

## **BOROUGH OF TELFORD & WREKIN**

### **Minutes of a meeting of the Borough of Telford & Wrekin held on Thursday, 28 January, 2010 at 6.30 p.m. at the Civic Offices, Telford.**

#### **PRESENT:**

Councillors I.T.W. Fletcher (Speaker), D.G. Allen, G. Ashcroft, D.W.D. Ashley, R.K. Austin, R. Aveley, S. Bentley, K.T. Blundell (Mayor), S.P. Burrell, E.J. Carter, R.G. Chaplin, E.A. Clare, , N.A. Dugmore, A.J. Eade (Leader), V.A. Fletcher, J.A. Francis, G.M. Green, E.J. Greenaway, R.E. Groom, Y.C. Hicks, P.A.E. Homer, T.J. Hope, J.C. Minor, M.B. Hosken, G.P. Hossell, S.M. Kelly, R.T. Kiernan, A. Lawrence, L. Lomax, A.A. Mackenzie, C.N. Mason, A.D. McClements, A.A. Meredith, C.P.R. Mollett, R.A. Overton, F.R. Picken, H. Rhodes, K.S. Sahota, J.M. Seymour, C.F. Smith, M.J. Smith, A.J. Stanton, E.M. Swift, , W.L. Tomlinson, R.M. Tyler, D.R.W. White, A.G.P. Williams, H.J. Williams and D.G. Wright

#### **69. COUNCILLOR UTE SAMBROOK**

The Speaker asked Members to stand for two minutes' silence in tribute to Councillor Ute Sambrook following her death on 13 December 2009. He then invited Members to pay their individual tributes to Councillor Sambrook.

Councillor S. Bentley, Cabinet Member: Active Lifestyles - Leisure & Culture, paid a personal tribute. He described Councillor Sambrook as a great friend and a special person who had made an impact on many people's lives. He told Members that Councillor Sambrook had been a compassionate and generous person who had always put others before herself. Councillor Bentley urged Members to support the campaign to ensure more resources were devoted to the early diagnosis of cancer. Councillor R.K. Austin paid tribute to Councillor Sambrook's service to the Council, both as an employee and as a Councillor. Members from all political groups then provided further tributes to Councillor Sambrook. Although deeply saddened by the loss of their colleague, they paid warm tribute to her outstanding honesty, commitment, determination and dedication.

#### **70. PRAYERS**

The Reverend Nigel Young, Vicar of Christ the King Chapel led Members in prayer.

#### **71. MINUTES OF THE COUNCIL**

**RESOLVED** – that the minutes of the meeting of the Borough Council held on 26 November, 2009 be confirmed and signed by the Speaker.

## **72. APOLOGIES FOR ABSENCE**

Councillors J.A. Dixon, K.L. Tomlinson and V. Tonks.

## **73. DECLARATIONS OF INTEREST**

Councillors R.K. Austin, S. Bentley, N.A. Dugmore, M.B. Hosken, C.N. Mason, C.P.R. Mollett, R.A. Overton, K.S. Sahota, H.J. Williams, A.G.P. Williams and D.R.W. White declared a personal and prejudicial interest in agenda item 10, the Recommendation from Cabinet (2009/10 Financial Monitoring report).

## **74. ANNOUNCEMENTS**

### **(a) Mayoral Engagements**

The Mayor briefly updated Members on her recent engagements. She highlighted her attendance at Harper Adams University College for the visit of HRH Princess Royal. She also drew particular attention to her engagements in Dawley and Oakengates to switch on the Christmas lights and her attendance at a Celebration of Music event at Abraham Darby Academy. Members noted the engagements undertaken by the Mayor or the Deputy Mayor between 19<sup>th</sup> November, 2009 and 16<sup>th</sup> January 2010.

## **75. REPORT OF LEADER**

The Leader referred to the election of the Deputy Mayor at May's Annual General meeting. He told Members that he understood that the wife of one of the candidates, Mrs S. Sahota, had been adversely affected by the outcome of events at that meeting. The Leader explained to Members that Mrs Sahota was highly regarded by the local community and that he wished to apologise to Mrs Sahota for any embarrassment that may have been caused to her and her community..

The Leader also informed Members of the proposed new Southwater redevelopment. The joint scheme with the Southwater Event Group would be kick-started by the development of new Civic Offices. Future plans included the development of a leisure infrastructure together with service, retail and conference business. There was an opportunity for Telford to become a conference town which could attract an estimated 250,000 visitors to the town. He told Members that the sale of the existing Civic Offices building would allow the Council to build new offices at no cost to the taxpayer. Staying in the existing building would be economically negligent as the cost of maintaining the building would continue to spiral. He looked forward to working with ASDA and challenged Hark Apollo to become involved with the proposed redevelopment.

He reminded Members of the ongoing work to regenerate the Borough Towns and South Telford estates. He also told Members of plans to set up a Task

force to tackle the problem of young people who were not involved in either education or training. Cabinet would be monitoring and reviewing the progress of major investments on a monthly basis. Services, roads and green spaces would be targeted for future improvement. He acknowledged that this was an ambitious agenda; restructuring was taking place in order to allow delivery of the Council's priorities. The ambition was to deliver growth to benefit the whole Borough.

## **76. CABINET DECISIONS MADE SINCE THE LAST MEETING OF THE COUNCIL**

Members received the report on the Cabinet decisions made since the last meeting of the Council on 26 November, 2009.

Councillor J.M. Seymour, Deputy Leader and Cabinet Member: Adult Care & Support, drew Members' attention to the Adult Social Services Performance Rating 2009. This rating showed the commitment, dedication and high quality work being done in this area. Councillor A. Lawrence, Cabinet Member: Environment & Rural Area, thanked all staff and partners involved in salting and gritting roads during the recent cold weather. He also took the opportunity to inform Members of a new initiative, 'Potholes Busters' which aimed to provide a faster response on repairing potholes in the Borough.

Councillor E.J. Carter, Cabinet Member: Housing, Regeneration & Prosperity was asked whether Scrutiny would have an involvement in the make up of any Project Board to deal with the new Civic Offices development. He informed Members that Cabinet had the authority to decide the make up of the Project Board but that there was certainly an important role for scrutiny to play and he agreed to report back to Members with details of this process.

## **77. RECOMMENDATIONS FROM CABINET**

### **12 January, 2010 – 2009/10 Financial Monitoring**

Councillor S.M. Kelly, Cabinet Member: Efficient Community Focussed Council presented the report of the Head of Finance.. Councillor Kelly told Members that the report, received by Cabinet on 12 January, showed overall revenue spending projected within approved budgets and also provided an update on capital programme spending. In addition, the report highlighted a number of virements, new capital allocations and slippage which required formal approval by Council

**RESOLVED** - that approval be given for the new capital allocations and slippage and the revenue and capital virements detailed in paragraph 5.1 of the attached report.

**78. SETTING OF THE COUNCIL TAX BASE FOR 2010/11**

Councillor S.M. Kelly, Cabinet Member: Efficient Community Focussed Council presented the report of the Head of Finance which requested Council to determine the Council Tax Base for General and Special Fund purposes for the financial year 2010/11.

In order to determine the appropriate Council Tax levels for the borough it was necessary for the Council to determine the tax base for its area or part of its area. The budget requirements of the various precepting authorities were divided by this figure to arrive at the Band D equivalent level of Council Tax.

The determining of the tax base had to be set between 1<sup>st</sup> December and 31<sup>st</sup> January in relation to 2010/11 as prescribed by the Local Authorities (Calculation of Council Tax Base) Regulations 1992 as amended. The figures used for the tax base allowed for the continuation of the resolutions in respect of reducing the discounts for empty properties and second homes agreed previously.

**RESOLVED:**

- (a) That the calculation of the tax base for 2009/10, as shown at paragraph 5.6 and Appendix 1 of the report, be approved;
- (b) That, in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount calculated for Telford & Wrekin Council Tax Base for 2010/11 for its special fund area shall be as per the appropriate parish amounts detailed in Appendix 1 of the report.

**79. RECOMMENDATIONS FROM BOARDS AND COMMITTEES**

- (i) Councillor V.A. Fletcher, Chairman of Licensing Committee, presented the minutes of the meeting held on 8<sup>th</sup> December, 2009 which contained a number of recommendations to Council.

**RESOLVED: That Council approve:**

- (a) The revocation of the existing byelaws known as ‘District of The Wrekin Council Granville Country Park Local Nature Reserve Byelaws’ as shown at Appendix A on the site shown at Appendix B as attached to the report;
- (b) The re-application of the Byelaws to the whole of the site known as “Granville Country park Local Nature Reserve” as shown at Appendix C as attached to the report.

- (ii) The Speaker, as Chairman of the Council Constitution Committee, presented the minutes of the meeting held on 8<sup>th</sup> December, 2009, which contained a number of recommendations to Council.

At this point The Leader told Members that, in respect of the proposed Health Monitoring Committee he was of the view that the existing all party arrangements worked well and that he would like to retain this for the present time. He was also aware that there may be an issue with the proposed Committee's work overlapping with that of the Joint Health Scrutiny Committee. It was moved and seconded that the proposals to establish a Health Monitoring Committee be deferred. Following a vote, the proposal to defer was approved.

**RESOLVED: That Council approve:**

- (a) **The proposed changes to the Constitution to create a Dispensations Sub-Committee, and the addition of the Terms of Reference for the sub-committee, as set out in paragraph 7 of the report, to Part 2, Article 9 of the Constitution subject to the first Term of Reference being amended by the insertion of the words 'and members of other relevant authorities' after the words 'members of the authority';**
- (b) **The proposed changes to the Constitution to establish a Health Monitoring Committee and the addition of Terms of Reference for the Committee, as set out in paragraph 8 of the report, with proposed amendments shown below, are deferred.**
- (i) **The first Term of Reference being amended to read:**  
"To gather information and consider the implications of any local health reviews that affect the Borough and the implications for people in Telford & Wrekin";
- (ii) **The second Term of Reference, as set out in the report, being deleted;**
- (iii) **The third Term of Reference being amended to read "...to report findings and *make* recommendations to Cabinet";**
- (iv) **That the Membership of the Committee be amended to include the Cabinet Member with responsibility for issues relating to the NHS and the Telford & Wrekin Primary Care Trust.**

**80. FAIRTRADE STATUS: PROGRESS REPORT**

Councillor V.A. Fletcher presented the report of the Head of Planning and Transport which updated Members on progress achieved.

**RESOLVED - that the report be noted.**

**81. MINUTES OF BOARDS AND COMMITTEES**

Council noted the resolved minutes of the Plans Board for 4 and 25 November, 7 and 16 December, 2009, of the Licensing Committee of 12 and 18 November, 8, 15 and 17 December, 2009, of the Audit Committee of 3 November, 2009, of the Scrutiny Leadership Board of 19 November, 2009, of the Council Constitution Committee of 8 December 2009 and of the Standards Committee of 10 December, 2009.

**82. QUESTIONS**

The following Questions were asked in accordance with Council Procedure Rule 10:

a) Councillor C.F. Smith had submitted the following question:

“Can the Cabinet Member for Regeneration give a list of all the sites considered for a New Civic Offices and inform Council of the detailed evaluation process?”

Councillor E.J. Carter, Cabinet Member: Housing, Regeneration & Prosperity, responded:

“The information will be provided as part of the Scrutiny Call-In process.”

b) Councillor L. Lomax had submitted the following question:

“Could the Cabinet Member for Children & Young People inform Council whether he has had any response to his request for a £1,000 contribution from each Council portfolio (now priority area) towards the work of the Care Council?”

Councillor S.P. Burrell, Cabinet Member: Children & Young People responded:

“Yes, I have, and I would like to thank those areas for the contributions.”

c) Councillor G. Ashcroft had submitted the following question:

“To what extent have the May 2006 findings by the CSR Partnership contained in the report: ' South Telford and other West Midlands Housing Estates. A Comparative Study ' influenced the approach of the current administration to Brookside Ward and in particular point 9.16 that states that, unless urgent remedial action is taken, the worst areas will become 'effectively no go areas for most residents ?”

Councillor E.J. Carter, Cabinet Member: Housing, Regeneration & Prosperity, responded:

“This report was written in 2006, Woodside, Sutton Hill and Brookside were in need of repair at that time. Schemes are coming in to improve the Brookside area and we are working hard with local people to improving the lives of all people in that area. Brookside has not been forgotten, £2m has been earmarked for a new shopping centre, and work is taking place to identify a site for this development. A further £2m has been put aside for a shopping centre in Sutton Hill. There is a lot to do around the Borough in terms of regeneration and, regrettably, only so much can be done at one time.”

Councillor G. Ashcroft:

“Is it not time for spending on the physical regeneration of Brookside?”

Councillor E.J. Carter responded:

“We can not do everything at the same time; there are a large number of regeneration schemes underway throughout the Borough. I would refer you to my previous answer and ask that you be patient.”

d) Councillor H. Rhodes had submitted the following question:

“It has recently been announced that a new Regeneration Partnership is to be set up for Oakengates. Would the Cabinet Member for Regeneration tell Members whether the existing Partnership has been wound up, and if so, have all the members of that Partnership been kept fully informed? ”

Councillor E.J. Carter, Cabinet Member: Housing, Regeneration & Prosperity, responded:

“The Borough Council and Town Council had no faith in the original partnership and thus decided to withdraw from the partnership. I understand that all Members of the partnership have been informed. Obviously, I would apologise if any members of the partnership were not informed. I will provide a copy of the relevant correspondence..”

e) Councillor H.J. Williams had submitted the following question:

“Since the recent cold spell, many dangerous pot holes have appeared throughout the borough. What is the Council doing to address this problem and resolve it quickly to stop any further deterioration of the roads and to reduce the possibility of compensation claims?”

Councillor Williams asked that her question be withdrawn in the light of information provided earlier in the meeting.

f) Councillor E.A. Clare had submitted the following question:

“Has the Council secured a lease agreement with The Canal Trust regarding the purchase of property at Wappenshall? “

Councillor E.J. Carter, Cabinet Member: Housing, Regeneration & Prosperity, responded:

“Yes, this was completed on 23 June 2009”

Councillor E.A. Clare then asked the following question:

“Does the Lease cover the costs of £10k a year?”

Councillor E.J. Carter responded:

“I will provide a written answer.”

**83. NOTICES OF MOTION**

(a) Councillor C.F. Smith, with the meeting’s consent, asked permission for the following motion to be withdrawn:

‘This Council agrees that any Member Project Boards which are established to deliver the Town Centre, Southwater Regeneration and the relocation of the Civic Offices will be representative of the membership of the whole Council.’

Councillor Smith asked that Council agree the motion be withdrawn. This was proposed, seconded and agreed.

**RESOLVED – that the Motion be withdrawn**

The meeting ended at 8.11 p.m.

**Speaker:** .....

**Date:** .....

**MAYORAL ENGAGEMENTS**  
**20<sup>th</sup> JANUARY 2010 – 23<sup>rd</sup> FEBRUARY 2010**

<b>January</b>	<b>20<sup>th</sup></b>	<b>DM</b>	Attended the Citizenship Ceremonies, Civic Offices
	<b>21<sup>st</sup></b>	<b>M</b>	Held an Interview with Shine TV, Mayor's Parlour, Civic Offices
	<b>23<sup>rd</sup></b>	<b>M</b>	Attended the Wrekin Housing Trust Tenants Panel, Colliers Way, Telford
	<b>27<sup>th</sup></b>	<b>DM</b>	Attended the Holocaust Memorial Day, Civic Offices
<b>February</b>	<b>2<sup>nd</sup></b>	<b>M</b>	Attended the Facilities Services Celebration Evening Certificate Award Ceremony, The Place, Oakengates
	<b>8<sup>th</sup></b>	<b>DM</b>	Attended the Children and Young People's Active Involvement Award Ceremony, The Place, Oakengates
	<b>11<sup>th</sup></b>	<b>M</b>	Age Concern Wrekin Half Yearly Meeting, Meeting Point House
	<b>13<sup>th</sup></b>	<b>M</b>	Held a Valentines Evening, Officer's Mess, Donnington
	<b>19<sup>th</sup></b>	<b>M</b>	Attended the Police Federation Annual Charity Dinner Dance at Telford Golf and Spa Hotel, Telford
	<b>20<sup>th</sup></b>	<b>M</b>	Opened the Maws Craft Centre, Jackfield, Telford
		<b>M</b>	Attended the Grand Re-Opening of Leegomery Methodist Church, Leegomery

**TELFORD & WREKIN COUNCIL**

**COUNCIL – 4 MARCH, 2010**

**REPORT OF CABINET – FOR INFORMATION ONLY**

**MATTERS DETERMINED BY THE CABINET**

**1.0 INTRODUCTION**

This report provides sets out those matters determined by the Cabinet at its meetings on 26 January and 9 and 23 February, 2010.

**2.0 CABINET BUSINESS**

Matters that have been determined by Cabinet are listed below:

**2.1 26 January, 2010**

- 2.1.1 Scrutiny Review – Section 106 Agreements
- 2.1.2 Partnership Local Investment Plan for Housing and Housing-Led Regeneration 2010-13
- 2.1.3 Benefit Fraud Sanction Policy (exempt)
- 2.1.4 Developing Football Within the Community – Joint Developments with AFC Telford United

**2.2 9 February, 2010**

- 2.2.1 Representation on Outside Bodies 2009/10 – Telford & Wrekin Local Admission Forum
- 2.2.2 Sutton Hill Local Centre – Retail Proposals & Progress Report (exempt)
- 2.2.3 Improving the Kerbside Recycling Service (exempt)

**2.3 23 February, 2010**

- 2.3.1 Service and Financial Planning 2009/10-2011/12
- 2.3.2 Financial Monitoring 2009/10
- 2.3.3 8 Month Performance Management Report 2009/10
- 2.3.4 Central Telford Area Action Plan – Proposed Amendments for Public Examination
- 2.3.5 Borough Towns Initiative: Sports & Learning Communities: Tennis & Leisure - Update
- 2.3.6 Carbon Reduction Commitment – CRC Energy Efficiency Scheme
- 2.3.7 Representation on Outside Bodies
- 2.3.8 Regeneration of Hadley Centre (exempt)

#### 4.0 DELEGATION OF POWERS GRANTED BY THE CABINET

REPORT HEADING	DELEGATION GRANTED TO	DETAIL OF DELEGATION GRANTED
Partnership Local Investment Plan for Housing and Housing-Led Regeneration 2010-13	Strategic Housing Manager  Head of Governance	To manage New Growth Point (NGP) capital and revenue expenditure in accordance with the priorities and programmes set out in the LIP;  To enter into a Local Investment Agreement with HCA to underpin the LIP delivery
Benefit Fraud Sanction Policy	Benefits Manager	To exercise the Council's powers to authorise prosecution under the Social Security Administration Act 1992, Theft Act 1998, Welfare Reform Act 2007 and Fraud Act 2006, subject to the Head of Governance being satisfied that there is sufficient evidence to prosecute and the public interest test is satisfied as outlined in the Code of Practice for Crown Prosecutors;  To exercise the Council's powers to authorise applications for Confiscation Orders under the Criminal Justice Act 1988 or the Proceeds of Crime Act 2002, and Restraint Orders under the Proceeds of Crime Act 2002.
Developing Football Within the Community: Joint Developments with AFC Telford United	Head of Property & Design, Head of Governance and Head of Customer & Leisure Services following consultation with the Cabinet Member for Active Lifestyles	To enter into all necessary legal documentation
Sutton Hill Local Centre – Retail Proposals and Progress Report	Head of Governance  Strategic Housing Manager	To make Compulsory Purchase Orders, as required, for the acquisition of specific properties adjacent to Sutton Hill local centre, as set out in section 4.  To agree changes to the Sutton Hill Funding Agreement in the light of the recommendation not to proceed with the Madeley Link Road at the present time.
BTI Sports & Learning Communities: Tennis & Leisure Update	Head of Leisure & Customer Services in consultation with the Cabinet Member: Active Lifestyles	To submit a Stage 2 funding application to the Lawn Tennis Association in May 2010

REPORT HEADING	DELEGATION GRANTED TO	DETAIL OF DELEGATION GRANTED
	Head of Leisure & Customer Services and Head of Property & Design in consultation with the Cabinet Member: Active Lifestyles	To start the necessary enabling and ground works for the tennis centre in May 2010 to meet the required timescales.
Carbon Reduction Commitment Energy Efficiency Scheme (CRC)	Head of Planning & Transport in consultation with the Cabinet Member for Environment	To oversee carbon performance and report on performance
<b>LEGAL COMMENT</b> <b>FINANCIAL COMMENT</b> <b>LINKS WITH CORPORATE PRIORITIES</b> <b>RISKS AND OPPORTUNITIES</b> <b>ENVIRONMENTAL IMPACT</b> <b>EQUALITY &amp; DIVERSITY</b> <b>WARD IMPLICATIONS</b>	As described in each report considered by Cabinet. Copies of all reports have been previously circulated to all Members of the Council	

**TELFORD & WREKIN COUNCIL**

**COUNCIL – 4 MARCH 2010**

**2009/10 FINANCIAL MONITORING**

**REPORT OF THE HEAD OF FINANCE**

**1.0 PURPOSE**

**1.1** To present information from the report received by Cabinet on the 23 February that requires Council approval.

**2.0 RECOMMENDATION**

**2.1 Cabinet recommends for Council approval:**

**The new capital allocations, slippage and virements detailed at 5.1.**

**3.0 SUMMARY**

**3.1 2009/10 Financial Monitoring**

The Financial Monitoring report to Cabinet on 23 February 2010 showed overall revenue spending projected within approved budgets and provided an update on progress on capital programme spending. The report also highlighted a number of virements, new capital allocations and slippage which require formal approval by Council.

**4.0 PREVIOUS MINUTES**

Council – 5 March 2009  
Cabinet – 21 July 2009  
Cabinet – 27 October 2009  
Cabinet – 12 January 2010  
Cabinet – 23 February 2010

## 5.0 INFORMATION

5.1 The changes to the budget framework for which approval is now sought are:

### **New Allocations**

<u>Scheme</u>	<u>£</u>	<u>Funding Source</u>
<b>Children and Young People</b>		
NGFL	72,555.96	Devolved Formula Capital - VA schools
Access Schemes	1,600.00	External contribution
Moorfield Primary Entrance / staff scheme	215,000.00	Devolved Formula Capital - VA schools
Malinslee Development - PCT Building	600,000.00	Capital Receipt from Malinslee School Site

### **Slippage**

Housing Group Repair Programme	-100,000.00
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### **Virements**

<u>Vired To:</u>	<u>£</u>	<u>Vired From:</u>
Hollinswood Junior - Front Security Fence	4,000.00	AMP Modernisation
Phoenix - Food Technology	844.00	AMP Modernisation
Wrockwardine Wood Jnr - Playground Tarmacing	15,000.00	AMP Modernisation
Apley Wood Reception Alterations & Kitchen-contribution	5,500.00	AMP Modernisation
Woodlands Primary Electrical Works	1,200.00	AMP Modernisation
Wrekin View - Kitchen Environmental Health Works	30,000.00	AMP Modernisation
William Reynolds Junior - Roof	25,236.22	Contingency for reactive works
William Reynolds Junior - Roof	38,261.00	Contingency for reactive works
William Reynolds Junior - Roof	6,502.78	Contingency for reactive works
Charlton School - car Park	11,525.22	Contingency for reactive works
Charlton School - car Park	11,000.00	Contingency for reactive works
Charlton School - car Park	12,474.78	Contingency for reactive works
High Ercall Primary -Remodelling of Old Building	50,000.00	Extended schools grant
High Ercall Primary -Remodelling of Old Building	7,761.00	Extended schools grant
Short Wood Primary - Sports Hall Roof Enhancement	1,758.00	Extended schools grant

<b><u>Vired To:</u></b>	<b>£</b>	<b><u>Vired From:</u></b>
Wrekin View Children Centre	28,000.00	Dothill Jnr / Inf Co-location
Queenswood Primary Accessibility Adaptions	26,000.00	Wrekin View Children Centre
Queenswood Primary Accessibility Adaptions	2,000.00	AMP Modernisation
Queenswood Primary Accessibility Adaptions	42,000.00	Dothill Jnr / Inf Co-location
Dothill Jnr / Inf Co-location	70,000.00	Teagues Bridge Primary
Short Wood Primary	37,787.09	Dothill Jnr / Inf Co-location
Tibberton Pre-school Units	52,686.00	Short Wood Primary - After School Provision
Tibberton Pre-school Units	40,314.00	Private Providers - Capital Projects
Contingency for reactive works	19,000.00	Donnington Wood Children Centre
Primary Capital Programme	15,000.00	Moorfield Primary Entrance / staff scheme
Ladygrove Primary - Demountable replacement	34,750.00	Primary Capital Programme
AMP Condition	15,000.00	Ladygrove Primary - Demountable replacement
St Peters Bratton - Tarmac	5,750.00	Contingency for reactive works
Meadows Primary	9,000.00	Primary Capital Programme
AMP Modernisation	16,000.00	Holmer Lake Primary - Heads Office/Circulation
Wrekin View Primary - MUGA	4,695.00	AMP Modernisation
Arthog - Access, Yard and Roof	11,000.00	Contingency for reactive works
St George's - Flood Alleviation Works	31,556.76	AMP Condition
St George's - DM Roof	18,000.00	AMP Modernisation
Contingency for reactive works	25,000.00	Wombidge Primary School - New Entrance

## 6.0 **BACKGROUND PAPERS**

2009/10 Budget Papers – Council 5th March 2009  
Financial Monitoring reports to Cabinet  
Constitution

Report Prepared by: Pauline Harris, 01952 383701

**TELFORD & WREKIN COUNCIL**

**COUNCIL – 4 MARCH 2010**

**POLITICAL BALANCE**

**REPORT OF THE HEAD OF GOVERNANCE**

**1.0 PURPOSE**

- 1.1 To inform Members of the changes in the Council's political balance and the resulting changes in the allocation of seats following the by-elections in the College and The Nedge Wards.

**2.0 RECOMMENDATIONS**

- 2.1 That the change in the Council's political balance be noted;
- 2.2 That the reduction in the Licensing Committee to 14 members be approved;
- 2.3 That the change in the allocation of seats on the Licensing Committee and the Audit Committee be approved.

**3.0 PREVIOUS MINUTES**

Council – 5 March, 2009 (Minute No. 78)

**4.0 INFORMATION**

- 4.1 Following the results of the by-elections in the College and The Nedge Wards the Council's political balance has been recalculated as follows:

Conservative	27 seats (50.00%)
Labour	17 seats (31.48%)
Liberal Democrat/Independents	6 seats (11.11%)
TAWPA	4 seats ( 7.41%)

- 4.2 The Regulations require main Committees/Boards to be balanced overall, which currently gives a total of 43 available seats. These are currently allocated as follows:

		<b>CON</b>	<b>LAB</b>	<b>LD/IND</b>	<b>TAWPA</b>
		(19.90) 20	(14.33) 14	(5.57) 6	(3.19) 3
Scrutiny Leadership Board	6	3	2	1	0
Standards Committee	8	4	2	1	1
Audit Committee	6	2	2	1	1*
Plans Board	8	4	3	1	0
Licensing Committee	15	7	5	2	1
<b>Total</b>	<b>43</b>	<b>20</b>	<b>14</b>	<b>6</b>	<b>3</b>

\* TAWPA indicated that they did not wish to take up this seat and, following a vote at Full Council, Cllr John Dixon was appointed

- 4.3 As the Conservative Group now has exactly half of the Council's membership, each Committee needs to have an even number of members in order to balance. It is, therefore, suggested that the Licensing Committee be reduced from 15 to 14 members. This will give a total of 42 available seats, which it is suggested are allocated as follows:

		<b>CON</b>	<b>LAB</b>	<b>LD/IND</b>	<b>TAWPA</b>
		(21.00) 21	(13.22) 13	(4.67) 5	(3.11) 3
Scrutiny Leadership Board	6	3	2	1	0
Standards Committee	8	4	2	1	1
<i>Audit Committee</i>	6	3	2	0	1*
Plans Board	8	4	3	1	0
<i>Licensing Committee</i>	14	7	4	2	1
<b>Total</b>	<b>42</b>	<b>21</b>	<b>13</b>	<b>5</b>	<b>3</b>

\* TAWPA indicated that they did not wish to take up this seat and, following a vote at Full Council, Cllr John Dixon was appointed

#### 4.4 Changes from Current Position

- (i) **Conservative Group** – gain one seat on the Audit Committee and have 50% of the membership of the Licensing Committee
- (ii) **Labour Group** – lose one seat on the Licensing Committee
- (iii) **Liberal Democrat/Independents Group** – lose seat on the Audit Committee
- iv) **TAWPA** - no change

#### 4.5 Other Committees/Boards appointed by Council

The current composition of these bodies is as follows:

Appeals Committee – 8 Members (4 Con, 3 Lab, 1 Ind/LD)  
Personnel Board – 6 Members (3 Con, 2 Lab, 1 Ind/LD)  
Employee JICF – 8 Members (4 Con, 3 Lab, 1 TAWPA)  
Parishes Forum – 8 Members (4 Con, 3 Lab, 1 TAWPA)  
Development Plan Steering Group – 8 Members (4 Con, 3 Lab, 1 Ind/LD)  
Combined Fire Authority – 6 Members (3 Con\*, 2 Lab, 1 Ind/LD)  
\* one seat has been given up to Cllr A Williams

As the Conservative Group already has exactly half the seats on each of these Committees, it is suggested that their composition remains the same.

#### 5.0 OTHER INFORMATION

<b>Equality &amp; Diversity</b>	The business of the Council considers equality and diversity in an appropriate manner.
<b>Environmental Impact</b>	None arising directly from this report.
<b>Legal Comment</b>	Approval of the allocation of seats on Committees/Boards is a function exercisable by the Council.
<b>Links with Corporate Priorities</b>	The Council seeks to deliver its objectives of providing leadership, accountability and high standards in local democracy.
<b>Opportunities &amp; Risks</b>	The opportunities and risks associated with these proposals have been identified and assessed. Arrangements will be put in place to manage the risks and maximise the opportunities that have been identified.
<b>Financial Implications</b>	There are no financial implications arising from this report.
<b>Ward Implications</b>	Borough wide

Report prepared by Phil Griffiths, Democratic Services Manager (01952-383210)

## **TELFORD & WREKIN COUNCIL**

**COUNCIL 4 MARCH 2010**

### **SERVICE & FINANCIAL PLANNING: 2010/11 – 2012/13 OVERVIEW & REVENUE BUDGET**

#### **REPORT OF THE CHIEF EXECUTIVE & CHIEF FINANCE OFFICER**

#### **1.0 PURPOSE**

To approve a Service & Financial Planning strategy for the period 2010/11-2012/13 including specific budget proposals for 2010/11.

#### **2.0 RECOMMENDATIONS**

Members are asked to approve the following recommendations from the 23<sup>rd</sup> February Cabinet:

- 1. The Base Budget summarised by Service Delivery Unit in Appendix 1**
- 2. New 2010/11 revenue investment in to services for Children & Families of £1.9m and in to Adult Social Services of £1.675m.**
- 3. The creation of a contingency of £0.5m to cover further potential social services pressures.**
- 4. The Investment Programme for 2010/11 and its funding outlined in Appendix 3 and to note the investment programme for future years**
- 5. The 2010/11 Savings Package of £4.726m in Appendix 4 plus £0.5m in Education services with an outline target of at least £5m additional savings in both 2011/12 and 2012/13; and associated costs of £0.400m relating to the implementation of the service reviews.**
- 6. The Education budget strategy in paragraph 5.7**
- 7. The use of £0.98m balances to support the ongoing revenue budget plus the associated policy for Reserves and Balances in appendix 5.**
- 8. The Statement of the Chief Finance Officer in paragraph 5.8.2 (supported by appendix 5 outlining the Robustness of Budget Estimates and Adequacy of Reserves);**
- 9. The policy framework for Reserves outlined in appendix 5C**
- 10. A Council Tax increase of 1.9% - equivalent to 31p per week on the average bill for this Council's services. Future increases will also be held at, or below, this level for the 3 year planning period, subject to the impact of the next 3 year grant settlement starting in 2011/12.**

### **3.0 SUMMARY**

#### **3.1 BACKGROUND**

This report along with the following papers on the agenda covering

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

form the overall Medium Term Service & Financial Planning framework for the Council and propose the service priorities and budget for 2010/11. The report outlines the wide variety of challenges facing the area particularly from a potential significant reduction in real terms in the level of government grant from 2011/12 onwards.

#### **3.2 UPDATED POSITION**

The Cabinet's service and financial planning strategy for 2010/11 – 2012/13 was launched at Cabinet on 8<sup>th</sup> December 2009. Since this time extensive public consultation has been undertaken, the results from which are summarised in Appendix 6. The Value for Money Scrutiny Group have reviewed the proposals at meetings held on 9 December 2009, 27 January 2010, 10 February 2010 and 18 February 2010. A summary of their views is attached at Appendix 6b. Alternative proposals from the Labour Group were also considered by the Value for Money Scrutiny Group.

The 8<sup>th</sup> December Cabinet report highlighted that insufficient data was available at that time to be able to include the financial consequences of some key capital schemes – Town Centre, replacement Civic Offices and the Town Park. The Cabinet meeting held on 12<sup>th</sup> January 2010 included reports dealing with these projects and the financial consequences arising from them are now built in to this updated medium term service and financial planning strategy. Further investment in housing schemes was approved by Cabinet on 26<sup>th</sup> January 2010 and investment in Sutton Hill Local Centre at Cabinet on 9<sup>th</sup> February 2010. These together with proposed investments in Hadley Centre and the Tennis Centre which are the subject of other reports on this agenda are all now built in to the medium term projections contained within this suite of reports.

Since 8<sup>th</sup> December, the provisional revenue support grant settlement has been confirmed without amendment and the Pre-Budget report has been announced which has indicated that a further 0.5% National Insurance increase will be payable from the start of 2011/12. The impact of this has now been included within the medium term projections along with the previously announced 0.5% increase also effective from that date.

Other key assumptions have also been reviewed including treasury management interest rates and other projections which resulted in a small net change to the base budget of £0.018m. Inflation assumptions have also been reviewed and increases in the headline rate of inflation (RPIX 3.8% and CPI 2.9% in December) will need to be monitored and the decision not to build general inflation allowances in to most budgets for 2010/11 and particularly for 2011/12 will have to be kept under review, although recent announcements by the Local Government employers that no pay award will be offered to employees in 2010/11 will help the Council's financial position.

Some additional savings arising from re-structuring opportunities have also been identified and built in to the budget projections. The net effect of these various changes results in no alteration to the original call on balances of £0.98m for 2010/11 proposed in the 8<sup>th</sup> December Cabinet report. However, projections for future years show an increased budget

shortfall which will need to be addressed as part of the development of future service and financial planning strategies. Addressing the shortfall in future years will include a drive for further efficiencies including restructuring services, identification of savings from lower priority services to fund investment priorities and a review of the investment programme itself all of which will need to be undertaken in the context of the Revenue Support Grant settlement for 2011/12 – 2013/14 expected to be announced in late November/early December 2010. However, it should be noted that there is now some speculation that due to the Government's need to make very significant reductions in public expenditure in coming years that we may only receive a one year grant settlement later this year which would allow the Government more time to plan where, when and how they wish to make reductions in spending but would give continued uncertainty to the Council in developing its future service and financial strategy.

### 3.3 PROPOSALS

Members have considered the responses to their consultation process as well as updating budget assumptions with the latest information available. The resulting strategy proposals are

- Confirmation of the proposed investment programme for 2010/11 supplemented by additional investments in Telford Town Centre, Civic Offices, Telford Town Park, housing, Sutton Hill and Hadley local centres and the tennis centre.
- A general savings package of £4.726m for 2010/11 plus a further £0.5m in Education services and target of at least £5m for the 2011/12 and 2012/13 years
- Use of £0.98m balances to support the ongoing net budget in 2010/11
- A council tax increase of 1.9% for 2010/11 with a commitment that the increase for future years in this planning period will be at, or below, this level - subject to the impact of the new 3 year grant settlement due for 2011/12 .

The summary below reflects the 2010/11 proposals, the impact of the changes summarised above since the 8<sup>th</sup> December Cabinet report and the projected budget gap for future years based on the central case scenario for government grant cuts set out in the 8<sup>th</sup> December report of a 5% real terms (3% cash – if inflation is 2%) grant cut in 2011/12 and an additional 5% cut in year 3.

	2010/11	2011/12	2012/13
	£m	£m	£m
<b>Base funding requirement set out in 8<sup>th</sup> December Cabinet requirement</b>	<b>2.010</b>	<b>9.080</b>	<b>16.640</b>
Change to treasury management base	0.018	0.068	0.068
Revenue impact of additional investment proposals	0.121	0.580	1.670
National insurance increases		0.520	0.520
Additional savings identified	(0.139)	(0.139)	(0.139)
<b>Updated funding requirement</b>	<b>2.010</b>	<b>10.109</b>	<b>18.759</b>
Council tax increase of 1.9% in 2010/11	(1.030)	(1.030)	(1.030)
Use of Balances in 2010/11	(0.980)		
<b>Funding Package to be met from further savings measures, council tax increases and use of balances.</b>	<b>0</b>	<b>9.079</b>	<b>17.729</b>

If Council tax increases in 2011/12 and 2012/13 were at broadly the same level as that proposed for 2010/11 and if the use of balances is capped at £1m for both years, additional savings of around £7m will be needed during 2011/12 and a further £7.5m in 2012/13 on this central case. Two alternative scenarios showing indicative levels of cumulative savings required are set out below:-

<b>Sensitivity analysis – potential level of future savings required assuming council tax increase and use of balances broadly in line with 2010/11</b>	<b>2011/12 £m</b>	<b>2012/13 £m</b>
Scenario a – our central case of 5% real terms (3% cash – if inflation is 2%) grant cut in 2011/12 and an additional 5% in year 3.	7.0	14.7
Scenario b – less harsh public spending cuts to protect slow recovery from recession: 3% real terms (1% cash – if inflation is 2%) grant cut in 2011/12 and an additional 3% in year 3.	5.0	10.7
Scenario c – harsher cutbacks to sustain UK financial credibility by addressing ballooning public funding deficit of 7% real terms (5% cash – if inflation is 2%) grant cut in 2011/12 and an additional 7% in year 3.	9.0	18.7

It is exceptionally difficult to predict the position for 2011/12 and future years due to the uncertainty of how much and how quickly the Government will seek to reduce public spending but even on the most optimistic scenario savings of at least £5m pa will be required and potentially much more. It is therefore essential that work is started at an early stage to identify options to deliver savings of this magnitude which will necessitate cuts to some front line services as well as efficiency savings.

#### **4.0 SERVICE & FINANCIAL PLANNING CONTEXT**

##### **4.1 STRATEGIC & POLICY CONTEXT**

4.1.1 For any organisation to be effective and successful, it must ensure that its resources are planned and managed well. The Council’s Service and Financial Planning process is the key way in which we bring together the community’s needs and expectations and local, national and regional policy drivers alongside the resources that are available to us.

In undertaking our service and financial process for the three year period commencing 2010/11, our starting point has been:

##### **4.1.2 The delivery of the LSP’s Community Priorities**

The Council, as a member of the Local Strategic Partnership (LSP), is fully committed to the realisation of the vision of “**a successful, prosperous and healthy community which offers a good quality of life for all the people of Telford & Wrekin**” that has been developed in consultation with the community. The Council also supports the long-term ambitions for the Borough set out in Vision 2026 and is committed to the key performance targets in the Local Area Agreement.

#### 4.1.3 **The Council's current Corporate Strategy**

Within this context, we have refocused our priorities based on where we believe that as a Council we need to concentrate our resources. Our priorities moving forward are all about delivering the **transformation and improvement of the Borough**. Specific policy priorities are:

- **Housing, Regeneration & Prosperity**
- **Children and Young People**
- **Active Lifestyles**
- **Adult Care and Support**
- **Environment & Rural Area**
- **Community Protection and Cohesion**
- **An Efficient, Community-Focused Council**

In putting in place our service and financial strategy last year, we were very clear that the Council was facing a difficult 3 years with many competing demands on our resources. The declining national and international economic position has exacerbated this position and we are very aware of the many difficulties and pressures it has placed on local people and organisations. Our approach has always been to review our corporate strategy on an annual basis and current events have only served to heighten the importance of this review process.

As reported to Cabinet on 8 December 2009, we have gone through an extensive process over the past six months to ensure that our strategy remains up-to-date and fit-for-purpose.

#### 4.1.4 **Understanding Key Issues & Challenges**

From our review of needs and key issues in the Borough two issues have emerged clearly as the key focuses for attention:

- The need to ensure the on-going effective delivery of care and safeguarding services for vulnerable children and adults;
- Addressing and seeking to mitigate the effects of the current economic and housing downturn.

#### 4.1.5 **Care & Safeguarding Services for Vulnerable Children and Adults**

We identified 'protecting and maintaining services for older people and vulnerable adults and children' as one of our key priority policy objectives last year. This is an area where demographic pressures, the rising cost of care packages and the complexity of care packages place significant demands on our resources. These are vital services where we, particularly in relation to safeguarding our most vulnerable children and adults, must be constantly vigilant. Following the tragic case of 'Baby Peter' and other recent cases, we have seen a significant increase in caseloads (and resulting financial pressures), particularly in Children's Social Services. The profile and importance of this issue is also reflected in the feedback we have received from our consultations.

#### 4.1.6 **Economic/ Housing Downturn**

The current economic and housing downturn continues to be an issue of fundamental importance. The impacts of the downturn are wide and seem likely to manifest themselves for at least the remainder of our medium-term planning period. These already include increasing levels of unemployment and benefit claimants, some increase in acquisitive crimes, reductions in inward investment enquiries and a relatively stagnant local housing market. Clearly, also, we must be very mindful of the growing financial pressure that households feel under when determining our Budget Strategy and the level of Council Tax increase.

In terms of our current strategy, we are showing confidence, leadership and investment in the future of the area. Our priorities include securing economic prosperity, increasing skills, regeneration and seeking to attract investment in the necessary infrastructure and facilities through planned and sustainable growth. The work that we are progressing in relation to strengthening our economic development capacity, progressing the development of the Town Centre and regeneration of the Borough Towns and key targets in our Local Area Agreement (though many of these will prove even more challenging to achieve in the current conditions) are essential elements of delivering future success.

An issue which we are placing high on our list of priorities is housing. We are working closely with various agencies to develop and seek resources for a package of both short and longer-term measures to stimulate and support the local housing market (both public and private) and address homelessness.

### **CONSULTATION FEEDBACK**

#### 4.2

As in previous years, consulting and engaging with the community on our future plans has been a key part of the Budget process. For 2010/11, consultation has focused on:

##### 4.2.1

- Overall views about the way we run things;
- Budget principles;
- Spending plans and priorities, including:
  - Revenue investments;
  - Capital investments.
- Savings plans;
- Council Tax levels.

##### 4.2.2

Our consultation programme has included:

- A postal survey of the Community Panel (534 responses);
- 'Your Money, Your Views' consultation document (275 responses to date);
- Engagement events in Borough Towns (455 participants);
- Meetings with 11 external and internal stakeholder groups.

##### 4.2.3

Appendix 6a) sets out further details of the feedback we have received to date.

A brief overview of the key messages from the community consultation is set out below.

#### **a) Overall Views**

Looking at overall views, 79% of Community Panel respondents agree that the Council's Budget Strategy will benefit the local community (3% disagree). In addition, **86% are**

**satisfied with the way the Council runs things** (6% dissatisfied), which compares very favourably with a figure of 68% in April 2009. These results are reinforced by a number of positive comments from Panel and 'Your Money, Your Views' respondents about the Council's spending and savings plans and the Council's willingness to listen to the views of local people.

**b) Budget Principles (see Appendix 6a, 2.2)**

There is substantial support (85% +) amongst the Community Panel for the majority of budget principles set out in Section 5.2 of this report. The principle with the lowest level of support is 'sell some of the Council's poor performing land and property to fund community priorities (if it is practical and prudent to do so)', which 73% of respondents agreed with (14% disagreed).

The Council is planning to fund a major programme of infrastructure improvements in the Borough from capital receipts from the sale of land. Given the recent decline in the property market, the Council will carefully consider the appropriate timing of asset sales which will incur some short-term borrowing.

**c) Spending Plans and Priorities (see Appendix 6a, 2.3)**

• **Revenue Investments**

A high percentage of the Panel support the proposal for extra revenue funding for **Adult and Children's Social Care** (90% and 88% respectively). There is also support for extra funding to help people affected by the economic downturn (72%).

Looking at a broader range of 12 day to day services (see Section 2.3a), there appears to be broad overall agreement that the 4 highest long-term priorities are:

- a. **Crime and safety;**
- b. **Maintenance of roads, pavements and street lights;**
- c. **Social services for disabled adults and older people;**
- d. **Education.**

With regard to the specific proposal to set up a new **Community Fund** (see Section 2.3b), 75% of the Panel support it (11% oppose). Of those who oppose it, there are concerns that not enough money is being allocated to make a real difference and that the fund could lead to competition within communities.

Over 600 suggestions have been received about how the Community Fund should be spent, which is a very positive indication of how the fund can engage and involve local people. The three areas with the most support are:

- Sport and leisure facilities e.g. 99 separate responses asking for a skate park;
- Small environmental improvements e.g. repairing potholes, dropped kerbs, litter picking
- Activities for young people e.g. youth/after school clubs, more music/arts projects.

• **Capital Investments (Appendix 6a, Section 2.3c)**

Looking at where regeneration should be targeted, it is clear that amongst the Panel there is significantly more support for regenerating the **Borough Towns** (83% support,

4% oppose) than redeveloping **Telford Town Centre** (38% support, 25% oppose). Most groups have a similar view with regeneration of the Borough Towns being ranked as the top priority overall at consultation meetings. The reason why support for the Borough Towns is consistently high appears to be that people feel a strong affinity to their 'local' centre and therefore want to see regeneration and economic development focused in these areas.

Almost three-quarters (72%) of the Panel support the creation of new **Sports & Learning Communities** and this was ranked as the 3<sup>rd</sup> equal highest priority overall at consultation meetings.

Views about regenerating the **New Town Estates** are more mixed (65% of the Panel support, 13% oppose). Feedback from consultation meetings suggests that although some people feel a lot of money has already been spent on New Town Estates, there is an acceptance amongst others that there is a need to further improve these areas.

There are also high levels of support amongst the Community Panel for investing more in **roads and pavements (97%), street lights (88%), improving recycling (81%) and parks/play areas (74%)**. However, at consultation meetings, opinion was divided about the relative importance of these investments, for example street lighting was ranked as the lowest priority overall.

The issue of **housing** generated much debate. Results from the Panel and consultation meetings suggest that people generally place more importance on **Extra Care housing** than supporting the building of **new homes**. The main reason for this appears to be concerns about the number of new houses being built, particularly in rural areas.

- **Missing Priorities**

Overall, there appears to be a high level of agreement with and support for the Council's spending plans and priorities. However, over 190 responses have been received that highlight areas that people would like to see included or allocated more funding. The three areas most frequently raised are:

- Skate park (see Community Fund above);
- More support for local shops and businesses and tourism promotion Borough-wide;
- Cheaper and more reliable public transport and better concessionary travel scheme.

d) **Savings Plans (see Appendix 6a, Section 2.4)**

Consultation on savings focused on two specific savings proposals: switching off certain **street lights** between midnight and 5.30am and providing **Travel Link Shop** services in a different way.

Approximately three-quarters of the Panel agree with both these proposals, although the percentage of people disagreeing is slightly higher for turning off certain street lights between midnight and 5.30am (18%) than for providing Travel Link services in different ways (10%). The results of the consultation on the Travel Link Shop will be considered by Cabinet as part of a full business case in March 2010.

Over 300 suggestions have been received about how the Council could save money in

future. These very much focus on reducing staff/Councillor costs and prioritising essential, existing services and projects. Suggestions cover:

- **Employees/Councillors** e.g. get rid of senior managers/non-essential jobs, reduce Councillor expenses, freeze/reduce pay and benefits;
- **Reduce/change services** e.g. further reduce the number of street lights, reduce traffic lights/management schemes;
- **Get the best price** e.g. outsource/contract out more and review existing contracts;
- **Bring money in** e.g. increase fees/charges, more fines/penalties, sell land and assets;
- **Cut out waste** e.g. reduce publicity material, stop hospitality and spend less on postage, furniture and ICT.

e) **Council Tax Levels (see Appendix 6a, Section 2.5)**

Amongst the Panel, **85% of respondents support the proposed Council Tax increase** of 1.9% (8% oppose). For 'Your Money, Your Views' this figure drops to 46% (although it should be noted that around 30% of respondents neither support nor oppose the proposed increase).

For those people who oppose the proposal, about two thirds want a lower or zero increase whilst the remainder feel that the increase should be higher in order to protect and invest in services.

### **4.3 FINANCIAL POSITION**

#### **4.3.1 2009/10 Budget Strategy**

The current year's budget was based on funding from the second year of a 3 year Government grant settlement which was announced in December 2007 and covers the period 2008/09 - 2010/11.

The Council received a good grant settlement but even in 2010/11 will still be losing over £5m of its grant entitlement through the grant damping mechanism, a total loss of around £18m funding over the 3 years.

With greater grant certainty from this 3 year settlement the Council was able to agree a 2009/10 strategy including

- A significant revenue and capital investment package,
- A strategy of additional savings with a detailed package totalling £3.8m pa with a further £0.35m in Education services for 2009/10 with an outline target of at least £6.4m additional savings over the 2010/11 and 2011/12 period
- Use of £0.95m balances in 2009/10 with calls on balances kept below £1m in each of the following two years
- A 2009/10 Council Tax increase of 2.5% (a rise of just under 40 pence per week on the average bill for this Council's services) with a commitment to hold future increases at or below this level for the three year planning period, subject to the impact of the next three year grant settlement.

## **2010/11- 2012/13 - Medium Term Planning Context**

### **4.3.2**

The outlook for public spending is very challenging. The Comprehensive Spending Review 2007 set public spending plans for the period 2008/09 to 2010/11. The next spending review will not now take place until after the General Election which could be as late as May/June 2010. However, regardless of the post Election political balance, it is clear that UK public finances face a challenging time with stringent measures needed to stabilize the economy.

Although the April 2009 national Budget announced an increase in public sector spending by 0.7% in real terms from 2011/12 to 2012/13, the impact of the recession has led to higher benefit payments and increased debt interest which means that in reality most public services will face budget reductions.

The UK Budget deficit as a share of GDP is now the largest since the Second World War and despite the 0.1% economic growth recently announced for the last quarter of 2009, the effects of the recession are likely to be with us for some time. This view is supported by the Bank of England injecting more money directly into the economy through its quantitative easing programme.

The recession has put greater demands on the Council's budget including:

- increased demand for benefits and welfare services, homelessness services and social care
- the historically low base rate of 0.5% impacts on investment returns; there are also fewer investment opportunities for Local Authorities as credit ratings have reduced for many organisations, following the collapse of the Icelandic banks
- property values have fallen considerably, giving lower than anticipated capital receipts to finance future capital programmes;
- the downturn in the housing market, with fewer houses being built, affects planning fees income and other Council income sources are also being affected (e.g. Section 106, Property Investment Portfolio rents etc)

The Council faces many other challenges including pressure on Childrens and Families budgets which has been consistently reported through financial monitoring reports in 2009/10, the impact of an ageing population and uncertainties around the Single Status process and its impact on the pay bill.

The Council will also need to bring into its forward planning the impact of the impending carbon reduction scheme which comes into effect from April 2010, however, final operating guidance is still awaited.

However, despite these uncertainties, the Council must now conclude its service and financial planning process and roll the three year strategy forward. It is very difficult, at this stage, to make estimates over the level of resources that may be available to the Council from 2011/12 onwards. By way of illustration, a 1% reduction in RSG alone costs the Council over £0.7m. If RSG and other grants are cut by say 1% the Council would face a reduction in available resources of over £1m.

All this is against a background of relatively low existing council tax levels locally. The Council has the lowest level of council tax, at Band D, for unitary services in the Midlands (£125 lower than the Midlands average at Band D in 2009/10). It is also significantly below the national average for other unitary authorities (£113 lower than the unitary average at

Band D in 2009/10) which brings challenges in balancing the priorities for supporting pressurised existing services such as Children's and Adults social services, alongside the additional funding requirements of the many new initiatives to boost the area including:-

- Borough Towns Initiative - Sport and Learning Communities
- Borough Towns Initiative – Local Centres
- Town Centre redevelopment
- Regenerating new town estates

The investment programme is now dependent on around £80m of capital receipts yet to be realised together with significant anticipated contributions from partner organisations that are not yet guaranteed of over £13m for the Town Centre redevelopment project. This is a considerable exposure and represents a key risk, particularly in the current economic climate. These dependencies will therefore be subject to close monitoring and variations from plan reported through the financial monitoring process. Mitigation factors could include a combination of re-phasing or scaling back some schemes or additional borrowing on a temporary or long term basis.

A summary of the 2010/11 base budget is attached at Appendix 1 while Appendix 2 shows year on year movements from the 2009/10 budget. Budgets for Service Delivery Units will be restated once the current restructuring exercise has been completed and once Council has made final decisions on the savings and investment proposals contained in this report.

## 5.0 PROPOSED STRATEGY

### 5.1 OVERVIEW

Bringing together our assessment of community needs and the wider policy context, the latest financial position and the feedback that we have received from across the community, we have refreshed our strategy. Full details of the proposals are set out the sections below, however, in summary they are:

- Given the high levels of support for minimising the level of Council Tax increase expressed in our consultations, the comparatively low current, although rising, inflation rate, and setting these alongside the many financial challenges facing families and households across the Borough, it is considered that the Council should **limit the Council Tax increase to 1.9% for 2010/11**;
- In order to fund a Council Tax increase strategy of just 1.9%, there is a need to secure further savings/efficiencies. To address this, the Council is continuing to **streamline and restructure the organisation and reduce waste and bureaucracy** with a view to making savings of **£5.2 million** (including education) in 2010/11. Clearly, the challenges do not end with the agreement of this Budget and we recognise the need to continue to realise on-going savings targets;
- To address the pressures set out in Section 4.1, our revenue investments focus on extra funding for Social Care Services (both Adult and Children). We are also planning to set up a new Community Fund, which will involve local people in allocating funding to the things that matter most at a neighbourhood level;
- Our capital investments focus on transforming and improving the Borough, for example regenerating the Borough Towns, Town Centre and New Town Estates and improving infrastructure like roads and street lights for the long-term.

## 5.2 OUR GUIDING PRINCIPLES

5.2.1 Our proposed strategy is informed by a number of guiding principles which have been widely endorsed through our consultation and engagement programme. Our guiding principles are:

- Develop spending plans that are based on and address the community's needs and priorities;
- Spread our resources fairly and openly across the Borough, whilst taking account of the needs of different areas;
- Seek to minimise the level of Council Tax increase, balanced against growing demands for Council services and protecting services from cuts;
- Deliver efficiencies and savings, as far as possible minimising the impact on the quality of services;
- Look for external investment e.g. Government grants, to create prosperity and success;
- Sell some of the Council's poor performing land and property to fund community priorities (if it is practical and prudent to do so);
- Set aside some additional money to deal with any unforeseen circumstances caused by the current economic situation;
- Keep the use of Council reserves to a minimum and use only when we need to.

## 5.3 INVESTMENTS

5.3.1 As set out above, we have developed our medium-term strategy based on a number of core guiding principles including developing our spending plans around community needs and priorities.

5.3.2 Underpinning our strategy is a continuing commitment that the Council will operate in an even-handed way and allocate resources fairly across the Borough. We clearly cannot, however, invest in everything. We have therefore had to take decisions about where extra resources need to be put and what will be lesser priorities where we will have to continue either with similar levels of resources or where savings will have to be made.

5.3.3 As described in Section 4.1, we have identified some clear priorities where we feel the Council must focus its resources to improve quality of life and service delivery. Key investment proposals and how they link to our priorities are set out in the table below

Priority	Investment Proposals (2010/11-2012/13)
Housing, Regeneration & Prosperity	<ul style="list-style-type: none"> <li>- £59.2m for Phase 1 of the redevelopment of Telford Town Centre including provision of new Civic Offices</li> <li>- A 5 Year programme of over £20m to fund key projects to deliver our Borough Towns Initiative</li> <li>- £11m to support the regeneration of former New Town Estates (Woodside, Brookside and Sutton Hill)</li> <li>- £10.8m for housing supply and affordable housing</li> <li>- £1m for extra care housing</li> <li>- £76k revenue funding (2010/11) for initiatives to support people affected by the economic downturn</li> </ul>
Children and Young People	<ul style="list-style-type: none"> <li>- Additional £1.9m revenue funding for Children's Social Care Services in 2010/11</li> <li>- £115.3m to support the Building Schools for the Future</li> </ul>

	project to modernise and improve the Borough's schools
Active Lifestyles	- £2.2m for the provision of a Lawn Tennis Academy
Adult Care & Support	- Additional £1.675m revenue funding for Adult Social Care Services (2010/11)
Environment & Rural Area	- £9.9m for maintenance of roads and pavements including £2.5m specifically for rural areas. - £16.7m for projects to enhance and support the provision of new transport and highway infrastructure in the Borough - £500k to improve parks and play areas across the Borough - £3.8m for Parks for People
Community Protection & Cohesion	- £500k for replacement and/or provision of new street lights - £2.8m to support independent living through disabled facilities grant
Efficient, Community-Focused Council	- £3.5m for new ICT systems to improve the quality and efficiency of services provided to the public - £4.7m for repair, maintenance and improvement to our buildings.

5.3.4 The 3 year Investment Programme of both revenue and capital proposals is attached at Appendix 3a. Capital projects are funded from a variety of sources including external grants, contributions from partner organisations, proceeds from the sale of assets as well as borrowing some of which is supported by additional government revenue funding (although this benefit can largely be lost through the grant damping mechanism) and the remainder being funded by the Council's revenue budget. The full capital programme incorporating the capital elements of the Investment programme is included with the separate capital programme report on this agenda.

5.3.5 Another key focus for us will be to **engage and involve the community** more in decision-making. We are for the first time proposing to set up a **Community Fund** (£150k revenue 2010/11). The principle behind the Community Fund is that local people, in conjunction with ward members and Town/Parish Councils, identify solutions to local issues and then prioritise which solutions are allocated resources from the Community Fund. By giving people choice about investments at this neighbourhood level, we hope to be able to make a real difference to the things that matter most to local people.

## 5.4 **SAVINGS**

5.4.1 A key element of our overall strategy framework is – **to deliver savings and efficiency targets, as far as possible minimising the impact on the quality of services**. Our general savings package for 2010/11 is £4.726m (with a further £0.5m from Education services) and significant levels of further savings beyond 2010/11 will be required. A key element of our medium-term savings programme is a programme of major service reviews.

### 5.4.2 **Service Reviews.**

Three of the four service efficiency reviews being undertaken by our consultants, Northgate Kendrick Ash (NKA), and the Council's Business Efficiency Team have now been completed, namely the Transport, Facilities Management (Catering and Cleaning) and Environmental Services reviews. The Leisure and Cultural Services

Efficiency Review is also largely completed.

The Transport review is now in the implementation stage. The recommendations for change have been endorsed by Cabinet. £1.2m net cashable savings are projected over the next 3 years and almost £0.9m p.a. thereafter. NKA have been retained on a risk and reward basis to assist the council to realise the full savings on offer. The Facilities Management (Catering and Cleaning) Review has also now moved into the implementation stage. Cabinet agreed to deliver an internal programme of efficiencies to the value of around £0.5m over the next 18 months which will mainly accrue to school budgets, subsequent to that we will be exploring shared service options as part of a wider consideration of shared service arrangements with other public sector organisations.

The Environmental Services Review findings indicate that broadly the contract with Telford & Wrekin Services still represents value for money although there is some scope to make savings. The Leisure & Cultural Services Review is still being finalised. This review is focussing on what scope there is for potential internal efficiencies.

In addition to the work on service reviews, we will continue to:

- Assess service priorities against affordable resources
- Streamline service delivery/generate efficiency savings
- Review income generation and external funding opportunities
- Review Invest to Save opportunities
- Review our organisational structures

The proposed savings programme for 2010/11 is attached as Appendix 4. As each year of additional savings at this level comes forward it will become more difficult to avoid an increase in service impacts.

### 5.4.3 Attracting External Funding & Investment

A key element of our overall strategy framework is to – **Maximise external investments e.g. Government grants, to create prosperity and success.** Like many other local authorities the Council has become increasingly dependent on the use of external funding to help deliver its objectives. Currently the Council has a variety of approaches to accessing external funding, reflecting different service needs and opportunities. Whilst the Council has had many successes in accessing external funding there is more that we could do to ensure that we access more external funding in future.

The current approach to accessing external funding makes it difficult to establish a central record of funding applications submitted to local, regional and national funders and there is no central record of successful bids, completed projects and benefits delivered to the community. The Council's investment to enhance the ERDF Package Management Team significantly increased the European Union investment in the Borough and demonstrated the importance and benefits derived through a co-ordinated approach including close working with funding partners. The work of the team is continuing in a revised capacity as it will now act as a Corporate Project Office & External Funding team.

The Corporate Project office will work across the Council to:

- maximise the Council's access to external funding through the development of a greater understanding of funding sources and the use of a new Grant Finder system
- eliminate the chasing of funds which potentially diverts the focus from the Council's identified priorities
- unify the bidding process and avoid wasted effort and duplication
- develop partnership working to support the accessing of funds and project delivery
- support project implementation
- ensure the impact of external funding is effectively tracked and measured through the new grant tracker system. This will enable detailed information to be provided on funding streams, partnership working, delivery of Council priorities and benefits to the community.

#### 5.4.4 **Asset Rationalisation & Disposal Programme**

A key element of our overall strategy framework is to – **Sell some of the Council's land and property to fund investment priorities if it is prudent to do so.** Good asset management plays a role in delivering high quality public services; delivering efficiencies; and in creating a sense of place. Property & Design (P&D), working with other Service Delivery Units, will be challenging whether all Council Operational assets are required and also determine if they are fit for purpose to support the service that is being delivered. P&D have assessed whether the operational assets provide value for money to meet current needs by monitoring property performance. Following completion of a property review, an accommodation strategy will be developed providing direction and a context for future investment and disposal.

Once the Council's strategy for asset rationalisation is clear a wider review with partner agencies will be implemented to ensure that properties throughout the whole public sector are used to their maximum. This approach will maximise the use of all public owned buildings resulting in further efficiency savings and supporting high quality service provision to the community across the public sector. There are a number of initiatives that support the Council's medium term investment package which are linked to asset rationalisation, they relate partly to the Borough Towns Initiative and the Telford Town Centre project. As previously mentioned, there is a considerable dependency built in to the Council's investment programme arising from the assumed value of capital receipts yet to be realised. Further information is included within the Council's 2010/11 Asset Management Plan which is included within the Capital Programme report later on this agenda.

### 5.5 **BALANCES, CONTINGENCIES AND COUNCIL TAX**

#### 5.5.1 **Balances**

The medium term financial strategy put forward **seeks to minimise the level of Council Tax increase but balancing that with meeting the growing demands on Council services and costs, and minimising service cuts. It also proposes the adoption of a prudent strategy for the use of balances.**

The 3 year strategy approved in March proposed keeping use of balances for the general funding of **ongoing** revenue costs to below £1m pa, while still utilising

additional reserves to meet one off needs.

Appendix 5 summarises the overall balances position of the Council after taking account of the various earmarked reserves and risks faced by the Council. This shows around £5.7m available as part of medium term budget strategy considerations, including £1m already approved for use as an invest to save fund to help the future savings programme being developed. The proposed strategy for 2010/11 uses £0.98m of the uncommitted balances to fund the ongoing revenue budget.

### 5.5.2 Contingencies

One of our key budget principles is that we **set aside some money to deal with unforeseen circumstances caused by the current economic situation**. The considerable uncertainties faced next year need to be allowed for in our strategy and an adequate contingency is therefore required. In 2009/10 the revenue contingency totals just under £1.6m but £1m of this was only funded on a one-off basis. Having a general contingency at this level has been necessary during the current year and represents around 1% of the net budget. It is therefore now proposed that the contingency should be built in at £1.596m on an ongoing basis. A contingency at this level will help us deal with unexpected variations or the financial implications of new legislation e.g. the proposals in the Queen's Speech to give free social care with effect from October 2010.

The service and financial planning proposals put forward include significant investment in to both Children & Families and Adult Social Services. However, it was also proposed in the 8<sup>th</sup> December Cabinet report that an additional earmarked contingency of £0.5m is set aside specifically in case further unavoidable pressures arise in these services during 2010/11. It is proposed that this amount will be held centrally in reserve, only being released following detailed analysis of any calls on it as it is hoped that the additional investment in these services will be sufficient to meet need.

An amount had also been held back centrally for budgets where income was significantly short of target in the current year and to meet the costs of contractually committed inflation as an exception to the general approach of allowing no inflation for the next two years. This had been held centrally in order to ensure that if income projections started to look more positive, the funding would not be allocated. However, this is not the case. The allowance for contractually committed inflation was also retained centrally as the indices used to determine the Council's liability were not available at the time the December report was prepared. It is now considered prudent based on the additional information available to allocate £0.4m of the amount set aside for income shortfalls on a one-off basis to reduce the property Investment Portfolio income target on a one-off basis in 2010/11 and to now feed through the allowance for contractual inflation to environmental services and education transport totalling £0.47m. This will leave around £0.6m available in this contingency for further inflationary pressures or income shortfalls but allocation of this will need to be strictly controlled.

## 5.6 COUNCIL TAX

The medium term financial strategy put forward **seeks to minimise the level of Council Tax increase but balancing that with meeting the growing demands on**

## **Council services and costs, and minimising service cuts.**

The 3 year strategy approved in March 2008 proposed that the level of Council Tax increase should fall each year and be below 3.5% by 2010/11. However, the actual Council Tax increase in 2009/10 was already below this at 2.5% and this therefore represents the ceiling for the Council Tax increase in 2010/11. There has been general support through the consultation process for a council tax increase for 2010/11 of 1.9% for 2010/11 – almost half the level envisaged for this budget back in March 2008. A 1.9% increase equates to 31 pence per week for the average property in the Borough (Band B) or 39 pence per week for a Band D property. All households receiving council tax benefit are fully protected from any increase - this includes over half the elderly households in our area.

Council Tax in Telford & Wrekin in 2009/10 is the lowest in the Midlands region for the services this Council provides (£125 lower than the Midlands average at Band D in 2009/10). It is also significantly below the national average for other unitary authorities (£113 lower than the unitary authority average at Band D in 2009/10). With the level of increase proposed, we do not envisage any significant change in this position. A chart comparing the level of Council Tax increase in this area against the national average for unitary services since the creation of Telford & Wrekin Council is attached as Appendix 7. The proposed increase of 1.9% for next year would continue the downward trend in the level of Council Tax increase.

The proposed approach for a Council tax strategy over the next 3 years has to balance funding the cost of central government grant cuts, protecting key services, investment in key priorities and ensuring continued value for money from Council services - which includes sustaining the lowest Council Tax level for unitary services in Shropshire and remaining one of the lowest in the Midlands. The commitment to seek to continue the downward trend of year on year levels of council tax increase will have to be reviewed once the funding settlement for the Council for 2011/12 and future years has been announced by the Government and its impact on services can be assessed.

## **5.7 Education Services**

**5.7.1** The Department for Children, Schools and Families (DCSF) announced a Dedicated Schools Grant (DSG) three year budget settlement for schools and further rationalisation of standards related grants in December 2007. Approximately 90% of DSG funding is delegated to schools with the remainder being retained for central expenditure on pupils relating, in the main, to Special Educational Needs (SEN) including behaviour and Early Years.

The table below sets out the average DSG per pupil increases nationally and for Telford and Wrekin for 2008-11

	2008/09 baseline per pupil £	Per Pupil Increase %	2009/10 baseline per pupil £	Per Pupil Increase %	2010/11 baseline per pupil £	Per Pupil Increase %
T & W	3,910.83	4.3%	4051.55	3.6%	4219.45	4.1%
National	4065.90	4.6%	4217.71	3.7%	4398.02	4.3%

Per pupil allocations for Telford and Wrekin are 4% lower than the national average per pupil (£178.57 less per pupil in 2010/11).

To reflect cost pressures the DCSF has indicated that all schools will receive a minimum per pupil increase of 2.1% over the period 2008-11.

Included within the per pupil sums shown in the table above is additional funding to meet the Governments priority of improving teaching and learning through an extended personalised curriculum for all pupils, however local authorities, in consultation with their School Forums, decide on the distribution of the whole of grant locally (subject to meeting the minimum funding requirement).

The final DSG settlement for each year depends on actual pupil numbers as at January of the prior financial year and are finally determined by June. However, authorities can plan ahead in the knowledge that they will receive a fixed sum for each pupil. In 2008-09 authorities were required to provide indicative budgets to schools for the following two years. In both 2008-09 and 2009-10 schools have experienced a significant impact on funding due to falling pupil numbers and this has resulted in a cumulative reduction in DSG of approximately £1.1million. This had a significant impact on funding for a number of our schools with falling rolls. The fall in pupil numbers also reduces the amount of funding available to meet the costs of 'Central' expenditure items. The latest estimates of pupil numbers for 2010/11 are indicating a further loss of pupil numbers potentially resulting in around a £730k reduction on the current years DSG allocation for 2010/11. This may result in some schools with falling roll facing financial difficulties in managing their position especially those within the Secondary sector.

In 2008 the DCSF announced a review of the formula for distributing the Dedicated Schools Grant. The aim of the review is to develop a single transparent formula that will be available for use in distributing DSG to local authorities from 2011 onwards. The proposals from this review will be consulted on in Spring 2010 and the broad decisions announced during Summer 2010, the full impact of these decisions locally will not be known until the School funding settlement in Autumn 2010.

The 2009-10 Education budget strategy was delivered by the rationalisation of grant usage and the development of a £350k savings programme in order to address a shortfall of £1.12m in funding. The latest view of the 2010/11 Education funding position is as follows :

### **Education Budget Overview 2010/11**

#### **5.7.2**

	<b>10/11 £m</b>
Total Funding Available	(129.5)
Delegated to Schools	96.5
C&YP Base Budget	21.6
Grant Use	11.4
Pressures Base Budget	0.2
Loss of Area Based Grant	0.3
<b>Savings Package Required</b>	<b>0.5</b>

There are other potential pressures from inflationary increases falling on non DSG funded areas which in line with the Council's overall Budget Strategy have not been allocated additional budget to cover them, except in the case of some allowance for contractually committed inflation cost increases.

### 5.7.3 Other Funding Sources

In addition to the Dedicated Schools Grant, the education service also receives funding for Education from the following sources:

- Revenue Support Grant/Council Tax (£13.3m 2010/11)
- Specific ring fenced grants (£11.3m 2010/11)
- Area Based Grants (£5.5m 2010/11)

Education Budget Projections for 2010/11 highlight £0.5m of **Pressures** including

- Impact of more complex needs of pupils on a range of service areas including specialist education placements.
- Impact of falling pupil numbers on central budgets (loss of funding)
- Impact of reduction in Area Based Grants
- Reduction in real terms of other grants

### 5.7.4 Education Budget Strategy

A savings package has been developed to address the £0.5m shortfall. Some of these proposals will involve funding being diverted away from universal preventative services in order to meet the increased cost of vulnerable, complex and acute services.

The savings package has been developed through a high level review of service delivery to ensure continuing efficient and effective use of resources to meet priorities identified within the Children and Young People's plan.

Education Budget Savings	£
Vacancy Management	166
Cessation of Catering Loan repayment period	150
Changes to the Creative Arts Programme	20
Changes to the Extended Learning Programme	30
Review of Specialist Support Services	134
<b>Total</b>	<b>500</b>

### Other Funding Changes – Learning Skills Council Transfer

- 5.7.5 In April 2010 functions currently undertaken by the Learning Skills Council (LSC) will be transferred to the newly created Skills Funding Agency and the Young People's Funding Agency as well as Local Authorities. It is expected that Telford and Wrekin will receive approximately £18.7 million which will be a combination of funding directly passported to New College, TCAT and other post 16 providers plus some targeted funding streams again for Post 16 providers. Staff will transfer from the LSC to the Council to undertake the transferred functions but information is still awaited

on the level of funding to be transferred for these staff. Current projections anticipate no shortfall in funding arising from the staff transfer.

## **5.8 OVERALL STRATEGY**

**5.8.1** Following the next Comprehensive Spending Review which will take place after the General Election, the public sector will face a period of unprecedented uncertainty. This will impact on funding that the Council receives from Central Government in the main Revenue Support grant and all other grants as well as perhaps making it more difficult to obtain funding for joint projects with partner organisations as their funding is also likely to be under equal pressure. Members have considered the responses to their extensive consultation process as well as updating budget assumptions with the latest information available in this period of rapid deterioration in the economy and looking at what initiatives the Council can lead to help local people and businesses. The resulting strategy proposals are:-

- Continue the existing strategy of year on year reductions in the level of council tax increase, with an increase of 1.9% in 2010/11 (equivalent to 31 pence per week for the average property), and ensuring that the Council continues to have one of the lowest levels of council tax in the Midlands.
- Maintain the existing strategy of using less than £1m pa balances as part of the funding for the ongoing net revenue budget with a call of £0.98m from the £5.7m available in 2010/11.
- Build upon the existing 3 year capital investment programme.
- Approve new 2010/11 revenue investment in to services for Children & Families of £1.9m and in to Adult Social Services of £1.675m.
- Realise a main savings package of £4.726m and an additional £0.5m for Education services in 2010/11.
- Endorse the existing provision of £1m set aside from reserves for invest to save initiatives.
- Provide a contingency of £0.5m to cover social services pressures.

## **5.8.2 Robustness of the Financial Strategy and Levels of Reserves & Balances**

The Council's Chief Financial Officer (CFO) is required to comment on the adequacy of the Council's levels of reserves and balances and robustness of the overall budget strategy. Given the medium term position outlined in this report, the CFO considers the current level of reserves and balances and proposed strategy above to be appropriate and prudent. However, a number of risk areas will need to be monitored carefully during the year including the dependency of the capital investment programme on receipts and contributions yet to be obtained. The Council will also need to reappraise its overall strategy once information on the scale and timing of future government grant cuts becomes available. Appendix 5 amplifies this statement.

## **6.0 OTHER IMPLICATIONS**

### **Equality & Diversity**

The Council has specific initiatives within its policy and financial plans to promote

equal opportunities, which is at the heart of the Council's policies and has carried out a high level Equalities Impact assessment of the Budget package. This is included as Appendix 8.

### **Environmental Impact**

The allocation of resources takes specific account of environmental issues facing the Council, in the context of other pressures and priorities.

### **Links with Corporate Priorities and Risk**

The report sets the strategy framework which includes consideration of both community and corporate priorities and the corporate risk register.

### **Financial & Legal Comments**

This report forms part of the policy planning and budgetary framework that will result in the Council being required to set a robust balanced budget and Council Tax levels by the March deadline laid down by the Government.

### **Ward Implications**

Borough Wide Strategy.

### **Background Papers**

Financial Planning Model, RSG and other Government grant related papers, Council Plan.

**Report prepared by Ken Clarke, Head of Finance (01952) 383100 and Felicity Mercer, Policy & Value for Money Manager (01952) 380136.**

<b>Placement Projections</b>					
	Total to date (if relevant)	2009/10	2010/11	2011/12	2012/13
<b><i>Average Children In Care (CiC)</i></b>		<b>262</b>	<b>250</b>	<b>240</b>	<b>235</b>
	£000	£000	£000	£000	£000
Gross Cost		150	3,446	3,046	2,846
Portfolio Contribution			(1,196)	(1,196)	(1,196)
Recycled C&YP Savings			(350)	(350)	(350)
What is the expected net cost?		<b>150</b>	<b>1,900</b>	<b>1,500</b>	<b>1,300</b>
Building Capacity		150	850	850	850
Placement Costs CiC (at target average levels – see top of column)			1,400	1,000	800
Net Call on Council Resources		150	2,250	1,850	1,650
Existing approved Council budget			(350)	(350)	(350)
<b>Additional specific funding proposed</b>		<b>150</b>	<b>1,900</b>	<b>1,500</b>	<b>1,300</b>
<b>Separate Contingency Provided</b>			<b>£500k</b>	<b>£500K</b>	<b>£300k</b>
<b>Average CiC supported by specific budget and contingency</b>			<b>262</b>	<b>252</b>	<b>242</b>

## Adults and Community Well-being

### Service and Financial Planning – 2010/11 – 2012/13 Revenue impacts of forecast demography and demands for services and commentary on inflationary impacts

The Portfolio continues to deliver value for money amongst LA Social Care providers on a per head of population basis. Compared to other English Unitaries and designated nearest neighbour benchmarking group, unit costs compare favourably

The table below shows the costs per head of population for the main client categories:

#### Budget 2009/10-comparison to English Unitaries

	Older people	PSD	ALD	MH
Telford & Wrekin Council	£115	£24	£64	£24
Cheapest	£96	£13	£29	£8
Most expensive	£191	£46	£103	£60
Ranking	6 <sup>th</sup> lowest cost /46	16 <sup>th</sup> lowest cost/46	17 <sup>th</sup> lowest cost/46	30 <sup>th</sup> lowest cost/46

In the context of the social services budgets BTW's spending per head of population continues to be well below the national unitary and all England averages. In addition the proportion of spend on adult social services as a proportion of total council spend (excluding school funds) is the second lowest for West Midland unitary and metropolitan councils at 29% compared to an average of 32% and a range of 28% to 38%.

In addition the proportion of spend on adult social services as a proportion of total council spend (excluding school funds) is the second lowest for West Midland unitary and metropolitan councils at 29% compared to an average of 32% and a range of 28% to 38%. This means in terms of value for money the service has little scope to reduce or even hold the costs of its care packages sufficiently to offset the financial impacts identified below.

### Review of Investment Proposal

The forecast financial pressures resulting from demand for services from a case by case analysis of ALD, PSD and Mental health clients including those in ALD and MH moving from Children's services to Adult care are detailed in the table below:

	2010/11	2011/12	2012/13
ALD	+£ 868,000	+£689,000	+£300,000
PSD	+£ 111,000		
Mental Health	+£ 223,000	+£200,000	+£200,000
Older People	+£ 409,000	+£528,000	+£182,000

Total ASC	+£1,611,000	+£1,417,000	+£682,000
Cumulative total ASC	+£1,611,000	+£3,028,000	+£3,710,000

Note-it is not possible to forecast accurately the number of clients entering the service in 2011/12 and 2012/13 and cost estimates may change

	2010/11	2011/12	2012/13
Housing Needs	+£ 64,000		
Cumulative total	+£1,675,000	+£3,092,000	+£3,774,000

### **ADULTS WITH LEARNING DISABILITY**

The financial pressure on the care services for ALD clients are caused by increasing numbers requiring care and increasing unit costs, despite much work ongoing to challenge costs charged by providers.

The updated forecasts reveal a further 17 known transitional clients transferring to adult care services in 2010/11.

The focus on obtaining value for money has been evidenced in the use of pricing models to challenge providers on their cost base, to ascertain the value being achieved for the non care element of the fees paid, so called "Hotel costs." Some limited success has already been achieved with an annual reduction in fees of £16,000.

### **OLDER PEOPLE**

Increases in the number of older people in the population of around 3% has regularly been the publicised reason for increasing costs of care.

The numbers of older people in the Borough being supported through Adult Social Care has remained largely static since 2006/07, with falls between 2006/07 and 2007/08 and then increasing numbers since.

Despite the numbers of supported clients remaining stable over the period, recent trend in numbers overall is increasing and furthermore the number of hours of care delivered is forecast to increase from 2008/09 to 2012/13 by between 1% and 2%. The forecasts are for increases in the over 65 age group in the population to continue at a rate of between 2% and 3%, and therefore an element of judgement in assessing demographic change in older peoples services is required.

In assessing the increase to be funded between 2008/09 and 2012/13 an increase of 3% has been applied in 2010/11 this is reduced to 2% in 2011/12 and 2012/13. In addition the figure quoted in the table includes other contractual cost pressures and is net of estimated income receivable from this client group each year.

### **MENTAL HEALTH**

In Mental Health services, around £300k was added to the budget in 2009/10 to meet the high cost increases experienced in care for a number of additional clients who joined the service around the end of 2007/08.

The forecast increases in costs accruing into 2010/11 arise from transitional clients. Estimates of increases in years beyond 2010/11 have been made and the costs used are in line with the cost of known cases arising in 2010/11.

### **PHYSICAL DISABILITY**

Disability care did not provide any major surprises in the last financial year and was not expected to in 2009/10. However, a number of additional clients have been accepted for support and the cost implications of around £100k (part year effect) are reflected in the current financial monitoring.

Further increases will accrue from support to adults with disabilities because of the expected increase in demand particularly for home care. The forecast increase in costs for 2010/11 is £71k but with underfunding of £40k this year.

### **INFLATIONARY IMPACTS**

An initial meeting with the representatives of providers has been held. Further meetings will ensue to discuss the impacts of inflation on prices for 2010/11, from spot and contractual purchasing.

## **ROBUSTNESS OF BUDGET ESTIMATES AND ADEQUACY OF RESERVES**

### **Background**

Section 25 of the Local Government Act 2003 requires the authority's Chief Financial Officer to comment on the robustness of the estimates and the adequacy of reserves allowed for in the budget proposals in the budget report, so Members have advice available to them when they make their budget decisions.

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

### **Robustness of Estimates**

All Councils face a period of uncertainty in their long term resource planning after 2010/11, as any government after the General Election balances the need to nurse a weak economy back to growth while needing to address an escalating funding shortfall in government finances which is causing a ballooning level of government debt and questions over UK sovereign debt status. The Council is addressing this uncertainty through modelling a range of possible scenarios and starting to prepare medium term strategies to handle the position which emerges after the election. The question of government funding cuts seems to be how much and how soon rather than whether there will be any.

The proposed budget for 2010/11 however is on the safer ground of year 3 of the 3 year settlement announced by the government back in December 2007 which gave the Council a reasonably sound grant position in spite of £5m grant still lost to the area through grant damping. The 2010/11 budget and medium term financial plan has been informed by:

#### 1. Council Wide Risk Management

Risk Management is well embedded across the authority and is an important element of the business planning and budget processes at Strategic, Portfolio and Business Unit levels. Risk workshops and training sessions have been held throughout 2009 at all levels of the authority to ensure that each business and service plan clearly identifies the key risks to the achievement of its objectives. This includes training sessions for Members and employees.

The Risk Management Strategy is reviewed annually and was last updated in November 2008 (the latest update is in progress but slightly delayed due to the Council re-organisation). The Strategy clearly sets out the approach to Risk Management within the authority and identifies roles and responsibilities for all concerned as well as detailing the methodology to be adopted for identifying, assessing and monitoring of risks.

The Council's strategic risk register has also been regularly reviewed throughout 2009 to ensure that it is up to date and relevant, with risks being added, removed and changed where appropriate in full consultation with Directors and Members. In addition, stringent efforts have been made to identify and manage risks and opportunities attached to the many Projects and Partnerships the authority works with.

In reports to Directors and Cabinet, authors are asked to highlight any associated risks and opportunities and how these will be managed – this ensures that all risks are identified and not just the legal and financial implications. Pressures and developments identified during the 2010/11 Service & Financial Planning process focus on the major risk areas for the authority as in previous years and the Council's exposure to risk and risk management is integral to the budget setting process. The latter includes a review of the robustness of the reserves position and modelling of different future government grant reduction scenarios.

## 2. The Monitoring Process

Financial monitoring is carried out on a monthly basis and highlights any significant variances, and therefore areas of risk, both for current and future years, with regular reports being presented to Directors and Cabinet during the year. Performance and risk monitoring are also undertaken regularly to complement the financial monitoring and are formally reported on a quarterly basis to Corporate Management Team and Cabinet. This provides further indications of any potential risk areas for the council and action is taken to review any issues identified.

## 3. The Budget Setting Process

Finance officers meet with budget holders and review all budgets on an annual basis. Budgets are cash limited. Areas of unavoidable growth, pressures and developments have been identified and scrutinised as part of the budget process along with the deliverability of the savings package which forms an integral part of the overall strategy. These link to both the budget monitoring process, performance monitoring and risk management, discussed above, together with other issues such as meeting new legislative requirements and statutory obligations.

## 2010/11 Budget Assumptions:

<u>Inflation</u>	
Pay Award	0% for 2010/11, 2011/12 and 2% for 2012/13. Any actual pay awards will have to be found from within cash limited budgets. Local Authority employers nationally have announced there will be no pay increase offered for NJC staff for 2010/11. As part of a three-year pay deal for teachers a pay increase of 2.45% took effect from 1 <sup>st</sup> September 2008, 2.3% took effect from 1 <sup>st</sup> September 2009 and there is an increase of 2.3% planned for 1 <sup>st</sup> September 2010.
Employer's Pension Contribution	Increases of 1.0% of the paybill in 2010/11, 2011/12 and 2012/13 taking the total contribution to 18.3% A further triennial evaluation of the pension fund based on the March 2010 position, is due to be undertaken shortly which could result in a revision to the figures for 2011/12 and 2012/13. The allocation of any increase in cost between employees and the Council is subject to review as part of national arrangements the scheme as a whole is likely to be reviewed again following the General Election as part of a wider review of public sector pension schemes.
Social Care Purchasing Budgets	The % increase for next year is currently under negotiation with providers. This is a priority service area which has been protected from the general 0% inflation assumption and has also received considerable demographic growth and additional staff funding for children's services.
Electricity, Gas, Water	0% in 2010/11 and 2011/12; 2% assumption for 2012/13
Inflation/Income provision	A provision of £1.5m was earmarked and included in the December report for contractual inflation pressures and potential income shortfalls during the recession such as for PIP rentals, Building Control and Planning Fees. £871k of this has now been allocated and tight control will be exercised to ensure that the remainder is only allocated where a very real need can be proven in priority areas.

Demographic Growth – Adult Social Care	The 2010/11 service and financial planning strategy includes an investment of £1.675m in Adult Social Care arising from inflation, demographic growth and the increasing the demand for care packages.
Children & Families growth	The cost of looked after children has been a key pressure area in 2009/10. The 2010/11 service and financial planning strategy includes an investment of £1.9m to support the provision of social care for Children & Families together with a further earmarked contingency of £0.5m for additional pressures. This investment is for both inflation and increasing service pressures.
Interest Rates	Treasury projections are based on base rate, currently 0.5%, starting to increase in September 2010 and rising to 1.5% in March 2011, 3.5% March 2012 and 4.5% March 2013. Our investment and borrowing strategies for 2010/11 are set within this context. The assumptions for new borrowing are 3.5%, 4% and 4.5% in 10/11, 11/12 and 12/13 respectively and the average return on investments is 2.5%, 3.5% and 5% respectively. One of the primary objectives is to reduce the Council's exposure to risk while at the same time maximising returns. The Treasury Management Strategy for 2010/11 is presented to Council alongside the budget reports.
Treasury Management	Following the collapse of the Icelandic banks and in response to revised guidance issued by CIPFA, the Council has modified its procedures for Treasury Management, to further involve members and in particular to give the Audit Committee responsibility for reviewing treasury policies, procedures and the associated management of risk. The Treasury Strategy for 2010/11 follows the requirements of the Revised CIPFA Treasury Management Code of Practice and clearly identifies the various exposures to risk and strategies in place to minimise this.
Dedicated Schools Grant (DSG)	The figure assumed for Dedicated Schools Grant is £ 102.716m. This is slightly more

	<p>(approx £272k more than the indicative DCSF figure) based on our latest pupil numbers estimate. That part which is delegated to schools will be delegated in line with the agreed schools' local funding formula in line with DCSF guidance. DSG is not finalised until June.</p>
<p>Estimates on the level and timing of capital receipts</p>	<p>The revenue budget and capital programme assume £81m anticipated future capital receipts over the medium term planning period. Any delays in generating expected receipts or in the amounts generated will need to be taken in to account in future service and financial strategies. This could require scaling the capital programme back, re-phasing schemes or entering in to additional prudential borrowing. Delivery of projected receipts is monitored on a monthly basis as part of overall financial monitoring and reported to Cabinet quarterly.</p>
<p>Prudential Borrowing / Prudential Indicators</p>	<p>The Council will make use of the ability to borrow outside the main government funded service allocations, abiding by the Prudential Code and ensuring that such borrowing is appropriate and affordable.</p> <p>Prudential Indicators are approved as part of the budget strategy (see separate report on this agenda) and are monitored and reviewed on a regular basis.</p> <p>The rules around the calculation of the cost of borrowing that must be charged to the revenue account – the minimum revenue provision (MRP) has been prudently applied in setting the 2010/11 budget strategy. The policy in relation to MRP is set out in the Treasury Management Strategy Report. The Council has an ambitious capital investment programme set out in the capital programme report which, if all schemes proceed and are funded as expected, will result in total prudential borrowings of £108m (since April 2004) costing £7.7m pa representing 6.1% of the net revenue budget excluding schools. The impact of the new prudential borrowing, which is included in the 10/11 strategy, is £46.80 per annum for a band B property.</p>
<p>Single Status</p>	<p>The Single Status process is underway and is expected to reach a conclusion during 2010/11.</p>

	<p>Liabilities are potentially incurred from 1<sup>st</sup> April 2007 and provision was made in the 2007/08 and 2008/09 accounts after consultation with the external auditors. The 2009/10 accounts will be closed on the same basis. There is a £2.25m central revenue budget provision projected in the medium term strategy for 2010/11 onwards and a further provision of 4% additional costs within Education –LEA and DSO impacts – schools have also been advised to include a 4% provision. There is possible exposure to liabilities around back pay even before April 2007 but this is difficult to gauge until the process is nearer concluding an overall package. Possible application for a capitalisation direction can also be made for meeting backdated one off costs when there is any information available to support a claim, but the success of this is likely to be limited under the regulations by the assessed availability of in house balances to fund liabilities.</p>
Demand-Led Pressures	<p>The Senior Management Teams and Cabinet are expected to manage in-year demands within existing budgets, by re-prioritising or implementing action plans to ensure that costs are met from the available funding, including any underspends brought forward from previous years. There is a policy that service overspends can be carried forward to future years, but they must then be addressed as top priority.</p> <p>The budget proposals for 2010/11 and future years include reasonable levels of revenue contingency. However, general reserves may have to be used to address unforeseen additional expenditure that cannot be funded elsewhere. It is assumed that the reserves would then be restored in future years to maintain the minimum level of reserves required.</p>
Efficiency Savings	<p>The Senior Management team and other managers, all have a responsibility to ensure the efficient delivery of services and value for money are achieved. Savings of £4.726m were identified during the 2010/11 budget process with a further £0.5m from education, a significant proportion of which could be</p>

	<p>classified as efficiency savings.</p> <p>The Council is also making good progress towards achieving the 3% for 2008/09 and 2009/10 and 4% for 2010/11 cash releasing savings required under the Government's Delivering Efficiency Agenda (National Indicator 179) and an estimate of £4.8m was submitted as the projected NI 179 efficiencies for 2009/10. Delivering Value for Money is integral to the Service &amp; Financial Planning Process.</p>
<p>Financial Risks inherent in any new funding partnerships, major outsourcing deals or major capital developments</p>	<p>There are a number of major capital projects that have been identified which require careful project management and monitoring during 2010/11 and beyond to ensure commitments are matched by funding actually achieved, particularly the reliance on capital receipts and future government funding levels for the council and its public sector partners. These include the Town Centre Redevelopment and Borough Towns Initiative, BTI - Schools &amp; Learning Communities, the Local Housing Investment Programme and New Civic Offices.</p>
<p>The availability of other funds to deal with major contingencies</p>	<p>General reserves may have to be used temporarily and restored if revenue contingencies, management and policy action is insufficient to deal with a major issue.</p>
<p>The overall financial standing of the authority (level of borrowing, debt outstanding, collection of council tax etc.</p>	<p>The Council's approach to sustaining its overall sound financial position is covered in a number of sections of this Appendix already . The overall projected net indebtedness position at 1 April 2010 is £48m; net prudential borrowing anticipated in the medium term strategy is £44.3m which relies on capital receipts totalling £77.1m (in 2010/11 and future years; further information is provided in both the Capital Programme and Treasury Management Strategy Reports). The Council budgets prudently for its level of borrowing, avoiding external borrowing where cash flow permits. The assumed council tax collection rate for 2010/11 onwards is high at over 99%, but being achieved already for past years. This adjustment also allows for additional 'in year' losses such as increased take up of Single Person Discount and other reliefs. For each 1% not collected the cost is approximately</p>

	<p>£0.54m in lost income to the Council. Legislation requires that any collection fund deficit is corrected through Council Tax in the next year.</p> <p>Cumulative collection rates for recent years are (as at October 2009)</p> <table data-bbox="667 450 954 633"> <tr> <td>2004/05</td> <td>99.48%</td> </tr> <tr> <td>2005/06</td> <td>99.48%</td> </tr> <tr> <td>2006/07</td> <td>99.52%</td> </tr> <tr> <td>2007/08</td> <td>99.34%</td> </tr> <tr> <td>2008/09</td> <td>98.88%</td> </tr> </table> <p>Recovery for all years is projected to be well over 99% finally.</p>	2004/05	99.48%	2005/06	99.48%	2006/07	99.52%	2007/08	99.34%	2008/09	98.88%
2004/05	99.48%										
2005/06	99.48%										
2006/07	99.52%										
2007/08	99.34%										
2008/09	98.88%										
<p>The authority's track record in budget and financial management</p>	<p>The Council continues to demonstrate strong financial management with outturn being within +/- 1% of the net budget set:</p> <ul data-bbox="671 936 1353 1043" style="list-style-type: none"> <li>• 2006/07 –underspent by £0.479m (0.47% of budget)</li> <li>• 2007/08 – underspent by £0.300m (0.27% of budget)</li> <li>• 2008/09 - underspent by £0.366m (0.31% of budget)</li> </ul> <p>This demonstrates continued strong financial management, despite considerable pressure on service budgets, notably children's social services.</p>										
<p>The strength of the financial information and reporting</p>	<p>Use of Resources forms part of the Audit Commission Comprehensive Area Assessment (CAA) for Local Authorities and focuses on financial management and its links to the strategic management of the authority. Revised CAA methodology has made it a more challenging test for Local Authorities with more emphasis on value for money and on outcomes for local people. In 2009, the Council scored 2 overall out of a maximum 4 for the new Use of Resources judgement in line with the majority of authorities.</p> <p>Financial monitoring is provided on a monthly basis and budget and closedown reports are consistently prepared within the statutory deadlines.</p>										
<p>Virement and Year End Procedures</p>	<p>The Council has clear rules relating to virement and the carry forward of under/over spends which are set out in the financial regulations.</p>										

	<p>Virement is an important feature of budgetary control. It provides flexibility to adapt expenditure patterns to meet changing needs and objectives, consistent with Council policy.</p> <p>No Head of Service or Business Manager should plan to overspend. All expenditure should be consistent with service and business plans and the overall approved budget. All underspends or deficits on controllable budgets at year end will be carried forward to the next financial year as first call on the budget for the following year.</p>
<p>The adequacy of the authority's insurance arrangements to cover major unforeseen risks</p>	<p>The Council's insurance arrangements are a balance between external insurance premiums and internal funds to "self insure". The Council use the services of an external insurance advisor to provide additional expertise in managing insurance arrangements.</p> <p>The insurance section work closely with the Audit &amp; Risk Manager to identify insurance related risk areas and recommend ways of mitigating future risk.</p>

These assumptions are reviewed on an annual basis.

## **Reserves & Balances Policy**

### **Introduction**

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

### **Types of Reserves and Balances**

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

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

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

Some of the most commonly established earmarked reserves are:

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

### **Level of Reserves and Balances**

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

Reserves and balances are only maintained in accordance with the risk assessment undertaken and are used in a planned way. Therefore the opportunity cost of maintaining the determined levels is kept to a minimum while interest is earned on the retained amount.

### **Process**

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

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

The key financial risks will also be identified and an assessment of estimated exposure and possible mitigation will be made. This will link to the Council's key strategic risk register. The conclusion of this risk evaluation process will determine the resources available over the medium term to support the Council's budget.

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

### **Responsibilities and Reporting Mechanism**

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

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

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

### **Legal Framework**

This policy is in accordance with the following legislation:

Local Government Finance Act 1992 - The balanced budget requirement  
Local Government Act 2003 – The Chief Finance Officer’s duty to report on the robustness and adequacy of reserves when the authority is considering its budget requirement

Local Government Act 1972 – the requirement for each authority to make arrangements for the proper administration of their financial affairs and that the Chief Finance Officer has responsibility for the administration of those affairs

## **APPENDIX 6a) – BUDGET CONSULTATION RESPONSES**

### **1. WHO DID WE CONSULT?**

The strategy set out in this report has been informed by a wide-ranging consultation and engagement programme with the local community. This has included:

- A postal survey of the Community Panel of 1350 local residents (534 responses, 40% response rate)
- ‘Your Money, Your Views’ – a consultation document summarising the main budget proposals (275 responses). This consultation was designed to be accessible to everyone – people were able to give their views online, by freepost or in person.
- Engagement events in the Borough Towns (Newport, Madeley, Wellington, Oakengates and Dawley) – 455 people took part in an exercise prioritising 12 of our key services (see Section 2.2)
- Meetings with external and internal stakeholder groups, including:
  - Parishes Forum
  - Voluntary and Community Forum
  - Chamber of Commerce
  - Young People's Forum
  - Connecting Communities Group
  - Rural Forum
  - Disabilities Forum
  - Local Strategic Partnership Executive
  - Head Teachers/Diocesan Representatives
  - Joint Information and Consultation Forum (JICF) – Trade Unions
  - Corporate Employee Focus Group

This year the timing of our budget consultation meant that unfortunately we were unable to meet with the Senior Citizens' Forum. To ensure that members of this group had an opportunity to give their views, we sent out copies of ‘Your Money, Your Views’ to all members of the Senior Citizens' Forum (approximately 1300 in total).

The budget strategy was also considered by the Value for Money Scrutiny Group, which comprises members from all political groupings. Appendix 6b) sets out the Value for Money Scrutiny Group's formal comments on the budget.

Section 2 of this appendix summarises the responses received to date. Full results can be viewed at <http://www.telford.gov.uk/Council+democracy/Consultations/>.

## 2. WHAT DID PEOPLE TELL US?

This year we asked for views on the following themes:

### 2.1 THE WAY WE RUN THINGS

The Community Panel were asked two overall questions about how we run things:

- To what extent do you agree or disagree that the Council's Budget Strategy will benefit the local community? - 79% agree, 3% disagree
- How satisfied or dissatisfied are you with the way Telford & Wrekin Council runs things? – 86% satisfied, 6% dissatisfied (which compares very favourably with a figure of 68% in April 2009)

These results are reinforced by a number of positive comments from Panel and 'Your Money, Your Views' respondents about the Council's spending and savings plans and willingness to listen to the views of local people.

### 2.2 BUDGET PRINCIPLES

The Community Panel were asked to what extent they agreed or disagreed with a number of key principles that underpin the budget strategy.

**Table 1- Budget Principles**

<b>Budget principle</b>	<b>% of Panel who strongly agreed or agreed with principle</b>
Spread our resources fairly and openly across the Borough, whilst taking account of the needs of different areas	95%
Seek to minimise the level of Council Tax increase, balanced against growing demands for Council services and protecting services from cuts	95%
Deliver efficiencies and savings, as far as possible minimising the impact on the quality of services	95%
Develop spending plans that are based on and address the community's needs and priorities	94%
Look for external investment e.g. Government grants, to create prosperity and success	93%
Keep the use of Council reserves to a minimum and use only when we need to	89%
Set aside some additional money to deal with any unforeseen circumstances caused by the current economic situation	86%
Sell some of the Council's poor performing land and property to fund community priorities (if it is practical and prudent to do so)	73%

Table 1 suggests that there is strong support amongst the Community Panel for the majority of core principles that we have used to develop our strategy. The principle with the lowest level of agreement (73%) and highest level of disagreement (14%) is

'sell some of the Council's poor performing land and property to fund community priorities'.

### **2.3 SPENDING PLANS AND PRIORITIES**

Consultation focused on four areas:

#### **a) Running Day to Day Services**

The Community Panel were asked to what extent they supported or opposed the specific revenue investments planned for 2010/11 (Adult and Children's Social Care, funding for services to help people affected by the economic downturn and a proposed new Community Fund – see Section 2.2b). The Panel were also asked to identify which of these three investments would be their top spending priority.

**Table 2 – Revenue Investments**

<b>Investment</b>	<b>% of Panel who strongly support or support</b>	<b>% of Panel who identified as top priority</b>
Extra funding for Adult Social Care Services to support older people and vulnerable adults	90%	41%
Extra funding for Children's Social Care Services to help protect vulnerable children	88%	41%
Extra funding to help people affected by the economic downturn	72%	18%

Table 2 shows that there is strong support for the additional funding for both Adult and Children's Social Care Services with equal percentages of people (41%) identifying these as their top priority. There is also support for helping people affected by the economic downturn (72% support and only 7% oppose), although a much lower percentage of people (18%) prioritised this above Social Care Services.

The Panel were also asked to consider the importance of 12 day to day services and to prioritise which 5 were most important to the community overall. We also ran a similar service prioritisation exercise in the Borough Towns and at most of our consultation meetings (a total of 573 people took part). Everyone who took part was given 5 tokens (each worth £100,000) to 'spend' on the service or services that they thought were most important.

**Table 3 – Service Priorities**

<b>Service</b>	<b>% of Panel who identified as a 'Top 5' priority</b>	<b>Overall service rankings from all events and meetings</b>
Maintenance of roads, pavements and street lights	67%	4
Crime and safety	66%	1
Social services for disabled adults and older people	57%	2
Education	54%	3

Waste collection and recycling	51%	8
Social services for children	48%	5
Environmental maintenance	40%	9
Transport	32%	7
Housing	30%	6
Leisure and culture	23%	10
Economic development/support for local business	19%	11
Benefits advice	6%	12

Table 3 highlights some differences between the results for the Community Panel and the overall results of the service prioritisation exercise carried out at consultation events and meetings. For example, compared to people who took part in meetings and events, the Community Panel appear to place:

- More importance on maintenance of roads, pavements and street lights, waste collection and recycling and environmental maintenance; and
- Less importance on housing

However, there does appear be broad overall agreement that the 4 highest service priorities are:

- **Crime and safety**
- **Maintenance of roads, pavements and street lights**
- **Social services for disabled adults and older people**
- **Education**

And the 3 lowest service priorities overall appear to be:

- Leisure and culture
- Economic development/support for local business
- Benefits advice

Clearly, there was variation in priorities across the different consultation meetings and events. For example:

- Voluntary and Community Forum – identified Environmental Maintenance as their top priority (ranked 9<sup>th</sup> overall)
- Young People’s Forum – identified Transport as their top priority (ranked 7<sup>th</sup> overall)

## **b) Community Fund**

The Community Panel were asked to what extent they supported or opposed the creation of a new Community Fund. The results were that 75% of respondents support setting up the Community Fund, whereas 11% are opposed to it (though as seen below, in most cases this was not because they were generally against the principle).

There was a great deal of debate and interest in the Community Fund at the consultation meetings. A lot of people expressed support for the proposal, giving reasons such as:

- “small grants can make a big difference to the community”

- “gets people working for their communities”
- “gives people some control”

However, a number of issues and concerns were raised. The main reason why people are opposed to the Community Fund is a concern that not enough money is being allocated to the fund to make a real difference, for example: “£150,000 goes nowhere in today’s climate”, “keep hold of the money for when funding runs low”. Some people also feel that administering the scheme could be time-consuming and costly. A very small number of people felt that the Council and not local people should decide how resources are allocated, raising the concern that the Community Fund could lead to competition and bad feeling between and across communities.

In terms of how the fund should work, there is a general view that local people should be actively and directly involved in deciding how money is allocated and that money should be spread ‘fairly’ across the area and different age groups.

Further consultation will be needed to develop this project in detail, as a number of different suggestions have been made about how funding should be distributed, including:

- Money distributed by Parish - local people/organisations apply for grants to their local Town/Parish Council who allocate funding based on their existing grants policies;
- Money distributed by ward - ward Councillors engage with local people and organisations e.g. at public meetings, to decide how to allocate funding locally;
- Money held in a central pot – local people/organisations bid for funding to a central committee.

The Panel questionnaire and ‘Your Money, Your Views’ asked people how they thought the Community Fund should be spent. A very high percentage of people commented on this – to date, we have received over 600 suggestions, which is a very positive indication of how the fund can engage and involve local people.

### **How should the Community Fund be spent?**

The 627 suggestions from ‘Your Money, Your Views’/Panel included<sup>1</sup>:

- **Sport & leisure facilities** (117) e.g. a skate park<sup>2</sup>
- **Roads and pavements/environmental maintenance** (101) e.g. repairing potholes, pedestrian/zebra/school crossings, dropped kerbs, litter picking, cycle paths
- **Facilities and activities for young people and teenagers** (74) e.g. youth clubs, after school clubs, music/arts projects (DJ workshops etc)
- Preventing crime and anti-social behaviour (55) e.g. more CSOs, more CCTV, free door chains and smoke alarms
- Improving the appearance of Borough Town Centres (41)
- Looking after or creating new open spaces and play areas (37) e.g. community gardens, allotments, wildlife areas, tree/bulb planting
- Support for/grants for community groups (37) e.g. resident’s groups, local playgroups/clubs, history/heritage groups
- Facilities and activities for older people (32) e.g. outings, help with gardens, clubs
- Improving or developing community centres/meeting places (24) (not necessarily Council-run)
- Helping older people to stay at home (15) e.g. home helps, meals on wheels

- Supporting housing/homeless projects (14)
- Arts/music/theatre (12)
- Car parking on estates (8)
- Traffic calming/enforcement (8)
- Local events (7) e.g. fun days, Ironbridge/Wellington festivals
- Plastic recycling (7)
- Gritting (5) e.g. provide more grit boxes so people can look after their own areas
- Improving New Town Estates (5)
- Adult Education and Training (5)

1 - All ideas suggested 5 or more times shown, 3 most frequent are shown in bold (full results will be put on the Council's Website at the end of the consultation period)

2 – 99 separate responses were sent requesting that the Council builds a new large concrete undercover skate park

### c) Long-term Investments

The Community Panel were asked for their views on a range of 10 longer-term (capital) investments. Results are shown in Table 5 at the end of this Appendix.

In addition, people who attended consultation meetings were asked in groups to agree the 5 most important long-term investments from the same list of 10, giving reasons for their choices (see also Table 5).

The area that caused the most discussion at consultation meetings was priorities for regenerating the Borough. Table 5 suggests that there is significantly more support for regenerating the **Borough Towns** (83%, ranked as top priority at consultation meetings) than redeveloping **Telford Town Centre** (38%, ranked 7<sup>th</sup> priority). Whilst there appears to be broad consensus about the Borough Towns Initiative, views about Telford Town Centre are more mixed, although there is strong support from some groups, for example the Voluntary and Community Forum.

In the consultation meetings, it was clear that some people feel that there is a clear choice to be made between regenerating either the Town Centre or the Borough Towns – a number of people talked about the Town Centre and the large retail parks being 'competition' for smaller businesses in the Borough Towns. The other main reason for the strong level of support for Borough Towns appears to be that people identify more and feel a greater sense of community in their 'local' centre', for example "I see Telford Town Centre as a posh new house with granite worktops that you don't want to live in and the Borough Towns as a home".

27 Community Panel/'Your Money, Your Views' respondents commented specifically that they did not think we should be prioritising the Southwater development (particularly new Civic Offices) in the current economic climate. Most of these people did not object to the re-development itself but the timing of it.

Views about regenerating the **New Town Estates** also vary - 65% of Community Panel members support this initiative and 13% oppose it. Although some people feel that a lot of money has already been spent on these areas, particularly South Telford, there also appears to be a general acceptance that there is a need to improve these areas.

Almost three-quarters (72%) of the Panel support the creation of new **Sports & Learning Communities** (this was ranked as the 3<sup>rd</sup> = highest priority overall at consultation meetings).

The issue of **housing** also generated much debate. Interestingly, there appears to be stronger support for Extra Care housing (88%, ranked 2<sup>nd</sup> priority at consultation meetings) than supporting the building of new homes (64%, ranked 6<sup>th</sup> priority). The main reasons for this appear to be concerns about the number of new houses being built, particularly in rural/'green' areas and a view that the Council should not get involved in house-building.

Table 5 also shows high levels of support amongst the Community Panel for investing more in **roads and pavements (97%), street lights (88%), improving recycling (81%) and parks/play areas (74%)**. However, at consultation meetings, opinion was divided about the relative importance of these investments. For example, street lights were ranked as the least important priority overall, although the Disabilities Forum placed relatively more importance on this due to safety concerns. Recycling was ranked as 9<sup>th</sup> priority overall, many people expressing the view that we already have an excellent recycling service.

#### d) Missing Priorities

Everyone who took part in consultation also had the opportunity to raise any other priorities that they thought were missing from the proposed spending plans.

Looking at overall responses to 'Your Money, Your Views' and the Community Panel, there appears to be a high level of agreement with and support for the Council's spending plans and priorities.

#### **Is there anything missing from our priorities?**

192 responses from 'Your Money, Your Views'/Panel included<sup>1</sup>:

- **Skate park (25)**
- **More support for local shops and businesses and tourism promotion Borough-wide (21)**
- **Cheaper and more reliable public transport and better concessionary travel scheme (16)**
- More environmental maintenance (13)
- Gritting of side roads and pavements and provision of grit boxes (12)
- Plastics recycling (8)
- Public footpaths/cycle ways (8)
- Out of school activities for children and young people (8)
- Arts/music/theatre (7)

1 – All issues raised 5 or more times shown, 3 most frequent are shown in bold (full results will be put on the Council's Website at the end of the consultation period)

A number of other priorities were identified by stakeholder groups, including

- More British Sign Language interpreters to help deaf people access Council services (Disabilities Forum)
- More emphasis on equalities and diversity and making services racially/culturally sensitive (Connecting Communities Group)

- More activities for young people, particularly cultural/social activities (Rural Forum, Young People's Forum)
- More help with grant applications (Rural Forum)
- Economic development/regeneration of rural areas – possibly set up a rural regeneration partnership? (Rural Forum)
- Rural footpaths and bridleways (Voluntary and Community Forum, Parishes Forum)
- Lower priced public transport for CYP (Young People's Forum)
- Commercial transport links e.g. Cosford – airport (Parishes Forum)
- More support for jobs for young people, particularly graduates – along with facilities/activities for this group that will encourage young people to return to Telford after college/university (Young People's Forum, Connecting Communities Group)
- Regeneration of other areas e.g. Trench, Donnington, St. Georges (Young People's Forum)
- Improvement of industrial estates and more marketing of Council-owned commercial properties (Parishes Forum)
- More support for start-up operations (Parishes Forum)
- More wardens/Community Support Officers e.g. in parks/play areas (Young People's Forum)

## **2.4 SAVINGS PLANS**

The Community Panel were asked to consider two specific savings proposals (switching off certain street lights between midnight and 5.30am and providing Travel Link Shop services in different ways).

**Table 6 – Savings Proposals**

<b>Savings Proposals</b>	<b>% of Panel who strongly agreed or agreed</b>
Switching off street lights	74%
Providing Travel Link Shop services in different ways	76%

Table 6 suggests that there approximately three-quarters of the Panel agree with both these proposals, although the percentage of people disagreeing is slightly higher for turning off street lights at night (18% disagree/strongly disagree) than for providing Travel Link services in different ways (10% disagree/strongly disagree).

The main reasons for opposing the street light proposal appear to be concerns about safety and impact on disabled people, particularly the visually impaired. For Travel Link, a number of people raised issues about the use of screens/technology for public transport information, for example that older people may not be able to use them or that they may be damaged or vandalised.

The results of consultation on the Travel Link Shop will be included in a full business case, which will be considered by Cabinet in March 2010.

The Panel questionnaire and 'Your Money, Your Views' also asked people what else they thought we should stop doing or do less of.

### **Is there anything else you think we should stop doing or do less of?**

308 responses from 'Your Money, Your Views'/Community Panel including<sup>1</sup>:

### **Reduce employee/Councillor costs**

- Get rid of more senior managers/non-essential jobs (26)
- Reduce Councillor expenses (21)
- Reduce/freeze employees' pay (17)
- Stop final salary pensions and other benefits (10)
- Use volunteers/people doing community service for environmental maintenance etc. (7)
- Manage poor performance (5)

### **Reduce/change services**

- Reduce the number of street lights or use more energy efficient lights (21)
- Reduce/review traffic lights/management (12)
- Proactive road surfacing i.e. do the job properly the first time to save patching several times later (invest to save) (5)

### **Get the best price for services**

- Outsource/contract out services e.g. catering and review existing contracts e.g. TWS (6)

### **Bring more money in**

- Increase fees and charges (13), particularly introduce a small charge for bus passes (6)
- More fines/penalties for people who litter, don't recycle etc. (7)
- Sell land/assets (8)

### **Cut out red tape/waste**

- Reduce the frequency/quality of publicity material and review use of translation/interpretation\* (23) and less consultation (5)
- Buy less stationery/furniture/ICT (13)
- Reduce printing and postage (12)
- Stop all refreshments/lunches/hospitality (9)
- Less meetings (8)

1 - All issues raised 5 or more times shown (full results will be put on the Council's Website at the end of the consultation period)

\*The Connecting Communities Group raised a concern about reviewing translation and interpretation, as these are crucial services for some people. Whilst we do need to promote and support the use of English, we need to do this in a sensitive way and recognise the difficulties that people experience with this.

## **2.5 COUNCIL TAX**

The Panel questionnaire and 'Your Money, Your Views' asked people to what extent they supported or opposed the proposed Council Tax increase of 1.9%. Those who did not support the proposed increase were asked to give their reasons.

Amongst the Panel, there is strong support for the Council's proposal of 1.9% with 85% of the Panel respondents stating that they strongly support or support the proposed

increase. However, for 'Your Money, Your Views' this figure drops to 46% (it should be noted that around 30% of respondents neither support nor oppose the proposal).

People who oppose the proposal (8% - Panel, 23% 'Your Money, Your Views') fall into two distinct groups: those who think the increase is too high and those who think it is too low.

Of the 77 people who gave their reasons for opposing the increase (it should be noted this is only 9% of the total respondents), about two-thirds think that the increase should be lower or that there should be no increase at all, for example:

- 'It is hard enough for the little people to cope in this recession without putting up costs'
- "Although a reduction in costs is laudable, it is still not ZERO increase"

However, there is also a group of 26 people (34%) who feel that the Council should consider a higher increase in order to protect public services, for example:

- "At these tight times, ...more on council tax would not hurt me too much, but cuts in services would"
- "If we in Telford want the best of services, we must be prepared to pay for them"

**Table 5 – Long-Term Investment Priorities**

<b>Proposed Investment</b>	<b>% of Panel who strongly supported or supported</b>	<b>Overall ranking (consultation meetings)</b>	<b>Examples of comments and reasons for prioritisation (consultation meetings)</b>
Invest more in roads and pavements	97%	3=	“please repair the crumbling infrastructure”, “ice/frost has caused damage”, “save money – prevent accidents”, “make easier for disabled people”, “people’s morale affected by shabbiness”, “should include public footpaths and bridleways”, “everyone uses”
Extra care housing	88%	2	“Need a lot more money – ageing population, demand will increase”, “deaf people need to have specialist accommodation ... and not become isolated”, “looking after those who need help – better quality of life for elderly and disabled”, “need to live independently”
Invest more in street lighting	88%	10	“Really important for older people and deaf people who rely on their eyes”, “helps to feel safe”
Improve Borough Town Centres	83%	1	“Places where you can have more specialist shops and community facilities as well”, “heart of local communities”, “their inhabitants deserve and need to see that their neighbourhood is in its own way as valuable and valued as the Town Centre”, “improve local economy”, “support smaller business”, “everyone has an affinity with one of the six”
Improve recycling facilities	81%	9	“Save the planet!”, “save landfill costs/tax”, “extend to business/industry”
Improve parks and play areas	74%	8	“We need to maintain along with areas for wildlife”, “giving people something to do – reducing crime”, “people enjoying their environment”, “no more development on green places, access to all”
Create new Sports & Learning Communities	72%	3=	“Schools should have dual roles”, “more things for children and young people to do”, “more schools like Hadley Learning Community”, “investing in children and young people for the future”, “local communities can benefit from facilities”, “sport important”
Improve New Town Estates	65%	3=	“Because some of them are becoming physically run-down and need restoration”, “reducing stigma and reputation”, “reducing crime”, “improving places we live and community pride”, “improve existing housing prior to building more”
Support more new homes	64%	6	“To help local people stay local”, “should be more cheaper, rented accommodation and social housing”, “especially rural areas and make sure there are more affordable homes”, “happy home helps to maintain happy family”, “growing town – low wage area”
Re-develop Telford Town Centre	38%	7	“Attract people to visit – late night opening/entertainment like ‘Star City’ in Birmingham”, “to improve the economy”, “because it is merely a shopping complex not a town centre”, “Telford needs a ‘heart’”, “create community spirit”, “bring in new wealth, image, attract new businesses”



**VALUE FOR MONEY SCRUTINY GROUP**  
**FEEDBACK ON THE CABINET'S SERVICE AND FINANCIAL**  
**PLANNING PROPOSALS FOR 2010/11 – 2012/13.**

The Value for Money Scrutiny Group (VfMSG) is a cross party Group of six elected members and a co-opted member of the public. The Group have met on three occasions to discuss the Cabinet's budget proposals. The Group also issued an invitation to the three opposition Group Leaders to present any alternative budget proposals to them, although were informed that no alternative proposals would be submitted.

Members of the VfMSG would like to extend their thanks to the range of members and officers that assisted them during their consideration of the service and financial planning proposals for 2010/11 – 2012/13.

The Cabinet launched their budget consultation process on 8th December with the release of detailed proposals in respect of the investment package, savings, use of balances and the proposed strategy for council tax increases.

The Chairman of the VfMSG was invited to present the Group's response to Cabinet when it considers the final proposals. The Cabinet's final proposals are due to be discussed at Cabinet on 23<sup>rd</sup> February with the council tax for 2010/11 being set at Council on 4<sup>th</sup> March. As part of its consideration of the proposals, the Group met with:-

- Cabinet Member: Resources
- Cabinet Member: Active Lifestyles, Leisure & Culture
- Cabinet Member: Housing, Regeneration, Prosperity
- Corporate Director: Resources
- Head of Finance
- Leader of the Labour Group

Written answers to a range of questions on further areas raised by members were also provided in order to clarify some of the proposals.

There was general support from the Group for the overall service and financial planning strategy put forward by the Cabinet, although the current pressure on budgets was acknowledged to be worse this year than in previous years. However, members have a number of comments that they would like the Cabinet to consider prior to finalising their proposals:-

**Children & Young Peoples' Services**

1. The Group welcomes the proposed additional investment of £1.9m and the contingency of £0.5m into Children and Young Peoples' Services, but expressed concern that with a projected overspend of £3.2m in the current year, there is a significant risk of overspend in 2010/11.

2. That the Council continues to make representations to government to highlight the iniquity of local authorities having to bear the additional costs of bringing a greater number of children into care when the authority has no control over the additional demand.
3. That the Council considers joint commissioning and procurement of placements for Looked After Children with neighbouring authorities wherever possible to increase bargaining power and drive costs down.
4. That safeguarding of children is uppermost in the Group's minds.

#### Capital Programme

5. The Group acknowledges the courageous steps the authority is taking to improve the area through the regeneration of the borough towns and schools as part of the BTISLC programme, but recommends that the government funding for the BSF programme is spent as quickly as possible in order to mitigate against any potential risk of reduced government funding created by the economic climate.
6. The Group acknowledges the additional strain that borrowing costs will put on the budget, but has mixed views on the level of comfort with this.

#### Revenue Budget

7. The Group notes the pressure on the rental income arising from the Property Investment Portfolio and that the shortfall in this year's budget was not fully projected into the following year, but that it would be closely monitored.
8. The Group has some concerns about the risks of increased borrowing costs and likely reductions in Revenue Support Grant from Government on the 2011/12 and 2012/13 revenue budgets, which will result in more significant cuts to services having to be considered.
9. The Group welcomes the proposed Council Tax increase of 1.9%.
10. The Group is disappointed to note the continuing loss of Revenue Support Grant (around £5m for 2010/11) to the Borough due to the dampening mechanism used by the Government to equalise grant allocations.
11. The Group is disappointed that the funds ring-fenced for improvements to the Definitive Map of Rights of Way following its recommendation during the last budget consultation has been used for only rural Parish areas whereas the Group's intention was for the money to be spent across all Parish areas.



## Equality Impact Assessment

**Name of Lead Officer:** Felicity Mercer, Policy Manager, Tel: (01952) 380136

**Service Delivery Unit:** Assistant Chief Executive

**Name of Policy / Function being assessed:** Service and Financial Planning (Budget) Strategy 2010/11 to 2012/13

### 1. What is the scope of the policy/function/practice?

<p>Think about:</p> <ul style="list-style-type: none"> <li>• Explaining the policy or function to an outsider</li> <li>• What does it include?</li> <li>• What does it not include?</li> <li>• Who is it chiefly aimed at?</li> </ul>	<p>The Service and Financial Planning Strategy sets out the Council's approach to planning and managing its resources over the next 3 years (2010/11-2012/13). It includes specific budget proposals for 2010/11, such as:</p> <ul style="list-style-type: none"> <li>- Spending plans (revenue and capital);</li> <li>- Savings plans;</li> <li>- Use of balances; and</li> <li>- Council Tax increase.</li> </ul> <p>For further details see the Cabinet report 'Overview and Revenue Report' and supporting appendices.</p>
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### 2. What is the purpose of the above?

<p>Think about</p> <ul style="list-style-type: none"> <li>• What is it trying to do?</li> <li>• What does it aim to achieve?</li> <li>• Would examples help to explain it?</li> </ul>	<p>The aims of the Service and Financial Planning Strategy are to ensure that we:</p> <ul style="list-style-type: none"> <li>- Allocate resources to community priorities; and</li> <li>- Set a balanced and sustainable budget (i.e. to ensure that we have enough money to be able to deliver priorities now and in the longer-term).</li> </ul>
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### 3. Who is defining or has defined the strategy policy / function and who implements it?

<p>Think about</p> <ul style="list-style-type: none"> <li>• Is it based on national guidelines or</li> </ul>	<p>The Service and Financial Planning Strategy due to be considered by Cabinet on 23 February 2010 and full Council on 4 March 2010 is based on and</p>
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<p>requirements?</p> <ul style="list-style-type: none"> <li>• Is it based on custom and practice?</li> <li>• Has it grown out of past policies?</li> <li>• Who is involved in its development? Managers/Staff/ elected members/service users?</li> </ul>	<p>refreshes the previous strategy (agreed by full Council in March 2009).</p> <p>The strategy is developed jointly by the Cabinet and the Corporate Management Team. The following members/senior officers play a key role in its development:</p> <ul style="list-style-type: none"> <li>- Leader of the Council</li> <li>- Cabinet Member: Efficient, Community-Focused Council</li> <li>- Corporate Director: Resources</li> <li>- Head of Finance</li> <li>- Assistant Chief Executive</li> </ul>
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**4. Who are all of the groups of people or organisations that are affected by this policy or function? (for example: customers / service users / partners / staff)**

<p>Think about</p> <ul style="list-style-type: none"> <li>• Internal and external people</li> <li>• Staff, partners, contractors, service users, potential service users, lead bodies,</li> <li>• national or regional bodies</li> <li>• Voluntary sector groups or organisations</li> </ul>	<p>This strategy affects everyone who lives, works or visits the Borough, in particular:</p> <ul style="list-style-type: none"> <li>- Residents – both as service users and Council Tax payers</li> <li>- Businesses</li> <li>- Voluntary sector organisations</li> <li>- Partner organisations</li> </ul> <p>It also directly affects our employees.</p>
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**5. Who are the key people to be involved in the assessment process?**

<p>Think about</p> <ul style="list-style-type: none"> <li>• A small team of people with sound knowledge and understanding of the policy or function</li> <li>• Someone with understanding of the information / data related to this work</li> <li>• Possibly a “critical friend”, someone who is one step removed from the policy or function who can ask questions you may not ask yourself.</li> </ul>	<p>A key part of developing and assessing this strategy is consulting and engaging with the community. For full details of who we have consulted with and their responses please see Appendix 6a of the main report referred to in Section 1.</p> <p>Consultation and engagement has included:</p> <ul style="list-style-type: none"> <li>- A postal survey of the Community Panel – a cross-section of 1350 local residents (534 responses)</li> <li>- ‘Your Money, Your Views’ – a consultation document on the main budget proposals (x responses). This consultation was designed to be accessible to everyone – people were able to give their views online, by freepost or in</li> </ul>
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	<p>person and included information about how to access the document in alternative formats and languages)</p> <ul style="list-style-type: none"> <li>- Engagement events in Newport, Madeley, Wellington, Oakengates and Dawley (455 people took part)</li> <li>- Meetings with:             <ul style="list-style-type: none"> <li>• Young People’s Forum</li> <li>• Connecting Communities Group</li> <li>• Disabilities Forum</li> <li>• Rural Forum</li> <li>• Voluntary and Community Forum</li> <li>• Parishes Forum</li> <li>• Chamber of Commerce (Policy &amp; Representation Board)</li> <li>• Local Strategic Partnership</li> <li>• Head Teachers/Diocesan Representatives</li> <li>• Joint Information and Consultation Forum (JICF) – Trade Unions</li> <li>• Corporate Employee Focus Groups</li> </ul> </li> </ul>
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**6. What equality specific data is readily available to help the development of this policy?**

<p>Think about</p> <ul style="list-style-type: none"> <li>• Profile of users</li> <li>• Local statistics / census data</li> <li>• Output information</li> <li>• Local / National research</li> <li>• Benchmarking information</li> <li>• Complaints/Comments/ Compliments</li> <li>• Informal feedback</li> </ul> <p>Also think about how this data can be broken down to inform you about the different equality groups</p>	<p>We use a wide range of data sources in developing the Service and Financial Planning Strategy, including:</p> <ul style="list-style-type: none"> <li>- Census data</li> <li>- Results of recent consultation exercises e.g. Place survey, Citizen’s Survey, Community Panel surveys</li> <li>- Data on impact of economic downturn e.g. unemployment figures/number of benefit claimants</li> </ul> <p>Across our services, we also have a wide range of data about the uptake of services by the different equality groups.</p>
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**7. What are the particular issues for the groups below in relation to this policy?**

<p>Age</p>	<ul style="list-style-type: none"> <li>- Increasing number of older people means extra demand for and pressure on Social Care services for older people;</li> </ul>
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	<ul style="list-style-type: none"> <li>- Some concerns about the impact on older people of providing Travel Link services in different ways (savings proposal), particularly use of screens for public transport information (Community Panel);</li> <li>- Relatively high levels of young people not in education, employment and training;</li> <li>- Some concerns about young people who leave the area for college/university not returning due to a lack of graduate-level jobs and facilities/.activities for young people (Young People's Forum, Rural Forum, Connecting Communities Group)</li> </ul>
Disability	<ul style="list-style-type: none"> <li>- As above, increasing demand for and complexity of care for disabled adults and children;</li> <li>- Some concerns about the impact on disabled people of switching off certain street lights between midnight and 5.30am (savings proposal) (Disabilities Forum/Community Panel);</li> <li>- Some deaf people report difficulties accessing Council services e.g. not enough British Sign Language Interpreters for local deaf people (Disabilities Forum)</li> </ul>
Gender/Transgender	<ul style="list-style-type: none"> <li>- No specific issues arising from consultation</li> </ul>
Racial group	<ul style="list-style-type: none"> <li>- There are issues around relatively low educational attainment and economic deprivation within some racial groups</li> <li>- Some concerns that there is not enough emphasis on equalities and diversity and that some Council services are not racially sensitive (Connecting Communities Group)</li> <li>- Some concerns about the impact on BME people of reviewing translation and interpretation services (Connecting Communities Group)</li> </ul>
Religion or belief	<ul style="list-style-type: none"> <li>- See above, some concerns that there is not enough emphasis on equalities and diversity and that some Council services are not culturally sensitive (Connecting Communities Group)</li> </ul>
Sexual orientation	<ul style="list-style-type: none"> <li>- No specific issues arising from consultation</li> </ul>
Location/ Urban / Rural	<ul style="list-style-type: none"> <li>- New Town Estates are physically deteriorating and some estates have relatively high levels of deprivation</li> <li>- Strong community support for regeneration of Borough Towns, some concerns that redeveloping the Town Centre will conflict with this</li> <li>- Some concerns that resources are being focused on Town Centre, Borough Towns and New Town Estates and not on other parts of Telford and the rural areas (Young People's Forum, Rural Forum)</li> </ul>
Deprivation	<ul style="list-style-type: none"> <li>- Impact of the economic/housing downturn on local</li> </ul>

	people and Council services
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### 8. How are you proposing to address the above issues within the policy?

Age	<ul style="list-style-type: none"> <li>- Extra revenue funding for Adult Social Care Services (£1.7m in 2010/11)</li> <li>- £1m capital funding for extra care housing (specialist housing for older people and disabled adults)</li> <li>- £117.8m capital funding to create new Sports &amp; Learning Communities</li> <li>- £500k capital funding to improve parks and play areas</li> <li>- The specific concerns about the proposed changes to Travel Link services will be reviewed in detail – we will work with the Transport Access Group to see how these can best be addressed (full details will be included in a business case to be considered by Cabinet in March 2010)</li> </ul>
Disability	<ul style="list-style-type: none"> <li>- Extra revenue funding for Adult Social Care Services (£1.7m in 2010/11)</li> <li>- Extra revenue funding for Children’s Social Services (£1.9m in 2010/11)</li> <li>- £1m capital funding for extra care housing (specialist housing for older people and disabled adults)</li> <li>- £2.1m capital funding for disabled facilities grants to help people stay in their own homes</li> <li>- £500k capital funding for improving street lighting – we will also monitor the impact of the specific savings proposal of switching off certain street lights on main roads between midnight and 5.30am by monitoring complaints and holding a 6-month review meeting with the Disabilities Forum</li> <li>- A separate meeting with the Deaf Group will take place to discuss and address access problems</li> </ul>
Gender/Transgender	<ul style="list-style-type: none"> <li>- No specific issues arising to address</li> </ul>
Racial group	<ul style="list-style-type: none"> <li>- £117.8m capital funding to create new Sports &amp; Learning Communities – this will help to address inequalities in educational attainment</li> <li>- A separate meeting will take place with members of the Connecting Communities Group to discuss how to make services more racially/culturally sensitive</li> <li>- A commitment has been given that translation and interpretation services will be changed not cut and that any review will be done in consultation with the Connecting Communities Group.</li> </ul>
Religion or belief	<ul style="list-style-type: none"> <li>- A separate meeting will take place with members of the Connecting Communities Group to discuss how to</li> </ul>

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	make services more racially/culturally sensitive
Sexual orientation	- No specific issues arising to address
Location/ Urban / Rural	<ul style="list-style-type: none"> <li>- £20m capital funding to regenerate Borough Towns</li> <li>- £11m capital funding to regenerate Woodside, Brookside and Sutton Hill</li> <li>- £59.2m capital funding for Phase 1 of the redevelopment of Telford Town Centre</li> <li>- Of £6.3m capital funding for roads and pavements, £2.5m will be for rural areas</li> <li>- £150k revenue funding for a new Community Fund – exactly how this money will be allocated is yet to be determined, however results of consultation suggest that the general view is that money should be allocated evenly across the Borough (i.e. including areas not covered by the above projects)</li> </ul>
Deprivation	<ul style="list-style-type: none"> <li>- £20m capital funding to regenerate and encourage the economic development of the Borough Towns</li> <li>- £11m capital funding to regenerate Woodside, Brookside and Sutton Hill</li> <li>- £59.2m capital funding for Phase 1 of the redevelopment of Telford Town Centre</li> <li>- £76k revenue funding for 2010/11 to help people affected by the economic downturn e.g. funding the Citizen's Advice Bureau to provide services like debt-counselling at the Council's one-stop shop</li> <li>- Proposal to limit the increase in Council Tax to 1.9% (31p per week on an average home) in recognition of the difficult economic situation facing Council Tax payers</li> </ul>

**9. Before you finalise to your policy, who are you consulting with or planning to consult with?**

<p>Think about:</p> <ul style="list-style-type: none"> <li>• Who are you consulting with as part of the development process.</li> <li>• Can you monitor your consultees to assess if all groups are being reached.</li> <li>• Is it one particular Equality and Diversity strand of customer (i.e. disabled people) that your amendments need to focus on</li> <li>• Do you need to involve partner agencies/ staff members / national organisations in this consultation exercise?</li> <li>• What is your time scale?</li> <li>• Do you need to speak to the Council's Consultation, Research &amp; Information</li> </ul>	<p>See Question 5. We have aimed to consult with a wide range of groups and forums and we have also monitored participation in the Community Panel Survey and the Borough Towns engagement events (see Appendix 1).</p>
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Manager? ( Extension 80132)	
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**10. What format is your consultation taking / going to take?**

<p>The council needs to take a co-ordinated approach to consulting with the community , therefore please liaise with your PEG reps / CALM Group in ACC / and recorded your consultation on the Consultation Register?</p> <p>Think about</p> <ul style="list-style-type: none"> <li>• Have you already got a group you participate with (for example a bus users group that is representative of the identified groups you wish to consult with)</li> <li>• Have you discussed with your PEG members whether a joint approach could be made?</li> <li>• Have you identified any overlap with other service areas /partnerships where joint consultation could take place</li> <li>• Are you aware of the council's consultation strategy and support available through policy? (for example community panel)</li> <li>• Have you planned that it may take more than one consultation exercise to get the information you are after?</li> </ul>	<p>See Question 5.</p>
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**11. How are you planning to give feedback to the people who have been consulted?**

<p>Think about</p> <ul style="list-style-type: none"> <li>• Letting the consultees aware of where the documentation will be published</li> <li>• Asking the consultees if they would be willing to be “critical friends” in the future</li> </ul>	<ul style="list-style-type: none"> <li>- The results of all consultation is being published on the Council's Website (for internal stakeholder groups on the Intranet)</li> <li>- Notes of all consultation meetings have been sent to chairs/group organisers for circulation</li> <li>- A summary of all consultation will be included as part of the Cabinet/Council report – there will also be a separate</li> </ul>
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	<p>press release covering the results of consultation</p> <ul style="list-style-type: none"> <li>- Members of the Community Panel will receive details of the results in a 'feedback' newsletter</li> </ul>
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**12. How are you going to monitor the equality impact of this policy or function on customers in the future?**

<p>Think about</p> <ul style="list-style-type: none"> <li>• Monitoring forms</li> <li>• User information</li> <li>• Output information</li> <li>• Local / national research</li> <li>• Benchmarking information</li> <li>• Complaints/comments/compliments</li> <li>• Informal feedback</li> <li>• User groups</li> </ul>	<p>We will continue to encourage the monitoring of uptake of and satisfaction with different services Council-wide across all equality strands in order to inform future budget processes.</p>
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**13. What do you anticipate the longer term equalities outcomes will be as a result of this EIA?**

<p>We anticipate that the development of the Service and Financial Planning Strategy and this EIA will ensure that our plans reflect the needs and priorities of the whole community and that we spread our resources fairly across the Borough, whilst recognising difference and disadvantage.</p> <p>All Council services are being encouraged to monitor take-up of services and satisfaction with services by the different equality strands and the results will be monitored and used to ensure continuous service improvement.</p>
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**Appendix 1 – Monitoring Data (Engagement Events)**

<b>Equality Strand</b>	<b>Engagement Events (Borough Towns)</b>
Age	0-11 – 0% 12-18 – 5.9% 19-25 – 8% 26-39 – 17.5% 40-64 – 39.9% 65+ - 28.7%
Disability	24.6% considered themselves to have a disability
Gender/Transgender	Gender - 36.2% male/63.8% female  Transgender – 2.2%
Racial group	White – 93.3% Asian or Asian British – 3.9% Mixed – 1.4% Black or Black British – 1.8% (More detailed analysis available)
Religion or belief	Christian – 58.2% Muslim – 0.5% Sikh – 1.5% Hindu – 2.6% No religion – 34.5% Rather not say – 2.6%
Sexual orientation	Heterosexual – 94.1% Lesbian/gay – 0.5% Bi-sexual – 0.5% Rather not say – 4.8%

**Appendix 2 – Monitoring Information (Community Panel)**

The following is an example of the analysis that has been done for one question only – full data is available

Q1. How strongly do you agree or disagree with each of these principles?		Gender		Age			Disability		BME		Community Cluster					Urban
		Count	Male	Female	18-39	40-59	60+	No disability	Disability	White	BME	Newport	Wellington	Telford North	Telford Central	Telford South
Seek to minimise the level of Council Tax increase, balanced against growing demands for Council services and protecting services from cuts	Strongly agree	305	55%	61%	55%	52%	63%	58%	56%	57%	63%	58%	59%	55%	64%	57%
	Agree	197	39%	35%	40%	44%	33%	36%	40%	38%	30%	38%	38%	35%	33%	41%
	Neither	13	3%	2%	3%	3%	1%	3%	2%	2%	7%	3%	1%	4%	1%	0%
	Disagree	6	1%	1%	3%	0%	2%	1%	1%	1%	0%	2%	1%	2%	1%	0%
	Strongly disagree	6	2%	0%	0%	1%	0%	1%	1%	1%	0%	0%	1%	2%	1%	0%
	Don't know	3	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	1%	0%	2%
<b>Total</b>		<b>530</b>	<b>273</b>	<b>251</b>	<b>40</b>	<b>173</b>	<b>253</b>	<b>331</b>	<b>143</b>	<b>471</b>	<b>46</b>	<b>66</b>	<b>85</b>	<b>161</b>	<b>98</b>	<b>54</b>

## **TELFORD & WREKIN COUNCIL**

**COUNCIL 4 MARCH 2010**

### **SERVICE & FINANCIAL PLANNING 2010/11 – 2012/13: CAPITAL PROGRAMME**

#### **REPORT OF THE CHIEF FINANCE OFFICER AND THE HEADS OF FINANCE, PROPERTY & DESIGN AND THE ASSISTANT CHIEF EXECUTIVE**

## **1.0 PURPOSE**

To agree a 2010/11 – 2012/13 capital strategy and capital programme, (including the proposed Asset Management Plan and related Building Maintenance programme).

## **2.0 RECOMMENDATIONS**

**Members are asked to approve the report and associated capital estimates which incorporates the Capital Strategy, the Capital Programme (Annex II), the Planned Building Maintenance Programme (Annex III), and Asset Management Plan (Annex IV).**

## **3.0 SUMMARY**

- 3.1 This report presents the Council's Capital Strategy for 2010/11 – 2012/13 and later years and a capital programme of £433.624m that includes the proposed investments included in the overall budget strategy. It also sets out the Council's Asset Management Plan and proposed planned Building Maintenance programme, particularly focusing on 2010/11.
- 3.2 The strategy and programmes address our corporate priorities in conjunction with the service and financial planning strategy.
- 3.3 The revenue cost of the use of the Council's own resources and unsupported borrowing are built into the proposed 2010/11 budget and future projections, while the cost of government supported allocations is met through a combination of Revenue Support Grant and direct capital grants, though the former is currently restricted by the government's heavy damping of the Council's grant increases.
- 3.4 The Asset Management Plan sets out the framework for assessing and prioritising property related issues. The approved framework has been adhered to in prioritising the planned building maintenance programme 2010/11. The building maintenance programme has been set in accordance with the proposed budget 2010/11 – 2012/13 and subsequent updates.

## **4.0 STRATEGIC OVERVIEW**

4.1 Telford & Wrekin is a Unitary Authority, which is responsible for one of the fastest growing areas in the West Midlands over the medium term. The Council is committed to delivering our **vision** for the community of:

*“A successful, prosperous and healthy community which offers a good quality of life for all the people of Telford & Wrekin”*

4.2 This is a shared vision which has been developed in consultation with the local community and the Telford & Wrekin Partnership. It underpins our Council Plan and Telford & Wrekin Partnership’s Vision 2026, Community Strategy and Local Area Agreement. It is supported by a framework of **Council Priorities** that relate to:

- **Housing, Regeneration & Prosperity**
- **Children and Young People**
- **Community Protection and Cohesion**
- **Environment and Rural Area**
- **Adult Care and Support**
- **Active Lifestyles**
- **Efficient, Community-Focused Council**

4.3 The underlying ethos in our long-term Vision and Priorities is about **transforming and improving the Borough** and these provide a major driver for identifying investment priorities. We support our corporate service and financial strategy with Priority Plans which articulate our medium-term plans, key targets and actions and how these align with capital and revenue resources. Our Asset Management Plan complements the Capital Strategy and, in relation to the Council’s facilities and land-holdings, is key to informing decisions on where capital spending needs to be targeted as well as identifying opportunities to make savings or generate capital receipts through asset disposals and property rationalisation. Our aim is to maximise the value and opportunities of our assets.

4.4 Through our service and financial planning process and strategy, our three overarching focuses are on:

- making and/or securing investment to create and sustain the long-term economic prosperity and success of the Borough and the realisation of Vision 2026;
- ensuring that current levels of service provision and facilities are fit-for-purpose to meet the needs and expectations of our community and enable people to enjoy a good quality of life; and
- Working to mitigate the effects of the economic downturn within the Borough and planning for the recovery by seeking to put in place the right policies and plans which will enable the Borough to be well-positioned to come out of the recession earlier and stronger.

4.5 The growth of the Borough and the ‘New Town effect’ of an ageing infrastructure have created a heavy burden in terms of the requirement for new investment in facilities and infrastructure. The former new Town housing estates, where

deprivation levels are high, are also in need of significant regeneration. These are major strategic challenges for the Council to address. Also, because it is a former New Town area, Telford & Wrekin does not have the land holdings or the planning powers and freedoms that exist in more traditional areas, so we cannot rely on traditional local authority methods in our approach.

4.6 As part of the development of our medium-term service and financial planning strategy, we carry out a detailed assessment of the key issues, pressures, needs and opportunities facing the Borough in the short, medium and long-term and what the implications/requirements would be for both revenue and capital. In terms of capital spend, key issues identified include:

➤ **Key ‘transformational’ developments**

- Resourcing requirements for **major projects** such as:
  - Revitalising the Borough Towns (Newport, Wellington, Dawley, Madeley, Oakengates and Ironbridge)
  - Delivering physical, social and economic regeneration in our most deprived communities (Woodside, Brookside, Sutton Hill);
  - Improving Telford Town Centre (including the relocation of Civic Offices to “kick start” the redevelopment of the Southwater area) and Town Park;
  - Developing Sports and Learning Communities;

➤ **Key medium-term service developments**

- Key focuses are around:
  - Maintaining & improving the local environment (e.g. roads, pavements, street lights and recycling);
  - Improving local facilities across the Borough (e.g. Borough Parks and play areas, Leegomery Centre) and activities for children and young people;
  - Supporting more new homes being built, particularly affordable homes in the rural area, and helping older and disabled people to stay in their own homes;
  - Tackling land instability in The Gorge;
  - Improving the overall operational effectiveness of the Council to better serve customers and improve efficiency – customer contact arrangements, ICT systems, buildings.

4.7 Capital investment clearly plays a key role in the achievement of our local priorities and priority policy objectives. **Our Capital Strategy and programme are not, however, just about ‘concrete, tarmac, buildings etc’, they are about making a positive difference to the quality of local people’s lives** through specific projects, services, technology and facilities. In recent years, key initiatives progressed/ delivered through targeted capital investment include:

- Development of the Railfreight Terminal;
- Improvements to roads, pavements and street lighting;
- New Woodside Community Centre to support the area’s regeneration;
- Development of new ‘state of the art’ schools -Hadley Learning Community and Shortwood;
- Vital land stability works in the Ironbridge Gorge World Heritage Site;
- New Offices in Donnington

- New Industrial Units in Hadley
- Old Park Primary School, Malinslee
- Shortwood Primary School, Wellington
- Enabling the provision of new affordable and social housing.

## 5.0 **CAPITAL STRATEGY: 2010/11 – 2012/13**

5.1 During 2010/11, we are planning to invest **£95.510m** as part of a **£433.624m** capital programme, to build and improve the facilities, assets and infrastructure to support the delivery of these objectives. This investment has been secured primarily through a combination of Government grants and supported borrowing allocations, use of the Council's own resources (capital receipts), and Prudential Borrowing by the Council. Over the planning period, our capital programme is as follows:

<b>Priority Area</b>	<b>Total £'000</b>	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>Later Years £'000</b>
<b>Adult Care &amp; Support</b>	<b>736</b>	<b>184</b>	<b>184</b>	<b>184</b>	<b>184</b>
<b>Community Protection &amp; Cohesion</b>	<b>6,665</b>	<b>1,676</b>	<b>1,663</b>	<b>1,663</b>	<b>1,663</b>
<b>Housing, Regeneration &amp; Prosperity</b>	<b>102,838</b>	<b>37,902</b>	<b>34,432</b>	<b>26,162</b>	<b>4,342</b>
<b>Children &amp; Young People</b>	<b>277,060</b>	<b>38,372</b>	<b>47,704</b>	<b>59,912</b>	<b>131,072</b>
<b>Environment &amp; Rural Areas</b>	<b>35,625</b>	<b>11,876</b>	<b>8,767</b>	<b>7,039</b>	<b>7,943</b>
<b>Active Lifestyles</b>	<b>2,210</b>	<b>2,210</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Efficient, Community Focused Council</b>	<b>8,490</b>	<b>3,290</b>	<b>2,600</b>	<b>2,600</b>	<b>0</b>
	<b>433,624</b>	<b>95,510</b>	<b>95,350</b>	<b>97,560</b>	<b>145,204</b>

5.2 Supporting Telford & Wrekin's role as a focus for continued growth and development until 2026 underpins all our priorities. Issues and concerns around housing have come clearly to the forefront of our thinking, given the scale and challenges posed by the current economic downturn/credit crunch. This is very much a 'capital' agenda – though it must be supported by the day-to-day delivery of high quality and efficient and improving services for the community - and we will look creatively to utilise local resources such as the Council's land assets and land owned by other partners, and external funding and investment to turn vision into reality. These are key guiding principles in our medium-term service and financial strategy.

5.3 Details of the major projects and investments that we are looking to resource are highlighted in our over-arching Service and Financial Planning report. Annex II gives more details of these. Many of these investments contribute in to the delivery of more than one Priority.

## 6.0 CAPITAL PLANNING FRAMEWORK

6.1 The Council's Capital Strategy is driven by our shared Vision for the Borough and our Priorities. All our plans and spending proposals (both capital and revenue) are developed within a partnership framework. The capital strategy is seen as a key opportunity to:

- drive forward the Vision and Priorities for the Borough;
- influence the development of the Borough and the actions of other agencies;
- work in partnership with other bodies to pursue national and regional objectives;
- ensure that funding mechanisms are used effectively and external funding maximised;
- maintain and improve the condition and suitability of our assets.

6.2 A key feature of our approach is that capital and revenue expenditure are considered together through one integrated service and financial planning framework and process. The Capital Strategy process brings together all aspects of capital planning and management. It guides and acts as the focus for all work on capital issues. The capital strategy process is given firm leadership:

- at officer level by the Corporate Management Team;
- at member level by the Cabinet.

Progress and the outcomes of capital expenditure are also considered by the Value-for-Money Scrutiny Group as part of its service and financial performance monitoring role. It also inputs specifically to the strategy development process through its scrutiny of the Draft Budget Strategy.

### (i) Approach

6.3 Our approach to the Capital Strategy Process is set out diagrammatically in **Annex I** and described below. This process is continually evolving and has been developed to enable the Council to respond effectively to the developments in Capital and Asset Management Planning, the Single Capital Pot, the Prudential Code of Borrowing Regime, and a three-year funding settlement from the Government. We will undertake a further review of our capital programme commitments in 2010 to ensure that they remain fit for purpose and fully focused on our priorities.

6.4 The Prudential Code of Borrowing requires us to look at capital and revenue spend in an integrated way. Under this regime, the Council has much more freedom to invest in capital projects as long as the borrowing is determined to be **affordable, prudent, sustainable and represents value-for-money**. The prudential system of capital finance makes the capital strategy a much more integral and essential part of the annual budget setting process and medium term financial strategy; developed through an emerging 3-year forward planning framework which brings together service and financial planning priorities and proposed developments to support delivery of our priorities.

## (ii) Capital Strategy Process

### a) Strategic Review of Needs

6.5 We annually review plans and priorities for capital spending. This is done as part of the annual corporate planning process, the development of key planning documents such as Priority Plans, and the outcome of major policy and/or service reviews. In seeking to determine priorities for investment and action, it is important to understand the key issues, needs and opportunities that need to be addressed. The following documents in particular map these out in detail, these are:

- The LSP's Vision 2026, Community Strategy and Local Area Agreement;
- The Council Plan/Priority Plans;

6.6 The result is a clear strategic view of priorities which identifies both **pressures and developments** in terms of:

- Projects required to progress the Vision for the Borough – whether partner, Council or joint (developments);
- Projects required to meet service priorities (pressures and developments);
- Maintenance spending required on assets (pressures).

This process is done collaboratively through dialogue with partners and is also informed by the Council's annual consultation strategy. This framework encourages a joined-up focus on outcomes, on major strategic initiatives and partnership working. The outcome is a broadly-based overview of capital spending priorities, business needs and opportunities, and outcomes to be realised.

### b) Strategic Consideration of Priorities, Resources and Resource Implications

6.7 The financial implications of new capital spending requirements are carefully assessed within a business case in terms of:

- Overall resource availability including the anticipated results of asset disposals;
- Identification and consideration of whole life costings;
- Identification of significant revenue implications for capital proposals, with overall decisions on capital programme being made (and consulted on) as part of the overall service, financial planning and value-for-money process;
- Consideration of appropriate procurement strategies and potential funding regimes.
- 'Pay back'/Invest to Save potential, such as for example investment in Waste Recycling facilities to reduce the future impact of Landfill Tax increases.

6.8 The Prudential Code of Borrowing highlights the need, in making decisions on capital investment, to have regard to a number of core factors. As such, the Capital Strategy and Programme for 2010/11 has been developed around the following principles and processes:

## **- Corporate Strategic Planning Assessment:**

- 6.9 Revenue and capital budgets are planned together as far as practicable each year. Desired spending has been prioritised and narrowed down into an overall capital strategy taking account of local, national and regional priorities. National priorities are considered within the parameters of the Government's Annual Capital Guidelines (ACG's) for major service areas. All schemes are evaluated against a framework of:

- a) Contribution to the Vision and Council Priorities;
- b) Assessment of community needs and expectations;
- c) Impact upon national and regional priorities;
- d) Asset management requirements and whole life benefits and costings;
- e) Improving efficiency and effectiveness of service delivery (including payback considerations, minimising revenue expenditure and identified service improvements);
- f) Procurement approach – with priority given to schemes which attract leverage, pump prime and link with partners/private investment (PPP/PFI). The opportunities for bidding for external funding are clearly identified at this stage;
- g) Overall value-for-money of the investment.

## **- Options Appraisal to Secure Value for Money:**

- 6.10 In developing the capital programme, the Council has sought to identify which of a number of alternative ways is the best way to fund and deliver a capital project to meet its objectives. Also, to ensure that the Council's approach to prudential borrowing is demonstrably affordable, prudent and sustainable, a set of prudential indicators have been developed to monitor performance. The business case for capital investment requires consideration/identification of how such spend represents or will improve value-for-money to the community.

### **c) Detailed Capital Programme**

- 6.11 The Strategic Assessment of capital spending priorities is then subjected to further internal and external consultation and translated into an achievable phased programme across the whole Council with clearly agreed and identified:

- Revenue implications.
- Procurement Arrangements;
- Timescales, project management arrangements and accountabilities;

**Annex II** sets out details of our committed Capital Programme 2010/11 – 2012/13 and Detailed Analysis of Capital Grants.

### **d) Control, Monitoring, Performance Management & Review**

- 6.12 A clearly defined corporate framework for project management exists for capital schemes. Regular monitoring of progress and spend takes place both at service level and corporately. The Asset Management Plan ensures that relevant property PIs have been incorporated into corporate performance monitoring arrangements and into the monitoring of the management of the capital programme. In-year

progress is highlighted as part of the reporting arrangements of the Service & Financial Performance Management Framework. In addition, post-completion monitoring is undertaken through the integrated Service and Financial Performance Management Framework to review, assess and report on how the investment has achieved the desired impact/improvement/outcomes.

## **7.0 ASSET MANAGEMENT PLANNING & PROGRAMME**

### **Our Strategic Approach**

- 7.1 The Asset Management Plan (attached at Annex IV) and associated data on property (i.e. condition, suitability, sufficiency, access, asbestos and property information matrix) informs the Council's planned Repair and Maintenance programme. The Council has completed condition surveys for all properties used for the delivery of its services which are updated on a rolling programme. The property information data collated also informs the property rationalisation process enabling the most efficient use of property.
- 7.2 The Council's Asset Management Plan has identified a condition backlog over 25 years of £25.1m for education properties and £11.8m for operational properties. Much of the Education backlog is within secondary accommodation which will be dealt with as part of the Borough Towns Initiative Sports and Learning Communities programme. The Asset Management Plan allows the Council to prioritise investment to manage the backlog.
- 7.3 The planned building maintenance programme as identified in Annex III was set in accordance with the approved framework for prioritising condition backlog as detailed in the Asset Management Plan.
- 7.4 The prioritisation to reduce the condition backlog is based upon the following categories which and adapted to suit the specific needs and service delivery objectives of operational property.

#### Priority 1

Urgent works that will prevent closure of premises and/or address a high risk to the health and safety of occupants and/or remedy a serious breach of legislation.

#### Priority 2

Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address medium risk to the health and safety of the occupants and/or remedy a minor breach of legislation.

#### Priority 3

Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of the occupants and/or a minor breach of legislation.

- 7.5 The following tables identify condition backlog for Operational and Educational properties over the next five years as at December 2009:

## Operational Property

Property Type	No	Priority 1	Priority 2	Priority 3
Emergency Planning Centre	1	£5,000	£6,250	£10,000
Bus Station	4	£8,275	£10,750	£15,550
Cemetery Buildings	1	£3,188	£101,763	£517
Changing Rooms & Pavilions	12	£14,303	£112,713	£191,235
Community	6	£29,407	£98,136	£202,457
Travellers' Sites	2	£0	£165,357	£57,181
Hostels	3	£89,910	£68,007	£120,385
Ice Rink	1	£1,199,654	£1,014,496	£276,865
Leisure Centres	4	£104,545	£484,791	£1,133,763
Libraries	8	£132,728	£88,658	£624,458
Municipal Golf Course	1	£22,927	£8,067	£61,121
Offices	24	£153,416	£897,176	£1,649,796
Outdoor Activity Centre	1	£4,450	£364,423	£171,237
Public Conveniences	3	£4,456	£22,164	£8,593
Ski Slope	1	£2,716	£64,381	£12,799
Swimming Pools	2	£35,380	£330,938	£237,516
Theatres	1	£0	£4,169	£106,473
Training/Day Centres & Residential Care	7	£33,657	£291,390	£345,700
Visitors	1	£0	£3,300	£15,629
Youth	5	£56,203	£81,310	£125,858
Joint Service Facility (Swan Centre)	1	£123,453	£8,329	£241,492
First Point Hadley	1	£0	£2,029	£5,192
<b>TOTAL</b>	<b>90</b>	<b>£2,023,668.</b>	<b>£4,228,597</b>	<b>£5,613,817</b>

## Education

Property Type	No.	Priority 1	Priority 2	Priority 3
Secondary Schools	10	£1,436,029	£4,945,818	£6,792,166
Primary/Infants/Junior Schools	55	£1,086,991	£3,744,054	£6,475,284
Special Schools	3	£20,512	£103,471	£318,172
Nursery Schools	1	£9,611	£3,670	£32,797
Children's Centres	2	£0	£24,147	£4,460
Pupil Referral Unit	1	£33,178	£10,492	£65,925
<b>TOTAL</b>	<b>72</b>	<b>£2,586,321</b>	<b>£8,831,652</b>	<b>£13,688,804</b>

\*Note: Hadley PFI / Jigsaw / Madeley Academy / Abraham Darby Academy have not been included within the above figures.

- 7.6 The proposed level of investment included in the Capital Programme 2010/11 is £0.2m for Educational assets and £1.5m for all other operational assets. The budget allocations do not take into account the capital investment relating to amalgamation of schools and the secured investment relating to Building Schools for the Future which will greatly reduce the condition backlog for Education properties as part of the building rationalisation process.

In addition to the above capital allocations schools are also in receipt of Devolved Formula Capital (DFC) which is used fundamentally for repairing and maintaining the school building stock on a day to day basis. The budget for operational assets will be reduced to approximately £1.13m to fund negative slippage from 2009/10

The Asset Management Database is analysed on a yearly basis as the priorities may change due to new findings as part of continuing re surveys of property. Emergencies that occur within the financial year may also lead to reprioritisation of the allocated budgets and a change to the programme identified.

- 7.7 In accordance with prioritisation as set out in 7.4 Annex III, identifies the building maintenance programme for 2010/11; all schemes listed are priority 1 or priority 2 items, health and safety, or are deemed necessary in order to maintain service delivery.

## **8.0 PARTNERSHIP AND CROSS CUTTING ACTIVITY**

- 8.1 There is a very well-developed Local Strategic Partnership, bringing together key local organisations and agencies across all sectors. The Partnership is overseen by an 'executive' Agenda Group which comprises the chief officers of the main public, private and voluntary organisations in Telford & Wrekin.
- 8.2 Partnership working is the framework through which all key local cross-cutting issues are tackled. The Partnership has a range of both 'thematic' and 'area based' sub-partnerships tackling local issues and informed by an extensive programme of consultation.
- 8.3 The Council actively works with partners to maximise assets. For example through various co-locations of services which is a key feature in particular of the Learning Communities that are being developed. Amalgamation and co-location of services and community facilities is a key aim that drives our asset management and service planning.

## **9.0 CONSULTATION**

- 9.1 Telford and Wrekin Council is strongly committed to effective consultation and engagement with our community. This underpins all local plans and initiatives. Consultation takes place at two main levels: *strategic*; on issues affecting the Borough as a whole; and more *focused* consultation on specific issues, projects and priorities. This is an integral aspect of the Council's overall approach. There are three main strands to consultation:
- With the community overall through a range of quantitative and qualitative methods such as residents' surveys, local meetings, focus groups. A prominent feature of the consultation 'landscape' is the Telford & Wrekin Community Panel – a representative cross-section of some 1,360 local residents.
  - Through partnership and with local agencies – often around plans, priorities and projects;

- Through specific, tailored consultations at a more localised level or with different 'sections' of the community.

9.2 Consultation influences all aspects of capital strategy planning and service provision. We have consulted a wide range of local people and organisations about the proposed investments included in the overall budget strategy – further details are set out in the over-arching Service and Financial Planning report . Some other recent examples where particularly extensive consultation has taken place are:

- regeneration plans as part of the Borough Towns Initiative;
- the development of Telford Town Centre;
- Identifying improvements for Telford Town Park;
- Identifying issues for improvement in Sutton Hill and Brookside;
- new provision strategies to address the planning of school places;
- transport and housing improvement priorities to inform the review of the Local Transport Plan and Housing Strategy;
- the development of waste management and recycling facilities and services;

9.3 We will be working extensively with local communities over the next 3 years, particularly on projects such as the Borough Town Initiative and regeneration of our most deprived communities, to inform our plans and proposals to improve the environment and the quality of life in these areas.

## 10.0 **RESOURCES**

### 10.1 **Mainstream Government Supported Borrowing**

The main borrowing allocations received, along with forward indications of minimum future allocations are as follows:

	2010/11 £m	2011/12 £m	2012/13 £m	Later Years £m
<b>Environment &amp; Rural Areas</b>	3.842	3.900	3.900	3.900
<b>Children &amp; Young People</b>	1.886	0.847	0.681	0.681
<b>Total</b>	5.728	4.747	4.581	4.581

Education's main block approvals have continued to decrease in total with funding being switched into capital grants

The revenue cost of utilising these government allocations should be funded by Revenue Support Grant although this is impacted by the RSG damping mechanism which withholds a substantial part of the additional revenue funding due to the Council to support the cost of these allocations at present.

## 10.2 Supplementary Grants

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

	2010/11 £m	2011/12 £m	2012/13 £m	Later Years £m
<b>Housing, Regeneration &amp; Prosperity</b>	9.827	12.014	3.209	0.629
<b>Environment &amp; Rural Areas</b>	0.870	1.777	0.962	1.498
<b>Children &amp; Young People</b>	31.729	41.498	56.464	123.025
<b>Adult Care &amp; Support</b>	0.184	0.184	0.184	0.184
<b>Active Lifestyles</b>	1.700	0	0	0
<b>Community Protection &amp; Cohesion</b>	1.676	1.663	1.663	1.663
<b>Total</b>	45.986	57.136	62.482	126.999

## 10.3 Capital Receipts

The capital programme places a significant reliance on future capital receipts, totalling £3.7m in 2009/10 and £77.055m shown in the table below; an overall total of £80.755m. Any shortfall in the amounts received or re-phasing of schemes would have a revenue impact which is not built into the budget strategy. This would have to be mitigated through re-phasing of spend, re-prioritising schemes or incurring additional borrowing which would have a revenue impact which would have to be taken into account in future in the Medium Term Service & Financial Planning Strategy.

	2010/11 £m	2011/12 £m	2012/13 £m	Later Years £m
<b>Housing, Regeneration &amp; Prosperity</b>	1.967	4.975	29.200	22.088
<b>Children &amp; Young People</b>	0.000	0.500	6.820	10.330
<b>Environment &amp; Rural Areas</b>	0.000	1.075	0.000	0.000
<b>Efficient, Community Focused Council</b>	0.100	0.000	0.000	0.000
<b>Total</b>	2.067	6.550	36.020	32.418

## 10.4 Prudential Borrowing Regime

Within the budget strategy for 2010/11 to 2012/13 the level of Prudential Borrowing assumed is as follows:

	2010/11 £m	2011/12 £m	2012/13 £m	Later Years £m
<b>Housing, Regeneration &amp; Prosperity</b>	26.108	17.443	-6.247	-18.375
<b>Children &amp; Young People</b>	4.757	4.859	-4.053	-2.964
<b>Environment &amp; Rural Areas</b>	7.164	2.015	2.177	2.545
<b>Efficient, Community Focused Council</b>	3.190	2.600	2.600	0.000
<b>Active Lifestyles</b>	0.510	0.000	0.000	0.000
<b>Total</b>	<b>41.729</b>	<b>26.917</b>	<b>-5.523</b>	<b>-18.794</b>

## 10.5 Overall Resources Position

For planning purposes, some forward allocation indications have been included below. In these cases no firm scheme proposals will be put forward for approval until actual allocations are known.

<b>Resources Available</b>	2010/11 £m	2011/12 £m	2012/13 £m	Later Years £m	Total £m
Government Allocations					
Children & Young People	1.886	0.847	0.681	0.681	4.095
Environment & Rural Areas	3.842	3.900	3.900	3.900	15.542
	<b>5.728</b>	<b>4.747</b>	<b>4.581</b>	<b>4.581</b>	<b>19.637</b>
Grant Allocations					
Children & Young People	31.729	41.498	56.464	123.025	252.716
Adult Care & Support	0.184	0.184	0.184	0.184	0.736
Housing, Regeneration & Prosperity	9.827	12.014	3.209	0.629	25.679
Environment & Rural Areas	0.870	1.777	0.962	1.498	5.107
Active Lifestyles	1.700	0.000	0.000	0.000	1.700
Community Protection & Cohesion	1.676	1.663	1.663	1.663	6.665
	<b>45.986</b>	<b>57.136</b>	<b>62.482</b>	<b>126.999</b>	<b>292.603</b>
Other Resources					
Capital Receipts	2.067	6.550	36.020	32.418	77.055
Prudential Borrowing	41.729	26.917	-5.523	-18.794	44.329
	<b>43.796</b>	<b>33.467</b>	<b>30.497</b>	<b>13.624</b>	<b>121.384</b>
<b>Total</b>	<b>95.510</b>	<b>95.350</b>	<b>97.560</b>	<b>145.204</b>	<b>433.624</b>

The revenue impact of the use of Council resources, government allocations and prudential borrowing in the proposed programme are built in to the budget summary.

## 11.0 CONCLUSION

11.1 Because Telford & Wrekin is such a rapidly growing and changing area it has substantial capital spending needs:

- to support and meet the growing needs of the Borough and our aspirations to transform Telford & Wrekin;
- to maintain and develop the Council's own stock of capital assets;
- to address the 'New Town effect' of a commonly-ageing infrastructure.

11.2 As a former new town area, with the Council having very limited land and asset holdings, we have a more limited capacity to generate capital receipts through disposals than some other authorities. We, therefore, take the capital strategy and its asset management planning very seriously. We look on capital spending as an integral element of our overall approach to Community Planning, partnership working and community engagement.

11.3 We are committed to maximising the effectiveness of our assets and capital spending and to identifying or creating opportunities to attract external funding resources. **Our focus is on delivering our priorities and policy objectives and on ensuring that our vision for the community can, each year, become more of a reality for local people.**

## 12.0 IMPLICATIONS

- **Equalities & Diversity** - the overall budget framework contains funding to support the Council's work to promote Equalities & Diversity across the Borough. As part of the Planned Maintenance funding an allocation had been identified to improve accessibility, and service delivery from the Authorities buildings. An element of the capital improvements to Council buildings will be focused on improving accessibility. The allocation is prioritised using the full range of asset management data and specifically using the accessibility audits as well as working with Service Heads and the Equalities team.
- **Environmental** - the overall budget framework supports the Environmental responsibilities of the Council. Environmental improvements are incorporated into all schemes where appropriate
- **Financial** – financial implications of the planned capital programme and maintenance programme are included within the Capital Strategy report.
- **Legal** - all proposals are covered by the legislative framework within which the council operates
- **Council Priorities** all proposals have been formulated within the context of the Council's Priorities' framework. Linkage to these is highlighted in the Capital Strategy and supporting annexes.
- **Risk** - The Council's current Strategic Risk Register has been considered as part of allocating resources in the overall programme
- **Wards** - Proposals affect all wards in the Borough

## **Background Papers**

Funding notifications, investment proposals, cabinet reports on various schemes, previous Capital Strategy documents and capital programmes.

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

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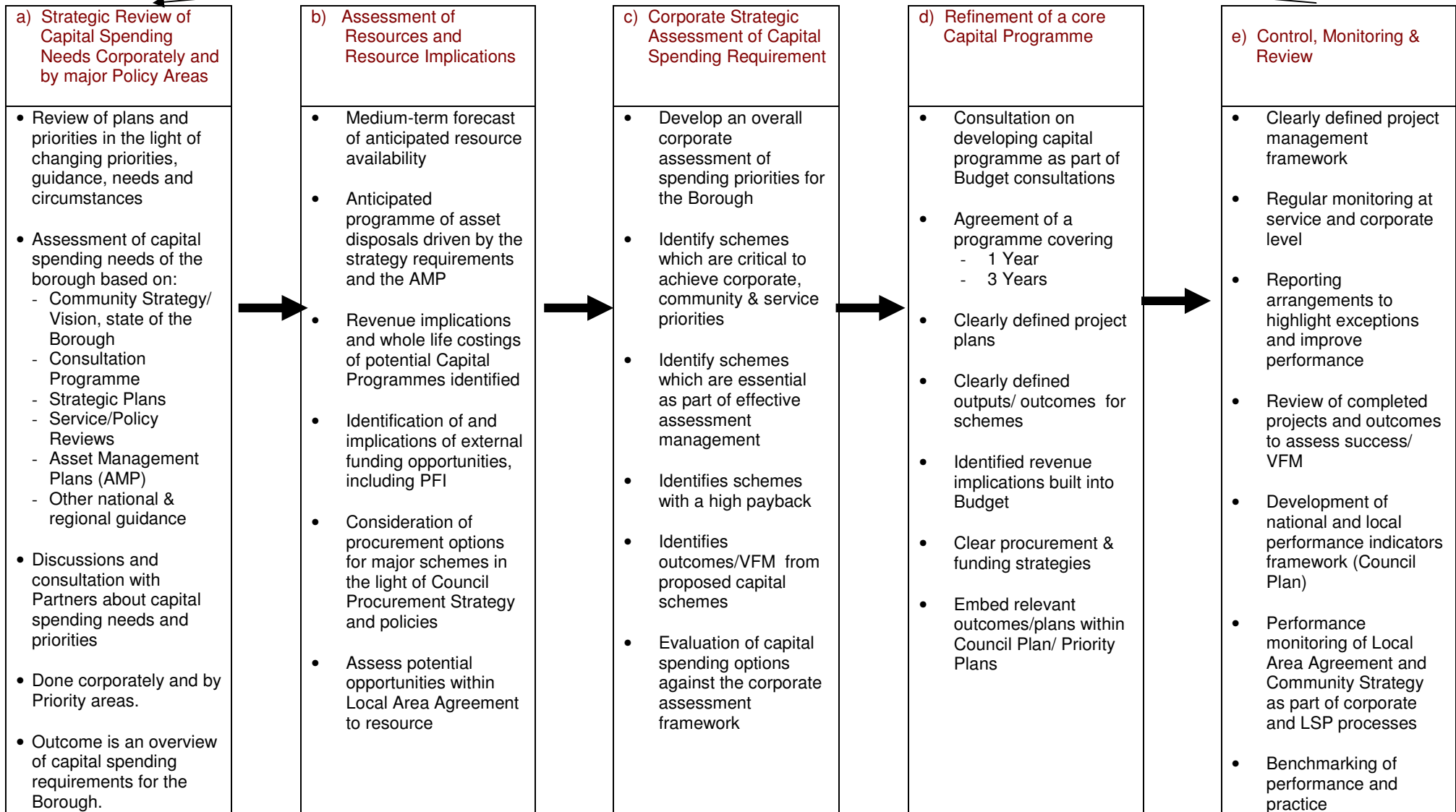
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## Telford & Wrekin Capital Planning Framework

### Community & Corporate Priorities



**CAPITAL PROGRAMME: 2010/11 - 2012/13:**

**OVERVIEW**

<b>Policy Area</b>	<b>Total £'000</b>	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>Later Years £'000</b>
Adult Care & Support	736	184	184	184	184
Community Protection & Cohesion	6,665	1,676	1,663	1,663	1,663
Children & Young People	277,060	38,372	47,704	59,912	131,072
Housing, Regeneration & Prosperity	102,838	37,902	34,432	26,162	4,342
Active Lifestyles	2,210	2,210	0	0	0
Environment & Rural Areas	35,625	11,876	8,767	7,039	7,943
Efficient, Community Focused Council	8,490	3,290	2,600	2,600	0
	<b>433,624</b>	<b>95,510</b>	<b>95,350</b>	<b>97,560</b>	<b>145,204</b>
<b>Resources</b>					
Supported Borrowing - SCE(R)	19,637	5,728	4,747	4,581	4,581
Government Grants	292,603	45,986	57,136	62,482	126,999
Prudential Borrowing	44,329	41,729	26,917	(5,523)	(18,794)
Capital Receipts	77,055	2,067	6,550	36,020	32,418
<b>Total funding</b>	<b>433,624</b>	<b>95,510</b>	<b>95,350</b>	<b>97,560</b>	<b>145,204</b>

**Capital Programme - 2010/11 - 2012/13 & Later Years**

Priority Area	Scheme	Funding	Total £'000	2010/11 £'000	2011/12 £'000	2012/13 £000	Later Years £'000
<b>Adult Care &amp; Support</b>							
	Social Care Capital Grant	Gov Grant	736	184	184	184	184
<b>Total</b>			<b>736</b>	<b>184</b>	<b>184</b>	<b>184</b>	<b>184</b>
<b>Community Protection &amp; Cohesion</b>							
	Supported Independent Living - Disabled Facilities Grant (estimate)	Gov Grant	2,792	698	698	698	698
	Regional Housing Allocation (Estimate)	Gov Grant	3,489	894	865	865	865
	Private Sector Home Improvement Kick Start	Gov Grant	384	84	100	100	100
<b>Total</b>			<b>6,665</b>	<b>1,676</b>	<b>1,663</b>	<b>1,663</b>	<b>1,663</b>
<b>Housing, Regeneration &amp; Prosperity</b>							
	Regional Housing Allocation (Estimate)	Gov Grant	2,487	600	629	629	629
	Housing Strategy & Enabling	Prudential	3,202	3,202	0	0	0
	Housing Strategy & Enabling - Including loss of NGP	New Prudential	4,573	0	2,118	1,715	740
	Extra Care	Prudential	1,000	1,000	0	0	0
	Town Centre - Phase 1	Prudential	1,815	-1,034	946	5,334	-3,431
		Gov Grant	18,612	5,647	10,385	2,580	0
		Cap Receipts	10,205	1,737	0	4,180	4,288

Sub Total Town Centre - Phase 1		30,632	6,350	11,331	12,094	857
Town Centre – Civic Offices	Prudential/ Capital Receipts	28,614	1,495	17,784	9,335	0
Woodside	Prudential	1,633	1,633	0	0	0
	New Prudential	287	337	180	-230	0
	Cap Receipts	460	230	0	230	0
	Gov Grant	2,900	2,150	750	0	0
Sub Total Woodside		5,280	4,350	930	0	0
Sutton Hill & Brookside	Prudential	4,055	3,515	540	0	0
	Gov Grant	1,680	1,430	250	0	0
Sub Total Sutton Hill & Brookside		5,735	4,945	790	0	0
Sutton Hill Local Centre	Prudential	560	835	-275	0	0
	Cap Receipts	275	0	275	0	0
Sub Total Sutton Hill Local Centre		835	835	0	0	0
Borough Towns Initiative	Prudential	-7,900	6,650	-7,850	-2,050	-4,650
	New Prudential	1,450	8,400	4,000	0	-10,950
	Cap Receipts	23,050	0	4,700	2,150	16,200
Sub Total - Borough Towns Initiative		16,600	15,050	850	100	600
BTI – Hadley Local Centre	Prudential	2,280	75	0	2,289	-84
	Cap Receipts	1,600	0	0	0	1,600
Sub Total Hadley		3,880	75	0	2,289	1,516
BTI – Leegomery Local Centre	Prudential	-1,350	0	0	-1,350	0
	Cap Receipts	1,350	0	0	1,350	0
Sub Total - Leegomery		0	0	0	0	0

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<b>Total</b>		<b>102,838</b>	<b>37,902</b>	<b>34,432</b>	<b>26,162</b>	<b>4,342</b>
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#### Environment & Rural Areas

Waste - CRC Supersite at Halesfield	Prudential	4,030	2,930	1,100	0	0
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Recycling	Prudential	170	170	0	0	0
Integrated Transport	Borrow App	5,610	1,410	1,400	1,400	1,400
	Gov Grant	2,805	705	700	700	700
Sub Total Integrated Transport		8,415	2,115	2,100	2,100	2,100
Street Lighting and Environmental Improvements	Prudential	500	500	0	0	0
Highways Capital Maintenance	Borrow App	9,932	2,432	2,500	2,500	2,500
Highways / Footpaths	Prudential	8,250	3,000	1,250	2,000	2,000
Road Safety Schemes	Gov Grant	66	66	0	0	0
Parks & Play Areas	Prudential	500	500	0	0	0
Parks for People	Prudential	451	64	-335	177	545
	Cap Receipts	1,075	0	1,075	0	0
	Gov Grant	2,236	99	1,077	262	798
Sub Total - Parks for People		3,762	163	1,817	439	1,343

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<b>Total</b>		<b>35,625</b>	<b>11,876</b>	<b>8,767</b>	<b>7,039</b>	<b>7,943</b>
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### Children & Young People

Professional Fees	Borrow App	748	187	187	187	187
Basic Need - Contingency	Borrow App	176	10	166	0	0
School Kitchens	Gov Grant	71	71	0	0	0
Food Technology Grant	Gov Grant	322	322	0	0	0
Youth Capital	Gov Grant	89	89	0	0	0
Lightmoor	Borrow App	56	56	0	0	0
Campus Telford & Wrekin - Oakengates Site Ground Investigation	Borrow App	100	100	0	0	0
Childrens Centres	Gov Grant	264	264	0	0	0
Primary Capital Programme (estimate)	Gov Grant	12,878	5,378	2,500	2,500	2,500
Modernisation & Condition - Various	Borrow App	604	154	150	150	150

Schemes						
	Gov Grant	5,852	1,472	1,480	1,450	1,450
Sub Total - Modernisation & Condition		6,456	1,626	1,630	1,600	1,600
Building Schools for the Future	Prudential	2,599	4,757	4,859	-4,053	-2,964
	Gov Grant	220,029	19,664	34,576	49,614	116,175
	Cap Receipts	17,650	0	500	6,820	10,330
	Borrow App	1,035	1,035	0	0	0
Sub Total - Building Schools for the Future		241,313	25,456	39,935	52,381	123,541
Devolved Formula Capital	Gov Grant	11,684	2,942	2,942	2,900	2,900
Early Years Capital	Gov Grant	675	675	0	0	0
ICT Harnessing Technology Grant	Gov Grant	691	691	0	0	0
Extended Schools	Gov Grant	161	161	0	0	0
Schools Access Initiative	Borrow App	1,376	344	344	344	344
<b>Total</b>		<b>277,060</b>	<b>38,372</b>	<b>47,704</b>	<b>59,912</b>	<b>131,072</b>

**Active  
Lifestyles**

Lawn Tennis Academy	Gov Grant	1,700	1,700	0	0	0
	Prudential	510	510	0	0	0
Sub Total - Lawn Tennis Academy		2,210	2,210	0	0	0

<b>Total</b>		<b>2,210</b>	<b>2,210</b>	<b>0</b>	<b>0</b>	<b>0</b>
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**Efficient, Community Focused Council**

ICT/ eGov	Prudential	3,500	1,500	1,000	1,000	0
Locality Working, Parish Councils, Voluntary Sector	Prudential	10	10	0	0	0
Asset Management Plan - General Works & Surveys	Prudential	4,700	1,500	1,600	1,600	0
Wellington Cemetery	Prudential	130	130	0	0	0
War Memorial	Prudential	50	50	0	0	0
Fees/Consultants for Corporate Schemes	Cap Receipts	100	100	0	0	0

<b>Total</b>		<b>8,490</b>	<b>3,290</b>	<b>2,600</b>	<b>2,600</b>	<b>0</b>
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Highlighting indicates capital expenditure in the 2010/11  
Investment Package

**BUILDING MAINTENANCE PROGRAMME****Operational Properties (non education)**

<b>Asset</b>	<b>Priority</b>	<b>Description of works</b>	<b>Expected outcomes</b>	<b>Links to Community Priorities</b>
Various Sites	Service Delivery	<b>Corporate External Painting –</b> In order to maintain the external fabric of the Councils Assets a planned maintenance approach has been implemented for many years. In the longer term Planned Preventative Maintenance proves cost effective and reduces the need for major investment.	The proposal is to repaint all operational buildings on a 4 year cycle. The planned approach enables this to take place and reduce the need for major investment.  Reduction in reactive maintenance and condition backlog	Maintaining a High Quality, Attractive and Sustainable Environment.  An Efficient, Effective and Customer-Focused Council that delivers Value-For-Money for the Community.
Various Sites	Health & Safety	<b>Asbestos Removal</b> As part of the Authorities Asbestos Management Plan it is required to assess and remove where necessary asbestos where it is a risk to public health.	Asbestos issues within operational buildings are managed in proactive way ensuring the health and safety of occupants and visitors.	Creating a Safe, Strong and Cohesive Community
Various Sites	Service Delivery	<b>Corporate Access –</b> There is a duty to ensure that the public areas of buildings where the Council delivers a service from are accessible under the Disability Discrimination Act. To ensure that services are accessible a planned approach to improving buildings has been implemented	That Council services are accessible to the public.  That the target improvement as identified by the Authority in meeting its BV156 performance indicator.	Creating a Safe, Strong and Cohesive Community  Promoting Healthy Communities and Improving the Quality of Life of Vulnerable and Older People  An Efficient, Effective and Customer-Focused Council that delivers Value-For- Money for the Community
Various Sites	Legislative	<b>Energy Performance Certificates –</b> There is a duty on property owners to improve energy usage on their properties.	The Authority will be complying with its duty to manage energy within its properties.	Maintaining a High Quality, Attractive and Sustainable Environment.
Wellington Swimming Pool	Service Delivery	Improvement as part of BTI works – to enhance exiting facilities at Wellington	Improved service delivery.	Promoting Healthy Communities and Improving the Quality of Life of

Asset	Priority	Description of works	Expected outcomes	Links to Community Priorities
		swimming pool a contribution is being made to the BTI scheme to undertake works whilst the centre is closed. The main areas of work being addressed are the concrete decay to the pool tank and alterations to the changing facilities.		<p>Vulnerable and Older People</p> <p>An Efficient, Effective and Customer-Focused Council that delivers Value-For- Money for the Community</p> <p>Maintaining a High Quality, Attractive and Sustainable Environment.</p> <p>Giving Children &amp; Young People the Best Possible Start in their Lives</p>
Newport Swimming Pool	Service Delivery	<p><b>Roofing and essential mechanical works -</b></p> <p>Newport swimming pool is in need of major investment. The roof over the plant room has failed and needs to be enclosed. The main pool roof is suffering condensation problems and the plant is in need of some repairs In addition to this the air handling unit has reached the end of its economic life and to enable to roof repairs needs to be replaced.</p>	<p>Improved service delivery.</p> <p>Reduction in condition backlog</p>	<p>Promoting Healthy Communities and Improving the Quality of Life of Vulnerable and Older People</p> <p>An Efficient, Effective and Customer-Focused Council that delivers Value-For- Money for the Community</p> <p>Giving Children &amp; Young People the Best Possible Start in their Lives</p>
Telford Ice Rink	Service Delivery	<p><b>Essential Funding</b></p> <p>Telford Ice Rink has a major condition backlog however due to the possible building relocation it was agreed that investment would be kept to a minimum. An allocation is maintained each year to ensure that the building remains operational.</p>	Maintain Service Delivery	Creating a Safe, Strong and Cohesive Community
Darby House	Service Delivery	<p><b>Various Works –</b></p> <p>Works required are toilet refurbishments, lighting, re surfacing of car parks and re fenestration of certain elevations</p>	<p>Maintain building to required standards under lease.</p> <p>Maintain Service Delivery</p>	<p>An Efficient, Effective and Customer-Focused Council that delivers Value-For- Money for the Community</p> <p>Maintaining a High Quality, Attractive and Sustainable Environment.</p>

## Education Planned Programme - Schools

<b>Asset</b>	<b>Priority</b>	<b>Description of works</b>	<b>Expected outcomes</b>	<b>Links to Corporate Priorities</b>
Various Sites	Health & Safety	<b>Asbestos Removal</b> As part of the Authorities Asbestos Management Plan it is required to assess and remove where necessary asbestos where it is a risk to public health.	That asbestos issues within school buildings are managed in proactive way ensuring the health and safety of occupants and visitors.	Giving Children & Young People the Best Possible Start in their Lives  Creating a Safe, Strong and Cohesive Community
Various Sites	Service Delivery	<b>Education External Painting –</b> In order to maintain the external fabric of the Councils Assets a planned maintenance approach has been implemented for many years. In the longer term Planned Preventative Maintenance proves cost effective and reduces the need for major investment.	The proposal is to repaint all education buildings on a 4 year cycle. The planned approach enables this to take place and reduce the need for major investment.	Giving Children & Young People the Best Possible Start in their Lives  Maintaining a High Quality, Attractive and Sustainable Environment  An Efficient, Effective and Customer-Focused Council that delivers Value-For-Money for the Community
Various Sites	Service Delivery / Health & Safety	<b>Emergency Works –</b> Due to the reduced funding for education condition related issues the funding available is being retained so as to address high cost works during the year, this should ensure that any school closures are kept to a minimum and that funding is available. The condition related issues for the secondary schools will be dealt with under the BSF programme	That the school property portfolio is maintained to a minimum over the forth coming year	Giving Children & Young People the Best Possible Start in their Lives  An Efficient, Effective and Customer-Focused Council that delivers Value-For-Money for the Community

# Corporate Property Asset Management Plan

2010/2013

Photo of Southwater

February 2010



# FOREWORD

Land and Property assets are a key issue for the public sector

At a time of significant increasing budget constraints, it is increasingly important to not only continue to manage and utilise our assets effectively, but also to examine how they can be better used and rationalised to 'encourage town place' and regenerate our Borough towns.

The majority of Council services are provided indirectly through land and property; therefore ensuring that properties meet both our staff and service needs is of paramount importance.

Property provides a significant contribution to the delivery of the Council's vision ambitions, priorities and services. Through investment effective prioritisation of planned maintenance and rationalisation, real improvements are being made to our Land and Property..

Refurbishments, improvements and extensions have been carried out to a number of schools including The Charlton, Moorfield Primary and The Sutherland School. However in addition to this, new developments such as Short Wood Primary School (Wellington) Lightmoor and Old Park Primary School are not just providing high quality educational facilities for our young people, but also provide new housing, an improved retail centre tailored to current needs including doctor's surgery and Children's Development Centre, in collaboration with the Primary Care Trust. All of this development is carried out to the latest environmental standards with sustainability at the heart of the project.

Building Schools for the Future funding provides a huge opportunity to transform educational and recreational service within local communities, further contributing to the "Place Shaping" agenda and The Borough towns initiative.

The regeneration and transformation of our Borough towns and Telford Town Centre is also a priority. The Borough towns is being developed in partnership with local communities, businesses, Town and Parish councils and regeneration partnerships. The built environment will play an important role and whenever possible, property will be used as a catalyst for change. Madeley Centre regeneration commenced June 2008. The first phase involving the demolition of the former supermarket is now complete and the construction of the new Tesco store is nearing completion. The scheme will deliver great benefits to the south of Telford, bringing with it not just a re-modelled vibrant centre, but significant highway improvements. The Dawley and Malinslee project is a major regeneration programme, the proposed re opening of the High Street to traffic and high quality public realm improvements start in spring 2010 and it is planned for major infrastructure works on the brown field 90 acre site to start Autumn 2010.

Wellingtons new library, registry office and co located services at the existing Civic and leisure facility is due to open Spring 2011 after receiving consent from planning in September 2009 and whilst enabling works have already been carried out major construction is planned to start in March 2010. Leegomery Local Centre following its fire damage is being rebuilt by the Council and is due to open in Spring 2010. Randlay and Woodside centres will commence redevelopment in 2010.

Property produces around half of the Council's carbon emissions. Under the "Climate for Change" agenda, it is proposed to significantly reduce the Council's carbon emissions in the coming years. Improving the efficiency of existing buildings and delivering innovative, sustainable new buildings will contribute significantly to achieving this target and

A robust Asset Management Plan will inform decisions relating to service delivery, and bring major benefits to the local community.

**Photo of Cllr Eric Carter (cabinet member)**

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  - Asset Management Plan/ Aims
- 2.0 Organisational Arrangements for Corporate Asset Management**
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- 3.0 Links to Key Plans and Objectives**
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  - The Decision Making Process
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- 10.0 Asset Details**
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- 11.0 Property Performance Indicators for all Operational Properties Including Schools (excluding Property Investment Portfolio)**
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## **1.0 Statement of Context**

Telford & Wrekin Council is a Unitary Authority responsible for the fastest growing area in the West Midlands. The Council's "Local Development Framework" core strategy has been approved and The Central Telford Area Action Plan (CTAAP) preferred options will be examined in public during summer 2010.

This continuing growth and development of the area ensures services and facilities are constantly monitored and reviewed, resulting in major implications for property holdings and Asset Management.

As part of Comprehensive Area Assessment (CAA) there is a Key Line of Enquiry (KLOE) relating to 'How the Council Manages its Asset Base'. Originally under the last Comprehensive Performance Assessment the Council received a Level 4 result in November 2008. Level 4 was the highest assessment that can be achieved Under the new Comprehensive Area Assessment (CAA) in 2009 this was regarded to a Level 3. Further progress and innovation will be necessary to improve on this level as the 'bar is raised further'.

Telford & Wrekin Council currently delivers services from 165 properties 151 of these properties are owned by the Authority and classed as operational six are "leased in" from private providers, there are two P.F.I. properties and eight are owned by the Telford & Wrekin Council Property Investment Portfolio (PIP) and used as operational properties. These properties do not include the PIP which are held for investment and regeneration purposes or houses leased in for homeless accommodation

Substantial refinement and improvement to these properties has taken place. Work is continuing to rationalise where possible, and to improve the Asset and Property Portfolio in accordance with service requirements and Asset Management principles.

### **Asset Management Plan - Aims:**

- Ensure assets are fit for purpose
- Ensure assets are located in appropriate locations for service delivery
- Deliver an integrated approach to Asset Management across the Authority
- Reinforce a corporate approach for holding property and outline objectives
- Ensure Asset Management decisions are planned in a co-ordinated manner and consistent with council priorities
- Manage a simple and robust performance measurement system
- Provide comprehensive and accurate data to facilitate analysis of Property
- To support and facilitate improved service delivery
- Use land and buildings as an enabler to the “Place Shaping” agenda and the enabler of regeneration in Borough towns, local centre etc.
- Optimise property revenue towards the Council’s current and future aims, objectives, policies and programmes
- Optimise and prioritise the level of property investment, to meet the Council’s current and future service needs
- Promote the innovative use of property together with partners and stakeholders

## **2.0 Organisational Arrangements - Corporate Property Group**

### **Roles and Responsibilities of Property Group**

- To strengthen the corporate approach to Asset Management at a strategic level
- To facilitate the implementation of the Communities for Local Government (CLG) requirement of maximising local authority property assets.
- Develop the Corporate Property Strategy and produce the Corporate Asset Management Plan (AMP)
- Facilitate and lead cross-cutting use of property across the public sector in Telford & Wrekin
- Review and deliver the Council's acquisition and disposal programmes as part of the property review
- Monitor and review the collection, use and maintenance of property asset data
- Review and improve Property Performance Indicators and benchmarks
- Establish a reporting regime to services and Members, particularly to the Cabinet Member with responsibility for property
- Co-ordinate, review and deliver capital and revenue programmes of work

**Insert photo**

**Service and Financial Planning Relationship to Wider Council (Figure 1)**

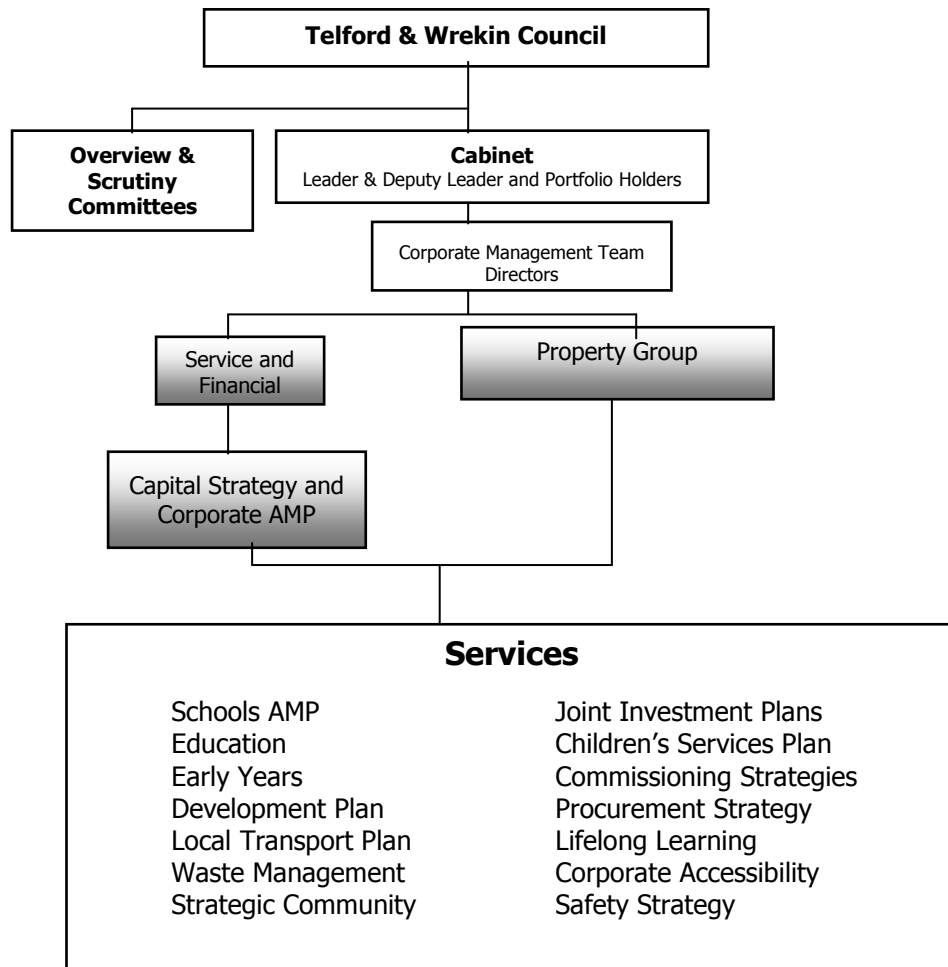


Figure 1, details the links to the Council’s decision making process and indicates service area working, through the Service and Financial Planning Framework and Strategic Property Group.

In line with the recommendations of the Government’s agenda for joint agency working, the Corporate Property Officer (CPO), is liaising with external agencies e.g. PCT, to identify and maximise the use of existing assets and explore partnership opportunities for inter-agency use of property.

Discussions are ongoing with the Fire Service regarding joint working arrangements as have already been established with the PCT at the Glebe Centre and Old Park together with the Police CCTV monitoring station Wellington.

Partnerships involving the Council’s buildings, police and PCT are explained in further detail under Section 8 - Property Investment Portfolio.

**Insert photo – PCT and Edward James House**

### 3.0 Links to Key Plans and Objectives

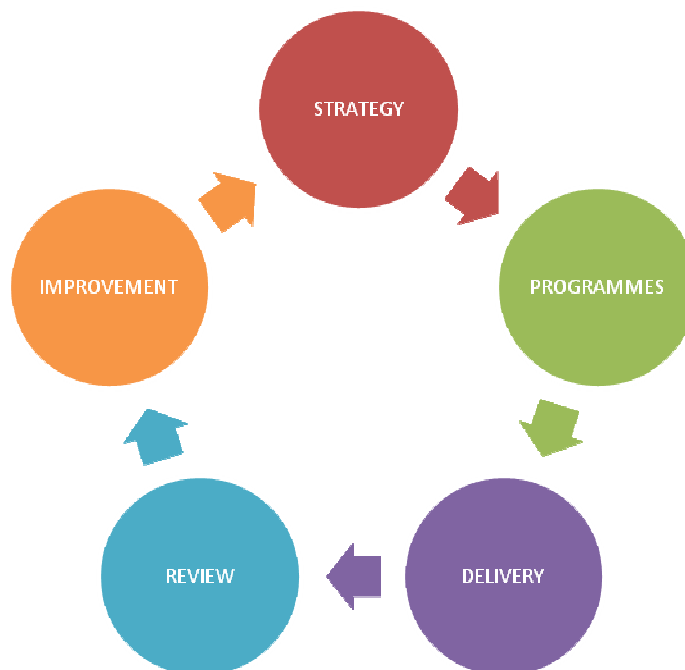
The Council's Vision and Priority Plans identify Key priorities for the Council ( see appendix 1). From 2010/11 this process will be revised in accordance with the Council's priority plan. The table below details the strategic Asset Management decision-making links within and across Services:

**Strategy**

- Understanding community needs and those of our partner organisations
- Corporate policies and priorities
- Service delivery and financial strategies

**Improvement**

- What are the corporate drives for further change?  
Council Vision, Community Strategy, Council Plan, Priority Plans, Service Delivery Plans, Personal Development Plans
- What are the challenges and opportunities now facing services?



**Programmes**

Analysis of current performance and future needs including:

- Property Audit to understand current performance and trends
- Options appraisal and prioritisation
- Capital planning

**Review**

- Has the change delivered the expected outcomes?
- How are services performing?
- Have the property-related objectives been achieved?

**Delivery**

- Delivery planning
- Project management
- Procurement

## **4.0 Consultation**

An integral aspect of the Council's overall approach is to ensure major projects and initiatives are assessed by multi-agency partners, service users, citizens and other relevant stakeholders. This consultation exercise ensures projects and initiatives are fully developed or refined, dependent on consultation feedback.

There are two main consultation routes:

- In partnership and with local multi-agencies – often focused towards priorities and projects
- Community based through a range of quantitative and qualitative methods such as residents' surveys, local meetings and focus groups. A prominent feature of the consultation "landscape" is the Telford & Wrekin Community Panel – a cross-section of some 1,000 local residents.

### **Insert photo of consultation for Town Centre**

The Council's most extensive property related consultation has been conducted regarding the proposed development at Telford Town Centre and Dawley BTI regeneration

- With Dawley BTI Regeneration approximately 2,500 homes and businesses within the area received a leaflet describing the proposed vision and consultation events. A letter and a copy of the questionnaire were circulated to these properties midway through the consultation period to engage with the community
- Briefings were conducted between ward members Regeneration Partnership and Parish/town councils; prior to the launch of a series of public exhibitions. A website is also available detailing the consultation information and an online questionnaire

The Wellington BTI went through an extensive programme of consultation which involved information stands, a stall on Wellington market and public session attended by Councillors. Our initial proposals whilst welcomed were felt to be too modern in design with a more traditional design preferred. As a result the proposal was redesigned and resubmitted to another public meeting, at this meeting it was accepted and a full planning application was submitted.

### **Insert photo of Wellington Leisure Centre**

## 5.0 Data Management

### Core Data

All Council property data is recorded on a Property Management System, which is designed to accommodate all forms of property data in a central location.

The Property Management software brings all the main functions such as Asset Management, Capital Projects, Service Asset Register and Help Desk Software together into one integrated solution. This will provide greater exchange of information and streamlined property database linked help desk. The software is Internet based will provide a direct link to customers and stakeholders, enabling them to access data and information in a user friendly environment. As the software is internet based it will also enable officers to work more flexibly.

- The Asset Register:

The Council maintains a central corporate asset register to record valuations and information for all land and buildings, in accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) and Audit requirements. All assets are allocated a central "Unique Property Reference Number" (UPRN). The Register is regularly monitored and updated to record all acquisitions and disposals.

A five-year rolling programme of asset and insurance valuations is in place for Operational Property, ensuring that 20% of assets are re-valued each year after the validity of the basic data/information has been verified. The Property Investment Portfolio is re-valued annually.

- Condition

Condition surveys of all schools and operational buildings have been completed and are re-assessed as part of an on going re-survey process.

All school data has been submitted to Central Government on a number of occasions, and has been successfully assessed by external auditors. This enables officers to determine and prioritise work in accordance with Asset Management principles, and therefore improve the quality of our school building stock, in addition to providing valuable information to enable informed decisions on investment disposal.

Operational data is captured across all portfolios and work is prioritised according to the data, allowing a transparent planned programme of work to be implemented.

- Suitability

All education suitability surveys are complete and have been successfully assessed by external auditors, these are updated annually. Data submission to central Government has provided significant modernisation funds which have been used in accordance with the data to improve the suitability of the education environment, and address a number of shortfalls in accommodation.

Operational suitability surveys provide valuable information when determining the planned programme of work; they will also play a significant role in the overall property review assessment and rationalisation process.

- Asbestos

Comprehensive Asbestos database has been developed, incorporating 'Type 2 Enhanced Surveys' as part of the Asset Management data; ensuring quality and up to date information is retained. The enhanced survey, whilst still non-destructive, includes the inspection of accessible voids to assist with ICT cabling and installations.

In accordance with the Council's Asbestos Management Plan 2009, annual risk assessments are conducted on all previously surveyed properties, to ensure that the Council targets available resources at priority items and manages the risks on site.

In 2009, by analysing existing surveys a programme of priority plans will be developed to target resources to areas of need and manage existing asbestos over the next 5 years subject to capital funding.

- Access

Accessibility to properties is paramount to the delivery of services. Comprehensive Disabled Access Audits of operational properties (excluding schools) ensuring suitability of premises in relation to service delivery.

The Audits are stored electronically on the central Asset Management database and are accessible for stakeholders and managers via a Web browser. This ensures ownership under the duties imposed as part of the Disability Discrimination Act (DDA).

The access audits and our approach to service delivery in accordance with the requirements of DDA, has informed our Programme of Improvement. The Performance Indicator relating to accessible buildings has risen from an original figure of 55% in 2005/06 we are projecting 74% in 2009/10.

A comprehensive strategic approach to asset management provides the Council with the opportunity to address geographical disparity in access to services across the Borough. Regular meetings with service providers as part of the suitability surveys, is part of this approach.

**Insert photo – Queens wood primary**

- Energy and Efficiency

There is a dedicated energy module as part of the Asset Management Software System, which enables the Authority to input and analyse property related energy data.

This data feeds into the property performance indicators (see Section 11), and assists when making key decisions regarding investment and disposal of property. The data also informs the Council's Climate Change Strategy, allowing a targeted approach based upon poor energy ratings of building to ensure resources are allocated in the right areas to reduce the carbon footprint.

Examples of Energy Efficiency Initiatives include "Invest to Save" bids to install more efficient lighting in Darby House and the installation of a voltage reduction regulator at Civic Offices. At schools and other operational properties, bio mass boilers are considered.

Biomass boilers are now installed at The Place - Oakengates, Oakengates Leisure Centre, Hadley Learning Community, Short Wood Primary School Old Park Primary School.

Water harvesting has been installed at Hadley, Old Park and Short Wood together with cedum roofs to minimise water run off. Web enabled monitoring of heating and ventilation at new schools is proving to be a significant benefit. This controlled regulation should result in meaningful reductions in energy usage, improving efficiency.

- Measured Surveys

Accurate, comprehensive, measured building surveys are available on AutoCAD.

- Historical Information

Several thousand drawings and specifications for operational properties have been scanned and information is stored on the shared network. This enables the Council as a major procurer of construction projects, to protectively fulfil its duties under the construction (Design and Management Regulation) in acting as a competent client.

### Continuing Improvement

As part of our ongoing improvement plan, the table below illustrates surveys completed for operational buildings (excluding schools) at the end of 2008/2009, with projected re-surveys each financial year indicated

Type of data	% of surveys/ data completed	Planned work up to March 2009 as a percentage of floor area	Overall target
Condition surveys	100%	25%	Rolling programme to resurvey all properties every 4 to 5 years
Suitability surveys	96%	25%	Rolling programme to resurvey all properties every 5 years.
Asbestos surveys	100%	100%	Rolling programme to reassess risks every year
Disabled access audits	100%	10%	Rolling programme to resurvey all properties every 5 years. Completed in 2005/06.
Geographical system	20%	Direct relationship to data capture above	All graphical data all complete
Weighting and scoring	100%	Direct relationship to data capture above	Weighting and scoring system completed ongoing review every 6 months
Energy data	80%	100%	

## **6.0 Programme Development and Implementation**

### **The Decision Making Process**

The information contained in the Asset Management system allows informed, property related decisions.

This corporate planning process identifies requirements for the Property Portfolio. The Council utilises data detailing condition, suitability, access, sufficiency and asbestos, etc in the following areas (list not exhaustive):

- Education Development Plan
- Early Years Development Plan
- Schools AMP
- Capital Strategy for Schools
- Review of office accommodation
- Repair and maintenance programmes
- Capital programmes
- BSF
- Property Rationalisation
- Borough Towns Initiative

### **Maintenance Programme**

Information on property condition, suitability and sufficiency is already feeding into the formulation of the Council's Repair and Maintenance programme. The Council has completed all condition surveys for operational properties where appropriate, used for the delivery of its services thus establishing a baseline.

The Council has further improved the consolidation of all Repair and Maintenance budgets into a central, strategic location managed by Property & Design. This approach supports the strategy to target resources, at priorities based upon many criteria; rather than delegate Repair and Maintenance budgets to individual sites. The approach also achieves a standardisation in the procurement of areas, such as service contracts (e.g. boiler servicing), developed by construction professionals in addition to channelling all properties to achieve economies of scale through the tender process.

The planned maintenance programme for 2009/10 has been submitted to Cabinet for approval in February 2010. The planned maintenance programme details the priorities set in accordance with the framework described in the Asset Management Plan.

### **Formulating the Property Related Capital Programme and Key Issues**

The advent of the Prudential Borrowing Regime has facilitated 'joined up' consideration of revenue and capital aspects of service development priorities over the short, medium and longer term and supports a more planned approach to property investment and maintenance.

**Insert a photo**

Option appraisal processes in line with the Prudential Framework for capital projects, take account of the different outputs required; and will include examining reduced operating costs, regeneration factors, service benefits, geographic and deprivation indices, alternate

premises/sharing premises and partnership with the private sector or other public sector partners.

Telford & Wrekin Council actively considers sustainability as part of asset provision, use and management. Sustainable Procurement Strategy is part of our commissioning approach, and we are innovative in ensuring sustainability is part of all new-build and refurbishment schemes, by continually reviewing the content via the Environmental and Sustainability Team and the Procurement Team.

### **Key Issues Addressed Within our Asset Management Approach to Finalising the 2010/11 Capital Investment Programme Include:**

- The delivery of the capital projects for portfolios' property stock, to underpin improved service delivery
- Regeneration – support and project management to the Borough Towns Initiative
- Town Centre Development – at feasibility stage involving assessment of affordability, potential partners, collaborative working.
- Repair and maintenance programmes for operational property. The Council is continuing to develop its approach to connect the Repair and Maintenance backlog to a planned programme and revenue budget allocation across service areas
- Repair and maintenance programmes for property investment portfolio will maintain income levels for the Council redevelopment opportunities within the property investment portfolio
- Climate Change/Energy Efficiency
- Quirk Review - In consultation with Community Groups assessing benefits of transferring management/ownership of buildings to community groups. A number of community centres, including Randlay and Hollinswood have been transferred to Parish Councils
- Building Schools For The Future Programme

### **Wappenshall Junction**

In January 2009 Telford & Wrekin Council purchased Wappenshall Junction in conjunction with the Shrewsbury & Newport Canal Trust (SNCT). Constructed during the 1830's the site includes grade two listed buildings, former canal basin and bridge designated an ancient monument.

Closed since 1944 Wappenshall Junction is set to be transformed in partnership with The SNCT, who will occupy the site on a long lease arrangement. The buildings are to be fully restored by the Trust accessing grant monies to accommodate education and training facilities, visitor centre, shop and office. It is envisaged that the redevelopment will be completed over a five year period and will act as the catalyst for the restoration of the canal network between Norbury Junction and Wappenshall.

Speaking of the acquisition, SNCT Chairman Chris Chambers commented, 'Wappenshall Junction has always been pivotal for our restoration proposals. By purchasing the site and leasing it to SNCT, Telford & Wrekin Council has demonstrated great vision, and a commitment to facilitating the long term restoration of the Shrewsbury & Newport Canal.

### **Procurement**

In our drive to achieve efficiency savings, under the National Procurement Strategy the Council has adopted and continued refining various forms of procurement options during 2009/10.

A number of construction projects have been procured using partnering, the delivery mechanism. As a result of using partnering as the preferred procurement route, it has proved successful by engaging contractors' expertise earlier in the process, together with direct involvement with the supply chain and creating a 'win – win' approach to projects. In the current tendering climate with falling prices there has been a switch back towards more traditional procurement and contracts.

As of April 2008, a term contract was entered into covering the day to day maintenance of the P.I.P. A recent review of this contract highlighted an extremely pleasing number of positive responses from tenants. As a result it was rolled out to operational buildings in 2009.

### **Option Appraisal and Life Cycle Costing**

Embedded in the planning of construction projects associated with investment and disposal decisions, Property & Design has implemented an option appraisal and life cycle costing policy/framework.

The policy includes suggested templates for option appraisal and life cycle costing development. All investment and disposal decisions above pre-defined levels require an option appraisal and life cycle costing assessment.

The construction industry has improved the approach to product delivery and the achievement of customer satisfaction. Where previously the design and construction teams placed a heavy emphasis on delivering buildings at the lowest capital cost, a greater awareness and desire to consider costs over the whole life of the building have prevailed.

Clients now want buildings which demonstrate value for money over the long term, and are no longer simply interested in the design solution which is the least expensive. These changes have led to and highlighted the importance of whole life-cycle costing approaches to the design, construction and operation of buildings.

An example of this is at the Bridge Special School, Brookside. The school is used as a teaching and assessment centre for children with special educational needs. The centre was in need of significant investment. However, following the option appraisal which identified that the site may be suitable for residential development, together with significant costs for what was an inherently outdated building; the decision was taken to build new. The new site at the Malinslee development (see Appendix 2) opened in July 2009.

Whole life cycle costing provides a far more accurate assessment of the long-term cost effectiveness of a project, than standard economic methods that focus solely on first costs or on operating-related costs in the very short term. Research has identified the relationship between capital cost, cost in use and the cost to the business of assets as a ratio of 1:5:200. This results in the cost of operating and maintaining a building over its life will be five times the original capital cost. Moreover, the cost of staff productivity and occupation is two hundred times the capital cost.

## **7. Key Issues and Areas for Change and Development**

### **Introduction**

The Council has inherited a diverse range of land and property, often of varying standard and in which employees work in a range of differing ways/cultures. The current recessionary climate linked with restricted funding and the need to make savings and demonstrate value for money has focussed attention on Property.

There is now an impetus for local authorities to reduce the cultural and physical barriers between and create a more open infrastructure. In October 2009 it was announced that Telford & Wrekin Council would restructure. A key element of this is the removal of portfolios, having strategic Directors and a greater emphasis on matrix management.

The ongoing need to re shape the Councils services and change service delivery leads to continual changes in Council structures which in turn impacts on property. This offers major opportunities to review / rationalise property. This will significantly impact on property requirements and will include reviewing Civic buildings and the outlying satellite front line services, which are geographically sensitive.

**Insert a photo**

This has already started at Wellington where there is a wide range of properties and services. During the next three years and in conjunction with the Town Centre project, these will be reviewed, rationalised and consolidated.

This offers two interlinked and crucial areas of work:

- New Ways of Working
- Property Rationalisation

The two areas dovetail and complement each other and are governed by:

- Place shaping
- Partnership working
- Regional growth pressures
- Council re-shaping services
- Sustainability and environmental issues
- Equalities and diversity
- Efficiencies agenda
- Government challenge

**Insert a photo**

### **Place Shaping**

Using Council Property assets together with other public sector assets Property & Design is bringing significant regeneration benefits across the borough. Linking to the Borough Towns Initiative (section 9) many towns are enjoying major investments and improved services under pinned by property.

### **Partnership Working**

The establishment of local area agreements and public sector boards are driving major increases in partnership working and integrated service delivery.

There are aspirations that staff working in partnerships will be co-located with partners. This will impact on the demand and type of office accommodation dependant upon strategy. However, it is recognised that partner organisations may have their own work style, culture and statutory requirements. Flexible accommodation is required to respond to the constantly changing nature of partnerships, and to enable new forms of integrated working to be established.

On behalf of the Shropshire Fire Authority, Property & Design have acted as Client adviser on three projects outside The Borough. The first two were at Craven Arms and Cleobury Mortimer, which involved extending and refurbishing the existing stations. The third and more complex project currently underway is to rationalise the Headquarters building at Shrewsbury by remodelling their current accommodation estimated at £3.5 million build cost. The excellent relationship established across these projects is being mirrored in Telford with a review of accommodation linked to Council needs and opportunities for co located services.

[Photo of Shrewsbury Fire station](#)

### **Regional Growth Pressures**

Regional Planning Guidance outlines proposals for growth in the Telford sub-region of 1300 dwellings per year to be built up to 2016; consequently the Council will experience increasing demands for services and sustainable, quality infrastructures. This demographic growth will impact on Council Services. .

### **Sustainability and Environmental issues**

The Council's commitment to climate change is demonstrated with "A Climate for Change"; document for the community of Telford & Wrekin. Further contributions towards reducing the environmental impact of the Council's operations remain in consideration of "whole-life" value of buildings - the total life costs and material requirements, rather than initial build costs.

The strategy will result in specification for office buildings using fewer raw materials, and having lower energy costs; this will enable the replacement of outdated offices with high energy costs, with new efficient smaller premises.

The Carbon Reduction commitment which comes into effect from April 2010 offer further incentives to responsibly manage property. With significant penalties and rewards the strategic management of property and collection of accurate data is paramount. As a result of this legislation the Council is reviewing its data management and staff resources in this area with a cabinet report planned for March 2010.

### **Equalities & Diversity**

As detailed in Data Management (see Section 5.0), Management Data BVP 156 (Accessibility to Public Buildings) has been an important indicator for several years. Accessibility for both the public and staff has been taken into consideration and is addressed through the collection and monitoring of data and regular meetings with the Council's Equalities and Diversity Officer. Additionally, regular meetings have been held with service providers to consult on the suitability of operational properties. "Equality Impact" assessments have now been completed throughout all areas of Property & Design, and the following monitoring systems will be put in place over 2009/10 for future analysis and evaluation:

## **Property Investment Portfolio**

A Lettings Policy was published in 2009 to govern the lettings of commercial properties to both companies and individuals. To complement the Policy, letting enquiries will be monitored to establish the effectiveness of the Policy and how the Policy, together with spread and type of property, impacts on different community groups.

## **Operational Property**

Suitability Surveys are currently being updated and will include baby changing facilities within public buildings and their availability to both genders. This information has not previously been collected and was completed in 2009.

## **New Ways Working**

This is being driven by 3 main drivers;

### Efficiencies Agenda

The efficiency agenda review requires local authorities to make efficiency gains as part of the budget strategy.

There is potential to release both capital and revenue costs from the Council's Operational Property.

In November 2009 Property & Design became the pilot study across the council for New Ways of Working. This reduced the number of desks across the services area from 73 to 59 and the area reduced from 150square meters. The findings from this study will be published in spring 2010. It is then planned to roll this out across all council accommodation with lessons learned in Spring 2010.

### Government Challenge

The Government is challenging local authorities in respect of their asset management strategies. The Office of Government Commerce has launched its report 'High Performing Property: Route Map to Asset Management Excellence'. This identifies a number of challenging targets and maps out the changes required to maximise best value from property portfolios.

As a major owner and occupier of property, the Council is required to justify holding land and buildings, and consequently to dispose of assets surplus to requirements. This echoes the Council's prime concerns in the property context, namely that we must:

- Not hold property unnecessarily
- Expeditiously dispose of surplus property

### **Insert a photo**

Council occupation rates across service areas is currently being monitored and will be used to identify existing space standards to create a baseline across services. Property & Design have key tasks in designing high quality, sustainable, public realm and public buildings. It offers significant challenges in re-assessing how we deliver public services, together with challenging existing ways of working.

## Changing Work Patterns and Culture

There is now a range of office options, such as “hot-desking”, touchdown, open plan offices and the creation of flexible team, or group-working places, that support and encourage a flexible workforce. Many staff are completely mobile increasingly reliance on I.C.T Public sector agencies now offer combined services from individual premises, however, Council offices have remained substantially unchanged. Similarly the needs of Councils services have changed but again buildings have not kept pace with this level of change. In order to address these issues The Property Group is looking to develop a strategy in 2010/11 that will define new ways of working to support service delivery and drive out efficiencies

## **8.0 Property Investment Portfolio (PIP)**

The Authority holds a number of individual sites for investment purposes (see Section 10.0). Most were transferred to the Authority from the former Telford Development Corporation as part of a Community Related Assets package. The values of the Portfolio are detailed in Section 10.0. Asset details are those currently included in the Authority's Asset Register and based on CIPFA valuation principles.

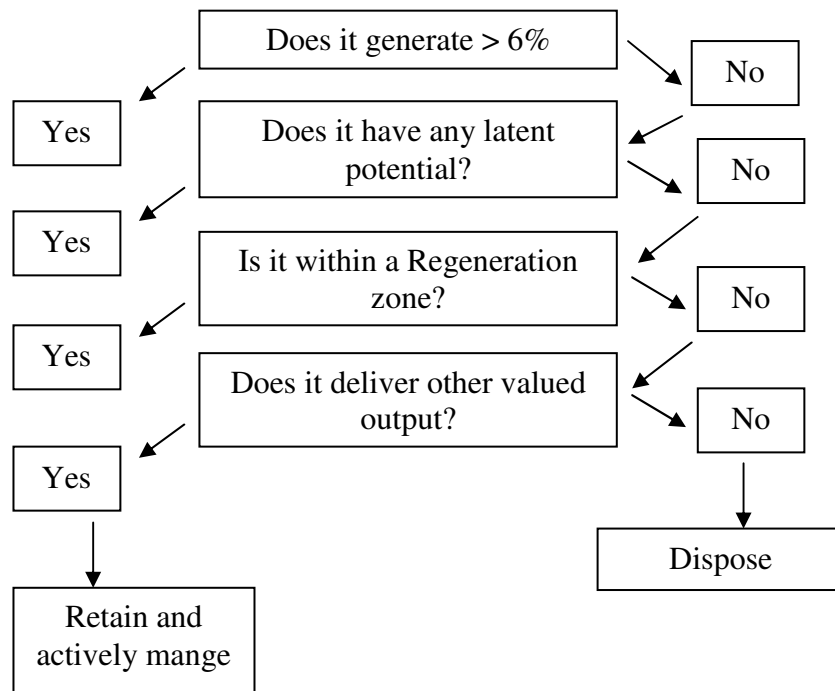
The property portfolio has an annual revenue target of £6.2m. This revenue is then used by the Authority to meet the on going cost of maintaining liabilities including open space, car parks, community centres etc. The liability side of the Community Related Assets package is subject to claw back provisions. As such, a significant part of the capital receipt generated from any disposal, is paid to the Treasury rather than the Council.

An external performance review of the Property Investment Portfolio was undertaken by GVA Grimley for the financial years 2007/08 and 2008/09. The report found that "the Council's portfolio outperformed the IPD benchmarks by a considerable margin", but warns "challenging times until 2011 with increasing instances of tenant default, difficulties re-letting and decreasing opportunities for increasing rental income as market levels fall below those of five years previous".

During recent years the Portfolio has diversified away from being predominantly within the industrial sector. A far greater proportion of the value and revenue produced is now within the modern office sector. Consequently the Portfolio has a more balanced mix in terms of property sector, reducing overall risk to the Authority. The decision to diversify was taken following a detailed appraisal of the Portfolio which included performance, growth areas within the Telford property market and life cost analysis of the existing Portfolio.

Financial performance of the Portfolio is measured against a five year plan projecting rental income and return until 2012. The indicators against which financial performance is measured include rental and capital growth, return on capital investment and yield. Assets providing a return of less than 6% are identified and their performance analysed. Additional measures used to assess performance include Condition, Portfolio Mix, the potential of assets to help achieve the Authority's Borough Towns regeneration initiative, and delivery of Community Benefit. The present system used to monitor performance can be summarised with reference to the diagram over which outlines key questions and actions: Option appraisals and whole life cycle costing exercises are also undertaken before a disposal is recommended.

## The Performance Monitoring and Measurement Process for the PIP:



The Authority continues to enjoy close working relationships with a number of key partner organisations and stakeholders within the Borough including Telford and Wrekin Primary Care Trust, West Mercia Police, Parish/Town Councils and elected members.

Practical examples of partnership working include the acquisition and construction of new offices leased to Telford & Wrekin Primary Care Trust. Key local services are now delivered to the Borough from both Longdon House, Montford House and Edward James House, helping achieve the Corporate Vision to deliver, 'a successful, prosperous and healthy community, with a good quality of life for all people of Telford & Wrekin'

Property & Design is also exploring the development of new purpose built doctors surgeries, Telford & Wrekin work with the PCT enabling them to improve coverage throughout the Borough. Working in partnership with the PCT will ensure the best use of public sector assets and funding. At Edward James House, the Council has secured building accommodation to support social care and health commissioning functions in relation to both adults and children and young people.

This has enabled the following teams to co-locate:

- Joint Commissioning ( older people, physical and sensory disability and carers)
- Joint Commissioning ( adults with learning disabilities, mental health, and substance misuse)
- Joint commissioning (children and young peoples)
- Continuing health care.

This has enabled more effective working between teams who were previously dispersed across a number of buildings.

Property & Design work closely with One Telford (the Council's inward investment agency), Business Link and Shropshire Chamber of Commerce to secure new lettings of its investment properties, attract inward investment, and help job creation within the Borough. A significant development in order to achieve the above is the Donnington Rail Freight Terminal. The £4.2 million development on former military land includes a major new site of 8.9 hectares (22 acres) capable of taking a warehouse in excess of 37,100 sq m (400,000 sq ft) floor space. To date the majority of freight has been linked to the Ministry of Defence. An agreement to link directly to south coast ports has just been agreed and a number of local companies are exploring using it for distribution. Furthermore an International company who is already based in Telford is in advanced talks to locate a major warehouse at the site. This will bring significant employment opportunities through construction and manufacturing / warehouse use.

Property & Design are now delivering multi million regeneration projects at many of Borough Towns. Properties held within the investment portfolio are being used as catalysts for regeneration. Practical examples include the use of properties at Walker Street, Wellington as part of site assembly for the Wellington Civic scheme.

The regeneration schemes will deliver significant socio-economic benefits to local communities and provide the investment portfolio with new properties. Developments at Randlay and Leegomery will see existing investment properties replaced with new commercial units and in the case of Leegomery, a purpose built day care facility. All are intrinsically linked to the delivery of the 'Borough Towns Initiative'

Once constructed the new Borough Centres will host digital CCTV systems, helping to create safer communities. Consultation and briefing events have been held with key stakeholders including Housing, town/parish councils, elected members, Council tenants and local communities.

Property & Design are actively pursuing a programme of rationalisation, and have continued to dispose of poor performing investment properties which have limited rental and capital growth prospects and significant repair and maintenance liabilities.

### **Key Achievements 2009**

- External assessment on the performance of the Property Investment Portfolio undertaken by GVA Grimley for the financial years 2007/08 and 2008/09.
- Condition data relating to the Property Investment Portfolio analysed and the extent of repair and maintenance liabilities obtained.
- Detailed appraisal of buildings within the Property Investment Portfolio completed and a disposal programme devised. Each of the assets were scored against the following criteria:
  1. Condition
  2. Financial Return
  3. Portfolio Mix
  4. Regeneration
  5. Community Benefit

The buildings were then categorised according to the Traffic Light System below:

<b>% Compliance</b>	<b>Traffic Light Indicator</b>	<b>Actions Arising</b>
0-25	Red	Asset suitable for disposal
26-60	Amber	Asset to be reviewed
61+	Green	Asset to be retained

The process has identified 10 assets suitable for disposal and 18 assets for review. The former will be sold via a range of methods including private treaty, informal Tender and auction. The timing of the sales will be at a point when the best consideration can be achieved. The performance of those assets under review will be closely monitored throughout the current financial year and again at year end. A total of 69 assets were rated green, considered to be performing well in all aspects and should be retained at the present time.

- Continued to source alternative sources of funding with which to help finance new developments, and improve condition of the existing stock. An example is the funding from The Townscape Heritage Initiative. Supported by the Heritage Lottery Fund the fund has been used to improve the external appearance of 9 New Street, Wellington, a listed building within a Conservation area and Borough Town's Initiative.
- Energy Performance Assessments undertaken for all investment properties (with the exception of properties with a low energy usage). The Energy Performance Certificates are now available on demand to our customers. The certificates shall also serve as a guide to improving the energy efficiency of those assets to be retained.
- Property & Design are continuing to develop robust debt recovery procedures, in conjunction with the Authority's Business Revenues and Legal Services Business Units. The levels of current and former tenant debt can now be viewed in a graphical format enabling assessments to be made regarding levels and achievements.
- Assisted a number of our customers during the economic downturn, via payment arrangements, agreeing to deferred payments and restructuring leases. This has helped ensure progress towards achieving of Investment Portfolio income target, and helped safeguard jobs within the Borough.
- Continued to work closely with the Council's Economic Development Business Unit and external inward investment agencies such as Business Link and Shropshire Chamber of Commerce. Details of properties available for lease and acquisition are now regularly distributed.
- Greater use of conditional break options, surrender premiums, rent deposits and guarantees, reducing risk during a time of market uncertainty.
- Established Rent, Repair and Maintenance and Service Charge budgets for individual assets.
- Development of new properties capable of achieving the highest possible BREEAM rating, and conforming to national policies regarding sustainability and energy

performance. An example being the new Listen & Care Centre at Leegomery April 2009, now leased to the Listen & Help Self Help Group.

Insert Photo

- Continued reinvestment in properties for the Investment Portfolio, that offer rental and capital growth, reduced liabilities and improved energy efficiencies. An example being a new retail centre for Leegomery consisting of four shops. The development commenced July 2009, and will help achieve the overall rental income target that exists for the Property Investment Portfolio.

Insert Photo

## Plans and Developments 2010

- Obtain external assessment from GVA Grimley on the performance of the Property Investment Portfolio for the financial year 2009/10.
- Develop and implement a planned programme of repair and maintenance works, and enforcement of lease covenants. The programme will ensure that the overall condition of assets within the investment portfolio is effectively managed.
- Completion of a new retail centre for Leegomery, Spring 2010.
- Commence new retail centre for Randlay Spring 2010. The development will achieve a 'very good' BREEAM rating, and conform to national policies regarding sustainability and energy performance.
- Commission an independent review of current marketing and promotional practises with the objective of understanding best practice and improving effectiveness.
- Continue the greater use of conditional break options linked to repayment of rent free incentives, surrender premiums, rent deposits and guarantees at a time of market uncertainty.
- Continued reinvestment in properties for the Investment Portfolio, that offer rental and capital growth, reduced liabilities and improved energy efficiencies.
- Development of new properties capable of achieving the highest possible BREEAM rating, and conforming to national policies regarding sustainability and energy performance.
- Identifying and securing external sources of funding, to help finance the development of new investment property.
- Achieving the Investment Portfolio income target whilst being proactive in the assistance of clients in the current economic downturn.
- Review current debt recovery procedures with the objective of reducing both current and former tenant debt.
- Effectively manage Rent, Repair and Maintenance and Service Charge budgets for individual assets.

- Review performance of assets within the Investment Portfolio based on financial information for 2009/10 and formulate disposal strategy based on the Traffic Light Scoring system.

## Land Strategy

The land Assets held by the Authority within the Asset Register are defined as playing fields, public open space, amenity land, woodland, paddocks etc and amount to some 300 hectares (Ha). Specifically the area excludes the site area of built operational and non-operational assets (which extends to some 700Ha).

The aim of the Land Strategy has been to undertake a detailed appraisal of each individual land asset by collating information from a number of sources into a single database. The information for each site includes the following key information:-

- Site Description
- Site Area
- Existing Use
- Suitability for disposal
- Potential for alternative use
- Legal issues
- Planning issues
- Engineering information
- Regeneration considerations

In specific issues such as planning, regard has been made to the adopted Local Development Framework and the sites current land allocation, together with a view on future development potential.

The information collated will be used to categorise each land asset. A traffic light system of categorising has been adopted as follows:

Red	Land suitable for disposal
Amber	Land that may be suitable for disposal, further investigations are required before a recommendation is made e.g. Engineering study, Planning application etc..
Green	Land to be retained

Having completed the detailed appraisal of the 358 assets they have been categorised as follows:

Category	Number of Assets
Red	17
Amber	107
Green	234

The assets identified for disposal (red) will be sold through a range of methods including private treaty, informal tender and auction. The timing of the individual disposals will be at a point when best consideration can be achieved.

The land strategy has identified some 107 "Amber sites" that could be suitable for disposal but where further studies/investigations are required before the assets can be sold e.g.

Engineering studies, ecological surveys, Planning applications etc. A programme will be established to investigate these Amber sites over the next 5 years.

Assets categorised as green (land to be retained) will continually be reviewed on a rolling 5 year program (20% per annum) to ensure that where criteria/circumstances have changed the sites development /disposal can come forward.

The Land strategy, Operational Property strategy and PIP strategy will all connect and form the future approach to Asset Management within Telford.

### **Photos of land**

## **9.0 Under-Use and Disposal (Operational Assets)**

### **Property Review and matching Provision to Need**

The Council's Asset Management and Property Review activities are designed to identify areas of mismatch between existing asset provision, and current and future requirements corporately and within specific services. Property reviews examine capital and revenue options and address areas of mismatch, rationalisation, generation of capital receipts, inter-agency sharing of property and opportunities for alternative service provision.

A property review has commenced assessing current position of buildings together with service need and whether a rationalisation of assets could be implemented so as to improve the overall quality of the building stock. Phase 1 of the rationalisation programme will go to cabinet in spring 2010.

As a former New Town, much of the development land is still retained by Homes & Communities Agency and therefore covered by Sec 7 (i) planning approvals. There is therefore limited opportunity of achieving planning gains for community schemes, as would arise in more traditional developments where contributions would arise for transport and infrastructure costs.

### **Building Rationalisation**

Many buildings are unsuitable for current service needs. In addition they are outdated and inefficient to run with high running costs and potentially high future maintenance costs. As part of the Asset Management Data (section 10) we compile a whole range of data against each property including its suitability via meetings with the service providers. As a result we have developed a weighted scoring system with traffic lights to highlight unsuitable properties.

### **Disposal Programme**

There are various disposals and reinvestments associated with BSF, BTI, Telford Town Centre, the Property Investment Portfolio and property rationalisation. The approvals to dispose of sites are brought forward to Cabinet as part of the decision making process.

This programme is partly informed by the Council's bespoke Operational Suitability surveys (see Section 5 Data Management). These not only include weighting depending upon service, but also valuations based on alternate use value rather than existing asset value. This does not rule out windfall disposals, which can arise through special market conditions.

## **Borough Towns Initiative**

The regeneration of Borough towns is a key Council priority. The Council has substantial property holdings in several centres, e.g. Wellington, Dawley Innovative ways of regenerating these towns in a sustainable manner, whilst improving our Operational and Property Investment Portfolio are being explored.

### Town Centre Regeneration

The regeneration of Telford Town Centre is a key priority for T&WC, partners and the region. The regeneration will underpin and support growth, stimulate and attract investment in the Borough and create a Town Centre responding to the needs of the community.

During October 2009, the Council jointly submitted an outline planning application for Southwater in partnership with Southwater Event Group (SEG). The planning application is anticipated to be determined by plans in spring 2010. Planning Consent would set the context for regeneration through the establishment of land use zones to include residential, commercial, bars, restaurants, hotels, retail and leisure.

Southwater will see the creation of a high quality Southwater Square, main Street up to the boundary of land owned by SEG and a new Southwater Lake. Collectively these improvements will create a series of distinctive, interlinked and pedestrian dominated routes and spaces throughout Southwater which will more effectively link the shopping centre, town park and events facilities at The International Centre creating a lively and vibrant street scene.

The Learning & Media Centre (LMC) encompassing a new and improved Telford Library and provision for Meeting Point House. This high quality, iconic, BREEAM Excellent building, will act as an exemplar and catalyst to other developments within Southwater, will define quality parameters and have a vital role in framing the southern side of Southwater Square.

Milestone	Start	Finish
Outline Planning Consent	Oct 2009	March 2010
Ice Rink – phased delivery	Summer 2010	Autumn 2011
Enabling Works (including infrastructure)	Autumn 2010	Spring 2012
Public Realm	Spring 2011	Dec 2012
Learning & Media Centre and Meeting Point House	Spring 2011	Autumn 2012

### Dawley & Malinslee

The regeneration of Malinslee Centre, including the amalgamation of two primary schools; together with a new shopping centre, health facilities and housing is seen as Notable Practise under our 2008 CPA Assessment. (CPA Notable Practise Submission - see Appendix 2).

The Council is proposing to bring this area back into beneficial use, by developing a mixed use scheme including a new secondary school, residential, employment and leisure use. A Masterplan is due to be submitted in February 2010. A further move as part of the BSF scheme is to re locate the Phoenix school onto this site as part of the first phase of the regeneration proposals. This will provide a major catalyst to the entire scheme together with increased footfall. It will link into Dawley providing a significant stimulus to place shaping, regeneration.

### Wellington Centre

As previously outlined, Wellington contains significant operational properties. Within this area there is the Telford Registry Office, Wellington Library, Leisure Centre and office accommodation. Additionally, there are other offices within the area having sensitive and non-sensitive geographic issues. Many are converted Victorian houses, with high maintenance and energy costs located outside the main ring road. A feasibility study has been approved to co-locate the Registry office and Library with other Council offices, to the existing leisure centre and Town Council offices and rationalise existing offices. This will help regenerate Wellington by consolidating a significant number of staff in a purpose built, central, land mark building, in partnership with the Town Council. In addition the police will be provided with an office for their Community Officer. This will be on the edge of the retail core and will have strong links between the two areas. Planning permission was obtained in August 2009 and the contract awarded in December 2009 following the OJEU process with a value of £9 million. Enabling works are currently underway and the main contract starts in March

### Madeley Centre

Madeley centre was a typical pedestrianised, 1960's shopping precinct; which suffered from various problems of anti social behaviour and lack of investment. A number of shops were closed as retailing patterns changed and the centre was failing to fulfil its function in the south of Telford.

Options to regenerate the centre were considered and in May 2005, the centre was disposed of and a redevelopment brief requiring demolition of large areas, the building of new retail units connecting of the High Street and the construction of a 2,500 sq metre supermarket to anchor the scheme agreed. The retained Council property including the Library will see significant investment as part of the terms of disposal, including the installation of a lift to ensure the building is accessible to all.

The centre has been totally transformed and has made a significant contribution towards achieving the councils "vision and priorities".

### **Photos of Madeley**

### Leegomery Centre

Leegomery was a typical local parade of shops. Constructed in the 1970's, it had suffered from anti-social behaviour and was out dated by modern standards. A fire destroyed two of the four shops. An option appraisal was undertaken to explore alternative forms of redevelopment. This included land assembly to reshaping the area with a modern energy efficient mixed use development. Unfortunately, disposal of the site faltered due to the "Credit Crunch." In January 2009 Cabinet approved the construction of the new centre with the intention of later residential development once the market returns. Construction started in February 2009. The build will be completed in spring 2010

### Randlay

Randlay is a similar centre to Leegomery but in this case the shops have been found to have a structurally unsafe roofing system. In addition, the adjoining community centre requires substantial investment to bring up to suitable modern standards. Again, rather than simply rebuilding/repairing these faults, which would have been very costly, the possibility of potential redevelopment was explored. An outline planning consent was obtained and the site put to the market to include a new parade of shops and importantly for the community a new community centre attached to Randlay Primary School. A residential care operator has purchased the site and construction is due to start in spring 2010.

### **Building Schools For The Future**

The Council was awarded funding for Wave 4 of the Governments Building Schools For The Future Programme in 2007. This is a one off chance to completely transform secondary education and community buildings within the Borough as part of a £200 million vision to create 'Campus Telford'. Property & Design advise on all 'Technical' aspects of this project.

In order to deliver real transformational change the Council has considered co locating secondary education with primary schools and leisure/community facilities. In certain cases this will involve closing certain facilities disposing of the sites and re locating them elsewhere. Some school locations will change to provide better coverage across the Borough. The proposals will include some new schools and the remainder being remodelled. In order to meet the Partnership For Schools timescales an Outline Business Case was submitted in January 2009. This included an Outline Planning Application for the first pilot school the Abraham Darby School submitted in November 2009.

In October after an extensive evaluation process Kier Construction were appointed as the "preferred bidder". This contractor will provide all the schools with Abraham Darby set to start in Spring 2010. In addition further financial modelling and feasibility for the remaining schools will need to be undertaken based on schools requirements and reflecting the reduced capital receipts from land sales due to the market.

The delivery of this programme to time and budget will be challenging and staff resources will need to be carefully considered

**Photo of Abraham Darby**

## 10.0 Asset Details

### Statement of Assets

The analysis of assets held by the Council comprises the following as assessed in accordance with CIPFA guidelines (valuations as at 1<sup>st</sup> Quarter 2009):

### Information on Operational Assets Held (Owned Corporately by the Authority)

<b>Fixed Assets Utilised by the Council</b>		<b>Total Values*</b>
Emergency Planning Centre	1	£200,000
Bus Stations	4	£474,000
Cemetery Building	1	£1
Changing Rooms & Pavilions	12	£1,067,000
Community Centres	6	£1,264,500
Travellers' Sites	2	£1,070,000
Hostels, Refuges, Homeless & Sheltered Accommodation	2	£1,798,000
Ice Rink	1	£1,500,000
Leisure Centres	4	£8,932,000
Libraries	8	£2,869,400
Municipal Golf Course	1	£1
Nursery Schools	1	£279,000
Offices	15	£9,994,000
Outdoor Activity Centre	1	£457,000
Primary/Infants/Junior Schools	55	£84,526,200
Public Conveniences	3	£105,800
Secondary Schools	10	£34,830,000
Ski Slope	1	£367,000
Special Schools	3	£5,678,000
Swimming Pools	2	£1,124,000
Theatres	1	£1,350,000
Training/Day Centres & Residential Care	6	£4,820,700
Visitors Centre (Spout Farm)	1	£250,000
Youth Projects	5	£608,000
Joint Service Facility (Swan Centre)	1	£1,191,000
Pupil Referral Units	1	£430,000
Children Centres	2	£1,805,000
First Point Centres - Former Hadley Library	1	£60,000
<b>TOTAL</b>	<b>151</b>	<b>£167050602</b>

### Operational Property Leased in from Property Investment Portfolio

<b>Property Type</b>	<b>Quantity</b>	<b>Total Values</b>
Offices	6	See PIP table for asset value
Training / Day Centre	2	See PIP table for asset value

\* These values are as set out under CIPFA guidelines and therefore may not reflect open market values

### Leased in (Private External Landlord)

Property Type	Quantity
Offices	6
HLC Learning Community (Private Finance Initiative – PFI)	1
Jigsaw (PFI)	1
<b>TOTAL</b>	<b>8</b>

### Property Investment Portfolio - Details

Property Investment Assets	Quantity	Total Values
Smallholdings	1	£400,000
Offices	28	£19,109,700
Retail	30	£7,903,831
Industrial	29	£22,416,680
Miscellaneous/Ground Rents/rationalisation	134	£22,352,700
<b>TOTAL</b>	<b>222</b>	<b>£72,182,911</b>

The values detailed above are currently as included in the Council's Asset Register and are therefore based on the CIPFA valuation principles of that Register.

The following tables identify condition backlog for Operational and Educational properties over the next 5 years as at January 2010.

### Operational Property – Condition backlog

Property Type	No	Priority 1	Priority 2	Priority 3	Total
Emergency Planning Centre	1	£5,000	£6,250	£10,000	£21,251.00
Bus Station	4	£8,275	£10,750	£15,550	£34,579.00
Cemetery Buildings	1	£3,188	£101,763	£517	£105,469.00
Changing Rooms & Pavilions	12	£14,303	£112,713	£191,235	£318,263.00
Community	6	£29,407	£98,136	£202,457	£330,006.00
Travellers' Sites	2	£0	£165,357	£57,181	£222,540.00
Hostels	2	£89,910	£68,007	£120,385	£278,305.00
Ice Rink	1	£1,199,654	£1,014,496	£276,865	£2,491,016.00
Leisure Centres	4	£104,545	£484,791	£1,133,763	£1,723,103.00
Libraries	8	£132,728	£88,658	£624,458	£845,852.00
Municipal Golf Course	1	£22,927	£8,067	£61,121	£92,116.00
Offices	27	£153,416	£897,176	£1,649,796	£2,700,412.00
Outdoor Activity Centre	1	£4,450	£364,423	£171,237	£540,111.00
Public Conveniences	3	£4,456	£22,164	£8,593	£35,216.00
Ski Slope	1	£2,716	£64,381	£12,799	£79,897.00
Swimming Pools	2	£35,380	£330,938	£237,516	£603,836.00
Theatres	1	£0	£4,169	£106,473	£110,643.00
Training/Day Centres & Residential Care	8	£33,657	£291,390	£345,700	£670,754.00
Visitors	1	£0	£3,300	£15,629	£18,930.00
Youth	5	£56,203	£81,310	£125,858	£263,376.00
Joint Service Facility (Swan Centre)	1	£123,453	£8,329	£241,492	£373,275.00
First Point Hadley	1	£0	£2,029	£5,192	£7,222.00
<b>TOTAL</b>	<b>93</b>	<b>£2,023,668.</b>	<b>£4,228,597</b>	<b>£5,613,817</b>	<b>£11,866,172.00</b>

## Education

Property Type	No.	Priority 1	Priority 2	Priority 3	Total
Secondary Schools	10	£1,436,029	£4,945,818	£6,792,166	£13,174,023.00
Primary/Infants/Junior Schools	55	£1,086,991	£3,744,054	£6,475,284	£11,306,384.00
Special Schools	3	£20,512	£103,471	£318,172	£442,158.00
Nursery Schools	1	£9,611	£3,670	£32,797	£46,079.00
Children's Centres	2	£0	£24,147	£4,460	£28,609.00
Pupil Referral Unit	1	£33,178	£10,492	£65,925	£109,596.00
<b>TOTAL</b>	<b>72</b>	<b>£2,586,321</b>	<b>£8,831,652</b>	<b>£13,688,804</b>	<b>£25,106,849.00</b>

\*Note: Hadley PFI / Jigsaw / Madeley Academy / Abraham Darby Academy have not been included within the above figures.

The annual capital programme allocation for property condition will be reviewed annually against the backlog categories. The Planned programme for 2010/11 will be assessed by Cabinet in February 2010.

The budget allocations do not take into account the capital investment relating to amalgamation of schools, and the potential investment relating to Building Schools

for the Future which will greatly reduce the condition backlog for Education properties as part of the building rationalisation process

## **11.0 Property Performance Indicators for all Operational Properties Including Schools (excluding Property Investment Portfolio)**

The use of property performance indicators is recommended and endorsed by the Communities for Local Government (CLG) and the Department for Children Schools and Families (DCSF), as a valuable means of measuring and comparing performance in Asset Management. The introduction of the governments “one place” initiative places further emphasis on Local Government agencies ensuring efficiencies of which property assets are a fundamental aspect. Monitoring the performance of our assets effectively will allow Telford & Wrekin to ensure that property assets are best suited to need.

The existing Property Performance indicators originally established by the Office of the Deputy Prime Minister (ODPM) and Association of the Chief Corporate Property Officers (COPROP) have now been superseded by the National Property Performance Management Initiative (NAPPMI) – Property Performance Indicators. These indicators allow the Authority to measure performance of:

- Condition and required maintenance
- Accessibility of public operational buildings
- Building suitability for service delivery
- Environmental Property Issues

Furthermore, Telford & Wrekin Council is a member of the “Octopus Benchmarking Group”; which consists of eight authorities throughout the Country of similar size and design. The group enables all members the opportunity to compare, share and debate issues relating to Asset Management of both Operational and Investment Properties.

### **National PMI 1 – Condition and Maintenance**

#### *Objectives*

- Measure the condition of the asset for its current use
- Measure changes in condition
- Measure the annual spend on required maintenance
- Illustrate the severity and extent to which maintenance problems affect the property portfolio
- Assist in development of detailed information on required maintenance
- Encourage authorities to invest in planned maintenance
- To show year-on-year changes in required maintenance
- To show the annual spend on repair and maintenance

### **Definition - Required Maintenance (Backlog)**

Required maintenance is the estimated cost to bring the property from its present state to the state reasonably required to deliver the service and/or to meet statutory or contract obligations and maintain it at that standard.

Definition of condition categories:

- A: Good** – Performing as intended and operating efficiently
- B: Satisfactory** – Performing as intended but showing minor deterioration
- C: Poor** – Showing major defects and/or not operating as intended
- D: Bad** – Life expired and/or serious risk of imminent failure

**INDICATOR: 1A - % Gross Internal Floor-Space in Condition Categories A - D**

**Category A**

- 5% of the **School Property** Gross Internal Area (GIA) is in condition category A
- 4% of the GIA of **Operational Property** GIA is in condition category A

**Category B**

- 45% of the **School Property** GIA is in condition category B
- 48% of the GIA of **Operational Property** is in condition category B

**Category C**

- 40% of the **School Property** GIA is in condition category C
- 41% of the GIA of **Operational Property** is in condition category C

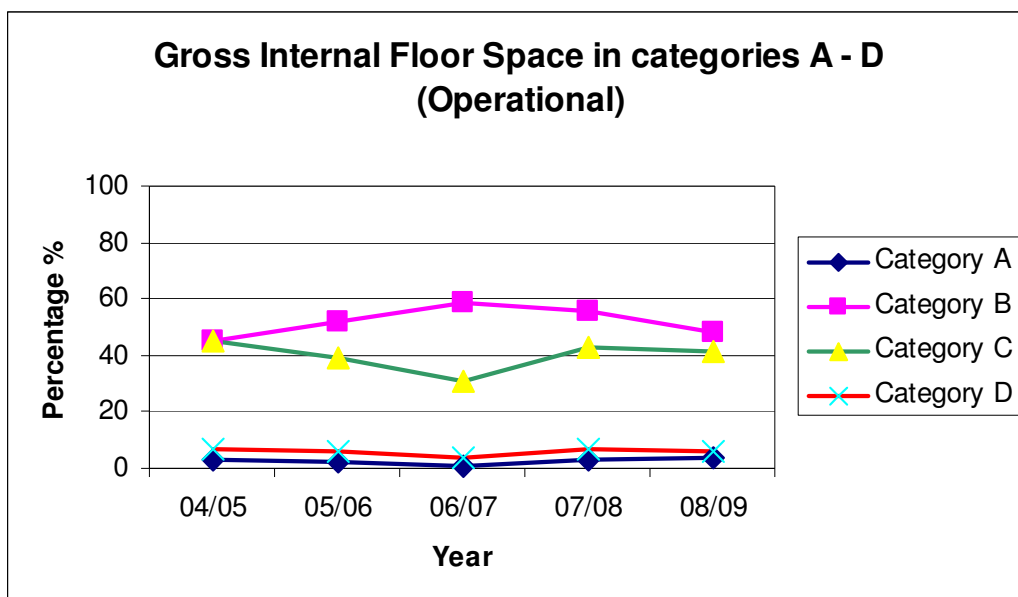
**Category D**

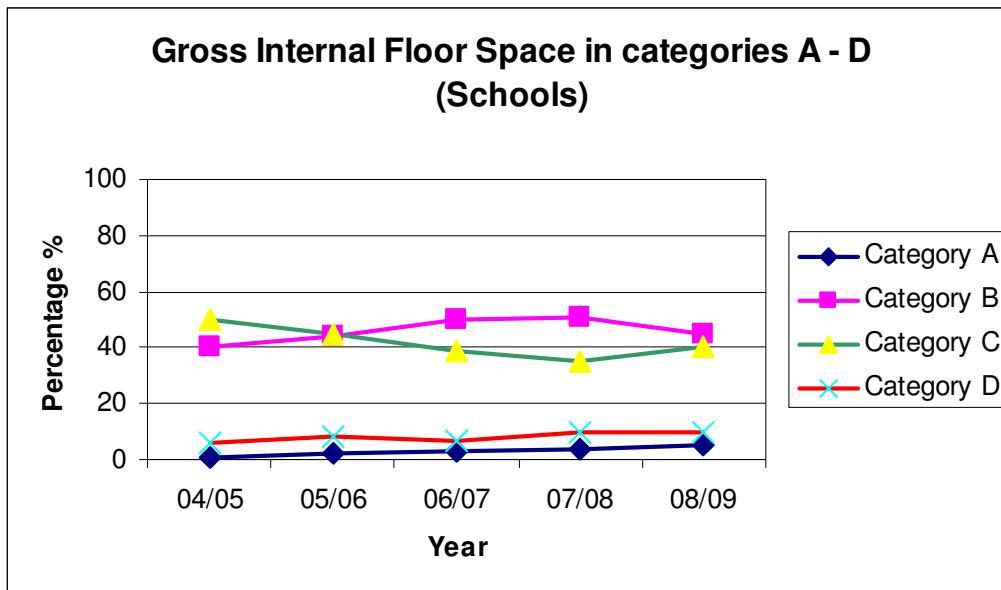
- 10% of the **School Property** GIA is in condition category D
- 6% of the GIA of **Operational Property** is in condition category D

The condition categories from 07/08 – 08/09 for school property have remained relatively stable. There has been a 1% increase in category A (good condition) whilst category B (satisfactory condition) has decrease and represented by an increase in C (poor condition).

The condition categories for operational property have also remained stable showing a slight improvement from last year as the category D (urgent) condition items have reduced.

This demonstrates that the authority is maintaining its property assets effectively within the resources available.





## PMI INDICATOR 1B

### Definition of priority levels:

**Priority 1:** Urgent works that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of the occupants and/or remedy a serious breach of legislation.

**Priority 2:** Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to health and safety of the occupants and/or remedy a minor breach of the legislation.

**Priority 3:** Desirable work required within three to five years that will prevent deterioration of the fabric or services and/or address a low risk to health and safety of the occupants and/or remedy a minor breach of the legislation.

### INDICATOR 1Bi : Required maintenance by cost expressed as a total cost in priority levels 1 – 3

The total cost of priority level 1-3 works for all operational property (including schools) is £37,261,325.

This figure is split as follows:

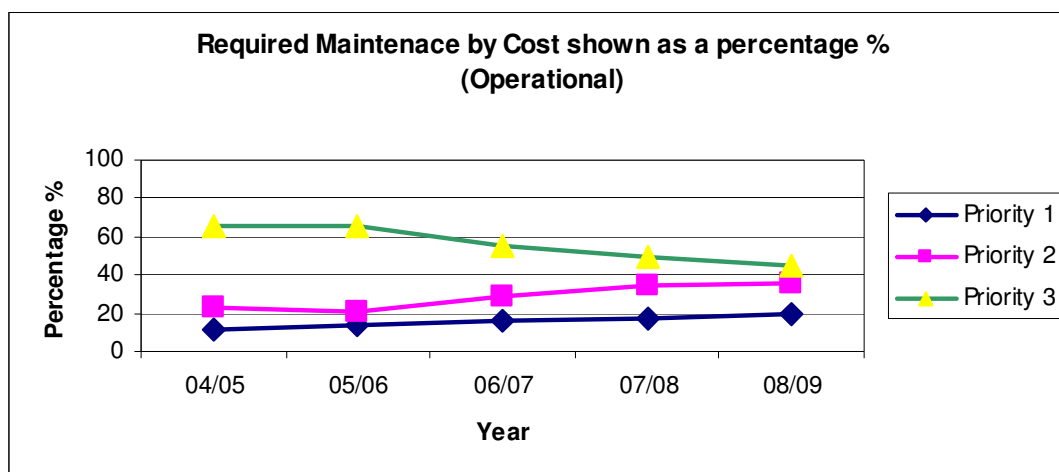
- Operational Property - £10,134,790
- School Property - £27,657,372

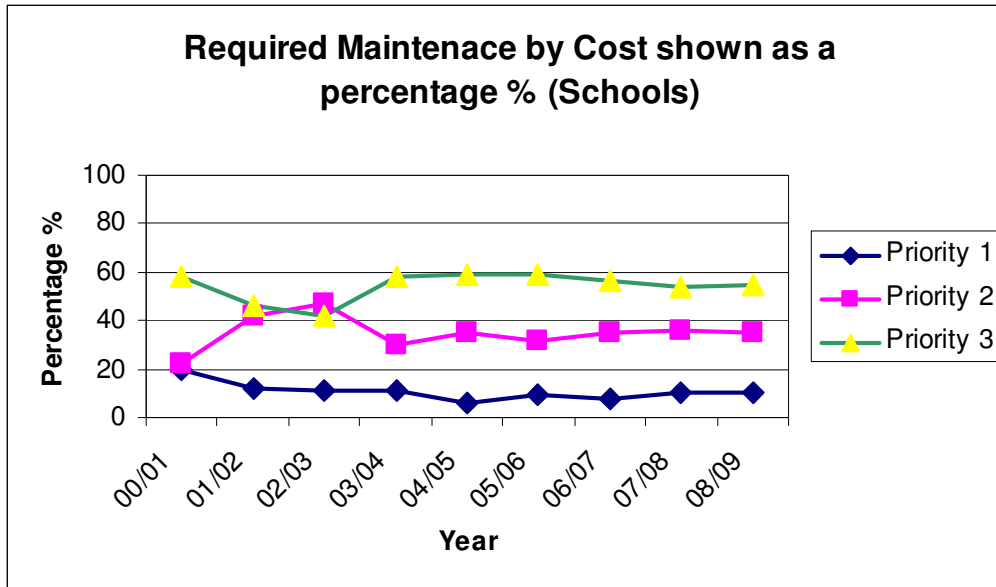
### INDICATOR 1Bii : Required maintenance cost expressed as a % in priority levels 1 – 3

- **Priority 1 Works –**
- 19% of **Operational Property** is in priority level 1
- 10% of **School Property** is in priority level 1

- **Priority 2 Works –**
- 36% of **Operational Property** is in priority level 2
- 35% of **School Property** is in priority level 2
- **Priority 3 Works –**
- 45% of **Operational Property** is in priority level 3
- 55% of **School Property** is in priority level 3

The total condition back log has increased for school assets and decreased for operational assets. This reflects increase in investment in planned maintenance for operational properties and a decrease in education investment. Over the last two years education have reduced the expenditure on the school estate, especially in secondary accommodation due to the pending Building Schools for the Future programme. Out of the education condition backlog £15.7 million is attributable to secondary accommodation which the majority will be addressed over the next few years. The property rationalisation agenda that is being developed will also reduce the back log with associated disposal of operational properties.





**Indicator 1Biii : Required maintenance by cost expressed as an overall cost per square metre gross internal area (GIA)**

Indicator 1Biii equates to £149.87 per m2 of GIA. This is a slight increase over the previous years overall costs. As noted above the secondary school property stock which accounts for a large proportion of the condition backlog will be dealt with under the Building Schools for the future initiative.

**INDICATOR 1C – Annual percentage change to total maintenance figure over previous year**

The annual percentage change to the total maintenance figure identifies a 1% increase on the previous year. This is mainly due to the reduction in floor area relating to school amalgamation and disposals of operational properties.

**PMI INDICATOR 1D**

**Indicator 1Di: Total spend on maintenance in previous financial year**

Total spend on maintenance in 2008/09 financial year for schools and operational property was £3,727,902

The level of investment in maintenance overall has increased. This is a positive result and demonstrates the authority is investing in its assets with a planned approach.

**Indicator 1Dii: Total spend on maintenance per square metre GIA**

The total spend on maintenance per square meter GIA equates to £16.82 m2

**Indicator 1Diii: Percentage split of total spend on maintenance between planned and responsive maintenance.**

26% was responsive and 74% was planned. Total Spend on R&M for operational property £1,896,748 27% was responsive and 73% was planned this equates to £16.82 m2

This is a change from the previous years figures where responsive maintenance was the higher percentage. This demonstrates that the Authority have embedded Asset Management principles taking a greater approach to planned maintenance.

## **PMI 2 – Energy/Environmental Property Issues**

### Objective

- To encourage efficient use of assets over time, year-on-year improvements in energy efficiency
- To reduce environmental impacts of LA operational property
- To highlight areas of poor or mediocre energy and water efficiency/performance, and act as a catalyst for improvement
- To compliment the process for 'Energy Certificates'
- To support the LA's assessment of property performance, together with condition and suitability within the framework of Asset Management Planning
- To inform the Climate Change Strategy Group and monitor the impact of carbon reducing initiative

The quality of the energy data held within the AMP software is improving each year and therefore the reporting capability is becoming more accurate and reliable, however due to this comparison over past years is difficult.

### Definitions

Local authorities must also be able to obtain this information on a per building basis to comply with EU directives regarding energy certificates. This only applies to operational buildings over 1000m<sup>2</sup>.

- Energy incorporates electricity, gas, coal and oil (excludes water)
- Gross Internal Area (GIA) is inclusive of stairwells, landings, partitions, circulation corridors etc.

### CO2 Emissions

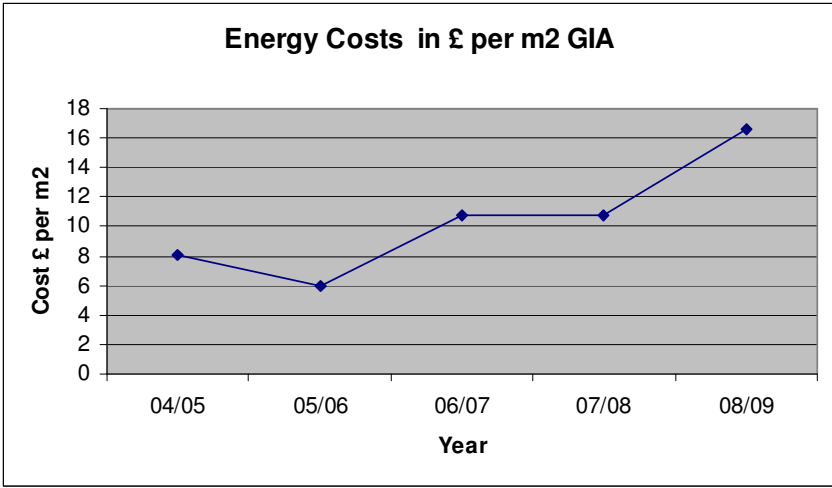
- CO2 emissions data will fit with the UK's Climate Change Programme targets
- To be reported for operational
- Properties occupied by the Local Authority, including schools, (excluding housing / dwellings)

## **INDICATOR 2A – Energy costs/consumption**

The cost for all operational buildings including schools is:

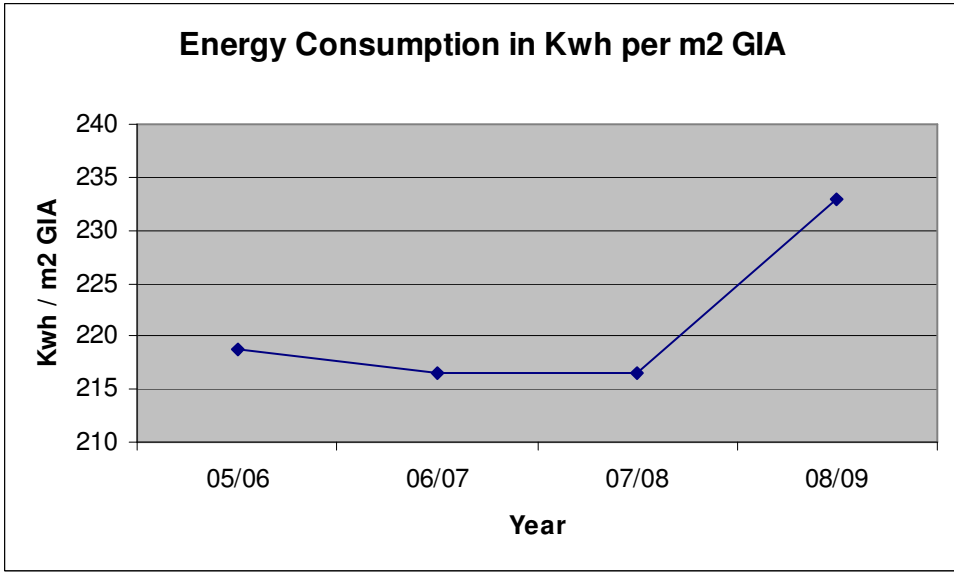
- £ spend per m<sup>2</sup> GIA – £16.59
- Consumption kwh per m<sup>2</sup> GIA – 233

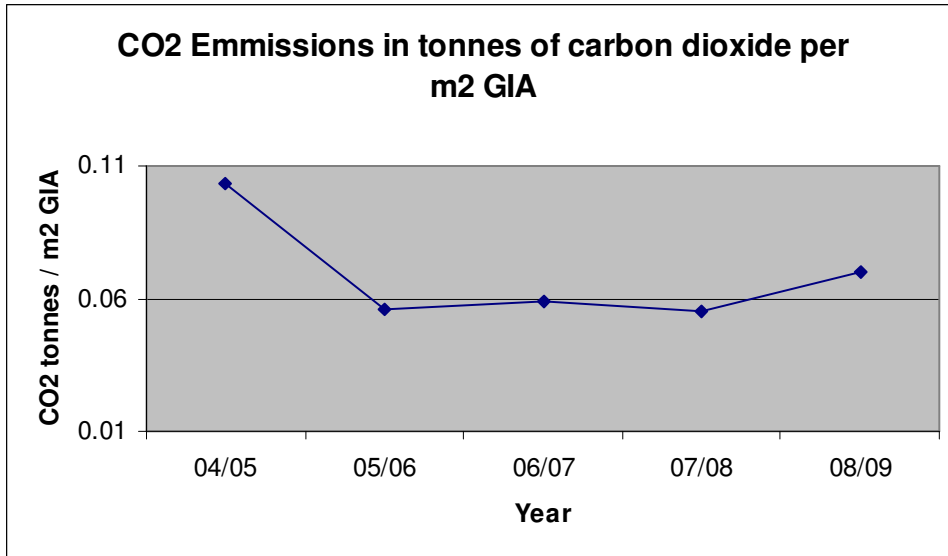
The graph below identifies that there has been an increase in energy costs over the last 2 financial years. This is mainly due to the cost increase in the supply market. It is expected that this will increase further for the next financial year; however the Council is taking all steps possible via energy campaigns and environmental policies to keep cost increase to a minimum; and reduce the councils CO2 emissions.



The below graphs identifies that energy consumption and Co2 levels are increasing within the Authority. This could be attributed to the more comprehensive data collection system that has been introduced and that we are using more IT systems.

The winter of 2009 was also the coldest for approximately 30 years. This would inevitably lead to increased usage





**INDICATOR 2C – CO2 EMISSIONS** - reported by property category in tonnes of carbon dioxide per m2 GIA

Co2 emissions = 0.07 tonnes /m2 GIA

The energy consumption Co2 and cost of energy to authority has increased over a 12 month period. This is due to the fact that it was the coldest winter on record for 30 years which will inevitably lead to longer heating periods.

The increased installation of IT systems within buildings will have also contributed to the usage rise.

**PMI 3 A and B - Suitability Surveys**

**INDICATOR 3A - Percentage of portfolio by GIA sq.m., for which a suitability survey has been undertaken over the last 5 Years**

100% have been completed

**INDICATOR 3B - Number of properties, for which a suitability survey has been undertaken over the last 5 years**

100% have been completed

**PMI 4 A, B, C and D – Building accessibility surveys**

Objectives

- To monitor progress in providing access to buildings for people with disabilities
- To monitor the progress at which local authorities carry out access audits
- To enable key decisions to be made

**INDICATOR 4A - % of portfolio by GIA sq.m., for which an access audit has been undertaken by a competent person**

Access audits have been undertaken on 100% of the school property portfolio and 100% of Operational properties (Operational properties as part of BVPI 156 criteria).

**INDICATOR 4B - Number of properties, for which an access audit has been undertaken by a competent person**

100% of properties have an access audit undertaken by a competent person

**INDICATOR 4C - % of portfolio by GIA sq.m., for which there is an accessibility plan in place.**

A strategic accessibility plan has been developed for 100% of school properties.

**INDICATOR 4D - Number of properties, for which there is an accessibility plan in place.**

An accessibility plan has been developed for 74 schools (100%)

**INDICATOR BV156 – Accessibility to Public Buildings**

Although not a national indicator the Authority still collect data to assess the Accessibility to public buildings. As of January 2010 the Authority has 75% of its building areas that are open to the general public are deemed to be fully accessible.

**LOCAL INDICATORS**

Suitability / Sufficiency surveys of Telford and Wrekin Council's Operational properties started early in 2006 and cover a range of questions under the following headings Location, Environment, Safety & Security, Space, Fixtures & Fittings, Image, External Areas and Equalities & Diversity.

The results of the questionnaire provides useful information on service delivery issues and provides a number of local indicators designed to monitor the performance of our Operational buildings that Condition surveys do not report on and provides an overall assessment of the building's ability to deliver the service i.e. is the building 'fit for purpose'.

The methodology to undertake this overall assessment grades the buildings as Good, Satisfactory or Poor and after one complete set of survey results the following overall assessments have been found:

Number of Properties graded Good, i.e. performing well and above 75% = 50 properties.

Number of Properties graded Satisfactory, between 50 – 74% = 9 properties

Number of Properties graded Poor i.e. not performing as desired and below 50% = 11 properties

The above gradings are taken forward into an overall property rationalisation process, along with all other property related data to determine whether each property requires continued maintenance, major investment or should be considered for disposal.

Other Local Indicators being collected but in the early stages of data capture are:

Number of security incidents logged per month for all our schools

Annual % reduction in our vandalism budget for schools

Asbestos samples within schools or operational properties that are high or medium in material assessment.

## **Appendix 1**

### **Corporate Vision**

The wider Corporate Vision of the Authority seeks:

*“A successful, prosperous and healthy community which offers a good quality of life to all the people of Telford and Wrekin that reflects the needs and opportunities of the 21<sup>st</sup> Century”*

Creating a successful, prosperous and healthy community is dependent on all parts of the community and local organisations and agencies working together in a ‘joined up’ way. Together with our partners on the Local Strategic Partnership, the Council is committed to realising a shared agenda of community priorities that support the delivery of the Vision. The seven shared priorities, together with our key focuses for action that we have identified. Each of the AMP drivers which will contribute to their achievement are identified as follows:

#### **Priority 1: Transforming Telford & Wrekin:**

- To maximise revenue income from the Council’s investment portfolio within sound estate and asset management principles and having due regard to supporting the local economy and job creation
- To contribute to a dynamic economy via a capital spending programme
- To create a vibrant place via the provision of public buildings, areas, schools, etc
- To develop the Town Centre regeneration programme
- To participate in the regeneration of Borough towns and in particular, the redevelopment of Woodside and Leegomery local centres, Sutton Hill, Dawley, Brookside and Wellington
- Redevelopment of Hadley Park Industrial Estate
- Construction new offices at Donnington

#### **Priority 2: Giving Children & Young People the Best Possible Start in their lives**

- To deliver value for money, well constructed and designed school buildings and other learning facilities (e.g. school amalgamations) in which people can learn and develop.
- Development of the Building Schools for the Future (BSF) programme embedding ‘every child matters’ principles at the heart of decision making.
- Continue with the modernisation programme for schools to improve condition and suitability of the schools.
- To ensure delivery of the construction projects relating to amalgamation of schools.
- Delivery of construction projects relating to Children’s centres, post 16 agenda and wrap around care in partnership with school clusters and the BSF agenda.
- Delivery of the Primary Capital Programme in consultation with Children & Young People.
- Maintaining property assets to a high standard in line with good Asset Management principles and Service Delivery requirements

### **Photo Old park 2**

#### **Priority 3: Maintaining a High Quality, Attractive and Sustainable Environment:**

- To ensure that the public areas are maintained to a high standard
- To seek enhancements to the environment of public and office areas
- To provide attractive, energy efficient public buildings and schools within a quality environment
- To strive towards an excellent BREEAM rating in relation to school provision.

- To ensure environmental principals are embedded within Land Disposal and the Planning Process, E.g. Eco Homes Standards.

#### **Priority 4: Creating a Safe, Strong and Cohesive Community:**

- To improve the safety and sense of well being on estates and local centres for the public, by continuing to improve security and safety measures through risk assessments, guarding and other sustainable methods
- To provide safe schools in which to learn and study
- Support and work with local police forces and community safety officers, to ensure they target resources where the Council is suffering a high level of incidents (working with Business watch also) and to inform of planned construction projects.
- Undertake Equalities Impact Assessments on all major projects to ensure that the needs of the local communities are embedded within the design process.

#### **Priority 5: Promoting Healthy Communities and Improving the Quality of Life of Vulnerable and Older People**

- To participate in the proposed development of Dothill Day Centre, Downing House, Stirchley Day Centre.
- Develop co-location strategies with external partners to improve support to community e.g. Primary Care Trust, Fire Service.
- To maintain, refurbish and develop leisure buildings which help to maintain a healthy and well educated community.
- To ensure that buildings are adapted to ensure that the needs of people with disabilities are encompassed within service delivery.
- To participate in the further development of the “Sports Village” concept TSLEC, centred around the Bucks Head, TCAT, Wrekin College and Hadley Learning Community.

#### **Photo Downing House**

#### **Priority 6: Strengthening the Local Economy & the Skills of Local People**

- Redevelopment of Hadley Park Industrial Estate
- Construction new offices at Donnington
- Development of the Building Schools for the Future (BSF) programme embedding ‘every child matters’ principles at the heart of decision making.

#### **Priority 7: An Efficient, Effective and Customer-Focused Council that delivers Value-For-Money for the Community:**

- Provide and maintain appropriate assets, property and infrastructures (e.g. ICT/eGovernance) to successfully support service delivery.
- Property Review and rationalisation of office accommodation and new ways of working.
- Seek appropriate methods of procurement (i.e. Term Contracts) to ensure that value for money and high service delivery is provided

#### **Photo Civic Offices**

## **Translated Introduction ( very back Page)**

If you require any part of this Telford and Wrekin Council Corporate Asset Management Plan 20010/2013 of Telford and Wrekin Council translating into your own language, please telephone our Translation Service on 01952 382121 and quote reference AMP2009/2012:

This document is also available in large print, in Braille and on audio tape.

**Insert Translation 1**

**Insert Translation 2**

**Insert Translation 3**

**Insert Translation 4**

**TELFORD & WREKIN COUNCIL**

**COUNCIL – 4 MARCH 2010**

**TREASURY MANAGEMENT STRATEGY AND UPDATE – SUMMARY REPORT**

**PURPOSE**

The report

- i. provides an update to Members on Treasury Management activities for 2009/10
- ii. presents the revised CIPFA Treasury Management Code of Practice 2009 and revised Treasury Management Statement for adoption
- iii. presents the following 2010/11 Strategies and Policies for approval:
  - a. the Treasury Management Strategy
  - b. the Minimum Revenue Provision Policy
  - c. the Annual Investment Strategy

The Audit Committee have scrutinised the Treasury Strategy at their meetings on the 2 and 10 February 2010 and comments arising from the 2 February meeting have been incorporated. The Committee may, within their terms of reference, make recommendations to Cabinet.

**2009/10 TREASURY MANAGEMENT UPDATE**

The overall Portfolio position at the 31 December 2009 is shown below:

		<b>Principal</b>		<b>Ave. rate</b>
		£m	£m	%
Fixed rate funding	PWLB	53.0		
	Market	<u>55.0</u>	108.0	3.9
Variable rate funding	PWLB	0.00		
	Market	<u>13.6</u>	13.6	0.4
TOTAL DEBT			<u>121.6</u>	3.1
INVESTMENTS				
Fund Managers			39.5	0.9
In House			46.8	5.2
TOTAL INVESTMENTS			<u>86.3</u>	3.2

## **Borrowing**

The borrowing strategy for the year has been to use maturing investments to reduce the requirement to borrow and exposure to risk. The number of fund managers has been reduced from 3 to 2 during the year which released £19m for this purpose.

## **New Borrowing**

Two x £5m new PWLB loans, with a duration of 4 years, have recently been taken at the current favourable borrowing rates (2.63% and 2.58%); these will replace £10m PWLB due to mature in 2010/11, running at 2.69% and 2.87%. All other borrowing during the year has been temporary, again taking advantage of the favourable interest rates.

## **Rescheduling**

Two loans have been rescheduled which has resulted in an annual saving of £14k for 10 years plus lower temporary borrowing costs, which will save around £650k in 2009/10.

## **Investments**

The strategy is to gain maximum benefit, subject to risk control parameters, whilst achieving as a minimum the 7 day deposit rate.

## **Fund Managers**

The average value of the portfolios held by the two remaining Fund Managers in the nine months to 31 December 2009 is:

	<b>Average Capital Value £m</b>	<b>Interest Year to date (annualised %)</b>	
	<b>£m</b>	<b>£m</b>	<b>%</b>
Invesco	19.639	0.057	0.5
Investec	<u>19.695</u>	<u>0.202</u>	<u>1.3</u>
	<u>39.334</u>	<u>0.259</u>	<u>0.9</u>

The current climate makes it very difficult for Fund Manager to achieve reasonable rates of return and we anticipate reducing the amount held by Fund Managers even further by year end.

## **Investments Managed In-House**

A number of longer term investments are managed internally, as an alternative to Fund Managers. Further, temporary investments are made in order to maximise returns from day to day cash flows. Performance at the end of December was:

Target return: 7 day deposit rate	0.43%
Actual return	5.46%
Overachievement	5.03%

Appendix 1 shows a full analysis of all the Council's investments at the end of December.

Appendix 2 shows the total investment with each counterparty.

### **CIPFA TREASURY MANAGEMENT CODE OF PRACTICE**

In response to the collapse of the Icelandic banks, CIPFA have issued a revised Treasury Management Code of Practice and Treasury Management Policy. These are presented in Appendices 7 and 8 for formal adoption by the Council. One of the key recommendations is delegating the role of scrutinising treasury management to a specific committee and the Audit Committee terms of reference now include this role. Other recommendations are to strengthen processes and procedures and highlight the need for regular training for members and officers involved in Treasury Management. Internal Audit has completed a review of Treasury Management, taking into account the new guidance, and officers have completed, or an in-progress of completing, all actions.

The Treasury Management Strategies have been prepared in accordance with the revised guidance.

### **2010/11 TREASURY MANAGEMENT STRATEGY**

The strategy covers:

- treasury limits and prudential indicators in force which will limit the treasury risk and activities of the Council [Section 6.2];
- the projected portfolio position [Section 6.3];
- the borrowing requirement [Section 6.4];
- prospects for interest rates [Section 6.5];
- the borrowing strategy [Section 6.6];
- Policy on borrowing in advance of need [Section 6.7];
- debt rescheduling [Section 6.8];
- the investment strategy [Section 6.10];
- creditworthiness policy [Section 6.10.2];
- policy on use of external service providers [Section 6.10.7];
- the MRP Strategy [Section 7];

## **Statutory Limits and Prudential Indicators**

The Council must have regard to the CIPFA prudential code when borrowing and must set a number of Treasury Indicators which define how much it can borrow in terms of affordability, sustainability and prudence.

The key treasury indicators being set are :

PRUDENTIAL INDICATOR	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	Probable Outturn	Estimate	Estimate	Estimate	Estimate	Estimate
<b>(1). EXTRACT FROM BUDGET SETTING REPORT</b>						
<b>Impact of capital investment decisions</b>	£m	£m	£m	£m	£m	£m
Revenue Impact – In Year		0.389	1.431	1.765	-0.053	-0.352
Revenue Impact – Cumulative		0.389	1.820	3.585	3.532	3.180
	£p	£p	£p	£p	£p	£p
Increase in council tax (band B, in year) (full year ongoing impact is £46.80 from 2015/16 onwards).	4.22	6.47	30.25	58.84	59.39	55.29
	£m	£m	£m	£m	£m	£m
<b>Capital Expenditure</b>	69.263	95.510	95.350	97.560	71.762	73.442
<b>Ratio of financing costs to net revenue stream</b>	2.19%	2.95%	3.90%	4.60%	4.00%	3.60%
<b>Net borrowing requirement</b>						
Brought forward 1 April	189.123	135.000	182.457	214.121	213.179	219.892
Carried forward 31 March	135.000	182.457	214.121	213.179	219.892	198.966
In year borrowing requirement	-54.123	47.457	31.664	-0.942	6.713	-20.926
<b>In year Capital Financing Requirement</b>	<b>15.851</b>	<b>42.857</b>	<b>26.246</b>	<b>-7.229</b>	<b>-0.145</b>	<b>-27.594</b>
<b>Capital Financing Requirement (as at 31 March)</b>	135.945	178.802	205.048	197.819	197.674	170.080

PRUDENTIAL INDICATOR	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS</b>	£m	£m	£m	£m	£m	£m
<b>Authorised limit for external debt</b> – the maximum amount the council may borrow at any point of time in the year –this must never be exceeded.	306	306	337	348	348	338
<b>Operational Boundary</b> – the most amount of money the council would normally borrow at any time during the year –this may be exceeded temporarily	284	284	315	326	326	316
<i>Upper Net limit on fixed rate borrowing/investments</i>	190	190	200	210	210	210

PRUDENTIAL INDICATOR	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<i>Upper Net limit on exposure to variable rate borrowing/investments (for T&amp;W this has been set at nil so that variable borrowing does not exceed variable investments)</i>	0	0	0	0	0	0
Upper limit for variable rate exposure i.e. the absolute limit of variable rate exposure on gross investments and borrowing	80%	80%	80%	80%	80%	80%
<b>Upper limit for total principal sums invested for over 364 days</b> (per maturity date)	90%	90%	90%	90%	90%	90%

**Projected Portfolio Position at the 1 April 2010 and estimated average interest rates for 2010/11:**

		<b>Principal</b>	<b>Ave. rate</b>
		£m	%
Fixed rate funding	PWLB	63.0	
	Market	<u>55.0</u>	118.0
			3.6
Variable rate funding	PWLB	0.00	
	Market	<u>5.0</u>	5.0
			2.0
<b>TOTAL DEBT</b>			<u><u>123.0</u></u>
			3.5
<b>INVESTMENTS</b>			
Fund Managers			30.0
In House			45.0
			2.0
			5.0
<b>TOTAL INVESTMENTS</b>			<u><u>75.0</u></u>
			3.8

**Borrowing Requirement**

	2010/11	2011/12	2012/13
	£m	£m	£m
	Estimate	Estimate	Estimate
New borrowing	47.5	31.7	-0.9
Alternative financing arrangements (Leasing)	1.0	1.0	1.0
Replacement borrowing	0.0	0.0	0.0
<b>TOTAL</b>	<b>48.5</b>	<b>32.7</b>	<b>0.1</b>

**Interest Rates Forecast**

	March 2010	March 2011	March 2012	March 2013
	%	%	%	%
Bank Rate	0.50	1.50	3.50	4.50
5 year PWLB	3.05	3.60	4.60	4.85

10 year PWLB	4.00	4.45	5.00	5.15
25 year PWLB	4.55	4.90	5.20	5.35
50 year PWLB	4.60	5.00	5.30	5.45

### **The Borrowing Strategy**

The borrowing strategy is flexible to take into account changing market conditions and activities will be determined by the prevailing market. The key influences are:

- rates are expected to increase during the year and new longer term borrowing will be considered when it is deemed advantageous
- variable rate borrowing is expected to be cheaper than longer term borrowing and therefore more attractive in the short term
- PWLB loans of less than 10 years are expected to be substantially lower than longer term loans
- PWLB Loans in the 25-30 year periods are likely to become more attractive than 50 year borrowing as they will maximise the potential for debt rescheduling and spread debt maturities.
- Fixed rate market loans at 25 – 50 basis points below the PWLB target rate will be considered
- 2010/11 is expected to be one of historically abnormally low bank rates. Investment rates are therefore expected to be below longer term borrowing rates and so value could best be obtained by avoiding new external borrowing and using internal cash balances to finance new capital expenditure/replace maturing debt.
- Short term savings from deferring borrowing will be balanced against the need for future long term borrowing and the potential of higher long term rates.
- Opportunities for rescheduling will be monitored throughout the year
- The strategy will be adjusted to take into account any significant risk of a sharp fall or rise in rates.

### **Borrowing in advance of Need**

The Council will only borrow in advance of need under specific circumstances, for example linked to funding the capital programme, and will not do so purely to gain profit.

### **Debt Rescheduling**

Opportunities for debt rescheduling will be monitored throughout the year. There will be a need to balance potential savings against any re-financing costs.

## **2010/11 ANNUAL INVESTMENT STRATEGY**

The aim is to achieve optimum return on investments commensurate with proper levels of security and liquidity.

### **Creditworthiness Policy**

The Council uses the creditworthiness service provided by Sector Treasury Services. The service has been developed over the last year and now uses a sophisticated modelling approach with credit ratings from all three rating agencies – Fitch, Moodys and Standard and Poors. This approach combines credit ratings, credit watches, credit outlooks and Credit Default Swaps spreads in a weighted scoring system which the Council uses to determine the suitability of counterparties.

If a down grade results in a counterparty no longer meeting the Council's minimum criteria they are immediately withdrawn; where we already hold investment with a downgraded counterparty this will be reviewed on a case by case basis.

The Council will also use other market intelligence in relation to investment and dis-investment decisions from available data and information to supplement the service provided by Sector.

### **Exposure to Risk**

There is a degree of risk associated with every investment decision. Our aim is to minimise the risk. The Council is exposed to a variety of risks associated with treasury and has strategies in place to minimise exposure:

**Credit Risk** – other parties might fail to pay amounts due to the authority. The creditworthiness service, described above, is used to mitigate the risk. Deposits are only made with banks and financial institutions with high credit ratings – a guide to the credit ratings and detail of minimum ratings required are shown in the main report.

**Sovereign Exposure** – exposure to one country; to reduce risk our exposure will be limited to 20% of our investments in any one country. There is no limit on the amount that can be invested in the UK. This will be monitored and reviewed and where appropriate action taken if any sovereign exposure nears this limit.

**Liquidity Risk** – as we have ready access to PWLB borrowing there is no significant risk that we will not be able to raise funds to meet commitments. There is a risk that we will have to replace a significant proportion of our borrowings at a time of unfavourable rates. The strategy to minimise this risk is to ensure that not more than 40% of fixed rate loans are due to mature within the next three year period.

**Market/Interest Rate Risk** – financial loss due to changes in interest rates. There are a number of strategies in place to manage this risk: variable rate borrowing will not exceed variable rate investments; up to

date and prudent assumptions for interest rates are fed into the budget strategy.

### **Policy on the Use of External Service Providers**

The Council use Sector Treasury Services as its external treasury management advisers. The responsibility for treasury management decisions remains with the authority at all times.

### **The Minimum Revenue Provision Strategy**

Local authorities are required each year to set aside a minimum amount from revenue to provide for the repayment of external loans. This amount is the Minimum Revenue Provision. It is the responsibility of each authority to decide on the most appropriate method of making prudent provision. The MRP Strategy sets out the Council's approach. For prudential borrowing MRP will be charged to revenue based on the life of the asset, MRP will only become due when the asset is fully operational, and MRP holidays can be taken in relation to assets that will be temporarily funded by prudential borrowing in lieu of capital receipts. The budget strategy includes some prudent use of MRP holidays in relation to 4 schemes (detailed in section 7 of the main report) which represents an exposure to future increased revenue charges should the receipts not be delivered.

**TELFORD & WREKIN COUNCIL**

**COUNCIL – 4 MARCH 2010**

**TREASURY MANAGEMENT STRATEGY AND UPDATE**

**REPORT OF THE CHIEF FINANCE OFFICER AND HEAD OF FINANCE**

**1. PURPOSE**

- To update Members on Treasury Management activities during 2009/10,
- To present the Treasury Management Strategy including borrowing limits and prudential indicators, Minimum Revenue Provision Policy and Annual Investment Strategy for 2010/11 for approval by Council.

**2. RECOMMENDATIONS**

Members are asked to approve the following recommendations from 23<sup>rd</sup> February Cabinet:

- (i) Approval of the Treasury Management Strategy (Sections 6.1 to 6.9),
- (ii) Minimum Revenue Provision Policy (Appendix 3)
- (iii) Investment Strategy (Section 6.10) for 2010/11 as outlined in the report.

And to adopt the revised Cipfa Treasury Management Code of Practice 2009 and revised Treasury Management Statement (Appendix 7).

**3. SUMMARY**

The report updates members on the recent Treasury Management activities undertaken and presents the proposed Treasury Management Strategy including Borrowing Limits and Prudential Indicators for 2010/11 together with the Minimum Revenue Provision Policy and the Investment Strategy for approval. The strategies and policies follow CLG and Cipfa Guidance.

The Audit Committee have scrutinised the Treasury Strategy at their meetings on the 2 and 10 February 2010 and comments arising from the 2 February meeting have been incorporated. The Committee may, within their terms of reference, make recommendations to Cabinet.

A glossary of terms is attached at Appendix 6

#### 4. **PREVIOUS MINUTES**

Council 25 June 2009

Council 5 March 2009

#### 5. **2009/10 TREASURY MANAGEMENT UPDATE**

##### 5.1 **CURRENT PORTFOLIO POSITION AS AT 31/12/09**

		Principal		Ave. rate
		£m	£m	%
Fixed rate funding	PWLB	53.0		
	Market	<u>55.0</u>	108.0	3.9
Variable rate funding	PWLB	0.00		
	Market	<u>13.6</u>	13.6	0.4
TOTAL DEBT			<u>121.6</u>	3.1
INVESTMENTS				
Fund Managers			39.5	0.9
In House			46.8	5.2
TOTAL INVESTMENTS			<u>86.3</u>	3.2

##### 5.2 **INTEREST RATES**

Base rates started the year at 0.5%, and have remained there all year. The Bank Of England has extended it's Quantative Easing programme during the year and it now stands at £200bn. The next move in base rate is expected to be up but not until late 2010 and will be strongly linked to how soon the economy recovers.

##### 5.3 **BORROWING & RESCHEDULING**

The borrowing strategy for the current year has been to use maturing investments to reduce borrowing and we have also reduced the number of Fund Managers from 3 to 2 and used the funds to reduce borrowing. Only temporary borrowing has been undertaken for the year to date. A summary of the transactions for the year to date is shown below.

###### **Rescheduling**

During 2009/10 the Council has taken the opportunity to reschedule 2 loans as detailed below, one of the loans had a premia on it but this was fully offset by the discount on the other loan, these were both replaced by temporary borrowing at very low interest rates. Any discounts achieved as part of these

transactions have to be spread over the remaining life of the loan or 10 years whichever is the shorter, whereas premia is spread over 25 years. The net impact on the budget will be a saving for the first 10 years of £14k together with the impact of a lower cost of borrowing which will save around £650k in interest in 2009/10 with the benefit continuing into 2010/11.

Date	Action	Amount £m	Impact on the Budget
22/04/09	Repaid - 4.25% loan	10.000	Discount £213,378
22/04/09	Repaid - 4.50% loan	7.000	Premia £190,691

### **New Borrowing**

Recently 2 PWLB loans have been taken both for £5m and 4 years. These are replacing 2 PWLB loans that mature during 2010/11 and are at similar rates. The borrowing has been undertaken in advance to take advantage of current favourable rates. Rates are predicted to increase over the next few months.

Between the period 1 June 2009 (previous Member update) and 31 December 2009, £141.3M of temporary loans have been raised in order to fund short-term cash flow requirements at various points. Interest rates have ranged from 0.25% to 0.36%-interest rates have remained fairly low during this time. £13.6m of this temporary borrowing was outstanding at 31 December 2009.

## **5.4 INVESTMENTS**

The strategy for the current year is: To gain maximum benefit, subject to risk control parameters, whilst achieving as a minimum target the 7 day deposit rate.

### **5.4.1 Fund Managers**

The average value of the portfolios held by the two fund managers in the nine months to 31 December 2009 are as follows:

	<b>Average Capital Value £m</b>	<b>Interest Year to date (annualised %)</b>	
	<b>£m</b>	<b>£m</b>	<b>%</b>
Invesco	19.639	0.057	0.5
Investec	<u>19.695</u>	<u>0.202</u>	<u>1.3</u>
	<u>39.334</u>	<u>0.259</u>	<u>0.9</u>

- We gave notice to Aviva, the Council's third fund manager, to close the fund and all of the monies were returned to the Council by 31 October 2009.

It has been very difficult for Fund Managers to achieve reasonable rates of return in the current climate. The outlook for 2010/11 is only slightly more

promising. This will be offset by the low rates we will be paying on our temporary borrowing during 2010. At the end of 2009/10 we anticipate that investments with fund managers will have reduced by around 50% from the opening position to approximately £30m. This reflects our view on the impact of the current interest rates and future movements in interest rates and the ability of fund managers to add value in this environment over and above what we can achieve in house.

#### 5.4.2 In-House Investments

The majority of the Council's investments are internally managed- a mix of both temporary investments for cash flow purposes and longer term investments are undertaken internally:

##### Temporary Investments

A proportion of funds are invested by the Council's own officers in order to maximise returns from day to day cash flows. The target return is to achieve at least the seven day deposit rate.

In total £131.2m of investments were placed between 1 June and 31 December. Interest rates have ranged from 0.25% to 0.75% and periods ranged from overnight deposits to 5 days. £46.85m in house temporary investments were held at 31 December 2009.

##### Longer Term Investments

A number of internally managed deposits have been made previously as an alternative to fund managers. These are as follows.

		£m	%
Fixed Deposit	22/01/07 – 24/01/11	5.0	5.52
Fixed Deposit	01/10/08 – 01/10/13	5.0	6.62
Fixed Deposit	02/10/08 – 02/10/13	5.0	6.80
Variable Deposit	30/07/08 – 30/07/12	10.0	0.84
Fixed Deposit	03/08/09 – 01/08/14	5.0	6.32
Fixed Deposit	06/03/09 – 06/03/14	5.0	6.31
Fixed Deposit	31/03/09 – 31/03/14	5.0	6.37
Fixed Deposit	22/04/09 – 22/04/14	5.0	6.35
Total		45.0	

It should be noted that the current guidance from our Treasury Advisors and our investment policy would mean that investments would not currently be placed for longer than 2 years. However these investments were placed before the start of the financial crisis and advice on the length investments should be placed was shortened and the council is benefiting from a very attractive return.

Overall the weighted average return on internal investments for the year to date was 5.46% compared to a benchmark return for the period of 0.43%

representing an additional £2.7m generated to support the Council's revenue budget.

### Supranational Bonds

Another form of investment undertaken internally is in the form of Supranational Bonds. The Council held an average of £4.0m of investments in a Supranational bond which was returning an average rate of 5.28% for 2009/10. This bond matured in December 2009.

#### **5.4.3 Overall Position and Exposure**

A full analysis of all Council investments at the end of December is shown in Appendix 1.

Appendix 2 shows the Council's total investment with each counterparty. Potentially, each investment manager may place £5m of the funds managed on the Council's behalf with the same institution that the Council has placed up to £5m with (except for Royal Bank of Scotland, National Australia Bank and Barclays which are ring fenced for sole use by the council), giving a current maximum potential exposure to any one counterparty of £15m. We have a number of investments that were placed before we reduced from 3 to 2 fund managers and this has resulted in £20m with some counterparties, so our limit will remain at £20.0m until those investments mature. At the end of December the greatest exposure with a single counterparty was £20.0m with Barclays (23.2% of the total portfolio).

Supranational bonds have a much higher credit rating than normal investments and we are secure with a potential higher exposure as a consequence.

Potentially, each investment manager may place £10m of the funds managed on the Council's behalf with the same institution that the Council has placed up to £15m with, giving a current maximum potential exposure to any one counterparty of £35m. At the end of December the greatest exposure with a single counterparty was £1.1m with European Investment Bank (just over 1.3% of the total portfolio).

The Council is guided by its Treasury advisers Sector in assessing investments.

#### **5.5 LEASING**

Each year the Council arranges operating and finance leases for assets such as vehicles, computers and equipment. This helps to spread the cost over a number of years.

The first drawdown for 2009/10 was on 29 September. The drawdown from JCB Finance and CHG Meridian totalled £0.075m and funded the purchase of vehicles and ICT equipment over three, five and seven year periods at interest rates between 2.25% and 3.47%.

The next leasing drawdown of the current year is due to take place in March.



## **6. TREASURY STRATEGY FOR 2010/11 to 2012/13**

### **6.1 BACKGROUND**

#### **6.1.1 The Revised CIPFA Treasury Management Code of Practice 2009**

In the light of the Icelandic situation in 2008, CIPFA has amended the CIPFA Treasury Management in the Public Services Code of Practice (the Code), Cross-Sectoral Guidance Notes and Guidance Notes and the template for the revised Treasury Management Policy Statement. It is also a requirement of the Code that this Council should formally adopt the Code. As the Code has been revised, there is a separate appendix to this report where the Council is asked to adopt the revised Code and the revised Treasury Management Policy Statement (Appendix 7 and 8).

The revised Code has emphasised a number of key areas including the following: -

- a) All councils must formally adopt the revised Code and four clauses
- b) The strategy report will affirm that the effective management and control of risk are prime objectives of the Council's treasury management activities.
- c) The Council's appetite for risk must be clearly identified within the strategy report and will affirm that priority is given to security of capital and liquidity when investing funds and explain how that will be carried out.
- d) Responsibility for risk management and control lies within the organisation and cannot be delegated to any outside organisation.
- e) Credit ratings should only be used as a starting point when considering risk. Use should also be made of market data and information, the quality financial press, information on government support for banks and the credit ratings of that government support.
- f) Councils need a sound diversification policy with high credit quality counterparties and should consider setting country, sector and group limits.
- g) Borrowing in advance of need is only to be permissible when there is a clear business case for doing so and only for the current capital programme or to finance future debt maturities.
- h) The main annual treasury management reports MUST be approved by full council.
- i) There needs to be, at a minimum, a mid year review of treasury management strategy and performance. This is intended to highlight any areas of concern that have arisen since the original strategy was approved.
- j) Each council must delegate the role of scrutiny of treasury management strategy and policies to a specific named body.
- k) Treasury management performance and policy setting should be subjected to prior scrutiny.
- l) Members should be provided with access to relevant training.
- m) Those charged with governance are also personally responsible for ensuring they have the necessary skills and training.

- n) Responsibility for these activities must be clearly defined within the organisation.
- o) Officers involved in treasury management must be explicitly required to follow treasury management policies and procedures when making investment and borrowing decisions on behalf of the Council (this will form part of the updated Treasury Management Practices).

This strategy statement has been prepared in accordance with the revised Code. Accordingly, the Council's Treasury Management Strategy will be approved annually by the full council and there will also be a mid year report. In addition there will be monitoring reports and regular review by board members/councillors in both executive and scrutiny functions. The aim of these reporting arrangements is to ensure that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

This Council will adopt the following reporting arrangements in accordance with the requirements of the revised Code: -

<b>Area of Responsibility</b>	<b>Council/ Committee/ Officer</b>	<b>Frequency</b>
Treasury Management Policy Statement (revised)	Full council	Initial adoption in 2010
Treasury Management Strategy / Annual Investment Strategy / MRP policy	Full council	Annually before the start of the year
Treasury Management Strategy / Annual Investment Strategy / MRP policy – mid year report	Full council	Mid year
Treasury Management Strategy / Annual Investment Strategy / MRP policy – updates or revisions at other times	Full council	As required
Annual Treasury Outturn Report	Full council	Annually by 30 September after the end of the year
Treasury Management Monitoring Updates	Cabinet	Quarterly
Treasury Management Practices	Head of Finance	As required
Scrutiny of treasury management strategy	Audit Committee	Annually before the start of the year
Scrutiny of treasury management performance	Audit Committee	Quarterly

## 6.1.2 Revised CIPFA Prudential Code

CIPFA has also issued a revised Prudential Code which primarily covers borrowing and the Prudential Indicators. Three of these indicators have now been moved from being Prudential Indicators to being Treasury Indicators: -

- authorised limit for external debt
- operational boundary for external debt
- actual external debt.

However, all indicators are to be presented together as one suite. In addition, where there is a significant difference between the net and the gross borrowing position, the risks and benefits associated with this strategy should be clearly stated in the annual strategy.

### **6.1.3 Revised Investment Guidance**

It should also be noted that the Department of Communities and Local Government is currently undertaking a consultation exercise on draft revised investment guidance which will result in the issue of amended investment guidance for English local authorities to come into effect from 1 April 2010. A separate report will be made to members to inform them when this guidance has been finalised. It is not currently expected that there will be any major changes required over and above the changes already required by the revised Code.

### **6.1.4 Treasury Management Strategy for 2010/11**

The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act) (included as paragraph 6.10 of this report); this sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The suggested strategy for 2010/11 in respect of the following aspects of the treasury management function is based upon the treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury adviser, Sector Treasury Services.

The strategy covers:

- treasury limits and prudential indicators in force which will limit the treasury risk and activities of the Council (Section 6.2);
- the projected portfolio position (Section 6.3);

- the borrowing requirement (Section 6.4);
- prospects for interest rates (section 6.5);
- the borrowing strategy (Section 6.6);
- Policy on borrowing in advance of need (Section 6.7);
- debt rescheduling (Section 6.8);
- the investment strategy (Section 6.10);
- creditworthiness policy (Section 6.10.2);
- policy on use of external service providers (Section 6.10.7);
- the MRP Strategy (Section 7);

### **6.1.5 Balanced Budget Requirement**

It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from: -

1. increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
2. Any increases in running costs from new capital projects are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

## **6.2 STATUTORY TREASURY LIMITS AND PRUDENTIAL INDICATORS FOR 2010/11 to 2012/13**

**6.2.1** It is a statutory duty under S.3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit” or “Authorised Limit for External Debt”. In England and Wales the authorised limit represents the legislative limit specified in section 3 of the Local Government Act 2003.

**6.2.2** The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax levels is ‘acceptable’.

**6.2.3** Whilst termed an “Affordable Borrowing Limit”, the capital plans to be

considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

**6.2.4** The following prudential indicators (in table below) are relevant for the purposes of setting an integrated treasury management strategy.

**6.2.5** The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. This was adopted on 7 March 2002 by Full Council and the revised code will be adopted on 4 March 2010.

PRUDENTIAL INDICATOR	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	Probable Outturn	Estimate	Estimate	Estimate	Estimate	Estimate
<b>(1). EXTRACT FROM BUDGET SETTING REPORT</b>						
<b>Impact of capital investment decisions</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Revenue Impact – In Year		0.389	1.431	1.765	-0.053	-0.352
Revenue Impact – Cumulative		0.389	1.820	3.585	3.532	3.180
	<b>£p</b>	<b>£p</b>	<b>£p</b>	<b>£p</b>	<b>£p</b>	<b>£p</b>
Increase in council tax (band B, in year) (full year ongoing impact is £46.80 from 2015/16 onwards)	4.22	6.47	30.25	58.84	59.39	55.29
<b>Capital Expenditure</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
	69.263	95.510	95.350	97.560	71.762	73.442
<b>Ratio of financing costs to net revenue stream</b>						
	2.19%	2.95%	3.90%	4.60%	4.00%	3.60%
<b>Net borrowing requirement</b>						
Brought forward 1 April	189.123	135.000	182.457	214.121	213.179	219.892
Carried forward 31 March	135.000	182.457	214.121	213.179	219.892	198.966
In year borrowing requirement	-54.123	47.457	31.664	-0.942	6.713	-20.926
<b>In year Capital Financing Requirement</b>	<b>15.851</b>	<b>42.857</b>	<b>26.246</b>	<b>-7.229</b>	<b>-0.145</b>	<b>-27.594</b>
<b>Capital Financing Requirement (as at 31 March)</b>	<b>135.945</b>	<b>178.802</b>	<b>205.048</b>	<b>197.819</b>	<b>197.674</b>	<b>170.080</b>

PRUDENTIAL INDICATOR	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS</b>						
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<i>Authorised limit for external debt</i>						
Borrowing	300	300	330	340	340	330
Other long term liabilities	6	6	7	8	8	8
<b>TOTAL AUTHORISED LIMIT</b>	<b>306</b>	<b>306</b>	<b>337</b>	<b>348</b>	<b>348</b>	<b>338</b>
<i>Operational Boundary</i>						

PRUDENTIAL INDICATOR	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Borrowing	280	280	310	320	320	310
Other long term liabilities	4	4	5	6	6	6
<b>TOTAL</b>	<b>284</b>	<b>284</b>	<b>315</b>	<b>326</b>	<b>326</b>	<b>316</b>
<i>Upper and lower limit for fixed interest rate exposure</i>						
Expressed as :-						
Net principal re fixed rate borrowing / investments: - Upper	190	190	200	210	210	210
- Lower	-10	-10	-10	-10	-10	-10
<i>Upper limit for variable rate exposure</i>						
Expressed as -						
Net principal re variable rate borrowing / investments	0	0	0	0	0	0
Upper limit for variable rate exposure expressed as						
Net principal re gross variable rate borrowing and investments divided gross borrowing plus investments	80%	80%	80%	80%	80%	80%
<b>Upper limit for total principal sums invested for over 364 days</b> (per maturity date)	<b>90%</b>	<b>90%</b>	<b>90%</b>	<b>90%</b>	<b>90%</b>	<b>90%</b>

Maturity structure of fixed rate borrowing	Lower Limit	Upper limit
Under 12 months	0%	20%
12 months and within 24 months	0%	25%
24 months and within 5 years	0%	50%
5 years and within 10 years	0%	75%
10 years and above	25%	100%

Credit ratings and counterparty limits for investments are discussed in 6.10.

### 6.3 PROJECTED PORTFOLIO POSITION FOR 2010/11

The Council's estimated treasury portfolio position at 01/04/10 is projected to e:

		<b>Principal</b>		<b>Ave. rate</b>
		£m		%
Fixed rate funding	PWLB	63.0		
	Market	<u>55.0</u>	118.0	3.6
Variable rate funding	PWLB	0.00		
	Market	<u>5.0</u>	5.0	2.0
<b>TOTAL DEBT</b>			<u><u>123.0</u></u>	3.5
<b>INVESTMENTS</b>				
Fund Managers			30.0	2.0
In House			45.0	5.0
<b>TOTAL INVESTMENTS</b>			<u><u>75.0</u></u>	3.8

### 6.4 BORROWING REQUIREMENT

	2010/11	2011/12	2012/13
	£m	£m	£m
	Estimate	Estimate	Estimate
New borrowing	47.5	31.7	-0.9
Alternative financing arrangements (Leasing)	1.0	1.0	1.0
Replacement borrowing	0.0	0.0	0.0
<b>TOTAL</b>	<b>48.5</b>	<b>32.7</b>	<b>0.1</b>

### 6.5 PROSPECTS FOR INTEREST RATES

**6.5.1** The Council appointed Sector Treasury Services as the treasury adviser to the Council and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the UBS forecast, which is Sector's central view and following that is their view of economic prospects and potential borrowing strategies:

## 6.5.2 Sector View interest rate forecast – December 2009

	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Mar-12	Mar-13
Bank rate	0.50%	0.50%	0.50%	0.75%	1.00%	1.50%	3.50%	4.50%
5yr PWLB rate	2.85%	3.05%	3.20%	3.30%	3.40%	3.60%	4.60%	4.85%
10yr PWLB rate	3.90%	4.00%	4.05%	4.15%	4.30%	4.45%	5.00%	5.15%
25yr PWLB rate	4.40%	4.55%	4.65%	4.70%	4.80%	4.90%	5.20%	5.35%
50yr PWLB rate	4.45%	4.60%	4.70%	4.75%	4.90%	5.00%	5.30%	5.45%

## 6.5.3 Sector's current Bank Rate view is as follows: - Sector Bank Rate forecast for financial year ends (March)

- 2010 0.50%
- 2011 1.50%
- 2012 3.50%
- 2013 4.50%

There is downside risk to these forecasts if recovery from the recession proves to be weaker and slower than currently expected.

## 6.5.4 Economic background

### Introduction

- The credit crunch storm of August 2007 eventually fed through to the near collapse of the world banking system in September 2008. This then pushed most of the major economies of the world into a very sharp recession in 2009 accompanied by a dearth of lending from banks anxious to rebuild their weakened balance sheets. Many governments were forced to recapitalise and rescue their major banks and central banks precipitately cut their central bank rates to 0.10 – 1.00% in order to counter the recession.

Inflation has fallen considerably and some economies have moved out of recession although the UK has lagged behind. The uncertainty is whether we will experience a double dip recession, where economies begin to emerge from recession only to plunge back in. This could have a significant impact on how interest rates move in the coming few years.

Further economic background information is contained in Appendix 4.

## 6.6 BORROWING STRATEGY

6.6.1 In view of the interest rate forecast shown above the Council's borrowing strategy for the year has to be flexible to take account of market conditions and developments and will be based upon the following views: -

- Rates are expected to gradually increase during the year so it should therefore be advantageous to time new long term borrowing for the start of the year when 25 year PWLB rates fall back to or below the central forecast rate of about 4.65%, a suitable trigger point for considering new fixed rate long term borrowing.
- Variable rate borrowing is expected to be cheaper than long term borrowing and will therefore be attractive in the short term throughout the financial year compared to taking long term fixed rate borrowing.
- PWLB rates on loans of less than ten years duration are expected to be substantially lower than longer term PWLB rates offering a range of options for new borrowing which will spread debt maturities away from a concentration in long dated debt.
- There is expected to be little difference between 25 year and 50 year rates so therefore loans in the 25-30 year periods could be seen as being more attractive than 50 year borrowing as the spread between the PWLB new borrowing and early repayment rates is considerably less. This would maximise the potential for debt rescheduling and allow the Council to rebalance its debt maturity profile.
- Consideration will also be given to borrowing fixed rate market loans at 25 – 50 basis points below the PWLB target rate and to maintaining an appropriate balance between PWLB and market debt in the debt portfolio.

### External v. internal borrowing

- This Council currently has a difference between gross debt and net debt (after deducting cash balances), of £86.3m.
- The general aim of this treasury management strategy is to reduce the difference between the two debt levels over the next three years in order to reduce the credit risk incurred by holding investments. However, measures taken in the last year have already reduced substantially the level of credit risk (see paragraph 6.10 below) so another factor which will be carefully considered is the difference between borrowing rates and investment rates to ensure the Council obtains value for money once an appropriate level of risk management has been attained to ensure the security of its investments.
- The next financial year is expected to be one of historically abnormally low Bank Rate. This provides a continuation of the current window of opportunity for local authorities to fundamentally review their strategy of undertaking new external borrowing.
- Over the next three years, investment rates are therefore expected to be below long term borrowing rates and so value for money considerations would indicate that value could best be obtained by avoiding new external borrowing and by using internal cash balances to finance new capital expenditure or to replace maturing external debt (this is referred to as internal borrowing). This would maximise short

- term savings.
- The running down of investments also has benefits of reducing exposure to interest rate and credit risk.
  - However, short term savings by avoiding new long term external borrowing in 2010/11 will also be weighed against the potential for incurring long term extra costs by delaying unavoidable new external borrowing until later years when PWLB long term rates are forecast to be significantly higher.
  - The Council has examined the potential for undertaking early repayment of some external debt to the PWLB in order to reduce the difference between its gross and net debt positions. However, the introduction by the PWLB of significantly lower repayment rates than new borrowing rates in November 2007 has meant that large premiums would be incurred by such action and would also do so in the near term; such levels of premiums cannot be justified on value for money grounds. This situation will be monitored in case the differential is narrowed by the PWLB or when repayment rates rise substantially
  - During 2009/10 the Council has reduced its investments, and therefore its need to borrow, by £55m. A further reduction in investments of £10m will be made before the end of the financial year. The position will be kept under review as we move into 2010/11.

Against this background caution will be adopted with the 2010/11 treasury operations. The Chief Finance Officer will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions to Cabinet and Audit Committee on a regular basis.

Sensitivity of the forecast – In normal circumstances the main sensitivities of the forecast are likely to be the two scenarios noted below. The Council's officers, in conjunction with the treasury advisors, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of sentiment:

- if it were felt that there was a significant risk of a sharp FALL in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- if it were felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.

## **6.7 POLICY ON BORROWING IN ADVANCE OF NEED**

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such

funds.

In determining whether borrowing will be undertaken in advance of need the Council will;

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need
- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
- consider the merits and demerits of alternative forms of funding
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

## **6.8 DEBT RESCHEDULING**

**6.8.1** The introduction of the new PWLB rates structure on 1 November 2007 that introduced a spread between the rates applied to new borrowing and repayment of debt, has meant that PWLB to PWLB debt restructuring is now much less attractive than before that date. However, significant interest savings may still be achievable through using LOBOs (Lenders Option Borrowers Option) loans and other market loans in rescheduling exercises.

As short term borrowing rates will be considerably cheaper than longer term rates, there are likely to be significant opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of their short term nature and the likely cost of refinancing those short term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio. Any such rescheduling and repayment of debt is likely to cause a flattening of the Council's maturity profile as in recent years there has been a skew towards longer dated PWLB.

Consideration will also be given to the potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings,
- helping to fulfil the strategy outlined in paragraph 6.6 above, and
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

There has been much discussion as to whether the size of spread between long term PWLB repayment and new borrowing rates should be revised (downwards) in order to help local authorities currently dissuaded from using investment cash balances to repay long term borrowing and thereby reduce counterparty and interest rate risk exposure. This authority will monitor developments in this area and amend its strategy in the light of such developments if they should occur.

All rescheduling will be reported to the Cabinet and Audit Committee.

## **6.9 OTHER ISSUES**

**6.9.1** The Council has a large PFI scheme contract in place which may have an impact on the strategy for later years. Under amendments to accounting practice this is being brought onto the balance sheet in 2009/10 and will result in the prudential limits for authorised and operational borrowing having to be increased. This is a technical adjustment and does not mean that the Council has to increase its borrowing.

## **6.10 ANNUAL INVESTMENT STRATEGY 2010/11**

### **6.10.1 Investment Policy**

The Council will have regard to the CLG's Guidance on Local Government Investments ("the Guidance") issued in March 2004, any revisions to that guidance, the Audit Commission's report on Icelandic Investments and the 2009 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

The Council's investment priorities are: -

- (a) the security of capital and
- (b) the liquidity of its investments.

The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Council is low in order to give priority to security of its investments.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

Investment instruments identified for use in the financial year are listed below under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

### **6.10.2 Creditworthiness policy**

The Council's external fund managers will comply with the Annual Investment Strategy. The agreements between the Council and the fund managers additionally stipulate guidelines and duration and other limits in order to contain and control risk.

This Council uses the creditworthiness service provided by Sector Treasury Services. This service has been progressively enhanced over the last year and now uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the

core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays : -

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments and are therefore referred to as durational bands. The Council is satisfied that this service now gives a much improved level of security for its investments. It is also a service which the Council would not be able to replicate using in house resources.

The selection of counterparties with a high level of creditworthiness will be achieved by selection of institutions down to a minimum durational band within Sector's weekly credit list of worldwide potential counterparties. For new investments the Council will therefore use counterparties within the following durational bands: -

- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No Colour not to be used

This Council will not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties as Moodys are currently very much more aggressive in giving low ratings than the other two agencies. This would therefore be unworkable and leave the Council with too few banks on its approved lending list. The Sector creditworthiness service does though, use ratings from all three agencies, but by using a scoring system, does not give undue preponderance to just one agency's ratings.

All credit ratings will be monitored daily and checked before any investment is placed.. The Council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately. Where we have investments with a counterparty that is subsequently downgraded the action to take in relation to that investment will be considered on an individual basis.
- In addition to the use of Credit Ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx

benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Councils lending list.

Sole reliance will not be placed on the use of this external service in relation to investment or disinvestment decisions. In addition this Council will also use market data and intelligence, information on government support for banks and the credit ratings of that government support.

### 6.10.3 Exposure to Risk

The authority's activities expose it to a variety of financial risks:

- **credit risk** – the possibility that other parties might fail to pay amounts due to the authority
- **liquidity risk** – the possibility that the authority might not have funds available to meet its commitments to make payments
- **market risk** – the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements.

The authority's overall Treasury risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management on investments is carried out by a central treasury team, under policies approved by the council in the annual treasury management strategy. The council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

#### **Credit risk**

A Guide to credit ratings is shown in Appendix 5.

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers.

Deposits are not made with banks and financial institutions unless they are rated independently with a minimum short term rating of F1+, a minimum long term rating of AA-, a minimum support rating of 3, a minimum individual rating of C and a minimum sovereign rating of AA-.

The Council uses Sectors credit rating matrix which shows for each institution their current ratings and overlays this with information in relation to credit default swaps to produce a suggested duration for investment, this currently starts from nil days (i.e. do not invest) up through various periods to a current maximum of 2 years. Only the highest credit quality achieving a suggested duration of 2 years. The authority has a policy of not lending more than 30% of its surplus balances to one institution.

The Council has not experienced any defaults with any of its investment counterparties. No credit limits were exceeded during the reporting period and the authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds. The Council has a number of long term (greater than 1 year) investments, the majority of these are with UK

banks that are within the UK Government Guarantee Scheme and pose very little risk of default. The current market conditions are unprecedented and our position will be continually monitored. Some of our investments met the criteria in place at the time invested, however due to changes in the market, they would no longer meet our current criteria. Each of these has been assessed individually and we anticipate no problems from continuing to hold those investments.

### **Sovereign exposure**

The council is proposing to introduce a new criteria from 2010/11. When the financial crisis arose in 2008 some authorities were excessively exposed to Icelandic banks. Some had all their investments with the various Icelandic banks and thus had 100% exposure to Iceland. As an additional safeguard we will be limiting our exposure to any one country (other than the UK) to 20% of our investments. This will be monitored and reviewed and where appropriate action taken if any sovereign exposure nears this limit. There is no limit on the amount of investments we can place in the UK. Supranational bonds are outside of this limit as they are multi government instruments and AAA rated (the highest rating given by rating agencies).

### **Liquidity risk**

As the authority has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments in relation to financial instruments. Instead, the risk is that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The strategy is to ensure that not more than 40% of fixed rate loans are due to mature within the next three-year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

### **Market risk**

#### **Interest rate risk**

The authority is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value in the Council's accounts, so nominal gains and losses on fixed rate borrowings would not impact on the General Fund. However, changes in interest payable and receivable on variable rate borrowings and investments would impact on the General Fund.

The authority has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of £0 of its net borrowings and investments in variable rate loans (i.e. variable rate borrowing will not exceed variable rate investments). During periods of falling interest rates, and where

economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget monitoring during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

### Price risk

The authority does not invest in equity shares and has no shareholdings. The authority is not consequently exposed to losses arising from movements in the prices of the shares.

## 6.10.4 Specified Investments

These investments are considered to be generally very secure in nature and do not require any lengthy evaluations before investing. A maximum of 100% of investments can be placed in this category.

(All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' rating criteria where applicable)

	Minimum 'High' Credit Criteria	Use
Debt Management Agency Deposit Facility (Bank of England)	} Considered very secure	In-house
Term deposits – UK government		In-house
Term deposits – other LAs		In-house
Term deposits – banks and building societies up to 364 days*	}	In-house and fund managers
Term deposits – banks and building societies up to 6 months*		In-house
Callable Deposit	} Short-term F1+, Long-term AA-, Support 3,	In-house and fund managers
Callable Range Accrual		In-house and fund managers
Snowball		In-house and fund managers
Certificates of deposits issued by banks and building societies	}	Fund Managers
Money Market Funds		In-house and fund managers
Enhanced Cash Funds	}	In-house and fund managers
UK Government Gilts		Fund Managers
Bonds issued by multilateral development banks	} AAA	In-house on a 'buy and hold' basis and for use by fund managers
Bonds issued by a financial institution which is guaranteed by the UK government		In-house on a 'buy and hold' basis and for use by fund managers
Sovereign bond issues (i.e. other than the UK govt)		In-house on a 'buy and hold' basis and for use by fund managers
Gilt Funds and Bond Funds	long-term AAA	Fund Managers
Treasury Bills	Considered very secure	Fund Managers

### 6.10.5 Non-Specified Investments:

A maximum of 90% will be held in aggregate in non-specified investments. These are investments that require an evaluation and full consideration before investing.

	Minimum Credit Criteria	Use
Term deposits – UK government (with maturities in excess of 1 year)	} Considered very secure	In-house
Term deposits – other LAs (with maturities in excess of 1 year)		In-house
Term deposits – banks and building societies (with maturities in excess of 1 year)	} Short-term F1+, Long-term AA-, - Support 3, Individual C, Sovereign AA-	In-house
Certificates of deposits issued by banks and building societies		Fund managers
Callable Deposit		In-house and fund managers
Callable Range Accrual		In-house and fund managers
Snowball		In-house and fund managers
UK Government Gilts with maturities in excess of 1 year	AAA	Fund Managers
Bonds issued by multilateral development banks with maturities in excess of 1 year	AAA	In-house on a 'buy-and-hold' basis. Also for use by fund managers
Bonds issued by a financial institution which is guaranteed by the UK government with maturities in excess of 1 year	AAA	In-house on a 'buy-and-hold' basis. Also for use by fund managers
Sovereign bond issues (i.e. other than the UK govt)	AAA	Fund Managers
Corporate Bonds: <b><i>the use of these investments currently constitute capital expenditure and the Council will not utilise them whilst they do.</i></b>	* Long-term AA-,	Fund Managers
Floating Rate Notes: <b><i>the use of these investments would constitute capital expenditure and the Council will not utilise them whilst they do.</i></b>	* Long-term AA-,	Fund Managers
Property fund: <b><i>the use of these investments would constitute capital expenditure and the Council will not utilise them whilst they do</i></b>	Unrated	Fund Managers
Investments Schemes approved by the Trustee Investment Act 1961 – which includes the Local Authorities' Property Fund	Unrated	In House

### 6.10.6 Investment Strategy

**In-house funds:** Some of the Council's in house investments arise from cashflow but we do also have a holding of fixed investments and callable deposits. Investments will accordingly be made with reference to the core balances and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

The Council holds the following investments that span the end of the financial year

	Amount £m	Maturity	Rate
Alliance & Leicester	5.000	24/01/2011	5.52%
Royal Bank of Scotland	10.000	30/07/2012	Variable
Dexia	5.000	01/10/2013	6.62%
Royal Bank of Scotland	5.000	01/10/2013	6.80%
Barclays Bank	5.000	06/03/2014	6.31%
Barclays Bank	5.000	31/03/2014	6.37%
Barclays Bank	5.000	22/04/2014	6.35%
Barclays Bank	5.000	01/08/2014	6.32%
Total	45.000		

**Interest Rate Outlook:** Bank Rate has been unchanged at 0.50% since March 2009. Bank Rate is forecast to commence rising in quarter 3 of 2010 and then to rise steadily from thereon. Bank Rate forecasts for financial year ends (March) are as follows: -

- 2010 0.50%
- 2011 1.50%
- 2012 3.50%
- 2013 4.50%

There is downside risk to these forecasts if recovery from the recession proves to be weaker and slower than currently expected.

The Council will avoid locking into longer term investment deals while investment rates are down at historically low levels unless exceptionally attractive rates are available which make longer term deals worthwhile.

For 2010/11 it is suggested that the Council should budget for an investment return of 0.90% on investments placed during the financial year.

**Fund Manager's View on Interest Rates:** at the 31 December 2009 £40m of the Council's funds were externally managed on a discretionary basis by Investec and Invesco although £10m will be withdrawn during early 2010. Their view on interest rates and opportunities for gilts/bonds is as follows:

The fund managers feel that base rates will increase gradually during 2010/11, but with interest rates at such low levels the return on the portfolio will be between 1 and 2%. A pragmatic approach will be made to investments looking to exploit any opportunities in the market.

### **End of year Investment Report**

At the end of the financial year, the Council will report on its investment

activity as part of its Annual Treasury Report.

#### **6.10.7 Policy on the use of external service providers**

The Council uses Sector Treasury Services as its external treasury management advisers.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

#### **6.10.8 Scheme of delegation**

Please see Appendix 9

#### **6.10.9 Role of Section 151 Officer**

Please see Appendix 10

### **7.0 MRP STRATEGY**

The Council's MRP Strategy together with a commentary on what MRP is and how the new powers will operate are shown in Appendix 3. The Policy states that for historic debt and new supported borrowing MRP will continue to be assessed as 4% of the reducing balance. For prudential borrowing MRP will be charged to revenue based on the life of the asset, MRP will only become due once the asset is fully operational, it will also enable MRP holidays to be taken in relation to assets that will be temporarily funded by prudential borrowing in lieu of the capital receipt. The Budget Strategy relies on this in relation to a number of receipts as shown in the table below.

	2009/10 £m	2010/11 £m	2011/12 £m	2012/13 £m	Total £m
Railfreight	0.85	2.60			3.45
Wellington BTI			2.70	2.15	4.85
Old Park School			5.40		5.40
Leegomery				1.00	1.00
	0.85	2.60	8.10	3.15	14.70

This represents an exposure to future increased revenue charges should receipts not be delivered to these values or phasing and it is suggested this exposure should not be increased at present.

### **8.0 IMPLICATIONS**

## 8.1 Equal Opportunities

No implications

## 8.1 Environmental Impact

No impact

## 8.2 Legal Comment

The Annual Investment Strategy is required under the Guidance for Local Authority Investments issued by CLG.

## 8.3 Links with Corporate Priorities

A sound treasury management policy and strategy underpins the overall budget and resources of the Council.

## 8.4 Financial Implications

Where appropriate these are detailed in the body of the report.

## 8.5 Opportunities & Risks

The key opportunities and risks associated with treasury management activities are set out in the body of the report and will be regularly monitored throughout the year.

## 8.6 Ward Implications

District Wide Implications

## 9.0 **BACKGROUND PAPERS**

CIPFA Code of Practice for Treasury Management in Local Authorities  
Fund Manager Valuations  
Temporary Borrowing Records  
PWLB records  
Investment records  
Draft Treasury Strategy provided by Sector  
Local Government Act 2003  
CLG Guidance on Local Authority Investments

## Audit Commission – Risk and Return

For further information please contact:

Bernie Morris ,Finance Manager (01952) 383702

Ken Clarke, Head of Finance (01952) 383100.

**SUMMARY OF INVESTMENTS AS AT 31 DECEMBER 2009**

	CREDIT RATING Sovereign	CREDIT RATING	INVESCO £'000's	%	INVESTEC £'000's	%	IN HOUSE	%	TOTAL £'000's	%
<b><u>FIXED TERM DEPOSITS</u></b>										
Alliance & Leicester	UK AAA	F1+AA- B 1					5,000		5,000	
Barclays	UK AAA	F1+AA- B 1					20,000		20,000	
Dexia	Belgium AA+	F1+A+ C/D 1					5,000		5,000	
HSBC	UK AAA	F1+AA B 1					1,850		1,850	
Royal bank of Scotland	UK AAA	F1+AA- D/E 1					5,000		5,000	
	<b>TOTAL</b>		<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>36,850</b>	<b>78.66</b>	<b>36,850</b>	<b>42.69</b>
<b><u>CD'S</u></b>										
Abbey National	UK AAA	F1+AA- B 1			902				902	
Banco Bilb	Spain AAA	F1+AA- A/B 1	1,899		2,502				4,401	
Bank of Scotland	UK AAA	F1+AA- C 1	1,901						1,901	
Calyon	France AAA	F1+AA- C 1			1,302				1,302	
CSFB	UK AAA	F1+AA- N/R 1			952				952	
Ing bank	Netherlands AAA	F1+A+ C 1	1,900						1,900	
Lloyds Bank	UK AAA	F1+AA- C 1			2,905				2,905	
Nationwide	UK AAA	F1+AA- B 1			2,905				2,905	
Nordea	Finland AAA	F1+AA- B 1	1,900		2,902				4,802	
Rabobank	Netherlands AAA	F1+AA+ A 1			800				800	
	<b>TOTAL</b>		<b>7,600</b>	<b>38.64</b>	<b>15,170</b>	<b>76.63</b>			<b>22,770</b>	<b>26.38</b>
<b><u>SUPRANATIONAL BONDS</u></b>										
European Invest Bank		F1+AAA	129		1,003				1,132	
	<b>TOTAL</b>		<b>129</b>	<b>0.66</b>	<b>1,003</b>	<b>5.07</b>			<b>1,132</b>	<b>1.31</b>
<b><u>UK GOVERNMENT TREASURY BILLS</u></b>										
UTD		AAA			3,597				3,597	4.17
<b><u>GILTS</u></b>	-		2,037	10.36		0.00			2,037	2.36
<b><u>CASH</u></b>	-		9,901	50.34	26	0.13			9,927	11.50
<b><u>CALLABLE DEPOSITS</u></b>										
The Royal Bank of Scot	UK AAA	F1+AA- D/E 1					10,000	21.34	10,000	11.59
	<b>TOTAL</b>		<b>19,667</b>	<b>100</b>	<b>19,796</b>	<b>100</b>	<b>46,850</b>	<b>100</b>	<b>86,313</b>	<b>100</b>

**TOTAL RISK PER COUNTERPARTY AS AT 31 DECEMBER 2009**

	<b>CREDIT RATING</b>		<b>TOTAL £'000'S</b>
Abbey National	UK AAA	F1+AA- B 1	902
Alliance & Leicester	UK AAA	F1+AA- B 1 F1+AA- A/B	5,000
Banco Bilb	Spain AAA	1	4,401
Bank of Scotland	UK AAA	F1+AA- C 1 F1+AA- B	1,901
Barclays	UK AAA	1 F1+AA- C	20,000
Calyon	France AAA	1	1,302
CSFB	UK AAA	F1+AA- N/R 1	952
Dexia	Belgium AA+	1	5,000
HSBC	UK AAA	F1+AA B 1	1,850
Ing bank	Netherlands AAA	F1+A+ C 1	1,900
Lloyds Bank	UK AAA	F1+AA- C 1 F1+AA- B	2,905
Nationwide	UK AAA	1	2,905
Nordea	Finland AAA	F1+AA- B 1	4,802
Rabobank	Netherlands AAA	F1+AA+ A 1	800
Royal bank of Scotland	UK AAA	F1+AA- D/E 1	15,000
<b>TOTAL- FIXED TERM AND CASH DEPOSITS</b>			69,620
UK Government Treasury Bills- Utd			3,597
Gilts			2,037
Cash			9,927
Supranational			1,132
<b>Total</b>			<b>86,313</b>

## **MINIMUM REVENUE PROVISION – an introduction**

### **1. What is a Minimum Revenue Provision?**

Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. buildings, vehicles, machinery etc. It would be impractical to charge the entirety of such expenditure to revenue in the year in which it was incurred and so such expenditure is spread over several years so as to try to match the years over which such assets benefit the local community through their useful life. The manner of spreading these costs is through an annual Minimum Revenue Provision, which was previously determined under Regulation, and will in future be determined under Guidance.

### **2. Statutory duty**

Statutory Instrument 2008 no. 414 s4 lays down that:

“A local authority shall determine for the current financial year an amount of minimum revenue provision that it considers to be prudent.”

The above is a substitution for the previous requirement to comply with regulation 28 in S.I. 2003 no. 3146, (as amended)

There is no requirement to charge MRP where the Capital Financing Requirement (CFR) is nil or negative at the end of the preceding financial year

The share of Housing Revenue Account CFR is not subject to an MRP charge

### **3. Government Guidance**

Along with the above duty, the Government issued guidance in February 2008 which requires that a Statement on the Council's policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which the provision will relate.

The Council are legally obliged to “have regard” to the guidance, which is intended to enable a more flexible approach to assessing the amount of annual provision than was required under the previous statutory requirements. The guidance offers four main options under which MRP could be made, with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. The requirement to ‘have regard’ to the guidance therefore means that: -

1. Although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent.
2. It is the responsibility of each authority to decide upon the most appropriate method of making a prudent provision, after having had regard to the guidance.

### **Option 1: Regulatory Method**

Under the previous MRP regulations, MRP was set at a uniform rate of 4% of the adjusted CFR (i.e. adjusted for "Adjustment A") on a reducing balance method (which in effect meant that MRP charges would stretch into infinity). This historic approach must continue for all capital expenditure incurred in years before the start of this new approach. It may also be used for new capital expenditure up to the amount which is deemed to be supported through the Supported Capital Expenditure annual allocation..

### **Option 2: Capital Financing Requirement Method**

This is a variation on option 1 which is based upon a charge of 4% of the aggregate CFR without any adjustment for Adjustment A, or certain other factors which were brought into account under the previous statutory MRP calculation. The CFR is the measure of an authority's outstanding debt liability as depicted by their balance sheet.

### **Option 3: Asset Life Method.**

This method may be applied to most new capital expenditure, including where desired that which may alternatively continue to be treated under options 1 or 2.

Under this option, it is intended that MRP should be spread over the estimated useful life of either an asset created, or other purpose of the expenditure. There are two useful advantages of this option: -

- Longer life assets e.g. freehold land can be charged over a longer period than would arise under options 1 and 2.
- No MRP charges need to be made until the financial year after that in which an item of capital expenditure is fully incurred and, in the case of a new asset, comes into service use (this is often referred to as being an 'MRP holiday'). This is not available under options 1 and 2.

There are two methods of calculating charges under option 3:

- a. equal instalment method – equal annual instalments
- b. annuity method – annual payments gradually increase during the life of the asset

### **Option 4: Depreciation Method**

Under this option, MRP charges are to be linked to the useful life of each type of asset using the standard accounting rules for depreciation (but with some exceptions) i.e. this is a more complex approach than option 3.

The same conditions apply regarding the date of completion of the new expenditure as apply under option 3.

#### **4. Date of implementation**

The previous statutory MRP requirements ceased to have effect after the 2006/07 financial year. However, the same basis of 4% charge may continue to be used without limit until the 2010/11 financial year, relative to expenditure incurred up to 31/3/2010.

In general it is recommended that authorities should adopt the recommendations contained within the guidance. However, in certain cases the guidance may recommend a useful life period/MRP for expenditure which it may not be considered appropriate to adopt. It is suggested that full details of MRP options/principles adopted should be set out and approved as part of the annual MRP Policy Statement.

The following is the Council's Policy Statement and was originally agreed by Council on 5/3/09.

## **MINIMUM REVENUE PROVISION POLICY STATEMENT 2010/11 (England and Wales)**

The Council implemented the new Minimum Revenue Provision (MRP) guidance in 2007/08, and assess their MRP for 2007/08 in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003. .

The major proportion of the MRP for 2007/08 will relate to the more historic debt liability that will continue to be charged at the rate of 4%, in accordance with option 1 of the guidance. As will expenditure funded from government borrowing approval which is in line with how that borrowing is supported through RSG. Certain expenditure reflected within the debt liability at 31 March 2007 will under delegated powers be subject to MRP under option 3 which will be charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building. Under this method MRP will not be charged until an asset is fully complete and operational. This will also allow an MRP holiday in relation to schemes that are temporarily funded from prudential borrowing, but will ultimately be funded from capital receipts once realised.

Estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

## **Economic Background**

### Introduction

The credit crunch storm of August 2007 eventually fed through to the near collapse of the world banking system in September 2008. This then pushed most of the major economies of the world into a very sharp recession in 2009 accompanied by a dearth of lending from banks anxious to rebuild their weakened balance sheets. Many governments were forced to recapitalise and rescue their major banks and central banks precipitately cut their central bank rates to 0.10 – 1.00% in order to counter the recession.

The long awaited start of growth eventually came in quarter 3 2009 in the US and the EU. However, there was disappointment that the UK failed to emerge from recession in quarter 3.

Inflation has plunged in most major economies and is currently not seen as being a problem for at least the next two years due to the large output gaps and high unemployment putting a lid on wage growth. In many countries there have been widespread pay freezes in 2009 and these are likely to be persistent for some time. Deflation could become a threat in some economies if they were to go into a significant double dip recession.

Asian countries, especially China, are buoying world demand through their own stimulus measures.

There still needs to be a radical world rebalancing of excess savings rates by cash rich Asian and oil based economies and excess consumption rates in Western economies if the world financial system is not to avoid a potential rerun of this major financial crisis in years to come.

Most major economies have resorted to a huge expansion of fiscal stimulus packages in order to encourage a fast exit from recession. This, together with expenditure on direct support provided to ailing banks, has led to a drastic expansion in government debt levels which will take many years to eliminate and to restore the previous health of national finances.

### Two growth scenarios

The current big issue is 'how quickly will the major world economies recover?' There is a sharp division of opinion on this question as set out below. The knock on effects on forecasts for interest rates can be seen in the main body of the report – UBS strong recovery, Capital Economics – weak recovery.

#### Strong recovery

This is a normal cyclical recovery which will be strong in the major world economies. The US still has potential to add further fiscal stimulus in 2010 to ensure that strong recovery continues after the current round of stimulus measures end. Growth in the EU is likely to be strong in 2010 and not require such help.

#### The UK:

GDP growth will almost get back to the long term average of about 2.5% in 2011 but is likely to peak in the first half of the year as inventory rebuilding and stimulus measures fade and fiscal contraction kicks in later in the year.

The economy will rebalance with strong growth in exports and import substitution helped by strong recovery in the EU and the rest of the world.

Sterling has depreciated by 25% since the peak in 2007 and is likely to stay weak.

Consumer spending – only a mediocre recovery is expected due to a steady increase in the savings ratio from +5.6% in 2009 to about 8% in 2011 as consumers

pay down debt or build cash balances. Consumer incomes will be held down by wage freezes and increases in taxation.

House price recovery is expected to persist helped by a low Bank Rate for a prolonged period; the peak to trough fall in house prices is now expected to be no more than 20%. House prices to rise by about 6% in 2010, and 3% in 2011; mortgage approvals will rise back to the level of 75 - 80,000 per month needed to ensure a continuation of a trend of rising house prices.

CPI inflation to peak @ 2.5% in early 2010 after the rise in VAT in January but then to fall to a trough near 1.5% in early 2011 and to stay below 2% for the rest of 2011. The current MPC attitude is one of hang on as long as possible before increasing Bank Rate. The aim of this would be to try to ensure that growth gets going at a decent rate and that Bank Rate gets back to 4 – 5% before the next recession and that all assets purchased through QE have been sold off by then. The first Bank Rate increase is expected in Q3 2009.

If a Conservative Government comes to power in 2010 with a more aggressive fiscal approach then this could delay the timing of Bank Rate starting to go up.

The fiscal deficit is 6.4% of GDP, about £90bn, which is expected to fall at £11bn p.a. over eight years at currently planned rates. This is similar to the peak deficit of 7% in 1990s which was remedied to a surplus of 1.6% in the space of 6 years helped by strong, steady economic growth of 3% p.a. supported by loose monetary policy that compensated for the fiscal squeeze.

Gilt yields, especially longer term ones, are currently artificially low due to the Bank of England's Quantitative Easing operations. £200bn of gilts, commercial bonds and paper are being purchased under this scheme which has inflated prices and depressed yields. Once this campaign ends, yields will inevitably rise but will also rise due to the huge level of issuance of new gilts to finance the fiscal deficit. Long gilt yields are therefore forecast to reach 6% during 2011.

Gilt yields could rise higher if there was a hung Parliament in 2010 or if the fiscal situation deteriorates further.

The major risk to this scenario would be a lack of supply of bank credit. However, it is felt that the Bank of England is on alert to ensure that this does not happen and would continue various measures to assist the expansion of credit.

#### Weak recovery

The current economic cycle is not a normal business cycle but a balance sheet driven cycle. Over borrowed banks, corporates and consumers are focused on shrinking their levels of borrowing to more viable and affordable levels and this balance sheet adjustment will take several years to be effected. Repayment of debt will therefore act as a major head wind to the required increase in demand in the economy. Consequently there will only be weak economic recovery over the next few years after the initial sharp inventory rebuilding rebound fades. GDP growth is forecast to reach only +1.5% in 2011.

Fiscal contraction will further dampen economic recovery driven by a strong political agenda to accelerate cuts in expenditure and increases in taxation after the general election in 2010.

The consumer savings ratio will rise so as to eliminate over borrowing and to insure against people losing their jobs during this downturn. This will depress consumer expenditure, the main driver of the UK economy.

Growth will also be hampered by a reduced supply of credit from weakened banks compounded by weak demand for credit.

The eventual reversal of Quantitative Easing will take cash out of the economy and reduce demand in the economy.

Unemployment is likely to rise to near to 3m in 2010 and take years to subside due to weak growth. High unemployment will reduce tax income and increase expenditure on benefits and the costs of local authority services.

Inflation will not be a threat for several years as the current 6% output gap will take until 2014 to be eliminated.

However, deflation is a major danger for some years: the major falls in manufacturing prices over the last 12 -18 months have still to feed through to the economy and then to impact wage deflation.

CPI inflation will blip up over 2% in early 2010 but will then be on a strong downward trend to about -1% in 2011.

There is no need for the MPC to change Bank Rate from 0.5% in 2010 or 2011 and possibly for 5 years as they will need to counter the fiscal contraction which will dampen demand in the economy.

Long PWLB rates will FALL from current levels to near 4% in 2010 due to weak economic recovery and minimal inflation so that the real rate of return (net of inflation) on long gilts is healthy at these low levels

### Sector view

Sector recognises that at the current time it is difficult to have confidence as to exactly how strong the UK economic recovery will prove to be. Both the above scenarios are founded on major assumptions and research which could or could not turn out to be correct.

Sector has adopted a more moderate view between these two scenarios outlined above i.e. a moderate return to growth.

We do, however, feel that the risks that long term gilt yields and PWLB rates will rise markedly are high.

There are huge uncertainties in all forecasts due to the major difficulties of forecasting the following areas: -

- degree of speed and severity of fiscal contraction after the general election
- timing and amounts of the reversal of Quantitative Easing,
- speed of recovery of banks' profitability and balance sheet imbalances
- changes in the consumer savings ratio
- rebalancing of the UK economy towards exporting and substituting imports

The overall balance of risks is weighted to the downside i.e. the pace of economic growth disappoints and Bank Rate increases are delayed and / or lower

There is an identifiable risk of a double dip recession and deleveraging creating a downward spiral of falling demand, falling jobs and falling prices and wages leading to deflation but this is considered to be a small risk and an extreme view at the current time on the basis of current evidence.

## Credit Ratings – A Guide.

### *Long-term credit ratings and Sovereign Ratings*

Fitch Rating' long-term credit ratings are set up along a scale from 'AAA' to 'D', first introduced in 1924 and later adopted and licensed by Standard & Poors (S&P). Moody's also uses a similar scale, but names the categories differently. Like S&P, Fitch also uses intermediate modifiers for each category between AA and CCC (i.e., AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB- etc.).

### Investment grade

- **AAA** : the best quality, reliable and stable
- **AA** : good quality, a bit higher risk than AAA
- **A** : economic situation can affect finance
- **BBB** : medium class counterparties, which are satisfactory at the moment

### Non-investment grade

- **BB** : more prone to changes in the economy
- **B** : financial situation varies noticeably
- **CCC** : currently vulnerable and dependent on favorable economic conditions to meet its commitments
- **CC** : highly vulnerable, very speculative bonds
- **C** : highly vulnerable, perhaps in bankruptcy or in arrears but still continuing to pay out on obligations
- **D** : has defaulted on obligations and Fitch believes that it will generally default on most or all obligations
- **NR** : not publicly rated

### *Short-term credit ratings*

Fitch's short-term ratings indicate the potential level of default within a 12-month period.

- **F1+** : best quality grade, indicating exceptionally strong capacity of obligor to meet its financial commitment
- **F1** : best quality grade, indicating strong capacity of obligor to meet its financial commitment
- **F2** : good quality grade with satisfactory capacity of obligor to meet its financial commitment
- **F3** : fair quality grade with adequate capacity of obligor to meet its financial commitment but near term adverse conditions could impact the obligor's commitments
- **B** : of speculative nature and obligor has minimal capacity to meet its commitment and vulnerability to short term adverse changes in financial and economic conditions
- **C** : possibility of default is high and the financial commitment of the obligor are dependent upon sustained, favourable business and economic conditions
- **D** : the obligor is in default as it has failed on its financial commitments.

## **Bank Individual Ratings**

Individual Ratings are assigned to banks that are legal entities. The term "banks" here includes bank holding companies and bank assurance holding companies, bank assurance companies operating as single legal entities, investment banks and private banks. These ratings may also be assigned to leasing companies, instalment credit companies, credit card companies, brokerage houses, investment management companies and securities dealing companies, as circumstances demand. These ratings, which are internationally comparable, attempt to assess how a bank would be viewed if it were entirely independent and could not rely on external support. These ratings are designed to assess a bank's exposure to, appetite for, and management of risk, and thus represent the agency's view on the likelihood that it would run into significant financial difficulties such that it would require support.

- A:** A very strong bank. Characteristics may include outstanding profitability and balance sheet integrity, franchise, management, operating environment or prospects.
- B:** A strong bank. There are no major concerns regarding the bank. Characteristics may include strong profitability and balance sheet integrity, franchise, management, operating environment or prospects.
- C:** An adequate bank, which, however, possesses one or more troublesome aspects. There may be some concerns regarding its profitability and balance sheet integrity, franchise, management, operating environment or prospects.
- D:** A bank that has weaknesses of internal and/or external origin. There are concerns regarding its profitability and balance sheet integrity, franchise, management, operating environment or prospects. Banks in emerging markets are necessarily faced with a greater number of potential deficiencies of external origin.
- E:** A bank with very serious problems, which either requires or is likely to require external support.
- F:** A bank that has either defaulted or, in Fitch Ratings' opinion, would have defaulted if it had not received external support. Examples of such support include state or local government support, (deposit) insurance funds, acquisition by some other corporate entity or an injection of new funds from its shareholders or equivalent.

Notes: Gradations may be used among the ratings A to E: i.e. A/B, B/C, C/D, and D/E. No gradations apply to the F rating.

## **Support Ratings (1 – 5)**

### **The Purpose and Function of Support Ratings**

Support Ratings are Fitch Ratings' assessment of a potential supporter's propensity to support a bank and of its ability to support it. Its propensity to support is a

judgment made by Fitch Ratings. Its ability to support is set by the potential supporter's own Issuer Default Ratings, both in foreign currency and, where appropriate, in local currency. Support Ratings do not assess the intrinsic credit quality of a bank. Rather they communicate the agency's judgment on whether the bank would receive support should this become necessary. These ratings are exclusively the expression of Fitch Ratings' opinion even though the principles underlying them may have been discussed with the relevant supervisory authorities and/or owners.

### **Timeliness and Effectiveness Requirements**

Fitch Ratings' Support Rating definitions are predicated on the assumption that any necessary "support" is provided on a timely basis. The definitions are also predicated on the assumption that any necessary support will be sufficiently sustained so that the bank being supported is able to continue meeting its financial commitments until the crisis is over.

### **Obligations and Financial Instruments Covered**

In terms of these definitions, unless otherwise specified, "support" is deemed to be in terms of foreign currency. It is assumed that typically the following obligations will be supported: senior debt (secured and unsecured), including insured and uninsured deposits (retail, wholesale and interbank); obligations arising from derivatives transactions and from legally enforceable guarantees and indemnities, letters of credit, and acceptances; trade receivables and obligations arising from court judgments.

Likewise, the agency does not assume that the following capital instruments will be supported when sovereign support is involved: preference/preferred shares or stock; hybrid capital (tier 1 and upper tier 2), including reserve capital instruments (RCIs) and variations upon RCIs; and common/ordinary equity capital. It is also assumed that there will be no support for any moral obligation on securitizations. The sovereign support status of subordinated debt is difficult to categorize in advance; it is assessed on a case by case basis, distinguishing among different jurisdictions.

### **Definitions:**

- 1:** A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'A-'.
- 2:** A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'BBB-'.
- 3:** A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'BB-'.

- 4: A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'B'.
- 5: A bank for which external support, although possible, cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-Term Rating floor no higher than 'B-' and in many cases no floor at all.

**GLOSSARY**

<b>Term</b>	<b>Meaning</b>
Affordable Borrowing Limit	The amount the authority would normally borrow at any point of time in the year. This boundary might be exceeded temporarily but only in exceptional circumstances. The limit is set by Full Council at the beginning of March and is a prudential indicator.
Authorised Borrowing Limit	The maximum amount the authority can borrow at any point of time in the year. This limit should never be exceeded. The limit is set by Full Council at the beginning of March and is a prudential indicator.
Capital Financing Requirement (CFR)	This represents the underlying need for the authority to borrow and represent the assets of the authority less the long term capital liabilities.
Credit Default Swaps (CDS)	CDS are bought by investors to insure against defaults (i.e. the counterparty not being able to repay). The higher the cost/premium then the higher the risk – CDS therefore given a market view of the credit worthiness of an organisation.
Credit Ratings	Rating on the ability of an organisation to meet its obligations; ratings are assigned by independent, specialist companies, such as Fitch and Moodys using market intelligence they gather.
Credit Risk	The risk that the debtor will default on their obligations
Counterparty	The organisation that your are conducting your business with.
Debt Management Account Deposit Facility	Provided by the <a href="#">Debt Management Office</a> , users can place cash in secure fixed-term deposits. Deposits are guaranteed by the government and therefore have the equivalent of a sovereign triple-A credit rating.
Discounts	These relate to Public Works Loans Board loans. If rates have increased since the borrowing was undertaken then part of the benefit that PWLB will achieve from being able to loan out at that higher rate are passed back to an authority if they repay the loan early.
Fund Managers	Independent investment managers who

	work to a specific mandate and invest funds on behalf of the Council
Inflation	The rise in prices of goods and services over a period of time.
Interest Rate Risk	The risk that the value of an investment will change due to changes to the interest rate.
Internal Borrowing	This is where the amount of an authority's borrowing is less than its CFR or underlying need to borrow and represents the use of internal balances rather than borrowing from the market.
LIBID	London inter-bank bid rate. Interest rate at which prime banks will <b>borrow</b> money in the London inter-bank market.
LIBOR	London inter-bank offer rate. Interest rate at which prime banks will <b>lend</b> money in the London inter-bank market. Fixed every day by the British Bankers Association to five decimal places.
Liquidity Risk	The risk of not being able to trade an investment quickly to release cash.
Obligor	An individual or company that owes debt to another individual or company (the creditor), as a result of borrowing or issuing bonds.
Premia	This is the penalty applied to the early redemption of PWLB loans where rates have fallen since the loan was undertaken.
Prudential Code	A professional code of practice which provides regulatory framework to local authorities on capital expenditure, investments and borrowing activities.
Prudential Indicators	A set of indicators developed within the Prudential Code which define thresholds for investment and borrowing within a local authority.
PWLB	Public Works Loans Board – a Government agency providing long and short term loans to local authorities. Interest rates are generally lower than the private sector and slightly higher than the rates at which the Government themselves may borrow.
Re-scheduling	This relates to repaying existing borrowing early and replacing it with borrowing for a different period usually, but not necessarily, at lower rates
Return	The gain from holding an investment over a given period

Security	An investment instrument, other than an insurance policy or fixed annuity, issued by a corporation, government or other organisation which offers evidence of debt or equity.
Sovereign Exposure	Risk of exposure to one particular country.
Supranational Bonds	These are bonds (similar to gilts) issued by multi government development organisations and are supported by all of the governments who form part of the organisation. E.g European Investment Bank and are usually very secure.
Quantative Easing	This is where the government buy back there own gilt issuance to effectively pump money into the financial markets of the economy.

## **Treasury Management Policy Statement**

1. This organisation defines its treasury management activities as: “The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.”

## Adoption of the revised CIPFA Treasury Management Code of Practice 2009

### INTRODUCTION

The CIPFA Code of Practice on Treasury Management in Local Authorities was last updated in 2001 and has been revised in 2009 in the light of the default by Icelandic banks in 2008. The revised Code requires that a report be submitted to the council, board or other appropriate body, setting out four amended clauses which should be formally passed in order to approve adoption of the new version of the Code of Practice and Cross-Sectoral Guidance Notes.

The revised Code also includes an amended version of the treasury management policy statement (TMPS) incorporating just three clauses and a revised definition of treasury management activities. The Code does not require this statement to be approved by the council, board or other appropriate body.

The revised Code has also set out various requirements which have been summarised in paragraph 1 of the latest Treasury Management Strategy Statement.

### RESOLUTIONS

CIPFA recommends that all public service organisations adopt, as part of their standing orders, financial regulations, or other formal policy documents appropriate to their circumstances, the following four clauses.

1. This organisation will create and maintain, as the cornerstones for effective treasury management:
  - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
  - suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.

2. This organisation (i.e. full board/council) will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

3. This organisation delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Audit Committee, and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

4. This organisation nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

## Treasury management scheme of delegation

### **(i) Full council**

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy.
- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities

### **(ii) Cabinet**

- receiving and reviewing regular monitoring reports and acting on recommendations

### **(iii) Audit Committee**

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.
- receiving and reviewing reports on treasury management policies, practices and activities
- receiving and reviewing regular monitoring reports and acting on recommendations

### **(iv) Chief Finance Officer**

- approving the selection of external service providers and agreeing terms of appointment.

## The treasury management role of the section 151 officer

### **The S151 (responsible) officer**

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.

**TELFORD & WREKIN COUNCIL**

**COUNCIL - 4 MARCH 2010**

**PRUDENTIAL INDICATORS**

**REPORT OF THE CHIEF FINANCE OFFICER AND HEAD OF FINANCE**

**1. Purpose**

- 1.1 To approve the prudential indicators for 2010/11 to 2012/13 required under the Prudential Code of Capital Finance in Local Authorities.

**2. Recommendations**

- 2.1 Members are asked to approve the prudential indicators proposed in this report and recommended by 23<sup>rd</sup> February Cabinet as part of setting the budget for 2010/11.

**3. Summary**

- 3.1 The Local Government Act 2003 replaced the previous system of Local Government Capital Finance with a new one, known as the Prudential System from 1 April 2004.
- 3.2 Under the Prudential System, instead of the historical practice of local authorities only being able to borrow in line with central government prescribed limits, each local authority must decide its own borrowing limits, taking account of its financial situation, medium term plans and in particular affordability.
- 3.3 CIPFA has developed a Prudential Code of Capital Finance in Local Authorities, which specifies indicators the Council must consider in determining how much it will borrow for capital purposes.
- 3.4 The code requires the Council to set a range of indicators for 2010/11. The indicators in respect of investments have been set based on the Guidance on Local Authorities Investments issued by CLG in April 2004.
- 3.5 CIPFA has issued a revised Prudential Code which primarily covers borrowing and the Prudential Indicators. Three of these indicators have now been moved from being Prudential Indicators to being Treasury Indicators: -
- authorised limit for external debt

- operational boundary for external debt
- actual external debt.

However, all indicators are to be presented together as one suite. In addition, where there is a significant difference between the net and the gross borrowing position, the risks and benefits associated with this strategy should be clearly stated in the annual strategy.

#### 4. The CIPFA Prudential Code

4.1 In September 2003 CIPFA Council approved and subsequently published the final version of the code (updated in 2009), and the concluding paragraph of its executive summary records;

*“The Prudential Code supports the systems of capital investment in local authorities. It is integrated within the wider statutory and management processes of local government. Key elements of the system continue to be determined by legislation, in particular the amount required to be charged to taxation by local authorities in respect of capital investment and the amount and method of government support for capital investment. These will be significant decisions when local authorities take decisions on capital investment. **However, the level of capital investment that can be supported will subject to affordability and sustainability and be a matter for local decision.**”*

4.2 The general approach of the code is to require the Council to set estimates and limits on its borrowing and features associated with borrowing. The underlying philosophy is that the Council should set limits that ensure borrowing is affordable in the medium to long term. Affordability is determined by the overall amount of borrowing and the interest rate at which it is done. Because borrowing is only permissible (and will remain so) for capital expenditure local authorities have traditionally borrowed at longer term fixed rates of interest (i.e. over 1 year, and typically over 20 years). This helps ensure stability over the medium term; for example a variable rate loan currently at 4.5% may be less attractive than a fixed rate loan at 4.8% if there is thought to be a reasonable possibility that variable rates will rise above 5.2% within a year. To help ensure financial stability the code requires authorities to consider the structure of their borrowing.

4.3 The code also requires authorities with significant investments to set indicators associated with lending money.

4.4 Practically the remaining paragraphs of this section consider the indicators and recommends what the indicators should be for 2010/11. In most cases indicators have to be set for 3 financial years ahead, so figures are also provided for 2011/12 and 2012/13. In proposing these indicators a pragmatic approach has been taken; i.e. known Council plans (including the present treasury structure) have been considered.

4.5 For each indicator, ***the CIPFA requirements of the code are set out in bold italics.*** The limits proposed by the Chief Finance Officer for 2010/11 are then set out. An explanation is provided, unless the indicator and limits are completely self explanatory.

#### 4.6 **Prudential Indicators of Affordability – Ratio Affordability Measure**

4.6.1 ***The local authority will estimate for the forthcoming financial year and the following two financial years the ratio of financing costs to net revenue stream. This prudential indicator shall be referred to as estimates of ratio of financing costs to net revenue stream.***

4.6.2 In Telford & Wrekin's case this indicator makes more sense if LGR debt paid over to the County Council is included.

Revenue Budget

Year 1(2010/11)	2.95%
Year 2(2011/12)	3.90%
Year 3(2012/13)	4.60%

4.6.3 The indicator has been calculated as debt interest costs divided by budget requirement for the general fund element. The general fund indicator above shows a slight increase in the ratio (equivalent to an increase in capital financing costs over the next 3 years. This broadly matches the expected increase in government allocations and prudential borrowing which is noted in 4.10.2).

#### 4.7 **Prudential Indicators of Affordability – Incremental Council Tax Affordability Measures**

***The local authority will***

***(i) forecast the total budgetary requirements for the authority based on no changes to the existing capital programme***

***(ii) forecast the total budgetary requirements for the authority with the changes to the capital programme included in the calculation***

***(iii) take the difference between (i) and (ii) and calculate the addition or reduction to Council tax that would result.***

***This prudential indicator will be referred to as estimates of the incremental impact of new capital investment decisions on the Council Tax and shall be expressed in the following manner £ xx.xx.***

4.7.1 The indicator is calculated by taking the estimates of capital included in the Capital Budget Report, assuming it is financed through a mixture of borrowing and use of capital receipts (with interest at 4.5%, with Minimum Revenue Provision calculated in line with the MRP policy as detailed in the

Treasury Strategy Report) and dividing them by the tax base (50,604.2). It also assumes that the only Government Approvals agreed at this stage are those for 2010/11, with those for the latter 2 years being only provisional at this stage. The indicator works on a cumulative basis (i.e. the year 2 indicator includes the full year cost of year 1 expenditure, together with the part year cost of that year's programme), but only takes half a year's interest cost in the year expenditure is incurred. The estimate has been split into 3 parts which are expenditure funded by prudential borrowing, capital receipts and government borrowing allocations. There are no principal repayments in respect of capital receipts and the revenue cost of utilising these government allocations should be funded by Revenue Support Grant although this is impacted on by the RSG damping mechanism which withholds a substantial part of the revenue funding due to the Council to support the cost of these allocations at present.

- 4.7.2 The estimate of the incremental impact on Council Tax (Band B) of capital decisions proposed over and above capital investment decisions that have already been taken by the Council are as follows;

<u>Year</u>	<u>Prudential Borrowing</u> £	<u>Government Supported Borrowing</u> £	<u>Total</u> £
2010/11	5.97	0.50	<b>6.47</b>
2011/12	27.97	2.28	<b>30.25</b>
2012/13	55.10	3.74	<b>58.84</b>

It should be noted that there is a significant amount of spending in advance of capital receipts. Once these capital receipts are realised prudential borrowing can be unwound which would reduce the overall Council Tax increase to £46.80.

#### **4.7.3 Prudential Indicators of Affordability – Incremental Housing Rent Affordability Measures**

This Indicator does not apply to Telford & Wrekin Council.

#### **4.8 Estimates of Capital Financing Requirement**

***The local authority will make reasonable estimates of the total capital financing requirement at the end of the forthcoming financial year and the following two years. These prudential indicators shall be referred to as:***

***Estimate of capital financing requirement as at the end of years 1, 2 and 3.***

- 4.8.1 The capital financing requirement is a concept in the Prudential System, but can simply be understood as the Council's underlying need to borrow money over the long term. The code requires that the figure is calculated gross, to

include debt that is paid for by other authorities following LGR, so in Telford & Wrekin's case, these figures have limited meaning, and locally the indicator needs adjusting for LGR debt.

4.8.2 Table A shows the estimated cumulative capital financing requirement at a point in time

	<b>Total CFR</b>
31/3/2010	£135.9m
31/3/2011	£178.8m
31/3/2012	£205.0m
31/3/2013	£197.8m

4.8.3 The movement in the CFR is consistent with other planning assumptions.

#### **4.9 Treasury Management Prudential Indicators**

4.9.1 The Council adopted the ***CIPFA Code of Practice for Treasury Management in the Public Services*** at its meeting in February 2002. Treasury Management Practices (TMPs) have been established by the Chief Finance Officer in line with the advice of Sector Treasury Services, and are kept up to date. ***The first prudential indicator in respect of treasury management is that the local authority has adopted the CIPFA Code*** is therefore met. A revised code has just been published and this Council is adopting that code as part of the Treasury Report being considered at this meeting.

#### **4.10 Capital Expenditure and Capital Commitments Prudential Indicators**

4.10.1 ***The local authority will make reasonable estimates of the total of capital expenditure that it plans to incur during the forthcoming financial year and at least the following two financial years. These prudential indicators shall be referred to as:***

##### ***Estimate of total capital expenditure to be incurred in years 1, 2 and 3***

4.10.2 The budget and capital report to Council for 2010/11 identifies programmed capital schemes, and subsequent year's capital needs. The estimates of capital expenditure to be incurred are therefore;

	Supported Borrowing	Prudential Borrowing	Grant Funded	Capital Receipts	Total
	£m	£m	£m	£m	£m
2010/11	5.728	41.729	45.986	2.067	95.510
2011/12	4.747	26.917	57.136	6.550	95.350
2012/13	4.581	-5.523	62.482	36.020	97.560

It is only the two columns relating to borrowing that impact on prudential indicators.

#### 4.11 **External Debt Prudential Indicators**

4.11.1 ***The local authority will set for the forthcoming financial year and the following two financial years a prudential limit for its total external debt, gross of investments, separately identifying borrowing from other long term liabilities. This prudential indicator shall be referred to as:***

**Authorised limit for external debt = authorised limit for borrowing + authorised limit for other long term liabilities for years 1, 2 and 3.**

4.11.2 The recommended Authorised Limit for External Debt for:

Year 1 (2010/11) is £300m for borrowing and £6m for other long term liabilities

Year 2 (2011/12) is £330m for borrowing and £7m for other long term liabilities

Year 3 (2012/13) is £340m for borrowing and £8m for other long term liabilities

4.11.3 This limit represents the maximum amount the Council may borrow at any point in time in the year. It has to be set at a level the Council considers is "prudent". (This limit is analogous to the limit on borrowing set out section 44 of the 1989 Act). Because it is ultra vires to exceed, the authorised limit must be set so as to avoid circumstances in which the Council would need to borrow more money than this limit.

4.11.4 Other long term liabilities include items that would appear on the balance sheet of the Council that are analogous to borrowing. For example, the capital cost of leases would be included.

#### 4.12 **Operational Boundary**

***The local authority will also set for the forthcoming financial year and the following two years an operational boundary its total external debt, gross of investments, separately identifying borrowing from other long term liabilities. This prudential indicator shall be referred to as the:***

**Operational Boundary = operational boundary for borrowing + operational boundary for other long term liabilities for years 1, 2 and 3.**

4.12.1 The operational boundary is a measure of the most money the Council would normally borrow at any time during the year. The code recognises that circumstances might arise when the boundary might be exceeded temporarily, but suggest a sustained or regular pattern of borrowing above

this level ought to be investigated, as a potential symptom of a more serious financial problem. It should be noted that although this boundary has been set at £280m for 2009/10 and 2010/11, it is estimated that the average external debt and other long term liabilities including PFI will be around £206m. Given the likely trend of the capital financing requirement in 4.8.2. a higher operational boundary is appropriate for 2011/12 and 2012/13.

#### 4.12.2 The Recommended Operational boundary for External debt is

Year 1 (2010/11) is £280m for External debt for and £4m for other long term liabilities

Year 2 (2011/12) is £310m for External debt for and £5m for other long term liabilities

Year 3(2012/13) is £320m for External debt for and £6m for other long term liabilities

#### 4.13 Interest Rate Exposure

4.13.1 ***The local authority will set, for the forthcoming year and the following two years, limits to its exposures to the effects of changes in interest rates. These prudential indicators will relate to both fixed interest rates and variable interest rates and will be referred to respectively as the upper limits on fixed and variable interest rate exposures.***

4.13.2 There is no requirement in the code to set lower limits; however, given the risks associated with having excessively high relatively short fixed, or variable rate borrowing, it is suggested that lower limits are set locally for longer maturing fixed rate borrowing.

4.13.3 **Variable rate exposures**  
***Borrowing that is at variable rates LESS Investments that are variable rate investments***

Because a large proportion our investments are at variable rates and exceed in total the level of debt we currently have (and historically a high proportion of that has been at fixed rates) we are unable to set the limit as a percentage and will therefore set it in absolute terms of the net principal sum (which is negative) The limits proposed, together with their make up, are as follows;

	Net Variable Limit
	£m
2010/11	0
2011/12	0
2012/13	0

I.e. total of variable rate borrowing will never exceed total of variable rate investments.

4.13.4 The upper limit replaces the existing (1989 Act) Section 44 limit “the maximum proportion of borrowing which is subject to variable rate interest”. Whilst £0m has been set forward as a limit, in practice it would be unusual for the exposure to exceed -£20m. The actual exposure is negative due to the levels of fixed long term borrowing (more than 1 year), and that our investments are mostly all variable. Limits for years 2 & 3 assume no substantial change in market conditions. What this indicator does show is that we should invest in more fixed instruments at the appropriate time.

4.13.5 Because of our position in having substantial investments it would be helpful to set a local indicator for setting a maximum exposure for variable rates as a percentage of total investment plus total debt. For the purposes of this local indicator supranational bonds are treated as fixed investments as they are accounted for as such. The limit proposed would be as follows;

	Upper Limit
2010/11	80%
2011/12	80%
2012/13	80%

#### 4.13.6 **Fixed Interest Rate Exposure**

***The local authority will set, for the forthcoming year and the following two years, both upper and lower limits for its exposure to fixed interest rate risk calculated as follows and each expressed as total borrowing less total investments:***

***Fixed interest rate exposures***

***Borrowing that is at fixed rates LESS Investments that are fixed rate investments***

***Expressed as a percentage or absolute of total borrowing less investments.***

4.13.7 The limits (expressed as an absolute of total fixed borrowing less total fixed investments) proposed are as follows;

	Upper Limit	Lower Limit
2010/11	£190m	-£10m
2011/12	£200m	-£10m
2012/13	£210m	-£10m

4.13.8 As for variable rates it is appropriate to set a local indicator for fixed rate exposure. This is fixed rate investments plus fixed rate borrowing divided by total investments plus total borrowing. The proposed limit is as follows:

	Upper Limit	Lower Limit
2010/11	90%	20%
2011/12	90%	20%
2012/13	90%	20%

In principle, it may be necessary / desirable for all borrowing at a point in time to be at a fixed rate, although in practice this would be unusual. The lower limit is effectively the counterpart to the upper limit for variable rate exposure.

4.14 **Prudential limits for the maturity structure of fixed rate borrowing**  
***The local authority will set for the forthcoming year both upper and lower limits with respect to the maturity structure of its borrowing, calculated as follows***

***Amount of projected borrowing that is fixed rate maturing in each period  
Expressed as a Percentage of  
Total projected borrowing that is fixed rate at the start of the period.  
where the periods in question are***

- ***Under 12 months***
- ***1 year and within 2 years***
- ***2 years and within 5 years***
- ***5 years and within 10 years***
- ***10 years+***

4.14.1 The proposed prudential limits are as follows;

Period (years)	Lower Limit	Upper Limit
	%	%
Under 12 months	0	20
1-2 years	0	25
2-5 years	0	50
5-10 years	0	75
over 10 years	25	100

4.14.2 Whilst these are the proposed limits, as a broad longer term strategy, in any financial year borrowing would normally be managed to end the year with the maturity profile broadly as follows;

Maturity	Broad Indicative Range	Actual % for 31/03/09
Under 12 months	0-10% of all borrowing	0%
1-2 years	0-15%	8%
2-5 years	5-15%	16%
5-10 years	5-20%	0%
Over 10 years	40-100%	76%

There has been a peak in rates in the 1-15 year period over the last few years, and therefore loans in this period have been extensively restructured. With historically low long term PWLB interest rates during recent years the

Council has continued to take advantage of these rates by borrowing longer term as well as more recently some shorter term PWLB at advantageous rates.

- 4.14.3 Under the investment guidance issued by CLG the Council needs to set indicators for **principal sums invested for periods longer than 364 days**. It is recommended that we set the following limit

Maximum principal investment that can be invested for more than 364 days

Financial Year	Upper Limit
2010/11	90%
2011/12	90%
2012/13	90%

## **5 Contribution to Strategic Aims**

A proper treasury management strategy underpins the overall financial management of all the Council's activities.

## **6. Legal Implications**

- 6.1. CIPFA's Prudential Code is regarded as mandatory guidance associated with the new Local Government Act 2003.

## **7. Financial Implications**

- 7.1 The prudential indicators provide a framework in 2010/11 in which the Council conducts its treasury activities, consistent with good treasury risk management.
- 7.2 The code indicates that "in all cases, the process of setting prudential indicators for treasury management should be accompanied by a clear and integrated forward treasury management strategy, and a recognition of the pre-existing structure of the authority's borrowing and investment portfolios." The indicators proposed here take account of the existing structure of borrowing and all reasonable restructuring activity that might occur.
- 7.3 The code requires the following matters to be taken into account when setting or revising prudential indicators
- (a) option appraisal for all projects, i.e. value for money
  - (b) asset management planning, i.e. stewardship of asset
  - (c) strategic planning for the authority, i.e. service objectives
  - (d) achievability of the forward plan, i.e. its practicality
  - (e) implications for external borrowing, i.e. prudence
  - (f) implications for Council Tax and housing rents, i.e. affordability.

Items (a)-(c) are largely considered in the current arrangements as part of the asset management planning / corporate capital strategy processes. Items (d) and (f) in financial terms have been taken account of by the Chief Finance Officer in presenting the budget and item (e) is inherent to the prudential indicator setting process.

## **8. Links with Corporate Priorities**

The report has financial links with all the council's priorities

## **9. Opportunities & Risks**

The opportunities and risks associated with the report have been identified and assessed. Arrangements will be put in place to manage the risks and maximise the opportunities that have been identified.

## **10. Background Papers**

Local Government Act 2003  
CIPFA Prudential Code for Capital Finance in Local Authorities  
Guidance on Local Authority Investments

## TELFORD & WREKIN COUNCIL

COUNCIL – 4 MARCH 2010

COUNCIL TAX - FORMAL RESOLUTIONS FOR 2010/11

REPORT OF THE HEAD OF FINANCE AND CHIEF FINANCIAL OFFICER

### 1. PURPOSE

To seek approval of the appropriate formal resolutions to determine the levels of Council Tax for Telford & Wrekin Council for 2010/11. The levels of tax take account of the requirements of Telford & Wrekin Council, the West Mercia Police Authority, Shropshire and Wrekin Fire Authority, and the various Parish and Town Councils.

### 2. INFORMATION

The Council's General and Special Fund budgets for 2010/11 were agreed earlier at this meeting.

The Council Tax Base was determined at the Council Meeting held on 28 January 2010.

Based on the above information, it is now necessary to formally set Council Tax levels throughout the area for the spending requirements of Telford & Wrekin Council, The West Mercia Police Authority, Shropshire and Wrekin Fire Authority, and the various Parish and Town Councils. Once this report is agreed the Band D Council Tax will be:

Authority		Band D Council Tax £	Increase %
Telford & Wrekin Council	General Fund	1,082.42	1.9
	Special Fund	16.20	-0.1
<b>Telford &amp; Wrekin Council</b>	<b>Total</b>	<b>1,098.62</b>	<b>1.9</b>
West Mercia Police Authority		178.72	2.9
Shropshire and Wrekin Fire Authority		83.81	2.9
Parish & Town Councils		57.77	0.5
<b>Total Council Tax</b>		<b>1,418.92</b>	<b>2.0</b>

The % increases all relate to the change from current year levels.

While the increase for the Council's own budget is only 1.9%, when the higher precept increases which have been levied by

other local bodies are included this raises the overall increase to an average 2.0% .This average increase in overall bills represents a range from 1.89% - 2.52% depending mainly on variations in parish council spending and precepts. Telford & Wrekin Council (TWC) Special Fund is required to ring fence TWC costs relating mainly to footway lighting and cemeteries where some parishes provide and pay for this service themselves.

While the total average Band D bill will be £1,418.92, the majority of properties in the area fall in Bands A and B-an average bill for the area is thus around Band B ,an overall average bill of £1,103.62

The necessary formal resolutions are set out below.

### 3. **FORMAL RESOLUTIONS**

3.1. That it be noted that at its meeting on 28 January 2010 the Council calculated the following amounts for the year 2010/11 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under Section 33(5) of the Local Government Finance Act 1992 (The Act):-

(a) 50,604.2 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (The Regulations), as its Council Tax base for the year (The Council Tax Base).

(b) **Part of the Council's Area  
Tax Base**

The Parish of:-

Chetwynd	241.2
Chetwynd Aston & Woodcote	165.9
Church Aston	494.1
Dawley Hamlets	2,043.1
Edgmond	548.8
Ercall Magna	617.3
The Gorge	1,113.8
Great Dawley	3,187.7
Hadley & Leegomery	4,066.3
Hollinswood & Randlay	1,562.0
Ketley	1,135.7
Kynnersley	74.8
Lawley & Overdale	2,017.2
Lilleshall & Donnington	4,385.8
Little Wenlock	234.5
Madeley	4,852.2
Newport	3,706.7
Oakengates	2,492.8
Preston	96.0
Rodington	346.9

St. Georges & Priorslee	3,848.0
Stirchley & Brookside	2,728.7
Tibberton & Cherrington	275.7
Waters Upton	391.3
Wellington	6,891.8
Wrockwardine	1,456.6
Wrockwardine Wood & Trench	1,592.4
	50,567.3

being the amounts calculated by the Council in accordance with Regulation 6 of The Regulations, as the amounts of its Council Tax Base for the year for dwellings in those parts of its area to which one or more special items relate.

3.2. That the following amounts be now calculated by the Council for the year 2010/11 in accordance with Sections 32 to 36 of The Act:-

- (a) £420,946,168 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) (a) to (e) of the Act.
- (b) £291,890,830 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) (a) to (c) of the Act.
- (c) £129,055,338 being the amount by which the aggregate at 3.2(a) above exceeds the aggregate at 3.2(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year.
- (d) £70,536,833 being the aggregate of the sums which the Council estimates will be payable for the year into its general fund in respect of redistributed non-domestic rates and revenue support grant, increased by the amount of the sums which the Council estimates will be transferred in the year from its collection fund to its general fund in accordance with Section 97(3) of the Local Government Finance Act 1988 (Council Tax Surplus) and increased by the amount of any sum which the Council estimates will be transferred from its collection fund to its general fund pursuant to the Collection Fund (Community Charges) directions made under Section 98(4) of the Local Government Finance Act 1988 made on 7 February 1994 (Community Charge Surplus), the Collection Fund (Adjustment for Previous Years) (England) Directions 2000 and the Local Authorities (Alteration of Requisite Calculations) (England) Regulations 2010.
- (e) £1,156.40 being the amount at 3.2(c) above less the amount at 3.2(d) above, all divided by the Council Tax base, as the basic amount of its Council Tax for the year.
- (f) £3,743,488 being the aggregate amount of all special items referred to

in Section 34(1) of the Act.

- (g) £1,082.42 being the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates (calculated by deducting from the amount at 3.2(e) above, the quotient of the amount at 3.2(f) above divided by the Council Tax Base). The only area that this relates to is the Parish of Eyton.

(h) <b><u>Part of the Council's Area</u></b>	£
The Parish of:	
Chetwynd	1,088.63
Chetwynd Aston & Woodcote	1,093.27
Church Aston	1,112.77
Dawley Hamlets	1,119.46
Edgmond	1,104.94
Ercall Magna	1,129.87
The Gorge	1,163.05
Great Dawley	1,188.55
Hadley & Leegomery	1,143.76
Hollinswood & Randlay	1,205.47
Ketley	1,153.74
Kynnersley	1,098.46
Lawley & Overdale	1,156.51
Lilleshall & Donnington	1,125.05
Little Wenlock	1,129.32
Madeley	1,181.05
Newport	1,192.79
Oakengates	1,171.45
Preston	1,086.06
Rodington	1,109.20
St. Georges & Priorslee	1,121.51
Stirchley & Brookside	1,212.59
Tibberton & Cherrington	1,093.30
Waters Upton	1,114.62
Wellington	1,156.73
Wrockwardine	1,113.31
Wrockwardine Wood & Trench	1,151.69

being the amounts given by adding to the amount at 3.2(g) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 3.1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items

relate.

- (i) The amounts in Appendix 1 being the amounts given by multiplying the amounts at 3.2(g) and 3.2(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. The West Mercia Police Authority's precept for 2010/11 was set at its meeting on 16 February 2010. The following amounts were stated in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

<u>Valuation Band</u>	<u>Amount</u> <u>£</u>
A	119.15
B	139.01
C	158.86
D	178.72
E	218.44
F	258.15
G	297.87
H	357.44

5. The Shropshire & Wrekin Fire and Rescue Authority's precept for 2010/11 was set at its meeting on 10 February 2010. The following amounts were stated in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

<u>Valuation Band</u>	<u>Amount</u> <u>£</u>
A	55.87
B	65.19
C	74.50
D	83.81
E	102.43
F	121.06
G	139.68
H	167.62

6. That, having calculated the aggregate in each case of the amounts at 3.2(i) and 4 and 5 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act, 1992, hereby sets the amounts in Appendix 2 as the amounts of council tax for the year 2010/11 for each of the categories of dwellings shown.

7. Background Papers

Service & Financial Planning Report 2010/11 – 2012/13

Parish Precept Requests

Police Authority Precept Request

Fire Authority Precept Request

2010/11 Revenue Support Grant Settlement

Acts, Directions and Regulations as quoted above.

## **PLANS BOARD**

### **Minutes of a meeting of the Plans Board held on Wednesday, 6 January, 2010 at 6.00 p.m. in the Civic Offices, Telford, Shropshire**

**PRESENT:** Councillors I.T.W. Fletcher (Chairman), J.A. Francis, R.G. Chaplin, N.A. Dugmore (Vice-Chairman), G.M. Green, F.R. Picken, H. Rhodes and M.J. Smith

#### **PB-73      MINUTES**

**RESOLVED** – that the minutes of the meetings of the Plans Board held on 7 December and 16 December, 2009 be confirmed and signed by the Chairman.

#### **PB-74      APOLOGIES FOR ABSENCE**

None.

#### **PB-75      DECLARATIONS OF INTEREST**

Councillor I.T.W. Fletcher declared a personal and prejudicial interest in planning application W2009/0168 and indicated his intention to vacate the Chair and leave the room during discussion and determination thereon.

Councillor G.M. Green declared that she wished to speak on planning application W2009/0962 in her capacity as Ward Member for Madeley following which she would leave the room during discussion and determination thereon.

#### **PB-76      PLANNING APPLICATIONS FOR DETERMINATION**

(In accordance with his declaration of interest, Councillor I.T.W. Fletcher vacated the Chair in favour of Councillor N.A. Dugmore and left the room.)

##### **(a)      W2009/0168 – Former Windsor Flats site, Arleston Lane, Wellington, Telford, Shropshire**

This application was for the demolition of the existing Windsor Flats and erection of eleven flats and nine houses. A previous application, W2008/1006, had been considered by the Board at its meeting on the 19<sup>th</sup> November, 2008 at which it was resolved to grant planning permission subject to the applicant entering into a Section 106 Agreement to provide £12,000 towards off-site outdoor recreation provision. On the 8<sup>th</sup> April, 2008 the Board had considered a further application, W2009/0168, which amended the layout of the proposal, and which was approved subject to a Section 106 Agreement for an off-site contribution towards outdoor play facilities. The application was again considered by the Board on 29<sup>th</sup> April 2009 as the applicant was unwilling to provide a financial contribution but would provide 100% affordable housing. Members resolved to grant planning permission subject to a Section 106 Agreement to provide 100% social housing and a financial contribution towards the improvement of recreational facilities in the vicinity of the site, the figure of the contribution being delegated to the Head of Planning & Transport to negotiate.

Since the 29<sup>th</sup> April 2009 officers had attempted to negotiate this financial contribution but the Wrekin Housing Trust had been unable to meet the provision of 100% social housing as it had not been possible to achieve housing grant in respect of this site. Subsequently, the Trust had reverted back to the 8<sup>th</sup> April 2008 approval and to the approval of W2008/1006. However, due to the lack of housing grant, the applicant could now only provide a contribution of £5,000 which the Board was recommended to accept in order that the applicant could proceed with site clearance and redevelopment.

The Head of Planning & Transport advised the Board that, given the current economic climate, the importance of bringing forward housing provision in the Borough, and the fact that the applicant was still willing to make a contribution to open space, the revised recommendation before them should be approved.

Members agreed that a realistic approach was necessary in the circumstances and approval would allow a derelict site to be dealt with.

**RESOLVED – that with respect to planning application W2009/0168 delegated authority be granted to the Head of Planning & Transport to grant planning permission subject to the applicant entering into a Section 106 Agreement to provide a financial contribution of £5,000 towards off site play facilities and to the conditions as set out in the report.**

(Councillor I.T.W. Fletcher returned to the room and chaired the remainder of the meeting).

(b) W2009/0915 – Land at Malinslee House, Malinsgate, Telford, Shropshire

This was an application for full planning permission for the erection of a 7,897 sq.m. (gross) superstore, a 6 bay automatic petrol filling station, a 500 space car park, servicing and associated landscaping and access including the realignment of part of Southwater Way, as detailed in the report. The application had been deferred from the Plans Board meeting of 16<sup>th</sup> December, 2009 following receipt of objections from the owners of the Telford Shopping Centre (Telford Trustee No.1 Limited and Telford Trustee No.2 Limited (“the Trustees”). Copies of these objections together with the response from the applicant’s solicitors had been sent to the Board members.

The planning application covered a site of 2.7 ha., which was located between Malinsgate/Coach Central and Southwater Way, and comprised Malinslee House and Walker House Civic Offices, and the surrounding terraced surface level car parking and landscaped areas. Directly across Southwater Way to the west of the application site was the Malinslee Link site, which was the subject of a separate outline planning application for residential development (see W2009/0945).

The application had been advertised in the local press and on site as one subject to an Environmental Impact Assessment, as a Departure Application and of major significance. Comprehensive publicity and consultation had been undertaken, including with the principal technical consultees.

The report detailed the consultation responses received, in particular those received from the Trustees. They had submitted a strong objection to the proposed development covering conflict with the sequential approach, unacceptable impact on the town centre, conflict with the adopted Wrekin Local Plan (1994-2006) (WLP) as acknowledged by the applicant), prematurity, uncertainty of the replacement of the civic offices, inadequate addressing of highway impacts, and the scheme's failure to address key urban planning requirements, as detailed in the main report within the Lilac Schedule.

The report set out the local and national planning policies against which this application needed to be considered. Following submission of the application, in support of their respective positions, both the applicant and the Trustees had placed considerable reliance upon PPS6: Planning for Town Centres but this, as identified in the main report, was to be replaced by PPS4, then in draft. However, PPS4 proposed to refine the policy approach to planning for town centres rather than to make significant changes. In relation to the new retail provision, the quantitative need had been identified as part of the White Young Green Retail and Leisure Study 2006 (updated 2009) commissioned by the Council.

The key issues and planning considerations in relation to the application were outlined in the main report. With regard to the Central Telford Area Action Plan (CTAAP), the main report acknowledged, as stated by the Trustees that this document should be given no weight in determining the application as it had been suspended by the Planning Inspector in agreement with the Council.

With regard to design considerations, the proposed building would be located to the north-west of the site and would incorporate undercroft parking, as set out in the report. There was a fall across the site running north-west to south-east of some 9 metres which had resulted in the terracing of both the built form of the Civic Offices and the car parks and which had placed constraints on this scheme. The pre-application discussions between the Council and the applicant had identified pedestrian linkages as being fairly crucial particularly in creating strong pedestrian linkages between the Malinslee residential areas and the town centre and south-east towards Southwater. In conclusion, officers were of the opinion that the majority of the development was well designed and likely to achieve the BREEAM very good standard of sustainability. Therefore, given suitable conditions requiring the submission of further details the development was considered acceptable.

With regard to highways and transportation the application showed a main access via a proposed priority junction off Southwater Way providing access/egress for customers and servicing plus access/egress to the Petrol Filling Station (PFS). A secondary access was proposed from Malinsgate providing a left-in/left-out arrangement for shoppers. Improved and enhanced pedestrian linkages to the remainder of Southwater and from Malinslee to the town centre had also been given precedence in the design of the store. Configuration changes were also proposed to facilitate these proposals to Malinsgate/Woodhouse Central/Coach Central. Whilst the basic form of these junctions would remain unchanged, it was proposed to enhance conditions for traffic and pedestrians by introducing a full traffic signal control that would be integrated with the existing House of Fraser car park traffic signals. The entire junction, including the bus priority lanes, car park entrance and

flow systems along Malinsgate/Coach Central/Woodhouse Central would be improved and be less 'highway dominated'. It was considered that pedestrian accessibility and permeability were key to the successful integration of this proposal. However, the Local Highways Authority (LHA) had suggested revisions to meet the standards contained in the Design Manual for Roads and Bridges and supported with a safety audit and AutoTrak runs and, therefore, had recommended a conditional consent. The site had a pedestrian entrance off Southwater Way, which would tie into the realigned footway link to Malinslee (see W2009/0945). The submitted plans showed a raised pedestrian table at this point but the Highways Engineer considered that a signalised crossing point should be used.

The proposal showed a 500 space car park partly at grade, partly undercroft. Whilst PPG 13 required a maximum of 580 spaces, a slightly lower allocation was proposed to reflect the site's central location and opportunities for more sustainable forms of transport. 500 spaces were deemed acceptable as sheltered bike parking/storage was also proposed. Servicing arrangements appeared to be sufficient and largely separated from customer traffic and pedestrian movements. The Highways Engineer had advised minor changes to the car parking arrangements and undercroft parking.

The Design & Access Statement submitted with the planning application had been designed in conjunction with the proposed Malinslee housing site to the south. Specific landscape planting had been included within the design proposal to lessen the landscape and visual impact of the new supermarket, as set out in the report. There were proposals for tree felling which would impact upon the local scene and a condition would need to be imposed requiring further details of the translocation of some of the other trees on the site.

With regard to the noise and pollution control issues, while the report accompanying the Environmental Statement had addressed these in terms of overall noise levels, there was limited detail which would need to be clarified in respect of appropriate standards and control measures, with appropriate conditions imposed.

The applicants had requested that approval should be accompanied with a 5 year time limit as opposed to the usual 3 year approval, on the grounds that the relocation of the Telford & Wrekin Council offices needed to be completed prior to vacant possession of the site being available, the likely timetable for which was early 2013. The Local Planning Authority (LPA) had the discretion under section 91 of the Town and Country Planning Act 1990 (as amended) to grant permissions for longer than the statutory default period and, although it was considered that this request was reasonable and justifiable, it was recommended that a period of 4 years be granted to allow for vacant possession of the site and implementation of the store, in accordance with predicated timetables and to assist in preventing disruption of the operation of the existing store.

The Council was an interested party to the application and, therefore, the avenue of a Section 106 Obligation under the Planning Act was not available. Instead it was recommended that commitments be made on behalf of the Council, as landowner, to abide by the planning 'obligations' and, should the land be transferred, to make it a condition of that transfer that the new owner would have to enter into a Section 106 agreement in respect of these obligations.

The LHA had assessed the impacts arising from the development and had recommended that, in accordance with the plan-led approach, a financial contribution of £720,000 would be required towards the provision of Major (highway, transport and traffic) Schemes and the new pedestrian crossing hub at the junction of Coach/Malinsgate/Woodhouse. An additional sum of £5,000 would be required for monitoring the store travel plan and a contribution of £75,000 would be sought to commission public art on the site in line with Local Plan Policy. As with recent planning approvals, a sum of £10,000 would be sought to monitor and enforce the Section 106 Agreement and conditions.

The application had been the subject of an Environmental Statement (ES) under the Town & Country Planning (Environmental Impact Assessment) (England and Wales) Regulations 1999 and following full assessment by the LPA it had been concluded that any outstanding environmental effects could be satisfactorily mitigated with the use of planning conditions.

Following the preparation and publication of the main report further representations were received from the applicant and the Trustees, copies of which were sent to the Board members in advance of the meeting, put on the Council's website, placed in the members' library and tabled at the meeting. In addition, detailed officer comments on all the objections received from the Trustees were sent to the Board in the form of an update sheet, as summarised below. Further, PPS4: Planning for Sustainable Economic Growth had been published on the 29<sup>th</sup> December 2009 and was now relevant. This publication had been placed in the members' library and was available on the DCLG website. The planning officer introduced PPS4 as an important material planning consideration and emphasised to members they must properly consider all correspondence received last month and this year.

Councillor P.A.E. Homer, Ward Member for Malinslee, supported the application and stated that, after reading all of the correspondence sent to him, he could see no reason to change his opinion.

**Letter of objection dated 11 December 2009 from Nabarro LLP, Solicitors of London, acting for Telford Trustee No 1 and Telford Trustee No. 2 Ltd and accompanying Briefing Note:**

The update report summarised the main issues raised in these documents. One main issue was the submission by the Trustees of a planning application for a food store on the Red Oak Car Park and their belief that this and the Asda application should be determined at the same meeting.

The officer response was that the Asda proposal had been properly considered and, importantly, had been the subject of intensive pre-application discussions with planning and other relevant officers. In addition, the main report to the Board had been the subject of scrutiny by Counsel appointed by the Council and was an adequate basis for the determination of this application. Whilst, it was open to the Council to defer consideration of both applications from Asda until the Red Oak Car Park site planning application was considered, there were very good reasons for not deferring their consideration. The planning officer commented that a deferral would

mean a potential delay of several months in the determination of the Asda application.

The Red Oak Car Park site would not be required to demonstrate “need” as it was within the Primary Shopping Area (PSA) and, in retail terms, was likely to be ‘in principle’ acceptable, albeit that it had not been tested in EIA or development control terms nor had any conclusion been reached by officers as to its overall acceptability. Nevertheless, the Red Oak Car Park site had to be regarded as being sequentially preferable to the Asda site in planning terms and, if granted planning permission, would complement the town centre retail offer within the PSA. However, there was sufficient headroom retail capacity for more than one large food supermarket in the town centre. In addition, the Red Oak Car Park site could not be considered to be available until 2014, at the earliest, in the event of that Asda remained in occupation of their present store should this application be refused. The Red Oak Car Park site was, therefore, not ‘available’ within the meaning of PPS4 and the recently published PPS4 Practice Guide (which had superseded PPS6), having regard to the local circumstances of Telford. To wait some four years or more for a new food supermarket to replace the current inadequate Asda store was considered excessive given the significant benefits of approving this application now, as set out on the update sheet.

**Briefing Note 0.1 (v.3) – Waterman dated 5 November 2009 but lodged with the above letter 11 December 2009. This is a “critique” of the Environmental Statement lodged with the planning application**

At the core of the Trustees objections was their belief that the applicant’s ES did not fully comply with EIA Regulations together with a number of concerns relating to environmental and consultation issues. These issues were summarised in the update report and set out in full in the documentation provided to members in advance of the meeting.

In response the planning officer confirmed that the Council had had the benefit of experts looking at the application. If they had not understood the environmental impacts of the development proposals they would have asked the planning officer to seek more information. The planning officer reassured members in respect of the soundness of the ES. Further, it was clarified for members that alternatives had been included in the ES including consideration of alternative sites and site layouts, thereby meeting the relevant EIA Regulations. Officers were also content that the issue of demolition and construction phases had been addressed within each chapter of the ES and a sufficient understanding of environmental effects gained.

In relation to noise, the main report explained that adequate control measures were either in place or could be conditioned as part of any approval to militate against potential noise arising from supermarket activities, in accordance with PPG24.

Relocation of TWC offices had been considered in terms of timescales and the impacts arising from the proposed new land use at the Civic site. As stated in the update report, operationally, it would be difficult for the Council to not provide new

alternative office space; similarly, it was accepted that the proposal would provide for the retention of Asda jobs within Telford post 2014.

The planning officer pointed out that the Trustees had alleged that there was a lack of cumulative impact assessment but confirmed that officers were content concerning the issue of cumulative impact. Only the combined impacts of development proposals either already begun or with planning permission needed to be considered. . Further, as stated above, the Red Oak Car Park site was not available within the meaning of PPS4 and the PPS4 Guidance. Construction impacts from the combined Asda and Malinslee Link residential development were at an acceptable level.

The Planning Policy section of the application/ES covered Development Plan issues satisfactorily and the main report had set out the policy framework and the respective materiality of the various policies.

The Transport section of the ES had dealt with all forms of transport in accordance with their likely impact and had concluded that local provision was adequate, that the development would lead to improvements for pedestrians/cycle users and would not lead to increased demand for additional bus/rail transport.

Through the update report, the planning officer outlined the officer position regarding flood consequences, SUDS issues and ground conditions.

**Letter of Objection from Nabarro Solicitors on behalf of Trustees Nos. 1 & 2 dated 14 December 2009 containing report “Comments on Additional Materials Submitted” ... in connection with W2009/0915**

This letter set out further detailed objections on the main report, as submitted to the Plans Board of 16<sup>th</sup> December, 2009. The officer response to these was as follows.

The main report had clearly explained the approach taken to sequential analysis, i.e. that alternative, sequentially preferable sites needed to be available, suitable and viable. The planning officer made reference to the PPS6 analysis and again clarified and summarised how it had been superseded by PPS4. For the reasons stated, the Red Oak Car Park site formed part of the present Asda store’s car park and would be significantly diminished during building operations and result in unacceptable trading impacts on what was a key anchor to the Town Centre. In addition, Asda maintained that the current lease arrangements would prevent the Trustees from commencing work on the store until 2014. The planning officer questioned whether the Red Oak site was readily available. With regard to the Trustees point that the Ash Grey Car Park was also an available, suitable and viable site alternative site for a supermarket development, officers had serious doubts as to whether a store of the size proposed at the Civic Office site, together with a PFS, could be built at that location or that the site was readily available.

With regard to Retail Impact, it was a matter of conjecture whether by allowing a development on the Civic Office site, this would reduce the prospects of the Red Oak Car Park site attracting a quality supermarket operator. The planning officer acknowledged the relevance of this point but confirmed that no evidence had been

submitted that would demonstrate that this would be the case and the Council's evidence suggested that there was sufficient retail capacity for more than one new large supermarket store at the town centre.

Officers acknowledged that the number of vacant shop premises could be an indicator of the health or vitality of a town centre and there was conflicting evidence between the parties on this point in relation to Telford. The planning officer pointed out the relevance of PPS4 in this respect. He confirmed to members that PPS4 gave greater emphasis to the consideration of "impacts" on the town centre. It was incorrect to suggest that the LPA had failed to provide sufficient supporting evidence of its own to substantiate this proposal and it had commissioned the WYG Retail Study that took full account of the health of Telford Town centre albeit recognising that circumstances could change rapidly in a declining national economic climate. Given the current economic climate, Telford continued to perform reasonably well by comparison with other shopping centres as a 'sub-regional' shopping centre, with a higher proportion of comparison shopping and national operators. The planning officer pointed out that PPS4 focussed heavily on a "town centre first" policy and that Members would need to carefully consider whether the proposal would be likely to damage the viability and vitality recognising the need to promote competitive town centres and consumer choice.

The main report dealt with the issue of conflict with the Development Plan and acknowledged at the outset that the application was a Departure to the Local Plan where the provisions of Policy EC16 of PPS4 should apply. The planning officer made it clear that the Local Plan was increasingly out of date in respect of retail policy and it was incumbent upon the Council as the LPA to respond to future needs in accordance with PPS4, as supplemented by the Practice Guidance (December 2009). The planning officer opined that that the proposal was fully compliant with the criteria a) to e) of Policy EC16 of PPS4, particularly with regards to the impact of the proposal on the viability and vitality of the centre in the context of impact on trade turnover having regards to the expenditure capacity identified in the WYG Retail Study. It was further explained that even if this proposal went ahead, there would be sufficient expenditure capacity to permit other retail development opportunities in the town centre.

The Trustees argued that the Council should not determine a planning application that might comprise a development proposal in accordance with the provisions of a Development Plan document that might be considered unsound in due course, i.e. the CTAAP. The planning officer disagreed with this point. Whilst officers acknowledged that CTAAP had been suspended by the Planning Inspector and could, therefore, be given little or no weight, this was not a reason to prevent determination of this application on the grounds of prematurity.

In response to the Trustees comments regarding publicity and consultation, as well as what was stated in the update report, the planning officer commented that officers had received some good responses and that the pre-application responses were also good which was significant.

The planning officer clarified how the revised PPS4 concentrated on sequential analysis and town centre impacts and the objector's criticism of the qualitative

arguments was not accepted as there were deficiencies with the existing Asda store (described by the planning officer as not being a fully up to date modern store) and this proposal would provide significant improvements.

The update report acknowledged that the Red Oak Car Park site was sequentially preferable but that there were outstanding questions about the availability of this site at least until 2014 when Asda's lease of the car park expires. In addition to other comments made, the update report added that development earlier than 2014 at this location would seriously disrupt trading operations at the existing Asda store – a town centre and shopping centre retailing “anchor” and that this could, if a significant part of the store needed to be closed for redevelopment at any one time, undermine the viability and vitality of the town centre acting as a sub-regional shopping centre. PPS4 tests had been applied and site location and impacts on the town centre proven to be acceptable. The identity of the future operator at the Civic site was immaterial, provided the site could provide for the needs of a quality operator. However, as stated, the Red Oak Car park site could not be regarded as “available” having regard to local circumstances at Telford.

The objections to the design, including highways, were considered to be largely subjective. There were interesting aspects to the design, as referred to in the main report, and the store would be accorded BREEAM very good standard by achieving the sustainability objectives for the site. Whilst the objectors wished to raise highway objections to the scheme, both the LHA and the Highways Agency were satisfied with the development and that adequate mitigation, including Section 106 contributions, could be achieved.

With regard to the Trustees allegation that the application had been “fast-tracked” or treated in anyway differentially, this was denied by the planning officer and the Board was informed that the application had benefited from extensive pre-application discussions, which had shaped much of the proposal before Members. This approach was advocated by Government and had served significantly to minimise the timescales required for post-application determination.

The update sheet informed the Board that the Highway Agency had removed its initial holding objection in a letter of 15<sup>th</sup> December, 2009. The proposal would not cause operational problems on the M54 but the cumulative impact of this and other development on the Strategic Road Network would require appropriate mitigation to be funded through the Council's strategy. There was no objection, therefore, under TR110.

The planning officer referred to the submissions from Osborne Clarke on behalf of Asda dated 22<sup>nd</sup> December 2009 which members had already seen. He confirmed that, as soon as these were received they were emailed to the Trustess who were given until 4<sup>th</sup> January 2010 to respond. The planning officer commented that this coincided with the publication of PPS4 and the Guidance on 29<sup>th</sup> December 2009.

1. **Letter of objection from Nabarro Solicitors on behalf of Trustees Nos. 1 & 2 dated 4 January 2010**
2. **Drivers Jonas (on behalf of Trustees) report on planning application W2009/0915 following release of PPS4 “Planning for Sustainable Economic Development” on 29 December 2009**
3. **Nabarro LLP’s comments (on behalf of Trustees) dated 4<sup>th</sup> January 2010 on rebuttal of Waterman’s briefing note prepared by Osborne Clarke (on behalf of Asda) on 22 December 2009**

The main point raised in Nabarro’s letter of 4 January 2010 was that of PPS4: Planning for Sustainable Economic Growth, published 29 December 2009, which they claimed raised fundamental implications and material consideration for the Council. Many of the other points raised had either been raised in earlier correspondence or dealt with under previous officer comments. PPS4 was clearly a relevant consideration of considerable weight and had, in part, replaced earlier policy contained in PPS6. Consideration had to be given to both PPS4 and the Practice Guidance on need for its full terms and effect. However, the officer recommendation remained the same having considered all the points made by Nabarro LLP, the consultants acting on behalf of the Trustees, and the contents of PPS4 and the Practice Guidance. The principal objections raised had been rebutted in the update sheet or, where not specifically rebutted, officers considered that none of the points raised were of sufficient concern to cause a delay either in the determination of this application or the determination of W2009/0945 or a refusal of either of these applications.

In his concluding remarks and with reference to the update report, the planning officer confirmed in the update report and at the meeting that the application has been the subject of an Environmental Statement under EIA Regulations and the impacts had been fully assessed by the Council and its stakeholders. Planning officers and the statutory consultees believed that the ES adequately describes the significant environmental effects that would arise from the development, provided mitigation in the form of planning conditions.

He further reiterated that the new PPS4 was an important additional material planning consideration for Members and must be given full weight. In addition he again referred to the objectors’ suggestion that the Red Oak Car Park application recently lodged with the Council and Asda’s applications should be considered together. He said that it was of course open to the Council to defer consideration of the Asda applications until the Red Oak Car Park site planning application is considered, possibly 16 weeks from submission but that there were very good reasons why the Council should not defer consideration. The Red Oak Car Park site would not be required to demonstrate “need” as it was within the PSA and in retail terms was likely to be ‘in principle’ acceptable, albeit that it had not been tested in EIA or development control terms nor had any conclusion been reached by your officers as to its overall acceptability. Nevertheless, the Red Oak Car Park site must be regarded as being sequentially preferable to the Asda site in planning terms and if granted planning permission would complement the town centre retail offer within the PSA. However, the planning officer again clarified that there was sufficient headroom retail capacity for more than one large food supermarket in the town centre. Even if it was assumed that the Red Oak Car Park site application was granted planning

permission, there was no good reason on planning grounds to refuse planning permission for the Asda proposals currently being considered. In addition, the Red Oak Car Park site could not be considered to be available until 2014, at the earliest, in the event of Asda remaining in occupation in their present store. This was to be assumed if planning permission was refused for their current application. The Red Oak Car Park site was therefore not 'available' within the meaning of PPS4 and the recently published (Dec 2009) PPS4 Practice Guide (which superseded PPS6), having regard to the local circumstances of Telford. To wait some 4 years or more for a new food supermarket to replace the current inadequate Asda store was considered excessive by Officers. Reasons included the significant retail and other planning benefits brought about by the Asda development going ahead at an early stage, as set out in the main report, especially the early stemming of leakage from Telford Town Centre including to unsustainable out of town retail locations, the fact that subject to planning permission being granted Asda was committed to going ahead, and the significant benefits of regeneration of the Town Centre which were likely to be triggered by the new Asda edge of centre development which was likely to act as a catalyst for further development within and adjacent to the town centre.

Given the information set out in both the main report, in the update sheet and presented to members, officers had concluded that the application was acceptable. For Members' further information a list of all the conditions proposed to be attached to any approval was tabled at the meeting.

One Member commented that the planning officer had given a thorough report but felt that there was still a lack of clarity. That member thought that the Asda application and the Red Oak application should be dealt with together and would not be voting on the Asda application. Another member expressed concern at the amount of additional information that had been forwarded to Members over the New Year period and considered that determination of the application should be deferred for say seven days to allow them to analyse the new information. Another member expressed concern as to the potential issues that could arise from the void created in the Shopping Centre by Asda transferring to the Civic Offices site and invited further officer thoughts on that point.

Other Members, however, considered that sufficient time had been available to understand the additional information and wished to see the application determined at this meeting. One member commented that a further deferral would see the same thing happening, that is the Trustees inundating the Council with more of the same points. One member commented that users of the Civic Offices car parks at weekends and Bank Holidays appeared to have no problems moving between that site and the Shopping Centre and considered that the same would apply if the Asda store was relocated. One member commented that there had been a lot to read in respect of this application, that the member had read the papers, had found the final one very useful and the officer presentation had been positive and complete.

The Head of Planning & Transport stressed that this was an important decision which needed to be taken in a timely manner with the objections being treated seriously. In response to Members' comments he said that the main report on the application had been available since the 16<sup>th</sup> December 2009 and the additional information and updates had been provided to them over a period of time. The

planning officer's presentation had been very extensive and thorough and had drawn out the critical points that Members needed to bear in mind when reaching a decision. He, therefore, recommended that Members approved the application on the basis of the information before them.

The Planning Officer stressed that it was not in Asda's gift to propose a solution to the potential void in the shopping centre as that was a decision for the Trustees as owners of the Centre, and it would be unreasonable to defer a decision based upon that issue. He accepted that Members had received a considerable amount of additional information which had been compounded by the need to respond to the issuing of PPS4 on the 29<sup>th</sup> December, 2009. However, he reassured members that the content of PPS4 was not entirely new but rather had built upon where PPS6 had left off. He commented on the similarities between PPS6 and PPS4 particularly in terms of Policy EC16 with the additional emphasis to the "town centre first" approach promoted in PPS4. He commented that it was still for Members to judge the extent to which the applicant had demonstrated compliance with the sequential approach and whether the proposal would significantly impact on the town centre..

In conclusion, the Council's Solicitor explained that the draft conditions, as tabled, might require adjustment and, therefore, requested that delegated authority be granted to the Head of Planning & Transport to make any minor changes with any required major changes being brought back to the Board for approval.

Members' attention was drawn to the reference to PPS6 in the recommended reasons for the Granting of Permission section of the main report. Noting the introduction of PPS4 and that the application was being determined with reference to PPS4 rather than the superseded PPS6, Members acknowledged that the reference to "PPS6" in those reasons would be replaced with a reference to "PPS4"

**RESOLVED:**

**For the reasons set out in the Reasons for the Grant of Permission" section of the main report, as amended by replacing the reference to "PPS6" with a reference to "PPS4", members resolved**

- (a) that the application W2009/0915 be referred to the Secretary of State under The Town and Country Planning (Consultation) (England) Direction 2009 and subject to confirmation from the Secretary of State that she did not wish to call-in the application for determination and subject to the Council as landowner agreeing that the land would be bound by the obligations in respect of the provision of a sum of monies comprising a contribution of £720,000 for the provision of major highway schemes including a new pedestrian crossing hub at the junction of Coach/ Malinsgate/Woodhouse, £5,000 for monitoring of the store travel plan, £5,000 for the monitoring of air quality post development, £75,000 for the commissioning of public art on or off site as may be subsequently agreed and £10,000 for monitoring of covenants and planning conditions the Head of Planning & Transportation be authorised to grant planning permission, subject to the conditions as set out in the report.;

- (b) That the Head of Planning & Transport be granted delegated authority to make any minor changes to the draft conditions, as tabled, with any major changes being brought back to the Board for consideration.

### **Informatives**

**NS – Environment Agency guidance**

**NS – Environmental Health guidance**

**NS – Advertisement requires separate consent**

**Sie20 – Land Contamination**

- (c) W2009/0919 – Victoria Park, Water Lane, Newport, Shropshire

This application by Telford & Wrekin Council sought planning permission to upgrade Victoria Park to improve its accessibility and to enhance its value as leisure open space for the local community. However, its planning history suggested that no significant improvements had been made since the late 1970s. The scheme had been developed in consultation with and with the support of the Newport Regeneration Partnership.

It was proposed to relocate the public car park further east along Water Lane with improved vehicular access, visibility, improved lighting and surveillance and retention of the existing 37 parking spaces. The existing vehicular access on to Water Lane would be retained with new lockable metal gates for future maintenance of the canal and to provide parking facilities for the private residential properties in Water Lane, which currently used the public car park. The relocation of the car park would enable the canal basin and adjacent land to become an area of significant amenity value with planting and seating replacing the existing tarmaced and paved area.

Landscaping of the site would include additional footpaths through the park, regrading of land, wild flower meadow planting, and marsh habitat with a timber footbridge link. The soft landscaping had been designed to increase biodiversity in the Park. New benches would be provided at a variety of locations adjacent to the new footpaths with picnic tables being sited adjacent to the canal basin on the site of the former car park. Along Water Lane there would be 1.5 metre high fencing and decorative metal feature gateway panels to the pedestrian entrance. It was not intended to lock the park at night and the area would be illuminated by a combination of lighting columns and bollards.

With regard to consultation responses, the report by Evolution Ecology had established that a number of the existing trees were dangerous and required removal whilst others were to be removed to accommodate car parking and a new tarmac footpath. Although this would mean the loss of a number of semi-mature tree species, the Council's Arboricultural Officer was supportive of the proposed replacement tree planting and, as set out in the update sheet tabled at the meeting, the Council's Agent had confirmed that one or two alternative species might be considered following ongoing discussions. However, this would not alter the overall scheme, as the Agent had selected species that were appropriate for the specific conditions of the site.

As set out on the update sheet the Highways Engineer had formally confirmed that there were no highways objections to the proposal, but had requested the imposition of two additional conditions regarding visibility splays and vehicular access together with the standard informative for work on the adopted highway.

Telford Angling Association had submitted an objection to the relocation of the car parking spaces adjacent to the canal basin on the grounds of the potential impact upon the disabled fishing facilities and comments had been received from local residents of Water Lane during a meeting with the Council, as summarised in the report.

In response the Agent had stated that 2 designated disabled parking spaces had been included within the 37 space car park, which would be located as close as possible to the canal basin and adjacent to the footpath leading to the canal basin and fishing platforms. As there were currently no designated disabled spaces, the provision of disabled parking would be an improvement, even if it was slightly further from the fishing platforms than the existing parking. In addition, the new footpath had been designed to conform to the Disability Discrimination Act requirements in order to provide greater accessibility to the Park.

In conclusion, the proposal would accord with the relevant Core Strategy policies and would provide improved facilities for the local community and aid regeneration of this part of Newport, with the intention of initiating redevelopment of further sites on Water Lane and maintaining the vitality of Newport.

Members expressed concern at the loss of the parking currently used by disabled anglers but the Planning Officer explained that the proposed scheme would provide designated spaces together with a path and hard surfaces, which were currently not available. Members, therefore, asked if the footpath could be put in place at the start of the scheme. The Head of Planning & Transport agreed with the importance of access for disabled users of what was a very popular sport and said that a Building Plan would be prepared which would ensure that all the proposed work was undertaken in a cohesive manner.

**RESOLVED** – that with respect to planning application W2009/0919 planning permission be granted subject to the conditions as set out in the report, the additional highways conditions as set out in the update report tabled at the meeting, and with the inclusion of the standard informative relating to work on the adopted highway.

### **Informatives**

- 1. The inclusion of a 5m minimum stand off from the canal to prevent damage to the SSSI and local wildlife habitats**
- 2. Approval to be sought from Natural England**
- 3. Removal of trees to be carried out outside nesting season (March through August)**
- 4. Removal of hedges to be carried out before the beginning of February, when it has been known that blackbirds will nest in suitable weather**

5. **Follow the recommendations in the tree and hedgerow survey regarding the tree species to plant**
6. **Adding refugia and hibernacula to enhance the area for wildlife, particularly in the marshy area, the wildflower areas and near the canal. These can include piles of logs, rocks and grass cuttings.**

(d) W2009/0945 – Land off Southwater Way, Town Centre, Telford, Shropshire

This application, which had been deferred from the Plans Board of 16<sup>th</sup> December 2009, sought outline planning permission for a residential scheme of approximately 79 units, as shown on the indicative layout plan, together with access, all other matters being reserved for later consideration. The application site was currently open space in a prominent location at Malinslee Roundabout, and was designated as a 'gateway' site and for employment use in the Wrekin Local Plan (WLP). It had an area of 2.6ha. but, due to constraints in terms of trees, green network etc, only approximately 1ha was potentially developable.

The application had been advertised as a Departure to the Development Plan thereby recognising that the proposed residential development was in conflict with allocations detailed in the WLP. To date there had been no interest in an employment use on the site and Policy TC7 of the WLP did permit housing development in the Town Centre on land that was not committed or required for other uses. If greater weight was given to the more recent policies in the Core Strategy rather than those in the WLP, this was also a suitable site for residential development in accordance with Policy CS4 of the Core Strategy.

Access to the site would be from a single point off Southwater Way and its central location would allow for greater travel by foot and bicycle and the use of public transport. A simple priority junction was proposed, which the Highway Authority considered was appropriate for a development of this scale. However, concern had been raised about the proximity of this junction to the raised pedestrian crossing point for the Silkin Way and it was, therefore, recommended that the access be formed as a raised table junction incorporating the existing raised crossing through the imposition of a condition.

The transport assessment had been carried out on the assumption that the site would accommodate 79 dwellings and the Highways Authority had recommended that, due to the number of dwellings and the location of the development, a contribution of £85,278.13 for off-site highway works contributions was required based on the number of additional journeys created by the development. The proposal was, therefore, considered to be in accordance with Policies CS9 of the Core Strategy and 'saved' policy T4 of the WLP.

Part of the site was designated as Green Network and the proposed residential development had been planned to ensure that this area was retained with the rest of wildlife habitat on the site being managed by the imposition of relevant conditions. Accordingly, it was considered that the proposal was in accordance with 'saved' Policies OL3 and OL4 of the WLP, Policy CS12 of the Core Strategy and PPS9.

Whilst the indicative layout had shown that 79 dwellings could be accommodated on

the site, some concerns had been raised that there was too heavy a reliance on apartments rather than an adequate mix of unit types. Whilst a high level of density was appropriate within this edge of centre location, the mix of development to create a sustainable community also needed to be reflected and it was, therefore, considered that a condition to limit the number of units to a maximum of 79 be imposed at the reserved matters stage. However, the type and level of affordable housing would need to be secured at between 25-30% at the reserved matters stage when a clearer idea of number and types of units was available. An informative of potential break downs of tenure for affordable housing would be included on the decision document. The proposal was, therefore, considered acceptable and in accordance with the requirements of 'saved' policy H23 of the WLP.

The development was proposed for a, in part, 'gateway' site, and would require a landmark building, which it was considered would be more appropriately located to the north of the development rather than, as shown on the indicative layout, its south-eastern corner. A condition relating to heights was considered necessary to ensure that a landmark building was provided in a suitable location.

In order to retain the site's visual amenities, the existing tree bund to the north and west boundaries would be retained and conditions relating to construction methods and protective measures would be sufficient to ensure that the retained trees and the local bird and bat populations were not adversely impacted upon by the development to accord with 'saved' Policy OL11. The indicative layout showed that the development would be contained to the east of the retained tree belt, thereby screening it from the existing residential development of Malinslee to ensure that there was no adverse impact on residents' amenities through overlooking or loss of privacy, whilst reinforcing the residential nature of the area and providing natural surveillance to the used footpath link to improve access from the existing residential area and the wider Town Centre.

The level of residential development would have an impact on existing levels of educational provision and, in accordance with 'saved' Policy H22 and based on the indicative numbers provided, a sum of approximately £75,000 was required as a contribution for primary education facilities. Whilst the indicative drawings showed the potential for a LEAP within the development site, given its proximity to Telford Town Park this was not considered to be necessary. Nevertheless, the development would create a demand for such a facility and an off-site contribution of £600 per 2 bedroom plus units for improvement works to the Town Park would be acceptable. The Council also sought a sum of £10,000 to monitor and enforce the Section 106 Agreements and conditions on strategic projects within the Borough, in accordance with other recent developments.

The proposed development along Southwater Way would be set back due to an existing sewer easement, which would help to mitigate issues of noise arising from the road. In addition, the application for an Asda store (W2009/0915) included an acoustic fence to mitigate noise from the delivery and service yard located adjacent to Southwater Way. The Council's Environmental Health Officer had recommended appropriate conditions to ensure protection of residents' amenities, which could be achieved through the imposition of conditions. Accordingly, the development was considered acceptable and in accordance with guidance contained in PPG24.

The Council was an interested party to the application and, therefore, the avenue of a Section 106 Obligation under the Planning Act was not available. Instead it was recommended that commitments be made on behalf of the Council, as landowner, to abide by the planning 'obligations' and, should the land be transferred, to make it a condition of that transfer that the new owner would have to enter into a Section 106 agreement in respect of these obligations.

Following preparation of the main report two letters of objection had been received from the owners of the Telford Shopping Centre (Telford Trustee No. 1 Ltd. and Telford Trustee No. 2 Ltd.) ("the Trustees"), and an update report summarising these and the response of appropriate officers had been sent to the Board members and a copy tabled at the meeting. In response, officers had stated that they were of the opinion that the scope and extent of the details submitted for the planning application were sufficient to determine the nature and scale of the development and to assess any environmental impacts. The main report included on the Lilac Schedule included a number of conditions relating to the mitigation identified in the Environment Statement and considered by the technical consultees to be necessary and acceptable to approve the outline planning application.

With regard to Planning Policy, the update report stated that the enhancement of footpath links in the area was a priority and the changes to the existing footpath to the south of the site was important and should be subject to the imposition of an appropriate condition. The footpath link was indicated to be altered and realigned and a condition relating to this to ensure the design and lighting was of a suitable standard should be achieved by an additional condition, 26. NS – Footpath details and lighting.

The Highways Agency had submitted a holding objection to the proposal but this had now been withdrawn as the cumulative impact of the development on the Strategic Road Network could be appropriately mitigated through contributions to a fund to implement the Council's strategy.

Additional documents received from the Trustees were summarised and commented on by officers as follows:

**Briefing Note 0.1 (v.3) – Waterman dated 5 November 2009 received with letter dated 11 December 2009. This is a "critique" of the ES lodged with the planning application**

As the Environment Statement submitted by Asda covered both their applications, the comments under W2009/0915 above were also relevant to W2009/0945. In addition, the Trustees had commented on the potential impact of both applications, for example the increase in both duration and magnitude of noise and dust effects if both developments occurred at the same time. In response officers had commented that they were content that the issue of demolition and construction phases had been addressed within each chapter of the ES and a sufficient understanding of environmental effects gained. In addition, the issue of construction impacts from the combined ASDA and Malinslee Link residential development were at an acceptable level.

**Letter of Objection from Nabarro Solicitors on behalf of Trustees No's 1 & 2 dated 4 January 2010 commenting on Rebuttal of Watermans Briefing Note Prepared by Osborne Clarke on 22 December 2009**

The Trustees still maintained that outline planning permission would be insufficient in accordance with General Development Procedure Order 1995 (as amended May 2006) (GDPO). In terms of design they considered that the townscape and visual assessment report could not be justified without information on heights and massing. In addition, they considered that the socio-economic chapter of the ES had inconsistencies in relation to whether the housing would have a significant environmental effect. Other comments related to air quality, noise and vibration, ecology, and ground conditions.

In response officers commented that adequate information had been submitted in accordance with the GDPO for full consideration and determination of an outline planning application and had considered the issue of impact on the townscape and visual amenities. In addition, officers were content that the issue of demolition and construction phases had been addressed within each chapter of the ES and a sufficient understanding of environmental effects gained. With regard to the impact of the housing, officers felt that there were small socio-economic benefits to the redevelopment of this site for circa 79 dwellings. Officers were also content that the other issues raised by the Trustees had been considered in an appropriate manner.

The update sheet referred to the planning considerations set out in the main report and advised the Board that with regard to the principle of development the current status of CTAAP should read 'no weight', rather than limited weight. In addition, the update stated that Councillor P.A.E. Homer, Ward Member for Malinslee, was in support of the application.

Therefore, there was no change to the recommendation to grant outline planning permission. For Members' further information a list of all the conditions proposed to be attached to any approval was tabled at the meeting.

**RESOLVED** – that with regard to planning application W2009/045, for the reasons set out in the report,

- (a) **delegated authority be granted to the Head of Planning & Transport to grant outline planning permission subject to the Council as landowner agreeing that the land would be bound by the obligations in respect of the provision of a minimum of 25% affordable housing subject to an agreement of type, mix and location at the layout reserved matters stage, a sum of monies for highways improvements, a commuted sum of £600 per dwelling for play facilities, a commuted sum for maintenance of open space, £10,000 for the monitoring and enforcement of S106 agreements and a sum of monies for primary school education contributions and to the conditions as set out in the report and the update sheet;**

**(b) delegated authority be granted to the Head of Planning & Transport to make any minor changes to the draft conditions, as tabled, with any major changes being brought back to the Board for consideration.**

(e) W2009/0962 – The Royal Oak, High Street, Madeley, Telford, Shropshire

This application sought permission for the change of use from a Public House (A4 Use) to a mixed use including a bar (A4 Use) and restaurant (A3 Use) operating from the existing lounge area and hot food takeaway (A5 Use) in the existing bar area to enable the applicant to move from smaller premises which he owned on the opposite side of the road. The premises were a Listed Building located within the Ironbridge Gorge World Heritage Site and the Severn Gorge Conservation Area. Councillor G.M. Green, one of the Ward Councillors for Madeley, had requested that the application be determined by the Plans Board, if the application was recommended for approval.

During the consultation period four letters of objection had been received stating a number of issues/allegations including anti-social behaviour, noise, nuisance and traffic, and confusion over the Use Class terminology. The enforcement issues were being investigated by the appropriate Council officers. Objections had also been made by Madeley Parish Council and further objections were later received, as set out in the supplemental report, and, as requested by them, the Planning Officer read out a statement relating to the Class Uses. With regard to parking issues, the Council's Highways Engineer acknowledged that the access to the car park was substandard and that there were on-going problems with on-street parking in the area. However, he had no objections to the proposed mixed use given the extant use of the building. The Council's Environmental Health Officer had also advised that there were no objections in respect of noise and potential vehicle/pedestrian movements given the extant use of the premises and the High Street location.

For clarification, the report set out the position with regard to the terminology used. Under the Use Classes Order 1987 restaurants, pubs, wine bars, snack bars, cafes, nightclubs and takeaways were all classed as A3. However, under amendments made to the Order in 2005 and 2006, these uses were reclassified as A3, A4 and A5 with the purpose of giving local authorities more control to manage town centre development while minimising the negative impacts of a proliferation of pubs, takeaways and nightclubs. Within the Use Classes Order was the provision for a change which did not require planning permission known as *permitted change*. This building currently had the benefit of an A4 use (drinking establishments), which could change to A3 (restaurant and café) under permitted change as per the Use Classes Order 2006. The Board was advised that there were no grounds to refuse the application on the grounds of the proposed A3 Use. Therefore, the main consideration in respect of this application was whether or not the additional use as an A5 (takeaway) element was appropriate.

The requirements of Policy S15 of the Wrekin Local Plan were set out in the report and, as the existing unit occupied an A4 use and was subsequently part of the defined 'A3 use', the proposal would not introduce any further A3 (now A3, A4 or A5) uses within Madeley. It was, therefore, considered that the proposal met the criteria of this policy. Policy CS10 sought to resist the loss of community facilities including

public houses but, following a recent test case at appeal, the Planning Inspectorate considered this policy to apply only to the rural community and not to the built up areas of the Borough. Therefore, as the proposal lay within the Secondary Zone of Madeley, it was considered that it was not in conflict with this Policy.

It was, therefore, considered that the proposal would not have a detrimental impact upon the vitality and viability of the High Street, or the character or appearance of this part of the Severn Gorge Conservation Area or the Universal Value of the Ironbridge Gorge World Heritage and was compliant with 'saved' policies UD2 and S15 of the adopted Wrekin Local Plan 1995-2006, policies CS5, CS10 and CS15 of the Core Strategy, and guidance contained in PPS1 and PPS6.

Councillor G.M. Green, in her capacity as a Ward Member, gave a general but cautious welcome to this change of ownership of the premises and the consequent investment in Madeley High Street. However, she expressed concern at the proposed use of part of Madeley's heritage and to the inappropriate signage and refuse collection arrangements of other nearby take-aways in this World Heritage Site area. She was also concerned that the application premises could be the subject of further retrospective applications. In conclusion, she stated that there were 30 private residents in the High Street who did not want to be disturbed by the potential vehicle noises and other nuisances associated with take-aways. (Councillor Green left the room at this point in accordance with her declaration of interest.)

Councillor Dugmore asked if it was possible to place a condition on any approval to preserve the existing pub sign. He was advised by the Planning Officer that a separate application in respect of advertisement consent would be required, to which negotiations could be undertaken to ensure this was considered.

**RESOLVED – that with respect to planning application W2009/0962 planning permission be granted subject to the conditions as set out in the report.**

(Councillor G.M. Green returned to the room for the remainder of the meeting.)

(f) W2009/0994 – Brockton Roundabout, Halesfield, Telford, Shropshire

Telford & Wrekin Council sought permission for the erection of four freestanding non-illuminated advertising boards measuring 1200mm x 500mm raised by 400mm on twin poles. The proposed advertisements did not currently have a sponsor and, therefore, the applicant was seeking consent for a large sign showing the corporate community sponsorship border.

Various signs to promote local businesses had been installed at several roundabouts in the Borough as part of the Telford & Wrekin Community Sponsorship Scheme. They were considered generally acceptable where they would not result in visual clutter or a distraction to highways users. In this regard, the Highways Engineer had raised no objections, subject to one of the signs being moved away from the run-off road. The signs were an adequate size for the island and, therefore, acceptable. To ensure that the proposed signage was not detrimental to the character and appearance of the surrounding area, a condition would be placed requesting details

of the proposed advertisements to be submitted and approved in writing by the Local Planning Authority. It was considered that the proposed application complied with local and national criteria.

The Planning Officer advised the Board that amended plans relating to the relocation of the one sign had yet been received and, therefore, recommended that delegated authority to approve the amended plans, when received, should be given to the Head of Planning & Transport.

**RESOLVED** – that with respect to planning application W2009/0994 delegated authority be granted to the Head of Planning & Transport to grant advertisement consent subject to the receipt of appropriately amended plans to relocate the one sign and to the conditions as set out in the report.

**PB-77        SITE VISITS**

None.

**PB-78        APPLICATIONS DETERMINED UNDER DELEGATED AUTHORITY**

The Board received for information details of the planning applications that had been determined under delegated powers.

The meeting ended at 8.30 p.m.

**Chairman:** .....

**Date:** .....

## **PLANS BOARD**

### **Minutes of a meeting of the Plans Board held on Wednesday, 27 January, 2010 at 6.00 p.m. in the Civic Offices, Telford, Shropshire**

**PRESENT:** Councillors I.T.W. Fletcher (Chairman), J.A. Francis, R.G. Chaplin, N.A. Dugmore (Vice-Chairman), G.M. Green, F.R. Picken, H. Rhodes and M.J. Smith

#### **ALSO PRESENT:**

Councillor S.M. Kelly (for planning application W2009/0542) and Councillor R.T. Kiernan (for planning application W2009/1030)

#### **PB-79      MINUTES**

**RESOLVED** – that the minutes of the meetings of the Plans Board held on 6 January, 2010 be confirmed and signed by the Chairman subject to the resolution in respect of planning application W2009/0915 being amended by the insertion of the words “*2 bedroom plus*” between the words “*£600 per*” and the words “*dwelling*”.

#### **PB-80      APOLOGIES FOR ABSENCE**

None.

#### **PB-81      DECLARATIONS OF INTEREST**

None.

#### **PB-82      PLANNING APPLICATIONS FOR DETERMINATION**

- (a) W2006/0135 – New Hadley Car Sales, Hartshill, Oakengates, Telford, Shropshire

This was an application for the erection of a building to accommodate 10 one-bedroom apartments on a site of approximately 800sq.m. which was currently occupied by a used car business and surrounded by palisade fencing along its road boundaries.

The proposed curved building, which would face both road frontages, reached three storeys in height either side of a central tower, but stepped down to two storeys at each end. There would be 4 apartments on the ground and first floors, and 2 on the third floor. Pedestrian access to the ground floor units was directly from the rear courtyard and access to the first and second floors was via the central staircase tower which led to courtyard balconies at the back of the building. Vehicular access was from Hartsbridge Road and would lead into a rear courtyard that accommodated 12 parking spaces and a recycling and refuse area. A secure undercover cycle storage locker would be located inside the building within the ground floor entrance hall. Since the application was first submitted several amendments had been made

to improve the building's appearance, including the removal of rendered panels, the introduction of projecting brick banding to the eaves and gables, projecting brick piers, and projecting cills that all emulated the features of the adjoining Walker Technical College building. The boundary treatment along the Hartshill and Hartsbridge Road frontages was 1m. high metal railings with brick piers, which would match, at a lower height, the wall in front of the now vacant Walker Technical College Building. A prominent tree would also be planted on the corner of the site.

The parking provision of 12 spaces was slightly less than that required by the Council's Parking Standards but was acceptable as the site was within walking distance of the public transport links in Oakengates Centre. In addition, a new pedestrian refuge would be provided in the middle of Hartshill to provide a safe crossing to access, amongst other things, the bus stop on the northern side of the road.

One letter of objection had been received from a local resident who was concerned about overlooking and lack of privacy and sunlight. Oakengates Town Council had no objections but had suggested that the road conditions at this location should be addressed. The Council's Highways Engineer had no objections subject to the applicants entering into a Section 106 Agreement for a contribution of £6,000 towards the provision of a pedestrian refuge in the middle of Hartshill, and to the imposition of conditions relating to the provision of 12 car parking spaces within the site, the position of any entrance gates, and the provision of cycle parking. The Council's Outdoor Recreation Officer had requested a contribution of £5,000 towards upgrading and enhancing recreation provision at the nearest playing field/recreation ground, which was Hartshill Park, approximately 400 metres away.

It was considered that the proposed development related positively to its street scene context and respected the prevailing townscape and character of the surrounding area and, in particular, the design and appearance of the adjacent Walker Technical College. The design and scale of the development sought to blend the different styles and scale of buildings in the vicinity of the site, as well as responding to, and reinforcing, this prominent corner location.

The development of this site would remove an unattractive commercial business from this prominent corner and replace it with an attractive focal point that made a positive contribution to the townscape quality in this part of Oakengates whilst not adversely affecting the residential amenities presently enjoyed by the occupants of adjoining and existing development in the vicinity by virtue of any undue overlooking, loss of light, or any overbearing effect.

**RESOLVED – that with respect to planning application W2006/0135 the Head of Planning & Transport be granted delegated authority to grant planning permission subject to the applicants entering into a Section 106 Agreement relating to financial contributions of (a) £6,000 towards the provision of a new pedestrian refuge in the middle of Hartshill and (b) £5,000 towards upgrading and enhancing recreation provision in Hartshill Park and to the conditions as set out in the report.**

(b) W2006/0966 – Land off Castle Farm Way, Priorslee, Telford, Shropshire

The Chairman informed the Board that applications W2006/0966 and W2006/0968 would be considered together but voted upon separately.

W2006/0966 was an application for the erection of 51,095sq.m. of employment floorspace, residential development of 550 dwellings, a hotel, associated access roads and other infrastructure for which a resolution to grant planning permission had been agreed by the Board on 31 October, 2007 subject to a Section 106 Agreement. Following the resolution to grant planning permission the application was referred to the Government Office for the West Midlands (GO-WM) on 12<sup>th</sup> February 2008 as a departure to the development plan. However, GOWM, on behalf of the Secretary of the State for Communities & Local Government, had decided not to call-in the application and planning permission would have been issued subject to the anticipated removal of the Highways Agency's holding objection. However, a number of matters had arisen which had changed the position and required this further report to the Board. Members were asked to note that, while the 2007 resolution to grant permission was a material consideration, subsequent changes to the application and to the proposed planning obligations needed to be considered on their current planning merits.

During the course of Section 106 negotiations a further application for 32,484sq.m. of B1 floorspace had been received in July 2008 (W2008/0799) upon which the West Midlands Regional Assembly (WMRA) was consulted in line with the Regional Spatial Strategy (RSS). At this point the WMRA became aware that it had not been consulted on the outline application when it was submitted in 2006 and, having considered the proposals against the criteria which it wished to be consulted upon at that time, it was the Assembly's interpretation that it should have been consulted. Furthermore, the Assembly was of the opinion that its response in 2006 would have been the same as that given in respect of W2008/0799 namely that the outline application would have been in general conformity with the adopted RSS subject to the imposition of a condition limiting Class B(a) office development to a maximum of 5,000sq.m. in order to protect the viability and vitality of the Town Centre. Members noted that Board's resolution of 31<sup>st</sup> October 2007 had not imposed any such limitation and the applicant's agent had already indicated that this restriction was not acceptable.

Concurrently, in March 2009, the Highways Agency had removed its holding objections, subject to a number of conditions which had enabled progress to be made with issuing a decision on W2006/0966 subject to a Section 106 Obligation. However, during 2009 as the economic downturn took effect, the applicants had suggested that, as the overall scheme viability was now threatened, a much reduced planning contribution package would be offered. In response the Council had instructed the commercial arm of the Valuation Office Agency (DVS) in October 2009 to assess this situation. The DVS had found that, in the current market, the scheme was not viable if the full package of planning obligation contributions previously offered was still required by the Council but had also noted that over the anticipated timescale of the scheme (7 to 10 years), market conditions would inevitably change and this should be kept under review. It was, therefore, considered reasonable that a future upturn in land values should be reflected in the level of Section 106

contributions through the principle of overage to claw-back monies from any 'super profit' made by the developer through the imposition of review dates, as described in the report.

Given the concerns raised by the WMRA on the need to protect the Town Centre, the applicant had made a submission setting out the principal economic and regeneration benefits of the scheme, as summarised in the report. In addition, their letter of January 2010 set out a resume of the relevant policies and objectives of the recently published PPS4 and how these matters had already been addressed in the material submitted. PPS4 had widened the description of what was to be regarded as an economic development to include not only Class B uses but any other use which provided employment such as the hotel element of this scheme.

The Council's Head of Economic Development, in support of the application, had stated that, while, Telford Town Centre currently presented a number of sites with development potential for offices, it was unlikely that these would be appropriate for the types of use being proposed. The development at the proposed Lakeside Technology Park required flexible floorspace suitable for high technology/knowledge intensive employers while sites at the Telford Town Centre was for different economic development clusters such as specialist business and professional services. In the current market the Head of Economic Development considered that a restriction of 5,000sq.m. of B19a) use could deter commercial investment in the area and have a negative impact on achieving the full development potential of the site to contribute to the Borough Economic Strategy. Therefore, on the assumption that phased development would be consistent with a development of this size and nature, he had advised a limit of 20,000sq.m.

In his letter of 26 January 2010, as e-mailed to the Board, the WMRA's Head of Planning had set out his response to this new limit, which he considered would not be in general conformity with the WMRSS. However, should the Board be minded to approve the application on the basis of 20,000sq.m. permitted B1(a) use, he requested that the following two restrictive conditions should be imposed rather than the open-ended B1 consent for 51,095sq.m. sought by the applicant:

- No single occupier to occupy less than 2,500 square metres gross floorspace (other than ancillary B1(a) as part of an industrial unit);
- The B1(a) space not to be occupied by public or commercial organisations which attract numbers of visitors or provide services to the local community. This would comprise council, health, social housing, law and order, social security and taxation services, financial services, accountancy and law firms.

The update stated that the applicants had, by e-mail that afternoon, advised that they did not accept the imposition of the restrictive conditions suggested by the WMRA.

This site was clearly out-of centre and, as such, officers had initially sought to limit the amount of B1(a) floorspace to 5,000sq.m. and the 10,000sq.m. The applicant's had maintained that a minimum of 20,000sq.m. was necessary to secure continued funding investment. Mindful of the advice of the Head of Economic Development, officers were prepared to recommend a limit of 20,000 sq.m. However, Members

were advised that, by setting a limit that had little planning policy basis, it would be extremely difficult to resist future requests for additional office floorspace at this location irrespective of how the condition was worded.

It was explained to Members how the new PPS4 was also an important, additional material planning consideration, which needed to be given full weight, as was the need to protect the town centres. Although the applicants had undertaken a sequential analysis, it was considered that this was not particularly rigorous and the application had the potential to prejudice the bringing forward of more central sites for office uses. Members were reminded of the need to balance the economic development opportunities of this development with the risk of setting an undesirable precedent.

Officers recognised that this proposal was a significant regeneration, investment and job creation opportunity at a time when few genuine economic development proposals were coming forward. But, as Members were aware, this site competed with the i54 business park on the edge of Wolverhampton, which had also faced similar policy implications with regard to out of centre office accommodation and for which there had been some support from the respective authorities for larger office floorspace than the RSS policies would normally tolerate, subject to stringent conditions. Telford was also directly competing with other out of centre business parks, such as Shrewsbury, where historic planning permissions meant there was no restriction in terms of volume of office floorspace. Therefore, it was considered that Telford must remain competitive and continue to be able to offer a selection of sites both in-centre and out-of-centre.

Having considered the evidence put forward by the applicant notwithstanding the policy considerations regarding location of office space and requisite planning obligations, it was felt that, on balance, the benefits of the scheme to the Borough as a whole in investment, regeneration, best use of previously used land and job creation were considerable and constituted significant material considerations. Therefore approval of the application was recommended with a limiting condition restricting the amount of B1(a) floorspace to a maximum of 20,000square metres in order to help safeguard the future of the town centre as the primary focus for office development. In addition, given recent appeal decisions and the advice given by the DVS, officers considered that strict review clauses on planning obligations tied to the phasing of the proposal should encourage development of the site and safeguard the public purse should the market improve.

With regard to the planning obligations and the infrastructure improvements, the developer was willing to offer the following:

- Affordable housing - £420,000 – 21 units equivalent to 3.8%
- Public open space provision and maintenance contribution of - £75,000
- Contribution to public transport - £150,000
- Castle Farm Way improvements - £60,000
- New junction serving the employment land - £1,323,000
- New residential junction - £912,000
- Priorslee Avenue junction - £776,000
- M54 junction 4 improvements - £603,000

Further, it was recommended that the Section 106 contributions should include £10,000 towards monitoring the Travel Plan and £10,000 towards the ongoing monitoring and administration of the Agreement.

The update report listed the off-site highway works required to be included in the proposal and the Section 106 contribution for sustainable transport in relation to the site. The Outdoor Recreation Officer had noted the lack of a NEAP and considered that the development was not contributing to the needs it was creating. In addition, the Council did not have sufficient funding to maintain the open space with the £75,000 proposed and would, if it was adopted by the Council, be subsidising this element of the proposal. The Council's Solicitor recommended that, in order to maintain flexibility, the option to oblige the owner to maintain the onsite play provision rather than to seek a transfer to the Council with a S106 financial contribution should be included in any resolution to grant planning permission.

The Council's Solicitor also stressed the need for Members to understand the proposed terms and conditions of any Section 106 Agreement and the update report set out the nine viability related objectives with respect to this application. The S106 contributions being offered by the applicant were a reduction on those approved in October 2007 and, if Members approved these, there would be a need to impose periodic reviews to deal with any greater than anticipated profit. Members agreed that the S106 obligations should achieve the nine viability related objectives set out in the report in order to identify a minimum "package" for now with an efficient review mechanism to enable increases to the minimum package subject to a maximum package which would reflect what the Council would reasonably have requested in normal "non-recession" circumstances.

In conclusion, while understanding the comments made by the WMRA, officers felt that, on balance, the material considerations, as laid out in the main report, justified approval of this scheme.

In summing up the presentation, the Head of Planning & Transport advised Members to give consideration both to the recommendation from the WMRA for 5,000sq.m. of office floorspace and that of the Head of Economic Development for 20,000sq.m. of office floorspace given the local circumstances facing the Council. Approval of the latter would provide an appropriate level of control to ensure that development such as this was directed to the right place in Telford. The update report set out the officers' view that the two restrictive conditions recommended by the WMRA were considered to be a reasonable and justified compromise which would allow the development to take place whilst safeguarding the future of the town centre. However, the Head of Planning & Transport sought the Board's advice as to whether the two restrictive conditions recommended by the WMRA were acceptable.

The Chairman referred to the current financial restrictions and the need to balance all the elements of this application. He considered that this was a good scheme, which would be damaged by the imposition of the two restrictive conditions. This view was shared by the Board, which welcomed the application as an opportunity for enhancing new technology in Telford. The Board agreed that the two restrictive conditions recommended by the WMRA should not be imposed.

**RESOLVED** - that planning application W2006/0966 be referred to the Government Office for the West Midlands for consideration and, if not called in, to grant delegated authority to Head of Planning & Transport, following consultation with the Chairman of the Plans Board, to grant planning permission subject to the receipt and written approval of clear design codes/rules/principles and the signing of a S106 agreement to provide financial contributions for sustainable transport, travel plan monitoring, recreation (if required), on-site affordable housing contribution of 21 units and S106 agreement monitoring together with terms to ensure that the 9 viability related objectives for the Section 106 agreement as set out in the update report tabled at the meeting are achieved and subject to appropriate conditions to be prepared by the Head of Planning and Transport.

(c) W2006/0968 – Land off Castle Farm Way, Priorslee, Telford, Shropshire

This application for the construction of new access, internal roads and other infrastructure was considered in conjunction with planning application W2006/0966.

**RESOLVED** – that subject to the withdrawal of the Highway Agency’s holding objection, the application be referred to Government Office of the West Midlands for consideration and, if not called in, delegated authority be granted to Head of Planning & Transport to grant outline planning permission subject to the receipt and written approval of clear design codes/rules/principles and the signing of a S106 agreement to provide financial contributions to education, highways, sustainable transport, leisure, asset & property (east/west link) and the provision of 22% social/affordable housing across the site, and subject to the conditions as set out in the report.

(d) W2009/0094 – Plot 14 Tweedale North, Tweedale, Telford, Shropshire

In presenting this application the Principal Minerals & Waste Officer drew the Board’s attention to the inaccuracies contained in the report within the agenda relating to the geographical orientation used and the description of the application. These were corrected in the update e-mailed to Members and tabled at the meeting.

The application sought in amended form a temporary 12 months planning permission to vary three conditions of planning consent W2007/0673, namely Condition 3 to clarify that chipping, shredding, bailing and compacting of wastes was also permitted in addition to the activities described, Condition 4 to increase permitted waste input to 10,000 tonnes per year, and Condition 7 to change the hours of operation. The variation in Condition 3 would give the operator flexibility in the choice of waste activities carried out on site and the variation in Condition 4 would increase the permitted waste input as the vehicle breakers who had previously operated the whole site no longer controlled the eastern part of the site. The additional 5,000 tonnes per annum would be in the form of wood for chipping only within the eastern part of the site operated by Greenskips. Councillor G.M. Green had requested that the application be determined by the Board.

This was a retrospective application for the wood chipping operations currently being carried out on the site. Responsibility for this waste management site lay with the

Council in its dual role as the Local Planning Authority and as the Environmental Health Authority for Telford & Wrekin. The Environment Agency also had responsibilities as the Waste Licensing Authority.

The operation of this unauthorised wood chipping facility was a cause of concern for officers, a local resident, and Councillor Green, one of the Ward Councillors. The Council's Environmental Health Officer had investigated complaints of statutory nuisance under the Environmental Protection Act, 1990 and a legal notice relating to dust had been served on the operator. The sporadic monitoring of the site and the action taken, as set out in the report, had resulted in amendments to the proposals, making this a temporary application for a period of 12 months from the date of issue of any permission granted and the submission of more details on noise, dust, drainage and amendments on the hours of operation.

The site was in principle a suitable location for B Use Class industrial development, which included waste management facilities. In addition, the wood chipping operations would divert waste that would otherwise go to landfill. However, all such facilities were required to operate in a reasonable fashion and not cause breaches of statutory nuisance, and meet all planning and other regulatory requirements. Since the serving of the legal notice there had been no evidence of such a breach although complaints had continued concerning noise, dust and operations during weekday evenings, weekends, and bank holidays.

Members were advised that the only basis on which the application could be refused and a breach of condition notice served for the unauthorised use of the wood chipping facility was that the proposal constituted an amenity nuisance in terms of noise and dust rather than as a statutory nuisance. The issue of the working hours could, in future, be addressed by the issue of a breach of condition notice should further infringements occur, as the applicant was aware.

The temporary period of 12 months for any permission granted would be a trial one to ascertain how well the site was performing when operated in accordance with the recommendations of the independent consultant's report on noise, the dust management plan, and the amended hours of operation of the wood chipping facility. It was considered that a permanent grant of planning permission would not be appropriate at this stage given the concerns of a local resident and the complaints received. However, refusal could not be recommended as the independent consultant's report on noise considered that these problems could be overcome and a dust management plan had been produced.

Councillor Green supported the course of action proposed in the report which would mean that the Council would be seen to be taking appropriate action.

**RESOLVED** – that with respect to planning application W2009/0094 delegated authority be granted to the Head of Planning & Transport to grant planning permission for a temporary planning permission for 12 months for the variation of Conditions 3, 4 and 7 of planning permission W2007/0673 for a wood chipping facility, which included provision for noise control, a dust management scheme and water drainage. As per Section 73 of the Town and

**Country Planning Act, 1990 to reissue the consent varying the conditions as set out in the updated information tabled at the meeting.**

### **INFORMATIVE**

**This variation of planning conditions 3, 4 and 7 of planning permission W2007/0673 is for a temporary period of 12 months from the date of the issue of this permission. After the 12 months has lapsed, notwithstanding the submission of any planning application to permanently vary these three planning conditions, the whole site shall revert back to the conditions contained within planning permission W007/0673 and all wood chipping operations shall cease.**

(e) W2009/0542 – Muxton C2/C3, Marshbrook Way, Muxton, Telford, Shropshire

This was an application for approval of reserved matters for 144 dwellings comprising a mix of detached, semi-detached and terraced dwellings with 24 apartments set out in two blocks and a small number of ‘flyover’ apartments. Outline planning permission had been granted for up to 190 dwellings in April 2007 with Condition 4 requiring the development to be carried out broadly in accordance with the submitted development framework. The outline permission had been supported by a development framework which set out a master plan. Access into the site would be from Marshbrook Way via four main junctions with the dwellings fronting Marshbrook Way being served by private access roads/drives and the dwellings along the rear of the site by two cul-de-sacs along the Granville Country Park boundary, which would be linked by a footpath and cycle way to provide improved circulation for pedestrians and cyclists.

The proposal’s design philosophy had been based upon the traditional development of an ‘estate’ over a number of years with a mix of house type and sizes throughout the site with those on key plots having been amended to reflect the ‘Sutherland’ style found in Muxton with a range of window heads and cills to provide a more local context. The dwellings directly fronting Marshbrook Way were mainly large detached 4 and 5 bedroom dwellings with on-plot parking provided, with a few 3 bedroom detached dwellings, all of which largely reflected the size of those on the opposite side of Marshbrook Way. 43 affordable dwellings had been provided with a mix of apartments, which represented 30% affordable housing provision, as required by the S106 agreement.

Surface water drainage of the site had been designed to meet the requirements of PPS25: Development and Flood Risk. As set out in the report, the design had resulted in the loss of the former hedge line envisaged to be retained in the development framework but which had been confirmed to have little ecological value. The landscape proposals were considered acceptable and in accordance with ‘saved’ policy UD4 of the Wrekin Local Plan.

The Highways Officer had no objections to the proposed accesses, as agreed in principle as part of the outline approval, but minor amendments would be required to ensure that the roads were suitable for the refuse vehicles and had easy access to and from car parking spaces. There was limited parking available on the highway as

the developer had chosen to provide grassed service strips rather than incorporating these areas into the homezones. Four pedestrian splitter islands would be provided along Marshbrook Way fronting the site to help reduce traffic speeds and, thereby, improve pedestrian safety and a footpath/cycleway would be provided along the site frontage. The Highways Officer had also responded to the amended plans, as set out in the update report. Although he considered that the applicants had now addressed the detailed issues previously raised, recommended the imposition of additional conditions as set out in the update report. All the works identified in Condition No. 1 be would be deliverable through a S278 Agreement under the Highways Act 1980. In addition, a commuted maintenance sum of £350 per tree for any trees to be sited within the proposed adopted highway limits would be required, as agreed with the applicants.

Letters of objections had been received from Lilleshall & Donnington Parish Council and from 16 local residents, as summarised in the report, together with a petition containing 149 names. These comments suggested that the Reserved Matters did not take account of either the community aspirations for the site or the terms of the outline permission. The update sheet tabled at the meeting informed the Board that a further 4 letters of objection had been received in relation to the amended plans, and outlined these together with the officer response.

Officers considered that the design and layout of this development was acceptable and complied with the design and landscape requirements set out in policies CS15 of the Core Strategy, 'saved' policies UD2 and UD3 of the Wrekin Local Plan, and was broadly in accordance with the development framework.

Councillor S.M. Kelly was invited to address the Board on behalf of the Ward Member, Councillor A. Lawrence. He informed the Board that the majority of residents supported the proposal in principle and their objections focused on this reserved matters application that failed to meet the expectations of the 2003 outline planning approval in terms of site access from the existing spur at the Donnington Wood roundabout, the design concept, and landscaping. Despite 18 months of discussions with the applicant few changes had been made to provide a scheme in line with the existing development and there had been a lack of community involvement. He, therefore, requested on behalf of local residents and Councillor Lawrence that determination of the application be deferred to allow an opportunity for the submission of a scheme line with the original expectations in 2003.

In response the Planning Officer said that design was a subjective issue and considerable discussions had taken place with the developer within the context of the Masterplan. However, issues such as the use of high quality materials could be addressed through appropriate conditions. With regard to the access to the site from Marshbrook Way, this had been agreed at the outline planning permission stage and it was not possible to change this to the spur of the roundabout under this reserved matters application. In addition, the Highways Engineer confirmed that the current application was consistent with the existing development on the opposite side of Marshbrook Way. The surface water drainage proposals were on balance an improvement on the current situation particularly if well landscaped together with appropriate conditions and were in line with the approach of the Masterplan. With

regard to the lack of community involvement, this was to be regretted but, prior to submission of the application, the responsibility for this lay with the developer.

Councillor N.A. Dugmore agreed with the comments made by Councillor Kelly and said that, if it was not possible to refuse permission then the application should be deferred to give residents an opportunity to influence the design of the houses.

In response the Head of Planning & Transport advised the Board that the application for determination was the result of officers working with the developer and deferring it would not guarantee that any changes would be possible. Whilst the views of residents had to be given due weight, so did those of the developer and, as this was a sound design with good quality accommodation, there was a likelihood that a refusal would not be sustained at appeal. The Planning Officer added that the scheme had been based upon the Masterplan and, if Members wished to have the scheme deferred for amendment, they would need to specify which areas were contrary to this and, therefore, unacceptable. In addition, the developer had a good reputation and the density on this site was more spacious than required by Government policy. In conclusion, the developers had provided an acceptable scheme by taking a holistic approach; the outcome could be further enhanced by the use of appropriate conditions. The precise wording of those conditions needed to be reviewed in the light of discussions at Plans Board and the Head of Planning & Transport sought delegated authority to formulate conditions in line with the broad wording of the conditions set out in the report.

**RESOLVED – that with respect to planning application W2009/0542 the decision to approve reserved matters be delegated to the Head of Planning & Transport subject broadly to the range of conditions as set out in the report.**

(f) W2009/0881 – Hadley Quarry, Hadley, Telford, Shropshire

The application sought full planning permission for 170 residential units as the first phase of the redevelopment of the Hadley Quarry, which would be accessed from a re-aligned Hadley Road under planning permission W1998/0714. The application covered an area of 6.35ha and comprised the south-west corner of the quarry with the southern boundary being the railway line and the northern boundary being adjacent to the residential development of Far Vallens. The proposal indicated 52no two bedroom units, 75no. three bedroom units and 43no. four bedroom units and sought to respond to the existing established residential development in the area.

The current proposals included no apartments, as the applicants had argued that the density was lower than expected due to the need to respond to the physical constraints of the site, as described in the report. The site was within walking distance of bus stops on Waterloo Road and Hadley Road/Church Street, and to the Hadley Learning Community and Hadley Centre, as set out in the report.

Hadley & Leegomery Parish Council had commented on the proposal, as summarised in the report and objections had been received from four neighbours on the Far Vallens housing estate on the grounds of wishing to protect residential amenity, privacy and ensuring adequate boundary arrangements.

As set out in the update sheet tabled at the meeting, the Transport Assessment was considered to be adequate for this phase of the development but not for any future phases. The applicant had revised the proposals to comply with previous recommendations but there remained a number of outstanding matters. However, the revised recommendation before the Board was flexible enough to enable these issues to be addressed through a Grampian condition and associated Section 278 Agreement under the Highways Act rather than through a Section 106 Agreement, as recommended by the Highways Engineer.

The update report included details of a late objection by the Council's Ecologist together with the applicants' response and that of the Planning Officer, who was of the opinion that such issues could be dealt with by appropriate conditions requiring further surveys to be undertaken.

The principle of residential development was considered acceptable as the proposal was for a large scale regeneration of a brownfield site, which benefited from being a highly sustainable location with a good relationship to local facilities, connections to primary bus routes and local community facilities. In terms of the scale of development, a density of just below 27/ha. was proposed, which was lower than normally encouraged, but reflected land stability issues at this location, including the presence of six mine shafts within the site boundary and the need for minimum stand-offs that had created the opportunity for introducing significant green spaces throughout the development area.

A detailed Masterplan, the subject of public consultation in June 2007, had sought to demonstrate how future phases could be linked in to the development of this phase, as set out in the report. A Design Code had informed the process by identifying character areas within the site and helping to establish identifiable squares, tree lined avenues and parkland frontages. The layout demonstrated a perimeter block approach to the development generally with active frontages onto adjacent highways with private space to the rear of plots. It was considered that the design approach was acceptable and followed sound urban design principles.

A re-aligned Hadley Road would also enable further quarrying operations to take place over the 20-year programme approved at Hadley Quarry. A positive feature of the proposals was the connectivity of the development to existing residential areas, community facilities and bus routes by both pedestrians and cyclists. Public transport enhancement was proposed through the provision of two new bus stops on Hadley Road and a toucan pedestrian/cycle crossing across Summerfield Road. In addition, the proposals allowed for a traffic management scheme to reduce traffic speeds along Church Street.

The scheme's design had been influenced to some degree by the site's technical constraints and ongoing discussions were taking place between the applicant's technical consultants and the Council's Engineering Services to demonstrate that adequate technical justification existed to enable the development to proceed in a safe manner. Members were requested to note the comments of the Council's Geotechnical Engineer set out in the main report and that the recommendation to approve the application was entirely conditional upon the satisfactory resolution of those outstanding issues.

With regard to affordable housing, the applicants had been keen to provide this but, due to the current unavailability of funding through Social Housing Grants, they had only been able to offer 5% (all social rent or 8% if all shared ownership) if the scheme overall was to remain viable. This equated to 8 houses for rent or 14 shared ownership units.

Public open space provision was acceptable but there remained some uncertainty regarding the precise details of the proposed LEAP and the requirements for its adoption, as set out in the report. However, it was considered that these issues could be resolved as part of the Section 106 Obligation. There was the option available to the developer to seek his own maintenance regime/management plan and, if so, the Council only needed to ensure that the provision was detailed to match policy expectations, which could be achieved through the use of conditions. There would be a need for flexibility to either secure funding that would allow the Council to provide such facilities and thereafter maintain, or for the developer to ensure, that the works were undertaken and thereafter maintained.

A particular concern throughout the consideration of this application had been the proposed reduction in its planning contributions. The applicants had agreed to fund the Council's costs of commissioning independent consultants who were able to review the applicant's financial appraisal and to agree appropriate land values/developer profit margins, which had informed the DVS' recommendations for a later review of any Section 106 Agreement. The main report had set out the proposed package of contributions being offered by the applicant together with the slightly higher level of contributions that officers considered the development could stand having regard to the DVS appraisal. The update sheet tabled at the meeting set out these two sets of figures.

Officers had sought the further advice of the DVS in relation to the overage mechanism that might be applied to any review of the Section 106 contributions at a later stage. The applicants had indicated their willingness to work with the Council and to follow the process as outlined in the update report, which would enable the Council and the developer to review the financial assessment at agreed intervals and, thus, release further funds for affordable housing provision at a later date. Finally, and in line with all recent planning obligations, a sum of £10,000 was required for the ongoing monitoring and administration of the Agreement. .

Members agreed the approach to the planning gain and welcomed the commencement of this scheme. With reference to the periodic reviews set out in the recommendation, the Council's Solicitor sought a fall back requirement for a review on the fourth anniversary of the Board meeting in the event of the other two review triggers not having been met by that date.

**RESOLVED- that with respect to planning application W2009/0881 that upon the signing of a Section 106 Agreement to secure the provision of 12 number affordable housing units for rent, the payment of £600,000 towards education provision (50% at commencement and 50% at completion of 100<sup>th</sup> dwelling on site), £280,635 towards provision of LEAP and open space maintenance (to be provided prior to occupation of the 25<sup>th</sup> dwelling on site), and transportation infrastructure schemes to be provided prior to occupation of any dwellings on**

**site (Bus Stops on Hadley Road, Traffic Management Works to Church Road, Mini Roundabout at Hadley Road/Summerfield Road junction and Toucan crossing at Summerfield Road) plus a further £10,000 towards Travel Plan monitoring, the payment of £5,000 per Traffic Regulations Order and payment for the adoption of trees within highway land based on £350 per tree and a contribution of £10,000 towards the ongoing monitoring and administration of the Agreement (paid on commencement of development) and there being no objection from Engineering Services on geotechnical grounds following the submission of further technical evidence and from the Local Highway Authority, the Head of Planning & Transport be granted delegated authority to grant planning permission, subject to conditions detailed below, together with conditions advised by the Engineering Section and the Local Highways Authority.**

**The said Agreement to be reviewed on the completion of the 160<sup>th</sup> dwelling on site or on the expiry of three years or on the fourth anniversary of the date when the Agreement was signed, whichever date was the sooner and a viability appraisal to be undertaken by the DVS or body appointed by the Council with all costs met by the applicants and if residual values were found to result in increased developer profit the overage be shared with the Council at a rate of 50% to be used on the provision of affordable housing units on site or off-site as determined by the Council.**

(g) W2009/0981 – 33 Sinclair Gardens, Ketley, Telford, Shropshire

This application sought permission for the erection of a two storey side and rear extension and porch to the front of this property. It was an amended resubmission of W2009/0658 which was refused by the Plans Board on 23<sup>rd</sup> September 2009 on the grounds that the gable roof was an incongruous feature that detracted from the character and appearance of this hipped roof property, the pair of semi-detached properties and the streetscene. Furthermore, the scale of the extension and, in particular, the rear projection would be detrimental to adjoining residential amenities which failed to comply with the “45 degree Code” guidelines. Councillor Rhodes, as Ward Member, had requested that this application be considered by the Plans Board.

The scheme, having been amended with the front extension now having a hipped roof design to reflect the established building form of both the property and those in Sinclair Gardens, had overcome one of the previous reasons for refusal. However, no changes had been made to the overall scale of the development and its proximity to the boundary with adjoining properties. Therefore, it was still considered that the scale of the combined extensions and the 4 metre rear projection would have an unduly harmful impact on neighbouring amenity. Officers had no objection, in principle, to the erection of extensions of an appropriate scale, design and form, as shown by previous approvals for extensions to other properties in Sinclair Gardens.

Since determination of the previous application, the applicant had indicated what could be built without needing planning permission and officers have reassessed the plans against The Town and Country Planning (General Permitted Development) (Amendment) (No. 2) (England) Order 2008, with regard to what would constitute

permitted development, as set out in the report. However, it was still considered that the proposed substantial two-storey extension would be disproportionate in scale in relation to the existing dwelling and the pair of semi-detached properties and its rear projection would have a significant detrimental impact on the amenities of adjoining residential properties, in particular the adjoining semi-detached property, No.34 Sinclair Gardens, as it would be overbearing and lead to loss of outlook to the neighbour.

Officers had also assessed the application with regard to the “45 degree Code” guidance, which sought to protect a reasonable area of open space outside windows of adjoining properties by ensuring that the proposed development did not impinge on angles of view measured from the neighbour’s windows. However, the proposal did not comply with this guidance. Therefore, the development did not comply with the requirements of policies UD2 of the Wrekin Local Plan, CS15 of the Core Strategy and PPS1.

Whilst it was acknowledged that the applicant had amended the design of the side extension to incorporate a hipped roof, this alone had not overcome the previous concerns.

Ketley Parish Council had expressed concern that the plans showed the proposed extension located right up to the boundary, leaving no emergency access to the rear of the property.

Councillor H. Rhodes spoke in support of the application and referred to the amended roof style. Other properties in Sinclair Gardens had been granted permission for extensions, which she believed added to the character of the area. She asked the Board to support the application which would provide much needed additional space for the applicant’s family. Councillor G.M. Green added that no objections had been submitted by neighbours in respect of the application. On being put to the vote there was no proposer or seconder for the recommendation as set out in the main report and, therefore, it fell. Councillor Rhodes then proposed, seconded by Councillor Francis that delegated authority be granted to the Head of Planning & Transport to grant planning permission subject to the imposition of appropriate conditions. The reasons for recommending approval were that the amended roof was acceptable, in character with the surrounding area, would have no impact on neighbouring properties.

**RESOLVED – that with respect to planning application W2009/0981 delegated authority be granted to the Head of Planning & Transport to grant planning permission subject to the imposition of appropriate conditions.**

(Councillor M.J. Smith left the meeting at this point. However, he had been present during determination of planning application W2009/1030 as the Chairman had ruled that the application be considered first as Councillor R.T. Kiernan wished to speak.)

(h) W2009/0993 – Coppice House, Rodington Heath, Shropshire

This was a full application for the erection of a detached outbuilding to provide ancillary accommodation and was a resubmission of a previously approved scheme

(W2009/0498). The original application had been approved with conditions including a personal permission that the building should be converted to an outbuilding/garage when it was no longer required by the applicant's dependants, as agreed by the applicants at the time. This restriction had been necessary or the development would have been contrary to both local and national policy as a 'new dwelling' in the open countryside. However, the applicants had not been happy with this restriction and had submitted the current application which included a Section 106 legal agreement to ensure that the building remained as ancillary accommodation to Coppice House but could be sold with Coppice House in the future but not as a separate dwelling.

The proposed development was detached from the main dwelling house and set back in the site to ensure that the original dwelling house was the dominant feature with the outbuilding being subservient. The scale and detailing of the proposed building were considered respectful and sympathetic to its surroundings as the front elevation resembled a double garage and the double height glazed window elevation was not visible in the public domain.

The siting of the proposed building had been increased from 900mm to 1500mm away from the common boundary on the request of the occupier of the neighbouring dwelling but, as there were no windows in the gable wall of this property, there would be no significant impact on its residential amenity. While both local and national policy prevented new residential development in unsustainable rural locations, as the outbuilding was ancillary to the main dwelling house, the proposal was deemed acceptable. Parking provision was not affected and adequate private amenity space was retained.

The update sheet tabled at the meeting informed the Members that the applicant's agent had requested a minor amendment which changed the living room window to a pair of French doors of the same width and with matching materials to the proposed windows. As this element was not visible in the public domain and would not have an adverse impact upon residential amenity, it was recommended that this alteration be accepted. In addition, information relating to the suggested conditions, with regard to a Soakaway test, and details of doors and windows, had been now been received and were acceptable. Therefore, if Members were minded to approve the application, these conditions should be removed, as they were now unnecessary.

**RESOLVED – that with respect to planning application W2009/0993 delegated authority be granted to the Head of Planning & Transport to grant planning permission subject to the applicant entering into a Section 106 Agreement with regards to the proposed development remaining linked to the main dwelling as ancillary accommodation and to the conditions as set out in the report with the exception of conditions B65 and B18, which were no longer applicable. .**

- (i) W2009/1015 – Church Farm Yard, Preston Upon The Weald Moors, Shropshire

This application sought permissoin for the erection of 20 dwellings following demolition of the existing barns. It was a resubmission of an extant approval, W2007/0213, which would expire in May 2010, and no revisions had been made to

the approved design and layout. Approval of the current application would enable the time limit for implementation of the scheme to be extended for another 3 years. The application site was vacant and overgrown with existing steel and asbestos farm buildings to the north-west corner and concrete roadway/yard. It was bounded by metal security fencing and timber fencing and surrounded by lanes to the north, east and southern boundaries. Following cessation of the commercial use in 2004 the buildings had remained vacant.

Both the previous and current applications represented departures from respective Local Planning Policy, the main change to which had been the adoption of the Local Development Framework Core Strategy in December 2007 with its further limitation on new residential development in the rural area. The other matters that were material to the consideration of the application were the extant commercial/industrial use of the buildings on site and the impact of these on the nearby Grade 1 listed Trust Homes. Whilst the commercial business had currently ceased on site, the permission lay with the land and the use could be rekindled. A number of commercial operators had carried out a variety of activities on the site including storage and distribution and light industrial use.

As there was no formal Parish Council in Preston, the Chairman of the Village Meeting had advised that, at a recent village meeting, the local residents had been very supportive of the proposal, as summarised in the report. The Fire Authority had advised that sufficient access must be provided for emergency fire service vehicles, and water supplies for fire fighting purposes were required together with a sprinkler system to reduce the rate of production of heat and smoke.

The Highways Engineer, Capital Planning Officer, and Landscape & Recreation Officer had confirmed that the respective financial contributions of £35,000 towards traffic management measures on the local highway network, £16,000 towards education facilities and £10,000 to provide offsite leisure facilities for the community were acceptable. The Council's Conservation Officer had requested that any consent include stringent conditions to ensure the quality of detailing, materials and construction to respect the original design concept. This included the boundary treatments which were also a vital element of the original design.

Preston Upon The Weald Moors did not constitute a sustainable location, as it had limited services and facilities other than a primary school and, therefore, it was not one of the three key rural settlements in the Borough where development would be focussed to meet local needs, as set out in policy CS7 of the Council's Core Strategy. Housing would only be considered acceptable in this location if a proposal constituted an exception, such as affordable housing, where there was evidence of local need or dwellings for agricultural/forestry workers. The previous planning approval had been a departure to the Regional Spatial Strategy and to the Wrekin Local Plan (WLP), as there had been no demonstrable need established for affordable housing in the village. However, when determining W2007/0213, it had been considered that there were material considerations sufficient to outweigh planning policy, i.e. the removal of a commercial business with its unsightly asbestos buildings and HGV traffic from the centre of the village, which would improve the amenities and living conditions of local residents and enhance the setting of both the village and the adjoining Grade 1 listed building. The proposals were designed to

have a careful sympathetic design and layout that would replicate a model farm with traditional buildings and to have active frontages on to the existing lanes, reflecting the character of established development within the village.

The principle issue for consideration by the Board was whether sufficient weight could still be given to these other material matters which would outweigh planning policy and, therefore, justify a departure from policy. Members also needed to consider the “fallback” position whereby the 20 dwellings approved by W2007/0213 could be implemented prior to expiry of the application in mid-May if pre-commencement conditions were discharged and development commenced before then. The approved scheme had not been implemented yet as the developer had been taken into administration in October 2008 and the current applicants were the Joint Receivers.

Saved Policy H24 of the WLP referred to exception sites of 8 affordable dwellings within the rural area, a policy which was in force when W2007/0213 was approved. Whilst this application for 20 dwellings was significantly greater and only 20% would be social/affordable housing, this had been considered sufficient at the time and no recent Parish studies had been carried out to establish if current local housing need had changed, although securing rural affordable housing was still necessary.

Policy HE19 of the WLP regarding the setting of listed building had not been ‘saved’; but its content was still relevant in the consideration of the application and, as outlined in PPG15, high or bulky buildings could affect the setting of a listed building or alter historic views. Therefore, it was considered that the proximity and scale of the existing steel buildings were harmful to the setting of the Grade I listed building, particularly given their extant use, and their removal would improve the character and appearance of the area and enhance the setting of the listed building and the Church of St Lawrence, located opposite.

Therefore whilst Section 38 of the 2004 Planning Act required development to be in accordance with the Development Plan, officers considered that there were material considerations in this instance that served to justify the development despite some conflict with Policy CS7 of the Local Development Framework Core Strategy and Policy H24 of the Wrekin Local Plan. The application had been advertised as a departure from policy. It was brought to the Board’s attention that this final paragraph would be included in the ‘Reasons for Approval.’

**RESOLVED – that with respect to planning application W2009/1015 delegated authority be granted to the Head of Planning & Transport to grant planning permission subject to the applicant entering into a S106 Agreement to provide 20% social/affordable housing, £35,000 towards traffic management measures on the local highway network, £10,000 towards offsite leisure facilities and £16,000 towards education, and to the conditions as set out in the report.**

- (k) W2009/1030 Land to the Rear of 9 Bratton Road, Admaston, Telford, Shropshire

This was an application by Councillor A.G.P. Williams seeking outline consent for the erection of a detached bungalow to be used as retirement accommodation. The

application site was the rear portion of the current back garden measuring approximately 15.5 metres in width by 26.5 metres in length. It would be accessed via an unmade single width track which abutted the western boundary of the development site, ran along the rear gardens of the 11 neighbouring properties and was off a track serving Moors Farm and Moors Farm Cottage.

There had been a long history of refusals for backland residential development on this site and on neighbouring properties, as set out in the report. W2006/0265 for the erection of a retirement home had been refused on the 21<sup>st</sup> April 2006 and, subsequently, dismissed at appeal on 11<sup>th</sup> September 2007 (a copy of which was appended to the report) on the grounds of backland development, the harmful intensification of the development and change of character of the area; and the inadequate access to the site having detrimental impact on highway safety.

The Council's Highway Engineer had objected to the development on the grounds that the junction between the site access and Bratton Road was substandard, had restricted visibility and any intensification in its use would be of detriment to highway safety and was, therefore, a material consideration in the determination of the application. This was consistent with the comments made by the Planning Inspectorate in respect of regarding W2006/0265. The Council's Drainage Engineer has raised no objections to the development subject to full drainage details to be submitted at the reserved matters stage and for development to be restricted to greenfield runoff rates in line with the requirements of PPS25. Three letters of objection and two letters of support had been received from local residents, as summarised in the report.

There was no material change between W2006/0265 and the current application. The report referred to the policies against which W2006/0265 had been determined and which remained relevant for the current application. In addition, after the date of the dismissed appeal additional policies, as contained within the Core Strategy, had been adopted with particular reference to policies CS1 and CS15.

The Design and Access Statement submitted with the application had not addressed the previous refusal reasons, or the Planning Inspector's comments, but merely stated that the applicant needed to build a retirement home for himself and his wife with the existing dwelling being occupied by his family. In line with the Inspector's comments, whilst described it as a retirement home, there would be no restriction on the type of occupancy as the dwelling was one that could be sold on the open market when no longer required and, also, sold separately to No 9 Bratton Road. Consequently, as the proposal had not materially changed since the last application and both local and national planning policy had not only remained the same but had been reinforced by the Core Strategy, there were no substantive issues to overcome the grounds of refusal.

Therefore, it was considered that, in line with the previous refused applications and the Inspector's decision, the proposal would have a detrimental impact on the 'semi rural' character of the surrounding area, introduce a new pattern of development, and set a precedent for further development along the access track, thereby causing harmful intensification of development and changing the character of this area. Furthermore, the proposal would generate sufficient traffic to prejudice the highway

safety of users as the proposed access had inadequate visibility and for a considerable length was only one car wide with insufficient passing opportunities. Consequently the proposal was contrary to Local Planning Policies H6, UD2, and CS15, in addition to national planning policies PPS1, PPS3, and PPG13.

The update report tabled at the meeting included additional comments from the applicant's agent, in particular that the applicant was willing to enter into a Section 106 Agreement to restrict the development to 'supported accommodation to a single family unit in connection with No. 9 Bratton Road'. However, officers considered that the proposal would still introduce a new pattern of development to the rear of Bratton Road and drew the Board's attention to the relevant comments of the Planning Inspector, as set out in the update report. The Highways Engineer had had a further meeting with the applicant but had not changed his objections, again as supported by the Planning Inspector's comments.

Councillor R.T. Kiernan was invited to address the Board and in doing so explained that since the refusal of the previous application, there had been a dramatic change in health of Councillor Williams' wife, who now required constant home care. In addition, Councillor Williams had serious heart problems and, therefore, wished to build a purpose built retirement bungalow on his own land, which would allow daughter to move into the existing property and provide assistance to her parents. Councillor Williams had himself used the access road, which was a dead end and had a 20 mph speed limit, for 19 years without incident. In addition, the track had been used to access to Moor Farm for 60 years and it was still used by heavy vehicles without any problem. The proposal would not result in any loss of privacy as the site was surrounded by hedges and trees. In conclusion, he asked the Board that, if they were minded to refuse the application, to consider first making a Site Visit.

**RESOLVED – that determination of planning application W2009/1030 be deferred to allow Members to make a Site Visit.**

(l) W2009/1031 - Old Police Station, New Street, Dawley, Telford, Shropshire

This was a retrospective application by Councillor S. Burrell's wife for a block paved surface to form a car parking area together with the erection of boundary fencing. The Board had previously granted permission for the change of use of this former parish council building to office use (W2009/0685). The works which had been carried out included the block paving of the land to the east of the building, a 350mm planted border parallel to the boundary walling, and the erection of black painted vertical bar railings on top of the existing boundary walling. However, as the erected railings were vertical bars and the submitted drawings indicated bow topped railings, amended drawings had been submitted to accurately shown the situation on site. Further amended drawings had been submitted which had widened the vehicular access and removed the proposed gates.

The occupant of the nearest neighbouring dwelling had advised that, while he was content with the new use of the building, he had not been consulted and, due to historic problems with drainage, wished to raise a number of concerns relating to drainage and parking, as set out in the report. With regard to these comments the

Board was informed that the finished levels were below his Damp Proof Course and, therefore, lower than the original grassed level. In addition, a French drain and new rainwater goods had previously been installed to ensure that the situation was an improvement in terms of the neighbouring wall. It was not considered that additional loading on the land would be detrimental to the structural integrity of the wall or cellar and any future damage to the wall or damage by vehicles would be a private civil matter and was not material in considering this application.

In respect of access, the Council's Highway Engineer had visited the site and identified the issues which needed to be addressed before the proposal was acceptable in highway terms, as set out in the report. The proposal had been amended accordingly and was now acceptable as it would have no adverse impact on highway safety.

The materials and finish used in the development were considered acceptable and did not detract from the character and appearance of the area. Therefore, the development was considered satisfactory and compliant with both local and national guidance.

**RESOLVED** – that with respect to planning application W2009/1031 planning permission be granted subject to the conditions as set out in the report.

(m) W2009/1046 - Public Conveniences, the Parade, Wellington, Telford, Shropshire

This was an application by Telford & Wrekin Council for the refurbishment of the existing public toilets and a new pitched roof. The building had been the subject to continued wilful damage over the years and was currently boarded up, resulting in a detrimental impact upon the character and appearance of the area.

The current public toilet facility in Larkin Way was managed by Wellington Town Council and, as part of the Wellington Regeneration Scheme, would be demolished to allow for the erection of a new library. Therefore, it had been agreed with the Town Council that Telford & Wrekin Council would firstly refurbish The Parade public conveniences. The refurbishment included the re-fitting and alterations to the internal layout with new cubicles and new sanitary ware and baby change facilities in both the male and female areas, aesthetic/natural light improvements to the front elevation, separation of public and attendant accesses and the re roofing with a pitched tile roof, which would improve the security of the building .

The proposed development was considered acceptable in terms of the improvement to the existing facility and visual amenity, which would have a positive impact, and would be compliant with both local and national policy.

**RESOLVED** – that with respect to planning application W2009/1046 planning permission be granted subject to the conditions as set out in the report.

(N) W2009/1048 - 95 Haybridge Road, Hadley, Telford, Shropshire

This was a planning application for the erection of a two and a half storey building to provide 5 flats, together with the formation of a new vehicular access and parking area on this now cleared site on the corner of Haybridge Road and Halldene. Hadley & Leegomery Parish Council had requested that the application be considered by the Plans Board. In July 2009 planning permission (W2009/0431) to demolish the bungalow and erect a two storey building to provide 4 apartments had been approved.

The proposed development comprised 2no. one-bedroom flats and 3no. two-bedroom flats with two units each on the ground and first floors and one unit in the roof space of the building. 7 parking spaces would be provided at the rear of the building all of which would be accessed off Halldene, which was a cul-de-sac off Haybridge Road. A cycle store and a bin store would also be provided at the rear of the site. An existing hedgerow along the Halldene frontage would be retained, except where it was necessary to construct the vehicular and pedestrian accesses into the site. The existing front pedestrian access onto Haybridge Road would be retained and additional landscaping and planting would be carried out around the site.

Hadley & Leegomery Parish Council had objected to the application on the grounds that the resulting density of the development would generate additional vehicle movements which would put pressure on the available parking spaces, and the reduction in the space for cycle storage compared with the previous application. The Council's Highways Engineer, however, had no objections subject to a condition relating to the car parking being provided before the flats were occupied.

The principle of redeveloping this site had already been established by approval W2009/0431 and the size, shape, height, design, layout, and appearance of this proposed building were almost identical. The main changes were the provision of an additional apartment in the roof space, which had necessitated providing a flat roof dormer window on the rear roof slope to enable a kitchen and bathroom to be installed, and the insertion of 6 roof lights. As the rear dormer window was for a bathroom and kitchen, and a condition would require the bathroom window to be obscure-glazed, there would not be any significant overlooking or loss of privacy to adjacent properties, considering the separation distances and the presence of the parking court.

The proposed building had been designed to appear as a pair of semi-detached dwellings and amended plans had been received that further enhanced this by the insertion of two entrance doors on the Haybridge Road elevation. As a result, the appearance of the building related positively to its street scene context and reflected and respected the prevailing character and appearance of the surrounding area and, in particular, the form and design of the existing semi-detached properties to the west of the site. The building would be of a similar height to these houses and contain rendered and timber-framed gables, bow windows, hipped roofs, a central chimney, and an arched porch, all features which were exhibited on these adjoining houses. In addition, the types and colours of the materials used on the adjacent houses would be used on this building.

The principle of replacing the bungalow with a two storey building for 4 flats had already been established and the proposed changes to create a fifth unit in the roof in the current application would not significantly alter the appearance of the building as approved.

**RESOLVED** – that with respect to planning application W2009/1048 planning permission be granted subject to the conditions as set out in the report.

- (o) W2009/1055 – Windmill Primary School, Beaconsfield, Brookside, Telford, Shropshire

This application by Telford & Wrekin Council requested planning permission to erect a glazed frontage and entrance lobby to the front elevation of the building following demolition of the existing entrance frontage. The proposed alterations would form the second part of a phased planned development to the internal and external structure of the west elevation, with the eventual construction of a new 'Family Centre'.

The proposed external alterations were similar to the previously approved works (W2009/0904), and would not be highly visible within the public domain due to the orientation of the building within the site and existing boundary treatment.

The proposed development would not result in any loss of car parking, playground or playing field and, therefore, would have no adverse impact upon the amenities of the school and there were no nearby residential properties. Accordingly, it was considered that the proposed development was compliant with both local and national guidance.

**RESOLVED** – that with respect to planning application W2009/1055 planning permission be granted subject to the conditions as set out in the report.

- (p) W2009/1964 – High Ercall Primary School, Church Road, High Ercall, Shropshire

This application by Telford & Wrekin Council requested permission to retain the current rear access to the School off the B5062 Shrewsbury Road as a permanent feature in order to create an occasional access for the use of grounds maintenance access, emergency vehicles and for possible future building works. The driveway, school building and the playground to the front of the school were located within the High Ercall Conservation Area but the majority of the site, including the proposed access, was outside the designated area.

This entrance to the property was currently bounded from the road by temporary metal fencing, which the application would replace with a traditional five bar timber fence, which would have a more characteristic appearance and, therefore, respect and respond positively to the context of the area in compliance with Policies UD2 of the Wrekin Local Plan and CS15 of the Core Strategy.

The Council's Highways Officer had raised no objections to the proposal subject to conditions to ensure that the gated access would only be used for specific uses and, therefore, have only occasional use. In addition, he had requested that the gates

were conditioned to be hung so they only opened inwards onto the site leaving room for vehicles to pull off the highway before opening the gates. Following concerns that the access was in need of repair, a further condition had been requested to mitigate this by surfacing works being carried out. The proposal would, therefore, produce a positive spatial structure and a safe and secure environment in compliance with policies contained within PPG 13: Transport.

Objections had also been raised with regards to the need for a second access and the possibility of this setting a precedent but the applicants had responded that the proposed access was needed as the only other access to the rear was across the School car park, which could be restricted at peak times. The possibility of a precedent would not be set as the site was large, there were many other properties that did not have the space to create further accesses, and any application would be assessed on its own merits at the time of submission. Three neighbour objections had been received, as summarised in the report. The update sheet tabled at the meeting informed the Board that Ercall Magna Parish Council had submitted objections relating to the open aspect of the new school buildings from the main road together with a comment that the proposal was in the Conservation Area.

Their comments relating to the Conservation Area had already been addressed in the main report. With regard to the open aspect, some of the hedgerow had already been removed under the previous temporary application, but the majority was intact and not subject to a Tree Preservation Order or the Conservation Areas status. Beyond the new access there was also a large mature tree which would help to screen the view to the school and the school buildings were approximately 85m away from the access across the school fields. Therefore the development complied with policies UD2, LR1, T4 of the Wrekin Local Plan along with CS15 of the Core Strategy and PPS1.

**RESOLVED – that with respect to planning application W2009/1964 planning permission be granted subject to the conditions as set out in the report.**

(q) W2009/1066 – Donnington Wood Infant School, Baldwin Webb Avenue, Donnington, Telford, Shropshire

This application by Telford & Wrekin Council sought permission for the change of use of the existing playground into a car parking area and secure/fenced playground for the nursery and the formation of a new playground on an existing green field with improved pedestrian access links to the south of the building on this site shared by the Infant School and a Children’s Centre. The existing playground was used by both the School and the nursery group which was non-compliant with the nursery curriculum which required the provision of equal time spent inside and outside. In addition, visitors currently had to cross the playground to access the Children’s Centre, which raised potential safety concerns.

As described in the report, there was an existing untreated day level shaft on the existing playground area, which would be costly to remedy with a bespoke solution. Whilst no actual development was proposed on this area, as a precautionary measure the car park/playground layout had been amended and the playground element moved away from the shaft.

The proposed all-weather playground for the Infants School would be relocated to an under-utilised grassy bank at the rear of the School adjacent the existing playing fields, none of which would be lost. In addition, the inclusion of a disabled access path to the playground would improve disability access to the school fields. Sport England had confirmed that it had no objection to the proposed development.

The proposed alterations would be located at both the front and rear of the building but the development would not be highly visible within the public domain due to the orientation of the building within the site and the existing boundary treatment. There would, therefore, be no adverse impact upon the character and appearance of the locality and the proposal would be compliant with both local and national guidance.

**RESOLVED** – that with respect to planning application W2009/1066 planning permission be granted subject to the conditions as set out in the report.

- (r) W2009/1069 – Public Open Space off Wallshead Way, Church Aston, Shropshire

This application by Telford & Wrekin Council proposed to erect a single goal end for recreational sport with 1m-3m high fencing, on an area of public open space which currently contained a children's equipped play area, informal kickabout area and amenity grass. There were no other NEAPS/Ball Courts/Goal Ends serving this local community. The facility would be located adjacent the existing play equipment and would be in line with national design and safety guidelines which required a minimal set distance of 30 metres from the edge of the proposed facility to the boundary of residential properties. The proposed development accorded with both local and national policy.

The layout of the Goal End had been designed to accommodate all three types of user (football, cricket and basketball) and its location was orientated to ensure that safety was maximised by preventing glare to users and by ensuring leaf litter, which could cause slippage on the surface, was minimised through locating at a distance from existing trees. It would incorporate a new tarmac footpath, tarmac surfacing to the goal end (a requirement for basketball), a safety sign and a litter bin and access would aim to meet DDA legislation to ensure inclusive access to this free-to-use public facility. The proposed new footpath to access the site and the tarmac goal end tarmac pad would be slightly raised to ensure that the facility and access to it did not become flooded and, therefore, incapable of use.

It was, therefore, considered that the provision of these much needed facilities for local children and young people in the Church Aston area would have no adverse impact upon the character and appearance of the area or residential amenity.

**RESOLVED** – that with respect to planning application W2009/1069 planning permission be granted subject to the conditions as set out in the report.

**PB-83**            **SITE VISITS**

**RESOLVED** – that a Site Visit be made in respect of planning application W2009/1030 at 4.00 p.m. on the 17<sup>th</sup> February, 2010.

**PB-84**            **PLANNING APPLICATIONS DEALT WITH UNDER DELEGATED POWERS (FOR INFORMATION)**

The Board received for information details of the planning applications that had been determined under delegated powers.

**PB-85**            **EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED** - that the press and public be excluded from the meeting for the following item of business on the grounds that it might involve the likely disclosure of exempt information as defined in paragraph 6 of Part 1 of Schedule 12A of the Local Government Act 1972

**PB-86**            **PROPERTY IN THE WOODSIDE ESTATE**

The report of the Head of Planning & Transport sought delegated authority to serve a Repairs Notice on the owner of the property identified in the report and, in default of compliance with the Notice, to proceed to use Compulsory Purchase powers to acquire the property.

The current condition of the building, after remaining vacant for many years and as a consequence of major acts of vandalism, was very poor. Urgent Works Notices under Section 54 of the Planning (Listed Buildings and Conservation Areas) Act 1990 had previously been served on the owner which had resulted in some degree of roof protection and site security; however, the condition of the structure and the site continued to deteriorate further to the detriment of not only of the listed structure but also to the amenity of the surrounding area.

Given the number of previous Urgent Works Notices and the apparent lack of commitment to the building and the site under the current owner, it was now considered appropriate to serve a formal Repairs Notice on the owner under Section 48 of the Planning ( Listed Buildings and Conservation Areas Act ) 1990. Repairs Notices differed from Urgent Works Notices in that they were a preliminary to Compulsory Purchase and could specify much more extensive repairs to the building considered necessary for the its long term preservation. A list of the suggested repairs was tabled for the Board's information.

A meeting had been scheduled with the owner for the beginning of February to discuss the options for the property and he had been notified in writing that the Council intended serving a Repairs Notice.

**RESOLVED** – that delegated authority be granted to the Head of Planning & Transport to serve a Repairs Notice on the owner of the property identified in the report and, in default of compliance with the terms of the Notice, to use Compulsory Purchase Powers to acquire the property

The meeting ended at 9.05 p.m.

**Chairman:** .....

**Date:** .....

## **LICENSING COMMITTEE**

### **Minutes of a meeting of the Licensing Committee held on Monday, 25th January 2010 at 9.30 am in the Reception Suite, Civic Offices, Telford**

**PRESENT:** V.A.Fletcher (Chairman), E.J.Greenaway (Vice-Chairman), R.G.Chaplin, J.A.Francis, R.E.Groom, Y.C.Hicks, G.P.Hossell, T.Kiernan, A.A.Mackenzie, C.N.Mason, H.Rhodes, C.F.Smith and A.G.P.Williams.

#### **LC-106 MINUTES**

**RESOLVED** – that the minutes of the meetings of the Licensing Committee held on the 8th December, 15th December and 17th December 2009 be confirmed and signed by the Chairman.

#### **LC-107 APOLOGIES FOR ABSENCE**

Councillors T.J.Hope and K.L.Tomlinson.

#### **LC-108 DECLARATIONS OF INTEREST**

None.

#### **LC-109 DETERMINATION OF APPLICATION FOR LAND KNOWN AS THE GREEN OFF HIGH STREET AND MANSE ROAD, HADLEY TO BE REGISTERED AS A VILLAGE GREEN**

The report of the Head of Governance was received which sought to request members to determine the application that had been made by Hadley & Leegomery Parish Council to register land known as The Green, off High Street and Manse Road, Hadley as a Village Green. Prior to consideration of the report the Committee were requested to confirm that the respective members had reviewed the evidence which had been submitted with the application that had been held on deposit in the Members Room and that they had either attended the site visit that had been arranged or had made their own arrangements to view the site in advance of this meeting and this was confirmed by all Members who were present.

Members were advised that an application had been received from Hadley & Leegomery Parish Council on 8 August 2008 to have the area of land known as The Green, off High Street and Manse Road, Hadley registered as a Village Green under the Commons Act 2006. The application site ("the Site") was shown on the plan attached to the report. Members also received a further coloured plan which clarified the application site. Evidence had been submitted which formed part of the application and, in accordance with the relevant legislation, consultation was carried out with various parties and a notice was placed in the Shropshire Star.

The Committee were further informed that part of the Site was owned by the Council with the other part owned by the Methodist Church. It was reported that no objection had been received from Property & Design (as landowner) but an objection was received from Solicitors acting on behalf of the Methodist Church. This objection had

subsequently been withdrawn and this application was now being considered as an uncontested application.

Members were asked to consider the evidence that had been submitted and determine, on the balance of probabilities, whether the case had been proven for registration of the Site as a Village Green.

The Committee were informed of the process and legal background to this type of application and that if the Council was satisfied on the balance of probabilities that the area of land in question had been used for not less than 20 years by a significant number of the inhabitants of the locality, or of any neighbourhood within a locality, who have indulged in lawful sports and pastimes as of right then an area of land should be registered as a Village Green.

Members were also advised that no representations or objections were received from Property & Design, however, an objection had initially been received from the Methodist Church on 9 January 2009. Further evidence was also submitted subsequently and as this then became a contested application arrangements were made to hold a non-statutory Public Inquiry. A Barrister was appointed by the Registration Authority to sit as an Inspector presiding over the Inquiry and a date for the Inquiry was set as 17<sup>th</sup> and 18<sup>th</sup> November 2009. However, on 16 October 2009 a letter was received from the Solicitors acting for the Methodist Church in which they confirmed that they wished to withdraw their objection to the application. Therefore there was no longer any reason to hold an Inquiry and this was subsequently cancelled.

The Board were advised of the points upon which they would need to consider when making their determination of the application.

Members were also referred to a letter of objection that had recently been received from two of the Trustees from the Methodist Church who had written in an individual capacity stating their objection to the application. The meeting was informed that the letter had been received outside the relevant period for responses but could be considered in any event. However, Members were advised that the letter contained no evidence which was contrary to that submitted by the Applicant and this determination is purely an evidence based consideration. It also had to be noted that whilst the Trustees of the Church had submitted a formal objection to the application that this had subsequently been withdrawn.

Following consideration and discussion by the Committee, it was;

**RESOLVED – that the plot of land described as The Green, off High Street and Manse Road, Hadley, Telford be registered as a Village Green pursuant to Section 15(1) of the Commons Act 2006.**

**LC-110      EXCLUSION RESOLUTION**

**RESOLVED – that the press and public be excluded from the meeting for the following item of business on the grounds that it may involve the likely**

disclosure of information as defined in Paragraph 1 of Part 1 of Schedule 12A Local Government Act 1972.

LC-111      **MR.A.T. – APPLICATION FOR A PRIVATE HIRE VEHICLE DRIVER LICENCE**

After hearing the evidence presented by the Council's Licensing Operations Manager and the applicant in accordance with the hearings procedure and following consideration and discussion by the Committee, it was;

**RESOLVED** – that the Committee considered that they were satisfied that the applicant was a fit and proper person to be licensed as a Private Hire Vehicle Driver and that accordingly his application should be granted subject to the issuing of a written warning as to future conduct and adherence to the Private Hire Vehicle Driver Conditions and all relevant Statutory Obligations.

The meeting ended at 12.25 pm.

**Chairman:**

**Date:**



(i) Telford Town Centre – Civic Offices (Report G)

Recommendation 2.3 – that Cabinet approve that the new Civic Offices are located in Southwater and that they are delivered through the Council retaining freehold title;

Recommendation 2.4 – that Cabinet approve that the Head of Property & Design, in consultation with the Chair of the Project Board, is granted delegated authority to determine the exact location and eventual size and configuration of the Civic Offices within Southwater, within the parameters set out in the report and enter into all contracts to facilitate its delivery in accordance with the Contract Procedure Rules;

(ii) Telford Town Centre (Report H)

Recommendation 2.1 – that Cabinet approve the establishment of a Project Board, Reporting and Governance Structure for the delivery of Southwater Regeneration, and approve that delegated authority is given to the Head of Property and Design to approve the constitution and terms of reference of that Board.

The Procedure to be followed, as set out in Appendix 3 of the agenda, was outlined to the meeting. Councillor Carter stated that, due to a prior engagement, he would have to leave the meeting at 4.45 p.m. and it was agreed that, in order to facilitate this, the process be amended as required.

In accordance with the Protocol Councillor C.F. Smith, as Lead Call-In Member outlined the reasons for the Call-In, namely concerns relating to the lack of clarity and transparency in how recommendation (i) (2.3) was decided upon and the need for clarification of the governance structure in respect of the Project Board referred to in recommendations (i)(2.4) and (ii)2.1. Further concerns were raised by Councillors McClements, Singh Sahota and Overton.

Councillor Carter spoke in favour of the Cabinet recommendations but stated that the information used to decide upon the Southwater location of the new Civic Offices would be made available to the members of the Scrutiny Leadership Board and that he considered it important that the Project Board work alongside the Scrutiny Leadership Board in future.

Following a detailed debate of the issues, during which the Board's attention was drawn to the proposed Governance Structure for the Southwater & Civic Offices Regeneration Project tabled at the meeting, the Chairman asked the Board to vote upon the following proposals, as set out on the Call-In Request Form:

(i) Telford Town Centre – Civic Offices

- (a) That Scrutiny consider the 34 rejected options together with the cost implications to assure Council that locating the Civic Offices in Southwater is the best option;
- (b) That the decision making process for the Civic Offices Project is clarified.

(ii) Telford Town Centre

That the decision making process for the Southwater Square Project is clarified and a Scrutiny Group scrutinises the Project throughout the process.

Following further debate and amendment of the wording of these proposals, it was:

**RESOLVED** – that, in the light of the Call-In submitted by Councillor C.F. Smith:

**Telford Town Centre – Civic Offices**

- (i) That Scrutiny consider the ~~34 rejected~~ options identified in the Cabinet report together with the cost implications to assure Council that locating the Civic Offices in Southwater is the best option
- (ii) That Cabinet adopts the proposed governance structure, as tabled at the meeting, or similar, for the Southwater and Civic Offices Regeneration Project as a means of clarifying the decision making structure.

The meeting ended at 5.43 p.m.