



Telford & Wrekin
C O U N C I L

Addenbrooke House Ironmasters Way Telford TF3 4NT

BUSINESS AND FINANCE SCRUTINY COMMITTEE

Date	Wednesday, 13 January 2021	Time	6.00 pm
Venue	Remote Meeting		

Enquiries Regarding this Agenda

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<u>Committee Membership:</u>	Councillors E J Carter, N A M England, J E Lavery, A Lawrence, S J Reynolds (Chair), K S Sahota and C F Smith, Co-optees C Mason-Morris and R Williams
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AGENDA

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| 1. Apologies for Absence | |
| 2. Declarations of Interest | |
| 3. Minutes of the Previous Meeting | 3 - 6 |
| 4. Financial Monitoring and Mid-Year Budget Review Report
To examine the Financial Monitoring and Mid-Year Budget Review Report. | 7 - 34 |
| 5. Service & Financial Planning Proposals 2021/22 - 2023/24 | 35 - 136 |
| a) To consider the draft budget proposals agreed by Cabinet on 7 January 2021 | |
| b) To consider any alternative budget proposals put forward; and | |
| c) To agree items for further scrutiny | |
| <p>The Cabinet Member for Council Finance and Governance will attend for this item.</p> | |
| 6. Chair's Update | |

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BUSINESS AND FINANCE SCRUTINY COMMITTEE

Minutes of a meeting of the Business and Finance Scrutiny Committee held on Wednesday, 9 December 2020 at 6.00 pm in Remote Meeting

Present: Councillors E J Carter, N A M England, J E Lavery, S J Reynolds (Chair), K S Sahota and C F Smith.
Co-optees: C Mason-Morris and R Williams

Also Present: Councillor D Wright (Cabinet Member for Economy, Housing, Transport and Infrastructure)

In Attendance: Mandy Thorn (Chair, Marches LEP), Iliia Bowles (Director of Corporate Services, Marches LEP), G Hamer (Chief Executive, Marches LEP), Kirsty Fisher (Team Leader: People, Policy & Governance), Katherine Kynaston (Director: Housing, Employment & Infrastructure), Kieran Robinson (Democratic & Scrutiny Services Officer), and Stacey Worthington (Senior Democratic & Scrutiny Services Officer)

BFSC12 Declarations of Interest

C Mason-Morris, Co-optee, declared that she was a casual employee of Telford & Wrekin Council.

Councillor D Wright declared that he sat on the LEP on behalf of the Local Authority.

BFSC13 Minutes of the Previous Meeting

RESOLVED – that the minutes of the meeting held on 10 November 2020 be confirmed and signed by the Chair.

BFSC14 Marches Local Enterprise Partnership Update

The Marches Local Enterprise Partnership (LEP) presented the Committee with a presentation on the LEP's work and achievements over the last 12 months.

The LEP had become a company limited by guarantee following a change of policy from Central Government, which required all LEPs to do so. There was a strong assurance framework in place, which had been agreed by the Government in May, speaking with scrutiny committees was an important part of ensuring the LEP was properly governed.

In response to COVID, the LEP had met at the beginning of the pandemic to ensure that policies were effective, and had worked with other LEPs to make representations to the Government effective and representative of their

respective areas. The LEP had also engaged with businesses and representative organisations throughout this period to support businesses.

Members also heard from the Cabinet Member for Economy, Housing, Transport and Infrastructure. He stated that the Local Authority had been working with the LEP to support businesses. Telford & Wrekin Council had been successful in getting grants to businesses and would look at rolling out discretionary grant funding. The Authority welcomed the LEP's support for the Ironbridge Gorge Museum Trust. There was a good relationship between officers, members, and the board – not just at Telford and Wrekin but also between all three constituent local authorities.

The Director: Housing, Employment & Infrastructure informed members that the Growth Hub had been an excellent example of that collaborative working. It had managed to engage with a significant number of businesses and had run a virtual programme for businesses during COVID.

It was necessary for the LEP and the Authority to have a forward-looking approach. It was important to consider how Telford could be positioned to take advantage of opportunities such as shorter supply chains and the growth of the green and environmental sector

A discussion took place and the following questions were asked:

What differences were there between the present, as a limited company, and before?

The Government had made the decision that all LEPs should be incorporated. The change had introduced complexities that had not existed before, such as having to pay corporation tax on Government grants and charging VAT. It was important as a limited company to demonstrate a high level of governance.

Prior to incorporation, the LEP was a partnership run by a joint committee, which was led by the constituent local authorities; the three local authority leaders had the final say. Now, every director of the LEP had equal voting rights. The LEP had always produced open minutes and reports but this was now required to as a prerequisite for funding.

How were the LEPs priorities decided?

Stakeholders and partners submitted their priorities to the LEP; these were assessed independently for impact, return on investment, skills, and a number of other variables. The LEP called for the projects from stakeholders and Government had final sign off. The LEP was also active with colleagues at the Telford Marches Growth Hub and had been running a virtual delivery service, which had been well received.

Would the LEP be examining electrification of the railway between Birmingham and Shrewsbury?

This was in the work programme going forward. Midlands Connect were in the process of a strategy refresh. Various local MPs were championing electrification.

How was the LEP working towards zero carbon?

All Government funding going forward would require projects to take account of carbon emission reduction. Bids for the Wellington former New College site had to demonstrate how the scheme would address reducing carbon emissions. Work was also being done looking at training colleges to become more energy efficient.

Would Brexit affect how the LEP operated?

Not directly, but there would be implications for businesses. The LEP would be recruiting more virtual advisers to offer help to businesses though they would not be in place until the New Year. There were concerns about the impact that Brexit would have on the economy and there may be cause to enact a recovery plan. Government had recognised the implications for business.

The LEP had benefitted from the European Regional Development Fund over the course of its existence. A significant amount of money had been brought into the region through the European funding stream. There was a risk if there were no more targeted funds to encourage employment and training especially for NEETs.

The Council had been proactive in its work with the LEP and to ensure that money was spent in the most effective manner, making a significant difference to what the LEP was able to offer.

What more could Councils be doing in the coming months?

Local Authorities did an impressive job with the money they received from the Government. Councils had been successful in making sure that that money had gone through to businesses. With the pandemic and the floods the LEP had tried to get whatever funding it could. The LEP had released revenue funding and colleagues had worked hard to get this funding to businesses including support the Ironbridge Gorge Museum Trust.

Did the VAT and corporation tax come out of the overall funding the LEP would have?

The LEP's core budget was £500,000 which had been used to pay for VAT and corporation tax; there was match funding for running costs, i.e. salaries. The LEP had built up some reserves, though they were diminishing relatively quickly. It had been making clear to Government its view on having to use this money for running costs when it used to be able to use it to support grants and project development.

The Chair thanked the LEP for attending the meeting.

BFSC15 Work Programme Review

Members were keen to stress the importance of examining the impact of the United Kingdom leaving the European Union in the New Year, once the country's transition period had ended. Members requested a copy of any

references to Brexit on the Council's strategic risk register. Members also requested details of what percentage of Telford's GDP comprised exports to Europe and what percentage of the Borough's economy was manufacturing.

BFSC16 Chair's Update

The Chair noted that the date of the first budget scrutiny meeting in January had been rearranged from 12 January 2021 to 13 January 2021.

The meeting ended at 7.19 pm

Chairman:

Date: Wednesday, 13 January 2021

TELFORD & WREKIN COUNCIL

CABINET – 7 JANUARY 2021

FULL COUNCIL – 14 JANUARY 2021

2020/21 FINANCIAL MONITORING REPORT AND 2020/21 MID YEAR BUDGET REVIEW

REPORT OF THE DIRECTOR: FINANCE & H.R. (CHIEF FINANCIAL OFFICER)

LEAD CABINET MEMBER: CLLR RAE EVANS

PART A) – SUMMARY REPORT

1.0 SUMMARY OF KEY ISSUES

2020/21 Revenue

Telford & Wrekin Council has a long track record of sound financial management and started the year in a sound financial position. However, the coronavirus pandemic (Covid-19) is continuing to have a huge impact across the country. The UK went into full-scale lockdown on March 23 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 and tier restrictions.

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 during what has been a truly unprecedented year. Some of the highlights include items below but there are many, many more:

- In February, our staff and partners worked really hard to look after residents and businesses when the River Severn flooded
- 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 HRCs have remained open during the current 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 £32m of vital support 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. 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

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.

After considerable active budget management work undertaken by Cabinet Members and officers throughout the Council, the total projected pressure is currently estimated to be £19.28m (including council tax and business rates shortfalls). The Council has now received £17.24m of Government National Emergency Response Funding which leaves a residual pressure of £2.04m. This is a considerable improvement totalling £9.68m on the position reported to Cabinet in November. The main reasons for this improved position include:-

	£'000
Projected in-year benefit from treasury management following detailed review of anticipated treasury management year end position	(3,000)
Additional funding received from Government (Sales, Fees & Charges compensation scheme)	(2,048)
Council Tax and NDR – updated impact on collection based on current information	(2,937)
Children’s Safeguarding –including some additional staffing costs offset by lower projection for placement costs for children in care and Joint Adoption Service	(358)
Adult Social Care –including lower projection for cost of care packages	(554)
Updated Property & Investment income shortfall, based on current information	(1,000)
Updated estimate of the likely level of Planning fee income	(200)
Waste Collection – updated projections of the additional costs as a result of Covid	(189)
Housing – additional grant funding and housing benefit income	(504)
Updated projections for Leisure income shortfalls	(109)
Property costs relating to ensuring buildings are covid-safe	+288
Homelessness – estimated pressure updated	+252
ICT – income shortfall as staff diverted to support Covid	+234
Education Catering – updated projected shortfall based on the number of meals served at the beginning of the Autumn term.	+536
Other variations	(90)
Total improvement in overall position since the November Cabinet report	(9,679)

The overall in-year pressure of £19.28m referred to above includes projected service pressures totalling £14.18m together with an estimate for potential reductions to council tax and business rates income this year of £5.10m. In the Comprehensive Spending Review announced on 25 November 2020, the Government announced that they would instigate a tax income guarantee scheme which will help reduce this cost. The net shortfall remaining after the net benefit from the tax income guarantee scheme will result in a deficit balance carried forward to next year on the respective collection funds. The Government have announced that this deficit could be recovered over a three year period (2021/22 – 2023/24). However, it would be very desirable for the Council to make provision for this pressure during 2020/21 in order to avoid increasing the budget shortfall in future years given the very high level of uncertainty over future funding levels beyond March 2022

Summary	£m
Projected total pressure on service budgets	14.18
add projected shortfalls relating to business rates and council tax	5.10
Total Pressure	19.28
Emergency Grant received from Government	(17.24)
Net Pressure (before offset from tax income guarantee scheme)	2.04

This is prior to using any of the Council's remaining budget contingency or applying the specific Covid 19 reserve set aside during closure of the 2019/20 accounts. This reserve should therefore be available to carry forward at year end to support any residual financial challenges that are not covered by the funding announced by Government to support Covid 19 related costs in 2021/22.

Work will continue by both the finance team and service managers to update and refine financial projections as additional information becomes available and estimates will be regularly updated through the remainder of the year. It must be recognised that there are still many uncertainties in what is still a very dynamic environment and the projected position will fluctuate.

In addition, officers have undertaken a rigorous review of all reserves and balances held by the Council and have identified a number that can be reassigned to support the medium term financial strategy and allow investment in key Council Priorities.

Clearly, there are a number of significant variations from the approved budget. As expected the majority of these relate to Covid-19:

Children's Safeguarding & Family Support – Children in Care Placement costs, such as additional children with complex needs coming into care and increased placement fees	£1.032m
Children's Safeguarding & Family Support – additional staffing costs	£0.586m
Education & Skills – additional home to school transport costs (pre and post 16)	£0.304m
Adult Social Care – increased costs to support care providers and clients	£2.871m
Adult Social Care – costs of short term reablement care	£4.850m
Purchase of essential Personal, Protective Equipment	£0.521m

Homelessness prevention costs	£0.651m
Income losses, such as	
- Property Investment Portfolio - rental income	£1.029m
- Leisure income	£3.274m
- Theatre	£0.536m
- Car parking income	£0.584m
- Catering income	£0.852m
- Planning Fees	£0.200m
- Arthog	£0.826m
- My Options (Adults & Childrens)	£1.207m

As explained in the Service and Financial Planning report also on this agenda, accurate projections for the likely financial position of the Council in future years are impossible at present. As well as the impact of Covid-19, Brexit and all the underlying complexities of managing the overall budget for an organisation delivering hundreds of different services to diverse client groups the funding outlook for the medium term is still very uncertain due to the impact of the planned major reforms to the Local Government Finance System now being deferred (to April 2022) and any information on Government funding levels beyond March 2022 still being unavailable. The Government's medium term Comprehensive Spending Review (CSR) was announced on 25 November 2020. This is a one year Spending Review which sets out national spending plans for Government departments for 2021/22 only. It is clear, however, that the financial climate ahead will still be one of significant financial challenge over the medium-term. It is therefore essential that the Council maintains its strategy of limiting new ongoing commitments to the very highest priorities and of retaining a higher level of funding in the Budget Strategy Reserve than would normally be the case as this provides a degree of comfort that the Council will continue to be able to avoid emergency in-year budget cuts.

1.2 **Capital**

The capital programme totals £63m for 2020/21 which includes all approvals since the budget was set. At the time of compiling this report projected spend was 97% of the budget allocation. Historically spend is geared towards the end of the year; the impact of Covid-19 will continue to be closely monitored and projections updated as more information becomes available.

1.3 **Corporate Income Collection**

As anticipated, Covid-19 has impacted significantly on collection rates with income collected in relation to Business Rates, Council Tax and Sales Ledger all currently behind expected levels. As part of the range of support provided to residents and businesses, debt recovery action was suspended in March 2020; 'soft' reminders were issued during July and recovery recommenced in August following the usual recovery cycle.

Council Tax - it is currently estimated that collection will be significantly lower in 2020/21 than previous years. 10,500 taxpayers also took the opportunity of deferred payment arrangements for two months at the start of the year. shortfall in income collection is currently expected for the year although projections are difficult given current circumstances. In many cases payment arrangements can be agreed that will see recovery continuing beyond March 2021.

Business Rates – the total amount to be collected has reduced by almost £30m as a result of the Government providing a 1 year 100% business rates discount to the retail, hospitality and leisure sectors (the Council has been compensated for this in full by the Government). However, in view of the severe challenges being faced by many businesses as a result of the pandemic, it is estimated that collection will be lower on the balance that has not benefitted from the Government's relief measures. Again payment arrangements extending into 2021/22 will be agreed in appropriate cases.

In total, the shortfall in Council Tax and Business Rates income this year is currently expected to be around £5.1m before applying any benefit from the tax income guarantee scheme announced as part of the CSR. The position is regularly reviewed and it is hoped that a proactive and sensitive approach to debt recovery may reduce the shortfall by year end. Under normal circumstances this shortfall impacts on cash flow in 2020/21 and the budget in 2021/22 as it falls on the collection fund as a deficit but as explained above it is the current intention to provide against the shortfall in the current financial year despite the potential to spread the cost over three financial years. This will avoid placing additional burdens on Council budgets in these years which are likely to be extremely challenging.

2.0 **RECOMMENDATIONS**

Members are asked to:-

- (i) Note the 2020/21 revenue budget position which has been significantly impacted by the Covid-19 pandemic and recommend that Full council approve
 - (a) The proposed uses of the budgeted contingency (5.1)
 - (b) Approve the transfers to reserves in Section 5.2 and grant delegated authority to the Chief Executive, following consultation with the Leader, to approve the uses of the Investment in Council Priorities Fund
 - (c) Transfer of £1.25m to fund CSE Inquiry related costs in 2021/22 including making provision to respond to recommendations from this independent inquiry
 - (d) Transfer of £0.75m to the budget strategy reserve

- (ii) Note the position in relation to capital spend and the recommendation that Full Council approve the changes to the capital programme detailed in Appendix 4.
- (iii) Note the collection rates for NNDR, council tax and sales ledger.

3.0 SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Co-operative Council priorities?	
	Yes	Delivery of all priorities depend on the effective use of available resources. Regular financial monitoring in the financial management reports helps to highlight variations from plan so that action can be taken to effectively manage the Council's budget.
	Will the proposals impact on specific groups of people?	
	No	
TARGET COMPLETION/DELIVERY DATE	To outturn within the budget set for 2020/21 at 31/3/21.	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	The financial impacts are detailed throughout the report.
LEGAL ISSUES	No	None directly arising from this report. The S151 Officer has a statutory duty to monitor income and expenditure and ensure that the Council takes action if overall net overspends /shortfalls emerge.
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	Budget holders actively manage their budgets and the many financial risks and challenges that council services face, examples include the risk of a particularly harsh winter which would impact adversely on the winter gritting and adult social care budgets, the increasing dependency on income from a wide range of activities and the risk of interest rate movements. The Council has comprehensive risk management arrangements in place, which includes a separate Covid-19

		risk register which is reviewed and updated regularly by the Senior Management Team. A Recovery Coordinating Group has been established to manage the transition from Covid-19 emergency response to a recovery, reform and reset phase and financial management is a key component of this with the s.151 officer represented on all thematic groups.
IMPACT ON SPECIFIC WARDS	No	

PART B) – ADDITIONAL INFORMATION

4.0 2020/21 REVENUE BUDGET

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

4.2 The overall 2020/21 budget position is summarised in the table below:

	Net Revenue Budget	Variation Cabinet 5 Nov 2020	Movement	Total Current Variations
	£'000	£'000	£'000	£'000
Prosperity & Investment	(4,423)	2,857	(837)	2,020
Finance & Resources	14,522	34	(2,972)	(2,938)
Policy & Governance	713	185	0	185
Children's Safeguarding & Family Support	36,318	2,682	(358)	2,324
Education & Skills	12,680	1,538	(171)	1,367
Adult Social Care	45,625	4,798	(554)	4,244
Health, Wellbeing & Commissioning	3,968	588	0	588
Neighbourhood & Enforcement Services	30,533	494	(134)	360
Communities, Customer & Commercial Services	3,163	5,123	866	5,989
Housing, Employment & Infrastructure	1,867	469	(338)	131
Corporate Communications	21	234	(21)	213
Council Wide	(16,012)	(124)	(175)	(299)
Overall Service Pressure	128,975	18,878	(4,694)	14,184
MoHCLG Grant		(15,196)	(2,048)	(17,244)

Total after Grant	128,975	3,682	(6,742)	(3,060)
Council Tax/Business Rates impact		8,037	(2,937)	5,100
Total including CT and Rates	128,975	11,719	(9,679)	2,040

4.3 Projected variances over £0.250m are highlighted below, all other variances over £50k are detailed in Appendix 2.

Service Area	Variance £m
<u>Property & Investment</u>	
Property Investment Portfolio – shortfall in rental income due to Covid-19. More information will be available when the first quarter rent position will continue to be monitored through the remainder of the year.	+1.029
Car Parks – income shortfall as a result of Covid-19 closures	+0.352
Premises – costs associated with ensuring buildings are Covid safe.	+0.288
<u>Finance & Human Resources</u>	
Treasury Management – a combination of continued borrowing at lower than budgeted short term rates and projected long term rates being lower than anticipated.	-3.000
Court Fee Income – projected income shortfall	+0.283
<u>Children’s Safeguarding & Family Support</u>	
Children In Care Placements – the number of residential placements has fallen over the past year, although the average cost of placements has risen. The strategy of increasing internal fostering has led to lower numbers and costs in external placements and overall there is a positive trend in relation to the cost of placements. However, the additional placements costs connected to Covid-19 as children with complex needs come into care as a result of pressure on families.	+1.032
Staffing – vacancies have to be covered by agency appointments which gives rise to an overall pressure on staffing budgets. As newly qualified social workers gain experience the need for additional agency staff should reduce as they can increase their caseload. Additional costs relating to Covid-19 is also factored into the projection.	+0.586

<p><u>Education & Skills</u></p> <p>Arthog – challenging income targets together with the impact of Covid-19 which has prevented income generation which has extended into the Summer and Autumn terms. It is not clear when normal levels of activity will be possible and further losses are therefore expected since the last report.</p> <p>Home to School Transport – additional costs (pre and post 16)</p>	<p>+0.826</p> <p>+0.304</p>
<p><u>Adult Social Care</u></p> <p>Purchasing, Long Term Care – support provided to care providers and clients due to Covid-19 and anticipated pressures on levels of care needed, particularly as we enter the Winter period.</p> <p>Purchasing, Short Term Reablement care – anticipated pressures during the year; £2.8m relates to contracts procured and reimbursed by the CCG for Covid-19 discharges.</p> <p>Income – overachievement of client contributions towards care.</p> <p>Income – NHS Contributions to offset care package costs where the client has health care needs.</p> <p>Income – CCG contribution to short term care-reablement and NHS England funding.</p> <p>My Options – reduced income from charges mainly for ASC clients plus loss of external income</p>	<p>+2.871</p> <p>+4.850</p> <p>-0.258</p> <p>-3.844</p> <p>-0.956</p> <p>+1.207</p>
<p><u>Health, Wellbeing & Commissioning</u></p> <p>Personal Protective Equipment – costs of purchasing PPE as a result of Covid-19</p>	<p>+0.521</p>
<p><u>Neighbourhood & Enforcement Services</u></p> <p>There are no variances over £250k to report.</p>	
<p><u>Communities, Customer & Commercial Services</u></p> <p>Leisure Operations – loss of budgeted income relating to closures required due to Covid-19.</p> <p>Catering – loss of income due to Covid-19 closures.</p>	<p>+3.274</p> <p>+0.853</p>

Theatre – loss of income due to Covid-19 closure	+0.536
<u>Housing, Employment & Infrastructure</u>	
Homelessness – costs associated with preventing homelessness during the Covid-19 pandemic.	+0.651
Income – additional income, including grant funding	-0.504
<u>Corporate</u>	
Reserves – budgeted transfer to reserves not required	-0.631

5.0 **CONTINGENCIES & BALANCES**

5.1 The 2020/21 budget includes a general contingency of £3.2m, which is set aside to meet any unforeseen expenditure, or delays in phasing in the significant level of savings that the Council has to deliver this year. Clearly there could be further challenges which may arise during the remaining months of 2020/21, it would not therefore be prudent to allocate the full contingency at this point in the year. There is also an amount held centrally for contractual inflation totalling just under £1m which forms part of the approved revenue budget and will only be allocated to specific budgets when the relevant inflation information is available. The position and proposals for the general contingency is shown below

	£m
General Contingency	3.200
Approved use in November Monitoring	0.200
Residual Balance	3.000
Proposed Uses:	
CSE inquiry costs in 2020/21	1.000
Boundary Review	0.080
Remaining Balance	1.920

5.2 Following a rigorous review of reserves and provisions, the following transfers are proposed, £12m has been released (see Appendix 3), £10m will be transferred into a new Investment in Council Priorities Fund, £1.25m will be allocated to fund CSE Inquiry related costs in 2021/22 including making provision to respond to the recommendations from this independent inquiry. The total funding allocated towards the independent inquiry and recommendations will therefore be £4.89m. The remaining £0.75m from the £12m freed up from the review of reserves and provisions will be transferred to the budget strategy reserve to support the medium term financial strategy.

6.0 CAPITAL

6.1 2020/21 Capital Programme

The capital programme totals £63.29m, which includes the approvals proposed in this report. The financial position is shown in the table below which shows projected spend is currently at £61.33m.

Directorate	Current Budget £m	Spend to date £m	% Spend £m	Year End Projection £m
Prosperity & Investment	23.25	12.30	52.9%	23.24
Policy & Governance	0.09	-	0.0%	0.06
Education & Skills	5.13	2.05	40.0%	5.13
Adult Social Care	0.21	0.06	28.8%	0.21
Health, Wellbeing & Commissioning	0.07	-	0.0%	0.07
Neigh'hood & Enforcement Services	23.05	14.57	63.2%	22.21
Cities, Customer & Commercial	3.42	1.30	37.9%	3.38
Housing, Employment & Infrastructure	5.18	1.86	36.0%	4.93
Corporate Items	2.88	0.43	14.8%	2.10
Total	63.29	32.57	51.5%	61.33

6.2 The 2020/21 capital programme relies on £5.785m of receipts as part of its funding (after adjusting for known changes). Capital receipts included in the medium term budget strategy are under continual review and any changes will be reflected in future budget projections but are currently projected to be on target.

7.0 CORPORATE INCOME MONITORING

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

7.2 As anticipated, Covid-19 has impacted significantly on collection rates with income collected in relation to Business Rates, Council Tax and Sales Ledger all currently behind expected levels. Summary collection information is below.

	Actual
Council Tax Collection	61.66%
NNDR Collection	64.65%
Sales Ledger Outstanding Debt	7.17%

7.3 Council Tax (£92.2m)

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

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

Month End Actual	Last year Actual
61.66%	63.98%

Recovery action was suspended in March 2020 due to the COVID 19 pandemic. Deferred payment arrangements were offered and 10,500 taxpayers took this opportunity. The lower collection rates are therefore partly attributable to the later instalments which began in June rather than April. Recovery action recommenced at the end of July by sending a 'soft' reminder, and normal recovery processes recommenced at the end of August taking a sensitive approach to anyone who has been affected by the covid-19 pandemic.

A drop in collection is anticipated this year, and monthly targets have been calculated on this basis. At this stage we are 2.32% behind performance at the same point last year, although February and March will see a higher collection due to deferred instalments.

At this stage it is difficult to accurately predict the year end collection rate; this will largely depend on the national approach to the covid-19 pandemic and factors such as the furlough scheme, unemployment rates, closure of businesses etc.

7.4 NNDR-Business Rates (£47.7m)

The % of business rates for 2020/21 that should have been collected during the year. This target, as for council tax, ignores our continuing collection of earlier years' liabilities.

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

Month End Actual	Last year Actual
65.01%	66.61%

The amount collectable has reduced by almost £30m as a result of the Government providing a 1 year 100% discount to those in the retail, hospitality and leisure sectors.

Recovery was suspended in March 2020 due to the COVID 19 pandemic but recommenced at the end of August.

We are assuming a loss of collection as businesses have been severely impacted by the COVID 19 crisis. October figures show a 1.6% drop in collection rates compared to this point last year.

Work continues on issuing business support grants to businesses throughout the borough.

7.5 **Sales Ledger (£56.3m)**

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

The target percent is set relating cumulative debt outstanding from all years to the current annual debit. The targets and performance of income collection for 2020/21 are as follows:

Target %	Oct 2020	
	£m	%
4.70	4,038	7.17%

Sales ledger performance is outside target. Recovery was suspended in March 2020 and recommenced in August 2020.

8.0 **PREVIOUS MINUTES**

05/03/2020 – Council, Service & Financial Planning Strategy

18/06/2020 - Cabinet, 2019/20 Outturn Report

09/07/2020 – Cabinet, 2020/21 Financial Monitoring Report

16/07/2020 – Full Council, 2020/21 Financial Monitoring Report

05/11/2020 – Cabinet, 2020/21 Financial Monitoring Report

26/11/2020 – Full Council, 2020/21 Financial Monitoring Report

9.0 **BACKGROUND PAPERS**

2020/21 Financial Ledger reports

2020/21 Service & Financial Planning Report

Report Prepared by:

Ken Clarke, Director: Finance & HR (Chief Financial Officer) – 01952 383100;

Pauline Harris, Corporate Finance Manager – 01952 383701

Summary of 2020/21 Projected Variations

Service Area	Net Revenue Budget	Variation 05/11/2020 Cabinet Report	Movement	Current Variation
	£	£	£	£
Prosperity & Investment	(4,422,820)	2,856,901	(836,507)	2,020,394
Finance & Resources	14,522,124	34,218	(2,972,104)	(2,937,886)
Policy & Governance	713,594	185,000	0	185,000
Children's Safeguarding & Family Support	36,317,551	2,681,709	(358,196)	2,323,513
Education & Skills	12,680,369	1,538,094	(170,807)	1,367,287
Adult Social Care	45,624,786	4,798,103	(554,810)	4,243,293
Health, Wellbeing & Commissioning	3,967,608	588,062	0	588,062
Neighbourhood & Enforcement Services	30,532,549	494,311	(134,449)	359,862
Communities, Customer & Commercial Services	3,163,297	5,123,180	865,555	5,988,735
Housing, Employment & Infrastructure	1,866,918	468,654	(337,266)	131,388
Corporate Communications	20,840	233,534	(20,907)	212,627
Council Wide	(16,011,935)	(124,000)	(175,000)	(299,000)
Total	128,974,881	18,877,766	(4,694,491)	14,183,275
MoHCLG Grant		(15,195,849)	(2,048,475)	(17,244,324)
Total after Grant	128,974,881	3,681,917	(6,742,966)	(3,061,049)
Council Tax/Business Rates impact		8,037,000	(2,937,000)	5,100,000
Total including CT and Rates	128,974,881	11,718,917	(9,679,966)	2,038,951

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2020/21 Revenue Budget Variations over £50,000				
Description		Budget	Total Variation	Comments
		£	£	
Prosperity & Investment				
Property & Investment	Income - PIP	(8,240,260)	1,028,928	Estimated impact of rent reductions and potential bad debt as a result of Covid implications. Service area has received some specific requests for rent reductions and will continue to monitor the position.
	Income - Car Parks	(510,180)	351,906	Southwater and Hall Court Car Park reduced income, assumes no income April - August and November closure, with 50% take up for the remaining months.
BiT	Income - FM Fees	(440,830)	65,000	Social isolating impacting on ability to work on sites along with reduced requests for work due to site closures.
	Premises	(194,000)	194,000	Undeliverable saving, alternative options to be considered but has been stalled due to Covid pressures.
	Property - Utilities	675,910	(149,000)	Estimated Property Utility underspends April - July, (excludes Social Care properties & Energy Centre). This projection will be reviewed in line with office closures and receipt of supplier invoices for the latest period.
	Premises	-	288,000	Property costs associated with ensuring buildings comply with COVID safe requirements.
Development Management	Planning fees	(1,515,240)	200,000	Estimated slow down in Planning applications due to Covid.
	Other variances under £50k	5,801,780	41,560	
Total Prosperity & Investment		(4,422,820)	2,020,394	
Finance & Resources				
Loss of Court Fees Income		(495,570)	283,471	Assumes 6 months impact
Revenues	Supplies & Services	311,970	(84,188)	Projected underspends on printing, postage, IT services and fees.
Treasury Management		12,353,069	(3,000,000)	A combination of continued borrowing at low short term interest rates together with projected long term rates also being estimated at lower than budgeted rates.
Variations Under £50k		2,352,655	(137,169)	£77k from vacant posts in Finance and PA's and underspends from supplies & services budgets across Finance & Resources including bank charges.
Total Finance & Resources		14,522,124	(2,937,886)	
Policy & Governance				
Legal services & Land charges	Income	(235,410)	120,000	Reduced income anticipated
Legal Services	Employees	1,150,940	39,000	Demands on certain Legal posts-requirement for fixed tem posts
Variations under £50k		(201,936)	26,000	
Total Policy & Governance		713,594	185,000	
Children's Safeguarding & Family Support				

2020/21 Revenue Budget Variations over £50,000				
Description	Budget	Total Variation	Comments	
	£	£		
CIC Placements	19,176,231	1,031,989	The number of children and young people in residential placements has fallen over the past year, although the average cost of such placements has risen. A comparatively large number of young people in residential placements will turn 18 over the next 2 years and this should also have an impact upon reducing costs. The numbers and costs of children in external foster placements has also fallen as the strategy of investing in internal foster carers has begun to change the balance of placements towards internal carers. Overall there are some positive trends concerning the cost of placements, but there is also a significant risk that this progress is more than offset by additional placement costs connected to CV19, such as additional children with complex needs coming into care as a result of the additional pressure on families, together with associated increases in court fees and potential premiums on placement fees.	
Post 18 Staying Put & Leaving Care Support	317,895	124,991	This expenditure comprises Post 18 Staying Put and Leaving Care payments, both of which have been under pressure as a result of Covid-related statutory guidance, with all looked after children turning 18 being offered staying put arrangements to continue in their current placement for an extended period of time. Leaving care payments have also been increased to accommodate the vulnerability of this cohort of young people during the pandemic. The projected CV19 additional costs are based on the assumption that there will be three months delay in stepping down young people turning 18 from their existing placement.	
Staffing - salaries	11,945,153	(181,419)	The current projection reflects the impact of vacancies and staff appointments at below the top of scale. The CV19 costs are based on assumed additional costs related to the Emergency Duties Team.	
Staffing - Agency Costs	0	767,210	In some cases vacancies will need to be covered by agency appointments which generally cost around one-third more than an equivalent substantive LA appointment, resulting in additional pressure to the Safeguarding budget. In addition in specific areas of the service agency staff are being placed to maintain levels of caseload appropriate to the experience of staff. However as these staff, such as newly qualified social workers, gain experience and the progression framework now in place in the service assists retention of staff, the need for additional agency staff should reduce and, excluding the impact of CV19 current levels of expected expenditure on agency staff in 2020/21 are significantly less than incurred in 2019/20. The projected additional costs related to CV19 reflect the cost of additional agency staff to meet an anticipated surge in demand as a result of the impact upon families of social and economic pressures.	
Children with Disabilities	1,319,142	(153,860)	Current projections suggest that the costs of direct payments to carers will be at a similar level of 2019/20 and that the increases in costs in this area in recent years have begun to level off.	
Children in Care Adoption Allowances & Adoption Agency fees	391,050	(157,680)	When children are adopted through external agencies (rather than by carers recruited by the joint adoption service) a significant fee is payable. In 2019/20 an unusually high number of children were placed via agencies and so significant costs were incurred, leading to the 2020/21 budget being significantly increased. Although it is difficult to predict accurately at this point in the year, the current expectation is that number of external placements could be somewhat lower in 2020/21.	
Joint Adoption Service	609,847	76,421	There have been some increases in staff to support increasing numbers of families wishing to adopt coming through. In addition there had been additional staffing appointments made on the basis of the costs being covered by additional Adoption Support Fund income, but the planned income has yet to materialise.	

2020/21 Revenue Budget Variations over £50,000				
Description	Budget	Total Variation	Comments	
	£	£		
Health Funding	-400,000	153,194	The projected income from Health is currently based on that received in 2019/20. The service continues to liaise with health colleagues regarding funding contributions for children in care with health issues and the likely income from Health will become clearer as the year progresses.	
Under £50k	2,005,109	648,361	Significant contributors to this variance include the costs of equipment for children, S17 payments for children in need, payments to families that have no recourse to public funds, childminders fees and interpreters fees. Some of these costs are expected to increase beyond normal levels as a result of the social impact of CV19.	
Total	35,364,426	2,309,206		
Independent Review - Staffing	769,580	2,913		
Independent Review - Under £50k	183,545	11,394		
Total Children's Safeguarding & Family Support	36,317,551	2,323,513		
Education & Skills				
Specialist Services	1,124,320	5,755	There was some loss of income from schools over the summer term due to the impact of CV19. In addition there are projected legal costs arising from tribunals. However most of these additional costs have been offset by savings from vacancies, etc.	
Trends Advisory Service	102,875	47,929	There was some loss of income from schools over the summer term due to the impact of CV19. However much of this has been offset due to savings from vacancies, etc.	
School Transport	2,896,951	196,879	There is an existing budget pressure for home to school transport and the CV19 requirements are adding further costs. However the Council will be able to apply for a government grant to cover the additional costs associated with CV19's impact upon home to school transport, i.e. the need to commission additional transport to meet social distancing requirements. At this stage, the monitoring variance therefore reflects the existing transport budget pressure.	
Post 16 Transport	288,911	107,254	As with pre 16 transport costs, there is an existing budget pressure in this area. The comments above concerning the impact of CV19 and government funding also apply to post 16 transport.	
Arthog	307,619	825,912	Arthog already had challenging income targets and the impact of CV19 has been to prevent income generation during the summer term. Given the current national situation with regard to CV19, the intention earlier in the year to return to more normal levels of activity in the Autumn and Spring terms does not seem likely. The full year loss of income now projected is therefore considerably higher than previously reported.	
Music Service	65,468	(49,789)	Significant income has been lost as a result of CV19 restrictions but these have been offset by salary and other savings as tutors are employed on a flexible basis.	
Skills Service Delivery	(75,162)	73,996	This represents a savings target that has yet to be achieved. The service continues to look for opportunities to achieve this saving, although this has been made more challenging by the impact of CV19 on income generation.	
Job Box	(105,939)	87,271	The removal of opportunities to meet clients face to face due to CV19 has potential to reduce the income generated from 'Prospect Services (the National Careers Service). Prospect are however redefining the outcomes against which payments will be made, so the extent to which the potential loss identified occurs is currently unclear.	

2020/21 Revenue Budget Variations over £50,000				
Description		Budget	Total Variation	Comments
		£	£	
Work Ready, Life Ready		757,709	70,056	The projected loss of income connected to CV19 has been compensated by savings on staffing (e.g. casual staff costs) leaving a small net variance.
Variations under £50,000		7,317,617	2,024	
Total Education & Skills		12,680,369	1,367,287	
Adult Social Care				
Purchasing - all types of Long term care	Residential/Residential EMI care, Nursing/Nursing EMI care, Homecare, Direct Payments, Shared Lives, Supported Accommodation and Supported Living, Daycare: Spot and Block contracts	52,948,380	2,871,175	CV19 variations relates to various actions to support providers and clients, these include an additional 10% payment to providers in the first quarter. It also reflects anticipated pressure on levels of care needed throughout the year as a result of the pandemic. There is still a level of uncertainty on the projected costs in this area due to the increased levels of Covid especially as we start to see the impacts of the winter period.
Purchasing-short term reablement care(through BCF)	Bed based care and Homecare for up to 6 weeks	1,999,270	4,849,597	£2.8m relates to Contracts procured by TWC and reimbursed by the CCG for block beds for Covid discharges -see NHS income below
Income	Client contributions	(6,549,250)	(257,986)	Covid impact of suspending charging, overachievement of client contributions based on level of charges for 2019/20
	NHS Contributions	(1,362,510)	(3,844,379)	Continued positive outcomes from working closely with CCG identifying health contributions towards care. Includes CCG funding of Covid costs above.
	Other income-grants etc.	(11,163,920)	(955,723)	Includes CCG contribution to pressures in short term care-reablement. This is based on a risk share agreement. The remainder is mostly NHS England funding towards Transforming Care Partnership client costs
My Options-Adults & Children's services	Trading accounts	508,100	1,206,906	Reduced income from charges mainly for Adult Social Care clients, and this is reflected as a reduced pressure on Long Term Care above. Lost external income due to restrictions required in Day Services since March to meet Covid guidance is included on the next line as a Covid cost
	Trading accounts		360,441	Estimated losses to external income
	Contribution from reserves		(54,441)	
Other	Variations under £50k	9,244,716	67,703	
Total Adult Social Care		45,624,786	4,243,293	
Health, Wellbeing & Commissioning				
Purchase of PPE		-	520,886	Net cost of the purchase of PPE including hand sanitiser, aprons, glasses, gloves, wipes etc.
Supporting People & Extra Care		-	120,000	Impact of loss of saving as a result of COVID19, 4 months assumed
Variations Under £50k		3,967,608	(52,824)	Underspends from staffing and supplies & services
Total Health, Wellbeing & Commissioning		3,967,608	588,062	
Neighbourhood & Enforcement Services				

2020/21 Revenue Budget Variations over £50,000				
Description		Budget	Total Variation	Comments
		£	£	
Offstreet Parking	Various	56,990	230,828	Loss of income from Ironbridge car parks assumed income is 50% less than 2019/20. Projections based on income levels as in 2019/20. Service variations relate to additional NNDR costs of £20k plus shortfalls against income targets for remainder of the year. Includes the impact of free parking for November and December.
Licensing	Income	(227,870)	78,793	Licensing income shortfall from license renewal process being suspended for 6 months for taxi licenses, premises licenses etc. This pressure could increase should companies face further financial hardships through lower levels of trading income as a result of social distancing.
Highways & Transportation	Employees	68,970	(68,970)	Vacant post projected all year
Waste Collection	Various	5,356,530	111,407	Additional collection costs as a result of COVID have reduced significantly. Service variation relates to shortfall on bulk collection costs and shortfall on new build admin fees
Waste Transport, Treatment and Disposal payment	Various	5,125,605	58,487	Increased tonnage levels for residual waste which has been offset by underspends on food waste savings and landfill tax. Service underspend due to penalty income to be received in respect of 2019/20 of £190k, TUPE refund of £77k and additional income from recyclates of £76k due to inflationary increase in prices, this has been offset by £150k pressure from increase in waste tonnages above waste model.
Transport Policy	Employees	187,015	(76,016)	Underspend projected on staffing as a result of vacant posts for part of the year.
Neighbourhood & Environmental Services	Employees	389,480	(51,604)	Vacant post projected for remainder of the year.
Greenhill House	Various	52,610	59,620	Costs associated with vacant space, which is being reviewed, and one off cost of flooding
Variations Under £50k		19,523,219	17,317	CV19 Variations due to income shortfalls from Environmental Health, Civil Parking Enforcement, road safety and departure charges.
Total Neighbourhood & Enforcement Services		30,532,549	359,862	
Communities, Customer & Commercial Services				
Leisure	Income	(5,164,085)	3,273,878	Reflects the impact of the loss income from Leisure/Ice Rink closures in April - July and also November. Leisure projections for the remainder of the year have been based upon a percentage of profiled income targets being achieved, this ranges from as low as 10% of income due up to 100%. Income profiles will be reviewed with Leisure Managers on a monthly basis and revised as appropriate. Subject to Government guidance, we plan to unfreeze direct debits for Aspirations members, and implement a small price increase in January 2021, which has been agreed in consultation with the lead Cabinet member, which should have a positive impact on income moving forward.
Education Catering	Income - net of food costs	(3,220,753)	641,373	Net impact on School catering after charging FSM & UIFSM less budgeted food costs to Schools. Includes costs associated with FSM deliveries 2 weeks end of Spring Term. Income projections have been significantly reduced since period 5 due to the reduced level of meal numbers served during the first autumn term.
Commercial Catering	Income - net of food costs	(208,420)	211,371	Income net of provisions Café go and TIR café. Café Go It has been assumed that TIR Cafe will be closed for the remainder of the year as the space is currently being used for boot hire to enable social distancing in the Ice Rink. As a result of staff continuing to work from home it has also been assumed that Cafe Go will remain closed for the rest of the year

2020/21 Revenue Budget Variations over £50,000				
Description		Budget	Total Variation	Comments
		£	£	
Commercial Projects	Additional savings targets	(140,500)	187,579	Staff from team have been and are still partially redeployed during Covid response which has impacted on progress on identifying alternative savings and new model now being developed to better support Council-wide income generation (to be discussed at SMT - 7 July). Existing pressure linked to income targets, including £75k energy saving target. Original plan to install a private wire at the solar farm was not progressed after Ofgem decision that this would result in loss of Feed in Tariff income. Option of major expansion of District Heat Network in progress (BEIS funding secured for feasibility study) but not a short-term option and biT lead. This pressure also includes advertising income saving of £41k - part year saving linked to bus shelter procurement will be delivered so this will be updated in July (contract award June 2020). Shortfall of £43.5k against advertising income target, contract commenced Sept 2020. £20.8k shortfall against roundabout sponsorship income
Communities, Customer & Commercial Services	Saving to be identified	(84,280)	78,006	Non delivery of planned savings - not able to progress/scope due to Covid pressures.
Theatre	Various	192,480	433,164	Assumed Theatre closed all year, loss of income from Theatre offset by reductions in Supplies & Services spend.
Theatre Bar	Various	(28,030)	103,241	Loss of income from Theatre Bar as a result of closure all year. As above.
Housing Benefit/Council Tax Support Team	Employees	653,440	142,503	Savings target of £160k which will not be fully delivered as a result of COVID19, offset by grants received in respect of Welfare Reform.
Housing Benefit/Council Tax Support Team	Income	(832,035)	(198,107)	Additional government grants received in respect of Welfare Reform
Housing Benefit Subsidy	Various	(190,000)	190,928	Impact of suspending the recovery of overpayments from ongoing benefit and a reduction in recovery of overpayments in the debtors system. This projection has improved as a result of overpayments recovery being re-instated from August onwards, however the projection does include costs of £90k in relation to emergency bed & breakfast accommodation for homeless people as a result of COVID which is ineligible for subsidy.
Registration Services	Various	10,040	167,307	Income shortfalls as a result of reduction in number of ceremonies offset by reduction in staffing costs. This assumes a 50% reduction in income this year, however some weddings may be rescheduled for later in 2020/1, so position may improve.
Cemeteries	Various	(8,330)	(53,498)	Additional income received as a result of an increase in burials. This assumes that burials return to normal levels from July 2020 onwards.
ICT - Corporate Supplies & Services	Supplies & Services	1,363,540	159,241	Overspend arising from additional license costs, Capita & Brightcloud
ICT - Corporate Staffing	Income	(332,345)	233,880	Shortfall projected against project income
Cleaning	Supplies & Services	167,383	(50,403)	Contingency for shortfalls against income targets, this can now be released to assist the bottom line pressure
	Other variations under £50k	10,985,192	468,272	
Total Communities, Customer & Commercial Services		3,163,297	5,988,735	
Housing, Employment & Infrastructure				6

2020/21 Revenue Budget Variations over £50,000				
Description		Budget	Total Variation	Comments
		£	£	
Housing	Homelessness - Prevention & Bed & Breakfast	70,000	651,000	Homelessness gross pressure £651k. Estimated ongoing cost from October assumed at current levels of support is £29k per month. Emerging pressures from load now requiring temporary additional resources offset with reserve funding shown within variances under £50k.
		0	(504,000)	MHCLG grant £12k, NSAP funding £174k and £22k use of RSI Grant Rent bonds. Housing benefit income £296k estimated collection rate projected at 87% after allowing for the impact of not being able to claim for clients with No Recourse to Public Funds.
	Other under £50k	1,796,918	(15,612)	Covid income pressures under £50k relating to HMO licenses, Civil penalties, Immigration certificates and rental income, offset by underspends on mileage, printing and postage. Use of reserves to support additional Homelessness resource costs included in gross pressure above.
Total Housing, Employment & Infrastructure		1,866,918	131,388	
Corporate Communications				
Graphic Design	Income shortfall	111,325	111,325	Change to internal charging mechanism
Corporate Communications	Supplies & Services	35,130	100,072	Printing and postage cost of letters to residents re COVID 19
Variations under £50k		(125,615)	1,230	
Total Corporate Communications		20,840	212,627	
Corporate				
Pensions	Employees		(220,000)	One off discount received on prepayment of pension contribution to Shropshire County Pension Fund
WME Dividend			(79,000)	
Variations under £50k		(16,011,935)	0	
Total Corporate		(16,011,935)	(299,000)	
Total		128,974,881	14,183,275	

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Reserves Released following Review

	Description	Amount Released £
1	Capital Financing Costs Reserve - PIYC	1,200,000.00
2	PFI Sinking Fund	500,000.00
3	VAT and Taxation Reserve	5,034,617.10
4	Grant Holding Account	100,000.00
5	Employee - Skills Reserve	152,079.91
6	Property Maintenance Reserve	143,500.00
7	Stop Loss Provision	423,000.00
8	Reorganisation Reserve	433,500.00
9	Finance Service Reserve	178,099.81
10	Investment Programme Reserve	100,000.00
11	Insurance Fund	1,800,000.00
12	Events	100,000.00
13	Maintenance Programme Reserve	100,000.00
14	Water Course	150,000.00
15	Contract Reserve	118,285.13
16	Capacity Fund	350,000.00
17	Various Reserves	1,116,918.05
Total		12,000,000.00

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Capital Approvals - by Service Area

Appendix 4

Slippage						
Scheme	Service Area	Funding Source	20/21 £	21/22 £	22/23 £	Later Yrs £
Integrated Transport	Neighbourhood & Enforcement Services	Prudential	(750,000.00)	750,000.00		
Integrated Transport	Neighbourhood & Enforcement Services	Revenue	(30,036.35)	30,036.35		
Highways / Footpaths	Neighbourhood & Enforcement Services	Prudential	(370,000.00)	370,000.00		
Highways & Bridges Capital Maintenance	Neighbourhood & Enforcement Services	Prudential	(200,000.00)	200,000.00		
Capital Receipts Site preparation	Property and Investment	Capital receipts		(500,000.00)		500,000.00
Stronger Communities	Prosperity & Investment	Prudential	(1,500,000.00)	1,500,000.00		
Property Investment Portfolio	Prosperity & Investment	Prudential	(3,696,542.53)	3,696,542.53		
Property Investment Portfolio	Prosperity & Investment	Revenue	(575,281.46)	575,281.46		
Property Investment Portfolio	Prosperity & Investment	Capital receipts	(228,176.01)	228,176.01		
St Georges Regeneration	Prosperity & Investment	Prudential	(545,002.62)	545,002.62		
Orleton Park Recreation	Prosperity & Investment	Prudential	(759,726.18)	759,726.18		
Pride in Your High Street	Housing, Employment & Infrastructure	Revenue	(1,220,000.00)	1,220,000.00		
Housing	Housing, Employment & Infrastructure	Prudential	(2,000,000.00)	2,000,000.00		
All Other School Schemes	Education & Skills	Grant	(4,000,000.00)	4,000,000.00		
Legacy Fund	Communities, Customer and Commercial Services	Revenue	(100,000.00)	100,000.00		
Legacy Fund	Communities, Customer and Commercial Services	Prudential	(119,070.00)	119,070.00		
Customer Services Systems Development	Communities, Customer and Commercial Services	Prudential	(240,000.00)	240,000.00		
Advertising	Communities, Customer and Commercial Services	Prudential	(258,000.00)	258,000.00		
ICT Investment Programme	Communities, Customer and Commercial Services	Prudential	(835,000.00)	835,000.00		
Managing the funding of the Capital Programme	Corporate Items	Capital receipts	(3,771,823.99)	(978,176.01)	4,750,000.00	
Managing the funding of the Capital Programme	Corporate Items	Prudential	3,771,823.99	978,176.01	(4,750,000.00)	
Climate Change	Corporate Items	Prudential	140,000.00	(140,000.00)		
Total			(17,286,835.15)	16,786,835.15	0.00	500,000.00

New Allocations						
Scheme	Service Area	Funding Source	20/21 £	21/22 £	22/23 £	Later Yrs £
Managing the funding of the Capital Programme	Corporate Items	Capital receipts	956,000.00	(450,000.00)		
Managing the funding of the Capital Programme	Corporate Items	Prudential	(956,000.00)	450,000.00		
All Other School Schemes	Education & Skills	Capital receipts		500,000.00		
Newport Innovation & Enterprise Package	Neighbourhood & Enforcement Services	Grant	36,000.00			
Active Travel	Neighbourhood & Enforcement Services	Grant	229,500.00			
Next Steps Accomodation Programme	Housing, Employment & Infrastructure	Grant	674,368.00			
Next Steps Accomodation Programme	Housing, Employment & Infrastructure	External	280,000.00			
Social Care Capital Grant	Adult Social Care	Grant	(24,990.00)			
Solar Farm Construction	Communities, Customer & Commercial Services	Prudential	(163,250.00)			
ICT Investment Programme	Communities, Customer & Commercial Services	Revenue	24,000.00			
Leisure Capital Schemes	Communities, Customer & Commercial Services	Revenue	(12,415.96)			
Housing DFG	Housing, Employment & Infrastructure	Grant	273,751.00			
Total			1,316,963.04	500,000.00	0.00	0.00

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TELFORD & WREKIN COUNCIL

CABINET – 7 JANUARY 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 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.

1.3 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”.

- 1.4 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.”*
- 1.5 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.
- 1.6 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 section 114 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.

- 1.7 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 further year and has clearly been exacerbated by the impacts of the pandemic on the Council and our communities.
- 1.8 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.
- 1.9 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 £0.386m 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:-

A medium term capital investment programme totalling £228.532m is summarised in Appendix 4 including:-

- £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
- £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.
- 1.10 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 - 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.
- 1.11 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.
- 1.12 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 Spending 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.
- 1.13 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.
- 1.14 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.
- 1.15 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 and almost twice the income that the Council receives from Council Tax. 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.

- 1.16 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.
- 1.17 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 this report.
- 1.18 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.

1.19 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”.

1.20 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. RECOMMENDATIONS AND NEXT STEPS.

2.1 Members are asked to approve:-

2.1.1 The proposed Service and Financial Planning Strategy set out in this report for consultation between 8 January 2021 and 7 February 2021.

2.2 Members are asked to note:-

2.2.1 The high level of uncertainty relating to the medium term financial outlook for the Council due to:-

- the significant changes to the local government finance system which may be introduced from April 2022 and,
- because the Government's one year CSR Announcement does not extend beyond the end of next financial year and,
- the continuing uncertainty arising from the impacts of the pandemic.

This high level of uncertainty requires the Council to retain flexibility by limiting new ongoing investments to our highest priorities and retention of as much one-off resource as possible whilst identifying additional budget savings to ensure a balanced budget for next year.

2.3 Next Steps:-

- Information about the ways that comments on this proposed medium term financial strategy can be made are included in Section 20. Our consultation period will commence on 8 January and continue through until 7 February 2021. At this stage, our consultation is predominantly seeking over-arching views on the strategy put forward ensuring we engage with key partners as part of this process. It should be noted that where specific savings require more detailed consultation and equality impact assessment, these will be subject to more detailed and specific consultation in due course.
- Final decisions will be taken by the Cabinet at the meeting to be held on 18 February 2021 after the results of consultation including comments from the Business & Finance Scrutiny Committee have been analysed. Recommendations from this meeting will be considered at a meeting of Full Council scheduled for 4 March 2021, which will agree the budget and Council Tax levels across the Borough for 2021/22.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific priorities?	
	Yes	<i>The service and financial planning strategy is integral to ensuring that available resources are used as effectively as possible in delivering all corporate priority outcomes.</i>
	Will the proposals impact on specific groups of people?	
	Yes	<i>The proposals contained in this report will impact on specific groups of people. An 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</i>

		<i>included in reports to Cabinet as appropriate</i>
TARGET COMPLETION/DELIVERY DATE	<i>Public consultation will take place between 8 January 2021 and 7 February 2021. The proposals contained in the report will also be subject to Member scrutiny during this period. Final proposals will be considered by Cabinet on 18 February 2021 who will make recommendations to Full Council on 4 March 2021. The final agreed recommendations will be implemented during 2021/22 and future years.</i>	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	<i>This report sets out the service and financial planning strategy for the Council for 2021/22.</i>
LEGAL ISSUES	Yes	<i>This report develops the proposals for the Council's budget and policy framework which will be consulted upon in accordance with the Policy Framework & Budget Procedure Rules contained in the Constitution. In accordance with the relevant provisions of the Local Government Finance Act 1992, the Local Government Housing Act 1989, the Local Government Act 2003 and the Localism Act 2011, the Council has to set a balanced budget for 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</i>

		<i>supporting the budget before doing so.</i>
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	<p><i>This report sets out the strategy framework which includes consideration of corporate risks – particularly in relation to the availability of balances.</i></p> <p><i>Environmental assessment is a procedure that ensures that the environmental implications of Council decisions are taken into account. The principle is to ensure that plans, programmes and projects likely to have significant effects on the environment are made subject to an environmental assessment.</i></p> <p><i>The Environmental Assessment aims to provide a level of protection to the environment and to contribute to the integration of environmental considerations into the preparation of projects, plans and programmes with a view to reducing their environmental impact. The environmental assessment provides information on the environmental impacts of the budget proposals. Overall, on balance the environmental assessment of the budget proposals is expected to be positive.</i></p> <p><i>The economic impacts of the proposals are expected to be broadly positive in 2021/22 given the capital and revenue investments outlined in the report and the Council’s “business winning, business supporting approach”.</i></p>
IMPACT ON SPECIFIC WARDS	No	<i>Borough-wide impact.</i>

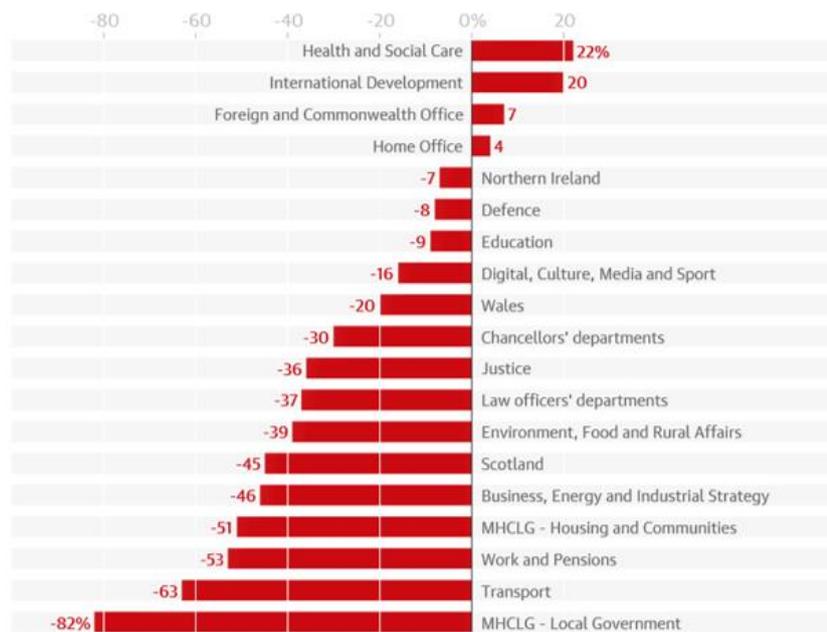
4. NATIONAL CONTEXT.

4.1 When the coalition Government was formed in May 2010 they committed to eliminating the national budget deficit 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:-

Government department spending since the financial crisis

Cumulative real change in day-to-day spending (per capita), 2007-08 to 2019-20



Guardian graphic. Source: Resolution Foundation

- 4.2 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.
- 4.3 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.
- 4.4 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.

- 4.5 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.
- 4.6 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>.

4.7 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”.

5. LOCAL CONTEXT

5.1 The Government’s low priority for local government compared to other parts of the public sector and its subsequent significant transfer of risks to the local government sector including the introduction of local

Council Tax Support rather than centrally funded Council Tax benefits and local retention of business rates at a time when it 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.

- 5.2 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 3.
- 5.3 The Council has sought to offset part of the loss of Government grant by generating income by adopting a more commercial approach 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.

- 5.4 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.
- 5.5 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).
- 5.6 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.

5.7 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.

5.8 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
- 5.9 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.
- 5.10 After considerable active budget management work undertaken by Cabinet Members and officers throughout the Council, the total projected pressure is currently estimated to be £19.28m (including council tax and business rates shortfalls). The Council has now received £17.24m of Government National Emergency Response Funding including £2m grant from the Sales, Fees & Charges income compensation scheme, which leaves a residual pressure of £2.04m 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 Management and Mid-Year budget Review report also on this agenda.
- 5.11 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.
- 6.0 **A COUNCIL WORKING PROTECT, CARE & INVEST TO CREATE A BETTER BOROUGH**
- 6.1 Despite our severe financial constraints, Telford and Wrekin is a progressive Council with ambitions to improve the Borough and the lives of residents. We are tackling the impact of the Government’s sustained 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.

- 6.2 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.
- 6.3 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.
- 6.4 From our on-going engagement with local people over many years, we are clear that they and their families have some fundamental priorities which we as a Council 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.

6.5 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.

6.6 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.

- 6.7 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.
- 6.8 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.
- 6.9 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.
- 6.10 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.
- 6.11 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.

7. **BASE BUDGET FOR 2021/22**

- 7.1 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	20,935,429	7,620,455	13,314,974
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	5,189,775	2,742,757	2,447,018
Communities, Customer & Commercial Services	84,915,684	80,187,803	4,727,881
Corporate Items	15,792,106	28,360,035	(12,567,929)
Netting off of Internal Recharges included above	- 50,640,202	- 50,640,202	-
Total	405,675,186	267,539,509	138,135,677
Contributions To/From Balances	0	434,750	(434,750)
Net Total	405,675,186	267,974,259	137,700,927

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

7.3 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 11 of this report contains further details of key uncertainties.

7.4 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,

7.5 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
Investments:			
Safer Communities	500	500	-
Adult Social Care	2,510	3,010	3,010

Housing, Infrastructure & Employment	334	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	1,098	1,145	1,205
Updated Base Budget	137,701	143,929	146,907
Projected Funding	127,776	126,375	125,375
Base Budget Gap before Council Tax increase	9,925	17,554	21,532
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	386		
Shortfall to be covered from further ongoing savings, any further council tax increases in 2022/23 and 2023/24 and use of one offs		6,776	10,754

Notes:-

- * Based on the indicative 2021/22 council tax base, this will be updated when the Council Tax base for 2021/22 is finalised later in January 2021.
- 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 overall position will be firmed-up in the February report to Cabinet by which time the Council should have final allocations for all outstanding grants and will be able to reflect any additional budget pressures and opportunities that arise over coming weeks.
- The actual amount of business rates available for the budget strategy will be confirmed when the NNDR 1 form is completed and submitted in January 2021.
- No assumption has been made for any Council Tax increases in 2022/23 and 2023/24 at this stage.
- **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.**

- 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 proposed use in 2021/22.

7.6 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

8. OUR 2020/21 SERVICE & FINANCIAL PLANNING STRATEGY

8.1 Our Approach to Developing Savings Proposals Budget Engagement

8.1.1 When the Council agreed its medium term service and financial planning strategy at Council in March 2017, 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.

- 8.1.2 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.
- 8.1.3 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.

8.2 Approach to Future Development of Savings Proposals.

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

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

- A.** A community-focused, innovative council providing efficient, effective and quality services;
- 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 than 100 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

- 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 CO2 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.

9. CAPITAL RECEIPTS AND DEBT CHARGES

- 9.1 The Council's programme of property rationalisation has not only reduced running costs but is also generating significant capital receipts enabling us to fund some investment from internal resources rather than from increased borrowing. 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.
- 9.2 The Council, unlike the Government, is not able to borrow to fund revenue services as the Council has to set a balanced revenue budget each year with any shortfall being funded by the use of balances – if available, or from further cuts to spending or increased income.
- 9.3 Debt repayments represent a long term fixed charge against the revenue budget which reduces the amount of funding available for the provision of front line services. 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.
- 9.4 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% |

9.5 A graph showing the percentage of the net revenue budget allocated to debt repayments in 2020/21 for unitary authorities is included in Appendix 6 (data was not available for 3 authorities from the CIPFA data source).

9.6 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

9.7 Generation of these receipts is a key assumption within the service and financial planning strategy. The Council has a detailed schedule of asset disposals to address this, 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.

10. SECTION 106 AGREEMENTS

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

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

1. necessary to make the development acceptable in planning terms

2. directly related to the development; and
 3. fairly and reasonably related in scale and kind to the development.
- 10.3 Negotiations have to ensure that developments remain viable and the National Planning Policy Framework (NPPF) states where obligations are being sought or revised, local planning authorities should take account of changes in market conditions over time and, wherever appropriate, be sufficiently flexible to prevent planned development being stalled.
- 10.4 The Council's Children and Young People Scrutiny Committee undertook a scrutiny review of Primary School Places during 2014 which considered s.106 agreements relating to education and it was agreed that details of these agreements would be included in the service and financial planning report in future years. Details are therefore included in Appendix 7 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.

11. MEDIUM-TERM FINANCIAL OUTLOOK

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

11.1.1 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.

11.1.2 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.

11.1.3 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 changedthe 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.

11.1.4 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.

11.2 **Comprehensive Spending Review 2020**

11.2.1 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.

11.2.2 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.

11.2.3 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.

11.2.4 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>

11.2.5 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 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”.

11.2.6 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”

11.2.7 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.”

11.3. Other areas of uncertainty

11.3.1 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.

- 11.3.2 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.
- 11.3.3 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.
- 11.3.4 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.

11.3.5 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.

11.3.6 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

11.4 Local Government Finance Settlement

11.4.1 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%

11.4.2 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.

11.4.3 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 2022/23 compared to 2021/22	£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". Whilst it is a provisional settlement with final proposals due to be announced in late January or early February, there is thought to be little prospect of any significant improvement in the final settlement.

11.4.4 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, the settlement includes 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. It is also possible that as this is a provisional settlement, the final figures may be better or worse than currently indicated. Clearly other factors will also change within our own budget as the Council delivers hundreds of services which operate

in a dynamic environment so an updated position will be presented to Cabinet on 18 February 2021.

- 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.

11.4.5 In response to the 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 households”*. 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”*.

11.4.6 The deadline for responses to the provisional settlement is 16 January 2020. The Chief Financial Officer will agree a response to the provisional settlement with the Cabinet Member for Finance & Governance.

12. 2020/21 PROJECTED OUTTURN POSITION

12.1 As the Financial Management and Mid-Year Budget Review 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 are only part way through the year. 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 £1.92m) but as this projection is based on spending to just over half the year 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. However the position will be re-evaluated later in the year when some funding may be available to be released to support key priorities on a one-off basis.

13. SAVINGS PROPOSALS 2021/22

13.1 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.

13.2 Appendix 10 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 in Sections 8 and 20 of 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.

13.3 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 Adult Social Care and Children's

Safeguarding. Details of these Cost Improvement strategies are included as Appendices 11 and 12.

14. INVESTMENTS

- 14.1 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.
- 14.2 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.
- 14.3 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 9. These ensure that the proposed budget is robust and sustainable.
- 14.4 The Council is proposing a significant capital programme which totals almost £230m and is summarised in Appendix 4. 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.
- 14.5 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.

14.6 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 £43m investment to date through the Growth Fund is estimated to deliver an ongoing gross return of 7.3%, 4.8% after borrowing costs.
- The £43m 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.
- 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.

14.7 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.

15. COUNCIL TAX

15.1 Council Tax in Telford & Wrekin has historically been low compared to other councils. Appendix 1 is a graph comparing Council Tax levels across the Midlands region and demonstrates that Council Tax in this area is the 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.

- 15.2 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.
- 15.3 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.
- 15.4 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.
- 15.5 As well as a comparatively low level of Council Tax, this area also has comparatively low property values with the majority of our properties being in Council Tax Bands A or B. 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.
- 15.6 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.

16. BASE BUDGET, BALANCES AND CONTINGENCIES

16.1 Base Budget

16.1.1 A summary of the Base Budget position is included at Appendix 8 which shows a net base budget of £137.701m 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 £0.386m. Appendix 9 includes an analysis of the main changes in moving from the 2020/21 budget to the 2021/22 base budget.

16.2 Balances

16.2.1 Appendix 5 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 and Mid-Year Budget Review report also on this agenda and but after the recommended use of £0.386m one-offs to balance the position for next year.

16.2.2 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" which will be included in the Service & Financial planning report to be considered at Cabinet in February. 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.

16.2.3 The total “usable” one-offs of £20.46m are detailed in Appendix 5 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, £0.386m, 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.

16.3 Risk Management and Financial Resilience

16.3.1 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.

16.3.2 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.

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.

16.3.3 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.

16.4 Inflation Assumptions and Contingencies

16.4.1 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.

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

16.5 Single Status

16.5.1 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.

16.5.2 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.

17. EDUCATION FUNDING – DEDICATED SCHOOLS GRANT

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

17.2 **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.

- 17.3 **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.
- 17.4 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.
- 17.5 **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).
- 17.6 **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.

18. EQUALITY IMPACT ASSESSMENT

- 18.1 Equality Impact Assessment is a tool that is used to ensure our decision making takes into consideration the protected characteristics with regard to the General Equality Duty (GED). In short we must demonstrate that we pay due regard to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity and to foster good relations. We need to assess and analyse the practical impact on those whose needs are affected by changes to the way that we deliver our services or to our spending. We have adopted a proportionate approach that takes into account the relevance of a proposal with regard to equality. This is a measured response recognising that our resources are best aimed at dealing with those proposals that could have the most significant impact. In order to accomplish this we have followed a process designed to screen proposals and ensure that they are fully explored.
- 18.2 Our process involves carrying out an initial scoping exercise to determine which budget saving proposals may require action or further investigation with regard to equality impact. For proposals where implications are identified and are at a sufficiently developed state a proportionate impact assessment is undertaken. Where a proposal is still at an early stage of development an equality impact assessment will be undertaken during its development. This is an ongoing process that will continue throughout the year. As we engage with our community and partners to identify where we may need to deliver services differently we will ensure that we continue the process of screening these proposals to identify if there are any equality implications.

19. ENVIRONMENTAL AND ECONOMIC IMPACT ASSESSMENTS.

- 19.1 Environmental assessment is a procedure that ensures that environmental implications of Council decisions are taken into account. The principle is to ensure that plans, programmes and projects likely to have significant effects on the environment are made subject to an environmental assessment. Environmental Assessments aim to provide a level of protection to the environment and to contribute to the integration of environmental considerations into the preparation of projects, plans and programmes with a view to reduce their environmental impact.
- 19.2 Overall, on balance the environmental assessment of the budget proposals is expected to be positive for example as the Council 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 of communication technology.

- 19.3 An economic impact assessment will be undertaken for those proposals that have a significant individual economic impact. Clearly reducing spending by the Council will impact on the local economy for example through fewer people being directly employed by the Council and less business being placed by the Council with local suppliers as spending 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.

20. COMMUNITY ENGAGEMENT AND COMMUNICATION

- 20.1 As outlined earlier in the report, we will continue to work closely with a range of community groups and Town and Parish Councils to develop alternative ways of delivering services. By engaging with residents and other partners it can be possible to find alternative ways of delivering those services that support our community. We will continue to engage with a range of partners and service users (experts by experience) who could assist in developing alternative service solutions in those areas that have potential to impact upon our residents.
- 20.2 Our 2021/22 approach to consultation and engagement on our budget will include communication in relation to where the Council intends to spend its budget and highlight limited areas for limited new investments. We will ensure that we engage with the community and our partners where there is an opportunity for us to work together to improve outcomes for our residents, or where there is potential for an impact on the community. We will continue to identify those who wish to work with us on developing alternative service solutions.
- 20.3 As in previous years, communicating and engaging with the community on our future plans is an important part of the budget process and the ways in which we will do this are outlined in section 8.1 and below. However, the aim is to build more in-depth engagement during 2021/22 and later years involving residents and partners in developing solutions, therefore an important part of our communication plan is to identify those who are willing and able to be part of this process.
- 20.4 The ways in which we will seek views on our proposed strategy are as follows;
- Discussions at a number of specific forums during January,

- Communications campaign including media and social media, updated budget page on the council website, and direct email communication
- Gathering comments and feedback via a wide range of channels including email, social media, in writing to freepost address and telephone

Comments can be sent to us at the following E mail address:-
yourviewsmatter@telford.gov.uk

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

21. NEXT STEPS & TIMETABLE

21.1 A consultation period will run from 8 January 2021 through to 7 February 2021 in order that careful consideration can be given to the views expressed by the Council's Cabinet when preparing their final report and recommendations to Full Council.

21.2 The Business & Finance Scrutiny Committee will scrutinise the Administration's budget proposals and should also have the opportunity to scrutinise any alternative budget proposals put forward by any Opposition group(s) prior to Cabinet on 18 February 2021. The Chair of the Business & Finance Scrutiny Committee will have the opportunity to present the recommendations of the Committee at the Cabinet meeting on 18 February if required. The Cabinet will then make their final recommendations to Full Council at this meeting.

21.3 Full Council will consider the recommendations from Cabinet and Scrutiny/Opposition Groups on 4 March 2021 when final decisions will be made and the budget and Council Tax for 2021/22 will be determined.

22. 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

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

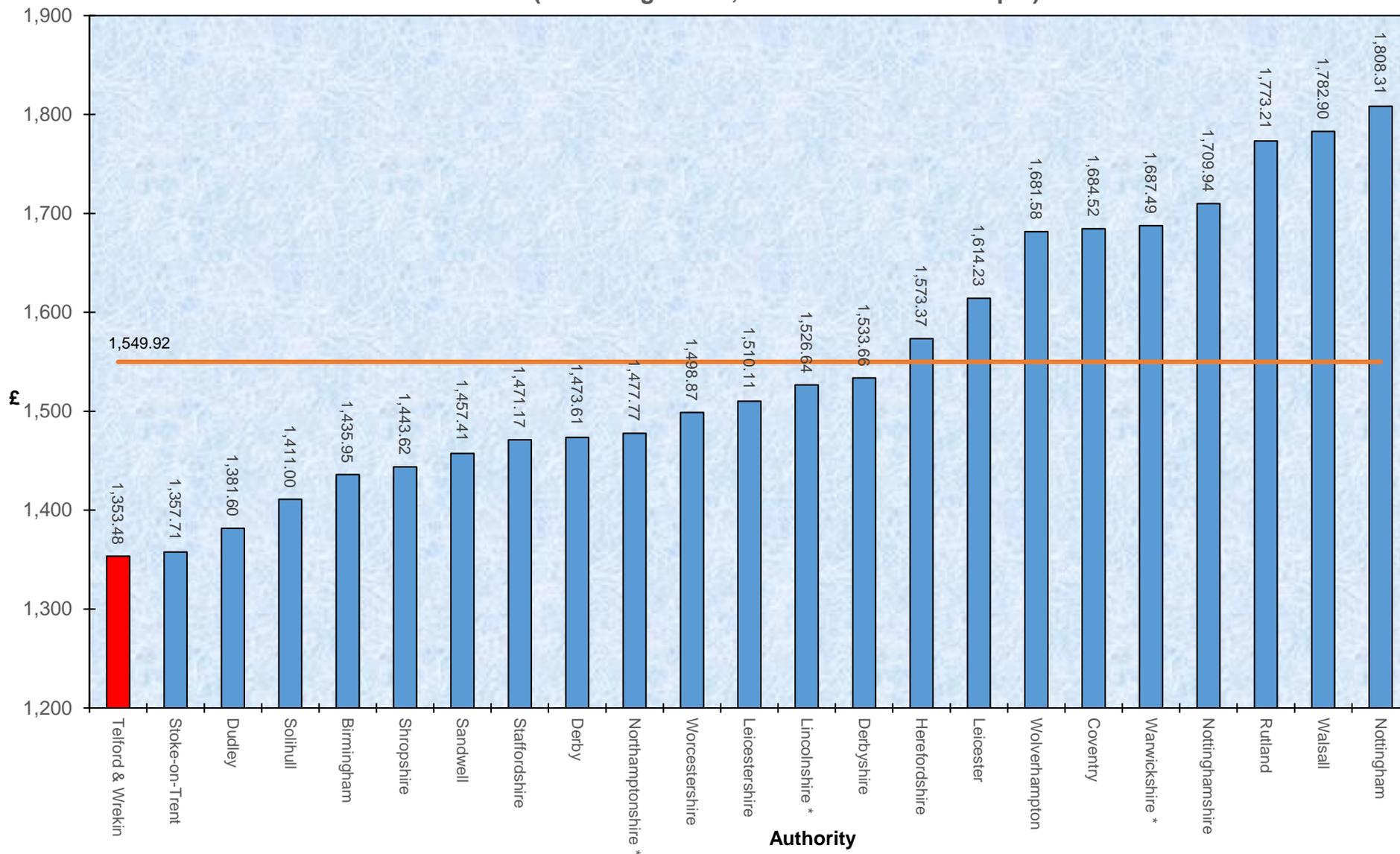
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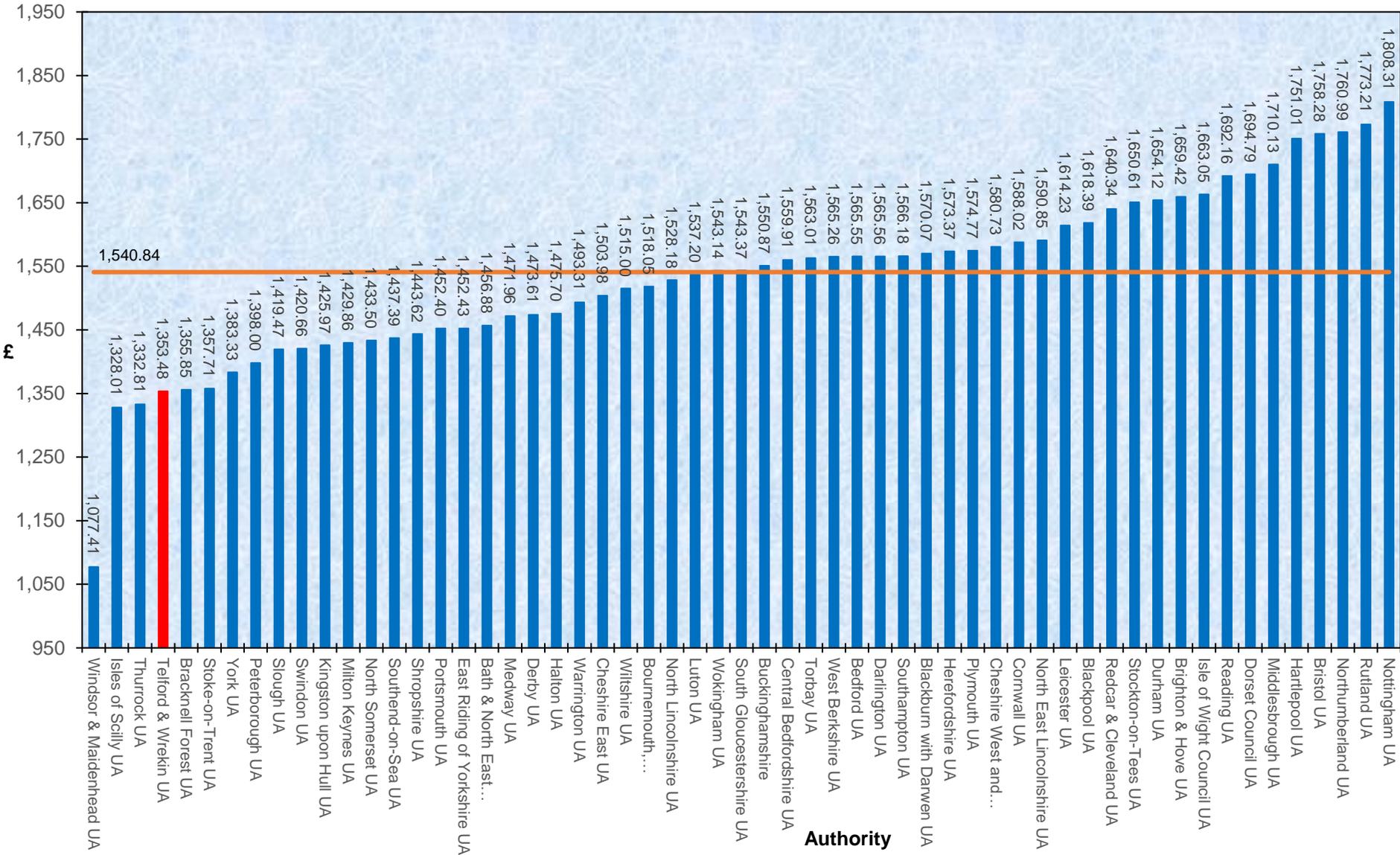
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Midlands Authorities 2020/21 Band D Council Tax for equivalent unitary services
(Excluding Police, Fire* and Parish Precepts)



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



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APPENDIX 3 - SAVINGS ALREADY DELIVERED

1. The Council has faced truly unprecedented cuts to its grants from central Government which have now forced us to make ongoing annual savings of 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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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	-	-

Capital Programme - 2020/21 to 2024/25
Scheme Summary showing major schemes separately

Scheme	Expenditure							Funding					
	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	64	0	0	0	0
	Social Care Capital Grant	149	149	0	0	0	0	9	140	0	0	0	0
		213	213	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	863	0	0	0	0
	ICT Investment Programme	8,841	2,177	2,623	2,041	2,000	0	0	8,805	0	0	36	0
	Legacy Fund	524	305	219	0	0	0	0	369	0	0	155	0
	Other Schemes	576	318	258	0	0	0	0	96	480	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	4,000	0	0	0	0
	Efficiency Schemes Capitalisation	4,786	2,786	2,000	0	0	0	0	0	4,786	0	0	0
	Managing the funding of the Capital Programme	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
Education & Corporate Parenting	All Other School schemes	12	12	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	24,233	0	1,354	0	0	86
		25,685	5,131	20,554	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	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	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	2,981	2,414	151	0	0	892
	Pride In Your High Street	6,918	898	3,620	2,400	0	0	230	5,230	0	0	1,458	0
	Superfast Broadband Programme	116	116	0	0	0	0	0	0	116	0	0	0
		13,472	5,452	5,620	2,400	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	5,000	0	0	0	0
	Ironbridge Gorge Stability	407	257	150	0	0	0	0	336	0	0	71	0
	Newport Innovation & Enterprise Package	6,351	6,351	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	10,966	29,171	0	0	546	2,246
		54,687	22,889	15,498	7,300	9,000	0	14,501	34,708	0	0	617	4,861
Policy & Governance	Legal Fees	280	94	62	62	62	0	0	280	0	0	0	0
	280	94	62	62	62	0	0	280	0	0	0	0	
Prosperity & Investment	Asset Management Plan - General Works & Surveys	3,467	1,067	700	700	1,000	0	14	3,453	0	0	0	0
	HCA Land Deal	2,556	1,325	951	280	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	3,837
	Housing Company - Housing	65,283	9,083	25,600	22,100	8,500	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	2,141
	Property Investment Programme	19,648	1,298	14,642	3,708	0	0	0	18,524	497	0	627	0
	Prosperity & Investment other schemes	3,637	382	1,805	750	700	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
	Rights of Way	42	42	0	0	0	0	40	0	0	0	2	0
	Stronger Communities	9,950	7,000	2,950	0	0	0	7,000	2,350	0	0	400	200
	Get Building Fund	2,380	1,428	952	0	0	0	2,380	0	0	0	0	0
	Towns Fund	1,000	1,000	0	0	0	0	1,000	0	0	0	0	0
	Town Centre Compound	214	214	0	0	0	0	0	214	0	0	0	0
		114,155	23,408	52,826	27,721	10,200	0	10,434	92,049	1,908	0	1,030	8,734
	228,532	63,701	101,855	41,619	21,357	0	52,554	134,224	23,885	0	3,296	14,573	

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		(0.39)
Residual Balance		25.10
Made up of:		25.10
One Off Funds	Identified to support the Medium Term Budget Strategy	20.07
One Off Funds	General/Special Fund Balances	5.03
		25.10

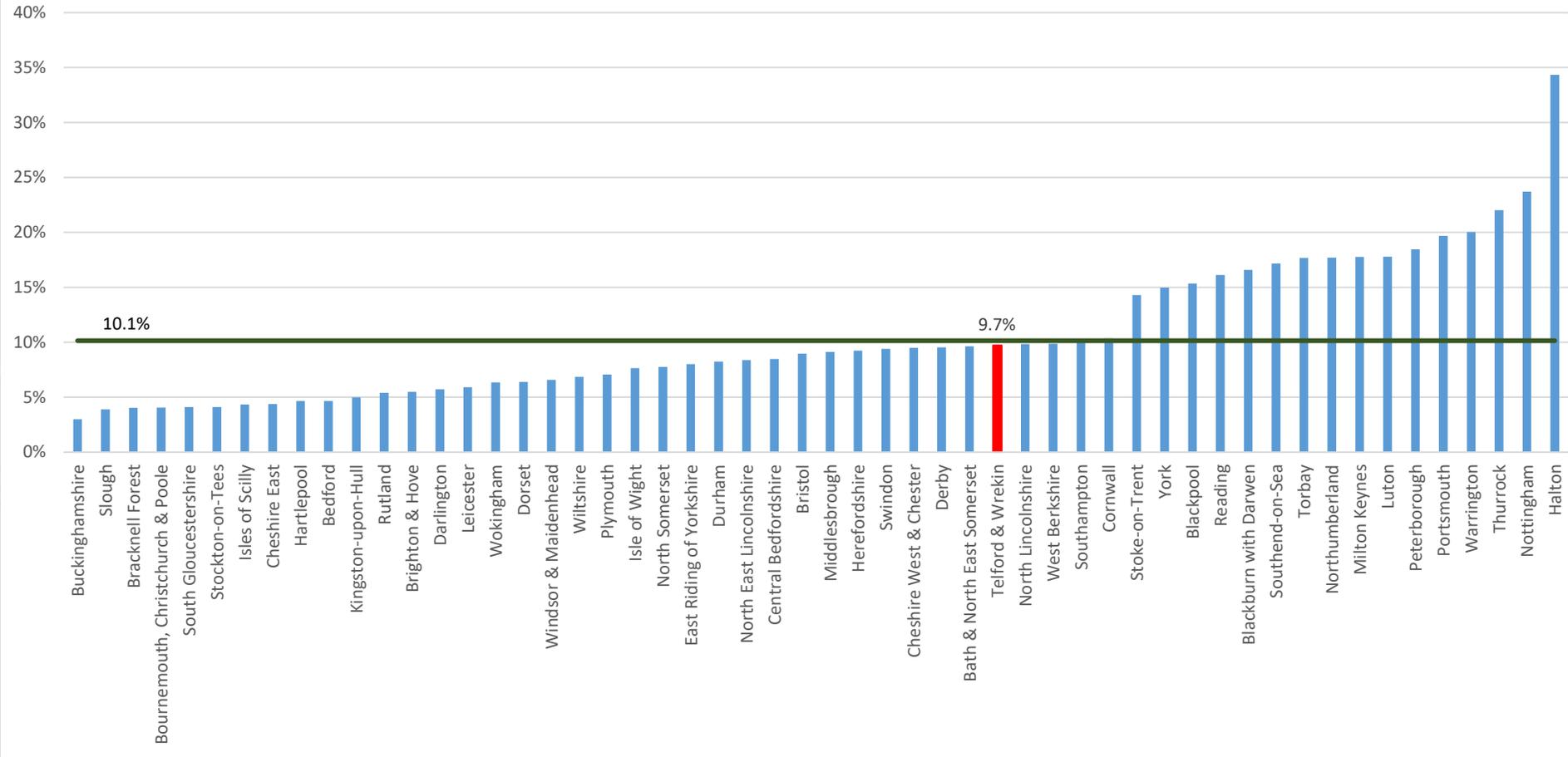
Service Area	Description	Balance at 31/3/2020	Estimated Change during 2020/21 - other	Estimated Closing Balance 31/3/21	Estimated Change during 2021/22	Estimated Closing Balance 31/3/2022	Estimated Change during 2022/23	Estimated Closing Balance 31/3/2023	Estimated Change during 2023/24	Estimated Closing 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 foster 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 PVI's 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)	0.00	(39,713.77)	0.00	(39,713.77)	0.00	(39,713.77)	0.00	(39,713.77)	Support of staffing
Education & Skills	Early Years Grants	(40,182.82)	(33,168.92)	(73,351.74)	73,351.74	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 c/wd 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 Apprentices 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	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	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	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	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	(5,378,069.35)	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	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	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	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	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	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	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	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	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	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/TCF 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 TCF
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	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 Mtoe Programme	(1,128,209.49)	845,196.35	(283,013.14)	283,013.14	0.00	0.00	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	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	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	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	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	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	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 contracts. 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	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	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	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	(11,027.87)		(11,027.87)		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	0.00	To support the Local Plan
Hsg_Employment_Infra	Homelessness Prevention	(85,747.76)	10,000.00	(75,747.76)	70,363.28	(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	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	

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Financing Costs to Net Revenue Stream - 2020/21 - Unitary Authorities Comparisons



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

APPENDIX 7

	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 Edmond Rd Newport	- 210,479.24	-	-	- 210,479.24	To be used toward expansion of education facilities 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/2018/0446	61 Plantation Rd Tibberton	- 93,673.13	-	-	- 93,673.13	Contribution towards Tibberton Primary School
E677	TWC/2018/0562	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
E883	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 facilities 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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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	20,935,429	7,620,455	13,314,974
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	5,189,775	2,742,757	2,447,018
Communities, Customer & Commercial Services	84,915,684	80,187,803	4,727,881
Corporate Items	15,792,106	28,360,035	(12,567,929)
Netting off of Internal Recharges included above	- 50,640,202	- 50,640,202	-
Total	405,675,186	267,539,509	138,135,677
Contributions To/From Balances	0	434,750	(434,750)
Net Total	405,675,186	267,974,259	137,700,927

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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		803
		130,528
<u>Inflation</u>		
General - major contracts	612	
Pay Inflation	230	
		842
<u>Council Wide Items</u>		
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)	
		3,134
<u>Capital/Treasury</u>		
Cost of Capital Programme	(1,222)	
		(1,222)
<u>Service Pressures</u>		
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	334	
Other	428	
		5,203
<u>Savings</u>		
Approved in 2020/21 Budget Strategy	(784)	
		(784)
Base Budget		137,701
<u>Less Funding</u>		
Council Tax Income	70,211	
Council Tax Growth in Taxbase	681	
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		127,776
Funding requirement		9,925

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

Residual Gap **386**

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SCHEDULE OF SAVINGS PROPOSALS**APPENDIX 10**

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 11

Children's Safeguarding & Family Support – Cost Improvement Strategy

Introduction:

Over recent years, Local Authorities across Britain have faced an unprecedented surge in demand for children's social care support, and that this is showing little sign of abating. 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:

Strengthening Families, Protecting Children Programme: Family Safeguarding

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 Supervision¹ 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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Adult Social Care (ASC)
Continuous Improvement Plan Strategy 2020-2021

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 estimated 10,900 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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