A MEETING OF THE
BOROUGH OF TELFORD & WREKIN

Will be held at REMOTE MEETING
on THURSDAY, 4 MARCH 2021
at 6.00 pm

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

Anthea Lowe

Associate Director: Policy & Governance

AGENDA

1. **Prayers and Reflections**

2. **Apologies for Absence**

3. **Declarations of Interest**

4. **Minutes of the Previous Meeting** (Pages 5 - 14)
   To confirm the minutes of the last meeting of the Council.

ANNOUNCEMENTS

5. **Leader's Report & Announcements**
   The Leader of the Council may give an oral report on matters of significance to the Borough, comment upon the Cabinet decisions or make any announcements.

6. **Mayor’s Announcements** (Pages 15 - 16)
   To note the Mayoral Engagements undertaken since the previous

Council meeting.

QUESTIONS

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

8. **Cabinet Decisions Made Since the Last Meeting of the Council** (Pages 17 - 18)
To receive the report on the Cabinet decisions made since publication of the last Council meeting agenda. Cabinet Members may speak on these decisions and Members may ask questions about key decisions of the relevant Cabinet Member for the purposes of clarification only. Members are asked to note the additional delegations to officers granted at those meetings.

9. **Councillor Questions On Notice**
To answer questions received under Council Procedure Rule 6.2.

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

DECISION-MAKING

10. **Service & Financial Planning 2021/22**

10.1 **Overview & Revenue Budget** (Pages 19 - 180)
10.2 **Capital Strategy 2021/22 and Capital Programme** (Pages 181 - 236)
10.3 **Investment Strategy Report 2021/22 and Treasury Strategy & Treasury Update Report 2021/22** (Pages 237 - 292)
10.4 **Prudential Indicators 2021/22** (Pages 293 - 302)
10.5 **Council Tax Formal Resolutions for 2021/22** (Pages 303 - 312)

11. **Monitoring Officer Annual Update** (Pages 313 - 320)

DEBATE

12. **Notices of Motion**

12.1 **Councillor L D Carter will propose the following Motion:-**
"This Council welcomes the Council's 4 year £50m Investment into Telford & Wrekin's Highways and calls upon the Government to

reverse the planned 21% cut to its Highways Grant Funding Allocation for Telford & Wrekin"

The Motion will be seconded by Councillor D Wright.

FILMING, RECORDING & PHOTOGRAPHY

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

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

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

PUBLIC QUESTIONS

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

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

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FULL COUNCIL

Minutes of a meeting of the Full Council held on Thursday, 14 January 2021 at 6.00 pm in Remote Meeting

Present: Councillors S Bentley, K T Blundell, A J Burford, S P Burrell, E M Callear, L D Carter, E J Carter, C Cassar, G H Cook, S Davies, N A Dugmore, A J Eade, A R H England, N A M England, R C Evans, V A Fletcher, I T W Fletcher, E J Greenaway, C Healy, V J Holt, M B Hosken, T L B Janke, A S Jhawar, J Jones, J E Lavery, A Lawrence, J Loveridge, A D McClements, R Mehta, K Middleton, L A Murray, T J Nelson, G L Offland, R A Overton, S J Reynolds, G C W Reynolds, S A W Reynolds, H Rhodes, K S Sahota, P J Scott, J M Seymour, C F Smith, M J Smith, B J Thompson, W L Tomlinson, K T Tomlinson, C R Turley, P Watling, D R W White and D Wright

111 Prayers and Reflections

The Reverend Matt Beer, representing Telford Ministry, said prayers.

112 Declarations of Interest

None received.

113 Minutes of the Previous Meeting

RESOLVED – that the minutes of the meeting held on 26 November 2020 be confirmed and signed by the Mayor.

114 Leader's Report & Announcements

The Leader noted that the country was now in a third period of national lockdown. He stated that the Council had continued to work hard supporting all those who had been affected by the pandemic and highlighted a number of schemes that had been undertaken in the Borough. The Council had opened a rapid testing facility at Oakengates Theatre, where any resident who did not have symptoms could get a test;- this was in addition to the NHS facilities within the Borough.

The Council had worked closely with the Environment Agency around flooding, particularly in Ironbridge Gorge, where there would be some changes made to the installation of the flood defences.

The Leader expressed frustration about the pace of the vaccination roll out in the Borough and stated that Council would work with the Government and the NHS to catch up to the national level. He stated that the Borough should not be behind national averages and would do everything in his power to support this effort.

115 Mayor's Announcements

The Mayor wished all Members and residents a happy new year. The Mayor noted the engagements that he had attended, as and when restrictions allowed, and highlighted his attendance at the WE and VJ film showing at Wellington Orbit and the opening of the new Foundry Gym.

116 Public Questions

The following question to E Callear, Cabinet Member for Leisure, Libraries and Culture was submitted by Richard Handley:

"While carrying out the redevelopment of Horsehay Pool could you consider allowing paddle boarding and kayaking to take place? At present there is no publicly available water to carry out these activities other than flowing water of the Severn in Telford. It would have lots of health benefits."

Councillor Callear, Cabinet Member for Leisure, Libraries and Culture responded to the question and advised that it was not possible to undertake such activities at Horsehay Pool due to the depth of water, as most of the pool had an average depth of less than 2 metres, however, the Council was engaging with partner agencies to look at other waters were such activities may be possible.

117 Cabinet Decisions Made Since the Last Meeting of the Council

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

2021/22 Schools Funding Formula

Councillor A Lawrence noted that this was clearly a good news story, as the funding had increased by £12m, but it was not clear how this money was split between the different funding blocks.

Councillor S A W Reynolds, Cabinet Member for Children, Young People, Education and Lifelong Learning stated that she would provide a written response to this question.

Councillor V A Fletcher stated that SACRE was due to review the curriculum of religious education in the Borough and asked if there had been a budget allocated to this.

Councillor S A W Reynolds stated that this budget would not be from the schools funding formula so she would provide a written response to Councillor Fletcher.

Service & Financial Planning 2021/22 Proposals

Councillor I T W Fletcher asked if the Council was planning to set a negative budget.

Councillor R C Evans, Cabinet Member for Council Finance and Governance, confirmed that the Council was not planning on submitting a negative budget. Due to technical difficulties, Councillor Evans stated that she would provide a detailed written response.

118 Councillor Questions On Notice

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

a) Councillor P J Scott asked the following question of Councillor S Davies, Leader:

'There is a lot of concern locally in the Newport area and the rest of the borough about the slowness of the Covid Vaccination roll out especially among the elderly and care homes. Other areas seem to be getting their vaccinations. The residents need some clarity. Can the leader tell me if he knows why the Wrekin area appears to be left behind whilst others are being prioritised?'

The Leader thanked Councillor Scott for the work he had been doing for the residents of Newport on this issue and stated that he shared Councillor Scott's frustration at the speed of the roll out of the vaccine. Less than 50% of care home residents in the Borough had a vaccination, which was not good enough. The Leader stated that a centre in Newport was planned and was due to open in February, with more details to be released shortly. The Telford International Centre site was due to open at the end of January and then a centre at AFC Telford.

b) Councillor K Middleton asked the following question of Councillor S Davies, Leader:

'During this health pandemic Telford and Wrekin council comms team and public health messaging has in my opinion been outstanding! Providing clear and concise guidance and information to residents, keeping them up to date in the form of social media posts, emails, letters, radio interviews and live Q&As, enabling them to engage and build confidence in our local public health message. We have all seen the negative impact of mixed messaging on how people respond and adhere to the guidelines. Do you agree that a vital part of fighting coronavirus is a consistent message to the public?'

The Leader replied that communication was very important and the Council was doing all it could to keep residents informed. The Council had regularly posted on social media and had written to every home in the Borough twice, with a third letter going out later this month.

As a supplementary question, Councillor Middleton asked the Leader what his message was in respect of the vaccine?

The Leader stated that the vaccine was safe, a life saver and that everyone should get the vaccine when they are called for it. There was no need to travel hundreds of miles to get vaccinated, centres were being set up in the Borough. He urged residents to follow the rules.

c) Councillor N A Dugmore asked the following question of Councillor A J Burford, Cabinet Member: Health & Social Care:

'Would the cabinet member for Health and Wellbeing please update the Council on the number of Covid vaccinations performed in Telford and Wrekin and Shropshire to date with comparative data for neighbouring authorities?'

Councillor Burford expressed his frustration with the speed of the vaccine roll out and noted that, nationally, the NHS had been guarded with data, as they are aware that the spread of vaccinations is patchy. From initial figures it looks as 1 in 4 over 80s in the Borough had been vaccinated. Councillor Burford stated that he hoped to see a rise in numbers once the local vaccinations centres had opened.

Councillor Dugmore asked if the Council had asked the NHS to supply the data when it was available.

Councillor Burford confirmed that the Council was just starting to get data through and a close eye would be kept on all the data.

d) Councillor N A Dugmore asked the following question of Councillor S Davies, Leader:

'Will the Leader confirm the names of the Group Leaders and their deputies on Telford and Wrekin Council?'

The Leader confirmed that he was the leader of the Labour Group, with Councillor Richard Overton serving as his deputy. The leader of the Liberal Democrat / Independent Group was Councillor Bill Tomlinson, with Councillor Thomas Janke as the deputy. Councillor Dugmore was the leader of the Conservative Group, and his deputy was Councillor Adrian Lawrence.

As a supplementary question, Councillor Dugmore asked if the inclusion of the independent councillor at leadership meetings conferred leadership status on this Member.

The Leader stated he was not sure what leadership meetings the Councillor was referring to. He noted that meetings had been held with Councillors Tomlinson and Dugmore. Other meetings had been held in respect of vaccinations, where the independent Member had attended, which, given the leading nature of his campaign and the cross party nature of the work, was thought to be right thing to do.

e) Councillor J Loveridge asked the following question of Councillor S A W Reynolds, Cabinet Member: Children, Young People, Education and Lifelong Learning:

'Could the Cabinet Member for Children, Young People, Education and Lifelong Learning confirm that following the government's recognition of the issues of home learning during school closures, that Telford & Wrekin schools were allocated laptops at the beginning of the Autumn term?'

Councillor Reynolds replied that during the first lockdown, the government promised that children would not be excluded from learning. The Council had received the first allocation of laptops, but while waiting for this to happen, had established their own scheme as children were falling between the gaps and there was a shortfall in the number of government issued laptops.

Councillor Loveridge asked if the laptops had now been delivered.

Councillor Reynolds stated that initially, the government slashed the number they would provide to a fifth of what had been announced. However, there had been a U-turn and the government had advised they would provide the full allocation of laptops.

119 Setting the Council Tax Base for 2021/22

Councillor R C Evans, Cabinet Member for Council Finance & Governance, presented the report of the Director: Finance & Human Resources (Chief Financial Officer).

RESOLVED that:

a) **The calculation for the tax base for 2021/22 as at paragraph 5.6 and Appendix 1 of the report be approved;**
b) **In accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI 2012:2914), the amount calculated for Telford and Wrekin Council Tax base for 2021/22 for its Special Fund Area shall be as per the appropriate parish amounts detailed in Appendix 1 for the parishes listed in paragraph 5.7 of the report**

120 Recommendations from Cabinet

(a) 2020/21 Financial Monitoring Report

Councillor R C Evans, Cabinet Member for Council Finance & Governance, presented the report of the Director: Finance & Human Resources (Chief Financial Officer).

RESOLVED that:

a) **the changes to the capital programme and the transfers to reserves detailed in Appendix 1 of the report be approved;**
b) **authority be delegated to the Chief Executive, following consultation with the Leader, to approve the uses of the Investment in Council Priorities Fund**

121 Notices of Motion

Councillor N A Dugmore formally moved, in accordance with Council Procedure Rule 7, the following Motion:

> “This Council calls for an immediate review of the relationship between Telford and Wrekin local planning authority and ATP the private planning consultancy established by this Council to avoid any perception that applicants paying to use this consultancy have an unfair advantage”

The Motion was formally seconded by Councillor I T W Fletcher.

In proposing the Motion, Councillor Dugmore stated that a review of the relationship between ATP and the planning department was needed, as he stated there was a perception that those who engage ATP are more likely to have their applications approved. Although it was the role of planning consultants to look at ways to overcome barriers to approval, Councillor Dugmore stated that there needed to be respect between Councillors and officers.

Various Members stated that serious allegations should not be made without proof, and that if such proof was available, this should be presented to the police or directly to the relevant officers. Councillor Wright stated that there were no double standards and that the Council carried out its duty within the law. Other Members clarified that ATP does not engage with the Planning Committee, the committee were advised by planning officers and legal advisors.

Members were advised that a new director had recently been appointed to oversee the planning department and that a review of ATP was underway, with a report due shortly.

A recorded vote was requested. The vote was as follows:

For: 12
Councillors S Bentley, S P Burrell, E J Carter, N A Dugmore, A J Eade, I Fletcher, V Fletcher, E J Greenaway, M B Hosken, A Lawrence, T J Nelson, J M Seymour

Against: 36
Councillors K T Blundell, A J Burford, E Callear, L D Carter, C Cassar, G H Cook, S Davies, A E England, N A M England, R C Evans, C Healy, V Holt, T L B

Janke, A Jhawar, J Jones, J Lavery, J Loveridge, A D McClements, R Mehta, K Middleton, G Offland, R A Overton, G C W Reynolds, S A W Reynolds, S J Reynolds, H Rhodes, K S Sahota, P J Scott, C F Smith, B J Thompson, K T Tomlinson, W L Tomlinson, C R Turley, P R Watling, D R W White, D Wright

Abstentions: 0

RESOLVED - that the Motion not be approved

Councillor S Bentley formally moved, in accordance with Council Procedure Rule 7, the following Motion:

> "Transparency through consultation with stakeholders and elected members is a key element of Local Government and should be fully incorporated into the decision making process of Telford and Wrekin Council."

The Motion was formally seconded by Councillor N A Dugmore.

Councillor P R Watling moved the following amendment, with additional words shown in bold and underlined:

"Transparency through consultation with stakeholders and elected members is a key element of Local Government and should be fully incorporated into the decision making process of Telford and Wrekin Council. **Our adherence to these principles is demonstrated by the results of our recent residents' survey, the current budget engagement and live local plan consultation and our ongoing commitment to our Co-Operative Council Values**."

The amendment was seconded by Councillor D Wright.

A vote was taken on the proposed amendment, which was carried, becoming the substantive motion.

At the end of the debate, a vote was taken on the amendment put forward by Councillor Watling which was CARRIED.

RESOLVED - that the amended Motion be approved

Members of the Health Scrutiny Committee and Councillor G Offland declared an interest in the following item and did not take part in the determination of the item.

Councillor N A Dugmore formally moved, in accordance with Council Procedure Rule 7, the following Motion:

> “This Council has no confidence in the Future Fit hospital reorganisation programme.”

The Motion was formally seconded by Councillor A J Eade.

Councillor A J Burford moved the following amendment, with additional words shown in bold and underlined:

“**<u>In line with motions passed previously by Telford & Wrekin Council (the latest at an extraordinary meeting called by the Labour administration in October 2019)</u>** this Council **<u>reiterates that it</u>** has no confidence in the Future Fit hospital reorganisation programme. **<u>We believe that the Covid pandemic should cause a rethink of priorities for the allocation of the £500 million plus that Future Fit will cost. There never was a good case for using most of this funding to prop up the crumbling infrastructure at the RSH at the expense of Telford and Wrekin's Women and Children's Centre (for which a strong clinical argument for its location at PRH was successfully made only 6 years ago) and a fully functioning A&E department at PRH. This plan makes even less sense now given the urgent need to consider investment priorities in the round in the light of the pandemic. We once again call upon our NHS colleagues to discuss with us an alternative plan without preconditions and we call upon both of our MPs (who welcomed the Future Fit announcement) to support the Council and its residents by joining us in this approach</u>**
<u>We ask that a joint letter signed by the leader and group leaders be sent to local MPs and NHS organisations declaring our lack of confidence in Future Fit and calling for them to engage with us on alternative plans for this investment.</u>”

The amendment was seconded by Councillor R A Overton.

A vote was taken on the proposed amendment, which was carried, becoming the substantive motion.

At the end of the debate, a vote was taken on the amendment put forward by Councillor Burford which was CARRIED.

RESOLVED - that the amended Motion be approved

The meeting ended at 8.45 pm

Chairman: --

Date: Thursday, 4 March 2021

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Agenda Item 6

B

MAYORAL ENGAGEMENTS
4 January 2021 – 23 February 2021

January	**21**	**M**	Holocaust Memorial Day Filming at the Remembrance Memorial, Ironbridge
February	**20**	**M**	Chinese Arts & Culture Centre Chinese New Year 2021 Gala via Zoom Conferencing
	23	**M**	West Midland Reserve Forces & Cadets Association Regional Briefing via Zoom Conferencing

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Agenda Item 8

TELFORD & WREKIN COUNCIL

COUNCIL – 4 MARCH 2021

MATTERS DETERMINED BY THE CABINET

REPORT OF CABINET – FOR INFORMATION ONLY

1.0 INTRODUCTION

This report sets out those matters determined by the Cabinet at its meeting on 18 February 2021.

2.0 CABINET BUSINESS

Matters that have been determined by Cabinet are listed below:

	2.1	18 February 2021
K	2.1.1	2020/21 Financial Monitoring Report
K C	2.1.2	Service & Financial Planning Strategy 2021/22
K	2.1.3	Procurement Strategy
NK	2.1.4	Creating a Better Borough – The Telford Land Deal
NK	2.1.5	Creating a Better Borough – The Telford Growth Fund
NK	2.1.6	Telford & Wrekin Safer Communities Programme
K	2.1.7	Safer, Cleaner Neighbourhoods Through Appropriate Use of Our Enforcement Powers
K	2.1.8	Draft Learning Disability Strategy

Key

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

3.0 DELEGATION OF POWERS GRANTED BY THE CABINET

REPORT HEADING	DELEGATION GRANTED TO	DETAIL OF DELEGATION GRANTED
2021/21 Financial Monitoring Report	Executive Director: Housing, Communities & Customer Services, after consultation with the Cabinet Member for Economy	To allocate £2m approved Housing allocation to support the council priorities of addressing the issue of stalled sites and empty properties across the Borough and the provision of specialist accommodation

REPORT HEADING	DELEGATION GRANTED TO	DETAIL OF DELEGATION GRANTED
Creating a Better Borough – The Telford Growth Fund	Director: Prosperity & Investment, in consultation with the Director: Finance & HR and the Cabinet Member: Council Finance & Governance	To consider businesses cases through the Fund

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

TELFORD & WREKIN COUNCIL

FULL COUNCIL – 4 MARCH 2021

SERVICE AND FINANCIAL PLANNING 2021/22 – 2023/24

REPORT OF THE CHIEF EXECUTIVE AND THE CHIEF FINANCIAL OFFICER

LEAD MEMBERS Cllr S. DAVIES and Cllr. R. EVANS

1. SUMMARY.

1.1 In October 2020, the Council's Cabinet agreed a refreshed Council Plan to deliver the organisation's vision to "**Protect, Care and Invest to Create a Better Borough**". The Plan sets out 5 revised priorities to deliver the vision:

- Every child, young person and adult lives well in their community
- Everyone benefits from a thriving economy
- All neighbourhoods are a great place to live
- Our natural environment is protected, and the Council has a leading role in addressing the climate emergency
- A community-focussed, innovative council providing efficient, effective and quality services

1.2 This report seeks approval of the Council's Service & Financial Planning strategy for 2021/22. This overview report, along with other linked reports on the agenda including:-

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

together, form the Council's overall Medium Term Service & Financial Planning framework and sets out the service priorities and budget for 2021/22.

1.3 On 5th March 2020 the Council approved a one year service and financial planning strategy for the current financial year. This strategy was set after more than a decade of severe financial constraint caused by the Government's sustained austerity programme. During this period, the Council has had to make ongoing savings of £126.4m in order to set a balanced budget due to significant cuts to the grants provided by Government whilst, at the same time, demand for many services has increased significantly as has the cost of delivering many of them.

1.4 After the Comprehensive Spending Review was announced in November 2020, the Financial Times reported that "*England's councils face austerity by stealth Sunak is giving local authorities extra flexibility to fund social care but council tax is struggling to replace central grants The Office for Budget Responsibility says 'replacing some grant funding for local authorities with increased local funding via council tax increases' will leave taxpayers paying an extra £1bn a year from 2021. UK chancellor Rishi Sunak appeared to make an attractive offer to English local authorities. He promised "extra flexibility" on raising funds for adult social care via council taxes "which together with £300m of new grant funding gives them access to an extra billion pounds to fund social care". But while this suggested the chancellor was being generous with central government funds, in fact it was simply a suggestion to local authorities that they raise council tax rates much faster than* inflation - *something they have been doing since 2016".*

1.5 The Government is therefore continuing the shift in responsibility for funding essential local government services from government grants to local council tax payers that has been in place for many years. **The LGA have said "*council tax represented 45 per cent of council core spending in 2010/11, but by 2020/21 it had risen to 60 per cent. Council tax rises - particularly the adult social care precept - have never been the answer to the long-term pressures faced by councils. Councils will still have to find savings to already stretched budgets in order to plug funding gaps and meet their legal duty to set a balanced budget in 2021/22."***

1.6 Councils are therefore faced with a stark challenge. After more than a decade of severe financial constraint which has forced significant budget savings (which in Telford & Wrekin Council's case have included increasing income from new commercial ventures such as NuPlace as well as significant budget cuts that have seen the workforce cut by over 1,600 posts) in order to meet the demand for services the Council will have to find more budget savings and also ask residents to pay more.

1.7 There is a high level of uncertainty over the future financial sustainability of councils. Some councils have already taken the unprecedented step of issuing section 114 notices, which freeze spending on all but essential items and require the council to reset its budget. Whilst Telford & Wrekin Council is not close to needing to issue a section114 notice, there are many uncertainties facing the Council, which has the lowest council tax for the services that we provide across the whole of the Midlands region. This comparatively low level of council tax is not sustainable in the current financial climate. Whilst the Council has a track record of robust and effective financial management, and has adopted, by necessity, more commercial approaches to generate additional income in order to invest in the provision of front line services for our residents, the scope for further budget savings is more limited than previously as many activities have already faced very significant reductions. However, this report puts forward new proposals that will deliver ongoing savings, including from additional income, of over £7m by 2022/23.

1.8 The Council agreed a one year budget strategy for 2020/21 because the Government were proposing to make major changes to the local government finance system which were due to be implemented from April 2021 and in addition no Government spending figures were available beyond the end of the current year. A medium-term Comprehensive Spending Review (CSR) was expected to be announced during 2020 which would have set out the Government's priorities over the medium term for public spending, taxation and the national budget deficit. However, due to the Covid-19 pandemic, and the uncertainties caused by this, the major planned reforms to the local government finance system have been postponed yet again with no date for implementation being announced. Due to the uncertainties arising from the pandemic, the CSR announced on 25 November 2020 again covers just a one year period. Therefore the long period of unprecedented uncertainty facing local government finance has been extended for at least a further year and has clearly been exacerbated by the impacts of the pandemic on the Council and our communities.

1.9 In view of this significant uncertainty over the future of local government finance and what resources may be available to the Council beyond next year, and the uncertainties caused by the pandemic a one year service and financial planning strategy is therefore also proposed for 2021/22. However, capital projects need to be planned over a longer time horizon in order to achieve our priorities and ambitions for the community that we serve and therefore capital investment proposals are included in this report for 2021/22 and the following two years.

1.10 Key points of the strategy include:-

Revenue Budget for 2021/22:-

- Council Tax in Telford & Wrekin is currently the lowest across the Midlands region for the services that the Council provides (please see Appendices 1 and 2 for council tax comparisons). The average Council Tax at Band D in the Midlands region is more than 14% higher than in Telford & Wrekin. The Council continues to face increasing demands for many services including Adult Social Care. Whilst the Government have stated for a number of years that they will publish a green paper on how the increasing demand for Adult Social Care services being seen across the country should be funded no proposals have been issued, but rather, the Government have again suggested that the cost is funded by council tax payers by the application of a further Adult Social Care precept. It is therefore proposed that Council Tax for 2021/22 is increased by 1.99% and that the Council applies the Government's additional 3% "Adult Social Care precept" which in their funding projections, the Government have assumed will be applied by all eligible councils. This would give a total increase of 4.99%, raising £3.64m in total. 4.99% would be the average increase across the whole borough in the Telford & Wrekin part of the bill but will vary slightly for individual households. This equates to £1.01 per week for the average property in the Borough (Band B) and would help build ongoing financial sustainability for the Council for the medium term at a time when there are many uncertainties facing the Council and its financial position in future years. **Even after this increase, the Council is still expected to have one of the lowest levels of council tax in the Midlands region and one of the lowest amongst all unitary authorities in England.** The increase in the total bill for each household will also be affected by the decisions of the Police & Crime Commissioner, The Fire Authority and individual town and parish councils.
- The Council recognises the financial pressures that many households also face and can offer support to those that will find this increase most challenging. In addition to the Council's council tax reduction scheme, the Council also offers an additional Council Tax Reduction Hardship Assistance Scheme for those residents that face very significant financial difficulties paying their council tax bill. The Council Tax Reduction Hardship Assistance Scheme is a discretionary scheme for which the Council receives no Government support but the Council will, this year, double the provision for this scheme to ensure that sufficient funding will be made available to cover all eligible claims.
- The Adult Social Care precept will raise £2.188m which will be fully invested in to Adult Social Care services to help fund increasing demands for, and the significantly rising costs of providing, these services. The Council's net budget for Adult Social Care next year will be over £47m
- The Council's net budget for Children's Safeguarding next year will be over £36m giving a total commitment to these two key areas of over £83m equivalent to over 60% of the total net revenue budget.
- Extra investment totalling £1m spread over 2021/22 and 2022/23 to support crime and anti-social behaviour initiatives over a two year

period. Along with partners, the Council has created multi-functional teams that work together to tackle issues of crime, disorder and quality of life within our towns and communities. Our approach continues to be data and intelligence led and allows the Council and its partners to have a robust approach in ensuring the borough is an even safer and cleaner place to live, work and visit. The Council is allocating this £1m towards delivery of a borough wide safer communities programme that will continue to build on the successful partnership with West Mercia Police and the Police and Crime Commissioner (PCC). This two year programme is in development with implementation focused on data and intelligence led decision making and engagement with partners. This comes on the back of a £250,000 allocation by the council in 2019 match funded by the PCC to improve CCTV coverage in the borough.

- In order to cover rising demand for many services, inflationary cost pressures and to fund the new investment, a package of budget savings, including additional income generated by the Council's commercial activities, totalling £5.9m in 2021/22 rising to £7.139m in 2022/23 is required, together with
- The prudent use of £0.173m of available revenue balances to ensure a balanced budget for 2021/22 whilst retaining sufficient flexibility for the uncertain future that we face beyond 2021/22.

Medium-Term Capital Programme:-

The medium term capital investment programme totalling £228.532m is summarised in the separate report also on this agenda and includes:-

- £65.3m further investment in to NuPlace – the Council's successful wholly owned housing company to provide good quality homes for rent, increasing the choice of homes available for people looking to rent from a high quality, responsible landlord with a commitment to providing secure long-term homes and will also regenerate some brown-field sites. Dividends paid by Nuplace together with other financial benefits including additional council tax and New Homes Bonus income will be used to help support key front line services including Adult Social Care and Children's Safeguarding. The Council has made a commitment to 'no return to rough sleeping' and continuing to provide an offer of accommodation to all rough sleepers or those threatened with having to sleep rough. Under this pledge, since March 2020, the Council has already provided emergency accommodation to over 350 individuals and supported over 250 into more permanent accommodation. Covid has also led to an increase in the number of individuals and families in the Borough finding themselves homeless or faced with homelessness. To increase the provision of suitable accommodation and support to enable rough sleepers to sustain a tenancy and strengthen the supply of temporary accommodation alongside addressing the existing level of reliance on B&B and leased in accommodation, it is proposed to temporarily re-purpose £3m of the capital borrowing approved for Nuplace to finance the acquisition and refurbishment of accommodation for vulnerable groups by the Council.

- £40.7m for transport and Highways schemes including improvements to the A442 (to complete a 4 year scheme commencing in 2019/20 costing over £10m in total), and funding for repair of potholes, footways, drainage schemes, street furniture, refreshing road markings, road safety schemes, parking and sustainable travel schemes. The Council's continued commitment to investment in our highways has seen a significant improvement to our network in recent years which has, in part, been supported by our ability to successfully bid for external funding to support many initiatives.
- £25.7m for education capital projects including investment in secondary school expansion projects to increase pupil places
- £9.95m into Stronger Communities Project, a package focused on bringing back key brownfield sites into use, as well as providing a stimulus to the delivery of Station Quarter the next phase of the transformation of Telford Town Centre
- £9.65m for additional investment in the Council's Property investment portfolio which will attract new jobs, and retain companies that may otherwise leave the Borough if suitable premises are not available. Profits, and additional business rates, from these investments will be used to help fund key front line services including Adult Social Care and Children's Safeguarding.
- £6.9m for Pride in Your High Street schemes
- £6.5m investment in the Newport Innovation & Enterprise Package
- £5m for Environmental Improvements/ Enhancements
- £4m for Climate change initiatives with £0.14m available in 2020/21, £1.86m in 2021/22 and £2m in 2022/23 to support work to reduce the Council's carbon footprint and partnering with government and others on other climate change projects.

1.11 The severe financial constraints that the Council has had to operate within during a decade of austerity have necessitated very active budget management and financial control by Cabinet Members and officers across the Council. The Council has demonstrated a consistent strong track record of sound financial management delivering a financial outturn within budget and unqualified audit opinions for well over a decade despite having to deliver £126.408m annual budget savings by the end of 2020/21, equivalent to £700 for every person living in the Borough, - without the need to implement any emergency spending control measures. The Council's external auditors have consistently reported that our arrangements for securing value for money are satisfactory and that the Council's current financial standing means that it is in a sound position to respond to challenges.

1.12 As stated above, when Full Council approved the service and financial planning strategy in March 2020, it was not considered appropriate or possible to set a detailed strategy beyond 2020/21 because the Government's Comprehensive Spending Review (CSR), which sets the Departmental Expenditure Limits for each government department, only extended to 2020/21 and as a result The Ministry of Housing, Communities and Local Government (MoHCLG) had only issued forward funding projections for councils to 2020/21.

1.13 A medium term CSR announcement had been expected during the autumn of 2020 which would have enabled a medium term settlement for local authorities to be announced by MoHCLG. However due to the uncertainties caused by the pandemic on 25 November 2020, the Chancellor, announced a further One Year CSR for 2020/21 and also announced that the medium-term Comprehensive Sending Review will be delayed for a year until sometime in 2021. Subsequently the Secretary of State has confirmed that implementation of the proposed changes to the local government finance system will all be deferred until at least April 2022 but very little information is available to indicate how this new system will operate and the impacts that the changes will have for individual local authorities. Indeed, it is unlikely that the Council will have any real clarity on its funding for 2022/23 and later years until we receive our settlement in December 2021, less than 4 months before the start of the financial year. The changes that will be implemented will potentially have very significant implications for the Council and are likely to include:-

- "Re-setting" the business rates system to reallocate the benefits of growth in the business rates base since April 2013 that have been retained by individual local authorities across the country,
- Potentially increasing the proportion of business rates income retained by councils, at a national level, to 75% but at the same time terminating other funding streams for example the remaining Revenue Support Grant and potentially Public Health Grant and/or transferring additional responsibilities to councils in order to retain "fiscal neutrality" at a national level.
- Implementing a new formula to assess the relative spending needs of all councils. This could potentially see significant shifts in resources across the country.
- Reviewing the New Homes Bonus system which is a significant funding source for Telford & Wrekin Council.
- Implementation of a transitional system to limit the amount that any council loses or gains from the introduction of these changes in any one year.

- Reflecting the implications of the Comprehensive Spending Review now expected in 2021 and the long awaited Adult Social Care green paper.

1.14 As information on the outcomes of the Comprehensive Spending Review, now planned for 2021, and how the new local government finance system will operate become available it will be possible to model the potential impacts on the Council and to develop a medium term financial strategy for the period 2022/23 to 2024/25.

1.15 Clearly, in addition to the uncertainties around the future national system of local government finance, the Council also faces additional uncertainties this year arising from the impacts of the pandemic. As there is a very high degree of uncertainty over the future financial outlook for the Council, it is essential to retain as much financial flexibility as possible by retaining uncommitted one-off resources which can be used to support the budget pending the identification of further ongoing savings, if these are required, and by minimising additional ongoing financial commitments as far as possible. This strategy therefore takes a prudent approach to the use of one-off resources, balanced against the need to make some ongoing savings and has limited the allocation of additional new investments to our highest priorities.

1.16 The Council has faced a very protracted period of severe financial constraint as the Government has sought to reduce the national budget deficit in recent years. The national financial position has now been severely impacted by the Government's response to the impacts of the pandemic with the national budget deficit for 2020/21 reaching record levels. In recent years, the Government has protected many areas of public spending, notably the NHS, but not local government and it has been well documented that the cuts to local government have not been applied uniformly across the country but have hit areas with greater social need harder than average. The Council will have delivered £126.4m p.a. of ongoing budget savings by the end of the current financial year which is equivalent to around £1,600 less to spend each year on delivering services for every household in the borough or £700 for every adult and child. The Council has sought to make these savings in ways that protect front line services as far as possible and, where services to the public are affected, to do this in as compassionate a way as possible by looking to find new sources of income and by working hard to identify any alternative ways to work in partnership with other local organisations to ensure continuing service provision. The Council will continue with this approach.

1.17 Despite the significant budget savings that we have had to make, the Council is still a large organisation delivering many services to local people and it is essential that we use our remaining revenue and capital resources as effectively as possible to deliver the greatest possible benefit for local people.

1.18 The provisional Local Government Finance Settlement for next year was announced on 17 December 2020. This will see the Council's Revenue Support Grant increase by just £0.055m. Whilst New Homes Bonus grant will see a reduction of £2.85m (or more than 40%), no announcement had made for Public Health grant or a number of other grants at the time of drafting the report to Cabinet on 7 January.

1.19 The final settlement was received on 4 February 2021 which confirmed the figures for this Council in the provisional settlement as unchanged. Details of a number of other grants totalling over £12m. had still not been received at the time of drafting this report. Therefore, estimates for the outstanding grants have been made and are included in the budget assumptions. It is therefore necessary to approve a delegation to the Director: Finance & H.R. to amend the use of balances in 2021/22 to accommodate any difference in funding between that currently assumed and the final grant allocations after consultation with the Cabinet Member for Council Finance, Partnerships and Commercial Services.

1.20 In the CSR, it was announced that for 2021/22 councils would be allowed to increase Council Tax by up to 2% before a referendum was held plus 3% in respect of the Adult Social Care (ASC) precept. The ASC precept increase can potentially be phased in over 2 years. However, in announcing the funding available for councils next year, the Government have assumed that all eligible councils implement the full increase next year. For Telford & Wrekin, this would give a maximum increase of 4.99% next year which is equivalent to £1.01 per week for the average property in the Borough (Band B). A general council tax increase of 1.99% would raise around £1.4m and the ASC precept could raise just under £2.2m. After many years of severe financial constraint and with the need to make significant additional funding available for Adults, Cabinet Members have very carefully considered the options available to the Council. Given the £126.4m budget savings made over the past decade it is increasingly difficult to find further savings that do not have unacceptable impacts although this report does contain proposals for a further £5.9m of savings next year. Additionally, given the uncertainty facing the Council's future financial position and the need to find a sustainable ongoing solution to the funding challenges that we face use of remaining one-off resources has to be limited. This leaves council tax which currently is lower in Telford & Wrekin than anywhere else in the Midlands region for the services that this council provides. (Please see Appendices 1 and 2 for comparative information). We appreciate that local residents also face difficult choices in managing their household budgets, particularly given the impacts of the pandemic, but having considered the options available to us, the Council is reluctantly proposing to increase council tax by 4.99% for next year. This comprises the 3% Adult Social Care precept (which will be used to increase the funding available for adult social care) and which the Government have assumed we will apply and a general council tax increase of 1.99%. The council offers reductions to council tax bills for residents on low incomes through its council tax reduction scheme and in addition has a Council Tax Reduction Hardship Assistance Scheme available for those that face the greatest hardship, the provision for which will be doubled next year.

1.21 The Council is firmly of the view that encouraging councils to increase Council Tax bills is no way to deal with the considerable national pressures of funding care of older people and that the Government needs to identify additional funding to cover these costs which will continue to escalate for the foreseeable future. In Telford & Wrekin a 1% Council Tax increase raises just £0.7m because Council Tax levels are comparatively low, as demonstrated in Appendices 1 and 2, and because the average property in this area is in Band B. Many wealthier parts of the country would raise significantly more from a 1% Council Tax increase as they will have many more properties in higher Council Tax Bands and generally tend to have better health and more "self-funders" and consequently have lower levels of demand for council-funded care. These views were endorsed by the chairman of the Local Government Association, Cllr James Jamieson, who has said: "Council tax rises – particularly the adult social care precept – have never been the answer to the long-term pressures faced by councils, particularly in social care, raising different amounts of money in different areas, unrelated to need. It is not the long-term solution which is desperately needed".

1.22 The Council has consistently said that it will continue to protect the most vulnerable in our society and prioritise the protection of services to vulnerable adults and children in our community. The Council is committed to ensuring that we always meet the assessed needs of vulnerable people but this does not mean that we can continue to deliver the same services in the same ways. We have to make changes but will always place priority on these essential services and will not let financial pressures due to Government cuts mean that we fail to meet the assessed statutory needs of the most vulnerable. To do this, we have also had to be innovative in identifying ways to generate more income to fund key front line services as well as seeking to address key issues for the Borough such as economic regeneration and improving housing standards in the private rented sector, examples include:-

- The total revenue benefit to the Council from NuPlace after covering all additional costs, last year was £1.176m.
- NuPlace Ltd. made a pre-tax profit of £0.573m in 2019/20 which is expected to be slightly higher in 2020/21 and has increased the availability of high quality homes in the private rented sector managed by a committed and responsible landlord. In addition, Council Tax and New Homes Bonus payments are estimated to have generated an additional £2.3m cumulatively to the end of

March 2021 in total based on current build projections and NHB payment arrangements.
- Our solar farm generates a surplus after paying all costs of £200k pa.
- Our Telford Growth Fund continues to deliver ahead of expectations, attracting new and retaining existing jobs in the borough. Total revenue is projected to be £2.8m this year for the schemes committed to date (expected to increase to £3.3m for the schemes currently approved in a full year)
- Total income from our Commercial Services teams amounted to £21.2m last year.

The net benefits from these investments are used to support front line services.

2. ROBUSTNESS OF THE BUDGET STRATEGY.

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

2.2 **Appendix 10 gives a more detailed view, but overall, given the continued delivery of savings which will total £126.4m by the end of this year, the long-term service redesign, particularly in relation to Adults and Children's services, the more commercial approach being adopted and the investment being made in the borough, It is considered that the Council is pursuing a sound financial strategy in the context of both the pandemic and the most prolonged and challenging financial position it has ever faced due to the combined long-term effect of Government grant cuts and increased service pressures. Further, it is considered that the Council maintains an adequate level of reserves and provisions and has an appropriate medium term strategy for the use of reserves.**

3. RECOMMENDATIONS.

3.1 Members are asked to approve the following recommendations for consideration by full Council on 5 March 2020:-

1. To approve the service and financial planning strategy for 2021/22 set out in this set of reports.
2. To approve a Council Tax increase of 4.99% (made up of 3% in respect of the Government's Adult Social Care Precept and a general Council Tax increase of 1.99%) in 2021/22.

3. To approve the investment of a further £2.375m into Adult Social Care in 2021/22.
4. To approve the investment of £0.5m in crime and anti-social behaviour measures in both 2021/22 and 2022/23.
5. To approve the budget savings listed in Appendix 13 totalling £5.900m in 2021/22 rising to £7.139m (after "leakage") in 2022/23.
6. To approve taking a measured approach to the use of available one-off resources of £0.173m in 2021/22.
7. To approve the continuation of work with partner organisations, including Town & Parish Councils and Voluntary Sector and Community Groups to seek to identify ways to mitigate the impact of some of the cuts to services that we can no longer afford and to note the availability of the £1.1m Invest to Save & Capacity Fund which is available to support partnership working.
8. To approve the base budget in Appendix 6.
9. To approve the policy framework for Reserves and Balances outlined in Appendix 9.
10. To note the CFO's robustness statement in Appendix 10.
11. To approve the Risk Register included at Appendix 3.
12. That Cabinet endorses the Council Tax Reduction Scheme included within Appendix 14, for adoption by Full Council on 4 March 2021, ready for implementation from 1 April 2021.
13. That Cabinet approves the continuation of the Council Tax Reduction Hardship Assistance Policy, including an addendum for 2021/22, within Appendix 14.
14. To approve the revenue implications of the medium term capital programme for the period 2020/21 - 2023/24 set out in the Capital Strategy and Programme reports also on this agenda.
15. To grant delegated authority to the Director: Finance & Human Resources, after consultation with the Cabinet Member for Finance & Governance to action any virements required following the final allocation of the Dedicated Schools Grant and other related Grants and following completion of NNDR1 and final estimates of Business Rates Income as long as they are within the budget and policy framework.
16. To approve the allocation of £9.65m from the Regeneration and Investment Fund to support the Property Investment Portfolio's Growth Fund, and gives delegated authority to the Director, Prosperity and Investment after consultation with the Director: Finance & H.R. and the Cabinet Member for Finance & Governance to consider business cases through this fund.
17. To approve the temporary re-purposing of £3m of the capital borrowing approved for Nuplace, to finance the acquisition and refurbishment of accommodation for vulnerable groups by the Council with authority to allocate this funding to specific schemes delegated to the Director:

Housing, Employment & Infrastructure after consultation with the Cabinet Member for Economy, Housing, Transport & Infrastructure.

18. To grant delegated authority to the Executive Director: Adults Social Care, Health Integration & wellbeing after consultation with the Cabinet Member for Health & Social Care, to enter into appropriate Section 256 and Section 75 Agreements under the NHS Act 2006 (as amended).
19. To authorise the Director: Policy & Governance to execute all necessary contract documentation including the affixing of the common seal of the council as appropriate to enable the council to enter into appropriate Section 256 and Section 75 Agreements under the NHS Act 2006.
20. Members are asked to approve the option to extend the IGMT loan repayment period as outlined in section 27.1 of this report and terms to be delegated to the Director: Finance & HR and the Director: Prosperity & Investment after consultation with the Cabinet Member for Finance & Governance.
21. To approve this suite of service and financial planning reports as the Council's Efficiency Strategy for 2021/22, including the summary document at Appendix 16, to enable new capital receipts generated in the six year period starting 1 April 2016 to be used to fund the revenue costs of reform as assumed throughout these reports.
22. To note the initial projections for the potential budget gap through to 2023/24 and to start work in order to identify options for how this could potentially be bridged.
23. To approve that once all final outstanding grant allocations are received, authority to amend the use of balances in 2021/22 to accommodate any difference in funding between that currently assumed and the final grant allocations be delegated to the Director: Finance & H.R. after consultation with the Cabinet Member for Finance & Governance.
24. To approve the Pay Policy for 2021/22 included as Annex 2 of Appendix 15
25. To approve the additional recommendations contained in the other reports included in this suite of service & financial planning reports included on this agenda.

3.2 Final decisions will be taken by full Council on 4 March 2021 which will agree the budget and Council Tax levels across the Borough for 2021/22.

4. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific priorities?	
	Yes	*The service and financial planning strategy is integral to ensuring that available resources are used as*

		effectively as possible in delivering all corporate priority outcomes.
	Will the proposals impact on specific groups of people?	
	Yes	*The proposals contained in this report will impact on specific groups of people. An initial Impact analysis, on the savings proposals, highlights limited equality, environmental and economic impacts further work will be undertaken to identify and mitigate adverse impacts as far as possible and to maximise beneficial impacts. We screen all savings proposals for potential equality impacts relative to the General Equality Duty and will carry out further impact analysis where appropriate, prior to any decisions being taken. Details of this screening and impact analysis process will be included in reports to Cabinet as appropriate*
TARGET COMPLETION/DELIVERY DATE	*Public consultation took place between 8 January 2021 and 7 February 2021. The proposals contained in the report were also subject to Member scrutiny during this period. Final proposals will be considered by Full Council on 4 March 2021. The final agreed recommendations will be implemented during 2021/22 and future years.*	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	*This report sets out the service and financial planning strategy for the Council for 2021/22.*
LEGAL ISSUES	Yes	*This report develops the proposals for the Council's budget and policy framework which will be consulted upon in accordance with the Policy Framework & Budget Procedure Rules contained in the Constitution. In accordance with the relevant provisions of the Local Government Finance Act 1992, the Local Government Housing Act 1989, the Local Government Act 2003 and the Localism Act 2011, the Council has to set a balanced budget for 2021/22 before the 11 March 2021 and has to have regard to the advice provided by*

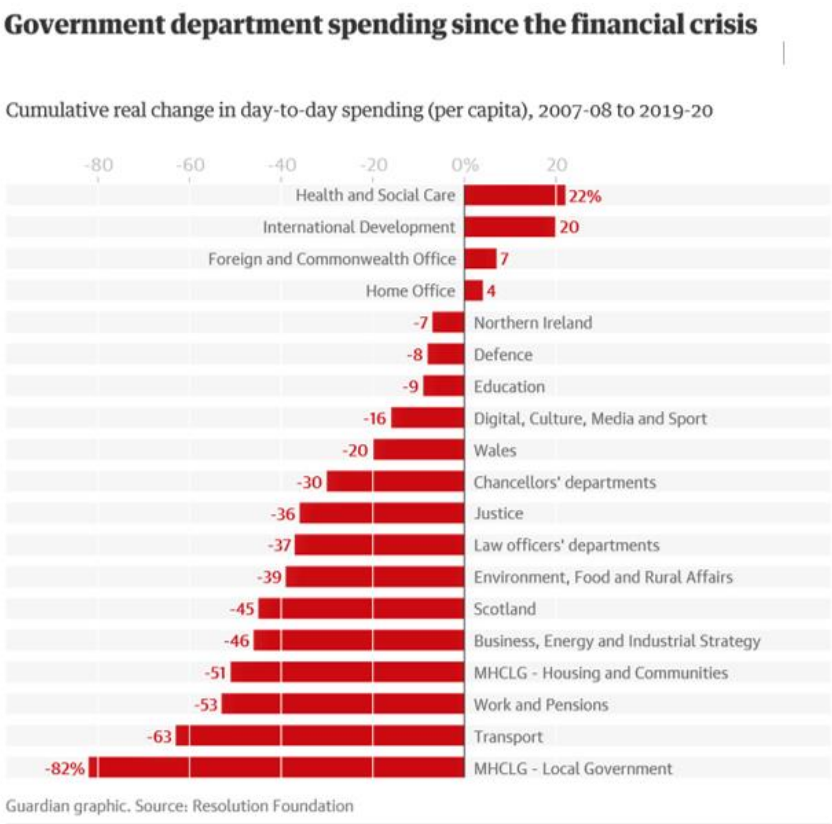
		the s.151 officer (Chief Finance Officer) on the robustness of the budget and the adequacy of reserves supporting the budget before doing so.
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	*This report sets out the strategy framework which includes consideration of corporate risks – particularly in relation to the availability of balances. The updated corporate risk register of strategic risks is included as Appendix 3.* *Environmental assessment is a procedure that ensures that the environmental implications of Council decisions are taken into account. The principle is to ensure that plans, programmes and projects likely to have significant effects on the environment are made subject to an environmental assessment.* *The Environmental Assessment aims to provide a level of protection to the environment and to contribute to the integration of environmental considerations into the preparation of projects, plans and programmes with a view to reducing their environmental impact. The environmental assessment provides information on the environmental impacts of the budget proposals. Overall, on balance the environmental assessment of the budget proposals is expected to be positive.* *The economic impacts of the proposals are expected to be broadly positive in 2021/22 given the capital and revenue investments outlined in the report and the Council's "business winning, business supporting approach".*
IMPACT ON SPECIFIC WARDS	No	*Borough-wide impact.*

5. PREVIOUS MINUTES

- Full Council 5 March 2020 – Service & Financial Planning 2020/21 – 2022/23
- Cabinet 7 January 2021 – Service & Financial Planning 2021/22 – 2023/24.
- Full Council 14 January 2020 – Setting The Council Tax Base for 2021/22
- Audit Committee 28 January 2021 - 2021/22 Treasury Strategy and Treasury Update Report

6. NATIONAL CONTEXT.

6.1 When the coalition Government was formed in May 2010 they committed to eliminating the national budget deficit which required very significant cuts in public spending – although even now there is still a national budget deficit. Since 2010 however, the Government has also protected many areas of public spending – but not local government. Councils have therefore faced very significant reductions, much greater than almost all other Government funded services. The graphic below was published by the Guardian Online on 4 September 2019 and shows that Government support for local government fell by 82% between 2007/08 and 2019/20:-



6.2 At the same time, Adult Social Care and Children's Safeguarding services, in particular, but also other local government services have faced significant additional pressures e.g. from the increase in the number of older people needing access to social care services and specialist care.

6.3 The Local Government Association (LGA) has previously highlighted that English councils will have had to deal with £16 billion of reductions to Government grant funding by the end of 2020. Nor have these reductions been distributed evenly across the country, with many of the councils with greatest social need receiving the greatest cuts as demonstrated in work undertaken for the LGA by the Institute for Fiscal Studies.

6.4 The National Audit Office (NAO) have calculated that there have been "substantial real terms falls in government funding (for local government): A 49.1% reduction between 2010/11 to 2017/18 and a 56.3% reduction by 2019/20." The Government are assuming that councils will increase Council Tax by the full Adult Social Care precept and to the maximum of the referendum limit – this is a direct transfer of the responsibility for funding local government services from grants provided by central government to council taxpayers regardless of the ability of local taxpayers to fund these increases. As a Council with a low level of Council Tax (see appendices 1 and 2) and the majority of properties in Bands A and B a 1% Council Tax increase raises significantly less than in an area which has a high level of Council Tax and has a large proportion of properties in higher Council Tax bands.

6.5 The last medium term CSR was announced by George Osborne in November 2015. This set out the Government's spending plans and priorities for 2016/17 to 2019/20 and set out expectations for economic growth, inflation and tax receipts during this period. A further CSR was due to be announced during 2019 but was deferred until 2020. Due to the impacts of the pandemic, this has been deferred again, until later in 2021, although no specific date has yet been announced.

6.6 However, the Chancellor, Rishi Sunak did announce a one year Spending Round for 2020/21 on 25 November 2020. Key points in this included:-

- Core Spending Power for local authorities is forecast by the Government to rise by 4.5% in cash terms next year. This is worth an estimated additional £2.2bn in funding for local government services but is dependent on all eligible councils increasing council tax by the maximum permitted percentage. Within this, councils will have access to an additional £1bn for social care next year, made up of a £300m social care grant and a 3% ASC precept. The additional £1bn of grant funding announced at Spending Review 2019 for Adult and Children's

Social Care will be continuing, along with all other existing social care funding.

- COVID-19 - The Government announced another £1.55bn of unringfenced grant for the pressures expected to emerge in the first few months of 2021/22. Councils will also continue to see a significant loss in income, which is why the current Sales, Fees and Charges scheme (which refunds 75% of eligible income loss beyond a 5% threshold) is being extended on a pro-rata basis into the first three months of the next financial year.
- Tax Income Guarantee Scheme for 2020-21 - a new reimbursement scheme, worth just under an estimated £800m for 2020/21 local tax losses, will be launched to compensate councils for 75% of irrecoverable losses. This will be paid through an unringfenced grant.
- PWLB - In March 2020, the Government launched a consultation on reforms to the Public Works Loan Board intended to prevent the trend, in a minority of local authorities, of taking on debt to buy assets primarily for income. The Government announced the outcome of the consultation and lowered the interest rate of Public Works Loan Board lending by 100 basis points. This brings Public Works Loan Board interest rates back to the levels they were at before October 2019 but access to PWLB funding will be severely restricted for any Council that plans to invest primarily for yield.
- The Government announced that it will not proceed with the implementation of the Review of Relative Needs and Resources (formerly the Fair Funding Review) and 75% Business Rates Retention in 2021/22. In order to provide further stability, the reset of accumulated business rates growth will also not take place in 2021/22. However, the Government also announced that once the pandemic is through, that they want to work with councils on the resources available to meet the demands faced by councils. Further decisions on reform will be taken in the context of next year's Spending Review.
- In the CSR, the Chancellor also gave early clarity on the referendum threshold for council tax increases ahead of the provisional local government finance settlement. The Government is proposing that authorities can increase council tax levels for 2021/22 by up to 2% without holding a referendum, with a further 3% increase specifically for ASC services.
- Further information can be found here: https://www.gov.uk/government/publications/spending-review-2020-documents.

6.7 In its response to the CSR, the Local Government association said that "overall, the Spending Review provides more certainty for councils next year as the Chancellor has provided further funding for councils to manage the cost pressures we face as a result of the pandemic. The Chancellor's pledge to compensate for 75 per cent of irrecoverable council tax and business rates income, and to extend the scheme to fund a portion of councils' lost income from fees and charges during the early part of the next year, provides some much-needed stability...**However, councils will still have to find savings to already stretched budgets in order to plug funding gaps and meet our legal duty to set a balanced budget next year. The headline increase in councils' core spending power is predicated on households facing 5 per cent increases in council tax**" and that "The long-term outlook also remains unclear. Public finances will undoubtedly be under huge strain in the years ahead".

7. LOCAL CONTEXT

7.1 The Government's low priority for local government compared to other parts of the public sector and its subsequent significant transfer of risks to the local government sector including the introduction of local Council Tax Support rather than centrally funded Council Tax benefits and local retention of business rates at a time when it has also radically reduced the grant that it gives to councils clearly all combine to increase the level of financial risk faced by councils. It is therefore very desirable that the Council should have a medium term service and financial planning strategy, although it is clearly very difficult to produce meaningful future projections of resource availability given the significant level of uncertainty around the future of the local government finance system created by the Government's ongoing review and the pandemic. Despite this uncertainty, we have to make the best projections that we can and ensure that we seek to identify approaches to reduce reliance on government funding, that an appropriate level of reserves and contingencies is maintained by the Council and that Council continues to effectively control financial performance.

7.2 Despite these severe financial challenges, the Council has a long track record of highly effective financial management and has again received an unqualified External Audit opinion for its latest set of accounts. Despite having made £126.4m of budget savings by the end of this year, the Council has managed to come within budget, without needing to implement unplanned emergency spending controls and has received unqualified external audit opinions for over a decade during the most protracted period of unprecedented financial constraint that we have ever faced. The cuts in our grants have been made at a time when demand for many services, such as safeguarding children against harm or neglect and Adult Social Care have been increasing.

These factors combine to place this Council, like most others, under extreme financial pressure. Further details of savings made to date are included in Appendix 4.

7.3 The Council has sought to offset part of the loss of Government grant by generating income by adopting a more commercial approach from a wide range of existing services whilst seeking to recognise and manage risks as far as possible. We have sought to ensure that this approach also brings environmental, social or economic benefits to our residents. We were the second council nationally to open a commercial solar farm and are currently investing in NuPlace, a wholly owned company, which offers good quality homes, mainly at market rents. Primarily NuPlace was established to increase the supply of private rented accommodation in the area, to regenerate brown field sites that the Council had been unable to sell and with the additional objective of driving-up standards in the wider private rented sector by offering a quality alternative to private tenants. However, both of these schemes also generate a surplus after paying the capital costs used to fund the investment and other operating costs. The profit from these and other projects and from our participation in the West Mercia Energy Joint Arrangement is used to help reduce the amount of cuts that we would otherwise have to make to the front line services that the Council provides to our community.

7.4 The Council is also committed to investing in Telford's future. Ensuring that the Borough is an attractive place to live, work, learn and visit is essential if we are to attract new businesses that will create jobs and bring prosperity to the area and the people that live here. The Council also benefits from retaining a share of any additional business rates (between "reset periods") which also helps to minimise the cuts that we have to make to front-line services. Under Government proposals the share of additional business rates growth that is retained may increase to 73.5% (75% including 1.5% for the Combined Fire Authority rather than the 50% retained locally currently of which the Council retains 49%) at some point in the future.

7.5 As part of our "Business Winning, Business Supporting" Approach, the Council has already committed to making significant additional investments in our Property Investment Portfolio which is being invested within the Borough in new and also existing industrial, commercial and retail property holdings bringing new jobs to the Borough from inward investors but also retaining existing jobs in companies looking to expand and which may otherwise move out of the borough. The net return after debt charges is used to support front line services as will additional retained income from business rates (between reset periods).

7.6 On 5th March 2020 the Council approved a one year service and financial planning strategy for the current financial year. A one year strategy was agreed because the Government were proposing to make major changes to the local government finance system which were due to be implemented from April 2020 and in addition, no Government spending figures were available beyond the end of the current year making medium term projections very difficult. The Council remains committed to key themes from this earlier strategy and in 2021/22 will continue:-

- To work with partner organisations, including Town & Parish Councils and voluntary sector and community groups to seek to identify ways to mitigate the impact of some of the cuts to services that we can no longer afford to provide. These discussions have been very successful and the Council is committed to extending this approach further through Partnership Deals with some transitional funding potentially available where appropriate.
- Our existing policy of transferring grant to Town & Parish Councils in respect of Local Council Tax Support. In line with the agreement made in January 2013, the amount available to allocate is £0.1m in 2021/22. However, this is likely to be the final allocation if the Government cease to provide Revenue Support Grant from April 2022 as currently expected.

7.7 In February, our staff and partners worked really hard to look after residents and businesses when the River Severn flooded. The coronavirus pandemic quickly escalated and has clearly had a huge impact across the world. The UK went into full-scale lockdown on 23rd March 2020 in an unprecedented step to attempt to limit the spread of the disease. Pre-empting lockdown, in early March, the Council immediately moved into an emergency response mode and acted quickly to safeguard its community and employees. The Council has continued to follow Government guidance and provide support to the community throughout the second lockdown in November and tier restrictions.

7.8 During what has been an unprecedented year, the Council has continued to provide all our usual services, except where we have been required to suspend them due to national restrictions (for example temporary closure of leisure centres and libraries during periods of lockdown). However, the Council has also sought to provide additional support to Telford & Wrekin residents and businesses. Some of the highlights include items below but there are many, many more:-

- Our Job Box teams are offering free support and advice to anyone in the borough looking for work
- At the start of lockdown in March we provided 54,000 meals to children on free school meals. We were doing this weeks before any national scheme
- Our teams made sure that we were one of the first councils to re-open our recycling centres and they still open 363 days a year. Thanks to

our Covid-safe measures, our Household Recycling Centres remained open during the November lockdown

- We're continuing to do all we can to help local businesses survive the pandemic and access grants. In the first lockdown, we were one of the quickest in the country to distribute the grants and have distributed over £30m of vital support to businesses through different grant schemes.
- We have also allocated over £30m of business rate reliefs to many businesses throughout the Borough,
- We granted 2 month council tax holidays to over 10,000 households
- We continue to support our local high street businesses throughout the pandemic by offering free business virtual workshops, grants and funding for diversification and free promotion via the Telford & Wrekin Virtual High Street Facebook group
- Our staff made sure our leisure centres re-opened safely and quickly this summer after lockdown and have reopened them again after the second lockdown ended. While closed our leisure teams helped residents to stay active with free virtual classes.
- We have supplemented the national schemes for track and trace and Covid testing
- We have provided additional support to local care providers
- We "Crowdfunded" £20k to provide more than 200 Kindles to ensure that care home residents and local hospital patients could stay in touch with loved ones during the pandemic
- Our Laptops for Learning scheme will help around 1,000 year 6 children across the borough over the next 3 years – providing 320 laptops to schools supporting children who have fallen between the gaps of the national scheme

7.9 All this additional support has been at a time when many of our income streams have been under pressure and comes after more than a decade of severe financial constraint due to Government grant cuts and increasing demand for many Council services, Covid-19 has resulted in pressures from increased costs, particularly relating to the provision of Social Care and safeguarding the most vulnerable in our community; the purchase of essential personal, protective equipment; income shortfalls relating to closed facilities and services; and projected income shortfalls in relation to Council Tax and Non Domestic Rates which are key funding streams for the Council.

7.10 After considerable active budget management work undertaken by Cabinet Members and officers throughout the Council, the total projected pressure is currently estimated to be £20.55m (including council tax and business rates shortfalls). The Council has now received £18.97m of Government National Emergency Response Funding including grant from the Sales, Fees & Charges income compensation scheme, which leaves a residual projected pressure of £1.58m which may be covered from the new Tax Income Guarantee scheme announced as part of the CSR. Further information can be found in the Financial Monitoring report also on this agenda.

7.11 This is a much better foundation for the budget moving forward than was anticipated before the latest announcements of additional Government support for the current year. In the CSR, the Government also announced that some emergency Covid support funding would continue to be available to the Council in the first quarter of next year which it is currently assumed will largely offset the additional ongoing financial pressures caused by the pandemic.

8.0 A COUNCIL WORKING PROTECT, CARE & INVEST TO CREATE A BETTER BOROUGH

8.1 Despite our severe financial constraints, Telford and Wrekin is a progressive Council with ambitions to improve the Borough and the lives of residents. We are tackling the impact of the Government's sustained austerity programme head on and finding new ways to deliver services and to generate income. We have a long track record of sound financial management and innovative solutions.

8.2 Our Council Plan agreed by Cabinet in October 2020 sets out how as a Co-operative Council, the organisation wants to take forward the Borough over the medium term. It is a Plan which is centred on tackling the inequalities that exist in our communities. We will build a strong, clean economy and will ensure that all communities benefit from this - that the very real differences between our communities are "levelled-up" and that all of our communities are resilient, healthy and prospering. Core to all of this will be the action we take to protect our environment and playing our part in tackling the climate emergency.

8.3 Despite the severe financial challenges we face, our mission is clear. We will support businesses to recover from the Covid-19 pandemic, to attract new jobs and investment and promote clean growth in the borough, whilst seeking to protect, as far as we are able to, priority front-line services and are working co-operatively with our residents and partners to deliver these.

8.4 From our on-going engagement with local people over many years, we are clear that they and their families have some fundamental priorities which we as a Council will work with them to achieve. We know that the people of Telford & Wrekin want to live:

- **In a safe community** – we work in partnership with West Mercia Police to ensure that Telford & Wrekin remains a low crime area. Our work to support and safeguard children from sexual exploitation has been recognised by Ofsted as amongst the best in the country. We have worked to get Telford designated as a White Ribbon Town where domestic violence is not tolerated. Our Public Protection team deliver our enforcement agenda to ensure that local services and facilities are safe, that nuisances are tackled and houses in multiple occupation are better managed. We have made a commitment as a Council to always look after the most vulnerable in our community.

- **In a clean environment** – we work in partnership with Idverde and Veolia and also with our Town and Parish Councils to ensure that our streets, parks and public spaces are clean and tidy and that we have first class waste collection and recycling services.
- **In a place with good roads and pavements** – each year we invest in a major programme to repair and maintain our roads and pavements. We have also secured significant amounts of Government funding to improve many roads, roundabouts and junctions so that congestion caused by more cars using our roads in the future will be reduced or avoided. Through our 'Pride in Your Community' initiative we have also made lots of little improvements in communities and on estates that can make a big difference to everyday life.
- **Where there are first class schools and education facilities** – we work in partnership to support our primary, secondary and special schools and performance is amongst the best in the West Midlands. We will continue to invest in maintaining and extending school buildings.
- **Where there are excellent and accessible hospital and GP services** – we are working with many GP practices and Health Services in our neighbourhoods to provide more joined-up health and care services that better meet people's needs there is support in the community to help people to stay healthy. We are also doing all we can to seek to retain full Accident & Emergency services at the Princess Royal Hospital as well as the Women's and Children's Centre.
- **Where they have a job and there is a thriving economy** – through our Enterprise Telford approach, we are attracting more new businesses to come to our Borough every year bringing new jobs. We have also supported many existing businesses to succeed and expand. Through our 'Pride in your High Street' initiative, we have sought to give local businesses the key skills to both survive and thrive in our town centres. We work to protect local jobs, we have lobbied Government to retain key activity in our town such as HMRC, Cap Gemini and the Land Registry. We also work, through our Job Box and Apprenticeship schemes, to ensure local people, and particularly young people, have the skills they need to get a job.

8.5 As a Co-operative Council, we are committed to listening to and involving residents in developing our plans to protect, care and invest to create a better Borough. Over the last year, we have increased our engagement with residents, carrying out a wide range of consultations, including a Residents' Survey that all residents of Telford & Wrekin were invited to take part in. The Residents' Survey was carried out between 29 July and 4 September 2020. To ensure as many people as possible got involved, we ran a comprehensive communication campaign over this period, which included writing to every resident in the Borough, posting regularly on social media and asking Councillors, community groups and other partners to promote the survey in their local areas. In total, we received 5,473 responses, exceeding our original target of 5,000 responses, with responses from every ward across the Borough.

8.6 The aim of the survey was to capture views on issues that were topical and relevant to all residents, and that would inform the delivery of the Council's priorities. The main topics were:

- Covid 19, including the Council's response to the pandemic;
- Climate change;
- Local area – including local neighbourhood, local centre, Telford Town Centre and the wider Borough;
- Volunteering.

8.7 The survey also provided an opportunity to encourage people to have their say on an ongoing basis through a new Community Panel. Residents were asked if they were interested in finding out more about the Panel, with 30% (1,640) expressing an interest. A separate report on this agenda gives more information about the survey results and how the Council is responding to the feedback that we received.

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

8.9 To enable us to deliver our priorities, the organisation will continue to change and develop in response to the challenges we face, particularly the need to make further savings. One of the ways we will drive this is through our ***Recovery, Reform & Reset Strategy*** which is focussed on shaping the organisation in response to Covid-19. This looks at how Council services support individuals, businesses and communities to recover but also how the organisation will change, for example, implementing new ways of working that technology enables and which will deliver savings.

8.10 Whatever decisions we make, we will continue to seek new ways to work in partnership and co-operation with the borough's communities to understand their priorities and address them.

8.11 Underpinning our relationship with the community are our Co-operative values. These values are at the heart of all that we say and do as an organisation:-

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

9. BASE BUDGET FOR 2021/22

9.1 Only a small number of changes have occurred since the Cabinet considered the Service & Financial Planning Strategy on 7 January 2021. The most significant of these is inclusion of the lower tier services grant of £0.214m in 2021/22. The total net changes for 2021/22 amount to £0.213m and reduce the call on balances from the £0.386m shown in the January Cabinet report to £0.173m. Final figures are still awaited e.g. for a number of grants at the time of drafting this report and the recommendations in this report include a request for a delegation to the Chief Finance Officer to make final adjustments to the use of balances figure after consultation with the Cabinet Member for Finance & Governance.

9.2 The base budget for 2021/22 is summarised in the table below.

DIRECTORATE	2021/22 GROSS EXPENDITURE £	2021/22 GROSS INCOME £	2021/22 NET EXPENDITURE £
Prosperity & Investment	20,399,127	24,719,227	(4,320,100)
Finance & Human Resources	20,985,429	7,620,455	13,364,974
Policy & Governance	7,063,805	5,595,470	1,468,335
Children's Safeguarding & Family Support	40,300,332	3,049,946	37,250,386
Education & Skills	134,715,377	122,396,706	12,318,671

Health, Wellbeing & Commissioning	14,818,405	10,870,347	3,948,058
Adult Social Care	73,068,488	24,029,119	49,039,369
Neighbourhood & Enforcement Services	39,116,860	8,607,846	30,509,014
Housing, Employment & Infrastructure	5,039,775	2,742,757	2,297,018
Communities, Customer & Commercial Services	84,915,684	80,187,803	4,727,881
Corporate Items	15,792,106	28,574,035	(12,781,929)
Netting off of Internal Recharges included above	- 50,640,202	- 50,640,202	-
Total	**405,575,186**	**267,753,509**	**138,821,677**
Contributions To/From Balances	**0**	**734,750**	(734,750)
Net Total	**405,575,186**	**268,488,259**	**137,086,927**

9.3 The budgets above will be restated after final decisions have been taken on the savings and investment proposals contained in this report.

9.4 There are many areas of significant uncertainty facing the Council and our overall financial position beyond 2021/22 including the ongoing effects arising from the pandemic and clearly major uncertainty over our funding position from April 2022. Section 13 of this report contains further details of key uncertainties.

9.5 It is with this uncertainty over the medium term financial outlook facing the Council in mind that the balance between the key components of the overall service and financial planning strategy need to be considered i.e.:-

- New ongoing investments,
- The balance between further savings and the level of council tax increase,
- The use of one-off resources,

9.6 Given the high degree of uncertainty, it is very difficult to make forward projections. However, it is essential that we now use the best available information to estimate the potential level of budget shortfall in future years so that we can start to plan ahead now. The Council's budget model includes many variables and will need to be regularly updated as further information becomes available. Using current available information and assumptions, the position is summarised in the table below. However, it must be noted that there is a much greater likelihood than ever before that the actual position may be very different to that set out below.

	2021/22	2022/23	2023/24
	£'000	£'000	£'000
2020/21 Base Budget	**128,975**	**128,975**	**128,975**
Allowance for inflation on major contracts and for pay inflation (assumption in line with CSR announcement for 2021/22, 1% in subsequent years)	842	2,672	4,749
Increase in pension lump sum deficit payment figure - from actuaries	221	305	305
New Homes Bonus - updated projections	2,850	5,182	6,342
One-off increase in contingency due to Covid pressures and increased level of uncertainty	750	-	-
Impact of the Capital Programme - including reduction in borrowing rate	- 1,222	23	151
Allowance for Single Status	-	1,270	1,270
Additional social care grant	-1,253	-1,253	-1,253
Lower tier services grant	-214	-	-
<u>Investments:</u>			
Safer Communities	500	500	-
Adult Social Care	2,510	3,010	3,010
Housing, Infrastructure & Employment	184	334	334
Additional capacity required following review of posts funded on a temporary basis	916	1,216	1,269
Additional capacity in Policy & Governance	530	550	550
Leisure income shortfalls	650	-	-
Other changes	1,148	1,195	1,255
Council Tax deficit funding from reserves	-300	-870	-870
Updated Base Budget	**137,087**	**143,109**	**146,087**
Projected Funding	127,375	125,404	124,404

Base Budget Gap before Council Tax increase	**9,712**	**17,705**	**21,683**
Less:-			
Savings	**5,900**	**7,139**	**7,139**
*Council Tax Increase of 1.99%	**1,451**	**1,451**	**1,451**
*Adult Social Care Precept of 3%	**2,188**	**2,188**	**2,188**
Shortfall to be covered from further use of one offs in 2021/22	**173**		
Shortfall to be covered from further ongoing savings, any further council tax increases in 2022/23 and 2023/24 and use of one offs		**6,928**	**10,905**

Notes:-

- Considerable uncertainty remains on more than £13m of grants other than RSG which have been assumed but not announced at the time of drafting this report.
- The projections assume that all savings previously approved by Council are delivered in full and in accordance with currently anticipated timescales.
- No assumption has been made for any Council Tax increases in 2022/23 and 2023/24 at this stage.
- **Given the very high level of uncertainty over the impact of the Government's proposed changes to the local government finance system, and whether grants that have only been announced for one year, particularly those for social care, will be ongoing, the projections for years after 2021/22 are only intended as a very broad indication at this stage for planning purposes and the estimates will be further updated as additional information becomes available.**
- It is with this uncertainty over the medium term financial outlook facing the Council in mind that the use of balances, the need for further ongoing savings proposals, the level of council tax increase and ongoing investments need to be considered.
- The proposed use of balances in 2021/22 is prudent following the comprehensive review of available one-off resources that has been undertaken which has identified usable balances totalling approximately £20m available after allowing for the prosed use in 2021/22.

9.7 After having delivered £123.5m of annual savings already, which will increase to £126.4m by the end of this year, it is clear that further cuts will be more challenging. Clearly the Council will seek to minimise impacts on our community by working with Town and Parish Councils, local community groups, service users, the voluntary sector, volunteers and other partner organisations. Based on the position summarised above, total savings since the period of austerity began are projected to total £145.925m by the end of 2023/24 (assuming no further council tax increases and based on the medium term projections currently available – although these will inevitably change as further information becomes available) made up as follows:-

	£m
Savings made to end of 2020/21	126.408
Savings previously approved/updated for 2021/22	1.516
Savings now put forward for implementation in 2021/22 and 2022/23	7.247
Projected further savings required in 2022/23 and 2023/24	10.754
Total Projected savings by end of 2023/24	**145.925**

10. OUR 2020/21 SERVICE & FINANCIAL PLANNING STRATEGY

10.1 Our Approach to Developing Savings Proposals Budget Engagement

10.1.1 When the Council agreed its medium term service and financial planning strategy at Council in March 2017, it determined that because of the scale of ongoing annual savings that have now been delivered, it was essential that a new approach to the development of future savings proposals should be taken. Future savings are likely to be more challenging and more time will be needed to consult with stakeholders about options and ways to minimise impacts. It was therefore agreed that future savings would be developed as soon as opportunities arise and capacity allows, rather than co-ordinating consultation through an annual process as historically was the case when resources were not so tight, and the need to implement change not so urgent. This means that we are able to engage with our communities and partners in a more meaningful way to develop more creative solutions to some of our challenges within the Borough. This also means that our budget engagement process takes place throughout the year, rather than for a 4 week period. For this single year budget for 2021/22 we are again rolling forward this approach.

10.1.2 Since our last budget was agreed in March 2020 we have continued to implement this approach to our budget engagement and have carried out a range of consultations. For more information on our consultation activity please visit https://www.telford.gov.uk/info/20240/consultations/327/current_consultations .

10.1.3 We will commence targeted discussions with our Town and Parish Councils, business community and local voluntary and community sector partners during January 2021. This is part of an ongoing dialogue that will continue throughout the year as our budget proposals are developed.

10.2 Approach to Future Development of Savings Proposals.

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

To protect front-line services, the budget position has driven transformation and innovation within the Council. This has been focussed around 4 themes:-

A. Being a modern organisation where we aim to always get the basics right;

B. Solving problems and promoting social responsibility to reduce demand for services;

C. Reducing our dependency on Government grants;

D. Challenging and changing the way we do things.

A. Being a modern organisation where we aim to always get the basics right:-

• Co-located teams to join-up service delivery and to rationalise operational buildings - disposing of 27 buildings saving £2m+ annually;

• Delivered £14.2m savings through better procurement and contract re-negotiation;

B. Solving problems and promoting social responsibility to reduce demand for services:-

• **Managing Customer Demand** - through a fundamental service redesign, demand in our customer contact centre has been significantly reduced. Our digital transformation has enabled customers to submit documentation online for benefit claims. This has resulted in an 89% reduction in face-to-face visitors in a year for this service.

• **Strengthening Communities Adult Social Care** (ASC) - we work on behalf of local people in an integrated way with partners both in the NHS and across our vibrant community and voluntary sector which the Council have continued to invest in over many years. This investment has enabled ASC to maximise the use of the community assets avoiding too early access to funded ASC support. Through Telford & Wrekin Integrated Place Partnership we have developed an integrated Health and Social Care Rapid Response Team, working to reduce unnecessary hospital care. This is better than the national and regional average, and we are in the best quartile nationally. We recently secured recognition from the Co-operative Council Innovation Network for this work.

• We run local booked appointments from local hubs providing advice, information and where necessary more formal assessment freeing up time for more complex work to be undertaken by our social work staff who are linked to GP surgeries. Over 500 staff and volunteers have been trained on how to **'make every contact count'** - to raise lifestyle issues with an individual and to direct them to further support. Our in-house ASC Shared Lives service has been rated as 'Outstanding' by the CQC and is an example of how we have used our resources creatively to avoid higher cost service provision by providing post hospital discharge re-ablement via Shared Lives.

• **Addressing substance misuse** - we have revised our approach and through this we have improved outcomes and made savings. Service users and volunteer peer mentors, through their lived experience of substance misuse, are experts and our greatest assets. Our peer-led, community-based recovery organisations, Telford Aftercare Team, Recharge and A Better Tomorrow are growing and evolving rapidly with support from the Council. We have increased the number of people successfully completing treatment for alcohol problems, improving successful completions, from 37%, which was worse than the national average, to 46%, which is significantly better than the England benchmark.

C. Reducing our dependency on Government grants:-

We have significantly reduced our dependency on Government grants by seeking opportunities to generate additional income and bid for external funding. This has helped to protect services, fund fixed overheads and deliver our priorities:

• **Income through growth** - through our business-focussed joined-up approach we have built Telford & Wrekin's reputation as a place to do business - this then has translated into new business rates, New Homes Bonus and Council Tax. To date, we have generated an additional £7.5m in business rates and Council Tax through our 'business winning, business supporting' approach and, despite a significant cut, we still expect to receive just under £3.5m in New Homes Bonus in 2021/22. We have also established a £50m Growth Fund to invest in the development of business premises:

• Investing £21m into industrial and retail investments, generating over £1m pa gross return;

• Completing a number of design and build 'turn-key' units e.g. to support an expanding local business and delivered a hotel for Travelodge;

• Delivered 1000 new jobs and also safeguarding 300 jobs.

• **Commercialisation** - another key element of our strategy has been to increase income through commercial services and projects, prioritising those that deliver wider non-financial benefits to the borough and are a good organisational fit. In 2019/20, we generated gross income of £21.2m from commercial services, an increase of £1.8m compared to 2017/18.

Recent successes include an increase in the sale of services to organisations outside the borough, including more than100 out of borough schools, and securing a £1.2m contract for 2020/21 to provide property consultancy services to a council in Lincolnshire. We also continue to develop commercial projects, such as 'NuPlace'. This provides a significant income stream to the Council which is projected to exceed £1.4m in 2020/21. Since 2015/16, 'NuPlace' has generated a cumulative incremental income of £4.4m to the Council. Our solar farm has generated £2.35m gross income to date. We have a projected net income of £7.5m for 2020/21 from our 'Property Investment Portfolio'.

• **External funding** - we have also proactively bid for external funding to support key priorities, including:

• **Strengthening families** - we are one of only 20 councils to be awarded a share of £84m funding to roll out the 'Family Safeguarding' model used by Hertfordshire County Council to help troubled families.

• **Housing** - we have secured over £0.4m to tackle homelessness and rough sleeping, £0.388m over 2 years to establish our Better Homes for All programme including a Rogue Landlord Taskforce, and set up a social value partnership to enable Telford & Wrekin residents to access funding to address fuel poverty.

• **Climate change** - we have successfully bid for £0.311m of grant funding to install LED lighting and solar panels in a number of Council buildings.

D. Challenging & changing the way we do things

• Reducing back office costs - we have cut back-office costs by over 50% since 2009, saving £12.4m a year.

• Reduced management and staff costs - the number of jobs has been reduced by 1,607 since April 2010 and reduced the size of the senior management team by 50% from 28 to 14 posts.

• Buying better value services:-

• Secured savings of £30m over the lifetime of the waste collection and disposal contract with Veolia. The recent introduction of kerbside collection of kitchen waste has been around 100 tonnes per week which is a gross saving 0.5 tonne of CO_2 for each tonne collected.

• Our grounds and cleansing contract delivers savings of £695,000 pa and a better standard of service working with our partner Idverde.

• Challenging Policies – e.g. for calculation of the Minimum Revenue Provision (changing debt repayment from equal instalments of principal to an annuity basis with cumulative revenue benefits of over £40m by 2019/20).

11. CAPITAL RECEIPTS AND DEBT CHARGES

11.1 The Council's programme of property rationalisation has not only reduced running costs but is also generating significant capital receipts enabling us to fund some investment from internal resources rather than from increased borrowing. Due to a temporary Government relaxation in regulations, the Council is also able to use new capital receipts to fund transformation and severance costs. Debt clearly has to be repaid and adds to pressure on the revenue budget so the generation of capital receipts from the sale of surplus assets helps protect essential front line services. This reduces the amount of cuts that would otherwise have to be made.

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

11.3 Debt repayments represent a long term fixed charge against the revenue budget which reduces the amount of funding available for the provision of front line services. However some "good capital investment" can fund assets which will increase in value over the longer term and generate a revenue return greater than the cost of the associated debt charges. Invest-to-Save schemes such as the solar farm or the Housing Investment Programme and investment in the Property Investment Portfolio represent "good capital investment" as they earn a surplus which can be used to help protect front line services as the surplus generated helps to reduce the impact on the revenue budget of Government cuts to our grants, as well as delivering wider environmental, social or economic benefits. The Council must, however, carefully assess each potential new investment through a proper due diligence and business case process to ensure that it does not expose the Council to an unacceptable level of risk either on an individual basis or when considering the entire investment portfolio of the Council.

11.4 In Telford & Wrekin debt repayments in 2020/21 accounted for 9.7% of the net revenue budget (including payment to Shropshire Council in respect of pre-unitary authority debt). This compares to:-

Birmingham	27.8%
Unitary Authority average	10.1%
Telford & Wrekin	9.7%

11.5 A graph showing the percentage of the net revenue budget allocated to debt repayments in 2020/21 for unitary authorities is included in Appendix 5 (data was not available for 3 authorities from the CIPFA data source).

11.6 Our programme of asset sales totals £23.885m over the medium term. The planned profile of these receipts is shown below:

	£m
2020/21	5.785
2021/22	6.300
2022/23	5.300
2023/24	0.500
Later years	6.000
Total	23.885

11.7 Generation of these receipts is a key assumption within the service and financial planning strategy. The Council has a detailed schedule of asset disposals to address this, which is regularly monitored by both officers and members of the Audit Committee and all the revenue consequences of temporary financing pending these scheduled disposals are built in to the Council's base budget projections contained in this report. This dependency will continue to be subject to close monitoring. If any delay is experienced in generating expected receipts, mitigation factors could include a combination of re-phasing some capital spending schemes, identification of other assets for disposal or additional borrowing on a temporary or long term basis although this would increase revenue costs and necessitate further cuts to other services or the use of additional one-off resources.

12. SECTION 106 AGREEMENTS

12.1 Planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended), commonly known as s106 agreements, are a mechanism which make a development proposal acceptable in planning terms, that would not otherwise be acceptable. They are focused on site specific mitigation of the impact of development. S.106 agreements are often referred to as 'developer contributions'. The common uses of planning obligations are to; secure affordable housing, to secure financial contributions to provide infrastructure (for example relating to necessary highways works to provide access to the development) and to help fund new educational facilities for the children of families that move in to newly built houses. Careful negotiations are undertaken with developers in reaching the s.106 agreement, which are legally binding and clearly state what the funding can be used for.

12.2 Legally a S.106 can only be requested when it is:

1. necessary to make the development acceptable in planning terms
2. directly related to the development; and
3. fairly and reasonably related in scale and kind to the development.

12.3 Negotiations have to ensure that developments remain viable and the National Planning Policy Framework (NPPF) states where obligations are being sought or revised, local planning authorities should take account of changes in market conditions over time and, wherever appropriate, be sufficiently flexible to prevent planned development being stalled.

12.4 The Council's Children and Young People Scrutiny Committee undertook a scrutiny review of Primary School Places during 2014 which considered s.106 agreements relating to education and it was agreed that details of these agreements would be included in the service and financial planning report in future years. Details are therefore included in Appendix 8 for the period 1st April 2020 to 31st October 2020 showing income and expenditure on each scheme relating to Education. Details of these and all other s.106 agreements will be included in the final accounts report which is considered by Cabinet in May of each year to show the year-end balance and in-year movement relating to each current s.106 agreement.

13. MEDIUM-TERM FINANCIAL OUTLOOK

13.1 Areas of Uncertainty – Reform of the Local Government Financial System

13.1.1 Significant changes were made to the local government finance system from 2013/14 including the localisation of a share of business rates, the replacement of the national Council Tax benefit scheme with local Council Tax Support schemes and the transfer of responsibility for Public Health services from the NHS to councils with the introduction of a ring-fenced Public Health Grant funded by the Department of Health and Social Care. This current local government finance system represented a significant transfer of risk from the Government to councils but also brought opportunities and incentives to encourage growth in local communities in line with the Government's national drive to increase the availability of housing and jobs. This Council is well placed to benefit from the current financial system with an attractive environment, good motorway connections and ready to go development sites. We have grasped the challenge to become a "Business Supporting, Business Winning" Council.

13.1.2 However, the funding outlook beyond next year is more uncertain than it has ever been. Radical changes were also proposed by the Government to the local government finance system which were all due to come in to effect in April 2020. However, these changes were delayed by the Secretary of State for Communities and Local Government with a new target implementation date of April 2021. However, because progress stalled due to the pandemic the proposed changes have been deferred again. Whilst it is clear that the earliest that they will now be implemented is April 2022, there is currently no commitment to exactly what changes will be implemented or when this might happen. Very little information is available to indicate how any new system may operate and the impacts that the changes will have for individual local authorities.

13.1.3 Whilst a medium term CSR had been expected to be announced during 2020, due to the uncertainties around the national financial position caused by the pandemic this was deferred again with the Chancellor only announcing a one year CSR. Combined with the uncertainty around what change may be made to the local government finance system and the absence of any national control totals beyond 2021/22, it is very unlikely that the Council will have any real clarity on its funding for 2022/23 and later years until we receive our settlement in December 2021, less than 4 months before the start of the financial year which has been the case for a number of years and makes medium term financial planning exceptionally difficult. It is therefore essential that the Council maintains financial flexibility so that it is able to set a legal, balanced budget should the actual position be significantly different from the very tentative projections included in this report for future years. Available uncommitted one-off resources should therefore be held in reserve. The changes that will be implemented will potentially have very significant implications for the Council and could include:-

- A completely new formula used to assess relative needs which will impact on the distribution of available resources between councils. Initial indications are that this review may see councils with a low level of Council Tax, lower than average income levels and higher levels of deprivation losing out. The government currently takes actual income from Council Tax into account when calculating Revenue Support Grant settlements but may in future use an assumed national level of Council Tax. Councils with an actual Council Tax below this could potentially face a funding shortfall. These issues have been highlighted by the Institute for Fiscal Studies (IFS) which has said that “London boroughs tend to set low Council Tax but receive generous grant funding due to high needs assessments. This means they will suffer when funding distribution across all English councils is changed ….the review seems set to make councils who set low tax rates bear more of the cost themselves”.

- The challenges faced by many traditional businesses, particularly retailers, which face competition from online competitors and the impacts of the pandemic have highlighted the burden that the current business rates system places on businesses. The Government are considering what changes to make to the business rates system. During the current year, businesses in the Borough benefitted from £30m of additional business rate reliefs exempted the leisure, retail, hospitality and children’s nursery sectors from paying national non-domestic rates this year. No extension to these reliefs has been announced at the time of drafting this report. Any changes made to the business rates system could have a very significant impact on council finances although the impact would vary between different parts of the country depending on the rateable value of the businesses in their areas and the proportion of their total income derived from business rates.

- The pandemic has resulted in many businesses appealing the rateable values set by the Valuation Office Agency. Successful appeals will impact on the Council's budget by reducing the income and potentially making repayments if appeals are backdated. The pandemic has also clearly had a very significant impact on the profitability of businesses. Businesses that close may be unable to settle outstanding business rates liabilities and others may seek to enter payment arrangements that spread the cost over a longer period.

- The long awaited move to 75% retention of business rates by local authorities (locally, this would mean 73.5% for the Council and 1.5% for the Combined Fire Authority). The Government have made it clear that they will not merely pass the additional funding to councils to make up for the cuts to our grants but rather, they will cease other funding streams such as the Public Health Grant, which is currently over £12m for the Council and the remaining Revenue Support Grant and may potentially also pass additional responsibilities to councils so that the transfer is fiscally neutral at both a central and local government level. Some councils are likely to gain from these changes while others will lose and it is not currently possible to assess the impact at individual council level as there are many technical aspects of the new system that would need to be agreed. These technical aspects could include:-

    - The implications of the "reset of the business rates baseline" which would see the benefits of all growth in business rates income since 2013/14 rebased across the country. This could see 100% of the growth that we have seen lost immediately or a lower percentage given up which could be phased over a number of years. Whilst we would lose the benefit from growth in our area we would benefit from a share in the growth achieved in other parts of the country.

    - The changes to the business rates system may also see changes to the treatment of appeals against the rateable values set by the national Valuation Office Agency. The Government's Valuation Office Agency takes a considerable period of time to process appeals and a significant proportion of the total rateable value in the borough is subject to appeal creating uncertainty over what level of business rates income will actually be received. The Council has to estimate what proportion of these appeals will be successful and to what extent successful appeals will reduce the rates collected when estimating how much income business rates may contribute towards the Council's budget. Appeals represent a significant risk to councils that have no input to decisions about rateable values. The new system may see a move to treating appeals on a national basis but the mechanism for doing this would be highly complex and the cost of successful appeals would be top-sliced from the total funding raised from business rates.

  - Any transitional damping arrangements to protect councils from the combined impacts of the changes in business rates income and the fair funding review, any protection would be likely to be funded from limiting the gains for councils that benefit from the new system.

- The New Homes Bonus (NHB) scheme is also under review. NHB has already been reduced with the introduction of a baseline threshold or assumed level of housing growth for which no NHB is paid and the duration of payments has been reduced from 6 years to 4 years and from last year with no "legacy" payments being made. However, despite these changes, NHB is still a very significant funding source for the Council. In 2020/21 we will receive around £6m, however the Council's allocation for 2021/22 was cut by over 40% by the government in the settlement for 2021/22 to less than £3.5m. The proposed changes are likely to reduce the funding allocated through NHB. At a national level, this may see funding transferred from district councils so that additional support could be provided for upper tier councils e.g. to provide Adult Social Care (ASC) services.

13.1.4 The Council will continue to take opportunities to respond through all available consultation processes linked to the introduction of these changes to lobby for a fair funding settlement for Telford & Wrekin residents. The Council will also send a response to the provisional settlement. All consultation responses will be agreed by the Cabinet Member for Council Finance, Partnerships and Commercial Services. When responding, we will seek to always highlight the wholly inadequate funding for Adult Social Care which must be put on to a more sustainable basis.

13.2 Comprehensive Spending Review 2020

13.2.1 The last medium term Comprehensive Spending Review (CSR) was undertaken in 2015 and set spending limits for 4 years through to 2019/20 which enabled MoHCLG to offer councils a 4 year RSG settlement which assisted with medium term financial forecasting. Last year, following the General election, the Government issued a one year "Spending Round" and the Council received a one year settlement for 2020/21 with the expectation of a medium term CSR and settlement being announced during 2020. However, due to the pandemic the Government have again issued one year CSR and one year settlement to local authorities. There is still no indication of what funding may be available after next year – the third consecutive year that this will have been the case – clearly this is not helpful in trying to set robust medium term financial strategies for large and complex organisations such as local authorities that deliver hundreds of different services.

13.2.2 It is now anticipated that the Government will undertake a medium term Comprehensive Spending Review (CSR) during 2021. In undertaking a CSR the Government will update its projections for receipts from taxation, its assumptions for economic growth, inflation etc. and set out its priorities for public spending and its target for budget deficits or surpluses over the medium term. However the Government has already indicated that it will provide real terms growth for the NHS and protection for some other major areas of public spending such as education and defence so the outlook for local government is likely to remain extremely challenging, particularly given the pressure that the Government will face to bring the national budget deficit back under control as the impacts of the pandemic lessen.

13.2.3 The CSR will set the Departmental Expenditure Limit (DEL) for the MoHCLG over the medium-term but will not give any indication of the funding that will be available to individual councils. The LGA will continue to actively lobby in advance of the CSR to highlight the projected funding shortfalls faced by councils and the need for additional funding to be provided rather than further cuts to local services.

13.2.4 On 25 November 2020, the Chancellor, Rishi Sunak, announced a one year CSR for 2021/22 which rolled forward the spending control totals for the current year for one further year but gave no clarity on spending levels at a national level beyond next year. Key points in this included:-

- Core Spending Power for local authorities is forecast by the Government to rise by 4.5% in cash terms next year. This is worth an estimated additional £2.2bn in funding for local government services but is dependent on all eligible councils increasing council tax by the maximum permitted percentage. Within this, councils will have access to an additional £1bn for social care next year, made up of a £300m social care grant and a 3% ASC precept. The additional £1bn of grant funding announced at Spending Review 2019 for Adult and Children's Social Care will be continuing, along with all other existing social care funding. COVID-19 - The Government announced another £1.55bn of unringfenced grant for the pressures expected to emerge in the first few months of 2021/22. Councils will also continue to see some loss in income, which is why the current Sales, Fees and Charges scheme (which refunds 75% of eligible income loss beyond a 5% threshold) is being extended on a pro-rata basis into the first three months of the next financial year.
- Tax Income Guarantee Scheme for 2020-21 - a new reimbursement scheme, worth just under an estimated £800m for 2020/21 local tax losses, will be launched to compensate

councils for 75% of irrecoverable losses. This will be paid through an unringfenced grant.

- PWLB - In March 2020, the Government launched a consultation on reforms to the Public Works Loan Board intended to prevent the trend, in a minority of local authorities, of taking on debt to buy assets primarily for income. The Government announced the outcome of the consultation and lowered the interest rate of Public Works Loan Board lending by 100 basis points. This brings Public Works Loan Board interest rates back to the levels they were at before October 2019 but access to PWLB funding will be severely restricted for any Council that plans to invest primarily for yield.
- The Government announced that it will not proceed with the implementation of the Review of Relative Needs and Resources (formerly the Fair Funding Review) and 75% Business Rates Retention in 2021/22. In order to provide further stability, the reset of accumulated business rates growth will also not take place in 2021/22. However, the Government also announced that once the pandemic is through, that they want to work with councils on the resources available to meet the demands faced by councils. Further decisions on reform will be taken in the context of next year's Spending Review.
- In the CSR, the Chancellor also gave early clarity on the referendum threshold for council tax increases ahead of the provisional local government finance settlement. The Government is proposing that authorities can increase council tax levels for 2021/22 by up to 2% without holding a referendum, with a further 3% increase specifically for ASC services.

Further information can be found here: https://www.gov.uk/government/publications/spending-review-2020-documents

13.2.5 After the Comprehensive Spending Review was announced, **the Financial Times reported that "*England's councils face austerity by stealth Sunak is giving local authorities extra flexibility to fund social care but council tax is struggling to replace central grants The Office for Budget Responsibility says 'replacing some grant funding for local authorities with increased local funding via council tax increases' will leave taxpayers paying an extra £1bn a year from 2021. UK chancellor Rishi Sunak appeared to make an attractive offer to English local authorities. He promised "extra flexibility" on raising funds for adult social care via council taxes "which together with £300m of new grant funding gives them*Bold**

access to an extra billion pounds to fund social care". But while this suggested the chancellor was being generous with central government funds, in fact it was simply a suggestion to local authorities that they raise council tax rates much faster than **inflation -** ***something they have been doing since 2016".***

13.2.6 The Financial Times article went on to say *"According to the independent Office for Budget Responsibility "replacing some grant funding for local authorities with increased local funding via council tax increases" will leave taxpayers paying an extra £1bn a year from 2021. The onus on local authorities to fund more of their services from council tax revenues rather than central government grants will exacerbate a continuous squeeze on local budgets since 2010 that left councils shouldering a hefty chunk of the austerity that followed the financial crisis. The Institute for Fiscal Studies calculates that councils received 77 per cent less in real central government grants per person in 2019-20 than a decade earlier…Mr Sunak is not the first chancellor to have sought to rein in central government expenditure by putting the onus on local authorities to increase council tax and take the blame for the hit to voters' pockets"*

13.2.7 The Local Government Association, has highlighted that council tax represented 45 per cent of members' core spending in 2010/11 but by 2020/21 it had risen to 60 per cent. "*Council tax rises — particularly the adult social care precept — have never been the answer to the long-term pressures faced by councils. They raise different amounts of money in different parts of the country, unrelated to need, and add an extra financial burden on households…Councils will still have to find savings to already stretched budgets in order to plug funding gaps and meet their legal duty to set a balanced budget in 2021/22. This means residents may see their council forced to increase bills next year. . . but still have to make cutbacks to local services."*

13.3. **Other areas of uncertainty**

13.3.1 The continuing impact of the pandemic on the Council and our residents, businesses and voluntary and community sectors are difficult to forecast. It is very difficult to predict what impact the pandemic will have on the Council's financial position in 2021/22. However, helpfully, in the CSR some additional emergency funding was announced for 2021/22. It was also announced that the sales, fees and charges income compensation scheme (which compensates councils for 75% of the shortfalls in these income streams above a 5% deductible threshold) would be extended to the first three months of 2021/22. Funding to compensate for 75% of the irrecoverable losses on council tax and business rates income in 2020/21 was also announced although details of how this scheme will operate are still awaited at the time of writing this report. Previously the Government had said that losses on council tax and business rates (which will impact on the collection fund balances and would normally affect the income available to support the budget in the following year) could be spread over three years. Whilst this flexibility and the additional support announced are of course very welcome it is difficult, at this stage, to therefore predict what the likely closing balance on the collection funds and resultant impact on the council's budgets in later years will be. Allocations of the £1.55bn emergency funding were announced as part of the local government provisional finance settlement on 17 December 2020, with the Council being allocated £5.178m. However, detailed allocations for the other additional funding streams were not available at the time of drafting this report. Combined with the £3m Covid reserve that was created when the accounts for 2019/20 were completed and which is still expected to be available at the end of 2020/21, the Council has some resources available to continue to cover the additional costs arising from the pandemic for the first three months of 2021/22, after which it is hoped that either the national vaccination programme will enable life to start to move back to a new normality or, if this is not the case, the Government will extend its support measures for a longer period.

13.3.2 The impact of the pandemic and the BREXIT deal on inflation and the Government's deficit reduction policy and whether the economy moves in to recession with consequent impacts on the construction of new homes and business premises in the Borough, the generation of assumed capital receipt values and on Council budgets for local Council Tax support (if unemployment increases or household incomes fall), homelessness, housing benefit etc. is currently very uncertain.

13.3.3 The trend of schools to move to Academy status and the consequent risk of loss of existing and potential income for a wide range of services to academy chains.

13.3.4 The levels of demand for key front line services – particularly children's safeguarding and Adult Social Care services and whether the Government will make new additional and sustainable funding available for these services.

13.3.5 The levels of pay awards from 2021/22. After a decade of public sector pay restraint and the outcome of the pension fund triennial re-valuation to be undertaken in April 2022 and effective from 2023/24 including the impact of the McCloud age discrimination case which could have a significant financial impact on the Council's future employer pension contributions.

13.3.6 Projections of what the Council's budget gap might be in 2022/23 and later years are therefore extremely difficult to make and have a very high degree of uncertainty. Projections will therefore be regularly refined and updated as and when additional information becomes available. It is almost certain that the actual position will be significantly different from the projections for 2022/23 and later years included in this report. The actual position may be better or worse if, for example, the national economy goes in to recession or the Government seek to rapidly reduce the national budget deficit by making cuts to expenditure rather than by increasing taxes

13.4 Local Government Finance Settlement

13.4.1 The last multi-year settlement that the Council received was announced in December 2015. In this, the 2016/17, settlement indicative Revenue Support Grant figures were also included for the following three years. The Government offered councils that submitted an acceptable "Efficiency Strategy" a firm 4 year grant settlement. This Council submitted its efficiency strategy and received confirmation that we were eligible for this 4 year grant settlement as detailed below:-

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

13.4.2 Whilst the reductions to our Revenue Support Grant were very significant during this 4 year period, the advance notification did enable some degree of medium term financial planning – at least in the first year or two of the announcement. 2020/21 saw a small increase in RSG to £9.972m, an increase of 1.63% compared to 2019/20 in line with inflation. The absence of any certainty over potential funding levels beyond next year is, however, a major cause for concern as it will be the third consecutive year that it will not have been possible to undertake meaningful medium term financial planning.

13.4.3 When the one year CSR was announced on 25 November it became apparent that there would only be a one year settlement for 2021/22. The provisional local government finance settlement for 2021/22 was announced on 17 December 2020. The settlement saw a £2.85m cut to the Council's New Homes Bonus allocation. The Government's settlement assumes that councils will increase their council tax by the maximum permitted (4.99% in the case of Telford & Wrekin Council) when calculating "core spending power". The government show "core spending power" increasing by £4.5m, an increase of 3.2% between 2020/21 and 2021/22. However, within these figures, the amount that the Government assumes that the Council will collect from council tax increases by £5.4m largely from increasing council tax by the full 4.99%. **The Council will therefore see a reduction in funding from the Government next year within the settlement of £0.862m.** This is made up as follows:-

Funding Changes 2021/22 compared to 2020/21	**£m**
Revenue Support Grant	+0.055
Under Indexation of Business Rates Multiplier	+0.466
Improved Better Care Fund	+0.000
Social Care Grant	+1.253
New Homes Bonus	-2.850
Lower Tier Services Grant	+0.214
TOTAL REDUCTION IN GOVERNMENT FUNDING	**-0.862**

The settlement will force the Council to not only increase council tax but to also continue to make budget savings because the Council has a legal duty to set a "balanced budget".

13.4.4 Whilst the 2020 Spending Round sets the strategic financial overview for the Government as a whole during 2021/22, the provisional local government finance settlement sets out the specific proposals affecting local government for 2021/22 with details for each council being provided. On 17 December 2020, the Secretary of State for the Ministry for Housing, Communities and Local Government, the Rt. Hon. Robert Jenrick MP, announced, in Parliament, the provisional local government finance settlement 2021/22. Key points included:-

- The 2021/22 local government finance settlement is for one year only. It is based on the CSR 2020 funding levels.
- Council Tax Increases – As previously announced at CSR 2020, the council tax referendum limit will be 2% for local authorities with social care authorities also allowed a 3% Adult Social Care precept. This can be applied in full during 2021/22 or phased over 2021/22 and 2022/23 in any proportions but must not exceed 3%
- Social Care Funding – Originally announced at Spending Round 2020, with further details provided in the technical consultation, the provisional settlement confirms the previously proposed national amounts and allocation methodologies.
- The Council received £1.253m of new Social Care grant which was partly allocated using a methodology to compensate councils that have less ability to generate income from the ASC precept due to lower tax bases and council tax levels. However, the grant is only confirmed for one year whereas the ASC precept will generate ongoing income in

areas that apply it in full – as the Government's figures assume all councils will do.

- The provisional figures are expected to be confirmed in late January or early February 2021. The 2021/22 announcement is the first and only year of the Spending Round 2020, with future years' announcements dependent on a number of factors, including the overall allocation to local government in CSR 2021 and any changes to the national local government finance system which could include: the outcome of the Fair Funding Review, the Business Rates Retention Reset, the move to 75% Business Rates Retention and any reform of the New Homes Bonus scheme.
- Parish and Town councils will continue not to be subject to the referendum limits. As in previous years, the government has indicated it will keep this approach under review for future years.
- The settlement announcement indicated that core spending on local services has the potential to increase by £2.2 billion in 2021/22, an increase of 4.5 per cent. Extra money was allocated to meet COVID-19 costs, new funding for adult and children's social care but reductions in funding for New Homes Bonus which has been a significant income stream for the Council.
- The Government figures indicate that Core Spending Power will rise by an average 4.5 per cent in 2021/22 in cash terms. These Government forecasts are on the assumption that every local authority will raise their council tax by the maximum permitted without a referendum.
- The Government has set out its intention to hold a consultation on the future of the New Homes Bonus, with a view to implementing reform in 2022/23.
- Public Health Grant - will continue to be paid through a ring-fenced grant in 2021/22. However, there is still no information about the national total, or individual council allocations, of the public health grant for 2021/22 or, indeed, for a number of other grants.
- At the time of preparing this report, details of funding totalling over £13m expected for next year have still not been released by the Government and a significant degree of uncertainty over our actual position therefore remains.
- The Government states that it will revisit the priorities for reform of the local government finance system, taking account of wider work on the future of business rates and on the Adult Social Care system. Final decisions will be taken in the context of next year's Spending Review.
- As announced in the Spending Review 2021, there will be no reset of the business rates baseline for 2021/22. In his statement to the House of Commons, the Secretary of State confirmed that the Government will work with the sector and Members across the House to seek a new consensus for broader reforms to local government, including the Fair Funding Review and the business rates reset, and will ensure that

councils are set on a long-term trajectory of sustainable growth and fair resources.

- As also announced in the 2020 Spending Review, the business rates multiplier will be frozen for 2021/22. It will remain at 49.9p (small business multiplier) and 51.2p (national business multiplier). Councils will receive £650 million in compensation in 2021/22 for under-indexing of the business rates multiplier.
- New Homes Bonus - Our provisional New Homes Bonus allocation for next year has seen a very significant cut of £2.85m compared to the current year to less than £3.5m. The Government are also committed to consulting on the future of the scheme.

13.4.5 In response to the provisional settlement, the LGA has said that nationally, "*more than 85 per cent of the potential 4.5% core funding increase next year is dependent on councils increasing council tax by up to 5 per cent next year. This leaves councils facing the tough choice about whether to increase bills to bring in desperately needed funding to protect services at a time when we are acutely aware of the significant burden that could place on some household*s". They have gone on to say that "*Council tax rises – particularly the adult social care precept – have never been the solution to the long-term pressures faced by councils, particularly in social care which is desperately in need of reform. Increasing council tax raises different amounts of money in different parts of the country, unrelated to need*" and that "*The Government must urgently publish next year's public health grant settlement so councils can get on with the job of helping keep their communities healthy and resilient, in the face of the ongoing pandemic*".

13.4.6 The deadline for responses to the provisional settlement was 16 January 2021. The Chief Financial Officer agreed a response to the provisional settlement with the Cabinet Member for Finance & Governance.

13.4.7 The final settlement was received on 4 February 2021. It confirmed the allocation received by the Council in the provisional settlement as unchanged. Details of grants totalling over £12m were still unavailable at the time of finalising this report and therefore estimates have been included which will be updated as soon as the allocations are received with any change in unringfenced grants being balanced by adjusting the use of balances.

14. 2020/21 PROJECTED OUTTURN POSITION

14.1 As the Financial Management report also on this agenda shows, excellent financial control continues to be exercised and good progress is being made in delivering the overall budget for 2020/21 in very difficult circumstances. However, there are some areas of significant pressure and clearly, the actual outturn will be different, either better or worse, than currently projected as we continue to operate in an extremely challenging environment with a further lockdown now in force. It is essential that all Cabinet Members and budget holders continue to exercise tight financial control and to deliver all planned savings. However, it is currently expected that the Council will have some one-off funding available within the revenue budget contingency for 2020/21 at year end (currently estimated to be in the region of £1.9m) but as this projection is based on spending to the end of December and there may potentially be significant additional Adult Social Care or road gritting costs if we have a hard winter this potential benefit has currently not been assumed to be available in the assessment of projected one-off resources.

15. SAVINGS PROPOSALS 2021/22

15.1 By the end of the current financial year, the Council will have delivered ongoing budget savings of £126.408m since 2009/10. Despite the proposed council tax increase which will generate around £3.64m it is necessary for the Council to find further budget savings in order to deliver a balanced budget without using an unsustainable level of one-off balances.

15.2 Appendix 13 therefore includes a schedule of additional savings that if after consultation with service users and other stakeholders were all delivered would generate a total saving of £5.9m in 2021/22 rising to £7.139m in 2022/23. Clearly after already having delivered £126m of savings, these savings now put forward will include some proposals that are more challenging. As explained elsewhere in this report extensive consultation with service users and partners will be undertaken in order to identify ways mitigate the impacts of the proposals or alternative options.

15.3 Whilst additional investment totalling over £2.3m in to Adult Social Care is put forward in this report and the safeguarding budget is maintained, it is not possible, even in these services to continue providing the same services in the same ways. In order to ensure that the Council can continue to always meet the assessed needs of vulnerable adults and children in our community, it is necessary for new approaches to be taken to deliver better outcomes for our clients and to ensure that we operate as efficiently as possible. Cost improvement plans are therefore in place for both Children's Safeguarding and Adult Social Care. Details of these Cost Improvement strategies are included as Appendices 11 and 12.

16. INVESTMENTS

16.1 Due to the tight financial position faced by the Council the scope for new revenue investments is very limited. However, the Council has always said that it will meet the assessed needs of vulnerable adults and children and in order to do this next year, significant additional investment will be made available to Adult Social Care on an ongoing basis and the Children's Safeguarding budget will be maintained. In total the net budget for these services will exceed £83m next year.

16.2 The only other significant revenue investment proposed for next year is a sum of £0.5m in both 2021/22 and 2022/23 to support crime and anti-social behaviour initiatives. Along with partners, the Council has created multi-functional teams that work together to tackle issues of crime, disorder and quality of life within our towns and communities. Our approach continues to be data and intelligence led and has allows the Council and its partners to have a robust approach in ensuring the borough is a safer and cleaner place to live, work and visit. The Council is therefore allocating this £1m towards delivery of a borough wide safer communities programme that will continue to build on the successful partnership with West Mercia Police and the Police and Crime Commissioner (PCC). This three year programme is in development with implementation focused on data and intelligence led decision making and engagement with partners. This comes on the back of a £250,000 allocation by the council in 2019 match funded by the PCC to improve CCTV coverage in the borough.

16.3 Unfortunately, scope for further revenue investments next year is limited, as additional investments in other priorities would require further budget savings to be identified. However, a number of pressure areas have been addressed during development of the base budget as explained in Appendix 7. These ensure that the proposed budget is robust and sustainable.

16.4 In addition to the revenue investments, the Council is proposing a significant capital programme which totals almost £230m as detailed in the Capital Programme report included as part of this suite of service and financial planning reports. Capital projects take time to deliver and need to be planned over the medium term. . This is a very significant set of investment proposals and demonstrates the Council's commitment to **Protect, Care and Invest to Create a Better Borough**. The proposed package of capital investments will bring significant benefits to the Borough.

16.5 The Council's existing £64.4m funding allocation for Nuplace has already seen:-

- 329 homes delivered, across seven sites with a further 137 under construction or due to commence on site, bringing the total number of houses delivered, or in delivery to 466. Of these properties, 55 are for affordable rent, with the remainder being rented on the open market.

- Nuplace's growing portfolio now provides a range of homes for over 1,000 people across the Borough with houses available within North and South Telford and Newport.
- At Maple Fields in Dothill, 19 of the 54 homes have been built to accessible and adaptable standards and designated for people over 55 or those with a demonstrable need, allowing people to remain living independently for longer in their homes.
- In response to the Council's commitment to become carbon neutral across Council operations by 2030, solar panels and electric car charging points are being installed to 46 homes off Southwater Way to reduce energy bills for tenants.
- The programme has resulted in over 28.6 acres of brownfield land being regenerated, addressing sites that might otherwise blight communities.
- The portfolio is performing well with a cumulative void rate of 1.88% since the first site was opened.
- Since 2015/16 - cumulative net incremental income of £4.4m has been generated for the Council which has benefitted front line services such as social care services.
- In addition, Council Tax and New Homes Bonus payments are estimated to have generated an additional £2.297m cumulatively to the end of March 2021.
- The Nuplace investment portfolio has experienced strong capital growth. Cumulative growth in the portfolio is 17% to the end of March 2021.
- In addition to delivering much needed housing, the programme has delivered considerable added value in terms of local employment, apprenticeships, supply chain development and the delivery of a range of community projects.
- Since 2015/16, Nuplace has delivered a cumulative profit before tax of £1.74m.
- This budget now proposes that the council starts to take a dividend from NuPlace to further help to support the provision of front line council services.

During 2020/21, the Council approved further allocations totalling £48m with the potential to deliver an additional 320 homes across seven schemes which is anticipated to bring Nuplace's portfolio to 786 units and will be a total investment of over £112m.

16.6 The Council's existing £50m Growth Fund, which has now operated for 5 years:-

- Enables the Council to provide land, build and lease bespoke properties and offer a full turnkey solutions, and continues to drive a high number of investment enquiries drawing in new investors.
- The Fund has supported a range of commercial opportunities including new industrial units at T54, supporting the growth and expansion of current business such as Filtermist and providing grow on space for new businesses a Hortonwood

West. Investment is also supporting the delivery of Ni.Park (Newport), a new employment park for the Borough.

- Cumulatively, the £47m investment to date through the Growth Fund is estimated to deliver an ongoing gross return of 7.2%, 4.6% after borrowing costs.
- The £47m committed to date, in to a range of investments is anticipated to help deliver approximately 1000 new jobs and safeguard more than 250 jobs.
- Through the investment of the full £50m the Council is on target to generate over £3m p.a. in additional gross income. As part of the Councils continued commitment to the Property Investment Portfolio, further capital allocations from the Councils Regeneration and Investment Fund totalling £9.65m have been made, which will further enhance the portfolio.
- The investment is also delivering growth in business rates income. The additional business rates of over £500,000 pa is being invested directly into delivering front line services across all the Borough's communities.

16.7 The proposed Capital Programme will also see:-

- £40.7m for transport and Highways schemes including £6.5m for the A442 infrastructure improvements, and funding for repair of potholes
- £25.7m for education capital projects including investment in secondary school expansion projects to increase pupil places
- £9.95m in to Stronger Communities Project, a package focused on bringing back key brownfield sites into use, as well as providing a stimulus to the delivery of Station Quarter the next phase of the transformation of Telford Town Centre
- £9.65m for additional investment in the Council's Property investment portfolio which will attract new jobs, and retain companies that may otherwise leave the Borough if suitable premises are not available. Profits, and additional business rates, from these investments will be used to help fund key front line services including Adult Social Care and Children's Safeguarding.
- £6.9m for Pride in Your High Street schemes
- £6.5m investment in the Newport Innovation & Enterprise Package
- £5m for Environmental Improvements/ Enhancements
- £4m for Climate change initiatives with £0.14m available in 2020/21, £1.86m in 2021/22 and £2m in 2022/23 to support work to reduce the Council's carbon footprint and partnering with government and others on other climate change projects.

17. COUNCIL TAX

17.1 Council Tax in Telford & Wrekin has historically been low compared to other councils. Appendix 1 is a graph comparing Council Tax levels across the Midlands region and demonstrates that Council Tax in this area is the lowest in the Midlands region at Band D (£1,353.48). The average Council Tax at Band D in the Midlands region is more than 14% higher than in Telford & Wrekin.

17.2 Appendix 2 compares our Council Tax to the other unitary authorities in England and shows that we have the fourth lowest Council Tax at Band D out of 57 unitary authorities being £187.36 less pa than the average for unitary authorities of £1,540.84 which is almost 14% higher than our level at Band D.

17.3 If Telford & Wrekin Council had levied a Council Tax at the average level of Midlands authorities (£1,549.92 at Band D which is £196.44 higher than in Telford & Wrekin) in the current year, we would have generated an additional £10.19m this year.

17.4 A further factor that has reduced resources in this area is "grant damping' whereby grant that the Government has calculated should be paid to this Council is withheld and used to support spending by councils that would otherwise receive less grant e.g. as a result of reducing population numbers. In the calculations used to establish the current local government finance system which came in to effect from 1st April 2013, £1.6m pa of this loss was perpetuated in the new baseline funding settlement for the Council and will be withheld from us – equivalent to a cumulative loss of over £14.4m by 2021/22.

17.5 As well as a comparatively low level of Council Tax, this area also has comparatively low property values with the majority of our properties being in Council Tax Bands A or B. 61.3% of total chargeable dwellings in Telford & Wrekin are in these two bands, compared to the average across all unitary authorities of just 48.9%. Whilst this is relatively good news for local residents in terms of their Council Tax bill and although we appreciate that Council Tax bills are still a significant cost for local households, it means that we do not have the same scope to generate income from Council Tax as many other parts of the country where levels of Council Tax are much higher and average property values are also higher so a 1% increase raises considerably more per property than it does in Telford & Wrekin.

17.6 Despite the significant withdrawal of Government grant from the Council over the last 10 years, the Council has worked hard to keep Council Tax in Telford & Wrekin as low as possible recognising the financial pressures that our residents face. However, the most critical services that the Council delivers are safeguarding vulnerable adults and children and the Council is committed to ensuring that we always meet the assessed need of vulnerable social care clients. Whilst the government made some one-off funding available to support social care services next year, this is insufficient to meet the increases in demand that we face. The Council continues to see increasing demands for Adult Social Care in particular. It is therefore proposed that Council Tax for 2021/22 is increased by a total of 4.99% (made up of 3% in respect of the

Government's Adult Social Care Precept which the Government has assumed that all eligible councils will apply and a general Council Tax increase of 1.99%). 4.99% would represent the average increase across the whole borough in the Telford & Wrekin part of the council tax bill and may vary slightly for individual households dependent which part of the borough they are located within and would amount to £1.01 per week for the average (Band B) property in the Borough. The increase in the total bill for each household will also be affected by the decisions of the Police & Crime Commissioner, The Fire Authority and individual town and parish councils.

18. BASE BUDGET, BALANCES AND CONTINGENCIES

18.1 Base Budget

18.1.1 A summary of the Base Budget position is included at Appendix 6 which shows a net base budget of £137.087m for 2021/22 after reflecting the investments set out in this report but before deducting the savings proposals. Assuming a council tax increase of 4.99% for next year and that all the savings put forward are agreed leaves a funding gap of £0.173m. Appendix 7 includes an analysis of the main changes in moving from the 2020/21 budget to the 2021/22 base budget.

18.2 Balances

18.2.1 Appendix 9 summarises the overall reserves and balances position of the Council after taking account of the various earmarked reserves and the risks faced by the Council. This currently shows around £20m available which could be taken in to account as part of medium term budget strategy considerations, excluding the current projection for unused 2020/21 corporate contingency of £1.9m shown in the Financial Management report also on this agenda but after the recommended use of £0.173m one-offs to balance the position for next year.

18.2.2 The Government offered Councils the ability to fund the one-off costs of service reform projects from new capital receipts generated during a three year period commencing from 1st April 2016, which was subsequently extended to a six year period (up to and including 2021/22) as part of the provisional settlement on 19th December 2017. Taking advantage of this opportunity offered by the Government will result in higher levels of debt than would have otherwise have been the case and therefore higher debt charges as all capital receipts would otherwise be used to fund planned capital projects. However, whilst the debt charges are ongoing they will be more than offset by the ongoing savings generated from the invest to save measures. In order to take advantage of this flexibility Full Council would need to approve an updated "Efficiency Strategy" included as Appendix 16. The Council will need to build up a balance in the severance fund for use from 2022/23 onwards. Currently the uncommitted balance in the

Severance fund is £1.2m. A further £1.1m is held as an uncommitted balance within the Invest to Save/Capacity Fund.

18.2.3 The total "usable" one-offs of £20.46m are detailed in Appendix 9 and will be used to support the delivery of the medium term service and financial planning strategy as set out in this report. Given the exceptionally high level of uncertainty over the Council's medium term financial position as previously highlighted in this report, it is important to retain as much flexibility as possible by limiting the use of available one-offs until the medium term position becomes clearer. However, it is proposed to use a limited amount of these uncommitted one-off resources, £0.173m, to support the revenue budget in 2021/22. The level of usable one-offs gives a good level of comfort that the proposals contained in this report are financially robust given the projected levels of spending in Children's Safeguarding and Adult Social Care in 2021/22 have been fully allowed for in the proposed budget. The council also has £8.92m of general fund funding set aside for the one-off costs of implementing single status which may not all be required and which certainly won't be required in 2021/22 and a £10m reserve for Investment in Council Priorities giving the Council additional potential flexibility if required in the short-term. Having adequate uncommitted one-off resources is particularly important as the significant benefits obtained in recent years from treasury management activities cannot be assumed to be available in future years.

18.3 Risk Management and Financial Resilience

18.3.1 Local Government has faced unprecedented financial challenges since 2010 and the Council has faced significant grant cuts at a time when demand for many services, such as safeguarding vulnerable children and adults, have been increasing. We are also in a period of considerable financial uncertainty with changes to the Local Government finance system, now due to be implemented in April 2022 and currently no national Comprehensive Spending Review figures from the Government beyond 2021/22. As an organisation that provides a vast range of different services to the community and spends almost £500m per annum financial resilience and risk management are very important considerations when setting the Service & Financial Planning Strategy.

18.3.2 The key elements underpinning the Council's Financial Resilience are:

- **Setting a robust budget strategy which is deliverable and sustainable**
  - ✓ The Council has a long proven track record of strong financial management, with no overspends over the past 10 years and has consistently received an unqualified audit opinion from its external auditors
  - ✓ The Council has successfully delivered £126m of budget savings since 2009/10

- ✓ Although very challenging, many savings have been phased over a number of years to allow adequate time for full consideration, consultation and implementation and in order to identify alternatives that mitigate impacts on our community.
- ✓ An Invest to Save/Capacity Fund and a Partnership Capacity Fund are in place to provide additional resources for priority areas and to assist with the delivery of savings; bids are subject to a rigorous business case development and approval process.
- ✓ The Council has a comprehensive employee restructuring programme which is used consistently and supported by clear, costed rationales to support reductions in ongoing costs whilst maintaining the delivery of essential services and minimising compulsory redundancies as far as possible – only 10% of the posts that have been deleted to date have been as a result of compulsory redundancy.
- ✓ Where required, additional investment has been included in the budget, £2.3m additional investment in Adult Social Care has been allowed for in 2021/22
- ✓ Provisions are included in the accounts where required, to safeguard against potential costs, for example for bad debts and NDR Appeals.

- **Strong and Effective Financial Management**
  - ✓ A robust risk based financial monitoring regime is in place to identify any adverse variances early so that corrective financial management action can take place. Additional in year savings targets have been delivered when necessary in recent years to meet service pressures.
  - ✓ A strong and proactive financial management approach is evident - during 2020/21, in response to the financial pressures relating to the coronavirus pandemic, officers undertook a rigorous review of reserves and balances to identify additional one-off funding which could be used to fund pressures if required, which has avoided the need for in-year savings measures to be implemented.
  - ✓ The Council has put forward a robust strategy to re-balance the 2020/21 budget in response to pressures being experienced due to Coronavirus (see the financial management report also on this agenda) while still retaining a good level of reserves and balances for the medium term strategy.
  - ✓ The projected financial outturn for 2020/21 currently shows that some of the revenue budget contingency should be available at year end despite the significant additional pressures being experienced in many parts of the budget as a result of Covid.

- ✓ Cost Improvement plans are in place to focus on Children's Safeguarding & Family Support and Adult Social Care, areas of high demand and high cost. These are monitored on a regular basis by Senior Managers and Members.
- ✓ All reports considered by SMT and Cabinet are required to include financial and legal comments prepared by suitably qualified officers to ensure that financial and legal implications are clearly understood before decisions are taken.
- ✓ Decisive corporate action is taken on a timely basis to manage the Council's overall resources in order to address pressures as they, inevitably, arise during the year given the complex disparate range of services provided by the Council.

- **Strong & Effective Capital & Treasury Management**
  - ✓ Capital Programme resources are available, in accordance with the Prudential Code of Borrowing and capacity may exist to capitalise expenditure planned to be funded from revenue and in extreme circumstances the Minister may authorise an application for a capitalisation direction.
  - ✓ There is an effective Treasury Management Strategy which aims to maximise returns for the Council while minimising risks with a solid long track record of exceeding targets set and always complying with Treasury management parameters.
  - ✓ Long term interest rates are allowed for in the budget projections despite still holding around £58m of total debt in short term loans (at the time of writing this report) the majority running at rates below 1%. This enables the Council to lock in to longer term fixed rate loans when advised to do so by our external Treasury Advisors without impacting on the medium term financial projections included in this report.
  - ✓ Treasury management decisions are managed at a strategic level in order to deliver best value rather than individual loans being taken out for spending on each separate capital project which often span several years.
  - ✓ All capital and revenue investment proposals are subject to a rigorous business case development process to manage and mitigate risks as far as possible and are funded in accordance with the Council's approved Treasury Management Strategy after taking advice from professional advisors.
  - ✓ A Capital Programme Board has been established to drive delivery of the capital programme and manage overall available resources. This is chaired by the Chief Executive and membership includes all Executive Directors and all Directors with significant capital projects.

- **Reserves & Balances**
  - ✓ The Council has General Fund and Special Fund balances as a safeguard against unforeseen costs. A rigorous review of reserves and balances has been undertaken and identified that around £20m is available to support the medium term strategy after allowing for the proposed use next year.
  - ✓ Despite the significant level of pressure faced as a result of Covid, one-off resources will be retained as far as possible to provide financial flexibility due to the high degree of uncertainty over the future financial outlook.
  - ✓ In extreme emergency circumstances, general balances and some other funds that have been set-aside for specific purposes could be used and then replaced as part of a future strategy.
  - ✓ The Council holds £8.92m set aside for one-off costs associated with the equal pay settlement. This is a significant sum which will be reviewed as modelling work on the likely settlement is firmed-up.
  - ✓ Contingencies have been built into the revenue budget: General contingencies totalling £3.95m in 2021/22 are held within the corporate core and the ASC and Children's Safeguarding budgets with a further £0.7m for inflation held centrally;

- **Strategic Risk Management**
  - ✓ The Council has a strategic risk register which is used to identify the substantive issues which may impact negatively on the delivery of the Council's priorities and may also have a financial impact. This is regularly reviewed by Senior Management Team to manage risks and mitigate potential exposures both as part of everyday business and as part of decision making processes.
  - ✓ The updated Strategic Risk Register is included as Appendix 3 of this report.

Reducing Dependency on Government Funding

- ✓ A key focus of the budget is on income generation, for example through the £60m "Property & Regeneration Investment Fund" approved last year and now supporting the expansion of NuPlace thus reducing the Council's reliance on Government Grant in the future making the Council more financially independent but also more subject to economic cycles.
- ✓ Despite the financial challenges being faced, the Council has a clear goal to attract new jobs and investment and promote growth in the borough and is committed to an

investment programme which will safeguard the prosperity of the borough – growth will result in additional Council Tax, new homes bonus and business rates pending the major changes to the system expected in April 2022 and periodic resets of the system.
  - ✓ The Council has adopted innovative ways to generate income such as from Nuplace, its wholly owned housing company, the solar farm, The Telford Land Deal (a unique joint arrangement with the Marches LEP and Homes England) and the Telford Growth Fund. Surpluses from these investments support front line services as well as providing wider environmental, social or economic benefits.

- **Insurance Arrangements**
  - ✓ Appropriate insurance arrangements are in place to safeguard the council's assets and protect against liabilities.

- **Experienced Finance Team**
  - ✓ The Council employs an in-house finance team who work closely with service managers developing good working relationships and understanding of the issues and pressures facing services.
  - ✓ The Council's finance team includes a good mix of qualified accountants, accounting technicians and other staff with extensive experience built up in the Council, in other public sector organisations and the private sector.
  - ✓ The Council makes sufficient resources available to the Section 151 Officer to enable comprehensive financial management controls to be maintained.
  - ✓ The Council employs an experienced S.151 Officer who is a member of the Council's Senior Management Team reporting directly to the Chief Executive.
  - ✓ The Council has an experienced Cabinet Member for Council Finance,
  - ✓ Regular Financial Management reports are produced for and considered by the Senior Management Team and for Cabinet and appropriate action taken to manage pressures as they arise.
  - ✓ Specialist external knowledge is commissioned for specific projects where appropriate.

18.3.3 These factors, together with the Council's long track record of effective financial management over what has been an exceptionally challenging period of austerity, which is unprecedented both in scale and duration, provide a level of assurance that the Council is in a sound financial position despite the further challenges that the Council will inevitably continue to face.

18.4 Inflation Assumptions and Contingencies

18.4.1 The Council's budget model includes an allowance for pay awards of £250 for employees earning less than £24,000 pa (FTE) for 2021/22 and 1% for all employees for 2022/23 and 2023/24**.** If actual pay awards are lower than this the saving will be used to reduce the savings requirements for these years. If they are higher the Council will need to find further savings. After many years of considerable pay restraint which have seen the pay of council employees cut in real terms by 25% compared to RPI (and considerably more for the most senior roles) there is a risk that the Council may not be able to retain or attract suitably skilled staff to deliver services in what is now a very challenging environment.

18.4.2 In accordance with practice in recent years, no allowance has been built in for general inflation, although some provision for contractually committed inflation and Adult Social Care costs has been made.

18.5 Single Status

18.5.1 The Council is continuing its work to enable the implementation of a new job evaluation scheme to meet the requirements of the Single Status legislation. A considerable amount of work has been undertaken, including developing a comprehensive local Job Evaluation scheme. Work is progressing with the trades unions to ensure that the local job evaluation scheme has been applied in a fair and consistent way. Phases one and two of this work have been completed and work on Phase three which covers Council based employees is currently underway. This is an important process which takes time to complete accurately.

18.5.2 An allowance for the additional ongoing costs arising from single status has been built in to the budget for 2022/23 of £1.270m. This is after allowing for existing commitments against the funding previously earmarked e.g. to meet the costs of moving away from fixed point grades and some additional payments for social workers to reflect market rates. It is also in the context of introducing a local job evaluation scheme that is expected to have a lower on-going cost than previously assumed. In addition to the ongoing budgetary provision £8.92m one-off funding was set aside several years ago to meet any one-off costs associated with implementing the Single Status agreement. As work progresses on the project it will be possible to assess how appropriate this level of one-off resource is.

19. EDUCATION FUNDING – DEDICATED SCHOOLS GRANT

19.1 Dedicated Schools Grant (DSG) in 2021/22 will be allocated using four blocks:

19.2 **Schools Block - £136m** - funding for all mainstream primary and secondary schools via a local funding formula, although the Government's stated aspiration is to move to a nationally determined funding formula in future. The amount in the block for Telford & Wrekin has increased by around £10m compared to 2020/21, mainly due to an increase of around 8% in the funding per pupil. Some of this is due to a like-for-like increase in pupil funding of around 3%. The remainder represents funds previously allocated through separate teachers' pay grants being brought into the Schools Block.

19.3 **High Needs Block –£28m -** which funds Special Educational Needs (SEN) placements and support, special schools, pupil referral units and other alternative provision. The allocation for 2021/22 includes £0.5m for teachers pay which previously was allocated through separate grants. The remaining increase of £2.5m is approximately 10%, broadly reflecting the national average increase. This significant increase, following a similar increase last year, is a recognition of the severe budget pressures in this area.

19.4 High needs will remain an area of significant financial pressure in Telford & Wrekin, as well as many other Local Authorities, due to the upwards trend in the number and complexity of children and young people with high needs. The lack of flexibility in the deployment of DSG funding means that the Authority is dependent on DfE allocations of high needs funding being sufficient to meet demand. Services are working to make local provision both educationally and financially sustainable, in particular by supporting mainstream schools to be as inclusive as possible.

19.5 **Early Years Block - £12m** – funding for free entitlement provision for 2, 3 and 4 year olds. Since September 2017 publicly funded provision has been extended from 15 hours per week (in term-time) to 30 hours per week for children of working parents. Funding is allocated to settings, both schools and private, voluntary and independent (PVI) providers based on a local funding formula. There has been a very modest increase in funding per child for 2021/22 of 1.35% for 3 and 4 year olds and 1.52% for 2 year olds. Cost pressures impacting upon settings include the year on year increases in the minimum wage. As early years allocations are based upon numbers of children in two January censuses, January 2021 and January 2022 for financial year 2021/22, the allocations are provisional until final adjustments are made after the financial year end (Summer 2022 for financial year 2021/22).

19.6 **Central School Services Block –£1.2m** - funding for Local Authority central services, which in the main are statutory. The Education Services Grant (ESG) ceased at the end of August 2017 and the Government created this new DSG block specifically for central services. However, the amount allocated is far lower than the previous ESG and Local Authorities need to secure Schools Forum approval for central services costs most of which are statutory responsibilities of the local authority.

20. EQUALITY IMPACT ASSESSMENT

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

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

21. ENVIRONMENTAL AND ECONOMIC IMPACT ASSESSMENTS.

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

21.2 The revenue budget includes an ongoing budget to support work on climate change initiatives and the capital programme includes £4m earmarked for initiatives that will help the Council reduce its carbon footprint working with government and partners where appropriate which will be used to help reduce the Council's environment impact. Overall, on balance the environmental assessment of the budget proposals is expected to be positive for example as the Council operates from fewer buildings energy use will be lower and lower employee numbers and increased home working will result in decreased car journeys to and from work and potentially work related journeys as we redesign services and make increased use communication technology.

21.3 An economic impact assessment will be undertaken for those proposals that have a significant individual economic impact. Clearly reducing spending by the Council will impact on the local economy for example through fewer people being directly employed by the Council and less business being placed by the Council with local suppliers as spending reductions are made. The Council adopts a proactive business supporting and business winning approach which will reduce the adverse economic impacts caused by the Government's continuing cuts to our grant and has also set out a significant Capital Programme which will offset the impact of spending cuts to some extent.

22. COMMUNITY ENGAGEMENT AND COMMUNICATION

22.1 As outlined earlier in the report, we will continue to work closely with a range of community groups and Town and Parish Councils to develop alternative ways of delivering services. By engaging with residents and other partners it can be possible to find alternative ways of delivering those services that support our community. We will continue to engage with a range of partners and service users (experts by experience) who could assist in developing alternative service solutions in those areas that have potential to impact upon our residents.

22.2 The focus of the 4 week budget engagement process this year has been on communicating our strategy for Service & Financial Planning for next year to our partners and wider community and seeking to open an ongoing dialogue with them about how we can continue to work differently together in order to make best use of available resources. This has involved clear communication in relation to where the Council intends to spend its budget, the proposed level of council tax increase and highlighted the areas for new investment. The Council's strategy was published on our website, information was provided on social media and was supported by wider media communications. People were given an opportunity to comment on these proposals by email, telephone or social media.

22.3 As part of our engagement process we have also commenced dialogue with our partners in the voluntary and community sector and Town and Parish Councils. These sessions involved presentations on our Service & Financial Planning strategy and provided more detailed information about the challenges we face. The sessions also included an opportunity for us to take stock with our partners as a result of the impacts of Covid. This was to consider the impacts it has had on how we operate and how we can better combine resources by working more closely together during these difficult times to meet the complex needs of our communities.

22.4 Some common themes were explored across these sessions. An ongoing theme continues to be a focus on collaborative working and ensuring that we are all making the most of the limited resources we have. The importance of an ongoing dialogue and sharing information was also identified and how the Council can best support them with this.

22.5 As outlined above, communication of the Council's Service and Financial Planning Strategy has been the start of the process of more in depth engagement that will continue throughout the year. We will use the feedback from partners to enable us to work together as specific proposals relating to service delivery are developed. Our joined up approach to equality and consultation will ensure that we engage residents appropriately in relation to proposed changes to the delivery of Council services.

23. FEEDBACK FROM SCRUTINY

23.1 The Council's Business & Finance Scrutiny Committee is a politically balanced committee of seven non-Executive elected members and two co-opted members. The Committee is the main mechanism by which Cabinet consults annually with Scrutiny on the budget proposals.

23.2 The Committee held two meetings on 13 January and 18 January 2021 to scrutinise the Service & Financial Planning Strategy 2021/22 – 2023/24 agreed by Cabinet for consultation on 7 January 2021.

23.3 An alternative budget was not put forward by the main opposition group.

23.4 The Committee would like to thank the Cabinet Member for Finance and Governance and the Chief Financial Officer for their presentations and answering questions to assist the Committee in its deliberations. The Committee also thanks those Officers involved in providing written responses to a number of questions raised.

23.5 The general consensus of the Committee was to support the administration's budget approach. In particular, the Committee made the following observations:-

(a) Adult Social Care (ASC) continued to be financially challenging, not just for Telford and Wrekin but for local authorities across the country.

It was clear to the Committee that the application of the Government's 3% "Adult Social Care precept" which would be fully invested into ASC services was a necessity. The Committee continued to keenly await the government's green paper and debate on funding for long-term social care.

(b) The Committee supported the proposed increase in Council Tax for 2021/22 of 1.99%, together with the application of the Government's additional 3% "Adult Social Care precept" (a total of 4.99%). Members noted that with the increase the Authority's tax rate would still be among the lowest in the Midlands.

(c) Members expressed support for the Hardship Fund and other Council Tax mitigation policies during what had been and would continue to be a difficult period for residents.

(d) The Committee also noted and supported the investment proposals in the budget strategy and supported the prudent use of £0.386m of available revenue balances as set out in the report.

(e) The Committee supported the COVID-19 reserve contingency fund, it was noted that such contingency was prudent given the ongoing disruption posed by the pandemic for the foreseeable future.

(f) Members also expressed support for the savings proposals for 2021/22 – 2022/23.

(g) The Committee was in support of the additional £1m (over two years) investment supporting crime and anti-social behaviour initiatives.

24. STRATEGIC RISK REGISTER

24.1 As an organisation which provides a vast range of different services to the community and spends revenue and capital resources of around £500m pa, the management of risks is an important consideration in the budget setting process. The Council has a strategic risk register – included at Appendix 3, which is used to identify the substantive issues which may impact negatively on the delivery of the Council's priorities and may also have a financial impact. This is regularly reviewed by the Senior Management Team to manage risks and mitigate potential exposures both as part of everyday business and as part of decision making processes. The risk register has also been reviewed by the Audit Committee at the meeting held on 28 January 2021.

25 PAY POLICY

25.1 The draft pay policy statement for 2021/22 which, will be considered by the Personnel Committee on 11 February 2021, is included at Appendix 15. The Localism Act 2011 requires local authorities to produce an annual Pay Policy Statement. The Act requires the statement to detail the Council's policies in respect of remuneration at various tiers within the Council. The Act does not apply to local authority schools.

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

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

25.3 The Council's Pay Policy Statement details:-

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

26. COUNCIL TAX REDUCTION SCHEME

26.1 Each year Full Council is required to approve the Council's Council Tax Reduction Scheme for working age residents. Significant changes were made to the scheme in 2020/21. For 2021/22 there are no proposed changes to the scheme except for up-rating of amounts within the scheme. The Council also has a Council Tax Reduction Hardship Assistance fund and policy which is to continue during 2021/22 but with significantly increased funding earmarked for this purpose. Details of both the Council Tax Reduction Scheme and the Council Tax Reduction Hardship Assistance Policy can be seen in Appendix 14.

27. IRONBRIDGE GORGE MUSEUM TRUST

27.1 The Council made a loan to the Ironbridge Gorge Museum Trust which is due to expire in January 2025. The balance outstanding at 31 December 2020 was £161,206 and the loan is secured by a guarantee from the Ironbridge (Telford) Heritage Foundation Ltd. The intention was that the loan would be repaid through offsetting services bought from the Trust over the period of the agreement with repayment being monitored against the January 2023 timescale. A recent review of the service delivery and repayment arrangements indicates that a more realistic payment schedule would be to provide the option to extend the loan to January 2031 if required. This continues the valuable partnership working between the Council and IGMT which is key to the effective management of the World Heritage Site, maximising tourism and promoting Destination Telford.

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

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

28.2 **Appendix 10 gives a more detailed view, but overall, given the continued delivery of savings which will total £126.4m by the end of this year, the long-term service redesign, particularly in relation to Adults and Children's services, the more commercial approach being adopted and the investment being made in the borough, It is considered that the Council is pursuing a sound financial strategy in the context of both the pandemic and the most prolonged and challenging financial position it has ever faced due to the combined long-term effect of Government grant cuts and increased service pressures. Further, it is considered that the Council maintains an adequate level of reserves and provisions and has an appropriate medium term strategy for the use of reserves.**

29. NEXT STEPS & TIMETABLE

29.1 Once the service and financial planning strategy for 2021/22 has been approved by full Council on 4 March 2021 and the Council Tax resolutions have been approved, it will be imperative that considerable resource is devoted to rigorous financial management and monitoring by all managers and budget holders. All managers need to effectively and proactively manage their budgets. Managers have a key role in the financial management of their services through use of the Agresso financial management system and appropriate training to facilitate and support this continues to be made available.

29.2 The Council faces many financial challenges over and above the obvious and very significant reductions in Government grant. There are many risks and uncertainties inherent in the financial system that was imposed by the Government during 2013/14. As made clear earlier in the report there is a very high level of uncertainty about how the CSR2021 and the new local government finance system now expected to be introduced from April 2022 will impact on the Council.

29.3 As well as exercising tight financial control and effective financial management, managers and Cabinet Members will continue working together to identify further savings and opportunities for additional income to bridge the significant potential budget shortfalls currently projected in 2022/23 and 2023/24. Developing options for consultation will involve discussion with partner organisations, service users and the community. The Council will need to actively respond to any additional consultation opportunities offered by the Government during 2021/22 around the new local government finance system and ensure that the implications of the final changes are understood and opportunities are maximised and the associated risks are effectively managed as far as possible.

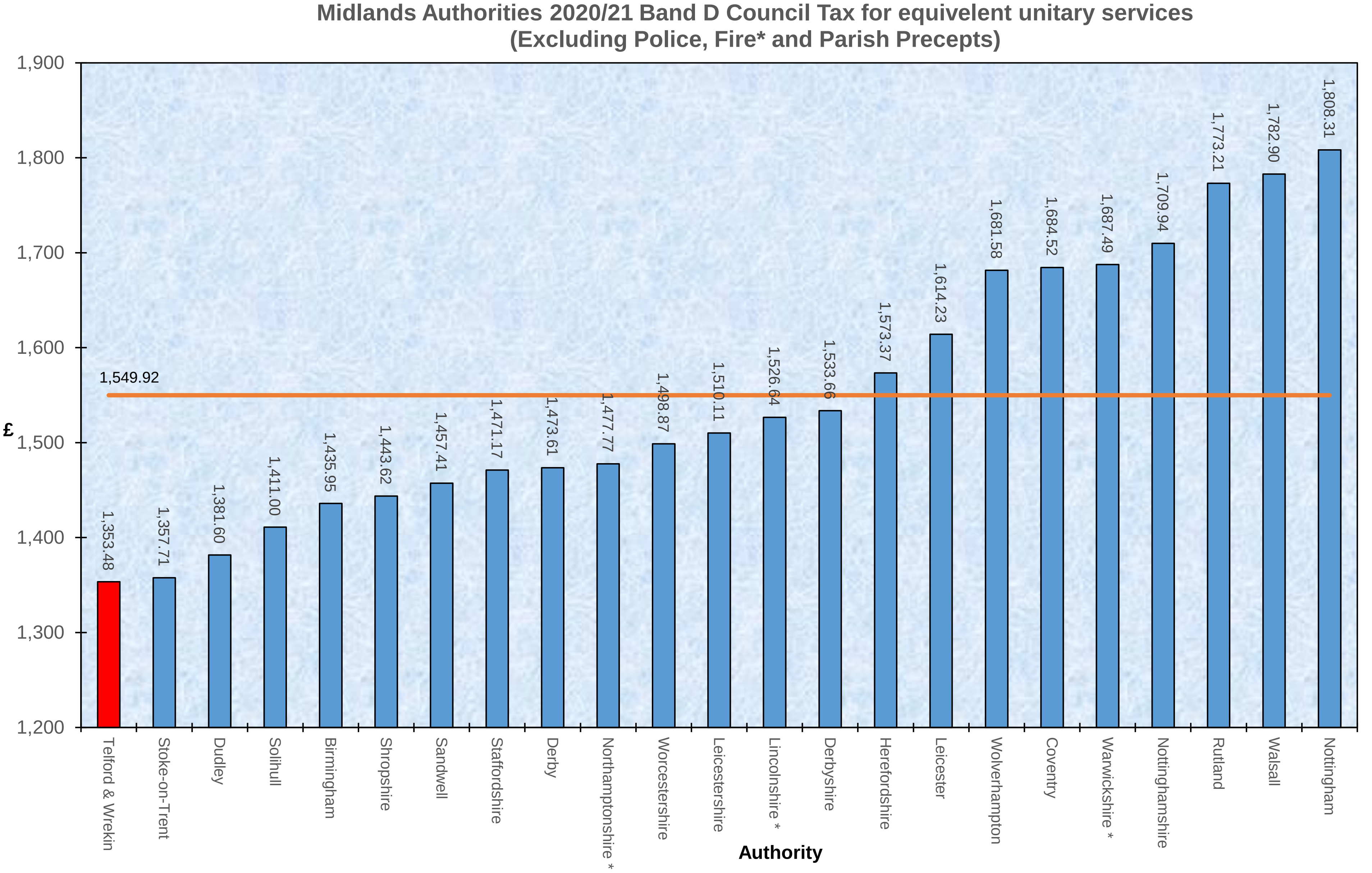
30. BACKGROUND PAPERS

- LG Futures Local Government Finance Settlement briefing
- BBC News Website
- LGA Website and CSR and Provisional Local Government Finance Settlement 2021/22: on-the-day briefing documents issued by the LGA
- Financial Times Website – "England's councils face austerity by stealth" Chris Giles and Andy Bounds - 9 December 2020
- Revenue Support Grant Settlement Announcement – MHCLG Website
- Service & Financial Planning Report to Council – 5 March 2020
- Service & Financial Planning Report to Cabinet – 7 January 2021
- Setting the Council Tax Base Report to Council – 14 January 2021
- Financial Monitoring Reports to Cabinet 7 January 2021 and 18 February 2021

Report prepared by: Ken Clarke, Director: Finance & H.R. (C.F.O.) - Tel: (01952) 383100

INDEX OF APPENDICES.

Appendix 1



Midlands Authorities 2020/21 Band D Council Tax for equivelent unitary services
(Excluding Police, Fire* and Parish Precepts)
£
Authority
1,549.92
1,900
1,800
1,700
1,600
1,500
1,400
1,300
1,200
Telford & Wrekin 1,353.48
Stoke-on-Trent 1,357.71
Dudley 1,381.60
Solihull 1,411.00
Birmingham 1,435.95
Shropshire 1,443.62
Sandwell 1,457.41
Staffordshire 1,471.17
Derby 1,473.61
Northamptonshire * 1,477.77
Worcestershire 1,498.87
Leicestershire 1,510.11
Lincolnshire * 1,526.64
Derbyshire 1,533.66
Herefordshire 1,573.37
Leicester 1,614.23
Wolverhampton 1,681.58
Coventry 1,684.52
Warwickshire * 1,687.49
Nottinghamshire 1,709.94
Rutland 1,773.21
Walsall 1,782.90
Nottingham 1,808.31

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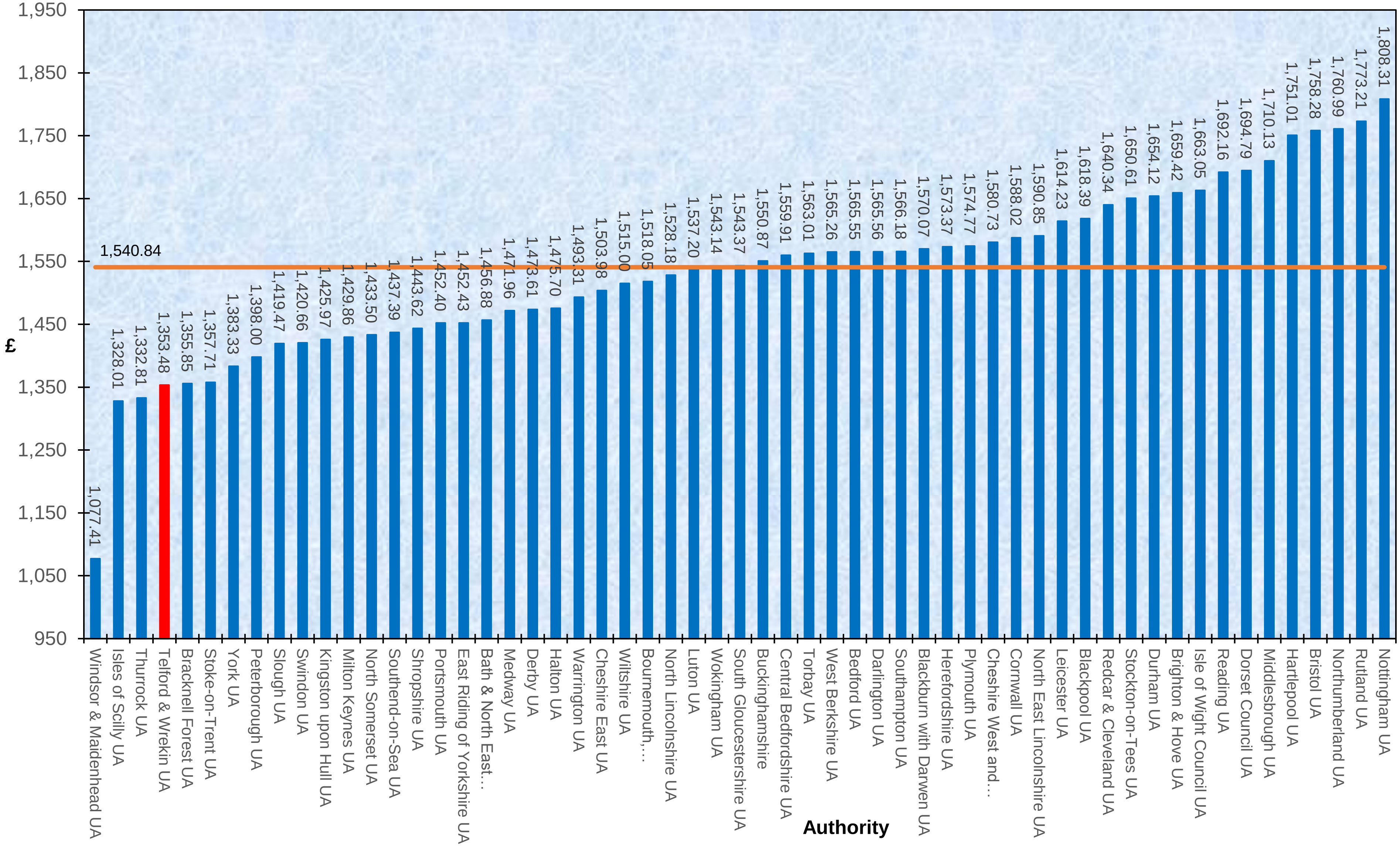
Appendix 2

Unitary Authorities 2020/21 Band D Council Tax
(Excluding Police, Fire and Parish precepts)



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APPENDIX 3

TELFORD & WREKIN COUNCIL STRATEGIC RISK REGISTER UPDATED JANUARY 2021

Definitions used in the risk register:

Likelihood of Risk Occurring

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

Impact of Risk if it does Occur

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

The Register

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
1	Failure to discharge duty of care for a vulnerable child or vulnerable adult	Without controls - likely	Major: physical + reputation + financial	• Safeguarding Partnership (Adults & Children) Community Safety Partnership and Youth Offending Service Management Board scrutinise performance, call partners to account and drive practice improvement in the light of learning (e.g. from Serious Case, Safeguarding Adult & Domestic Homicide Reviews) • Safeguarding Partnership works to develop systematic working across children and adult landscape. • The Council will invest £2.3m of additional funding into Adult Social Care services in 2021/22. The Council's net budget for Adult Social Care will be over £47m in 2021/22. • The Council's net budget for Children's Safeguarding will exceed £36m in 2021/22. • The combined total net budget allocation for these services will be in excess of £83m • Budget contingencies of £3.95m will be available in 2021/22 that can support pressures in any Council budget including Adult Social Care and Children's Safeguarding which account for two thirds of the Council's net budget.	JB/SD	Unlikely with controls we have in place	Major: physical + reputation + financial

				Children: • Safeguarding arrangements are routinely reviewed and developed in response to new statutory requirements as they are introduced • Workforce development strategy – recruitment and retention, learning and development including Systemic Practice across the Council's children's workforce. • Children's Services - systematic quality assurance role for all managers from frontline Team Manager through to CEX and DCS • No staff savings target for Children's Social Workers • Work to national inspection standards and respond to actions required from inspections. • OFSTED inspection of Children's Safeguarding January 2020 achieved "Outstanding"". An action plan has been delivered to respond to the small number of recommendations • Independent Review of Child Sexual Exploitation (CSE) commissioned by the Council is underway • 'Essential learning' for all employees includes both child protection and CSE. .	JB		
				Adults: • Adult safeguarding part of Safeguarding Partnership in compliance with Care Act requirements and new Adult Safeguarding Guidance & Regulations. • Adult Services - systematic quality assurance role for all managers from frontline team manager through to DAS	SD		

				• Quality Surveillance Group chaired by Chief Officer of NHS England Area Team ensures coordination of quality & safeguarding issues across health & social care system. • ‘Essential learning’ for all employees includes adult safeguarding.			
2	Inability to: - match available resources (both financial , people and assets) with statutory obligations, agreed priorities and service standards - deliver financial strategy including capital receipts, savings and commercial income. - fund organisational and cultural development in the Council within the constraints of the public sector economy	Without controls - almost certain	Major physical + reputation + service	• Robust commercial approach taken by Council services in terms of increasing income generation • Rigorous service and financial planning and regular monitoring and active management through S&FPG, SMT, Business Briefing and Cabinet. • Efficiency Strategy in place which allows the Council to qualify for the Flexible Use of Capital Receipts which can be used to fund the revenue costs of reform and service transformation which deliver efficiencies • ‘Savings programme, service reviews and restructuring. • Staffing, economic and environmental impact assessments. • In-year savings exercises possible if necessary • Rationalisation of Council assets and accommodation • Prudent level of uncommitted one-off resources and in-year budget contingency • Delivery of capital receipts/rigorous monitoring of capital receipts realisation and impact on the budget • If necessary contingency plans reviewing phasing of planned capital expenditure, schemes included in capital programme, alternative potential	DS/KC	Unlikely with controls we have in place	Major: physical + reputation + service

				disposals and further revenue budget cuts would be identified for consultation • Regular review of reserves and balances against risk exposure • Ongoing review of financial policies • Safeguarding Children Cost Improvement Plan • Adult Social Care Cost Improvement Plan • Commercial project(s) for additional income generation as well as wider economic, social and regeneration purposes • Housing Investment Programme • Robust assessment of potential new investments through a proper due diligence and business case process to ensure that the Council is not exposed to an unacceptable level of risk either on an individual basis or when considering the entire investment portfolio • Specialist legal and taxation advice taken as required • Active Treasury Management in conjunction with regular advice and updates from specialist Treasury Management Advisors • Cabinet Members regularly briefed • All necessary strategies, policies and procedures in place to fully comply with CIPFA and MoHCLG codes and regulations with regular review • Established approval process for agreement of business cases for new investment from the Council’s Growth Fund and Invest to Save/Capacity Fund • All reports to Cabinet include a financial comment that identifies the financial implications arising from the recommendations to avoid significant additional ongoing commitments being committed without appropriate consideration			

3	Losing skills, knowledge and experience (retention & recruitment) in relation to staffing	Without controls – almost certain	Significant: service + reputation + financial	• Member development programme. LOSE • Workforce Development Strategy currently being refreshed with focus on delivering ambition of the Council being employer of choice. Strategy will focus on: • ‘Our workforce will have the skills, abilities and mind set to deliver our priorities • Our managers will be leaders and will empower staff to deliver our priorities [in delivery of our priorities] • ‘Our organisation will be more diverse and inclusive offering a voice and fair treatment for all’ • ‘Our workplace will be healthy and we will support our employees wellbeing’ • Senior Management development programmes • Future Leader/ Management & Leadership programmes • Each service area has a workforce plan considering ▪ skills gap analysis and needs ▪ apprenticeships • Specific HR policies: - use of market factor weighting for key groups - flexible working policy - staff benefit schemes • “Grow your own” scheme for roles that are hard to recruit to. • Induction programme and ongoing training and development • Lean Review of recruitment process and the development of the Council’s employment “offer” • Council values, ethos, rewards and recognition • Implementation of Annual Personal Performance and Development discussions for all staff.	DS	Likely with controls we have in place	Significant: service + reputation + financial

4	Significant business interruption affecting ability to provide priority services, e.g. pandemic.	Without controls – almost certain	Significant: service + reputation	• Each Service Delivery Team has Business Continuity Plans to enable them to respond appropriately (people, systems etc.), these are reviewed annually and updated following team changes and or incidents. • Serious Incident Protocol been adopted. • Continue to invest in ICT capital programme. Data centre investment complete. • Improvement/upgrade/replacement of key ICT systems ICT controls – Disaster Recovery facilities in place based on Priority Services in line with Business Continuity Plans. • Roll out of “office 365” and the cloud computing. • Investment in cyber security and awareness programme and training (see risk 6 also). • COVID Gold/silver groups set up • COVID risks monitored by SMT	JR	Unlikely with controls we have in place	Significant: service + reputation
5	Inability to manage the health & safety risks in delivering the council’s functions (including building security and cyber security)	Without controls – almost certain	Major: physical + reputation + financial	• Reviewing, writing and monitoring of health and safety policies through SMT and Health and Safety Committee. • Risk based health and safety audit process of service areas and local authority managed schools, which not only audit implementation of health and safety policies but also proactively identifies shortcomings, actions and controls that need to be in place to manage those risks. Significant findings of the audits are reported back though SMT and Health and Safety Committee. • Internal Health and Safety work to Health and Safety Executive (HSE) guidance and revise Policies and Procedures to ensure compliance with legal standards. Revisions reported back through SMT and reported via regular Trade Union meetings. • Lone worker and member processes in place (Stay Safe). • Building security kept under review.	JR/DSa	Likely with controls we have in place	Major: physical + reputation + financial

				• System in place for reporting all accidents, incidents and near misses. Non reportable accidents investigated by service area. • All reportable accidents are investigated by Internal Health and Safety Team and significant findings reported to Health and Safety Committee. Other findings reported back to relevant Service area management • Training provided on Health and Safety through a mixture of e-learning and face to face. • Essential learning training for all employees includes health and safety and fire safety awareness. • Regular meetings with Trade Unions • Coordination and management of Personal Safety Precautions Risk Register to ensure safety of employees. • Appointed Cyber Security Manager to review and improve cyber security where required. Cyber security part of essential learning for all employees.			
6	Inability to deliver effective information governance	Without controls – almost certain	Major: financial + reputation	• The Council has an Information Governance Framework which includes the Corporate Information Security Policy (CISP) and other policies (Data protection, Information Sharing policies) • Small dedicated team promoting sound Information Governance within the Council and ensuring that good practice is shared across the Council • Training and awareness programme put in place and Information Governance modules form part of induction and essential learning programmes. • General Data Protection Regulations 2018 implemented. • SMT oversight of reported data breaches	DS	Likely with controls we have in place	Major: financial + reputation

				• All data breaches recorded, investigated and lessons learnt identified			
7	Inability to respond adequately to a significant emergency affecting the community and/or ability to provide priority services.	Without controls - likely	Major: physical + reputation + service + financial + environment	• Work collaboratively with other LRF partner agencies, maintaining effective working relationships with the relevant bodies • Maintain appropriate levels of trained staff to be able to respond to an emergency. • Maintaining appropriate, risk based contingency plans (Civil Resilience Team) which are reviewed on regular basis • Gorge – Phase II at Jackfield complete. Operation 'Tangent' – multi agency plan to respond to landslide in the Gorge is in place and is reviewed and exercised regularly • Individual Service Delivery Managers are responsible for maintaining and exercising their Business Continuity Plan. These plans would be coordinated corporately and the emergency plan activated if necessary. • Provider contract monitoring in place. • Public health mechanisms in place to manage response to significant incidents.	JR	Unlikely with controls we have in place	Major: physical + environment + reputation + service + financial
8	Inability to respond to impact of climate emergency on severe weather events	Without controls - likely	Major: Financial + Reputation + Environment	• Investment in highways capital programme • Monitor ground stability in the Gorge and water levels. • Working with street scene contractors to monitor impact on public realm. • Adoption of Climate Emergency action plan.	AA	Likely with controls we have in place	Significant: Financial + Reputation + Environment

9	Inability to respond to the impact and implications of Brexit	Without controls - likely	Major: Financial + Reputation + Environment	• Centrally co-ordinated BREXIT planning across all service areas • Effective monitoring with regional partner organisations regarding progress and potential impact of Brexit (including Black Country Consortium, West Midlands Combined Authorities) - both from a local authority and key sectors of the economy point of view. • The Council is part of the West Mercia Local Resilience Forum reporting arrangements for monitoring impacts of Brexit and any community issues and tensions. This is part of the national reporting framework through the National Local Resilience Forums that reports to the Ministry of Housing, Communities and Local Government. • "Risk" identification, reporting and mitigation through SMT.	DS	Unlikely with controls in place	Major: Financial + Reputation + environment

APPENDIX 4 - SAVINGS ALREADY DELIVERED

1. The Council has faced truly unprecedented cuts to its grants from central Government which have now forced us to make ongoing annual savings of over £126.408m. The need for savings has increased each year due to Government grant cuts, inflation, increasing demand for social care services and other pressures. Ongoing savings delivered by year are detailed below:-

	£m	
2009/10	4.156	
2010/11	6.725	
2011/12	11.659	
2012/13	19.069	
2013/14	11.306	
2014/15	17.204	
2015/16	10.237	(Includes in-year cut to Public Health grant)
2016/17	15.743	
2017/18	13.815	
2018/19	7.568	
2019/20	6.066	
2020/21	2.860	
Total	**126.408**	

2. **This is equal to around £1,600 pa less that the Council has available to fund services for every household in Telford and Wrekin**. In delivering these savings, we have applied the principle of 'as far as possible minimising the impact on priority front-line services'. This principle remains at the core of our current strategy although it is now inevitable that we have to increasingly put some savings proposals forward that will have significant consequences on front line services. Savings delivered to date include:-

3. **Council Jobs** –

- Reduced the number of jobs by over 1,607 since April 2010, saving over £30m pa following major redesign and restructuring of the organisation to meet the challenges facing the Council. This has seen 611 vacancies deleted and 996 redundancies. Through effective redeployment only 160 of these have been compulsory redundancies.
- Redeployed over 3,430 people (including some people who have been redeployed more than once as many teams have faced several restructuring processes) within the organisation as a result of restructuring with many employees now having been redeployed more than once.
- Since 2009 staff pay has been cut by 25% in real terms (comparing average pay awards which have been greater at lower pay levels to reflect increases in

the Government's minimum wage and inflation as measured by the Retail Prices Index).

4. Senior managers

- Reduced the size of the senior management team by 50% from 28 posts, to 14 after the restructure proposals launched in December 2019.
- Cut the amount that we pay to our most senior posts in cash terms.
- Cut the number of middle managers by 50%.

5. Back office costs

- Cut back-office costs by over 50% since 2009, saving £12.4m a year.
- This scale of reduction is significantly greater than what most authorities have achieved through outsourcing or sharing services and has been achieved much more quickly as protracted negotiations with other councils or third party providers have been avoided. Retaining full control of these services also allows maximum flexibility to drive further changes in future.

6. Buying better value services

- Delivered £14.2m procurement savings over the past 9 years by renegotiating and re-tendering contracts for the provision of services.
- Secured savings of £30m over the lifetime of the waste collection and disposal contract.
- The Grounds & Cleansing contract is delivering savings of £695,000 pa and a better standard of service.

7. Income through growth

- As part of our business winning approach, we expect to generate an extra £7.5m income by 2020, through growth in business rates and council tax since the introduction of the new local government finance system in April 2013.
- We will receive around £6m in 2020/21 from the New Homes Bonus paid by the Government to reward councils for increasing housing supply which is in line with figures issued as part of the provisional local government finance settlement.
- Increased income from more commercial approaches across our services over recent years, including increasing income from schools outside of Telford & Wrekin.

8. New Commercial Income

- As outlined earlier in this report, a major strand of our approach to dealing with the Government's cuts to our Revenue Support Grant has been to increase income usually through schemes that deliver other benefits to the Borough including regeneration, attracting new and retaining existing jobs. This additional income, after covering associated marginal costs makes a significant contribution to our fixed costs and as a consequence is now a very significant factor in reducing the cuts to front line services that we would otherwise have to make.

- Significant income streams include the overall positive impact to the Council from our investment in high quality homes for private and affordable rent through our wholly owned company, NuPlace, which is projected to exceed £1.4m in 2020/21 after covering all additional costs. NuPlace Ltd profit before tax was £0.574m in 2019/20 and is expected to be slightly higher in 2020/21. It is also anticipated that the Council will receive a dividend from Nuplace in 2021/22.
- The profit from the solar farm which will exceed £0.2m and the net additional income from the Property Investment Portfolio which is being boosted by benefits being delivered from the Telford Growth Fund is projected to exceed £7.5m in 2020/21.
- Our success in delivering high quality support and advisory services to schools – whether they be maintained schools or Academies and whether located within the Borough – or increasingly, outside the Borough is also making a contribution.

9. Council buildings

- Disposed of 27 properties including the former Civic Offices building.
- Reduced the office space we use by a third, saving the Council £2m. pa.
- Four operational properties are currently being used.
- With staff adapting to home working as a result of Covid 19, opportunities for a blended approach of office and home working are now being explored, this will create further opportunities for efficiencies within the operational property estate.

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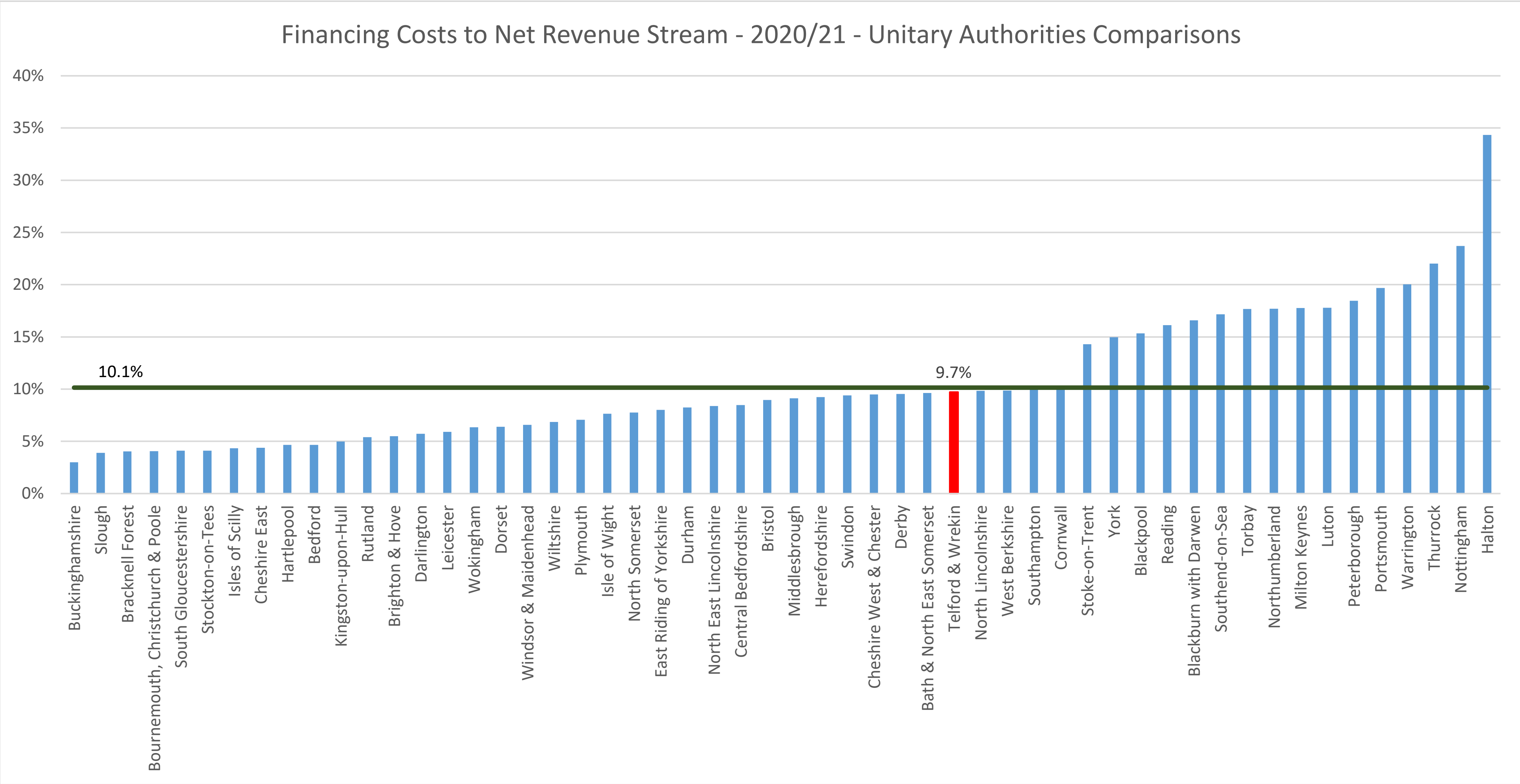
APPENDIX 5



Financing Costs to Net Revenue Stream - 2020/21 - Unitary Authorities Comparisons
40%
35%
30%
25%
20%
15%
10%
5%
0%
10.1%
9.7%
Buckinghamshire
Slough
Bracknell Forest
Bournemouth, Christchurch & Poole
South Gloucestershire
Stockton-on-Tees
Isles of Scilly
Cheshire East
Hartlepool
Bedford
Kingston-upon-Hull
Rutland
Brighton & Hove
Darlington
Leicester
Wokingham
Dorset
Windsor & Maidenhead
Wiltshire
Plymouth
Isle of Wight
North Somerset
East Riding of Yorkshire
Durham
North East Lincolnshire
Central Bedfordshire
Bristol
Middlesbrough
Herefordshire
Swindon
Cheshire West & Chester
Derby
Bath & North East Somerset
Telford & Wrekin
North Lincolnshire
West Berkshire
Southampton
Cornwall
Stoke-on-Trent
York
Blackpool
Reading
Blackburn with Darwen
Southend-on-Sea
Torbay
Northumberland
Milton Keynes
Luton
Peterborough
Portsmouth
Warrington
Thurrock
Nottingham
Halton

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APPENDIX 6

TELFORD & WREKIN COUNCIL
REVENUE BASE BUDGET BEFORE ADDITIONAL SAVINGS

	2021/22 GROSS EXPENDITURE £	2021/22 GROSS INCOME £	2021/22 NET EXPENDITURE £
Prosperity & Investment	20,399,127	24,719,227	(4,320,100)
Finance & Human Resources	20,985,429	7,620,455	13,364,974
Policy & Governance	7,063,805	5,595,470	1,468,335
Children's Safeguarding & Family Support	40,300,332	3,049,946	37,250,386
Education & Skills	134,715,377	122,396,706	12,318,671
Health, Wellbeing & Commissioning	14,818,405	10,870,347	3,948,058
Adult Social Care	73,068,488	24,029,119	49,039,369
Neighbourhood & Enforcement Services	39,116,860	8,607,846	30,509,014
Housing, Employment & Infrastructure	5,039,775	2,742,757	2,297,018
Communities, Customer & Commercial Services	84,915,684	80,187,803	4,727,881
Corporate Items	15,792,106	28,574,035	(12,781,929)
Netting off of Internal Recharges included above	- 50,640,202	- 50,640,202	-
Total	**405,575,186**	**267,753,509**	**137,821,677**
Contributions To/From Balances	**0**	**734,750**	(734,750)
Net Total	**405,575,186**	**268,488,259**	**137,086,927**

0

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APPENDIX 7

ANALYSIS OF BASE BUDGET MOVEMENTS

Base Budget Movements from 2020/21	2021/22	
		£'000
2020/21 Base Budget		**128,975**
Additional contingency - for 21/22 only		750
Reversal of one off use of balances in 2020/21		503
		130,228
Inflation		
General - major contracts	612	
Pay Inflation	230	
		842
Council Wide Items		
Pensions - Increases in the lump sum deficit payment - figures from actuaries.	221	
Additional Capacity required following review of posts funded on a temporary basis.	916	
Contractual payments	200	
New Homes Bonus	2,850	
Changes to Public Health Grant use	200	
Additional Social Care Support Grant	(1,253)	
Lower Tier Services Grant (one off 2021/22 only)	(214)	
		2,920
Capital/Treasury		
Cost of Capital Programme	(1,222)	
		(1,222)
Service Pressures		
Waste - growth in properties and tonnages	181	
Adults additional pressure	2,375	
Safer Communities Investment	500	
ASC Case Management Team Growth	70	
ASC Payments Team Growth	65	
Policy & Governance capacity	530	
Leisure - income shortfall	650	
Enforcement Team Capacity (Planning)	70	
Housing, Infrastructure & Employment Investment	184	
Other	478	
		5,103
Savings		
Approved in 2020/21 Budget Strategy	(784)	
		(784)
Base Budget		**137,087**
Less Funding		
Council Tax Income	70,211	
Council Tax Growth in Taxbase	580	
Council Tax Collection Fund Deficit	(300)	
Revenue Support Grant	10,027	
Parishes CTS Grant - in line with reductions in RSG	(99)	
Top Up	4,969	
Retained Business Rates - local projection	38,031	
Section 31 Grant - local projection	3,956	
Total Funding		**127,375**
Funding requirement		**9,712**

Less Savings	-	5,900
Less Council Tax Increase - 1.99% Core plus 3% ASC Precept	-	3,639
Residual Gap		**173**

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Section 106 Monetary Contributions Received and Expended for Education Purposes 01/04/20 to 31/03/21

APPENDIX 8

	Planning Application No	Scheme	Bal brought forward	Income	Expenditure	Bal Carried forward		Project
E015	TWC/2012/0320 & TWC/2013/0720	Land off Sommerfield Road	- 138,336.61	-	-	- 138,336.61		Contribution towards HLC expansion
E020	TWC/2011/0821	Land at Wellington Rd Newport	- 438,436.78	-	-	- 438,436.78		New primary provision & expansion of secondary provision Burton Borough Music block (only primary sum left)
E637	TWC/2013/0297	Land off Edgmond Rd Newport	- 210,479.24	-	-	- 210,479.24		To be used toward expansion of education faciliiers in Newport area - project yet to be confirmed
E643	TWC/2014/0484 & TWC/2016/0332	Land West of The Cedars Rodington	- 27,286.33	-	-	- 27,286.33		Contribution towards primary facilities towards the new Allscott Primary School
E645	TWC/2016/0535	Springfields Industrial Estate Newport	- 40,807.65	-	-	- 40,807.65		Contribution towards remodeling Newport Infant School & Changing Rooms at Burton Borough
E647	TWC/2013/0855	Land rear of Willow Tree Cottage Station Rd Newport	- 124,472.44	-	-	- 124,472.44		Contribution towards remodeling Newport Junior School & Changing Rooms at Burton Borough
E649	TWC/2012/0530	Land at Priorslee East (HCA)	- 364,770.04	-	-	- 364,770.04		Primary education within 2 miles of the development
E652	TWC/2013/0592	Former Ever Ready Factory	- 221,626.84	-	-	- 221,626.84		Contribution towards primary Education at Ladygrove
E653	W2006/0291 & TWC/2011/0541 & TW	B1/B3 Apley Castle (Perigrine Way)	- 135,307.49	-	-	- 135,307.49		Contribution towards Milbrook Primary extention
E655	TWC/2014/0230	Back Lane/Plantation Rd Tibberton	- 112,851.52	-	-	- 112,851.52		Newport Junior Expansion & Newport Secondary transport costs
E658	TWC/2013/1033	Land off Haygate Rd	- 259,670.36	- 237,197.47	-	- 496,867.83		Primary & Secondary Contribution
E663	TWC/2014/0415	Land at The Knoll Church Aston	- 41,112.45	-	-	- 41,112.45		Newport Juniors expansion
E666	TWC/2017/0714	Snedshill Way	- 70,774.44	-	-	- 70,774.44		Contribution towards St Georges Primary expansion
E668	TWC/2016/0560	Beech Hill & Blue House Barns	- 74,656.99	-	-	- 74,656.99		Newport Juniors expansion
E670	TWC/2017/0941	Land West of Castle Farm Way Priorslee	- 418,130.48	-	-	- 418,130.48		Primary Ed & Holy Trinity
E674	TWC/2016/0446	61 Plantation Rd Tibberton	- 93,673.13	-	-	- 93,673.13		Contribution towards Tibberton Primary School
E677	TWC/2016/0562	Former Beeches Hospital site Ironbridge	- 189,899.72	-	-	- 189,899.72		Remodelling Madeley Primary school
E678	TWC/2011/0827	Audley Ave (Housing)	- 157,560.01	-	-	- 157,560.01		1st installment towards Newport Infants & Burton Borough - more to come
E683	TWC/2015/1111 & TWC/2017/1050	Land adj to Walton Ave/Ridgeway High Ercall	- 152,667.74	-	-	- 152,667.74		Primary education (£103,968.00) & transport to Charlton (£36,734.85)
E685	TWC/2017/0233 & TWC/2018/0659	Plough Lane Newport	- 25,714.72	-	-	- 25,714.72		Remodeling Church Aston School
E686	TWC/2016/1152	Parkland House Audley Ave	- 201,020.32	-	-	- 201,020.32		Changing rooms at Newport Junior school & music block at Burton Borough
E689	TWC/2017/0179	Land South of 28 Beechfields Way	- 77,676.49	-	-	- 77,676.49		Remodeling at Newport Junior School & sports facilities at Burton Borough
E699	TWC/2018/0658	Land east of Charlton School	-	- 99,937.00	-	- 99,937.00		Improvement of local education facilities
E709	TWC/2016/0978	Land to rear of 32 Bratton Rd	-	- 51,418.00	-	- 51,418.00		Primary Education at Wrekin View Primary
YD28	TWC/2014/0333	Land at Corner of Stafford Rd/A41 Newport	- 312,683.31	-	-	- 312,683.31		To be used toward expansion of education faciliiers in Newport area - project yet to be confirmed
YD30	W2004/0980 & TWC/2010/0828	Lawley Primary New School	- 79,413.62	-	-	- 79,413.62		1st & 2nd & 3 rd installment re new School at Lawley & school expansion plan sum
YD63	TWC/2012/0650 & TWC/2014/0237	Land off Doseley Works	- 18,041.22	-	-	- 18,041.22		Education establishments within 10 miles of the development
YD64	TWC/2014/0273	Land at The Barnes Church Aston	- 1,908.74	-	-	- 1,908.74		Moorfield Primary School Enhancement of classroom facilities
YD66	TWC/2010/0111 & TWC/2014/0258	Land at Former Ibstock Brickworks	- 10,393.98	-	-	- 10,393.98		Ladygrove Primary Expansion
YD95	TWC/2014/0656	Land adj to Stone House Shifnal Rd Priorslee	- 19,071.57	-	-	- 19,071.57		Contribution towards St Georges Primary expansion
YD97	TWC/2012/0926	Land at Horsehay	- 52,964.71	-	-	- 52,964.71		Education requirement arising as a result of the development
		Totals	**- 4,071,408.94**	**- 388,552.47**	**-**	**- 4,459,961.41**		

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APPENDIX 9

Usable Balances at 1 April 2024

			Balance at 01-Apr-24 £m
Total Reserves and Balances			66.00
Less Commitments/Earmarked Funds:			
School Funds	Balances held on behalf of schools; therefore not available to the Council	-	7.00
Funds held for other sectors/partnership working	Includes funds for the Local Safeguarding Partnership and PVI Early Years sector	-	0.02
Grant funding	Grant funding received and fully committed in the budget strategy	-	0.02
Insurance Reserves	Required to cover policy excesses and other costs such as claims prior to 1998 (unitary)	-	1.08
Hadley PFI Sinking Fund	Based on funding model; fully committed equalisation fund	-	1.23
Other Corporate Items	For Example ITS/Capacity Fund, severance fund	-	8.26
Single Status	Provision for equal pay settlement	-	8.92
Other Provisions	For example Bad Debt Provision and Pride Funding Reserve	-	3.36
Investment Fund	Investment in Council Priorities Fund	-	10.00
Specific Earmarked Service Balances	Residual balances held by services following a rigorous review of balances undertaken	-	0.63
Residual General Working Balances			**25.49**
Made up of:			
One Off Funds	Identified to support the Medium Term Budget Strategy		20.46
One Off Funds	General/Special Fund Balances		5.03
			25.49
Required to meet the 2021/22 budget gap			(0.17)
Residual Balance			25.31
Made up of:			**25.31**
One Off Funds	Identified to support the Medium Term Budget Strategy		20.29
One Off Funds	General/Special Fund Balances		5.03
			25.31

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SCHEDULE OF PROVISIOINS, RESERVES AND BALANCES

APPENDIX 9

Service Area	Description	Balance at 31/3/2020	Estimated Change during 2020/21 - other	Estimated Closing Balance 31/3/21	Estimated Change during 2021/22	Estimated Closing Balance 31/3/2022	Estimated Change during 2022/23	Estimated Closing Balance 31/3/2023	Estimated Change during 2023/24	Estimated Closing Balance 31/3/2024	Purpose
Safeguarding & Family Support	Children's Services	(130,924.25)	125,480.00	(5,444.25)	5,444.25	0.00	0.00	0.00	0.00	0.00	To fund various posts within the service
Safeguarding & Family Support	Changing Futures	(14,185.00)	7,500.00	(6,685.00)	6,685.00	0.00	0.00	0.00	0.00	0.00	To fund various posts within the service
Safeguarding & Family Support	Child Sexual Exploitation	(6,480.00)	2,000.00	(4,480.00)	4,480.00	0.00	2,000.00	2,000.00	480.00	2,480.00	Used to fund support for CSE cases
Safeguarding & Family Support	Unaccompanied Asylum Seekers	(36,091.61)	36,091.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	To offset costs incurred supporting unaccompanied asylum seekers
Safeguarding & Family Support	Social Work Training Reserve	(19,020.71)	2,500.00	(16,520.71)	5,000.00	(11,520.71)	5,000.00	(6,520.71)	5,000.00	(1,520.71)	Used to support social work training placements
Safeguarding & Family Support	University Students	(42,732.94)	5,002.00	(37,730.94)	15,000.00	(22,730.94)	15,000.00	(7,730.94)	7,730.94	0.00	To fund the training of students on placements with the LA.
Safeguarding & Family Support	Troubled Families Programme	(305,882.25)	(126,075.00)	(431,957.25)	200,000.00	(231,957.25)	200,000.00	(31,957.25)	31,957.25	0.00	Balance on Government's Troubled Families Programme
Safeguarding & Family Support	Teaching Partnership	(11,702.13)	6,497.00	(5,205.13)	5,000.00	(205.13)	205.13	0.00	0.00	0.00	DfE funded partnership for training social workers
Safeguarding & Family Support	Frontline	(4,601.60)	3,000.00	(1,601.60)	1,000.00	(601.60)	601.60	0.00	0.00	0.00	To fund trainee social workers
Safeguarding & Family Support	Controlling Migration Funding - UASC	(54,943.00)	54,943.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	To assist in supporting migratory families, develop community links, so that UASC can be supported in the local area.
Safeguarding & Family Support	Migration Grant	(77,300.00)	77,300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	To assist in supporting migratory families, develop community links, so that UASC can be supported in the local area.
Safeguarding & Family Support	Control a/s Social Work Improvement Fund	(44,693.31)	4,693.31	(40,000.00)	20,000.00	(20,000.00)	20,000.00	0.00	0.00	0.00	To fund various posts within the service
Safeguarding & Family Support	Staying Put	(25,753.72)	5,000.00	(20,753.72)	5,000.00	(15,753.72)	5,000.00	(10,753.72)	5,000.00	(5,753.72)	Funding for duty on local authorities to support young people to continue to live with their former foster carers once they turn 18 (the 'Staying Put' duty)
Safeguarding & Family Support	Safeguarding Misc Grants Control Account	(12,340.00)	12,340.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	To fund various posts within the service
Safeguarding & Family Support	NAAS Grant Income	(54,260.39)	26,200.00	(28,060.39)	28,060.39	0.00	0.00	0.00	0.00	0.00	Funding to support implementation of the National Assessment & Accreditation system
Safeguarding & Family Support	Future Social	(41,318.00)	17,090.00	(24,228.00)	24,228.00	0.00	0.00	0.00	0.00	0.00	External grant to support staffing to undertake work related to the outcomes required
Safeguarding & Family Support	New Burdens - Personal Advisors	(24,680.00)	(5,179.00)	(29,859.00)	6,900.00	(22,959.00)	7,500.00	(15,459.00)	10,000.00	(5,459.00)	Funding to provide personal advisors to support care leavers moving into adulthood
		(906,908.91)	**254,382.92**	**(652,525.99)**	**326,797.64**	**(325,728.35)**	**255,306.73**	**(70,421.62)**	**60,168.19**	**(10,253.43)**	
Education & Skills	School Revenue Balances held by schools for ongoing operating expenditure	(5,448,615.15)	1,000,000.00	(4,448,615.15)	500,000.00	(3,948,615.15)	500,000.00	(3,448,615.15)	500,000.00	(2,948,615.15)	This represents school balances held by the LA only. IT includes the balances on the collective self insurance schemes (supply, maternity and theft and vandalism) that T&W offers to maintained schools and for balances on collaborative schemes administered by maintained schools.
Education & Skills	Schools provision held against possible cost of implementation of single status	(3,562,634.51)	0.00	(3,562,634.51)	0.00	(3,562,634.51)	0.00	(3,562,634.51)	0.00	(3,562,634.51)	Provision for Single Status costs in schools and DSG centrally funded staff. Use of this dependant on final implementation of SS.
Education & Skills	Local Safeguarding Board	(78,678.42)	16,798.00	(61,880.42)	17,000.00	(44,880.42)	17,000.00	(27,880.42)	17,000.00	(10,880.42)	T&W Share of Partnership reserve to support the work of the Local Safeguarding Board
Education & Skills	Early Years facilities	(10,372.19)	7,056.00	(3,316.19)	(2,000.00)	(5,316.19)	(2,000.00)	(7,316.19)	(2,000.00)	(9,316.19)	Ring fenced fund for PVIs in the early years sector, used to pay for refurbishments and R&M on early years provision.
Education & Skills	Early Years	(99,151.72)	50,000.00	(49,151.72)	30,000.00	(19,151.72)	0.00	(19,151.72)	0.00	(19,151.72)	To sustain existing nursery provisions in key areas of need
Education & Skills	Stop Loss Provision	(500,022.33)	30,000.00	(470,022.33)	50,000.00	(420,022.33)	50,000.00	(370,022.33)	50,000.00	(320,022.33)	Stop Loss Insurance - Self insurance to cover fire policy excesses on school buildings and other adhoc costs as appropriate
Education & Skills	Closed schools provision held against possible cost of implementation of single status	(169,508.69)	0.00	(169,508.69)	0.00	(169,508.69)	0.00	(169,508.69)	0.00	(169,508.69)	Residual balances from closed schools to cover potential future liabilities
Education & Skills	Education Welfare Balance	(101,695.89)	30,000.00	(71,695.89)	25,000.00	(46,695.89)	25,000.00	(21,695.89)	21,695.89	0.00	To fund training and resource costs associated with this education welfare services
Education & Skills	Schools reserves held against possible deficits arising on schools conversion to academy status	(346,709.70)	100,000.00	(246,709.70)	100,000.00	(146,709.70)	100,000.00	(46,709.70)	46,709.70	0.00	Monies carried forward as a reserve against the possible unfavourable balance on schools conversions to academy status.
Education & Skills	Youth Unemployment	(417,962.30)	323,694.00	(94,268.30)	94,268.30	0.00	0.00	0.00	0.00	0.00	Continuation of Tackling Youth unemployment for 21/22
Education & Skills	SEN Review Reserve	(28,938.91)	28,938.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	To provide additional resources to be allocated to the rapidly growing area of post 16-25 SEN
Education & Skills	Arthog Trading Provision	(12,568.40)	0.00	(12,568.40)	12,568.40	0.00	0.00	0.00	0.00	0.00	Improvement and development at Arthog Outdoor Education Centre
Education & Skills	SEN Reforms Grant	(61,998.79)	61,998.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	To support staffing posts
Education & Skills	Misc. One off small Grants	(39,713.77)	38,713.77	(1,000.00)	0.00	(1,000.00)	0.00	(1,000.00)	0.00	(1,000.00)	Support of staffing
Education & Skills	Early Years Grants	(40,182.62)	(33,168.92)	(73,351.54)	73,351.54	0.00	0.00	0.00	0.00	0.00	Support of services
Education & Skills	Extended Rights Transport	(31,100.00)	31,100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Grant to be used to support additional costs of extended rights for home to school transport
Education & Skills	Lifelong Learning Grant	(280,917.80)	106,498.00	(174,419.80)	100,000.00	(74,419.80)	74,419.80	0.00	0.00	0.00	Grant cfwd to support this activity - spans academic year
Education & Skills	High Needs Strategic Planning Fund	(26,247.36)	9,500.00	(16,747.36)	16,747.36	0.00	0.00	0.00	0.00	0.00	To fund costs of plan implementation in line with detailed actions
Education & Skills	Music Service Tutors	(10,000.00)	10,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	To support changes in terms and conditions in 20/21

Service Area	Description	Balance at 31/3/2020	Estimated Change during 2020/21 - other	Estimated Closing Balance 31/3/21	Estimated Change during 2021/22	Estimated Closing Balance 31/3/2022	Estimated Change during 2022/23	Estimated Closing Balance 31/3/2023	Estimated Change during 2023/24	Estimated Closing Balance 31/3/2024	Purpose
		(11,267,018.55)	**1,811,128.55**	**(9,455,890.00)**	**1,016,935.60**	**(8,438,954.40)**	**764,419.80**	**(7,674,534.60)**	**633,405.59**	**(7,041,129.01)**	
Finance & HR	New Technology	(27,899.92)	1,200.00	(26,699.92)	5,000.00	(21,699.92)	5,000.00	(16,699.92)	5,000.00	(11,699.92)	Committed to Financial Management system development
Finance & HR	Modern Apprentice Reserve	(20,000.00)		(20,000.00)	7,000.00	(13,000.00)	7,000.00	(6,000.00)	6,000.00	0.00	To fund modern apprentices across the 2 accountancy teams (no base budget).
Finance & HR	Treasury Management Reserve	(10,000.00)	5,000.00	(5,000.00)		(5,000.00)		(5,000.00)		(5,000.00)	Set aside to provide support for any technical advice needed
Finance & HR	Revenues Reserve	(100,000.00)		(100,000.00)	32,205.00	(67,795.00)	32,205.00	(35,590.00)	32,205.00	(3,385.00)	To fund posts in staffing budget and one off additional Northgate costs
Finance & HR	Resource Link Reserve	(80,778.76)	80,778.76	0.00		0.00		0.00		0.00	Fully committed for further development work, will be spent in 2020/21
Finance & HR	Finance Workforce Development Reserve	(40,000.00)		(40,000.00)	10,000.00	(30,000.00)	10,000.00	(20,000.00)	10,000.00	(10,000.00)	Training and development costs of Finance staff
		(278,678.68)	**86,978.76**	**(191,699.92)**	**54,205.00**	**(137,494.92)**	**54,205.00**	**(83,289.92)**	**53,205.00**	**(30,084.92)**	
Prosperity & Investment	PIP Reserve Contribution Account	(888,391.06)	648,109.45	(240,281.61)	0.00	(240,281.61)	0.00	(240,281.61)		(240,281.61)	Reserve to be used to aid with the ongoing rationalisation of the PIP
Prosperity & Investment	Dilapidations - PIP	(233,016.52)	233,016.52	0.00	0.00	0.00	0.00	0.00		0.00	To meet costs of required dilapidations.
Prosperity & Investment	Granville House	(1,177.80)	1,177.80	0.00	0.00	0.00	0.00	0.00		0.00	To be utilised as part of accommodation strategy
Prosperity & Investment	Development Planning System	(100,000.00)	20,000.00	(80,000.00)	80,000.00	0.00	0.00	0.00		0.00	Upgrade of current system and review as to sustainability and suitability
Prosperity & Investment	Planning Appeal costs	(46,623.50)	0.00	(46,623.50)	46,623.50	0.00	0.00	0.00		0.00	Set aside for legal costs associated with planning appeals.
Prosperity & Investment	Housing Investment Programme	(268,004.54)	0.00	(268,004.54)	40,000.00	(228,004.54)	40,000.00	(188,004.54)	40,000.00	(148,004.54)	Reserve for Housing investment costs council side.
Prosperity & Investment	HCA Liability Fund	(5,578,069.35)	200,000.00	(5,378,069.35)		(5,378,069.35)		(5,378,069.35)		(5,378,069.35)	Land Deal Funds; includes constrained sites funding; liability sites funding and profit share
Prosperity & Investment	Rights of Way Reserve	(1,902.51)	1,902.51	0.00	0.00	0.00	0.00	0.00		0.00	contributions to projects
Prosperity & Investment	World Heritage Lottery Fund	(5,000.00)	5,000.00	0.00	0.00	0.00	0.00	0.00		0.00	contribution towards bid costs
Prosperity & Investment	Accommodation	(14,762.40)	14,762.40	0.00	0.00	0.00	0.00	0.00		0.00	To be used to support Accommodation Strategy & LED lighting.
Prosperity & Investment	Master planning	(404,172.78)	404,172.78	0.00	0.00	0.00	0.00	0.00		0.00	To support development of site planning options
Prosperity & Investment	Custom Build Land Duty Grant	(75,000.00)	6,250.00	(68,750.00)	25,000.00	(43,750.00)	25,000.00	(18,750.00)	18,750.00	0.00	To fund the authorities duty to permission land under the Self-build and custom housebuilding act 2015. A total of £90k New Burdens fund has now been awarded towards the additional resource required to identify land to satisfy supply.
Prosperity & Investment	Heat Networks - HNDU	(13,200.00)	13,200.00	0.00	0.00	0.00	0.00	0.00		0.00	Match funding for Project
Prosperity & Investment	Great Crested Newts	(4,740.00)	4,740.00	0.00	0.00	0.00	0.00	0.00		0.00	Funding to support the creation and maintenance of ponds.
		(7,634,060.46)	**1,552,331.46**	**(6,081,729.00)**	**191,623.50**	**(5,890,105.50)**	**65,000.00**	**(5,825,105.50)**	**58,750.00**	**(5,766,355.50)**	
Policy & Governance	Insurance - Self Insurance Fund	(1,337,708.59)	(217,656.25)	(1,555,364.84)	160,000.00	(1,395,364.84)	160,000.00	(1,235,364.84)	160,000.00	(1,075,364.84)	Self insurance fund to cover insurance excesses - established in 2008/09 following decision to increase excesses.
Policy & Governance	Insurance Funds	(273,181.98)	273,181.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Self Insurance Reserve (non-Education) as part of overall insurance strategy
Policy & Governance	General - Insurance - SCC liabilities	(232,339.66)	232,339.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	This is an additional insurance reserve which was established when the County Council's balance sheet was disaggregated and is available to cover claims liabilities that arise.
Policy & Governance	Elections Equalisation Reserve	(85,166.94)	0.00	(85,166.94)	25,000.00	(60,166.94)	25,000.00	(35,166.94)	35,166.94	0.00	Set aside to assist in funding future local elections as annual revenue budget may not be sufficient in any given year.
Policy & Governance	CSE Funding Reserve	(1,300,000.00)	50,000.00	(1,250,000.00)	1,250,000.00	0.00	0.00	0.00	0.00	0.00	CSE Inquiry Funding Reserve
Policy & Governance	Single Status Project Team	(100,000.00)	5,700.00	(94,300.00)	25,500.00	(68,800.00)	25,500.00	(43,300.00)	43,300.00	0.00	Required to fund single status project work (including legal and consultancy costs) and preparation for implementation
Policy & Governance	Legal Reserve	(96,745.00)	96,745.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	For standards investigations and Legal Staffing
Policy & Governance	Member Dvpt Reserve	(42,000.00)	0.00	(42,000.00)	42,000.00	0.00	0.00	0.00	0.00	0.00	To be spent on training and equipment as required
Policy & Governance	Organisational Development Training Reserve	(334,101.79)	34,600.00	(299,501.79)	50,000.00	(249,501.79)	50,000.00	(199,501.79)	50,000.00	(149,501.79)	To fund the corporate training programme for the Council
Policy & Governance	Delivery & Planning Reserve	(119,497.26)	119,497.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	This will be required to fund staffing in future years as funding sources for the team are reducing
		(3,920,741.22)	**594,407.65**	**(3,326,333.57)**	**1,552,500.00**	**(1,773,833.57)**	**260,500.00**	**(1,513,333.57)**	**288,466.94**	**(1,224,866.63)**	
Health & Wellbeing	Joint Commissioning Balance	(26,438.59)	26,438.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	To support ongoing structure to deliver savings in key areas
Health & Wellbeing	Public Health Transition Grant	(29,204.73)	29,204.73	0.00		0.00	0.00	0.00	0.00	0.00	To be spent on Public Health
Health & Wellbeing	Sponsorship Fund (Rachel Threadgold)	(83,022.05)	20,303.00	(62,719.05)	50,210.00	(12,509.05)	12,509.05	0.00	0.00	0.00	Contributions from external organisations for specific purposes
Health & Wellbeing	Transport	(10,000.00)	10,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Transport review work in Commissioning
Health & Wellbeing	Library Book Fund	(6,518.22)	1,000.00	(5,518.22)	1,000.00	(4,518.22)	1,000.00	(3,518.22)	1,000.00	(2,518.22)	Income from sale of books to be retained to support the book fund budget
Health & Wellbeing	Library Reserve	(8,804.40)	0.00	(8,804.40)	8,804.40	0.00		0.00	0.00	0.00	general reserve
Health & Wellbeing	Public Health Grant	(1,033,665.32)	300,000.00	(733,665.32)	450,000.00	(283,665.32)	283,665.32	0.00	0.00	0.00	Fully Committed for use in future years - ring-fenced for Public Health purposes
Health & Wellbeing	Early Help Partnership	(61,763.53)	0.00	(61,763.53)	31,000.00	(30,763.53)	30,763.53	0.00	0.00	0.00	Local Advisory Board Development – locality working. To build capacity within the voluntary sector to deliver the Healthy Child Programme, Children Centre Core Purpose and activity to support school readiness
Health & Wellbeing	Procurement Advice reserve	(29,561.00)	29,561.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	For Procurement Advice & systems
Health & Wellbeing	Young Persons Substance Misuse	(35,000.00)	0.00	(35,000.00)	25,000.00	(10,000.00)	10,000.00	0.00	0.00	0.00	funding of a peer support and mentoring offer for children and young people with drug and alcohol problems
Health & Wellbeing	Social Prescribing	(65,000.00)	65,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	To specific initiatives within the Domestic Abuse strategy
Safeguarding & Family Support	Carers Services	(29,500.24)	29,500.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Supports delivery of future strategy-i.e. support for respite/OT support

Service Area	Description	Balance at 31/3/2020	Estimated Change during 2020/21 - other	Estimated Closing Balance 31/3/21	Estimated Change during 2021/22	Estimated Closing Balance 31/3/2022	Estimated Change during 2022/23	Estimated Closing Balance 31/3/2023	Estimated Change during 2023/24	Estimated Closing Balance 31/3/2024	Purpose
		(1,418,478.08)	**511,007.56**	**(907,470.52)**	**566,014.40**	**(341,456.12)**	**337,937.90**	**(3,518.22)**	**1,000.00**	**(2,518.22)**	
Adult Social Care	Invest to Save Reserve	(7,008.97)	7,008.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Committed to staffing support in 2020/21
Adult Social Care	Adult Social Care Initiatives	(186,928.18)	46,050.00	(140,878.18)	72,050.00	(68,828.18)	17,050.00	(51,778.18)	20,000.00	(31,778.18)	Monies committed to specific areas of partnership work
Adult Social Care	Transforming Social Care	(42,554.46)	29,524.00	(13,030.46)	13,030.46	0.00	0.00	0.00	0.00	0.00	Funds posts supporting the transformation of ASC and the CIP
Adult Social Care	Transformation Posts Reserve	(50,009.12)	17,254.93	(32,754.19)	32,754.19	0.00	0.00	0.00	0.00	0.00	To support capacity to progress CIP initiatives
Adult Social Care	My Options	(54,441.35)	54,441.35	0.00		0.00	0.00	0.00	0.00	0.00	To support service development
Adult Social Care	Change Programme	(183,508.71)	20,000.00	(163,508.71)	90,000.00	(73,508.71)	50,000.00	(23,508.71)	23,508.71	0.00	To support capacity to deliver CIP initiatives, support for training, Smart House
Adult Social Care	Workforce Development	(4,154.00)		(4,154.00)	0.00	(4,154.00)	4,154.00	0.00	0.00	0.00	To support professional training fees
Adult Social Care	Winter Pressures	(132,601.83)	132,601.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	To meet any additional costs as a result of pressure on ASC and the hospitals
Adult Social Care	Care Legislation	(73,802.75)	12,462.00	(61,340.75)	15,000.00	(46,340.75)	15,000.00	(31,340.75)	10,000.00	(21,340.75)	Supports a number of posts within ASC. Remainder to progress further implementation of national changes in ASC
Adult Social Care	Capacity Building Projects	(86,297.49)	9,192.00	(77,105.49)	30,000.00	(47,105.49)	25,000.00	(22,105.49)	20,000.00	(2,105.49)	Required to meet capacity issues, training support, policy updates
Adult Social Care	Adults Safeguarding Board	(29,502.60)	3,000.00	(26,502.60)	5,000.00	(21,502.60)	5,000.00	(16,502.60)	5,000.00	(11,502.60)	Funding to be reinvested in the work of the Board as required
Adult Social Care	BCF/TCP Section 75 Agreement Pooled Fund Reserve	(809,235.53)	281,000.00	(528,235.53)	250,000.00	(278,235.53)	250,000.00	(28,235.53)	28,235.53	(0.00)	In place for mitigation of any financial risks associated with BCF or TCP.
Adult Social Care	Childrens Grants	(7,353.76)	0.00	(7,353.76)	7,353.76	0.00	0.00	0.00	0.00	0.00	Young Person's Grant Scheme
Adult Social Care	Safeguarding & Strategic Management	(30,656.55)	5,000.00	(25,656.55)	10,000.00	(15,656.55)	10,000.00	(5,656.55)	5,656.55	0.00	To support legal fees and DOLS costs
Adult Social Care	iBCF	(218,623.37)	218,623.37	0.00		0.00	0.00	0.00	0.00	0.00	Support of staffing to support the delivery of integrated care services and processes. Fully Committed.
Adult Social Care	ASC Reserve	(500,000.00)	0.00	(500,000.00)	500,000.00	0.00	0.00	0.00	0.00	0.00	To support ASC purchasing (linked with Controcc project)
		(2,416,678.67)	**836,158.45**	**(1,580,520.22)**	**1,025,188.41**	**(555,331.81)**	**376,204.00**	**(179,127.81)**	**112,400.79**	**(66,727.02)**	
Neighbourhood & Enforcement	Environmental Mtce Programme	(1,128,209.49)	845,196.35	(283,013.14)	283,013.14	0.00		0.00		0.00	Fully committed to fund a programme of improvements.
Neighbourhood & Enforcement	Bridge Bank - The Gorge Reserve	(71,037.49)	71,037.49	0.00		0.00		0.00		0.00	To cover additional costs of rectifying the void in the Gorge, to fund Gallion Park Wall
Neighbourhood & Enforcement	Estate Car parking	(81,559.53)	81,559.53	0.00		0.00		0.00		0.00	Funding to support Pride Programme
Neighbourhood & Enforcement	Safer School Routes	(185,000.00)	185,000.00	0.00		0.00		0.00		0.00	Development of Safer Routes to School - part of capital programme works continue into 2020/21.
Neighbourhood & Enforcement	Safer Communities balance	(19,835.49)		(19,835.49)	19,835.49	0.00		0.00		0.00	Committed to fund CCTV
Neighbourhood & Enforcement	Coalbrookdale Water Course	(52,122.32)	52,122.32	0.00		0.00		0.00		0.00	Coalbrookdale Water course drawn down as and when required each year (commuted sum) and annual contribution received.
Neighbourhood & Enforcement	Stoneyhill Landfill	(22,138.00)		(22,138.00)		(22,138.00)		(22,138.00)		(22,138.00)	This is for a commuted sum for periodic cleaning & maintenance of the silo's (golf balls)
Neighbourhood & Enforcement	Bus Subsidy Reserve	(543,715.00)	296,247.00	(247,468.00)	247,468.00	0.00		0.00		0.00	To support subsidised bus routes
Neighbourhood & Enforcement	Waste Procurement	(510,020.95)	87,553.00	(422,467.95)	60,000.00	(362,467.95)	60,000.00	(302,467.95)	60,000.00	(242,467.95)	Enable the ongoing management of new Waste contract. Fully committed
Neighbourhood & Enforcement	Confirm & Tascomi System Implementation costs	(91,729.64)	43,350.00	(48,379.64)	16,050.00	(32,329.64)	16,050.00	(16,279.64)	16,050.00	(229.64)	To support the implementation of the Confirm system which went live in 01.04.19 as a result of the new Highways and Grounds & Cleansing contracts. Also to support the implementation of the new Public Protection database due to go live in 2020/21
Neighbourhood & Enforcement	Car parking Enforcement	(10,500.00)		(10,500.00)	10,500.00	0.00		0.00		0.00	To support CPE
Neighbourhood & Enforcement	Transport & Highways Reserve	(38,600.43)	38,600.43	0.00		0.00		0.00		0.00	Required to support revenue position
Neighbourhood & Enforcement	Fleet Reserve	(128,774.00)	123,675.00	(5,099.00)	5,099.00	0.00		0.00		0.00	To support the replacement of Fleet vehicles
Neighbourhood & Enforcement	Reserves - to cover Legal Costs	(20,000.00)	4,434.00	(15,566.00)		(15,566.00)		(15,566.00)		(15,566.00)	Potential legal costs
Neighbourhood & Enforcement	Neighbourhood Services	(287,951.64)	92,450.00	(195,501.64)	95,470.00	(100,031.64)	36,030.00	(64,001.64)	37,000.00	(27,001.64)	Committed to cover staffing
		(3,191,193.98)	**1,921,225.12**	**(1,269,968.86)**	**737,435.63**	**(532,533.23)**	**112,080.00**	**(420,453.23)**	**113,050.00**	**(307,403.23)**	
Hsg, Employment, Infra	Capacity Fund - Skills Analysis	(7,428.00)	7,428.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Research of skills gaps surveys
Hsg, Employment, Infra	Targeted Marketing Campaign	(11,027.67)	11,027.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Destination Telford work
Hsg, Employment, Infra	Destination Telford	(10,242.15)	10,242.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Destination Telford, to be used for the Inward Investment Marketing strategy
Hsg, Employment, Infra	Local Plan Enquiry	(84,418.96)	84,418.96	0.00		0.00	0.00	0.00	0.00	0.00	To support the Local Plan
Hsg, Employment, Infra	Homelessness Prevention	(85,747.76)	10,000.00	(75,747.76)	70,363.26	(5,384.50)	5,384.50	0.00	0.00	0.00	Reserve to fund Homelessness prevention and Homelessness pressures
Hsg, Employment, Infra	Growth Hub Development	(10,045.95)	0.00	(10,045.95)	10,045.95	0.00	0.00	0.00	0.00	0.00	funding to support future development
Hsg, Employment, Infra	Revitalise Fund	(7,366.56)	7,366.56	0.00		0.00	0.00	0.00	0.00	0.00	Pride in Your High street funding
Hsg, Employment, Infra	Homelessness Prevention	(101,891.29)	40,798.48	(61,092.81)	44,000.00	(17,092.81)	17,092.81	0.00	0.00	0.00	Balance of unused flexible homelessness grant to support homelessness prevention.
Hsg, Employment, Infra	New Burdens Funding - Housing	(88,856.22)	46,540.00	(42,316.22)	0.00	(42,316.22)	42,316.22	0.00	0.00	0.00	HRA Act - new burdens monies to be utilised for resourcing to fulfil the responsibilities required under the new Act
Hsg, Employment, Infra	Town's Deal	(123,029.00)	123,029.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Town Deal Capacity grant to support the development of a Town Deal Board and Investment Plan
Hsg, Employment, Infra	Rapid Rehousing Pathway Grant - Balance Sheet	(39,797.22)	5,000.00	(34,797.22)	30,656.00	(4,141.22)	4,141.22	0.00	0.00	0.00	capital
Neighbourhood & Enforcement	High Street Challenge	(457,495.79)	150,000.00	(307,495.79)	307,495.79	0.00	0.00	0.00	0.00	0.00	To support Pride programme.
		(1,027,346.57)	**495,850.82**	**(531,495.75)**	**462,561.00**	**(68,934.75)**	**68,934.75**	**0.00**	**0.00**	**0.00**	

Service Area	Description	Balance at 31/3/2020	Estimated Change during 2020/21 - other	Estimated Closing Balance 31/3/21	Estimated Change during 2021/22	Estimated Closing Balance 31/3/2022	Estimated Change during 2022/23	Estimated Closing Balance 31/3/2023	Estimated Change during 2023/24	Estimated Closing Balance 31/3/2024	Purpose
Ctties, Customer & Commercial	Voluntary Sector Support Fund	(615,749.31)	92,533.20	(523,216.11)	287,000.00	(236,216.11)	236,216.11	0.00		0.00	To support the Voluntary Sector/Partnership working
Ctties, Customer & Commercial	Customer Services & Benefits	(272,446.06)	132,548.16	(139,897.90)	58,255.43	(81,642.47)	55,096.87	(26,545.60)	26,545.60	0.00	To support additional staffing costs as a result of Welfare Reform changes and to support delivery of savings
Ctties, Customer & Commercial	Telford Town Park Commuted Sums	(99,950.00)		(99,950.00)	33,000.00	(66,950.00)	33,000.00	(33,950.00)	33,950.00	0.00	Balance to be built up over 10 years to fund management and maintenance plan for further ten years after 2020. In line with Management Plan
Ctties, Customer & Commercial	Crisis Assistance Reserve	(81,244.99)		(81,244.99)	50,000.00	(31,244.99)	15,000.00	(16,244.99)	16,244.99	0.00	To support the revenue budget for Crisis Assistance. It is anticipated that there will be a call on this in 2021/22 following the pandemic.
Ctties, Customer & Commercial	Community Engagement Reserve	(45,000.95)		(45,000.95)	20,000.00	(25,000.95)	10,000.00	(15,000.95)	10,000.00	(5,000.95)	To be used for training volunteers and staff, development of volunteer website and database
Ctties, Customer & Commercial	Leisure/Aspirations Invest to Save Funding	(72,203.15)		(72,203.15)	25,000.00	(47,203.15)	25,000.00	(22,203.15)	22,203.15	0.00	To fund the ongoing replacement of Leisure equipment.
Ctties, Customer & Commercial	ICT Reserves & Provisions	(38,276.30)	32,776.30	(5,500.00)		(5,500.00)		(5,500.00)		(5,500.00)	Support Pricing model, various posts and contributions to capital.
Ctties, Customer & Commercial	Culture	(210,404.00)	147,290.00	(63,114.00)		(63,114.00)		(63,114.00)		(63,114.00)	To fund ongoing events. £60k for Theatre equipment
Ctties, Customer & Commercial	Commercial Projects	(39,989.18)	39,989.18	0.00		0.00		0.00		0.00	To be used for Commercial projects - and other issues. Fully committed in 2020/21
Ctties, Customer & Commercial	Climate Change	(50,000.00)	50,000.00	0.00		0.00		0.00		0.00	Year end reserve approval 2019/20 to support Climate Change initiatives/action plan
Ctties, Customer & Commercial	Syrian Resettlement Programme (SRP)	(377,511.51)	134,287.00	(243,224.51)	134,287.00	(108,937.51)	108,937.51	0.00		0.00	Grant funding in relation to Syrian Resettlement Programme
		(1,902,775.45)	**629,423.84**	**(1,273,351.61)**	**607,542.43**	**(665,809.18)**	**483,250.49**	**(182,558.69)**	**108,943.74**	**(73,614.95)**	
Corporate	Special Fund Balance	(1,143,547.52)	200,000.00	(943,547.52)		(943,547.52)		(943,547.52)		(943,547.52)	Working balance
Corporate	General Fund Balance	(4,085,406.74)		(4,085,406.74)		(4,085,406.74)		(4,085,406.74)		(4,085,406.74)	General Fund Working Balance
Corporate	Budget Strategy Reserve	(21,142,422.25)	684,000.00	(20,458,422.25)		(20,458,422.25)		(20,458,422.25)		(20,458,422.25)	Available to support the Medium Term Budget Strategy
Corporate	Investment in Council Priorities Fund	(7,415,382.90)	(2,584,617.10)	(10,000,000.00)		(10,000,000.00)		(10,000,000.00)		(10,000,000.00)	For Investment in Council Priorities
Corporate	Collection Fund Surplus	(2,503,322.15)	2,503,322.15	0.00		0.00		0.00		0.00	Estimated collection fund balance drawn down as part of budget strategy
Corporate	Capital Funding Reserve	(449,049.04)	38,000.00	(411,049.04)	411,049.04	0.00		0.00		0.00	Fully Committed to capital programme
Corporate	Single Status Provision - General Fund element	(8,917,031.52)		(8,917,031.52)		(8,917,031.52)		(8,917,031.52)		(8,917,031.52)	Funding set aside to meet costs of implementing single status
Corporate	Severance Fund	(1,204,051.31)		(1,204,051.31)		(1,204,051.31)		(1,204,051.31)		(1,204,051.31)	Fund set up to meet the one off costs of redundancies arising from restructures in order to deliver ongoing savings. The Council also has the ability to capitalise costs associated with service transformation through to March 2022
Corporate	Redundancy Provision	(85,036.00)	85,036.00	0.00		0.00		0.00		0.00	Specific provision to meet one off costs associated with the Council re-structure - relates to those who had received notification of redundancy at 31 March.
Corporate	Pride in Your Community - Funding Reserve	(1,650,890.00)	434,000.00	(1,216,890.00)	434,000.00	(782,890.00)	434,000.00	(348,890.00)	348,890.00	0.00	Reserve created to fund debt charges associated with the Pride In Your Community initiative.
Corporate	Hadley PFI Sinking Fund	(1,227,457.91)		(1,227,457.91)		(1,227,457.91)		(1,227,457.91)		(1,227,457.91)	Equalisation account relating to Hadley PFI; based on funding model
Corporate	Bad Debt Provision	(3,361,118.13)		(3,361,118.13)		(3,361,118.13)		(3,361,118.13)		(3,361,118.13)	To cover bad debts; level based on formula
Corporate	Corporate Capacity / Invest to Save Fund	(6,749,895.69)	1,600,000.00	(5,149,895.69)	1,600,000.00	(3,549,895.69)	1,200,000.00	(2,349,895.69)	1,200,000.00	(1,149,895.69)	Various initiatives to build capacity and provide funding to deliver future savings. Includes support to partner organisations who take on the delivery of services.
Corporate	Telford 2020 (capital programme)	(17,000.00)	17,000.00	0.00		0.00		0.00		0.00	£231k capital allocation to be supplemented by £17k
Corporate	Communications	(100,000.00)		(100,000.00)		(100,000.00)		(100,000.00)		(100,000.00)	
Corporate	Campaigns and Marketing	(298,510.16)	50,985.00	(247,525.16)	174,078.53	(73,446.63)	50,000.00	(23,446.63)	23,446.63	0.00	To support Creating a Better Borough and Community initiatives and Campaigns
Corporate	Capital grant funding held as a reserve	(570,334.63)	570,334.63	0.00		0.00		0.00		0.00	Committed to funding the capital programme.
Corporate	VAT and Taxation Reserve	(4,614,265.42)	4,584,617.10	(29,648.32)		(29,648.32)		(29,648.32)		(29,648.32)	Provision for any unforeseen VAT/Taxation costs
Corporate	Pride in Your High Street	(1,000,000.00)		(1,000,000.00)	1,000,000.00	0.00		0.00		0.00	Committed
Corporate	Pride in Our Community	(1,000,000.00)		(1,000,000.00)	500,000.00	(500,000.00)	500,000.00	0.00		0.00	Committed
Corporate	Public Transport Initiative	(300,000.00)		(300,000.00)	150,000.00	(150,000.00)	150,000.00	0.00		0.00	Committed to support a range of initiatives
Corporate	Community Initiatives	(810,293.60)		(810,293.60)	400,000.00	(410,293.60)	410,293.60	0.00		0.00	Committed to support a range of initiatives
Corporate	EU Exit Grant	(163,898.04)	163,898.04	0.00		0.00		0.00		0.00	To support preparations for Brexit
Corporate	Covid-19	(8,166,721.00)	8,166,721.00	0.00		0.00		0.00		0.00	Currently anticipated to be used during 2020/21
Corporate	Reserves - Councillors Pride Fund	(10,750.00)	10,750.00	0.00		0.00		0.00		0.00	Balance committed
		(76,986,384.01)	**16,524,046.82**	**(60,462,337.19)**	**4,669,127.57**	**(55,793,209.62)**	**2,744,293.60**	**(53,048,916.02)**	**1,572,336.63**	**(51,476,579.39)**	
		(110,950,264.57)	**25,216,941.95**	**(85,733,322.62)**	**11,209,931.18**	**(74,523,391.44)**	**5,522,132.27**	**(69,001,259.17)**	**3,001,726.88**	**(65,999,532.29)**	
				0.00		0.00		0.00		0.00	
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

The level of each reserve has been reviewed by the Council's Service & Financial Planning Group and is considered appropriate for the purpose.

APPENDIX 10
ROBUSTNESS OF BUDGET ESTIMATES AND ADEQUACY OF RESERVES: STATEMENT OF THE CHIEF FINANCIAL OFFICER

BACKGROUND

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

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

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

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

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

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

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

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

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

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

In addition the CIPFA guidance on Local Authority Reserves and Balances requires that a statement reporting on the annual review of earmarked reserves should be made to Council, at the same time as the budget. The statement should list the various earmarked reserves, the purpose for which they are held and provide advice on the appropriate levels. It should also show the estimated opening balances for the year, planned additions/withdrawals and the estimated closing balance. This is included as Appendix 9 of this report.

ROBUSTNESS OF ESTIMATES

Overview

The Council has faced a very protracted period of severe financial constraint including unprecedented cuts in Government grant in recent years – the reduction in RSG being over 80% between 2013/14 and 2019/20 and with only a small increase of 1.63% for 2020/21 and only 0.55% for 2021/22. Since 2009/10 the Council has made £126m of ongoing savings to manage within its reduced resources whilst at the same time facing increasing demands for many service, such as safeguarding vulnerable children and adults. However, during this period, the Council has demonstrated robust budget management. The national position has now been severely impacted by the Government's response to the coronavirus pandemic with the national budget deficit for 2020/21 reaching record levels. The Government has protected many areas of public spending, notably the NHS, and the outlook for local government is likely to remain challenging.

As outlined in some detail in the service and financial planning report, there is considerable uncertainty at present over the future of local government finance and what resources may be available to the Council beyond next year, due to the impact of the pandemic, the delay of a medium term Comprehensive Spending Review and the postponement of the planned reforms to the local government finance system. Therefore estimates of the Council's financial position beyond 2021/22 are subject to a high degree of uncertainty. However, we need to make the best estimates of the potential positon facing the Council that we can in order to assist with medium term financial planning. After the proposed council tax increase and proposed savings package put forward in this report, the projected budget remaining gap over the following two years, 2022/23 and 2023/24, for the Council is currently estimated to be around £11m, although this will be regularly updated as and when further information becomes available. The budget gap, however much it is, will need to be met through a package of savings measures driven by transformation and innovation within the Council as well as some increases in council tax and use of one-off resources in the short-term. The covering service and financial planning report recommends that we only use £0.4m of available balances next year with the balance being retained due to the high level of uncertainty in future years. It is, however, now inevitable that some of the budget savings in future will have significant impacts on local people and the Council is committed to consultation and is keen to work with partner organisations to identify alternative options for service delivery. The Council will continue with its approach to budget consultation which will take place throughout the year, rather than only being compressed into a 4 week period which will allow greater focus and interaction with the community and particularly those service users and stakeholders with a strong interest in specific proposals. In parallel the Council is committed to investing in Telford's future and some limited new investments are being made to the highest priorities.

The Council has specifically prioritised Adult Social Care and Children's Safeguarding to reflect the pressures being experienced by these services and the importance placed on them: maintaining its investment in Children's Safeguarding at over £36m in 2021/22 and investing an additional £2.3m in Adult Social Care, taking its net budget to over £47m in 2021/22. Further, £0.5m will be invested to support crime and anti-social behaviour initiatives in both 2021/22 and 2022/23.

The Council's medium term service and financial strategy is focussed around 4 main themes which will take the organisation forward and deliver budget savings:

- A community-focussed, innovative council providing efficient, effective and quality services
- Solving problems and promoting social responsibility to reduce demand for services,
- Challenging and changing the way we do things,
- Reducing our dependency on Government grants,

These themes are expanded upon in the main Service & Financial Planning report.

Despite the financial challenges being faced, the Council has a clear goal to attract new jobs and investment and promote growth in the borough. The significant capital programme which totals almost £230m demonstrates this commitment to ***Protect, Care and Invest to Create a Better Borough***. Growth will deliver increased numbers of houses and businesses in the borough which will result in additional council tax, new homes bonus and business rates and whilst some additional costs will arise from a larger population, the net additional income generated will contribute towards helping to reduce the level of cuts needed – subject to periodic resets of the local government finance system.

The 2021/22 local government finance settlement is for one year only and is set within the context of the one year Spending Review, announced in

November 2020. A medium term Comprehensive Spending Review is now expected in 2021 which will set the Government's priorities over the medium term for public spending. The Government have also announced that once the pandemic has ended they want to work with councils on the resources available to meet demands faced. April 2022 may also see significant changes to the Rates Retention Scheme (incorporating the outcomes of the Fair Funding Review and re-setting the Business Rates system) as the planned reform has been deferred from April 2021.

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

Overall therefore, given the continued delivery of savings which will total £126.4m by the end of this year, the long-term service redesign, particularly in relation to Adults and Children's services, the more commercial approach being adopted and the investment being made in the borough, It is considered that the Council is pursuing a sound financial strategy in the context of both the pandemic and the most prolonged and challenging financial position it has ever faced due to the combined long-term effect of Government grant cuts and increased service pressures. Further, it is considered that the Council maintains an adequate level of reserves and provisions and has an appropriate medium term strategy for the use of reserves.

<u>The 2021/22 Service & Financial Planning Strategy has been informed by:</u>

1. Impact Assessments and Risk Management

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

Due to the ongoing scale of savings required which will inevitably be more challenging on top of the savings already delivered, the Council will continue with its approach to the development of future savings proposals which allows more time for consultation with stakeholders about options to minimise impacts. Going forward, therefore, proposals will be developed as soon as opportunities arise and capacity allows, rather than concentrating consultation through the 4 week period as part of the annual budget process. This will allow meaningful engagement with our community and partners to develop creative solutions and will mean that the budget engagement process will take place throughout the year as an ongoing dialogue.

It seems inevitable that the level of financial risk will increase both to individual services and the operation of the Council as a whole. Cumulative risk attached to adopting an increasingly commercial approach will also need to be kept under review and key commercial decisions will continue to be subject to development of business cases and Cabinet approval.

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

We have set aside total revenue contingencies of £3.95m next year held corporately and within the budgets for safeguarding and ASC; in addition a further £0.7m for inflation. As mentioned above, new investment is being made into both Adult Social Care and to support tackling crime and anti-social behaviour. Further, an Invest to Save/Capacity Fund and a Partnership Capacity Fund are in place to provide additional resources and to assist with the delivery of savings.

Individual service areas have continually managed and monitored key risks relating to their service areas to ensure they are providing the best service they can when faced with reduced resources and ongoing reviews. The senior management team monitors service performance and seeks to manage and mitigate significant potential exposures to risks where possible. The current strategic risk register is included at Appendix 3 of this report

2. The Financial Management Process

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

3. The Budget Setting Process

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

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

2021/22 Budget Assumptions and Considerations:
Given the difficult financial position the Council faces, a tight line has been taken on planning assumptions for next year but this is mitigated by the inclusion of the general revenue contingency of £3.95m, held within the corporate core and the ASC and Children's Safeguarding budgets, with a further £0.7m inflation contingency. A review of reserves and balances has been undertaken which has identified uncommitted balances of just over £20m, prior to any remaining underspend at year end, which is taken into account as part of this medium term financial and service planning strategy.

The coronavirus pandemic (Covid-19) is continuing to have a considerable impact across the country. The Council has followed Government guidance and has provided support to the community throughout this unprecedented period. Covid-19 has resulted in pressures from increased costs, particularly relating to the provision of Social Care and safeguarding the most vulnerable in our community; the purchase of essential personal, protective equipment; income shortfalls relating to closed facilities and services; and anticipated income shortfalls in relation to Council Tax and Non-Domestic Rates which are key funding streams for the Council. After considerable active budget management work undertaken by the Cabinet Members and officers, the total projected pressure in 2020/21 is currently estimated to be £20.55m. The Council has received £18.97m of Government National Emergency Response Funding, leaving a residual pressure of £1.58m. This is prior to using any of the remaining budget contingency or taking into account support through the Governments Tax Income Guarantee Scheme. Clearly the impacts of Covid-19 will continue in the remainder of 2020/21 and into 2021/22, however due to the strong financial management the council is in as good a position as possible to face the pressures. Further information can be found in the Financial Monitoring Report also on this agenda. Specific impacts of Covid-19 are also detailed in the table below.

Inflation	
Pay Award	2021/22 includes allowance for pay awards of £250 for employees earning less than £24,000 p.a. (FTE) and 1% for all employees in 2022/23 and 2023/24. 3; the assumption for teachers pay in 2021/22 is as above, with 2% being included for 2022/23 and 2023/24. If the estimates are inaccurate the actual level of pay award will be allocated to service budgets and any adjustment made to the budget model which will

	either increase or reduce the use of balances/savings requirement.
Apprentice Levy	An allowance of 0.5% of the pay bill is included to meet the cost of the Apprentice Levy during 2021/22. Schools will pick up the cost of their element of the levy.
Employer's Pension Contribution	The Shropshire Pension Fund had a funding level of 94% at 31 March 2019, the date of the last triennial evaluation undertaken by independent actuaries. Following this and discussion and negotiation with Pension Fund Officers, the employers' rate was set at 15.8% plus a lump sum payment agreed for each year which has been included in budget projections. The next actuarial valuation is 31 March 2022 which will be implemented in April 2023; this will also take into account the impact of the McCloud judgement.
Employer's National Insurance Contribution	Nil increase.
Non-Pay budgets	A provision for known contractually committed inflation has been included. No other allowance for non-pay inflation has been made as budgets are cash limited. If inflation rises this will place pressure on service budgets and the position will be kept under review through regular financial monitoring.
Contingencies	Total general contingencies total£3.95m plus £0.7m contingency for inflation.
Service Pressures	The difficult economic situation and pandemic has an impact on the community and results in an increase in demand for council services. The key service pressures identified for the medium term relate to Adult Social Care and Children's Safeguarding & Family Support. Children's Safeguarding & Family Support – there are currently 434 Children in Care (at 13.12.20) and financial monitoring shows a projected overspend for this service of £1.6m in the current year. Safeguarding children from harm and neglect is one of the Council's top priorities and the 2021/22 budget will maintain the Children's Safeguarding & Family Support budget at just over £36m in 2021/22. A cost improvement strategy is in place which is focussed on reviewing and re-modelling services and finding new and innovative ways of doing more for less (see Appendix 11),

	this includes the Council's successful application to join the DFE's Strengthening Families, Protecting Children Programme, where £84m has been invested over 5 years to support up to 20 local authorities, with 'go live' scheduled for May 2021. The position will be continually monitored and reviewed again as part of the 2022/23 service and financial planning process. The Service has developed a rolling 4 year placement model with the aim to reduce the total number of placements. Adult Social Care – the Council has consistently prioritised the protection of vulnerable people and the level of cuts made to the Adult Social Care budgets has been significantly less than other services. In total, the 2021/22 Adult Social Services budget will be increased by £2.3m, taking the total budget to over £47m. While we are committed to meeting the assessed needs of vulnerable adults changes will be needed to the way services are provided to deliver savings in future years. An Adult Social Care Continuous Improvement Strategy is also in place which focussed on supporting local people to live as independently as they can in their own home, as far as possible (see Appendix 12). As previously mentioned, pressures relating to Covid-19 will continue into 2021/22. The Government has announced another £1.55bn of unringfenced grant for the pressures expected to emerge in the first few months of 2021/22 - Telford & Wrekin will receive £5.2m of this funding; further the current Sales, Fees and Charges scheme (which refunds 75% of eligible income loss beyond a 5% threshold) is being extended into the first three months of 2021/22. The position will be closely monitored during 2021/22 and actively managed.
Central Government Funding / Local Government Resources Review	The Business Rates Retention Scheme replaced the current system for funding Local Government in April 2013. This allows local authorities to retain 50% of the growth in locally collected business rates (49% for Telford & Wrekin Council and 1% for the Combined Fire Authority). There are opportunities in relation to business rates growth but also risks in terms of reduction in business rate income. The planned review of local government funding has been delayed and decisions on reform will be taken in the context of next year's Comprehensive Spending Review. The level of business rates appeals if of particular concern, with a significant part of the total rateable value currently under appeal. The Council has made prudent provision to meet the cost of successful appeals. However the level of future appeals is difficult to predict due to the VOA adopting

	a Check, Challenge & Appeal process following the 2017 revaluation.
Non Domestic Rates Income	As anticipated, business rates collection has been significantly lower in 2020/21 than previous years due to Covid-19. Projections are difficult due to current circumstances and continuing impact of the pandemic. Where possible payment arrangements will be agreed that will see recovery continuing beyond March 2021. The Government have announced that this deficit can be recovered over a 3 year period, however it is our intention to make provision for this pressure during 2020/21 to avoid increasing the budget shortfall in future years. This is reflected in the 2020/21 financial monitoring position. Further, a tax income guarantee scheme was announced as part of the November 2020 Spending Review which will provide some funding for irrecoverable losses although details of how this scheme will operate are not available at the time of drafting this report. The amount included in the budget for business rates in 2021/22 has been based on local information, including prudent provision for outstanding appeals. The position will be closely monitored.
Council Tax	The Council is proposing to increase council tax by the 3% "Social Care Precept" and by an additional 1.99% (4.99% in total) in 2021/22. Confirmation of the referendum limit thresholds for 2021/22 was received in late December and there is no risk of the planned council tax increase being above the threshold set and the Council therefore incurring additional costs of holding a referendum and potential re-billing costs. As anticipated, council tax collection has been significantly lower in 2020/21 than previous years due to Covid-19. Projections are difficult due to current circumstances and continuing impact of the pandemic. Where possible payment arrangements will be agreed that will see recovery continuing beyond March 2021. The Government have announced that this deficit can be recovered over a 3 year period, however it is our intention to make provision for this pressure during 2020/21 to avoid increasing the budget shortfall in future years. This is reflected in the 2020/21 financial monitoring position. Further, a tax income guarantee scheme was announced as part of the November 2020 Spending Review which will provide some funding for irrecoverable losses although no details of how this will operate were available at the time of drafting this report.

Council Tax Support	The Council is continuing its Local Council Tax Reduction (CTR) Scheme in 2021/22. The CTR scheme is a banded discount scheme with levels of discount awarded ranging between 25% and 90% depending on family size and weekly income. The council tax hardship fund will continue and has been doubled in size for next year. It is available to award discretionary discounts in cases of extreme financial hardship. Council tax reduction is paid as a council tax discount and there is a greater financial risk than under the Council Tax Benefit System as claimants classed as "non-vulnerable" who previously received 100% benefit will have some council tax to pay. The impact of the new CTR has been included in the setting of the council tax base for 2021/22. The Council has been allocated £1.7m new unringfenced funding to meet additional costs associated with increased CTR caseloads in 2021/22 due to Covid-19. The Council may use this funding flexibly as it is received by way of an unringfenced grant.
Interest Rates	Base rates have remained at 0.10% throughout 2020/21 to date and are not expected to increase in the short term. The Bank of England's increased its Quantitative Easing programme to £895bn in November 2020. Our investment and borrowing strategies for 2021/22 are set within this context. The assumption for new borrowing is 2.5% in 2020/21 and subsequent years which is a considerable reduction on recent years (4% for 2020/21) reflecting the expectation that low interest rates are likely to prevail for some years to come. This will impact on the in-year treasury surpluses that the Council has benefitted from in recent years as a result of our policy of maintaining relatively high levels of short-term temporary funding as the difference between the temporary rates and the assumption for long term rates built in to the budget will be considerably less resulting in reduced in-year surpluses. A flexible approach to borrowing will be taken, in consultation with our treasury advisors, consideration will be given to affordability, maturity profile of existing debt, interest rates and refinancing risks as well as borrowing source. Maximum investment levels with counterparties are set to ensure prudent diversification and following strict investment criteria. Full details are included in the Treasury Management

	Strategy report included in this suite of service and financial planning reports. One of the primary objectives is to reduce the Council's exposure to risk while at the same time maximising returns. In the current interest rate environment and with considerable uncertainty on the financial robustness of counterparties, it is more advantageous to reduce investment levels and therefore reduce borrowing requirements. The investment portfolio is monitored on a regular basis and advice is received from independent professional treasury advisors.
Treasury Management	The Treasury Strategy for 2021/22 follows the requirements of the CIPFA Treasury Management Code of Practice and clearly identifies the various exposures to risk and strategies in place to minimise this. The Audit Committee has a role to review and monitor the Council's treasury management arrangements which includes policies, procedures and the management of risk. The 2021/22 Treasury Strategy was presented to Audit Committee on the 28 January 2021 for their consideration and comments. The Committee will monitor progress during the year.
Non-Treasury Investments	The Investment Strategy for 2021/22, included as part of the suite of Service & Financial Planning papers, focuses on non-treasury investments. These investments are made to support local public services and include some investments which deliver council priorities, such as regeneration, provision of high quality homes for rent and a return to the Council.
Dedicated Schools Grant (DSG) Schools Block High Needs	The total allocated by the DfE in December 2020 for the 2021/22 Dedicated Schools Grant was £178.2m (including academies). There are four blocks making up the total DSG figure: • Schools; • High Needs; • Early Years; and • Central School Services. The largest of these four blocks is Schools, which funds mainstream schools. This has increased by approximately £11m in 2021/22 to £136.3m, due to a combination of the DfE moving previously separate teachers' pay grants into DSG, an increase in funding per pupil, arising from the Government's increase in funding for schools generally and rising pupil numbers in Telford & Wrekin, particularly in the secondary sector The next largest block is High Needs at £28.1m. This too has increased compared to 2020/21, by around £3m. Despite the

	funding increase, high needs budgets will remain under pressure, due to increasing demand for high needs support.
Early Years	The Early Years block, £12.7m, will be adjusted for actual numbers of early years pupils in January 2021 and January 2022 and so will be finalised retrospectively in Summer 2022. The increase in early years funding, at less than 2% for Telford & Wrekin, is much more modest than the increases for schools and high needs.
Central School Services	The Central School Services block, £1.1m, was introduced in 2018/19 following the demise of the Education Services Grant, which ceased in August 2017. Funding for education central services – statutory obligations for local authorities, not discretionary support – has sharply declined in recent years. As an illustration of this, the Education Services Grant (ESG) for Telford & Wrekin was £2.9m in 2013/14. In addition to the Central School Services Block, representatives of maintained schools on the Schools Forum agreed to de-delegate an additional £0.4m for 2021/22 to cover costs of statutory services that apply only to mainstream schools, but nonetheless the removal of the ESG has represented a further significant loss of funding to local authorities.
Estimates on the level and timing of capital receipts	The revenue budget and capital programme assume around £24m anticipated future capital receipts over the medium term planning period. Any shortfall or delays in generating expected receipts or in the amounts generated will need to be taken into account in future service and financial strategies. This could require scaling the capital programme back, re-phasing schemes or entering in to additional prudential borrowing which would necessitate further cuts to services. Delivery of projected receipts is monitored on a monthly basis as part of overall financial monitoring and reported to Cabinet quarterly. The Government has offered some flexibility on the use of capital receipts generated up to and including 2021/22. New receipts generated during this period may be used to fund the revenue costs of service reform projects. The Government recognise that in doing so revenue balances would be preserved but debt levels would be increased. The budget assumes use of this flexibility up to a total of £4.8m in 2020/21 and 2021/22.
Minimum Revenue Provision (MRP)	The policy in relation to MRP is set out in the Treasury Management Strategy Report. The rules around the calculation of the cost of borrowing that must be charged to the revenue account – the minimum revenue provision (MRP)

	- have been prudently applied in setting the 2021/22 budget strategy. The MRP policy is in line with the previous year. The MRP methodology adopted increases borrowing in the medium term as less MRP is set aside however by the end of the life of the asset the impact on borrowing is nil. The Council's external auditors, are comfortable with this approach. Full details of the MRP approach is included in the Treasury Strategy report (also on this agenda).
Prudential Borrowing / Prudential Indicators	The use of prudential borrowing is in line with the capital programmes approved by full Council. Prudential Indicators are approved as part of the budget strategy (see separate report on this agenda) and are monitored and reviewed on a regular basis.
Single Status	The Single Status process is in progress with planned implementation in 2022/23 and an additional ongoing budget is included in the budget strategy totalling £1.270m with effect from 2022/23. In addition, a provision totalling £8.92m is also available. There is the potential for some exposure to liabilities from back pay and equal pay claims which along with any other one-off costs (such as a potential period of pay protection for employees who see their pay reduced) could be met from this one-off provision.
Savings	The Council has an excellent track record of delivering savings in accordance with agreed plans. Since 2009/10 savings totalling over £126m have been delivered and the outturn position has consistently been within budget. Additional gross savings totalling £5.9m in 2021/22, rising to £7.2m in 2022/23 have been identified. Work will continue to identify additional income and savings to bridge the potential budget shortfalls currently projected for 2022/23 and 2023/24. There is a capital receipts flexibility to meet severance costs and the potential to increase the invest to save/capacity fund, which supports the delivery of ongoing savings, using part of the anticipated 2020/21 underspend.
Financial Risks inherent in any new funding	There are a number of major capital projects that have been identified which require careful project management and monitoring during 2021/22 and beyond to ensure commitments are matched by funding actually achieved,

partnerships, major outsourcing deals or major capital developments	particularly the reliance on capital receipts and future government funding levels for the Council and its public sector partners. Major capital projects in the medium term strategy include the Housing Investment Programme and the Property Investment Portfolio Growth Fund.
The availability of other funds to deal with major calls on contingencies	General reserves or other funds may have to be used temporarily and restored if revenue contingencies, management and policy action is insufficient to deal with a major issue. The Council has evaluated the risks it faces against available balances as outlined earlier in this appendix and concluded that around £20m is available to use in the overall budget strategy, which is after meeting the commitment to use £0.4m in 2021/22. Current projections for 2020/21 indicate that there will be a balance remaining in the corporate contingency at year end, part of which may be invested in key community priorities, or transferred into a budget strategy or other reserves to support the delivery of the overall medium term service and financial planning strategy in future years.
The overall financial standing of the authority (level of borrowing, debt outstanding, collection of council tax etc.	The Council's approach to sustaining its overall sound financial position is covered in a number of sections of this Appendix. The overall projected net indebtedness position at 31 December 2020 was £242.5m; net additional prudential borrowing anticipated in 2021/22 is £60.2m, although a significant element of this relates to the Housing Investment Programme and PIP investments which will generate a commercial return greater than the cost of associated debt charges. The total reliance on capital receipts in the medium term strategy is £24m in line with profiled disposals (additional information is provided in both the Capital Programme and Treasury Management Strategy Reports). The Council budgets prudently for its level of borrowing, avoiding external borrowing where cash flow permits and running down investment exposure while rates available for new investments are very low. The assumed council tax collection rate for 2020/21 onwards is 99.25%. For each 1% not collected the cost is approximately £0.729m in lost income to the Council. Legislation requires that any collection fund deficit is corrected through Council Tax in the next year, although as mentioned above, the Government have announced that any exceptional deficit relating to Covid-19 in 2020/21 can be recovered over a three year period.

	Cumulative collection rates to date for recent years are 2014/15 99.48% 2015/16 99.42% 2016/17 99.29% 2017/18 99.11% 2018/19 98.86% 2019/20 97.99% 2020/21 62.93% Final recovery rates for all years are normally projected to be over 99.25%. Close monitoring of the impact of CTS and Covid-19 on collection rates will continue during 2020/21 and into 2021/22.
The authority's track record in budget and financial management	The Council continues to demonstrate extremely strong financial management with outturn being very close to the net budget set and no overspends during the previous 11 years: • 2009/10 – underspent by £0.332m (0.27% of budget) • 2010/11 – underspent by £0.083m (0.07% of budget) • 2011/12 – underspent by £1.843m (1.42% of budget) • 2012/13 – underspent by £0.055m (0.04% of budget) • 2013/14 – underspent by £0.099m (0.07% of budget) • 2014/15 – underspent by £1.145m (0.89% of budget) • 2015/16 – underspent by £0.121m (0.10% of budget) • 2016/17 – underspent by £0.167m (0.10% of budget) • 2017/18 – underspent by £0.150m (0.10% of budget) • 2018/19 – underspent by £0.275m (0.20% of budget) • 2019/20 – underspent by £0.146m (0.12% of budget) This demonstrates an outstanding track record of continuous strong financial management, despite considerable pressure on service budgets, notably Adult Social Care and Children's Safeguarding and an unprecedented protracted period of significant cuts to Government funding.
Virement	Virement is an important feature of budgetary control. It provides flexibility to adapt expenditure patterns to meet changing needs and objectives, consistent with Council policy. No Director or Service Delivery Manger should plan to overspend. All expenditure should be consistent with approved service priorities and the overall approved budget.

The adequacy of the authority's insurance arrangements to cover major unforeseen risks	The Council's insurance arrangements are a balance between external insurance premiums and internal funds to "self-insure". The Council use the services of an external insurance advisor to provide additional expertise in managing insurance arrangements. The Council has a strategic risk register (Appendix 3 of this report) which is used to identify the substantive issues which may impact negatively on the delivery of the Council's priorities and may also have a financial impact. This is regularly reviewed by Senior Management Team and Service Areas to manage risks and mitigate potential exposures.

These assumptions are reviewed on at least an annual basis.

Reserves & Balances Policy

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

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

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

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

Some of the most commonly established earmarked reserves are:

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

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

Reserves and balances are only maintained in accordance with the assessment of need undertaken by the Service and Financial Planning Group (which includes all Executive Directors) with SMT and Cabinet Members and are used in a planned way. Therefore the opportunity cost of maintaining the determined levels is kept to a minimum while interest is earned on the retained amount.

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

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

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

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

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

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

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

APPENDIX 11
Children's Safeguarding & Family Support – Cost Improvement Strategy

Introduction:
Over recent years, Local Authorities across have Britain have faced an unprecedented surge in demand for children's social care support, and that this is showing little sign of abating. The most expensive cases, where children are taken into care, have risen by almost triple the rate of population growth. Between 2010-11 and 2018-19 the number of children in care at year end increased by 19% to 78,150 children.

According to the latest data:
- Councils have seen a 53 per cent increase in children on child protection plans – an additional 18,160 children – in the past decade.
- In the past decade, there has been a 139 per cent increase in serious case where the local authority believes a child may be suffering, or likely to suffer, significant harm, an additional 117,070 cases (up to 201,170).
- The age of children in care has been steadily increasing over the past five years. Young people over 10 years old account for 63 per cent of all in care, with teenagers being six times more likely than younger children to be living in residential or secure children's homes, which is significantly more expensive than foster care.
- The number of children placed in residential care by local authorities increased by 31% between 2014-15 and 2018-19.
- Recent data looking at price trends and costs of children's homes shows that on average, the cost has increased by seven per cent per year.

In Telford & Wrekin:

- There are round 44,300 people aged 0-19 in the borough, and around 55,800 in the 0-24 age bracket.
- The Borough has a higher proportion of people under 20 (25.2%) compared to the England average of 23.7%.
- The number of young people aged 0-24 is set to increase to around 62,100 by 2031 – an extra 3,700 0-15 year olds and an extra 2,100 16-24 year olds.
- Telford and Wrekin is estimated to have 1,100 children aged 5-10 and 1,500 aged 11-16 with a mental health disorder.
- At the time of the 2011 Census, a total of 5,362 households in Telford and Wrekin were lone parents with dependent children, just under a quarter (24.4%) of all dependent children households within the borough. 43.5% of lone parent households were not in employment, compared to the national average of 40.5%.
- 4,402 (17.9%) of pupils have Special Education Needs and Disabilities (SEND). The proportion of pupils with SEND has grown from 10.9% in 2014 to 17.9% in 2018.
- There remain challenges for some children and young people around levels of deprivation, with 23.8% (8,603) of children aged 0-15 living in income deprived households.
- The most common risk factors identified in 1,807 assessments completed by Children Safeguarding Teams were domestic violence (43.4%), mental health (43.4%) and drug misuse (24.5%).

- The rate of children looked after per 10,000 at 2018-19 year end was 97 with the rate of new LAC increasing by 3.8% from the previous year.
- 712 families met the thresholds for the Strengthening Families programme in 2019/20 (year 5). 75% of Strengthening Families family circle assessments identified mental & emotional health of children and young people as presenting need. The second most common need was adult mental health at 72% and then family relationships at 63%.

The Challenges:

The challenges for children's services are to ensure that we achieve positive outcomes for children and families in the context of our increasing child population, rising demand for services; including increases in cases involving a myriad of factors including mental health problems (both for children and young people but also parental mental health), high levels of deprivation, domestic violence, substance misuse, child exploitation, migration across local authority lines, children with special educational needs and disabilities (SEND), and looked-after children and those on the edge of care. Alongside this we are facing increased placement costs and reduced placement sufficiency. Furthermore, we are responding to the Kent migration crisis and the request for all local authorities to increase the number of Unaccompanied Asylum Seeking Children they support through the National Transfer Scheme to 0.07% of child population

The Coronavirus pandemic has added further pressures to the existing service response to managing demand:

- Delayed referrals and increased complexity / anticipated surge following reopening of schools.
- Increase in contextual safeguarding, with a national increase in young people being placed on child protection plans and subsequently accommodated as a result of criminal exploitation and county lines during lockdown.
- A clear rise in the number of parents struggling to appropriately support their child's development and keeping them from harm with the 'trigger trio' (formally referred to as the 'toxic trio') of domestic abuse, parental substance misuse and parental mental ill health particularly diminishing parental capacity.
- The extent of child vulnerability in the borough, much of it hidden from sight under lockdown. The Children's Commissioner's local area profiles of child vulnerability provides information to identify how many vulnerable children there are in our local authority, and highlight those groups at heightened risk during the coronavirus emergency – such as those in overcrowded or inadequate accommodation, with fragile parents, young carers, or without internet access.
- Early years and school closures resulting in increased pressures for children and families.
- Support for care leavers; maintaining contact and preventing isolation; continued placements/delays in transition; increased risk of NEET (care leavers remain the responsibility of the local authority until the age of 25).
- Increase in mental health and wellbeing challenges for children and young people.
- Staff self-isolation and absence (including ongoing oversight of staff wellbeing).
- The disproportionate impact of COVID-19 and subsequent measures on those pregnant, giving birth or at home with a baby or toddler.

Current strategic planning for our children's services is reflective of the need to safely reduce the number of children and families in need of support escalating to statutory safeguarding services. There is a strong focus on the need to do more to prevent the problems leading to care entry, ensuring compliance with the principles of the United Nations Convention on the Rights of the Child (UNCRC) 1989 and the Children's Act (UK, 1989), both of which emphasise the importance of a child being cared for by their parents

Our improvement plan is very much focused on reviewing and re-modelling services and finding new and innovative ways of doing more for less. Whilst doing so, our foremost priority is to promote the wellbeing and safeguarding of vulnerable children and young people, in line with our statutory responsibilities.

Our Approach:

The main focus of the Children's Services Cost Improvement Plan (CIP) is to:

- Reduce the number of children becoming looked after;
- Increase the number of children ceasing to be looked after;
- Reduce the length of time children are looked after for;
- Reduce the number of re-referrals to safeguarding;
- Reduce the number of looked after children placed in residential provision;
- Reduce the number of looked after children in external foster placements;
- Increase the number of looked after children placed with internal foster carers;
- Reduce the use of agency social workers.

New Initiatives to support the delivery of the CIP:

<u>Strengthening Families, Protecting Children Programme: Family Safeguarding</u>

Telford and Wrekin Council applied and have been successful to join the DFE's Strengthening Families, Protecting Children Programme, where £84 million has been invested over 5 years to support up to 20 local authorities to improve work with families and safely reduce the number of children entering care by adopting one of three successful models developed elsewhere.

Family Safeguarding was developed by Hertfordshire County Council in 2015, where it has delivered a radical impact in improving outcomes for children and their families whilst also significantly reducing demands and costs for the county. The model has been independently evaluated as being very effective, has been complimented by Ofsted and is being replicated by at least 8 other English local authorities already (some with financial investment from the DfE). Key to its success is the initial intensive support provided to both children and the adults in their families.

The Family Safeguarding Model is predicated on multi-disciplinary joint children and adult teams. The model will therefore be implemented by building on the skills mix of our current Children's Social Work teams by adding community-based mental health staff, domestic abuse specialists and substance misuse workers.

Telford and Wrekin have been identified to commence implementation of the model in the first cohort with 'go live' scheduled for May 2021. The wave 2 evaluation of the model was published on the 4th November 2020 and concludes that Family Safeguarding contributes to reductions in the rate at which children become looked after and the number of children on Child Protection Plans. The report states that "The financial case for Family Safeguarding is strong. Break-even occurs relatively quickly from savings on looked after children and Child Protection Plans, after which annual and cumulative savings greatly outweigh the costs of delivery."

The wave 2 evaluation is also encouraging about the resounding finding from the evaluation of Group Case Supervision[1] being "a central tenet of Family Safeguarding and one that facilitates the effective management of risk, the minimisation of drift and delay, and the sharing of important knowledge across different professionals. It introduces an element of challenge and increases the variety of views when families are discussed."

Together4Children

We have launched the Together4Children Regional Adoption Agency (RAA) as a partnership between Shropshire Council, Staffordshire County Council, Stoke-on-Trent City Council and Telford & Wrekin Council. The Agency will deliver a range of functions, including:

- Recruiting and assessing adoptive families;
- Finding families for the children from our region who need adoptive families;
- Providing adoption support services to adopted children, their families, birth families and adopted adults.

Working together across the partnership we aim to:

- Make best use of our collective resources to recruit, assess and support prospective adopters and foster carers across the region.
- Improve the quality and speed of matching for children through better planning and by having a wider choice of families.
- Provide high quality support to children and their families delivered through a combination of direct provision and effective partnerships.
- Provide all children and their families with the right support at the right time through a consistent permanency support offer available across the region.
- Respond to the regulatory requirements in respect of Adoption (including Non-Agency Adoptions and Intercountry Adoption).

In-house Fostering Strategy

[1] GCS works best when authorities ring-fence resource specifically for the organisation and co-ordination of the sessions. This includes diarising them well in advance, issuing reminders and circulating papers before the meetings, encouraging and confirming attendance, taking real-time minutes and circulating those promptly following each session.

Over the last 12 months we have seen a reduction in the percentage of looked after children placed in residential and external fostering provision. There has also been an increase in the proportion of looked after children placed with internal foster carers, despite rising numbers.

As part of our revised fostering strategy, we have revised foster carer fees to aid the recruitment of more people to foster for Telford and Wrekin Council and to retain our skilled and committed existing carers. We have also introduced a number of specialist foster carer roles which will ensure that some of our most complex children and young people who do become looked after, remain close to home within a family based setting instead of entering specialised residential provision (children with disability carers, fostering plus carers, parent and baby placements).

In addition we have:

- Further developed our marketing strategy, with a dedicated resource to make the Telford and Wrekin fostering brand more visible across the borough.
- Reviewed our recruitment processes to ensure that the service responds swiftly to all enquiries and visit all potential new carers as soon as they express an interest in becoming a foster carer for Telford and Wrekin.
- Introduced stronger support which includes access to therapy for our foster carers to promote wellbeing and improve placement stability for our children and young people.
- Reviewed sufficiency for placements with our internal foster carers and as a result are now looking to do more focused recruitment for fostering plus carers and sibling groups
- Secured funding through the DFE to implement the Mockingbird Family Model into our fostering service through our regional partnership with Staffordshire, Shropshire and Stoke-on-Trent. The 'Mockingbird Family Model', delivered by The Fostering Network, brings foster families together in groups, centred around one experienced foster carer who lives nearby to act as a mentor. This builds a network on which they can rely in difficult moments, in the same way that families who are together from birth often rely on the support of extended family, friends or neighbours, and helping them cope with challenging behaviour or problems caused by trauma before they escalate. It comes as findings from the Mockingbird programme show that foster families assisted through the programme built stronger relationships and became more resilient.

Big Fostering Partnership

The Big Fostering Partnership is a step down from residential to fostering scheme, previously named Pyramid Project. The aim is to place children and young people in highly skilled and resilient foster placements. It will allow us to have a closer working relationship with fostering agencies, targeted recruitment of foster carers to meet the specific needs of our children. It will also provide a central point for communication and family finding.

It is a 5 year project which will offer an extra option against increasing numbers of looked after children and insufficient capacity for complex children.

Family Solutions

Our Family Solutions service was introduced in 2017 to work intensively with families where children and young people have been identified as being at risk of becoming looked after.

The service also works with children and young people where the plan is for them to step down from residential care to fostering and in plans for reunification home. Looking at the number of children returning home to live with parents, relatives, or another person with parental responsibility where this was not part of the current care planning process, the number has reduced considerably since the implementation of Family Solutions, which demonstrates a significant improvement in planning and risk management in this area.

Sustainability has also improved enormously post-Family Solutions, with a significant reduction in the number of subsequent CIN, CP and CLA episodes within 12 months of the return home or anytime thereafter.

Family Group Conferencing

A Family Group Conferencing (FGC) Service has also enabled us to offer FGC's in-house and at pace with a skilled staffing pool. The ethos of Family Group Conferencing is to support our Local Authority priority to build community capacity and to empower families to access a network of family and community assets to help them tackle challenging issues.

As a key part of our CIP strategy we have secured additional investment to increase the number of families the service supports by offering an FGC to all families referred for an Initial Child Protection Conference (ICPC) and all families where there is consideration of issuing for a Care Order in Court to reduce the number of children and young people subsequently becoming looked after and instead, use FGC's to find friend and family supported solutions to challenges that families are faced with.

Child and Family Ambassador Volunteer Scheme

We know that in the right circumstances, volunteer services can effectively contribute to delaying or preventing entry to more expensive systems of care and support and provide an effective mechanism for support for families through stepdown from practitioner led services. We have introduced a new volunteer scheme made up of four volunteer roles:

- Child and Family Ambassadors provide one to one support and encouragement to families receiving support from our Early Help and Safeguarding Services. The Ambassadors support families either alongside Practitioners or as part of an exit strategy to provide our families with additional support.
- FGC Ambassadors support the Family Group Conference (FGC) service in promoting the voice of the child, helping children and young people to prepare for the FGC and support them during the FGC itself.
- Care Leaver Mentors are safe adults independent of the care leavers' family and care system. The aim is to develop a stable friendship with a care leaver, helping to build their confidence and self-esteem and also to bring stability, security and consistency to a care leaver's life through regular contact for a sustained period.
- Rights and Reps Ambassadors support VOICE (Care Council) co-ordinators during meetings, seasonal activities and regional trips.

Systemic Practice

We are now in the fourth year of embedding Systemic Practice in to make system changes to the way we work with children and young people. The systemic practice model is family-focused, and strengths-based, to build families and/or young people's capacity to address their own problems more effectively.

We have delivered whole service implementation of the systemic practice model: with practitioners, managers and leaders having completed training through the Centre for Systemic Social Work. The practice model enables our workforce to work intensively with families to empower them to solve their own problems and change behaviours instead of referring out to others.

NSPCC Reunification Practice Framework

Returning home to a parent or relative is the most common outcome for children in care. However, around a third of those who return home are back in care within five years. So for almost a third of the children who had returned home, evidence shows that the arrangements often do not last.

There is a high cost to local authorities of failed reunification of children returning home from care both in terms of the child and financial impact (£300 million a year). In 2019 we introduced the NSPCC Toolkit in Telford and Wrekin, an evidence informed framework for return home practice that supports practitioners to make structured decisions about whether or not a child should return home to the care of their parents or birth families. The framework outlines a staged approach to working with families and professionals, mandating that the needs of the child be kept paramount throughout the process.

Staffing: Agency Spend

As a result of the complex activity currently ongoing with maintaining statutory safeguarding responsibilities for children and young people both remotely and face to face during this period, there have been ongoing pressures to stabilise the workforce and maintain the wellbeing of staff. Despite the reduced number of referrals, the regional and national risk management strategy is to bolster the workforce for an anticipated surge in referrals and the complexities of these referrals.

We have the lowest use of agency staff (6) that we have had in a number of years and are significantly lower than many of our regional neighbours. This is largely due to our have been successful at recruiting to vacancies through WM Jobs and a social media campaign in an effort to attract experienced social workers to come and work for Telford and Wrekin following our Ofsted rating in January 2020.

Our risk management strategy to mitigate the ongoing challenges recruiting experienced practitioners has included filling vacancies with newly qualified social workers. Whilst they will initially need a higher level of support and lower caseloads, there are long term benefits from supporting skilled and enthusiastic social work graduates to continue to develop their skills and experience and subsequently remain in Telford and Wrekin.

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APPENDIX 12

Adult Social Care (ASC) Continuous Improvement Plan 2021/22

1 Introduction

Demand for Adult Social Care (ASC) continues to rise each year, people are living longer and there are more people living with long-term conditions, particularly dementia. There are increasing numbers of young adults in transition to ASC with complex needs. We are also seeing increased numbers of people with complex needs discharged from hospital or supported at home to prevent hospital admission. The longer-term Covid legacy impact upon the cost of care, the increased needs of some people and their independence are key challenges as we move forward.

However, we continue to work in a strengths based way in ASC with a focus upon supporting local people to live as independently as they can in their own home, as far as is possible. Our approach importantly focuses upon ensuring early access to information and advice about health and social care. This enables people to make informed choices to enable them to keep independent whilst getting the information they need when they need it.

2 Early Help and Advice

We continue to develop and improve the level of information, advice, support and guidance at our first point of contact Family Connect, enabling people to help themselves to maintain their independence as far as possible. This helps us ensure that we use our statutory resources for those that have care and support needs. Part of the initial support, where it is appropriate to do so, is to signpost to available and suitable community assets.

There are a range of early help, advice and interventions dependent upon the level of need that help us ensure that we use our resources proportionately:

Live Well Telford (LWT)
Our on all age Directory of services providing self-help options and promoting choice, control and independence for people to help themselves. This is proving very beneficial and the usage increases each month for example in Oct 2019 we recorded 3602 users compared to October 2020, with 4658 users.

Wellbeing and Independence Partnership (WIP)
Working in partnership with Voluntary organisations who provide individuals with information, advice, support, guidance and advocacy services without the need to contact ASC services

Family Connect
Providing information, advice, and signposting to other relevant services and organisations but also providing occupational therapy and social work interventions under the Care Act when required.

Virtual Hubs
We continue to provide information, advice and guidance through our virtual hubs and booked appointments. This means that individuals and their families can have an early conversation with ASC staff about their care and support needs with the intention of promoting their independence for longer.

An example of this type of support is our:

Virtual Calm Café
Providing support to those with mental health care and support needs.

Hospital discharge enablement support
and timely input from our Health and Social Care Rapid Response Team to avoid any unnecessary hospital admissions.

Independent Living Centre
Virtual and in person, will open by the end of the year focussed upon providing access to equipment, technology enabled care and a range of information for people with care and support needs. This resource is particularly important as we see the numbers of older adults in Telford and Wrekin increasing over the next few years.

3 Population

- There are estimated 179,900 people living in Telford & Wrekin; 31,100 are over 65 years old. Although the population of the Borough is set to increase in coming year, very little of this increase will be in the working age population (Updated information for 2019-2020 and all population is rounded to the nearest 100 as they are estimated numbers only)
- There are estimated 16,500 people over the age of 25 years old providing unpaid care to a partner, family member or other person; 3,700 people are over 65 years old.
- There are estimated 2,600 adults between 18 and 64, and 600 people aged over 65 years old with a learning disability
- There are estimated 2,000 people aged over 65 years old that have dementia, by 2035 this will increase to 3,220 (60%)
- There are estimated10,900 people aged 18-164 years old that have a moderate or serious physical disability
- There are estimated 1,400 people aged over 18 years old that have autistic spectrum disorders
- There are estimated 20,000 people aged between 18 and 64 years old that have a common mental health disorder
- There are estimated 8,600 people aged over 65 years old that have a long term health problem or disability that limits their day to day activities
- There are around 3,831 working age veterans in the Borough

Please note: these are nationally produced figures for each Local Authority Area. For more information about the population of Telford and Wrekin, visit www.telford.gov.uk/factsandfigures

3.1 Health and Wellbeing

- As with all age groups in the Borough, a high proportion, nearly 16,000 of the working age between 16-64 adults reported having a long term illness or disability than the national average at the time of the 2011 census
- An estimated 10,600 people aged 16-64 have a moderate or serious physical disability based on the 2017 mid-year estimates
- An estimated 3,400 people have a baseline learning disability, aged 15-64+, with 800 moderate or severe learning disability

4 Current ASC Activity for 2020/2021

We have developed a multi-year financial plan, which is up-dated at least annually. The plan assists in forecasting the financial requirements of the service model for ASC reflecting the impact on expenditure and income of population numbers, population ageing, strategic changes to service delivery and care support delivered.

Due to the Coronavirus pandemic this year, we have experienced increased numbers of people particularly on our hospital discharge and enablement pathways. We have also seen an increase in the numbers of people referred to our Health and Social Care Rapid Response Team that supports people to avoid any unnecessary hospital admissions by providing timely interventions from both health and social care.

4.1 Hospital Discharge

We continue to work partners in an integrated discharge team supporting people with complex need, to leave hospital on the same day that they are medically fit to do so; many discharges are within the 2 to 4 hour window. We have also introduced Pathway Zero to the process adopting a strengths based approach post hospital discharge which ensures that only individuals with complex needs go on to have reablement and many more are supported with community assets to return home.

Health and Social Care Rapid Response Team

This service is provided in partnership with our Health partners and is working well as follows:

- Timely, appropriate and seamless delivery of community services
- Increasing referrals over time (average of 28 a week increased to 39 a week)
- 93% admission avoidance rate
- Wide range of presenting needs supported in the community
- 252 bed days saved over 5 months

This service has improved:

- The patient experience
- Reduced avoidable unplanned admissions
- Reduce duplication of referral
- Improved access to a range of services
- Happy and productive staff

4.2 Care Act Assessments and Long Term Services (as at 31-10-2020)

- Of a total of 1801 clients here are around:
- 74% in receipt of domiciliary care services
- 16% in residential care
- 10% in nursing care

Our trend in providing long-term care demonstrates that we are supporting more people to live within their own communities with the right level of funded care and support needs, with only those people who cannot be supported this way moving into residential care. We continue to perform well nationally being in the top quartile for the numbers of people supported to live in their own home as opposed to residential care.

An important part of maintaining this performance is ensuring that we complete timely reviews of people with care and support needs.

4.3 Learning Disability & Autism Team

We reorganised ourselves this year so that we could introduce a specialist team supporting those with learning disabilities and autism. This ensures that staff have expertise in supporting people in this group and this has enabled the team to support even more individuals towards greater independence whilst supporting family carers too. We have been engaging with people and their families about the development of a new learning disability strategy and launched the new Learning Disability Partnership to enable us to continue to develop our offer to meet current and future needs. This involves listening to the engagement feedback, understanding the current and future population needs and working with partners to continue to develop alternatives to residential care.

4.4 Direct Payments and Personal Assistants

We are continually improving our offer for Direct Payments. Recently we have updated all our information relating to direct payments and are now developing a personal assistants register on Live Well Telford to help people to recruit their own PAs. This approach enables people to have more personalised care and enables us to ensure that resources are more effectively used.

4.5 Independent Living Centre and Digital Enablement

We are near completion and will be launching this service based in the Telford Town Centre offering low-level Occupational Therapy assessments, information and advice, tours of a digitally set up home showing various digital solutions throughout each room to support individuals to live within their community and their own home, showcasing various digital equipment. Our digital enablement agenda will include working together to develop a 'Smarter Borough' with our approach being multi-disciplinary including universities, business, council social care, health key stakeholders, partners, education and employment. The purpose of this work is to enable people to remain as independent as possible in their own home.

5 Our ASC Plans for 2021/2022

Going forward this includes looking at all integrated opportunities with NHS partners in our front line offer and strengthening our early information and support alongside partners in the Voluntary Sector, for example the virtual/actual Independent Living Centre in partnership with the CVS

We are continuing to explore local options and provision for more supported living accommodation for people with learning disabilities and to reduce placements any unnecessary residential placements while supporting people's independence and access to their own front door.

We are continually measuring our performance and activity to ensure that we apply the strengths based approach and maximise community assets wherever it is possible and appropriate to do so; giving people choice and control on how they live well within their communities.

We continue to work with partners and providers to improve and develop ongoing partnership working to ensure that we provide the right level of care and support.

We will continue to build on our prevention agenda to ensure that we provide the right information and advice in a timely manner to reduce and/or delay the needs of funded care and support

We are planning our ongoing work to support individuals with mental health needs by improving the access to mental health services through a single approach with the NHS and voluntary sector partners. We plan to extend the Calm Café's by developing stronger links with the voluntary sector and third sector partners

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SCHEDULE OF SAVINGS PROPOSALS **APPENDIX 13**

No.	Description of Saving	2021/22	2022/23	Total Ongoing
		£	£	£
1	Service Restructures, staff savings and capitalisation across the organisation	1,099,850	189,385	1,289,235
2	Income generation including Nuplace, BIT fees, APT fees, leisure services and trading operations	884,665	232,273	1,116,938
3	Additional Property Investment Portfolio investment income as a result of the Growth Fund investment	433,225	180,218	613,443
4	Children's Safeguarding - reduced placement costs through the cost improvement strategy and benefits from the implementation of the Family Safeguarding Model (Hertfordshire Project). These savings will be reinvested within the service rather than reducing the safeguarding budget	800,000	300,000	1,100,000
5	Adult Social Care – benefits from community and family based support and increased use of technology. These savings will be reinvested within ASC rather than used to reduce the budget	550,000	0	550,000
6	My Options - reduction in transport costs following changes in user numbers; together with a service review. These savings will be reinvested within ASC services rather than reducing the budget	300,000	200,000	500,000
7	Savings on mileage and travel costs across the organisation	250,000	0	250,000
8	Treasury Management - review of alternative borrowing sources and underlying treasury assumptions	500,000	0	500,000
9	The local authority is able to use DSG to support young people with high needs, early years and other statutory central schools services	230,000	0	230,000
10	Reduced annual contribution to self-insurance fund	250,000	0	250,000

11	Procurement efficiencies through review of contracts, including some Public Health contracts	209,772	0	209,772
12	Various other efficiencies across the organisation	482,410	156,340	638,750
TOTAL GROSS SAVINGS		5,989,922	1,258,216	7,248,138
LESS “LEAKAGE”		(89,849)	(18,873)	(108,722)
NET SAVINGS		**5,900,073**	**1,239,343**	**7,139,416**

Appendix 14: Council Tax Reduction Scheme 2021/22

Council Tax Reduction Scheme

The Government announced as part of the Spending Review in 2010, that it would localise support for Council Tax from 2013/14. Councils were required to establish local Council Tax Reduction schemes (CTRS) to be implemented on 1 April 2013. CTRS was referred to locally as Council Tax Support (CTS) and more recently as Council Tax Reduction (CTR).

The new scheme for 2020/21 saw a move to an income-based grid scheme (also commonly referred to as a banded scheme) without the complexities of a full means test required by our previous scheme.

The Council currently provides Council Tax Reduction (CTR) to around 14,360 claimants, of which 8,560 are of working age. Residents who are of state pension age (a minimum 66 years of age for both men and women) are protected under the Government scheme, in that the calculation of the support they receive is set by Central Government. For working age applicants however, the Council Tax Reduction they receive is determined by the Local Authority.

We last consulted on our Council Tax Reduction Scheme in the autumn of 2019. The new scheme for 2020/21 saw a move to an income-based grid scheme (also commonly referred to as a banded scheme). The scheme aimed to rebalance the distribution of the available funding to ensure that the most financially deprived customers received a greater level of support than the previous scheme allowed. The scheme was approved at the Full Council meeting of 23 January 2020 - minute 57 (d) (a) (Council Tax Support Scheme).

There were three main drivers for proposing changes to our local scheme from April 2020 and these were:

- The need to redistribute the funding available so that the most financially deprived receive the help they need.
- The introduction of Full-Service Universal Credit in the borough from November 2018.
- The need to simplify the scheme so customers are able to understand it.

The Covid-19 pandemic has brought many challenges to our residents including financial changes which makes analysing the impact of the CTR scheme from April 2020 difficult.

The Council Tax collection rates for working age residents who have been in receipt of CTR are 0.39% lower at the end of November 2020 (52.28%) compared to the end of November 2019 (52.67%).

However the non CTR customer collection rate has decreased by 2.48% when comparing the same period (73.37% v 70.89%). As the collection rate for customers in receipt of CTR has not decreased as much as our non CTR customers, it would suggest that the changes to the policy from April 2020 have not adversely affected the most financially vulnerable residents.

The Council Tax Reduction Hardship Assistance policy has also assisted those residents who needed extra financial help to adjust to the changes or those working age recipients of CTR who require extra assistance.

Another contributory factor in helping the most financially vulnerable in 2020/21 is the Covid-19 Council Tax Hardship grant provided by the Ministry of Housing, Communities and Local

Government (MHCLG). We have used this grant to reduce the Council Tax liability of working age customers by up to £150. For some working age customers i.e. those who receive 90% CTR under our new scheme have received 100% assistance with their Council Tax in 2020/21.

The MHCLG is making available a £670 million Council Tax Support fund to Local Authorities for 2021/22, with Telford & Wrekin Council due to receive £1.739 million (subject to final confirmation). MHCLG have indicated that it is not another hardship fund but is in recognition of the anticipated extra cost of Local Council Tax Reduction schemes due to higher unemployment as a result of the pandemic.

As there have been no major changes in Government Policy we are not proposing any local changes to the scheme for 2021/22 except for the up-rating of amounts within the income grid. The scheme will take effect from 1 April 2021 and is attached as Appendix 14A.

A full Equality Impact Assessment of the proposed scheme for 2020/21 was undertaken and has been refreshed for 2021/22.

Council Tax Reduction Hardship Scheme

Since 2013 a Council Tax Reduction Hardship Assistance fund has been approved each year by Cabinet which has been invaluable in providing additional support to the most financially vulnerable customers. Within the budget strategy for 2021/22 funding has been identified for the scheme to continue, allowing for additional tailored financial support. The Council Tax Reduction Hardship Assistance Policy is attached as Appendix 14B.

Review of the Scheme

The Council will continue to monitor the impact of the changes to the CTR scheme from April 2020 via Council Tax collection figures and the CTR Hardship applications received. Although the policy has to be considered by Full Council every 12 months it is our intention that the scheme will remain unchanged unless there are technical changes required, or there are any unexpected and unintended consequences resulting from the changes to the proposed new scheme.

Appendices

Appendix 14A -	Council Tax Reduction Scheme Policy for 2021/21 under S13A (1) (a) and Schedule 1a of the Local Government Finance Act 1992 can be downloaded at www.telford.gov.uk/CTR202122
Appendix 14B -	Council Tax Reduction Hardship Assistance Policy from April 2020.

Telford & Wrekin Council

Council Tax Reduction
Hardship Assistance Policy

Effective from 1 April 2020

1. Introduction and aim of policy

This policy applies to all applications for Council Tax Reduction Hardship Assistance (CTRHA).
From 1 April 2013 Council Tax Benefit was abolished and replaced by local schemes designed individually by Local Authorities. From 1 April 2020, the Telford & Wrekin scheme will be called Council Tax Reduction.
As part of this Council's Council Tax Reduction scheme a cash limited fund is available to provide Council Tax Reduction Hardship Assistance to aid and assist the most impoverished individuals and families.
The aim of the policy is to ensure that the funding is used in the most appropriate way to provide additional financial assistance with their Council Tax liability to the most vulnerable customers who, without it, are likely to experience financial hardship and increased levels of unmanageable debt.
We have a duty to act fairly, reasonably and consistently. This policy gives the outline of when a CTRHA award will and will not be granted.

2. Operation of the scheme

Procedural requirements dictate that, in every case, the applicant must complete the appropriate CTRHA application form giving details of income and expenditure to show that they require further help with their Council Tax costs. When an applicant has difficulty completing the application then assistance will either be given over the telephone, at an office based appointment or through a home visit.
The Council will use any other available information, including information collected on any Housing Benefit, Council Tax Reduction or Universal Credit award details when considering the claim for CTRHA. However, the applicant should provide such available evidence as necessary in support of their claim, for example, a letter from a doctor, evidence of necessary exceptional expenditure, etc. We may request further evidence in support of the application.

A decision maker will speak with the applicant where it is deemed the applicant will benefit from further advice or additional information is required. This may be during a home visit, office interview or via telephone. The purpose of this conversation will be to give the applicant the opportunity to discuss fully their reasons for their application and will allow for the decision maker to consider income, expenditure and family circumstances. This method of approach has two distinct advantages;

- It enables us to gather as much information as possible to assist with the final decision making process. In doing so it will identify possible entitlement to other welfare benefits or services which the applicant is entitled to which may improve their financial situation.

- It will enable the officer to identify areas and recommend steps that the applicant can take to improve and alleviate their hardship immediately or during the award.

In both the above scenarios a successful award of another benefit, or action that the customer can take themselves, should help improve their financial situation and will

reduce or negate the need for a CTRHA award meaning that extremely limited funds available within the scheme can be diverted to other cases of hardship.
There may be occasions where it may be deemed unnecessary to speak with the applicant including where there is a short term need because a known change, such as the award of an age-related benefit or change in household, will end the need for assistance or where another officer of the Council e.g. social worker or partner organisation e.g. CAB is providing support and advice to the applicant.
The amount and duration of the award is at the discretion of officers from the Benefits Service with delegated responsibility for this function. However an applicant cannot receive a greater amount of CTRHA award than the shortfall in the daily Council Tax liability after taking into account any Council Tax Reduction entitlement. The exception to this is one off lump sum costs to clear previous year debts where the amount of shortfall does not determine the amount of the lump sum payment.

The expenditure on CTRHA will be monitored closely. Each month, expenditure will be reported within the Welfare Services monthly update.

3. Factors to Consider

Conditions that must be met for Council Tax Reduction Hardship Assistance

For a CTRHA award to be considered the applicant must:-

- Be entitled to Council Tax Reduction, or would have been entitled if they were not subject to the Governments Benefit Cap (£384.62 per week for couples and/or families, £257.69 per week for single customers); or was entitled to Council Tax Reduction in 2019/20 but changes to the scheme from April 2020 have resulted in no entitlement;
- Have a Council Tax liability; and
- Require further assistance with the shortfall between the daily amount of Council Tax charged and the daily amount of Council Tax Reduction they are entitled to.

Council Tax Reduction Hardship Fund cannot pay for the following;

- Clearing Council Tax balances caused as a result of a fraudulently claimed discount or exemption
- Council Tax penalties, sanctions, or suspensions;
- Charges incurred as a result of action taken to recover overdue Council Tax, such as liability orders, court costs, fines etc.

The Council recognises that changes to the Council Tax Reduction Scheme from April 2020, in particular the removal of the protected scheme, will have an impact on residents and there will be a need to provide some residents with additional financial assistance whilst they adjust their finances.

Consideration will be given to applications from ex-armed Forces Personnel, as part of the Council’s commitment to the Armed Forces Covenant, where additional help is likely to increase the chance that they will be able to sustain a stable and secure home.

A direct contact will be made with those who are in receipt of a War Disablement or War Widows / Widowers Pension and who have been affected by the removal of the protected scheme from April 2020, to invite an application for Council Tax Hardship Assistance. Whilst *all* income is usually taken into account when calculating entitlement to Council Tax Reduction Hardship Assistance War Disablement and War Widows / Widowers Pensions will not be included within the calculation of household income in recognition of the special circumstances that the payment is made under.

4. Decision Making

Whilst recognising the need for individual consideration of the circumstances of each case, consistency is also important. Each case needs to be looked at on its own merits and all customers need to be treated equitably and fairly when the scheme is administered. We therefore need to consider in each case:

- If the applicant is entitled to any other welfare benefits that they are not currently claiming.
- If the applicant is entitled to any other Council Tax exemptions that could reduce the amount of their liability e.g. Disabled Band Relief.
- The financial, medical or social needs and circumstances of the applicant, their partner and any other persons in the household.
- The income and expenditure of the applicant and other members of the applicant's household.
- The amount of any savings and capital held by the applicant and other members of the applicant's household.
- Any exceptional circumstances such as, the ill health or disability of the applicant or a member of the applicant's household. Examples include the need for an extra room because of a health problem affecting a member of the household, a requirement for the household to live where they do because of the need for access to medical or support services, specific extra health-related expenses such as non-prescription medicine and the nature of a health problem means the choice of housing is restricted either temporarily or permanently.
- The level of debt of the applicant and family and options to re-negotiate non-priority debts.
- The possible impact of not making such an award, e.g. the addition of further costs, or inability to meet other demands
- The probable consequences of council tax arrears for the applicant or family members, especially if any of them are vulnerable by reason of age, sickness or disability.
- Any other special circumstances

Examples of the kind of situations where further help <u>may</u> be given include:

- Where there has been a significant change in the applicants and/or family circumstances which means the Council Tax charge is no longer affordable.
- Where there are significant debt issues.
- An unexpected crisis that has had an impact on finances.
- Where a change in the annual Council Tax Scheme has resulted in a reduction in entitlement and the applicant needs a period of time to adjust their finances to be able to afford their liability.

These are only examples - the list is neither exhaustive nor prescriptive
The decision maker will not normally award CTRHA in cases where the applicant has demonstrated they have sufficient surplus income or capital to be able to meet their Council Tax liability themselves.
The authorised decision maker decides how much to award based on all the circumstances. This may be any amount up to the difference between the weekly Council Tax liability and Council Tax Reduction entitled to.

5. Period of award

The duration and level of CTRHA award will be determined individually for each customer by the decision maker. CTRHA awards are only intended to be short term awards due to the limited fund available. It is not intended that the fund will be a long-term solution to changes in the Council Tax Reduction Scheme. In determining the period of award, examples are given below of the types of factors that may be appropriate for consideration;

- To allow a reasonable timeframe for the applicant to take steps to ease their financial hardship for example the date a contract for non-essential expenditure ends or to allow time for a debt re-payment plan to be entered into.
- If there is a known change e.g. when a debt is due to be paid off, or when a claim for another welfare benefit is likely to be decided.
- If there is a known change to the household and when that is likely to happen.

Where possible we aim for a decision to be made within 14 days of receipt of all relevant information. If the claim is successful, CTRHA awards will be made direct to the relevant Council Tax account.
The amount of any CTRHA award is entirely at the discretion of the delegated officers from the Benefit Service. A successful claim **does not** imply that a further award will be made at a later date, even if the applicant’s circumstances have not changed.
The start date of a CTRHA award will usually be the most appropriate of:
- The day the Council receives the relevant claim; or
- The day of a relevant change in circumstances giving rise to the need for the CTRHA award.

However the decision maker may decide that a different date is appropriate based on the particular circumstances of the claim. Due to the expected pressure on the CTRHA fund, a claim will not usually be backdated more than 3 months although, where someone is at risk, then backdated awards may be made which cover the

period of Council Tax arrears. In such cases, some Council Tax Reduction must have been in payment for the period concerned or would have been in payment had it not been for the changes to the Council Tax Reduction Scheme from April 2020.
Claims may be made in advance of a change in legislation.
Most awards will be short term awards, typically not more than 4-6 months, however the length may vary depending on the customer's circumstances.
When CTRHA period comes to an end, if a customer wishes to reapply they will usually be required to complete a further application or review form to renew their award. It may be possible to extend an existing CTRHA period for up to eight weeks if the customer has confirmed their circumstances have not changed but whose circumstances are likely to change within the next eight weeks e.g. have been offered a job, moving house, a known change in income etc.
Where a customer has not taken steps to ease their own financial circumstances, for example;

- they have not taken steps to apply for additional income that may be available; or
- have not reduced or have increased non-essential expenditure;

then further applications are likely to be refused. A further award may be made if there is a commitment from the applicant they will take steps to ease their financial circumstances. If, after two periods of award, the customer has not taken the advice given in previous awards it is unlikely that a future award will be made.
A previous successful award does not guarantee that subsequent awards will be granted.

6. Notification

The Benefits Service will notify the customer of the outcome of their application within 3 working days of making the decision.
Where the application is successful, the notification will advise:

- the amount of CTRHA award granted, if any
- the period of the award
- the requirement to report any relevant change
- recommendations of the steps that the applicant may take during the period of the award to resolve or improve their personal situation

Where the application is unsuccessful, the notification will state clearly the reasons for the decision.
All notifications of decisions on claims shall offer the opportunity for the customer to seek a review of the decision made.

7. Changes in circumstances

It remains the duty of the applicant to notify the Benefit Service of any change in circumstance that may be relevant to the continuation of their CTRHA award.
A CTRHA award may be revised where the applicant's circumstances have changed. Incorrect awards of CTRHA can be recovered where the payment has

been made as a result of a misrepresentation or failure to disclose a material fact or as a result of an error. The Council will normally recover a CTRHA award where the applicant's own actions contributed towards the overpayment and recovery of the award would enable us to reallocate those sums within the current financial year. However, we will consider the circumstances of each overpayment on its merits, being mindful of the impact that recovery may have on the ongoing financial vulnerability of the applicant.

Incorrect CTRHA awards may be recovered via the person's Council Tax account.

Fraudulent claims

The Benefit Service is committed to the fight against fraud. Any applicant who tries to fraudulently claim a CTRHA by providing a false statement or evidence in support of their application may be liable for prosecution.

8. Officer Roles

Decision Maker (Discretionary Awards Officer or equivalent) – will where appropriate speak with the applicant, either over the phone, in the applicant's home or arrange an office based meeting. They will consider all the information available to them and calculate whether the customer can afford the shortfall between their Council Tax Reduction and their Council Tax liability. The decision maker will also give advice on how the customer can ease their own financial circumstances.
The Decision Maker will decide whether to make an award and the length of any award. They will write to the applicant detailing their decision.
The Service Delivery Manager with responsibility for Benefit and Welfare Services has the authority to delegate decision making powers to another suitably experienced officer if there should be a need.
Appeal Officer – any appeals received will be decided by the Quality Assurance and Appeals Team.
The Service Delivery Manager has the authority to delegate this function to another suitably experienced officer.

9. Appeals

CTRHA are not payments of Housing Benefit or Council Tax Reduction and are therefore not subject to the statutory appeals mechanism, although the route of Judicial Review is available. The Benefits Service will operate the following policy for dealing with appeals against any decision on a claim: –

- A applicant, or person acting on their behalf, may request a review of the decision. A request for a review shall be made in writing and must be delivered to the council by any method which is acceptable for a CTRHA claim. Any request for a review must be made within one calendar month of the customer being notified of the decision.

- The decision will be reviewed internally by the Quality Assurance and Appeals Team, who will not have been responsible for the original decision, and they will issue their written decision.
- Where the designated Officer carrying out the internal review decides not to revise the original decision, they will notify the appellant of the outcome of the review, setting out the reasons for confirming the original decision.
- In exceptional circumstances only, officers may extend the time limit for a review to be requested.

10. Publicity

The Benefits Service will seek the co-operation of all teams within the Council, landlords and voluntary sector organisations to ensure publicity is suitably targeted to ensure it is those who are most in need that apply for the extra assistance.

11. Addendum for 2021/22 Only

In response to the Covid-19 pandemic the Ministry of Housing, Communities and Local Government (MHCLG) has provided Councils with a Council Tax Support Grant for 2021/22. Unlike the Council Tax Covid-19 Hardship fund provided for 2020/21 which was prescriptive in its expectations the funding is not ring-fenced. It has been provided to contribute towards the cost of expected increases in working age Council Tax Reduction caseload. There is no expectation that an individual's Council Tax will be further discounted.

The Council however will use some of the funding to give a one-off further reduction of £100 to the Council Tax liability of working age Council Tax Reduction customers who are entitled to Council Tax Reduction on 1 April 2021.

Where possible the Council will apply the deduction to the annual Council Tax bill for 2021/22. The following principles will be followed:

- A further reduction of the annual council tax bill of up to £100 will be made for the financial year 2021-22 for customers in receipt of working age Council Tax Reduction on 1 April 2021.

- Where a taxpayer's liability for 2021-22, following the application of relevant discounts including Council Tax Reduction, is less than £100, then their liability will be reduced to nil. Where a taxpayer's liability for 2021-22 is nil, no reduction to the council tax bill will be available.

- There is no need for a recipient of Council Tax Reduction to make a separate claim for the £100 reduction and it will be applied automatically.

- Whether or not a taxpayer has been affected by COVID-19, directly or indirectly, will not be taken into account in assessing eligibility for the reduction.

- Where individuals are jointly and severally liable for Council Tax and one or more of the individuals are entitled to working age Council Tax Reduction a reduction of up to £100 will be applied to the liability of the whole property (regardless of how many of the individuals are in receipt of Council Tax Reduction).

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TELFORD & WREKIN COUNCIL - Pay Policy Statement – 2021/22

1. Introduction and Purpose

1.1 Under section 112 of the Local Government Act 1972, the Council has the "power to appoint officers on such reasonable terms and conditions as the authority thinks fit". This Pay Policy Statement (the 'Statement') sets out the Council's approach to pay policy in accordance with the requirements of section 38 of the Localism Act 2011.

1.2 The purpose of this Statement is to provide transparency about the Council's approach to setting the pay of its employees (excluding those working in local authority schools and/or employed under the School Teachers' Pay and Conditions Document and apprentices as they are employed under a Training Contract) by identifying:

- the methods by which salaries of all employees are determined;
- the detail and level of remuneration of its most senior staff, i.e. 'chief officers', as defined by the relevant legislation; and
- the Committee responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

1.3 This policy statement has been updated and is effective from 1st April 2021.

2. Legislative Framework

2.1 In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes the Employment Rights Act 1996, the Equality Act 2010, the Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, the Agency Workers Regulations 2010, the Restriction of Public Sector Exit Payments Regulations 2020 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With regard to the equal pay requirements contained within the Equality Act, the Council is taking steps to ensure there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality-proofed job evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

3. Pay Structure

3.1 Based on the application of the job evaluation process, the Council uses the Local Government Association nationally negotiated pay spines as the basis for its local grading structure. This determines the salaries of the large majority of the non school-based workforce, together with the use of other nationally-defined rates where relevant.

3.2 The Council adheres to national pay bargaining in respect of the national pay spines noted below and any annual cost of living increases negotiated in those pay spines:-

Joint National Council for Chief Executives
Joint National Council for Chief Officers
Joint Negotiating Committee for Youth & Community Workers
National Joint Council for Local Government Services
Soulbury Committee

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

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

3.5 The Council pays a minimum of the 'Real Living Wage' of £9.50 per hour to employees. (This does not include those on apprenticeships who are employed under a training contract).

4. Senior Management Remuneration

4.1 For the purposes of this Statement, senior management means 'chief officers' as defined within s43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 31st March 2021.

a) Chief Executive
The substantive salary of this post is £159,263 per annum. This is a single 'spot' salary and has no incremental range. The post holder is designated as Head of Paid Service. No supplement is payable for Returning Officer duties for local elections (borough and parish).

b) Executive Directors
The salaries of the posts designated as Executive Directors have four incremental points ranging from £119,520 to £128,438 per annum. Access to incremental points being subject to satisfactory performance review. This will include the satisfactory achievement of targets. Targets are set by the Chief Executive in consultation with the Leader.

The Chief Executive, after consultation with the Leader of the Council, may vary the grade point for individual Executive Directors in exceptional circumstances. For newly appointed Executive Directors an annual salary below scale point 1 may be offered in appropriate circumstances. Transition to the Executive Director scale will be subject to satisfactory performance.

c) Directors
The salaries of the posts designated as Directors have four incremental points ranging from £91,547 to £100,695 per annum. Access to incremental points being subject to satisfactory performance review. This will include the satisfactory achievement of targets set by the Executive Directors and Chief Executive. Targets are set in consultation with the Leader.

The Chief Executive, after consultation with the Leader of the Council may vary the grade point for individual Directors in exceptional circumstances. For newly appointed

Directors an annual salary below scale point 1 may be offered in the appropriate circumstances. Transition to Director scale will be subject to satisfactory performance

d) Monitoring Officer
The salary of the post has three incremental points ranging from £61,902 to £65,039 per annum.

5. Recruitment of Chief Officers

5.1 The Council's policy and procedures with regard to recruitment of chief officers is set out within the Officer Employment Procedure Rules in Part 3 of the Constitution. When recruiting to all posts the Council will take full and proper account of its Equal Opportunities Charter and the Recruitment and Redeployment Policies. The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies. A market factor payment of £12,330 per annum is payable to the Council's Monitoring Officer. No other market factors are currently payable to chief officers.

5.2 Where the Council remains unable to recruit chief officers under a contract of employment, or there is a need for interim support to provide cover for a vacant substantive chief officer post, the Council will, where necessary, consider and engage individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The Council does not currently have any chief officers engaged under such arrangements.

6. Additions to Salary of Chief Officers

6.1 The Council does not apply any bonuses to chief officers.

6.2 In addition to the basic salary set out, the Council may pay other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfillment of duties which could include:

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

This list is not exhaustive.

Authority for any 'additional pay' for Executive Directors and Directors is delegated to the Head of Paid Service after consultation with the Leader of the Council. The Council does not currently pay any additional responsibility allowances, salary supplements to senior management. A market forces payment is made to the Council's Monitoring Officer as set out in section 5.1 above. All mileage is reimbursed at HMRC rates.

7. Payments on Termination

7.1 The Council's approach to statutory and discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age complies with the

Restriction of Public Sector Exit Payments Regulations 2020 and the relevant Local Government Pension Scheme Regulations.

7.2 Any other payments falling outside the provisions or the relevant periods of contractual notice shall, in respect of the Head of Paid Service, Executive Directors and Statutory Officers, be subject to a decision made by the Personnel Committee which has otherwise delegated authority to the Head of Paid Service to approve such payments to other Chief Officers.

7.3 The Council's policy is not to re-employ, for a period of at least 12 months after their employment with Telford & Wrekin Council ends. This relates to anyone who has been made redundant or who has left the Council in the interest of the efficiency of service where a severance payment has been made in accordance with the Council's policy. The re-engagement of an individual on a consultancy, agency or private service provider basis is also prohibited in circumstances where this arrangement could have reasonably been foreseen at the time the individual left.

7.4 Flexible retirement under Regulation 30 of the Local Government Pension Scheme Regulations 2013 or Regulation 11 (2) of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 will, in the majority of cases be permitted only where savings to fund the cost of such release are achieved. However in exceptional circumstances and in order to retain specialist or critical skills, flexible retirement may be approved to support a period of succession planning/training in which case savings may not be realised to fund the release.

8. Publication

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

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

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

8.3 Additional information relating to pay is published in accordance with the MHCLG Local Government Transparency Code 2015 and is available on the Council's website as part of its annual Workforce Information report.

9. Lowest Paid Employees and the Median salary

9.1 The lowest paid persons employed under a contract of employment with the Council are employed on full-time (37 hours per week) equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure with the exception of employees who have transferred in to the Council's employment under the Transfer of Undertakings (Protection of Employment) Regulations 2016. As at 11th

January 2021, this was £18,327 per annum. The Council employs Apprentices who are not included within the definition of 'lowest paid employees' as they are employed under a Training Contract.

9.2 The statutory guidance under the Localism Act 2011 recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation.

9.3 The pay levels within the Council as at 11th January 2021 define the multiple between the lowest paid (full time equivalent) employee and the Head of Paid Service as 1:8.7 and between the lowest paid employee and average Chief Officer as 1:5.7 The Council's pay multiples therefore fall well below Lord Hutton's public sector threshold set out in 9.2 above.

9.4 The full-time equivalent median (mid-point) pay level within the Council as at the 11th January 2021 is £23,080 per annum, (£11.96 per hour). The multiple between the Head of Paid Service and this median point is 1:6.9 and the average Chief Officer is 1:4.4.

9.5 As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.

10. Accountability and Decision Making

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

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APPENDIX 16

TELFORD & WREKIN COUNCIL

EFFICIENCY STRATEGY

2021/22 TO 2024/25

January 2020

Foreword

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

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

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

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

This is core to our Fair Funding argument and why we believe the Government should raise the average spending power in the borough, which by its own measure is £18m below the England average.

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

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

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

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

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

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

Cllr Shaun Davies
Leader

1. Introduction and Overview

This Strategy has been developed to ensure that the Council can continue to qualify for the Flexible Use of Capital Receipts from Government.

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

This Strategy was initially built on the relevant sections of the Council's Service & Financial Plan for 2016-2019 which identifies how efficiencies and savings will be delivered. The Council's Service & Financial Plan is updated annually and the plan for 2021/22 to 2023/24 can be found at www.telford.gov.uk/budget

Since, the adoption of the Service & Financial Planning Strategy by the Council in March 2016, the Council has continued to develop its projections of the organisation's financial position to 2021/22.

By the end of 2020/21 the Council will have delivered ongoing budget savings of £126.4m; additional savings identified for 2021/22 total £5.9m rising to £7.139m in 2022/23. This has been, and remains, a huge task and one that has required fundamental redesign of the organisation and the ways that we do business.

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

2. Telford & Wrekin: The Place

Telford & Wrekin Council serves a population of 179,000 people which is forecast to grow to around 196,900 by 2031. As our population grows, it is ageing and becoming more diverse.

The borough is a key growth hub in the West Midlands in terms of both housing and the local economy and jobs. We have a strong track record at attracting inward investment from both the private and public sector including £70m from the Ministry of defence and in excess of £80m from Magna (automotive supply chain manufacturing). Manufacturing provides 16.3% (8% England) of jobs in the Borough.

Telford is the focus for much of our housing and economic activity, with the historic market town of Newport to the north and the UNESCO world heritage site of Ironbridge to the south on the banks of the River Severn.

Although at face value it is a successful and attractive place to live, Telford & Wrekin is an area of contrast with 17 neighbourhoods ranked in the 10% most deprived nationally bringing very real challenges as to how we ensure that all of our population shares in the prosperity which our growing economy generates.

Covid-19 had a deep and immediate impact on Telford's economy. By August 2021, 26,700 jobs were furloughed, 32.0% of borough jobs (England 32.0%). The furlough scheme, however, has not protected all jobs and unemployment has increased significantly from March 2020:

- claimant count rising from 3,430 in March to 7,315 in August - an increase of 113%;

- a sharp increase in the number of people on Universal Credit from 8,604 in March to 16,434 in July – an increase of 91%.

More information about the Borough's population can be found on our Key Facts webpage.

3. Our Strategy

Our Efficiency Strategy includes three themes:

1. Our approach to delivering efficiencies to delivering savings
2. How new flexibilities in the use of capital receipts will be used
3. Prudential Indicators to ensure borrowing by the Council is affordable in the medium to long term.

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

3.1 Delivering Efficiencies

Telford & Wrekin Council has a proven track record of delivering savings and efficiencies. Between 2009/10 and 2021/22 the Council has delivered £126.4m savings including:

- Reduced the number of jobs by over 1,607 since April 2010, saving around £30m pa following a major redesign and restructuring of the organisation.
- Cut back-office costs by over 50% since 2009, saving £12.4m a year.
- Delivered £14.2m procurement savings over the past 9 years by renegotiating and retendering contracts for the provision of services.
- Secured savings of £30m over the lifetime of the waste collection and disposal contract.
- Secured savings of £0.7m p.a. and a better standard of service from the new Grounds and Cleansing contract
- As part of our business winning approach, forecast to generate an extra £7.5m income by 2020, through growth in business rates and council tax since April 2013.
- Receive £6m in 2020/21 from the New Homes Bonus paid by the Government to reward councils for increasing housing supply.
- Increased income from more commercial approaches across our services over the past two years, including increasing income from schools outside of Telford & Wrekin.
- Worked in partnership with other local authorities and statutory agencies. Including the West Mercia Youth Offending Service (WMYOS) established in partnership with Worcestershire, Hereford, Shropshire, health, police and probation.
- Reduced the office space we use by a third, saving the Council £2m pa.

Moving forward, the Council will focus on 4 themes to continue to deliver savings.

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

- "**Demand Management**" - ensure that resources are targeted at those residents most in need of help. This is about understanding why people use our services and keeping them out of high cost systems.
- **"Prevention"** – avoid problems which place demand on public services by encouraging people to help themselves to prevent needs developing in the first place.
- **"Early Help & the Right Help"** – when individuals and families do need help and support, we want to identify them quickly and identify the right, effective support first time to avoid issues escalating and requiring more intensive and expensive intervention but also to avoid long-term dependency on our services.
- **"Think Family – Strengthening Families"** – to target our resources at those families most in need of support by taking holistic approach through a key worker model to "turning around" these families. This is a partner-wide agenda and is linked with "Enterprise Telford" through which we aim to deliver more jobs to promote economic independence.
- **"Working in Communities"** – to reduce demand by targeting our resources at areas in the greatest need of support and working more effectively with the resources which are already in place in our communities. Strong communities place the least demand on public services.
- **"Building Community Capacity"** – the need to harness the resources of the community, community groups and Town and Parish Councils, in helping to improve outcomes for our residents – this is core to our "Co-operative approach". This includes:
    - **Community self-help** – building people's social support networks by making best use of the resources and assets which are available in a local area – this helps people remain in and be an active part of their local community
    - **Effective co-production –** supporting the development of service provision by communities and moving away from a narrow focus of meeting needs through practitioner provided services.

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

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

- **Redesigning services and business process reengineering** to ensure that they are delivered in the most efficient and effective manner.
- **Redesigning and managing our front-door** to enable users to get the right service at the right time. Examples include "First Point for Business" and "Family Connect".
- **Challenging Policies** – e.g. for calculation of Minimum Revenue Provision (changing debt repayment from equal instalments of principal to an annuity basis with cumulative revenue benefits of over £40m
- **Working with the private sector –** to drive economic growth in order to generate jobs, increase prosperity for the residents and generate additional income for the Council from business rates and New Homes Bonus and Council Tax on new homes built in the Borough. Examples include work with the Telford Business Board and major local employers, the management of the Telford Town Centre shopping centre, house-builders and our Universities.

Building on this progress, moving forward there are some major ways that we will change as an organisation:

- "**Channel Shift**" by providing services and information in the most efficient way. For example, providing clear and robust information on the Council's website will mean that residents can "self-serve" and not need to contact the Council in other less efficient, more expensive ways such as by telephone or face to face.
- **"Improving Business Intelligence"** – we are a data rich organisation, but all services need to be better at turning this data into intelligence to understand who is using our services and the outcomes they receive. As we continue to change the organisation we need to understand the impact of these changes both in terms of efficiency but also in terms of impact on budget and the community too.
- **"Developing new ways of delivering services"** – we will need to be working in an ever more integrated way with our partners including Telford & Wrekin NHS Clinical Commissioning Group, Town and Parish Councils and the Voluntary and Community Sector.

Theme 3: Reducing our Dependency on Government Grants

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

- **"Increasing income through trading our existing services"** – there are many Council services that already "trade" outside the organisation and secure income. For example Finance and HR and Catering.
- **"New commercial development/projects"** – we have developed a track record on taking on new ventures to deliver income to the Council and protect front-line services:
    - A solar farm providing £4.4m profit over the next 25 years.
    - Established "NuPlace", a housing company which will provide over 400 new homes for private and affordable rent, with the first homes with the first homes now occupied.
    - Established a Growth Fund to invest in development of premises for businesses to encourage job creation and retention as well as generating additional rental income and business rates income

  We will continue to research and develop new opportunities that can bring in an income stream to the Council. Our approach will always be business case-based.
- **"Maximising existing funding streams"** – there are 3 main areas which we are already progressing and will continue to drive:
    - ***Business Supporting, Business Winning*** – continuing to work to attract new investment and work to support the retention and growth of existing businesses. As well as being the right thing to develop jobs and growth in the Borough, the Council currently receives 49% of all new **business rates**.
    - ***Growth Through Good Planning*** - this is a whole Council approach by which all services work to support and enable business investment in the Borough. Through this approach we have been ranked third by the 2019 Centre for Cities report for local authority for housing growth. Through this the Council will see **new Council Tax** and Business Rate receipts, as well as receiving the Government's "**New Homes Bonus"** for new homes – until any major changes to the local government finance system.

- *Property Investment Portfolio* - a property investment portfolio delivering £7m income per annum from rental income.

- **"Securing external funding"** – again we have successfully driven this agenda, including £18.79m capital funding through the Marches Local Enterprise Partnership Local Growth Fund. In addition, we have also joined the ***West Midlands Combined Authority (WMCA)*** and are actively working through this to maximise future opportunities for the Borough to build on the £3.7m already secured from the WMCA. The £3.7m grant we have secured has kick-started building new homes on stalled brownfield sites in the borough and created new jobs. These new homes will generate additional ongoing income for the Council from Council Tax of over £0.5m pa and New Homes Bonus grant of a similar amount for the first 4 years after construction.

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

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

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

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

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

- **Safeguarding our most vulnerable children and adults**
- **Procurement and purchasing** – ensuring that we maximise value from the services which we procure
- **Contract management** – ensuring that we always receive the service or products which we have procured through effective monitoring of delivery and renegotiation of contracts.

Table 1: Savings by Theme

Theme	Savings 2016/17 to 2020/21 £m	Savings Proposed in 2021/22 £m	Total 2016/17 to 2021/22 £m
1. Focusing on solving problems and promoting social responsibility and action to manage and reduce demand for services	2.5	0.5	3.0
2. Challenging & changing, reviewing and reimagining the way we do things.	32.4	3.3	35.7
3. Reducing our dependency on Government grants.	11.9	2.8	14.7
4. Being a modern organisation with modern practices and where we always get the basics right	3.4	0.4	3.8
Total	**50.2**	**7.0**	**57.2**

Risks to Delivery

As an organisation which provides a vast range of different services to the community and spends around £400m revenue per annum, the management of risks is an important consideration. The Council has a strategic risk register which is used to identify the substantive issues which may have a financial impact. This is reviewed regularly by Senior Management Team to manage and mitigate risks. As part of the budget setting process, risks, impacts and possible mitigation are considered for each saving proposed.

Reductions in funding is an acknowledged risk. While there was a small increase in Revenue Support Grant (RSG) 2021/22, there remains considerable uncertainty about future funding streams as the local government finance system is due to be radically changed – this is delayed from April 2021 and will now be implemented in April 2022 at the earliest - and currently there is no information to indicate the impact on individual authorities. The Council undertakes a review of the level and adequacy of reserves and balances each year taking into account available funding.

Contingency arrangements are also key to a sustainable Service & Financial Planning Strategy. In 2021/22 a total contingency of £3.95m has been built into the revenue budget (within the corporate core, adults and children's services) to cover any unforeseen expenditure during the year.

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

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

3.2. Capital Receipt Flexibility

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

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

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

We propose to use this flexibility as follows:

	2016/17 £m actual	2017/18 £m actual	2018/19 £m actual	2019/20 £m actual	2020/21 £m estimated	2021/22 £m estimated
Service transformation costs	£0.3	£0.9	£1.5	£1.2	£1m	£0.8
Severance fund – to fund one off costs associated with service restructure which deliver ongoing revenue savings	£4.9	£1.0	£1.0	£0.2	£1m	£1.0
Invest to save fund to develop community capacity to deliver services which the Council will no longer provide.						£0.2
Total	£5.2	£1.9	£2.5	£1.4	£2m	£2.0

3.3. Prudential Indicators

The Council's Service & Financial Plan for 2021/22 to 2023/24 sets out the Council's prudential indicators for 2021/22. These indicators are designed to ensure that the Council's capital borrowing is affordable and does not place undue burden on the Council's revenue budget or Council tax payers (i.e. the cost of servicing the interest paid on capital borrowing).

The Council's Prudential Indicators for the Medium Term Financial Strategy will be approved by Full Council on 4 March 2021.

TELFORD & WREKIN COUNCIL

COUNCIL – 4 MARCH 2021

2021/22 CAPITAL STRATEGY

REPORT OF THE DIRECTOR: FINANCE & HR (CHIEF FINANCIAL OFFICER)

LEAD CABINET MEMBER: CLLR RAE EVANS

PART A) – SUMMARY REPORT

1.0 SUMMARY OF MAIN PROPOSALS

The Capital Strategy is a requirement of the Prudential Code for Capital Finance in Local Authorities. The aim of the strategy is to give an overview of the long-term context in which capital expenditure and investment decisions are made and to highlight the consideration given to risks and rewards as well as the achievement of Council priorities.

1.1 The Capital Strategy forms part of the suite of Service & Financial Planning Strategy Reports to be approved by Council. The strategy aims to provide an overview of total investments and borrowing undertaken by the Council, providing context and showing how these meet the Council's overall objectives. The detailed capital strategy is attached at Appendix 1.

2.0 RECOMMENDATION

Members are asked to approve the Capital Strategy for 2021/22.

3.0 SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	Delivery of all priority objectives depend on the effective use of available resources.
	Will the proposals impact on specific groups of people?	
	No	
TARGET COMPLETION/DELIVERY DATE	The strategy is for 2021/22.	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	The financial implications arising from the Capital Strategy are included in the

		2021/22 Service & Financial Planning Strategy.
LEGAL ISSUES	No	The Capital Strategy is required to meet the requirements of the Prudential Code for Capital Finance.
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	Risks and opportunities are considered throughout the report.
IMPACT ON SPECIFIC WARDS	No	Borough Wide

4.0 PREVIOUS MINUTES

None

PART B) – ADDITIONAL INFORMATION

There is no additional information.

5.0 BACKGROUND PAPERS

Treasury Strategy Report
Prudential Indicators Report
Investment Strategy
Service & Financial Planning Strategy

Report Prepared by:
Ken Clarke, Director: Finance & HR (C.F.O.) – 01952 383100; Pauline Harris, Finance Manager – 01952 383701

APPENDIX 1

CAPITAL STRATEGY OVERVIEW – 2021/22

1.0 INTRODUCTION

1.1 The Prudential Code for Capital Finance in Local Authorities includes the requirement for authorities to produce a Capital Strategy. The aim of the Capital Strategy is to give an overview of the long-term context in which capital expenditure and investment decisions are made, showing their contribution to the achievement of priority outcomes for the community and to highlight that due consideration is given to both risk and reward together. To do this, the Capital Strategy brings together information from a number of key areas which form its structure, with the clear acknowledgement that investments can be made for policy reasons outside of Treasury Management:

The strategy is structured as follows:-

Strategic Overview
Balance Sheet Position
Capital Expenditure & Financing
Debt. Borrowing and Treasury Management
Investments for Service Purpose Including Those with some Commercial Benefits
Other Long-Term Liabilities
Revenue Budget Implications
Knowledge & Skills
Chief Financial Officer Comment

We have sought to write the Strategy in an accessible style to assist understanding of some technical issues.

Decisions made this year on capital and treasury management will have financial consequences for the Authority.

1.2 The Capital Strategy forms part of the Council's suite of Service & Financial Planning Strategy Reports to be approved by Council prior to the start of the financial year:

CAPITAL STRATEGY:

(Intended as a "Brief Overview Report" for the capital and treasury management related service & financial planning reports).

Detailed Capital & Treasury Managment Reports

Capital Programme	Treasury Strategy	Prudential Indicators	Investment Strategy
• Capital Expenditure • Capital Financing • Asset Management Plan • Highways & Transport Capital Programme	• Economic & Interest rate forecasts • Treasury Investment Strategy • Treasury Borrowing Strategy • MRP Statement	• Setting Indicators required under the Prudential Code for Capital Finance	• Service Investments with some commercial benefits

2.0 STRATEGIC OVERVIEW

2.1 As a progressive Council, we will work with our communities to deliver a Programme:

<u>"to Protect, Care and Invest to create a better borough"</u>

To drive delivery of its commitments and ambition, the Council Plan sets out a borough vision with 5 priorities:

- **Every child, young person and adult lives well in their community**
- **Everyone benefits from a thriving economy**
- **All neighbourhoods are a great place ot live**
- **Our national environment is protected, and the Council has a leading role in addressing the climate emergency**
- **A Community-focussed, innovative council providing efficient, effective and quality services**

2.2 Being a Cooperative Council the Council is committed to listening to and involving residents in developing our plans to protect, care and invest to create a better borough. From the ongoing engagement with local people we know that people in Telford & Wrekin want to live:

- In a Safe Community
- In a Clean Environment
- In a Place with good roads and pavements
- Where there are first class schools and education facilities
- Improve and bring public services together;

We will work together with the community and partners to collectively deliver the best we can for Telford & Wrekin with the combined resources we have.

2.3 In the short to medium term, Telford & Wrekin Council continues to be in a period of significant challenge due to :

- the Government's prolonged austerity programme;
- the impact of the coronavirus pandemic;
- increased demand on services, particularly Adults & Children's Social Care;
- the delay of a medium term Comprehensive Spending Review;
- the postponement of the planned reforms to the local government finance system (now expected at the earliest in April 2022).

The Council has faced the challenge of making significant savings, totalling £126m since 2010 whilst trying to protect front-line services as far as possible.

Our Service and Financial Planning Strategy sets out our response to this challenge and how these savings are being identified and delivered.

Proposed Service & Financial Planning Strategy Agenda Item 6 Final Service & Financial Planning Strategy – Full Council 4 March 2021 Including: Revenue Budget Strategy; Capital Strategy; Capital Programme; Treasury Strategy; Prudential Indicators	Agenda for Cabinet on Thursday, 7 January 2021, 10.00 am - Telford & Wrekin Council Browse meetings - Full Council - Telford & Wrekin Council

2.4 Capital investment clearly plays a key role in the achievement of our local priorities. Through our Capital Strategy we seek to maximise the value and opportunities of our assets to take forward the delivery of emerging strategic priorities whilst being mindful of stewardship, prudence, sustainability and affordability.

2.5 Our Capital Strategy is not, however, just about ‘concrete, tarmac, buildings etc.’, it is about making a positive difference to the quality of local people’s lives through specific projects, services, technology and facilities. In recent years, key initiatives have been progressed/delivered through targeted capital investment. Further information can be found in the Council Plan.

Council Plan	[Council Plan - Telford & Wrekin Council]

2.6 Reducing dependency on Government Grants is an essential part of our financial strategy and we have actively sought out opportunities that primarily deliver service objectives but also have some commercial benefits to achieve this. While debt repayments represent a long term commitment against the revenue budget, there are some “good” capital investments which can fund assets which will increase in value over the longer term and generate a revenue return greater than the cost of the associated debt charges. Invest-to-Save schemes such as the solar farm or the Housing Investment Programme and investment in the Property Investment Portfolio represent “good capital investment” as not only do they deliver environmental, social and economic benefits but they also earn a surplus which can be used to help protect front line services as the surplus generated helps to reduce the impact on the revenue budget of Government cuts to our grants, as well as delivering. The Council will, however, carefully assess each potential new investment through a proper due diligence and business case process to ensure that it does not expose the Council to an unacceptable level of risk either on an individual basis or when considering the entire investment portfolio of the Council.

3.0 BALANCE SHEET POSITION

3.1 An extract from the Council’s balance sheet 31 March 2020 is shown below

	£m
Long Term Assets	
Property, Plant & Equipment	521.532
Investment Properties (Property Investment Portfolio)	102.143
Intangible Assets	1.989
Long Term Investments (Nuplace Equity)	13.300
Long Term Debtors (of which the loan to Nuplace is £32.559m)	32.859
Total Long Term Assets	**671.823**
Investments	
Short Term Investments – call accounts/bank account	30.454
Short Term Investments – cash	0.129
Total Investments	**30.583**

Borrowing	
Long-Term Borrowing	209.036
Short-Term Borrowing	67.149
Total Borrowing	**276.185**

Total borrowing at 31 March 2020 was £276m which was an increase of £9m compared to 31 March 2019, due to capital expenditure. **After adjusting for changes due to the conversion of former Local Authority schools to academy status, the value of the Council's fixed assets increased by £74.5m during 2019/20.**

4.0 CAPITAL EXPENDITURE & FINANCING

4.1 Capital expenditure is where the Council spends money on assets, such as property or vehicles, which will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets and can also include the acquisition of property which is held primarily for financial return. Capital expenditure is defined in regulation.

4.2 In 2021/22, the Council has planned capital expenditure of £101.855m which is shown below together with future years allocations:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
General Fund Services	51.426	55.436	15.348	12.857
Housing Investment Programme	9.083	25.600	22.100	8.500
Property Investment Portfolio	1.298	14.642	3.708	0
Telford Land Deal	1.894	6.177	0.463	0
Total	**63.701**	**101.855**	**41.619**	**21.357**

4.3 Over the medium term, the main General Fund capital projects are:

- £40.7m for transport and Highways schemes including improvements to the A442 (to complete a 4 year scheme commencing in 2019/20 costing over £10m in total), and funding for repair of potholes, footways, drainage schemes, street furniture, refreshing road markings, road safety schemes, parking and sustainable travel schemes. The Council's continued commitment to investment in our highways has seen a significant improvement to our network in recent years which has, in part, been supported by our ability to successfully bid for external funding to support many initiatives.

- £25.7m for education capital projects including investment in secondary school expansion projects to increase pupil places
- £9.95m into Stronger Communities Project, a package focused on bringing back key brownfield sites into use, as well as providing a stimulus to the delivery of Station Quarter the next phase of the transformation of Telford Town Centre
- £9.65m for additional investment in the Council's Property investment portfolio which will attract new jobs, and retain companies that may otherwise leave the Borough if suitable premises are not available. Profits, and additional business rates, from these investments will be used to help fund key front line services including Adult Social Care and Children's Safeguarding.
- £6.9m for Pride in Your High Street schemes
- £6.5m investment in the Newport Innovation & Enterprise Package
- £5m for Environmental Improvements/ Enhancements
- £4m for Climate change initiatives with £0.14m available in 2020/21, £1.86m in 2021/22 and £2m in 2022/23 to support work to reduce the Council's carbon footprint and partnering with government and others on other climate change projects.

Other Investments, 2020/21 onwards, covered later in this report and included in the Investment Strategy, are:

- In the Housing Investment Programme, Nuplace (£65.3m),
- Property Investment Portfolio (£19.6m)
- As part of the HCA Land Deal (£8.5m)

The detailed capital programme can be accessed via the Service & Financial Planning link above.

4.4 **Governance**: capital budgets are approved as part of the Service & Financial Planning Strategy presented to Cabinet in February and then Full Council. Additions to the capital programme are either considered by the Council's Service & Financial Planning Officer Group (consisting of the Chief Executive, Executive Directors and Chief Financial Officer) and when agreed fed into the overall budget strategy to be approved at Full Council; or may be subject of a separate report to Cabinet/Full Council and incorporated into the budget at that point. The route depends on the phasing of the spend and the value of investment. The financial implications, including the associated debt charges and risks, are included in any separate reports taken forward and in the overall budget strategy report. Capital allocations are considered against the Council priorities, funding and payback, dependent on the nature of the scheme.

4.5 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing, Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Capital Receipts	5.785	6.300	5.300	0.500
Government Grants	28.002	24.552	0.000	0.000
Revenue & External Contributions	6.566	10.790	0.513	0.000
Borrowing	23.348	60.213	35.806	20.857
Total	**63.701**	**101.855**	**41.619**	**21.357**

4.6 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP is as follows:

Table 3: Replacement of debt finance in £ millions

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
MRP	3.778	3.972	4.181	4.362

The Council's minimum revenue provision policy can be found in the Treasury Strategy which can be accessed via the Service & Financial Planning link above.

4.7 The Council's cumulative outstanding debt is measured by the "capital financing requirement" (CFR). The CFR increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. Based on current plans, the CFR is expected to increase in the short term to fund the capital programme as shown in the table below. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	31.3.2020 £m	31.3.2021 £m	31.3.2022 £m	31.3.2023 £m
General Fund Services	364.3	375.5	396.2	402.4
Housing Investment Programme	43.3	52.4	78.0	100.1
Property Investment Portfolio	48.7	49.7	63.5	67.2
Solar Farm	3.8	3.8	3.8	3.8
Total	**460.1**	**481.4**	**541.5**	**573.5**

4.8 **Asset management:** To ensure that capital assets continue to be used over the long-term, the Council has an Asset Management Plan which can be accessed via the Council's website. The Asset Management Plan sets out the proposals to effectively manage our assets with its key objectives being to:

- Ensure assets are fit for purpose
- Maximise the use of assets
- Ensure assets are located in appropriate locations for service delivery
- Deliver an integrated approach to Asset Management across the Authority
- Reinforce a corporate approach for holding property and outline objectives
- Ensure Asset Management decisions are co-ordinated and consistent with council priorities
- Manage a simple and robust performance measurement system
- Provide comprehensive and accurate data to assess property performance and to support and facilitate the changing patterns of service delivery
- Use land and buildings to facilitate the "growth" agenda and be the enabler of regeneration
- Optimise and prioritise the level of property investment, to meet the Council's current and future service needs
- Promote the innovative use of property together with partners and stakeholders

4.9 **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22 please see section 4.10 for further information. Repayments of capital grants, loans and investments also generate capital receipts. The Council expects to receive capital receipts in the medium terms as follows:

Table 5: Capital receipts in £ millions

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Capital Receipts	5.785	6.300	5.300	0.500
Total	**5.785**	**6.300**	**5.300**	**0.500**

4.10 **Flexible Use of Capital Receipts**: The Government have offered Councils the ability to fund the one-off costs of service reform projects from new capital receipts generated during a six year period commencing from 1st April 2016. This has enabled some funds previously committed to fund one-off invest to save initiatives and severance costs etc. to be released but will result in higher levels of debt than would have otherwise been the case and therefore higher debt charges than would otherwise have been the case as all capital receipts would otherwise be used to fund planned capital projects. However, whilst the debt charges are ongoing they will be more than offset by the ongoing savings generated from the invest to save measures. The Council's approach to using this flexibility is explained in the Service & Financial Planning Strategy approved by Full Council.

5.0 DEBT, BORROWING AND TREASURY MANAGEMENT

5.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

5.2 The Council currently has £267.9m borrowing at an average interest rate of 2.52% and £25.3m treasury investments at an average rate around zero to ensure security of the principal invested.

5.3 **Borrowing strategy:** The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.2%) and long-term fixed rate loans where the future cost is known but higher (currently available at around 1.7%)

5.4 Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities and leases are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	31.03.2020 £m	31.03.2021 £m	31.03.2022 £m	31.03.2023 £m
Debt (incl. PFI & Leases)	327.473	349.579	410.641	443.561
CFR	460.087	481.408	541.572	573.530

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this requirement by a significant margin.

5.5 **Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	31.03.2020 £m	31.03.2021 £m	31.03.2022 £m	31.03.2023 £m
Authorised Limit				
Borrowing	410	450	450	480
PFI & Leases	64	64	64	64
Authorisation Limit Total	**474**	**514**	**514**	**544**
Operational Limit				
Borrowing	390	430	430	460
PFI & Leases	60	60	60	60
Operational Limit Total	**450**	**490**	**490**	**520**

The Council expects to operate well within both the authorised and operational limits as it has successfully done for many years. Further details on borrowing are can be found in the Treasury Strategy which can be accessed via the Service & Financial Planning Link above.

5.6 **Investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or that provide an element of financial gain in addition to service related benefits are not generally considered to be part of treasury management.

The Council's policy on treasury investments is to prioritise security and liquidity over yield, i.e. to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. External specialist Treasury management Advisors advice the council on the credit worthiness of banks. Money that will be held for longer terms can be invested more widely, including in bonds, Nuplace shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 8: Treasury management investments in £millions

	31.3.2019 £m	31.3.2020 £m	31.3.2021 £m	31.3.2022 £m
Short Term Investments	30.6	20.0	20.0	20.0
Longer-Term Investments	0	0	0	0
Total	**30.6**	**20.0**	**20.0**	**20.0**

Further details on treasury investments can be found in the Treasury Strategy which can be accessed via the Service & Financial Planning link above.

5.7 The effective management and control of risk are prime objectives of the authority's treasury management activities. The treasury management strategy sets our various indicators and limits within which the function operates.

5.8 **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Chief Financial Officer and staff designated by him, who must always act in line with the treasury management strategy approved by Full Council. Reports on treasury management activity are presented to the Audit Committee twice a year. The Audit Committee is responsible for scrutinising treasury management decisions and receive training direct from the Council's specialist external treasury management advisors.

6.0 KEY ACTIVITIES WITH SERVICE BENEFITS WHICH ALSO DELIVER SOME COMMERCIAL BENEFITS

6.1 A number of investments, such as property, Nuplace, our wholly owned Housing Company, and the Solar Farm deliver key service benefits, such as retention and creation of jobs and increasing the supply of good quality private rented accommodation which would not otherwise be available. These investments also deliver a net financial gain which supports the Council's overall funding position as central government financial support for local public services has been declining.

6.2 There are risks associated with all investments. The Council must accept that there are risks associated with projects with some commercial elements which are different to the risks associated with treasury investments. The principal risk exposures are outlined below and are monitored and managed by the relevant Service Area.

6.3 A key focus of the budget strategy is on income generation. All projects with a commercial element are subject to a rigorous business case process to manage and mitigate risks as far as possible and are funded in accordance with the Council's approved Treasury Strategy and included in the Capital Programme, after taking advice from professional advisors as required. The Chief Financial Officer and Chief Executive, together with the wider Senior Management Team, will seek to ensure the proportionality of all investments with some commercial element so that the Council does not undertake a level of investment which exposes itself to an excessive level of risk compared to its financial resources. However, it has to be accepted that there is a degree of risk to such initiatives and that not all will be successful.

6.4 Sections 7, 8 and 9 provide more detail on the Property Investment Portfolio, Nuplace and the Solar Farm.

7.0 PROPERTY INVESTMENT PORTFOLIO (PIP)

7.1 The Authority holds a number of individual sites for investment, regeneration and economic development purposes: the Property Investment Portfolio. The PIP was valued at £102.1m at 31 March 2020 and generates around £7.5m per annum rental income which supports the overall revenue budget and therefore the delivery of front-line services.

7.2 As part of the ‘Enterprise Telford: Driving Growth and Prosperity” strategy the Council established a £50m Growth Fund as continued investment to strengthen and grow the Property Investment Portfolio. This is being used to invest directly into land and property enabling local businesses to expand and attracting new investors which boosts jobs, the economy and generates additional income for the Council both directly through rental income but also through income from business rates which is retained by the Council between system resets. Over 4 years £47m has been committed into a range of investments which are anticipated to help deliver approximately 1000 new jobs and safeguard a further 250 jobs. These investments are forecast to generate an average ongoing gross return on investment, including additional retained business rates income, of 7.2%, (4.6% net of borrowing costs, at an assumed rate of 2.54%). Through the investment of the full £50m the Council is on target to generate over £3m in additional gross income, which will be used to support front-line services such as the provision of care to vulnerable children and adults. As part of the Councils continued commitment to the Property Investment Portfolio, further capital allocations from the Councils Regeneration and Investment Fund totalling £9.65m have been made, which will further enhance the portfolio.

7.3 **Governance**

The Director: Prosperity & Investment has delegated authority to manage the Property Investment Portfolio and to make decisions in relation to PIP property investments and disposals.

Delegated authority has also been granted to the Director: Prosperity & Investment, after consultation with the Director: Finance & Human Resources and the Cabinet Lead: Finance & Governance to approve individual business cases in relation to the Growth Fund.

Specific factors considered as part of the decision making process are:

- Sustaining revenue rental income
- generating additional rental income / business rates (between system resets)
- Maintaining or increasing capital value of assets
- Return on Capital
- Running Costs
- Regeneration opportunities
- Local market needs/demand for properties
- Future proofing the local economy by attracting new investment
- Job creation for local people

7.4 **Risks**

Risks in relation to the PIP include: voids and consequential service and business related changes and bad debt. The market for inward investment opportunities is also competitive although the offer of the £50m growth fund has proved to be a considerable incentive for investors and existing businesses expansion. At a macro level risk exists linked with changes in the commercial market and Telford's heavy reliance on the manufacturing sector. The economic strategy aims to address this including supporting diversification into new sectors including Agri Technology whilst exposure to particularly large single investments, sectors or retail properties has been limited unlike at a small number of other councils.

The risks associated with each individual investment are considered as part of the business case approval process. Where proactive (i.e. where no specific end-user has been identified) industrial unit development is proposed in order to respond quickly to enquiries and be able to maximise opportunities the level of risk associated with void periods increases and to minimise such exposure a cap on revenue liability from new build proactive investments has been set at £350,000 per annum. The ability to exceed this limit would be on the basis of a specific business case to be approved by the Director: Prosperity & Investment after consultation with the Director: Finance & Human Resources and the Lead Cabinet Member for Council Finance & Governance.

7.5 Further information about the Growth Fund can be found in a separate update report to Cabinet on 2 January 2020 and an update report to Cabinet on 18 February 2021

Creating a Better Borough – The Telford Land Deal and Growth Fund Cabinet 2 January 2020 – Agenda Item no. 8	https://democracy.telford.gov.uk/ieListDocuments.aspx?MId=1183&x=1

8.0 NUPLACE LIMITED / HOUSING INVESTMENT PROGRAMME

8.1 Nuplace Limited, the Council's wholly owned housing company, was incorporated in April 2015. Its purpose is :

- the construction and management of private and affordable, quality residential properties for rent responding to the housing needs in the Borough
- increasing the quality of the private rented sector
- incidentally, the generation of income streams for the Council, both short term and long term, which will protect frontline services, otherwise affected by budgetary constraints
- the regeneration of brownfield land sites
- to stimulate economic growth through job creation during construction and afterwards

8.2 A detailed business case was presented to Cabinet in 2015, and subsequently updated in June 2017 and November 2020

8.3 To date Nuplace have delivered 329 homes across seven sites with a further 137 under construction or due to commence on site, bringing the total number of houses delivered, or in delivery to 466. Of these properties, 55 are for affordable rent, with the remainder being rented on the open market.

8.4 The Council has invested in Nuplace through a combination of equity, in the form of share capital and debt finance, in the form of a 30 and 25 year loan facilities of up to £45m – both of which will generate a commercial return. At 31 March 2020 the Council had £13.3m equity invested in Nuplace and the loan totalled £32.6m. In the long term, Nuplace will generate a surplus to the Council over the 30 year period of the project due to the expectation that the value of the assets will increase over the long-term as well as the development gain usually made when the properties are completed.

8.5 Full Council on 25 November 2020, approved the investment of £48m in the further expansion of Nuplace A review of market, policy and regulatory conditions suggested that demand for good quality, private rented homes was set to remain a key component of the housing market, offering opportunities for further expansion alongside diversification into downsizer, accessible and adaptable dwellings. In this context, seven pipeline schemes have been identified with the potential to deliver a further 270 new homes, representing an investment of £48m. The Councils investment in Nuplace will continue to be through a combination of debt and equity finance.

8.6 In 2019/20 Nuplace made a net profit of £0.574m before taxation and had net assets of £22.2m at 31 March 2020 (in total, assets have been revalued upwards by £7.6m since 2017/18). Since 2015/16, the Council has received net income totalling £4.4m from services supplied and interest on debt finance. Further, there are benefits from Council Tax (between system resets) and New Homes Bonus .

8.7 Capital allocations for the Housing Investment Programme, totalling £112.4m are contained within the Council's Service and Financial Planning Strategy, of which £47.2m had been spent as at 31 March 2020, with a further £17.2m allocated to sites in development. Capital is allocated to sites based upon feasibility criteria. The rate of return for each investment is dependent upon a range of parameters and is reviewed by the Council's finance department on a case by case basis. The rate of return on £40m of debt finance is currently 5.29%, and 5.18% on a further £5m facility and the hurdle rate for the long term rate of return on equity finance is set at 6%. The governance arrangements are set out in the detailed business case and consist of 3 directors, with clear lines of reporting and monitoring procedures and a Housing Investment Programme Board is in place which is made up of Council Officers and Elected Members.

8.8 **Risks** and Governance are managed through the Housing Investment Programme Board

8.9 Further information about the Housing Investment Programme can be found in a separate update report to Cabinet on 5 November 2020.

Housing Investment Programme Update Cabinet 5 November 2020 – Agenda Item CAB-35	Agenda for Cabinet on Thursday, 5 November 2020, 10.00 am - Telford & Wrekin Council

9.0 SOLAR FARM

9.1 Following a business case appraisal and approval by Cabinet in September 2013, the Council invested in developing a new solar farm within the Borough which became operational in 2015/16. The total capital investment was £3.7m.

9.2 The aims of the solar farm were:

- Generation of renewable energy to provide an inflation linked income stream guaranteed by the Government for the council
- Environmental benefits - reducing greenhouse gas emissions and generating more electricity from renewable energy.

The solar farm is delivering £0.2m net annual income; and is projected to generate a net cumulative operating surplus of £4.4m over the 25 year project life.

In terms of risk management, a risk register is in place for the solar farm which is monitored and updated on a regular basis by the Council's Commercial Projects Team.

10.0 OTHER INVESTMENTS FOR SERVICE PURPOSES

HCA Land Deal

10.1 The Telford Land Deal is a uniquely negotiated deal between the Council, Homes England (formerly HCA) and MHCLG through which Homes England/MHCLG have committed to invest £44.5m from the sale of Government owned land in Telford to invest in the local area supporting the delivery of new homes, jobs and commercial floor space.

10.2 The deal is based on a risk-reward model which requires the Council to make investment into site preparation up front, at risk, with this investment recouped from land receipts. The Council manages the delivery programme and is able to influence investment decisions through the Land Deal Board.

10.3 Since the Deal was established gross land sales of £31.4m has been secured, enabling the delivery of 753 new homes and over 1,400 new jobs accommodated. The Council has spent £17.1m in bringing forward sites for development recouped from land sales and the total profit share delivered to the local area to date is £4.8m.

10.4 The Investment and Disposal plan is continually reviewed with agreement of the Land Deal Board.

10.5 Further information about the Land Deal can be found in a separate update report to Cabinet on 2 January 2020 and an update report to Cabinet on 18 February 2021.

Creating a Better Borough – The Telford Land Deal and Growth Fund Cabinet 2 January 2020 – Agenda Item no. 8	https://democracy.telford.gov.uk/ieListDocuments.aspx?MId=1183&x=1

11.0 OTHER LIABILITIES

11.1 In addition to debt detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £333m on 31 March 2020) and has agreed a long-term arrangement with the Pension Fund which is reviewed every three years to ensure that the deficit is fully repaid within a timeframe acceptable to the Pension Fund and its actuaries.

The Council created provisions totalling £15.3m in the 2019/20 Statement of Accounts, which includes a provision for Single Status and NDR Appeal costs. At 31 March 2020 the Council had no major contingent liabilities.

11.2 **Governance:** Decisions on incurring new discretional liabilities are taken by Directors in consultation with the Chief Financial Officer. New liabilities are reported to Members for approval/notification as appropriate.

12.0 REVENUE BUDGET IMPLICATIONS

12.1 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 10: Prudential Indicator: Proportion of financing costs to net revenue stream

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Debt Charge as a proportion of net revenue stream	5.38%	6.39%	6.90%	6.77%

12.2 The ratio is lower in 2020/21 which reflects the impact of temporary borrowing, at low interest rates, during 2020/21.

13.0 KNOWLEDGE AND SKILLS

13.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Chief Financial Officer is a qualified accountant with over 30 years' post qualification experience, the Director: Prosperity & Investment and the Director: Customer & Commercial Services are both highly experienced senior officers with extensive relevant experience. The Council pays for junior staff to study towards relevant professional qualifications including AAT and specific specialist technical training.

13.2 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers, a range of property consultants and PWC as taxation advisors. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

14.0 CHIEF FINANCIAL OFFICER COMMENT

14.1 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Chief Financial Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable due to the continued track record of delivering revenue budget outturn within budget, delivering annual budget savings which now total £126m, the extensive restructuring programme and process developed over recent years, long-term service redesign, particularly in relation to Adults services, the more commercial approach being adopted, where appropriate, including consideration of business cases for proposals with some commercial element, the adequacy of reserves and provisions and the investments being made in the borough.

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TELFORD & WREKIN COUNCIL

COUNCIL – 4 MARCH 2021

SERVICE & FINANCIAL PLANNING 2021/22 – 2023/24: CAPITAL PROGRAMME

REPORT OF THE CHIEF EXECUTIVE, THE CHIEF FINANCE OFFICER (THE DIRECTOR: FINANCE & HUMAN RESOURCES), THE DIRECTOR PROSPERITY & INVESTMENT AND THE DIRECTOR NEIGHBOURHOOD & ENFORCEMENT SERVICES

LEAD MEMBER: CLLR RAE EVANS

PART A – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

1.1 The report details the revised capital programme for 2020/21 and the proposed capital programme for 2021/22 to 2023/24, together with the Planned Building Investment Programme and the Highways and Transport Capital Investment Programme.

2. RECOMMENDATIONS

Members are asked to approve:

2.1 the report and associated capital estimates for 2020/21 and 2021/22 to 2023/24, which incorporates the Capital Programme (Annex I), the Planned Building Maintenance Programme (Annex II) and the three year Highways and Transport capital investment programme (Annex III).

2.2 the following delegations, in line with the approved budgets and any variations or changes to schemes in these programmes which must remain within overall approved budgets, after consultation with the appropriate Cabinet Members:

(i) Delegation to the Director: Prosperity & Investment to deliver the planned programme of works within the 'Asset Management Plan' and Planned Building Maintenance Programme (Annex II)

(ii) Delegation to the Director: Neighbourhood and Enforcement Services to deliver the Highways and Transport Capital Investment Programme

(iii) Delegation to the Director: Communities, Customer and Commercial Services to allocate the block approvals for climate change initiatives

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	*Do these proposals contribute to specific priority plan objectives?*	
	Yes/~~No~~	*All priorities are covered by the report. The overall budget framework contains funding to support the Council's work to promote Equalities & Diversity across the Borough and accessibility requirements will be addressed in the Planned Maintenance programme of works.*
	Will the proposals impact on specific groups of people?	
	Yes/~~No~~	*Accessibility requirements will be addressed in the Planned Maintenance programme of works.*
TARGET COMPLETION / DELIVERY DATE	*There are many different capital projects and each one has a different target completion date. Some of the programmes are ongoing, others will complete during the period of the programme as shown in Annex I.*	
FINANCIAL/VALUE FOR MONEY IMPACT	*Yes/~~No~~*	*Where appropriate these are detailed in the body of the report.*
LEGAL ISSUES	*Yes/~~No~~*	*The proposals contained within this report are compliant with the legislative requirements imposed upon the Council and all statutory guidance. Legal advice will be provided in relation to any specific capital investment to ensure that the Council has the appropriate powers and due diligence has been undertaken. AL 10/01/2021*
OTHER IMPACTS, RISKS AND OPPORTUNITIES	*Yes/~~No~~*	*The Council's current strategic risks has been considered as part of allocating resources in the overall programme*
IMPACT ON SPECIFIC WARDS	*~~Yes~~/No*	*Proposals affect all wards in the Borough*

PART B – ADDITIONAL INFORMATION

4. SUMMARY

4.1 This report presents the Council's Capital Programme for 2020/21 – 2023/24 at a value of £228.5m that includes the proposed capital investments included in the overall budget strategy. The report also sets out the Council's proposed planned Building Maintenance programme, particularly focusing on 2021/22 and the two year Highways & Transport capital investment programme.

4.2 The programmes address our corporate priorities in conjunction with the service and financial planning strategy.

4.3 The full revenue cost of the use of the Council's own resources and unsupported borrowing are built into the proposed 2021/22 budget and future projections.

4.4 The Asset Management Plan 2019 – 2023, approved at Council 28 February 2019, sets out the framework for assessing and prioritising property related issues. The approved framework has been adhered to in prioritising the planned building maintenance programme for 2021/22. The Building Investment Programme and Highways & Transport Investment Programme have been set in accordance with the proposed budget for 2021/22 – 2023/24.

5. STRATEGIC OVERVIEW

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

- The retrenchment of public spending by the Government - the Council has faced the challenge of making significant savings, totalling £126.4m by the end of 2020/21, whilst trying to protect front-line services as far as possible. Our Service and Financial Planning Strategy sets out our response to this challenge and how these savings are being identified and delivered, and

- Being a Cooperative Council and reshaping the relationship between the Council, its employees, the community and partners to:

    - **Improve and bring public services together,**
    - **Involve local people and our employees more in planning and running our services, and**
    - **Strengthen and develop our communities and encourage people to do more to help their own communities.**

In October 2020, the Council's Cabinet agreed a refreshed Council Plan to deliver the organisation's vision to

'Protect, Care and Invest to Create a Better Borough'

The Plan identifies five priorities to deliver this vision:

- **Every child, young person and adult lives well in their community**
- **Everyone benefits from a thriving economy**
- **All neighbourhoods are a great place to live**
- **Our natural environment is protected, and the Council has a leading role in addressing the climate emergency; and**
- **A community-focused, innovative council providing efficient, effective and quality services**

Capital investment clearly plays a key role in the achievement of our local priorities. Through our Capital Strategy and Asset Management Plan we seek to maximise the value and opportunities of our assets to take forward the delivery of emerging strategic priorities.

Our Capital Strategy and Asset Management Programme are not, however, just about 'concrete, tarmac, buildings etc.', they are about making a positive difference to the quality of local people's lives through specific projects, services, technology and facilities. In recent years, key initiatives have been progressed/delivered through targeted capital investment. Further information can be found in the Council Plan.

6. CAPITAL PROGRAMME: 2020/21 – 2023/24

6.1 During 2021/22, we are planning to invest **£101.855m** as part of a **£228.532m** medium-term capital programme, to build and improve the facilities, assets and infrastructure to support the delivery of these objectives. This investment has been secured primarily through a combination of Government grants and supported borrowing allocations, use of the Council's own resources (capital receipts), and Prudential Borrowing by the Council. Over the planning period, our capital programme is as follows:

Priority Area	Total £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Later Years £m
Adult Social Care	0.213	0.213	0.000	0.000	0.000	0.000	0.000
Communities, Customer & Commercial Services	10.804	3.423	3.340	2.041	2.000	0.000	0.000
Corporate Items	8.786	2.926	3.860	2.000	0.000	0.000	0.000
Education & Corporate Parenting	25.685	5.131	20.554	0.000	0.000	0.000	0.000
Finance & Human Resources	0.380	0.095	0.095	0.095	0.095	0.000	0.000
Health, Wellbeing & Commissioning	0.070	0.070	0.000	0.000	0.000	0.000	0.000
Housing, Employment & Infrastructure	13.472	5.452	5.620	2.400	0.000	0.000	0.000
Neighbourhood & Enforcement Services	54.687	22.889	15.498	7.300	9.000	0.000	0.000
Policy & Governance	0.280	0.094	0.062	0.062	0.062	0.000	0.000
Prosperity & Investment	114.155	23.408	52.826	27.721	10.200	0.000	0.000
	228.532	**63.701**	**101.855**	**41.619**	**21.357**	**0.000**	**0.000**

6.2 Supporting Telford & Wrekin's role as a focus for continued growth and development underpins all our priorities. This is very much a 'capital' agenda – though it must be supported by the day-to-day delivery of high quality and efficient service for the community whilst also improving services - and we will look creatively to utilise local resources such as the Council's land assets and land owned by other partners, and external funding and investment to turn vision into reality.

7. CAPITAL PLANNING FRAMEWORK

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

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

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

- officer level by the Senior Management Team, the senior officer Capital Programme Board and
- member level by the Cabinet.

Progress and the outcomes of capital expenditure are also considered by the Council’s scrutiny committees as part of their service and financial performance monitoring role. They also input specifically to the strategy development process through scrutiny of the Draft Budget Strategy.

(i) Approach

7.3 Our approach to the Capital Programme Process is described below. This process is continually evolving and has been developed to enable the Council to respond effectively to the developments in Capital and Asset Management Planning.

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

(ii) Capital Programme Process

a) Strategic Review of Needs

7.5 We annually review plans and priorities for capital spending. This is done as part of the annual corporate planning process and the outcome of major policy and/or service reviews. In seeking to determine priorities for investment and action, it is important to understand the key issues, needs and opportunities that need to be addressed. The Council Plan 2020 – onwards “**Our Programme to Protect, Care and Invest to create a better borough”** and Vision map these out in detail.

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

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

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

b) Strategic Consideration of Priorities, Resources and Resource Implications

7.7 The financial implications of new capital spending requirements are carefully assessed within service and financial planning in terms of:

- Overall resource availability including the anticipated results of asset disposals;
- Identification and consideration of whole life costings;
- Identification of significant revenue implications for capital proposals, with overall decisions on capital programme being made (and consulted on) as part of the overall service and financial planning process;
- Consideration of appropriate procurement strategies and potential funding regimes.
- ‘Pay back’/’Invest to Save’ potential.

7.8 The Prudential Code of Borrowing highlights the need, in making decisions on capital investment, to have regard to a number of core factors. As such, the Capital Strategy and Programme for 2021/22 has been developed around the following principles and processes:

- **Corporate Strategic Planning Assessment:**

7.9 Revenue and capital budgets are planned together as far as practicable each year. Desired spending has been prioritised and narrowed down into an overall capital strategy taking account of local, national and regional priorities.

- Options Appraisal to Secure Value for Money:

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

c) Detailed Capital Programme

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

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

Annex I sets out details of our committed Capital Programme 2020/21 – 2023/24 and associated funding.

d) Control, Monitoring, Performance Management & Review

7.12 A corporate framework for project management exists for capital schemes. Regular monitoring of progress and spend takes place both at service level and corporately. The Asset Management Plan ensures that relevant property PIs have been incorporated into corporate performance monitoring arrangements and into the monitoring of the management of the capital programme. In-year progress is highlighted as part of the reporting arrangements of the Service & Financial Performance Management Framework of regular reports to the Senior Management Team, Cabinet and full Council where amendments to the approved policy and budget framework are required .

8. ASSET MANAGEMENT PLANNING & PROGRAMME

Our Strategic Approach

8.1 The Asset Management Plan and associated data on Property (i.e. condition, suitability, sufficiency, access, asbestos surveys) informs the Council's Building Investment Programme. The Council has completed all surveys for Operational Properties used for the delivery of its services and these are updated on a rolling programme each year. The Council's Asset Management Plan 2019 - 2023 has identified a condition backlog of £5.6m for Operational Properties (excluding schools) and £18.3m for Schools / education properties.

8.2 The Building Investment Programme as identified in Annex II, is set in accordance with the approved framework for prioritising condition backlog as included in the Asset Management Plan. The proposed level of investment to be included in the Capital Programme in 2021/22 is £1.771m for Educational Assets and £0.7m for all other Operational Assets (including miscellaneous assets). The budget allocations do not take into account the capital investment relating to expansion of schools. In addition to the above capital allocations, schools are also in receipt of Devolved Formula Capital (DFC) which is used fundamentally for maintaining and investing in the school building stock on a day to day basis.

Condition backlog as detailed in the Asset Management Plan 2019 – 2023 and updated for 2020

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

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

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

8.3 Previous year condition comparisons

		2015	2016	2017	2018	2019	2020

Schools	P1-P3	£18,939,529	£17,144,675	£18,719,548	£18,434,265	£18,182,752	£18,267,205
Operational	P1-P3	£6,806,221	£5,852,620	£5,700,431	£5,417,208	£5,680,437	£5,629,287

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

8.5 In accordance with prioritisation as set out in the Asset Management Plan we have identified the building maintenance programme for 2021/22 as shown in Annex II; all schemes listed are deemed necessary in order to maintain service delivery.

9. PARTNERSHIP AND CROSS CUTTING ACTIVITY

9.1 The Council actively works with partners to maximise assets for example through various co-locations of services which is a key feature in particular of the Learning Communities that are being developed. Amalgamation and co-location of services and community facilities is a key aim that drives our asset management and service planning.

10. CONSULTATION

10.1 The Council has been engaging with the local community around service and financial planning. Further details are set out in the over-arching Service and Financial Planning report considered by Cabinet on 7th January 2021. As capital programmes are being rolled out there will be a need to consider where further consultation with the public is required/appropriate.

11. RESOURCES

11.1 Revenue/External

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

	Total £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Later Years £m
Total	**17.869**	**6.566**	**10.790**	**0.513**	**0.000**	**0.000**	**0.000**

11.2 Supplementary Grants

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

Priority Area	Total £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Later Years £m
Adult Social Care	0.009	0.009	0.000	0.000	0.000	0.000	0.000
Communities, Customer & Commercial Services	0.096	0.096	0.000	0.000	0.000	0.000	0.000
Corporate Items	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Education & Corporate Parenting	24.233	5.033	19.200	0.000	0.000	0.000	0.000
Finance & Human Resources	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Health, Wellbeing & Commissioning	0.070	0.070	0.000	0.000	0.000	0.000	0.000
Housing, Employment & Infrastructure	3.211	3.211	0.000	0.000	0.000	0.000	0.000
Neighbourhood & Enforcement Services	14.501	10.101	4.400	0.000	0.000	0.000	0.000
Policy & Governance	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Prosperity & Investment	10.434	9.482	0.952	0.000	0.000	0.000	0.000
	52.554	**28.002**	**24.552**	**0.000**	**0.000**	**0.000**	**0.000**

11.3 Capital Receipts

The capital programme places a significant reliance on future capital receipts, totalling £23.885m shown in the table below. Any shortfall in the amounts received or re-phasing of schemes would have a revenue impact which is not built into the budget strategy. This would have to be mitigated through re-phasing of spend, re-prioritising schemes or incurring additional borrowing which would have a revenue impact which would have to be taken into account in future in the Medium Term Service & Financial Planning Strategy. The Government have offered some flexibility in the use of capital receipts generated during the 3 years starting April 2016. This period has subsequently been extended for a further 3 years to include 2021/22 but cannot be assumed to be available beyond March 2022 unless a further extension is announced by the Government. New capital receipts may be used to fund revenue costs associated with reform projects that generate ongoing revenue savings provided that full Council approves an “Efficiency Plan”. Telford & Wrekin Council has taken advantage of this flexibility offered by the Government and the Service and Financial Planning Strategy has been prepared to allow the flexibility to do so with the anticipated Capital Receipts in 2020/21 of £2.8m being allocated to fund capitalisation of revenue spending in relation to efficiency expenditure. Prudential borrowing has increased as a consequence. It is anticipated that we will allocate £2.0m of capital receipts in 2021/22 to fund efficiency expenditure.

	Total £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Later Years £m
Total	**23.885**	**5.785**	**6.300**	**5.300**	**0.500**	**0.000**	**6.000**

11.4 Prudential Borrowing Regime

Within the budget strategy for 2020/21 to 2023/24the level of Prudential Borrowing assumed is as follows:

	Total £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Later Years £m
Total	**134.224**	**23.348**	**60.213**	**35.806**	**20.857**	**0.000**	**-6.000**

11.5 Overall Resources Position

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

Resources available	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Later Years £m	Total £m
Grant Allocations							
Adult Social Care	0.009	0.000	0.000	0.000	0.000	0.000	**0.009**
Communities, Customer & Commercial Services	0.096	0.000	0.000	0.000	0.000	0.000	**0.096**
Corporate Items	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Education & Corporate Parenting	5.033	19.200	0.000	0.000	0.000	0.000	**24.233**
Finance & Human Resources	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Health, Wellbeing & Commissioning	0.070	0.000	0.000	0.000	0.000	0.000	**0.070**
Housing, Employment & Infrastructure	3.211	0.000	0.000	0.000	0.000	0.000	**3.211**
Neighbourhood & Enforcement Services	10.101	4.400	0.000	0.000	0.000	0.000	**14.501**
Policy & Governance	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Prosperity & Investment	9.482	0.952	0.000	0.000	0.000	0.000	**10.434**
	28.002	**24.552**	**0.000**	**0.000**	**0.000**	**0.000**	**52.554**
Other Resources							
Capital Receipts	5.785	6.300	5.300	0.500	0.000	6.000	**17.885**
Revenue / External	6.566	10.790	0.513	0.000	0.000	0.000	**17.869**
Prudential Borrowing	23.348	60.213	35.806	20.857	0.000	-6.000	**140.224**
	35.699	**77.303**	**41.619**	**21.357**	**0.000**	**0.000**	**175.978**
Total	**63.701**	**101.855**	**41.619**	**21.357**	**0.000**	**0.000**	**228.532**

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

12. CONCLUSION

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

- to support and meet the growing needs of the Borough and our aspirations to transform Telford & Wrekin,
- to maintain and develop the Council's own stock of capital assets,
- to address the 'New Town effect' of a commonly-ageing infrastructure, and
- to invest in schemes such as NuPlace and the Telford Growth Fund that will further increase the choice of homes available for people looking to rent from a high quality, responsive landlord with a commitment to providing secure long-term homes and will also regenerate brown-field sites, attract new jobs, and retain companies that may otherwise leave the Borough if suitable premises are not available. Profits from these investments will be used to help fund key front line services including Adult Social Care and Children's Safeguarding. Additional council tax, new homes bonus and business rates will also be generated by these investments which will also help to support essential front line services.

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

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

13. PREVIOUS MINUTES

- Cabinet 7 January 2021 – Service & Financial Planning 2021/22 – 2023/24

14. BACKGROUND PAPERS

- Funding notifications, investment proposals, cabinet reports on various schemes, previous Capital Strategy documents and capital programmes.
- The Council Plan
- Driving Delivery of the Council's Priorities.
- Service & Financial Planning 2019/20 – 2021/22: Capital Programme Annex III Corporate Asset Management Plan 2019 - 2023.

Report prepared by

Ed Rushton, Group Accountant - Corporate & Capital Finance
Ken Clarke, Director - Finance & Human Resources
Dean Sargeant, Director - Neighbourhood & Enforcement Services
James Dunn, Director – Prosperity & Investment

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Capital Programme - 2020/21 to 2024/25

Policy Area	Total £'000	2020/21 £'000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Later Years £'000
Adult Social Care	213	213	0	0	0	0	0
Communities, Customer & Commercial Services	10,804	3,423	3,340	2,041	2,000	0	0
Corporate Items	8,786	2,926	3,860	2,000	0	0	0
Education & Corporate Parenting	25,685	5,131	20,554	0	0	0	0
Finance & Human Resources	380	95	95	95	95	0	0
Health, Wellbeing & Commissioning	70	70	0	0	0	0	0
Housing, Employment & Infrastructure	13,472	5,452	5,620	2,400	0	0	0
Neighbourhood & Enforcement Services	54,687	22,889	15,498	7,300	9,000	0	0
Policy & Governance	280	94	62	62	62	0	0
Prosperity & Investment	114,155	23,408	52,826	27,721	10,200	0	0
Total Expenditure	**228,532**	**63,701**	**101,855**	**41,619**	**21,357**	**0**	**0**
Resources							
Borrowing Approval	0	0	0	0	0	0	0
Government Grant	52,554	28,002	24,552	0	0	0	0
Prudential	134,224	23,348	60,213	35,806	20,857	0	(6,000)
Capital Receipts	23,885	5,785	6,300	5,300	500	0	6,000
Revenue	3,296	971	2,325	0	0	0	0
External	14,573	5,595	8,465	513	0	0	0
Revenue Reserves	0	0	0	0	0	0	0
Total Resources	**228,532**	**63,701**	**101,855**	**41,619**	**21,357**	**-**	**-**

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Capital Programme - 2020/21 to 2024/25
Scheme Summary showing major schemes separately

		Expenditure							Funding					
	Scheme	Total	2020/21	2021/22	2022/23	2023/24	2024/25	later years	Govn't Grant	Prudential	Capital Receipts	Borrowing Approval	Revenue	External
Adult Social Care	Integrated Community Schemes	64	64	0	0	0	0	0	0	64	0	0	0	0
	Social Care Capital Grant	149	149	0	0	0	0	0	9	140	0	0	0	0
		213	**213**	**0**	**0**	**0**	**0**	**0**	**9**	**204**	**0**	**0**	**0**	**0**
Communities, Customer & Commercial Services	Customer Services Systems Development	863	623	240	0	0	0	0	0	863	0	0	0	0
	ICT Investment Programme	8,841	2,177	2,623	2,041	2,000	0	0	0	8,805	0	0	36	0
	Legacy Fund	524	305	219	0	0	0	0	0	369	0	0	155	0
	Other Schemes	576	318	258	0	0	0	0	96	480	0	0	0	0
		10,804	**3,423**	**3,340**	**2,041**	**2,000**	**0**	**0**	**96**	**10,517**	**0**	**0**	**191**	**0**
Corporate Items	Climate Change	4,000	140	1,860	2,000	0	0	0	0	4,000	0	0	0	0
	Efficiency Schemes Capitalisation	4,786	2,786	2,000	0	0	0	0	0	0	4,786	0	0	0
	Managing the funding of the Capital Programme	0	0	0	0	0	0	0	0	-15,570	15,570	0	0	0
		8,786	**2,926**	**3,860**	**2,000**	**0**	**0**	**0**	**0**	**-11,570**	**20,356**	**0**	**0**	**0**
Education & Corporate Parenting	All Other School schemes	12	12	0	0	0	0	0	0	12	0	0	0	0
	Education & Corporate Parenting All Other Schemes	25,673	5,119	20,554	0	0	0	0	24,233	0	1,354	0	0	86
		25,685	**5,131**	**20,554**	**0**	**0**	**0**	**0**	**24,233**	**12**	**1,354**	**0**	**0**	**86**
Finance & Human Resources	Finance & Human Resources other schemes	380	95	95	95	95	0	0	0	380	0	0	0	0
		380	**95**	**95**	**95**	**95**	**0**	**0**	**0**	**380**	**0**	**0**	**0**	**0**
Health, Wellbeing & Commissioning	Housing & Technology support for People with Learning Disabilities	70	70	0	0	0	0	0	70	0	0	0	0	0
		70	**70**	**0**	**0**	**0**	**0**	**0**	**70**	**0**	**0**	**0**	**0**	**0**
Housing, Employment & Infrastructure	Housing Related Schemes	6,438	4,438	2,000	0	0	0	0	2,981	2,414	151	0	0	892
	Pride In Your High Street	6,918	898	3,620	2,400	0	0	0	230	5,230	0	0	1,458	0
	Superfast Broadband Programme	116	116	0	0	0	0	0	0	0	116	0	0	0
		13,472	**5,452**	**5,620**	**2,400**	**0**	**0**	**0**	**3,211**	**7,644**	**267**	**0**	**1,458**	**892**
Neighbourhood & Enforcement Services	Environmental Improvements/ Enhancements	5,000	500	500	2,000	2,000	0	0	0	5,000	0	0	0	0
	Ironbridge Gorge Stability	407	257	150	0	0	0	0	0	336	0	0	71	0
	Newport Innovation & Enterprise Package	6,351	6,351	0	0	0	0	0	3,535	201	0	0	0	2,615
	Transport & Highways Schemes	42,929	15,781	14,848	5,300	7,000	0	0	10,966	29,171	0	0	546	2,246
		54,687	**22,889**	**15,498**	**7,300**	**9,000**	**0**	**0**	**14,501**	**34,708**	**0**	**0**	**617**	**4,861**
Policy & Governance	Legal Fees	280	94	62	62	62	0	0	0	280	0	0	0	0
		280	**94**	**62**	**62**	**62**	**0**	**0**	**0**	**280**	**0**	**0**	**0**	**0**
Prosperity & Investment	Asset Management Plan - General Works & Surveys	3,467	1,067	700	700	1,000	0	0	14	3,453	0	0	0	0
	HCA Land Deal	2,556	1,325	951	280	0	0	0	0	0	0	0	0	2,556
	HCA Liability Sites	3,837	150	3,687	0	0	0	0	0	0	0	0	0	3,837
	Housing Company - Housing	65,283	9,083	25,600	22,100	8,500	0	0	0	65,283	0	0	0	0
	Land Deal Board Schemes	2,141	419	1,539	183	0	0	0	0	0	0	0	0	2,141
	Property Investment Programme	19,648	1,298	14,642	3,708	0	0	0	0	18,524	497	0	627	0
	Prosperity & Investment other schemes	3,637	382	1,805	750	700	0	0	0	2,225	1,411	0	1	0
	Regeneration and Investment Fund	0	0	0	0	0	0	0	0	0	0	0	0	0
	Rights of Way	42	42	0	0	0	0	0	40	0	0	0	2	0
	Stronger Communities	9,950	7,000	2,950	0	0	0	0	7,000	2,350	0	0	400	200
	Get Building Fund	2,380	1,428	952	0	0	0	0	2,380	0	0	0	0	0
	Towns Fund	1,000	1,000	0	0	0	0	0	1,000	0	0	0	0	0
	Town Centre Compound	214	214	0	0	0	0	0	0	214	0	0	0	0
		114,155	**23,408**	**52,826**	**27,721**	**10,200**	**0**	**0**	**10,434**	**92,049**	**1,908**	**0**	**1,030**	**8,734**
		228,532	**63,701**	**101,855**	**41,619**	**21,357**	**0**	**0**	**52,554**	**134,224**	**23,885**	**0**	**3,296**	**14,573**

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TELFORD & WREKIN COUNCIL

CABINET 18 FEBRUARY 2021
COUNCIL 4 MARCH 2021
TITLE: PLANNED BUILDING INVESTMENT PROGRAMME 2021/22

REPORT OF: DIRECTOR PROSPERITY & INVESTMENT

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

To identify the proposed planned building capital maintenance programme for financial year 2021/22, in accordance with Service and Financial Planning 2021/22 to 2023/24.

2. RECOMMENDATIONS

2.1 That Cabinet note and recommend to Full Council the approval of the planned building capital maintenance programme for 2021/22 as identified as part of this report and agree that officers may enter into any contracts necessary to deliver the works in accordance with the requirements of the Contract Procedure Rules.

3. SUMMARY IMPACT ASSESSMENT

<table>
<tr><td rowspan="4">COMMUNITY IMPACT</td><td colspan="2">Do these proposals contribute to specific Priority Plan objective(s)?</td></tr>
<tr><td>Yes</td><td>Maintaining Council property provides an environment for high quality services to be delivered. The investment contributes to the delivery of the following priorities:
• All neighbourhoods are a great place to live.
• Protecting our natural environment.
• Providing efficient, effective and quality services.
• Ensuring every child, young person and adult lives well in their community.</td></tr>
<tr><td colspan="2">Will the proposals impact on specific groups of people?</td></tr>
<tr><td>Yes</td><td>All residents accessing Council Services</td></tr>
<tr><td>TARGET COMPLETION/DELIVERY DATE</td><td colspan="2">Most projects will be delivered during the financial year 2021/22. Larger projects may cover more than one financial year.</td></tr>
<tr><td>FINANCIAL/VALUE FOR MONEY IMPACT</td><td>Yes</td><td>Confirmation of the Education capital allocations for 2021/22 have not been received and are expected to be notified shortly by the Education Funding Agency, and appropriate adjustments to the capital programme and the programme of works</td></tr>
</table>

		(Appendix A), estimated at £1,771,000 will be made accordingly to ensure spend is within available funds. Budgetary provision for the Operational planned £700,000 programme of works for 2021/22 is contained within the capital programme (detailed in Appendix A).
LEGAL ISSUES	Yes	There are no direct legal implications arising from this report however any repair/ maintenance works will be subject to competitive procurement to ensure best value is achieved for the Council by complying with the Council's Contract Procedure Rules and any applicable EU requirements or equivalent. In addition, legal advice must be sought in relation to any Health and Safety or other similar matters should they become apparent during the year.
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	Where improvements are made to properties, other opportunities when the works are being undertaken are investigated and implemented where possible. This may include contributing to larger schemes where a maintenance liability will be reduced or reducing energy costs.
IMPACT ON SPECIFIC WARDS	No	Borough wide impact

PART B) – ADDITIONAL INFORMATION

4. INFORMATION

The Asset Management Plan and associated data on property (i.e. condition, suitability, sufficiency, access and asbestos) informs the Council's planned building capital investment programme. The Council has completed condition surveys for operational properties used for the delivery of its services. These are updated on a rolling programme each year. The Council's Asset Management Plan 2019-2023 has identified a condition backlog of approximately £5.6M for operational properties (excluding schools) and £18.3M for schools/educational properties. The figure for condition backlog for schools has reduced over recent years, mainly due to the successfully completed Building Schools for the Future Programme, but also due to Academisation.

During 2021/22 more in-depth surveys will continue to be undertaken within operational properties and schools that are under the control of the council as part of their fire risk assessments. Particular emphasis will be given to passive and active control measures such as compartmentation, condition of fire doors, fire stopping and suitability and coverage of existing fire alarm systems. Where improvements can be made and will reduce the risk of fire and in the event of a fire, fire spread within a building this work will be prioritised within the programme of works.

The planned building capital investment programme as identified in Appendix A, is set in accordance with the approved framework for prioritising condition backlog as included in the Asset Management Plan. The proposed level of investment to be included in the Capital Programme 2021/22 is £1,771,000 for Educational assets and £700,000 for all other operational assets. The budget allocations do not take into account the capital investment relating to expansion of schools. In addition to the above capital allocations, schools are also in receipt of Devolved Formula Capital (DFC) which is used fundamentally for maintaining and investing in the school building stock on a day to day basis.

5. IMPACT ASSESSMENT – ADDITIONAL INFORMATION

Community Impact
Maintaining buildings ensures that Council Services are delivered efficiently and with service continuity. Many of the key services are delivered from the Council's property portfolio and are the first key point of contact with our customers.

Equalities Impact
Where possible, as part of the planned building capital investment funding, improvements to accessibility will be carried out. Where improvements to existing facilities are being undertaken, Equalities Issues (i.e. baby changing facilities) are also included as part of the scheme. This allows the Council to increase access to public buildings for people with disabilities.

Environmental Impact
Environmental improvements are incorporated into schemes where appropriate, in an aim to reduce the Council's carbon emissions in accordance with the Council's Emergency Climate Plan.

6. PREVIOUS MINUTES

N/A

7. BACKGROUND PAPERS

Asset Management Plan 2019-2023 (refreshed 2019)

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

APPENDIX A - Education Planned Building Capital Maintenance Programme 2021/22

Asset	Description of Works	Estimated Budget	Corporate Priorities	Ward
Dothill Primary	Roof Replacement	£168,000	• Every child, young person and adult lives well in their community. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services.	Dothilll
Edgmond, St Peter's CE	Partial Window Replacement	£140,000	• Every child, young person and adult lives well in their community. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services.	Edgmond and Ercall Magna
Haughton School / John Randall Primary	Boiler House Refurb (contribution to expansion project)	£200,000	• Every child, young person and adult lives well in their community. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services.	Madeley and Sutton Hill
Meadows Primary	Kitchen Refurbishment	£180,000	• Every child, young person and adult lives well in their community.	Ketley and Overdale

			• Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services.	
Millbrook Primary	Roof Replacement	£200,000	• Every child, young person and adult lives well in their community. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services.	Hadley and Leegomery
Southall School	Canopy Replacement	£100,000	• Every child, young person and adult lives well in their community. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services.	Dawley and Aqueduct
St George's Primary	Phase 3 Roofing Works	£49,000	• Every child, young person and adult lives well in their community. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services.	St Georges

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Various Schools	Asbestos Management - To undertake landlord responsibility asbestos surveys within property assets and any subsequent management removals. Where removals are required these will be prioritised using the Asbestos Management survey data.	£75,000	• Every child, young person and adult lives well in their community. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services.	N/A
Various Schools	Data Updates - to update the asset management data. This will include condition surveys and updated drawing/floor plans of buildings as and when upgrades are carried out.	£50,000	• Every child, young person and adult lives well in their community. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services.	N/A
Various Schools	External Redecoration (rolling programme)	£50,000	• Every child, young person and adult lives well in their community. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services.	N/A
Various Schools	Kitchen Gas Safety Works	£50,000	• Every child, young person and adult lives well in their community. • Protect our natural environment. • A community-focused, innovative council providing	N/A

			efficient, effective and quality services.	
William Reynolds Primary	Roof Replacement	£187,000	• Every child, young person and adult lives well in their community. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services.	Woodside
Wombridge Primary	Roof Works	£58,000	• Every child, young person and adult lives well in their community. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services	Oakengates and Ketley Bank
Millbrook Primary	Access Works – Hygiene room	£64,000	• Every child, young person and adult lives well in their community. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services	Hadley and Leegomery
Tibberton Primary	Access Works – Phase 3 Classroom Extension	£100,000	• Every child, young person and adult lives well in their community. • Protect our natural environment.	Edgmond and Ercall Magna

			• A community-focused, innovative council providing efficient, effective and quality services	
Various Schools	Contingency	£100,000	• Every child, young person and adult lives well in their community. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services	N/A
	TOTAL	**£1,771,000**		

Corporate Planned Building Capital Maintenance Programme 2021/2022

Asset	Description of Works	Estimated Allocated Budget	Corporate Priorities Contributed to proposals	Ward
Various Properties	Commitments from previous financial year	£125,000	• All neighbourhoods are a great place to live. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services.	N/A
Newport Swimming Pool	Refurbishment Works	£25,000	• All neighbourhoods are a great place to live. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services.	Newport South and East
Oakengates Leisure Centre	LED Track Lighting	£20,000	• All neighbourhoods are a great place to live. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services.	Wrockwardine Wood and Trench
Darby House	Replacement Emergency Lighting	£50,000	• All neighbourhoods are a great place to live. • Protect our natural environment. • A community-focused, innovative council providing	Ketley and Overdale

			efficient, effective and quality services.	
Various Properties	Asbestos Removals - To undertake landlord responsibility asbestos surveys within property assets and any subsequent management removals. Where removals are required these will be prioritised using the Asbestos Management survey data.	£35,000	• All neighbourhoods are a great place to live. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services.	N/A
Various Properties	Data Updates - to update the asset management data on operational assets, and improvements to the asset database, plus Fire Risk Assessment costs.	£100,000	• All neighbourhoods are a great place to live. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services.	N/A
Various Sites (Changing Rooms)	Electrical refurbishment	£45,000	• All neighbourhoods are a great place to live. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services.	Various
Various Properties	Essential matched funding for potential SEPuBu (Sustainable Energy in Public Buildings) projects	£117,000	• All neighbourhoods are a great place to live. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services.	N/A

Contingency	Unforeseen issues which may arise such as a mineshaft opening or a retaining wall collapse	£183,000	• All neighbourhoods are a great place to live. • Protect our natural environment. • A community-focused, innovative council providing efficient, effective and quality services.	N/A
	TOTAL	**£700,000**		

Please note: - the costs shown in the above tables are estimates. Actual costs will be established by competitive tendering in accordance with the Councils Tendering Procedures. All figures are inclusive of Project Management/Design Fees

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TELFORD & WREKIN COUNCIL

CABINET - 18 FEBRUARY 2021
COUNCIL - 4 MARCH 2021

HIGHWAYS & TRANSPORT CAPITAL INVESTMENT PROGRAMME 2021-2024

REPORT OF THE DIRECTOR: NEIGHBOURHOOD & ENFORCEMENT SERVICES

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

1.1 To identify the proposed planned Highways and Transport Capital Investment Programme for financial years **2021/22 –2023/24**, in accordance with the proposed Budget Strategy. In line with the Council's plan to Protect, Care and Invest in our borough, a significant investment of £50.4m is proposed over the next 3 years to maintain roads, footaths, bridges and other structures.

2. RECOMMENDATIONS

2.1 That Council:

i. Approve the planned Highways and Transport capital investment programme for 2021/22 – 23/24

ii. Delegate responsibility for agreeing any variations or changes to schemes in the capital programme that remain within overall approved budget limits to the Director Neighbourhood & Enforcement Services in consultation with the Cabinet Member for Neighbourhood, Commercial Services and Regeneration and the Cabinet Member for Economy, Housing, Transport & Infrastructure

3.	***SUMMARY IMPACT ASSESSMENT***		
	COMMUNITY IMPACT	Do these proposals contribute to specific priority plan objectives?	
		Yes/~~No~~	Maintaining the highway network has been identified as a key priority through community consultation. Maintaining an efficient and effective transport network through the Highways and Transport Capital Programme contributes to the delivery of the following Council Priorities: • Everyone benefits from a thriving economy • All neighbourhoods are a great place to live • Improve the health and wellbeing of our communities and address health inequalities; • a community-focussed, innovative council providing efficient, effective and quality services
		Will the proposals impact on specific groups of people?	

		~~Yes~~/No	The highway and transport network is used by all sections of the community. As far as is practicably possible all schemes aim to meet guidance on accessibility; all maintenance schemes are based on assessments of condition of the highway network and feedback from the local community.
	TARGET COMPLETION / DELIVERY DATE	There are many different capital projects and each one has a different target completion date.	
	FINANCIAL/VALUE FOR MONEY IMPACT	Yes	The Highways and Transport Capital Investment Programme totals £50.4m which includes indicative capital grant allocations, which are shown in Tables 1 & 2. The overall Capital Programme will be updated once allocations are comfirmed and the capital investment programme updated accordingly. Expenditure against budgeted allocations will be monitored and any variances or amendments will be reported through the Service and Financial Planning process as required. DR 14/1/21
	LEGAL ISSUES	No	There are no direct legal implications arising from this report. A number of general and specific statutory powers and duties are conferred on the Council regarding its highway network management, maintenance and improvement functions. In particular, the Council has a duty to maintain the Borough's publicly maintainable highways and a duty to assert the rights of the public to use and enjoy those highways. The capital investment programme is a key Council response to its powers and duties. Any works will be properly procured and managed in accordance with financial and contract procedure rules. IR 13.01.21
	OTHER IMPACTS, RISKS AND OPPORTUNITIES	Yes	The highway and transport network forms a key part of the physical environment that people experience on a daily basis. In delivering the programme it is important that all opportunities are explored to maximise the enhancement of the local environment, where it can be done in an efficient and cost-effective way.
	IMPACT ON SPECIFIC WARDS	No	Proposals affect all wards in the Borough

PART B) – ADDITIONAL INFORMATION

4. INFORMATION

4.1 The Council's adopted Asset Management Policy & Strategy sets out the future vision for highways in Telford & Wrekin: Our vision is as follows:-

We will keep Telford moving by delivering a safe, efficient and sustainable highway to meet the needs of communities and businesses, providing access to jobs and services, supporting health and wellbeing and catering for future growth **AND** maximising and managing investment into the highway network to support the local economy, investing in new technologies and our workforce to promote innovation and creativity. **Consultation, collaboration and community engagement will be the key to our success.**

4.2 The adopted asset management policy forms one of the essential aspects to the Council being a 'band 3' authority in order to secure highways incentive funding alongside the needs funding from the Department for Transport. The Council was assessed as a band 3 authority for 20/21 and work is continuing to mature asset management strategies to maintain this level thereby securing the maximum level of funding.

4.3 The Council has invested significant funding over recent years into highway and transport infrastructure. This includes securing external government funding into the LEP Growth Point junction improvements, Telford Town Centre Connectivity Package and the Midlands Engine. In addition to this the Council has invested significant funding into highways maintenance and environmental maintenance schemes through the Pride in Our Community programme.

4.4 In 2020/21 the council has secured an additional £4.935m from the Department for Transport to deliver a major Infrastructure repair scheme on the A442 as well as securing an additional £2.39m from the Pothole fund and £0.285m for Active Travel.

4.5 Telford continues to face the need for continuing investment into infrastructure to support our residents and communities and to make the Borough attractive for securing inward investment, in turn helping to create new jobs. The New Town status of Telford means that much of the infrastructure is deteriorating at a similar rate and is now coming to the end of its useful life. Whole life costings undertaken as part of our asset management approach show that should the previous funding levels of highway maintenance continue then the network would deteriorate until such a point where more expensive treatments would be required in order to bring the network back up to standard.

4.6 Telford's roads continue to be some of the best condition regionally. Significant improvements have been made to the overall condition of footpaths and major improvements made to drainage, structures, street furniture and road markings.

4.7 For 2021/22, the proposal is to invest £21.594m as follows:

- £7.635m into roads and footpaths
- £1.2m into Structures
- £1.15m into drainage and council owned assets
- £0.671m into street furniture, lighting and lines
- £2.583m into sustainable transport, parking and safety schemes
- £8.355m into major projects

4.8 In line with the Council's plan to Protect, Care and Invest in our borough, a further significant 2 year investment from the council of £28.79m is proposed for 2022/23 and 2023/24. This outlay will allow for the following investments over 2 years from 2022/23:

- £13.63m into roads and footpaths

- £2.4m into Structures
- £2.3m into drainage and council owned assets
- £1.74m into street furniture, lighting and lines
- £4.406m into sustainable transport, parking and safety schemes
- £4.314m into major projects and Environmental Improvements

4.9 The planned £50.38m of funding set out in this report over the next three financial years will significantly improve the current condition of the Council's highway assets as well as upgrading vital infrastructure, reducing risks to the public and facilitating sustainable transport.

4.10 The Council entered into a contract with Balfour Beatty Living Places in April 2019. The contract continues to provide significant benefits through better performance management, a focus on getting things right first time as well as providing £1.4m of savings over the course of the contract. In addition to this the contract brings significant social value benefits including providing 3 apprenticeships and one graduate placement, 60% of spend locally, volunteering and materials to support local initiatives. The new contract has also delivered new approaches such as cleansing every single gully twice in Telford for 2 the last years. A targeted intelligent cleansing programme will commence in 2021. Working in collaboration with Balfour Beatty to deliver all infrastructure improvements via a single contract has reduced procurement costs and timescales and ensures efficient delivery of schemes. In total the combination of this significant funding and the contract moving into maturity will provide significant benefits in supporting our communities and improving the condition of the highway network.

Table 1 – Summary of Funding Sources

Source	**2021-22** £'000	**2022-23** £'000	**2023-24** £'000	**Total 3-Year Programme £'000**
3-Year Budget				
Council Capital				
Highways maintenance and improvements	8,281	7,300	9,300	24,881
Integrated Transport	780	0	0	780
Total Council Capital	**9,061**	**7,300**	**9,300**	**25,661**
External Funding				
Highways maintenance** and improvements	11,594*	5,157*	5,157*	21,908
Integrated Transport	939*	939*	939*	2,817
Total External Funding Capital	**12,533**	**6,096**	**6,096**	**24,725**
Total Funding	**21,594**	**13,396**	**15,396**	**50,386**
Indicative Grant Allocations	**(6,096)**	**(6,096)**	**(6,096)**	**(18,288)**
Funding per Capital Programme	**15,498**	**7,300**	**9,300*** **	**32,098**

*Unconfirmed subject to Government Confirmation from Full Comprehensive Spending Review

** Subject to remaining a Band 3 Authority

******* £300k included within Asset Management Plan – General Works & Surveys

Table 2 – Summary of Highways & Transport Capital Programme

Highway Programme Area	**2021-22**	**2022-23**	**2023-24**	**Total 3-Year Programme**
	£'000	£'000	£'000	**£'000**
Maintenance of Existing Assets				
Carriageway Maintenance	6,180	5,900	6,000	18,080
Footpath maintenance	1455	865	865	3,185
Structures maintenance	1,200	1,000	1,400	3,600
Street lighting maintenance	100	100	500	700
Drainage Maintenance	700	700	1,000	2,400
Street furniture	421	421	421	1,263
Road Markings	150	150	150	450
Council Owned Assets	450	300	300	1,050
Maintenance Programme sub-total	**10,656**	**9,436**	**10,636**	**30,728**
Transport & Major Schemes (Improving and Amending the Highway Network)				
Scheme Development	157	157	657	971
Sustainable Transport Improvements	1,540	760	900	3,200
Environmental Improvement Schemes		1,500	2,000	3,500
Residential Parking Improvements	240	740	400	1,380
Safety Schemes	603	603	603	1,809
Transport Modelling	200	200	200	600
Eastern primary Major Investment Programme	6,000			6,000
Telford Growth Package	2,198	-	-	2,198
Transport & Major Schemes-sub-total	**10,938**	**3,960**	**4,760**	**19,658**
Total Investment Programme	**21,594**	**13,396**	**15,396**	**50,386**
Indicative Grant Allocations	**(6,096)**	**(6,096)**	**(6,096)**	**(18,288)**
Total per Capital Programme	**15,498**	**7,300**	**9,300**	**32,098**

5 IMPACT ASSESSMENT – ADDITIONAL INFORMATION

5.1 Community Impact

Maintaining the highway and transport network is key to ensuring that people are able to travel for work and education, for accessing services and for leisure activities. The network is used on a daily basis by residents and visitors to the Borough and in terms of service use is likely to be the most used service the Council provides. The condition of the highway and its surroundings can have a significant influence on the overall perception of the quality of the physical environment wherever possible we maximise on opportunities to improve the local environment for the benefit of local communities. As part of the Cooperative Council approach, the council's contract with Balfour Beatty delivers 60% of spend locally, apprenticeships and local employment.

5.2 Equalities Impact

Where possible, as part of the capital programme, improvements to accessibility will be carried out, such as the provision of dropped kerbs and tactile paving. This allows the Council to support its Local Transport Plan objective of improving accessibility.

5.3 Environmental Impact

Environmental improvements are incorporated into schemes wherever appropriate in order to support the recognition that highway and footpath condition can have a significant bearing on the perceived environmental quality of an area. Again, by identifying links with other programme the Council will aim to take a Total Place approach when delivering highways schemes, thereby ensuring that both environmental and highways issues are addressed. The Council will be seeking to use recycling of materials and new more sustainable surfacing treatments, in collaboration with other local authorities, with the aim of reducing the Council's Carbon Emissions. Investment into Sustainable transport also improves access and quality of modes other than cars

PREVIOUS MINUTES

Cabinet 20 February 2020 – Service & Financial Planning 2020/21 to 2023/24

Report prepared by Dean Sargeant –Director: Neighbourhood & Enforcement Services

TELFORD & WREKIN COUNCIL **COUNCIL – 4 MARCH 2021** **2021/22 INVESTMENT STRATEGY REPORT** **REPORT OF THE CHIEF FINANCE OFFICER (DIRECTOR: FINANCE & HUMAN RESOURCES)** **LEAD CABINET MEMBER – CLLR RAE EVANS**

PART A – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

1.1 The 2021/22 investment strategy meets the requirements of statutory guidance issued by the government. It focuses on non-treasury investments i.e. investments made to support local public services and commercial investments which primarily deliver service priorities but also provide a return to the Council.

1.2 The strategy sets out the Council's non-treasury investments, outlining the contribution they make towards service delivery objectives, risk management arrangements and liquidity.

1.3 The strategy also includes a number of indicators which provide context and proportionality.

2.0 RECOMMENDATIONS

2.1 Members are asked to approve the Investment Strategy for 2021/22.

3.0 SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific priority plan objectives?	
	Yes/ ~~No~~	Service and Commercial deliver benefits to the Community as their primary objective well as generating income which supports the Council's overall financial position and delivery of front line services and therefore the delivery of all policy objectives.
	Will the proposals impact on specific groups of people?	
	~~Yes~~/ No	
TARGET COMPLETION / DELIVERY DATE	Part of ongoing delivery of Service & Financial Planning Strategy and Council Plan approved by Council.	

FINANCIAL/VALUE FOR MONEY IMPACT	Yes/ ~~No~~	Where appropriate these are detailed in the body of the report**.**
LEGAL ISSUES	Yes/ ~~No~~	The Investment Strategy has to comply with MHCLG Investment Guidance.
OTHER IMPACTS, RISKS AND OPPORTUNITIES	Yes/ ~~No~~	The key opportunities and risks associated with the Investment Strategy are set out in the body of the report
IMPACT ON SPECIFIC WARDS	~~Yes~~/ No	

PART B – ADDITIONAL INFORMATION

4.0 BACKGROUND

4.1 The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where the main purpose is to deliver service benefits however they may also deliver a net income stream to the Council).

4.2 This investment strategy for 2021/22, meets the requirements of statutory guidance issued by the government, and focuses on the second and third of these categories.

4.3 Reducing dependency on Government Grants is an important part of our financial strategy and we have actively sought out opportunities that deliver a range of service objectives but, in some cases also provide some net income to the Council. Any additional income generated helps protect front line services and delivers the Council's priorities. Invest-to-Save schemes such as the solar farm or the Housing Investment Programme and investment in the Property Investment Portfolio importantly deliver wider environmental, social or economic benefits and also earn a surplus which can be used to help protect front line services as the surplus generated helps to reduce the impact on the revenue budget of Government cuts to our grants. The Council will, however, carefully assess each potential new investment through a proper due diligence and business case process to ensure that it does not expose the Council to an unacceptable level of risk either on an individual basis or when considering the entire investment portfolio of the Council.

5.0 TREASURY MANAGEMENT INVESTMENTS

5.1 The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to normally fluctuate between £10m and £20m during the 2021/22 financial year. There may be exceptional circumstances where market conditions favour borrowing and investments will exceed £20m on a short-term basis from time to time due to differing maturity dates or certain periods of the year when markets are less liquid and it is appropriate to hold more cash investments; further, the receipt of grant funding, such as the Government's emergency Covid funding, may result in investments being higher at points during the year.

5.2 **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities as part of the Council's overall sound financial management arrangements.

5.3 **Further details:** Full details of the Authority's policies and its plan for 2021/22 for treasury management investments are covered in a separate document, the treasury management strategy, also on this agenda.

6.0 SERVICE INVESTMENTS: LOANS

6.1 The Council has granted loans to Nuplace Ltd, its wholly owned company, AFC Telford and Ironbridge Gorge Museum Trust. Each makes a valuable contribution to the community and aligns with the Council's objectives:

Nuplace	Nuplace constructs and manages the delivery of private and affordable residential property for rental. Through Nuplace, the Council is increasing the quality of the private rented sector provision, regenerating brownfield land sites and stimulating economic growth.
IGMT	IGMT is a key contributor to the local economy and tourism. The Trust also provide high-quality education services for all ages, volunteer opportunities and support for inward-investment into the Borough.

AFC Telford	AFC Telford provide opportunities to enhance community and club sport, leisure and learning facilities in the Borough.

6.2 The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. Loans granted are considered on an individual basis, with the appropriate approvals, and include safeguards to minimise the Council's risk:

Nuplace	The company is delivering an appreciating asset i.e. houses and ultimately the proceeds from the sale of some or all of these assets could repay the loan.
IGMT	The loan agreement includes a financial guarantee from The Ironbridge (Telford) Heritage Foundation Limited, which covers the outstanding amount of the loan.
AFC Telford	The Council owns the freehold of the ground; the loan was granted to fund a new fire alarm system at the ground.

6.3 In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes in £ millions

Category of Borrower	**Net figure in accounts 31.3.2020**	**Approved Limit**
Nuplace	32.559	£81m
IGMT	0.150	Balance owing
AFC Telford	0.022	Balance owing
TOTAL	**32.731**	

International Accounting standards require the Authority to set aside loss allowances for loans, calculated to meet accounting requirements rather than any expectation of actual likely repayment issues. The figures for loans in the Authority's statement of accounts are shown net of this loss allowance. However, the Authority clearly makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments. It is not currently anticipated that any of the loss allowances will be required.

6.4 The Authority assesses the risk of loss before entering into and whilst holding service loans on a case by case basis. This could be as part of a business case appraisal, as was the case for Nuplace, or as part of individual reports taken to Council/Cabinet for smaller loans. Where appropriate external advisors would be used to inform the decision making process. Nuplace risks are regularly monitored through the Housing Investment Programme Board.

6.5 The Council may grant loans to other organisations, such as Town and Parish Councils, where there is a clear contribution to the community and alignment with the Council's objectives. A separate report will be presented to Cabinet for approval in relation to all such loans.

7.0 SERVICE INVESTMENTS: SHARES

7.1 The Council invests in the shares of Nuplace which contributes to its overall objectives, as described in 6.1 above.

7.2 One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Table 2: Shares held for service purposes in £ millions

Company	Amounts invested	Value in accounts 31.3.2020	Approved Limit
Nuplace	13.300	13.300	30.142
TOTAL	**13.300**	**13.300**	

7.3 The Authority assesses the risk of loss before entering into and whilst holding shares on a case by case basis. The assessment of risks in relation to Nuplace are as described in para. 6.4 above.

7.4 **T**he maximum periods for which funds may prudently be committed are considered on a case by case basis as part of the business case process. The agreement with Nuplace is in place for a 30 year period, commencing 2015. Investment in Nuplace, through loan and equity is regularly monitored by senior finance officers to ensure it stays within the agreed limits.

7.5 **Non-specified Investments:** Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

8.0 INVESTMENTS WHICH DELIVER SOME NET INCOME AS WELL AS SERVICE BENEFITS: PROPERTY

8.1 The Council holds a number of individual sites for regeneration and economic development purposes: which also deliver some net income e.g. the Property Investment Portfolio (PIP). The original PIP assets were received from the commission for New Towns in order to deliver income that would offset the ongoing revenue liabilities transferred to the Council as Telford Development Corporation was wound-up. The PIP is estimated to generate £7.5m gross income in 2020/21. The Council has established a Growth fund to strengthen and grow the PIP which is being used to invest directly into land and property enabling local businesses to expand and attracting new investors which boosts jobs and the economy, as well as delivering additional direct income and a share of additional retained business rates (between system resets). The Council has also invested in a solar farm which delivers £0.2m net profit per annum as well as having broader environmental benefits through supporting the generation of renewable energy.

Table 3: Property held for investment purposes in £ millions

Property	Purchase Cost	31.3.2020 Actual	31.3.2021 Estimated
		Value in accounts	Value in accounts
Property Investment Portfolio	48.692	102.143	103.4
Solar Farm – land and equipment	3.787	5.519	5.4
TOTAL	**52.479**	**107.662**	**108.8**

8.2 In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2020/21 year end accounts preparation and audit process value these properties below their purchase cost, then the position will be reviewed.

8.3 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding property investments on a case by case basis. The Director: Prosperity & Investment has delegated authority to manage the PIP and make decisions in relation to PIP investments and disposals and undertakes an assessment of risk as part of this process.

8.4 **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell at an acceptable price in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority has a process in place to plan for, manage and monitor capital receipts. Temporary borrowing may be undertaken where receipts are delayed. Updates are taken to Cabinet as part of the regular Financial Monitoring Reports.

9.0 PROPORTIONALITY

9.1 Income from investment activity is used to support the revenue budget. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Authority is dependent on achieving the expected net profit from investments over the medium term. Should it fail to achieve the expected net profit, the Authority's contingency plans for continuing to provide these services are: that the revenue budget includes a contingency; the delivery of further savings; the use of balances (in the short-term); review of investment activities and action plan to recover position/identify alternative options.

Table 4: Proportionality of Investments

	2019/20 Actual	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast
Gross service expenditure - £m	409.9	414.5	400.7	402.7
Net Investment income - £m	7.0	7.2	7.4	7.4
Proportion	1.7%	1.7%	1.8%	1.8%

10.0 OTHER INVESTMENTS - HCA Land Deal

10.1 The Telford Land Deal is a uniquely negotiated deal between the Council, Homes England (formerly HCA) and MHCLG through which Homes England/MHCLG have committed to invest £44.5m from the sale of Government owned land in Telford to invest in the local area supporting the delivery of new homes, jobs and commercial floor space.

10.2 The deal is based on a risk-reward model which requires the Council to make investment into site preparation up front, at risk, with this investment recouped from land receipts. The Council manages the delivery programme and is able to influence investment decisions through the Land Deal Board.

10.3 Since the Deal was established gross land sales of £31.4m have been secured, enabling the delivery of 753 new homes and over 1,400 new jobs. The Council has spent £17.1m in bringing forward sites for development recouped from land sales and the total profit share delivered to the local area to date is £4.8m.

10.4 The Investment and Disposal plan is continually reviewed with agreement of the Land Deal Board.

11.0 CAPACITY, SKILLS AND CULTURE

11.1 **Elected members and statutory officers:** reports taken to Cabinet/Council include sections on the financial and legal implications and risks. Cabinet Members are regularly briefed by Directors. An invest to save proposal is completed for each Growth Fund investment which is approved by the Director: Prosperity & Investment after consultation with the Chief Financial Officer and the Lead Cabinet Member. There is a Member Housing Investment Board which receives regular, detailed updates in relation to Nuplace. officers negotiating commercial investments work closely with Finance colleagues to ensure the core principles of the prudential framework and regulatory regime are complied with.

11.2 **Corporate governance:** where not already detailed, separate reports will be taken to Cabinet/Council in relation to new major investment decisions.

12.0 INVESTMENT INDICATORS

12.1 The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

12.2 This indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

Table 5: Total investment exposure in £millions

Total investment exposure	31.03.2020 Actual	31.03.2021 Forecast	31.03.2022 Forecast
Treasury management investments	30.454	20.000	20.000
Service investments: Loans	32.763	39.478	57.099
Service investments: Shares	13.300	15.668	23.601
Commercial investments: Property	107.662	108.810	123.302
TOTAL INVESTMENTS	**184.179**	**183.956**	**224.002**
Commitments to lend	0.000	0.000	0.000
Guarantees issued on loans	0.000	0.000	0.000
TOTAL EXPOSURE	**184.179**	**183.956**	**224.002**

12.3 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is less straight forward. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Table 6: Investments funded by borrowing in £millions

Investments funded by borrowing	31.03.2020 Actual	31.03.2021 Forecast	31.03.2022 Forecast
Treasury management investments	30.454	20.000	20.000
Nuplace	43.345	52.428	78.028
Property	52.479	53.457	67.296
Other Loans	0.204	0.204	0.158
TOTAL FUNDED BY BORROWING	**126.482**	**126.089**	**165.482**

12.4 Rate of return received

The Council receives 5.29% and 5.18% interest on the loans charged to Nuplace, per annum. Net income from Nuplace, including loan interest, was £1.2m in 2019/20 and is projected to be around £1.4m in 2020/21. The long term return on the equity investment is 6%.

The Return on Investment relating to the PIP Growth Fund is 4.6%, after the cost of borrowing and is projected to continue at this level.

12.5 Other Investment Indicators

Table 7: Other investment indicators

Indicator	2019/20	2020/21 Forecast	2021/22 Forecast
Financing Costs to Net Revenue Stream	5.06%	5.38%	6.39%
Commercial income to net revenue expenditure ratio	5.8%	5.5%	5.7%

13.0 PREVIOUS MINUTES
None

14.0 BACKGROUND PAPERS
Statutory guidance on Local Authority Investments
Treasury Strategy
Capital Strategy

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TELFORD & WREKIN COUNCIL

COUNCIL – 4 MARCH 2021

2020/21 TREASURY UPDATE REPORT AND 2021/22 TREASURY MANAGEMENT STRATEGY

REPORT OF THE CHIEF FINANCE OFFICER (DIRECTOR: FINANCE & HUMAN RESOURCES)

LEAD CABINET MEMBER – CLLR RAE EVANS

PART A – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

1.1 The report updates members on Treasury Management activities during 2020/21 to-date and details the Treasury Strategy recommended to be adopted for 2021/22.

The strategy in 2020/21 and recent years has been to limit investments in third parties, which reduces the Council's exposure to counterparty risk, and to take advantage of lower interest rates for borrowing. Maintaining high levels of very cheap temporary financing has generated surplus treasury management returns of more than £20.7m in over the past 5 years which has reduced the impact of Government cuts to the Council's grants and therefore helped to protect front line services.

In November 2020 the Public Works Loan Board (PWLB) (currently the main source of long-term lending for Local Authorities), following consultation, removed the 100 basis points increase imposed from October 2019. However, in conjunction with this the Government has also published revised lending terms for the PWLB which stipulate that PWLB loans will no longer be available to local authorities planning to buy investment assets primarily for yield. This strategy is based on the premise that the authority intends to avoid this activity in order to retain access to PWLB loans.

It should be noted that the Council's budget for 2020/21 and the Cabinet's proposals issued for consultation in January 2021 for 2021/22 include an allowance for locking in all the anticipated financing requirement at fixed interest rates that are higher than current PWLB rates for any duration (from 1 year to 50 years) which ensures that the Council's budget in relation to Treasury Management is robust. The Council will continue to receive regular advice from a firm of independent expert advisors specialising in all aspects of local government treasury management and we will act in accordance with the advice received.

The report also sets out expected external financing requirements. We have an excellent track record of complying with all the prudential indicators and limits agreed by Council and are operating well within the overall approved credit ceiling. The proportion of the Council's net revenue budget used to service loan repayment is 9.7% in the current financial year. This compares to 10.1% for the average unitary authority. The Council has increased its external financing requirements in recent years to include investment in NuPlace which provides high quality homes for rent from a reliable landlord, mainly at market rent levels and has enabled brownfield sites to be brought back in to use. The council has also expanded the Property Investment Portfolio (the PIP) to attract and retain jobs for local people and to provide other regeneration benefits for our residents. An ancillary consequence of these investments is that it is anticipated they will bring long term capital growth which will strengthen the Council's balance sheet as well as generating revenue returns well in excess of the associated loan repayment charges. They will also bring other direct and indirect financial and other benefits to the residents of the Borough including additional income from council tax, business rates and new homes bonus which will be used to help support front line services such as Adult Social Care, as well as protecting and creating jobs for local people. The Council's solar farm generates an index linked surplus of around £200k pa which is also used to help support front line services.

This report, and the Prudential Indicators report, which will be considered by Cabinet on 18th February and Full Council on 4th March, set out our overall approach to treasury management and the controls that are put in place to ensure that council taxpayers' interests are protected and risks are managed as effectively as possible.

1.2 2020/21 TREASURY MANAGEMENT UPDATE

The treasury portfolio at the end of December 2020 showed overall net indebtedness of £242.5m (borrowing: £267.9m less investments: £25.4m). Base rates have remained at 0.10% throughout 2020/21 and are not expected to increase in the short term.

The borrowing strategy for 2020/21 is a continuation of that used for recent years which has provided considerable benefits to the Council, i.e. to:-

- take new borrowing within shorter maturities before gradually lengthening maturities, and
- take advantage of longer term loans when opportunities arise.

The Authority has previously raised the majority of its long-term borrowing from the PWLB but the government increased PWLB rates by 1% in October 2019 making it a relatively expensive option. A HM Treasury consultation exercise on lowering PWLB rates concluded in July 2020 and new lending terms were published in November 2020. These confirmed a reduction of 1% in all Standard Rate and Certainty Rate PWLB loans but with a condition of accessing the PWLB being that local authorities will be asked to confirm that there is no intention to buy investment assets primarily for yield in the current or next two financial years.

To date in 2020/21 part of our Equal Instalment of Principal PWLB loans have matured. No new PWLB loans have been taken in 2020/21. Instead, short term borrowing has been used to fund short term cash flow requirements and take advantage of low interest rates.

As referred to above, a large part of the Council's total existing borrowing and planned further borrowings relates to funding projects which will deliver important and significant housing and regeneration benefits as well as generating some income. These are budgeted to generate returns in excess of the annual loan repayment charges and other operating costs.

The overall investment strategy for 2020/21 is to gain maximum benefit but with security of the principal sum invested being the primary consideration. The weighted average return on internal investments at the end of December 2020 was 0.0% compared to a negative benchmark return for the period based on the average UK Debt Management Office's Debt Management Account Deposit Facility overnight rate.

A schedule of short-term investments is shown at Appendix F.

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

1.3 TREASURY MANAGEMENT STRATEGY 2021/22

The Council's Treasury Management Strategy is set within the parameters of the relevant statute, guidance and accounting standards which include the Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services and the Prudential Code.

The Council is currently expected to need to borrow up to £60.2m in 2021/22 based on the current capital programme plans and will adopt a flexible approach to borrowing. In consultation with its treasury management advisors consideration will be given to affordability, maturity profile of existing external financing, interest rate and refinancing risk as well as borrowing source, which is usually expected to be other local authorities or the Public Works Loan Board, but may also include the LGA Municipal Bonds Agency, European Investment Bank or commercial sources, and any new opportunities which may arise.

The strategy for any investments will generally be to reduce investments in order to reduce counter-party risk and to reduce net interest costs as longer-term borrowing rates will tend to be greater than we are able to earn on new investments, but we will look to lengthen investment periods, where cash flow permits, to achieve higher interest rates within acceptable risk parameters. We would generally anticipate holding investments equal to the requirements set out under MIFID II, currently £10m. Maximum investment levels with counterparties will be set to ensure prudent diversification is achieved whilst recognising that the strict investment criteria that the Council applies severely reduces the number of suitable available counterparties and therefore sums with individual counterparties may be up to £15m at any one time.

The report also includes: the Council's Minimum Revenue Provision Statement - the policy is in line with that previously agreed and the Prudential Indicators associated with Treasury Management for 2021/22.

2. RECOMMENDATIONS

2.1 Members are asked to

1. Note the treasury management activities for the first half year,
2. Note the Treasury Management Policy Statement (Appendix A) and
3. Recommend full Council approve the Treasury Strategy, including the Annual Investment Strategy for 2021/22 together with the associated Treasury Prudential Indicators and the Minimum Revenue Provision Statement, which will apply from 2020/21 onwards.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific priority plan objectives?	
	Yes	Maximisation of investment income whilst managing risks and minimising borrowing costs helps to support the Council's overall financial position and therefore the delivery of all service and policy objectives.
	Will the proposals impact on specific groups of people?	
	No	
TARGET COMPLETION / DELIVERY DATE	Part of ongoing Treasury Management Activities within the Treasury Management Strategy and Policy approved by Council.	
FINANCIAL / VALUE FOR MONEY IMPACT	Yes	Where appropriate these are detailed in the body of the report.
LEGAL ISSUES	Yes	The Council's Treasury Strategy has to comply with the relevant statute, codes and guidance which are set out both in the main body of this report and its appendices. This reports demonstrates that the Council has had regard to the CIPFA guidance as required by the Local Government Act 2003. The Director: Finance & Human Resources (Section 151 Officer) has responsibility for the administration of the financial affairs of the Council. In providing this report the Director: Finance & Human Resources is meeting one of the responsibilities of the post contained within the Council's Constitution at Part 2, Article 12, paragraph 12.04(f) which states "The Chief Financial Officer will contribute to the promotion and maintenance of high standards of governance, audit, probity and propriety, risk management and the approval of the statement of accounts through provision of support to the Audit Committee." This requirement within the Constitution reflects the requirements of the Local Government Finance act

		1988 to appoint an officer who is responsible for the good financial administration of an authority. The Local Government Finance Act 1992 requires authorities to set a balanced budget; the proposals in this report, together with other budget-related reports, demonstrates that the Council meets this requirement. AL 10/1/2021
OTHER IMPACTS, RISKS AND OPPORTUNITUES	Yes	The key opportunities and risks associated with treasury management activities are set out in the body of the report and in the Treasury Management Strategy and Policy approved by Council and will be regularly monitored throughout the year.
IMPACT ON SPECIFIC WARDS	No	

PART B – ADDITIONAL INFORMATION

4. 2020/21 TREASURY MANAGEMENT UPDATE

4.1 CURRENT PORTFOLIO POSITION

	31 March 2020	***31 Dec 2020***
	Principal £m	**Principal £m**
Fixed Rate Borrowing – PWLB	176.637	169.838
Fixed Rate Borrowing – LOBO	25.000	25.000
Fixed Rate Borrowing – Market	15.000	15.000
Variable Rate Borrowing – Temporary Market	59.548	58.048
Total External Financing	**276.185**	**267.886**
Investments (excl. NuPlace share capital)	30.583	25.384
Total Investments	**30.583**	**25.384**
Net Indebtedness (excl. NuPlace)	**245.602**	**242.502**
Investment in NuPlace	13.300	14.800
	232.302	**227.702**

4.2 Interests Rates

UK interest rates have remained at 0.10% throughout 2020/21 to date. On the 5th November 2020 the Bank of England increased its Quantitative Easing programme to £895bn. This is an increase of £460bn since the beginning of the financial year, in response to the UK Government's increase in borrowing to fund the fight against COVID19. Our treasury management advisors, are forecasting the Bank Rate to remain at the current 0.1% level until the first quarter of 2024, but further cuts to zero or possibly negative cannot be ruled out. Gilt yields are expected to remain very low in the medium-term while short-term yields are likely to remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

4.3 Borrowing & Rescheduling

The borrowing strategy for the current year has been to borrow temporarily to take advantage of low interest rates where possible and to undertake new longer term borrowing initially in shorter maturities before gradually extending maturities.

Rescheduling

During 2020/21 no rescheduling of debt has taken place as market conditions have not been favourable, however the scope for opportunities is regularly monitored.

New Borrowing

Between the period 1 June 2020 (previous Member update) and 31 December 2020, £68.0m of temporary loans have been raised in order to fund short-term cash flow requirements at various points. Interest rates have ranged from 0.05% to 0.33% - interest rates have remained low during this time. Outstanding temporary borrowing at 31 December 2020 was £58.0m

To date in 2020/21 part of our Equal Instalment of Principal PWLB loans have matured. No new PWLB loans have been taken in 2020/21.

4.4 Investments

The strategy for the current year is: The Authority's objective when investing money is to strike an appropriate balance between risk and return.

The majority of the Council's investments are internally managed – currently just temporary investments for cash flow purposes.

Temporary Investments

The majority of funds are invested following consideration by Council officers in order to maximise returns from day to day cash flows. In total £5,783m of investments were placed between 1 June and 31 December. Interest rates have ranged from -0.095% to +0.24% and periods ranged from overnight deposits to 3 days. £25.384m temporary investments were held at 31 December 2020.

The Council have placed investments using the UK DMO Debt Management Account Deposit Facility when interest rates associated with this counterparty have been negative. This effectively means that the Council has paid (albeit a very small amount) to ensure that investments have maximum security, in line with the CIPFA Prudential Code.

Longer Term Investments

We currently hold no longer term investments.

It should be noted that under the current guidance from our Treasury Advisors our investment policy would mean that new deposits with financial institutions should not be placed for longer than 13 months

Overall the weighted average return on all internal investments for the year to date was 0% compared to a negative benchmark return for the period due to the COVID19 pandemic.

Overall Position and Exposure

A full analysis of all Council investments at the end of December 2020 is shown in Appendix F.

Our current counterparty limit and maximum exposure is £15.0m for the current year with any one counterparty, with exception of the DMO which is unlimited as it is Government guaranteed. At the end of December the greatest exposure with a single counterparty was £16.8m with UK DMO (66.2% of the total portfolio).

The Council is guided by its Treasury advisers in assessing investments.

4.5 Leasing

Each year the Council arranges operating and finance leases for assets such as vehicles, computers and equipment. This helps to spread the cost over a number of years.

There have been no drawdowns to date in 2020/21.

5. TREASURY STRATEGY FOR 2021/22

5.1 Background

5.1.1 The CIPFA Treasury Management Code of Practice

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore potentially exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit (if any) are considered in a different report, the Investment Strategy, which is also part of the Service & Financial Planning suite of reports considered by Cabinet and full Council.

5.1.2 External Context

Economic background: The impact on the UK from coronavirus, lockdown measures, the rollout of vaccines, as well as the new trading arrangements with the European Union (EU), will remain major influences on the Authority's treasury management strategy for 2021/22.

The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and Quantitative Easing programme at £895 billion having extended it by £150 billion in the previous month. The Monetary Policy Committee (MPC) voted unanimously for both, but no mention was made of the potential future use of negative interest rates. In the November Monetary Policy Report (MPR) forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast. By the time of the December MPC announcement, a COVID-19 vaccine was approved for use, which the Bank noted would reduce some of the downside risks to the economic outlook outlined in the November MPR.

UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year, down from 0.7% in the previous month. Core inflation, which excludes the more volatile components, fell to 1.1% from 1.5%. The most recent labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to 75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In October, the headline 3-month average annual growth rate for wages were 2.7% for total pay and 2.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up by 1.9% while regular pay was up 2.1%.

GDP growth rebounded by 16.0% in Q3 2020 having fallen by -18.8% in the second quarter, with the annual rate rising to -8.6% from -20.8%. All sectors rose quarter-on-quarter, with dramatic gains in construction (41.2%), followed by services and production (both 14.7%). Monthly GDP estimates have shown the economic recovery slowing and remains well below its pre-pandemic peak. Looking ahead, the BoE's November MPR forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in November, the fourth successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time but expanded its monetary stimulus in December 2020, increasing the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

The US economy contracted at an annualised rate of 31.4% in Q2 2020 and then rebounded by 33.4% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.

Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organization.

Credit outlook: After spiking in late March as coronavirus became a global pandemic and then rising again in October/November, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 and 2021 may be significantly lower than in previous years.

The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.

Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

Interest rate forecast: The Authority's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the first quarter of 2024. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the new EU trading arrangements.

The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold and maintained this position in December. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

Gilt yields are expected to remain very low in the medium-term while short-term yields are likely to remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.60% and 0.90% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

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

For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 0.06%, and that new long-term loans will be borrowed at an average rate of 2.5%.

5.1.3 Local Context

The Authority's current level of external financing and investments is set out at Appendix B.

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The CFR, together with Usable Reserves, are the core drivers of the Authority's Treasury Management activities.

The Authority is able to borrow funds in excess of the current level of its CFR up to the projected level in 2023/24. The Authority is likely to only borrow in advance of need if it felt the benefits of borrowing at interest rates now compared to where they are expected to be in the future, outweighs the current cost and risks associated with investing the proceeds until the borrowing was actually required.

The forecasted movement in the CFR in coming years is one of the Prudential Indicators (PIs). The estimates, based on the current Revenue Budget and Capital Programmes, are:

Capital Financing Requirement (CFR)

	31/03/20 Actual £m	31/03/21 Estimate £m	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m
Capital Financing Requirement	460.087	481.408	541.572	573.530	590.381
Less: Other long term liabilities (e.g. PFI)	-51.288	-50.046	-50.895	-48.009	-44.837
Borrowing CFR	**408.799**	**431.362**	**490.677**	**525.521**	**545.544**
Less: External Borrowing	-276.185	-299.533	-359.746	-395.552	-416.409
Internal Borrowing	**132.614**	**131.829**	**131.829**	**129.969**	**129.135**

The table above shows an increasing Capital Financing Requirement and will require the Council to undertake additional longer term borrowing. Conversion from temporary borrowing to fixed long-term borrowing may also be required at the most appropriate time for the Council dependent on market conditions.

The row relating to external borrowing includes debt associated with funding the Council's Housing Investment Programme through NuPlace, the Telford Growth Fund/PIP investments, solar farm and other investments that have an element of income generation. The anticipated income from these projects is projected to generate a surplus after funding the debt and operational costs which will be used to support front line services. The outstanding debt relating to the Housing Investment Programme could be repaid by the eventual sale, in many years' time, of some or all of the properties held by the Council's wholly owned company.

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. The CFR Table above shows that the Authority expects to fully comply with this recommendation.

5.1.4 Borrowing Strategy

The Authority currently holds £267.886m of loans, a decrease of £8.299m on the previous year, due to positive cash flow and as part of its strategy for funding previous years' capital programmes. The balance sheet forecast included in the CFR Table above shows that the Authority expects total cumulative borrowing to be up to £299.533 by the end of 2021/22 in line with the approved Capital Programme. The Authority may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing.

Objectives: The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. Whilst such a strategy is most likely to be beneficial over the next 1 – 2 years as official interest rates remain low, it is unlikely to be sustainable in the medium-term. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. External advisors will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Authority has previously raised the majority of its long-term borrowing from the PWLB but the government increased PWLB rates by 1% in October 2019 making it a relatively expensive option. A HM Treasury consultation on lowering PWLB rates concluded in July 2020 and new lending terms were published in November 2020. These confirmed a reduction of 1% in all Standard Rate and Certainty Rate PWLB loans but with a condition of accessing the PWLB being that local authorities will be asked to confirm that there is no intention to buy investment assets primarily for yield in the current or next two financial years. The Authority may also consider alternative options for borrowing any long-term loans, such as banks, pension funds and local authorities, and the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow further short-term loans to cover unplanned cash flow shortages.

Sources of Borrowing: The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly PWLB)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- Registered Housing providers
- Capital market bond investors

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to meet its obligations for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable.

LOBOs: The Authority holds £25.0m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. £20m of these LOBOs have remaining options prior to the end of the financial year, and although the Authority understands that lenders are very unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. Rates payable were competitive compared to PWLB rates at the time that the loans were taken out. The

Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Total borrowing via LOBO loans will not increase from the current £25.0m.

Short-term and variable rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk.

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

5.2 Investment Strategy

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the current financial year, the Authority's investment balance has ranged between £13.6m and £70.6m. We expect to maintain an investment balance of between £10.0m and £20.0m in the forthcoming year – unless the MIFID requirement is relaxed in which case the amount of investment held may reduce.

Objectives: The CIPFA Code requires the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative Interest Rates: The COVID-19 pandemic has increased the risk that the Bank of England will set its Base Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested. In this event, the Council would seek, to the extent possible, to minimise and keep the impact of negative rates as low as possible within the framework of the Council's creditworthiness policy.

Strategy: All of the Authority's surplus cash remains invested in the UK Government through the Debt Management Account Deposit Facility (DMADF), short-term unsecured bank deposits and money market funds. This diversification of investments will represent a continuation of the strategy adopted in 2020/21.

Business models: Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties: The Authority may invest its surplus funds with any of the counterparty types listed in the table below, subject to the cash limits (per counterparty) and the time limits shown.

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£15.0m	Unlimited
Secured investments*	25 years	£15.0m	Unlimited
Banks (unsecured)*	13 months	£15.0m	Unlimited
Building societies (unsecured)*	13 months	£15.0m	Unlimited
Registered providers (unsecured)*	5 years	£15.0m	Unlimited
Money market funds*	n/a	£10.0m	Unlimited
Strategic pooled funds	n/a	£10.0m	Unlimited
Real estate investment trusts	n/a	£10.0m	Unlimited
Other investments*	5 years	£7.5m	Unlimited

This table must be read in conjunction with the notes below

Minimum credit rating: Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Government: Loans to, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is a lower risk of insolvency, although they are not without risk. Investments with the UK Government may be made in unlimited amounts for up to 50 years.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

Operational bank accounts: The Authority may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £15.0m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,

- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn [on the next working day] will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority’s treasury management adviser. No investments will be made with an organisation if officers working on treasury management issues have substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Investment Limits: The Authority has revenue reserves, which could be used to cover investment losses which were £114.988m on 1st April 2020 although not all of these are available. In order that no more than 50% of reserves (as recommended by the code) will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £15 million, which is clearly well within the limit. A group of banks under the same ownership or a group of funds under the same management will be treated as a single organisation for limit purposes.

Limits will also be placed on investments in brokers’ nominee accounts (e.g. King & Shaxson), foreign countries and industry sectors. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Approved Instruments: The Authority may lend or invest money using any of the following instruments:
- interest-bearing bank accounts

- fixed term deposits and loans
- callable deposits and loans where the borrower may repay before maturity, but subject to a maximum of £5 million in total
- certificates of deposit
- bonds, notes, bills, commercial paper and other marketable instruments, and shares in money market funds and other pooled funds,

Investments may be made at either a fixed rate of interest, or at a variable rate linked to a market interest rate, such as LIBOR, subject to the limits on interest rate exposures below.

Liquidity management: The Authority uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium term financial plan and cash flow forecast.

5.3 Ethical Investments

The Council will not knowingly directly invest in organisations whose activities include practices which directly pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the mission and values of the Council. At the same time the Council will take full responsibility for proper management of risk and safeguarding its investments by ensuring that they are diversified and made with organisations suitably credit assessed.

The Council's lending activity will be subject to (in order of rank)

- the assessment of meeting the minimum lending criteria as specified in the current Treasury Management Strategy and the minimum credit ratings as outlined in the Strategy.
- meeting the Security, Liquidity & Yield (SLY) criteria as set out in the current Treasury Management Strategy, and
- investments are not contrary to the values outlined in the Ethical Investment Framework (Appendix G)

5.4 Related Matters

Financial derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

In line with CIPFA Code, the Authority will seek external advice and will consider that the advice before entering into financial derivatives to ensure that it fully understands the implications.

Markets in Financial Instruments Directive (MIFID): The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but with the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

5.5 Financial Implications

The budget for investment income in 2021/22 is £0.02m, based on an average investment portfolio of £31.25m at an interest rate of 0.06%. The budget for debt interest paid in 2021/22 is £9.14m, based on an average debt portfolio of £325.2 at an average interest rate of 2.81%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

5.6 Balanced Budget Requirement

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

6.0 2021/22 MRP STATEMENT

6.1 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 08 (SI 08/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

NB This does not preclude other prudent methods.

MRP in 2021/22: Options 1 and 2 may be used only for supported expenditure.

Methods of making prudent provision for self-financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).

The MRP Statement will be submitted to Council before the start of the 2021/22 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

The Council will calculate MRP by the following methods –

Historic MRP (re pre 2007/08 borrowing). This will be calculated by dividing the balance at 31/3/07 (calculated in accordance with regulations) by 50 for an annual charge that charges over a finite period rather than a 4% reducing balance. Broadly in line with option 3.

MRP in respect of prudential borrowing, government supported allocations since 2007/08 and PFI will be charged over the life of the asset on an annuity basis (option 3 in the regulations).

MRP for borrowing in respect of NuPlace is set at £0 due the expectation that the value will appreciate over time and that the houses could all eventually be sold in which case the Council would apply the capital receipts arising to reduce the Capital Financing Requirement until the original principal borrowed had been fully repaid.

Along the same lines as NuPlace, MRP for borrowing in respect of the Council's Property Investment Portfolio will be calculated as 20% of the value of the annuity MRP to reflect that although there will normally be capital appreciation, although a downturn in the economy could result in reductions in value of commercial/industrial investment properties.

Also MRP in respect of leases brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability which is broadly in line with the life of the asset.

Capital expenditure incurred during 2021/22 will not be subject to a MRP charge until 2022/23.

7. OTHER ITEMS

7.1 Monitoring and Reporting on the Treasury Outturn and Prudential Indicators

The Director: Finance & Human Resources will report to the Audit Committee on treasury management activity / performance and Performance Indicators as follows -

- Half yearly against the strategy approved for the year. The authority will produce an outturn report on its treasury activity no later than 31st July after the financial year end and an update report alongside the Treasury Strategy in the last quarter of the financial year, and

Audit Committee will be responsible of the scrutiny of treasury management activity and practices rather than the Budget & Finance Scrutiny Committee.

7.2 Training

CIPFA's Code of Practice requires the responsible officer to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

Reviewing and addressing training needs: The authority regularly reviews the training needs of its staff involved with treasury management and ensures that staff are appropriately trained.

7.3 Investment Consultants / Treasury Advisors

The Council uses Arlingclose as its external treasury management advisers.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times.

8. BACKGROUND PAPERS

CIPFA Code of Practice for Treasury Management in Local Authorities
Temporary Borrowing Records
PWLB records
Investment records
Draft Treasury Strategy provided by Arlingclose
Local Government Act 2003
CLG Guidance on Local Authority Investments
Audit Commission – Risk and Return

Report prepared by
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Ken Clarke, Director Finance & Human Resources (01952) 383100

TREASURY MANAGEMENT POLICY STATEMENT

1. INTRODUCTION AND BACKGROUND

1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.

1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:-

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
- Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

1.3 The Council will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

1.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Audit Committee and for the execution and administration of treasury management decisions to Director: Finance & Human Resources, who will act in accordance with the organisation's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

1.5 The Council nominates Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2. POLICIES AND OBJECTIVES OF TREASURY MANAGEMENT ACTIVITIES

2.1 The Council defines its treasury management activities as:

"The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management."

2.2 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt. The Council will look to minimise borrowing through the use of maturing investments to fund capital expenditure rather than reinvestment.

2.3 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary considerations. Generally as investments mature they will not be reinvested but be used to minimise borrowing.

EXISTING PORTFOLIO PROJECTED FORWARD

	Current Portfolio £m	%	31/03/21 Estimate £m	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m
External Borrowing:							
Fixed Rate – PWLB	169.8	53.5	169.0	224.7	260.6	281.4	275.4
Fixed Rate – LOBO	25.0	7.9	25.0	25.0	25.0	25.0	25.0
Fixed Rate – Market	15.0	4.7	15.0	15.0	15.0	15.0	15.0
Variable Rate – PWLB	0	0.0	0	0	0	0	0
Variable Rate – Market	58.0	18.3	90.5	95	95	95	95
Total External Borrowing	**267.8**	**84.4**	**299.5**	**359.7**	**395.6**	**416.4**	**410.4**
IFRS Long Term Liabilities:							
PFI	49.7	15.6	49.7	50.6	47.7	44.5	41.1
Finance Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Gross External Debt	**317.5**	**100.0**	**349.2**	**410.3**	**443.3**	**460.9**	**451.5**
Investments:							
Managed in-house	0	0.0	0	0	0	0	0
Short-term monies (Deposits / monies on call / MMFs)	25.4	100.0	20.0	20.0	20.0	20.0	20.0
Long-term investments (maturities over 12 months)	0	0.0	0	0	0	0	0
Total Investments	**25.4**	**100.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**
(Net Borrowing Position) / Net Investment Position	**-292.1**		**-329.2**	**-390.3**	**-423.3**	**-440.9**	**-431.5**

Prudential Indicators 2020/21 to 2024/25

1 Background:

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

2. Gross debt and the Capital Financing Requirement:

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and next two financial years.

The Director: Finance & Human Resources reports that the authority had no difficulty meeting this requirement in 2019/20, nor are there any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

3. Estimates of Capital Expenditure:

3.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

	20/21 Approved £m	20/21 Revised £m	21/22 Estimate £m	22/23 Estimate £m	23/24 Estimate £m
Total	**83.854**	**63.701**	**101.855**	**41.619**	**21.357**

3.2 Capital expenditure will be financed or funded as follows:

	20/21 Approved £m	20/21 Revised £m	21/22 Estimate £m	22/23 Estimate £m	23/24 Estimate £m
Capital receipts	12.492	5.785	6.300	5.300	0.500
Government Grants	28.801	28.002	24.552	0.000	0.000
Revenue / External contributions	12.963	6.566	10.790	0.513	0.000
Total Financing	54.256	40.353	41.642	5.813	0.500
Prudential Borrowing	29.598	23.348	60.213	35.806	20.857

	20/21 Approved £m	20/21 Revised £m	21/22 Estimate £m	22/23 Estimate £m	23/24 Estimate £m
Total Funding	29.598	23.348	60.213	35.806	20.857
Total Financing and Funding	**83.854**	**63.701**	**101.855**	**41.619**	**21.357**

4. Ratio of Financing Costs to Net Revenue Stream:

4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.

4.2 The ratio is based on costs net of investment income.

	20/21 Approved %	20/21 Revised %	21/22 Estimate %	22/23 Estimate %	23/24 Estimate %	24/25 Estimate %
Total	**7.44**	**5.38**	**6.39**	**6.90**	**6.77**	**7.05**

5. Capital Financing Requirement:

5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and it's financing.

	20/21 Approved £m	20/21 Revised £m	21/22 Estimate £m	22/23 Estimate £m	23/24 Estimate £m	24/25 Estimate £m
Total CFR	**496.686**	**481.408**	**541.572**	**573.530**	**590.381**	**586.505**

6. Actual External Debt:

6.1 This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

Actual External Debt as at 31/03/20	**£m**
Borrowing	276.185
Other Long-term Liabilities	51.288
Total	**327.473**

7. Authorised Limit and Operational Boundary for External Debt:

7.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

7.2 The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities. This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

7.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

7.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

	20/21 Approved £m	**20/21 Revised £m**	**21/22 Estimate £m**	**22/23 Estimate £m**	**23/24 Estimate £m**	**24/25 Estimate £m**
Borrowing	450	450	450	480	500	500
Other long term liabilities	64	64	64	64	54	54
Total	**514**	**514**	**514**	**544**	**554**	**554**

7.5 The Operational Boundary links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

7.6 The Director: Finance & Human Resources has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Audit Committee.

	20/21 Approved £m	**20/21 Revised £m**	**21/22 Estimate £m**	**22/23 Estimate £m**	**23/24 Estimate £m**	**24/25 Estimate £m**
Borrowing	430	430	430	460	480	480
Other long term liabilities	60	60	60	60	50	50
Total	**490**	**490**	**490**	**520**	**530**	**530**

8. Gross Debt and the Capital Finance Requirement

8.1 The purpose of this treasury indicator is to highlight a situation where the Council is planning to borrow in advance of need. If these figures exceed CFR (which they don't) they would indicate we are borrowing in advance of need.

Gross and Net Debt	20/21 Estimated £m	21/22 Authorised £m	22/23 Authorised £m	23/24 Authorised £m	24/25 Authorised £m
Outstanding Borrowing (at nominal value)	299.533	359.746	395.552	416.409	416.409
Other Long-term Liabilities (at nominal value)	50.046	50.895	48.009	44.837	41.465
Gross Debt	**349.579**	**410.641**	**443.561**	**461.246**	**457.874**

9. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

9.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments / total debt net of total investments)

9.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

	Existing level (or Benchmark level) at 31/03/20 %	20/21 Approved %	20/21 Revised %	21/22 Estimate %	22/23 Estimate %	23/24 Estimate %	24/25 Estimate %
Upper Limit for Fixed Interest Rate Exposure	100	100	100	100	100	100	100
Upper Limit for Variable Interest Rate Exposure	70	70	70	70	70	70	70
Local Indicator – Upper limit for net variable rate exposure*.	70	70	70	70	70	70	70

*Net principal re gross variable rate borrowing and investments divided by gross borrowing plus investments

9.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council’s treasury management strategy.

10. Maturity Structure of Fixed Rate borrowing:

10.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

10.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

Maturity structure of fixed rate borrowing	Existing level 31.12.20 %	Lower Limit for 21/22 %	Upper Limit for 21/22 %
under 12 months	12	0	70
12 months and within 24 months	0	0	30
24 months and within 5 years	18	0	50
5 years and within 10 years	12	0	75
10 years and within 20 years	14	0	75
20 years and within 30 years	1	0	75
30 years and within 40 years	10	0	100
40 years and within 50 years	19	0	100
50 years and above	13	0	100

11. Credit Risk:

11.1 The Council considers security, liquidity and yield, in that order, when making investment decisions.

11.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council’s assessment of counterparty credit risk.

11.3 The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments would be assigned a score based on their perceived risk.

	Target
Portfolio average credit score	6 or lower, which is equivalent to a credit rating of 'A' or higher

11.4 The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

12. Upper Limit for total principal sums invested over 1 year:

12.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

	20/21 Approved %	20/21 Revised %	21/22 Estimate %	22/23 Estimate %	23/24 Estimate %	24/25 Estimate %
Upper Limit	**95**	**95**	**95**	**95**	**95**	**95**

Arlingclose Economic & Interest Rate Forecast January 2020

Underlying assumptions:

- The medium-term global economic outlook has improved with the distribution of vaccines, but the recent upsurge in coronavirus cases has worsened economic prospects over the short term.

- Restrictive measures and further lockdowns are likely to continue in the UK and Europe until the majority of the population is vaccinated by the second half of 2021. The recovery period will be strong thereafter, but potentially longer than previously envisaged.

- Signs of a slowing UK economic recovery were already evident in UK monthly GDP and PMI data, even before the second lockdown and Tier 4 restrictions. Employment is falling despite an extension to support packages.

- The need to support economic recoveries and use up spare capacity will result in central banks maintaining low interest rates for the medium term.

- Brexit will weigh on UK activity. The combined effect of Brexit and the after-effects of the pandemic will dampen growth relative to peers, maintain spare capacity and limit domestically generated inflation. The Bank of England will therefore maintain loose monetary conditions for the foreseeable future.

- Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid longer-term inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or the deployment of vaccines.

Forecast:

- Arlingclose expects Bank Rate to remain at the current 0.10% level.

- Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out, especially with likely emergency action in response to a no-deal Brexit.

- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.

- Downside risks remain, and indeed appear heightened, in the near term, as the government reacts to the escalation in infection rates and the Brexit transition period ends.

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Official Bank Rate													
Upside risk	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3-month money market r													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.15	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
1yr money market rate													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.15	0.15	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Downside risk	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
5yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.20	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	0.40	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
10yr gilt yield													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.25	0.30	0.35	0.35	0.40	0.40	0.45	0.45	0.50	0.55	0.55	0.55	0.60
Downside risk	0.50	0.50	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
20yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.90	0.90
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
50yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.80	0.80
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%
PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Recommended Sovereign and Counterparty List (Section 8)

- ***Group Limits*** *- For institutions within a banking group, the authority executes a limit at the highest of any of the single banks within that group.*
- ***Sovereign Limit*** *– The Council will only invest a maximum of £15m of the portfolio with non UK sovereigns***.**

Instrument	Country/ Domicile	Counterparty	Maximum Counterparty Limit £m	Maximum Group Limit (if applicable) £m	Council Holding At 31/12/20 £m
Term Deposits / CDs / Call Accounts	UK	Santander UK Plc (Banco Santander Group)	15	15	0
Term Deposits / CDs / Call Accounts	UK	Bank of Scotland (Lloyds Banking Group)	15	15	0
Term Deposits / CDs / Call Accounts	UK	Lloyds (Lloyds Banking Group)	15	15	3.6
Term Deposits / CDs / Call Accounts	UK	Barclays Bank Plc	15	15	0
Term Deposits / CDs / Call Accounts	UK	HSBC Bank Plc	15	15	0
Term Deposits / CDs / Call Accounts	UK	Nationwide Building Society	15	15	0
Term Deposits / CDs / Call Accounts	UK	NatWest (RBS Group)	15	15	0
Term Deposits / CDs / Call Accounts	UK	Royal Bank of Scotland (RBS Group)	15	15	0
Term Deposits / CDs / Call Accounts	UK	Standard Chartered Bank	15	15	0
Term Deposits / CDs / Call Accounts	UK	Close Brothers Limited	15	15	0
Term Deposits / CDs / Call Accounts	UK	Goldman Sachs International Bank	15	15	0

Instrument	Country/ Domicile	Counterparty	Maximum Counterparty Limit £m	Maximum Group Limit (if applicable) £m	Council Holding At 31/12/20 £m
Term Deposits / CDs / Call Accounts	UK	Leeds Building Society	15	15	0
Term Deposits / CDs / Call Accounts	Australia	Australia and NZ Banking Group	15	15	0
Term Deposits / CDs / Call Accounts	Australia	Commonwealth Bank of Australia	15	15	0
Term Deposits / CDs / Call Accounts	Australia	National Australia Bank Ltd (National Australia Bank Group)	15	15	0
Term Deposits / CDs / Call Accounts	Australia	Westpac Banking Corp	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Bank of Montreal	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Bank of Nova Scotia	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Canadian Imperial Bank of Commerce	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Royal Bank of Canada	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Toronto-Dominion Bank	15	15	0
Term Deposits / CDs / Call Accounts	Finland	Nordea Bank Finland	15	15	0
Term Deposits / CDs / Call Accounts	Finland	Pohjola Bank	15	15	0
Term Deposits / CDs / Call Accounts	Germany	Deutche Bank AG	15	15	0
Term Deposits / CDs / Call Accounts	Germany	Landesbank Hessen – Thuringen (Helaba)	15	15	0

Instrument	Country/ Domicile	Counterparty	Maximum Counterparty Limit £m	Maximum Group Limit (if applicable) £m	Council Holding At 31/12/20 £m
Term Deposits / CDs / Call Accounts	Netherlands	ING Bank NV	15	15	0
Term Deposits / CDs / Call Accounts	Netherlands	Rabobank	15	15	0
Term Deposits / CDs / Call Accounts	Netherlands	Bank Nederlandse Gemeenten	15	15	0
Term Deposits / CDs / Call Accounts	Singapore	DBS Bank Ltd	15	15	0
Term Deposits / CDs / Call Accounts	Singapore	Oversea-Chinese Banking Corporation (OCBC)	15	15	0
Term Deposits / CDs / Call Accounts	Singapore	United Overseas bank (UOB)	15	15	0
Term Deposits / CDs / Call Accounts	Sweden	Svenska Handelsbanken	15	15	0
Term Deposits / CDs / Call Accounts	Switzerland	Credit Suisse	15	15	0
Term Deposits / CDs / Call Accounts	US	JP Morgan Chase Bank	15	15	0

***Please note this list could change if, for example, a counterparty/country is upgraded, and meets our other creditworthiness tools. Alternatively, if a counterparty is downgraded, this list may be shortened. The counterparty list was correct as at 31 December 2020*

Summary of Treasury Investments

Total risk per counterparty as at 31 December 2020

	Credit Rating	Total £000
Fixed Deposits		
Lloyds	UK A+	3,604
Debt Management Office	UK Government	16,800
Money Market Funds	AAAm	4,980
Total cash deposits		**25,384**

Credit Risk Rating: 1.6

Sovereign Analysis:

Lloyds Bank	100% UK
DMO	100% UK
MMFs	7.4% UK / 92.6% NON-UK

Ethical Investment Framework – Telford and Wrekin Council

At the current time the Council's treasury activity consists principally of making short-dated loans to the UK Government (through the Debt Management Agency Deposit Facility) and to banks and building societies which adheres to the S-L-Y principles of (Security, Liquidity and Yield, in that order).

The preservation of capital is the Council's principal and overriding priority. The banks and building societies on the Council's lending list are selected only if the institutions and the sovereign meet a minimum credit criteria. In accordance with its social and corporate governance responsibilities, the Council seeks to support institutions which additionally have an ethical and responsible approach to environmental and social issues including employment and global trade. These "ethical" criteria and their basis are described below.

1. Environmental and Social Standards

Equator Principles

The Equator Principles (EPs) are a voluntary set of guidelines based on the environmental and social standards practiced by the International Finance Committee when evaluating financing projects. Financial institutions that adopt the Principles agree to use a screening process aiming to ensure that environmental and social assessments help inform decisions to finance development projects. This allows signatories to engage proactively with their stakeholders on environmental and social policy issues.

The EPs are a screening framework for determining, assessing and managing environmental and social risk in project finance transactions for major infrastructure and industrial projects. The EPs are adopted voluntarily by financial institutions and are applied where total project capital costs exceed US$10 million. The EPs are primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making. They are based on the International Finance Corporation's performance standards on social and environmental sustainability and on the World Bank Group Environmental Health and Safety Guidelines.

Financial institutions which are signatories to the EPs commit to not providing loans to projects where the borrower will not or is unable to comply with their respective social and environmental policies and procedures that implement the EPs.

The following banks relating to institutions on the Council's lending list have adopted the Equator Principles:

- Lloyds Banking Group (parent of Bank of Scotland plc and Lloyds Bank plc)
- Banco Santander (parent of Santander UK plc)
- Svenska Handelsbanken AB (parent of Handelsbanken UK)
- Barclays plc (parent of Barclays Bank)
- HSBC Holding plc (parent of HSBC plc)
- Nat West Group plc
- Royal Bank of Scotland
- Standard Chartered plc
- Australia and New Zealand Banking Group
- Commonwealth Bank Australia
- Westpac Banking Corp.
- Bank of Montreal

- Bank of Nova Scotia
- Canadian Imperial Bank of Commerce
- Royal Bank of Canada
- Nordea Bank Finland
- Deutche Bank AG
- ING Bank NV
- Credit Suisse
- JP Morgan Chase Bank

http://www.equator-principles.com/index.php/members-reporting

2. Human Rights, Labour and Environment

The **UN Global Compact** is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

Corporations which sign up to the UN Global Compact are encouraged to themselves embrace and in turn, support and enact, within their sphere of influence, a set of core values which are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The following banks relating to institutions on the Council's lending list are participants/stakeholders of the UN Global Compact:

- Lloyds Banking Group
- Svenska Handelsbanken AB
- Gruppo Santander (ultimate parent of Santander UK plc)
- HSBC
- Royal Bank of Scotland
- Standard Chartered
- Nationwide Building Society
- NatWest Group plc
- The Royal Bank of Scotland Group
- Australia and New Zealand Banking Group
- Commenwealth Bank of Australia
- National Australia Bank
- Westpac Banking Corp.
- Nordea Bank AB
- ING Bank NV
- Rabobank Group
- DBS Bank Ltd
- Credit Suisse

http://www.unglobalcompact.org/ParticipantsAndStakeholders/index.html

Limitations to ethical policies:

It should be noted here that the individual institutions which have signed up to the Equator Principles and to the Global Compact screen borrowers before lending for infrastructure and industrial projects.

However, financial institutions also engage daily in money market and interbank lending transactions; the criteria for such lending is based primarily on credit risk assessment (i.e. the assessment of their lending being repaid in full and on time when it is due). Being a signatory to the EPs will not necessarily be a critical feature of such credit assessment and the Council is not in a position to monitor interbank lending. The same applies to an individual financial signing up to the UN Global Compact.

It should also be noted that becoming a signatory of voluntary guidelines (Equator Principle or Global Compact) does not guarantee that that institution's policies and practices are of a better standard than those institutions which are not signatories to the voluntary guidelines.

Activist investment: The Council does not invest directly in shares traded on the markets or in corporate bonds. Not only are such investments inherently higher risk investments, and requires a distinct and separate set of fund management expertise. Under current legislation (SI 2003 No 3146) the purchase of share capital or loan capital of a body corporate is a capital expenditure investment which, on sale or maturity, becomes a capital receipt and is unsuitable for the Council's treasury investments which are primarily the cash management of its operating surpluses and reserves. Corporate bond and equity investments would however be made by the Council's pension fund (run by Shropshire Council.

Other than through its pension fund (which is measured by Shropshire Council), the Council cannot seek to influence decision making at a company by voicing concerns, engaging in a dialogue with management, or lobbying other shareholders for support. Activist investors attempt to purchase sufficient shares or obtain seats on the board with the goal of effecting major change in the company to make the company more valuable financially or socially (for example to change management policies and adopt better governance; optimise shareholder value through acquisitions/divestitures, be more socially responsible etc).

Credit Ratings – A Guide.

Long-term credit ratings and Sovereign Ratings

Fitch Rating' long-term credit ratings are set up along a scale from 'AAA' to 'D', first introduced in 1924 and later adopted and licensed by Standard & Poors (S&P). Moody's also uses a similar scale, but names the categories differently. Like S&P, Fitch also uses intermediate modifiers for each category between AA and CCC (i.e., AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB- etc.).

Investment grade

- **AAA** : the best quality, reliable and stable
- **AA** : good quality, a bit higher risk than AAA
- **A** : economic situation can affect finance
- **BBB** : medium class counterparties, which are satisfactory at the moment

Non-investment grade

- **BB** : more prone to changes in the economy
- **B** : financial situation varies noticeably
- **CCC** : currently vulnerable and dependent on favourable economic conditions to meet its commitments
- **CC** : highly vulnerable, very speculative bonds
- **C** : highly vulnerable, perhaps in bankruptcy or in arrears but still continuing to pay out on obligations
- **D** : has defaulted on obligations and Fitch believes that it will generally default on most or all obligations
- **NR** : not publicly rated

Short-term credit ratings

Fitch's short-term ratings indicate the potential level of default within a 12-month period.

- **F1+** : best quality grade, indicating exceptionally strong capacity of obligor to meet its financial commitment
- **F1** : best quality grade, indicating strong capacity of obligor to meet its financial commitment
- **F2** : good quality grade with satisfactory capacity of obligor to meet its financial commitment
- **F3** : fair quality grade with adequate capacity of obligor to meet its financial commitment but near term adverse conditions could impact the obligor's commitments
- **B** : of speculative nature and obligor has minimal capacity to meet its commitment and vulnerability to short term adverse changes in financial and economic conditions
- **C** : possibility of default is high and the financial commitment of the obligor are dependent upon sustained, favourable business and economic conditions
- **D** : the obligor is in default as it has failed on its financial commitments.

Support Ratings (1 – 5)

The Purpose and Function of Support Ratings
Support Ratings are Fitch Ratings' assessment of a potential supporter's propensity to support a bank and of its ability to support it. Its propensity to support is a judgment made by Fitch Ratings. Its ability to support is set by the potential supporter's own Issuer Default Ratings, both in foreign currency and, where appropriate, in local currency. Support Ratings do not assess the intrinsic credit quality of a bank. Rather they communicate the agency's judgment on whether the bank would receive support should this become necessary. These ratings are exclusively the expression of Fitch Ratings' opinion even though the principles underlying them may have been discussed with the relevant supervisory authorities and/or owners.

Timeliness and Effectiveness Requirements
Fitch Ratings' Support Rating definitions are predicated on the assumption that any necessary "support" is provided on a timely basis. The definitions are also predicated on the assumption that any necessary support will be sufficiently sustained so that the bank being supported is able to continue meeting its financial commitments until the crisis is over.

Obligations and Financial Instruments Covered
In terms of these definitions, unless otherwise specified, "support" is deemed to be in terms of foreign currency. It is assumed that typically the following obligations will be supported: senior debt (secured and unsecured), including insured and uninsured deposits (retail, wholesale and interbank); obligations arising from derivatives transactions and from legally enforceable guarantees and indemnities, letters of credit, and acceptances; trade receivables and obligations arising from court judgments.

Likewise, the agency does not assume that the following capital instruments will be supported when sovereign support is involved: preference/preferred shares or stock; hybrid capital (tier 1 and upper tier 2), including reserve capital instruments (RCIs) and variations upon RCIs; and common/ordinary equity capital. It is also assumed that there will be no support for any moral obligation on securitizations. The sovereign support status of subordinated debt is difficult to categorize in advance; it is assessed on a case by case basis, distinguishing among different jurisdictions.

Definitions:

1: A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'A-'.

2: A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'BBB-'.

3: A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'BB-'.

4: A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'B'.

5: A bank for which external support, although possible, cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-Term Rating floor no higher than 'B-' and in many cases no floor at all.

GLOSSARY

Term	Meaning
Affordable Borrowing Limit	The amount the authority would normally borrow at any point of time in the year. This boundary might be exceeded temporarily but only in exceptional circumstances. The limit is set by Full Council at the beginning of March and is a prudential indicator.
Annuity	A method of repaying a loan where the cash payment remains constant over the life of the loan, but the proportion in interest reduces and the proportion of principal repayment increases ove time.
Authorised Borrowing Limit	The maximum amount the authority can borrow at any point of time in the year. This limit should never be exceeded. The limit is set by Full Council at the beginning of March and is a prudential indicator.
Bail-in	A method of rescuing a failing financial institution by cancelling some of its deposits and bonds. Investors may suffer a haircut but may be given shares in the bank as part compensation. See also bail-out
Bail-out	A method of rescuing a failing financial institution by the injection of public money. This protects investors at the expense of the taxpayer.
Call account	A deposit account that can be called back, normally on instant access.
Capital Financing Requirement CFR)	This represents the underlying need for the authority to borrow and represents the assets of the authority less the long term capital liabilities.
Credit Default Swaps (CDS)	CDS are bought by investors to insure against defaults (i.e. the counterparty not being able to repay). The higher the cost/premium then the higher the risk – CDS therefore given a market view of the credit worthiness of an organisation.
Credit Ratings	Rating on the ability of an organisation to meet its obligations; ratings are assigned by independent, specialist companies, such as Fitch and Moody's using market intelligence they gather.
Credit Risk	The risk that the debtor will default on their obligations
Counterparty	The organisation that you are conducting your business with.
Debt Management Account Deposit Facility	Provided by the Debt Management Office, users can place cash in secure fixed-term deposits. Deposits are guaranteed by the government and therefore have the equivalent of a sovereign triple-A credit rating.
Derivative Instruments	A security whose price is dependent upon or derived from one or more underlying assets. The derivative itself is merely a contract between two or more parties. Its value is determined by fluctuations in the

	underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates and market indexes. Most derivatives are characterized by high leverage. For example, a stock option is a derivative because it derives its value from the value of a stock. An interest rate swap is a derivative because it derives its value from one or more interest rate indices.
Discounts	These relate to Public Works Loans Board loans. If rates have increased since the borrowing was undertaken then part of the benefit that PWLB will achieve from being able to loan out at that higher rate are passed back to an authority if they repay the loan early.
Fund Managers	Independent investment managers who work to a specific mandate and invest funds on behalf of the Council
IFRS	International Financial Reporting Standards, the set of accounting rules in use by UK local authorities since 2010.
Inflation	The rise in prices of goods and services over a period of time.
Interest Rate Risk	The risk that the value of an investment will change due to changes to the interest rate.
Internal Borrowing	This is where the amount of an authority's borrowing is less than its CFR or underlying need to borrow and represents the use of internal balances rather than borrowing from the market.
LIBID	London inter-bank bid rate. Interest rate at which prime banks will **borrow** money in the London inter-bank market.
LIBOR	London inter-bank offer rate. Interest rate at which prime banks will **lend** money in the London inter-bank market. Fixed every day by the British Bankers Association to five decimal places.
Liquidity Risk	The risk of not being able to trade an investment quickly to release cash.
LOBO	Lender's Option Borrower's Option – a long term loan where the lender has the option to propose an increase in the interest rate on pre-determined dates. The borrower thenhas the option to either accept the new rate or repay the loan without penalty. LOBOs increase the borrower's interest rate risk and the loan should therefore attract a lower rate of interest initially.
Minimum Revenue Provision (MRP)	This is the amount charged against the Income and Expenditure Account for the year in relation to the repayment of debt on borrowing in order to fund capital expenditure.

Money Market Fund (MMF)	Mutual funds that invest in short term debt instruments. They offer a higher level of security than banks and interest rates are generally higher.
Obligor	An individual or company that owes debt to another individual or company (the creditor), as a result of borrowing or issuing bonds.
Premia	This is the penalty applied to the early redemption of PWLB loans where rates have fallen since the loan was undertaken.
Prudential Code	A professional code of practice which provides regulatory framework to local authorities on capital expenditure, investments and borrowing activities.
Prudential Indicators	A set of indicators developed within the Prudential Code which define thresholds for investment and borrowing within a local authority.
PWLB	Public Works Loans Board – a Government agency providing long and short term loans to local authorities. Interest rates are generally lower than the private sector and slightly higher than the rates at which the Government themselves may borrow.
Quantitative Easing	This is where the government buy back their own gilt issuance to effectively pump money into the financial markets of the economy.
Re-scheduling	This relates to repaying existing borrowing early and replacing it with borrowing for a different period usually, but not necessarily, at lower rates
Return	The gain from holding an investment over a given period
Security	An investment instrument, other than an insurance policy or fixed annuity, issued by a corporation, government or other organisation which offers evidence of debt or equity.
Sovereign Exposure	Risk of exposure to one particular country.
Supranational Bonds	These are bonds (similar to gilts) issued by multi government development organisations and are supported by all of the governments who form part of the organisation. E.g. European Investment Bank and are usually very secure.
Treasury Management Code (TM Code)	CIPFA's Code of Practice for Treasury Management in the Public Services and Cross-Sectoral Guidance Notes, to which local authorities are required by law to have regard.

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TELFORD & WREKIN COUNCIL **COUNCIL – 4TH MARCH 2021** **2021/22 PRUDENTIAL INDICATORS** **REPORT OF THE CHIEF FINANCE OFFICER (DIRECTOR: FINANCE & HUMAN RESOURCES)** **LEAD CABINET MEMBER – CLLR RAE EVANS**

PART A – SUMMARY REPORT

1. Summary of Main Proposals

1.1 To consider the prudential indicators for 2021/22 to 2023/24 required under the Prudential Code of Capital Finance in Local Authorities and to approve the indicators for 2021/22.

2. RECOMMENDATIONS

2.1 Members are asked to

1. Approve the prudential indicators proposed in this report.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific priority plan objectives?	
	Yes	The prudential indicators form part of the Council's service and financial planning strategy and the overall budget and policy framework which is integral to ensuring that available resources are used as effectively as possible in delivering all corporate priority outcomes.
	Will the proposals impact on specific groups of people?	
	No	
TARGET COMPLETION / DELIVERY DATE	Prudential Indicators have to be set annually under the Local Government Act 2003.	
FINANCIAL / VALUE FOR MONEY IMPACT	Yes	Where appropriate these are detailed in the body of the report.
LEGAL ISSUES	Yes	Under s.15 Local Government Act 2003, local authorities are required to have regard

		to any statutory guidance. CIPFA's Prudential Code for Capital Finance in Local Authorities is considered to be mandatory guidance for the purpose of the LGA 2003 and sets out that prudential indicators must be set annually. AL 10/1/2021
OTHER IMPACTS, RISKS AND OPPORTUNITUES	Yes	The opportunities and risks associated with the report have been identified and assessed. Arrangements will be put in place to manage the risks and maximise the opportunities that have been identified.
IMPACT ON SPECIFIC WARDS	No	

PART B – ADDITIONAL INFORMATION

4. Summary

4.1 The Prudential System was introduced from 1 April 2004. Under the Prudential System the Council has to approve Prudential Indicators annually and these are contained in this report.

5. The CIPFA Prudential Code

5.1 The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (2017 Edition) (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice.

5.2 The general approach of the code is to require the Council to set estimates and limits on its borrowing and features associated with borrowing. The underlying philosophy is that the Council should set limits that ensure borrowing is affordable in the medium to long term. Affordability is determined by the overall amount of borrowing and the interest rate at which it is done. Because borrowing is only permissible (and will remain so) for capital expenditure local authorities have traditionally borrowed at longer term fixed rates of interest (i.e. over 1 year). This helps ensure stability over the medium term; for example a variable rate loan currently at 2.5% may be less attractive than a fixed rate loan at 2.8% if there is thought to be a reasonable possibility that variable rates will rise above 3.2% within a year. To help ensure financial stability the code requires authorities to consider the structure of their borrowing.

5.3 The code also requires authorities with significant investments to set indicators associated with lending money.

5.4 Practically the remaining paragraphs of this section consider the indicators and recommend what the indicators should be for 2021/22. In most cases indicators have to be set for 3 financial years ahead, so figures are also provided for 2022/23 and 2023/24. In proposing these indicators a pragmatic approach has been taken; i.e. known Council plans (including the present treasury structure) have been considered therefore, this set of proposed indicators is consistent with the assumptions used throughout the suite of service and financial planning reports.

5.5 For each indicator, ***the CIPFA requirements of the code are set out in bold italics.*** The limits proposed by the Chief Finance Officer for 2021/22 are then set out. An explanation is provided, unless the indicator and limits are completely self-explanatory.

6. Prudential Indicators of Affordability – Ratio Affordability Measure

The local authority will estimate for the forthcoming financial year and the following two financial years the ratio of financing costs to net revenue stream. This prudential indicator shall be referred to as estimates of ratio of financing costs to net revenue stream.

6.1 In Telford & Wrekin's case this indicator makes more sense if Local Government Reorganisation (LGR) debt paid over to Shropshire Council is included***.***

Revenue Budget	
Year 1(2021/22)	6.4%
Year 2(2022/23)	6.9%
Year 3(2023/24)	6.8%

6.2 The indicator has been calculated as debt interest costs divided by budget requirement for the general fund element. The general fund indicator above shows a slight increase in the ratio between 2021/22 and 2023/24 (this broadly matches the expected prudential borrowing which is noted in 10.1).

7. Prudential Indicators of Affordability – Incremental Housing Rent Affordability Measures

7.1 This Indicator does not apply to Telford & Wrekin Council as the Council does not operate council housing through a "Housing Revenue Account".

8. Estimates of Capital Financing Requirement

The local authority will make reasonable estimates of the total capital financing requirement at the end of the forthcoming financial year and the following two years. These prudential indicators shall be referred to as:

<u>Estimate of capital financing requirement</u> as at the end of years 1, 2 and 3.

8.1 The capital financing requirement is a concept in the Prudential System, but can simply be understood as the Council's underlying need to borrow money over the long term. The code requires that the figure is calculated gross, to include debt that is paid for by other authorities following Local Government Reorganisation (LGR), so in Telford & Wrekin's case, these figures have limited meaning, and locally the indicator needs adjusting for LGR debt.

8.2 The table below shows the estimated cumulative **Capital Financing Requirement (CFR)** at a point in time. These estimates include the impact of the Public Finance Initiative.

	Total CFR
31/3/2021	£481.4m
31/3/2022	£541.6m
31/3/2023	£573.5m
31/3/2024	£590.4m

8.3 The movement in the CFR is consistent with other planning assumptions.

8.4 The purpose of the **Gross Debt and Capital Financing Requirement** is to highlight a situation where the Council is planning to borrow in advance of need. If these figures exceed CFR (which they don't) they would indicate we are borrowing in advance of need.

	Estimated Outstanding Borrowing (at nominal value)	**Other Long-term Liabilities (at nominal value)**	**Gross Debt**
31/3/2021	£299.5m	£50.0m	£349.5m
31/3/2022	£359.7m	£50.9m	£410.6m
31/3/2023	£395.6m	£48.0m	£443.6m
31/3/2024	£416.4m	£44.8m	£461.2m

9. Treasury Management Prudential Indicators

9.1 The Council adopted the revised CIPFA Code of Practice for Treasury Management in Public Services at its meeting in March 2010. Treasury Management Practices (TMPs) have been established by the Chief Finance Officer in line with the advice of our Treasury Advisors and are kept up to date with support from our Treasury Advisors. Although not a formal indicator, the Council must have regard to the Treasury Management Code.

10. Capital Expenditure and Capital Commitments Prudential Indicators

The local authority will make reasonable estimates of the total of capital expenditure that it plans to incur during the forthcoming financial year

and at least the following two financial years. These prudential indicators shall be referred to as:

Estimate of total capital expenditure to be incurred in years 1, 2 and 3

10.1 The budget and capital programme report to Council for 2020/21 identifies programmed capital schemes, and subsequent year's capital needs. The estimates of capital expenditure to be incurred are therefore;

	Prudential Borrowing £m	Grant Funded £m	Revenue / External £m	Capital Receipts £m	Total £m
2021/22	60.213	24.552	10.790	6.300	101.855
2022/23	35.806	0.000	0.513	5.300	41.619
2023/24	20.857	0.000	0.000	0.500	21.357

It is only the column relating to prudential borrowing that impacts on prudential indicators. These figures include further investment in NuPlace, the Council's wholly owned Housing Company, and Property Investment Portfolio both of which should generate returns for the Council well in excess of the associated debt charges and in addition to the significant community benefits that these schemes provide.

11. External Debt Prudential Indicators

The local authority will set for the forthcoming financial year and the following two financial years a prudential limit for its total external debt, gross of investments, separately identifying borrowing from other long term liabilities. This prudential indicator shall be referred to as:

Authorised limit for external debt = authorised limit for borrowing + authorised limit for other long term liabilities for years 1, 2 and 3.

11.1 The recommended Authorised Limit for External Debt for:

Year 1 (2021/22) is £450m for borrowing and £64m for other long term liabilities

Year 2 (2022/23) is £480m for borrowing and £64m for other long term liabilities

Year 3 (2023/24) is £500m for borrowing and £54m for other long term liabilities

11.2 This limit represents the maximum amount the Council may borrow at any point in time in the year. It has to be set at a level the Council considers is "prudent". (This limit is analogous to the limit on borrowing set out in section 44 of the 1989 Act). Because it is ultra vires to exceed, the authorised limit must be set so as to avoid circumstances in which the Council would need to borrow more money than this limit.

11.3 Other long term liabilities include items that would appear on the balance sheet of the Council that are analogous to borrowing. For example, the capital cost of leases would be included.

12. Operational Boundary

The local authority will also set for the forthcoming financial year and the following two years an operational boundary its total external debt, gross of investments, separately identifying borrowing from other long term liabilities. This prudential indicator shall be referred to as the:

<u>Operational Boundary</u> = operational boundary for borrowing + operational boundary for other long term liabilities for years 1, 2 and 3.

12.1 The operational boundary is a measure of the maximum amount that the Council would normally borrow at any time during the year. The code recognises that circumstances might arise when the boundary might be exceeded temporarily, but suggest a sustained or regular pattern of borrowing above this level ought to be investigated, as a potential symptom of a more serious financial problem.

12.2 The Recommended Operational boundary for External debt is:

Year 1 (2021/22) is £430m for External debt for and £60m for other long term liabilities

Year 2 (2022/23) is £460m for External debt for and £60m for other long term liabilities

Year 3 (2023/24) is £480m for External debt for and £50m for other long term liabilities

13. Interest Rate Exposure

The local authority will set, for the forthcoming year and the following two years, limits to its <u>exposures</u> to the effects of changes in interest rates. These prudential indicators will relate to both fixed interest rates and variable interest rates and will be referred to respectively as the upper limits on fixed and variable interest rate exposures.

13.1 There is no requirement in the code to set lower limits; however, given the risks associated with having excessively high relatively short fixed, or variable rate borrowing, it is suggested that lower limits are set locally for longer maturing fixed rate borrowing.

13.2 Variable rate exposures

Borrowing that is at variable rates LESS Investments that are variable rate investments

The limits proposed are as follows;

	Net Variable Limit
	%
2021/22	70
2022/23	70
2023/24	70

13.3 We have also set a local indicator for setting a maximum exposure for variable rates as a percentage of total investment plus total debt. The limit proposed would be as follows;

	Upper Limit
	%
2021/22	70
2022/23	70
2023/24	70

13.6 Fixed Interest Rate Exposure

The local authority will set, for the forthcoming year and the following two years, both upper and lower limits for its exposure to <u>fixed interest rate risk</u> calculated as follows and each expressed as total borrowing less total investments:

Fixed interest rate exposures
Borrowing that is at fixed rates LESS Investments that are fixed rate investments

Expressed as a percentage or absolute of total borrowing less investments**.**

13.7 The limits (expressed as an absolute of total fixed borrowing less total fixed investments) proposed are as follows;

Fixed Rate Risk		
	Upper Limit	Lower Limit
	%	%
2021/22	100	70
2022/23	100	70
2023/24	100	70

In principle, it may be necessary / desirable for all borrowing at a point in time to be at a fixed rate. The lower limit is effectively the counterpart to the upper limit for variable rate exposure.

14. Prudential limits for the maturity structure of fixed rate borrowing

The local authority will set for the forthcoming year both upper and lower limits with respect to the maturity structure of its borrowing, calculated as follows

Amount of projected borrowing that is fixed rate maturing in each period Expressed as a Percentage of Total projected borrowing that is fixed rate at the start of the period, *where the periods in question are*

- ***Under 12 months***
- ***1 year and within 2 years***
- ***2 years and within 5 years***
- ***5 years and within 10 years***
- ***10 years and within 20 years***
- ***20 years and within 30 years***
- ***30 years and within 40 years***
- ***40 years and within 50 years***
- ***50 years+***

14.1 The proposed prudential limits are as follows;

Maturity	Lower Limit %	Upper Limit %
Under 12 months	0	70
1-2 years	0	30
2-5 years	0	50
5-10 years	0	75
10-20 years	0	75
20-30 years	0	75
30-40 years	0	100
40-50 years	0	100
Over 50 years	0	100

14.2 Under the investment guidance issued by MHCLG the Council needs to set indicators for ***principal sums invested for periods longer than 1 year*****.** It is recommended that we set the following limit

Maximum principal investment that can be invested for more than 1 year

Financial Year	Upper Limit
2021/22	95%
2022/23	95%
2023/24	95%

15. Financial Implications

15.1 The prudential indicators provide a framework for 2021/22 in which the Council conducts its treasury activities, consistent with good treasury risk management.

15.2 The code indicates that "in all cases, the process of setting prudential indicators for treasury management should be accompanied by a clear and integrated forward treasury management strategy, and a recognition of the pre-existing structure of the authority's borrowing and investment portfolios." The indicators proposed here take account of the existing structure of borrowing and all reasonable restructuring activity that might occur.

15.3 The code requires the following matters to be taken into account when setting or revising prudential indicators

(a) option appraisal for all projects, i.e. value for money
(b) asset management planning, i.e. stewardship of asset
(c) strategic planning for the authority, i.e. service objectives
(d) achievability of the forward plan, i.e. its practicality
(e) implications for external borrowing, i.e. prudence
(f) implications for Council Tax (and housing rents where applicable), i.e. affordability.

Items (a)-(c) are largely considered in the current arrangements as part of the asset management planning / corporate capital strategy processes. Items (d) and (f) in financial terms have been taken account of by the Chief Finance Officer in presenting the budget and item (e) is inherent to the prudential indicator setting process.

16. Background Papers

Local Government Act 2003
CIPFA Prudential Code for Capital Finance in Local Authorities
Guidance on Local Authority Investments

Report prepared by
Ed Rushton, Group Accountant Corporate Finance
Ken Clarke, Director Finance & Human Resources

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TELFORD & WREKIN COUNCIL

COUNCIL – 4th MARCH 2021

COUNCIL TAX - FORMAL RESOLUTIONS FOR 2021/22

REPORT OF THE CHIEF FINANCIAL OFFICER (DIRECTOR OF FINANCE AND HUMAN RESOURCES)

LEAD MEMBER – COUNCILLOR RAE EVANS

1. **PART A – SUMMARY REPORT**

Council Tax levels must be approved by Full Council. This report sets out the formal resolutions to determine the levels of Council Tax for Telford & Wrekin Council for 2021/22. The levels of tax take account of the requirements of Telford & Wrekin Council, the West Mercia Police & Crime Commissioner, Shropshire and Wrekin Fire Authority, and the various Parish and Town Councils.

The Council's General and Special Fund budgets for 2021/22 were approved earlier at this meeting and the Council Tax Base was approved at the meeting of Full Council on 14 January 2021.

Council Tax levels are based on spending requirements and the council tax base (number of chargeable Band D equivalent dwellings). Once this report is agreed the Band D Council Tax will be:

Authority		**Band D Council Tax £**	**Increase %**
Telford & Wrekin	General Fund	1,247.15	
	Special Fund	10.96	
Telford & Wrekin	**Total (excluding Adult Social Care Precept)**	**1,258.11**	
Telford & Wrekin	Adult Social Care Precept	162.91	
Telford & Wrekin	**Total (including Adult Social Care Precept)**	**1,421.02**	**4.99**
West Mercia Police & Crime Commissioner		240.19	6.66
Shropshire and Wrekin Fire & Rescue Authority		104.20	1.91
Parish & Town Councils		96.13	4.22
Total Council Tax		**1,861.54**	**4.98**

From 2016/17, a new “Adult Social Care Precept” was introduced by the Government, which is equivalent to a 3% Council Tax increase in 2021/22. The income from the precept must be ring-fenced to be spent on Adult Social Care Services.

The increases in overall council tax will vary dependent on parish area. This Council has set a 4.99% increase for the main part of its Council Tax, inclusive of the 3% increase for Adult Social Care which is in line with the increase assumed by the Government when the funding settlement for 2021/22 was announced. Overall the total average bill has increased by 4.98% after including the increases by Police, Fire and the average increase applied by Parish and Town Councils.

The average increase in overall bills represents a range from 3.94% to 6.50% depending on variations in parish council spending and precepts.

While the total average Band D bill will be £1,861.54, the majority of properties in the area fall in Bands A and B – for a Band B property the overall average bill is £1,447.86.

The necessary formal resolutions are set out in section 5 of the report.

2.0 RECOMMENDATIONS

Members are asked to approve the formal resolutions to determine the levels of Council Tax for 2021/22 as detailed in the report.

3.0 SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific priorities?	
	Yes	The level of Council Tax is a product of the Service & Financial Planning Strategy which is integral to ensuring that available resources are used as effectively as possible to deliver corporate priorities.
TARGET COMPLETION /DELIVERY DATE	The Council Tax must be set by 11 March each year prior to the start of the financial year to which it relates.	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	The financial impacts are detailed in the Service & Financial Planning Report.
LEGAL ISSUES	No	The Council must make calculations concerning its spending and Council Tax for the area to enable the Council's statutory obligations to be fulfilled. Members should note that the Local Government Finance Act 1992 imposes a statutory duty upon the Council to calculate its council tax requirement and to set its Council Tax for 2021/22 before the 11th March, 2021. Details of those Regulations and how they have been observed are set out in this report. AL/24.02.2021

OTHER IMPACTS, RISKS & OPPORTUNITIES	No	These are considered as part of the Service & Financial Planning report.
IMPACT ON SPECIFIC WARDS	No	Borough Wide

PART B – ADDITIONAL INFORMATION

4.0. INFORMATION

The Council Tax Base was approved at Full Council on 14 January 2021. The Council's budget for 2021/22 was agreed earlier at this meeting.

The budget is made up of a General Fund element and a much smaller Special Fund element. The Special Fund is required to ring fence costs that apply to areas that were previously unparished and where the Council still provides some additional services which otherwise would normally be provided by Town and Parish Councils. These services mainly relate to footway lighting and/or cemeteries.

The proposals set out in this report represent a 4.99% increase on the average Council Tax levied by Telford & Wrekin Council across the Borough as a whole which is in line with the increase assumed by the Government when the funding settlement for 2021/22 was announced. This proposal includes the Adult Social Care precept which is equivalent to a 3% Council Tax increase and must be ring-fenced to be spent on Adult Social Care Services.

5. FORMAL RESOLUTIONS

5.1 That it be noted that at its meeting on 14 January 2021 the Council calculated the following amounts for the year 2021/22 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 made under Section 33 of the Local Government Finance Act 1992 as amended (The Act):-

(a) **52,378.0** being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (The Regulations), as its Council Tax base for the year (The Council Tax Base).

(b) **Part of the Council's Area Tax Base**

The Parish of:-

CHETWYND	279.90
CHETWYND ASTON & WOODCOTE	242.8
CHURCH ASTON	517.1
DAWLEY HAMLETS	2,434.5
DONNINGTON & MUXTON	3,757.3
EDGMOND	552.0
ERCALL MAGNA	615.0
GORGE,THE	1,465.0
GREAT DAWLEY	2748.3
HADLEY & LEEGOMERY	4,349.3
HOLLINSWOOD & RANDLAY	1,437.2
KETLEY	1,404.8
KYNNERSLEY	76.5
LAWLEY & OVERDALE	3,536.0
LILLESHALL	557.2
LITTLE WENLOCK	242.5
MADELEY	4,187.5
NEWPORT	4,037.3
OAKENGATES	2,465.9
PRESTON	102.4
RODINGTON	385.7
ST GEORGES & PRIORSLEE	4,030.2
STIRCHLEY & BROOKSIDE	2,284.3
TIBBERTON & CHERRINGTON	351.7
WATERS UPTON	415.5
WELLINGTON	6,812.2
WROCKWARDINE	1,530.8
WROCKWARDINE WOOD	1,520.8
	52,339.7

These are the amounts calculated by the Council in accordance with Regulation 6 of The Regulations, as the amounts of its Council Tax Base for the year for dwellings in those parts of its area to which one or more special items relate.

5.2 That the following amounts be now calculated by the Council for the year 2021/22 in accordance with Sections 31 to 36 of The Act:-

(a) £406,028,269 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act, taking into account all precepts issued to it by Parish Councils.

(b) £326,563,164 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

(c) £79,465,105 being the amount by which the aggregate at 5.2(a) above exceeds the aggregate at 5.2(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year.

(d) £1,517.15 being the amount at 5.2(c) above divided by the Council Tax base, calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including parish precepts and special items).

(e) £5,609,329 being the aggregate amount of all special items referred to in Section 34(1) of the Act.

(f) £1,410.06 being the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates (calculated by deducting from the amount at 5.2(d) above, the quotient of the amount at 5.2(e) above divided by the Council Tax Base). The only area that this relates to is the Parish of Eyton. This includes the Adult Social Care Precept of £162.91.

(g)

<u>Part of the Council’s Area</u>	**£**
The Parish of:	
Chetwynd	1,424.35
Chetwynd Aston & Woodcote	1,447.12
Church Aston	1,448.01
Dawley Hamlets (SF2*)	1,462.86
Donnington & Muxton	1,463.32
Edgmond	1,449.51
Ercall Magna	1,491.19
The Gorge (SF2*)	1,481.67
Great Dawley (SF2*)	1,642.01
Hadley & Leegomery	1,487.07
Hollinswood & Randlay	1,594.73
Ketley	1,546.48
Kynnersley	1,443.85
Lawley & Overdale (SF2*)	1,519.86
Lilleshall	1,527.47
Little Wenlock	1,468.90
Madeley (SF2*)	1,556.83

Newport	1,529.01
Oakengates (SF2*)	1,667.86
Preston	1,412.98
Rodington	1,457.67
St. Georges & Priorslee (SF1*)	1,457.57
Stirchley & Brookside(SF2*)	1,569.67
Tibberton & Cherrington	1,424.35
Waters Upton	1,470.37
Wellington (SF2*)	1,504.42
Wrockwardine	1,460.36
Wrockwardine Wood & Trench (SF1*)	1,486.33

**SF1 indicates a parish in the special fund area which has taken over responsibility for footway lighting. An additional charge of £0.00 per Band D is made for cemeteries.*

**SF2 indicates a parish in the special fund area which has not taken over responsibility for footway lighting. An additional charge of £20.97 per Band D is made for footway lighting.*

Being the amounts given by adding to the amount at 5.2(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 5.1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate.

(h) The amounts in Appendix 1 being the amounts given by multiplying the amounts at 5.2(f) and 5.2(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

6. The West Mercia Police & Crime Commissioner precept for 2021/22 was set following its meeting on 12 February 2021. The following amounts were stated in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

Valuation Band	**Amount £**
A	160.13
B	186.81
C	213.50
D	240.19
E	293.57
F	346.94
G	400.32
H	480.38

7. The Shropshire and Wrekin Fire & Rescue Authority's precept for 2021/22 was set at its meeting on 10 February 2021. The following amounts were stated in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

Valuation Band	**Amount £**
A	69.47
B	81.04
C	92.62
D	104.20
E	127.36
F	150.51
G	173.67
H	208.40

8. That, having calculated the aggregate in each case of the amounts at 5.2(h) and 6 and 7 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act, 1992, hereby sets the amounts in Appendix 2 as the amounts of council tax for the year 2021/22 for each of the categories of dwellings shown.

9. Background Papers
Service & Financial Planning Report 2021/22 – 2023/24
2021/22 Revenue Support Grant Settlement
Parish & Town Council Precept Requests
Police & Crime Commissioner Precept Request
Fire Authority Precept Request
Acts, Directions and Regulations as quoted above.

UNITARY AUTHORITY AND TOWN/PARISH COUNCIL’S COUNCIL TAX LEVEL 2021/22

Part of the Parish Council's Area The Parish Of :-	A	B	C	D	E	F	G	H
CHETWYND	949.55	1,107.81	1,266.07	1,424.35	1,740.86	2,057.38	2,373.90	2,848.70
CHETWYND ASTON & WOODCOTE	964.73	1,125.52	1,286.31	1,447.12	1,768.69	2,090.27	2,411.85	2,894.24
CHURCH ASTON	965.33	1,126.21	1,287.10	1,448.01	1,769.78	2,091.55	2,413.34	2,896.02
DAWLEY HAMLETS	975.23	1,137.76	1,300.30	1,462.86	1,787.93	2,113.00	2,438.09	2,925.72
DONNINGTON & MUXTON	975.53	1,138.12	1,300.71	1,463.32	1,788.49	2,113.67	2,438.85	2,926.64
EDGMOND	966.33	1,127.38	1,288.43	1,449.51	1,771.61	2,093.72	2,415.84	2,899.02
ERCALL MAGNA	994.11	1,159.80	1,325.48	1,491.19	1,822.55	2,153.92	2,485.30	2,982.38
EYTON	940.03	1,096.70	1,253.37	1,410.06	1,723.40	2,036.74	2,350.09	2,820.12
THE GORGE	987.77	1,152.39	1,317.02	1,481.67	1,810.92	2,140.17	2,469.44	2,963.34
GREAT DAWLEY	1,094.66	1,277.10	1,459.54	1,642.01	2,006.89	2,371.77	2,736.67	3,284.02
HADLEY & LEEGOMERY	991.37	1,156.59	1,321.82	1,487.07	1,817.52	2,147.97	2,478.44	2,974.14
HOLLINSWOOD & RANDLAY	1,063.14	1,240.33	1,417.52	1,594.73	1,949.10	2,303.48	2,657.87	3,189.46
KETLEY	1,030.97	1,202.80	1,374.63	1,546.48	1,890.13	2,233.79	2,577.45	3,092.96
KYNNERSLEY	962.55	1,122.98	1,283.40	1,443.85	1,764.69	2,085.54	2,406.40	2,887.70
LAWLEY & OVERDALE	1,013.23	1,182.10	1,350.97	1,519.86	1,857.60	2,195.34	2,533.09	3,039.72
LILLESHALL	1,018.30	1,188.01	1,357.73	1,527.47	1,866.90	2,206.33	2,545.77	3,054.94
LITTLE WENLOCK	979.25	1,142.46	1,305.67	1,468.90	1,795.31	2,121.73	2,448.15	2,937.80
MADELEY	1,037.87	1,210.85	1,383.83	1,556.83	1,902.78	2,248.74	2,594.70	3,113.66
NEWPORT	1,019.33	1,189.21	1,359.10	1,529.01	1,868.78	2,208.55	2,548.34	3,058.02
OAKENGATES	1,111.89	1,297.21	1,482.52	1,667.86	2,038.48	2,409.11	2,779.75	3,335.72
PRESTON	941.97	1,098.97	1,255.96	1,412.98	1,726.96	2,040.95	2,354.95	2,825.96
RODINGTON	971.77	1,133.73	1,295.69	1,457.67	1,781.59	2,105.51	2,429.44	2,915.34
ST GEORGES & PRIORSLEE	971.70	1,133.65	1,295.60	1,457.57	1,781.46	2,105.36	2,429.27	2,915.14
STIRCHLEY & BROOKSIDE	1,046.43	1,220.84	1,395.24	1,569.67	1,918.47	2,267.28	2,616.10	3,139.34
TIBBERTON & CHERRINGTON	949.55	1,107.81	1,266.07	1,424.35	1,740.86	2,057.38	2,373.90	2,848.70
WATERS UPTON	980.23	1,143.60	1,306.97	1,470.37	1,797.11	2,123.85	2,450.60	2,940.74
WELLINGTON	1,002.93	1,170.09	1,337.24	1,504.42	1,838.72	2,173.03	2,507.35	3,008.84
WROCKWARDINE	973.56	1,135.82	1,298.08	1,460.36	1,784.87	2,109.39	2,433.92	2,920.72
WROCKWARDINE WOOD	990.87	1,156.02	1,321.16	1,486.33	1,816.61	2,146.90	2,477.20	2,972.66

Appendix 2

TOTAL COUNCIL TAX LEVELS FOR TELFORD & WREKIN COUNCIL FOR 2021/22

Part of the Parish Council's Area **The Parish Of :-**	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**
CHETWYND	1,179.15	1,375.66	1,572.19	1,768.74	2,161.79	2,554.83	2,947.89	3,537.48
CHETWYND ASTON & WOODCOTE	1,194.33	1,393.37	1,592.43	1,791.51	2,189.62	2,587.72	2,985.84	3,583.02
CHURCH ASTON	1,194.93	1,394.06	1,593.22	1,792.40	2,190.71	2,589.00	2,987.33	3,584.80
DAWLEY HAMLETS	1,204.83	1,405.61	1,606.42	1,807.25	2,208.86	2,610.45	3,012.08	3,614.50
DONNINGTON & MUXTON	1,205.13	1,405.97	1,606.83	1,807.71	2,209.42	2,611.12	3,012.84	3,615.42
EDGMOND	1,195.93	1,395.23	1,594.55	1,793.90	2,192.54	2,591.17	2,989.83	3,587.80
ERCALL MAGNA	1,223.71	1,427.65	1,631.60	1,835.58	2,243.48	2,651.37	3,059.29	3,671.16
EYTON	1,169.63	1,364.55	1,559.49	1,754.45	2,144.33	2,534.19	2,924.08	3,508.90
THE GORGE	1,217.37	1,420.24	1,623.14	1,826.06	2,231.85	2,637.62	3,043.43	3,652.12
GREAT DAWLEY	1,324.26	1,544.95	1,765.66	1,986.40	2,427.82	2,869.22	3,310.66	3,972.80
HADLEY & LEEGOMERY	1,220.97	1,424.44	1,627.94	1,831.46	2,238.45	2,645.42	3,052.43	3,662.92
HOLLINSWOOD & RANDLAY	1,292.74	1,508.18	1,723.64	1,939.12	2,370.03	2,800.93	3,231.86	3,878.24
KETLEY	1,260.57	1,470.65	1,680.75	1,890.87	2,311.06	2,731.24	3,151.44	3,781.74
KYNNERSLEY	1,192.15	1,390.83	1,589.52	1,788.24	2,185.62	2,582.99	2,980.39	3,576.48
LAWLEY & OVERDALE	1,242.83	1,449.95	1,657.09	1,864.25	2,278.53	2,692.79	3,107.08	3,728.50
LILLESHALL	1,247.90	1,455.86	1,663.85	1,871.86	2,287.83	2,703.78	3,119.76	3,743.72
LITTLE WENLOCK	1,208.85	1,410.31	1,611.79	1,813.29	2,216.24	2,619.18	3,022.14	3,626.58
MADELEY	1,267.47	1,478.70	1,689.95	1,901.22	2,323.71	2,746.19	3,168.69	3,802.44
NEWPORT	1,248.93	1,457.06	1,665.22	1,873.40	2,289.71	2,706.00	3,122.33	3,746.80
OAKENGATES	1,341.49	1,565.06	1,788.64	2,012.25	2,459.41	2,906.56	3,353.74	4,024.50
PRESTON	1,171.57	1,366.82	1,562.08	1,757.37	2,147.89	2,538.40	2,928.94	3,514.74
RODINGTON	1,201.37	1,401.58	1,601.81	1,802.06	2,202.52	2,602.96	3,003.43	3,604.12
ST GEORGES & PRIORSLEE	1,201.30	1,401.50	1,601.72	1,801.96	2,202.39	2,602.81	3,003.26	3,603.92
STIRCHLEY & BROOKSIDE	1,276.03	1,488.69	1,701.36	1,914.06	2,339.40	2,764.73	3,190.09	3,828.12
TIBBERTON & CHERRINGTON	1,179.15	1,375.66	1,572.19	1,768.74	2,161.79	2,554.83	2,947.89	3,537.48
WATERS UPTON	1,209.83	1,411.45	1,613.09	1,814.76	2,218.04	2,621.30	3,024.59	3,629.52
WELLINGTON	1,232.53	1,437.94	1,643.36	1,848.81	2,259.65	2,670.48	3,081.34	3,697.62
WROCKWARDINE	1,203.16	1,403.67	1,604.20	1,804.75	2,205.80	2,606.84	3,007.91	3,609.50
WROCKWARDINE WOOD	1,220.47	1,423.87	1,627.28	1,830.72	2,237.54	2,644.35	3,051.19	3,661.44

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TELFORD & WREKIN COUNCIL

FULL COUNCIL 4 MARCH 2021

MONITORING OFFICER ANNUAL UPDATE

REPORT OF ANTHEA LOWE – ASSOCIATE DIRECTOR: POLICY & GOVERNANCE

LEAD CABINET MEMBER – CLLR RAE EVANS – CABINET MEMBER FOR COUNCIL FINANCE & GOVERNANCE

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

1.1 This report addresses the issue of members' who may encounter difficulties attending meetings during the Covid pandemic, provides a summary of the activity that has taken place over the last 12 months within the Policy & Governance directorate, updates Members on some recent changes within governance-related matters and provides a brief look forward to the next 12 month period.

2. RECOMMENDATIONS

It is recommended that full Council:-

2.1 Approves the reason for non-attendance at meetings of the authority as set out in paragraph 4.6 of this report subject to the relevant Member notifying the Monitoring Officer of the need to rely upon it prior to the implementation of the '6-month rule' described in paragraph 4.4 of this report;

2.2 Agrees to review the decision made at recommendation 2.1 above by no later than 31 March 2022;

2.3 Approves the two appointments as set out at paragraph 4.8 of this report with effect from the 2021/22 municipal year and the allowances associated with those roles;

2.4 Notes and endorses the approach set out in paragraphs 4.13 – 4.16 of this report in relation to Member development and support;

2.5 Notes the scrutiny update provided at paragraph 4.19 of this report; and

2.6 Approves the updated terms of reference as detailed at paragraph 4.21 of this report.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Co-Operative Council priority objective(s)?	
	Yes	*The details set out in this report support all of the Council's priorities given that this report relates to matters of governance.*
	Will the proposals impact on specific groups of people?	
	No	
TARGET COMPLETION/DELIVERY DATE		
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	The annual cost of the allowances for the proposed new Member roles is £7,870 and this will be met from within existing resources. TAS 24.2.21
LEGAL ISSUES	Yes	Section 85 Local Government Act 1972 confirms that a member's failure to attend any Council meeting for 6 months will not result in that member ceasing to be a member provided that the failure was for a reason already approved by the Council. The recommendation at para 2.1 above accords with this legislation. Arrangements for fostering panels, including their constitution and membership, are set out within the Fostering Services (England) Regulations 2011. Arrangements for adoption panels are set out in the Adoption Agencies Regulations 2005 and the Adoption Agencies and Independent Review of Determinations (Amendment) Regulations 2011. The member appointments to these panels pursuant to recommendation 2.3 above accord with this legislation. Other legal issues are summarised within the body of this report (IR 24.02.21)
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	

IMPACT ON SPECIFIC WARDS	No	*Borough-wide impact*

PART B) – ADDITIONAL INFORMATION

4. INFORMATION

4.1 Members will recognise that the past 12 months have been extremely challenging and that both officers and Members alike have had to adapt very quickly to be able to respond to the Covid pandemic whilst ensuring that it can continue to transact business effectively.

4.2 Following the first lockdown in March 2020, officers within the legal and democracy team, with help from the ICT team, rapidly developed a system to enable meetings to take place remotely including the production of a remote meetings protocol. This has seen us move to live streaming **all** of our public Council, Cabinet and Committee meetings.

4.3 The ability to hold meetings remotely required legislative changes to be made by central government and the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings (England and Wales) Regulations 2020 were introduced. The Regulations allowed meetings to be held remotely (or part in person and part remotely) for a temporary period until 7 May 2021. Recent indications from central government indicate that these regulations will be updated to extend the time during which remote meetings can lawfully take place and may even introduce a permanent right to hold remote meetings in the future.

4.4 Members may recall that, at the meeting of full Council on 21 May 2020, the Council resolved to approve leaves of absence for Covid-related reasons provided that Members informed the Monitoring Officer that this was necessary. The purpose of this was to ensure a mechanism by which any Members who could have found themselves inadvertently ‘retired’ as a result of the 6 month rule set out in s.85 Local Government Act 1972 due to Covid-related reasons, would not need to wait for a Council meeting to be held to secure a leave of absence. It was agreed that this arrangement would be reviewed by no later than the next Annual Council meeting.

4.5 Although the vaccination roll-out is progressing, the indications from central government are that the pandemic is expected to continue for some time. That being the case, it is proposed that full Council is asked to review this arrangement at this junction and decide whether or not to allow Members to confirm a leave of absence with the Monitoring Officer should it be necessary.

4.6 Specifically, it is proposed that Council formally approves that, during the declared pandemic, any Councillors who are unable to attend Council meetings, having followed Government, Public Health England and NHS advice relating to Covid-19 will have an approved reason for non-attendance at meetings provided that such member has notified the Monitoring Officer of the need to rely upon such reason before the expiry of 6 months since they last attended a meeting.

4.7 Following approval of the Council Plan at the meeting of full Council on 26 November 2020, Council will be aware that one of the Council's key priorities is to ensure that ***every child, young person and adult lives well in their community***. In support of this, the Leader is intending to appoint a Member to the Fostering Panel and one to the Adoption Panel with effect from the Annual General Meeting in May 2021. This brings parity with the way in which Shropshire Council and Telford and Wrekin Council approach the adoption panel with a member of Shropshire Council also being a member of that panel. The proposal is that Cllr Janice Jones will be appointed to the Fostering Panel and Cllr Arnold England will be appointed to the Adoption Panel.

4.8 Whilst these appointments will not take effect until May 2021, it is necessary to undertake DBS checks on each Member and to provide them with training in advance of them taking their post. For that reason, Members are asked to appoint Cllr Jones to the Fostering Panel and Cllr Arnold England to the Fostering Panel with effect from the start of the 2021/22 Municipal Year in advance of the usual report to the Annual General Meeting.

4.9 The amount of work undertaken by the Panels is significant and the Members appointed to these panels will be required to read large quantities of complex documents, much of it of an emotionally challenging context. It will also require the appointed Members to undertake training and development relevant to their roles to ensure they remain abreast of the changing landscape of children's care. It is considered that the nature, and quantity, of work these roles will require will be equivalent to that of the Chair of Standards Committee. That being the case, it is proposed that these two posts will be awarded a Special Responsibility Allowance and that this should be £3,935 per annum which is the equivalent sum due to the Standards Committee Chair.

4.10 Members are reminded that, when reaching a decision on Member Allowances, the council must have regard to the report of the Independent Remuneration Panel. Members will recall that the IRP reported to Council in 2019 setting out a rationale for the allowances that were recommended. Council accepted those recommendations. There is no requirement to receive a report from the IRP each time member allowances are considered and, given the limited impact of the proposals contained within this report, it would not be cost effective to do so in this instance. Consequently, due to the relatively recent report from the IRP and the similarities between the roles, it is suggested that Members are able to approve such allowances.

4.11 Whilst the pandemic has had an effect on the amount of training courses available for Members, training and development opportunities have continued to be offered to Members where they have appeared relevant to Member's roles. Most of this has been delivered via webinar or remote training sessions.

4.12 During the last 12 months, the following training has been attended by Members:-

- LGA Commercial Skills
- Effective Audit & Risk Committee
- LGA Leadership Academy
- Chairing remote meetings effectively
- England's Heritage Sector – Funding & Investment
- Using Marmot principles to tackle health inequalities and Covid-19
- CIPFA Update for LA Audit Committee Members
- Climate Change Webinar
- LGA Councils' role in delivering the UN Sustainable Development goals post COVID-19
- Libraries Best Practice Seminar for Councillors
- Next steps for Adult Social Care
- LGA Leadership Essentials
- LGA Leadership Academy
- LGA Commercial Mindset
- King's fund Health & Care Conference
- Planning Committee Training

4.13 Additionally, work has been ongoing to strengthen the member support offering. The Member Development Steering Group has been asked to consider a draft Member Development and Support Strategy which will set out the Council's commitment to ensuring that all Members are equipped with the skills and knowledge they need to undertake their role. As well as training on matters such as the Councillor Code of Conduct, a training programme will be developed to support the development of softer skills such as community leadership.

4.14 Shortly before the pandemic took hold, the Member Development Steering Group had begun discussions regarding the Council seeking the LGA's Member development accreditation which would further demonstrate the organisation's commitment to Member development. This work was put on hold during the pandemic but the group will be asked to recommence this piece of work in 2021/22.

4.15 Changes have been made to the structure of the Democratic Services and Elections teams. A decision has been made to bring the two teams together into one Democracy team. This will enable the team to be more responsive to the needs of the organisation and will allow the appropriate allocation of resources to meet demands across elections, democratic services and scrutiny services. Changes have been made to the roles within the Democracy team which means that, from the start of the next municipal year, each Member will have a named officer within the Democracy team to approach for support in carrying out their role. The named officers will be shared with Members following the Annual General Meeting in May 2021.

4.16 Members should also be aware that arrangements have been made for ward newsletters to be sent to residents on an annual basis containing news relevant to the residents of each ward with distribution of the first ward having already commenced.

4.16 Looking forward, work on the review of the Council's Constitution has commenced and will continue into 2021/22. It is anticipated that this review will enable the Constitution to be accessible to all, easily understood and enables the council to undertake its work effectively, efficiently and expeditiously.

4.18 Members may be aware that the Local Government Association has recently completed its work on the Model Code of Conduct for Councillors following extensive consultation with stakeholder groups. The Standards Committee will be meeting on 24 March 2021 to consider recommending the adoption of the Model Code and, if approved, this will be brought to full Council for approval.

4.19 As well as the work that has taken place in terms of Member support and development, there has been a significant uptake in scrutiny work over the last 12 months. Whilst a report will be presented to full Council early in the new municipal year setting out in more detail the work of the scrutiny committees, the following sets out some of the activity that has taken place/is taking place:-

- Review of the work of the Marches LEP in the context of the pandemic;
- Review of the Ofsted Outstanding Report and associated action plan'
- Update on the new Family Safeguarding Model being introduced within Children's Services to tackle some of the root causes of harm to children and working to keep families together with agreement that a rapid review will take place shortly after implementation of the model;
- A working group has been convened to research the benefits of implementing a school streets scheme across the Borough with recommendations to follow;
- A rapid review by a working group drawn from Environment and Communities Scrutiny Committee into the Local Plan review with recommendations to be made around urban greening and biodiversity gain;

- Scrutiny of the Housing Investment Programme;
- Scrutiny of the Council's budget proposals; and
- Review of the Council's climate change action plan

4.20 Members are aware that the Council invited the Local Government Boundary Commission for England to commence a review into Telford and Wrekin's electoral arrangements and the Boundary Review Committee has commenced work in this regard.

4.21 The date that the first submission needs to be made to the LGBCE is 16 April 2021. To facilitate that, it is proposed that the Terms of Reference for the Boundary Review Committee are updated to enable the Committee to make that submission. Specifically, it is proposed that paragraphs 2 and 4 of the Terms of Reference are updated as follows:-

> (2) Duty to prepare information and to ~~recommend~~ submit consultation responses ~~to Council~~ on Periodic and further Electoral Reviews.
> (4) Duty to prepare information on and ~~recommend~~ submit consultation responses ~~to Council~~ on all other electoral arrangement reviews.

5. PREVIOUS MINUTES

https://democracy.telford.gov.uk/documents/g1175/Printed%20minutes%20Thursday%2021-May-2020%2017.30%20Full%20Council.pdf?T=1

6. BACKGROUND PAPERS

https://democracy.telford.gov.uk/ieListDocuments.aspx?CId=1136&MId=1175&Ver=4

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