

**TELFORD & WREKIN COUNCIL**

**CABINET – 26 JULY 2011**

**BUDGET & FINANCE SCRUTINY COMMITTEE – 27 JULY 2011**

**100 DAY REVIEW OF 2011/12 SERVICE & FINANCIAL PLANNING STRATEGY**

**REPORT OF THE ASSISTANT CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER**

**1. PURPOSE**

- 1.1 To set out proposals to revise the Council's capital programme and the revenue budget for 2011/12, following a review initiated by the Council's new administration after the May Borough elections.

**2. RECOMMENDATIONS**

- 2.1 Members are asked to approve the proposals set out in the report for consultation with the community including:-
- 2.2 The cancellation of the planned building of new Civic Offices to generate ongoing revenue savings of over £1.1m p.a.
- 2.3 The development of a Community Hub in the Southwater area of Telford Town Centre which will provide customer access to Council services and a new library. The Community Hub could also provide space for community groups/organisations, and other public sector bodies – making the Community Hub a Cooperative Council centre.
- 2.4 Changes to other capital projects and the generation of additional capital receipts generating ongoing revenue benefits of over £1.75m pa
- 2.5 A much stronger emphasis on improved procurement processes referred to in section 7.10.ii of this report in order to deliver savings which reduce the overall impact of grant cuts on front-line services.
- 2.6 Increased investment in the maintenance of roads and pavements of a further £1.3m capital in 2012/13 and £0.25m in 2013/14 over and above the existing approved capital programme;
- 2.7 Investment of £2.3m in a regeneration scheme for Hadley and £1.9m for Oakengates;

- 2.8 Creation of a capital budget of £45k to match fund projects of up to £7.5k in each of the 6 Borough Town areas;
- 2.9 Reinstatement of free swimming for under 16s with a flex card
- 2.10 Allocation of up to £0.6m one-off funding to provide additional support for employees facing compulsory redundancy;
- 2.11 Contributing £25k one off funding to a small business loans fund;
- 2.12 Creation of a Co-operative Council initiatives budget of £15k;
- 2.13 Carrying forward revenue benefits identified in the report of around £1.6m as a one-off benefit to help support the budget for 2012/13 together with any unspent element of the contingency at year end and any further service efficiencies that can be implemented during 2011/12;

**2.14 Summary of the net Revenue budget savings from the proposals**

The net savings generated by the proposals contained in this report for the Council's revenue budget, are summarised in the table below:-

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Ongoing £m
Impact of changes made to capital programme and benefit of additional capital receipts (see paragraph 7.8)	(0.567)	(1.191)	(1.603)	(2.747)	(2.935)
Impact of revenue items (see paragraph 7.10.iv)	(1.035)	2012/13 -2014/15 proposals and baseline position will be developed in accordance with the normal budget timetable and public consultation			
<b>Overall saving</b>	<b>(1.602)</b>				

The review has focussed on delivering further savings in both the current year (2011/12) revenue budget and four year capital programme in order to reduce the future service impact of government grant cuts. The changes proposed will also feed into the 2012/13-2014/15 service & financial planning process for which an overall strategy and specific proposals are currently being worked on for consultation.

**3. BACKGROUND/ APPROACH**

- 3.1 Following the Borough elections and subsequent Annual Council in May 2011, the new administration committed, as one of its first

priorities, to carry out a high level review of the Council's Service & Financial Planning Strategy for 2011/12 within 100 days. The strategy had been approved by Full Council on 3 March 2011. In terms of the scope of the review, this has encompassed:

- a review of the main schemes in the capital programme including the provision of new council offices and particularly those schemes funded from the Council's own resources, rather than external resources such as specific capital grants. This has been the primary focus of the review and has concentrated attention on identifying those schemes that are not fully contractually committed;
- a continual review of revenue budgets to seek to identify any further 'low impact' efficiency savings and any other 'quick win' cost savings that could be implemented in 2011/12 with the revenue benefit rolled forward as a one-off benefit available to support the budget in 2012/13;
- a review of the 'Guiding Principles' which had underpinned the current strategy;
- the development of a programme of work to take forward the administration's priority initiative of becoming a 'Co-operative Council' (a separate report on this is included on this Cabinet's agenda).

3.2 In addition to this review, the administration sought and secured a meeting with the Secretary of State for Communities and Local Government to advise him of Telford & Wrekin's specific issues and concerns and to seek additional Government financial and policy support to address these. We are currently putting together further information requested by the Secretary of State following a productive meeting.

#### **4. THE FINANCIAL CONTEXT FOR THE COUNCIL**

4.1 The Council agreed its budget for 2011/12 at the Council meeting held on 3rd March 2011. The report considered by Council highlighted that Government grants to the Council had been cut by £13.6m this year with a further cut in grant announced of £5.3m in 2012/13. These reductions were on top of cuts of £3m announced during the 2010/11 financial year. Due to the scale and very significant front-loading of the cuts in grants, the Council set a budget for 2011/12 which was heavily reliant on the use of £9.2m of one-off resources in order to be able to phase in reductions in spending.

4.2 As well as the significant grant cuts, the Council faces a number of other financial pressures including pressure on budgets from comparatively high rates of inflation and increased taxes payable to the Government of £1.25m pa. There are also many service pressures, particularly on care services for children (where an additional £1.4m was invested in the budget for 2011/12). Adult care is also under

pressure and all savings were therefore re-invested within the service to help offset the pressure caused by an aging population and the transfer of costs for continuing health care cases from the Primary Care Trust to the Council. In future years the Council also faces significant additional revenue costs from the planned capital programme as capital projects funded from debt clearly have to be repaid with interest over a number of years placing further pressure on the revenue budget.

- 4.3 Key elements of the strategy agreed by the Council for 2011/12 included:-
- An investment of £1.4m additional funding in to services for Looked after Children,
  - Assumed savings of £5.1m from staff restructuring,
  - Freezing Council tax to attract a grant of £1.4m from the Government
  - Savings of £12.1m from non staffing budgets (much of which was of a one-off nature)
  - Use of £1.4m of the Council's £4.2m available balances
- 4.4 Given the use of £9.2m of one off resources to support the budget in 2011/12 and the further grant cuts and under-lying budget pressures facing the council in 2012/13 significant further efficiencies and cuts will be needed to help bridge the projected budget gap of around £20m (before the use of balances and any Council Tax increase) in 2012/13.
- 4.5 Projections beyond 2012/13 are very difficult because the Council only received a 2 year grant settlement covering 2011/12 and 2012/13 pending a major review of the local government finance system with no details yet available of how this may impact on the Council. However based on the national planning totals announced in the October 2010 Comprehensive Spending Review further grant cuts of at least £4.8m are expected over the 2013/14 – 2014/15 period on top of underlying base budget pressures of at least £3.5m before allowances for inflation, pay awards and demographic pressures in adult services are built in.

## **5. THE POLICY CONTEXT FOR THE COUNCIL**

- 5.1 The Council, as a member of the Local Strategic Partnership (LSP), remains fully committed to the realisation of the partnership's long-term 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.
- 5.2 Specifically, the new administration wants Telford & Wrekin to be a ***diverse, caring and enterprising Borough***. While, through the Summer, the Council will carry out a comprehensive programme of consultation and engagement with the community to listen to,

understand and respond to its views on medium and long-term priorities for the Borough, our thoughts are that our approach must, as a minimum be focused on the realisation of seven key outcomes:

- Telford & Wrekin will be a great place to do business with higher levels of investment and business growth;
- Lower levels of poverty and social exclusion and greater well-being of households through higher numbers of residents in employment;
- Vulnerable children, young people and adults are safeguarded from harm and neglect;
- Even more children and young people are on the path to success in adult life through the provision of good quality education, training and jobs;
- A safe and cohesive place where people are empowered and have the confidence to play active roles in their communities;
- Improved health of people which enables them to live active, positive and independent lives;
- Mixed and sustainable communities with an increased supply of new housing, improved existing homes, and a high quality physical environment.

## **6. GUIDING PRINCIPLES**

The Council's existing strategy was framed around a number of guiding principles. These principles have been reviewed and revised. The Council's guiding principles, which should inform and direct our strategy, are now proposed as being:

- To develop spending plans that are based on and address the community's needs and priorities;
- Be open and transparent in how resources are spent across the Borough, but target spend at issues and areas where needs are greatest;
- As a Co-operative Council, work with our community to identify creative new ways of delivering services and ensuring that needs in the Borough continue to be addressed;
- Seeking to minimise the level of Council Tax increase, balanced against growing demands for Council services and protecting services from cuts (NB. This budget review is not considering levels of Council Tax in 2011/12 or beyond);
- Deliver efficiencies and savings, as far as possible minimising the impact on the quality of services, particularly through improving our approach to procuring goods and services;
- Look for external investment e.g. Government grants, to address priorities;

- Set aside some additional money to deal with any unforeseen circumstances caused by the current economic situation;
- Taking a responsible approach to the use of Council reserves that balances the need for financial prudence and sustainability with the need to maintain and protect important frontline services;
- Where possible cut the Council's reliance on borrowing for some capital schemes so that expenditure on debt repayments can be reduced;
- Sell some of the Council's land and property to reduce borrowing, cut running costs, and – where there is a strong business case – to fund priority facilities and schemes.

## **7. PROPOSALS FOR CONSULTATION**

- 7.1 In the light of these guiding principles and from the review work undertaken, the following revisions are proposed to the Council's existing Service & Financial Planning Strategy:

### **A. CAPITAL PROGRAMME**

- 7.2 A review of the capital programme to identify where spending which is not contractually committed has been undertaken in order to identify projects which can be cancelled, scaled back or deferred with the aim of reducing the levels of borrowing planned by the previous Council.
- 7.3 Significant changes to capital projects are proposed in relation to:
1. **Civic Offices Accommodation** – In May/June 2011, a further review of the Council's future accommodation requirements was undertaken in the context of the budget setting exercise, requirements to maximise the flexibility of the Council's accommodation, property rationalisation and New Ways of Working. Following the review of accommodation it was concluded that a solution which utilises existing Council owned properties and therefore offers greater flexibility in the medium term for accommodation requirements was the preferred solution. In relation to Southwater, the review acknowledged that a number of drivers for a public sector led development in Southwater remained relevant. These drivers include:
    - **Service Delivery:** A centralised Community Hub which would include first point/contact centre and potential for other public sector and voluntary sector co location within the Town Centre, which is accessible to residents, was seen as being critical to maintaining high standards of accessibility and service delivery.

- Regeneration: Increased footfall arising out of a public sector led development was seen as key in supporting the wider regeneration of Southwater.
- Precedent, Quality & Confidence: A public sector led development was seen as critical in setting design and sustainability standards as well as raising confidence levels for private sector investors.
- Evening Economy: The development provides space for bars, restaurants and shops, thus supporting the creation of a vibrant evening economy.

In response to these drivers, proposals for a Community hub in Southwater (as detailed in the Telford Town Centre report also on the agenda for Cabinet on 26 July 2011) have been developed which accommodate the following uses:

- Community Hub: The building will provide accommodation for front line staff to deliver high quality customer services. The Community Hub could also provide space for community groups/organisations, and public sector bodies which will mean that the Community Hub will be a cooperative council centre. Options will be explored with voluntary and other public sector organisations over the coming months.
- A Library and Fairshare Credit Union. An improved library was identified early on as a critical component in the Southwater development in terms of offering an enhanced provision whilst freeing up the existing site for future development (as detailed in the Town Centre report of 26 July 2011 Cabinet).
- Bars, restaurants and shops: Units, on the ground floor of this building will benefit from an enviable location at the head of Southwater Square, overlooking the new Southwater Lake.

In summary, the plan to build Civic Offices in the Southwater area of the Town Centre will not be progressed. Instead, the accommodation strategy will:

- Proceed with the sale of the existing Civic Offices site;
- Build only a Community Hub encompassing a customer first point/contact centre and new library in Southwater
- Rationalise office accommodation to reduce the number of buildings operated by the Council by moving out of older less efficient smaller buildings currently used in order to generate revenue savings as well as further capital receipts;
- Invest in space saving furniture as this will generate ongoing revenue savings by enabling employees to be located at a higher density so reducing the amount of space that the Council needs to occupy for office accommodation and therefore also reducing annual running costs;

- Retain the use of Darby House and utilise the Wellington office development
- Use existing Council owned buildings within, or around, the Town Centre as the accommodation solution
- Free up a valuable site for disposal in the Southwater area

A range of options for office accommodation have been reviewed and the financial implications assessed based around the need to continue supporting Telford Town Centre Regeneration, have locations within or around the Town Centre and utilise existing Council owned buildings. The objective is to identify an option which delivers flexibility in the Council's estate to accommodate changes in accommodation needs and makes better use of buildings already owned by the Council.

The revenue savings of the revised proposals compared to the existing approved budget are summarised below:-

2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Ongoing £m
(0.147)	(0.756)	(1.163)	(1.163)	(1.163)

2. **Building Schools for the Future (BSF)** – A review of the BSF programme is being undertaken. Any proposals for changes will be brought to Cabinet later in the year. The majority of the programme is funded by grant from Central Government and therefore the opportunity for savings to the Council's budget is limited.

3. **Telford Town Centre** - A separate report on the Cabinet agenda includes proposals for revisions to the Telford Town Centre investment package. This report recommends an increase in the overall investment of £7.69m over the currently approved budget which is funded from additional capital receipts. This reinforces the commitment to Telford Town Centre through public sector led development to provide precedence, ensure high quality and provide confidence for the private sector. The revenue savings of the revised proposals and re-phasing compared to the existing approved budget are summarised below:-

2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Ongoing £m
(0.278)	(0.218)	(0.354)	(0.104)	(0.355)

7.4 Other revisions to capital schemes are also proposed:-

1. **Hadley local centre** – A revised scheme is proposed with a projected cost of around £2.3m. Although with a similar net capital cost to the scheme currently budgeted, this revised regeneration project has a significant revenue benefit compared to the previously proposed scheme as a result of better rental income in 2012/13 of £94k, in 2013/14 of £117k and on an ongoing basis of £45k pa. It is also likely that an additional capital receipt could be generated with a further potential revenue benefit of around £25k pa. Due to commercial pressures relating to this project the scheme will continue from August and not form part of the budget consultation process.
  
1. **Wellington** – No changes are proposed to the scheme in Wellington and completion will continue as originally planned.
  
2. **Dawley** – No changes are proposed to the budget allocation for the Dawley regeneration project.
  
3. **Newport** – a scheme to look at environmental works around the canal up to a value of £50k will be designed and consulted on generating a saving of around £0.2m
  
4. **Oakengates** – a scheme focussing on Oxford Street and Market Street but including removal of the canopy on Limes Walk and other works costing around £1.9m in total is proposed generating a reduced borrowing requirement of £0.5m. Due to the need for public consultation on this new scheme it is unlikely that work would start before the 2012/13 financial year.
  
5. **Waste Bulking station** – It is proposed to delete this £3.9m project from the capital programme pending the outcome of a review of the Council's overall waste strategy. This does however delay the capital receipt assumptions relating to this project.
  
6. **Locality Management, BTI Small Grants and Ironbridge BTI** – Around £0.5m of these budgets is currently uncommitted. No new commitments will be entered in to except that it is proposed to reserve an amount of £45k for potential matched funding for grants to projects of up to £7.5k in the 6 Borough Town areas. This will produce a net saving of around £0.455m from these budgets.
  
7. **Capitalisation Direction** – A capitalisation direction has been applied for which, if granted, would enable statutory redundancy payments to be treated as a capital cost and to be funded either from capital receipts or from prudential borrowing. The application was for £2.94m but it is likely that applications will be very significantly scaled back as only £300m is available nationally. An announcement is expected before the end of July of the amount, if any, that will be awarded to the Council and when this is known the cost will be built in to the medium term financial projections.

In total the proposals outlined in section 7.4 of this report would result in reductions in prudential borrowing and revenue costs totalling:-

Year	(Reduction) / Increase in Borrowing £m.	Revenue Saving* £m.
2011/12	(6.711)	(0.182)
2012/13	1.511	(0.559)
2013/14	(1.516)	(0.520)
2014/15	1.600	(0.556)
2015/16	0	(0.473)
Total	(5.116)	(0.473)

\* Excludes improved rental income of revised proposals for Hadley.

- 7.5 **Maintenance of Roads and Pavements** – reducing pot-holes and improving the condition of the roads and pavements is a high priority. It is proposed to not only commit the additional £0.66m “pothole” grant from the Government, announced after the budget for 2011/12 had been agreed, but also a further £1.3m capital in 2012/13 and £0.25m additional capital in 2013/14 over and above the existing approved programme. This additional investment will be allocated on a priority needs basis and will be funded from savings generated from the review of capital projects, including the deletion of the plans to build new civic accommodation outlined above.
- 7.6 **Capital Receipts** - In addition, the Council is exploring options for the realisation of further capital receipts, over and above expected amounts, from the sale of land or other assets (e.g. a separate report is included on the Cabinet agenda in respect of the potential sale of the Council’s interest in West Mercia Supplies) the proceeds of which could be used to pay down debt or act as an alternative to borrowing or other forms of more costly financing of priority schemes and projects.
- 7.7 Any additional capital receipts generated over and above the £80m already planned will be used to reduce outstanding debt and so reduce the cost of principal and interest repayments which have to be borne by council tax payers. After updating projections of the capital receipts now anticipated over the medium term a significant revenue benefit compared to the current approved revenue budget is anticipated which is summarised in the table below.

The revenue costs/(savings) of the revised proposals and re-phasing compared to the existing approved capital receipts budget are summarised below:-

2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Ongoing £m
0.040	0.401	0.441	(1.002)	(1.022)

7.8 **Summary of Capital Programme Changes : Savings on revenue budget** - In summary the revenue impacts of the changes to the capital programme and assumptions on the generation of capital receipts in future years is detailed in the table below:-

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Ongoing £m
Civic accommodation	(0.147)	(0.756)	(1.163)	(1.163)	(1.163)
Town Centre project	(0.278)	(0.218)	(0.354)	(0.104)	(0.355)
Other capital projects	(0.182)	(0.559)	(0.520)	(0.556)	(0.473)
Improved rental income at Hadley		(0.094)	(0.117)	(0.045)	(0.045)
New investment in road maintenance		0.035	0.110	0.123	0.123
Revised schedule of capital receipts	0.040	0.401	0.441	(1.002)	(1.022)
<b>Total revenue impact</b>	<b>(0.567)</b>	<b>(1.191)</b>	<b>(1.603)</b>	<b>(2.747)</b>	<b>(2.935)</b>

## **B. REVENUE BUDGET**

7.9 The review of the Council's revenue Budget for 2011/12 has had 3 dimensions, with proposals based on:

- Revisions to spending priorities;
- Identification of further savings;
- Additional contributions to balances to help off-set pressures for next year's budget;

7.10 A full strategic and comprehensive review of the Council's budget will, of course, be undertaken to prepare our medium-term strategy for 2012/13 and beyond.

### ***(i) Revisions to spending priorities***

- **Support to employees facing compulsory redundancy** – It is proposed to allocate a sum of up to £0.6m in order to support employees facing compulsory redundancy. The mechanism for using this funding and specifically where it should be targeted will be agreed between Members, officers and Trade Union representatives. Any use of this allocation during the current year will be funded on a temporary

basis (from balances) with the total cost being met from reducing the assumed contribution to the single status provision in 2012/13.

- **Reinstatement of free swimming for Under-16s** who have a Flex Card. This change to take effect from the beginning of the School Summer holidays. Net cost of this is estimated at £30,000 which is to be funded from a reduction to the Community Fund Budget and, as such, has no net impact on the overall revenue budget.
- Creation of a small **Co-operative Council initiatives** budget which can be used to provide pump-priming monies for relevant community projects. This budget of £15,000 is again funded from the existing Community Fund and therefore has no net impact on the Council's overall budget.
- **The Community Fund** (formerly ££s for Projects) to operate, following the changes outlined above, at a level of £54,000, allocated on the basis of £1,000 per ward member – revised scheme approved by Cabinet on 21 June 2011.
- **Contribution to Small Business Loans Fund** – It is proposed to make a revenue contribution of £25k to a small business loans fund. The Council will work with local business people to establish a small business loans fund based on co-operative principles.
- Appointment of a **Director of Children's Services**- a key commitment of the new administration. The interim appointment from early August will cost around £75k this year. Funding for the ongoing position will form part of the review of senior management to be undertaken by the interim chief executive.

#### ***(ii) Identification of further savings***

- A continuing drive to identify further efficiency savings from existing revenue budgets, enabling the creation of one-off benefits in 2011/12 to help with pressure on the 2012/13 strategy;
- The budget for 2011/12 assumed that a contribution of £1.2m would be received from schools buy-back following reductions of £2.4m made by the Government to “non-front-line” schools grants”. Rather than place additional pressure on schools' budgets at a late stage in their financial planning timetable, it is proposed that existing arrangements continue in 2011/12 and that this additional support for schools is met from the sources identified in Appendix 1.
- Procurement – Having already set 20% non staff savings targets across the authority the Council is increasing the emphasis on procurement and the attainment of efficiencies to achieve the 20% non staff savings so that service cuts are minimised. To this end there is a

new impetus being placed on procurement across the organisation. Savings on procurement in the region of £0.74m and £1.8m have been delivered in the last 2 financial years and about £0.6m are already identified for this financial year. However, we can and will improve on this figure. To do that we are setting up a task force working in every part of the organisation to improve our procurement practices with the sole objective of driving out savings without compromising service delivery. For example we are working with Improvement & Efficiency West Midlands, the local Regional Improvement and Efficiency Partnership, to secure further savings in high spend areas including family and community services, adult social care, energy and environmental services. Furthermore all key contracts are being reviewed to ensure that they are as competitive as they can be and all future contracts will be carefully considered using these criteria. Restructuring in key areas, including family and community services, adult social care, environmental services and ICT are creating specialist procurement positions that will be supported by a central procurement team that can provide expert support and develop cross cutting procurement opportunities. In this way we are confident that we can maximise procurement savings and reduce the impact of service cuts. In order to ensure transparency in this process we will ensure that we regularly monitor and report on the savings programme proposals under key headings of procurement savings, other efficiency gains, increased income and service reductions.

***(iii) Additional contributions to balances to help off-set pressures for next year's budget***

- As part of the preparation for 2012/13 budget strategy any additional savings generated in 2011/12 over and above the amounts agreed when the 2011/12 budget was approved will be treated as additional contributions to balances. Amounts identified to date include:-
  - Re-tendering of insurance arrangements has generated savings of around £0.25m for General Fund (and £0.15m to be allocated for schools);
  - Reductions in Special Responsibility Allowances agreed by the new administration will save £0.04m pa
  - New Homes Bonus grant of £0.615m;
  - Impact of slippage on 2010/11 capital programme (c. £0.3m one-off benefit in 2011/12
  - Treasury management investment opportunities have generated a further £0.13m benefit in 2011/12
  - The revenue implications of changes to the capital programme summarised in section 7.8 of this report totalling £0.567m

It is proposed that these net revenue benefits totalling £1.6m are carried forward as a one-off benefit in to 2012/13. In addition any one-off benefit that can be generated from early implementation in the current financial year of efficiency savings identified as part of the

2012/13 service and financial planning process together with any underspend on the contingency at year end will also be carried forward to provide further one-off benefits for the 2012/13 budget.

#### 7.10.iv Summary of changes to revenue budget

	2011/12 £m	2012/13 £m
Additional support to employees facing compulsory redundancy to be funded from use of single status contribution in 2012/13	0.200	0.400 (0.600)
Reintroduction of Free Swimming for Under 16s	0.030	0.030
Co-operative Council Initiatives budget	0.015	0.015
Community Fund	0.054	0.054
££s for projects	(0.099)	(0.099)
Contribution to Small Business Loans Fund	0.025	
Director of Children's Services – interim arrangements	0.075	
Insurance re-tender	(0.250)	(0.250)
Reduced Special Responsibility Allowances	(0.040)	(0.040)
New Homes Bonus	(0.615)	(1.300)
Treasury Management	(0.430)	
<b>Total revenue impact</b>	<b>(1.035)</b>	<b>(1.790)</b>

## 8. NEXT STEPS

### A. CONSULTATION & ENGAGEMENT

- 8.1 Over the next few months, the Council will undertake a widespread programme of consultation and engagement with the community :
- Up to the end of September on the proposals set out in this report following the initial review of the Budget for 2011/12 leading to Cabinet recommendations to Council in November.
  - Through the late summer and autumn, a wider debate about priorities, non-priorities and spending choices to help inform the preparation of specific proposals for the next two years which will then themselves be the subject of further consultation from December to early February;
  - starting to shape a new long-term vision for the Borough; and
  - developing, through our Co-operative Council programme, a dialogue with the community to explore how the Council can work better with local people and groups to find better ways of meeting needs.

8.2 In relation to the points above, throughout the coming months, the views of the community will be vital in shaping our strategy. Appendix 2 sets out a more detailed schedule of our proposed approach and programme. Key features include:

- Through our website, local people are encouraged to tell us their ideas for saving money and have a go at our 'budget calculator which simulates budget setting (available online and also promoted at libraries);
- Face to face engagement at locations across the Borough, including community events, at which cabinet members and senior officers will be seeking local people's views;
- Meeting a range of stakeholder groups and running a number of focus groups;
- Establishing a Co-operative Council Citizens Commission;
- Short survey to be completed online and our contact centre staff will also look to complete the survey with customers over the phone.

## **B. DEVELOPING OUR STRATEGY FOR 2012/13 & BEYOND**

8.3 As mentioned above, a strategic and comprehensive review of the Council's budget will, of course, be undertaken to prepare our medium-term Service & Financial Planning Strategy for 2012/13 and beyond. To support this process, a number of key workstreams have been identified and are in progress to identify opportunities, options and choices. These workstreams include:

- Establishment of a Procurement Task Force within the Council to further challenge current procurement practices and ongoing contract management arrangements and target the delivery of further efficiency savings;
- New ways of working and accommodation review – to deliver significant potential savings from the sale of surplus buildings and reduced running costs;
- Creation of an Economic Development Strategy Review Group which is looking at updating our approach to maximise the improvement we can make to the economic welfare of the residents of the Borough
- Progressing the major service review of children's and adults' services;
- Waste Project Board – reviewing our approach to waste management
- Development and implementation of Co-operative Council work programme which includes a review and improvement of local working arrangements with the voluntary and community sector and with Town & Parish Councils;
- Continuation of the restructure programme as planned
- Generation of non-staffing savings proposals for 2012/13 and future years highlighting the rationale for the proposal, implications and ways that the impact could potentially be mitigated
- Review of capital receipts projections (sites, timings and values)

- 8.4 Underpinning these reviews will be the ethos that this Council wishes to:
- avoid compulsory redundancies for its employees wherever possible, though we cannot guarantee to protect every job;
  - safeguard vital frontline services and to protect the elderly, the young and the most vulnerable people in our Borough, but we cannot guarantee to protect every service that the Council currently provides;
  - work with residents, communities, partners and our workforce to find new ways of working and doing things differently and better with our communities.

## **9. 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 will complete its high level Equalities Impact assessment of the changes informed by the consultation process, when considering the final proposals for Cabinet in November

### **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 Council's policy planning and budgetary framework

### **Ward Implications**

Borough Wide Strategy.

### **Background Papers**

- RSG and other Government grant related papers,
- Council Plan,
- Service & Financial Planning Report approved by Council on 3<sup>rd</sup> March 2011.

**Report prepared by Ken Clarke, Head of Finance (01952) 383100, Richard Partington, Assistant Chief Executive (01952) 380130 and Felicity Mercer, Policy & Value for Money Manager (01952) 380136.**

## Appendix 1

### Proposals to deliver £1.2m savings in response to reduction of “Non-front-line schools grants”.

<b>Service Area</b>	<b>Proposed Saving £'000s</b>	<b>Rationale for Proposal</b>
Early Years and Childcare	172	This relates to delivery of non staffing savings identified as part of the service’s targeted 20% savings and without impacts on services provided.
Early Learning and Childcare - 2 Year Olds	71	No reduction in service - the reduction in funding allocated reflects the anticipated levels of demand based on the past 2 years data.
Integrated Youth Provision	120	One off funding to be used to offset savings requirements
Contact Point	77	Funding provided by Central Government via the Early Intervention Grant - development of this ICT based monitoring system has been discontinued by the Government and funding remains unallocated.
Youth Offending Service	100	Agreed early delivery of savings as part of the services targeted 20% savings
Targeted Mental Health in Schools	75	This was initially a pathfinder scheme ending March 2011. An evaluation of the outcomes identified best practice which will be embedded into mainstream services. The saving relates to vacant posts associated with the pathfinder service.
Single Status	120	A single status allowance has previously been made in all specific grant funded areas. In line with the Council's General Fund budget for Single Status this funding can be re-allocated in 2011/12.
One off balances within Children's areas	150	Some reduction in one-off balances held following review of potential commitments
School Improvement	50	Increased trading income from Primary School Improvement

School Improvement	50	Early consideration of the rationalisation of Transforming Learning budgets as per targeted 20% savings
Various SDUs	40	Small non staffing savings from various SDUs within Children's Service Areas
Other	175	Further work is currently being undertaken on Traded Services specifically the Schools Multicultural Service which may identify an increase in income dependant on the impact of Phase 2 restructure. Close monitoring and challenge of expenditure is likely to result in additional in year savings which may contribute to the £1.2m required in 2011/12.
<b>Total Savings Proposed</b>		
		<u><u>1,200</u></u>

**Budget Engagement**

Over the next few months, we will carry out an extensive programme of budget engagement to seek views on:

- The 2011/12 Budget Review proposals set out in this report; and
- Longer-term priorities and spending choices to help inform the development of our Budget Strategy for 2012/13 and beyond.

We will carry out this engagement programme alongside work to develop our approach to becoming a Co-operative Council and a new long-term vision for the Borough.

The proposed programme moves away from previous, more traditional approaches. Our aims are to:

- Engage with a wider section of the community;
- Give people an opportunity to get more involved at an earlier stage;
- Use a wider variety of engagement methods, including greater use of online tools, Twitter/Facebook etc;
- Give members and senior officers a greater role in engagement activities, so that people have the opportunity to give their views directly to the key decision-makers.

The budget engagement programme will include 4 key elements:

**a) Road-show**

The road-show will move around the Borough between July-September. At the road-show, we will:

- Promote different ways that people can get involved in the budget process and encourage people to attend meetings and focus groups (see b) below);
- Carry out some quick and interactive face to face engagement activities to give a 'snapshot' of views in different localities.

The road-show will go to a range of community events, such as Wellington Lions Day, Culture Fest, the World Heritage Festival in Ironbridge and smaller events and fun days. We will also have a planned programme that we will promote widely where we will go to all the Borough Town and District Centres, linking in wherever possible with market days and other peak periods (to include some evening and weekend sessions). We will also hold some sessions at buildings with access to the Council's network, such as leisure centres and libraries, so that people without Internet access have the opportunity to try out our new online tools (see d) below). The road-show programme will be developed in conjunction with ward members to ensure we are going to the right locations at the right times and members and senior

officers will be invited to take part. We will also monitor participation by ward so that we can add additional sessions to encourage residents in particular areas to get involved if necessary.

## **b) Meetings**

We will also carry out some more in-depth face to face engagement during September and October in order to have a fuller debate about the Budget Review proposals and longer-term priorities and spending choices. This will involve:

**Meetings with existing groups and forums** – in previous years, we have done this in January following the publication of the draft Budget Strategy. We are now proposing to start this dialogue earlier, giving these groups an opportunity to influence the development of the initial Strategy. We will extend an invitation to a wide range of groups and forums to meet with us. This will also involve meetings with the relevant Scrutiny Committee(s).

- **Open meetings and focus groups**– we will also encourage other local residents who are not a member of an established group to join this debate by attending open meetings. We may need to supplement the open meetings with additional targeted focus groups to ensure that the views of the whole community are represented. We will also hold a number of open meetings with Council employees.

## **c) Survey**

We will develop a short, user-friendly online survey, focusing on the 2011/12 Budget Review proposals. We will encourage more people to take part by carrying out the survey face to face at road-show events and we will explore the option of contact centre staff carrying out the survey over the phone.

## **d) Online Tools**

To inform the development of the longer-term Budget Strategy, we have developed two new online tools. These are:

- **Suggestion Box (launched 1 July)** - a facility for people to send in their savings suggestions via the Council's Website.
- **Budget Calculator (to be launched 27 July)** – an online tool where participants can 'set' their own budget by adjusting spending on a range of services and altering the Council's levels of borrowing.

We will promote both of these widely, particularly at road-show events (including offering people the opportunity to drop-in and try out the tools at a library or one of our other sites).

**TELFORD & WREKIN COUNCIL****CABINET – 26 JULY 2011****BUDGET & FINANCE SCRUTINY COMMITTEE – 27 JULY 2011****2011/12 FINANCIAL MONITORING REPORT****REPORT OF THE HEAD OF FINANCE****PART A) – SUMMARY REPORT****1.0 SUMMARY OF KEY ISSUES****1.1 2011/12 Revenue**

**Revenue spending for the year is projecting to be within budget at year end.**

Although within budget, the main pressures requiring close monitoring are:

- The cost of Adult Social Care purchasing which is projected to be up to £0.5m overspent even after offsetting additional NHS grants against the impact of the PCT's withdrawal of funding for some cases of continuing healthcare needs. Most of the cost of supporting those people then falls on the Council.
- The cost of Specialist Education – projected overspend of £0.482m which mainly relates to stated provision
- Income shortfalls – a projected shortfall of £0.5m, the majority relating to PIP rentals, planning fees and licensing fees
- Contractual Inflation – inflationary pressures totalling £0.595m have been identified

The cost of Looked After Children is projecting to be within budget, based on the current numbers and mix of placements. Benefits from active treasury management and the insurance renewal process are highlighted. We are clearly aware that the council will have an extremely challenging position for next year and it is essential that very tight control on spend is exercised during 2011/12.

**1.2 Capital**

The capital programme approved as part of the Service & Financial Planning Strategy for 2011/12 totals £105m and re-phasing of schemes from 2010/11 totalled £22.8m giving a total programme of £127.8m. Robust programme management and monitoring is in place to ensure schemes are delivered.

This report does not take in to account the changes proposed in the 100 day review of the Council's service and financial planning strategy

which are described in a report elsewhere on this agenda and which if approved will result in very significant revenue savings.

The capital programme funding includes around £80m of receipts anticipated to be delivered over the period 2011/12 to 2014/15. Failure to achieve, or delays to, the receipts will have financial implications for the Council and the position is being closely monitored and indications are that higher levels of receipts will be generated over the medium term than had been anticipated. Further information is provided in the Service & Financial Planning report on this agenda.

The Council has applied for a capitalisation direction which will allow one off severance costs associated with the delivery of ongoing savings to be spread over a number of years.

**1.3 Corporate Income Collection**

Collection levels for NNDR are ahead of target at the end of May; Council Tax collection is slightly behind target for May but ahead of performance at the same time last year; and sales ledger outstanding debt is outside target.

**1.4 Creation of One-off benefit to be rolled forward into 2012/13**

This report includes details of one-off benefits in the current year totalling £1.331m resulting from the New Homes Bonus grant which was announced after the budget for 2011/12 had been set, savings on insurance premia following a re-tendering exercise and treasury management benefits mainly resulting from slippage of expenditure from the previous financial year. It is proposed that these benefits should be rolled forward to create a one-off sum available to support the budget strategy for 2012/13. This figure will be increased by the further net revenue benefit in 2011/12 arising from any changes agreed to the capital programme following the consultation period on the 100 day review of the service and financial planning strategy.

**1.5 Use of Contingency**

After making provision for the rolling-forward of £1.331m underspends to create a one-off benefit to help support the budget for 2012/13 around £1.75m of the contingency is needed to balance the budget in the current year. This leaves more than £2m available in the contingency for the current financial year.

**2.0 RECOMMENDATIONS**

**2.1 Members are asked to**

- (i) Note that 2011/12 revenue spend is currently projecting to be within budget at year end**

- (ii) Approve the use of £0.595m of the contingency to meet contractual inflation pressures being experienced detailed in section 6.1
- (iii) Note that income collection is ahead of target for NNDR and slightly behind target for Sales Ledger outstanding debt and Council Tax
- (iv) Note that robust arrangements are in place to monitor the capital programme and capital receipts.
- (v) To roll forward £1.331m to help support the budget strategy for 2012/13.

### 3.0 SUMMARY IMPACT ASSESSMENT

<b>COMMUNITY IMPACT</b>	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	Delivery of all priority objectives depend on the effective use of available resources. Regular financial monitoring helps to highlight variations from plan.
	No	
<b>TARGET COMPLETION/DELIVERY DATE</b>	To outturn within budget at 31/3/12	
<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	Yes	The financial impacts are detailed throughout the report.
<b>LEGAL ISSUES</b>	No	None directly arising from this report. The S151 Officer has a statutory duty to monitor income and expenditure and take action if overspends /shortfalls emerge.
<b>OTHER IMPACTS, RISKS &amp; OPPORTUNITIES</b>	No	
<b>IMPACT ON SPECIFIC WARDS</b>	No	<i>Borough Wide</i>

### 4.0 PREVIOUS MINUTES

03/03/11 – Full Council, Service & Financial Planning Strategy

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

### **5.0 2011/12 REVENUE BUDGET**

**5.1** Spend is projected to be within budget at year end which includes use of £1.747m of the corporate contingency.

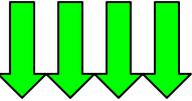
**5.2** Variations of more than £0.100m are detailed in section 5.3 for each Service Delivery Unit. The overall 2011/12 budget position is summarised in the table below :

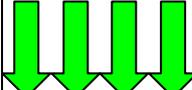
Service Delivery Unit	Accelerated Restructure Savings	Service	Total
	£	£	£
Safeguarding	0	268,524	268,524
School Improvement	0	481,999	481,999
Family & Community Services	(151,000)	(31,000)	(182,000)
Property & ICT	(19,974)	70,000	50,026
Economy & Skills	0	0	0
Environmental Services	(130,000)	(130,000)	(260,000)
Housing & Planning	0	225,000	225,000
Care & Support	0	500,000	500,000
Customer, Leisure & Libraries	(468,805)	(19,062)	(487,867)
Governance	(67,903)	(74,656)	(142,559)
Finance	(135,537)	(12,952)	(148,489)
Core Services	(414,937)	(130,398)	(545,335)
Council Wide	1,300,000	(643,680)	656,320
<b>Total Projected Variation</b>	<b>(88,156)</b>	<b>503,775</b>	<b>415,619</b>
Benefits to be rolled forward to 2012/13			1,331,000
Call on Corporate Contingency			(1,746,619)
<b>Projected Year End Position</b>			<b>0</b>

**5.3** Projected variances over £0.100m are highlighted below.

Key		
£0 to £100k	↑	 Underspend
£101+to £250k	↑↑	 Overspend
£251+to £500k	↑↑↑	
over £500k	↑↑↑↑	

Service Delivery Unit	Projected Variation £m	
<p><b><u>Safeguarding (Adults &amp; Children)</u></b></p> <p><b>Children in Care</b> – based on a total of 280 Children in Care (w.e. 24.6.11) and the current mix of placements spend is currently projecting to be within budget during the year. An additional £1.4m was invested in Looked After Children as part of the 2011/12 budget strategy.</p> <p><b>Agency Staff</b> – overspend arising from the use of agency staff employed until the end of August to cover vacancies. The use of agency staff will be continually reviewed throughout the year.</p> <p><b>Support for Children in Need/Legal Costs and Assessments</b> – payments made to promote the welfare of children in need. The actual cost is dependent on the type of cases that arise during the year.</p>	<p>-0.105</p> <p>+0.153</p> <p>+0.169</p>	<p></p> <p></p> <p></p>
<p><b><u>School Improvement</u></b></p> <p><b>Specialist Education</b> – the majority of the overspend relates to statemented provision, which reflects the costs of new statements and additional support hours. Costs in this area are volatile due to the constant updating of available information and the projection could reduce as the year progresses.</p> <p><b>School/Premature Retirement/Redundancy Costs</b> – due to the need to reduce costs and mitigate the ongoing financial pressure on schools. Current projections are based on information from HR on likely numbers and will be updated as appropriate to take into account redeployment etc.</p> <p><b>DSG</b> – underspent DSG from 2010/11 was carried forward to 2011/12 and any unallocated amounts could be used to offset the costs of Specialist Education Service provision.</p>	<p>+0.482m</p> <p>+0.200</p> <p>-0.200</p>	<p></p> <p></p> <p></p>

<p><b><u>Housing &amp; Planning</u></b></p> <p><b>Planning</b> – shortfall in planning fees due to the downturn in the economy.</p>	+0.150	
<p><b><u>Property &amp; ICT</u></b></p> <p><b>PIP Properties</b> – shortfall in rental and service charge income due to the high level of voids.</p> <p><b>Catering &amp; Cleaning</b> – various underspends on catering budgets.</p>	+0.250  -0.130	  
<p><b><u>Economy &amp; Skills</u></b></p> <p><b>Economic Development</b> – loss of grant funding for Education Business Partnership</p> <p>Mitigating action, including increased fees to offset grant reduction</p>	+0.257  -0.257	  
<p><b><u>Environmental Services</u></b></p> <p><b>Extreme Weather Grant</b> – one off grant from the Department of Transport</p> <p><b>Highways Improvement Works</b> – increased activity funded by Extreme Weather Grant</p>	-0.644  +0.644	  
<p><b><u>Care &amp; Support</u></b></p> <p><b>Purchasing budgets</b> – as anticipated the significant upward trend from 2010/11 continues in 2011/12. The reported overspend is against a gross purchasing budget of £29.2m across all client groups, including residential care, home care, day care and adult placements. The pressure is exacerbated by the withdrawal of funding by the PCT from clients previously receiving NHS funding due to their ongoing primary health need. These costs are now falling either on the individual or in most cases on Council budgets. This projection is over and above costs impacting and funded ongoing in previous years and reflects the full year impact of clients</p>	+2.500	

<p>reassessed by the PCT in 2010/11 and those reassessed in 2011/12. The position is being kept under close review and continues to be raised and discussed with the PCT.</p> <p><b>NHS Funding</b> – a mix of additional one off and ongoing funding from the Government and PCT to fund Local Authority Social Care, and having to be deployed against displaced PCT spending.</p>	-2.000	
<b>Core Services</b> – staff savings	-0.130	
<b>Contractual Inflation</b> - pressures due to the high level of inflation and contractual obligations – it is proposed that this is met from the corporate contingency (see para 6.1)	+0.595m	
<b><u>Items to be Rolled Forward to 2012/13 to create one off benefit</u></b>		
<b>Treasury</b> – benefits from the re-phasing of schemes from 2010/11 to 2011/12 and the impact of new investments taken early in the year	-0.466m	
<b>Insurance</b> – reduced cost of insurance renewals for 2011/12 – this figure may alter as work is underway to confirm the split between schools and the rest of the Council	-0.250m	
<b>New Homes Bonus</b> - Unringfenced grant	-0.615m	
<b><u>Total Rolled Forward to 2012/13</u></b>	1.331m	

5.4 The 2011/12 budget includes £1.3m benefit from accelerated staff savings which has been achieved.

## 6.0 CONTINGENCIES

- 6.1 The 2011/12 budget includes combined contingencies of £3.768m, which are set aside to meet any unforeseen expenditure. There are currently no approved uses of the contingency. However inflation has steadily increased over the past few months and RPI now stands at 5.2% and there is a request to release an element of the inflation contingency to meet the contractual inflation pressure being experienced.

	<b>£m</b>
General Revenue Contingency	1.596
Income/Contract Inflation Contingency	1.072
Additional One Off Contingency (held in reserves)	1.100
<b>Total Contingency</b>	<b>3.768</b>
<b>Proposed Use – recommended for approval in this report:</b>	
Contractual Inflation	0.595
In Year Use to Offset Variations	1.152
<b>Balance remaining in Contingencies</b>	<b>2.021</b>

## 7.0 CAPITAL

### 7.1 2011/12 Capital Programme

The capital programme approved as part of the Service & Financial Planning Strategy for 2011/12 totals £105m. Re-phasing of schemes from 2010/11 totalled £22.8m which was approved at Full Council on the 23 June 2011. Robust programme management and monitoring is in place.

- 7.2 The capital programme funding includes around £80m of receipts anticipated to be delivered over the period 2011/12 to 2014/15. Failure to achieve, or delays to, the receipts will have financial implications for the Council and the position is being closely monitored.

### 7.3 Capitalisation Direction

Nationally, the Government has made £300m available for capitalisation directions (i.e. not grants) to support Local Authorities who are making efficiency savings through organisational restructuring.

The Council's medium term financial strategy relies on the delivery of 20% savings from the planned restructure programme which is underway and has applied for a capitalisation direction, totalling £2.940m, from the Secretary of State to cover **statutory** redundancy costs incurred in 2011/12. The effect of this would be that the costs which would normally be treated as revenue spend could be funded from borrowing or from capital receipts instead, which would potentially spread the cost over a number of years.

In 2010/11 the total amount of capitalisation applied for nationally was significantly higher than the total available and authorities who bid for statutory redundancy costs only received around 38% of the amount they requested. It is very likely that a scaling factor will also be applied in the 2011/12 round.

Notification has been received that the application has passed the initial “gate 1” test – confirmation of the amount of capitalisation being granted will be announced at some point during July. The approval to capitalise statutory redundancy costs will lead to additional borrowing costs which will be built into future monitoring reports once confirmation of the direction is received. An indication of the cost of borrowing £2.940m is £0.079m in 11/12 and £0.232m ongoing.

## **8.0 REVIEW OF 2011/12 BUDGET STRATEGY**

8.1 Following the Borough elections and subsequent Annual Council in May 2011, the new administration committed, as one of its first priorities, to carry out a high level review of the Council’s Service & Financial Planning Strategy for 2011/12 within 100 days.

8.2 Proposals to revise the 2011/12 Budget Strategy are detailed in a separate report also being presented to Cabinet on the 26 July 2011. This includes a review of the capital programme. The implications of these proposals will be incorporated into the overall financial monitoring once approved.

## **9.0 CORPORATE INCOME MONITORING**

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

9.2 In summary, the overall position shows collection levels for NNDR ahead of target at the end of May; Council Tax collection was slightly behind the target, but ahead of performance at the same time last year and Sales Ledger debt is also behind target.

<b>INCOME COLLECTION – MAY 2011</b>			
	<b>Actual</b>	<b>Target</b>	<b>Performance</b>
<b>Collection Levels:</b>			
Council Tax Collection	20.08%	20.19%	0.11% Outside Target
NNDR Collection	24.24%	22.73%	1.51% Ahead of Target
<b>Debt Levels:</b>			
Sales Ledger	4.82%	4.50%	0.32% Outside Target

### 9.3 Council Tax (£59.2m)

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

Year end performance 2010/11	98.0%
Year End Target for 2011/12	98.0%

Performance is cumulative during the year and expressed against the complete year's debit. Performance to the end of May is behind the target set for this year but ahead of performance at the same time last year:

Month End Target	Month End Actual	Last year Actual
20.19%	20.08%	19.87%

### 9.4 NNDR-Business Rates (£66m)

The % of business rates for 2011/12 that should have been collected during the year. This target, as for council tax, ignores our continuing collection of earlier years' liabilities.

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

Year end performance 2010/11	99.1%
Year End Target for 2011/12	99.1%

Performance at the end of May is ahead of the month end target and performance at the same time last year.

Month End Target	Month End Actual	Last year Actual
22.73%	24.24%	23.84%

### 9.5 Sales Ledger (£43.6mm)

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

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

Age of debt	Annual Target %	May 2011	
		£m	%
Total	4.50	2.10	4.82

Overall outstanding Sales Ledger debt is outside target by 0.32%.

## **10.0 BACKGROUND PAPERS**

2011/12 Budget Strategy / Financial Ledger reports

Report Prepared by: Ken Clarke, Head of Finance – 01952 383100;  
Pauline Harris, Corporate Finance Manager – 01952 383701



### Summary of 2011/12 Projected Variations

Service Delivery Unit	Accelerated Restructure Savings £	Service £	Total £
Safeguarding	0	268,524	268,524
School Improvement	0	481,999	481,999
Family & Community Services	(151,000)	(31,000)	(182,000)
Property & ICT	(19,974)	70,000	50,026
Economy & Skills	0	0	0
Environmental Services	(130,000)	(130,000)	(260,000)
Housing & Planning	0	225,000	225,000
Care & Support	0	500,000	500,000
Customer, Leisure & Libraries	(468,805)	(19,062)	(487,867)
Governance	(67,903)	(74,656)	(142,559)
Finance	(135,537)	(12,952)	(148,489)
Core Services	(414,937)	(130,398)	(545,335)
Council Wide	1,300,000	(643,680)	656,320
<b>Total Projected Variation</b>	<b>(88,156)</b>	<b>503,775</b>	<b>415,619</b>

2011/12 Revenue Budget Variations						
Description		Budget	Accelerated Restructure Savings - VRs & Vacancies	Service	Comments	Flag for Service Variation
		£	£	£		
<b>Safeguarding</b>						
Children in Care	Placements	11,543,806		(105,315)	Based on all known CiC placements and projected for expected leave dates where known. Current numbers for w/e 24.6.11 are 280 CiC.	↓↓
Staffing	Agency	2,271,945		153,212	This is based on 15.3 FTE Agency staff being employed until the end of August offset by any vacancies covered by such staff. This projection will be updated in line with the continuous review of use and need for Agency staff throughout the year.	↑↑
Support for Children in Need/Legal Costs and Assessments	Various	224,390		169,284	This projection is based on last year's expenditure and will be subject to the type of cases that present themselves throughout the year, as yet unknown.	↑↑
Various				51,343		↑
<b>Total Safeguarding</b>			<b>0</b>	<b>268,524</b>		
<b>School Improvement</b>						
Specialist Education	Placements/Recoupment	(529,262)		86,268	This reflects a combination of the costs of T&W pupils with SEN placed within other LAs schools and the income derived from other LAs pupils placed in T&W schools. Any changes in numbers of pupils placed with us will result in a shortfall against income, any additional or increased needs in placements outside the Borough to other maintained schools will result in additional costs being borne by the Council.	↑
Specialist Education	Statemented Provision	289,916		395,788	Reflects expected costs of any new statements in year or any additional hours required. Projections in this area are volatile due to the constant updating of available information and this projection could reduce as the year progresses.	↑↑↑
Staffing	Premature retirement and redundancy costs for school staff	1,349,588		199,943	This reflects costs of schools' redundancies and premature retirements. These are due to the need to reduce costs to mitigate the continuing financial pressure on schools. Current projections are based on information from the HR service on likely numbers but will be revised as appropriate for redeployment etc.	↑↑
DSG				(200,000)	Unspent DSG has been carried forward from 2010/11 of which any unallocated amount could be used to offset the cost of Specialist Education.	↓↓
<b>Total School Improvement</b>			<b>0</b>	<b>481,999</b>		

2011/12 Revenue Budget Variations						
Description		Budget	Accelerated Restructure Savings - VRs & Vacancies	Service	Comments	Flag for Service Variation
		£	£	£		
<b>Family and Community Services</b>						
Early Intervention	Employees	2,016,147	(31,000)		Savings arising from posts held vacant in preparation for the restructure.	
Community Cohesion	Employees		(120,000)			
	Variations under £50k			(31,000)		↓
<b>Total Family and Community Services</b>			<b>(151,000)</b>	<b>(31,000)</b>		
<b>Property &amp; ICT</b>						
Property & ICT	PIP Rental Income	(5,996,480)		100,000	Projected shortfall in PIP rental income (2% of income target) due to high levels of voids in the current economic climate.	↑
Property & ICT	PIP Other			150,000	Other indirect variations due to void properties, including shortfalls in service charge and insurance recharge income	↑↑
Property & ICT	Client Agent	0		(50,000)	Income generated in excess of budget for Water Testing	↓
Property & ICT	Cleaning & Catering			(130,000)	Various underspends on catering budgets	↓↓
Property & ICT	Restructure Savings		(19,974)		Balance of annual salary budgets for two staff members (S Cox M Stevens) who took VR in 2010/11	
Property & ICT	Operational buildings			(75,000)	Savings delivered from first tranche of property rationalisation (part-year effect)	↓
				75,000	Part year costs of new Wellington Civic Offices	↑
<b>Total Property &amp; ICT</b>			<b>(19,974)</b>	<b>70,000</b>		
<b>Economy &amp; Skills</b>						
Economic Development	Education Business Partnership			257,000	Loss of YPLA grant	↑↑↑
Economic Development	Education Business Partnership			(257,000)	Actions taken, including increasing fees, to mitigate effect of grant loss	↓↓↓
<b>Total Economy &amp; Skills</b>			<b>0</b>	<b>0</b>		

2011/12 Revenue Budget Variations						
Description		Budget	Accelerated Restructure Savings - VRs & Vacancies	Service	Comments	Flag for Service Variation
		£	£	£		
<b>Environmental Services</b>						
Environmental Services	Section 106 lost interest			75,000	S 106 lost interest used to fund planned maintenance work on new development sites.	↑
Environmental Services	Planned work programme			(75,000)	Reduced work programme to mitigate above.	↓
Environmental Services	Rapid Response Team			40,000	Over-spend on rapid response gangs	↑
Environmental Services	Planned work programme			(40,000)	Reduced work programme to mitigate above.	↓
Environmental Services	Transport service review savings			(80,000)	Retendered subsidised bus contracts and reduced cost of demand responsive service	↓
Environmental Services	Waste			(50,000)	Various underspends on Waste	↓
Environmental Services	Environment & Open Spaces Restructure	(104,470)	(130,000)		Early delivery of 2012/13 salary savings target from Environment and Open Spaces after recruitment (in excess of target built into budget).	
Environmental Services	Grant Income			(644,541)	One off Government grant available - notified by the Department of Transport.	↓↓↓↓
Environmental Services	Grant Income			644,541	Cost of increased activity to spend above grant	↑↑↑↑
<b>Total Environmental Services</b>			<b>(130,000)</b>	<b>(130,000)</b>		
<b>Housing &amp; Planning</b>						
Housing & Planning	Planning	(1,007,450)		150,000	Shortfall in planning fees due to downturn in economy	↑↑
Housing & Planning	Building Control	(638,720)		75,000	Shortfall in building control fee income	↑
Housing & Planning	Public Protection	(352,860)		54,000	Loss of income from Taxi Licensing fees	↑
Housing & Planning	Public Protection			(54,000)	Mitigation to offset loss of income from licensing fees	↓
<b>Total Housing &amp; Planning</b>			<b>0</b>	<b>225,000</b>		

2011/12 Revenue Budget Variations						
Description		Budget	Accelerated Restructure Savings - VRs & Vacancies	Service	Comments	Flag for Service Variation
		£	£	£		
<b>Care &amp; Support</b>						
All adult client groups purchasing, including residential care, home care, day care, adult placements etc		29,155,200		2,500,000	The reported overspend is against the gross purchasing budget of £29.2m and represents the gap in the base budget for funding Social Care purchasing in adults. The pressure has arisen mainly because of the withdrawal of funding of clients funded by the PCT because of their primary health need. These clients, the cost of which which predominate in the Learning Disability client group, are now the responsibility of the Council to fund from Social Care budgets. The reduction in funding and increase in demand for financial support arising will add around £4.1m to the Council's base budget requirement in 2012/13, this is a cumulative sum which has been accruing over the past two financial years. This was revealed by a significant overspend in 2010/11 and in 2011/12 the full year impact of funding those clients reassessed in 2010/11, together with clients reassessed in 2011/12 will push this cost significantly higher. The LA is restricted in what it can do to make representation against the decisions to withdraw funding and only the client can appeal against the decision.	↑↑↑↑
Funding from one off Government allocations and funding allocated to the PCT for the purpose of funding LA Social Care				(2,000,000)	However action is being taken to raise the issue of the implications of the shunting of costs to the Council This funding has arisen from the allocation of one off funds to the Local Authority by the PCT and Government in 2010/11, and further resources announced in the December RSG settlement and passported through the PCT in 2011/12 and 2012/13. of around £2.1m in each year.	↓↓↓↓
<b>Total Care &amp; Support (Adults &amp; Children)</b>			<b>0</b>	<b>500,000</b>		
<b>Customer, Leisure &amp; Libraries</b>						
Customer Quality	Employees	331,410	(81,311)		Savings arising from posts held vacant in preparation for the restructure.	
Revenues & Benefits	Employees	2,705,600	(145,230)		Savings arising from posts held vacant in preparation for the restructure.	
	Supplies & Services	505,550		52,773	Over spends on computer software and printing within the billing team.	↑
Wellington Leisure Centre	Various	478,250		65,227	Impact of closure of site for 6 months due to capital works. This is being covered by a contribution from reserves.	↑
				(65,227)	Planned contribution from reserves which were set aside at the end of 2010/11 to cover anticipated closure costs.	↓

2011/12 Revenue Budget Variations						
Description		Budget	Accelerated Restructure Savings - VRs & Vacancies	Service	Comments	Flag for Service Variation
		£	£	£		
Telford Ice Rink	Various	292,240		38,965	Shortfalls against income targets offset by savings in operational costs. This is a part year impact assuming that the Ice Rink is still to be externalised on 1st October 2011. This is being covered by a contribution from reserves.	↑
				(38,965)	Planned contribution from reserves which were set aside at the end of 2010/11 to cover anticipated income shortfalls.	↓
Aspirations	Employees	248,180	(55,932)		Savings arising from posts held vacant in preparation for the restructure.	
Arthog	Employees	444,400	(71,607)		Savings arising from posts held vacant in preparation for the restructure.	
Leisure Management	Employees	166,610	76,182		Saving target for 2011/12 to be reallocated across services once restructure is finalised.	
	Variations Under £50k		(190,907)	(71,835)		↓
<b>Total Customer, Leisure &amp; Libraries</b>			<b>(468,805)</b>	<b>(19,062)</b>		
<b>Governance</b>						
	Variations under £50k		(67,903)		Savings arising from posts held vacant in preparation for the restructure.	
	Variations under £50k			(74,656)	Service variations contain an under spend of £37k in respect of members allowances and £27.5k additional income received from Land Charges.	↓
<b>Total Governance</b>			<b>(67,903)</b>	<b>(74,656)</b>		
<b>Finance</b>						
Finance	Employees	2,609,070	(74,598)		Savings arising from posts held vacant in preparation for the restructure.	
Employment Services	Employees	804,710	(60,939)		Savings arising from posts held vacant in preparation for the restructure.	
	Variations under £50k			(12,952)		↓
<b>Total Finance</b>			<b>(135,537)</b>	<b>(12,952)</b>		

2011/12 Revenue Budget Variations						
Description		Budget	Accelerated Restructure Savings - VRs & Vacancies	Service	Comments	Flag for Service Variation
		£	£	£		
<b>Core Services</b>						
All Services	Employees	2,731,920	(414,937)		Savings arising from posts held vacant in preparation for the restructure and restructure savings delivered early.	
	Variations under £50k			(130,398)	Mainly staffing savings due to officers not being at top of grade or officers not in pension scheme.	↓↓
<b>Total Core Services</b>			<b>(414,937)</b>	<b>(130,398)</b>		
<b>Council Wide</b>						
Treasury Management		(2,994,900)		(466,000)	£320k benefit from slippage on the capital programme and £136k additional interest earned from new investments.	↓↓↓
Insurance		970,470		(250,000)	Estimated benefit to the General Fund of reduced cost of the Council's insurance policies for 2011/12 - this figure may alter as further detailed work is underway to confirm the split between Schools and the rest of the Council.	↓↓
New Homes Bonus Grant				(615,000)	Additional grant awarded after the budget for 2011/12 had been set	↓↓↓↓
Revenues & benefits	Transfer Payments	60,560		72,778	NNDR Relief	↑
Customer, Leisure & Libraries	Variations under £50k			11,398		↑
Finance	Variations under £50k			(21,444)	Variations arising on bank charges, cash collection and benefits subsidy.	↓
Environmental Services	Lease Buyout Wheelie Bins			30,000	Cost of buying out leases for wheelie bins otherwise bins have to be returned. No service area budget to cover this cost	↑
Children & Young People				143,905	Contractual Inflation PFI, including a back-dated element of £85,890	↑↑
Environmental Services				450,683	Contractual Inflation Other	↑↑↑
			1,300,000		One-Off benefit of Voluntary Redundancies/Restructure savings delivered early included in base	
<b>Total Council Wide</b>			<b>1,300,000</b>	<b>(643,680)</b>		
<b>Total Variations</b>			<b>(88,156)</b>	<b>503,775</b>		

2011/12 Revenue Budget Variations						
Description		Budget	Accelerated Restructure Savings - VRs & Vacancies	Service	Comments	Flag for Service Variation
		£	£	£		
<b>Overall Variation</b>				415,619		

Key		
£0 - £100k	↑	●
£101 - £250k	↑↑	
£251 - £500k	↑↑↑	●
£501k and above	↑↑↑↑	



SCHOOLS CAPITAL PROGRAMME 2011/12

REPORT OF HEAD OF PROPERTY & ICT

**PART A) – SUMMARY REPORT**

**1. SUMMARY OF MAIN PROPOSALS**

To identify the proposed planned capital programme for schools for financial year 2011/12, in accordance with the budget strategy 2010/11 – 2011/12.

**2. RECOMMENDATIONS**

**2.1 That Cabinet approve the 2011/12 capital programme as identified in this report and in detail within Appendix A.**

**3. SUMMARY IMPACT ASSESSMENT**

<b>COMMUNITY IMPACT</b>	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	<i>Maintaining a good quality estate ensures that services which are delivered are consistent, and of high quality. This assists in the delivery of the following corporate priorities:</i> <ul style="list-style-type: none"> <li>• Children and Young People</li> <li>• Community Focused and Efficient Council</li> </ul>
	Will the proposals impact on specific groups of people?	
	Yes	<i>Where capital investment is made improvements for people with disabilities are undertaken to improve access to services.</i>
<b>TARGET COMPLETION/DELIVERY DATE</b>	<i>Projects will in the main be delivered during the financial year 2011/12 but the scale of some projects might result in slippage of payments from 11/12 to 12/13. Regular financial monitoring will identify projected position.</i>	
<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	Yes	<i>Funding for the planned programme of works is included within the approved capital programme for 2011/12, including slippage from 2010/11 as indicated in Appendix A.JAC 300611</i>
<b>LEGAL ISSUES</b>	Yes	<i>The Council has statutory responsibilities in respect of Health and Safety and Disability Discrimination legislation and specific advice can be given in this regard. All contracts must be awarded in accordance with the Council's Contract Procedure Rules and EU requirements, if applicable.</i>
<b>OTHER IMPACTS, RISKS &amp; OPPORTUNITIES</b>	Yes	<i>Where improvements are made to properties other opportunities for associated works are considered whilst the works are being undertaken to take account of economies of scale benefits.</i>
<b>IMPACT ON SPECIFIC WARDS</b>	Yes	<i>The capital programme has an impact on most of the Bough's wards and a breakdown is included in Appendix A.</i>

**4. INFORMATION**

4.1 The schools Capital Programme for 2011/12 has been reduced as part of the settlement from Central Government from the levels received in previous years. The number of funding streams has also been reduced and there are now only two main sources. Firstly, basic need which is funding that has been allocated according to relative need for new pupil places, based on forecast data provided by all authorities. Secondly, modernisation funding, which is the proportion of the funding available for capital maintenance and allocated to each authority by taking account of both school and weighted pupil numbers from the most recent data available. This particular stream is the one which is associated with the schools Asset Management priorities as managed by Property & ICT. Please see Appendix A for the full programme.

- 4.2 The 2011/12 capital allocations have seen the removal of separate funding streams which were previously available including the access initiative, early years and extended schools allocations. As a result of this decision, funding has been prioritised from the modernisation allocation specifically to support pupils individual access needs in order to address statutory Disability Discrimination Act (DDA) requirements.
- 4.3 The Council has a statutory duty to ensure the sufficiency of school places across the Borough and consequently a proportion of the basic need allocation has been prioritised to address this specific requirement. Whilst the Council has successfully delivered a number of excellent new build school mergers of Infants and Junior provision into a Primary school, it has on a number of occasions been able to remodel existing buildings to meet the essential requirements for the school. In some instances the work has involved enabling access between the two, separate buildings, providing a joint staffroom and enhancing the front entrance and common areas. This strategy is proposed to continue this year, with two further mergers recommended to benefit from such remodelling.
- 4.4 The Council also has a statutory duty to address serious Health & Safety priorities and funding has been identified in the programme to undertake essential asbestos removal work, replacement boiler schemes and the replacement of large items of heavy duty kitchen equipment, as well as undertaking demountable class base and roof replacement schemes.
- 4.5 In order to meet the requirements of the Private Finance Agreement (PFI) the Council is required to meet the cost of any 'notice of change' obligations that are required as part of the contract. Therefore funding is required to be set aside in order to meet this obligation. In addition, for those schools benefiting from the Building Schools for the Future programme a sinking fund has had to be established to ensure that essential lifecycle replacement and high level repairs & maintenance work can be undertaken. The standard to which this level of work is to be set has been prescribed by Partnership for Schools (PfS) and is at a higher level than the Council is currently able to commit to. Whilst the schools themselves will contribute both their own capital and revenue to the fund, there will be a need for a significant contribution from the Council in order to bridge the funding shortfall over the lifetime of the programme.

## **5. IMPACT ASSESSMENT – ADDITIONAL INFORMATION**

### **5.1 Community Impact**

The provision of new build, remodelled and well maintained buildings ensures that Council Services are delivered efficiently and with service continuity. Many of the key services are delivered from the Council's property portfolio including schools and are the first key point of interaction with customers within their community.

### **5.2 Equalities Impact**

Where possible as part of the design of new build school projects or major planned building capital maintenance investment programme, improvements to accessibility within schools is undertaken in order to adhere to the Disability Discrimination Act and the Council's Inclusion policy. Where improvements to existing facilities are being undertaken Equalities Issues (i.e. baby changing facilities) are also included as part of the scheme. This allows the Council to meet its targets for increasing accessibility.

### **5.3 Environmental Impact**

Environmental improvements are incorporated into all schemes where appropriate in an aim to reduce the Councils Carbon Emissions from operations as part of its Carbon Reduction Commitment Delivery strategy.

## **6. PREVIOUS MINUTES**

N/A

## **7. BACKGROUND PAPERS**

N/A

**Report prepared by Mal Yale, Capital & Facilities Manager, Property & ICT  
Telephone: 01952 38093**

## APPENDIX A - SCHOOLS CAPITAL PROGRAMME

Schemes	Funding Source	Total Capital Programme 2011/12	Funding Slipped from 2010/11	2011/12 Funding Allocations	Wards	Comments
		£'000	£'000	£'000		
<b>Modernisation &amp; Condition - Various Schemes 10/11</b>						
Mount Gilbert – replace roofing Panels	Grant	18	18	0	Malinslee	Serious condition problem leading to additional costs if not addressed.
<b>Modernisation &amp; Condition - Various Schemes 11/12</b>						
Apley Wood Primary - Electrical Sub-mains Upgrade	Grant	20	0	20	Apley Castle	Electrical sub-mains upgrades to support current loading issues and to address regular problems with power failure. The overloading of the existing supply is an H&S issue which would lead to school closure.
Asbestos Removals - Various Schools	Grant	120	0	120	Various	Work required to address serious Health and Safety issues following HSE visit. The Council has a legal responsibility to manage asbestos within its properties
BSF - Schools Facilities Management Sinking Fund	Grant	400	0	400	All secondary school wards	Funding required to establish a sinking fund to address Partnerships for Schools prescribed levels of R&M / lifecycle replacement in participating BSF schools over the lifetime of the programme.
Crudgington Primary - Land Purchase/ Essential associated works	Grant	80	0	80	Ercall Magna	To resolve on-going issues associated with the ownership of the school playing field and car park
Crudgington Primary - New biomass boiler	Grant	160	0	160	Ercall Magna	Essential replacement to address serious condition and H&S priority.
DDA Access Works & Equipment	Grant	280	0	280	Various	There is no longer a separate allocation of funding to address access priorities. Therefore a separate budget is allocated to address DDA priorities and meet the Councils statutory and legal obligations.
Donnington Wood CE Junior - Roofing repairs	Grant	100	0	100	Donnington	The asset is suffering from roof leaks which are affecting the delivery of the curriculum causing this school to be closed in the past. The works are to be undertaken in phases, over 3 years

Dothill Primary - Boiler Replacement	Grant	125	0	125	Dothill	Replacement of defective boilers. The investment will address a serious condition liability and deliver lower fuel / CO2 emissions and also ensure continuity of curriculum delivery. There are currently two boiler plant rooms which are both at the end of their physical and economic life.
Various schools - External Painting	Grant	120	0	120	Various	Preventative planned maintenance at prioritised schools to significantly reduce future capital expenditure on replacement buildings, curtain walling and windows etc. External painting and repairs to approximately 15 schools on a 4 year cycle
Various schools - Kitchen remodelling	Grant	90	0	90	Various	Remodelling of school kitchens and replace large items of kitchen plant which are a Health & Safety risk to operatives.
Energy Efficiency measures to address condition and H&S priorities - Various schools	Grant	150	0	150	Various	Energy efficient replacement measures to support Carbon Reduction Commitment to deliver revenue savings and reduce carbon tax.
Various schools – installation of fly Screens to kitchens	Grant	60	0	60	Various	Following occupational health inspections the need to address a serious problem of insect infestation in a number of school kitchens. The works have been prioritised over two phases and further funding is required in 2011/12 in order to meet the required health and safety standards.
Hadley PFI Sinking Fund	Grant	70	0	70	Hadley & Leegomery	To address contractual obligations associated with the PFI notice of changes.
Haughton School - Roof replacement/external DDA adaptations	Grant	60	0	60	Cuckoo Oak	Essential works to address serious condition priority and to enable the external areas to be totally accessible to all site users.
Hollinswood Junior - Main Entrance	Grant	25	0	25	The Nedge	Second phase of alterations to the main entrance to address accessibility problems and security in line with Asset Management Plan suitability survey.
Lilleshall Primary – H&S work	Grant	60	0	60	Church Aston & Lilleshall	Essential remodelling works to address Ofsted concerns over staffing and external H&S safeguarding risks.
Moorfield Primary School – Replacement roofing	Grant	140	0	140	Newport West	The proposal addresses roof leaks and includes insulation of the roof which will lower revenue heating expenditure.
Newport CE Junior – Heating work	Grant	30	0	30	Newport South	Works to resolve heating problems which adversely affecting curriculum delivery.
Redhill Primary – Remodelling work	Grant	30	0	30	Priorslee	Remodelling works to address Ofsted concerns over lack of resource space and to address access issues.
Queenswood Primary – External improvements	Grant	20		20	Ketley & Oakengates	Essential external grounds work to complete Community/Family project.
Various schools - Security Measures	Grant	80	0	80	Various	To reduce revenue expenditure due to vandalism and address safeguarding issues raised by OFSTED inspections.

Sir Alexander Fleming Primary -Guttering Replacement	Grant	30	0	30	Cuckoo Oak	Replacement of integral guttering located at the centre of the roof which is causing leaks and internal damage to the school.
Various schools - Tree Maintenance	Grant	60	0	60	Various	Emergency works to address serious risks following recent tree surveys on all school sites. Schools are contributing to the cost of this work.
Wombridge Primary - Drainage	Grant	35	0	35	Ketley & Oakengates	Replacement drainage to alleviate flooding problems to the rear of the school
<b>Sub Total –Modernisation and Condition</b>		<b>2,338</b>	<b>18</b>	<b>2,320</b>		
All schools - Devolved Formula Capital	Grant	526	0	526	All wards	Ring Fenced and devolved to schools- future years estimates - not yet confirmed allocation
<b>Basic Need 11/12</b>						
Grange Park Primary New Build/Remodelling	Capital Receipts	31	31	0	The Nedge	Existing demountables on Grange Park site only have temporary planning permission. A permanent solution is being assessed. This funding will contribute to the overall budget with future allocations also being required.
John Fletcher Junior/ Madeley Infant – remodelling	Grant	220	0	220	Madeley	To allow for the physical connection of the existing infant and junior school buildings and improve access and circulation.
Newdale Primary	Grant/Capital Receipts	722	270	452	Lawley & Overdale	To provide class base extensions in order to meet statutory obligations regarding the provision of pupil places. In addition there is a serious parking problem both off site and on the school premises which can only be resolved through the provision of additional parking places.
St Georges Primary - Replacement class bases	Grant	500	0	500	St Georges	To replace demountables which are in a very poor condition. The current accommodation is at the end of its life and has been an Asset Management Plan priority for a considerable time.
William Reynolds Primary - Adaptations	Grant	330	0	330	Woodside	To allow for the physical connection of the existing infant and junior school buildings and improve access and circulation.
<b>Sub Total - Basic Need</b>		<b>1,803</b>	<b>301</b>	<b>1,502</b>		
<b>TOTAL CAPITAL PROGRAMME 2011/12</b>		<b>4,667</b>	<b>319</b>	<b>4,348</b>		

**TELFORD & WREKIN COUNCIL**

**BUDGET & FINANCE SCRUTINY COMMITTEE– 27.07.11**

**2011/12 WORK PROGRAMME**

**REPORT OF SCRUTINY GROUP SPECIALIST**

**1.0 PURPOSE**

- 1.1 To enable Members to plan the work programme for the Budget & Finance Scrutiny Committee.

**2.0 RECOMMENDATIONS**

- 2.1 Members agree the issues the Budget & Finance Scrutiny Committee will scrutinise during 2011/12.

**3.0 PREVIOUS MINUTES**

- 3.1 N/A

**4.0 BACKGROUND**

- 4.1 The Scrutiny arrangements established in May 2011 and the process for selecting topics for the Scrutiny Work Programme enable each Scrutiny Committee to determine its own work programme within the resources available.
- 4.2 Scrutiny Assembly Members, Cabinet Members, Senior Officers, Town & Parish Councils and partner organisations were invited to put forward their suggestions for the 2011/12 Scrutiny Work Programme. A total of 57 suggestions were received. The Scrutiny Management Board met on 12<sup>th</sup> July to review the suggestions and to agree which Scrutiny Committee, or Scrutiny Committees for cross-cutting issues, would be responsible for each suggestion.
- 4.3 The agreed allocation of statutory scrutiny functions to the Scrutiny Committees is set out in the table below.

<b>Duty</b>	<b>Scrutiny Committee</b>
Scrutiny of NHS bodies and emerging health and social care structures	Health Adult Social Care

Crime & Disorder Reduction Partnership (Safer, Stronger Communities Partnership)	Scrutiny Management Board
Flood & Water Management	Scrutiny Management Board
Partners under LAA (under review)	Co-operative & Communities
Social Care referrals from the LINK	Adult Social Care
Scrutiny of Budget Proposals under the terms of the Council's Constitution	Budget & Finance

- 4.4 The Scrutiny Committees will determine the topics for their own work programme. Each Committee will consider the suggestions referred by the Scrutiny Management Board, relevant issues outstanding from previous scrutiny arrangements and any other suggestions the Committee members wish to put forward.
- 4.5 Other Scrutiny suggestions received during the year will be considered at the following meeting of the Scrutiny Management Board, or referred to the relevant Scrutiny Committee to consider at its next meeting.

## **5.0 SCRUTINY COMMITTEE MEETINGS**

- 5.1 Scrutiny Committees will hold meetings as appropriate to deliver the work programme and within the resources available. The Scrutiny Management Board will co-ordinate the allocation of resources where there are competing pressures.
- 5.2 Scrutiny Committee meetings will be held as public meetings whenever possible.

## **6.0 ISSUES FOR SCRUTINY**

- 6.1 The suggestions that were allocated by the Scrutiny Management Board to the Budget & Finance Scrutiny Committee are set out in Annex 1 below.

## **7.0 EQUAL OPPORTUNITIES**

- 7.1 Members will consider the equal opportunities implications of the issues identified for further scrutiny.

## **8.0 ENVIRONMENTAL IMPACT**

8.1 There are no environmental impacts directly arising as a result of this report.

## **9.0 LEGAL COMMENT**

9.1 The operation of the Scrutiny function of the Council is set out in Part 2, Articles 6 & 8 and Part 4, Section 5 of the Council's Constitution: Scrutiny Procedure Rules. These Rules provide at 3.1 and 3.3 that the Scrutiny Management Board will co-ordinate, oversee and monitor the delivery of the Scrutiny work programme and will allocate suggestions to the Committees and make recommendations about priorities. The statutory functions for Scrutiny are set out in paragraph 4.3 of Section 5. This report and its recommendations accord with the provisions of Part 4, Section 5 of the Constitution.

## **10.0 LINKS WITH CORPORATE PRIORITIES**

10.1 The Scrutiny Work Programme will link in with emerging priorities.

## **11.0 FINANCIAL IMPLICATIONS**

11.1 There are no direct financial implications arising from this report. Support for the co-ordination and preparation of the Scrutiny Work Programme is in the form of officer time which is funded from existing budgets.

## **12.0 OPPORTUNITIES AND RISKS**

12.1 The work of the Scrutiny Committees is a major opportunity for Members and Co-optees to influence the work and policy of the Council and partner organisations. In order to manage the Scrutiny work load effectively Members should identify the issues where Scrutiny can add the most value. Identifying too many issues for the Committee work programme will mean some issues will not be completed with the agreed timescales.

## **13.0 WARD IMPLICATIONS**

13.1 Borough Wide

Report prepared by Stephanie Jones, Scrutiny Group Specialist, 01952 383114

### SUGGESTIONS FOR THE 2011/12 SCRUTINY WORK PROGRAMME

Issues referred to the Budget & Finance Scrutiny Committee by the Scrutiny Management Board on 12<sup>th</sup> July 2011.

	<b>Key issue or service area</b>	<b>Area for Scrutiny</b>	<b>Comments from the Scrutiny Management Board</b>
1.	The challenging financial outlook for the Council and the need to make savings with as little impact on services to the community as possible	It would be helpful if in all individual scrutiny reviews and other scrutiny work members and co-optees could seek to identify any potential efficiency measures that could be implemented to reduce costs	<b>Refer to Budget &amp; Finance Scrutiny Committee</b>  <b>This should be underpinning criteria for all scrutiny reviews.</b>
2.	<u>Economy &amp; Skills Policy development</u> The need to make Council services 'business friendly' to encourage existing businesses to remain in the Borough and to attract new investment.  Depending on the issues that businesses have, they may be dealing with a number of officers on different issues – there is no 'client management' system to enable those officers to be aware of those other contacts or issues	One Business – single point of access for businesses to Council services. This would be the business equivalent of First Point for residents	Refer to Co-operative & Communities Scrutiny Committee  <b>Budget &amp; Finance to pick up budget issues</b>
3.	Economy & Skills	Could I also suggest that if the Co-operative Council approach is a subject of scrutiny, my Service Area's role in managing strategic relationships with the voluntary sector, and supporting enterprise development (this would include supporting the development of social enterprises, co-ops and mutual businesses to help deliver the Co-operative Council approach) could usefully be a part of that review?	Refer to Co-operative & Communities Scrutiny Committee  <b>Budget &amp; Finance Scrutiny Committee for savings aspects</b>  <b>To note as part of the work programme</b>
6.	Highway infrastructure	To consider 3 key components relating to strategic and operational issues within Highways: <ul style="list-style-type: none"> <li>Capital Programme 2012/2013, 2013/2014</li> </ul>	<b>Refer to Budget &amp; Finance Scrutiny Committee</b>  Suggested timing October / Early November 2011.