPORT HEADING	DELEGATION GRANTED TO	DETAIL OF DELEGATION GRANTED
Special Education Provision [Exempt]	Assistant Director: Business, Development and Employment and Assistant Director for Finance and HR	(Subject to completion of the consultation) To complete any required processes and enter into any required agreements, transfers or other documentation to give effect to the recommendations contained in the report
Special Education Provision [Exempt]	Assistant Director: Governance, Procurement & Commissioning	To seal or sign any documents required to give effect to the recommendations contained in the report
Declaration of two new Local Nature Reserves: Rough Park and Randlay Valley	Assistant Director: Business, Development & Employment (and any officer authorised in writing by that Assistant Director) following consultation with the Lead Cabinet Member for Leisure, Green Spaces & Parks	To complete the declaration process
Edgmond Parish Neighbourhood Plan: Consideration of Examiner's Recommendations and Proposed Modifications Prior to Referendum	Managing Director	To exercise all the relevant powers and duties and undertake all necessary arrangements for the Edgmond Parish Neighbourhood Plan (Referendum Version) to now proceed to Referendum and for the Referendum to take place asking the question whether the voter wants Telford & Wrekin Council to use this neighbourhood plan for the Edgmond Parish Neighbourhood Plan area to help it decide planning applications in this neighbourhood area.
Better Homes for All: Tackling Rogue Landlords & Improving Private Rented Housing	Assistant Director for Customer & Neighbourhood Services in consultation with the Cabinet Member for Housing and Enforcement	To approve any future minor amendments to the HMO Fees structure; and the Conditions for Houses in Multiple Occupancy required to be licenced
Better Homes for All: Tackling Rogue Landlords & Improving Private Rented Housing	Assistant Director: Commercial Services in consultation with the Lead Member for Housing and Enforcement	To appoint the preferred partner(s) identified through the procurement exercise for an external accreditation partner(s);

<b>REPORT HEADING</b>	<b>DELEGATION GRANTED TO</b>	<b>DETAIL OF DELEGATION GRANTED</b>
Better Homes for All: Tackling Rogue Landlords & Improving Private Rented Housing	Assistant Director: Commercial Services in consultation with the Lead Member for Housing and Enforcement	To implement the revised landlord accreditation scheme, as set out in Appendix C Section 4.2.6 of the report.

<b>LEGAL COMMENT</b> <b>FINANCIAL COMMENT</b> <b>LINKS WITH CORPORATE PRIORITIES</b> <b>RISKS AND OPPORTUNITIES</b> <b>ENVIRONMENTAL IMPACT</b> <b>EQUALITY &amp; DIVERSITY</b> <b>WARD IMPLICATIONS</b>	As described in each report considered by Cabinet. Copies of all reports have been previously circulated to all Members of the Council.
--	---

**TELFORD & WREKIN COUNCIL  
 COUNCIL – 1 MARCH 2018  
 “DRIVING DELIVERY OF THE COUNCIL’S PRIORITIES”  
 REPORT OF MANAGING DIRECTOR  
 LEAD CABINET MEMBER – CLLR RAE EVANS (CABINET MEMBER  
 CUSTOMER SERVICES, TOURISM & PARTNERSHIPS)**

**PART A) – SUMMARY REPORT**

**1. SUMMARY OF MAIN PROPOSALS**

To present:

- a refreshed Council Plan which sets out the organisation’s priorities
- headline progress the Council has made delivering these priorities.

**2. RECOMMENDATIONS**

That:

- the Council Plan is approved
- the in-year performance against the Council’s priorities is considered and noted

**3. SUMMARY IMPACT ASSESSMENT**

<b>COMMUNITY IMPACT</b>	Do these proposals contribute to specific Co-Operative Council priority objective(s)?	
	Yes	All
	Will the proposals impact on specific groups of people?	
	Yes	The Council Plan identifies specific communities and issues that our JSNA and performance analysis has identified as requiring targeted action.
<b>TARGET COMPLETION/DELIVERY DATE</b>	Ongoing – an end of year 2018/19 performance report will be presented to Cabinet in summer 2018.	
<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	Yes	The Council’s Medium Term Service & Financial Planning Strategy, also on this agenda, is aligned to the Council Plan with the revenue and capital budgets being the financial representation of the Council’s priorities and objectives. The Council will have delivered £143m ongoing savings by the end of 2020/21. Despite these significant reductions the organisation continues to deliver the key

		priorities detailed in the Council Plan, to local people, using the finite resources available in the most effective way possible. Regular financial management reports are taken to Cabinet throughout the year providing an update on the financial position. PH – 17/1/2018
<b>LEGAL ISSUES</b>	No	
<b>OTHER IMPACTS, RISKS &amp; OPPORTUNITIES</b>	Yes	The purpose of the Council Plan and associated performance report is to identify where the Council is making a positive impact and also those issues and challenges that, working with the Community and partners, the organisation wants to improve or address.
<b>IMPACT ON SPECIFIC WARDS</b>	Yes	All

## **PART B) – ADDITIONAL INFORMATION**

### **4. INFORMATION**

#### **4.1. Council Plan 2018/19 to 2019/20**

4.1.1. The purpose of the Council Plan (see Appendix One) is to set out the organisation's priorities as identified through consultation with residents and partners, analysis of performance delivering existing priorities and analysis of 'community need'.

4.1.2. Through the Plan we want to be clear to the community and partners what we are seeking to deliver with the resources available. The Plan is also an important part of communicating the organisation's ongoing development with the workforce.

4.1.3. The Plan has two parts. The first describes the Council's vision for the Borough and its priorities to deliver it. The Council's vision for the Borough is

***“Telford & Wrekin – the place to live, learn, work and do business”***

4.1.4. Our priorities to deliver this vision are:

- **Protect and support our most vulnerable children and adults**
- **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**
- **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 & Wellbeing of our Communities and Address Health Inequalities**

4.1.5. The second part of the Plan sets out how the organisation is going to continue to transform to deliver these priorities whilst delivering significant savings. This strategy is called "Being the Change" and is driven by 4 themes:

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

4.1.6. Underpinning the delivery of these priorities are our Co-operative values, which define how we do things, both collectively as an organisation and individually. These are about:

- **Openness & Honesty**
- **Fairness & Respect**
- **Ownership**
- **Involvement**

4.1.7. The Plan demonstrates that despite the £110m+ savings the organisation has been required to make and with an ongoing budget position that is very challenging, the Council remains focussed on delivering the community's priorities for the Borough.

4.1.8. Our Service & Financial Strategy is core to the delivery of these priorities as it sets out how we will use our resources to deliver them, for example our capital programme. Linked to this, as part of the Council's strategic planning framework, each AD-led service area has a Service Plan which identifies how they will drive delivery of the Council's priorities. These Plans consider performance and risk and are used to inform the development of service workforce plans.

## **4.2. Key Progress Council's Priorities – In-year 2017/18.**

4.2.1. Headline messages mid-year for 2017/18 against each priority are set out below, highlighting positive progress and challenges too. Appendix Two sets out further detail.

### **• Protect and Support Our Most Vulnerable Children and Adults**

#### **Children**

4.2.2. We want children to live safely at home but where they can't we want the very best for our children in care and care leavers. To this aim, we have seen the number of children on child protection plans reduce and, through the year, the number of children in care stabilise and have started to fall. We are working to do this in a child-centred, safe way through effective care planning focussed on 'best outcomes' for the child. One of the drivers of this change is our Family Solutions Service which work intensively with children and their families which are on the cusp of coming into care – this service development has been funded by an 'invest to save bid'.

4.2.3. Another key area of progress is 'private fostering'. This is where a child is looked after by a close relative for 28 days or more and the law requires the parent or carer to notify the Council. We have raised awareness of this requirement and seen the number of children privately fostered increase. Importantly, 100% of private fostering 'visits' are completed in timescale which enables us to ensure that these arrangements are safe.

4.2.4. We need to ensure that all of our core processes are completed to a good standard and on time. We still have some challenges for example, the timeliness of our Children & Family Assessments currently stands at 74.9% against a target of 82%. Developing our children safeguarding workforce through our Recruitment and Retention Strategy both in terms of skills and capacity is an essential part of our approach to improving this performance.

4.2.5. Placement stability is another area we are working to improve. This relies on having the right foster carers to match to cases. A 'Future Leaders' group<sup>1</sup> has led a project to make the organisation 'Foster carer' friendly – for example, additional annual leave for foster carers. We are currently working with Police and Health services for them to adopt a similar policy focus.

#### **Adults**

4.2.6. A key part of our Adult Social Care strategy is to ensure that the right people get the right help, so that our limited resources are appropriately

---

<sup>1</sup> Future Leaders is the Council's in-house 'talent management' programme

targeted at the most vulnerable in our communities. This is ever more critical as demand continues to grow on this service. From 1,547 new contacts into the service so far this year, 20% of people have needed a formal Care Act Assessment (December 2017). The other 80% have been provided with early information & advice and signposting to other agencies or the voluntary sector.

4.2.7. We continue to reduce the number of people who move into residential care enabling people to remain in their own home by meeting their needs using a range of different support at home for example re-enablement following a period of ill health or hospital admission, assistive technology as well as domiciliary support. We have some challenges around the long-term impact of our approach to re-enablement when we compare our rate to other local authorities. A driver of this is the average age of the people receiving re-ablement in Telford. At 86, this is significantly higher than other local authorities. Our work with partners around GP surgeries is helping us improve our performance. We now have a jointly funded Occupational Therapist post dedicated to review these people to help them remain in their own home. Equally, we are working hard to increase the number of people who want to take control of their own support through 'direct payments'.

4.2.8. The pressures within the NHS are well rehearsed. It is essential that we continue to play our part by ensuring that people who are ready to leave hospital are enabled to do so. We are successfully supporting this as measured by "Delays in Transfer from Hospital". Our performance is better than both the national and regional rates.

4.2.9. Quality in adult social care provision is measured by CQC ratings. Our My Options CQC ratings are both good.

- **Put Our Children and Young People First**

4.2.10. This is a cross-cutting priority which is delivered through our other priorities – this is about ensuring that all children can attend a good or outstanding school, that they have good health and diet, are able to access the right training and job opportunities to fulfil their potential. It's about living in an attractive and safe place.

- **Protect and Create Jobs as a "Business Supporting, Business Winning Council"**

4.2.11. We continue to see strong business investment inquiries which are translating into investment into the Borough. Advanced manufacturing remains core to this as does ICT and digital services. Key foreign companies that have invested into the Borough include:

Company	Sector	Jobs (c.)	Origin
Cosma (Magna International Inc)	Manufacturing	300	Canada
Incessant Technologies	IT Services	30	India
Logical Plastic UK	Manufacturing	70	United Arab Emirates
CSA IT Services Limited	IT Services	10	Turkey
MyHotelUpgrade	IT Services	10	Ireland
Travel Forum Ltf	IT Services	10	South Africa
Choicemaster Limited	IT Services	20	South Africa
Capgemini	IT Services	30	France
Polytec	Manufacturing	150	Austrian
Total investments 9		630	

4.2.12. Growing and diversifying our business base and providing the conditions for new businesses to grow, is a core objective. To this aim, business births exceeded deaths in 2016/17 for the 3rd consecutive year. We are investing to create the opportunities to support new businesses, including the delivery of new start up/incubation space via land acquired at Hortonwood West where the Council is investing profit share earned through the success of Telford Land Deal and Newport Innovation Park. This is alongside investment into site preparation and power upgrades to support investors acquiring suitable land quickly.

4.2.13. Superfast broadband is a key business infrastructure. We are on course to achieve 98% superfast rollout by the end of the financial year – mid-year we are at 95.8% - and to drive to 100% 'roll-out' for eligible residential and business properties through new initiatives to be launched over the coming months.

4.2.14. We continue to provide coordinated business support to companies across the Borough working effectively with the Marches LEP. We exceeded our 2016/17 outturn (900) for business support in the first 6 months of 2017/18 with 1052 SME supported via the Marches Business Support Programme and 35 start-ups (retail; IT; office services).

- **Improve Local People's Prospects Through Education and Skills Training**

4.2.15. A key objective for the Council is for every child to be in a good or outstanding school and making at least good progress.

4.2.16. Overall, 84% of children attend a school which is judged as good or outstanding by OFSTED. Whilst overall a positive picture, there are a small number of secondary schools which need to improve to achieve this level. Generally, the attainment of pupils at each of the Key Stages is at least in line with national averages and well above this across a number of individual indicators.

4.2.17. The Council is committed to local schools for local children. Key to this goal is ensuring there is adequate school capacity. Across the Borough there is currently a surplus of school places of 10.2% and this is reviewed regularly.

4.2.18. PEPs (Personal Education Plans) and EHCPs (Education Health and Care Plans) are core tools to ensure that children with special educational needs and those in care, receive the necessary support and resources to achieve their potential. Over the past year, we have seen significant improvement in the timeliness of EHCPs – we are now achieving 100% in timescale. We have more work to do to achieve this level for PEPs although there has been a significant improvement as a result of new systems. An audit process has been introduced for EHCPs & PEPs to ensure plans are timely and of a good quality.

4.2.19. Young people Not in Education, Employment or Training (NEET), has been an ongoing challenge for Telford and Wrekin with too many people in this position. We continue to make strong progress against this – with 6.2% (16 & 17 year olds) NEET or not known to us in December 2018 (227 young people) compared to 10.6% (412) 12 months ago and a dramatic reduction in the number of young people whose destination is unknown to us. Our Work Ready, Life Ready programme is core to our response to this – with 14 schools signed up with Business Advisors from local companies, in place.

4.2.20. The take up of apprenticeship across the Borough is a challenge – primarily due to the impact of the Apprenticeship Levy – and down from the previous year. We are incentivising take up by small companies through local investment and through effective workforce planning, the Council, as an employer is on track to achieve its own target for apprenticeships - with a forecast figure of 100 by April 2018.

- **Ensure That Neighbourhoods Are Safe, Clean and Well Maintained**

4.2.21. Our 'Pride in Our Community' Programme is the core driver of our approach to this priority with the Council investing £45m spread over a 3 year programme to maintain and improve the green spaces, neighbourhoods, street lighting, roads, structures and footpaths across the borough.

4.2.22. As a result of our 'Pride in Our Community' investment, we are ranked:

- 2<sup>nd</sup> out of 104 highway authorities for overall satisfaction for Highway Services as part of the NHT Annual Survey 2017
- The condition of our major A, B and C Roads are all above regional and national averages. The A Roads are some of the best maintained in the Country.
- Journey times are 2<sup>nd</sup> best in the country for Local Authority A Roads
- We are half way through the borough-wide deployment of our LED street lighting programme and are on track to achieve over £300K per annum savings in energy by 2019
- We are achieving our waste recycling targets and our new Household Recycling Centre at Hortonwood is getting excellent customer feedback and usage. We have virtually no landfill left in our borough

with all household waste either being recycled or being burnt for energy usage.

4.2.23. We have increased to 13 our Parish Environmental Teams which now cover 85% of the borough's population adding value to our green and clean agenda.

4.2.24. In addition to Pride funding, we have secured significant external investment in the road infrastructure to support job creation and housing growth. This is essential to sustain the quality of our roads and sustain journey times:

- Delivered £17.4m Growth Point Package,
- £5.4m Eastern Gateway,
- £2.2m Telford Bus Station
- £12.3m Telford Town Centre Connectivity Project

4.2.25. Core to supporting this priority (and others) is our enforcement activity – over the past 12 months we have refocused this to sharpen its impact. This is a broad agenda ranging from the prosecution of private landlords who rent out dangerous or sub-standard properties, to utility companies working on our highways who breach their licence conditions through to the prosecution of a minority of people who commit environmental crime and anti-social behaviour activity. To underpin this, we have invested significantly in staff training and the delegation of enforcement powers to key officers to allow them to issue fixed penalty notices but also giving them powers to gather evidence correctly should we need to undertake prosecutions for more serious and persistent offenders.

4.2.26. Our growing number of volunteer street champions are working with us and are demonstrating their personal commitment to 'Pride in Our Community'.

- **Support Neighbourhoods Most In Need And Work To Ensure That Local People Have Access To Suitable Housing**

4.2.27. We are seeing undoubted increased pressures around homelessness as a result of changes to benefits and because of a lack of suitable accommodation. We have seen an increase in cases linked to rent arrears with landlords increasingly unwilling to defer eviction of tenants in order to prevent homelessness.

4.2.28. As a result we have seen the length of stay in temporary accommodation come under increasing pressure and we are seeing more complex cases where it is more difficult to find 'move on' accommodation. At mid-point 2017/18 the average time in temporary accommodation was 26.4 weeks compared to 18.5 average across 2016/17. There were 4 long-term cases that were having a major impact – if these are excluded, the average time in temporary

accommodation drops to 19.2 weeks. Weekly reviews of clients in temporary accommodation are being carried out to identify 'move on' accommodation that is becoming available on a regular basis.

4.2.29. We are continuing to focus on bringing empty properties back into use despite no longer having a dedicated Empty Property Officer post. At mid-point 2017/18, the number of interventions to bring empty properties back into use was 203 against 336 for the whole of 2016/17.

4.2.30. The Council's wholly owned housing company, NuPlace, continues to grow – we are on track to have 289 homes available for private rent from spring 2018 as phase two is completed. The properties continue to be over subscribed. As well as bringing in income to the Council, the developments are bringing brownfield sites back into use.

4.2.31. Overall, housing growth remains strong in the Borough with a projected net completion of 1000+ dwellings in 2017/18. We have been ranked first for housing growth by the 2018 Centre for Cities annual report. Our recently approved Local Plan is an essential part of our ability to manage growth and secure the funding necessary to develop the associated infrastructure to accommodate growth. We have attracted investment from the WMCA and LEP in excess of £4m to support the delivery of stalled housing sites.

- **Improve the Health & Wellbeing of our Communities and Address Health Inequalities**

4.2.32. We are continuing to work with communities to improve health and wellbeing and reduce inequalities within our borough. A core element of this strategy is to develop more community capacity to support each other to improve their wellbeing – we now have 29 trained health champions working with passion in their communities and we regularly reach over 3,000 followers on Healthy Telford.

4.2.33. We have worked with communities to sustain parts of the Be Active programme. We are one of 3 pilot sites offering parents 1:1 HENRY at times and locations to suitable to them with 17 trained volunteers providing support. We have a strong Health Telford network with over 370 partners including front line staff and volunteers. We have upskilled members of the community, voluntary organisations and front line workers within the public sector by delivering MECC training, Mental Health First Aid lite and promoting on-line suicide awareness training, for example a further 200 people have been trained in MECC in 2017 and 120 fire officers trained to support them to provide their safe and well home visits in the community. We have worked with the Severn Teaching Alliance and 60 schools and other agencies working with children and young people to create a network and development programme to support them to improve emotional resilience of children and young people.

- 4.2.34. As part of our work with GP practices and community partners we are developing and delivering a range of social prescribing programmes such as, with the Shropshire Wildlife Trust, a 'Feed the Birds' programme aimed at reducing social isolation. Our Healthy Lifestyle Service continues to perform well. The service has increased its clinic coverage in GP practices over this year and continues to have strong links within our communities. The number of people offered a healthy lifestyle brief intervention increased by 70% in the first 6 months of 2017 compared to the same period last year.
- 4.2.35. Our smoking rates within the borough have been reducing and the gap with the national average has closed. However our rates in routine and manual groups are still high so we have incentivised our provider to target these groups more and we appear to be making progress at a faster rate than nationally – the gap has narrowed by almost 5%. Our other target group is pregnant women. This year some improvement has been seen but rates are still significantly higher than the national average. The Council jointly commissioned a Public Health Midwife role from April 2017 with the CCG in local maternity services. More midwives and Women's Services Assistants have been trained to give harm reduction messages and there has been an increase in number of referrals into services.
- 4.2.36. Whilst we have made some improvement in rates of excess weight in children we are still significantly higher than the national average in younger children. We will continue to work with partners to create environments that supports children to maintain a healthy weight and the integration of our Healthy Lifestyle Advisors team and Healthy Families team will enable a more family focussed approach.
- 4.2.37. We continue to work with partners to develop drug and alcohol treatment and recovery services and have awarded a new contract to South Staffordshire and Shropshire NHS Foundation Trust's Inclusion service to commence in April 2018. TACT (Telford After Care Team) continues to be busy with increased numbers of clients attending since the move to Strickland House. The volunteer base has expanded through both TACT and the Branches service.
- 4.2.38. Creating cultural events and entertainment at the Place that residents enjoy can support a sense of wellbeing within the borough. Successful Council-run events were delivered and proved popular with our residents. Equally more tickets have been sold at the Place – 4,000 more in the first six months of 2017/18 compared to 2016/17.

1. **IMPACT ASSESSMENT – ADDITIONAL INFORMATION**

None

2. **PREVIOUS MINUTES**

None

**3. BACKGROUND PAPERS**

None

**Report prepared by Jon Power, Organisational Delivery & Development  
Manager. Telephone: 01952 380141**

# Council Plan

## FOR TELFORD & WREKIN

2018/19 - 2019/20



**TOGETHER  
EVERYONE  
ACHIEVES  
MORE**



*Our values*

*Openness and Honesty*

*Ownership*

*Fairness and respect*

*Involvement*

## **INTRODUCTION**

2018 is a significant year for Telford and Wrekin. We celebrate both the 50th anniversary of the creation of the Telford New Town and the 20th anniversary of Telford & Wrekin Council becoming a unitary authority.

The 50th anniversary gives us a unique opportunity to celebrate Telford's creation and growth and its exciting future, which the Council has taken a key role shaping and driving.



As a unitary authority for 20 years, we have been able to focus on what is right for the borough. This has had very real benefits. By working with and investing in our schools, we have seen educational attainment dramatically improve. We have successfully established Telford as one of the top places to do business and invest in - attracting one of the UK's largest most recent direct foreign investment by Canadian casting company Magna International Inc.

This Plan sets out our priorities and future focus. Fundamentally, we are a Council working for, and together with our community to help make Telford and Wrekin the best it can be. We will do this by focussing on the things that really matter to local people and businesses. It's about being on the side of Telford and Wrekin. We will stand up for our hospital, fight for fair funding for public services and support communities.

Our priorities for the Council are clear. We want residents to become healthier, feel safer and develop more skills to get better jobs. We also need to invest in the borough to make it cleaner, more prosperous and to continue to develop excellent transport links as well as protecting vulnerable children and adults.

To achieve this, we must also continue to find other ways of generating money to help fund services as we have made more than £110m in savings. To do this we have adopted a commercial approach. For example, investing in Nuplace providing homes to address the availability of affordable quality homes for rent. This investment is paying dividends, in 2016/17 we generated an extra £600,000 profit - money that would otherwise have to be cut from services.

We know that we have challenges in the borough and this Plan sets out how we will work to address them. Equally, we have much to be proud of in the borough - and I look forward to celebrating this with you in the coming year.

Leader of Telford & Wrekin Council **Cllr Shaun Davies**

## TELFORD AND WREKIN THE PLACE

Telford and Wrekin is a place of contrasts. Within the borough are the Telford New Town, the market town of Newport and the Ironbridge Gorge UNESCO World Heritage Site - birth place of the industrial revolution. All surrounded by beautiful countryside and farmland with more than two thirds of the borough classified as rural.

The borough has a successful growing economy with a high employment rate (TW 74.9%, WM 72.0%, UK 74.4%). Manufacturing remains important (TW 15.1%, WM 11.5%, UK 7.9%) with the automotive supply chain a key sector. Through the availability of affordable 'ready to go' development land, the borough has been successful at attracting significant inward investment to protect existing jobs and support the creation of new ones. The recent investment by Magna International Inc. was one of the largest foreign direct investments into the UK for the last 5 years.

Tourism makes an increasing contribution to our local economy with 4.5 million visitors each year including 1.5 million visitors to the Ironbridge Gorge bringing £800m economic benefit.

We have seen strong housing growth as part of our recovery from the recession. The borough is the best performing local authority for housing growth – ranked first in the 2018 Centre for Cities Report.

The health of the population continues to improve. There has been significant progress on reducing early deaths from cancer and heart disease. 'Lifestyles' are improving with smoking rates having fallen significantly from 20% in 2014 to 15.6% (15.4% WM, 15.5% Eng) in 2016.

Education and skill levels continue to improve. The proportion of the working age population with NVQ level 4 qualifications has increased to 30.3%. School performance has improved with attainment for key measures (EYFS, KS1, KS2 & GCSE) better than the regional and comparable to the national position.

Whilst there is a positive direction of travel for the borough there remain challenges. We need to continue to develop the value of our economy. Our GVA per capita trails below regional and national rates (£21.2k TW, £21.5k WM, £25.6k UK), as do our wage levels (£488 weekly TW, £515 WM, £556 Eng). Improving the skill base of our work force is a key response to addressing these challenges. There are 15 neighbourhoods ranked among the 10% most deprived nationally for health, skills, employment and housing.

The challenge we face is to ensure that the benefits of our thriving economy are felt by all. Enabling all our residents to live healthy and fulfilling lives wherever they live.

## OUR VISION & PRIORITIES

*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 to deliver. To do this, we have a clear vision and priorities for the Council. The financial challenges the Council faces means we have to continue to change as an organisation and how we deliver services. Our “Being the Change” strategy sets out how we will do this.*



## OUR VISION FOR THE BOROUGH IS:

*“Telford & Wrekin – the place to live, learn, work and do business”*

## OUR PRIORITIES TO DELIVER THE VISION ARE:



## KEY INVESTMENTS TO DELIVER OUR PRIORITIES

To support the delivery of our priorities, we have set out in our budget strategy key investments:

- **£5.05m** in adult social care by 2021 to meet need.
- **£4.9m for Childrens Safeguarding** to ensure that the service can meet need and demand.
- **£20m Pride Programme** to fund a further major investment in improvements to local roads and associated infrastructure.
- **£50m Growth Fund** to invest directly into land and property enabling local businesses to expand and drawing in new investors.
- **£3.7m from the West Midlands Combined Authority** to bring "brownfield" sites to the market to deliver housing growth.
- **£18.7m from the Marches Local Enterprise Partnership** to drive investment through transport infrastructure improvements.
- **£13.4m investment in the Council's wholly owned NuPlace** to generate income to protect Council services and provide much needed affordable, quality housing for rent.
- **£275,000 Destination Telford** Initiative to promote the borough as a place to do business.
- **£2m pa ICT Capital programme** to ensure that the Council's network is robust and improve efficiency.



**PROTECT AND SUPPORT OUR MOST VULNERABLE CHILDREN AND ADULTS**

## **WE HAVE A CLEAR COMMITMENT AS A COUNCIL TO ALWAYS LOOK AFTER THE MOST VULNERABLE IN THE BOROUGH WHATEVER THEIR AGE.**



### **KEEP OUR CHILDREN AND VULNERABLE ADULTS SAFE**

We want to see children live safely at home but where they can't we want the very best for our children in care and care leavers.

A specific focus is on young people at risk of child sexual exploitation. Our work to support and safeguard children from sexual exploitation has been recognised by OFSTED as amongst the best in the country.

Partnership working is key to this goal. Our Safeguarding Adult Board, Safeguarding Children Board, Children and Families Partnership and Community Safety Partnership co-ordinate and drive this work.



We will prioritise early identification and protection of vulnerable adults and children and work to safeguard them and ensure that they have positive outcomes. We want our safeguarding children services to be judged as "good" by OFSTED.



### **PROMOTING INDEPENDENCE**

We want to enable people to live in their own homes and neighbourhood as long as it is safe for them to do so with the right support. Equally, this support will increasingly be delivered by community and voluntary groups because the outcomes are better. We also know that carers are pivotal to this and need to be supported.

Our approach is built on the Strengthening Families model where children are at risk – **taking a holistic look at the needs of the family** rather than just the children.



### **EARLY HELP & SUPPORT**

We will give people the right help at the right time to avoid them needing more intense and expensive support later and so reduce demand on high cost intensive services.

**"TO ACHIEVE THESE GOALS REQUIRES THE COUNCIL TO WORK EFFECTIVELY WITH OUR PARTNERS. OUR CHILDREN & FAMILIES PARTNERSHIP WILL DRIVE THIS."** Cllr Paul Watling





**PUT OUR CHILDREN & YOUNG PEOPLE FIRST**



## OUR FOCUS IS ON ENSURING THAT CHILDREN AND YOUNG PEOPLE HAVE THE BEST POSSIBLE START IN LIFE TO IMPROVE THEIR LIFE CHANCES AS ADULTS



### HEALTHY AND ACTIVE

We want children and young people to have healthy and active lives to ensure good physical and mental health throughout their lives.

We want to tackle excess weight in children and young people to avoid health issues such as diabetes later in life and cut the number of children and young people who start to smoke to reduce heart disease and cancer.



### PART OF THE COMMUNITY

We want to support children and young people to maximise their potential through education and training.

We will give children and young people a voice to shape and inform their lives.

We want to encourage our children and young people to play a positive active role in our communities through, for example, volunteering to nurture community cohesion.

It is through the delivery of our other priorities that we will put children & young people first.



**"THE DELIVERY OF OUR OTHER PRIORITIES ARE CENTRAL TO PUTTING OUR CHILDREN & YOUNG PEOPLE FIRST."**

*Cllr Shaun Davies*





**PROTECT AND CREATE JOBS AS  
A "BUSINESS SUPPORTING,  
BUSINESS WINNING COUNCIL"**



**WE WANT TO ENSURE THAT LOCAL PEOPLE HAVE A JOB THROUGH A THRIVING LOCAL ECONOMY. THIS WILL IMPROVE PROSPERITY FOR ALL.**



**'ENTERPRISE TELFORD'**

Through this approach we offer a more competitive "investment" offer, better tailored to individual business requirements than our competitor locations. We are attracting more new businesses to come to our borough every year and bring new jobs. We have a national and regional reputation as a place to invest in.



**'DESTINATION TELFORD'**

This is about developing Telford's offer as a place to invest, visit and live – for example through the development of new infrastructure such as the new bridge connecting the town centre with the railway station. Destination Telford is core to promoting the borough as a tourist destination.



**SUPPORTING EXISTING BUSINESS AND PROTECTING LOCAL JOBS**

We will support existing businesses in the borough to succeed and expand. Through our 'Pride in your High Streets' initiative, we are giving local businesses the key skills to both survive and thrive in our town centres including Wellington, Newport, Madeley and Ironbridge.

We will continue to work to protect local jobs. For example, we have lobbied Government to retain key business activities in our borough such as HMRC and Cap Gemini. Through our approach we saw the future of MOD Donnington secured.



**"WE WILL CONTINUE TO WORK TO IMPROVE THE COMPETITIVENESS OF THE BOROUGH AS PLACE TO DO BUSINESS,"**  
Cllr Lee Carter



**"TOURISM IS A GROWING PART OF OUR ECONOMY, WE ARE WORKING HARD TO PROMOTE THE BOROUGH"**  
Cllr Rae Evans



**IMPROVE LOCAL PEOPLE'S PROSPECTS THROUGH EDUCATION AND SKILLS TRAINING**



**TO ENSURE THAT ALL RESIDENTS CAN ACCESS THE BENEFITS OF OUR THRIVING AND GROWING ECONOMY, WE NEED TO MAKE SURE THAT THEY HAVE THE RIGHT SKILLS TO MEET THE EVER CHANGING NEEDS OF LOCAL EMPLOYERS.**



**CHALLENGING AND SUPPORTING SCHOOLS TO PROVIDE THE BEST EDUCATION**

We want the borough to be a place where there are first class schools and education facilities. Through the Building Schools for the Future programme all secondary schools have been rebuilt or refurbished. Our goal is that all pupils attend good or outstanding schools.



**GOOD ATTAINMENT FOR ALL**

School performance in the borough is now amongst the best in the West Midlands. Despite this, there are still challenges. Too often the exam results of pupils from a Pakistani background, children who qualify for the pupil premium and children in care and care leavers are not as good as their peers. Our refocused Children & Families Partnership will drive this improvement.



**RIGHT SKILLS AND QUALIFICATIONS**

To support investment into the borough and existing businesses to expand, we want local people to have the right skills and level of qualification. We want to see an increase in the number of working people with an NVQ level 3 and 4 qualifications. To support this, we work with key partners, for example Wolverhampton University which has opened a centre at Southwater.

We have invested in our Job Box schemes to ensure local people, and particularly young people, have the skills they need to get a job. Through our "Work Ready Life Ready Programme" we are working to reduce the number of young people not in education, employment or training.



**"WE WANT THE BOROUGH TO BE A PLACE WHERE THERE ARE FIRST CLASS SCHOOLS AND EDUCATION FACILITIES."**  
Cllr Shirley Reynolds



**ENSURE THAT NEIGHBOURHOODS  
ARE SAFE, CLEAN AND  
WELL MAINTAINED**



### **PRIDE IN OUR COMMUNITY**

The 'Pride in Our Community' initiative is at the heart of our approach to make those improvements in communities and on estates that can make a big difference to everyday life. Over the next three years we will be investing £45m on maintaining and improving our roads, footpaths, street lights, parks and green spaces, as well as funding community projects and initiatives to boost local high streets.



### **TACKLING CRIME AND REDUCING ANTI-SOCIAL BEHAVIOUR**

Through our Community Safety Partnership, we work in partnership with West Mercia Police to ensure that Telford and Wrekin remains a low crime area. Our Public Protection team carries out a lot of unseen work to ensure that local services and facilities are safe. Through our enforcement programme we are working to ensure that nuisances are tackled and houses in multiple occupation are better managed – with a particular focus on fly tipping and environmental crime.



### **A CLEAN BOROUGH**

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.



### **KEEPING TRAFFIC MOVING**

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 can be reduced or avoided.



**"WE ARE WORKING  
HARD TO HELP KEEP  
OUR ROADS IN GOOD  
CONDITION."**

*Cllr Angela Mclements*



**"THROUGH OUR  
ENFORCEMENT  
PROGRAMME WE ARE  
WORKING TO TACKLE  
NUISANCES "**

*Cllr Shaun Davies*



## *WE WANT THE BOROUGH TO BE A PLACE WHERE ALL COMMUNITIES ARE SUPPORTED TO TAKE OWNERSHIP OF THE CHALLENGES THEY FACE.*



### *STRONG & RESILIENT COMMUNITIES*

The borough has 15 neighbourhoods that are amongst the 10% most deprived communities in England. This means that the residents face real challenges around money, employment, health and housing. We want all communities to be strong and resilient and where they are supported to take ownership of the challenges they face.



### *ACCESS TO GOOD QUALITY, SUITABLE AND AFFORDABLE HOUSING*

We continue to work to tackle and reduce homelessness through early support and intervention. An important way to address housing need is to ensure a supply of suitable housing in the borough by:

- Tackling empty properties and bringing them back into use - the Council has worked hard through 2016/17 to tackle empty properties through a support package and loan facility in place.
- Working to improve the quality of private housing sector:
  - Established and launched a Landlord Accreditation Scheme to support and set minimum standards for private landlords and launched "Telford Home finders" a web based lettings agency for accredited landlords.
  - Investing through the wholly Council owned company NuPlace in the borough's housing stock for rent.
  - Ensuring through 'good planning' that there is affordable housing.
  - Using our enforcement powers to prosecute landlords that break the law by providing sub-standard and unsafe housing.



*"COMMUNITIES KNOW BEST WHAT THEIR CHALLENGES ARE AND THE IDEAS AND ACTIONS TO CHANGE THEM. IT IS THE COUNCIL'S ROLE TO SUPPORT THEM TO DO THIS."*

*Cllr Richard Overton*

*SUPPORT NEIGHBOURHOODS MOST IN NEED AND WORK TO ENSURE THAT LOCAL PEOPLE HAVE ACCESS TO SUITABLE HOUSING*



## WE WORK TO ENABLE PEOPLE IN TELFORD & WREKIN TO ENJOY HEALTHIER, HAPPIER AND LONGER LIVES.



### BETTER JOINED-UP HEALTH AND CARE SERVICES

We want to be a place where there are excellent and accessible hospital and GP services – we are working with many GP practices and health services to provide more joined-up health and care services that better meet people’s needs and ensure there is support in the community to help people to stay healthy. We are also doing all we can to retain full Accident & Emergency services at the Princess Royal Hospital as well as the Women’s and Children’s Centre.



### PROMOTING AND ENABLING HEALTHY LIFESTYLES

We will support communities to improve their health and well-being particularly by reducing:

- Smoking
- Excess weight
- Drug and alcohol misuse

We will also encourage participation in leisure, cultural and recreational activities. The borough’s leisure and recreational facilities are second to none – including Aspirational Gyms, Oakengates Theatre and Telford Town Park – all with their exciting annual programme of events.



### 50 TELFORD@50 EVENTS

The 50th birthday of Telford is a fantastic opportunity for people to come together, celebrate and show the pride that we have in our fantastic community. This will include festivals, carnivals, events and other activities that people can join in.



*“WE WILL ENCOURAGE PARTICIPATION IN LEISURE, CULTURAL AND RECREATIONAL ACTIVITIES.”*  
Cllr Arnold England



*“THE BOROUGH HAS LEISURE AND RECREATIONAL FACILITIES SECOND TO NONE”* Cllr John Minor

**IMPROVE THE HEALTH & WELLBEING OF OUR COMMUNITIES AND ADDRESS HEALTH INEQUALITIES**



# **"BEING THE CHANGE"**

## ***Our strategy for the organisation***

***What sets Telford & Wrekin Council apart from many other local authorities has been our positive strategy, can-do attitude and strong vision of what we can be. We don't just talk about change and transformation, we do it and we deliver.***

Despite the savings the Council has made we still have significant resources to make a real, positive difference to the community and local businesses as articulated through our priorities.

The Council is a large and complex organisation going through a sustained period of change and facing significant financial changes. To manage this, we have a clear strategy to take the organisation forward called "Being the Change". This has four themes which set out how we will work and how we will deliver the Council's priorities.

### ***Our 'Being the change' themes***



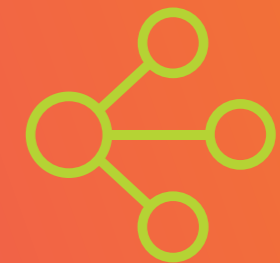
**1.** Solving problems and promoting social responsibility to reduce demand for services.



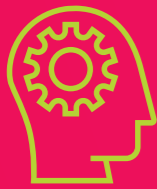
**2.** Challenging and changing the way we do things.



**3.** Reducing our dependency on Government grants.

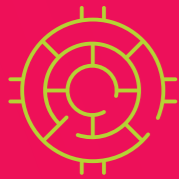


**4.** Being a modern organisation where we always get the basics right.



## Solving problems and promoting social responsibility

The Council can no longer afford to, nor is it right, that the Council fixes every families or community challenge. It is the role of the Council to work with and support families and communities to stop these needs in the first place and so reduce demand on our services.



## Challenging & changing, reviewing and reimagining how we do things

Despite the savings we have had to make, we have worked hard to avoid simply cutting services to balance the books – this would be the easy thing to do. We have had to be creative to find new ways to deliver services and ensure that our services are as efficient as possible. For example, working with Town & Parish Councils, community groups and organisations to deliver libraries, community centres, markets, children centres and youth services. This has delivered a saving of over £1m over 3 years.



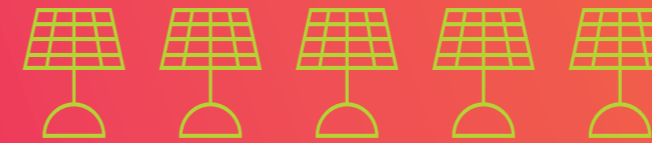
## Reducing our dependency on Government grants

This is an essential part of our financial strategy to increase and maximise income into the Council from sources other than Government grants.



## SOLAR FARM £4.4m PROFIT

over the next 20 years



NEW HOMES FOR RENT

## ENERGY

PRICE COMPARISON SITE

£7k pa

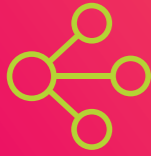
Energy support service  
Targeted Advice & Support  
for those in fuel poverty

SECURING  
EXTERNAL  
FUNDING



£18.79m

through the Marches Local  
Enterprise Partnership Local  
Growth Fund



Being a modern organisation with modern practices and where we always get the basics right:



**Employees** - The Council has hard working and dedicated employees committed to the values of service and making a difference to the community. Our workforce strategy sets out how we will work to continually support the employees to ensure that they have the right skills and knowledge to deliver services.



**Technology** - Investing in ICT to keep our systems up to date is an essential part of "Being the Change". We have doubled ICT's capital programme from £1m to £2m pa 2017/18 to 2019/20 to drive efficiencies and savings as well as ensuring that the ICT network is robust.



**Customer focus** - Improving the customer journey and outcomes by driving a digital transformation including the enablement of "self-serve" at the customers convenience through "My Telford".



**Performance** - Our Performance Framework tracks the progress we are making delivering our priorities. This is an essential part of our approach to evidence based decision making and will be underpinned by improving data quality.



**Financial Management** - Our Service & Financial Strategy sets out how we will use our money to deliver our priorities and value for money including where we will invest more to deliver our priorities, but also where we are still required to make savings and deliver efficiencies.

## TELFORD AND WREKIN KEY FACTS

### THE COUNCIL

The Council has a net revenue budget of circa £123m for 2018/19. Over the same period, the Council is expected to make savings of some £12.7m to meet increasing costs and demands in key services. This in addition to £110m savings made since 2010.

The Council employs some 2,700 people – a reduction of 1,532 since April 2010

### THE BOROUGH



#### Population

The borough has a population of some 175,000 people. It is expected to rise to over 200,000 in the next 15 years. As the population grows it continues to become more diverse. Some 10% of the population are from a BME background.

The population of the borough is younger than the national position. This is changing as the 65+ age group is currently the fastest growing group.



#### Health

The health of the population continues to improve. Male life expectancy has increased over the last decade (78.4 years) and female has too (82.0). However both remain below the national rates (79.5 and 83.1 respectively).



#### Housing

There are some 73,000 homes in the borough and this is forecast to grow at around 1,000 net new homes annually for the next 15 years as set out in our Local Plan.

The number of homes rented from private landlords grew significantly between 2001 and 2011 and is forecast to continue to rise.

The mean (average) selling price of a house in the borough in July 2017 was £156,411, below the regional (£189,077) and national (£243,220) averages.



#### Economy

In 2016, there were an estimated 86,300 jobs in the borough. This is an increase of 3.6% from 83,300 the previous year. Manufacturing remains the largest single sector (15.1% of jobs)

There were 6,250 business 'units' in VAT or PAYE-based enterprises in the borough in 2017, a rise of 185 (3.1 per cent) from 6,065 in 2016. Professional, Scientific & Technical, Retail, Construction and Business Administration & Support Services industries represent 40 per cent of all registered 'units'.



#### Deprivation

15 of 108 neighbourhood areas are ranked among the 10% nationally most deprived. Primarily focussed in South Telford: Woodside x4, Malinslee & Dawley Bank x3, Madeley & Sutton Hill x2, Brookside x2, Hadley & Leegomery, Dawley & Aqueduct and College. 27% of the population live in areas which are amongst the 20% most deprived areas nationally.



**Co-operative Council Delivery Team**

Telford & Wrekin Council, Addenbrooke House  
Ironmasters Way, Telford TF3 4NT

Email: [beingthechange@telford.gov.uk](mailto:beingthechange@telford.gov.uk)

Web: [www.telford.gov.uk](http://www.telford.gov.uk)

**TOGETHER  
EVERYONE  
ACHIEVES  
MORE**



## DRIVING DELIVERY OF THE COUNCIL'S PRIORITIES APPENDIX ONE

### PROTECT AND SUPPORT OUR MOST VULNERABLE CHILDREN AND ADULTS

#### CHILDREN

Outcome	Specific measures	End of 2016/17 Position	2017/18 Performance at 6 months (April to September 2017)	Additional information (e.g. commentary, comparative data, targets)
We will keep children, young people and vulnerable adults safe	% of referrals which are re-referrals within 12 months	21.8%	19%	Target for 2017/18 is 19.4%, currently on target. Statistical Neighbour performance for 2016/17 was 24.0%
	% of Child Protection Plan Re-Registrations (at any time)	19%	10%	Target for 2017/18 is 17%, currently on target. Statistical Neighbour performance for 2016/17 was 19.3%
We will improve outcomes for those we work with	Average time between a child entering care and moving in with adoptive family (days)	350	332	Average time of statistical neighbours for 2013-16 was 561.7 days
	Placement stability: Children aged under 16 who have been Looked After for 2.5+ years in placement for 2+ years	46%	44%	Target for 2017/18 is 70%. Not currently on target.
We will appropriately manage demand away from high cost services	Number of children on a child protection plan	333	297	297 as a Rate per 10,000 is 76.0. Statistical Neighbour rate for 2016/17 was 54.0
	Number of Looked After Children	379	377	Rate per 10,000 is 96.4. Statistical Neighbour rate for 2016/17 was 75.0
We will get the basics right in Children and Adult Services	Timeliness of all contacts: % completed in 1 day	75.6%	72%	
	Timeliness of C&F Assessments	75.6%	74.9%	Target is 82%, not on target
	% of Private Fostering Visits completed in Timescale	100%	100%	Target is 100%, target currently met.

#### ADULTS

Outcome	Specific measures	End of 2016/17 Position	2017/18 Performance at 6 months (April to September 2017)	Additional information (e.g. commentary, comparative data, targets)
We will keep children, young people and vulnerable adults safe	% of safeguarding concerns that progress to a section 42 enquiry	33.2%	18.7%	Huge regional differences with data. Q1 benchmarking varies from 7% to 70%.
	Number of section 42 enquiries where a risk is identified and % where risk is removed/ reduced at closure.	Risk identified=226 Risk removed or reduced = 70.0% (156)	Risk identified=48 Risk removed or reduced = 85.4% (41)	There may be a valid reason for the risk to remain. For example, in the case of an individual wanting to maintain contact with a family member who was the source of risk but the safeguarding officer refers the individual at risk for counselling.
	Timeliness - % enquires completed in 28 days.	49%	56%	Only 7 Authorities within the region are measuring this. Performance varies from 17% to 56%.
	Social Care related quality of life	19.1	N/A	Taken from Adult Social care Survey. National 16/17 = 19.1

Outcome	Specific measures	End of 2016/17 Position	2017/18 Performance at 6 months (April to September 2017)	Additional information (e.g. commentary, comparative data, targets)
We will improve outcomes for those we work with	Carer reported quality of life	7.6	N/A	Taken from carer survey. Next survey 2018/19. National 16/17 = 7.7
	Overall satisfaction of people who use services with their care and support	62.5%	N/A	Taken from Adult Social care Survey. National 16/17 = 64.7%
	Overall satisfaction of carers with social services	29.2%	N/A	Taken from carer survey. Next survey 2018/19. National 16/17 = 39.0%
	% of clients at home 91 days after enablement	71.3%	77.1%	Target is 80%. Performance in 15/16 was 57.4%. National 16/17 = 82.5%
	Outcome of short term services to maximise independence	51.7%	49.0%	National 16/17 = 77.8% West Midlands 16/17 = 67.7%
We will appropriately manage demand away from high cost services	Contacts – new contacts	2,986	1,274	22% less contacts than same point last year.
	Proportion of contacts to those starting Long Term Support	21.4% (640)	22.6% (288)	
	Enablement activity – assessments completed	1,077	912	Not directly comparable due to change in process
	Care act assessments completed	855	367	20% less care Act Assessments than same point last year.
	Reviews completed	1563	853	Similar at same point last year.
	Leading to an increase in service	248	196	Large increase of completed reviews leading to an increase in care
	Leading to a decrease in service or end	242	92	
	Permanent admissions to Residential/ Nursing care (18-64) per 100,000 population	4.8 (5 people)	2.9 (3 people)	Lower than national figure of 12.8
	Permanent admissions to Residential/Nursing care (65+) per 100,000 population	361.3 (104 people)	187.5 (54 people)	Lower than national figure of 610.7
	Receiving Homecare in year			Both are predicting a 5% increase for 2017/18
	18-64	375	333	
65+	1,252	951		
ALD in employment	1%	0.8%	Lower than national figure of 5.7%	
Delayed transfers of care	8.4	N/A	Lower than national figure of 14.9 (end of year 16/17).. from April 2017, new monitoring arrangements by DoH. Awaiting further guidance.	
We will 'get the basics right' in Children and Adult Services	Timeliness of care act assessments	72%	77%	Completed in 2 weeks or less. No comparator information as there are no statutory timescales.
	Our target for our internal <b>My Options</b> services are that the three CQC inspected services – Lakewood Court, Shared Lives and Community Support services - are rated as good or above by CQC	Lakewood Court was inspected and rated as 'good' overall and across all five domains (April 2016)	The Shared Lives service has been inspected by CQC and rated as 'good' overall and across all five domains (June 2017)	We are awaiting a CQC inspection of our Community Support service at any time

## PROTECT AND CREATE JOBS AS A “BUSINESS SUPPORTING, BUSINESS WINNING COUNCIL”

Outcome	Specific measures	End of 2016/17 Position	2017/18 Performance at 6 months (April to September 2017)	Additional information (e.g. commentary, comparative data, targets)
We are recognised as a destination of choice for investment regionally and nationally.	Number of inward investment enquiries	30	28	
	Number of inward investments secured	8	5	
	Number of existing business expansions	6	14	
	Number of new Inward Investment jobs created	492	634	
Increased number of business start ups and take up of business support through the Growth Hub	Number of businesses receiving support through Growth Hub 1-2-1s and events	900	1,052	
	Number of start-up businesses supported	N/A	35	
We have 100% roll out of superfast broadband	Percentage of eligible domestic and business premises with access to superfast broadband speeds (24Mbps+)	93%	95.8%	

## IMPROVE LOCAL PEOPLE’S PROSPECTS THROUGH EDUCATION AND SKILLS TRAINING

Outcome	Specific measures	End of 2016/17 Position	2017/18 Performance at 6 months (April to September 2017)	Additional information (e.g. commentary, comparative data, targets)
Increased take up rates for apprenticeships and increased progression rates	Take up of apprenticeships age 16/17	7%	Not yet available	6% England
	Take up of Apprenticeships all ages	2230	Provisional figure 2090	National figures published last month (Oct) indicate starts in final quarter of 1617 were down a massive 61% compared with same period year before. This is a national issue stemming from introduction of the Levy and requirement for SMEs to now pay 10% towards funding. TWC do offer a grant to support SME take up
	Take of level 4+ Apprenticeships	150	Provision figure 150	
Reduction in youth unemployment levels and in particular in NEETs through coordinated support programmes	Youth Unemployment	15.4%	12.5%	12.5% national & 14.1% Regional
	Reduction in NEETs and Not Known	October 16 Scorecard 12.7% 4.5% NEETS 8.2% not known  National 7.1% TOTAL 2.7% NEET 4.4% not known	October 17 Scorecard 9.2% TOTAL 6.1% NEET 3.2% not Known  National 6.0% 2.8% NEET 3.2% not known	Actual latest position based on data for October 17:  5.5% total NEET and N/K 4.6% NEET 0.9% Not Known  Based on scorecard quintiles this would put us in the third quintile for the total; remaining in 5 <sup>th</sup> for NEETs alone and in first quintile for Not Knowns

Outcome	Specific measures	End of 2016/17 Position	2017/18 Performance at 6 months (April to September 2017)	Additional information (e.g. commentary, comparative data, targets)
				To achieve higher quintile for NEETS alone we need to reduce NEETS to 3.9%
Increase in the percentage of the working age population with higher level skills	Information, Advice & Guidance customer satisfaction	No data	No data	Quarterly review October 17 – currently being processed will report in June 2018.
	Career management outcome	769	785	102% of target – supporting people with the development of their career
	Into job and learning	432	381	88% of target – work of service to support people into positive destinations.
	Reduce the number of people in the borough with no qualifications	24.6% National 22.5%	Not yet updated	
	Increase the number of people in the borough with level 4 +	20.9% National 27.4%	Not yet updated	
We will keep children, young people & vulnerable adults safe	% of CiC who have been in 1 stable educational setting for 24+ months	N/A	To report in the Spring for Autumn Term	
We will improve outcomes for those we work with	% of children in good or outstanding schools		Overall = 84.37% Primary = 93.43% Secondary = 66% Special = 90.32% PRU = 100.00%	
	% of children in good or outstanding early years settings		settings -96% childminders - 98%	
	School capacity in the borough +/- 5%		LA surplus: +10.2% Primary Surplus: + 7.9% Secondary Surplus + 13.2%	
<b>We will appropriately manage demand away from high cost services</b>	Number of requests for an EHCP assessment		29 requests received in November 2017 ( <i>Total of 221 requests received 01/01/17-30/11/17</i> )	
Getting the Basics Right in Children's & Adult Services	% of schools judged to be less than good through lack of timely intervention		Overall = 13% Primary = 8% Secondary = 60% Special/PRU = 20%	
	% of EHCP Plans completed within 20 weeks (including exceptions)		100% new Plans completed in timescale in November 76.63% (141 of 184) new plans completed in timescale - <i>cumulative figure (Jan-Nov)</i>	

Outcome	Specific measures	End of 2016/17 Position	2017/18 Performance at 6 months (April to September 2017)	Additional information (e.g. commentary, comparative data, targets)
	% of parents giving good or excellent feedback about EHCP assessment process (including transfers)		69% (cumulative figure)	
	% of PEPs completed termly		Summer Term 2017 – 35%. New system implemented and this is expected to be 75% Autumn 2017 and 85% Spring 2018.	

### **ENSURE THAT NEIGHBOURHOODS ARE SAFE, CLEAN AND WELL MAINTAINED**

Outcome	Specific measures	End of 2016/17 Position	2017/18 Performance at 6 months (April to September 2017)	Additional information (e.g. commentary, comparative data, targets)
Parishes continuing to work in partnership with the Council to keep local areas clean, safe and well maintained by supporting inlocal parish Environmental Teams and investing in local parks and play areas to maintain service standards	No of PETs funded by Town and Parish Councils	13	13	85% of the borough's population is now covered by a PET
Maintaining the good standards of our road network	% of A Roads requiring maintenance	1%	1%	Performance is above regional and national averages.
	% of B & C Roads requiring maintenance	4%	4%	
Journey times are some of the best in the country as demonstrated in our annual survey	Journey times on Local Authority managed A Roads	39.5mph (2 <sup>nd</sup> fastest of all authorities)	N/A	
Achieving a minimum of 47.5% household recycling by April 2019	Household recycling rate	46.99%	N/A	2016/17 figure taken from Veolia Annual Report 2017
Retaining our high ranking of in the country for satisfaction with Highways Provision	National Highways & Transport Survey. Overall Satisfaction.	2 <sup>nd</sup> out of 106 authorities	2 <sup>nd</sup> out of 106 authorities	
Monitor the quality of air within the Borough and Produce an Annual Air Quality Annual Status	Monitor the level of NOx through monthly monitoring around the borough and taking action as necessary	No air quality hot spots	No air quality hot spots	Two areas which we are monitoring closely are Watling Street, Wellington and Coach Central.

Outcome	Specific measures	End of 2016/17 Position	2017/18 Performance at 6 months (April to September 2017)	Additional information (e.g. commentary, comparative data, targets)
report to ensure no air quality concerns across the borough				

## **SUPPORT NEIGHBOURHOODS MOST IN NEED AND WORK TO ENSURE THAT LOCAL PEOPLE HAVE ACCESS TO SUITABLE HOUSING**

Outcome	Specific measures	End of 2016/17 Position	2017/18 Performance at 6 months (April to September 2017)	Additional information (e.g. commentary, comparative data, targets)
The number of cases where homelessness has been prevented increases and the average time in temporary accommodation reduces	Preventions as a proportion of homeless acceptances	2.6	2.2	Comparing reasons for homelessness between 2016/17 and 2017/18, we have seen an increase in the % of cases linked to rent arrears & other tenancy terminations and landlords are increasingly unwilling to defer eviction of tenants in order to prevent homelessness.
	Average time in temporary accommodation (weeks)	18.5 weeks	26.4 weeks	Temporary accommodation is coming under increasing pressure and we are seeing more complex cases where it is more difficult to find move on accommodation. There are 4 long-term cases that are having a major impact – if these are excluded, the average time in temporary accommodation drops to 19.2 weeks. Weekly reviews of clients in temporary accommodation are being carried out to identify move on accommodation that is becoming available on a regular basis.
The number of accredited landlords and the number of interventions to bring empty properties back into use in T&W increases.	Number of accredited landlords	132	140	The initial target was 200 for 2017/18 but we have not actively promoted the current accreditation scheme during 2017/18 as a result of the selective licensing consultation. A report setting out a revised accreditation scheme will be considered by Cabinet in February 2018 and we will need to be revisit this target when this scheme is launched.
	Number of interventions to bring empty properties back into use	336	203	We are continuing to focus on bringing empty properties back into use despite the fact that we no longer have a dedicated Empty Property Officer post.
We are supporting/enabling delivery of new housing including affordable provision	Net housing completions (net of demolitions)	1150	6 month data is not available	The 6 month data is not collected as it is an annual calculation
	Number of affordable homes within overall completions	301	Actual 149 and anticipating 270 for year end.	The anticipated end of year figure has been impacted by a number of factors:- Homes provided via S106 on sites are affected by market conditions. Viability issues are being used by developers to reduce affordable housing contributions, or remove it all together.

Outcome	Specific measures	End of 2016/17 Position	2017/18 Performance at 6 months (April to September 2017)	Additional information (e.g. commentary, comparative data, targets)
				There are however a significant number of Affordable Units in the pipeline and these will be delivered through the significant number of Reserved Matters Applications which are due to be received in the next 6 month period. There is however a time lag between permission being granted and the properties being completed and this accounts for the slightly lower end of year estimate.
We have established a robust local planning 'framework' and adopted Local Plan	Adopted new Local Plan	Exam in Public hearing sessions complete	Inspectors Draft Modifications received and public consultation finished 22 <sup>nd</sup> September.	Final adoption Jan 2018.

### **IMPROVE THE HEALTH & WELLBEING OF OUR COMMUNITIES AND ADDRESS HEALTH INEQUALITIES**

Outcome	Specific measures	End of 2016/17 Position	2017/18 Performance at 6 months (April to September 2017)	Additional information (e.g. commentary, comparative data, targets)
A significant number of residents & visitors enjoy participation in our events and cultural celebrations and entertainment at the Place	The number of visitors to The Place increases	89,057 in 2016/17 (including all tickets sold and reserved).	26,682 in first six months of 2017/18 compared with 22,257 in same period last year.	Successful Council-run events were delivered such as Spring into the Park and Carnival. Other popular events such as Kite festival also returned to the Park.
Our residents are adopting healthier lifestyles using a range of measures e.g. smoking, harmful drinking, physical activity levels, unhealthy weight.	The number of people offered a healthy lifestyle brief intervention increases	19,263 (Full year)	15,989 (six months)	The Healthy Lifestyle Service continues to perform well. The service has increased its clinic coverage in GP services from 70% to 98% over this year.
	The number of pregnant women smoking in pregnancy reduces	Smoking at time of delivery in 2016/17 was 21.0%, worse the national average of 10.5%. Direction of travel worsened from 18.1% in 2015/16	Smoking at time of delivery Q1 & Q2 was 18.8%. Direction of travel improved from 21.0% in 2016/17. National figure not available for comparison.	Some improvement has been seen but still likely to be significantly higher than the national average. The Council jointly commissioned a Public Health Midwife role from April 2017 with the CCG in local maternity services.
	The number of children with excess weight reduces	Children with excess weight 2015/16 (reported in 2016/17) was: <ul style="list-style-type: none"> <li>Reception year, 25.5%, worse than the national average of 22.1%. Direction of travel worsened from 23.5% in 2014/15</li> </ul>	Children with excess weight 2016/17 (reported in 2017/18) was: <ul style="list-style-type: none"> <li>Reception year, 24.8%, worse than the national average of 22.6%. Direction of travel improved from 25.5% in 2015/16</li> </ul>	Some improvement has been seen but still significantly higher than the national average.

Outcome	Specific measures	End of 2016/17 Position	2017/18 Performance at 6 months (April to September 2017)	Additional information (e.g. commentary, comparative data, targets)
		<ul style="list-style-type: none"> <li>Year 6, 37.4%, worse than national average of 34.2%. Direction of travel worsened from 36.2% in 2014/15</li> </ul>	<ul style="list-style-type: none"> <li>Year 6, 34.5%, similar to the national average of 34.2%. Direction of travel improved from 36.2% in 2014/15</li> </ul>	
	The number of people successfully completing treatment for drug and alcohol conditions improve	<p>Successful completion of drug treatment in 2016/17 was:</p> <ul style="list-style-type: none"> <li>Opiate 5.1%, similar to national average of 6.6%. Direction of travel worsened from 8.2% in 2015/16</li> <li>Non-opiate 38.9%, similar to national average of 37.1%. Direction of travel worsened from 41.5% in 2015/16</li> <li>Alcohol 45.7%, better than national average of 38.3%. Direction of travel improved from 32.8% in 2015/16 which was statistically worse than national average</li> </ul>	<p>Successful completion of drug treatment to Q2 17/18 was:</p> <ul style="list-style-type: none"> <li>Opiate 5.2%, similar to national average of 6.8%. No change in direction of travel from 5.1% in 2016/17</li> <li>Non-opiate 37.3%, similar to national average of 37.2%. Direction of travel worsened from 38.9% in 2016/17</li> <li>Alcohol 44.5%, better than national average of 39.0%. Direction of travel worsened from 45.7% in 2016/17.</li> </ul>	<p>The Council has commissioned a new substance misuse treatment system (STARS) to commence in April 2018.</p> <p>The new service will offer community-based, recovery-orientated treatment for people with drug and alcohol problems, closely aligned with GP practices. STARS will work alongside local peer recovery organisations in our communities i.e. TACT/Branches, A Better Tomorrow and Recharge to deliver better outcomes for people through treatment and recovery.</p> <p>The commissioning arrangements for STARS, led by Inclusion (Shropshire &amp; South Staffordshire NHS Foundation Trust) and Aquarius require systematic improvement in treatment outcomes as part of the contractual requirements. Treatment outcomes are only part of the suite of outcomes expected which also include non-clinical outcomes such as employment.</p> <p>The significant service transition needed is likely to impact on stability and hence performance outcomes in the short term, but in the longer term outcomes are expected to improve significantly.</p>



**Telford & Wrekin**  
**C O U N C I L**

## **FULL COUNCIL – 1 MARCH 2018**

### **SERVICE & FINANCIAL PLANNING 2018/19 TO 2019/20**

<b>Summary of Recommendations</b>		<b>p 51</b>
<b>Overview and Revenue Budget</b>	<b>Appendix E1</b>	<b>p 55</b>
<b>Capital Programme</b>	<b>Appendix E2</b>	<b>p179</b>
<b>2018/19 Treasury Strategy &amp; Treasury Update</b>	<b>Appendix E3</b>	<b>p231</b>
<b>Prudential Indicators</b>	<b>Appendix E4</b>	<b>p274</b>
<b>Council Tax Formal Resolutions 2018/19</b>	<b>Appendix E5</b>	<b>p283</b>

## **COUNCIL – 1 MARCH 2018**

### **AGENDA ITEM 10 – SERVICE & FINANCIAL PLANNING 2018/19- 2019/20**

#### **SUMMARY OF RECOMMENDATIONS**

#### **RECOMMENDATIONS – E1**

1. To agree a two year service and financial planning strategy linked to the period of the CSR and the local authority funding settlement from the Ministry for Housing, Communities & Local Government.
2. To reaffirm the previous decision that Council Tax should be increased by 3.2% (made up of 2% in respect of the Government's Adult Social Care Precept and a general Council Tax increase of 1.2%) in both 2018/19 and 2019/20.
3. To invest a further £2.226m (the equivalent of a 3.7% council tax increase) into Adult Social Care services in 2018/19 rising to a cumulative ongoing £3.509m new investment in 2020/21. In total the Council will be investing an additional £6.5m in to Adult Social Care over the next 3 years.
4. To invest £1.9m in Children's Safeguarding & Early Help services in 2018/19 and £0.75m in 2019/20, a cumulative increase in budget of £2.65m.
5. To earmark £1m of usable one-off resources to create an additional one-off budget contingency in 2018/19 to be available to support the full implementation of the cost improvement plans for Children's Safeguarding & Early Help and Adult Social Care.
6. To make additional budget savings totalling £6.852m in 2018/19 rising to a cumulative total of £12.580m in 2019/20 as detailed in Appendices 4 and 5.
7. To take a measured approach to the use of available one-off resources of £3.334m in 2018/19 and £3.157m in 2019/20 to seek to cushion the impact of continuing Government cuts in council funding.
8. 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 to note the availability of the £744,000 Partnership Capacity Fund.
9. In order to further support these discussions and the delivery of other future savings to approve the transfer of the £1m superannuation benefit referred to in section 5.1 the Financial Management report, also on this agenda, to the Invest to Save/Capacity Fund.
10. To approve the Pay Policy for 2018/19 included as Appendix 3 which has already been approved by the Personnel Committee.

11. To approve the overall service and financial planning strategy set out in this report and the base budget in Appendix 7.
12. To approve the policy framework for Reserves and Balances outlined in Appendix 9.
13. To note the CFO's robustness statement in Appendix 11.
14. To approve the Risk Register included at appendix 16
15. To approve the revenue implications of the medium term capital programme for the period 2017/18 – 2020/21 set out in the Capital Programme report also on this agenda.
16. 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.
17. 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).
18. 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.
19. That should any late changes be announced as part of the final Revenue Support Grant settlement, authority to adjust the level of the planned use of one-off resources in 2018/19 to compensate be delegated to the Chief Financial Officer after consultation with the Cabinet Member for Council Finance, Commercial Services & Economic Development.
20. That this suite of service and financial planning reports be approved as the Council's Efficiency Strategy for 2018/19, including the summary document at Appendix 15, to enable new capital receipts generated in the six year period starting 1 April 2016 to be used to fund the revenue costs of reform as assumed throughout these reports.
21. To note the projections for the potential budget gap in 2020/21 and to start work now in order to identify options for how this will be bridged as these savings will be more challenging than those previously agreed by the Council given that they come on top of the £110m of savings already made and may therefore have a significant lead time before spending reductions are delivered.

## **RECOMMENDATIONS – E2**

1. To approve the report and associated capital estimates for 2017/18 and 2018/19 – 2020/21, 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.
3. To note that following changes to the Prudential Code in late December, the Council is required to approve a summary Capital Strategy before the end of 2018/19. This will be presented to Full Council for consideration and approval during 2018/19 once final guidance has been received.

## **RECOMMENDATIONS – E3**

1. To note the treasury management activities for the first half year,
2. To note the Treasury Management Policy Statement (Appendix A) and
3. To approve the Treasury Strategy, including the Annual Investment Strategy for 2018/19 together with the associated treasury Prudential Indicators and the Minimum Revenue Provision Statement, which will apply from 2018/19 onwards.
4. To grant delegated authority to the Council's Section 151 Officer, after consultation with the Chair of Audit Committee and the Cabinet Member for Finance, Commercial Services & Economic Development to make any amendments required arising from the proposed changes to the Prudential Framework of Capital Finance.

## **RECOMMENDATIONS – E4**

1. To approve the prudential indicators proposed in this report as part of setting the budget for 2018/19.
2. To delegate authority to the Council's Section 151 Officer, after consultation with the Chair of the Audit Committee and the Cabinet Member for Finance, Commercial Services & Economic Development to make any amendments required arising from the potential changes to the Prudential Code for Capital Finance

## **RECOMMENDATION – E5**

1. To approve the formal resolutions to determine the levels of Council Tax for 2018/19 as detailed in the report.

**TELFORD & WREKIN COUNCIL**

**COUNCIL – 1 MARCH 2018**

**SERVICE AND FINANCIAL PLANNING 2018/19 TO 2019/20**

**REPORT OF THE MANAGING DIRECTOR AND THE CHIEF FINANCIAL OFFICER**

**LEAD MEMBERS Cllrs S. DAVIES and L. CARTER**

**1. SUMMARY.**

1.1 This report seeks approval of the Service & Financial Planning strategy for the two year period 2018/19 to 2019/20 with specific budget proposals for 2018/19. 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 2018/19. This report includes details of savings proposals and investments for 2018/19 and 2019/20 and sets out our approach to developing the further savings that will be required through to 2020/21. These reports were considered by the Cabinet on 15 February but have subsequently been updated to reflect the final Local Government Funding settlement.

1.2 The Cabinet considered their draft budget proposals for 2018/19 – 2019/20 at the meeting held on 4 January 2018 when they were approved for consultation. A one month engagement period on the Council's proposals commenced on 5 January 2018 and ended on 4 February 2018. The details of the engagement process are summarised in section 22 below.

1.3 This Service and Financial Planning strategy for 2018/19 and 2019/20 is set in the context of a prolonged and very challenging period of extreme financial constraint due to the Government's desire to eliminate the national budget deficit.

- 1.4 By the end of the current financial year, the Council will already have delivered budget savings of £110,000,000. These savings are ongoing, meaning that they have to be made every year and that each year the Council now has almost £1,500 less to spend on delivering services for every household in the Borough. The Council has sought to make savings 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 and seeing if there are alternative ways to work in partnership with other local organisations to ensure continuing provision.
- 1.5 There is no sign that the most protracted and severe period of austerity ever imposed by any U.K. Government is going to end in the foreseeable future. Government cuts to council grants have not been distributed evenly across the country, with areas of greater social need facing much greater cuts than wealthier parts of the country. By the end of 2020/21, based on current projections, the ongoing savings that this Council will have had to deliver are expected to be around £140m in direct response to the national austerity programme and demographic and inflationary pressures which are no longer funded by the Government.
- 1.6 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.
- 1.7 However, the Government's decision in its Autumn Budget, announced on 22 November, not to recognise the pressures facing all councils with responsibility for Adult Social Care and Children's Safeguarding now means that the Council must make further budget savings from other services in order to put additional investment in to these key front line services.
- 1.8 The provisional Local Government Finance Settlement was announced by the Secretary of State for Communities and Local Government on 19 December 2017. This made clear that despite the widespread publicity about the very significant pressures facing almost all councils across the country with responsibility for delivering Adult Social Care and Children's Safeguarding services, the Council's Revenue Support Grant would be cut by over 23% (£4.3m) next year with a further cut of more than 30% in 2019/20. As part of the provisional settlement, it was

announced that for 2018/19 councils would be allowed to increase Council Tax by an additional 1% (£0.6m in Telford & Wrekin) before a referendum was held. For councils with responsibility for social care, like Telford & Wrekin, this would give an absolute maximum increase of 5.99%. It should be noted that the Government has only made this decision on a one-off basis. A recent report by the Local Government Information Unit found that around three quarters of eligible councils were set to raise council tax by the maximum 5.99% this year. However, we know that local residents have not seen their incomes increase by anything like this and that Council Tax is already a significant bill for our residents. The Council is therefore proposing to continue with its strategy of increasing Council Tax over the next two years by 3.2% pa. This comprises the 2% Adult Social Care precept which the Government have assumed we will apply and 1.2% which is equivalent to the amount that we received from Government from Council Tax Freeze Grants before these were abolished. 3.2% is also broadly in line with the current rate of inflation. Whilst we recognise that an increase of 3.2% will still represent a challenge for many residents, we need to balance raising additional income from Council Tax with the pressures now facing many services after budget savings of £110m pa have been made.

- 1.9 The Council along with the Local Government Association, is firmly of the view that a flexibility of allowing an extra 1% on Council Tax bills is no way to deal with the considerable national pressures on funding care of older people and vulnerable children. In Telford & Wrekin a 1% Council Tax increase would raise just £0.6m because Council Tax levels are comparatively low, as demonstrated in Appendices 1 and 2, and because the average property in this area is in Band B. Many wealthier parts of the country would raise significantly more from a 1% Council Tax increase as they will have many more properties in higher Council Tax Bands and perversely generally have better health and more “self-funders” so lower levels of demand for council-funded care. The Council will submit a response to the long awaited Green Paper proposed by the Government during the summer.
- 1.10 The final settlement for 2018/19 was announced on 6 February 2018. In response to further lobbying from the Local Government Association and the responses to the provisional settlement sent by this Council and others, the Government made some additional funding available for Adult Social Care (£150m) and for Rural Services Delivery Grant (£16m). However, the additional Adult Social Care grant is only being paid on a one-off basis, i.e. we will receive some funding in 2018/19

but nothing additional on an ongoing basis. Telford & Wrekin Council will only receive £0.484m which equates to just over 80 pence per day per client for our existing case load despite the pressures we face with an aging population and clearly the additional one-off grant is only around 10% of the ongoing cut that the Government confirmed to the Council's Revenue Support Grant. Despite the majority of the Council's area being rural in nature, Telford & Wrekin Council does not benefit from Rural Services Delivery grant. No additional funding was made available for Children's Safeguarding, despite the pressures facing these services.

- 1.11 Strong financial management over recent years has enabled the Council to build up one-off sums of money to invest in the community. In 2018 Telford celebrates its 50<sup>th</sup> anniversary and it is very important that we keep finding ways to invest in our communities and in our roads, street lights and footways to keep Telford a great place to live, work, visit and do business. Existing investments that we will be delivering in 2018/19 include:-

Education, Leisure, Economic and Commercial:-

- £17.1m on NuPlace Housing schemes
- £12.6m Telford Growth Deal projects
- £9.4m on various education schemes
- £3.9m for the Newport Innovation and Enterprise package
- £1.6m on a 3G pitch for South Telford

Pride in Our Community including:-

- £18.6m on Highways and Infrastructure schemes which includes
  - £3.36m to improve street lighting by continuing to install LED lighting
  - £0.85m to improve footpaths,
  - £0.7m for estate car parking improvements
- Over £0.7m for environmental pressures
- £0.5m for various small scale projects and local regeneration initiatives and
- £0.108m to continue the Member Pride fund of £2,000 per councillor.

Further details of capital investment proposals are included in the separate capital programme report that forms the next report in this suite of service and financial planning reports.

- 1.12 The Council has consistently said that it will continue to protect the most vulnerable in our society and prioritises 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 front line care and support services and will not let financial pressures due to Government cuts mean that we fail to meet the assessed needs of the most vulnerable. The proposals contained in this report recommend additional investment totalling £6.5m over the next 3 years being added to the Adult Social Care budget and £2.65m being added to the Children's Safeguarding and Early Help budget over the next 2 years.** To do this, we have also had to be innovative in identifying ways to generate more income to fund these and other key front line services.

- 1.13 The Council also recognises that a decade of austerity has placed real pressure on household budgets and has previously decided not to increase Council Tax at the rate that many other councils are doing in order to limit, as far as possible, increases in what we realise is a significant bill for our residents. The Council's External Auditors, KPMG, have consistently reported that the Council's arrangements for securing value-for-money are satisfactory.

## **2. ROBUSTNESS OF THE BUDGET STRATEGY**

- 2.1 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.

- 2.2 **Appendix 11 gives a more detailed view, but overall, given the continued delivery of savings which now total almost £110m, 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.**

## **3. RECOMMENDATIONS.**

- 3.1 Members are asked to approve the following recommendations for consideration by full Council on 1 March 2018:-

1. To agree a two year service and financial planning strategy linked to the period of the CSR and the local authority funding settlement from the Ministry for Housing, Communities & Local Government.
2. To reaffirm the previous decision that Council Tax should be increased by 3.2% (made up of 2% in respect of the Government's Adult Social Care Precept and a general Council Tax increase of 1.2%) in both 2018/19 and 2019/20.
3. To invest a further £2.226m (the equivalent of a 3.7% council tax increase) into Adult Social Care services in 2018/19 rising to a cumulative ongoing £3.509m new investment in 2020/21. In total the Council will be investing an additional £6.5m in to Adult Social Care over the next 3 years.
4. To invest £1.9m in Children's Safeguarding & Early Help services in 2018/19 and £0.75m in 2019/20, a cumulative increase in budget of £2.65m.
5. To earmark £1m of usable one-off resources to create an additional one-off budget contingency in 2018/19 to be available to support the full implementation of the cost improvement plans for Children's Safeguarding & Early Help and Adult Social Care.
6. To make additional budget savings totalling £6.852m in 2018/19 rising to a cumulative total of £12.580m in 2019/20 as detailed in Appendices 4 and 5.
7. To take a measured approach to the use of available one-off resources of £3.334m in 2018/19 and £3.157m in 2019/20 to seek to cushion the impact of continuing Government cuts in council funding.
8. 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 to note the availability of the £744,000 Partnership Capacity Fund.

9. In order to further support these discussions and the delivery of other future savings to approve the transfer of the £1m superannuation benefit referred to in section 5.1 the Financial Management report, also on this agenda, to the Invest to Save/Capacity Fund.
10. To approve the Pay Policy for 2018/19 included as Appendix 3 which has already been approved by the Personnel Committee.
11. To approve the overall service and financial planning strategy set out in this report and the base budget in Appendix 7.
12. To approve the policy framework for Reserves and Balances outlined in Appendix 9.
13. To note the CFO's robustness statement in Appendix 11.
14. To approve the Risk Register included at appendix 16
15. To approve the revenue implications of the medium term capital programme for the period 2017/18 – 2020/21 set out in the Capital Programme report also on this agenda.
16. 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.
17. 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).

18. 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.
19. That should any late changes be announced as part of the final Revenue Support Grant settlement, authority to adjust the level of the planned use of one-off resources in 2018/19 to compensate be delegated to the Chief Financial Officer after consultation with the Cabinet Member for Council Finance, Commercial Services & Economic Development.
20. That this suite of service and financial planning reports be approved as the Council's Efficiency Strategy for 2018/19, including the summary document at Appendix 15, to enable new capital receipts generated in the six year period starting 1 April 2016 to be used to fund the revenue costs of reform as assumed throughout these reports.
21. To note the projections for the potential budget gap in 2020/21 and to start work now in order to identify options for how this will be bridged as these savings will be more challenging than those previously agreed by the Council given that they come on top of the £110m of savings already made and may therefore have a significant lead time before spending reductions are delivered.

- 3.2 Final decisions will be taken by full Council on 1 March 2018 which will agree the budget and Council Tax levels across the Borough for 2018/19.

#### 4. SUMMARY IMPACT ASSESSMENT

<b>COMMUNITY IMPACT</b>	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</i>

		<i>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 will impact on specific groups of people. Our approach to Impact Assessment is explained in sections 20 and 21. We will conduct a full impact assessment of all future savings proposals prior to any decisions being taken and include details in reports to Cabinet as appropriate.</i>
<b>TARGET COMPLETION/DELIVERY DATE</b>	<i>Engagement and statutory public consultation took place between 5 January 2018 and 4 February 2018. The proposals contained in the report were also subject to Member scrutiny during this period. Final proposals will be considered by Full Council on 1 March 2018 when the budget and council tax levels for 2018/19 will be approved. The final agreed recommendations will be implemented during 2018/19 and future years.</i>	
<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	Yes	<i>This report sets out the service and financial planning strategy for the council for 2018/19 and 2019/20.</i>
<b>LEGAL ISSUES</b>	Yes	<i>This report develops the proposals for the Council's budget and policy framework which have been consulted upon in accordance with the Policy Framework &amp; Budget Procedure Rules contained in the Constitution. In accordance with the relevant provisions of the Local Government Finance Act 1992, the Local Government Housing Act 1989, the Local Government Act 2003 and the Localism Act 2011, the Council has to set a balanced budget for 2018/19 before the 11 March 2018 and has to have regard to the advice provided by the s.151 officer (Chief Finance Officer) on the robustness of the budget and the adequacy of reserves supporting the budget before doing so.</i>
<b>OTHER IMPACTS, RISKS &amp; OPPORTUNITIES</b>	Yes	<i>This report sets out the strategy framework which includes consideration of corporate risks –</i>

		<p><i>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 provides information on the environmental impacts of the budget proposals. Overall, on balance the environmental assessment of the budget proposals is expected to be positive.</i></p> <p><i>The economic impacts of the proposals are expected to be broadly neutral in 2018/19 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 and the Council's "business winning, business supporting approach".</i></p>
<b>IMPACT ON SPECIFIC WARDS</b>	Yes/No	<i>Borough-wide impact.</i>

**5. PREVIOUS MINUTES.**

- Full Council 5 March 2017 – Service & Financial Planning 2017/18 – 2019/20
- Cabinet 4 January 2018 – Service & Financial Planning 2018/19 – 2019/20.
- Cabinet 15 February 2018 – Service & Financial Planning 2018/19 – 2019/20

## **6. NATIONAL CONTEXT.**

- 6.1 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 very considerably.
- 6.2 Since 2010, the Government has also protected many areas of public spending – but not local government. Councils have therefore faced very significant reductions and despite the growing awareness of the severe pressures facing Adult Social Care and Children’s Safeguarding services in particular this disproportionate targeting of reductions in national funding for councils is set to continue for the foreseeable future.
- 6.3 George Osborne delivered his Comprehensive Spending Review on 25<sup>th</sup> November 2015. The Spending Review 2015 (SR15) report set out the Government’s spending plans and priorities for 2016/17 to 2019/20 and set out expectations for economic growth, inflation and tax receipts. No date for a further Comprehensive Spending Review has been announced by the current Government.
- 6.4 Philip Hammond, Chancellor of the Exchequer, delivered his 2017 Autumn Budget to the House of Commons on 22 November 2017. This included considerably reduced forecasts for economic growth published by the Office of Budget Responsibility (OBR) which contributed to expectations that the national budget deficit will persist until well in to the next decade. The Autumn Budget was particularly disappointing for local government as it contained no references to the pressures being faced by councils, particularly in the provision of Adult Social Care or Children’s Safeguarding services,
- 6.5 The Local Government Association (LGA) has stated that “The money local government has to deliver services is running out fast and councils face an overall £5.8 billion funding gap in just two years.” In addition to this funding gap, the LGA has also identified that an additional £1.3 billion is required to stabilise the social care provider market.
- 6.6 The LGA has highlighted that English councils will have had to deal with £16 billion of reductions to Government grant funding by the end of this decade. Nor have these reductions been distributed evenly across the country, with many of the councils with greatest social need receiving the greatest cuts.
- 6.7 The Department for Communities and Local Government (DCLG) issued a consultation paper on proposed changes to the prudential framework of capital finance in November 2017. These proposals could have some significant implications for example assuming that the maximum life of a capital asset (such as the construction of a building)

for funding purposes would be 40 years which would increase the annual cost of the Minimum Revenue Provision compared to current practise. The consultation closed on 22 December and the new arrangements are proposed to be effective from 1 April 2018. Any financial implications for the Council cannot be properly assessed until final proposals are issued by DCLG but could potentially increase the budget shortfall in 2018/19 and later years. For 2018/19 and 2019/20 any additional shortfall could be covered by additional use of one-off resources. At the time of preparing this report DCLG had not issued final proposals and if they do come in to effect from 2018/19 as suggested in the consultation document, the Treasury Management Strategy which was considered by the Audit Committee on 30 January 2018 may need to be updated. This report, therefore included a delegation to the Council's Chief Financial Officer to make changes to reflect the final DCLG proposals after consultation with the Chair of the Audit Committee and Cabinet Member for Council Finance, Commercial Services and Economic Development

## **7. LOCAL CONTEXT**

- 7.1 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 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 approaches to reduce reliance on 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. The Council has a long track record of highly effective financial management and has again received an unqualified External Audit opinion for its latest set of accounts.
- 7.2 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. Since 2010 the Council has had to make ongoing budget savings of £110m pa. This is equivalent to just under £1,500 less that the Council has to spend each year on delivering services for every household in the borough. Further details of savings made to date are included in Appendix 18.

- 7.3 The Council has sought to offset part of the loss of Government grant by generating 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 commercial solar farm and are currently investing in NuPlace, a wholly owned company, which offers 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.
- 7.4 The Council is also committed to investing in Telford's future. Ensuring that the Borough 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 100% (98% to the Council and 2% to the Fire Authority), with a first step to 75% in 2020/21.
- 7.5 As part of our "Business Winning, Business Supporting" Approach, the Council is investing an additional £50m in our Property Investment Portfolio which will 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.
- 7.6 In March 2017, the Council set a medium term budget strategy with specific detailed proposals for both 2017/18 and 2018/19. Key features of which were:-
- Given the Government's decision, after 5 years, not to provide Council Tax Freeze grants in future a decision was made to increase Council Tax by 1.2% each year from 2016/17 through to 2019/20. Whilst Council Tax is a significant household bill it remains comparatively low in the Telford & Wrekin area as illustrated in the graphs at Appendices 1 and 2.
  - 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 so giving a total Council Tax increase for services provided by this council of 3.2% each year during this period.
  - Continuing the Council's excellent track record of delivering the required budget savings and sound financial management.
  - 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 having made £744k available in a Partnership Capacity Fund.

- 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 is £142k following the latest cut of more than 23% to the Council's final Revenue Support Grant next year.
- 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. Many of these form part of the approved Capital Programme totalling over £250m:-
  - Over £60m 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.
  - Secured £3.7m from the West Midlands Combined Authority to kick-start building new homes on stalled brownfield sites in the borough. This brings many benefits – it will see around 540 new homes built as well bringing “derelict” brownfield land back into use and create 240 jobs. Work on these sites has stalled because of high costs for developers to remediate the land. The grant is the equivalent to almost 150 years of WMCA membership fees for the Council. When constructed these new homes will generate additional ongoing income for the Council from Council Tax of over £0.5m pa and New Homes Bonus grant of a similar amount for the first 4 years after construction.
  - Additional investment of over £40m in NuPlace, the Council's wholly owned housing company with the profit being used to protect front-line services from cuts.
  - Additional investment of over £45m 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 a profit to be used to help protect front line services from some of the impact of Government cuts.

- Over £35m for capital investment in Education and Corporate Parenting schemes.
- 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.
- 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 important public campaigns.

7.7 The Cabinet remain committed to this medium term financial strategy.

## 8.0 **A COUNCIL WORKING FOR, AND TOGETHER WITH, OUR COMMUNITY**

8.1 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.

8.2 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", - a great place to live, work, visit and do business.

8.3 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.

8.4 **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. 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.

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

9. **BASE BUDGET FOR 2018/19**

9.1 The base budget for 2018/19 (i.e. before savings are deducted and pressures are included) is summarised in the table below.

<b>Service Area</b>	<b><u>2018/19 GROSS EXPENDITURE</u></b>	<b><u>2018/19 GROSS INCOME</u></b>	<b><u>2018/19 NET EXPENDITURE</u></b>
	<b>£</b>	<b>£</b>	<b>£</b>
Health & Well-Being	18,459,626	16,501,300	1,958,326
Governance, Procurement & Commissioning	9,356,330	6,353,888	3,002,442
Customer & Neighbourhood Services	109,857,419	78,683,462	31,173,957
Business, Development & Employment	16,105,671	15,994,001	111,670
Commercial Services	42,174,134	38,108,620	4,065,514
Finance & Human Resources	10,244,989	7,036,880	3,208,109
Adult Social Services	60,514,820	18,759,475	41,755,345
Children's Safeguarding & Early Help	26,340,255	819,102	25,521,153
Education & Corporate Parenting	136,918,153	123,055,858	13,862,295
Co-operative Council	4,511,333	2,772,163	1,739,170
Council Wide Items	25,442,267	27,090,643	(1,648,376)
Netting off of Internal Recharges included above	(52,507,697)	(52,507,697)	0
<b>Total</b>	<b>407,417,299</b>	<b>282,667,695</b>	<b>124,749,604</b>
<b>Contributions To/From Balances</b>	<b>2,444,000</b>	<b>434,750</b>	<b>2,009,250</b>

**Net Total**

409,861,299

283,102,445

126,758,854

- 9.2 Budgets for Service Areas will be restated once the Council has made final decisions on the savings and investment proposals contained in this report.
- 9.3 The overall service and financial planning strategy for the period 2018/19 to 2020/21 is summarised in the table below:-

	2018/19 £m	2019/20 £m	2020/21 £m
Projected Budget Gap (after £4.3m proposed cut to Revenue Support Grant in 2018/19 and assumed savings previously approved) – Considered by Cabinet on 4 January 2018	9.878	19.668	32.398
Updated New Homes Bonus	-0.494	-0.671	-0.757
Updated Planning Fee Income Estimates	0.328	0.548	0.548
One-off Adult Social Care Grant announced in the final Local Government Finance settlement.	-0.484	0.000	0.000
Updated Funding projections: Business rates and top up grant	-1.433	-1.437	-0.562
Other Changes	0.204	0.050	0.016
Less Government assumption of 2% council tax increase relating to adult social care precept (18/19 and 19/20 only)	-1.212	-2.463	-2.463
Less 1.2% council tax increase in 18/19 and 19/20; 2% in 20/21	-0.727	-1.478	-2.769
<b>Budget gap after medium term strategy for council tax increases approved at Council in March 2016 and reaffirmed in March 2017</b>	<b>6.060</b>	<b>14.217</b>	<b>26.411</b>
Add additional investment in Adult Social Care	2.226	0.770	3.509
Add additional investment in Children's Safeguarding & Early Help	1.900	0.750	0.000
Less additional savings adjusted for leakage	-6.852	-12.580	-12.575
Remaining budget shortfall to be covered by use of further ongoing savings or use of one-off resources in 2020/21			-17.345

<b>Remaining shortfall to be covered from use of one-off resources as part of a planned strategy to deliver a sustainable ongoing budget position.</b>	<b>3.334</b>	<b>3.157</b>	<b>0.000</b>
--	--------------	--------------	--------------

**Notes:-**

- The projections assume that all approved savings are delivered in accordance with currently anticipated timescales.
- Projections for 2019/20 and 2020/21 will need to be refined as further information becomes available and it must be noted that the projections for 2020/21 are subject to a very high degree of uncertainty due to the likely implementation of major changes to the local government finance system from April 2020.
- The proposed use of balances over the 2 year period is prudent following the comprehensive review of available one-off resources that has been undertaken which has identified usable balances totalling £17.85m which will potentially be supplemented by the £4.6m remaining balance in the 2018/19 contingency as reported in the Financial Management report also on this agenda.

**10. OUR MEDIUM-TERM 2018/19 TO 2019/20 SERVICE & FINANCIAL PLANNING STRATEGY**

**10.1 A New Approach to Developing Savings Proposals Budget Engagement**

10.1.1 When the Council agreed its medium term service and financial planning strategy at Council in March 2017 for the three year period 2017/18 to 2019/20, it determined that because £110m of ongoing annual savings will have been delivered by the end of the current financial year, it was essential that a new approach to the development of future savings proposals should be taken as future savings will be more challenging and more time will be needed to consult with stakeholders about options and ways to minimise impacts. Our new approach to budget engagement and development of future savings is that proposals will be developed as soon as opportunities arise and capacity allows rather than co-ordinating consultation through an annual process as historically was the case when resources were not so tight and the need to implement change not so urgent. This means that we are able to engage with our community and partners in a more meaningful way to develop more creative solutions to some of our challenges within the Borough. This also means that our budget engagement process takes place throughout the year, rather than for a 4 week period. We commenced targeted discussions with our Town and Parish Councils and voluntary sector organisations during December this year. This is the start of an ongoing dialogue that will continue throughout the year as our budget proposals are further developed. Engagement with the business community and other

partners commenced in January 2018 and will again be part of an ongoing dialogue.

10.1.2 This report identifies where we need to make savings under the 'being the change' themes:-

- 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

We will continue 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. This dialogue will be supported by the programme of community capacity building that is being 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' and is demonstrated this year by earlier involvement of Town & Parish Council and Voluntary and Community sector representatives in workshops that took place before this report was prepared. Where our budget proposals have potential to impact on a specific group of people we ensure that we carry out direct engagement with those people.

10.1.3 Our approach will continue to build upon the process we developed when implementing the library and community centre savings. This involved raising awareness of the need to reduce the cost of library and community centre provision, engaging with Town and Parish Councils and other partners to develop a model to retain these facilities, and negotiating a transitional funding support package to enable the continued delivery of these services. In the case of the libraries statutory consultation was carried out on the revised model of library provision within the Borough.

10.1.4 This approach offers the opportunity to work 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 and enables us to develop a more creative range of solutions involving our communities and partners. This will include following a similar process for libraries; 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, to implement the agreed solution.

## **10.2 Approach to Future Development of Savings Proposals.**

10.2.1 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.

10.2.2 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

10.3 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” our organisational strategy to take the Council 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 aim to Get the Basics Right

### **10.3.1 Focussing on Solving Problems and promoting Social Responsibility and action to manage and reduce demand for services – Target for additional savings is £0.533m.**

- **“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 our £744,000 Partnership Capacity Fund.
  - **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.

### **10.3.2 Challenging & Changing, Reviewing and Reimagining the way we do things – Target for additional savings of £5.255m.**

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 in neighbourhoods 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.
- **Supporting our Communities to be more resilient and self-supporting** - 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 service solutions. The budgets for 2016/17 and 2017/18 created a reserve to be invested in building the capacity of the voluntary and community sector in the Borough totalling £244,000 In addition, the budget approved in March 2017 allocated a further £500,000 to create a Partnership Capacity Fund. Support will also be provided to organisations to secure external funding via our Community Funding Officer within the Community Participation Team.

### **10.3.3 Reducing our Dependency on Government Grants – Target for additional savings of £5.135m.**

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 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 75% from 2020/21 and potentially to 100% (including 2% for the Fire Authority) at some future date. The Council worked jointly with Herefordshire and Shropshire Councils and the Shropshire Fire Authority to submit an application to become a pilot authority for business rates retention arrangements. Unfortunately this submission was not successful.

- **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 £7m 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 (WMCA)** and are actively working through this to maximise future opportunities for the Borough to build on the £3.7m already secured from the WMCA. The £3.7m grant we have secured £3.7 million is to kick-start building new homes on stalled brownfield sites in the borough. This brings many benefits – it will see around 540 new homes built as well bringing “derelict” brownfield land back into use and create 240 jobs. Work on these sites has stalled because of high costs for developers to remediate the land. The grant is the equivalent to almost 150 years of WMCA membership fees for the Council. When constructed these new homes will generate additional ongoing income for the Council from Council Tax of over £0.5m pa and New Homes Bonus grant of a similar amount for the first 4 years after construction.

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.

#### **10.3.4 Being a Modern Organisation with Modern Practices and Where we Always aim to Get the Basics Right – Target for additional savings of £1.843m.**

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. CAPITAL RECEIPTS AND DEBT CHARGES**

- 11.1 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. 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.
- 11.2 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.
- 11.3 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.

11.4 In Telford & Wrekin debt repayments in 2017/18 accounted for 6.4% (2016/17 6.9%) of the net revenue budget (including payment to Shropshire Council in respect of pre-unitary authority debt). This compares to:-

- Birmingham 34.8%
- Unitary Authority average 9.6%
- Shropshire 9.0%
- Telford & Wrekin 6.4%

11.5 Debt repayments in the average unitary authority are 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 2017/18 for all unitary authorities is included in Appendix 6.

11.6 Our programme of asset sales totals £41m over the medium term. The planned profile of these receipts is shown below:

	£m
2017/18	7.440
2018/19	10.943
2019/20	6.734
2020/21	10.412
Later years	5.500
Total	41.029

11.7 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. SECTION 106 AGREEMENTS

- 12.1 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.
- 12.2 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.
- 12.3 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.
- 12.4 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 2017 to 31st October 2017 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.

## **13. MEDIUM-TERM FINANCIAL OUTLOOK**

### **13.1 Local Government Funding Reform**

- 13.1.1 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, Business Winning” Council.

13.1.2 The Government is reviewing the assessment of relative needs which will impact on the distribution of resources between councils with a further consultation paper issued on 19 December 2017. The Government have now indicated that the target date for implementing these changes and the planned move to 75% retention of business rates by local authorities is 1 April 2021. The Government have previously 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 cease other funding streams such as the Public Health Grant which is currently over £12m pa and potentially also pass additional responsibilities to councils so that the transfer is fiscally neutral at both a central and local government level. However, there is little indication of what additional responsibilities may be transferred and how much additional risk the Government are seeking to transfer for demand led services as well as 75% (with an expectation that this will ultimately increase to 100%) of the risk that relates to the collection of business rates, income from which is likely to decrease during economic downturns when demand for many of our services also tends to increase. As part of the system “reset” in 2020/21 the benefit of growth in business rates received by councils since April 2013 will be lost as new “baselines” will be set as part of the move to the new system. No information is available relating to any transitional arrangements that may be put in place to limit the maximum changes that an individual council might face in its level of resources in the first year of implementation.

13.1.3 Appeals against Business Rates are currently a very significant issue as the Government’s Valuation Office Agency takes a considerable period of time to process appeals. Currently around two thirds 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.

13.1.4 This Council will 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. Detailed responses to all official consultation opportunities offered by the Government to date have been sent by the Council.

13.1.5 The Council sent a response to the provisional settlement which was agreed by the Cabinet Member for Council Finance, Commercial

Services & Economic Development. This response drew attention to the wholly inadequate funding for Adult Social Care.

13.1.6 The Government's proposal last year to allow additional funding to be raised from increasing the Adult Social Care precept more quickly than it had originally assumed and the new proposal this year to increase the referendum threshold by 1% simply transfer 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 council funded care and support for as long as in more deprived areas.

13.1.7 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 (for the period 2016/17 to 2019/20) this only relates to Revenue Support Grant. Projections of what the council's budget gap might be in 2020/21 and beyond are currently extremely difficult and will be refined as and when additional information becomes available.

## **13.2 New Homes Bonus**

13.2.1 New Homes bonus is a significant funding Stream for the Council. 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 and implemented a number of significant changes including:

- Total available funding was reduced.
- The number of years for which legacy payments are made was reduced from 6 years to 5 years of payments in 2017/18 with a further reduction to 4 years worth of payments from 2018/19 onwards.
- 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 to give the actual grant entitlement. An additional bonus of £350 for each affordable home is payable and is outside the baseline.

13.2.2 In December, the Council received notification of the provisional New Homes Bonus allocation for 2018/19 which has subsequently been confirmed as part of the final settlement announced on 6 February

2018. The Government did not, as had been widely anticipated, increase the baseline assumed rate of increase from 0.4% (which would have reduced the number of properties that New Homes Bonus would be payable on). The allocation for next year totals £6.242m which is £0.494m more than had been assumed. This additional funding had not been taken into account in the January Cabinet report but has now been incorporated into the projections.

### **13.3 Local Government Finance Settlement**

13.3.1 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. 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.

13.3.2 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 19 December 2017. This late announcement makes planning and forward projections extremely difficult and compresses the time available for consultation. The final settlement was only announced on 6 February 2018 and confirmed the 23% cut to Revenue Support Grant for next year and a further 30% cut in 2019/20. 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”. The report considered by Cabinet on 15 February, was prepared prior to receipt of the final settlement. A delegation from Cabinet was sought to enable the Council’s Chief Financial Officer to make any necessary changes to the Council’s Service and Financial Planning Strategy relating to the final settlement, once it has been received, following consultation with the Cabinet Member for Council Finance, Commercial Services & Economic Development, with any increase or decrease in the level of available funding being balanced by a corresponding change in the level of one-off resources needed to balance the 2018/19 budget. The use of one-off resources in 2018/19 has therefore been reduced by £0.484m in line with the additional one-off grant for Adult Social Care received as part of the final settlement. The gross spend for Adult Social Care clearly is not impacted by this change as the Council had prioritised additional investment in to the service in order to meet projected levels of demand. In total over £6.5m additional investment will still be made by the Council in to the Adult Social Care budget over the next 3 years.

13.3.3 Whilst the Comprehensive Spending Review and Autumn Budget set the strategic financial overview for the Government as a whole over the medium term, the local government finance settlement sets out the

specific proposals affecting local government for 2018/19 with details for each council being provided. Key issues for the Council include:-

- A period of consultation was held on the provisional settlement until 16 January 2018. The Cabinet Member for Council Finance, Commercial Services & Economic Development approved the council's response to the provisional settlement.
- The referendum limit for unitary authorities was set at a 3% core threshold plus a maximum of 3% social care precept for 2018/19.
- The actual amount of business rates available for the budget strategy was confirmed when the NNDR 1 form was completed and submitted in January 2018.
- What is clear, however, **is that, as expected, the Council's Revenue Support Grant has been cut by 23.3% for next year in cash terms.** In overall terms, the settlement information received to the date of drafting this report is broadly as expected and means that the Council will have to continue to make very difficult choices about how it prioritises spending decisions.

### **13.4 Future projections.**

13.4.1 It is very difficult to make accurate projections of the likely budget gap that the Council may face in the years beyond 2018/19 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,
- Impact of the "Fair Funding Review" as some areas will lose from this whilst others will gain and the timing of the introduction of these changes as well as the impact of any transitional arrangements which phase in the changes.
- Considerable uncertainties exist around how the local government finance system will change and the implications at an individual council level with the move from 50% retention of business rates to a position as now suggested by the Government of 75% retention with perhaps eventually moving to 100% retention with uncertainties over what other funding streams will be eliminated and new responsibilities transferred to councils so that at a national level the change is fiscally neutral.
- Impact locally of the additional responsibilities that may be transferred to councils as part of the move to 75% and, potentially at some point, 100% local retention of business rates,
- The 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. Income from selling services to schools both within and outside the Borough now totals £9.6m pa
- The degree to which uncertainty caused by Brexit will impact on interest rates, business confidence and 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 and the growing national problem of increasing numbers of homeless people.

13.4.2 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:-

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

13.4.3 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 £110m 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.

13.4.4 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 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:-

	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>2020/21 £m</b>
Expected budget shortfall before additional pressures or savings but after assumed increases in Council Tax*	6.060	8.157	12.194
Expected cumulative budget shortfall	6.060	14.217	26.411

\* These figures assume that all approved savings are delivered in full and according to currently assumed timetables. They also reflect the decisions taken at Council in March 2016 for Council Tax increases totalling 3.2% pa (including the Government's assumed 2% for the Social Care Precept) through until and including 2019/20 but are before any further use of one-off resources, additional investments or savings.

13.4.5 The projections for years after 2018/19 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.

13.4.6 It is with this medium term focus in mind that pressures and any developments have had 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 in key front line services providing support to the most vulnerable in our community.

#### **14. 2017/18 PROJECTED OUTTURN POSITION**

14.1 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 2017/18 in very difficult circumstances and 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 £4.6m) which will be used to support one-off costs associated with the delivery of this medium term service and financial planning strategy by supplementing the Council's Invest to Save/Capacity Fund.

#### **15. SAVINGS PROPOSALS 2018/19 AND 2019/20**

15.1 Appendices 4, 5 and 14 include details of additional savings proposals for 2018/19 and 2019/20. After making an allowance for the benefit from the savings that will leak to non-General Fund revenue budgets (mainly capital and Dedicated Schools Grant budgets) these savings proposals total £6.852m in 2018/19 rising to £12.580m in 2019/20.

15.2 An analysis of the savings proposals by "Being The Change" theme is shown in the table below:-

	2018/19 £'000	2019/20 £'000	Total £'000
Solving problems and promoting social responsibility and action to manage demand	319	194	513
Challenging & changing, reviewing & re-imagining the way we do things	2,682	2,438	5,120

Reducing our dependency on Government grants	2,901	2,511	5,412
Being a Modern Organisation with Modern Practices	1,054	672	1,726
Leakage	-104	-87	-191
Total	6,852	5,728	12,580

15.3 Further detail is included in Appendices 4, 5 and 14 (which includes full year implications from 2020/21 so the totals do not correlate with the figures above) and in the summaries of the Cost Improvement Plans for Children’s Safeguarding & Early Help and Adult Social Care which are included as Appendices 12 and 13.

## **16. INVESTMENTS**

16.1 Additional ongoing investment is required in Adult Social Care budgets in order to meet the needs of vulnerable people. This investment totals £2.226m in 2018/19, rising to £3.509m ongoing from 2020/21. In total, the council will be investing an additional £6.5m in to Adult Social Care over the next three years.

16.2 Additional investment is also required in Children’s Safeguarding & Early Help totalling £1.9m in 2018/19 and £0.750m in 2019/20. This is an increase of £2.25m compared to the figures included in the January report which has been funded by directly allocating funding that was previously held within a £3m contingency. The remaining balance in the contingency has been topped-up and now stands at £1m which will be available to provide additional support for Children’s and Adult’s services during 2018/19 if required.

16.3 The Council has agreed a significant programme of capital investments totalling over £250m which will bring significant benefits to the Borough. These are detailed in the Capital programme report included in this suite of service and financial planning reports. The programme of Pride in Our Community investments continues in to 2018/19 and details are included in Appendix 17. In 2018/19 these include:-

- £18.6m on Highways and Infrastructure schemes which includes
  - £3.36m to improve street lighting by continuing to install LED lighting
  - £0.85m to improve footpaths,
  - £0.7m for estate car parking improvements
- Over £0.7m for environmental pressures
- £0.5m for various small scale projects and local regeneration initiatives and
- £0.108m to continue the Member Pride fund of £2,000 per councillor.

## **17. COUNCIL TAX**

- 17.1 Council Tax in Telford & Wrekin has historically been low compared to other councils. Appendix 1 is a graph comparing Council Tax levels across the Midlands region and demonstrates that Council Tax in this area is the third lowest in the Midlands region at Band D (£1,222.10) and is only 0.43% higher than Dudley which is lowest (£1,216.92). Appendix 2 compares our Council Tax to the other unitary authorities in England and shows that we have the fourth lowest Council Tax at Band D out of 55 unitary authorities being over £135.88 less pa (10% less) at Band D compared to the average.
- 17.2 If Telford & Wrekin Council had levied a Council Tax at the average level of Midlands authorities (£1,371.59 at Band D) in the current year, we would have generated an additional £7.3 million p.a.
- 17.3 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.
- 17.4 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.
- 17.5 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.
- 17.6 The council has previously agreed a medium term strategy for Council Tax increases through to and including 2019/20 and this is reaffirmed in this report i.e. that Council Tax should be increased by 3.2% (made up of 2% in respect of the Government’s Adult Social Care Precept and a general Council Tax increase of 1.2%) in both 2018/19 and 2019/20. As explained in sections 1.8 and 1.9 the Council does not support the Government’s approach of simply transferring the cost of funding Adult Social Care from national taxation to local Council Tax payers by making

cuts to the grants previously made to councils and then expecting local taxpayers to pick up a higher bill.

## **18. BASE BUDGET, BALANCES AND CONTINGENCIES**

### **18.1 Base Budget**

18.1.1 A summary of the Base Budget position is included at Appendix 7 which shows a net base budget of £126.759m for 2018/19 before savings and investments giving a base budget funding shortfall of £6.060m – after the assumed Council Tax increase of 3.2% but before the essential new investments flagged above are reflected. Appendix 8 includes an analysis of the main changes in moving from the 2017/18 budget to the 2018/19 base budget.

### **18.2 Balances**

18.2.1 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 £17.85m available which could be taken in to account as part of medium term budget strategy considerations. However, this figure excludes the currently projected underspend of £4.6m 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.

18.2.2 A rigorous review of all reserves, provisions and balances has been undertaken. This has 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 and forms part of the £17.85m referred to above. The Government's temporary relaxation of the rules for using capital receipts has 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. In order to take advantage of this flexibility Full Council would need to approve an updated "Efficiency Strategy" at Appendix 15. The Secretary of State for Communities and Local Government announced as part of the provisional settlement on 19<sup>th</sup> December 2017, that this temporary flexibility is proposed to be extended for a further three years up to, and including, 2021/22. This was confirmed as part of the final settlement and provides additional assurance of the financial robustness of this set of budget proposals as the Council will not have to fund severance and other costs of

transformation from revenue resources for this period although it could still choose to do so.

- 18.2.3 The funding released from this review gives total “usable” one-offs of £17.85m which will be used to support the delivery of the medium term service and financial planning strategy as set out in this report. It is proposed to use some of these uncommitted one-off resources to support the revenue budget in both 2018/19 and 2019/20 and to earmark £1m to create a one-off additional contingency for 2018/19 to pending the full implementation of the cost improvement plans for Children’s Safeguarding & Early help and Adult Social Care. This will also give comfort that the proposals contained in this report are financially robust given projected levels of spending in Children’s Safeguarding in the current year, particularly as the significant benefits obtained in recent years from treasury management activities cannot be assumed to be available in later years as the Council will “lock-in” to longer-term fixed rates of interest (as opposed to running a loan book with exposure to very short-term but low cost funding) when advised by our treasury management advisors to do so.
- 18.2.4 In addition £1.75m is available in the Severance Fund. The Council is currently benefitting from a temporary relaxation in the capital financing regulations which allows new capital receipts to be used to fund severance costs for the three year period starting 2016/17 and ending in 2018/19. The Secretary of State for Communities and Local Government announced as part of the Provisional Settlement on 19<sup>th</sup> December 2017, that this temporary flexibility is proposed to be extended for a further three years up to, and including, 2021/22. If confirmed, this will mean that provided new capital receipts are generated as expected, it will not now be necessary to supplement the Severance Fund in order to cover severance costs from 2019/20 onwards if new capital receipts can be generated and allocated for this purpose.
- 18.2.5 The Council also currently has an uncommitted balance of £1.6m in the Invest to Save/Capacity Fund. A number of commitments are now relatively old and need to be reviewed to assess whether they are still required or whether the commitments can be released. Some further approvals will be required to support delivery of some of the additional savings now being developed. The recommendations contained in this report include bolstering the balance of this fund by £1m from the superannuation benefit referred to in section 5.1 of the Financial Management report also on this agenda.
- 18.2.6 The Partnership Capacity Fund has a current balance of £0.744m. There is very little currently committed against this although our new community grants scheme will result in an increase in expenditure against this fund. We will also be funding the initial Local Authority Lottery costs out of this budget.

18.2.7 As detailed in the Financial Management report also on this agenda, the Council is currently projected to have around £4.6m of contingency available at the end of 2017/18, (excluding the £1m benefit referred to in section 5.1 of that report) although this position will inevitably change during the remainder of the year. It is proposed that any underspend available at year end will be used to supplement the Invest to Save/Capacity Fund or the Severance Fund in order to support the delivery of future savings.

### **18.3 Risk Management**

18.3.1 As an organisation which provides a vast range of different services to the community and spends revenue and capital resources of around £500m pa, the management of risks is an important consideration in the budget setting process. The Council has a strategic risk register – included at Appendix 16, 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 2018/19 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 major changes to the system which are being developed by the Government and will come in to effect from 2020/21 and causing a high degree of uncertainty to projections of the Council's financial position from this year onwards.
- 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 and are funded in accordance with the Council's approved Treasury Management Strategy after taking advice from professional advisors. Treasury management decisions are managed at this strategic level in order to deliver best value rather than individual loans being taken out for spending on each separate capital project which often span several years.
- An Invest to Save & 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, where appropriate delivery of, 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 £3.0m as well as a one-off contingency of £1m in 2018/19 to be available pending implementation of the cost improvement plans for Children's Safeguarding & Early Help and Adult Social Care;
- £2.226m additional investment in Adult Social Care in 2018/19 rising to £3.509m from 2020/21.
- £1.9m ongoing investment in to Children's Safeguarding & Early Help in 2018/19 and £0.75m in 2019/20 to support Looked After Children.
- In addition, allocations of £1m for Children's Safeguarding & Early Help and £0.4m for Adult Social Care from the Invest to Save/Capacity Fund were approved during 2017/18 to support measures to improve services and financial sustainability.
- A robust financial monitoring regime is in place to identify any adverse variances early so that timely corrective management action can take place. Additional in year savings targets have been delivered in recent years to meet service pressures.
- The projected financial outturn for 2017/18 currently shows a considerable underspend which will be available to support the 2018/19 budget strategy and the delivery of future savings by supplementing the balance available in the Invest to Save/Capacity Fund.
- 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 2017/18). As explained in section 18.2 of this report 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.
- 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 which aims to maximise returns for the Council while minimising risks with a solid track record of exceeding targets set.
- 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.

**18.3.2 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 a level of assurance that the Council is in a sound financial position despite the further challenges that the Government have now presented with the latest grant announcement.**

#### **18.4 Inflation Assumptions and Contingencies**

18.4.1 The Council's budget model includes an allowance for pay awards of 2.7% (to reflect the overall cost of the national pay offer) for 2018/19, 2019/20 and 2% for 2020/21. 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. After 8 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 roles) 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.

18.4.2 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 2018/19 includes a base revenue contingency of £3m. and also a one-off contingency of £1m to be available in 2018/19 pending the full implementation of the cost improvement plans for Children's Safeguarding & Early Help and Adult Social Care.

#### **18.5 Single Status**

18.5.1 The Council is planning to implement a new job evaluation scheme during 2020/21 to meet the requirements of the Single Status legislation. This timetable has slipped from that previously reported as further work to refine the process has been agreed with the unions which will improve the quality of the exercise but will require additional time to complete. An allowance for additional costs arising from this has been built in to the budget for 2020/21 of £0.601m rising to £1.270m in 2021/22. This figure has been reduced compared to previous estimates by £0.1m to reflect the considerably smaller workforce that the Council now has and which is expected to continue to reduce as further budget savings have to be made. 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.

## **19. EDUCATION FUNDING – DEDICATED SCHOOLS GRANT**

- 19.1 The Government have implemented a National Funding Formula at Local Authority level for the allocation of the Dedicated Schools Grant (DSG) in 2018-19. The allocations for each block of funding, based on a combination of formulaic and historic information, were issued just before Christmas, as follows:
- 19.2 **Schools Block £111.3m** - funding for all mainstream primary and secondary schools via a local funding formula, although this is likely to be changed to a national funding formula (NFF) at school level within the next few years. The illustrative figures from the DfE (illustrative as the final allocations will be based on demographic data at the time) show Telford & Wrekin schools block funding ultimately increasing by 7.0% compared to the 2017/18 baseline, once the NFF is fully implemented. Nationally, only 12 local authorities (of 150) are modelled to receive a higher increase than this. The increase per pupil is limited to 3% per annum in a single year, however, so it will be several years before the full benefit feeds through to schools. Nonetheless, a combination of an increase in funding per pupil and more pupils means that there is an increase of over £5m in 2018/19 school block funding compared to 2017/18.
- 19.3 **High Needs Block £21.3m** - funding Special Educational Needs (SEN) placements and support, special schools, pupil referral units and other alternative provision. For the Telford & Wrekin High Needs Block, the allocation represents an increase of over 3% in 2018/19 but unlike the schools block, there is little indication of significant further increases in subsequent years. Like many other local authorities, Telford & Wrekin is experiencing very significant budget pressure in

this area due to legislative changes and increasing need. A number of strands of work are underway to identify strategies to deal with this situation. In this context, the Schools Forum agreed to supplement the high needs block in 2018/19 by moving £550,000 (just under 0.5%, the maximum the Forum is allowed to approve) from the schools block.

19.4 **Early Years Block £12.0m** – funding for free provision for 2, 3 and 4 year olds. Provision for 3 and 4 year olds has recently (from September 2017) been extended from 15 hours per week (in term-time) to 30 hours per week for children of working parents. Funding is allocated to settings, both schools and private, voluntary and independent (PVI) providers based on a local funding formula. There was a significant increase in funding, amounting to around 8% for Telford & Wrekin in 2017/18, but no further increase for 2018/19. Cost pressures impacting upon settings include the year on year increases in the minimum (or 'living') wage.

19.5 **Central School Services Block £1.1m** - funding for statutory Local Authority central services to all schools (i.e. including academies). The Education Services Grant ceased at the end of August 2017 and the Government created this new DSG block specifically for central services. However, Local Authorities still need to get line by line Schools Forum approval of any funds used to fund central services, despite most of them being statutory responsibilities. The Forum agreed to allocate £845,000 of this block to central services in 2018/19, the remainder being used to supplement the high needs block. Statutory services that apply only to maintained schools are funded by a de-delegated amount from maintained school budgets. This amount has to be approved by maintained schools representatives on the schools forum. Maintained school representatives agreed to de-delegate £480,000 in 2018/19.

## 20. **EQUALITY IMPACT ASSESSMENT**

20.1 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 changes to the way that we deliver our services or to our spending. 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.

20.2 Our process involves carrying out an initial scoping exercise to determine which budget saving proposals may require action or further investigation with regard to equality impact. For proposals where implications are identified and are at a sufficiently developed state a proportionate impact assessment is undertaken. Where a proposal is still at an early stage of development an equality impact assessment will be undertaken during its development. This is an ongoing process that will continue throughout the year. As we engage with our community and partners to identify where we may need to deliver services differently we will ensure that we continue the process of screening these proposals to identify if there are any equality implications.

## **21. ENVIRONMENTAL AND ECONOMIC IMPACT ASSESSMENTS.**

21.1 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. Environmental Assessments aim 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.

21.2 Overall, on balance the environmental assessment of the budget proposals is expected to be 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.

21.3 An economic impact assessment will be undertaken for those proposals that have a significant individual economic impact. 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 and has also set out a significant Capital Programme which will offset the impact of spending cuts to some extent.

## **22. COMMUNITY ENGAGEMENT AND COMMUNICATION**

22.1 As outlined in section 10 of this report we have revised our approach to budget engagement to enable discussion at an earlier stage with partners regarding how we deliver our services in the future and meet our financial challenges. The focus of the 4 week budget engagement process this year has been on communicating our strategy for Service

& Financial Planning for the next 2 years to our partners and wider community. This has involved clear communication in relation to where the Council intends to spend its budget and highlights the limited number of areas for new investment. The Council's strategy was published on our website, information was provided on social media and was supported by wider media communications. People were given an opportunity to comment on these proposals by email, telephone or social media.

- 22.2 As part of our engagement process we have also commenced early dialogue with our partners in the voluntary and community sector, Town and Parish Councils and the business community. These sessions involved presentations on our Service & Financial Planning strategy and provided more detailed information about the challenges facing our Adult Social Care and Children's Safeguarding & Early Help Services, innovative approaches in these areas are key to the successful delivery of our financial strategy. The sessions also included an opportunity to consider how we might work in partnership together to develop alternative ways of continuing provision that meets the needs of our community, particularly those that are most vulnerable.
- 22.3 Some common themes were identified across these sessions including the importance of getting the basics right, creating more opportunities for relationship building and collaborative working, and an appetite for combining our resources, knowledge and expertise. Partners identified the need for us to work more closely together to explore external funding opportunities to ensure that additional funding continues to be brought into the Borough. As set out in our strategy, partners felt that it was important to focus on supporting people to help themselves and community capacity building was seen to be a clear area of focus across all sectors.
- 22.4 As outlined above, communication of the Council's Service and Financial Planning Strategy has been the start of the process of more in depth engagement that will continue throughout the year. We will use the feedback from partners to enable us to work together as specific proposals relating to service delivery are developed. Our joined up approach to equality and consultation will ensure that we engage residents appropriately in relation to proposed changes to the delivery of Council services.

## **23. FEEDBACK FROM SCRUTINY**

- 23.1 The Finance & Enterprise Scrutiny Committee is a politically balanced committee of seven 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.

- 23.2 The Committee held two meetings on 15 January and 23 January 2018 to scrutinise the Service & Financial Planning Strategy 2018/19-2019/20 agreed by Cabinet for consultation on 4 January 2018. An alternative budget was not put forward by the main opposition group.
- 23.3 The Committee agreed that there was nothing contentious in the budget this year as it was a two-year budget, which had been scrutinised thoroughly in 2016/17 and that the Committee's recommendation at the time, that the Adult Social Care precept should be implemented at a rate of 2% a year for three years (2017/18-2019/20) had been accepted and implemented.
- 23.4 The Committee agreed to the Council's proposal to invest in Adult Social Care and safeguarding only and not in anything else. The Council's approach to savings was supported and the use of one-off balances was felt to be appropriate. The Committee have sought additional information to understand the current position on Single Status.

## **24. PAY POLICY**

- 24.1 The Council's Pay Policy for 2018/19 was considered at Personnel Committee on 8 February 2018. 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.
- 24.2 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.
- 24.3 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.
- 24.4 The Pay Policy for 2018/19 is included as Appendix 3 of this report.

**25. ROBUSTNESS OF THE FINANCIAL STRATEGY AND LEVELS OF RESERVES & BALANCES.**

25.1 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.

25.2 **Appendix 11 gives a more detailed view, but overall, given the continued delivery of savings which now total almost £110m, 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.**

**26. NEXT STEPS & TIMETABLE**

26.1 Once the service and financial planning strategy for 2018/19 has been approved by full Council on 1 March 2018 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 was restructured during 2017/18 which has inevitably reduced 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.

26.2 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 current local government finance system also presents many opportunities that this Council is ideally placed to be able to take advantage of.

26.3 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 2019/20 in order to identify further savings and opportunities for additional income

to bridge the significant projected budget shortfalls in 2020/21 whilst accepting that as the CSR does not extend beyond 2019/20 and the Government intend to introduce major reforms to the local government finance system from 2020/21 onwards any projections for this period have a very high degree of uncertainty. Developing options for consultation 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 2018/19 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.

## **27. BACKGROUND PAPERS**

- LG Futures Autumn Budget briefing – November 2017
- LG Futures Local Government Finance Settlement briefing –December 2017
- BBC News Website
- Provisional and Final Revenue Support Grant Settlement Announcements – CLG Website
- Service & Financial Planning Report to Council – 2 March 2017
- Municipal Journal – 8<sup>th</sup> October 2015, article by Dan Peters, “Drop in Senior Numbers”.
- Consultation paper on proposed changes to the prudential framework of capital finance issued by the Department for Communities and Local Government in November 2017.
- Service & Financial Planning Report Cabinet 4 January 2018.

**Report prepared by:-**

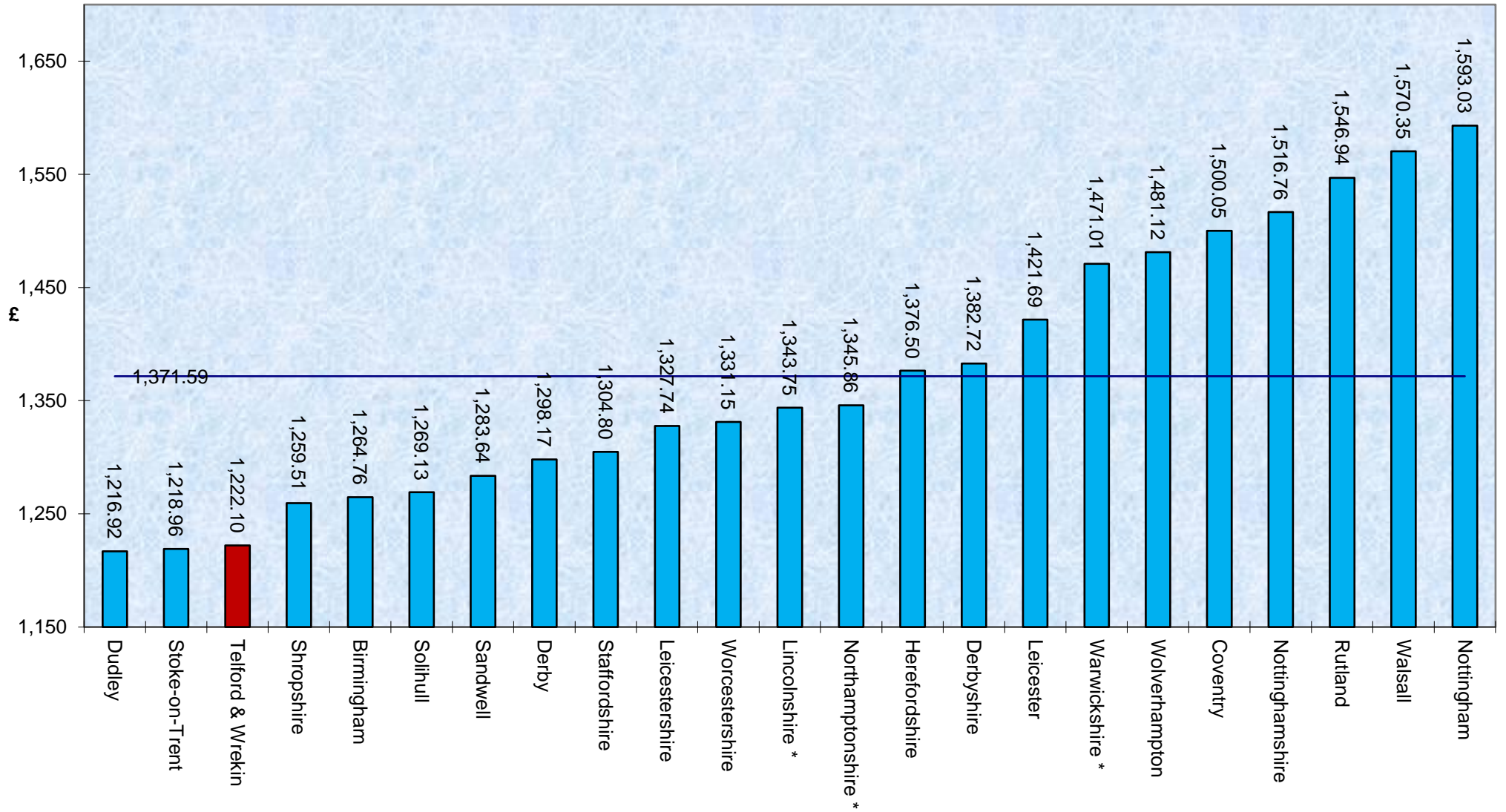
**Ken Clarke, Assistant Director: Finance & H.R. (C.F.O.) - Tel: (01952) 383100**

## **INDEX OF APPENDICES.**

### Appendix

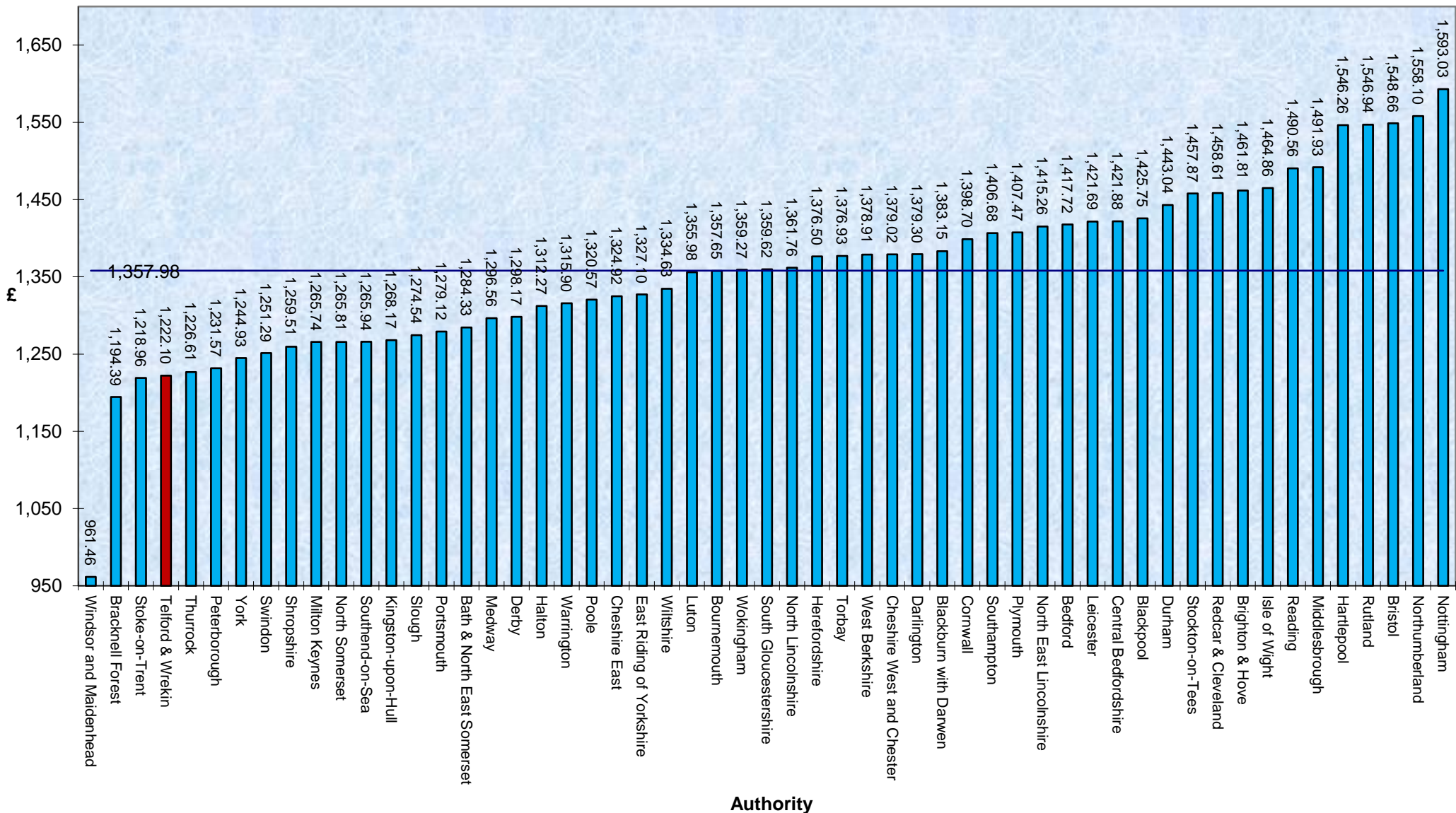
- 1 2017/18 Council Tax Comparison (at Band D) – Midlands Councils
- 2 2017/18 Council Tax Comparison (at Band D) – Unitary Councils
- 3 Pay Policy Statement – 2018/19
- 4 Savings Strategy
- 5 Overview of Savings proposals 2018/19 and 2019/20
- 6 Financing costs to net revenue stream 2017/18
- 7 Base Budget before savings 2018/19
- 8 Analysis of Base Budget Movements
- 9 Reserves and Balances
- 10 Details of education related Section 106 Agreements
- 11 CFO's Robustness Statement
- 12 Children's Safeguarding & Early Help Cost Improvement Plan
- 13 Adult Social Care Cost Improvement Plan
- 14 Summary of Savings 2018/19 and 2019/20
- 15 Efficiency Strategy 2018/19
- 16 Risk Register
- 17 Summary of Pride investments 2017/18 – 2018/19
- 18 Summary Information relating to Savings Delivered to Date

**Appendix 1 - Midlands Authorities 2017/18 Band D Council Tax for Equivalent Unitary Services  
(Excluding Police, Fire\* and Parish Precepts)**



**Authority**  
\* includes fire expenses

## Appendix 2 - Unitary Authorities 2017/18 Band D Council Tax (Excluding Police, Fire and Parish precepts)



## APPENDIX 3

### Pay Policy Statement – 2018/19

#### 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 1<sup>st</sup> April 2018 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 Local Government Association nationally negotiated pay spines 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:

<b>Negotiating Group:</b>	<b>Effective date:</b>	<b>Settlement:</b>
Joint National Council for Chief Executives	1 <sup>st</sup> April 2017	1%
Joint National Council for Chief Officers	1 <sup>st</sup> April 2017	1%
Joint Negotiating Committee for Youth & Community Workers	1 <sup>st</sup> September 2017	Headline increase of 1% with higher percentage increase for lowest grades
National Joint Council for Local Government Services	1 <sup>st</sup> April 2017	Headline increase of 1% with higher percentage increase for lowest grades
Soulbury Committee	1 <sup>st</sup> 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 31<sup>st</sup> December 2017:
- a) **Managing Director**  
The salary of the post is £139,754 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, 803 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 1<sup>st</sup> 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 3 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 management.

The following 'additional pay' currently applies:

<b>Post / Tier of Post</b>	<b>Payment Details:</b>
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, in the majority of cases be permitted only where savings to fund the cost of such release are

achieved. However in exceptional circumstances and in order to retain specialist or critical skills, flexible retirement may be approved to support a period of succession planning/training in which case savings may not be realised to fund the release.

## **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 with the exception of employees who have transferred in to the Council's employment under the Transfer of Undertakings (Protection of Employment) Regulations 2016. As at 31<sup>st</sup> December 2017, this is £14,469 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 31<sup>st</sup> December 2017 define the multiple between the lowest paid (full time equivalent) employee and the Managing Director as 1:9.66 and between the lowest paid employee and average Chief Officer as 1:6.21. 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 £20,661<sup>1</sup>. The multiple between the Managing Director and this median point is 1:6.76 and the average Chief Officer is 1:4.35
- 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.

---

<sup>1</sup> Median calculated on data as at 31<sup>st</sup> Dec 2017

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

Scale of Fees and Disbursements for Elections with effect from 1<sup>st</sup> 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.	<b><u>Uncontested Elections</u></b> For each ward	134.00
2.	<b><u>Contested Elections</u></b> For each ward	234.00
3.	<b><u>Declaration of Results</u></b> 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.	<b><u>Uncontested Parish Elections</u></b>  (i) For each parish or where the parish is divided into wards, for each ward	50.00
2.	<b><u>Contested Parish Elections</u></b>  (i) For each parish or where the parish is divided into wards, for each ward	100.00
3.	<b><u>Polls Consequent on a Parish Meeting</u></b>  (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><b>(ii)</b> For every poll taken for the election of the chairman of a parish meeting or for an appointment to any other office</p> <p><b>(iii)</b> For every poll taken consequent on a parish meeting on any question other than as mentioned in paragraph 3(ii)</p> <p><b>(iv)</b> 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"> <li>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)</li> <li>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</li> <li>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</li> </ol>	<p>54.00</p> <p>54.00</p> <p>11.00</p>
--	---	--

## **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

## Appendix 4 – Savings Strategy

Savings are analysed in Appendix 14 by service area and the Council's four Being The Change strategy themes. Details of the savings to be delivered (before leakage to capital or DSG budgets) are included below:-

### A. ***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 a minimum of £0.533m***

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 becomes ever greater. 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 £744,000 Partnership Capacity Fund that we have put in place which aims to ensure that organisations in the Borough have the capacity to work with us to develop and deliver alternative service solutions. This is a core element of our Cost Improvement Plan for Adult Social Care as part of our approach to better manage demand and enable early support and prevention as we look to build 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.

Key focuses for savings for the Council over the next two years will also include:

- Continuing to work with the community and Town and Parish Councils regarding either **the transfer of Council assets and/or facilities or the co-location of services** through our well-established and funded Partnership Agreements – seeking to achieve a minimum of £30k
- **Effective co-production & Personalisation** – supporting the development of service provision by communities and personal budgets for individuals which move away from a narrow focus of meeting needs through practitioner provided services and enable more tailored solutions that are centred on the service user taking greater ownership and control of services they need. We will in particular look to explore opportunities for rationalisation and, the offer of personal budgets, in relation to our transport services – c£300k.

### B. ***Challenging & Changing, Reviewing and Reimagining the way we do £5.255m.***

Key focuses for savings over the next 2 years will include:

- **Redesigning services and business process re-engineering** to ensure that they are delivered in the most efficient and effective manner – c.£550k

- **Reviewing and reducing operational budgets where there will be no direct impact on frontline services** – c.£500k
- **Continuing to drive savings, efficiencies and social value through the procurement and re-procurement of contracts and services.** The retendering of our Grounds, Cleansing and highways contracts for re-let in 2019 is a major piece of work where savings totalling c£680k are projected. Our procurement for the roll-out of LED lighting in our streetlights is also scheduled to deliver c£350k savings. Overall savings are anticipated to be c.£1.83m
- **Reviewing staffing structures and arrangements and, where appropriate, undertaking restructures** – c.£1.5m
- **Reviewing policies and practices** – like many other authorities have done, we will be reviewing our current policy regarding the provision of denominational transport as this only benefits one secondary school in the Borough. We will also be carrying out reviews of Ironbridge park and ride to seek to identify a lower cost delivery model and also reviewing Council-subsidised routes to explore the potential for any routes to become commercial and also to look at alternative community-led provision – c.£300k
- **Continuing to drive savings and efficiencies in the buildings and other facilities we manage** – c.£100k

**C. *Reducing our Dependency on Government Grants – Target for additional Income over 2018/19 and 2019/20 of £5.135m.***

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. Business Rates, Council Tax, New Homes Bonus and trading and charging income streams become ever more vital. Our key focuses are:

- **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 2 years an increasing number of schools from outside the Borough – up to £400k
- **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 and we are looking to continue to develop and progress these:
  - A solar farm providing £4.4m profit over 25 years. We plan to increase the current profitability by c.£150k pa through the direct supply of electricity to a private premises on Hortonwood West

- Established “NuPlace”, a housing company which will provide around 400 new homes for private and affordable rent, with the first homes now occupied. Future plans will look to generate an extra £125k pa of net income.
  - 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 assess further opportunities through the development of detailed business cases. Our work as a ‘business winning, business supporting’ Council and the ‘Telford offer’ we have developed has helped secure a strong pipeline of inward investment enquiries. We are progressing plans to generate a further £2.16m through our existing and potentially further extended Property Investment Portfolio.
- We have no choice but to be constantly looking at new ways to generate new income opportunities and also increase income for our services and facilities. We review our prices and charges on an annual basis, though seek to minimise increases as much as we can. Overall, we are seeking to increase income across a wide range of services and from a broad range of sources by c.£2.00m over 2 years.
  - We also operate an efficient and effective revenue collection service for Council tax and Business rates and we have identified a number of ways that we can look to improve our effectiveness - £440k
  - **Securing external funding** – a most notable recent example is the £3.7m that the council has secured from the West Midlands Combined Authority that will deliver grants to enable c540 new homes to be built where they had predominantly had planning permission, are on brownfield sites but delivery had stalled due to viability issues. Council Tax income and New Homes Bonus from these properties, once built, will be well in excess of £0.5m.

**D. *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 c.£1.843m***

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.
- Encouraging creative thinking and challenge
- Focusing on efficiency and reducing bureaucracy
- Increased staff engagement so that employee representatives will have a greater influence in the organisation

Through a range of internal measures, we will look to realise savings totalling £1.8m over 2 years.

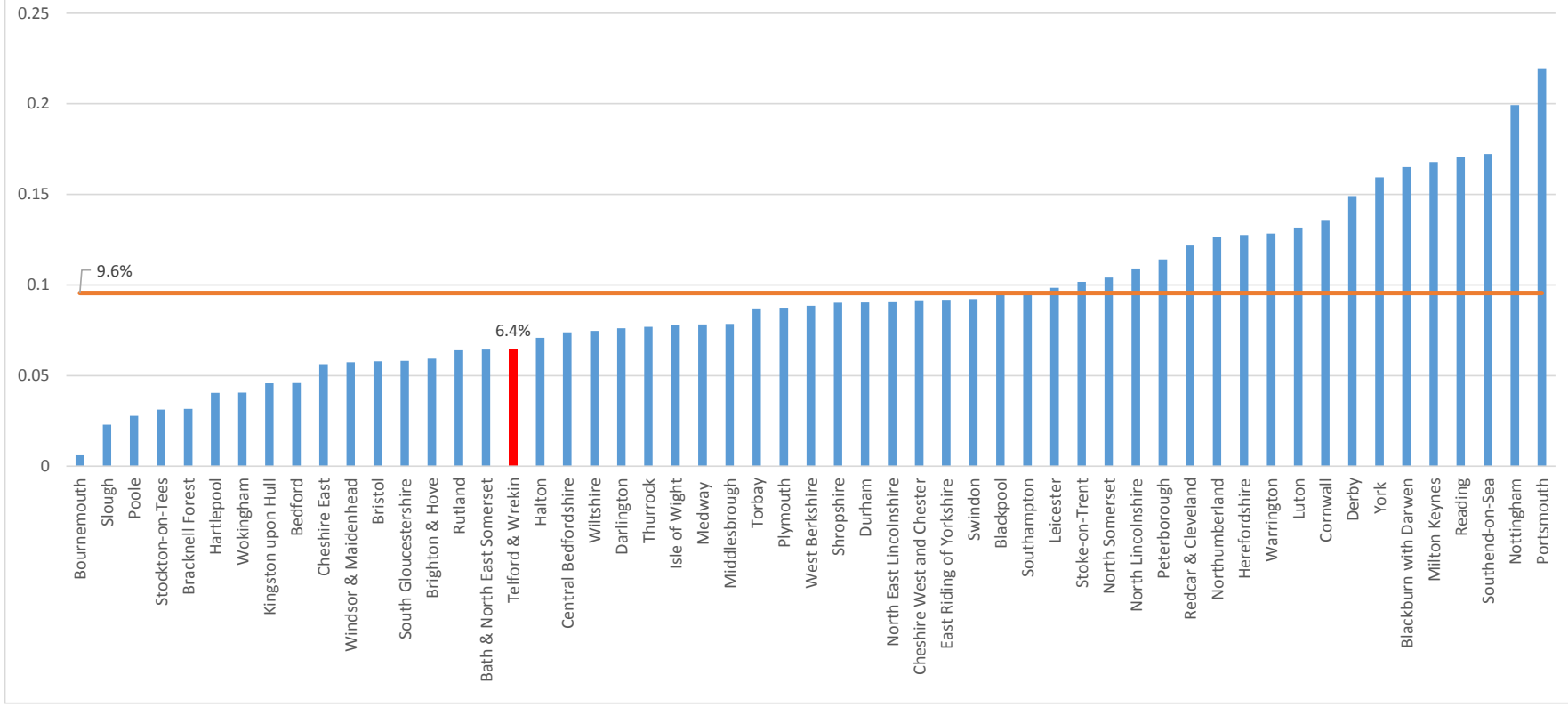
**SCHEDULE OF SAVINGS PROPOSALS**

**Appendix 5**

No.	Description of Saving	2018/19 £	2019/20 £	Total Ongoing Saving £
<b>Business, Development &amp; Employment</b>				
1	Home to school transport	9,000	0	9,000
2	Staff savings linked with fixed term contracts	50,000	0	50,000
3	Additional income from new fee earning services including apT, Discover Telford and skills delivery	100,000	115,000	215,000
4	Additional PIP investment income as a result of the Growth Fund	104,000	593,000	697,000
5	Additional income from Nuplace	25,000	99,000	124,000
6	Salary offset through drawdown of ERDF funding (note saving ends 2020/21).	50,000	(22,000)	28,000
<b>Total Business, Development &amp; Employment</b>		<b>338,000</b>	<b>785,000</b>	<b>1,123,000</b>
<b>Customer &amp; Neighbourhood Services</b>				
7	Review of council subsidised bus routes following engagement with Arriva to explore the potential for any routes to become commercial and work with the voluntary sector, parishes, and other key partners including schools to explore alternative funding or alternative provision of some aspects of the current service in the run up to 2020 when the current contract ends	0	298,000	298,000
8	Benefit from the retender and review of Grounds & Cleansing, Highways and Street Lighting contracts.	200,000	1,154,000	1,354,000
9	Capitalise expenditure where possible	150,000	0	150,000
10	Various staffing savings including restructure, homeworking and service review	349,000	213,000	562,000
11	Removal of flood barriers budget. Any deployment would need to be met by the contingency budgets held centrally	87,000	0	87,000
12	Additional income generated through charging for services, review of fees and charges etc.	380,000	378,000	758,000
13	Use of one off reserves	0	532,000	532,000
14	Removal of Consultants Budgets used for large scale procurements	0	150,000	150,000
15	Various other savings across the Service Area	127,000	52,000	179,000
<b>Total Customer &amp; Neighbourhood Services</b>		<b>1,293,000</b>	<b>2,777,000</b>	<b>4,070,000</b>
<b>Commercial Services</b>				
16	Property rationalisation and review of associated services and budgets	258,000	605,000	863,000
17	Service restructures and rationalisation	550,000	49,000	599,000
18	Additional income from a range of services including leisure services and expanding commercial operations	397,000	615,000	1,012,000
19	Benefit from change to VAT regulations in relation to leisure activities	500,000		500,000
20	Savings from new mobile phone contract and reduction in device numbers	164,000	20,000	184,000
21	ICT savings associated with server room at Abraham Darby Academy (saving on generator plus an additional for electricity/servicing savings) and other server reduction .	70,000	0	70,000
22	Various other savings	36,000	55,000	91,000
<b>Total Commercial Services</b>		<b>1,975,000</b>	<b>1,344,000</b>	<b>3,319,000</b>
<b>Cooperative Council</b>				

No.	Description of Saving	2018/19 £	2019/20 £	Total Ongoing Saving £
23	Review of grants allocated to support non-council run community buildings	10,000	0	10,000
24	Staff rationalisation across the Service Area	74,000	0	74,000
25	Reductions to other operational budgets	27,000	0	27,000
<b>Total Cooperative Council</b>		<b>111,000</b>	<b>0</b>	<b>111,000</b>
<b>Education &amp; Corporate Parenting</b>				
26	Review of transport policy	340,000	140,000	480,000
27	Review of staffing arrangements and the balance between services that should be funded by the Council and those that should be funded from school funding.	200,000	0	200,000
28	Increased income generation, for example from education psychology and early years, areas which are currently partly traded and partly deliver statutory services; also review the use of DSG and apply school improvement grant.	396,000	(245,000)	151,000
<b>Total Education &amp; Corporate Parenting</b>		<b>936,000</b>	<b>(105,000)</b>	<b>831,000</b>
<b>Finance &amp; HR</b>				
29	Increased income including selling services to schools, proactive collection approaches.	352,000	0	352,000
30	Various other savings across the service	76,000	12,000	88,000
<b>Total Finance &amp; HR</b>		<b>428,000</b>	<b>12,000</b>	<b>440,000</b>
<b>Health &amp; Wellbeing</b>				
31	Decommissioning of the Change 4 Life Eatwell Project (delivered by TWC Catering team)	30,000	0	30,000
32	Efficiencies from contracted services through procurement activities	615,000	198,000	813,000
33	Restructure savings across the Service Area	95,000	136,000	231,000
34	Service Review programme including various health improvement programmes and culture	253,000	174,000	427,000
35	Review drugs and alcohol preventative initiatives	0	80,000	80,000
36	Reduction in operational budgets for health improvement	0	53,000	53,000
37	Increase Income targets at the theatre	48,000	58,000	106,000
38	Maximising Income and making efficiencies within the My Options Service	255,000	156,000	411,000
39	Various other savings across the Service Area	43,000	14,000	57,000
<b>Total Health &amp; Wellbeing</b>		<b>1,339,000</b>	<b>869,000</b>	<b>2,208,000</b>
<b>Governance, Procurement &amp; Commissioning</b>				
40	Supporting People - Commissioning for Early Help & Support	91,000	0	91,000
41	Restructure savings	230,000	93,000	323,000
42	Reduction in single status implementation budget	100,000	0	100,000
43	Democratic & Legal Services - funding support from service departments	75,000	25,000	100,000
44	Various other savings across the service area	40,000	16,000	56,000
<b>Total Governance, Procurement &amp; Commissioning</b>		<b>536,000</b>	<b>134,000</b>	<b>670,000</b>
<b>TOTAL</b>		<b>6,956,000</b>	<b>5,816,000</b>	<b>12,772,000</b>
Less Leakage		104,340	87,240	191,580
<b>TOTAL AFTER LEAKAGE</b>		<b>6,851,660</b>	<b>5,728,760</b>	<b>12,580,420</b>

Appendix 6 - Financing Costs to Net Revenue Stream 2017/18



**APPENDIX 7 - TELFORD & WREKIN COUNCIL**  
**REVENUE BASE BUDGET - BEFORE SAVINGS AND INVESTMENTS**

<b>Service Delivery Unit</b>	<b><u>2018/19</u></b> <b><u>GROSS</u></b> <b><u>EXPENDITURE</u></b> <b>£</b>	<b><u>2018/19</u></b> <b><u>GROSS</u></b> <b><u>INCOME</u></b> <b>£</b>	<b><u>2018/19</u></b> <b><u>NET</u></b> <b><u>EXPENDITURE</u></b> <b>£</b>
Health & Well-Being	18,459,626	16,501,300	1,958,326
Governance, Procurement & Commissioning	9,356,330	6,353,888	3,002,442
Customer & Neighbourhood Services	109,857,419	78,683,462	31,173,957
Business, Development & Employment	16,105,671	15,994,001	111,670
Commercial Services	42,174,134	38,108,620	4,065,514
Finance & Human Resources	10,244,989	7,036,880	3,208,109
Adult Social Care	60,514,820	18,759,475	41,755,345
Childrens Safeguarding & Early Help	26,340,255	819,102	25,521,153
Education & Corporate Parenting	136,918,153	123,055,858	13,862,295
Co-operative Council	4,511,333	2,772,163	1,739,170
Council Wide Items	25,442,267	27,090,643	(1,648,376)
Netting off of Internal Recharges included above	(52,507,697)	(52,507,697)	0
<b>Total</b>	<b>407,417,299</b>	<b>282,667,695</b>	<b>124,749,604</b>
<b>Contributions To/From Balances</b>	<b>2,444,000</b>	<b>434,750</b>	<b>2,009,250</b>
<b>Net Total</b>	<b>409,861,299</b>	<b>283,102,445</b>	<b>126,758,854</b>

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.

**APPENDIX 8 - Base Budget Movements from 2017/18 - £'000**

	2018/19	
<b>2017/18 Base Budget</b>		<b>121,194</b>
Increase contingency		224
Net Movement in Transfers to Collection Fund Reserves		(1,281)
Add back use of one off balances in 17/18		558
		<b>120,695</b>
<u>Inflation</u>		
General - major contracts	407	
Pay Inflation	2,088	
		<b>2,495</b>
<u>Council Wide Items</u>		
Pensions - Increase in employers contribution - lump sum	133	
Pension - impact of auto enrolment	188	
New Homes Bonus	304	
Education Services Grant reduction	1,265	
Single Status	100	
WME Reduced Dividend	107	
Impact of NDR revaluations on T&W properties	100	
Cuts to Public Health Grant	329	
Impacts of Education funding changes	200	
ICT Systems Costs	247	
Other	671	
		<b>3,644</b>
<u>Capital/Treasury</u>		
Cost of Capital Programme	1,635	
		<b>1,635</b>
<u>Service Pressures</u>		
Social Care Cost Pressures - transitional clients	1,201	
Social Care Cost Pressures - provider cost pressures	1,120	
One Off Adult Social Care Grant	(484)	
BCF Funding	(2,800)	
Waste - cost impact of increased tonnages and properties	200	
Planning Fees - Income shortfall	328	
Engineering Services - Income shortfall	360	
		<b>(75)</b>
<u>Less Savings</u>		
Savings Proposals - approved in March 2017 Strategy	(603)	
		<b>(603)</b>
<u>Net Reduction in pressures approved in March 2017 Strategy</u>	<b>(1,032)</b>	
		<b>(1,032)</b>
<b>Base Budget</b>		<b>126,759</b>
<u>Less Funding</u>		
Council Tax Income/ Collection Fund	64,138	
Revenue Support Grant - per settlement	14,147	
Parishes CTS Grant - in line with reductions in RSG	(142)	
Top Up - per settlement	4,695	
Retained Business Rates - local projection	35,349	
Section 31 Grant - local projection	2,512	
<b>Total Funding</b>		<b>120,699</b>
<b>Base Funding Requirement - cumulative</b>		<b>6,060</b>

### APPENDIX 9 - Usable Balances at 1 April 2021

			Balance at 1 April 2021 £m
<b>Total Reserves and Balances</b>			<b>57.96</b>
<b>Less Commitments/Earmarked Funds:</b>			
School Funds	Balances held on behalf of schools; therefore not available to the Council	-	5.94
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	-	0.25
Building Schools for the Future Funds	Procurement, capital and lifecycle costs which are fully committed to delivering the BSF programme	-	0.04
Grant funding	Grant funding received and fully committed in the budget strategy	-	0.13
Insurance Reserves	Required to cover policy excesses and other costs such as claims prior to 1998 (unitary)	-	2.48
Hadley PFI Sinking Fund	Based on funding model; fully committed equalisation fund	-	0.49
Other Corporate Items	For Example ITS/Capacity Fund, severance fund	-	4.95
Single Status	Provision for equal pay settlement	-	11.92
Other Provisions	For example Bad Debt Provision and Pride Funding Reserve	-	5.90
Specific Earmarked Service Balances	Residual balances held by services following a rigorous review of balances undertaken	-	3.35
<b>Residual General Working Balances</b>			<b>22.51</b>
<b>Made up of:</b>			
<b>One Off Funds</b>	<b>Identified to support the Medium Term Budget Strategy</b>		<b>17.85</b>
One Off Funds	General/Special Fund Balances		4.66
			<b>22.51</b>

**Schedule of Provisions, Reserves and Balances**

Balance Sheet Structure	Description	April 2017 Opening		April 2018 Opening		April 2019 Opening		April 2020 Opening		Estimated Closing Balance 31/3/2021	Purpose - brief reason for the reserve/balance	Comment on level/appropriateness of value held
		Actual Closing Balance 31/3/2017	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	Estimated Change during 2020/21			
<b>General / Special Fund Balances</b>												
Special Fund Bals	Special Fund Balance	(974,261.72)		(974,261.72)		(974,261.72)		(974,261.72)		(974,261.72)	Working balance	Sufficient
General Fund Bals	General Fund Balance	(3,682,611.42)		(3,682,611.42)		(3,682,611.42)		(3,682,611.42)		(3,682,611.42)	General Fund Working Balance	Forms part of minimum level of balances required
Reserves	Budget Strategy Reserve	(12,620,094.93)	100,000.00	(12,520,094.93)		(12,520,094.93)		(12,520,094.93)		(12,520,094.93)	Feeds into budget strategy	
<b>Total General / Special Fund Balances</b>		<b>(17,276,968.07)</b>	<b>100,000.00</b>	<b>(17,176,968.07)</b>	<b>0.00</b>	<b>(17,176,968.07)</b>	<b>0.00</b>	<b>(17,176,968.07)</b>	<b>0.00</b>	<b>(17,176,968.07)</b>		
<b>Specific Commitments not Available</b>												
Reserves	Collection Fund Reserve Fund	(1,099,000.00)	(2,475,000.00)	(3,574,000.00)		(3,574,000.00)		(3,574,000.00)		(3,574,000.00)	Drawn down balance from Collection fund surplus.	Feeds into budget strategy
Coll Fund	Collection Fund Surplus	(2,980,888.66)	2,475,000.00	(505,888.66)		(505,888.66)		(505,888.66)		(505,888.66)	Estimated collection fund balance available to draw down as part of budget strategy	
Reserves	Business Rates Equalisation Account		(1,250,000.00)	(1,250,000.00)		(1,250,000.00)		(1,250,000.00)		(1,250,000.00)	To fund any business rates volatility / impact of changes to the retained rates system	
Reserves	Capital Funding Reserve	(1,460,962.28)	1,000,000.00	(460,962.28)		(460,962.28)		(460,962.28)		(460,962.28)	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)	700,000.00	(800,000.00)	300,000.00	(500,000.00)		(500,000.00)		(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	(196,545.22)	95,000.00	(101,545.22)	50,000.00	(51,545.22)	51,545.22	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)	(24,080.00)	(24,080.00)	(48,160.00)	(24,080.00)	(72,240.00)	(24,080.00)	(96,320.00)	Reserve to fund future cost of replacement	Value set as per the Business model
Reserves	Severance Fund	(1,750,000.00)		(1,750,000.00)		(1,750,000.00)		(1,750,000.00)		(1,750,000.00)	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	(461,770.24)	461,770.24	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 17. A new provision will be created at 31 3 18.	Fully committed.
reserves	Pride in Your Community - Funding Reserve	(4,155,140.00)	434,000.00	(3,721,140.00)	434,000.00	(3,287,140.00)	434,000.00	(2,853,140.00)	434,000.00	(2,419,140.00)	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	(2,112,511.82)	100,000.00	(2,012,511.82)		(2,012,511.82)		(2,012,511.82)		(2,012,511.82)	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	(244,115.87)	(500,000.00)	(744,115.87)	300,000.00	(444,115.87)	395,000.00	(49,115.87)		(49,115.87)	Approved as part of 2017/18 budget strategy to support the Voluntary Sector	
School Bals	School Balances	(5,119,668.40)	750,000.00	(4,369,668.40)	1,000,000.00	(3,369,668.40)	1,000,000.00	(2,369,668.40)	1,000,000.00	(1,369,668.40)	This represents school balances held by the LA 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.) This balance includes the balances on the collective self insurance schemes (supply, maternity and theft and vandalism) that T&W offers to maintained schools, previously held on YFAB, YFAC and YFAD. Premiums are renewed annually to ensure that they are broadly in line with costs, but there are inevitable in-year variations, leading to year end balances.	
Provision	Single Status - DSG and Schools	(3,925,855.11)		(3,925,855.11)		(3,925,855.11)		(3,925,855.11)		(3,925,855.11)	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	Local Safeguarding Board	(26,930.13)	10,000.00	(16,930.13)	10,000.00	(6,930.13)	5,000.00	(1,930.13)	1,930.13	0.00	T&W Share of Partnership reserve to support the work of the Local Safeguarding Board	
Reserves	SDG Balances	(3,334.83)	1,000.00	(2,334.83)	1,000.00	(1,334.83)	334.83	(1,000.00)		(1,000.00)	School Development Group Fund - monies used to support development of Learning Communities by schools	Balance held on behalf of schools.

**Schedule of Provisions, Reserves and Balances**

Balance Sheet Structure	Description	April 2017 Opening		April 2018 Opening		April 2019 Opening		April 2020 Opening		Estimated Closing Balance 31/3/2021	Purpose - brief reason for the reserve/balance	Comment on level/appropriateness of value held
		Actual Closing Balance 31/3/2017	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	Estimated Change during 2020/21			
Reserves	Early Years	(105,830.59)	25,000.00	(80,830.59)	25,000.00	(55,830.59)	25,000.00	(30,830.59)		(30,830.59)	ring fenced fund for PVI early years sector used to pay for refurb and R&M on early years provision	reasonable
Reserves	Early Years	(99,151.72)	30,000.00	(69,151.72)	30,000.00	(39,151.72)	39,151.72	0.00		0.00	To sustain existing nursery provisions in key areas of need	
Reserves	Hadley PFI Sinking Fund	(1,087,739.48)	150,000.00	(937,739.48)	150,000.00	(787,739.48)	150,000.00	(637,739.48)	150,000.00	(487,739.48)	Equalisation account relating to Hadley PFI	Based on the funding model - fully committed
Reserves	Invest to Save Reserve	(91,087.00)	76,858.00	(14,229.00)	12,444.00	(1,785.00)	1,785.00	0.00	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)	75,000.00	(149,969.05)	75,000.00	(74,969.05)	74,969.05	0.00	Reserve to be used to aid with the ongoing rationalisation of the PIP resulting pressures on Income and Service Charge voids.	
Reserves	Dilapidations - PIP	(169,791.40)	169,791.40	0.00		0.00		0.00		0.00	Committed spend on Hollinswood House & Stafford Park 15 and a number of other properties in relation to dilapidations.	
Reserves	Granville House	(63,475.20)	63,475.20	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
Provision	Land Charges Provision	(43,974.89)		(43,974.89)		(43,974.89)		(43,974.89)		(43,974.89)	Created to cover litigation costs; settlement finalised and awaiting final costs.	
<b>Total Specific Commitments</b>		<b>(38,851,813.41)</b>	2,304,854.84	<b>(36,546,958.57)</b>	<b>2,363,364.00</b>	<b>(34,183,594.57)</b>	<b>2,152,736.77</b>	<b>(32,030,857.80)</b>	<b>1,636,819.18</b>	<b>(30,394,038.62)</b>		
<b>Specific Earmarked Balances Identified as Risks</b>												
Debtors	Bad Debt Provision	(3,484,401.46)		(3,484,401.46)		(3,484,401.46)		(3,484,401.46)		(3,484,401.46)	To cover bad debts	Level based on formula
Reserves	Corporate Capacity / Invest to Save Fund	(7,944,940.44)	1,580,000.00	(6,364,940.44)	1,580,000.00	(4,784,940.44)	1,580,000.00	(3,204,940.44)	1,580,000.00	(1,624,940.44)	Various initiatives to build capacity and provide funding to deliver future savings. Includes support to partner organisations who take on the delivery of services.	
Reserves/Provision/Creditor	Insurance Funds	(236,217.09)		(236,217.09)		(236,217.09)		(236,217.09)		(236,217.09)	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	(228,953.00)		(228,953.00)		(228,953.00)		(228,953.00)		(228,953.00)	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)		(39,286.80)		(39,286.80)		(39,286.80)	This is cost of the ongoing maintenance of the Attenuation basin at Erccall Wood - to be transferred to another area when identified.	
<b>Total Specific Earmarked Balances Identified as Risks</b>		<b>(12,878,647.57)</b>	1,655,000.00	<b>(11,223,647.57)</b>	<b>1,655,000.00</b>	<b>(9,568,647.57)</b>	<b>1,655,000.00</b>	<b>(7,913,647.57)</b>	<b>1,655,000.00</b>	<b>(6,258,647.57)</b>		
<b>Specific Earmarked Service Balances</b>												
Reserves	Elections Equalisation Reserve	(122,990.91)	(55,000.00)	(177,990.91)	(55,000.00)	(232,990.91)	100,000.00	(132,990.91)	55,000.00	(77,990.91)	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	Voluntary Sector Support	(500,000.00)	500,000.00	0.00		0.00		0.00		0.00	To support new approaches to joint working with the voluntary sector and community groups aligned to the delivery of ongoing savings.	
Reserves	Madeley Sports Hub (3 g pitch)	(427,000.00)		(427,000.00)	427,000.00	0.00		0.00		0.00	Fully committed to the capital programme.	
Reserves	50th Anniversary Events	(200,000.00)	200,000.00	0.00		0.00		0.00		0.00	Funding to support events to celebrate Telford's 50th anniversary; approved in 16/17 outturn report.	
Reserves	Estate Car parking	(750,000.00)	50,000.00	(700,000.00)	700,000.00	0.00		0.00		0.00	Funding for estate car parking improvements - approved in 16/17 outturn report.	
Reserves	Public Realm - Southwater Greenspace	(400,000.00)		(400,000.00)	400,000.00	0.00		0.00		0.00	Committed to the development of Southwater public realm; approved in 16/17 outturn report.	
Reserves	OD Initiatives	(250,000.00)	250,000.00	0.00		0.00		0.00		0.00	Investment in the workforce; approved in 17/18 budget strategy	
Reserves	Footway Programme Funding	(1,400,000.00)	550,000.00	(850,000.00)	850,000.00	0.00		0.00		0.00	To improve pavements across the borough as part of the Pride Programme	
Reserves	Destination Telford Funding	(275,000.00)		(275,000.00)	275,000.00	0.00		0.00		0.00	To promote Telford as a place to visit or live as part of the drive for inward investment.	
Reserves	Single Status Project Team	(345,337.30)	20,000.00	(325,337.30)	20,000.00	(305,337.30)	150,000.00	(155,337.30)	150,000.00	(5,337.30)	Required to fund single status project work (including legal and consultancy costs) and preparation for implementation	
Reserves	Community Right to Challenge	(8,547.00)		(8,547.00)		(8,547.00)		(8,547.00)		(8,547.00)	Funding to support any additional cost arising	

**Schedule of Provisions, Reserves and Balances**

Balance Sheet Structure	Description	April 2017 Opening		April 2018 Opening		April 2019 Opening		April 2020 Opening		Estimated Closing Balance 31/3/2021	Purpose - brief reason for the reserve/balance	Comment on level/appropriateness of value held
		Actual Closing Balance 31/3/2017	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	Estimated Change during 2020/21			
Reserves/Provision	Balance Control Mechanism / Residual balances from closed schools	(167,040.88)	50,000.00	(117,040.88)	50,000.00	(67,040.88)	50,000.00	(17,040.88)	17,040.88	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)	35,000.00	(13,239.90)	13,239.90	0.00		0.00		0.00	Required to Support Early Help Action Plan, employment of an additional BSO.	
Reserves	Joint Commissioning Balance	(26,438.59)		(26,438.59)	10,000.00	(16,438.59)	16,438.59	0.00		0.00	To support ongoing restructure to deliver savings	
Reserves	Childrens Services	(30,393.80)	30,393.80	0.00		0.00		0.00		0.00	To be used to support strengthening practice initiative - work with Kensington & Chelsea council.	
Reserves	Safer Communities cwfd	(30,110.90)	30,110.90	0.00		0.00		0.00		0.00	Committed to fund CCTV work due to take place in 2017/18	
Reserves	Youth Projects Support	(39,021.37)	2,122.00	(36,899.37)	0.00	(36,899.37)	0.00	(36,899.37)	0.00	(36,899.37)	Funding of Youth Parliament and required to build community capacity and resilience for Youth and Family support	
Reserves	Education Welfare Balance	(44,967.89)	27,000.00	(17,967.89)	10,000.00	(7,967.89)	7,967.89	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	(419,149.82)	275,000.00	(144,149.82)		(144,149.82)		(144,149.82)		(144,149.82)	Monies carried forward as a reserve against the possible unfavourable balance on schools conversions to academy status. 2017/18 call on reserve is based upon Charlton's expected sponsored conversion during 2017/18 and an estimate of the deficit at the conversion date.	
Reserves	PCT monies	(229,625.29)	9,428.00	(220,197.29)	0.00	(220,197.29)	0.00	(220,197.29)	0.00	(220,197.29)	Committed to budget strategy	
Reserves	Transforming Social Care Grant	(66,964.06)	19,751.00	(47,213.06)	47,213.06	0.00	0.00	0.00	0.00	0.00	Funds posts supporting the transformation of ASC	
Reserves	Young Persons Substance Misuse	(9,832.50)	9,832.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	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	(139,423.40)		(139,423.40)	50,000.00	(89,423.40)	50,000.00	(39,423.40)	39,423.40	0.00	For standards investigations and Legal Staffing	
Reserves	Customer Services & Benefits	(292,775.35)	80,000.00	(212,775.35)	140,000.00	(72,775.35)	45,000.00	(27,775.35)	27,775.35	0.00	To support additional staffing costs as a result of Welfare Reform changes and to support the revenue position.	
Reserves	Member Dvpt Reserve	(5,000.00)		(5,000.00)	5,000.00	0.00		0.00		0.00	To be spent on training and equipment as required	
Reserves	Coalbrookdale Water Course	(128,658.65)	50,000.00	(78,658.65)	0.00	(78,658.65)	50,000.00	(28,658.65)		(28,658.65)	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	Environmental Pressures	(758,826.43)	400,000.00	(358,826.43)	230,495.98	(128,330.45)	128,330.45	0.00		0.00	This includes Pride funding 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	Sums held on behalf of others	(9,810.45)	9,810.45	0.00		0.00		0.00		0.00		
Reserves	Development Planning System	(100,000.00)	100,000.00	0.00		0.00		0.00		0.00	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	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	Destination Telford .	Fully committed in 16/17, supplementing Destination Telford.

**Schedule of Provisions, Reserves and Balances**

Balance Sheet Structure	Description	April 2017 Opening		April 2018 Opening		April 2019 Opening		April 2020 Opening		Estimated Closing Balance 31/3/2021	Purpose - brief reason for the reserve/balance	Comment on level/appropriateness of value held
		Actual Closing Balance 31/3/2017	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	Estimated Change during 2020/21			
Fund Balances	Destination Telford	(25,678.93)	25,678.93	0.00		0.00		0.00		0.00	Destination Telford .	Committed in 17/18.
Reserves	Development Control Highways	(14,251.46)	14,251.46	0.00		0.00		0.00		0.00	Highways Development Control officer post.	Committed in 17/18.
Reserves	Environmental Services Gen Reserve	(25,000.00)	25,000.00	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	Cashless Catering	(292,981.00)	175,000.00	(117,981.00)	117,981.00	0.00		0.00		0.00	Reserve to fund Cashless catering upgrade.	
Reserves	Leisure Grant Holding Account	(37,325.57)	37,325.57	0.00		0.00		0.00		0.00		Committed to in year position.
Reserves	Sponsorship Fund	(86,909.26)		(86,909.26)		(86,909.26)		(86,909.26)		(86,909.26)	Funding for apprentices	
Reserves	Local Plan Enquiry	(129,289.19)	129,289.19	0.00		0.00		0.00		0.00	Public Examination of Local Plan	Enquiry completed in 2017. Awaiting final invoices.
Reserves	Planning Appeal costs	(46,623.50)	46,623.50	0.00		0.00		0.00		0.00	Set aside for legal costs associated with planning appeals.	There is no revenue budget available for these costs and therefore balance is required to reduce revenue pressure.
Reserves	Definitive Mapping Fund	(19,861.75)	19,861.75	0.00		0.00		0.00		0.00	Set aside to fund Technician post up to Sept 2017.	Committed to in year position.
Reserves	Youth Unemployment	(943,520.85)	343,520.85	(600,000.00)	300,000.00	(300,000.00)	300,000.00	0.00		0.00	Reserve created to extend Tackling Youth unemployment up to 2020.	
Reserves	Bus Subsidy Reserve	(375,000.00)	154,038.00	(220,962.00)	150,000.00	(70,962.00)	70,962.00	0.00		0.00	To fund the shortfall in subsidised bus routes	
Reserves	Housing Investment Programme	(101,198.58)	101,198.58	0.00		0.00		0.00		0.00	Reserve for Housing investment costs council side	
Reserves	HCA Liability Fund	(1,802,542.80)	147,000.00	(1,655,542.80)	582,000.00	(1,073,542.80)		(1,073,542.80)		(1,073,542.80)	received as part of HCA land deal; fully committed	
Reserves	Waste Contract Sinking Fund	(1,541,226.95)	312,615.00	(1,228,611.95)	312,615.00	(915,996.95)	390,000.00	(525,996.95)		(525,996.95)	Enable the ongoing management of new Waste contract.	Fully committed for new Waste contract.
Reserves	Pride in Your Community	(91,167.28)	91,167.28	0.00		0.00		0.00		0.00	Fully committed for Pride	
Reserves	Grounds & Cleansing Contract	(149,640.00)		(149,640.00)	149,640.00	0.00		0.00		0.00	To support the re-procurement of the Highways contract and Grounds & Cleansing contract. Will be used in 2018/19 for Legal, Commercial and Finance Support	
Reserves	Telford Town Park Commuted Sums	(39,980.00)	(19,990.00)	(59,970.00)	(19,990.00)	(79,960.00)	(19,990.00)	(99,950.00)		(99,950.00)	Balance to be built up over 10 years to fund management and maintenance plan for further ten years after 2020.	
Reserves	Parish Environmental Teams	(670,807.26)	237,642.00	(433,165.26)	230,000.00	(203,165.26)	203,165.26	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	Campaigns and Marketing	(250,000.00)	30,000.00	(220,000.00)	120,000.00	(100,000.00)	100,000.00	0.00		0.00	To support initiatives.	
Reserves	Capital grant funding held as a reserve	(447,433.55)		(447,433.55)		(447,433.55)		(447,433.55)		(447,433.55)	Committed to funding the capital programme	
Reserves	Changing Futures	(14,185.00)		(14,185.00)		(14,185.00)		(14,185.00)		(14,185.00)	Monies received from CCG to support Safeguarding initiative in relation to Family Nursing	

**Schedule of Provisions, Reserves and Balances**

Balance Sheet Structure	Description	April 2017 Opening		April 2018 Opening		April 2019 Opening		April 2020 Opening		Estimated Closing Balance 31/3/2021	Purpose - brief reason for the reserve/balance	Comment on level/appropriateness of value held
		Actual Closing Balance 31/3/2017	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	Estimated Change during 2020/21			
Reserves	Transport	(28,000.00)	0.00	(28,000.00)	28,000.00	0.00		0.00		0.00	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	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	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)	5,000.00	(4,351.81)	Supports charitable housing options e.g Manning Place & KIP project	
Reserves	New Technology	(100,009.92)	10,000.00	(90,009.92)	20,000.00	(70,009.92)	20,000.00	(50,009.92)	20,000.00	(30,009.92)	Committed to Financial Management system development	
Reserves	Catering Control Account	(11,545.42)	11,545.42	0.00		0.00		0.00		0.00	Funding to Support Lets Cook Project and other initiatives if required	Committed in 17/18.
reserves	Organisational Improvement Fund	(62,181.20)	(411,072.80)	(473,254.00)	100,000.00	(373,254.00)	100,000.00	(273,254.00)	100,000.00	(173,254.00)	To fund Organisational Improvement Programme	
Reserves	Cooperative Council Initiatives	(245.15)	245.15	0.00		0.00		0.00		0.00	To pump prime new income initiatives	
Reserves	Library Self Service Facilities	(27,522.44)	27,522.44	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	(81,244.99)	39,000.00	(42,244.99)	10,000.00	(32,244.99)	10,000.00	(22,244.99)	10,000.00	(12,244.99)	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)		(4,959.69)		(4,959.69)		(4,959.69)	For replacement equipment	
Reserves	Corporate Communications Reserve	(6,050.00)	6,050.00	0.00		0.00		0.00		0.00	To fund Gov Connect and training costs.	
Reserves	Car parking Enforcement	(10,500.00)	10,500.00	0.00		0.00		0.00		0.00	To support budget position	
Reserves	Delivery & Planning Reserve	(26,877.97)	(35,619.00)	(62,496.97)		(62,496.97)		(62,496.97)		(62,496.97)	IEWM Grant to fund training costs	
Reserves	Finance	(65,268.81)		(65,268.81)		(65,268.81)		(65,268.81)		(65,268.81)	To provide specialist advice, additional hours and support for Finance	
Reserves	Modern Apprentice Reserve	(75,000.00)	7,000.00	(68,000.00)	7,000.00	(61,000.00)	7,000.00	(54,000.00)	7,000.00	(47,000.00)	To fund modern apprentices across the 2 accountancy teams (no base budget).	
Reserves	Treasury Management Reserve	(60,000.00)	30,000.00	(30,000.00)	30,000.00	0.00		0.00		0.00	Set aside to provide support for any technical advice needed	
Reserves	Revenues Reserve	(160,000.00)		(160,000.00)		(160,000.00)		(160,000.00)		(160,000.00)	To support the service provision.	
Reserves	Resource Link Reserve	(125,000.00)		(125,000.00)	125,000.00	0.00		0.00		0.00	To support the implementation of the new HR	
Reserves	Rights of Way Reserve	(100,000.00)	100,000.00	0.00		0.00		0.00		0.00	To fund improvements and upgrades	
Reserves	Transport & Highways Reserve	(150,000.00)	150,000.00	0.00		0.00		0.00		0.00	Used to fund shortfall in Engineering income target for 2017/18	
Reserves	Public Protection Reserve	(25,000.00)		(25,000.00)	12,500.00	(12,500.00)	12,500.00	0.00		0.00	Required to support revenue budget	
Reserves	High Street Challenge	(700,000.00)	100,000.00	(600,000.00)	600,000.00	0.00		0.00		0.00	To support improvements and growth in our High Streets	
Reserves	PCT Contribution to Health Hub	(30,000.00)	30,000.00	0.00		0.00		0.00		0.00	To fund channel shift costs in 2017/18	
Reserves	Co Operative Council & Commercial Projects Fund- Reserve	(47,250.26)	47,250.26	0.00		0.00		0.00		0.00	To be used for Commercial projects - and other issues - Wellington Health Suite / Private Wire feasibility. May not be required until 18/19.	
Reserves	Fleet Reserve	(77,130.00)	77,130.00	0.00		0.00		0.00		0.00	To be used to purchase outright Bus in 17/18.	
Reserves	Town Park - High Ropes	(30,000.00)	30,000.00	0.00		0.00		0.00		0.00	To fund the I2S High Ropes development.	Committed in 17/18.
Reserves	CLM Licence	(3,350.00)	3,350.00	0.00		0.00		0.00		0.00		
Reserves	Child Sexual Exploitation	(6,480.00)	3,240.00	(3,240.00)	3,240.00	0.00		0.00		0.00	Used to fund support for CSE cases	
Reserves	Transformation Posts Reserve	(98,000.00)	27,535.00	(70,465.00)	51,870.00	(18,595.00)	18,595.00	0.00		0.00	To support transformation of EHS and delivery of new Target operating model	
Reserves	Unaccompanied Asylum Seekers	(48,885.00)	48,885.00	0.00		0.00		0.00		0.00	All to be applied in 17/18 to offset costs incurred supporting unaccompanied asylum seekers	
Reserves	Community Engagement Reserve	(11,687.00)		(11,687.00)		(11,687.00)		(11,687.00)		(11,687.00)		
Reserves	My Options	(52,774.35)	30,000.00	(22,774.35)	0.00	(22,774.35)	0.00	(22,774.35)	0.00	(22,774.35)		
Reserves	Social Work Training Reserve	(19,020.71)	19,020.71	0.00		0.00		0.00		0.00	Used to support social work placements	
reserves	Public Health Grant	(258,937.87)		(258,937.87)		(258,937.87)		(258,937.87)		(258,937.87)	Fully Committed for use in 2017/18 - 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	Change Programme	(140,000.00)	16,076.00	(123,924.00)	123,924.00	0.00		0.00		0.00	To support work on CIP and Target Operating Model changes including locality working.	
Reserves	Workforce Development	(18,654.00)	18,654.00	0.00	0.00	0.00	0.00	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	

**Schedule of Provisions, Reserves and Balances**

Balance Sheet Structure	Description	April 2017 Opening		April 2018 Opening		April 2019 Opening		April 2020 Opening		Estimated Closing Balance 31/3/2021	Purpose - brief reason for the reserve/balance	Comment on level/appropriateness of value held
		Actual Closing Balance 31/3/2017	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	Estimated Change during 2020/21			
Reserves	Winter Pressures	(125,000.00)	50,000.00	(75,000.00)	50,000.00	(25,000.00)	25,000.00	0.00	0.00	0.00	To meet any additional costs as a result of pressure on ASC and the hospitals	
Reserves	Care Bill Phase 2	(140,000.00)	10,000.00	(130,000.00)	30,000.00	(100,000.00)	100,000.00	0.00	0.00	0.00	In place to continue to work towards the implementation of the Care Act phase 2 or any alternative proposed by the Government - additional resources requirement.	In line with reserves previously required for Phase 1
Reserves	Capacity Building Projects	(160,000.00)	0.00	(160,000.00)	84,565.00	(75,435.00)	75,435.00	0.00	0.00	0.00	To fund additional posts as and when required to meet capacity issues	Limited funding
Reserves	Adults Safeguarding Board	(38,066.03)	24,240.00	(13,826.03)	6,318.00	(7,508.03)	7,508.03	0.00	0.00	0.00	Relates to any carryforward of the funding made by the Council as part of the arrangement with Partners - to be reinvested in the work of the Board.	
Reserves	S75 BCF Pool	(159,922.40)	37,593.00	(122,329.40)	122,329.40	0.00	0.00	0.00	0.00	0.00	Reinvestment of any underspend of the amount paid to the Council via the BCF pooled arrangement	
Reserves	BCF/TCP Section 75 Agreement Pooled Fund Reserve	(330,000.00)	0.00	(330,000.00)	0.00	(330,000.00)	0.00	(330,000.00)	0.00	(330,000.00)	In place for mitigation of any financial risks associated with BCF or TCP. Uncertainty around TCP funding transfers and pressure on BCF schemes to deliver target DTOC	A TCP placement due to complexity could be in the region of £200k per annum
Reserves	Homelessness Prevention	(19,175.00)	19,175.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Reserve to fund ManInPlace in 17/18.	Committed in 17/18.
Reserves	Growth Hub Development	(10,045.95)	8,950.00	(1,095.95)	1,095.95	0.00	0.00	0.00	0.00	0.00		Committed in 17/18.
Reserves	Green Deal Funding	(2,039.94)	2,039.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	To be repaid.	Repaid in 17/18.
Reserves	Innovation fund	(98,174.00)	89,000.00	(9,174.00)	9,174.00	0.00	0.00	0.00	0.00	0.00	Fund set aside to support promotions of High Streets and Local centres. Residual projects ongoing.	
Reserves	Revitalise Fund (Pride In Your High Street)	(386,031.27)	386,031.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Revitalise fund approved to fund Bids put	Full value committed to fund Revitalise Fund
Reserves	Creative Development	(25,783.46)		(25,783.46)		(25,783.46)		(25,783.46)		(25,783.46)	Fund set aside for new culture zone website and events	
Reserves	Time for Me offer	(14,610.50)		(14,610.50)		(14,610.50)		(14,610.50)		(14,610.50)	Pooled budget relating to ongoing projects	
Reserves	Leisure/Aspirations Invest to Save Funding	(82,912.02)	82,912.02	0.00	0.00	0.00	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.	No budgeted provision
Reserves	ICT Reserves & Provisions	(171,076.54)	146,201.00	(24,875.54)	24,875.54	0.00	0.00	0.00	0.00	0.00	Support Pricing model, various posts and contributions to capital.	Fully required.
Reserves	Tennis Centre Sinking Fund			0.00		0.00		0.00		0.00	Sinking Fund	
Reserves	Procurement Advice reserve	(29,561.00)	29,561.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	For GPC Advice & Procurement systems	
Reserves	TCP Commissioning Contribution	(37,325.00)	37,325.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Reserves	World Heritage Lottery Fund	(5,000.00)	5,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Now agreed with IGMT	
Reserves	Young Persons Substance Misuse	(74,891.17)	62,891.17	(12,000.00)		(12,000.00)		(12,000.00)		(12,000.00)	funding of a peer support and mentoring offer for children and young people with drug and alcohol problems	
Reserves	Street Games	(2,353.08)	2,353.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Grant funding	
Reserves	Culture	(54,257.58)	25,700.00	(28,557.58)	28,557.58	0.00	0.00	0.00	0.00	0.00	To fund ongoing events	
Reserves	Carers Services	(29,500.24)	29,500.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Supports delivery of future strategy-ie support for respite	
Reserves	Accommodation	(20,625.32)	20,625.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	To be used to support Accommodation Strategy.	Committed in 17/18.
<b>Total Specific Earmarked Service Balances</b>		<b>(19,278,767.11)</b>	<b>6,055,187.32</b>	<b>(13,223,579.79)</b>	<b>6,643,644.41</b>	<b>(6,579,935.38)</b>	<b>2,022,912.22</b>	<b>(4,557,023.16)</b>	<b>431,239.63</b>	<b>(4,125,783.53)</b>		
Overall Total		(88,286,196.16)	10,115,042.16	(78,171,154.00)	10,662,008.41	(67,509,145.59)	5,830,648.99	(61,678,496.60)	3,723,058.81	(57,955,437.79)		

**APPENDIX 10 - Section 106 Monetary Contributions Received and Expended for Education Purposes 01/04/17 to 31/10/17**

Planning Application No	Scheme	Bal brought forward	Income	Expenditure	Bal Carried forward	Project
W2010/0011	Wakins Nursery Apley Castle	-30394.36	0.00	30416.94	22.58	To be used within vicinity of development - either HLC, Millbrook or Apley Wood (solutions currently being considered)
TWC/2012/0320 & TWC/2013/0720	Land off Sommerfield Road	-247331.00	0.00	247516.52	185.52	To be used within vicinity of development - either HLC, Millbrook or Apley Wood (solutions currently being considered)
TWC/2011/1037	Land at The Walker Institute (Phase 2)	-38151.68	0.00	38179.79	28.11	Will be used for expansion in North East Telford - project yet to be confirmed.
W2006/1347	Leegomery Centre	-27693.16	0.00	27713.90	20.74	To be used within vicinity of development - either HLC, Millbrook or Apley Wood (solutions currently being considered)
TWC/2011/0821	Land at Wellington Rd Newport	-773930.68	0.00	341579.20	-432351.48	New primary provision & expansion of secondary provision Burton Borough Music block
TWC/2013/0938	Land to the South Side of Holyhead Rd	-100747.00	-1962.32	0.00	113.93	Will be used for expansion in North West Telford - project yet to be confirmed.
W2005/0659 & W2007/1161	Land @ Britannia Way	-91451.47	0.00	91520.02	68.55	To be used within vicinity of development - HLC primary extension
TWC/2012/0211	Land at Maynards Croft Newport	-38804.28	0.00	38832.57	28.29	Newport Infant 2 class extension project - completed
TWC/2013/0297	Land off Edgmond Rd Newport	-207451.18	0.00	0.00	-207451.18	To be used toward expansion of education facilities in Newport area - project yet to be confirmed
TWC/2014/1122	Land at junction of Storchley Ave Randlay	-40272.76	0.00	40303.91	31.15	Storchley Primary School Kitchen Refurbishment (16/17)
TWC/2014/0484 & TWC/2016/0332	Land West of The Cedars Rodington	0.00	-26971.99	0.00	-26971.99	Contribution towards primary facilities towards the new Allscott Primary School
TWC/2016/0535	Springfields Industrial Estate Newport	0.00	-94181.00	0.00	-94181.00	Contribution towards remodeling Newport Infant School & Changing Rooms at Burton Borough
TWC/2013/0855	Land rear of Willow Tree Cottage Station Rd Newport	0.00	-114228.00	0.00	-122715.80	Contribution towards remodeling Newport Infant School & Changing Rooms at Burton Borough
TWC/2013/0083	Land at Hadley Park West ( Oakehampton Rd)	-497480.74	-5823.27	503725.91	421.90	HLC Primary remodeling
TWC/2012/0886	Land at 121-125 Hadley Park Road	-39583.24	0.00	39595.88	12.64	HLC Primary remodeling
TWC/2014/0333	Land at Corner of Stafford Rd/A41 Newport	-74118.00	-147373.50	0.00	-230244.66	To be used toward expansion of education facilities in Newport area - project yet to be confirmed
TWC/2010/0828	Lawley Primary New School	-334248.73	-273391.81	334248.73	-273391.81	1st & 2nd & 3 rd installment re new School at Lawley & school expansion plan sum
TWC/2013/0606	Land at Hadley Park Rd West Millar Homes	-6951.69	0.00	6956.25	4.56	HLC Primary Expansion
TWC/2012/0650 & TWC/2014/0237	Land off Doseley Works	0.00	-229985.25	0.00	0.00	Ladygrove Primary Expansion
TWC/2014/0273	Land at The Barnes Church Aston	-84621.06	-3877.32	86621.06	-1877.32	Moorfield Primary School Enhancement of classroom facilities
TWC/2010/0111 & TWC/2014/0258	Land at Former Ibstock Brickworks	0.00	-72000.00	0.00	29.14	Ladygrove Primary Expansion
TWC/2015/0028	Land at Frome Way Donnington	22.23	-22.23	0.00	0.00	Teagues Bridge Primary - 3 class & hall extension - completed
TWC/2013/0693	Heath Court, Cliff Cres Ellerdine	-21528.66	0.00	0.00	21.98	High Ercall Adaptations
TWC/2014/0656	Land adj to Stone House Shifnal Rd Priorslee	-18003.24	-788.37	0.00	-18791.61	Towards Primary Education

<b>Totals</b>	<b>-2672740.70</b>	<b>-970605.06</b>	<b>1827210.68</b>	<b>-1406987.76</b>
---------------	--------------------	-------------------	-------------------	--------------------

**-1406987.76**

<b>To 31/10/17</b>	<b>0.00</b>
--------------------	-------------

**APPENDIX 11**  
**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 Finance 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).

**Section 106 of the Local Government Finance Act 1992** makes it a criminal offence for any Member with arrears of Council Tax which have been outstanding for two months or more to attend any meeting of the Council or one of its committees at which a decision affecting the budget is to be made, unless the Member concerned declares at the outset of the meeting that he or she is in arrears, and will not be voting on the decision for that reason. The Member concerned must then abstain from voting.

**The Local Authorities (Standing Orders) (England) (Amendment)**

**Regulations 2014** provide that the Council's procedures must provide for the minutes to record how each Councillor voted (including any abstentions) when determining the Council's budget and the level of Council Tax to be levied

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 9 years has made £110m of ongoing savings to manage within its reducing resources. The Government has an objective to eliminate the national deficit and will continue to cut public spending as it aims to meet its target and while some parts of the sector, such as health and defence, are protected further cuts will inevitably fall on local authorities. The 2017 Autumn Budget was disappointing for local government as it contained no acknowledgement of the pressures being faced by Councils, particularly in relation to Adult Social Care and Children's Safeguarding.

The projected budget gap over the next three years for the Council is around £30m which will be met through a package of savings measures which are being developed in line with the core elements of the "Being the Change" organisational strategy. 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. The Council has adopted a new, approach to the budget consultation which will take place throughout the year, rather than being compressed into a 4 week period which will allow greater focus and interaction with the community. In parallel the Council is committed to investing in Telford's future and the strong financial management in recent years has allowed one-off sums to be invested in the borough ensuring that Telford is a prime place to live, work and do business in.

The Council has specifically prioritised Adult Social Care and Children's Safeguarding. After implementing the Government's new 2% "social care precept" the budget for Adult Social Care will increase by £2.2m next year; and Children's Safeguarding & Early Help services will increase by £1.9m 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.

As mentioned, the Council's medium term service and financial strategy has 4 core elements in line with the Being the Change ethos, 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 and refreshed in March 2017.

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 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.

2018/19 is the sixth year in which local government funding is provided through the Business Rates Retention Scheme and the penultimate year of the multi-year settlement. Under this system, authorities retain 50% (49% for Telford & Wrekin Council and 1% for the Combined Fire Authority) of growth in locally collected 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, claim significant empty property reliefs or lodge successful appeals to the Government’s Valuation Office Agency against their rateable value. Ensuring business rates income is maximised is a key priority for the Council which is being closely monitored. The announcement to move to at least 75% business rates retention by 2020/2021 is in principle welcomed however we await further technical consultation for more details to fully understand the implications for us.

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 £110m, the long-term service redesign, particularly in relation to Adult Social Care and Children Safeguarding & Early Help 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 2018/19 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.

Due to the ongoing scale of savings required which will inevitably be more challenging on top of the savings already delivered, the Council has developed a new approach to the development of future savings proposals which will allow more time for consultation with stakeholders about options to minimise impacts. Going forward, therefore, proposals will be developed as soon as opportunities arise and capacity allows, rather

than concentrating consultation through the 4 week period as part of the annual budget process. This will allow meaningful engagement with our community and partners to develop creative solutions and will mean that the budget engagement process will take place throughout the year as an ongoing dialogue.

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 75% 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 £3m next year; in addition a further £1m one off budget facility has also been set aside specifically for Adult Social Care and Children's Services. Additional funding is also being made available to increase the Adult Social Care by £2.2m next year and for Children's Safeguarding & Early Help by £1.9m. In addition, additional funding from the Invest to Save/Capacity Fund totalling £1m for Children's Safeguarding & Early Help and £0.4m for Adult Social Care was made available during 2017/18 to deliver benefits in later years.

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. The current risk register is included at Appendix 16 of this report.

## **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.

**2018/19 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 £3m and one-off funding of £1m for Adult Social Services and Children’s Safeguarding & Early Help combined. A risk assessed review of reserves and balances has been undertaken which has identified uncommitted balances of £17.85m prior to any remaining underspend at year end which is taken into account as part of this medium term financial and service planning strategy.

<p><u>Inflation</u></p> <p>Pay Award</p> <p>Apprentice Levy</p> <p>Employer’s Pension Contribution</p> <p>Employer’s National Insurance Contribution</p> <p>Non-Pay budgets</p>	<p>2.7% has been included for pay awards for 2018/19 and 2019/20 and 2% for 2020/21; and 2% has been included for 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.</p> <p>An allowance of 0.5% of the pay bill is included to meet the cost of the Apprentice Levy during 2018/19. Schools will pick up the cost of their element of the levy.</p> <p>The Shropshire Pension Fund had a funding level of 84% at 31 March 2016, the date of the last triennial evaluation undertaken by independent actuaries. Following this and discussion and negotiation with Pension Fund Officers, the employers’ rate was set at 14.1% plus a lump sum payment agreed for each year (£3.7m in 18/19) which has been included in budget projections. It should be noted that the next triennial evaluation will be at 31 March 2019 for implementation in 2020/21 and the position will be updated at this point.</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>
---	---

Contingencies	<p>There is a general contingency of £3m plus a further one off budget of £1m specifically for Adult Social Care and Children’s Safeguarding &amp; Early Help.</p>
Service Pressures	<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 Adult Social Care and Children’s Safeguarding &amp; Early Help.</p> <p>Children’s Safeguarding &amp; Early Help – there are currently 373 Children in Care (at 31.12.17) and financial monitoring shows a projected overspend of £3.3m in the current year. Safeguarding children from harm and neglect is one of the Council’s top priorities and the 2018/19 budget includes new revenue investment of £1.9m in this area. A further £1.0m 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 2019/20 service and financial planning process. The Service has developed a rolling 4 year placement model with the outcome to reduce the total number of placements.</p> <p>Adult Social Care – the Council has consistently prioritised the protection of vulnerable people and the level of cuts made to the Adult Social Care 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 £1.2m to be re-invested into Social Care to meet cost pressures in 2018/19. In total, the 2018/19 Adult Social Services budget will be increased by £2.2m. 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 £1m have been ring-fenced as additional contingency for Adult Social Care and Children’s Safeguarding &amp; Early Help.</p>
Central Government Funding / Local Government Resources Review	<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 the growth in locally collected business rates (49% for Telford &amp; 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 18/19 has been based on local information, which we consider to be more realistic than the</p>

	<p>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 £128m 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, the new Check, Challenge &amp; Appeals process and very limited information from the Valuation Agency Office.</p> <p>The Council has been prudent in allowing provision for business rates fluctuations and there is a one off £0.5m Business Rates Equalisation account to help smooth the variations in business rates income between years.</p>
Council Tax	<p>The Council will increase council tax by the 2% "Social Care Precept" and by an additional 1.2% (3.2% in total) in 2018/19.</p> <p>Confirmation of the referendum limit thresholds for 2018/19 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 a referendum and potential re-billing costs.</p>
Council Tax Support	<p>Telford &amp; Wrekin's Local Council Tax Support (CTS) Scheme was approved by Council in January 2018 which made no changes to the global percentage reduction in CTS paid to non-vulnerable, working age claimants set at 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 overall however the number of vulnerable claimants has increased. The impact of CTS has been included in the setting of the council tax base for 2018/19.</p>
Interest Rates	<p>Base rates were increased from 0.25% to 0.5% in November 2017 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 higher levels of inflation. The Bank of England's Quantitative Easing programme was £435bn. Our investment and borrowing strategies for 2018/19 are set within this context.</p> <p>The assumptions for new borrowing are 3.0% in 2018/19 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</p>

	<p>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	<p>The Treasury Strategy for 2018/19 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 management of risk. The 2018/19 Treasury Strategy was presented to Audit Committee on the 30 January for their consideration and comments and was supported by them. The Committee will monitor progress during the year.</p>
Dedicated Schools Grant (DSG)	<p>The figure allocated by the DfE in December 2017 for 2018/19 Dedicated Schools Grant was £145.8m (including academies). There are now four blocks making up the total DSG figure:</p> <ul style="list-style-type: none"> <li>• Schools;</li> <li>• High Needs;</li> <li>• Early Years; and</li> <li>• Central School Services.</li> </ul>
Schools Block	<p>The largest of these four blocks is Schools, which funds mainstream schools. This has increased by over £5m in 2018/19 to £111.3m, due to a combination of rising pupil numbers and an increase in funding arising from the start of the implementation of a national funding formula for schools. A similar increase in this block is expected in 2019/20</p>
High Needs	<p>The next largest block is High Needs at £21.3m. This too has increased compared to 2018/19, but remains insufficient to fund the costs of high needs. As a result the Schools Forum agreed that £0.55m should be transferred from the Schools Block to High Needs in 2018/19.</p>
Early Years	<p>The Early Years block, £12.0m, will be adjusted for actual numbers of early years pupils in January 2018 and January 2019 and so will be finalised retrospectively in Summer 2019. From September 2017, this block now includes funding for the extended 30 hours free provision for 3 and 4 years olds from working families.</p>

<p>Central School Services</p>	<p>The new Central School Services block, £1.1m, partly replaces the Education Services Grant, which ceased in August 2017. Funding for education central services – statutory obligations for local authorities, not discretionary support – has sharply declined in recent years. As an illustration of this, the Education Services Grant (ESG) for T&amp;W was £2.9m in 2013/14. Representatives of maintained schools on the Schools Forum agreed to de-delegate an additional £0.5m for 2018/19 to cover costs of statutory services that apply only to mainstream schools, but nonetheless the removal of the ESG has represented a further significant loss of funding to local authorities.</p>
<p>Estimates on the level and timing of capital receipts</p>	<p>The revenue budget and capital programme assume around £41m 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 has offered some flexibility on the use of capital receipts generated up to and including 2021/22. 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 and this will be and updated in future budgets.</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 2018/19 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 2018/19 onwards to reflect the type of asset i.e. these properties should 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). It should be noted that there are some potential changes to the Prudential Code for Capital Finance which have been subject to consultation but not yet finalised which may</p>

	<p>impact on MRP. The Treasury Strategy report includes a request for delegated authority to make any changes associated with this once the final regulations are implemented.</p>
Prudential Borrowing / Prudential Indicators	<p>The use of prudential borrowing is in line with the capital programmes approved by full Council.</p> <p>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>
Single Status	<p>The Single Status process is in progress with planned implementation during 2020/21. 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 2021/22 totalling £1.27m.</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>
Savings	<p>The Council has an excellent track record of delivering savings in accordance with agreed plans. Over the past 9 years savings totalling over £110m have been delivered. There is a schedule of additional 2018/19 savings proposals included in the strategy at Appendix 5 which will deliver savings over the medium term planning period. Total savings are expected to reach around £140m by 2020/21. There is a capital receipts flexibility to meet severance costs and the intention to increase the invest to save/capacity fund, which supports the delivery of ongoing savings, using the 2017/18 underspend.</p>
Financial Risks inherent in any new funding partnerships, major outsourcing deals or major capital developments	<p>There are a number of major capital projects that have been identified which require careful project management and monitoring during 2018/19 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. Major capital projects in the medium term strategy include the Housing Investment Programme and the Property Investment Portfolio Growth Fund.</p>
The availability of other funds to deal with major calls on contingencies	<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 £17.85m 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</p>

	<p>around £9.875m should remain at the end of 2019/2020. Current projections for 2017/18 indicate that over £4.6m will be available to increase balances at year end (including the ITS/Capacity Fund as mentioned above). 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 2017 was £216.6m; net additional prudential borrowing anticipated in 18/19 is £43.4m, 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 £41m 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, 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 2018/19 onwards is 99.25% which has been increased from 99% as high collection rates have been sustained since the introduction of Local Council Tax Support. For each 1% not collected the cost is approximately £0.605m 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="638 1456 957 1724"> <tr> <td>2012/13</td> <td>99.50%</td> </tr> <tr> <td>2013/14</td> <td>99.38%</td> </tr> <tr> <td>2014/15</td> <td>99.22%</td> </tr> <tr> <td>2015/16</td> <td>99.01%</td> </tr> <tr> <td>2016/17</td> <td>98.49%</td> </tr> <tr> <td>2017/18*</td> <td>65.05%</td> </tr> </table> <p>*part year only</p> <p>Final recovery rates for all years are projected to be over 99.25%.</p> <p>Close monitoring of the impact of CTS on collection rates will continue during 2018/19.</p>	2012/13	99.50%	2013/14	99.38%	2014/15	99.22%	2015/16	99.01%	2016/17	98.49%	2017/18*	65.05%
2012/13	99.50%												
2013/14	99.38%												
2014/15	99.22%												
2015/16	99.01%												
2016/17	98.49%												
2017/18*	65.05%												

<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 10 years:</p> <ul style="list-style-type: none"> <li>• 2007/08 – underspent by £0.300m (0.27% of budget)</li> <li>• 2008/09 - underspent by £0.366m (0.31% of budget)</li> <li>• 2009/10 – underspent by £0.332m (0.27% of budget)</li> <li>• 2010/11 – underspent by £0.083m (0.07% of budget)</li> <li>• 2011/12 – underspent by £1.843m (1.42% of budget)</li> <li>• 2012/13 – underspent by £0.055m (0.04% of budget)</li> <li>• 2013/14 – underspent by £0.099m (0.07% of budget)</li> <li>• 2014/15 – underspent by £1.145m (0.89% of budget)</li> <li>• 2015/16 – underspent by £0.121m (0.10% of budget)</li> <li>• 2016/17 – underspent by £0.167m (0.10% of budget)</li> </ul> <p>This demonstrates an outstanding track record of continuous strong financial management, despite considerable pressure on service budgets, notably Adult Social Care 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 (Appendix 16 of this report) 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.

## Appendix 12 - Children's Safeguarding & Early Help – Budget Statement 2017

### Introduction:

Over recent years, Local Authorities across Britain have faced an unprecedented surge in demand for children's social care support, and that this is showing little sign of abating. More than 170,000 children were subject to child protection enquiries in 2015/16, compared to 71,800 in 2005/06 – a 140 per cent increase in just 10 years.

### In Telford & Wrekin:

- There are round 43,900 people aged 0-19 in the borough, and around 55,800 in the 0-24 age bracket.
- The number of young people aged 0-24 is set to increase to around 62,200 by 2031 – an extra 4,800 0-15 year olds and an extra 1,700 16-24 year olds.
- Telford and Wrekin is estimated to have 1,000 children aged 5-10 and 1,400 aged 11-16 with a mental health disorder.
- Between 2012 and 2016, the proportion of pupils with Special Educational Needs and Disabilities (SEND) has grown from 13.0% to 18.7%.
- There remain challenges for some children and young people around levels of deprivation, with 23.9% (8,335 people) of children aged 0-15 live in income deprived households.
- The proportion of children (under 16) in low income families has fallen from 25.9% in 2011 to 23.5% in 2014. However, this proportion is worse than England for each of these 4 years.
- Families made up the majority of homeless acceptances in Telford and Wrekin, with more than two thirds (69.7%) of all acceptances being for those with dependent children.
- The most common reason for safeguarding intervention is 'neglect'.
- The most common risk factors identified in family assessments are domestic violence, mental health and drug misuse.
- ***There were 1519 children in need at year end (2016-2017).***

### The Challenge:

The challenge for everyone in children's services is how to achieve positive outcomes for children and families in the context of rising demand and reductions in resources.

Current strategic planning for children's services is reflective of both demand and demographic pressures, where rising numbers of children particularly in areas of deprivation, continue to grow. In spite of this, we need to respond creatively by reviewing and re-modelling services and finding new and innovative ways of doing more for less.

Whilst doing so, our foremost priority is to promote the wellbeing and safeguarding of vulnerable children and young people, and to meet our statutory responsibilities.

## **Our Approach:**

### **New Services and Interventions:**

We have developed a Family Solutions and Family Group Conferencing Service that will support families to identify their own solutions where they are able to care for children and young people safely within their own family networks. These services will mean that children and young people who no longer need safeguarding but still need support will be able to access good quality intervention services at an earlier stage, reducing demand on safeguarding services.

These new approaches have already had a considerable positive impact in 2017/18 and the proposed savings resulting from them over the next two years significantly outweigh the investment of £445,000 in 2018/19 and £353,000 in 2019/20 to establish the service, as follows:

	2018/19 Proposed saving	2019/20 Proposed saving
Family solutions	£1,116,000	£1,097,000

### **Innovative Practice:**

We are working on the Department of Education's 'Partners in Practice' programme to make system changes to the way we work with children and young people. The programme has enabled consideration of whole family approach - working with both adults and children and taking into account family circumstances, responsibilities and strengths. The objective we are working towards will enable our workforce to work intensively with families to empower them to solve their own problems and change behaviours instead of referring out to others.

These practices take some time to embed, but savings are anticipated in 2019/20 as follows:

	2019/20 Proposed saving
Systemic practice	£312,000

### **Reducing Spend and Delivering Better Outcomes:**

We are increasing internal fostering capacity and developing an intensive fostering offer for more complex placements to avoid placing children and young people outside of the borough wherever possible. We are also further developing our internal parenting assessment team to reduce the number of high cost community based parenting assessments completed by external contractors.

There is a very large difference in the average costs of internal placements compared to those outside the borough and with outside agencies. Agency foster care is on average more than twice as costly as internal foster placements and external residential placements are several times as costly again.

Part of the strategy to avoid such placements is the investment in family solutions described above, but work is also underway to increase internal fostering capacity through better recruitment and more intensive support of existing foster carers where this can support and sustain placements. Proposed savings from these initiatives are as follows:

	2018/19 Proposed saving	2019/20 Proposed saving
Internal fostering capacity	-	£87,000
Intensive fostering support	£86,000	-

### **Workforce Investment:**

One of the biggest enablers within children’s services is the workforce. Ofsted reported that the staff we have “know the children and young people they are working with well. They are committed to ensuring positive outcomes for them”. Our staff are committed, and are leading and embracing innovation and creativity in terms of an approach that will deliver the best outcomes for children and families.

As in other local authorities, recruiting and retaining appropriate social work staff is challenging, which has led to a persistent need to supplement permanent staff with agency staff. The cost of agency staff is significantly more than those directly employed and there are a number of strands of work underway to reduce our reliance on agency workers. These include developing progressive career pathways for social workers, monitoring of caseloads to ensure that they are not excessive and thus a disincentive for staff to stay or join, and focussed recruitment practices.

The resulting proposed net savings in 2018/19 from a reduced reliance upon agency staff are as follows:

	2018/19 Proposed saving
Staffing	£183,000

Another area where there has been a strong reliance on outside agency is family and parenting assessments. By bringing this work in-house, including the legal work associated with the assessment process, significant savings are possible.

A number of other initiatives are also planned, including a reduction in general legal costs associated with safeguarding, possibly by greater use of internal staff, and a general review of sufficiency to ensure that provision is appropriate and represents value for money.

	2018/19 Proposed saving	2019/20 Proposed saving
Internal parenting assessment	£164,500	£10,000
Internal legal support for the assessment process	£51,000	£15,000
Other initiatives	£166,000	£103,000

## Our Approach

- We are working towards a whole-system approach to improve experiences for children, young people and families.
- We are creating common practice, language and understanding that will support multi-disciplinary working and promote consistency in families' experience.
- We are empowering professionals to use their own judgement in approaches that they believe will be the most influential.
- We are adopting a whole family approach where adult needs and behaviours are seen as important to address - alongside those of the child.
- We are taking a strengths based approach and working with whole families, where families and their networks are actively brought in to co-develop solutions with professionals - with the. seen as part of the solution and not as part of the problem, being We are prioritising relationships over transactions, and the strength and qualities of relationships promoted within families must be mirrored in those between families and services, and within practitioner teams.

The best option for children and young people is for them to be looked after at home or within their family network where it is safe for them to do so. Where children and their families are at a point where the children are at risk of becoming looked after, we will ensure that families have access to additional support to prevent this happening wherever possible.

Our service is working dynamically and innovatively to manage demand and work differently in areas where pressures are high, but more importantly we are working to deliver the best outcomes for our children and young people in Telford.

## Appendix 13 - Adult Social Care Budget Statement November 2017

### Introduction

Demand for Adult Social Care (ASC) rises each year, people are living longer and there are more people living with long term conditions, particularly dementia. There are increasing numbers of young adults in transition to adult services with complex needs.

In Telford;

- The proportion of the population aged over 65 is increasing (14.3% in 2010, 15.9% in 2015), with 27,200 residents now in this age group.
- The population of the borough is projected to grow at a faster rate than the England population and is projected to grow to 196,900 by 2031, an increase of some 23,300 people.
- Over half of the population increase will be in the over 65 age group (12,300 people), with the 85+ age group more than doubling (+117.6%) and the 65-84 age group increasing by a third (33.1%).
- Around 17,400 adults aged 16-64 have a common mental health disorder, 7,700 adults aged 16-64 with two or more psychiatric disorders.
- Around 700 older people aged 65 & over have severe depression. Around 1,800 residents aged 65 & over suffering from dementia.
- Around 4,000 residents have a learning disability. Around 1,400 residents have Autism
- Percentage of the council budget that is spent on Adult Social Care (CLG RA return) in 2017/18 is 32.07%.
- Learning disability net expenditure as a proportion of Council net expenditure, based on 2017/18 budget, 14.75%.

This increased demand for services is at the same time that we are under unprecedented financial pressure with reducing Government grants and a reducing financial settlement for Telford. There is increased public expectation of ASC and rightly an expectation of personalised and flexible support for those who are eligible under the Care Act.

In order to respond to the monumental challenges described whilst continuing to deliver high quality support to those who meet the Care Act eligibility threshold, we will need to radically change our approach to the provision of ASC in Telford. If we want to maintain the level of access that we currently have for ASC we need to signal a different offer to everyone. Social care is often a vital part of enabling people to live independent lives but it is far from being the only component to enable people to live fulfilled lives. We must build and harness the contributions that communities can make to support themselves and the people living in them as outlined in the Commitment Statement March 2017.

We need to build a more sustainable ASC system that promotes and maintains greater independence for most people and which maximises the support available within local communities. We need to enable local communities to respond to the needs within them to enable them to support each other for longer so that higher level statutory provision is

available for those who need it. We need to change the relationship that Adult Social Care has with the public to one that fosters and promotes independence and self-management at every level. We need to ensure that we have different conversations with the public from the moment we first engage with them so that these expectations are understood, promoted and acted upon.

We need to foster independence, progression and recovery for all who use services currently so that they can live a more fulfilled and independent life.

## **Our Approach within Adult Social Care**

We seek to provide advice and guidance as soon as an individual has questions around ASC either ourselves via our staff at Family Connect or with the My Choice service provided by the voluntary and community sector. Ensuring that people are not unnecessarily brought into statutory services before they need to be also helps better use our tight resources. We can't and shouldn't be doing this on our own, our strategy is as follows, with our partners across the whole economy, from within the NHS family, the care sector and the voluntary and community sector;

### **1. Managing demand**

- Right information and advice at the right time to reduce the numbers coming into services.
- Proactively preventing further deterioration and delaying need for high cost services, working with GP's and other partners.

Effective management of the demand for services could save the Council around £1.7m per annum.

### **2. Promoting Independence**

Re-assessing people who are already using services to ensure that we are doing all we can to maximise their independence, recovery and progression to greater independence with a focus on the strengths and asset based approach required in the Care Act.

Changes to care provision will involve providing care differently and innovatively and this will reduce the reliance on high cost care placements such as residential care placements. The overall estimated savings from this initiative is around £0.9m per annum after accounting for reinvestment in new services.

- 3. Managing the price of commissioned care** for those that need this to ensure sufficiency and best value and use of resources. Introducing new systems and effective procurement will reduce costs by an estimated £370k.

In addition to the above around £700k of additional income is to be raised by further joint working with the NHS funding Continuing Healthcare Clients and by recognising the current overachievement of client care contributions. The total expected cost

reductions and income of £3.67m will not be sufficient to align forecast expenditure with the expected base budget. The shortfall is as follows:

	2018/19 £	2019/20 £	2020/21 £
Investment required in Adult Social Care	2.226m	0.770m	3.509m

### **Strength's based approach**

- With this approach we are seeing a **reduction in the number of people we are directly helping** with an increase in the numbers of people being helped within their communities outside of services.
- We are **seeing a reduction in the number of people who are being admitted to residential care** and more people are using community assets to meet their needs.
- We are seeing **an increase in the number of people successfully completing recovery and recuperation programs** and using assistive technology and good housing options to meet their needs.
- We continue to focus resources on **the most vulnerable people supporting them to be safe** with robust, local safeguarding arrangements in place.

We work with individuals using a **strengths and asset based approach which focusses on individual and community resilience** as required by the Care Act. This means we look at the person as part of their community and at the particular strengths they have and the people around them who could offer support. This includes those people who may have had funded services for some time when we will be reviewing and re-assessing the need for longer term support to ensure that we are supporting progression to increased independence and recovery in all that we do.

We seek at every opportunity to exhaust all forms of natural support for those that are eligible under the Care Act before considering funded support from the Council.

## APPENDIX 14 - SUMMARY OF SAVINGS PROPOSALS

Area	2018/19	2019/20	2020/21	Total
	£	£	£	£
Business, Development & Employment	338,000	785,000	229,000	1,352,000
Finance & Human Resources	428,000	12,000	0	440,000
Cooperative Council Team	111,000	0	0	111,000
	<b>877,000</b>	<b>797,000</b>	<b>229,000</b>	<b>1,903,000</b>
Children's Safeguarding & Early Help	0	0	0	0
Adult Social Care	0	0	0	0
Education & Corporate Parenting	936,000	(105,000)	0	831,000
Governance, Procurement & Commissioning	536,000	134,000	0	670,000
	<b>1,472,000</b>	<b>29,000</b>	<b>0</b>	<b>1,501,000</b>
Health & Wellbeing	1,339,000	869,000	0	2,208,000
Customer & Neighbourhood Services	1,293,000	2,777,000	(235,000)	3,835,000
Commercial Services	1,975,000	1,344,000	0	3,319,000
	<b>4,607,000</b>	<b>4,990,000</b>	<b>(235,000)</b>	<b>9,362,000</b>
<b>Total</b>	<b>6,956,000</b>	<b>5,816,000</b>	<b>-6,000</b>	<b>12,766,000</b>
<b>Cumulative</b>	6,956,000	12,772,000		12,766,000
				12,766,000
<b>Leakage</b>	104,340	87,240	(90)	191,490
<b>Total less leakage</b>	<b>6,851,660</b>	<b>5,728,760</b>	<b>(5,910)</b>	12,574,510
<b>Cumulative</b>	<b>6,851,660</b>	<b>12,580,420</b>	<b>12,574,510</b>	

# **APPENDIX 15**

## **TELFORD & WREKIN COUNCIL**

### **EFFICIENCY STRATEGY**

**2016/17 TO 2019/20**

**December 2017**

#### **Foreword**

This 4-year Efficiency Plan covers only the money the Council receives through Revenue Support Grant (RSG). It does not include all the funding received from Government e.g. other revenue grants such as New Homes Bonus or any capital funding. Total local authority funding is clearly in need of urgent review before it further entrenches this country into areas that “Have” and those that “Have-Not”.

The Council welcomes the Government's current consultations on Fair Funding and how the business rates retention system may operate in future. However, the past impacts of the effects of damping rolled in to the opening position of the current system need to be unwound before we move forwards.

The reductions in Government grants both to RSG and other grants have a disproportionately higher impact on areas with greatest social need. This is primarily why those areas that had higher levels of grant received that funding i.e. to cover the additional costs that they face meeting pressures caused by significant levels of deprivation.

In Telford & Wrekin some of our wards are among the most deprived in England, areas with very high social needs.

At a time when grant is reducing, we are seeing greater demand than ever for many of our services, which are there to support those people with greatest social need. This simply isn't happening on the same scale as in more affluent areas. In our borough, there are now very real pressures on our services such as those for children and adult social care. These council services play a key part in preventing pressures on an already over-stretched NHS. Without this support, the NHS will struggle.

This is core to our Fair Funding argument and why we believe the Government should raise the average spending power in the borough, which by its own measure is £12m below the England average.

This Council has constantly supported Government policies to help promote growth and is very pro-business. Through our Job Box programme, we have gone way beyond what is expected of a council, proactively tackling unemployment, boosting skills and training in our borough, halving youth unemployment here.

At the same time we are effectively penalised for supporting Government initiatives to restrict rises in council tax and for having one of the lowest council tax rates in the region.

We are penalised because average house values here are much lower, around two thirds are band A or B, yielding a proportionately smaller level of council tax than more affluent areas.

Given the lower average incomes of our residents, our scope to raise more through council tax is very limited compared with more affluent areas.

Add to this a population undercount that by 2020 we estimate will see Government's calculations lagging behind the true figure here by around 7,000 people and the effect of damping that sees over £1m a year of Government grant that should come to this borough diverted to shore up funding in other parts of the country.

This is a toxic combination at the heart of a funding system that works against areas like Telford and Wrekin that strives so hard to do the right things.

This is why we ask our MPs and community leaders to join us in pushing for funding that is fair to all parts of the country - that recognises the advantages some areas such as the South East enjoy because of where they are, while helping those have-nots who do the right thing but lose out simply because of where they are on a map.

Cllr Shaun Davies  
Leader

## **1. Introduction and Overview**

This Strategy has been developed to ensure that the Council can continue to qualify for the 4-year funding settlement and for the Flexible Use of Capital Receipts from Government. A 4-year settlement is essential to the medium-term financial stability of the Council. It will help us to plan our future budget strategy and what services will be delivered; this is essential for both the community and for Council employees too. It will help the Council to take a medium-term view of service transformation and delivery and avoid year-on-year ad hoc responses to an ever changing financial landscape. Flexible use of capital receipts will provide the opportunity to fund expenditure which contributes to the delivery of ongoing savings, such as one-off costs relating to service rationalisation and restructuring, from capital receipts rather than from revenue.

The Council has an excellent track-record in financial management and innovation with spend being within budget for the past 10 years, despite unprecedented cuts to the grant that we receive from Government, and delivering efficiencies is a key component to this.

This efficiency strategy was initially built on the relevant sections of the Council's Service & Financial Plan for 2016-2018 which identifies how efficiencies and savings will be delivered. The Council's two-year Service & Financial Plan is updated annually and the plan for 2018/19 TO 2019/20. The full report can be found at [www.telford.gov.uk/budget](http://www.telford.gov.uk/budget)

Since, the adoption of the [Service & Financial Planning Strategy](#) by the Council in March 2016, the Council has continued to develop its projections of the organisation's financial position to 2019/20.

In addition to the savings proposals the strategy originally, identified, the Council is projecting the need to find an additional £13.7m savings in 2018/19 and 2019/20 and an additional £17.3m in 2020/21. This is on top of the £110m delivered between 2009/10 and 2017/18 bringing the total expected savings through to 2010/21 to £140m. This has been, and remains, a huge task and one that has required fundamental redesign of the organisation and the ways that we do business.

Future savings will be more challenging as the "low hanging fruit" has already been harvested making medium term planning and increased certainty over grant levels essential. The proposed flexibility over the use of new capital receipts will greatly assist in funding the necessary one-off costs associated with the huge transformation programme that the Council is undertaking.

## **2. Telford & Wrekin: the Place**

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 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 town of Newport to the north 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.

More information about the Borough's population can be found on our [Key Facts](#) webpage.

### **3. Our Strategy**

Our Efficiency Strategy includes three themes:

1. Our approach to delivering efficiencies to make around £62.82m of savings from 2016/17 to 2020/21.
2. How new flexibilities in the use of capital receipts will be used
3. Prudential Indicators for 2016-18 to ensure borrowing by the Council is affordable in the medium to long term.

This strategy will be reviewed at least annually and updated with the progress made delivering each of these themes.

#### **3.1 Delivering Efficiencies**

Telford & Wrekin Council has a proven track record of delivering savings and efficiencies. Between 2009/10 and 2017/18 the Council has delivered £110m savings including:

- Reduced the number of jobs by over 1,532 since April 2010, saving around £30m pa following a major redesign and restructuring of the organisation. Reduced the size of the senior management team (Director and Assistant Director roles) by 60% - twice the national average reduction of "nearly 23.2%" as reported by the Municipal Journal
- Cut back-office costs by over 51% since 2009, saving £11.4m a year.
- Delivered £11.6m procurement savings over the past 8 years by renegotiating and retendering contracts for the provision of services.
- Secured savings of £30m over the lifetime of the waste collection and disposal contract.
- As part of our business winning approach, forecast to generate an extra £7.1m income by 2018, through growth in business rates and council tax since April 2013.
- Receive £6.5m in 2017/18 from the New Homes Bonus paid by the Government to reward councils for increasing housing supply.

- Increased income from more commercial approaches across our services over the past two years, including increasing income from schools outside of Telford & Wrekin.
- Worked in partnership with other local authorities and statutory agencies. Including the West Mercia Youth Offending Service (WMYOS) established in partnership with Worcestershire, Hereford, Shropshire, health, police and probation.
- Reduced the office space we use by a third, saving the Council £2m pa.

Moving forward, the Council currently has proposals to deliver a further £30+m of savings. To achieve this we have identified 4 themes.

### **Theme 1: Focussing on Solving Problems and promoting Social Responsibility and action to manage and reduce demand for services:**

- **“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 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 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:
  - **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.

## **Theme 2: Challenging & Changing, Reviewing and Reimagining the way we do things**

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).
- **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. We have made significant strides in the past 10 months understanding better who are using Council services - but 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. Are there opportunities for Parish and Town Councils to manage and deliver certain services at a more local level?

### Theme 3: Reducing our Dependency on Government Grants

We have already taken significant steps to reduce our dependency on Government Grants and we will continue to drive them forward:

- **“Increasing income through trading our existing services”** – there are many Council services that already “trade” outside the organisation and secure income. Primarily ICT, People 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 over 400 new homes for private and affordable rent, with the first homes being available to move in to in spring 2016.

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 100% at some point in the future subject to clarification of Government announcements.
  - **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 Government’s **“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 capital funding through the Marches Local Enterprise Partnership Local Growth Fund.

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.

#### **Theme 4: Being a modern Organisation with Modern Practices and Where we Always Get the Basics Right**

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 workforce development
- 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.

**Table 1: Projected Savings by Theme**

Theme	2016/17	2017/18		Additional Proposals	Total
	Savings Approved £	Savings approved £	Total £	2018/19 to 2019/20 £	2016/17 to 2019/20 £
<b>1. Focusing on solving problems and promoting social responsibility and action to manage and reduce demand for services</b>	0.6m	1.4m	2.0	0.5	2.5
<b>2. Challenging &amp; changing, reviewing and reimagining the way we do things.</b>	15.0m	9.7m	24.7	5.3	30.0
<b>3. Reducing our dependency on Government grants.</b>	2.5m	3.1m	5.6	5.1	10.7
<b>4. Being a modern organisation with modern practices and where we always get the basics right</b>		0.5	0.5	1.8	2.3
<b>Total in year savings</b>	<b>18.1</b>	<b>14.7</b>	<b>32.8</b>	<b>12.7</b>	<b>45.5</b>

## **Risks to Delivery**

As an organisation which provides a vast range of different services to the community and spends in excess of £420m revenue per annum, the management of risks is an important consideration. The Council has a strategic [risk register](#) which is used to identify the substantive issues which may have a financial impact. This is reviewed regularly by Senior Management Team to manage and mitigate risks. As part of the budget setting process, risks, impacts and possible mitigation are considered for each saving proposed.

Reductions in funding is an acknowledged risk and as the multi-year offer only covers specific funding streams (RSG, Transitional Grant and Rural Services Delivery Grant) there remains an element of uncertainty over other income levels. The Council undertakes a risk-based review of the level and adequacy of reserves and balances each year and will continue to do this in the context of a multi-year settlement.

Contingency arrangements are also key to a sustainable Service & Financial Planning Strategy. In 2016/17 a general contingency was set aside to cover any unforeseen expenditure during the year as well as specific contingencies for Adult Services and Safeguarding, the two highest risk service areas. Consideration of contingency requirements is part of the annual budget setting process.

A robust monitoring regime is in place to identify any adverse variances early, including non-delivery of efficiencies, so that corrective action can be taken.

The Council has an Invest to Save/Capacity Fund created to support and accelerate the delivery of ongoing efficiencies.

### **3.2. Capital Receipt Flexibility**

Telford & Wrekin Council welcomes the additional flexibility on the use of capital receipts generated in the six year period commencing 1st April 2016. This will enable some of the revenue costs associated with significant organisational transformation. This includes:

- the necessary costs associated with remodelling and reducing the workforce;
- invest to save projects;
- funding temporary additional capacity to project manage change programmes in key areas.

These would otherwise be a drain on scarce one-off revenue funds or alternatively delay the revenue benefits to the General Fund revenue account which would necessitate further cuts to front line services. We will be able to manage in a more strategic and planned way if this flexibility which has been requested by councils for many years is allowed.

We propose to use this flexibility as follows:

	2016/17 (£m) actual	2017/18 (£m)	2018/19 (£m)
Service transformation costs	£0.3	£0.64	£0.55
Severance fund as the Council may lose a further 500 staff over the next 3 years	£4.9	£3.59	£3.10
Invest to save fund to develop community capacity to deliver services which the Council will no longer provide.		£0.40	£0.34
<b>Total</b>	<b>£5.2</b>	<b>£4.632</b>	<b>£4.0</b>

### 3.3. Prudential Indicators

The Council's Service & Financial Plan for 2018/19 to 2019/20 sets out the Council's prudential indicators for 2018/19. These indicators are designed to ensure that the Council's capital borrowing is affordable and does not place undue burden on the Council's revenue budget or Council tax payers (i.e. the cost of servicing the interest paid on capital borrowing).

The Council's Prudential Indicators for the Medium Term Financial Strategy will be approved by Full Council on 1 March 2018.

December 2017

Definitions used in the risk register:

**Likelihood of Risk Occurring**

<b>Occurrence</b>	<b>Description</b>
<b>Unlikely</b> Rare	Unlikely to ever occur May occur only in exceptional circumstances
<b>Likely</b> Almost certain	Will probably occur at some time Is expected to occur in the foreseeable future

**Impact of Risk if it does Occur**

<b>Descriptor</b>	<b>Financial</b>	<b>Reputation</b>	<b>Physical</b>	<b>Environ- mental</b>	<b>Service</b>
<b>Insignificant</b>	Low	No damage	None	None/ insignificant	No loss of service
<b>Minor</b>	<£50K	Minimal/ minimal media/ social media	Minor	Minor locally	Internal disruption only, no loss of service
<b>Moderate</b>	£50K to £1m	Extensive local media/social media	Violence or threats of serious injury requiring medical treatment	Moderate locally	Disruption/ loss of service less than 48 hours
<b>Significant</b>	£1m to £5m	National media/social media	Extensive/ multiple injuries	Major local impact	Disruption/ loss of service less than 7 days
<b>Major</b>	>£5m	Extensive national media (lead item)/social media	Extensive multiple injuries/ death	Major national/inter national	Severe disruption/ loss of service more than 7 days.

## The Register

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
<b>Organisational Risks</b>							
1	Death or serious harm of a vulnerable child or vulnerable adult (Breach of duty of care)	Likely	Major: physical + reputation + financial	<ul style="list-style-type: none"> <li>• Safeguarding Children and Adult Boards Community Safety Partnership and Youth Offending Service Management Board scrutinise performance, call partners to account and drive practice improvement in the light of learning (e.g. from Serious Case, Safeguarding Adult &amp; Domestic Homicide Reviews)</li> <li>• Joint Chair of Children Safeguarding Board and Adult Safeguarding Board and common action groups across both Boards to develop systematic working across children and adult landscape.</li> <li>• Ongoing investment in services:               <ul style="list-style-type: none"> <li>○ Adult Social Care £2.475m in 2018/19 rising to a cumulative £5.05m in new investment in 2020/21</li> <li>○ Children Safeguarding &amp; Early Help £0.4m in 2018/19</li> </ul> </li> <li>• One-off budget contingency of £3m in 2018/19 for Adult and Children Safeguarding &amp; early Help</li> </ul> <p><b>Children:</b></p> <ul style="list-style-type: none"> <li>• Workforce development strategy – recruitment and retention, learning and development</li> </ul>	CJ	Rare	Major: physical + reputation + financial

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
				<p>including Systemic Practice across the council's children's workforce</p> <ul style="list-style-type: none"> <li>• Children's Services - systematic quality assurance role for all managers from frontline team manager through to MD and DCS</li> <li>• No staff savings target for Children's Social Workers</li> <li>• Work to national inspection standards and respond to actions required from inspections. OFSTED inspection of Children's Safeguarding June/July 2016 achieved "requires improvement". "Getting to good" action plan being delivered to respond to recommendations.</li> <li>• Children &amp; Young People Scrutiny Board review of children at risk of sexual exploitation report completed. Recommendations being overseen and co-ordinated by Children Safeguarding Board.</li> </ul> <p><b>Adults:</b></p> <ul style="list-style-type: none"> <li>• Review of Safeguarding Adult Board arrangements took place prior to April 2015 to ensure compliance with Care Act requirements and new Adult Safeguarding Guidance &amp; Regulations. As a result a new T&amp;W specific Board has been put in place with an Independent Chair</li> </ul> <p>Adult Safeguarding – following review, new multi-agency strategy agreed, regional</p>			

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
				<p>procedures are now operational and additional adult safeguarding capacity put in place within Council.</p> <p>Quality Surveillance Group chaired by Chief Officer of NHS England Area Team ensures co-ordination of quality &amp; safeguarding issues across health &amp; social care.</p>			
2	<p>Inability to:</p> <ul style="list-style-type: none"> <li>- match available resources (both financial , people and assets) with statutory obligations, agreed priorities and service standards</li> <li>- deliver financial strategy including capital receipts, savings and commercial income.</li> </ul>	Almost certain	Major physical + reputation + service	<ul style="list-style-type: none"> <li>• Rigorous service and financial planning and regular monitoring and active management through S&amp;FPG, SMT and Policy Review.</li> <li>• Efficiency Plan in place to secure 4 year funding from Government to enable more informed medium-term budget strategy</li> <li>• Savings programme, service reviews and restructuring.</li> <li>• Staffing, economic and environmental impact assessments.</li> <li>• In-year savings exercise as necessary</li> <li>• Rationalisation of Council assets and accommodation</li> <li>• Delivery of capital receipts/rigorous monitoring of capital receipts realisation and impact on the budget</li> <li>• A large proportion of future funding for Adult social Care will come via the STP (Sustainable Transformation Partnership ) this is a Shropshire-wide partnership and the financial pressures facing Shropshire CCG present a risk, mitigating factors are that we</li> </ul>	RP	Rare	Major: physical + reputation + service

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
				<p>are represented at all levels and an agreed governance structure in place.</p> <ul style="list-style-type: none"> <li>• Understanding the impact of the potential loss of any European Union funding.</li> <li>• If necessary contingency plans reviewing phasing of planned capital expenditure, schemes included in capital programme, alternative potential disposals and further revenue budget cuts would be prepared</li> <li>• Review of reserves and balances against risk exposure and available contingency</li> <li>• Review of financial policies</li> <li>• Safeguarding Children Cost Improvement Plan</li> <li>• Adult Social Care Cost Improvement Plan</li> <li>• Commercial project(s) for additional income generation</li> <li>• Housing Investment Programme</li> <li>• Commercial Strategy</li> <li>• “Culture Change” to budget management by managers</li> <li>• Specialist legal advice as required</li> <li>• Cabinet Members regularly briefed</li> </ul>			
3	The impact of organisational and culture change in the Council and partner organisations within the constraints of the	Almost certain	Major: reputation + service	<ul style="list-style-type: none"> <li>• “Being the Change” sets out organisational focus to manage on-going funding cuts. AD service plans driving delivery of this strategy.</li> <li>• Engagement and communication with all staff through structured sessions and interactive</li> </ul>	RP	Rare	Major: reputation + service

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
	public sector economy			<p>sessions with Cabinet to support Co-operative working</p> <ul style="list-style-type: none"> <li>• Regular meetings with Trade Union representatives</li> <li>• Loss of service delivery performance and risk exposure monitored through SMT</li> <li>• New Workforce Development Strategy (see 8 below)</li> <li>• Constitution – assurance by AD's, Finance, Legal, Internal Audit and external reviews (i.e. External audit and government bodies)</li> <li>• Transparency agenda</li> <li>• Codes of conduct</li> <li>• Maintaining communication channels with appropriate senior executives and LSP Executive as a public sector leader forum.</li> <li>• Partnership working through Safeguarding Boards, Health &amp; Wellbeing Board, Community Safety Partnership, Children &amp; Family Partnership</li> <li>• Programme to deliver Single Status</li> </ul>			
	The impact of losing skills, knowledge and experience (retention & recruitment)	Almost certain	Significant: service + reputation + financial	<ul style="list-style-type: none"> <li>• Workforce Development Strategy focussing on four themes: Employer of choice; Planning for the Future; Healthy Organisation; Workforce of the Future.</li> <li>• Each AD service area has a workforce plan considering <ul style="list-style-type: none"> <li>- skills gap analysis and needs</li> <li>- apprenticeships</li> </ul> </li> </ul>	RP	Likely	Significant: service + reputation + financial

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
				<ul style="list-style-type: none"> <li>• Specific HR policies: <ul style="list-style-type: none"> <li>○ use of market factor weighting for key groups (ICT software developers)</li> <li>○ flexible working policy</li> <li>○ staff benefit scheme</li> </ul> </li> <li>• “Grow your own” scheme for social workers.</li> <li>• Lean Review of recruitment process and the development of the Council’s employment “offer”</li> <li>• Council values, ethos, rewards and recognition</li> </ul>			
	Significant business interruption affecting ability to provide priority services	Almost certain	Significant: service + reputation	<ul style="list-style-type: none"> <li>• Each Service Delivery Team has Business Continuity Plans to enable them to respond appropriately (people, systems etc.), these are reviewed annually and updated following team changes and or incidents.</li> <li>• Serious Incident Protocol been adopted.</li> <li>• Investment in ICT infrastructure. Data centre investment complete.</li> <li>• Improvement/upgrade/replacement of key ICT systems ICT controls – Disaster Recovery facilities in place based on Priority Services in line with Business Continuity Plans.</li> </ul>	JR	Rare	Significant: service + reputation
	Inability to manage the health & safety risks in delivering the council’s functions (including building	Almost certain	Major: physical + reputation + financial	<ul style="list-style-type: none"> <li>• Reviewing, writing and monitoring of health and safety policies through SMT and Health and Safety Committee</li> <li>• Risk based health and safety audit process of service areas and local authority managed schools, which not only audit implementation</li> </ul>	JR	Likely	Major: physical + reputation + financial

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
	security and cyber security)			<p>of health and safety policies but also proactively identifies short comings, actions and controls that need to be in place to manage those risks. Significant findings of the audits are reported back though SMT and Health and Safety Committee.</p> <ul style="list-style-type: none"> <li>• Internal Health and Safety work to Health and Safety Executive (HSE) guidance and revise Policies and Procedures to ensure compliance with legal standards. Revisions reported back through SMT and Health and Safety Committee</li> <li>• Building Security Review completed.</li> <li>• System in place for reporting all accidents, incidents and near misses. Non reportable accidents investigated by service area</li> <li>• All reportable accidents are investigated by Internal Health and Safety Team and significant findings reported to Health and Safety Committee. Other findings reported back to relevant Service area management</li> <li>• Training provided on Health and Safety through a mixture of OLLIE and face to face.</li> <li>• Regular meetings with Trade Unions</li> <li>• Coordination and management of Personal Safety Precautions Risk Register to ensure safety of employees.</li> <li>• Appointed Cyber Security Manager to review and improve cyber security where required.</li> </ul>			

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
	Inability to deliver effective information governance	Almost certain	Major: financial + reputation	<ul style="list-style-type: none"> <li>The Council has an Information Governance Framework which includes the Corporate Information Security Policy (CISP) and other policies (Data protection, Information Sharing policies)</li> <li>Small dedicated team promoting sound Information Governance within the Council and ensuring that good practise is shared across the Council</li> <li>Training and awareness programme put in place annually and Information Governance module(s) on OLLIE forms part of induction</li> <li>Plans in place to assist the Council and its services in the implementation of the relevant aspects of the General Data Protection Requirements 2018 (due by May 2018).</li> </ul>	RP	Likely	Major: financial + reputation
	Inability to respond adequately to a significant emergency affecting the community and/or ability to provide priority services	Likely	Major: physical + reputation + service + financial + environment	<ul style="list-style-type: none"> <li>Work collaboratively with other LRF partner agencies, maintaining effective working relationships with the relevant bodies</li> <li>Maintain appropriate levels of trained staff to be able to respond to an emergency.</li> <li>Maintaining appropriate, risk based contingency plans (Civil Resilience Team) which are exercised and reviewed on regular basis</li> <li>Gorge – Phase II at Jackfield complete. Operation ‘Tangent’ – multi agency plan to respond to landslide in the Gorge is in place and is reviewed and exercised regularly</li> </ul>	JR	Rare	Major: physical + environment + reputation + service + financial

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
				<ul style="list-style-type: none"> <li>• Individual Service Delivery Managers are responsible for maintaining and exercising their Business Continuity Plan. These plans would be coordinated corporately and the emergency plan activated if necessary.</li> <li>•</li> </ul>			

## Appendix 17 - Pride Programme Summary 2017/18 & 2018/19

	2017/18	2018/19	Total
	Revised Budget	Revised Budget	Revised Budget
<b>Capital Programme - Customer &amp; Neighbourhood Services</b>			
Dangerous Structures (Bridges & Walls)	860,137	-	860,137
Footpath Programme	551,965	850,000	1,401,965
LED lighting scheme	1,985,875	3,356,389	5,342,265
Everyday Telford - Pride in Your Community (Pride 1)	86,155	-	86,155
Rights of Way	100,000	-	100,000
Estate car parking	50,000	700,000	750,000
	<u>3,634,133</u>	<u>4,906,389</u>	<u>8,540,522</u>
<b>Revenue Reserves - Customer &amp; Neighbourhood Services</b>			
Environmental Pressures (Pride 2)	1,226,836	336,331	1,563,167
Environmental Pressures (Pride 1)	387,956	398,870	786,826
Councillor Pride Fund	108,000	108,000	216,000
Marketing - signage & promotions	250,000	-	250,000
Urban Tree Funding	-	-	-
	<u>1,972,792</u>	<u>843,201</u>	<u>2,815,993</u>
<b>TOTAL - Customer &amp; Neighbourhood Services</b>	<b>5,606,925</b>	<b>5,749,590</b>	<b>11,356,516</b>
<b>Capital Programme - Development Business &amp; Employment</b>			
Small scale projects & local regeneration	350,000	500,000	850,000
Pride - High street challenge	600,000	-	600,000
	<u>950,000</u>	<u>500,000</u>	<u>1,450,000</u>
<b>Revenue Reserve - Development Business &amp; Employment</b>			
Young High Street Challenge	100,000	-	100,000
	<u>100,000</u>	<u>-</u>	<u>100,000</u>
<b>TOTAL - Development, Business &amp; Employment</b>	<b>1,050,000</b>	<b>500,000</b>	<b>1,550,000</b>
<b>Capital Programme - Co Operative Council &amp; Commercaill Delivery</b>			
Community Pride Fund	1,055,706	-	1,055,706
Community Pride Fund (Everyday Telford - Pride in Your Community)	91,190	-	91,190
Legacy Fund	950,000	-	950,000
	<u>2,096,896</u>	<u>-</u>	<u>2,096,896</u>
<b>Revenue Reserves - Co Operative Council &amp; Commercaill Delivery</b>			
Capacity building fund	695,000	-	695,000
Legacy - Celebration fund	50,000	-	50,000
	<u>745,000</u>	<u>-</u>	<u>745,000</u>
<b>TOTAL - Co Operative Council &amp; Commercial Delivery</b>	<b>2,841,896</b>	<b>-</b>	<b>2,841,896</b>
<b>Capital Programme - Commercial services</b>			
Small scale projects & local regeneration	150,000	-	150,000
<b>TOTAL - Commercial services</b>	<b>150,000</b>	<b>-</b>	<b>150,000</b>
<b>TOTAL Pride Programme Funding</b>	<b>9,648,821</b>	<b>6,249,590</b>	<b>15,898,411</b>

## APPENDIX 18 - SAVINGS ALREADY DELIVERED

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 £110m. 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
2017/18	13.815
<b>Total</b>	<b>109.914</b>

2. This is equal to a cut of almost £1,500 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:-
3. **Council Jobs** - Reduced the number of jobs by over 1,532 since April 2010, saving around £30m pa following major redesign and restructuring of the organisation to meet the challenges facing the Council. This has seen 600 vacancies deleted and 932 redundancies. Through effective redeployment only 127 of these have been compulsory redundancies.
  - Redeployed over 3,360 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 5.3% while inflation (RPI) has risen by 29.8% cutting staff pay very significantly in real terms
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 53%.

## **5. Back office costs**

- Cut back-office costs by around 51% since 2009, saving £11.4m 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.

## **6. Buying better value services**

- Delivered £11.6m 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.

## **7. Income through growth**

- As part of our business winning approach, we expect to generate an extra £7.5m income by 2019, through growth in business rates and council tax since the introduction of the new local government finance system in April 2013.
- We will receive around £6m 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.

## **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 be around £0.5m in 2018/19, 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 £7m in 2018/19 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 £9.6m pa.

## **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 making improvements in respect of permanence with Staffordshire, Stoke and Shropshire Councils.
- 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. This saving is used to fund a bursary scheme for local young people.

## **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. pa.
- Four operational properties are now used, usage of which continues to be monitored as headcount continues to reduce and new ways of working are embedded.

**TELFORD & WREKIN COUNCIL**

**CABINET - 15 FEBRUARY 2018  
COUNCIL - 1 MARCH 2018**

**SERVICE & FINANCIAL PLANNING 2017/18 – 2020/21: 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 2017/18 and the proposed capital programme for 2018/19 to 2020/21, 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 2017/18 and 2018/19 – 2020/21, 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.

2.3 Members are asked to note that following changes to the Prudential Code in late December, the Council is required to approve a summary Capital Strategy before the end of 2018/19. This will be presented to Full Council for consideration and approval during 2018/19 once final guidance has been received.

**3. SUMMARY IMPACT ASSESSMENT**

<b>COMMUNITY IMPACT</b>	<p><i>Do these proposals contribute to specific priority plan objectives?</i></p> <p><i>Yes/No All priorities are covered by the report. The overall budget framework contains funding to support the Council's work to promote Equalities &amp; 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</i></p> <p><i>Will the proposals impact on specific groups of people?</i></p> <p><i>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.</i></p>
<b>TARGET COMPLETION / DELIVERY DATE</b>	<p><i>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.</i></p>
<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	<p><i>Yes/No Where appropriate these are detailed in the body of the report.</i></p>
<b>LEGAL ISSUES</b>	<p><i>Yes/No All proposals are covered by the legislative framework within which the council operates</i></p>
<b>OTHER IMPACTS, RISKS AND OPPORTUNITIES</b>	<p><i>Yes/No The Council's current strategic risks has been considered as part of allocating resources in the overall programme</i></p>
<b>IMPACT ON SPECIFIC WARDS</b>	<p><i>Yes/No Proposals affect all wards in the Borough</i></p>

## **PART B – ADDITIONAL INFORMATION**

### **4.0 SUMMARY**

- 4.1 This report presents the Council's Capital Strategy for 2017/18 – 2020/21 and later years and a capital programme of £254m 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 2018/19 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 full revenue cost of the use of the Council's own resources and unsupported borrowing are built into the proposed 2018/19 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 2018/19. The Building Investment Programme and Highways & Transport Investment Programme have been set in accordance with the proposed budget for 2018/19 – 2019/20.
- 4.5 Changes to the Prudential Code were published in late December 2017 which includes the requirement for local authorities to produce a summary Capital Strategy covering capital expenditure and financing, treasury management and non-treasury investments. Due to the timescales this does not have to be approved before the start of the financial year and it is therefore proposed that this will be prepared and presented to Full Council for approval during 2018/19 once final guidance has been received.

## **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 has faced the challenge of making significant savings, totalling £110m since 2010 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 to live, learn, work and do business'***

**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***
- ***support neighbourhoods most in need, ensure that local people can 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. Further information can be found in the Council Plan which is also on this agenda.**

## **6.0 CAPITAL STRATEGY: 2017/18 – 2020/21**

- 6.1 During 2018/19, we are planning to invest **£84.667m** as part of a **£254.025m** medium-term 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	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Later Years £m
Adult Social Care	1.596	1.147	0.449	0.000	0.000	0.000
Development Business & Employment	112.022	52.198	41.684	13.366	4.274	0.500
Customer & Neighbourhood Services	73.217	22.411	23.006	15.048	12.752	0.000
Education & Corporate Parenting	35.413	10.235	9.442	15.569	0.167	0.000
Health & Well-Being	0.394	0.394	0.000	0.000	0.000	0.000
Co-Operative Council & Commercial Delivery	2.097	2.097	0.000	0.000	0.000	0.000
Legal Procurement & Commissioning	0.723	0.537	0.062	0.062	0.062	0.000
Finance & Human Resources	9.012	4.727	4.095	0.095	0.095	0.000
Commercial Services	19.551	7.907	5.929	2.662	3.053	0.000
	<b>254.025</b>	<b>101.653</b>	<b>84.667</b>	<b>46.802</b>	<b>20.403</b>	<b>0.500</b>

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;
- 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
  - Council Plan, also on the agenda for this meeting – 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 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 2018/19 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 2017/18 – 2020/21 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 of regular reports to the senior Management Team, Cabinet and full Council where amendments to the approved policy and budget framework are required .

### **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 2018 /20202 has identified a condition backlog of £5.7m for Operational Properties (excluding schools) and £18.7m for Schools / education properties. The school condition back log has been significantly addressed over the past 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 2018/19 is £1.067m for Educational Assets and £0.7m 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

#### **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

		<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Schools	P1-P3	£30,652,623	£24,617,893	£21,529,991	£18,939,529	£17,144,675	£18,719,548
Operational	P1-P3	£8,770,020	£8,369,886	£7,480,279	£6,806,221	£5,852,620	£5,700,431

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 2018/19 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 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 4 January 2018. As capital programmes are being rolled out there will be a need to consider where further consultation with the public is required/appropriate.

## 11.0 RESOURCES

### 11.1 Revenue/External

The main revenue / external allocations still to be used are set out below:

	Total	2017/18	2018/19	2019/20	2020/21	Later Years
	£m	£m	£m	£m	£m	£m
<b>Total</b>	<b>32.140</b>	<b>13.170</b>	<b>13.418</b>	<b>5.145</b>	<b>0.407</b>	<b>0.000</b>

### 11.2 Supplementary Grants

While information is still awaited on some allocations, the following allocations have been built into the overall resources position

	Total	2017/18	2018/19	2019/20	2020/21	Later Years
	£m	£m	£m	£m	£m	£m
Adult Social Care	0.551	0.551	0.000	0.000	0.000	0.000
Development Business & Employment	1.975	1.975	0.000	0.000	0.000	0.000
Customer & Neighbourhood Services	31.064	14.009	7.723	4.465	4.867	0.000
Education & Corporate Parenting	29.778	4.842	9.200	15.569	0.167	0.000
Health & Well-Being	0.394	0.394	0.000	0.000	0.000	0.000
Co-Operative Council & Commercial Delivery	0.000	0.000	0.000	0.000	0.000	0.000
Legal Procurement & Commissioning	0.480	0.480	0.000	0.000	0.000	0.000
Finance & Human Resources	0.000	0.000	0.000	0.000	0.000	0.000
Commercial Services	2.294	2.006	0.096	0.096	0.096	0.000
<b>Total</b>	<b>66.536</b>	<b>24.257</b>	<b>17.019</b>	<b>20.13</b>	<b>5.130</b>	<b>0.000</b>

### 11.3 Capital Receipts

The capital programme places a significant reliance on future capital receipts, totalling £41.029m 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. When the provisional funding settlement for 2018/19 was announced, the Secretary of State announced that this temporary flexibility would be extended for a further 3 years. 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 2017/18 of £4m 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 2018/19 by £4.0m.

	Total £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Later Years £m
<b>Total</b>	<b>41.029</b>	<b>7.440</b>	<b>10.943</b>	<b>6.734</b>	<b>10.412</b>	<b>5.500</b>

#### 11.4 Prudential Borrowing Regime

Within the budget strategy for 2017/18 to 2019/20 the level of Prudential Borrowing assumed is as follows:

	Total £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Later Years £m
<b>Total</b>	<b>114.313</b>	<b>56.779</b>	<b>43.287</b>	<b>14.793</b>	<b>4.454</b>	<b>-5.000</b>

#### 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.

<b>Resources Available</b>	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Later Years £m	Total £m
Government Allocations						
Education & Corporate Parenting	0.007	0.000	0.000	0.000	0.000	0.007
	<b>0.007</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.007</b>
Grant Allocations						
Adult Social Care	0.551	0.000	0.000	0.000	0.000	0.551
Development, Business & Employment	1.975	0.000	0.000	0.000	0.000	1.975
Customer & Neighbourhood Services	14.009	7.723	4.465	4.867	0.000	31.064
Health & Well-Being	0.394	0.000	0.000	0.000	0.000	0.394

Commercial Services	2.006	0.096	0.096	0.096	0.000	2.294
Legal Procurement & Commissioning	0.480	0.000	0.000	0.000	0.000	0.480
Education & Corporate Parenting	4.842	9.200	15.569	0.167	0.000	29.778
	<b>24.257</b>	<b>17.019</b>	<b>20.130</b>	<b>5.130</b>	<b>0.000</b>	<b>66.536</b>
Other Resources						
Capital Receipts	7.440	10.943	6.734	10.412	5.500	41.029
Revenue/External	13.170	13.418	5.145	0.407	0.000	32.140
Prudential Borrowing	56.779	43.287	14.793	4.454	-5.000	114.313
	<b>77.389</b>	<b>67.648</b>	<b>26.672</b>	<b>15.273</b>	<b>0.500</b>	<b>187.482</b>
<b>Total</b>	<b>101.653</b>	<b>84.667</b>	<b>46.802</b>	<b>20.403</b>	<b>0.500</b>	<b>254.025</b>

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;
- to invest in schemes such as NuPlace and the Telford Growth Fund that deliver revenue surpluses, additional income from business rates, council tax and new homes bonus as well as creating employment opportunities and providing good quality, well managed homes for rent.

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 4 January 2018 – Service & Financial Planning 2018/19 to 2019/20

## **14. BACKGROUND PAPERS**

- 14.1 Funding notifications, investment proposals, cabinet reports on various schemes, previous Capital Strategy documents and capital programmes.
- 14.2 The Council Plan
- 14.3 Driving Delivery of the Council's Priorities
- 14.4 2018/19 Service & Financial Planning 2018/19 to 2019/20

### ***Report prepared by***

Ken Clarke, Assistant Director: Finance & Human Resources (01952 383100)

Ed Rushton, Principal Accountant (01952 383750)

Bernie Morris, Group Accountant (01952 383702)

Angie Astley, Assistant Director: Customer & Neighbourhood Services (01952 382400)

Katherine Kynaston, Assistant Director: Business, Development & Employment (01952 384012)

**Capital Programme - 2017/18 to 2020/21 & Later Years  
Scheme Summary showing major schemes separately**

Assistant Director	Scheme	Expenditure						Funding					
		Total £'000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Later Years £'000	Government Gr £'000	Prudential £'000	Capital Receipts £'000	Revenue Reserves £'000	Revenue £'000	External £'000
Adult Social Care	Social Care Capital Grant	1,596	1,147	449	0	0	0	551	1,045	0	0	0	0
	ICT Social Care Review	0	0	0	0	0	0	0	0	0	0	0	0
		<b>1,596</b>	<b>1,147</b>	<b>449</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>551</b>	<b>1,045</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Health & Well-Being	Day Opportunities for Adults with Learning Disabilities	0	0	0	0	0	0	0	0	0	0	0	0
	Public Health Capital Grants	394	394	0	0	0	0	394	0	0	0	0	0
	Parks for People	0	0	0	0	0	0	0	0	0	0	0	0
	Health & Well-Being Other Schemes	0	0	0	0	0	0	0	0	0	0	0	0
		<b>394</b>	<b>394</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>394</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Development Business & Employment	Town Centre - Phase 1 & Accommodation Strategy	209	5	204	0	0	0	0	0	209	0	0	0
	Dawley Regeneration	19	19	0	0	0	0	0	19	0	0	0	0
	Small Scale Regeneration Projects	850	350	500	0	0	0	0	850	0	0	0	0
	Superfast Broadband Programme	2,991	2,991	0	0	0	0	1,975	0	713	0	303	0
	Housing DBE	2,618	143	2,475	0	0	0	0	1,843	0	0	0	775
	HCA Liability Sites	4,000	0	2,000	2,000	0	0	0	0	0	0	0	4,000
	HCA Land Deal	6,612	3,000	3,287	325	0	0	0	0	0	0	0	6,612
	Land Deal Board Schemes	3,356	0	2,071	1,285	0	0	0	0	0	0	0	3,356
	Pride - High Street Challenge	600	600	0	0	0	0	0	0	0	0	600	0
	Property Investment Programme	45,391	30,130	12,648	2,613	0	0	0	44,991	0	0	400	0
	Housing Company - Housing	42,922	14,860	17,099	6,743	4,220	0	0	41,514	400	0	0	1,008
	Development Business and Employment other schemes	2,454	100	1,400	400	54	500	0	1,000	1,454	0	0	0
		<b>112,022</b>	<b>52,198</b>	<b>41,684</b>	<b>13,366</b>	<b>4,274</b>	<b>500</b>	<b>1,975</b>	<b>90,217</b>	<b>2,776</b>	<b>0</b>	<b>1,303</b>	<b>15,751</b>
Customer & Neighbourhood Services	Ironbridge Gorge Stability	694	694	0	0	0	0	0	694	0	0	0	0
	National Productivity Investment Fund	524	524	0	0	0	0	524	0	0	0	0	0
	Every Day Telford - Pride in your Community	86	86	0	0	0	0	0	86	0	0	0	0
	Newport Innovation & Enterprise Package	8,264	600	3,900	2,207	1,557	0	6,364	0	0	0	0	1,900
	Freshwater First	121	22	43	56	0	0	83	0	0	0	30	8
	Transport & Highways Schemes	61,923	19,702	18,652	12,374	11,195	0	24,093	29,410	0	0	2,550	5,870
	Customer Services Systems Development	1,605	783	411	411	0	0	0	1,575	0	0	30	0
		<b>73,217</b>	<b>22,411</b>	<b>23,006</b>	<b>15,048</b>	<b>12,752</b>	<b>0</b>	<b>31,064</b>	<b>31,765</b>	<b>0</b>	<b>0</b>	<b>2,610</b>	<b>7,778</b>
Education & Corporate Parenting	Building Schools For The Future	4,265	3,448	817	0	0	0	1,903	-6,821	9,509	0	-333	7
	Service Transformation - Invest To Save	32	32	0	0	0	0	0	32	0	0	0	0
	Education & Corporate Parenting All Other Schemes	31,116	6,755	8,625	15,569	167	0	27,875	-283	700	7	300	2,517
		<b>35,413</b>	<b>10,235</b>	<b>9,442</b>	<b>15,569</b>	<b>167</b>	<b>0</b>	<b>29,778</b>	<b>-7,072</b>	<b>10,209</b>	<b>7</b>	<b>-33</b>	<b>2,524</b>
Commercial Services	ICT/ eGov	7,900	2,682	1,609	1,609	2,000	0	0	7,656	0	0	244	0
	Every Day Telford - Pride Hollinswood Centre	94	94	0	0	0	0	0	94	0	0	0	0
	Supported Independent Living - Disabled Facilities Grant	15	15	0	0	0	0	0	15	0	0	0	0
	Housing Related Schemes	3,245	2,266	979	0	0	0	1,910	210	1,053	0	0	72
	3G Pitch	1,777	159	1,618	0	0	0	0	518	600	0	659	0
	Commercial & Business Fund	0	0	0	0	0	0	0	0	0	0	0	0
	Asset Management Plan - General Works & Surveys	3,155	1,055	700	700	700	0	0	3,075	0	0	0	80
	Commercial Services other schemes	3,365	1,636	1,023	353	353	0	384	2,639	140	0	202	0
		<b>19,551</b>	<b>7,907</b>	<b>5,929</b>	<b>2,662</b>	<b>3,053</b>	<b>0</b>	<b>2,294</b>	<b>14,207</b>	<b>1,793</b>	<b>0</b>	<b>1,105</b>	<b>152</b>
Co operative Council & Commercial Delivery	Every Day Telford -Pride in your Community	2,097	2,097	0	0	0	0	0	1,147	0	0	950	0
		<b>2,097</b>	<b>2,097</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,147</b>	<b>0</b>	<b>0</b>	<b>950</b>	<b>0</b>
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	475	475	0	0	0	0	480	-5	0	0	0	0
		<b>723</b>	<b>537</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>0</b>	<b>480</b>	<b>243</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Finance & Human Resources	Managing the funding of the Capital Programme	0	0	0	0	0	0	0	-17,619	17,619	0	0	0
	Efficiency Schemes Capitalisation	8,632	4,632	4,000	0	0	0	0	0	8,632	0	0	0
	Finance & Human Resources other schemes	380	95	95	95	95	0	0	380	0	0	0	0
		<b>9,012</b>	<b>4,727</b>	<b>4,095</b>	<b>95</b>	<b>95</b>	<b>0</b>	<b>0</b>	<b>-17,239</b>	<b>26,251</b>	<b>0</b>	<b>0</b>	<b>0</b>
		<b>254,025</b>	<b>101,653</b>	<b>84,667</b>	<b>46,802</b>	<b>20,403</b>	<b>500</b>	<b>66,536</b>	<b>114,313</b>	<b>41,029</b>	<b>7</b>	<b>5,935</b>	<b>26,205</b>

**Capital Programme - 2017/18 to 2020/21 & Later Years**

<b>Policy Area</b>	<b>Total £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>Later Years £'000</b>
Adult Social Care	1,596	1,147	449	0	0	0
Development Business & Employment	112,022	52,198	41,684	13,366	4,274	500
Customer & Neighbourhood Services	73,217	22,411	23,006	15,048	12,752	0
Education & Corporate Parenting	35,413	10,235	9,442	15,569	167	0
Health & Well-Being	394	394	0	0	0	0
Co operative Council & Commercial Delivery	2,097	2,097	0	0	0	0
Legal Procurement & Commissioning	723	537	62	62	62	0
Finance & Human Resources	9,012	4,727	4,095	95	95	0
Commercial Services	19,551	7,907	5,929	2,662	3,053	0
	<b>254,025</b>	<b>101,653</b>	<b>84,667</b>	<b>46,802</b>	<b>20,403</b>	<b>500</b>
<b>Resources</b>						
Borrowing Approval	7	7	0	0	0	0
Government Grant	66,536	24,257	17,019	20,130	5,130	0
Prudential	114,313	56,779	43,287	14,793	4,454	(5,000)
Capital Receipts	41,029	7,440	10,943	6,734	10,412	5,500
Revenue	5,810	3,548	2,223	39	0	0
External	26,205	9,497	11,195	5,106	407	0
Revenue Reserves	125	125	0	0	0	0
<b>Total funding</b>	<b>254,025</b>	<b>101,653</b>	<b>84,667</b>	<b>46,802</b>	<b>20,403</b>	<b>500</b>

**TELFORD & WREKIN COUNCIL**

**CABINET 15 February 2018**

**COUNCIL 1 March 2018**

**TITLE: PLANNED BUILDING INVESTMENT PROGRAMME 2018/19**

**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 2018/19, in accordance with Service and Financial Planning 2018/19 to 2019/20.

**2. RECOMMENDATIONS**

2.1 That Cabinet note and recommend to Full Council the approval of the planned building capital maintenance programme for 2018/19 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**

<b>COMMUNITY IMPACT</b>	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"> <li>• Ensuring neighbourhoods are safe, clean and well maintained.</li> <li>• Improve prospects through education &amp; skills training.</li> <li>• Improving health and wellbeing of communities.</li> <li>• Protect and support vulnerable children and adults.</li> <li>• Putting Children &amp; Young People first.</li> <li>• Regenerating neighbourhoods in need, and ensuring access to suitable housing.</li> </ul>
	Will the proposals impact on specific groups of people?	
	Yes	All residents accessing Council Services
<b>TARGET COMPLETION/DELIVERY DATE</b>	Most projects will be delivered during the financial year 2018/19. Larger projects may cover more than one financial year.	

<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	Yes	Budgetary provision for the planned programme of works £1,066,500 Educational and £700,000 Operational (as detailed in Appendix A). Confirmation of the Education capital allocations for 2018/19 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.
<b>LEGAL ISSUES</b>	Yes	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. In addition, legal advice must be sought in relation to any Health and Safety or other similar matters should they become apparent during the year.
<b>OTHER IMPACTS, RISKS &amp; OPPORTUNITIES</b>	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.
<b>IMPACT ON SPECIFIC WARDS</b>	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 and 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 2018-2022 has identified a condition backlog of approximately £5.7M for operational properties (excluding schools) and £18.7M for schools/educational properties. The figure for condition backlog for schools has reduced dramatically in the last 5 years, mainly due to the successfully completed Building Schools for the Future Programme.

During 2018/19 more in-depth Fire Risk surveys will continue to be undertaken within operational properties and schools that are under the control of the council as part of their fire risk assessments. Particular emphasis will be given to passive and active control measures such as compartmentation, condition of fire doors, fire stopping and suitability and coverage of existing fire alarm systems. Where improvements can be made and will reduce the risk of fire and in the event of a fire, fire spread within a building this work will be prioritised within the programme of works.

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 2018/19 is £1,066,500 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 2018-2022 (refreshed 2018)

**Report prepared by Chris Goulson,  
biT Service Delivery Manager  
Telephone: 01952 384302**

## APPENDIX A - Education Planned Building Capital Maintenance Programme 2018/19

Asset	Description of Works	Estimated Budget	Corporate Priorities	Ward
Aqueduct Primary	Roofing works	£68,500	<ul style="list-style-type: none"> <li>• Improve prospects through education &amp; skills training.</li> <li>• Putting Children &amp; Young People first.</li> </ul>	Dawley & Aqueduct
Bratton, St Peter's CE Primary	Fire alarm works	£40,000	<ul style="list-style-type: none"> <li>• Improve prospects through education &amp; skills training.</li> <li>• Putting Children &amp; Young People first.</li> </ul>	Admaston & Bratton
Holmer Lake Primary	Replacement windows (phase 2)	£191,000	<ul style="list-style-type: none"> <li>• Improve prospects through education &amp; skills training.</li> <li>• Putting Children &amp; Young People first.</li> </ul>	The Nedge
Holmer Lake Primary	Fire alarm works	£30,000	<ul style="list-style-type: none"> <li>• Improve prospects through education &amp; skills training.</li> <li>• Putting Children &amp; Young People first.</li> </ul>	The Nedge
John Fletcher of Madeley Primary	Roof replacement and curtain walling (retention only)	£3,000	<ul style="list-style-type: none"> <li>• Improve prospects through education &amp; skills training.</li> <li>• Putting Children &amp; Young People first.</li> </ul>	Madeley & Sutton Hill
John Randall Primary	Kitchen refurbishment	£140,000	<ul style="list-style-type: none"> <li>• Improve prospects through education &amp; skills training.</li> <li>• Putting Children &amp; Young People first.</li> </ul>	Madeley & Sutton Hill
Redhill Primary	Fire alarm works	£40,000	<ul style="list-style-type: none"> <li>• Improve prospects through education &amp; skills training.</li> <li>• Putting Children &amp; Young People first.</li> </ul>	Priorslee

Teagues Bridge Primary	Drainage	£15,000	<ul style="list-style-type: none"> <li>• Improve prospects through education &amp; skills training.</li> <li>• Putting Children &amp; Young People first.</li> </ul>	
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"> <li>• Improve prospects through education &amp; skills training.</li> <li>• Protect and support vulnerable children and adults.</li> <li>• Putting Children &amp; Young People first.</li> <li>• Improving health and wellbeing of communities.</li> </ul>	Wrockwardine Wood & Trench
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"> <li>• Ensuring neighbourhoods are safe, clean and well maintained.</li> <li>• Regenerating neighbourhoods in need, and ensuring access to suitable housing.</li> </ul>	N/A
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.	£75,000	<ul style="list-style-type: none"> <li>• Ensuring neighbourhoods are safe, clean and well maintained.</li> <li>• Improve prospects through education &amp; skills training.</li> <li>• Improve prospects through education &amp; skills training.</li> <li>•</li> </ul>	N/A
William Reynolds Primary	Boiler house refurbishment	£170,000	<ul style="list-style-type: none"> <li>• Improve prospects through education &amp; skills training.</li> <li>• Putting Children &amp; Young People first.</li> </ul>	Woodside
Windmill Primary	Boiler house roof works	£12,000	<ul style="list-style-type: none"> <li>• Improve prospects through education &amp; skills training.</li> </ul>	Brookside

			<ul style="list-style-type: none"> <li>Putting Children &amp; Young People first.</li> </ul>	
Wrockwardine Wood Infant	Boiler replacement	£132,000	<ul style="list-style-type: none"> <li>Improve prospects through education &amp; skills training.</li> <li>Putting Children &amp; Young People first.</li> </ul>	Wrockwardine Wood & Trench
	<b>TOTAL</b>	<b>£1,066,500</b>		

### Corporate Planned Building Capital Maintenance Programme 2018/19

Asset	Description of Works	Estimated Allocated Budget	Corporate Priorities Contributed to proposals	Ward
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.	£65,000	<ul style="list-style-type: none"> <li>Ensuring neighbourhoods are safe, clean and well maintained.</li> <li>Regenerating neighbourhoods in need, and ensuring access to suitable housing</li> </ul>	N/A
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"> <li>Ensuring neighbourhoods are safe, clean and well maintained.</li> <li>Regenerating neighbourhoods in need, and ensuring access to suitable housing</li> </ul>	N/A
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"> <li>Ensuring neighbourhoods are safe, clean and well maintained.</li> <li>Regenerating neighbourhoods in need, and ensuring access to suitable housing</li> </ul>	N/A
Darby House	Improvements to Entrance	£35,000	<ul style="list-style-type: none"> <li>Ensuring neighbourhoods are safe, clean and well maintained.</li> </ul>	Ketley & Overdale

			<ul style="list-style-type: none"> <li>Improving health and wellbeing of communities.</li> </ul>	
Newport Swimming Pool	Refurbishment works, Fire Doors and associated works	£50,000	<ul style="list-style-type: none"> <li>Ensuring neighbourhoods are safe, clean and well maintained.</li> <li>Improving health and wellbeing of communities.</li> </ul>	Newport South & East
Darby House	Toilet refurbishment	£50,000	<ul style="list-style-type: none"> <li>Ensuring neighbourhoods are safe, clean and well maintained.</li> <li>Improving health and wellbeing of communities.</li> </ul>	Ketley & Overdale
Darby House and Addenbrooke House	Fire safety works, inc. FRA recommendations and fire doors	£165,000	<ul style="list-style-type: none"> <li>Ensuring neighbourhoods are safe, clean and well maintained.</li> <li>Improving health and wellbeing of communities.</li> </ul>	Ketley & Overdale
The Place (Oakengates Theatre)	Electrical works	£100,000	<ul style="list-style-type: none"> <li>Ensuring neighbourhoods are safe, clean and well maintained.</li> <li>Improving health and wellbeing of communities.</li> </ul>	Oakengates & Ketley Bank
Various Sites (Changing Rooms)	Electrical Refurbishment programme	£45,000	<ul style="list-style-type: none"> <li>Ensuring neighbourhoods are safe, clean and well maintained.</li> <li>Improving health and wellbeing of communities.</li> </ul>	N/A
	<b>TOTAL</b>	<b>£700,000</b>		

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



# Telford & Wrekin Council

## Corporate Property Asset Management Plan

### 2018-2022

The Corporate Asset Management Plan is a strategic document which will help inform decisions relating to service delivery, and therefore ensure the most effective contribution is made to facilitate the delivery of improved public services and benefits to local communities.

#### CONTENTS

##### **1.0 Statement of Context**

Asset Management Plan – Aims and Objectives

##### **2.0 Links to Key Plans and Objectives**

##### **3.0 Data Management**

Core Data

##### **4.0 Programme Development & Implementation**

##### **5.0 Operational Assets**

Building Rationalisation, New Ways Working

##### **6.0 Regeneration Opportunities Across The Borough**

Telford Town Centre  
Operational Projects  
Education Projects  
Housing Investment Programme

##### **7.0 Property Investment Portfolio PIP and Land Assets**

Property Investment Portfolio  
Land Strategy  
Management of Homes & Communities Agency Assets

##### **8.0 Asset Details & Performance**

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 through a robust consultation process. 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 the 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 interlink to form a comprehensive approach to Asset Management covering Council property assets within Telford.

**Asset Management Plan – Aims and Objectives:**

- 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 the changing patterns of 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:



### 3.0 Data Management

The ability to make informed property decisions is dependent upon collecting, analysing 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 Helpdesk functions together into one integrated solution. This provides greater exchange of information and a streamlined property database linked directly to a customer facing property helpdesk. The software is internet browser based, and provides a direct link to customers and stakeholders, enabling them to access data and information in an easy to use 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 Data

Condition Surveys of all Schools and Operational Buildings have been completed and are re-assessed as part of an ongoing re-survey process, as part of a 5 year rolling programme. 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 disposals.

- Asbestos

Comprehensive asbestos information is held incorporating 'Type 2 Enhanced Surveys' as part of the Property database, 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.

- Measured Surveys

Accurate, comprehensive, measured building surveys are available for all properties and are used in various interchangeable formats. All new properties since 2016 which have been designed by the in-house team have been modelled in 3D using the latest 3D design packages, the formats of which allow them to be interchangeable when needed. This will assist in the future integration of Building Information Modelling advances within the construction industry into everyday Facilities Management processes.

## **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, sufficiency and asbestos, in the following areas (list not exhaustive):

- Review of office accommodation
- Repair and Maintenance Programmes
- Capital Programmes
- Property Rationalisation
- Borough Towns and Local Centre Regeneration
- Housing Investment
- Commercial Development

### **Maintenance Programme**

The planned Maintenance Programme for 2018/19 has been submitted to Cabinet for approval in February 2018. 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 appraisal is undertaken which considers; 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 into our commissioning approach. We are innovative in ensuring sustainability is part of all new-build and refurbishment schemes.

### **Key issues addressed in finalising the 2018/19 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 which completed 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 set out a series of moves between January and March which ultimately led to the vacation of Euston Way and Bishton Court achieving a saving of around £300,000 per annum.

In order to deliver further savings further rationalisation programmes are being looked at including re locating the storage facility outside of the Borough in a managed storage centre.

In the Social Care and Health sectors we are investigating re locating office staff into community centres and doctors surgeries so that they will be more accessible to communities. This should free up buildings for further savings.

With regard to Council storage locations, a programme of rationalisation continues where a number of sites have been disposed of, allowing us to deliver savings. Work to further reduce the costs arising from storage is ongoing.

## 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. Phase two of Southwater sees the development of a hotel with construction underway and planned to finish in May 2018 (see below).

Encouraged by the success of the first phases the Shopping Centre owners re developed the former retail warehouse site with a new food court including TGI Friday and Prezzo which opened in Summer 2017. They are now embarking on a further redevelopment of the retail areas named the Northern Quarter which will include Aldi on the former Carrefour retail unit.

### **Southwater Hotel Development and Public Realm**

The development of a new hotel in the heart of Southwater started on site in summer 2017, and will consist of 2 phases; the hotel and ground floor retail unit, and an enhanced public realm for the centre of Southwater. The public realm works will be completed spring 2018, and the opening of the hotel will follow in the summer. The new hotel is a 5 storey, 68 bedroom facility, with the ground floor also offering a new retail unit suitable for a bar or restaurant. The freehold of the property will be owned by the Council, and the hotel will be operated by Travelodge UK.



### **Hortonwood West Unit 9**

The construction of this new industrial unit commenced on site in January 2017 and provided a Warehouse development, owned by the Council and leased to Rosewood Pet Products. The majority accommodation consists of warehouse facilities, separate office and ancillary accommodation and has an internal area of approximately 67,400 square feet.



## **Telford Bus Station**

The relocation of Telford Bus Station, a Highways led project, completed in November 2017. This project saw the new facility open to the public to provide a much improved transport hub for the Borough. The new facility maintenance continues to be provided by the Council.



## **School and Nursery Extension Projects**

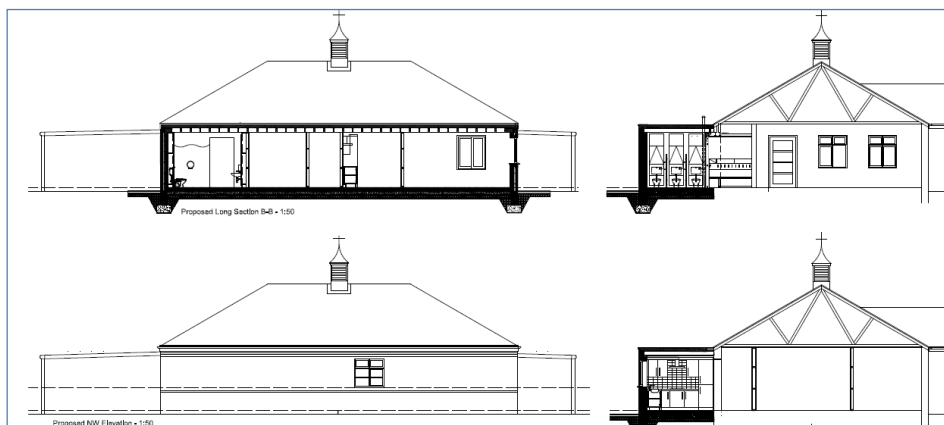
### **Millbrook Primary Early Years Extension**

This project was the result of a successful December 2016 bid to the Department for Education (DfE) Early Years Capital Fund to expand the accommodation at the school to allow for additional nursery provision up to 30 hours per week. The new extension opened in September 2017 and provided additional nursery provision for the local community, including a relocated entrance, and enhancement of existing nursery space, including external soft play areas and equipment.



## Short Wood Primary Early Years Extension

This project was the result of a successful March 2017 bid to the Department for Education (DfE) Early Years Capital Fund phase 2 to expand the accommodation at the school to allow for additional nursery provision up to 30 hours per week. The new facility opened in December 2017. The project involved the refurbishment of the former Wrekin Hub adjacent the school, to provide additional nursery provision, plus provided external play area with an associated canopy.



## Trench Tots Early Years Expansion

This project was the result of a successful December 2016 bid to the Department for Education (DfE) Early Years Capital Fund to expand the accommodation at the school to allow for additional nursery provision up to 30 hours per week. The new extension opened in October 2017 and provided additional nursery provision for the local community, through provision of a new purpose built demountable building, including external soft play areas and car parking.



### **Other School Projects**

In addition to the above projects, a number of major projects to improve school buildings have been completed over the last year. These include:

**Burton Borough** – works to improve the condition of the music block, and to upgrade the fire alarm.

**Hadley Learning Community** – Internal Alterations to allow expansion of the primary phase, and provision of new dining facilities.

**Holmer Lake Primary** – cladding and window replacement project.

**John Fletcher of Madeley** – Continuation of the project to replace curtain walling and re-roof large areas of the main school building.

**Moorfield Primary** – Replacement of windows and curtain walling.

**Sir Alexander Fleming Primary** – Replacement of the boiler.

**St George's Primary** – Refurbishment of the kitchen.

**Windmill Primary** – Boiler House refurbishment and boiler replacement.

### **Leisure Facilities**

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 the work of the bit Team.

#### **Wellington Leisure Centre Relocation and Spa Refurbishment**

2017 saw the expansion of the Wellington Leisure Centre facilities following the relocation of the Wellington Town Council into remodelled accommodation adjacent to Wellington Library. The expansion has allowed for the modernisation of the space for better utilisation and improvement of the gym facilities available to the public. A second phase has seen the refurbishment of the Spa facilities in the leisure centre which opened in January 2018.





## **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 opened in 2014 and Housing Investment Programme.

We are now exploring other opportunities such as a fixed wire to Hortonwood West from the Solar Farm. This will supply electricity to occupiers at more than we currently sell into The Grid but at less than they could buy from The Grid therefore benefitting both parties.

At Southwater we are also looking to maximise revenue from the Energy Centre by connecting to the new developments underway there to supply heating.

Other feasibility schemes are being looked at in conjunction with National Grid and Western Power around STOR to store power in batteries for peak demand or alternatively guarantee power from sources such as the Energy Centre.

## 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 established a Wholly Owned Company (“WOC”), Nuplace Ltd (limited by shares) to develop new homes to meet the Council’s regeneration and growth objectives. The plans have seen the delivery of 132 units across 2 sites (Randlay and Woodlands) within Phase 1 of the programme. Both of these sites are complete and are now fully operational.

Phase 2 of the programme will see a further 158 units across 4 sites within the borough all to be delivered by summer 2018. The sites include Matlock Avenue, Madeley Court, Hadley Local Centre and Newport. Circa 80% of the units in Phase 2 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. Land at Snedshill is being delivered in 2 Phases. Nuplace have just secured planning permission on Phase 1 which will see the delivery of a further 39 units. More work on the feasibility of Phase 2, Snedshill is currently underway. Construction is due to start in spring 2018 with the first releases due to Nulplace in winter 2018.

### Matlock



### Madeley



Hadley



Newport



## 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 £6.25 million for 2017/18.

The Regeneration & Investments Team continued to achieve in 2017. Revenue income to the Council has been increased with anticipated gross revenue for 2017/18 due to outturn £7.3 million despite the continuing challenging market conditions within the office sector where tenant demand remains low giving rise to costs associated with holding empty property including Business Rates.

Regeneration & Investments continued throughout 2017 to implement its Property Disposal and Investment Programme. The programme is funded through both the proceeds from sales of poor performing assets and capital made available through prudential borrowing (£50 million Growth Fund). Examples of the investments made during 2017 include:

The construction of two new Industrial units at Hortonwood West (60,000sqft and 30,000sqft) to support the relocation of an existing Telford Business and the relocation of a business into the Borough from the wider west midlands.



*Units at Hortonwood West – Completed in 2017*

Acquisition of three existing property investments at Hortonwood, Halesfield and Donnington Wood which combined generate some £1.292 million gross revenue per annum



*Unit acquired at Hortonwood*

As detailed in section 6 the development of a new build Hotel and restaurant in Southwater which is due to be completed in summer 2018

A development of new retail units in Madeley Telford comprising of four retail units including occupiers of Sub-way and Vets for Pets.

In addition further investments into a multi-let industrial units at Hortonwood West and two new industrial units at T54 in Telford are planned for 2018.

### **Key Achievements of the Investment Portfolio in 2017**

- Continued assistance to customers 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 2.00% 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.

- Effectively managed the repair and maintenance budgets ensuring expenditure is below approved levels
- Acquired three existing commercial property investments which generate a further income to the authority.

Completed the construction of the first two Industrial units at Hortonwood West, which generate a further income

- Increased gross revenue income by over £1million

### **Plans and Developments 2018**

- 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 and T54, whilst completing the developments at, Southwater and Madeley.
- Continue to 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

Approval has been granted for the disposal of all assets identified as “red” and to date fourteen have been sold. To date a capital receipt of £125,000 has been generated for the Authority.

The Land Strategy identified a number of “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.

Two years into the Deal the Telford Land Deal has attracted £236 million of investment to the area and prompted the sale of £23 million worth of land - in deals set to create 988 new jobs as well as stimulating the construction of over 86,000 square metres of commercial floor space. The Land Deal has proved instrumental in helping the region to secure record levels of Foreign Direct Investment, most notably a multimillion pound injection from Magna International, a supplier of aluminium castings to nearby Jaguar Land Rover. The firm's state-of-the-art, 250,000 square meter plant is due to open in spring 2018, creating 300 jobs and is thought to be one of the biggest, new overseas investments in the UK in the last ten years.

## **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. Operational Property Assets

#### 1.1 Operational Property

<b>Category</b>	<b>Quantity</b>	<b>Total Values</b>
Academies	11	£11
Bus Stations	3	£572,000
Cemeteries	3	£3
Changing Rooms & Pavilions	11	£1,189,000
Children Centres	2	£1,692,000
Community Centres & Nurseries	3	£2,010,000
Day Centres	2	£1,603,000
Golf Course	1	£2,010,000
Hostels/Homeless Accommodation/Residential Homes/Refugee Accommodation	59	£5,955,000
Ice Rink	1	£3,230,000
Industrial Estates and Units – Operational (non PIP)	1	£281,000
Leisure Centres	7	£19,033,000
Libraries	8	£8,445,000
Operational Offices	5	£11,007,000
Outdoor Activity Centre	1	£724,000
Primary Schools (Maintained/Foundation/VC/VA)	49	£109,419,000
Public Conveniences	3	£144,000
Pupil Referral Units	2	£993,000
Registrars	1	£912,000
Secondary Schools (Maintained/Foundation/VA)	4	£41,585,000
Ski Centre	1	£478,000
Special Schools	3	£7,911,000
Theatres	1	£2,003,000
Travellers' Sites	3	£1,071,000
Visitor Information Centre	1	£810,000
Youth Projects	1	£98,000
<b>TOTAL</b>	<b>186</b>	<b>£ 221,865,014</b>

#### 1.2 Operational Property Leased in from Property Investment Portfolio

<b>Category</b>	<b>Quantity</b>	<b>Total Values</b>
Industrial Estates and Units (PIP)	4	£576,000
Offices	1	£1
Training / Day Centre	1	£209,000
<b>TOTAL</b>	<b>6</b>	<b>£785,001</b>

### 1.3 Operational Property Leased in from Private Sector

Category	Quantity	Total Values
HLC Learning Community (PFI)	1	
Offices	2	
<b>TOTAL</b>	<b>3</b>	

## 2. Other Property Assets

### 2.1 Property Investment Portfolio (PIP)

Category	Quantity	Total Values
Depot	1	£1,226,000
Industrial	42	£49,367,000
Offices	28	£17,198,000
Retail	30	£14,989,000
Smallholdings	1	£165,000
<b>TOTAL</b>	<b>102</b>	<b>£82,945,000</b>

### 2.2 Other Miscellaneous Sites and Property

Category	Quantity	Total Values
Allotments	10	
Amenity Sites	2	
Assets held for sale	44	
Assets Under Construction	2	
Car Parks	31	
Community Centres - leased out	9	
Leased out property – non PiP	1	
Miscellaneous Sites	157	
Open Space and Recreational Areas	183	

## **APPENDIX 2**

**Indicator 1Bi** : Required maintenance by cost expressed as a total cost in Priority levels 1–3

Telford & Wrekin Property Performance Indicators for 2017.

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 £24,419,979.

T&WC figure is split as follows:

School Property	£18,719,548
Operational Property	£5,700,431

Previous year comparisons

		<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Schools	P1-P3	£30,652,623	£24,617,893	£21,529,991	£18,939,529	£17,144,675	£18,719,548
Operational	P1-P3	£8,770,020	£8,369,886	£7,480,279	£6,806,221	£5,852,620	£5,700,431

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 include all the recent investment of circa £1.7m in 2017/18 until the 2018 surveys have been completed. Surveys will continue to be rolled out over the following year and will reflect this investment in future updates.

**TELFORD & WREKIN COUNCIL**

**CABINET - 15 FEBRUARY 2018**  
**COUNCIL - 1 MARCH 2018**

**HIGHWAYS & TRANSPORT CAPITAL INVESTMENT PROGRAMME 2018-2021****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 2018/19 –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 2018/19 – 2021/21
- 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**

<b>COMMUNITY IMPACT</b>	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: <ul style="list-style-type: none"> <li>• Ensure that neighbourhoods are safe, clean and well maintained;</li> <li>• Improve the health and wellbeing of our communities and address health inequalities;</li> <li>• Regenerate those neighbourhoods in need and work to ensure local people have access to suitable housing.</li> </ul>
	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 2018/19 is £22.55m which includes capital grants. Indicative capital funding for future years 19/20 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. <b>DR 22/01/18</b>
	LEGAL ISSUES	No	There are no direct legal implications arising from this report. A number of general and specific statutory powers and duties are conferred on the Council regarding its highway network management and maintenance functions. The capital investment programme is a key Council response to its powers and duties. Any works will be properly procured and managed in accordance with financial and contract procedure rules. Ir 18.01.18
	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 & Strategy 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.**

- 4.2 The adopted asset management policy forms one of the essential aspects to the Council becoming a 'band 3' authority in order to secure the newly formed highways incentive funding. This year we expect to be assessed as a Band 3 authority thereby 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 and the Telford Town Centre Connectivity Package. In addition to this the Council has invested significant funding into highways maintenance and environmental maintenance schemes through the Pride in Our 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 The Council has therefore agreed to invest significant sums into upgrading and maintaining our local road and highways infrastructure. The four-year investment programme commenced in 2017/18 and will include almost £3.7m into our footpaths, £6.9m into structures, £21.8m into our Highways to improve our roads and over a £2.5m to improve the maintenance of our drainage systems and street furniture.
- 4.6 In addition the Council's new street lighting contract is supported by a major two year £5.3m investment 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. This investment commenced in 2017/18 and will continue into 2018/19.
- 4.7 This funding will significantly improve the current condition of the Council's highway assets. The funding 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 ongoing on this process and will ensure that the Council implements a contract which is fit for purpose and will ensure that additional 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.
- 4.10 A more detailed 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 – Summary of Funding Sources**

<b>Source</b>	<b>2018-19 £'000</b>	<b>2019-20 £'000</b>	<b>2020-21 £'000</b>	<b>Total 3-Year Programme Indicative £'000</b>
3-Year Budget				
<b>Council Capital</b>				
Highways maintenance and improvements	8,151	8,657	7,478	24,286
LED borough wide Lighting (Invest to Save)	3,356	-	-	3,356
<b>Total Council Capital</b>	<b>11,507</b>	<b>8,657</b>	<b>7,478</b>	<b>27,642</b>
<b>External Funding</b>				
Highways maintenance <sup>1</sup> and improvements (pending outcome of Band 3 assessment Summer 2018)	6,206	2,778	2,778	11,762
Integrated Transport	939	939	939	2,817
Newport Enterprise & Innovation Package	3,900	2,207	1,557	7,664
<b>Total External Funding Capital</b>	<b>11,045</b>	<b>5,924</b>	<b>5,274</b>	<b>22,243</b>
<b>Total Funding</b>	<b>22,552</b>	<b>14,581</b>	<b>12,752</b>	<b>49,885</b>

**Table 2 – Summary of Highways & Transport Capital Programme**

Highway Programme Area	2018-19	2019-20	2020-21	Total 3-Year Programme
	£'000	£'000	£'000	£'000
<b>Maintenance of Existing Assets</b>				
Carriageway Maintenance	4,782	6,828	5,649	17,259
Footpath maintenance	1,664	750	750	3,164
Structures maintenance	600	2,700	2,700	6,000
Street lighting maintenance	100	200	200	500
Drainage Maintenance	132	400	400	932
Street furniture	130	472	472	1,074
Annual Condition Surveys	85	85	85	255
<b>Maintenance Programme sub-total</b>	<b>7,493</b>	<b>11,435</b>	<b>10,256</b>	<b>29,184</b>
<b>Transport &amp; Major Schemes (Improving and Amending the Highway Network)</b>				
New / Upgraded Infrastructure	288	350	350	988
Safety Schemes	434	439	439	1,312
Transport Modelling	217	150	150	517
LED borough wide Lighting (Invest to Save)	3,356	-	-	3,356
Newport Enterprise & Innovation Package	3,900	2,207	1,557	7,664
Town Centre Connectivity Package	4,914	-	-	4,914
Telford Growth Package	1,950			1,950
<b>Transport &amp; Major Schemes-sub-total</b>	<b>15,059</b>	<b>3,146</b>	<b>2,496</b>	<b>20,701</b>
<b>Total Capital Programme</b>	<b>22,552</b>	<b>14,581</b>	<b>12,752</b>	<b>49,885</b>

## **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.

## **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 23 February 2016 – Service & Financial Planning 2017/187 to 2018/19

**Report prepared by Dominic Proud – Service Delivery Manager - Highways, Transport & Engineering Service**

## **TELFORD & WREKIN COUNCIL**

**CABINET - 15 FEBRUARY 2018  
COUNCIL - 1 MARCH 2018**

### **2018/19 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**

**1.1** The report updates members on Treasury Management activities during 2017/18 and details the Treasury Strategy recommended to be adopted for 2018/19. 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 financing has generated surplus treasury management returns of more than £11m 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 2018 include allowance for locking in all anticipated financing requirement 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 external financing requirements. 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 loan repayment is 6.4% in the current financial year. This compares to 9.6% for the average unitary authority (half as much again compared to the position at Telford and Wrekin). The Council has increased its external financing requirements 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 loan repayment 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 generates an index linked surplus of around £200k pa the surplus is used to help support front line services.

This report and the Prudential Indicators report, which will be considered by Cabinet on 15 February and Council on 1 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.

## **1.2 2017/18 Treasury Management Update**

The treasury portfolio at the end of December 2017 showed overall net indebtedness of £216.6m (borrowing: £240.1m less investments: £23.5m). Base rates were increased to 0.5% in November 2017 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 higher levels of inflation.

The borrowing strategy for 2017/18 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 4 new loans totalling £40m have been taken. 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 loan repayment charges and other operating costs.

The overall investment strategy for 2017/18 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 2017 was 0.19% compared to a benchmark return for the period of 0.19%. A schedule of short-term investments is shown at Appendix F.

The Markets in Financial Instruments Directive II (MIFID II) came into place on 3 January 2018 and the Council has opted to be categorised as a professional client which allows access to financial services and advice it may otherwise be unable to obtain (such as advice from Arlingclose, our treasury advisors). As part of the regulations, the authority must hold an investment balance of at least £10m.

## **1.3 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 £43.3m in 2018/19 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 external financing, 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. We would generally anticipate holding investments of at least £10m to meet cash flow requirements (and would therefore be compliant with MIFID II requirements for professional investor status). 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 Overall the policy is in line with that previously agreed. It should be noted however that the Department for Communities and Local Government (DCLG) issued a consultation paper which closed on 22 December on proposed changes to the Prudential Framework of Capital Finance, which includes proposals which would impact on MRP and is intended to be effective from 1 April 2018. On 11 January 2018, the Municipal Journal reported that the Local Government Association “has called for any changes to be deferred to 2019/20, as implementation from April, as proposed would cause significant problems for councils”. Clearly, until the changes are finalised it is not possible to assess any financial implications for the Council. This report therefore seeks a delegation to the Council’s Section 151 Officer to make any changes to reflect the final DCLG proposals after consultation with the Chair of the Audit Committee and the Cabinet Member for Finance, Commercial Services & Economic Development.

The report also sets the Prudential Indicators associated with Treasury Management for 2018/19.

## **2. RECOMMENDATIONS**

### **2.1 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 2018/19 together with the associated treasury Prudential Indicators and the Minimum Revenue Provision Statement, which will apply from 2018/19 onwards.
4. Grant delegated authority to the Council’s Section 151 Officer, after consultation with the Chair of Audit Committee and the Cabinet Member for Finance, Commercial Services & Economic Development to make any amendments required arising from the proposed changes to the Prudential Framework of Capital Finance.

## **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 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

<b>TARGET COMPLETION / DELIVERY DATE</b>		Part of ongoing Treasury Management Activities within the Treasury Management Strategy and Policy approved by Council.
<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	Yes/ No	Where appropriate these are detailed in the body of the report.
<b>LEGAL ISSUES</b>	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."
<b>OTHER IMPACTS, RISKS AND OPPORTUNITIES</b>	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.
<b>IMPACT ON SPECIFIC WARDS</b>	Yes/ No	

## PART B – ADDITIONAL INFORMATION

### 4. 2017/18 TREASURY MANAGEMENT UPDATE

#### 4.1 CURRENT PORTFOLIO POSITION

	<i>31 March 2017</i>	<i>31 Dec 2017</i>
	<b>Principal</b>	<b>Principal</b>
	<b>£m</b>	<b>£m</b>
Fixed Rate Borrowing – PWLB	42.970	80.535
Fixed Rate Borrowing – LOBO	60.000	45.000
Fixed Rate Borrowing – Market	0.000	15.000
Variable Rate Borrowing - market	<u>117.078</u>	<u>99.578</u>
<b>Total External Financing</b>	<b>220,048</b>	<b>240.113</b>
Investments - in-house	<u>26.393</u>	<u>23.532</u>
<b>Total Investments</b>	<b>26.393</b>	<b>23.532</b>
<b>Net Indebtedness</b>	<b>193.655</b>	<b>216.581</b>

#### 4.2 INTEREST RATES

Base rates were increased to 0.5% in November 2017. The Bank of England Quantitative Easing programme remains at £435bn. The next move in the base rate will be largely 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 2017/18 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 2017 (previous Member update) and 31 December 2017, £156.0m of temporary loans have been raised in order to fund short-term cash flow requirements at various points. Interest rates have ranged from 0.20% to 0.45% - interest rates have remained fairly low during this time. £99.578m of this temporary borrowing was outstanding at 31 December 2017. The following longer term borrowing has been undertaken since June 2017 with a view to slowly locking in to some longer-term fixed interest rates.

Date	Loan	Period	Amount	Interest Rate
1/06/17	PWLB EIP	10 years	£10,000,000	1.20%
8/09/17	PWLB EIP	20 years	£10,000,000	1.87%
21/12/17	PWLB EIP	20 years	£10,000,000	2.03%

## **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

The majority of funds are invested by the Council's own officers in order to maximise returns from day to day cash flows. During the year the Council has invested £3m in Money Market Funds which provide an alternative to call-accounts providing broader diversification and slightly higher yields.

In total £1,426m of investments were placed between 1 June and 31 December. Interest rates have ranged from 0.0% to 0.40% and periods ranged from overnight deposits to 10 days. £23.532m in house temporary investments were held at 31 December 2017.

#### 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 0.19% compared to a benchmark return for the period of 0.19%.

### **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 £6.9m with Lloyds Bank (29% 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 two drawdowns in 2017/18 which were undertaken in September. The drawdowns consisted of a finance leases from JCB Finance totalling £0.025m and funded the purchase of ICT equipment and a combination mower over five years.

## **5. TREASURY STRATEGY FOR 2018/19 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 2018/19
- Annual Investment Strategy for 2018/19
- Prudential Indicators for 2018/19, 2019/20, 2020/21 and 2021/22
- 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 2018/19 will be the UK's progress in negotiating its exit from the European Union and agreeing future trading

arrangements. The domestic economy has remained relatively robust since the outcome of the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff-edge, but will also extend the period of uncertainty for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.

Consumer price inflation reached 3.0% in September 2017 as the post-referendum devaluation of sterling continued to feed through to imports. Unemployment continued to fall and the Bank of England's Monetary Policy Committee judged that the extent of spare capacity in the economy seemed limited and the pace at which the economy can grow without generating inflationary pressure had fallen over recent years. With its inflation-control mandate in mind, the Bank of England's Monetary Policy Committee raised official interest rates to 0.5% in November 2017.

In contrast, the US economy is performing well and the Federal Reserve is raising interest rates in regular steps to remove some of the emergency monetary stimulus it has provided for the past decade. The European Central Bank is yet to raise rates, but has started to taper its quantitative easing programme, signalling some confidence in the Eurozone economy.

**Credit outlook:** High profile bank failures in Italy and Portugal have reinforced concerns over the health of the European banking sector. Sluggish economies and fines for pre-crisis behaviour continue to weigh on bank profits, and any future economic 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. In addition, the largest UK banks will ringfence their retail banking functions into separate legal entities during 2018. There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities.

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 remain very low.

**Interest rate forecast:** The Authority's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.50% during 2018/19, following the rise from the historic low of 0.25%. The Monetary Policy Committee re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.

Future expectations for higher short term interest rates are subdued and on-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions. The risks to Arlingclose's forecast are broadly balanced on both sides. The Arlingclose central case is for gilt yields to remain broadly stable across the medium term. Upward movement will be limited, although the UK government's seemingly deteriorating fiscal stance is an upside risk.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at **Appendix A**.

For the purpose of setting the budget, it has been assumed that new investments will be made at short term rates and that new long-term loans will be borrowed at an average rate of 3.5%.

### 5.1.3 Local Context

The Authority's current level of external financing 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 2021/22. 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 estimates, based on the current Revenue Budget and Capital Programmes, are:

	<b>31/03/17 Actual £m</b>	<b>31/03/18 Estimate £m</b>	<b>31/03/19 Estimate £m</b>	<b>31/03/20 Estimate £m</b>	<b>31/03/21 Estimate £m</b>
Capital Financing Requirement	367.781	425.041	467.774	479.320	481.758
Less: Other long term liabilities (e.g. PFI)	-58.126	-56.274	-54.033	-51.714	-50.506
<b>Borrowing CFR</b>	<b>309.655</b>	<b>368.767</b>	<b>413.741</b>	<b>427.606</b>	<b>431.252</b>
Less: External Borrowing	-220.048	-276.834	-320.121	-334.914	-339.368
<b>Internal Borrowing</b>	<b>89.607</b>	<b>91.933</b>	<b>93.620</b>	<b>92.692</b>	<b>91.884</b>

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 table reflects the amount committed to the commercial schemes but not the amount outstanding.

The row relating to external borrowing includes debt associated with funding the Council's Housing Investment Programme through NuPlace, the Telford Growth Fund/PIP investments, solar farm and other commercial investments totaling over

£120m. 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 £240.113 million of loans, an increase of £20.065 million on the previous year end. The Council also holds £56.274 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 in order to fund the investments in capital projects set out in the capital programme. 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 overall external financing 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 2018/19 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 Municipal Bond Agency
- Other 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
- Registered Housing Providers
- 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. £15m of the LOBOS have remaining options during February and March 2018, 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 £1million and £39 million, and we expect to maintain an investment balance of at least £10 million in the forthcoming year. The Council has invested £3m in Money Market Funds so far this 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 13 months	£15m 2 years	£15m 5 years	£7.5m 2 years	£15m 5 years
A-	£15m 6 months	£15m 13 months	£15m 5 years	£7.5m 13 months	£15m 5 years
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 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**

	<b>Cash limit</b>
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 £71 million on 31st March 2018 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 Non-Treasury Investments**

Although not classed as treasury management activities and therefore not covered by the CIPFA Code or the CLG Guidance, the Authority may also purchase property for investment purposes and may also make loans and investments for service purposes, for example in [shared ownership housing, as loans to local businesses and landlords, or as equity investments and loans to the Authority's subsidiaries].

Such loans and investments will be subject to the Authority's normal approval processes for revenue and capital expenditure and need not comply with this treasury management strategy.

The Authority's existing non-treasury investments are listed in Appendix B.

### **5.4 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)

### **5.5 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.

## **5.6 Balanced Budget Requirement**

The Authority complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

## **5.7 2018/19 MRP Statement**

**5.7.1** 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.

**5.7.2** 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 2018/19: 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 2018/19 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.

**5.7.5** 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.

## **5.8 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 2018.

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  
Ed Rushton, Principal Accountant (01952 383750  
Bernie Morris, Group Accountant (01952) 383702  
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	%	31/03/18 Estimate £m	31/03/19 Estimate £m	31/03/20 Estimate £m	31/03/21 Estimate £m	31/03/22 Estimate £m
<b>External Borrowing:</b>							
Fixed Rate – PWLB	80.5	27	70.5	166	183.2	188.9	183
Fixed Rate – LOBO	45	15	45	45	45	45	45
Fixed Rate – Market	15	5	15	15	15	15	15
Variable Rate – PWLB	0	0	0	0	0	0	0
Variable Rate – Market	99.6	34	100	50	50	50	50
<b>Total External Borrowing</b>	<b>240.1</b>	<b>81</b>	<b>230.5</b>	<b>276</b>	<b>293.2</b>	<b>298.9</b>	<b>293</b>
<b>IFRS Long Term Liabilities:</b>							
PFI	55.5	19	55.5	53.3	50.9	49.7	50.6
Finance Leases	0.8	0	0.8	0.8	0.8	0.8	0.8
<b>Total Gross External Debt</b>	<b>296.4</b>	<b>100</b>	<b>286.8</b>	<b>330.1</b>	<b>344.9</b>	<b>349.4</b>	<b>344.4</b>
<b>Investments:</b>							
Managed in-house	0	0	0	0	0	0	0
Short-term monies (Deposits/ monies on call /MMFs)	23.5	100	10	10	10	10	10
Long-term investments (maturities over 12 months)	0	0	0	0	0	0	0
<b>Total Investments</b>	<b>23.5</b>	<b>100</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>(Net Borrowing Position) / Net Investment Position</b>	<b>-272.9</b>		<b>-276.8</b>	<b>-320.1</b>	<b>-334.9</b>	<b>-339.4</b>	<b>-334.4</b>
<b>Non-Treasury Investments:</b>							
Investment Properties (asset register value)	71.6	77	101.7	114.3	116.9	116.9	116.9
Shares in Subsidiaries	6.5	7	6.5	6.5	6.5	6.5	6.5
Loans in Subsidiaries	14.5	16	29.4	46.5	53.2	54.7	54.7
<b>Total Non-Treasury Investments</b>	<b>92.6</b>	<b>100</b>	<b>137.6</b>	<b>167.3</b>	<b>176.6</b>	<b>178.1</b>	<b>178.1</b>
<b>Total Investments</b>	<b>-180.3</b>		<b>-139.2</b>	<b>-152.8</b>	<b>-158.3</b>	<b>-161.3</b>	<b>-156.3</b>

**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.

<b>Capital Expenditure</b>	<b>17/18 Approved £m</b>	<b>17/18 Revised £m</b>	<b>18/19 Estimate £m</b>	<b>19/20 Estimate £m</b>	<b>20/21 Estimate £m</b>	<b>21/22 Estimate £m</b>
<b>Total</b>	<b>76.843</b>	<b>101.653</b>	<b>84.667</b>	<b>46.802</b>	<b>20.403</b>	<b>0.500</b>

*\*if applicable*

3.2 Capital expenditure will be financed or funded as follows:

<b>Capital Financing</b>	<b>17/18 Approved £m</b>	<b>17/18 Revised £m</b>	<b>18/19 Estimate £m</b>	<b>19/20 Estimate £m</b>	<b>20/21 Estimate £m</b>	<b>21/22 Estimate £m</b>
Capital receipts	7.865	7.440	10.943	6.734	10.412	5.500
Government Grants	16.677	24.257	17.019	20.130	5.130	0.000
Revenue / External contributions	12.485	13.170	13.418	5.145	0.407	0.000
<b>Total Financing</b>	<b>37.027</b>	<b>44.867</b>	<b>41.380</b>	<b>32.009</b>	<b>15.949</b>	<b>5.500</b>
Supported borrowing	0.000	0.007	0.000	0.000	0.000	0.000
Unsupported borrowing	39.816	56.779	43.287	14.793	4.454	-5.000
<b>Total Funding</b>	<b>39.816</b>	<b>56.786</b>	<b>43.287</b>	<b>14.793</b>	<b>4.454</b>	<b>-5.000</b>
<b>Total Financing and Funding</b>	<b>76.843</b>	<b>101.653</b>	<b>84.667</b>	<b>46.802</b>	<b>20.403</b>	<b>0.500</b>

**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.

<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>17/18 Approved %</b>	<b>17/18 Revised %</b>	<b>18/19 Estimate %</b>	<b>19/20 Estimate %</b>	<b>20/21 Estimate %</b>	<b>21/22Estimate %</b>
<b>Total</b>	<b>6.60</b>	<b>3.83</b>	<b>7.45</b>	<b>8.04</b>	<b>8.77</b>	<b>8.79</b>

## 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.

<b>Capital Financing Requirement</b>	<b>17/18 Approved £m</b>	<b>17/18 Revised £m</b>	<b>18/19 Estimate £m</b>	<b>19/20 Estimate £m</b>	<b>20/21 Estimate £m</b>	<b>21/22 Estimate £m</b>
<b>Total CFR</b>	<b>417.539</b>	<b>425.041</b>	<b>467.774</b>	<b>479.320</b>	<b>481.758</b>	<b>476.834</b>

## 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.

<b>Actual External Debt as at 31/03/17</b>	<b>£m</b>
Borrowing	220.048
Other Long-term Liabilities	58.126
<b>Total</b>	<b>278.174</b>

## 7. Incremental Impact of Capital Investment Decisions:

7.1 This is an indicator of affordability that shows the impact of new 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.

<b>Incremental Impact of Capital Investment Decisions</b>	<b>17/18 Approved £</b>	<b>18/19 Estimate £</b>	<b>19/20 Estimate £</b>	<b>20/21 Estimate £</b>	<b>21/22 Estimate £m</b>	<b>22/23 Estimate £m</b>
Increase in Band B Council Tax	1.84	0.74	1.26	2.10	3.48	3.48

7.2 The increase in Band B council tax reflects the increases in the provision for Capital Financing Charges of £0.222m by 2021/22 to undertake additional borrowing of £4.397m 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).

<b>Authorised Limit for External Debt</b>	<b>17/18 Approved £m</b>	<b>17/18 Revised £m</b>	<b>18/19 Estimate £m</b>	<b>19/20 Estimate £m</b>	<b>20/21 Estimate £m</b>	<b>21/22 Estimate £m</b>
Borrowing	350	350	440	450	450	450
Other Long-term Liabilities	61	61	61	60	59	58
<b>Total</b>	<b>411</b>	<b>411</b>	<b>501</b>	<b>510</b>	<b>509</b>	<b>508</b>

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.

<b>Operational Boundary for External Debt</b>	<b>17/18 Approved £m</b>	<b>17/18 Revised £m</b>	<b>18/19 Estimate £m</b>	<b>19/20 Estimate £m</b>	<b>20/21 Estimate £m</b>	<b>21/22 Estimate £m</b>
Borrowing	330	330	420	430	430	430
Other Long-term Liabilities	60	60	59	58	57	56
<b>Total</b>	<b>390</b>	<b>390</b>	<b>479</b>	<b>488</b>	<b>487</b>	<b>486</b>

## 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**

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.

<b>Gross and Net Debt</b>	<b>17/18 Estimated £m</b>	<b>18/19 Authorised £m</b>	<b>19/20 Authorised £m</b>	<b>20/21 Authorised £m</b>	<b>21/22 Authorised £m</b>
Outstanding Borrowing (at nominal value)	276.834	320.121	334.914	339.368	334.368
Other Long-term Liabilities (at nominal value)	56.274	54.033	51.714	50.506	51.355
<b>Gross Debt</b>	<b>333.108</b>	<b>374.154</b>	<b>386.628</b>	<b>389.874</b>	<b>385.723</b>

## 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.

	<b>Existing level (or Benchmark level) at 31/03/17 %</b>	<b>17/18 Approved %</b>	<b>17/18 Revised %</b>	<b>18/19 Estimate %</b>	<b>19/20 Estimate %</b>	<b>20/21 Estimate %</b>	<b>21/22 Estimate %</b>
<b>Upper Limit for Fixed Interest Rate Exposure</b>	100	100	100	100	100	100	100
<b>Upper Limit for Variable Interest Rate Exposure</b>	70	70	70	70	70	70	70
<b>Local Indicator – Upper limit for net variable rate exposure. (Net principal re gross variable rate borrowing and investments divided by gross borrowing plus investments)</b>	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.

<b>Maturity structure of fixed rate borrowing</b>	<b>Existing level (level at 31/03/17) %</b>	<b>Lower Limit for 18/19 %</b>	<b>Upper Limit for 18/19 %</b>
under 12 months	40 (54)	0	70
12 months and within 24 months	4 (1)	0	30
24 months and within 5 years	6 (2)	0	50
5 years and within 10 years	8 (2)	0	75
10 years and within 20 years	6 (2)	0	75
20 years and within 30 years	0 (0)	0	75
30 years and within 40 years	10 (11)	0	100
40 years and within 50 years	9 (10)	10	100
50 years and above	17 (18)	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.

	<b>Target</b>
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.



## Appendix D – Arlingclose Economic & Interest Rate Forecast November 2017

### Underlying assumptions:

- In a 7-2 vote, the MPC increased Bank Rate in line with market expectations to 0.5%. Dovish accompanying rhetoric prompted investors to lower the expected future path for interest rates. The minutes re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.
- Further potential movement in Bank Rate is reliant on economic data and the likely outcome of the EU negotiations. Policymakers have downwardly assessed the supply capacity of the UK economy, suggesting inflationary growth is more likely. However, the MPC will be wary of raising rates much further amid low business and household confidence.
- The UK economy faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. While recent economic data has improved, it has done so from a low base: UK Q3 2017 GDP growth was 0.4%, after a 0.3% expansion in Q2.
- Household consumption growth, the driver of recent UK GDP growth, has softened following a contraction in real wages, despite both saving rates and consumer credit volumes indicating that some households continue to spend in the absence of wage growth. Policymakers have expressed concern about the continued expansion of consumer credit; any action taken will further dampen household spending.
- Some data has held up better than expected, with unemployment continuing to decline and house prices remaining relatively resilient. However, both of these factors can also be seen in a negative light, displaying the structural lack of investment in the UK economy post financial crisis. Weaker long term growth may prompt deterioration in the UK's fiscal position.
- The depreciation in sterling may assist the economy to rebalance away from spending. Export volumes will increase, helped by a stronger Eurozone economic expansion.
- Near-term global growth prospects have continued to improve and broaden, and expectations of inflation are subdued. Central banks are moving to reduce the level of monetary stimulus.
- Geo-political risks remains elevated and helps to anchor safe-haven flows into the UK government bond (gilt) market.

### Forecast:

- The MPC has increased Bank Rate, largely to meet expectations they themselves created. Future expectations for higher short term interest rates are subdued. On-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions.



## 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 31/12/17 £m
Term Deposits / CDs / Call Accounts	UK	Santander UK Plc (Banco Santander Group)	15	15	0
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	6.9
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	6.8
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 2017.*

**SUMMARY OF INVESTMENTS****TOTAL RISK PER COUNTERPARTY AS AT 31 DECEMBER 2017**

	<b>CREDIT RATING</b>	<b>TOTAL £000</b>
<u>Fixed Deposits</u>		
Svenska Handelsbanken	Sweden AAA F1+ AA- 2	6,800
Lloyds	UK AAA F1 A+ 5	6,899
	UK	
Debt Management Office	Government	6,800
Money Market Funds	UK AAA	3,000
<b>TOTAL- CASH DEPOSITS</b>		<b>23,499</b>
Shropshire Waste Management		33
<b>TOTAL INVESTMENTS</b>		<b>23,532</b>

<b><u>SUMMARY BY SOVEREIGN RATING</u></b>	<b><u>£000</u></b>	<b><u>%</u></b>
UK AAA	16,732	71
Sweden AAA	6,800	29
<b>Total</b>	<b>23,532</b>	<b>100</b>

## **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 plc (parent of Barclays Bank)
- HSBC Holding plc (parent of HSBC plc)
- Lloyds Banking Group (parent of Bank of Scotland plc and Lloyds Bank plc)
- Royal Bank of Scotland
- Standard Chartered plc
- 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
- Gruppo 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's 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**

<b>Term</b>	<b>Meaning</b>
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 <b>borrow</b> money in the London inter-bank market.
LIBOR	London inter-bank offer rate. Interest rate at which prime banks will <b>lend</b> 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.
Money Market Fund (MMF)	Mutual funds that invest in short term debt instruments. They offer a higher level of security than banks and interest rates are generally higher.
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**

**CABINET – 15 FEBRUARY 2018  
COUNCIL - 1 MARCH 2018**

**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 2018/19 to 2020/21 required under the Prudential Code of Capital Finance in Local Authorities and to approve the indicators for 2018/19.

**2. Recommendations**

- 2.1 Members are asked to approve the prudential indicators proposed in this report as part of setting the budget for 2018/19.
- 2.2 Members are asked to delegate authority to the Council's Section 151 Officer, after consultation with the Chair of the Audit Committee and the Cabinet Member for Finance, Commercial Services & Economic Development to make any amendments required arising from the potential changes to the Prudential Code for Capital Finance.

**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 The **Local Government Act 2003** requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's *2011 Prudential Code for Capital Finance in Local Authorities* (as amended in 2012) (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice.

5.2 It should be noted that the Department for Communities and Local Government (DCLG) issued a consultation paper which closed on 22 December on proposed changes to the Prudential Framework of Capital Finance and is intended to be effective from 1 April 2018. On 11 January 2018, the Municipal Journal reported that the Local Government Association "has called for any changes to be deferred to 2019/20, as implementation from April, as proposed would cause significant problems for councils". Clearly, until the changes are finalised it is not possible to assess any financial implications for the Council. This report therefore seeks a delegation to the Council's Section 151 Officer to make any changes to reflect the final DCLG proposals after consultation with the Chair of the Audit Committee and the Cabinet Member for Finance, Commercial Services & Economic Development.

5.3 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.

- 5.4 The code also requires authorities with significant investments to set indicators associated with lending money.
- 5.5 Practically the remaining paragraphs of this section consider the indicators and recommends what the indicators should be for 2018/19. In most cases indicators have to be set for 3 financial years ahead, so figures are also provided for 2019/20 and 2020/21. In proposing these indicators a pragmatic approach has been taken; i.e. known Council plans (including the present treasury structure) have been considered.
- 5.6 For each indicator, ***the CIPFA requirements of the code are set out in bold italics.*** The limits proposed by the Chief Finance Officer for 2018/19 are then set out. An explanation is provided, unless the indicator and limits are completely self-explanatory.

#### **5.7 Prudential Indicators of Affordability – Ratio Affordability Measure**

***5.7.1 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.***

5.7.2 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(2018/19)	7.45%
Year 2(2019/20)	8.04%
Year 3(2021/22)	8.77%

5.7.3 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 2018/19 and 2019/20 (this broadly matches the expected prudential borrowing which is noted in 5.11.2 and the cuts in grants impacting on net revenue stream).

#### **5.8 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.***

5.8.1 The indicator is calculated by taking the estimates of new capital investments included in the Capital Programme 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 (49,579.8). 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.

5.8.2 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> £
2018/19	0.74
2019/20	1.26
2020/21	2.10

**5.8.3 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”.

**5.9 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.***

5.9.1 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 Local Government Reorganisation (LGR), so in Telford & Wrekin’s case, these figures have limited meaning, and locally the indicator needs adjusting for LGR debt.

5.9.2 Table A shows the estimated cumulative Capital Financing Requirement (CFR) at a point in time. These estimates include the impact of the Public Finance Initiative.

	<b>Total CFR</b>
31/3/2018	£425.0m
31/3/2019	£467.8m
31/3/2020	£479.3m
31/3/2021	£481.8m

5.9.3 The movement in the CFR is consistent with other planning assumptions.

5.9.4 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)	<b>Gross Debt</b>
31/3/2018	£276.8m	£56.3m	£333.1m
31/3/2019	£320.1m	£54.0m	£374.1m
31/3/2020	£334.9m	£51.7m	£386.6m
31/3/2021	£339.4m	£50.5m	£389.9m

## **5.10 Treasury Management Prudential Indicators**

5.10.1 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.

## **5.11 Capital Expenditure and Capital Commitments Prudential Indicators**

5.11.1 ***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***

5.11.2 The budget and capital report to Council for 2018/19 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

2018/19	43.287	17.019	13.418	10.943	84.667
2019/20	14.793	20.130	5.145	6.734	46.802
2020/21	4.454	5.130	0.407	10.412	20.403

It is only the column relating to prudential borrowing that impacts on prudential indicators. These figures include further investment in NuPlace, the Council's wholly owned Housing Company, and Property Investment Portfolio schemes which should generate returns for the Council well in excess of the associated debt charges

## 5.12 **External Debt Prudential Indicators**

5.12.1 ***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.**

5.12.2 The recommended Authorised Limit for External Debt for:

Year 1 (2018/19) is £440m for borrowing and £61m for other long term liabilities

Year 2 (2019/20) is £450m for borrowing and £60m for other long term liabilities

Year 3 (2020/21) is £450m for borrowing and £59m for other long term liabilities

5.12.3 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.

5.12.4 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.

## 5.13 **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.**

5.13.1 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.

5.13.2 The Recommended Operational boundary for External debt is

Year 1 (2018/19) is £420m for External debt for and £59m for other long term liabilities

Year 2 (2019/20) is £430m for External debt for and £58m for other long term liabilities

Year 3 (2020/21) is £430m for External debt for and £57m for other long term liabilities

#### 5.14 **Interest Rate Exposure**

5.14.1 ***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.***

5.14.2 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.

#### 5.14.3 **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
	%
2018/19	70
2019/20	70
2020/21	70

5.14.4 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
	%
2018/19	70
2019/20	70
2020/21	70

#### 5.14.6 **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.**

5.14.7 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 %
2018/19	100	70
2019/20	100	70
2020/21	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.

**5.15 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+**

5.15.1 The proposed prudential limits are as follows;

Maturity	Lower Limit %	Upper Limit %	Actual % for 31/03/17
Under 12 months	0	70	54
1-2 years	0	30	1
2-5 years	0	50	2
5-10 years	0	75	2
10-20 years	0	75	2
20-30 years	0	75	0
30-40 years	0	100	11
40-50 years	10	100	10
Over 50 years	15	100	18

5.15.2 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
2018/19	95%
2019/20	95%
2020/21	95%

## 6. Financial Implications

- 6.1 The prudential indicators provide a framework for 2018/19 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 where applicable), 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 – 1 MARCH 2018****COUNCIL TAX - FORMAL RESOLUTIONS FOR 2018/19****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 2018/19. 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 2018/19 were approved earlier at this meeting and the Council Tax Base was approved at the meeting of Full Council on 11 January 2018.

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	1,175.02	1.2
	Special Fund	15.12	1.5
<b>Telford &amp; Wrekin</b>	<b>Total (excluding Adult Social Care Precept)</b>	<b>1,190.14</b>	<b>1.2</b>
Telford & Wrekin	Adult Social Care Precept	71.06	2.0
<b>Telford &amp; Wrekin</b>	<b>Total (including Adult Social Care Precept)</b>	<b>1,261.20</b>	<b>3.2</b>
West Mercia Police & Crime Commissioner		197.07	3.9
Shropshire and Wrekin Fire Authority		97.34	3.0
Parish & Town Councils		84.12	2.1
<b>Total Council Tax</b>		<b>1,639.73</b>	<b>3.2</b>

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 2018/19.

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 2018/19, 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 2018/19.

In the Government’s calculation of core spending power from 2016/17 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.

Overall the total average bill has increased by 3.2% 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 2.82% to 5.24% depending on variations in parish council spending and precepts.

While the total average Band D bill will be £1,639.73, the majority of properties in the area fall in Bands A and B – for a Band B property the overall average bill is £1,275.35.

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 2018/19 as detailed in the report.

**3.0 SUMMARY IMPACT ASSESSMENT**

<b>COMMUNITY IMPACT</b>	<b>Do these proposals contribute to specific priorities?</b>	
	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.
<b>TARGET COMPLETION /DELIVERY DATE</b>	The Council Tax must be set by 11 March each year prior to the start of the financial year to which it relates.	
<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	Yes	The financial impacts are detailed in the Service & Financial Planning Report.

<b>LEGAL ISSUES</b>	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 2018/19 before the 11th March, 2018. Details of those Regulations and how they have been observed are set out in this report.
<b>OTHER IMPACTS, RISKS &amp; OPPORTUNITIES</b>	No	These are considered as part of the Service & Financial Planning report.
<b>IMPACT ON SPECIFIC WARDS</b>	No	Borough Wide

## **PART B – ADDITIONAL INFORMATION**

### **4.0. INFORMATION**

The Council Tax Base was approved at Full Council on 11 January 2018. The Council's budget for 2018/19 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 1.5%, 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 11 January 2018 the Council calculated the following amounts for the year 2018/19 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) **49,579.8** 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	245.3
CHETWYND ASTON & WOODCOTE	172.7
CHURCH ASTON	505.9
DAWLEY HAMLETS	2,210.5
DONNINGTON & MUXTON	3,769.5
EDGMOND	536.0
ERCALL MAGNA	573.4
GORGE, THE	1,398.8
GREAT DAWLEY	2,415.9
HADLEY & LEEGOMERY	4,245.2
HOLLINSWOOD & RANDLAY	1,382.6
KETLEY	1,286.4
KYNNERSLEY	78.5
LAWLEY & OVERDALE	2,977.6
LILLESHALL	552.5
LITTLE WENLOCK	242.2
MADELEY	4,062.8
NEWPORT	3,805.8
OAKENGATES	2,368.1
PRESTON	99.3
RODINGTON	357.6
ST GEORGES & PRIORSLEE	3,833.5
STIRCHLEY & BROOKSIDE	2,252.0
TIBBERTON & CHERRINGTON	283.7
WATERS UPTON	387.9
WELLINGTON	6,589.2
WROCKWARDINE	1,435.9
WROCKWARDINE WOOD	1,473.3
	<b>49,542.1</b>

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 2018/19 in accordance with Sections 31 to 36 of The Act:-

- (a) £414,579,403 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) £347,878,921 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £66,700,482 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) £1,345.32 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) £4,920,064 being the aggregate amount of all special items referred to in Section 34(1) of the Act.
- (f) £1,246.08 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 £71.06.

(g) **Part of the Council's Area**

£

The Parish of:

Chetwynd	1,260.34
Chetwynd Aston & Woodcote	1,280.82
Church Aston	1,283.00
Dawley Hamlets (SF2*)	1,310.34
Donnington & Muxton	1,290.78
Edgmond	1,279.87
Ercall Magna	1,314.43
The Gorge (SF2*)	1,325.93
Great Dawley (SF2*)	1,465.43
Hadley & Leegomery	1,320.76

Hollinswood & Randlay	1,411.47
Ketley	1,373.27
Kynnersley	1,279.00
Lawley & Overdale (SF2*)	1,344.90
Lilleshall	1,346.26
Little Wenlock	1,304.82
Madeley (SF2*)	1,396.93
Newport	1,362.97
Oakengates (SF2*)	1,439.76
Preston	1,249.10
Rodington	1,291.79
St. Georges & Priorslee (SF1*)	1,285.20
Stirchley & Brookside(SF2*)	1,388.72
Tibberton & Cherrington	1,263.47
Waters Upton	1,307.87
Wellington (SF2*)	1,335.85
Wrockwardine	1,292.31
Wrockwardine Wood & Trench (SF1*)	1,324.25

*\*SF1 indicates a parish in the special fund area which has taken over responsibility for footway lighting. An additional charge of £0.00 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 £29.21 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 2018/19 was set at its meeting on 6 February 2018. 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	131.38
B	153.28
C	175.17
D	197.07
E	240.86
F	284.66
G	328.45
H	394.14

7. The Shropshire & Wrekin Fire and Rescue Authority's precept for 2018/19 was set at its meeting on 14 February 2018. 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	64.89
B	75.71
C	86.52
D	97.34
E	118.97
F	140.60
G	162.23
H	194.68

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 2018/19 – 2019/20  
Parish Precept Requests  
Police & Crime Commissioner Precept Request  
Fire Authority Precept Request  
2018/19 Revenue Support Grant Settlement  
Acts, Directions and Regulations as quoted above.

**UNITARY AUTHORITY AND TOWN/PARISH COUNCILS COUNCIL TAX LEVELS 2018/19**

**Appendix 1**

<b>Part of the Council's area The Parish of :-</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
CHETWYND	840.21	980.25	1,120.29	1,260.34	1,540.40	1,820.48	2,100.55	2,520.68
CHETWYND ASTON & WOODCOTE	853.87	996.18	1,138.50	1,280.82	1,565.44	1,850.07	2,134.69	2,561.64
CHURCH ASTON	855.32	997.87	1,140.43	1,283.00	1,568.10	1,853.21	2,138.32	2,566.00
DAWLEY HAMLETS	873.54	1,019.13	1,164.73	1,310.34	1,601.51	1,892.70	2,183.88	2,620.68
DONNINGTON & MUXTON	860.51	1,003.92	1,147.35	1,290.78	1,577.61	1,864.45	2,151.29	2,581.56
EDGMOND	853.23	995.44	1,137.65	1,279.87	1,564.27	1,848.69	2,133.10	2,559.74
ERCALL MAGNA	876.27	1,022.32	1,168.37	1,314.43	1,606.51	1,898.61	2,190.70	2,628.86
EYTON	830.71	969.16	1,107.62	1,246.08	1,522.98	1,799.89	2,076.79	2,492.16
THE GORGE	883.94	1,031.25	1,178.59	1,325.93	1,620.57	1,915.22	2,209.87	2,651.86
GREAT DAWLEY	976.94	1,139.75	1,302.59	1,465.43	1,791.07	2,116.72	2,442.37	2,930.86
HADLEY & LEEGOMERY	880.49	1,027.24	1,174.00	1,320.76	1,614.25	1,907.76	2,201.25	2,641.52
HOLLINSWOOD & RANDLAY	940.96	1,097.78	1,254.62	1,411.47	1,725.12	2,038.78	2,352.43	2,822.94
KETLEY	915.50	1,068.08	1,220.67	1,373.27	1,678.43	1,983.60	2,288.77	2,746.54
KYNNERSLEY	852.65	994.76	1,136.88	1,279.00	1,563.21	1,847.44	2,131.65	2,558.00
LAWLEY & OVERDALE	896.58	1,046.01	1,195.45	1,344.90	1,643.75	1,942.62	2,241.48	2,689.80
LILLESBALL	897.49	1,047.07	1,196.66	1,346.26	1,645.42	1,944.59	2,243.75	2,692.52
LITTLE WENLOCK	869.87	1,014.84	1,159.83	1,304.82	1,594.77	1,884.73	2,174.69	2,609.64
MADELEY	931.27	1,086.47	1,241.70	1,396.93	1,707.35	2,017.78	2,328.20	2,793.86
NEWPORT	908.63	1,060.07	1,211.52	1,362.97	1,665.84	1,968.73	2,271.60	2,725.94
OAKENGATES	959.82	1,119.79	1,279.77	1,439.76	1,759.69	2,079.64	2,399.58	2,879.52
PRESTON	832.72	971.50	1,110.30	1,249.10	1,526.67	1,804.25	2,081.82	2,498.20
RODINGTON	861.18	1,004.71	1,148.25	1,291.79	1,578.84	1,865.91	2,152.97	2,583.58
ST. GEORGES & PRIORSLEE	856.79	999.58	1,142.39	1,285.20	1,570.79	1,856.39	2,141.99	2,570.40
STIRCHLEY & BROOKSIDE	925.80	1,080.09	1,234.40	1,388.72	1,697.31	2,005.92	2,314.52	2,777.44
TIBBERTON & CHERRINGTON	842.30	982.68	1,123.07	1,263.47	1,544.23	1,825.00	2,105.77	2,526.94
WATERS UPTON	871.90	1,017.21	1,162.54	1,307.87	1,598.50	1,889.14	2,179.77	2,615.74
WELLINGTON	890.55	1,038.97	1,187.41	1,335.85	1,632.69	1,929.55	2,226.40	2,671.70
WROCKWARDINE	861.53	1,005.11	1,148.71	1,292.31	1,579.48	1,866.66	2,153.84	2,584.62
WROCKW'DINE WOOD & TRENCH	882.82	1,029.95	1,177.10	1,324.25	1,618.52	1,912.80	2,207.07	2,648.50

**NOTE : These figures exclude the Police and Fire Authority tax levels .**

**TOTAL COUNCIL TAX LEVELS FOR TELFORD & WREKIN COUNCIL FOR 2018/19**

**Appendix 2**

<b>Part of the Council's area The Parish of :-</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
CHETWYND	1,036.48	1,209.24	1,381.98	1,554.75	1,900.23	2,245.74	2,591.23	3,109.50
CHETWYND ASTON & WOODCOTE	1,050.14	1,225.17	1,400.19	1,575.23	1,925.27	2,275.33	2,625.37	3,150.46
CHURCH ASTON	1,051.59	1,226.86	1,402.12	1,577.41	1,927.93	2,278.47	2,629.00	3,154.82
DAWLEY HAMLETS	1,069.81	1,248.12	1,426.42	1,604.75	1,961.34	2,317.96	2,674.56	3,209.50
DONNINGTON & MUXTON	1,056.78	1,232.91	1,409.04	1,585.19	1,937.44	2,289.71	2,641.97	3,170.38
EDGMOND	1,049.50	1,224.43	1,399.34	1,574.28	1,924.10	2,273.95	2,623.78	3,148.56
ERCALL MAGNA	1,072.54	1,251.31	1,430.06	1,608.84	1,966.34	2,323.87	2,681.38	3,217.68
EYTON	1,026.98	1,198.15	1,369.31	1,540.49	1,882.81	2,225.15	2,567.47	3,080.98
THE GORGE	1,080.21	1,260.24	1,440.28	1,620.34	1,980.40	2,340.48	2,700.55	3,240.68
GREAT DAWLEY	1,173.21	1,368.74	1,564.28	1,759.84	2,150.90	2,541.98	2,933.05	3,519.68
HADLEY & LEEGOMERY	1,076.76	1,256.23	1,435.69	1,615.17	1,974.08	2,333.02	2,691.93	3,230.34
HOLLISWOOD & RANDLAY	1,137.23	1,326.77	1,516.31	1,705.88	2,084.95	2,464.04	2,843.11	3,411.76
KETLEY	1,111.77	1,297.07	1,482.36	1,667.68	2,038.26	2,408.86	2,779.45	3,335.36
KYNNERSLEY	1,048.92	1,223.75	1,398.57	1,573.41	1,923.04	2,272.70	2,622.33	3,146.82
LAWLEY & OVERDALE	1,092.85	1,275.00	1,457.14	1,639.31	2,003.58	2,367.88	2,732.16	3,278.62
LILLESALL	1,093.76	1,276.06	1,458.35	1,640.67	2,005.25	2,369.85	2,734.43	3,281.34
LITTLE WENLOCK	1,066.14	1,243.83	1,421.52	1,599.23	1,954.60	2,309.99	2,665.37	3,198.46
MADELEY	1,127.54	1,315.46	1,503.39	1,691.34	2,067.18	2,443.04	2,818.88	3,382.68
NEWPORT	1,104.90	1,289.06	1,473.21	1,657.38	2,025.67	2,393.99	2,762.28	3,314.76
OAKENGATES	1,156.09	1,348.78	1,541.46	1,734.17	2,119.52	2,504.90	2,890.26	3,468.34
PRESTON	1,028.99	1,200.49	1,371.99	1,543.51	1,886.50	2,229.51	2,572.50	3,087.02
RODINGTON	1,057.45	1,233.70	1,409.94	1,586.20	1,938.67	2,291.17	2,643.65	3,172.40
ST. GEORGES & PRIORSLEE	1,053.06	1,228.57	1,404.08	1,579.61	1,930.62	2,281.65	2,632.67	3,159.22
STIRCHLEY & BROOKSIDE	1,122.07	1,309.08	1,496.09	1,683.13	2,057.14	2,431.18	2,805.20	3,366.26
TIBBERTON & CHERRINGTON	1,038.57	1,211.67	1,384.76	1,557.88	1,904.06	2,250.26	2,596.45	3,115.76
WATERS UPTON	1,068.17	1,246.20	1,424.23	1,602.28	1,958.33	2,314.40	2,670.45	3,204.56
WELLINGTON	1,086.82	1,267.96	1,449.10	1,630.26	1,992.52	2,354.81	2,717.08	3,260.52
WROCKWARDINE	1,057.80	1,234.10	1,410.40	1,586.72	1,939.31	2,291.92	2,644.52	3,173.44
WROCKW'DINE WOOD & TRENCH	1,079.09	1,258.94	1,438.79	1,618.66	1,978.35	2,338.06	2,697.75	3,237.32