



Telford & Wrekin
C O U N C I L

Addenbrooke House Ironmasters Way Telford TF3 4NT

CABINET

Date **Thursday, 4 January 2018** Time **5.00pm**
Venue **Meeting Rooms G3/4, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT**

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Cabinet Members:

Councillor S Davies	Leader of the Council and Cabinet Member for Neighbourhood Services & Pride Programme
Councillor R A Overton	Deputy Leader and Cabinet Member for Cabinet Member for Housing & Enforcement
Councillor L D Carter	Cabinet Member for Council Finance, Commercial Services & Economic Development
Councillor A R H England	Cabinet Member for Communities, Health & Wellbeing
Councillor R C Evans	Cabinet Member for Customer Services, Tourism & Partnerships
Councillor A D McClements	Cabinet Member for Transport, Infrastructure & Broadband
Councillor J C Minor	Cabinet Member for Leisure, Green Spaces & Parks
Councillor S A W Reynolds	Cabinet Member for Education & Skills
Councillor P R Watling	Cabinet Member for Children's & Adult's Early Help & Support

Invitees

Councillor A J Eade	Conservative
Councillor W L Tomlinson	Liberal Democrat/Independent

AGENDA

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K	5.	Service & Financial Planning Strategy – Proposals for Consultation	Cllr L D Carter	Appendix C TO FOLLOW	
K	6.	Homelessness Reduction Act 2017	Cllr R A Overton	Appendix D	28
K	7.	School Funding Formula 2018/19	Cllr S A W Reynolds	Appendix E	39
	8.	Exclusion of Press and Public It is recommended that the press and public be excluded from the meeting for the remaining item of business on the grounds that it may involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.			
K	9.	Special Education Provision	Cllr L D Carter Cllr S A W Reynolds	Appendix F	44

Key			
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CABINET

Decision Notices and Minutes of a meeting of the Cabinet held on Thursday, 4 January 2018 at 5.00pm at Addenbrooke House, Ironmasters Way, Telford

PUBLISHED ON WEDNESDAY, 10 JANUARY 2018

(DEADLINE FOR CALL-IN: MONDAY, 15 JANUARY 2018)

Present: Councillors S Davies (Leader and Chair), L D Carter, A R H England, R C Evans, J C Minor, A D McClements, R A Overton, S A W Reynolds and P R Watling.

Also Present: Councillors A J Eade (Conservative Group Leader)

CB-140 **Apologies for Absence**

None.

CB-141 **Declarations of Interest**

Cllr S A W Reynolds declared an interest pertaining to Item 9 on the agenda.

CB-142 **Minutes**

RESOLVED – that the minutes of the meeting held on 7 December 2017 be confirmed and signed by the Chair.

CB-143 **2017/18 Financial Management Report**

Key Decision identified as **Financial Management Report** in the Notice of Key Decisions published on 6 December 2017.

Reserved for Council

Councillor L D Carter, Cabinet Member: Finance, Commercial Services & Economic Development, presented the report of the Assistant Director: Finance & Human Resources and Chief Financial Officer.

The net projected outturn position for 2017/18 estimated to be within budget was welcomed as a positive position, given the £13.8m savings required to balance the 2017/18 budget, and £3.7m uncommitted balance remained in the central contingency. Senior Managers would aim to sustain this position over the remainder of the year, so that the one-off contingency benefit was available to support the medium term budget strategy. However, it was noted that with a quarter of the year left, the Council could potentially face significant financial pressures if, for example, the winter was particularly hard or if the NHS faced significant winter pressures.

Children's Safeguarding and Early Help & Support continued to be key areas of focus and both had cost improvement plans in place to reduce costs and deliver savings. These plans were monitored on a regular basis both by senior managers and Cabinet Members. The projections took into account the specific contingency of £2.5m earmarked in the 2017/18 budget strategy for Adult Social Care pressures and the £2.5m Improved Better Care Funding available.

There were a number of variations from the approved budget, including some beneficial variances. The main areas highlighted were:

- A benefit of £2.6m relating to Treasury Management activities - the majority of which related to benefits from low interest rates for short term borrowing.
- Children's Safeguarding & Early Help was a key pressure with an anticipated requirement for £3.5m additional investment necessary this year; an increase of £0.4m since the last report. This mainly related to the cost of placements for Looked after Children and the cost of social workers. A four year model was in place which was designed to deliver efficiencies over the remainder of the year and medium term.
- Adult Social Care – current projections were that additional investment of £1.0m, mainly relating to the purchase of care packages, would be required this year compared to the original budget.

The funding outlook for the medium term was still uncertain however it was anticipated that the Council would need to identify a further £15-£20m savings by the end of 2019/20 on top of the £13m already identified for 2017/18, so it was important that the Council's good track record in managing budgets was maintained and the position in 2017/18 maximised which would assist in future years.

The capital programme totalled £101.7m which included all approvals since the budget was set. At the time of compiling the Cabinet report projected spend was 98% of the budget allocation; actual spend was 42% which indicated that there would be a requirement for some re-phasing at year end.

There were some new allocations and slippage identified which would go forward to Full Council in January for formal approval.

Sales Ledger outstanding debt and Business Rates collection were ahead of target, while Council Tax collection was slightly behind target. Overall, the amount of cash collected was higher than at the same point last year. In total £2.2m more cash had been collected than at the same point last year.

Members welcomed the report and congratulated the Cabinet Member: Finance, Commercial Services & Economic Development, Senior Management Team and Finance Team for their management of the budget and noted in particular that there remained a balance in the central contingency. Dismay was expressed about the lack of recognition by central government of the pressures facing all councils with responsibility for Adult Social Care and Children's Safeguarding and noted the impact on the budget of these pressures.

RESOLVED that –

- (a) the 2017/18 revenue spending currently projected to be within budget be noted and work continue with SMT to sustain this position; and the updated contingency position detailed in para. 5.1 of the report be approved;
- (b) the position in relation to capital spend be noted and **RECOMMEND TO COUNCIL** that the new allocations and slippage detailed in Appendix 3 to the report be approved;
- (c) the collection rates for NNDR, council tax and sales ledger be noted.

CB-144 Service & Financial Planning Strategy – Proposals for Consultation

Key Decision identified as Service & Financial Planning Report in the Notice of Key Decisions published on 6 December 2017.

Council decision – not subject to Call-in

Councillor L D Carter, Cabinet Member: Finance, Commercial Services & Economic Development, presented the report of the Assistant Director: Finance & Human Resources and Chief Financial Officer

The report set out the Council's proposed Service and Financial Planning strategy for 2018/19 and 2019/20. By the end of the current financial year, the Council would already have delivered budget savings of £110,000,000. These savings were ongoing, meaning that they had to be made every year and that each year the Council had almost £1,500 less to spend on delivering services for every household in the Borough. The Council had sought to make savings in ways that protected front line services as far as possible.

By the end of 2020/21, based on current projections, the ongoing savings that the Council had to deliver were expected to exceed £143m in direct response to the national austerity programme. Despite the reductions that had to be made, the Council was still a large organisation delivering many services to local people and it was essential that remaining revenue and capital resources was used as effectively as possible to deliver the greatest possible benefit for local people.

Members acknowledged the pressures facing all councils with responsibility for Adult Social Care and Children's Safeguarding which meant that further budget savings had to be made in order to put additional investment in to these key front line services.

In the provisional Local Government Finance Settlement announced by the Secretary of State for Communities and Local Government on 19 December 2017, this would see the Council's Revenue Support Grant cut by over 23% (£4.3m) next year with a further cut of more than 30% in 2019/20. 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, at this stage, this decision had only been made on a one-off basis. The Council was proposing to continue with its strategy of increasing Council Tax over the next two years by 3.2% pa, which was broadly in line with the current rate of inflation. Whilst it was recognised that an increase of 3.2% would still represent a challenge for many residents, raising additional income from Council Tax needed to be balanced with the pressures facing many services after budget savings of £110m pa had been made.

In Telford & Wrekin a 1% Council Tax increase would raise £0.6m because Council Tax levels were comparatively low, as demonstrated in Appendices 1 and 2 of the report, and because the average property in this area was in B and B.

Strong financial management over recent years had enabled the Council to build up one-off sums of money to invest in the community. In 2018 Telford would celebrate its 50th anniversary and it was important that the Council continued to find ways to invest in communities and in roads, street lights and footways to keep Telford a great place to live, work, visit and do business. The Cabinet Members noted the existing investments that would be delivered in 2018/19:-

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
- £3.36m to improve street lighting by continuing to install LED lighting
- £0.85m to improve footpaths,
- £0.7m for estate care 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.

The key proposals set out for consultation in the report were outlined:

A two year service and financial planning strategy to be set out linked to the period of the local authority funding settlement from the Department for Communities & Local Government.

The previous decision to be reaffirmed 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.

A further £2.475m to be invested (more than would be raised from increasing council tax by 4%) into Adult Social Care services in 2018/19 rising to a cumulative £5.05m new investment in 2020/21.

£0.4m to be invested in Children's Safeguarding & Early Help services in 2018/19.

An additional one-off budget contingency of £3m to be created 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.

A programme of capital investments totalling more than £250m set out in Appendix 4 of the report and the continuation of the programme of Pride in Our Community investments totalling £16m over 2 years detailed in Appendix 5 to the report.

Additional budget savings to be made totalling £6.582m in 2018/19 rising to a cumulative total of £12.580m in 2019/20.

A measured approach to be taken to the use of available one-off resources of £4.000m in 2018/19 and £4.975m in 2019/20 to seek to cushion the impact of continuing Government cuts in council funding.

The projections to be noted for the potential budget gap in 2020/21 and work to be started to identify options for how this would be bridged.

The comments in section 4.7 to be noted relating to the consultation issued by the Department for Communities and Local Government (DCLG) relating to proposed changes to the Prudential Framework of Capital Finance.

The statutory consultation period would commence on 5 January and continue until 4 February 2018. At this stage, the consultation was predominantly seeking overarching views on the strategy. It was highlighted that where specific savings required more detailed consultation and equality impact assessment, these would be subject to more detailed and specific consultation in due course.

Final decisions would be taken by the Cabinet at the meeting to be held on 15 February 2018 after the results of consultation with the community and the Finance & Enterprise Scrutiny Committee had been analysed. Recommendations from Cabinet would be considered at a meeting of the full Council scheduled for 1 March 2018 which would agree the budget and Council Tax levels across the Borough for 2018/19.

Members welcomed the report and noted the context of extreme financial challenge highlighted by the Cabinet Member for Finance, Commercial Services & Economic Development.

The Leader of the Council called upon local MPs to support fairer funding for the Council, to support the most vulnerable in the Borough and to send a strong

message to the Government. The Local Government Settlement had not been voted on in Parliament and did not have to be accepted; MPs could vote against it.

A clerical error was noted in paragraph 2.1.7 – the budget savings total was £6.852million in 2018/19.

RESOLVED that the proposed Service and Financial Planning Strategy set out in the report for statutory consultation between 5 January 2018 and 4 February 2018 be approved.

CB-145 Homelessness Reduction Act 2017

Key Decision identified as **New Homelessness Reduction Act** in the Notice of Key Decisions published on 6 December 2017.

Councillor R A Overton, Cabinet Member: Housing & Enforcement, presented the report of the Assistant Director: Commercial Services which highlighted that the Homelessness Reduction Act 2017 (HRA) received Royal Assent on 27th April 2017 and was being implemented 3rd April 2018. It was noted that this would place significantly increased duties on local housing authorities to prevent and relieve homelessness. It would amend the current duties under the Housing Act 1996. The HRA transformed the help councils were expected to provide to all homeless people. It aimed to ensure provision of new support to people who were not entitled to help under the current system. It required councils to try and prevent people from becoming homeless by intervening early and encouraging other public sector bodies to actively assist in identifying and referring those at risk of homelessness.

The Act represented a significant change to homelessness legislation. Key measures were highlighted and included:

- An extension of the period during which an authority should treat someone as threatened with homelessness from 28 to 56 days.
- A new duty to prevent homelessness for all applicants threatened with homelessness, regardless of priority need. (Prevention Duty)
- A duty to assess and agree a personalised housing plan
- A duty to relieve homelessness for all homelessness applicants regardless of priority need. (Relief Duty)
- A new duty on public services to notify a local authority if they came into contact with someone who they thought may be homeless or at risk of becoming homeless. (Duty to Refer)
- A stronger duty to provide advisory services to all. (Duty to Provide Advisory Services)
- A duty to help to secure accommodation (Accommodation Duty).

The Deputy Leader and Cabinet Member for Housing & Enforcement welcomed the legislation as a positive drive to help homeless people and prevent people from becoming homeless. It was noted that there would be an increase in workload for

Officers however the implications were not yet know, particularly as the work required could be above and beyond the time-limited funds.

RESOLVED that –

- (a) the Homelessness Reduction Act be noted and the actions taken by officers to date and those proposed within this report be endorsed;**
- (b) allocation of the two sources of grant funding from the Government to be allocated to tackle homelessness for the next 2 years to enable the new legislation to be successfully implemented be approved;**
- (c) the Assistant Director: Commercial Services be authorised 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;**
- (d) the Assistant Director: Commercial Services be authorised in consultation with the Cabinet Member for Housing and Enforcement to approve and agree terms for the capital funding to help house homeless clients;**
- (e) authority be delegated to the 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 this report known as Carwood;**
- (f) authority be delegated to the Assistant Director: Governance, Procurement & Commissioning to seal or sign any documents required to give effect to the recommendations contained in this report.**

CB-146 School Funding Formula 2018/19

Key Decision identified as **T&W School Funding Formula 2018/19** in the Notice of Key Decisions published on 6 December 2017.

Councillor S A W Reynolds, Cabinet Member: Education & Skills presented the report of the Assistant Director: Education & Corporate Parenting. It was reported that each year the local funding formula was reviewed for mainstream schools in the context of revisions to DfE regulations or any other relevant developments. The Council made the final decision on the funding formula having consulted with schools and the Schools Forum regarding any changes. The local funding formula applied both to academies and maintained schools and in 2018/19 would determine the distribution of around £110m of funding.

Proposals for 2018/19 were noted as follows:

- the local funding formula would move towards the DfE's National Funding Formula model for school funding, details of which were published in 2017, and the protection for schools would be improved by increasing the minimum funding guarantee to 0% from the current minus 1.5%;
- a top-slice from mainstream school budgets would be requested from the Schools Forum to support the increasing budget pressure on high needs.

The revised funding formula had to be submitted to the DfE agency - the Education & Skills Funding Agency (ESFA) by 19 January 2018. The report sought Cabinet approval for the proposed 2018/19 funding formula for Telford & Wrekin mainstream schools.

RESOLVED that:-

- (a) **the 2018/19 funding formula for Telford & Wrekin mainstream schools, as consulted on with schools and the Schools Forum, be approved.**

Exclusion of Press and Public

It is recommended that the press and public be excluded from the meeting for the remaining item of business on the grounds that it may involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

CB-147 Special Education Provision

Key Decision identified as **School Organisation - Education Provision** in the Notice of Key Decisions published on 6 December 2017.

Councillor S A W Reynolds, Cabinet Member: Education & Skills declared an interest in the item and left the room.

Councillor L D Carter, Cabinet Member: Finance, Commercial Services & Economic Development presented the report of the Assistant Director: Education & Corporate Parenting and the Assistant Director: Business, Development & Employment.

One amendment to the report was noted; that the consultation would run from 19th January to 12th March 2018.

It was reported that as part of the strategy to provide sufficient school places for pupils, the Council had commissioned a review of Special School places across the borough. Key findings from the efficiency assessment indicated that there was a need to expand existing provision to meet demand in the Borough and initial plans had been drawn up to provide an additional 26 places. An opportunity to achieve expansion through the purchase of a new site had been identified and a consultation was proposed on the potential relocation.

It was noted that should the decision be made following consultation to relocate the Special School, the current school site would become available and there would be potential to either reuse the site or sell it, partially offsetting the additional investment required for relocation.

RESOLVED that

- (a) (subject to the completion of the consultation) authority be delegated to the Assistant Director: Business, Development & Employment and Assistant Director for Finance & HR 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;**
- (b) (subject to completion of the consultation) authority be delegated to the Assistant Director: Business, Development & Employment and Assistant Director for Finance & HR in consultation with the Cabinet Member for Finance, Partnerships & Commercial Services to negotiate and complete the acquisition of the site as outlined below;**
- (c) authority be delegated to the 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;**
- (d) (subject to completion of the consultation) authority be delegated to the Assistant Director: Business, Development and Employment and Assistant Director for Finance and HR 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;**
- (e) Authority be delegated to the Assistant Director: Governance, Procurement & Commissioning to seal or sign any documents required to give effect to the recommendations contained in the report.**

The meeting ended at 6.05pm

Signed for the purposes of the Decision Notices

Jonathan Eatough
Assistant Director: Governance, Procurement & Commissioning
Date: 10 January 2018

Signed:
Date:



CABINET

Decision Notices and Minutes of a meeting of the Cabinet held on Thursday, 7 December 2017 at 5.00pm at Addenbrooke House, Ironmasters Way, Telford

PUBLISHED ON WEDNESDAY, 13 DECEMBER 2017

(DEADLINE FOR CALL-IN: MONDAY, 18 DECEMBER 2017)

Present: Councillors S Davies (Leader and Chair), L D Carter, A R H England, R C Evans, A D McClements, R A Overton, S A W Reynolds and P R Watling.

Also Present: Councillors A J Eade (Conservative Group Leader)

CB-131 Apologies for Absence

Councillor J C Minor

CB-132 Declarations of Interest

None

CB-133 Minutes

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

CB-134 2017/18 Financial Management Report

Key Decision identified as **Financial Management Report** in the Notice of Key Decisions published on 8 November 2017.

Reserved for Council

Councillor 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 reported that the net projected outturn position for 2017/18 was estimated to be within budget. This was a positive position despite £13.8m savings being required to balance the 2017/18 budget, which currently left £3.7m uncommitted balance in the central contingency. Senior Managers would aim to sustain this position if possible, so that the one-off contingency benefit was available to support the medium term budget strategy. However, it was noted that potentially the Council could face significant financial pressures if, for example, the winter was particularly hard or if the NHS faced significant winter pressures.

Children's Safeguarding and Early Help & Support continued to be key areas of focus and both had cost improvement plans in place to reduce costs and deliver savings. These plans were monitored on a regular basis both by senior managers and Cabinet Members. Members noted that projections took into account the specific contingency of £2.5m earmarked in the 2017/18 budget strategy for Early Help & Support pressures and the £2.5m Improved Better Care Funding available.

A number of variations from the approved budget were reported, including some beneficial variances. The key areas highlighted were:

- A benefit of £2.5m relating to Treasury Management activities - the majority of which related to benefits from low interest rates for short term borrowing.
- Children's Safeguarding was a key pressure with an anticipated requirement for £3.1m additional investment necessary in the current year – an increase of £0.6m since the last report. This mainly related to the cost of placements for Looked after Children and the cost of social workers. A four year model was in place, designed to deliver efficiencies over the remainder of the year and medium term.
- Early Help & Support – the service was currently projecting that an additional investment of £1.0m would be required in the current year mainly relating to the purchase of care packages.

It was noted that the capital programme totalled £101.2m which included all approvals since the budget was set. At the time of compiling the report projected spend was 97% of the budget allocation. Some new allocations and slippage had been identified which would go to Full Council in January for formal approval.

Sales Ledger and Business Rates collection were ahead of the targets set. The level of outstanding Council Tax debt was slightly behind the target set for the year.

Members welcomed the report and congratulated the Cabinet Member: Finance, Commercial Services & Economic Development, Senior Management Team and Finance Team for their management of the budget. Members also applauded the Partnership working that had taken place to support the retention of community services, the Council's success in keeping debt low, maintaining one of the lowest rates of Council Tax in the West Midlands, building houses, building up the business rate base and developing the commercial agenda. The Leader particularly lamented the lack of financial support for Adult Social Care in the chancellor's Budget; this was now a big issue across the country and he urged a united message for the government to deliver on this key priority.

RESOLVED that –

- it be noted that 2017/18 revenue spending is currently projected to be within budget and work will continue with SMT to sustain this position;**
- the position in relation to capital spend be noted and TO RECOMMEND TO COUNCIL that the new allocations and slippage detailed in Appendix 3 of the report be approved; and**

(c) the collection rates for NNDR, council tax and sales ledger be noted;

CB-135 Council Tax Support Scheme 2018/19 and Council Tax Support Hardship Policy

Key Decision identified as **Council Tax Support Policy Review 2018/19** in the Notice of Key Decisions published on 8 November 2017.

Reserved for Council

Councillor R A Overton, Cabinet Member: Housing & Enforcement, presented the report of the Assistant Director: Neighbourhood & Customer Services, which set out the proposed policies for 2018/19 in relation to Council Tax Support and the Council Tax Hardship Fund.

The national Council Tax Benefit scheme had been abolished and replaced with a new system of local Council Tax Support (CTS) in 2013. This meant that each local authority had to design and implement its own system to award council tax discounts to customers on low incomes. The Council was required to review the scheme annually and consultation had taken place in line with legislative requirements in 2016 when it was proposed that the Council would not consult again until 2019 at the earliest. A review of the 2017/18 scheme had taken place, and it was not proposed to make any changes for 2018/19 which would affect entitlement although some technical changes were required to keep the scheme functioning in line with the wider welfare benefits system.

The Hardship Fund had been invaluable over the last four years in providing additional support to the most financially vulnerable customers, however, take-up remained low. This was because a customer had to be in receipt of some Council Tax Support, no matter how minimal, to qualify, however, customers who had been subject to the benefit cap were nulled from the scheme. Therefore it was proposed to amend the hardship scheme for 2018/19 to allow the Council to help these customers. Additionally, more proactive use of the scheme would assist customers struggling to pay arrears relating to the previous year's council tax.

The scheme received full support from the Cabinet.

RESOLVED TO RECOMMEND TO COUNCIL

- (a) that the Council Tax Support Scheme Policy for 2018/19, as shown at Appendix A of the report, be approved;
- (b) that the Council Tax Hardship Policy and accompanying funding continues in 2017/18.

CB-136 Procurement Update

Key Decision identified as **Procurement Update Report** in the Notice of Key Decisions published on 8 November 2017.

Councillor L D Carter, Cabinet Member: Finance, Commercial Services & Economic Development, presented the report of the Assistant Director: Governance, Procurement & Commissioning which provided an update on the Council's Procurement Intentions Document and the latest information regarding effective procurement and contract management.

It was noted that council wide procurement continued to drive savings through robust competitive tendering and real time negotiation when brokering services.

All procurements, where possible, had an aspect of social value being delivered as an essential part of the outcome. The social value return on investment meant that less could be spent and more received with smart procurement. Bidders would be guided as to the type of social value that would most benefit the community or could offer solutions in line with their own corporate social responsibility priorities. An increase in social value outcomes helping our communities to help themselves, had been noted.

Additionally, the Procurement Team had updated all tender documents to reflect new GDPR regulations as set out in the report and officers could use these immediately. The Audit Team were also working on an easy read guide. All council contracts would need to be amended to show the legislative change between now and the end of April 2018.

The regular Procurement Intentions Document was set out at Appendix 1 to the report. The document presented up and coming procurements for the next few months.

RESOLVED that –

- (a) the procurement updates in the report be noted; and**
- (b) the Procurement Intentions Document (Appendix 1 to the report) be noted and, where indicated, authority be delegated to appropriate officers (as per the Contract Procedure Rules) to progress new procurements through the tender process to contract award.**

CB-137 Telford & Wrekin Local Plan

Key Decision identified as **Telford & Wrekin Local Plan** in the Notice of Key Decisions published on 8 November 2017.

Councillor R A Overton, Cabinet Member: Housing & Enforcement, presented the report of the Assistant Director: Business, Development & Employment, which set out the proposed adoption of the Local Plan.

The adoption of the Local Plan would enable the Council to determine how and where development would take place in the Borough and would guide future planning decisions up to 2031. The Local Plan provided the Council and local

community with greater certainty regarding future development within the borough through a robust and up to date development plan.

The Council had a legal obligation to keep its development plan documents up-to-date. The new Telford & Wrekin Local Plan (the Local Plan) would supersede the current suite of development planning documents and guide future planning decisions up to 2031.

In order to be adopted by the Council and carry full weight as the development plan in the making of planning decisions, the Plan had first been found 'sound' by an independent Inspector at an Examination in Public in accordance with the National Planning Policy Framework (NPPF). The Council had submitted its draft Plan to the Secretary of State in June 2016 with the Examination hearings taking place in January and February 2017. In issuing his report, the Inspector had accepted the 'proportional' distribution of new development between Telford, Newport and the rural area. He also accepted that there was no evidence to suggest that there were any constraints in terms of infrastructure that would prevent delivery of the plan. He had also endorsed the Council's approach to the provision of affordable housing and supported the Council's economic growth ambitions.

The Inspector had concluded that, subject to a number of modifications (appended to the report), the Plan was sound and could be adopted.

Members of the Cabinet welcomed the proposed Plan, noting that the Council would be one of the first third of Councils in the country to adopt its Local Plan which would provide the Council with greater certainty regarding future development within the Borough and help resist speculative development.

RESOLVED TO RECOMMEND TO COUNCIL 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**

CB-138 Community Safety Partnership Strategy 2017-2019

Non Key Decision

Reserved for Council

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. The strategy was set against a background which had seen the election of a new Police and Crime Commissioner resulting in the new West Mercia Police and Crime Plan and many of the partnerships had undergone restructure. However, the partners were determined to minimise the effects of those restructures on the community and significant benefits had been gained from the appointment of the Council’s Partnerships Manager which had ensured related plans and strategies were aligned (eg, the West Mercia Police and Crime Plan 2016-21, the local Youth Justice Plan and the Health and Wellbeing Strategy).

The Safer Telford and Wrekin Partnership was committed to reducing crime and its impact on communities, including the most vulnerable residents and victims of crime. Its overarching priority was to reduce crime, and the fear of crime, in the Borough. The priorities for 2017-2019 had been decided through analysis of recorded crime and through consultation with agencies. Whilst the Partnership recognised that other types of crime occurred in the Borough, it had agreed to concentrate on three areas in particular for the period of this strategy. The three priorities were:

- Tackling Child Sexual Exploitation (CSE) and its impact on victims;
- Addressing Domestic Abuse and its impact on victims; and
- Reducing the impact of crime, including fear of, on community wellbeing.

The Safer Telford and Wrekin Strategy outlined how the Partnership would address the three priority areas over two year period and the impact on the community. Progress against the priorities would be monitored and challenged through the Partnership’s performance framework.

A copy of the draft Safer Telford and Wrekin Strategy, which provided more detail on the priorities was appended to the report.

Members welcomed the report and applauded the choice of key priorities.

RESOLVED TO RECOMMEND TO COUNCIL that the Safer Telford and Wrekin Strategy 2017-19 be approved.

CB-139 Strong Leader Report: Exercise of Voting Power for Wrekin Housing Trust EGM on 29 November 2017

Non Key Decision

The Leader advised the Cabinet about the recent exercise of his Strong Leader powers as set out in the report. On this occasion, the government had introduced new regulations to reduce public sector involvement in large housing providers

including Housing Associations as detailed in the report. The Chief Executive of The Wrekin Housing Group had written to the Assistant Director: Governance, Procurement and Commissioning asking the Council to consider changes to the governance structure of the Trust as it prepared for the change in the law. The Trust had been keen to make the changes before the new legislation became effective and this urgency had resulted in the Leader making the decision to support the changes under his Strong Leader powers.

The Council was represented on the Board of Wrekin Housing Trust and the Trust appreciated the value that this representation brought and were keen to retain and protect this on the Board of the proposed new Community Benefit Society. The Leader indicated his intention to appoint Councillor A D McClements to the new Trust Board.

RESOLVED that Councillor A D McClements be appointed to the Wrekin Housing Trust Board.

The meeting ended at 5.38pm

Signed for the purposes of the Decision Notices

Jonathan Eatough
Assistant Director: Governance, Procurement & Commissioning
Date: 13 December 2017

Signed:

Date:

TELFORD & WREKIN COUNCIL**CABINET – 4 JANUARY 2018
COUNCIL – 11 JANUARY 2018****2017/18 FINANCIAL MANAGEMENT REPORT****REPORT OF THE ASSISTANT DIRECTOR: FINANCE & H.R. (CHIEF
FINANCIAL OFFICER)****LEAD CABINET MEMBER: CLLR LEE CARTER****PART A) – SUMMARY REPORT****1.0 SUMMARY OF KEY ISSUES****1.1 2017/18 Revenue**

The net projected outturn position for 2017/18 is estimated to be within budget. This is a very positive position, given that £13.8m savings were required to balance the 2017/18 budget, and currently leaves £3.7m uncommitted balance in the central contingency. Senior Managers will aim to sustain this position over the remainder of the year, so that the one-off contingency benefit is available to support the medium term budget strategy. However, there is still a quarter of the year left and potentially the Council could face significant financial pressures if, for example, the winter is particularly hard or if the NHS faces significant winter pressures.

Children's Safeguarding and Early Help & Support continue to be key areas of focus and both have cost improvement plans in place to reduce costs and deliver savings. These plans are monitored on a regular basis both by senior managers and Cabinet Members. The projections take into account the specific contingency of £2.5m earmarked in the 2017/18 budget strategy for Adult Social Care pressures and the £2.5m Improved Better Care Funding available.

There are a number of variations from the approved budget, including some beneficial variances. The main areas to highlight are:

- A benefit of £2.6m relating to Treasury Management activities - the majority of which relates to benefits from low interest rates for short term borrowing.
- Children's Safeguarding & Early Help is a key pressure with an anticipated requirement for £3.5m additional investment necessary this year which is an increase of £0.4m since the last report. This mainly relates to the cost of placements for Looked after Children and the cost of social workers. A four year model is in place which is designed to deliver efficiencies over the remainder of the year and medium term.

- Adult Social Care – current projections are that additional investment of £1.0m, mainly relating to the purchase of care packages, will be required this year compared to the original budget.

The funding outlook for the medium term is still uncertain however it is anticipated that the Council will need to identify a further £15-£20m savings by the end of 2019/20 on top of the £13m already identified for 2017/18, so it is important that we maintain our excellent track record in managing budgets and maximise the position in 2017/18 which will assist in future years.

1.2 Capital

The capital programme totals £101.7m which includes all approvals since the budget was set. At the time of compiling this report projected spend was 98% of the budget allocation; actual spend was 42% which indicates that there will be a requirement for some re-phasing at year end.

There are some new allocations and slippage identified which will go forward to Full Council in January for formal approval.

1.3 Corporate Income Collection

Sales Ledger outstanding debt and Business Rates collection are ahead of targets set, while Council Tax collection is slightly behind target. Overall, the amount of cash collected is higher than at the same point last year. In total £2.2m more cash has been collected than at the same point last year.

2.0 RECOMMENDATIONS

2.1 Cabinet Members are asked to:-

- (i) Note that 2017/18 revenue spending is currently projected to be within budget and continue to work with SMT to sustain this position; and approve the updated contingency position detailed in para. 5.1 of the report.
- (ii) Note the position in relation to capital spend and Cabinet are asked to recommend that Council approve the new allocations and slippage detailed in Appendix 3;
- (iii) Note the collection rates for NNDR, council tax and sales ledger;

3.0 SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Co-operative Council priorities?	
	Yes	Delivery of all priorities depend on the effective use of available resources. Regular financial monitoring in the financial management reports helps to highlight variations from plan so that action can be taken to effectively manage the Council's budget.
	Will the proposals impact on specific groups of people?	
	No	
TARGET COMPLETION/DELIVERY DATE	To outturn within the budget set for 2017/18 at 31/3/18.	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	The financial impacts are detailed throughout the report.
LEGAL ISSUES	No	None directly arising from this report. The S151 Officer has a statutory duty to monitor income and expenditure and ensure that the Council takes action if overall net overspends /shortfalls emerge.
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	
IMPACT ON SPECIFIC WARDS	No	

PART B) – ADDITIONAL INFORMATION

4.0 2017/18 REVENUE BUDGET

- 4.1 Financial management is the responsibility of budget holders and is supported by Finance staff using a risk based approach: following considerable reductions in finance resources through savings exercises more focus is given to higher risk areas (high value/highly volatile); less frequent financial monitoring is undertaken on budgets deemed to be medium to lower risk.

4.2 The main changes since the last report are shown in the table below:

Variations - £m	Cabinet 7/12/17	Change	Current Projected Variation
Children in Care Placements – continued pressure relating to the cost of safeguarding vulnerable children.	+1.926	+0.451	+2.377
Adult Social Care – purchasing of all types of care to eligible clients net of income including Improved Better Care Fund grant.	+1.576	+0.145	+1.721
Commercial Services – catering operations; pressure arising from inflation on food costs; menus are being reviewed to mitigate this in 18/19.	0.000	+0.183	+0.183
Treasury Management – reduced borrowing costs due to short term interest rates in the remainder of the year and likely rephrasing of capital programme	-2.500	-0.110	-2.610
Other Variations	-0.106	-0.244	-0.350
Total Projected Variation	+0.896	+0.425	+1.321
Use of Contingency	-0.896	-0.425	-1.321
Final Projected Variation	0.000	0.000	0.000

4.3 The overall 2017/18 budget position is summarised in the table below:

Service Area	Variation Cabinet 7 Dec	Change	Variation Cabinet 4 Jan
	£	£	£
Business, Development & Employment	(318,557)	(99,668)	(418,225)
Finance & HR	(2,947,581)	0	(2,947,581)
Cooperative Council Team	(147,704)	503	(147,201)
Children's Safeguarding & Early Help	3,057,890	392,528	3,450,418
Education & Corporate Parenting	529,461	26,663	556,124
Adult Social Care	1,005,765	29,786	1,035,551
Governance, Procurement & Commissioning	(63,381)	0	(63,381)
Health & Wellbeing	25,112	(28,781)	(3,669)
Customer & Neighbourhood Services	(140,548)	0	(140,548)
Commercial Services	(104,506)	104,506	0
Total Projected Variation	895,950	425,538	1,321,488
Use of Contingency	(895,950)	(425,538)	(1,321,488)
Final Projected Variance	0	0	0

4.4 Projected variances over £0.100m are highlighted below, other variances are detailed in Appendix 2.

Service Area	Variance £m
<u>Business, Development & Employment</u>	
Regeneration & Investment – net position relating to the Property Investment Portfolio & service charges which includes early delivery of income arising from Growth Fund Investment.	-0.426
<u>Finance & HR</u>	
Treasury Management – a benefit is currently reported due to reduced borrowing costs associated with short-term borrowing at very low interest rates. The position is regularly monitored by senior finance staff and the Council's external treasury management advisors and some longer term borrowing has been undertaken in the remainder of 2017/18 to manage the risk of interest rate exposure.	-2.610
<u>Cooperative Council Team</u>	
There are no variations over £100k to report.	
<u>Children's Safeguarding & Early Help</u>	
Children in Care Placements – considerable investment was made into this area as part of the budget strategy and the service has a 4 year placement model to ensure that the medium term strategy is delivered. The projected level of spend reflects known looked after children numbers and types and estimated duration of placements and the latest projections in relation to delivery of savings for the year.	+2.377
Staffing (Safeguarding) – includes the cost of agency social workers which have reduced in line with the Cost Improvement Plan; the Service aims to remove all agency workers by the end of the financial year.	+0.365
Legal – the projected level of spend reflects an increase in the volume of activity.	+0.152
Independent Review – the service has experienced difficulties recruiting to key posts which has resulted in the use of agency workers for a period of time.	+0.109

<p><u>Education & Corporate Parenting</u></p> <p>Specialist Services – saving target not fully met; a restructure will be undertaken by the new Assistant Director which will deliver the balance of savings required.</p> <p>Advisory Management and School Improvement traded Advisory Service - This relates to a shortfall against the income target for this area which is to be addressed through a combination of reductions in expenditure across the whole service area and the generation of additional income in other traded areas where possible.</p> <p>School Transport – the projected level of spend relates to a saving target not yet delivered. Further work is being undertaken to meet the target.</p>	<p>+0.133</p> <p>+0.170</p> <p>+0.450</p>
<p><u>Adult Social Care</u></p> <p>Purchasing budgets – the service has a cost improvement plan aimed at reducing expenditure by managing prices and demand. The monitoring reflects current estimates of savings to be delivered and is net of Improved Better Care Fund grant income of £2.5m.</p> <p>Community Safeguarding & Social Work – employee related savings based on the current known structure.</p> <p>Community Early Help – employee related savings based on the current known structure.</p> <p>Service Improvement & Efficiency – employee related savings based on the current known structure.</p>	<p>+1.721</p> <p>-0.171</p> <p>-0.360</p> <p>-0.101</p>
<p><u>Governance, Procurement & Commissioning</u></p> <p>There are no variations over £100k to report.</p>	
<p><u>Health & Wellbeing</u></p> <p>There are no variations over £100k to report.</p>	
<p><u>Customer & Neighbourhood Services</u></p> <p>Engineering Service – following an independent service review of our Engineering Services Team a new structure with a reduced number of posts is currently being consulted on. The new structure will be recruited to in the new year which will reduce our operating costs and a revised income</p>	<p>+0.439</p>

target has been agreed which will redress this in year budget challenge.	
Engineering Service – vacant posts as detailed above.	-0.193
Public Protection – staff savings from changes to the service implemented.	-0.132
<u>Commercial Services</u>	
Leisure Services – income shortfall at the Ice Rink due to a downturn in customers; further work is being undertaken to assess the reasons and the marketing plan is being reviewed to increase usage.	+0.113
Catering Services - inflationary pressure on food costs has resulted in a trading shortfall; menus will be revised in 18/19 to mitigate the impact on an ongoing basis.	+0.183

5.0 **CONTINGENCIES**

- 5.1 The 2017/18 budget includes a prudent general contingency of £3.386m, which is set aside to meet any unforeseen expenditure, or delays in phasing in the significant level of savings that the Council has to deliver this year. There is also an amount held centrally for contractual inflation totalling £1.196m which forms part of the approved revenue budget and will only be allocated to specific budgets when the relevant inflation information is available. Given the exceptional cuts being made in the Council's budget it is imperative that the Council has a reasonable level of contingency in order to cover increases in demand for services (e.g. children's safeguarding which can be significant and occur with no warning) and to allow for any delays or shortfalls in the delivery of planned savings. The current position relating to contingencies is shown below:

	£'000
General Revenue Contingency	3.386
Inflation Contingency	1.196
Total Contingencies	4.582
Proposed change:	
Review of provisions which has identified uncommitted funds	-0.488
Commitments:	
Required to meet the current revenue overspend	1.321
Residual Balance	3.749

The current revenue position is a projected overspend of £1.321m which is a call on the contingency. This would leave £3.7m available to meet any unforeseen costs in the remainder of the year. Any underspend at the end of the year will support the budget strategy for 2018/19 and beyond. It should be noted that RPI was 4% in October 2017 from 2% in October 2016 showing an increasing trend over the past 12 months. If this continues there is likely to be pressure on all services and in particular major contracts; the position will be assessed over the remainder of the year. Successful negotiations as part of the triennial valuation of the Shropshire Pension Fund have resulted in employers' pension costs being around £1m lower than budgeted. This benefit will be retained until further information in relation to the overall inflation position is known.

As part of the 2017/18 budget process £9.7m was set aside in reserves to provide additional assurance to support both 2017/18 and the Medium Term Financial Strategy.

6.0 **CAPITAL**

6.1 **2017/18 Capital Programme**

The capital programme totals £101.7m, which includes the approvals proposed in this report.

The financial position is shown in the table below which shows projected spend is currently shown at £99.7m.

Service Area	Current Budget	Spend to Date	% Spend	Year End Projection
	£m	£m		£m
Development Business & Employment	52.20	23.3	45	52.20
Customer & Neighbourhood Services	22.41	9.4	42	22.41
Education & Corporate Parenting	10.22	5.1	50	10.22
Adult Social Care	1.15	0.0	0	0.90
Health & Well-Being	0.39	0.3	67	0.39
Cooperative Council & Commercial Delivery	2.10	0.0	0	2.10
Governance Procurement & Commissioning	0.54	0.0	5	0.54
Finance & Human Resources	4.73	0.8	18	3.10
Commercial Services	7.91	3.8	48	7.80
Total	101.65	42.7	42	99.66

6.2 Some new allocations and slippage are identified for approval which are detailed in Appendix 3.

7.0 CORPORATE INCOME MONITORING

7.1 The Council's budget includes significant income streams which are regularly monitored to ensure they are on track to achieve targets that have been set and so that remedial action can be taken at a very early stage. The three main areas are Council Tax, NNDR (business rates) and Sales Ledger. Current monitoring information relating to these is provided below. The Council pursues outstanding debt vigorously, until all possible recovery avenues have been exhausted, but also prudently provides for bad debts in its accounts.

7.2 In summary, NNDR and sales ledger collection are above target, but council tax collection is slightly behind target. Cash collection has increased for all income streams compared to last year.

INCOME COLLECTION – November 2017				
	Actual	Target	Performance	Change in cash collected on last year
Council Tax Collection	73.75%	74.20%	0.45% behind target	+£2,881,663
NNDR Collection	75.29%	75.10%	0.19% ahead of target	-£805,113
Sales Ledger Outstanding Debt	4.04%	6.00%	1.96% ahead of target	+£114,078

7.3 **Council Tax (£79.6m)**

The percentage of the current year liability for council tax which the authority should have received during the year, as a percentage of annual collectable debit. The measure does not take account of debt that continues to be pursued and collected after the end of the financial year in which it became due. The final collection figure for all financial years exceeds 99%.

Year end performance 2016/17	97.45%
Year End Target for 2017/18	97.45%

Performance is cumulative during the year and expressed against the complete year's debit.

Month End Target	Month End Actual	Last year Actual
74.20%	73.75%	74.20%

We have collected over £2.8m more in council tax this year compared to last year. Collection rates for council tax are 0.45% behind this point last year which has followed a similar trend all year. It is anticipated that collection rates will out-turn at a similar level to last year.

7.4 **NNDR-Business Rates (£75.3m)**

The % of business rates for 2017/18 that should have been collected during the year. This target, as for council tax, ignores our continuing collection of earlier years' liabilities.

The measure does not take into account the debt that continues to be pursued and collected after the end of the financial year in which it became due. As a general rule the final collection figure for any financial year exceeds 99%.

Year end performance 2016/17	98.49%
Year End Target for 2017/18	98.50%

Month End Target	Month End Actual	Last year Actual
75.10%	75.29%	75.10%

Business rates is 0.19% ahead of target, although the collectable debit figure continues to fall as the Valuation Office Agency reduce a number of assessments due to appeals.

7.5 **Sales Ledger (£53.7m)**

This includes general debt and Social Care debt. Debt below 2 months is classified as a normal credit period.

The target percent is set relating cumulative debt outstanding from all years to the current annual debit. The targets and performance of income collection for 2017/18 are as follows:

Age of debt	Annual Target %	November 2017	
		£m	%
Total	6.00	2,170	4.04%

Sales ledger performance is well within target, and work continues to collect the highest invoices which are outstanding.

8.0 **PREVIOUS MINUTES**

02/03/17 – Council, Service & Financial Planning Strategy
19/6/17 – Cabinet – 2016/17 Outturn and 2017/18 Update
13/07/17 – Cabinet – 2017/18 Financial Management Report
21/09/17 – Council 17 – 2017/18 Financial Management Report
19/10/17 – Cabinet – 2017/18 Financial Management Report
23/11/17 – Council, 2017/18 Financial Management Report
7/12/17 – Cabinet – 2017/18 Financial Management Report

9.0 **BACKGROUND PAPERS**

2017/18 Budget Strategy / Financial Ledger reports

Report Prepared by:

Ken Clarke, Assistant Director: Finance & HR (Chief Financial Officer)

– 01952 383100;

Pauline Harris, Corporate Finance Manager – 01952 383701

Summary of 2017/18 Projected Variations

Service Area	Variation Cabinet 7 Dec	Change	Variation Cabinet 4 Jan
	£	£	£
Business, Development & Employment	(318,557)	(99,668)	(418,225)
Finance & HR	(2,947,581)	0	(2,947,581)
Cooperative Council Team	(147,704)	503	(147,201)
Children's Safeguarding & Early Help	3,057,890	392,528	3,450,418
Education & Corporate Parenting	529,461	26,663	556,124
Adult Social Care	1,005,765	29,786	1,035,551
Governance, Procurement & Commissioning	(63,381)	0	(63,381)
Health & Wellbeing	25,112	(28,781)	(3,669)
Customer & Neighbourhood Services	(140,548)	0	(140,548)
Commercial Services	(104,506)	104,506	0
Council Wide	0	0	0
Total Projected Variation	895,950	425,538	1,321,488
Use of Contingency	(895,950)	(425,538)	(1,321,488)
Final Projected Variance	0	0	0

2017/18 Revenue Budget Variations over £50,000				
Description		Budget	Variation	Comments
		£	£	
Business, Development & Employment				
Skills	Post 16 Transport Income	(72,500)	60,000	Ongoing pressure from lost contribution from TCAT & New College. Pressure built into 18/19 savings proposals.
Regeneration & Investment	PIP & Service Charge net position	(5,160,680)	(426,042)	Net position of PIP & Service charges. Includes early delivery of income arising from PIP Growth Fund.
	Variations Under £50k	394,630	(78,353)	
Development Management	Supplies & Services	5,830	94,170	Estimated Planning appeal costs, £56k incurred to date.
	Variations Under £50k	-	(68,000)	One off vacancy management across Development Management.
Inward Investment & Business Support	ERDF Grant funding	(100,000)	50,000	One off funding from Growth Hub (ERDF) programme slipped into 18/19 which will provide additional income in that year pending phasing with partners.
	Variations Under £50k		(50,000)	
Total Business, Development & Employment		(4,932,720)	(418,225)	
Finance & HR				
Treasury Management			(2,610,000)	Reduced borrowing costs due to low short-term interest rates. The position is regularly monitored by senior finance staff and the Council's external treasury management advisors and some longer term borrowing has been undertaken in 2017/18 to manage the risk of interest rate exposure.
Revenues	Income	(984,530)	56,396	Shortfall in Legal Fees income, this is being projected in line with 2016/17 income levels.
Human Resources	Income	(1,187,460)	(42,924)	Additional income generated from external clients net of additional staff costs
Variations Under £50k			(351,053)	Mainly staffing underspends due to posts being held vacant pending restructure
Total Finance & HR			(2,947,581)	
Cooperative Council Team				
Community Engagement	Employees	583,522	(70,125)	Under spend from vacant post, pension and national insurance savings
Organisational Delivery & Planning	Employees	536,875	(78,554)	Under spends from reduced hours, staff not at top of grade, national insurance and pension savings
Variations Under £50k			1,478	
Total Cooperative Council Team		1,120,397	(147,201)	
Children's Safeguarding & Early Help				

2017/18 Revenue Budget Variations over £50,000				
Description		Budget	Variation	Comments
		£	£	
Children in Care Placements		11,680,722	2,377,103	At the end of period 7, 30th October 2017, the Looked After Children figure was 374. This is a decrease of 10 children in the reporting period, however the variation has increased due to the extension of some places and also moves to a more costly provision. The total number of Looked after Children total at the end of 2016/17 was 381. Considerable investment has been made in this area as part of the 2017/18 budget strategy and the Service has developed a 4 year placement model with the outcome to reduce the total number of placements. The monitoring position in previous reports has included a forecast saving based on the delivery of these targets for 2017/18. The increased projected variation on placements is because this adjustment has been removed for 2017/18 based on the realisation that the delivery of the targets will not be delivered in full in 2017/18.
Staffing - salaries		7,843,860	365,221	The variation includes a projected overspend of £0.75m against agency budgets which has been netted down by vacancies being carried across the service. The variation reflects a reduction in agency workers through out the year in line with the Cost Improvement Plan which has been developed and implemented by the service. At the end of September there were 10 agency social workers in the CPFS Service, 1 within the Family Connect Service and 1 within the Children in Care Service. A further 4 have been included in the projection to start in October to cover arising vacancies. The service had targeted to remove all agency workers by the end of the calendar year, but due to issues with recruitment this has not been possible and therefore the projection includes the extended use of agency staff to the end of the financial year.
Foster Care expenses		7,382	65,710	
Legal		243,193	152,000	The variation reflects an increase volume in activity (no. children on CIN and CP Plans) and complexity which has lead to an increase in court fees and use of barristers in court proceedings.
Assessments		515,758	(99,813)	The variation reflects the creation of an in house service offering mother and baby assessments which has reduced the requirement for residential placements
Variations under £50,000		4,201,195	474,879	
Independent Review				
Staffing		488,364	109,107	The variation includes an overspend of £128k on agency. The service have experienced difficulties in recruiting to key posts and have employed 2 agency workers since April, although both workers will have left the Council by mid December.
Variations under £50,000		347,986	6,211	
Total Children's Safeguarding & E.H.		25,328,460	3,450,418	
Education & Corporate Parenting				

2017/18 Revenue Budget Variations over £50,000				
Description		Budget £	Variation £	Comments
Specialist Services		581,885	132,720	In 2017/18 there is an additional savings target on salaries of £100k. An interim deletion of vacancies and the acceptance of specific voluntary redundancies (VRs) has reduced the salary budgets in 2017/18 and the full year impact of VRs will produce further savings in 2018/19. It is intended that the remaining savings to be made will be achieved as part of a full restructure once the new AD is in post.
Joint/Community Use		125,557	(65,320)	Additional income £20k and a reduction in general expenditure of £50k
Advisory management and school improvement traded Advisory Service		39,418	169,972	Following the movement of School Improvement consultants/advisors to the Teaching School alliance in 2016/17 there has been a material reduction in income for this service. This coupled with the increased income target (part of savings) has resulted in an over spend on income. This over spend has, in part, been offset by the use of a one off in year grant.
School Transport		2,583,361	450,000	The current year budget includes a £300k savings target - there is on going work in this area to meet this target.
Variations under £50,000		9,233,580	(131,248)	
Total Education & Corporate Parenting		12,563,801	556,124	
Adult Social Care				
Purchasing	Provision of all types of care to eligible clients	44,453,400	5,514,900	The continued development of a cost improvement strategy for the next three financial years aimed at reducing expenditure by managing prices and demand, has led to a firm commitment to deliver to agreed activity targets. The monitoring position in previous reports has included a forecast saving based on the delivery of these targets for 2017/18. The increased projected variation on purchasing is because this assumption has been adjusted to reflect those savings with more certainty of delivery. A model is being developed with Senior Managers to forecast 5 year spending and income in comparison with anticipated resource. The model will include long term strategies and revise targets based on the latest intelligence available, and link to other strategic documents including forecasting demographic changes and interventions by the service to control demand and prices and deliver change.
Purchasing Income	income part/fully funding the above expenditure	(9,730,054)	(1,275,711)	Increased income projected due to higher levels of people being supported than previously modelled, this is linked to the increased costs above and is deducted to give a projected net variation
Grant income			(2,518,526)	This is the agreed application of ibcf funding
Net Purchasing		34,723,346	1,720,663	

2017/18 Revenue Budget Variations over £50,000				
Description		Budget	Variation	Comments
		£	£	
Community Safeguarding & Social Work	Employee or Employee related	2,633,806	(170,954)	Projections based on the current known structure costs and operating costs of the various operational teams giving an underspend in the Social/front line Workers
Service Improvement & Efficiency	Employee or Employee related	2,158,623	(100,540)	Projections based on the current known structure costs and operating costs of the SI&E Team with most of the underspend being in the Business Support team due to
Community Early Help	Employee or Employee related	989,588	(359,994)	Projections based on the current known structure costs and operating costs of the various operational teams and Children's Centres mainly Early Help/Family Practitioners. £264k of the underspend relates to Family Teams and Children's Centres.
Variations under £50,000		3,586,055	(53,624)	
Total Adult Social Care		44,091,418	1,035,551	
Governance, Procurement & Commissioning				
Strategic Procurement	Employee or Employee related	664,218	(65,957)	Vacant posts and a number of staff are not at the top of their pay scale
Democratic & Legal Services		414,619	66,888	Use of Agency Staff to cover vacancies
Variations under £50,000		1,873,794	(64,313)	
Total Governance, Procurement & Commissioning		2,952,631	(63,381)	
Health & Wellbeing				
Variations under £50,000		1,319,853	(3,669)	Variation due to a £31k underspend against Public Health grant. Consideration will need to be given as to where this grant is applied.
Total Health & Wellbeing		1,319,853	(3,669)	
Customer & Neighbourhood Services				
		Budget	Variation	
Public Protection		372,579	(132,340)	Saving arising from Public Protection changes implemented in 2016/17. This saving is being taken as part of the 2018/19 budget.
Highways & Engineering Service	Employees	987,560	(192,729)	Vacant posts. See comments below.

2017/18 Revenue Budget Variations over £50,000				
Description		Budget	Variation	Comments
		£	£	
Highways & Engineering Service	Income	(1,653,880)	438,542	Income shortfall from Engineers fees due to a number of vacant posts within the service which has reduced the capacity to charge to various schemes. Following an independent service review of our Engineering Services Team a new structure with a reduced number of posts is currently being consulted on. The new structure will be recruited to in the new year which will reduce our operating costs and a revised income target has been agreed which will redress this in year budget challenge.
Contact Centre Variations Under £50k	Employees	915,195	(52,714)	Under spend from vacant posts.
			(201,307)	
Total Customer & Neighbourhood Services			(140,548)	
Commercial Services				
BiT - Variations Under £50k	BiT - NNDR	1,149,110	(104,506)	NNDR net saving across all Admin Building & Operational properties, this is after applying the cost associated with NNDR reviews. This position could change pending final notifications for other Operational properties.
Commercial Operations	Leisure Services	2,215,000	112,549	There are a number of Leisure sites which are performing better than anticipated. However, that is offset by an ongoing pressure at the Ice Rink, which continues to experience an ongoing downturn. Further work will be completed with customer engagement to understand the factors driving the downturn. We have also reviewed the marketing plan for the Ice Rink with the aim of increasing the frequency of visits by existing/past customers and developing the range of events and activities on offer to widen our customer base.
	Catering Services	512,100	182,900	Inflation on Food cost has created a pressure particularly at Primary Schools, CPI from July 2016 - October 2017 was 4.3% as per indices. The Service area have taken steps to mitigate where possible with product switches whilst maintaining menu choices. Menus will need to be reviewed and revised in 18/19 to mitigate this ongoing pressure. In addition, sickness levels have been high during this time of year and are being monitored closely.
Variations Under £50k	Commercial Services	(86,323)	(190,943)	Other variations under £50k across Commercial Service areas.
Total Commercial Services		3,789,887	0	
Council wide				
Total Council wide				
			0	
Total Variations			1,321,488	

Capital Approvals - by Service Area

Appendix 3

Slippage							
Scheme	Service Area	Funding Source	17/18 £	18/19 £	19/20 £	Later Yrs £	Comment
Highway/Footpaths	Customer & Neighbourhood Services	Prudential		415,000.00	(343,000)	(72,000)	
Highway/Footpaths	Customer & Neighbourhood Services	Prudential		450,000.00		(450,000)	
Total			0.00	865,000.00	(343,000.00)	(522,000.00)	

New Allocations							
Scheme	Service Area	Funding Source	17/18	18/19	19/20	Later Yrs	Comment
Integrated Transport	Customer & Neighbourhood Services	External	1,117.17				
All other School Schemes	Education & Corporate Parenting	External	73,595.00				
Total			74,712.17	0.00	0.00	0.00	



TELFORD & WREKIN COUNCIL

CABINET – 4 JANUARY 2018

SERVICE AND FINANCIAL PLANNING 2018/19 TO 2019/20

REPORT OF THE MANAGING DIRECTOR AND THE CHIEF FINANCIAL OFFICER

LEAD CABINET MEMBERS CLLRS SHAUN DAVIES AND LEE CARTER

1. SUMMARY.

- 1.1 This report sets out the Council's proposed Service and Financial Planning strategy for 2018/19 and 2019/20. It is set in the context of a prolonged and extremely challenging period of extreme financial constraint due to the Government's desire to eliminate the national budget deficit.
- 1.2 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.
- 1.3 There is no sign that the most protracted and severe period of austerity 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 exceed £143m in direct response to the national austerity programme.
- 1.4 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.
- 1.5 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.

- 1.6 In the provisional Local Government Finance Settlement announced by the Secretary of State for Communities and Local Government on 19 December 2017, this will see the Council's Revenue Support Grant cut by over 23% (£4.3m) next year with a further cut of more than 30% in 2019/20. 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, at this stage, this decision has only been made on a one-off basis. 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.
- 1.7 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.
- 1.8 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 50th 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
- £3.36m to improve street lighting by continuing to install LED lighting
- £0.85m to improve footpaths,
- £0.7m for estate care 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.

- 1.9 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 services and will not let financial pressures due to Government cuts mean that we fail to meet the assessed needs of the most vulnerable. To do this, we have also had to be innovative in identifying ways to generate more income to fund key front line services.
- 1.10 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. KEY PROPOSALS AND RECOMMENDATION.

- 2.1 The key proposals set out for consultation in this report are:
- 2.1.1 To set out a two year service and financial planning strategy linked to the period of the local authority funding settlement from the Department for Communities & Local Government.
- 2.1.2 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.

- 2.1.3 To invest a further £2.475m (more than would be raised from increasing council tax by 4%) into Adult Social Care services in 2018/19 rising to a cumulative £5.05m new investment in 2020/21.
- 2.1.4 To invest £0.4m in Children's Safeguarding & Early Help services in 2018/19.
- 2.1.5 To create an additional one-off budget contingency of £3m 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.
- 2.1.6 A programme of capital investments totalling more than £250m set out in Appendix 4 and the continuation of the programme of Pride in Our Community investments totalling £16m over 2 years detailed in Appendix 5.
- 2.1.7 To make additional budget savings totalling £6.582m in 2018/19 rising to a cumulative total of £12.580m in 2019/20.
- 2.1.8 To take a measured approach to the use of available one-off resources of £4.000m in 2018/19 and £4.975m in 2019/20 to seek to cushion the impact of continuing Government cuts in council funding.
- 2.1.9 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.
- 2.1.10 To note the comments in section 4.7 relating to the consultation issued by the Department for Communities and Local Government (DCLG) relating to proposed changes to the Prudential Framework of Capital Finance.

Members are asked to approve:-

The proposed Service and Financial Planning Strategy set out in this report for statutory consultation between 5 January 2018 and 4 February 2018.

- 2.2 Details of the ways that comments on this proposed medium term financial strategy can be made are included in Section 20. Our statutory consultation period will commence on 5 January and continue through until 4 February 2018. At this stage, our consultation is predominantly seeking over-arching views on the strategy put forward. It should be noted that where specific savings require more detailed consultation and equality impact assessment, these will be subject to more detailed and specific consultation in due course.
- 2.3 Final decisions will be taken by the Cabinet at the meeting to be held on 15 February 2018 after the results of consultation with the community and the Finance & Enterprise Scrutiny Committee have been analysed. Recommendations from this

meeting will be considered at a meeting of the full Council scheduled for 1 March 2018 which will agree the budget and Council Tax levels across the Borough for 2018/19.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific priorities?	
	Yes	<i>The service and financial planning strategy is integral to ensuring that available resources are used as effectively as possible in delivering all corporate priority outcomes.</i>
	Will the proposals impact on specific groups of people?	
	Yes	<i>The proposals contained in this report will impact on specific groups of people. An Impact assessment, on the additional 2018/19 savings proposals, highlights limited equalities, environmental and economic impacts which are included in sections 18 and 19. 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>
TARGET COMPLETION/DELIVERY DATE	<i>Statutory public consultation will take place between 5 January 2018 and 4 February 2018. The proposals contained in the report will also be subject to Member scrutiny during this period. Final proposals will be considered by Cabinet on 15 February 2018 who will make recommendations to Full Council on 1 March 2018. The final agreed recommendations will be implemented during 2018/19 and future years.</i>	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	<i>This report sets out the service and financial planning strategy for the council for 2018/19 and 2019/20.</i>
LEGAL ISSUES	Yes	<i>This report develops the proposals for the Council's budget and policy framework which will be consulted upon in accordance with the Policy Framework & 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</i>

		<i>Officer) on the robustness of the budget and the adequacy of reserves supporting the budget before doing so.</i>
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	<p><i>This report sets out the strategy framework which includes consideration of corporate risks – particularly in relation to the availability of balances.</i></p> <p><i>Environmental assessment is a procedure that ensures that the environmental implications of Council decisions are taken into account. The principle is to ensure that plans, programmes and projects likely to have significant effects on the environment are made subject to an environmental assessment.</i></p> <p><i>The Environmental Assessment aims to provide a level of protection to the environment and to contribute to the integration of environmental considerations into the preparation of projects, plans and programmes with a view to reducing their environmental impact. The environmental assessment 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>
IMPACT ON SPECIFIC WARDS	Yes/No	<i>Borough-wide impact.</i>

4. NATIONAL CONTEXT.

- 4.1 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.

- 4.2 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.
- 4.3 George Osborne delivered his Comprehensive Spending Review on 25th 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.
- 4.4 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,
- 4.5 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.
- 4.6 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.
- 4.7 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 purchase of a piece of land) 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. Dependent upon how quickly DCLG issue final proposals and if they will come in to effect from 2018/19 as suggested in the consultation document, the Treasury Management Strategy which will be considered by the Audit Committee on 30 January 2018 may need to include 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 Finance, Commercial Services and Economic Development

5. LOCAL CONTEXT

- 5.1 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.
- 5.2 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 3.
- 5.3 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.
- 5.4 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 98%. However, the Government's finance Bill

which would have delivered this commitment has now been dropped so there is no certainty as to when, or even if, this will now happen.

- 5.5 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.
- 5.6 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 making £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 (provisional) 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 which totalled over £280m:-
 - 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.

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

6.0 **A COUNCIL WORKING FOR, AND TOGETHER WITH, OUR COMMUNITY**

6.1 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.

6.2 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.

6.3 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.

6.4 **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.

6.5 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.

7. BASE BUDGET FOR 2018/19

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

Service Area	<u>2018/19</u> <u>GROSS</u> <u>EXPENDITURE</u>	<u>2018/19</u> <u>GROSS</u> <u>INCOME</u>	<u>2018/19</u> <u>NET</u> <u>EXPENDITURE</u>
	£	£	£
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	109,791,419	78,755,462	31,035,957
Business, Development & Employment	16,105,671	16,322,001	(216,330)
Commercial Services	42,174,134	38,108,620	4,065,514
Finance & Human Resources	10,241,989	7,036,880	3,205,109
Adult Social Services	60,514,820	18,275,475	42,239,345
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	25,378,267	26,596,643	(1,218,376)

Netting off of Internal Recharges included above	(52,507,697)	(52,507,697)	0
Total	407,284,299	282,089,695	125,194,604
Contributions To/From Balances	0	434,750	(434,750)
Net Total	407,284,299	282,524,445	124,759,854

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

7.3 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 £4.31m or over 23% proposed cut to Revenue Support Grant in 2018/19 and assumed savings previously approved)	9.878	19.668	32.398
Less Government assumption of 2% Council Tax increase relating to the Adult Social Care precept in 2018/19 and 2019/20 *	-1.188	-2.414	-2.414
Less 1.2% Council Tax increase in 2018/19 and 2019/20 rising to 2% in 2020/21 when current indications are that the Adult Social Care precept will be frozen *	-0.713	-1.449	-2.714
Budget gap after medium term strategy for Council Tax increases approved at Council in March 2016 and reaffirmed in March 2017	7.977	15.805	27.270
Add additional investment in Adult Social Care^	^2.475	^1.750	^5.050
Add additional investment in Children's Safeguarding & Early Help^ (supported by new £3m one-off contingency).	^0.400	0	0
Less additional savings adjusted for leakage	-6.852	-12.580	-12.575
Further ongoing savings to be identified			19.745
Remaining shortfall to be covered from use of one-off resources as part of a planned strategy to deliver a sustainable ongoing budget position.	4.000	4.975	

Notes:-

- * Based on 2017/18 tax base, this will be updated when the Council Tax base for 2018/19 is finalised later in January 2018.

- ^ These projections will continue to be refined to reflect latest available information on activity levels, transition from children's services to adults, pricing and cost improvement options.
- Considerable uncertainty remains on over £13m of grants other than RSG which have been assumed but not announced at the time of drafting this report. The overall position will be firmed-up in the February report to Cabinet by which time the Council should have final allocations for all outstanding grants, more certainty over what total income can be expected from retained business rates in 2018/19 and will be able to reflect any additional budget pressures and opportunities that arise over coming weeks.
- The projections assume that all savings previously approved by Council are delivered in accordance with currently anticipated timescales.
- It is assumed that the additional savings for 2018/19 are implemented. However, this assumption will be revised following the consultation period to reflect any changes that are made in response to comments received.
- Projections for 2019/20 and 2020/21 will need to be refined as further information becomes available.
- 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.

7.4 At the close of the consultation period on 4 February 2018 comments received, including those from the cross party Finance & Enterprise Scrutiny Committee will be taken in to account and the final service and financial planning proposals for 2018/19 will be prepared by the Cabinet. These will be considered at Cabinet on 15 February with final decisions being taken at Full Council on 1 March 2018.

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

8.1 A New Approach to Developing Savings Proposals Budget Engagement

8.1.1 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 have 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 continue to develop. Engagement with the business community and other partners will commence in January 2018 and will again be part of an ongoing dialogue.

8.1.2 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.

8.1.3 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.

8.1.4 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.

8.2 Approach to Future Development of Savings Proposals.

8.2.1 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.

8.2.2 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

8.3 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 Get the Basics Right

8.3.1 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 the new £695,000 Partnership Capacity Fund totalling referred to in section 6.3 above.
 - **Community self-help** – building people’s social support networks by making best use of the resources and assets which are available in a local area – this helps people remain in and be an active part of their local community
 - **Effective co-production** – supporting the development of service provision by communities and moving away from a narrow focus of meeting needs through practitioner provided services.

8.3.2 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.

8.3.3 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 potentially 98% at some point in the future subject to clarification of Government proposals. 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.

8.3.4 Being a Modern Organisation with Modern Practices and Where we Always 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.

9. CAPITAL RECEIPTS AND DEBT CHARGES

- 9.1 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.

- 9.2 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.
- 9.3 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.
- 9.4 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%
- 9.5 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 7.
- 9.6 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

- 9.7 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.

10. SECTION 106 AGREEMENTS

- 10.1 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.
- 10.2 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.
- 10.3 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.
- 10.4 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 8 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.

11. MEDIUM-TERM FINANCIAL OUTLOOK

11.1 Local Government Funding Reform

- 11.1.1 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.

- 11.1.2 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 17 December 2017. The timetable for implementing these changes and the potential move to 75% or eventually 100% retention of business rates by local authorities is currently unclear. 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 and 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 will be transferred and how much additional risk the Government are seeking to transfer for demand led services as well as 100% of the risk that relates to the collection of business rates which is likely to decrease during economic downturns when demand for many of our services also tends to increase.
- 11.1.3 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.
- 11.1.4 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.
- 11.1.5 The Council will also send a response to the provisional settlement which will be agreed by the Cabinet Member for Council Finance, Partnerships and Commercial Services. This response will inevitably have to draw attention to the wholly inadequate funding for Adult Social Care.
- 11.1.6 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.

11.1.7 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.

11.2 New Homes Bonus

11.2.1 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.

11.2.2 Just before this report was finalised the Council received notification of the provisional New Homes Bonus allocation for 2018/19. 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 provisional allocation for next year totals £6.242m which is £0.494m more than had been assumed. This additional funding has not been taken into account at this stage.** This provides additional assurance that the projections in this report are robust because announcements relating to over £13.3m of other funding that has been assumed have still not been made. However, if these remaining allocations are in line with expectations the additional £0.494m would be used to reduce the call on one-off resources currently assumed in 2018/19.

11.3 Local Government Finance Settlement

11.3.1 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.

11.3.2 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. As expected this settlement will force the Council to continue to make cuts on an unprecedented scale as it has a legal duty to set a “balanced budget”. Whilst it is a provisional settlement with final proposals due to be announced in late January or early February, there is little prospect of any significant improvement in the final settlement.

11.3.3 Whilst the Comprehensive Spending Review and Autumn Budget set the strategic financial overview for the Government as a whole over the medium term, the provisional 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 will be held on the provisional settlement until 16 January 2018 with a final announcement not being made until late January or early February 2018. The Cabinet Member for Council Finance, Partnerships and Commercial Services will respond on behalf of the Council.
- The referendum limit for unitary authorities has been 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 will be confirmed when the NNDR 1 form is completed and submitted in January 2018. However, at the time of drafting this report the NNDR 1 form and associated methodology changes are still not available resulting in considerable uncertainty over how much business rates funding will be available next year.
- Similarly, at the time of preparing this report, details of funding totalling over £13.3m expected for next year have still not been released by the Government and a significant degree of uncertainty over our actual position therefore remains. It is also possible that as this is a provisional settlement, the final figures may be better or worse than currently indicated. Clearly other factors will also change within our own budget as the Council delivers hundreds of services which operate in a dynamic environment so an updated position will be presented to Cabinet on 15 February 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.

11.4 Future projections.

11.4.1 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 will be transferred to councils as part of the move towards either 75% or, eventually, 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.

11.4.2 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:-

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

11.4.3 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.

11.4.4 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:-

	2018/19 £m	2019/20 £m	2020/21 £m

Expected budget shortfall before additional pressures or savings but after assumed increases in Council Tax*	7.977	7.828	11.465
Expected cumulative budget shortfall	7.977	15.805	27.270

* 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 pressures or savings.

11.4.5 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.

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

12. 2017/18 PROJECTED OUTTURN POSITION

12.1 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 £3.7m) 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.

13. SAVINGS PROPOSALS 2018/19 AND 2019/20

13.1 Appendix 14 includes 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.

13.2 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

13.3 Further detail is included in Appendix 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.

14. INVESTMENTS

14.1 Additional ongoing investment is required in Adult Social Care budgets in order to meet the needs of vulnerable people. This investment totals £2.475m in 2018/19, rising to £5.050m ongoing from 2020/21.

14.2 Additional investment is also required in Children’s Safeguarding & Early Help totalling £0.4m in 2018/19.

14.3 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 Appendix 4. The programme of Pride in Our Community investments continues in to 2018/19 and details are included in Appendix 5. In 2018/19 these include:-

- £3.36m to improve street lighting by continuing to install LED lighting
- £0.85m to improve footpaths,
- £0.7m for estate care parking improvements
- £0.5m for various small scale projects and local regeneration initiatives.
- Over £0.4m for environmental pressures and
- £0.108m to continue the Member Pride fund of £2,000 per councillor.

14.4 In addition £18.6m will be invested in Highways and Infrastructure schemes

15. COUNCIL TAX

15.1 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.

- 15.2 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.
- 15.3 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.
- 15.4 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.
- 15.5 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.
- 15.6 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 1.6 and 1.7 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.

16. BASE BUDGET, BALANCES AND CONTINGENCIES

16.1 Base Budget

- 16.1.1 A summary of the Base Budget position is included at Appendix 9 which shows a net base budget of £124.76m for 2018/19 before savings and investments giving a base budget funding shortfall of £7.977m – after the assumed Council Tax increase of 3.2% but before the essential new investments flagged above are reflected. Appendix 10 includes an analysis of the main changes in moving from the 2017/18 budget to the 2018/19 base budget.

16.2 Balances

- 16.2.1 Appendix 6 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 £3.7m 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.
- 16.2.2 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. 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 19th December 2017, that this temporary flexibility is proposed to be extended for a further three years up to, and including, 2021/22.
- 16.2.3 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 £3m 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.
- 16.2.4 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 19th 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.

16.2.5 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.

16.2.6 The Partnership Capacity Fund has a current balance of £0.744m. There is very little currently committed against this. We have a new community grants scheme that we will be launching in January and will then start to see an increase in expenditure against this fund. We will also be funding the initial Local Authority Lottery costs out of this budget.

16.2.7 As detailed in the Financial Management report also on this agenda, the Council is currently projected to have around £3.7m of contingency available at the end of 2017/18, 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.

16.3 Risk Management

16.3.1 As an organisation which provides a vast range of different services to the community and spends almost £500m per annum, the management of risks is an important consideration in the budget setting process. The Council has a strategic risk register which is used to identify the substantive issues which may impact negatively on the delivery of the Council's priorities and may also have a financial impact. This is regularly reviewed by Senior Management Team to manage risks and mitigate potential exposures both as part of everyday business and as part of decision making processes. The budget for 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 any major changes to the system including the much discussed introduction of 98% retention of business rates.
- A key focus of the budget is on income generation, thus reducing the Council's reliance on Government Grant in the future. All proposals are subject to a rigorous business case development process to manage and mitigate risks as far as possible 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 and Capacity Fund and a Partnership Capacity Fund are in place to provide additional resources for priority areas and to assist with the delivery of savings, again bids are subject to a rigorous business case development process.
- Although very challenging, many savings have been phased over a number of years to allow adequate time for full consideration, consultation and implementation.
- The Council has a comprehensive employee restructuring programme which is used consistently and supported by clear, costed rationales to support reductions in ongoing costs whilst maintaining the delivery of essential services and minimising compulsory redundancies as far as possible.
- Contingencies have been built into the budget: a general contingency of £3.0m as well as a one-off contingency of £3m in 2018/19 to be available pending implementation of the cost improvement plans for Children's Safeguarding & Early Help and Adult Social Care;
- £2.475m additional investment in Adult Social Care in 2018/19 rising to £5.05m from 2020/21.
- £0.4m ongoing investment in to Children's Safeguarding & Early Help in 2018/19 to support Looked After Children
- A robust monitoring regime is in place to identify any adverse variances early so that corrective action can take place. Additional in year savings targets have been delivered in recent years to meet service pressures.
- The projected financial 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 16.2 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.

16.3.2 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.

16.4 Inflation Assumptions and Contingencies

16.4.1 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.

16.4.2 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 £3m 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.

16.5 Single Status

16.5.1 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.

17. EDUCATION FUNDING – DEDICATED SCHOOLS GRANT

- 17.1 The Government have implemented a National Funding Formula at Local Authority level for the allocation of the Dedicated Schools Grant (DSG) in 2018-19. They have published an illustrative figure for each block of funding which is based on a combination of formulaic and historic information. The blocks are:
- 17.2 Schools Block** - funding for all mainstream primary and secondary schools via a local funding formula, although this is likely to be changed to a national school level formula within the next few years. The illustrative figures from the DfE (illustrative as they are based on October 2016 data) show Telford & Wrekin schools block funding increasing by 2.7% in 2018/19, 5.6% in 2019/20 and 7.0% once fully implemented. All these percentages are compared to the 2017/18 baseline. Nationally, only 12 local authorities (of around 150) are modelled to receive a higher increase than Telford & Wrekin once the formula is fully implemented.
- 17.3 High Needs Block** - which funds Special Educational Needs (SEN) placements and support, special schools, pupil referral units and other alternative provision. For the Telford & Wrekin High Needs Block, the illustrative figures are showing an increase of 2.8% in 2018/19 and when fully implemented with only demographic changes proposed beyond that. This is significantly less than the Schools Block and represents an increase of around £585,000 for this area. Up to and including 2017/18, local authorities could move funds between the Schools and High Needs blocks without a requirement for specific School Forum approval. For 2018/19, up to 0.5% of the Schools Block can be moved to high needs, but only after consultation with all schools and then a Forum vote in favour and for one year only. For Telford & Wrekin 0.5% represents around £550,000.
- 17.4 High needs is an area of significant financial pressure in Telford & Wrekin, as well as many other Local Authorities, due to the upwards trend in the number and complexity of children and young people with high needs and the forthcoming reduction in the financial flexibility to respond to these pressures. A number of strands of work are underway to identify strategies to deal with this situation.
- 17.5 Early Years Block** – funding for free provision for 2, 3 and 4 year olds. Provision 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.
- 17.6 Central School Services Block** - funding for Local Authority central services, which in the main are statutory. 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 of the local authority.

18. EQUALITY IMPACT ASSESSMENT

- 18.1 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.
- 18.2 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.

19. ENVIRONMENTAL AND ECONOMIC IMPACT ASSESSMENTS.

- 19.1 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.
- 19.2 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.
- 19.3 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.

20. COMMUNITY ENGAGEMENT AND COMMUNICATION

- 20.1 As outlined earlier in the report, we will continue to work closely with a range of community groups and Town and Parish Councils to develop alternative ways of delivering services. By engaging with residents and other partners it can be possible to find alternative ways of delivering those services that support our community. We will continue to engage with a range of partners and service users who could assist in developing alternative service solutions in those areas that have potential to impact upon our residents.
- 20.2 Our 2018 approach to consultation and engagement on our budget will include clear communication in relation to where the Council intends to spend its budget and highlight any areas for limited new investments. Appendix 14 sets out our strategy for delivering our savings and we will ensure that we engage with the community and our partners where there is an opportunity for us to work together to improve outcomes for our residents, or where there is potential for an impact on the community. We will continue to identify those who wish to work with us on developing alternative service solutions.
- 20.3 As in previous years, communicating and engaging with the community on our future plans is an important part of the budget process and the ways in which we will do this are outlined in section 8.1 and below. However, the aim is to build more in-depth engagement during 2018/19 and later years involving residents and partners in developing solutions, therefore an important part of our communication plan is to identify those who are willing and able to be part of this process.
- 20.4 The ways in which we will seek views on our proposed strategy are as follows;
- Discussions at a number of specific forums during December and January,
 - Communications campaign including media and social media, updated budget page on the council website, and direct email communication
 - Gathering comments and feedback via a wide range of channels including email, social media, in writing to freepost address and telephone

Comments can be sent to us at the following E mail address:-

yourviewsmatter@telford.gov.uk

- 20.5 Throughout this process will also be gathering contacts of those who wish to be involved in more in depth engagement in relation to our budget process.

21. NEXT STEPS & TIMETABLE

- 21.1 The statutory consultation period will run from 5 January 2018 through to 4 February 2018 in order that careful consideration can be given to the views expressed by the Council's Cabinet when preparing their final report and recommendations to Full Council.
- 21.2 The Finance & Enterprise Scrutiny Committee will scrutinise the Administration's budget proposals and should also have the opportunity to scrutinise any alternative budget proposals put forward by any Opposition group(s) prior to Cabinet on 15 February 2018. The Chair of the Finance & Enterprise Scrutiny Committee will present the recommendations of the Committee at the Cabinet meeting on 15 February. The Cabinet will then make their final recommendations to Full Council at this meeting.
- 21.3 Full Council will consider the recommendations from Cabinet and Scrutiny/Opposition Groups on 1 March 2018 when final decisions will be made and the budget and Council Tax for 2018/19 will be determined.

22. BACKGROUND PAPERS

- LG Futures Autumn Budget briefing – November 2017
- LG Futures Local Government Finance Settlement briefing –December 2017
- BBC News Website
- Revenue Support Grant Settlement Announcement – CLG Website
- Service & Financial Planning Report to Council – 2nd March 2017
- Municipal Journal – 8th 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.

Report prepared by:-

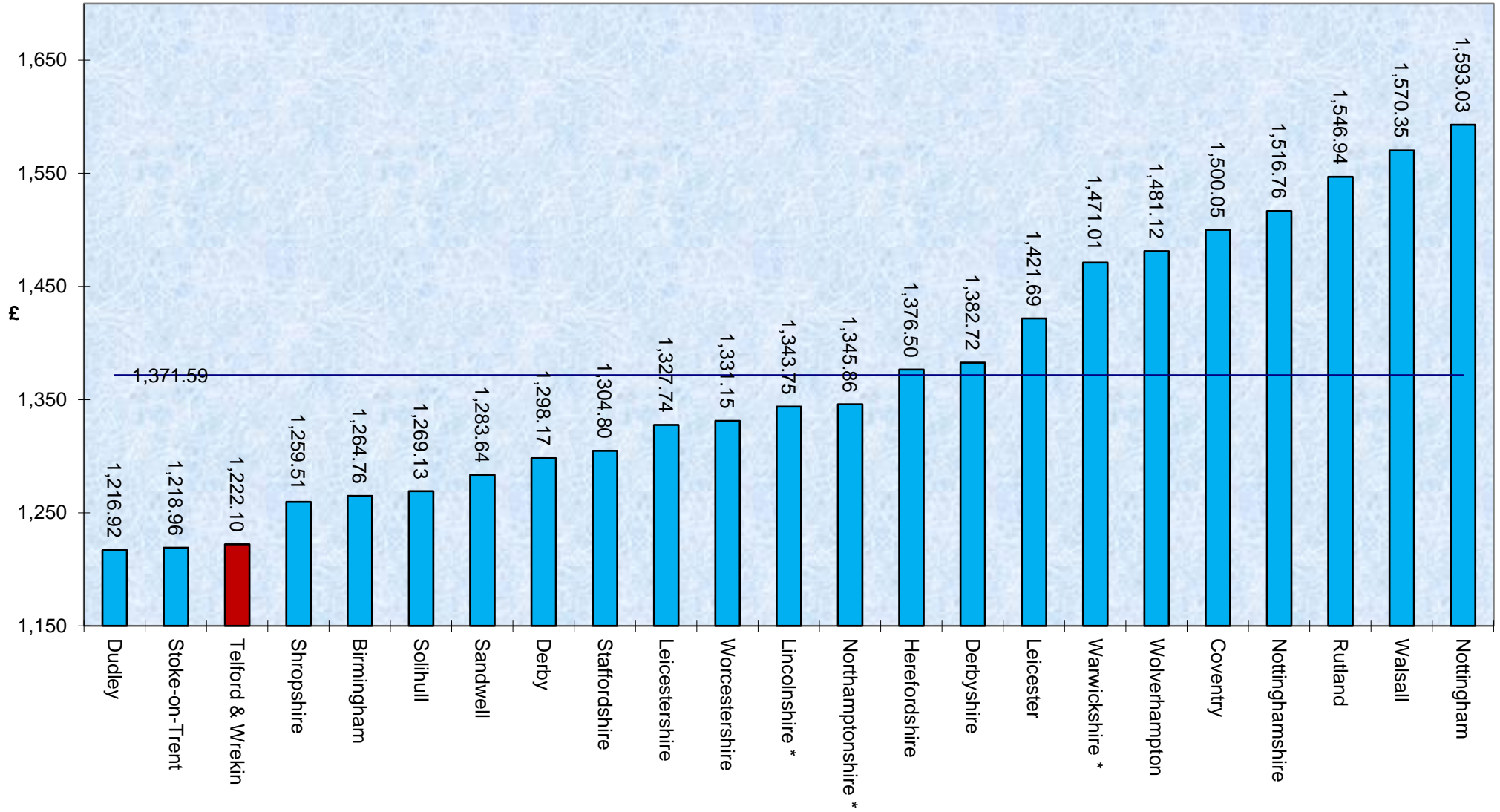
- **Ken Clarke, Assistant Director: Finance & H.R. (C.F.O.) - Tel: (01952) 383100**

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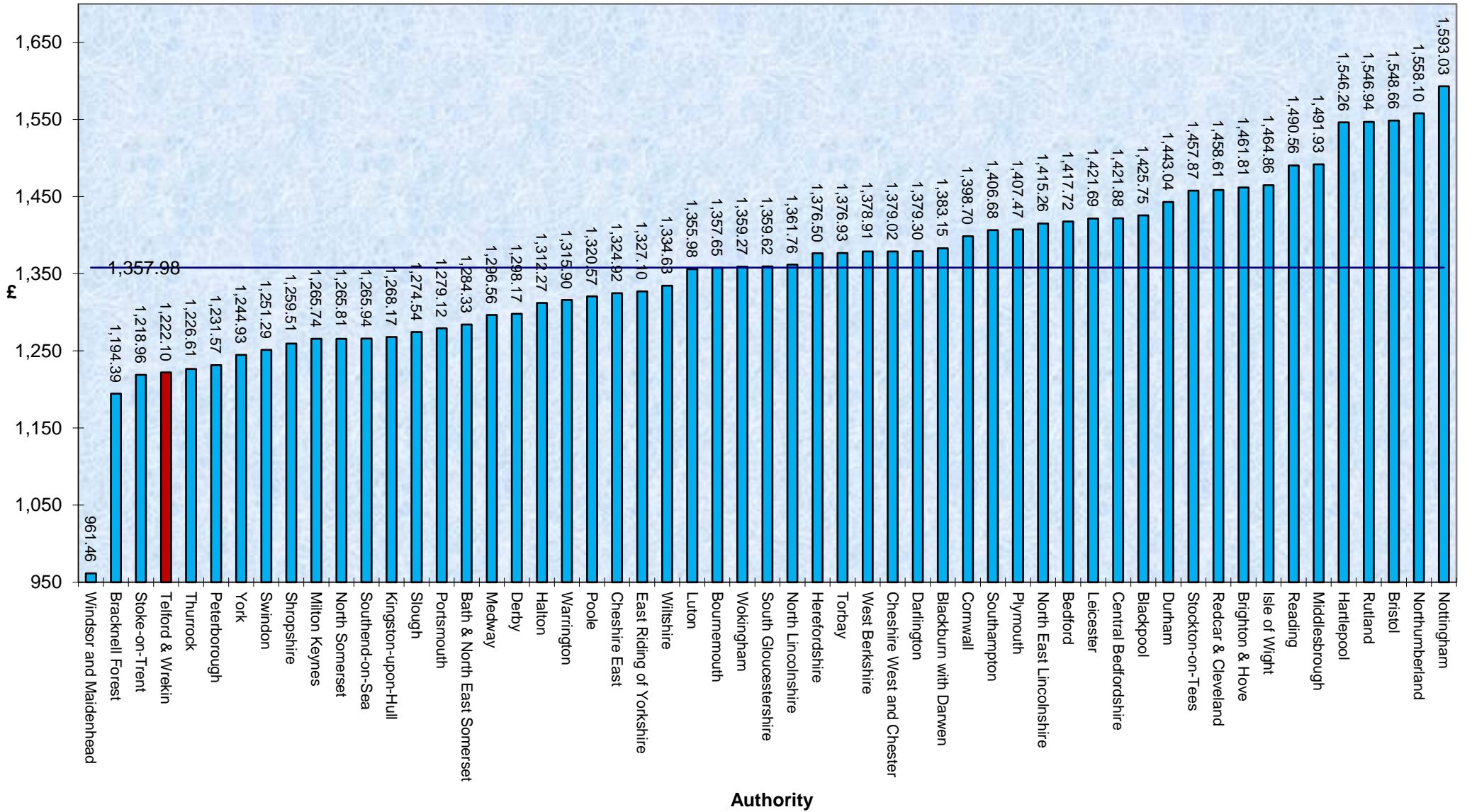
- 1 2017/18 Council Tax Comparison (at Band D) – Midlands Councils
- 2 2017/18 Council Tax Comparison (at Band D) – Unitary Councils
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**Appendix 1 - Midlands Authorities 2017/18 Band D Council Tax for Equivalent Unitary Services
(Excluding Police, Fire* 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 - 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
Total	109.914

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 exceed £0.4m 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.

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

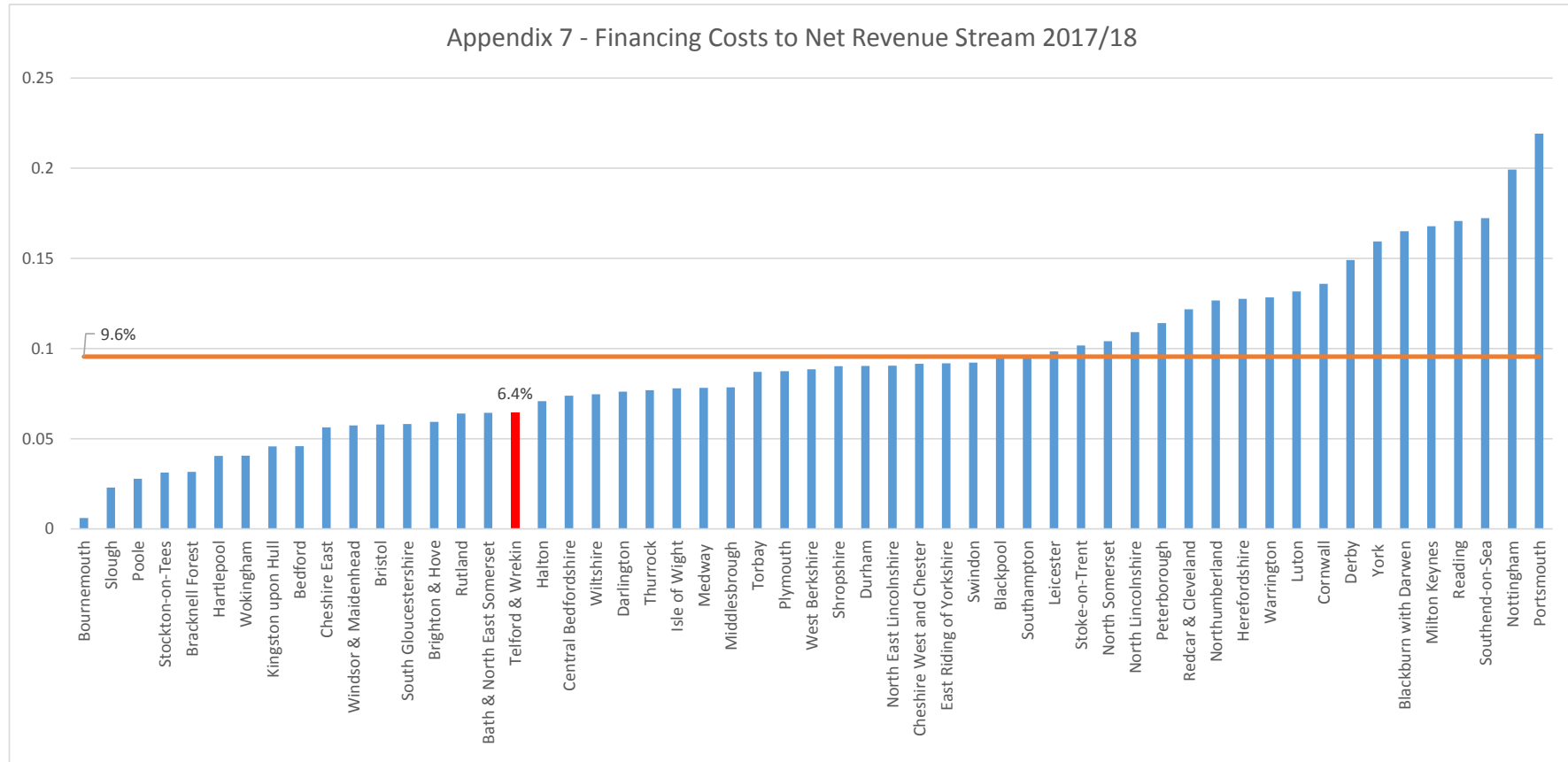
Assistant Director	Scheme	Expenditure						Funding					
		Total £'000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Later Years £'000	Government Gr £'000	Prudential £'000	Capital Receipts £'000	Revenue Reserves £'000	Revenue £'000	External £'000
Adult Social Care	Social Care Capital Grant	1,596	1,147	449	0	0	0	551	1,045	0	0	0	0
		1,596	1,147	449	0	0	0	551	1,045	0	0	0	0
	Public Health Capital Grants	394	394	0	0	0	0	394	0	0	0	0	0
		394	394	0	0	0	0	394	0	0	0	0	0
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
		112,022	52,198	41,684	13,366	4,274	500	1,975	90,217	2,776	0	1,303	15,751
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
		73,217	22,411	23,006	15,048	12,752	0	31,064	31,765	0	0	2,610	7,778
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
		35,413	10,235	9,442	15,569	167	0	29,778	-7,072	10,209	7	-33	2,524
Commercial Services	ICT/ eGov	6,900	2,682	1,609	1,609	1,000	0	0	6,656	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
	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
		18,551	7,907	5,929	2,662	2,053	0	2,294	13,207	1,793	0	1,105	152
Finance & Human Resources	Every Day Telford -Pride in your Community	2,097	2,097	0	0	0	0	0	1,147	0	0	950	0
	Efficiency Schemes Capitalisation	8,632	4,632	4,000	0	0	0	0	8,000	632	0	0	0
		10,729	6,729	4,000	0	0	0	0	9,147	632	0	950	0
Legal Procurement & Commissioning	Legal Fees	248	62	62	62	62	0	0	248	0	0	0	0
	Housing & Technology support for People with Learning Disabilities	475	475	0	0	0	0	480	-5	0	0	0	0
		723	537	62	62	62	0	480	243	0	0	0	0
Finance & Human Resources	Managing the funding of the Capital Programme	0	0	0	0	0	0	0	-25,619	25,619	0	0	0
	Finance & Human Resources other schemes	380	95	95	95	95	0	0	380	0	0	0	0
		380	95	95	95	95	0	0	-25,239	25,619	0	0	0
		253,025	101,653	84,667	46,802	19,403	500	66,536	113,313	41,029	7	5,935	26,205

Appendix 5 - Pride Programme Summary 2017/18 & 2018/19

	2017/18	2018/19	Total
	Revised Budget	Revised Budget	Revised Budget
Capital Programme - Customer & Neighbourhood Services			
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>
Revenue Reserves - Customer & Neighbourhood Services			
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>
TOTAL - Customer & Neighbourhood Services	<u>5,606,925</u>	<u>5,749,590</u>	<u>11,356,516</u>
Capital Programme - Development Business & Employment			
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>
Revenue Reserve - Development Business & Employment			
Young High Street Challenge	100,000	-	100,000
	<u>100,000</u>	<u>-</u>	<u>100,000</u>
TOTAL - Development, Business & Employment	<u>1,050,000</u>	<u>500,000</u>	<u>1,550,000</u>
Capital Programme - Co Operative Council & Commercial Delivery			
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>
Revenue Reserves - Co Operative Council & Commercial Delivery			
Capacity building fund	695,000	-	695,000
Legacy - Celebration fund	50,000	-	50,000
	<u>745,000</u>	<u>-</u>	<u>745,000</u>
TOTAL - Co Operative Council & Commercial Delivery	<u>2,841,896</u>	<u>-</u>	<u>2,841,896</u>
Capital Programme - Commercial services			
Small scale projects & local regeneration	150,000	-	150,000
TOTAL - Commercial services	<u>150,000</u>	<u>-</u>	<u>150,000</u>
TOTAL Pride Programme Funding	<u>9,648,821</u>	<u>6,249,590</u>	<u>15,898,411</u>

APPENDIX 6 - Usable Balances at 1 April 2021

		Balance at 1 April 2021 £m
Total Reserves and Balances		57.96
Less Commitments/Earmarked Funds:		
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
Residual General Working Balances		22.51
Made up of:		
One Off Funds	Identified to support the Medium Term Budget Strategy	17.85
One Off Funds	General/Special Fund Balances	4.66
		22.51



APPENDIX 8 - 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
E003	W2010/0011	Wakins Nursery Apley Castle	-30394.36	0.00	30416.94	22.58
E006	W2005/0961 & TWC/2012/0408	Marshbrook Way Donnington	0.00	0.00	0.00	0.00
E007	W2009/1015	Land at Church Farm Yard	0.00	0.00	0.00	0.00
E015	TWC/2012/0320 & TWC/2013/0720	Land off Sommerfield Road	-247331.00	0.00	247516.52	185.52
E016	TWC/2011/1037	Land at The Walker Institute (Phase 2)	-38151.68	0.00	38179.79	28.11
E019	W2006/1347	Leegomery Centre	-27693.16	0.00	27713.90	20.74
E020	TWC/2011/0821	Land at Wellington Rd Newport	-773930.68	0.00	341579.20	-432351.48
E021	TWC/2013/0938	Land to the South Side of Holyhead Rd	-100747.00	-1962.32	0.00	113.93
E575	W2004/0981 & TWC/2013/0096	KMC (comm.centre/sch design)	0.00	0.00	0.00	0.00
E603	W2005/1290	Dawley Bingo Hall	0.00	0.00	0.00	0.00
E605	W2005/0659 & W2007/1161	Land @ Britannia Way	-91451.47	0.00	91520.02	68.55
E607	TWC/2010/0638	Land at The Pidgeon Box	0.00	0.00	0.00	0.00
E609	W2007/1732	Capewell Works	0.00	0.00	0.00	0.00
E610	W2005/0661	Parkdale - Hadley	0.00	0.00	0.00	0.00
E620	TWC/2012/0371	Land at Muxton C2 & C3	0.00	0.00	0.00	0.00
E624	TWC/2010/0147	Land @ Holyhead Rd (former garage)	0.00	0.00	0.00	0.00
E627	TWC/2012/0211	Land at Maynards Croft Newport	-38804.28	0.00	38832.57	28.29
E628	TWC/2010/0722	Redhill - Education	0.00	0.00	0.00	0.00
E630	TWC/2012/0609 & TWC/2014/1124	Woodlands Primary Redevelopment	0.00	0.00	0.00	0.00
E636	TWC/2012/0787	Former White Hart Pub	0.00	0.00	0.00	0.00
E637	TWC/2013/0297	Land off Edgmond Rd Newport	-207451.18	0.00	0.00	-207451.18
E642	TWC/2014/1122	Land at junction of Stirchley Ave Randlay	-40272.76	0.00	40303.91	31.15
E643	TWC/2014/0484 & TWC/2016/0332	Land West of The Cedars Rodington	0.00	-26971.99	0.00	-26971.99
E645	TWC/2016/0535	Springfields Industrial Estate Newport	0.00	-94181.00	0.00	-94181.00
E647	TWC/2013/0855	Land rear of Willow Tree Cottage Station Rd Newport	0.00	-114228.00	0.00	-122715.80
EH45	W2006/0608	Land off Church Walk Donnington	0.00	0.00	0.00	0.00
YD25	TWC/2013/0083	Land at Hadley Park West (Oakehampton Rd)	-497480.74	-5823.27	503725.91	421.90
YD26	TWC/2012/0886	Land at 121-125 Hadley Park Road	-39583.24	0.00	39595.88	12.64
YD27	TWC/2010/0089	Highfield House	0.00	0.00	0.00	0.00
YD28	TWC/2014/0333	Land at Corner of Stafford Rd/A41 Newport	-74118.00	-147373.50	0.00	-230244.66
YD30	TWC/2010/0828	Lawley Primary New School	-334248.73	-273391.81	334248.73	-273391.81
YD57	TWC/2014/0360	Land at Heath Hill/Balls Hill	0.00	0.00	0.00	0.00
YD59	TWC/2013/0606	Land at Hadley Park Rd West Millar Homes	-6951.69	0.00	6956.25	4.56
YD61	TWC/2014/0882 & TWC/2015/0177	Park Road Malinslee	0.00	0.00	0.00	0.00
YD63	TWC/2012/0650 & TWC/2014/0237	Land off Doseley Works	0.00	-229985.25	0.00	0.00
YD64	TWC/2014/0273	Land at The Barnes Church Aston	-84621.06	-3877.32	86621.06	-1877.32
YD66	TWC/2010/0111 & TWC/2014/0258	Land at Former Istock Brickworks	0.00	-72000.00	0.00	29.14
YD82	TWC/2015/0028	Land at Frome Way Donnington	22.23	-22.23	0.00	0.00
YD84	TWC/2013/0693	Heath Court, Cliff Cres Ellerdine	-21528.66	0.00	0.00	21.98
YD90	TWC/2015/0997	Former Malinslee Primary School	0.00	0.00	0.00	0.00
YD95	TWC/2014/0656	Land adj to Stone House Shifnal Rd Priorslee	-18003.24	-788.37	0.00	-18791.61

Totals	-2672740.70	-970605.06	1827210.68	-1406987.76
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-1406987.76

To 31/10/17 **0.00**

Project	Interest				
To be used within vicinity of development - either HLC, Millbrook or Apley Wood (solutions currently being considered)	0.00	22.58	0.00	22.58	0.00
Towards Muxton 3 class extension - completed	0.00	0.00	0.00	0.00	0.00
Preston St Lawrence CE Primary refurb - completed	0.00	0.00	0.00	0.00	0.00
To be used within vicinity of development - either HLC, Millbrook or Apley Wood (solutions currently being considered)	0.00	185.52	0.00	185.52	0.00
Will be used for expansion in North East Telford - project yet to be confirmed.	0.00	28.11	0.00	28.11	0.00
To be used within vicinity of development - either HLC, Millbrook or Apley Wood (solutions currently being considered)	0.00	20.74	0.00	20.74	0.00
New primary provision & expansion of secondary provision Burton Borough Music block	0.00	-432351.48	0.00	-432351.48	0.00
Will be used for expansion in North West Telford - project yet to be confirmed.	102823.25	113.93	0.00	113.93	0.00
Meadows Primary Extension - completed	0.00	0.00	0.00	0.00	0.00
Captain Webb Primary redevelopment completed	0.00	0.00	0.00	0.00	0.00
To be used within vicinity of development - HLC primary extension	0.00	68.55	0.00	68.55	0.00
St Georges Primary Various Works	0.00	0.00	0.00	0.00	0.00
Teagues Bridge Primary - 3 class & hall extension - completed	0.00	0.00	0.00	0.00	0.00
To be used within vicinity of development - HLC	0.00	0.00	0.00	0.00	0.00
Towards Muxton 3 class extension - completed	0.00	0.00	0.00	0.00	0.00
Meadows Primary Extension - completed	0.00	0.00	0.00	0.00	0.00
Newport Infant 2 class extension project - completed	0.00	28.29	0.00	28.29	0.00
St Georges Demountable replacement	0.00	0.00	0.00	0.00	0.00
John Fletcher Primary Works (16/17)	0.00	0.00	0.00	0.00	0.00
Captain Webb Primary redevelopment completed	0.00	0.00	0.00	0.00	0.00
To be used toward expansion of education facilities in Newport area - project yet to be confirmed	0.00	-207451.18	0.00	-207451.18	0.00
Stirchley Primary School Kitchen Refurbishment (16/17)	0.00	31.15	0.00	31.15	0.00
Contribution towards primary facilities towards the new Allscott Primary School	0.00	-26971.99	0.00	-26971.99	0.00
Contribution towards remodeling Newport Infant School & Changing Rooms at Burton Borough	0.00	-94181.00	0.00	-94181.00	0.00
Contribution towards remodeling Newport Infant School & Changing Rooms at Burton Borough	-8487.80	-122715.80	0.00	-122715.80	0.00
Muxton 3 class extension - completed	0.00	0.00	0.00	0.00	0.00
HLC Primary remodeling	0.00	421.90	0.00	421.90	0.00
HLC Primary remodeling	0.00	12.64	0.00	12.64	0.00
St Patricks Primary School refurbishment	0.00	0.00	0.00	0.00	0.00
To be used toward expansion of education facilities in Newport area - project yet to be confirmed	-8753.16	-230244.66	0.00	-230244.66	0.00
1st & 2nd & 3 rd installment re new School at Lawley & school expansion plan sum	0.00	-273391.81	0.00	-273391.81	0.00
Cotribution to Captain Webb Primary Extention	0.00	0.00	0.00	0.00	0.00
HLC Primary Expansion	0.00	4.56	0.00	4.56	0.00
Old Park Primary Extension (16/17)	0.00	0.00	0.00	0.00	0.00
Ladygrove Primary Expansion	229985.25	0.00	0.00	0.00	0.00
Moorfield Primary School Enhancement of classroom facilities	0.00	-1877.32	0.00	-1877.32	0.00
Ladygrove Primary Expansion	72029.14	29.14	0.00	29.14	0.00
Teagues Bridge Primary - 3 class & hall extension - completed	0.00	0.00	0.00	0.00	0.00
High Ercall Adaptations	21550.64	21.98	0.00	21.98	0.00
Cont to expansion of Old Park School	0.00	0.00	0.00	0.00	0.00
Towards Primary Education	0.00	-18791.61	0.00	-18791.61	0.00

APPENDIX 9

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

Service Delivery Unit	<u>2018/19</u> <u>GROSS</u> <u>EXPENDITURE</u> £	<u>2018/19</u> <u>GROSS</u> <u>INCOME</u> £	<u>2018/19</u> <u>NET</u> <u>EXPENDITURE</u> £
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	109,791,419	78,755,462	31,035,957
Business, Development & Employment	16,105,671	16,322,001	(216,330)
Commercial Services	42,174,134	38,108,620	4,065,514
Finance & Human Resources	10,241,989	7,036,880	3,205,109
Early Help and Support	60,514,820	18,275,475	42,239,345
Childrens Safeguarding	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	25,378,267	26,596,643	(1,218,376)
Netting off of Internal Recharges included above	(52,507,697)	(52,507,697)	0
Total	407,284,299	282,089,695	125,194,604
Contributions To/From Balances	0	434,750	(434,750)
Net Total	407,284,299	282,524,445	124,759,854

Appendix 10

Base Budget Movements from 2017/18

	2018/19	
2017/18 Base Budget		121,194
Increase contingency		224
Reversal of Transfers to Collection Fund Reserves - one off 17/18		(3,725)
Add back use of one off balances in 17/18		558
		118,251
<u>Inflation</u>		
General - major contracts	407	
Pay Inflation	2,174	
		2,581
<u>Council Wide Items</u>		
Pensions - Increase in employers contribution - lump sum	133	
Pension - impact of auto enrolment	188	
New Homes Bonus	797	
Education Services Grant reduction	1,265	
National Living Wage	137	
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	345	
		3,848
<u>Capital/Treasury</u>		
Cost of Capital Programme	1,635	
		1,635
<u>Service Pressures</u>		
Social Care Cost Pressures - transitional clients	1,201	
Social Care Cost Pressures - provider cost pressures	1,120	
BCF Funding	(2,800)	
Waste - cost impact of increased tonnages and properties	200	
Engineering Services - Income shortfall	360	
		81
<u>Less Savings</u>		
Savings Proposals - approved in March 2017 Strategy	(603)	
		(603)
<u>Net Reduction in pressures approved in March 2017 Strategy</u>	(1,032)	
		(1,032)
Base Budget		124,760
<u>Less Funding</u>		
Council Tax Income	62,156	
Revenue Support Grant - per settlement	14,147	
Parishes CTS Grant - in line with reductions in RSG	(142)	
Top Up - per settlement	4,297	
Retained Business Rates - local projection	34,774	
Section 31 Grant - local projection	1,552	
Total Funding		116,784
Base Funding Requirement - cumulative		7,977

Appendix 11 – Savings

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.

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
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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	2.475m	1.750m	5.050m

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
	877,000	797,000	229,000	1,903,000
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
	1,472,000	29,000	0	1,501,000
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
	4,607,000	4,990,000	(235,000)	9,362,000
Total	6,956,000	5,816,000	-6,000	12,766,000
Cumulative	6,956,000	12,772,000		12,766,000
				12,766,000
Leakage	104,340	87,240	(90)	191,490
Total less leakage	6,851,660	5,728,760	(5,910)	12,574,510
Cumulative	6,851,660	12,580,420	12,574,510	

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 qualify for a 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

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 £19.75m 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 £143m. 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 £65.2m 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 £6.4m in 2016/17 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 £66+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 £
1. Focusing on solving problems and promoting social responsibility and action to manage and reduce demand for services	0.6m	1.4m	2.0	0.5	2.5
2. Challenging & changing, reviewing and reimagining the way we do things.	15.0m	9.7m	24.7	5.3	30.0
3. Reducing our dependency on Government grants.	2.5m	3.1m	5.6	5.1	10.7
4. Being a modern organisation with modern practices and where we always get the basics right		0.5	0.5	1.8	2.3
Total in year savings	18.1	14.7	32.8	12.7	45.5

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 three 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
Total	£5.2	£4.632	£4.0

3.3. Prudential Indicators

The Council's Service & Financial Plan for 2016-2018 sets out the Council's prudential indicators for 2016/17. 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

TELFORD & WREKIN COUNCIL

CABINET - 4 JANUARY 2018

HOMELESSNESS REDUCTION ACT 2017

REPORT OF ASSISTANT DIRECTOR: COMMERCIAL SERVICES

LEAD CABINET MEMBER FOR HOUSING & ENFORCEMENT

PART A – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

- 1.1 The Homelessness Reduction Act 2017 (HRA) received Royal Assent on 27th April 2017 and is being implemented 3rd April 2018. This will place significantly increased duties on local housing authorities to prevent and relieve homelessness. It will amend the current duties under the Housing Act 1996.
- 1.2 The HRA transforms the help councils are expected to provide to all homeless people. It aims to ensure provision of new support to people who aren't entitled to help under the current system. It requires councils to try and prevent people from becoming homeless by intervening early and encouraging other public sector bodies to actively assist in identifying and referring those at risk of homelessness.
- 1.3 The Act represents a significant change to homelessness legislation. Key measures include:
- An extension of the period during which an authority should treat someone as threatened with homelessness from 28 to 56 days.
 - A new duty to prevent homelessness for all applicants threatened with homelessness, regardless of priority need. (Prevention Duty)
 - A duty to assess and agree a personalised housing plan
 - A duty to relieve homelessness for all homelessness applicants regardless of priority need. (Relief Duty)
 - A new duty on public services to notify a local authority if they come into contact with someone they think may be homeless or at risk of becoming homeless. (Duty to Refer)
 - A stronger duty to provide advisory services to all. (Duty to Provide Advisory Services)
 - A duty to help to secure accommodation (Accommodation Duty).

2. RECOMMENDATIONS

- 2.1 Cabinet are requested to note the Homelessness Reduction Act and endorse the actions taken by officers to date and those proposed within this report

2.2	Cabinet are requested to approve the allocation of the two sources of grant funding from the Government to be allocated to tackle homelessness for the next 2 years to enable the new legislation to be successfully implemented.
2.3	Cabinet authorise the 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.
2.4	Cabinet authorise the 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.
2.5	Cabinet delegates authority to the 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 this report known as Carwood.
2.6	Cabinet delegates authority to the Assistant Director: Governance, Procurement & Commissioning to seal or sign any documents required to give effect to the recommendations contained in this report..

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Council priorities	
	Yes	<ul style="list-style-type: none"> • Protect and support our vulnerable children and adults • Improve the health and wellbeing of our communities and address health inequalities • Regenerate those neighbourhoods in need and work to ensure that local people have access to suitable housing.
	Will the proposals impact on specific groups of people?	
	Yes	Residents in the borough who are homeless or at risk of homelessness.
TARGET COMPLETION/ DELIVERY DATE	It is proposed that the new Homelessness Reduction Act is implemented the 3rd April 2018	
FINANCIAL/ VALUE FOR MONEY IMPACT	Yes	<p>The Council received confirmation of the ring fenced DCLG New Burdens funding from 2017/18 - 2019/20 of £55.5k, £50.8k and £72.3k respectively and will cease in April 2020.</p> <p>Additional staffing resource is required to ensure we meet our responsibilities of the Homelessness Reduction Act, and the New Burdens funding will be utilised to support fixed term resource.</p>

		<p>It is anticipated that further one off funding will be required during the transitional period for the same purpose. In addition, HRA requires the Authority to provide more detailed Housing Management information and we will require a new system to facilitate that. There is currently a £50k capital allocation to upgrade the current Housing system (Academy), however further scoping work is required to establish full cost requirements.</p> <p>Within the Capital Programme £72k is allocated for a Loan Contingency grant. It is proposed this funding would be available to Landlords of up to £3k and will include conditions. This will ensure Homelessness properties within the Borough are available to Telford & Wrekin Homeless clients.</p> <p>The Flexible Homelessness Support ring fenced grant replaces the income previously generated from the temporary accommodation management fee, £60 per week per property occupied. £103k has been received in 2017/18 and £113k is due in 18/19. Further analysis is required to establish if this creates a pressure going forward compared to income targets.</p> <p>AEM 29/11/2017.</p>
LEGAL ISSUES	Yes	<p>Local Authority obligations to homeless people are set out in statute and are the subject of a Code of Guidance.</p> <p>The Council has a statutory duty to assist all persons who are homeless or threatened with homelessness under the Housing Act 1996 (as amended 2002) part 7 Homelessness.</p> <p>The Homelessness Reduction Act 2017 places a new duty on Local Authorities to help to prevent homelessness in all client groups, rather than those with specific eligibility status. The Government are currently consulting on changes to the Homelessness Code of Guidance for Local Authorities which may have further significant implications for the Council in complying with its statutory duties when finally published.</p>
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	<p>Risks include:</p> <ul style="list-style-type: none"> - Increased housing issues if people cannot be prevented from homelessness - Limited access to suitable accommodation to prevent homelessness, including adapted accommodation for those with disabilities.

		<ul style="list-style-type: none"> - Changes in welfare reform increasing the demand on the housing service due to being at risk of homelessness. - Housing demand not being met due to caps on local housing allowance and bedroom restrictions. - Increase in legislation under the Homelessness Reduction Act widening the number of people that we owe a duty to help. - Further significant implications for the Council in complying with its statutory duties when the Homelessness Code of Guidance for Local Authorities finally published
IMPACT ON SPECIFIC WARDS	No	Borough wide impact.

PART B – ADDITIONAL INFORMATION

4. INFORMATION

4.1 Background

4.1.1 In June 2016 MP Bob Blackman submitted a private members bill to parliament, having previously been approached by the homelessness charity Crisis. The bill received cross-party support and following its passage through parliament, the Homelessness Reduction Act received Royal Assent on 27th April 2017. The HRA will come into force the 3rd April 2018.

4.1.2 The HRA significantly reforms England’s homelessness legislation by placing duties on local authorities to intervene at earlier stages to prevent homelessness in their areas.

4.1.3 The HRA sets out a framework for the most significant changes to homelessness legislation in recent years, proposing a substantial number of new duties. The HRA amends Part 7 of the Housing Act 1996, with 13 new clauses that amend many of the existing duties and homelessness applications are likely to rise significantly.

4.1.4 The Secretary of State for Communities and Local Government has issued a draft Code of guidance to local authorities. In accordance with the Act, housing authorities and social services authorities in England are required to have regard to the guidance when exercising their functions relating to homelessness and the prevention of homelessness. We welcome the concept of this Act and the positive approach to prevent homelessness by working closer with clients and partners.

4.2 Main Duties under HRA

This section summarises the main changes with the Act and later in the report (item 6) it outlines in impacts and implications

4.2.1 Definition of Homelessness and Threatened with Homelessness

The HRA extends the period during which a local housing authority should treat someone as threatened with homelessness from 28 to 56 days, and sets out the actions local housing authorities should take when someone applies for housing assistance, having been served with a notice to end an assured shorthold tenancy.

4.2.2 A Duty to Provide Advice, Assessments and Personalised Housing Plans

The HRA strengthens and extend the general advice duty, requiring the LHA to design a service that meets the needs of certain groups at risk of homelessness, these include:

- Persons released from prison or youth detention
- Care leavers
- 16/17 year old homeless cases
- Former members of the armed forces
- Person's leaving hospital
- Victims of domestic abuse
- Persons suffering mental illness
- Any other groups identified as a particular risk of homelessness within the Borough.

Housing authorities will have a duty to carry out an assessment in all cases where an eligible applicant is homeless or threatened with homelessness. This will identify the cause of homelessness, the housing needs of the applicant and any support requirements in order for the applicant to be able to secure and/or retain accommodation. Following this the authority must work with the person to develop a personalised housing plan which will include actions to be taken by both the authority and the applicant to try to prevent or relieve homelessness.

4.2.3 A Duty to Prevent

The HRA places a new duty to prevent homelessness for all eligible applicants threatened with homelessness irrespective of priority needs status (4.2.7 defines what is a priority need); this includes new duties to those who are homeless or threatened with homelessness to:

- Carry out an assessment
- Agree and provide a personal housing plan
- Help to prevent homelessness; and
- Help to secure accommodation for all eligible applicants, regardless of priority need. Once triggered, the prevention duty would continue for 56 days unless it is brought to an end via one of the prescribed conditions.

4.2.4 Relief Duty

The HRA states that if the applicant is already homeless, or becomes homeless despite activity during the prevention stage, the local housing authority must take reasonable steps to help all homeless eligible applicants to relieve homelessness for 56 days by helping applicants to secure accommodation, regardless of priority need. If the housing authority has reason to believe a homeless applicant may be eligible for assistance and have a priority need, they must be provided with interim accommodation.

4.2.5 Duty To Refer

The HRA introduced a duty to refer on public authorities to notify a housing authority of service users they consider may be homeless or threatened with homelessness within 56 days. Before making a referral a public authority must:

- have consent to the referral from the individual
- allow the individual to identify the local housing authority in England which they would like the notification to be made to
- Have consent from the individual that their contact details can be supplied so they can receive contact from the housing authority.

Public authorities are not yet defined and this section of the Act is being delayed until October 2018, however we feel this area is important and will be implementing this sooner.

4.2.6 The Main Housing Duty

If we cannot successfully prevent or relieve homelessness, we will owe the main housing duty to applicants who are eligible, have a priority need for accommodation and are not intentionally homeless. Under this duty we must ensure that suitable accommodation is available for the applicant and their household until the duty is brought to an end through either an offer of another suitable accommodation or they are no longer eligible for assistance. This area is comparable to existing legislation.

4.2.7 Priority Need

Under the HRA, housing authorities have the duty to try and prevent or relieve homelessness for all eligible applicants, regardless of whether they have a priority need. However, should the housing authority not prevent or relieve homelessness, under Section 193(2) of the HRA we must secure accommodation for applicants who have priority need.

Those in priority need are classed as the following:

- A pregnant woman or a person with whom she resides with;
- A person with whom dependent children reside;

- A person who is vulnerable as a result of old age, mental illness, handicap or physical disability or other special reason;
- A person aged 16 or 17 who is not a 'relevant child' or a child in need to whom a local authority owes a duty;
- A person under 21 (but is no longer) looked after, accommodated or fostered between the ages of 16 and 18;
- A person aged 21 or more who is vulnerable as a result of having been looked after, accommodated or fostered;
- A person who is vulnerable as a result of having been a member of Her Majesty's regular naval, military or air forces;
- A person who is vulnerable as a result of: Having served a custodial sentence, having been committed for contempt of court or any other kindred offence or having been remanded in custody.
- A person who is vulnerable as a result of ceasing to occupy accommodation because of violence or threats of violence from another person;
- A person vulnerable for any other special reasons;
- A person who is homeless as a result of an emergency such as flood, fire or another disaster.

4.2.8 Suitable Accommodation

Housing authorities have duties to secure accommodation for homeless applicants either on an interim basis or to prevent or relieve homelessness. Under the Homelessness (Suitability of Accommodation) (England) Order 2003, bed and breakfast accommodation is not considered suitable for families except where there is no other accommodation available, and then for only a maximum of 6 weeks.

4.2.9 Deliberate and Unreasonable Refusal to Co-operate

The HRA places a requirement of all applicants to co-operate with the LHA, attempt to comply with their prevention and/or relief duties. If the LHA considers that an applicant has "deliberately and unreasonably refused" to cooperate or take any of the steps set out in the personalised housing plan, they can serve a notice on the applicant to notify them of their decision.

5. HISTORIC AND CURRENT DEMAND

5.1 The historic and current demand for homelessness services are as follows:

	14/15	15/16	16/17
Homeless applications	197	206	176
Advice given	5285	7224	5792
Homeless cases prevented	227	213	188

No of households in temporary accommodation	62	49	37
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5.2 A important element of the provision of homelessness accommodation within the Borough for those both in the priority list but also outside of that is provided through Manning place. A key part of their stock of accommodation has been created most recently through the use initially on a temporary basis of Carwood in Stirchley a former care home that was closed by the Council some 12 months ago. There is a clear need to continue to support this provision and discussions are ongoing with regard a sale of the asset to Maninplace. The terms of such a sale would be subject to provisions for the continuing supply of the property for homeless accommodation. The extent of the site is shown in Appendix A

6. IMPACT AND IMPLICATIONS

6.1 As a council, we have a good track record in preventing homelessness. However there will be a significant impact on service delivery arising from the HRA:

- Indications suggest that once in force, the changes will increase the workload of the Housing Solutions Team by at least 50%. This is due to:
 - A wider target audience
 - Longer timescales in order to prevent or relieve homelessness
 - Preparation of the personalised housing plans (php)
 - Case management with the client
 - Reviews and support with the client of the php
 - Reviews that will need to take place with each customer.

Each interview is likely to increase from thirty minutes up to two hours, plus significant time to complete personalised housing plans which officers will need to review at multiple stages with clients. In addition, officers will have over seven times the current number of housing cases and these will be held and worked with for up to months at a time. In preparation for the above, we are carrying out a lean review to identify any areas of efficiencies.

The entire ethos of how we provide homelessness advice will change. Feedback from the trailblazers shows that the approach using personalised housing plans requires different skills such as mentoring skills that we would need to support and develop in the team to ensure we meet the transition.

6.2 An increase in the use and cost of temporary accommodation and due to a limited number of temporary accommodation in the Borough, it is likely that the use of bed and breakfast will increase (we currently do not place anyone in B&B) With limited number of placements within affordable housing available we will need to look at all housing options but this may mean that discharging our housing duty will be limited and will mean people are in temporary accommodation for longer.

- 6.3 Whilst the government have announced a New Burdens fund, this is limited and will not adequately cover the expected additional costs that the HRA will occur. This funding is for a 3 year period and is due to be reviewed and removed following 2020. We have received capacity funding for 12 months to ensure we have processes in place to enable us to deliver the functions as set out in Act in an efficient manner and to allow us to collate the data to identify additional pressures.
- 6.4 A new IT system is needed to be in place by the 3rd April 2018 in order to meet the reporting criteria required by DCLG on reporting on the HRA called HClick. A new system is currently being sourced to meet the reporting requirements.
- 6.5 Due to the increased number and the full assessments that will need to be carried out, we need to identify interview rooms to carry out this function.
- 6.6 Upcoming welfare reforms of Universal Credits being introduced in the Borough (Autumn 2018) is likely to exacerbate the difficulties associated with homelessness and housing advice provision. This increases the risk that more landlords will refuse to take households on benefits due to the housing element of UC being paid directly to the tenant.
- 6.7 Out of Borough homeless clients are also being placed within the private rented sector in Telford & Wrekin. The clients are predominantly from the London Borough areas and they are offering significant financial incentives to private landlords with properties in Telford. This is adding additional pressure, as we do not have the equivalent financial support to provide landlords which means we have reduced options to help our own homeless clients. However we would like to offer one off capital grants to private landlords to improve their properties if they offer housing to homeless clients referred through Housing. The grants would offer up to £3000 to improve their properties which will not only help with our homeless duties but to also help to improve the private rented sector.

7. FUNDING

- 7.1 A new funding called the New Burdens Fund has been allocated to Telford & Wrekin Council to help with the delivery of the HRA, this is as follows:

Year	16/17	17/18	18/19	Total
Amount	£55,529	£50,864	£72,3661	£178,759

- 7.2 The Flexible Homelessness Support Grant replaces the Temporary Accommodation Management Fee which could only be used for when someone is already homeless rather than preventing this in the first place. This new grant provides councils the freedom to support the full range of homelessness services to help prevent homelessness in the Borough.

Year	17/18	18/19
Amount	£103,125.64	113,038.21

- 7.3 It is proposed to utilise the 2 new sources of funding to implement the Homelessness Reduction Act and meet the new statutory duties arising out of the Act.
- 7.4 At this stage it is not known what the resource implications will be and depending upon future funding availability, there may be the requirement for additional resources to implement service improvements for the ongoing development of the HRA. Where this is the case additional investment will need to be subject to further Cabinet consideration.
- 7.5 If cases increase by 50% and the time taken with each applicant increases significantly plus additional pressure on temporary accommodation we are expecting this may cost us:

Additional Staff Costs		Costs
2 x Housing Solutions Assistants		£51,151
1 x Housing Solutions Officer		£28,776
1 x Property Management Officer		£31,704
Total Staff costs @ 17/18 pay		£111,631
Additional temporary accommodation (18 properties based at £550 rent each month)		£118,800 Council tax would also apply when properties are empty.

We would recoup some of the temporary accommodation costs from clients who receive housing benefits or from rental payments. However, we would only be able to claim the housing benefit in line with the Local Housing Allowance which may be less than the agreed monthly rents and due to the nature of temporary accommodation, we would need some properties empty to allow for emergency admits. During this time we would be liable for the rental payments of void properties and council tax.

8. IMPLEMENTATION

- 8.1 To ensure we are ready to meet the HRA for the 3rd April 2018 we are putting together an action plan to outline dates and actions.
- 8.2 We are recruiting two Housing Solution Assistant posts which will triage all calls and drop in clients and assist those clients which are not a priority client but under the HRA are now eligible for prevention and relief assistance.

- 8.3 Identifying and working with partners within Telford & Wrekin is key to help sign post clients for support to help prevent and relieve homelessness.
- 8.4 For all services that link into homelessness are briefed on the new act and all service areas to notify Housing, Nuplace and Commercial Projects of the lead contact in each area.
- 8.5 To identify documents from existing trail blazer projects and produce relevant documents for Telford & Wrekin.
- 8.6 To view relevant software systems and to procure the correct system.

9. EQUALITY IMPACT ASSESSMENT

- 9.1 A light touch equality impact analysis utilising available evidence has been undertaken on the Homelessness Reduction Act in relation to the General Equality Duty. The available evidence shows this will have a positive t there was any negative impact on people who share protected characteristics. The evidence was limited in some aspects and actions to improve record keeping are taking place. This will ensure a comprehensive evidence base is available to support the aims of the duty and demonstrate a truly inclusive service.

10. PREVIOUS MINUTES

None.

11. BACKGROUND PAPERS

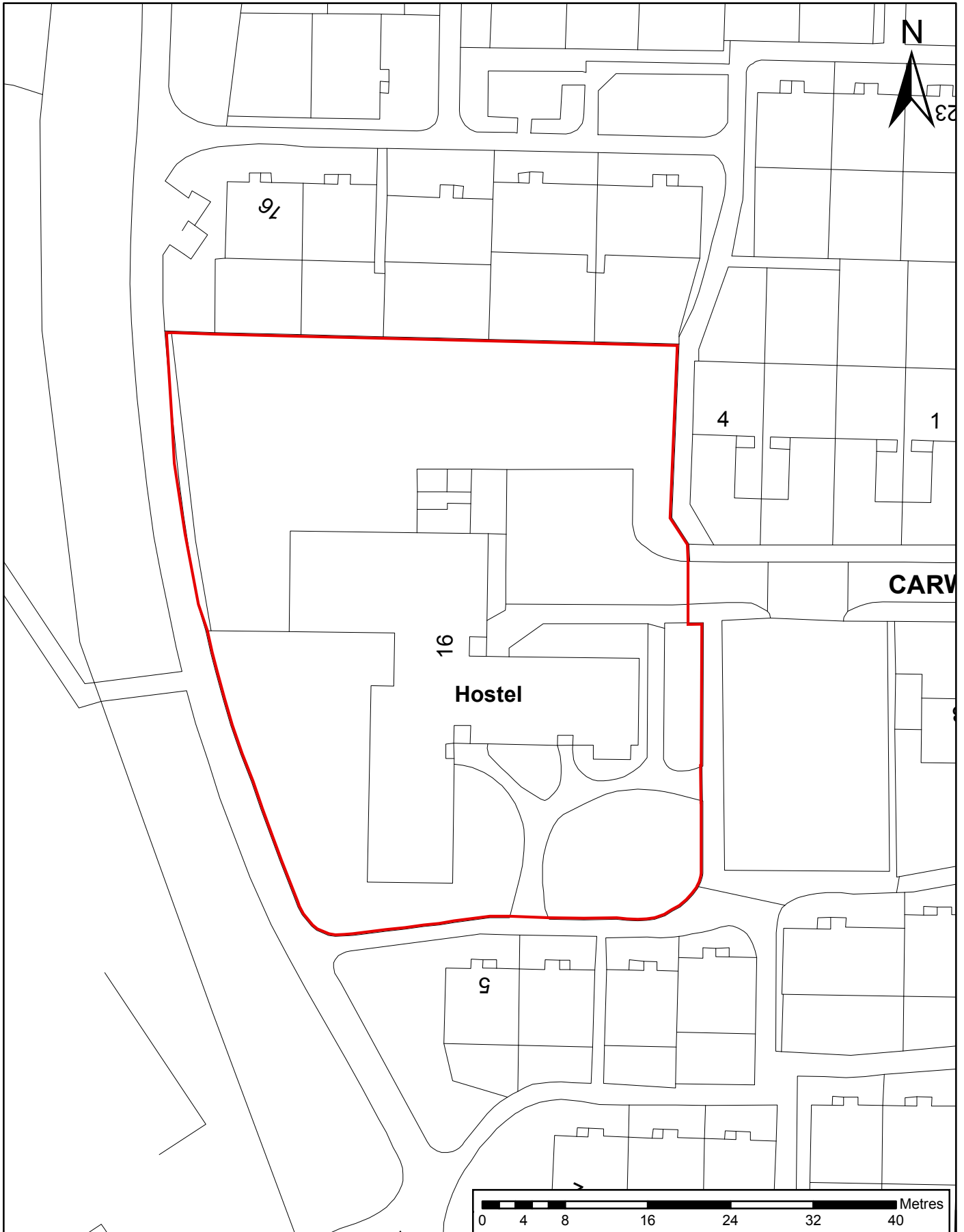
Telford & Wrekin Council Homelessness Strategy (15 June 2017)

Homelessness Reduction Act 2017

Homelessness Code of Guidance for Councils: July 2006 and Supplementary Guidance

Homelessness Code of Guidance for Local Authorities: Consultation Paper (October 2017)

Report prepared by Toni Guest (Housing, Nuplace and Commercial Service Delivery Manager), toni.guest@telford.gov.uk, 01952 381860



Title
Carwood Residential Care Home

Estates & Investments
 Wellington Civic & Leisure Centre
 Larkin Way
 Wellington
 Telford TF1 1LX



Telford & Wrekin
 COUNCIL

Scale:
 1:500 @A4

Drawn by:
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Date:
 06/12/2017

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TELFORD & WREKIN COUNCIL

CABINET – 4 JANUARY 2018

SCHOOL FUNDING FORMULA 2018/19

REPORT OF THE ASSISTANT DIRECTOR: EDUCATION & CORPORATE PARENTING

LEAD CABINET MEMBER – COUNCILLOR SHIRLEY REYNOLDS

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

- 1.1 Each year we review the local funding formula for mainstream schools in the context of revisions to DfE regulations or any other relevant developments. Although we consult with schools and the Schools Forum regarding any changes, the Council makes the final decision on the funding formula. The local funding formula applies both to academies and maintained schools and in 2018/19 will determine the distribution of around £110m of funding.
- 1.2 The following is proposed for 2018/19:
 - We amend the local funding formula to move towards the DfE's National Funding Formula model for school funding, details of which were published in 2017, and increase the protection for schools by increasing the minimum funding guarantee to 0% from the current minus 1.5%;
 - We request from the Schools Forum a top-slice from mainstream school budgets, to support the increasing budget pressure on high needs.
- 1.3 The revised funding formula has to be submitted to the Education & Skills Funding Agency (ESFA), a DfE agency, by 19 January 2018.
- 1.4 This report seeks Cabinet approval for the proposed 2018/19 funding formula for Telford & Wrekin mainstream schools.

2. RECOMMENDATION

- 2.1 **That the 2018/19 funding formula for Telford & Wrekin mainstream schools, as consulted on with schools and the Schools Forum, be approved.**

3 SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Co-operative Council priority objective(s)?	
	Yes	By ensuring that as far as is possible schools receive fair funding for their pupils, this supports the objective to improve local people's prospects through education and skills training.
	Will the proposals impact on specific groups of people?	
	Yes	Children, young people, parents and the wider community served by schools.
TARGET COMPLETION/DELIVERY DATE	The revised funding formula will take effect from 1 April 2018 for maintained schools and from 1 September 2018 for academies. Details of the formula have to be provided to the ESFA by 19 January 2018.	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	Most mainstream schools in Telford & Wrekin (T&W) are forecast to receive an increase in funding in 2018/19, both in funding per pupil and in total funding. This is because the revised method of allocating funds to local authorities for their mainstream schools has benefited Telford & Wrekin and also because many local schools are experiencing increases in pupil numbers. For the small number of schools with a potential reduction in funding per pupil there is a Minimum Funding Guarantee (MFG). We propose taking advantage of a new flexibility local authorities have been given, to increase this from the current level of minus 1.5% per year to 0%, meaning that no school in T&W will experience a reduction in funding per pupil in 2018/19.
LEGAL ISSUES	Yes	The revised arrangements have to comply with the Government's School Finance Regulations.
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	
IMPACT ON SPECIFIC WARDS	Yes	The revised funding formula will affect all schools in T&W, including academies, with the exception of nursery schools, special schools and independent schools and so will impact upon all Wards across the Borough.

PART B) – ADDITIONAL INFORMATION

4 THE FUNDING SYSTEM FOR SCHOOLS

- 4.1 Dedicated Schools Grant (DSG) is allocated to local authorities by the DfE in four blocks; Schools, High Needs, Early Years and Central School Services, using the following bases:
- Schools Block: Calculated by multiplying the number of pupils at the preceding October census (i.e. October 2017 for 2018/19) by a unit of funding, which is different for each local authority. The 2018/19 allocation for T&W will be approximately £110m.
 - High Needs Block: Calculated by a combination of historic allocations and a national funding formula. The 2018/19 allocation for T&W will be approximately £21m.
 - Early Years Block: Calculated by taking the average pupils in the relevant two January censuses (i.e. January 2018 and January 2019 for 2018/19) and then multiplying by a unit of funding. The 2018/19 allocation for T&W will be approximately £12m.
 - Central School Services block: Calculated by a mixture of historic expenditure levels and number of pupils. The grant is new for 2018/19 (replacing part of the now ceased Education Services Grant and some of the funding for services that used to be funded by Schools Block top-slices) and the allocation will be approximately £1m.
- 4.2 There is some flexibility to move money between blocks, but any movement out of the Schools and Early Years blocks is limited in scale and subject to a Schools Forum vote. DSG as a whole is ring-fenced for schools.
- 4.3 The final distributions of DSG are notified in December, based upon October census data.
- 4.4 DSG is distributed to institutions as follows:
- Mainstream schools Via a locally determined funding formula, within the constraints of DfE regulations. The details of this are discussed in section 5 below.
 - Special schools and pupil referral units (PRUs) Via a place plus top-up system, the place element being set nationally at £10,000, the top-up element being locally determined. The number of places is determined by a combination of the local authority and the ESFA.
 - Nurseries, nursery classes and private, voluntary and independent early years providers. Via an Early Years Single Funding Formula for 3 and 4 year olds, a locally determined formula, within the constraints of DfE regulations. Via a single hourly rate for 2 year olds (currently set at £5.11 in T&W,).

5 T&W 2018/19 FUNDING FORMULA

- 5.1 The DfE is calculating 2018/19 Schools Block funding allocations to local authorities by using a National Funding Formula (NFF). This revised methodology replaces the existing historically based allocations.
- 5.2 The NFF will benefit T&W schools. If fully implemented the DfE's illustrative increase for T&W is 7% per pupil. It will take at least three years to be fully implemented, but in 2018/19 the illustrative increase is 2.7% with a similar further increase in funding in 2019/20. This means approximately £3m of additional resources in 2018/19 and a further £3m in 2019/20. It is in addition to any increases arising from increasing pupil numbers. The 7% increase represents the 13th largest out of 152 local authorities in England. It is good news for our schools and provides some vindication for our long standing belief that mainstream school funding for T&W has previously been held at an unjustifiably low level by the DfE.
- 5.3 The local funding formula for 2018/19 was discussed with the Schools Forum on 16 November, following a consultation with all schools. The principal question that schools were asked was whether we should:
- move our local funding formula towards the DfE's NFF; or
 - continue with our existing formula, allocating the additional funds to the basic per pupil factor (AWPU) and retaining the existing secondary-primary ratio.
- 5.4 The majority view of schools and the Forum was that we should move towards to the NFF, on the basis that this was the likely destination for school funding and that for most schools the difference between the NFF and the existing local funding formula was modest (less than 1% for over 60% of our schools). As noted above, the additional funds for T&W also enable us to adopt a higher minimum funding guarantee (MFG) per pupil than the minus 1.5% per pupil that the DfE has had in place for some years. An MFG set at 0% means that no school will experience a decrease in funding per pupil (subject to the possible top-slice outlined in paragraph 5.6).
- 5.5 Officers views are consistent with schools, in supporting the logic of moving towards the likely outcome for school funding, particularly when this can be achieved with little turbulence impacting upon individual schools.
- 5.6 The actual allocations to schools can only be finalised once the confirmed data from the October 2017 census is released by the DfE in December. The amounts received by schools will also depend upon a possible top-slice from mainstream school budgets to support high needs. DfE rules means that this cannot normally exceed 0.5% of the total mainstream school budget (i.e. around £550,000) and will require schools forum approval. Anything above 0.5%, or an amount below this level that hasn't been agreed by the Schools Forum, has to be individually agreed by the Secretary of State. The amount requested (if any) at the Forum to be held on 11 January will be determined once further work on the 2018/19 high needs budget has been completed. Cabinet approval is therefore for the principles behind the local funding formula for schools, rather than the precise amounts allocated to each school.

6 IMPACT ASSESSMENT – ADDITIONAL INFORMATION

- 6.1 Schools continue to be protected by the national Minimum Funding Guarantee, which prevents any year on year reduction in funding for a school exceeding 1.5% per pupil. As noted above, T&W is proposing a local protection that amends this to 0%, a more generous level of protection.
- 6.2 Under current regulations, the formula can be reviewed and if desirable it can be amended by the local authority each year. This may change from 2020/21 with the introduction of a national funding formula for schools at school level.

7. PREVIOUS MINUTES

- 7.1 Minutes of the meetings of the Cabinet held on Thursday 13 November 2014 (concerning the 2015/16 funding formula) and 12 November 2015 (concerning the 2016/17 funding formula) and 15 January 2017 (concerning the 2017/18 funding formula).

8. BACKGROUND PAPERS

“Schools revenue funding 2018 to 2019: Operational guide”, Education & Skills Funding Agency, September 2017

T&W Schools Forum, minutes and accompanying papers of meetings held on 16th November 2017

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