



Borough of Telford and Wrekin

Cabinet

6 January 2025

Medium Term Financial Strategy 2025/26- 2028/29

| | |
|------------------------------|--|
| Cabinet Member: | Cllr Zona Hannington- Cabinet Member: Finance, Governance & Customer Services Cllr Lee Carter - Leader |
| Lead Director: | Michelle Brockway - Interim Director: Finance, People & IDT |
| Service Area: | Finance, People & IDT |
| Report Author: | Michelle Brockway - Interim Director: Finance, People & IDT |
| Officer Contact | |
| Details: | Tel: 01952 383100 Email: michelle.brockway@telford.gov.uk |
| Wards Affected: | All Wards |
| Key Decision: | Key Decision |
| Forward Plan: | Yes – 28 August 2024 |
| Report considered by: | SMT – 3 December 2024 Business Briefing – 12 December 2024 Cabinet – 6 January 2025 |

1.0 Recommendations for decision/noting:

It is recommended that Cabinet Members note the contents of this report with the main aims being:

- 1.1 For the 14th Year running, to maintain the financial stability of Telford & Wrekin Council and set a balanced budget

- 1.1.1 To continue to have the lowest level of Council Tax in the Midlands for the services we provide and amongst the lowest Council Tax of any Unitary Authority in the Country, see graphs at Appendices 1 and 2
- 1.1.2 That the Council continues to invest in its main priorities, a few examples being:
- £7.7m investment into Social Care to support the most vulnerable in our community
 - £94m on high quality homes and new neighbourhoods
 - £54m for Growth Fund to bring jobs to the borough
 - £30m for highways and transport schemes
 - £26m for Towns Fund projects to revamp local centres
 - £1.7m for protecting and enhancing green spaces
 - £45.2m invested into expanding improving local schools
- 1.2 It is recommended that Cabinet Members approve:
- 1.2.1 The proposed revised Medium Term Financial Strategy (MTFS) set out in this report for consultation between 7 January 2025 and 5 February 2025.
- 1.2.2 A general council tax increase for 2025/26 across all council tax bands equivalent to £0.69 per week for an average Band B property, which will be fully invested in the provision of social care services for the most vulnerable members of our community.
- 1.2.3 A council tax increase for 2025/26 for the Adult Social Care precept across all council tax bands equivalent to £0.46 per week for an average Band B property, which will be fully invested in the provision of social care services for the most vulnerable members of our community.
- 1.3 Members are asked to note:
- 1.3.1 The savings delivered of £181.7m since 2009/10 as a result of reduced government funding from 2011 whilst the cost and demand for many Council services have been increasing and in particular for Adult Social Care.
- 1.3.2 That 75 pence in every £1 the Council spends is now allocated to Social Services.
- 1.3.3 That a number of the investments made in this report also generate a financial benefit, as well as fulfilling their primary purpose, which is invested in front line services.
- 1.3.4 National and international economic pressures which have resulted in an extremely challenging financial outlook for U.K public services with interest rates remaining high.

2.0 Purpose of Report

- 2.1 To provide an update on the medium-term financial outlook, including key uncertainties and financial pressures and to set out proposals for consultation during the period 7 January 2025 and 5 February 2025. Consultation activities will include holding sessions with key stakeholders including the Voluntary and Community Sector, Town and Parish Councils, businesses, and the Council's cross-party Business & Finance Scrutiny Committee, issuing media releases and seeking views from residents through our website.
- 2.2 After considering the outcomes from consultation, a further report will be considered at Cabinet on 13 February 2025 at which recommendations will be made for consideration at full Council on 27 February 2025 when the budget for 2025/26 will be finalised and the level of council tax for 2025/26 set, all within the context of a four-year MTFS to ensure that the Council's medium-term financial position remains sustainable and robust.

3.0 Background

- 3.1 The current MTFS, which covered the 4-year period to 2027/28, was approved at full Council on 29 February 2024. This included the 2024/25 revenue budget and medium-term capital programme.
- 3.2 Since this time, many councils have reported significant pressures in their financial monitoring reports arising from increases in demand for key services and higher costs particularly for the provision of social care. Telford & Wrekin Council is also facing very significant budget challenges arising from increasing costs and increasing demand for services. However, Telford & Wrekin Council has a long track record of sound financial management and has demonstrated an ability to take the robust decisions needed to ensure long-term financial sustainability – although this necessitates difficult choices relating to further cuts to staffing necessitating redundancies, reductions to some services, reviewing fees and charges and the level of council tax increase.
- 3.3 The Financial Monitoring Report for 2024/25 also on this agenda provides the latest projections in relation to the outturn position for the current year. Most, if not all, of the pressures we face in the current year are of an ongoing nature and are likely to increase in future years.
- 3.4 Nationally, Councils continue to face extreme challenges with unprecedented pressures driven by high costs and high demand for services – particularly Adult Social Care, Children's Safeguarding and School Travel Assistance. Following the publication of its Local Government White paper in June 2024 which stated, "there has never been a more difficult time for local government", the LGA published its submission to the Treasury ahead of the Autumn Budget and Spending Review. In it, they are clear that "councils are under severe financial strain" with a funding gap of £6.2bn predicted over the next 2 years and financial sustainability being tested. As

their Priority 1, the LGA are calling for “a significant and sustained increase in overall funding that reflects current and future demands for services. In addition, the system for funding councils is out of date, opaque and urgently in need of reform. Councils need multi-year and timely finance settlements, and greater certainty over financial reforms, to enable them to plan ahead and make meaningful financial decisions.”

- 3.5 The Autumn Budget, presented by the Chancellor on 30 October 2024, set out a medium-term plan for public finances. This included a one-year Spending Review covering Departmental budgets for 2025/26 with a further Spending Review in late Spring 2025 anticipated to cover 2026/27 and 2027/28. The headline figures indicate a real terms increase in core local government spending power of around 3.2% in 2025/26, including at least £1.3bn of new grant funding, of which £600m will be new grant funding to support social care.
- 3.6 The very tight national government funding position, significant cost of living pressures facing our residents and higher interest rates together with major uncertainties over the future economic outlook and over when and what changes will finally be made to the local government finance system create the context within which we must now consider our MTFs proposals. Given the high levels of uncertainty and the one-year settlement provided by the Government, the Council is proposing setting a detailed budget for 2025/26 only but within the context of a four-year MTFs.
- 3.7 Despite the exceptional level of uncertainty, as a large complex organisation delivering many essential services to our community, we need to plan over a medium-term period. This is particularly the case for large capital projects which may take more than one year to complete. Therefore, this report sets out a MTFs covering the period 2025/26 to 2028/29. However, due to the high levels of uncertainty and the provisional one-year settlement from Government, projections beyond next year are indicative and will be regularly updated as further information becomes available.

4.0 Summary of main proposals

- 4.1 The Council has a long track record of sustained strong and effective financial management and has demonstrated a willingness to take difficult decisions when required. Despite having to deliver £181.7m of ongoing annual budget savings by the end of the current financial year since the start of the Government’s austerity programme, the Council has continued to manage its budget effectively.
- 4.2 However, due to the current high levels of financial pressure arising from the increased demand for and cost of Adult Social Care and the uncertainty facing the Council, this report recommends a general council tax increase of 2.99% plus a 2% increase for the Adult Social Care precept. All the funding raised through the council tax increase will be invested in the provision of Social Care services for the most vulnerable children and adults in our community. In 2024/25, Telford & Wrekin Council has the lowest level of

council tax for the services that this council provides in both the West and East Midlands and one of the lowest levels of council tax out of all English shire unitary authorities. Council tax comparisons are included in Appendices 1 and 2. At Band D (the national comparator) council tax in Telford and Wrekin for the services that we provide is £618.35 less pa than in Nottingham City Council. Council tax in the Midlands is, on average, 19% higher than in Telford & Wrekin (£292.09pa more at Band D for the services that this Council is responsible for). Even after the proposed general council tax increase of 2.99%, and the Adult Social Care precept increase of 2%, which will cost the average resident (Band B property) £0.69 and £0.46p respectively per week, it is likely that the Council will still have the lowest council tax in the midlands for the services that it provides. The increase in the total bill for each household will be affected by the decisions of the Police & Crime Commissioner, The Fire Authority and individual town and parish councils.



- 4.3 As part of the proposed council tax increase, the Council will apply the Government's 2% Adult Social Care precept for next year. However, all of the funding generated from this increase plus the 2.99% general council tax increase will be invested in the provision of social care services to support the most vulnerable people in our community. The council tax increase will raise £4.5m towards the £7.7m additional investment that is required into our Adult Social Care services next year with the additional investment required being funded through a combination of further budget savings including further reductions to staffing budgets and an element of the uplift to the Social Care Grant.
- 4.4 The Council's net budget for Children's Safeguarding next year will be approximately £49m and for Adult Social Care the net budget will be over £76m giving a total commitment to these two key areas of over £125m. equivalent to approximately 75% of the total net revenue base budget.
- 4.5 The scope for additional ongoing revenue investments next year is limited, as further investments in other priorities would require more budget savings to be identified. However, several pressure areas have been addressed during development of the MTFs to ensure that the proposed budget is robust and sustainable.
- 4.6 The current medium-term capital investment programme totals £376m and is set out in Appendix 13. This includes:



4.7 Some of the investments highlighted above also generate a financial benefit, as well as fulfilling their primary purpose. For example, Nuplace which provides high quality homes for rent from a reliable landlord, mainly at market rent levels and has enabled brownfield sites to be brought back into use and investment in the Property Investment Portfolio (PIP) to attract and retain jobs for local people and to provide other regeneration benefits for our residents. An ancillary consequence of both these investments is that it is anticipated they will bring long term capital growth which will strengthen the Council's balance sheet as well as generating revenue returns well in excess of the associated loan repayment charges. They will also bring other direct and indirect financial and other benefits to the residents of the Borough including additional income from council tax, business rates and new homes bonus which will be used to help front line services such as Adult Social Care, as well as protecting and creating jobs for local people.

4.8 However, of course, we cannot continue to deliver everything that we do currently in exactly the same ways as we have done previously and need to continue to make savings where we can. Since 2009/10 the Council has delivered savings totalling £181.7m, this report contains details of our approach to identifying savings opportunities and to consultation and engagement on these proposals so that we minimise their impacts as far as possible. The report also puts forward new proposals that will deliver ongoing savings, including from additional income, of £11.8m commencing 2025/26. 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. 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 as we make changes to services, we will always place priority on these essential services and will not let financial pressures mean that we fail to meet the assessed statutory needs of vulnerable residents.

- 4.9 The Council will retain specific reserves and provisions to make prudent provision for likely risks including insurance excesses, bad debts etc. £21.7m has been retained in the Budget Strategy Reserve and the General and Special Fund balances totalled £4.6m at the start of the current financial year. Further details of the reserves and provisions held by the Council are included at Appendix 6.
- 4.10 A consultation period on the proposals included in this report will run from 7 January 2025 through to 5 February 2025. The Business & Finance Scrutiny Committee will scrutinise the Administration's budget proposals and any alternative budget proposals put forward by the Opposition group. Cabinet will agree final recommendations to full Council at their meeting to be held on 13 February 2025 and final decisions on the budget and council tax for 2025/26 will be taken at full Council on 27 February 2025.

5.0 National Context.

- 5.1 Since 2010 there have been significant cuts in public spending and periods of severe financial constraint. Local authorities have been particularly affected by funding cuts during this period because the Government protected many other areas of public spending – but not local government.
- 5.2 In recent years, as the Government cut funding for local authorities, they assumed that councils would increase council tax by the maximum permitted up to the referendum limit, including the introduction of the Adult Social Care precept. This has seen a direct transfer of the responsibility for funding local government services from grants provided by central government to council taxpayers. As a Council with a comparatively low level of Council Tax (see appendices 1 and 2) and most 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.
- 5.3 The severe financial constraints applied by the Government to local authorities during the prolonged period of austerity has resulted in increasing numbers of councils in other parts of the country having to issue "section 114 notices" and take extreme measures to restore financial stability. Locally, in the face of increasing demands for key services at the same time as we have been subject to cuts in our funding from Government, the Council has exercised very active budget management and financial control by Cabinet Members and officers across the Council. The Council has demonstrated a consistently strong track record of sound financial management for over 16 years despite having to deliver £181.7m ongoing annual budget savings by the end of 2024/25.

- 5.4 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. The Borough's population increased by 22,901 people in the decade to 2023, an increase of 13.5%. This was the highest of all West Midlands upper tier local authorities and the 9th largest population growth of all 151 upper tier local authorities in England in that period. The population in the Borough for those aged 65 plus increased by 28.5% in the decade to 2023, in comparison to England's 16.1% increase. This was the highest increase of all West Midlands upper tier local authorities and the third highest of all 151 upper tier authorities in England.
- 5.5 On 22 November 2023 the Chancellor announced the Autumn Statement for 2023 which was extremely disappointing for local government with no recognition of the extreme challenges being faced by councils after more than a decade of austerity, in particular for those with responsibility for social care services. Again, a one-year funding settlement was announced on 18th December 2023, this was the sixth consecutive year of a one-year settlement.
- 5.6 The Autumn Budget, presented by the Chancellor on 30 October 2024, set out a medium-term plan for public finances. This included a one-year Spending Review covering Departmental budgets for 2025/26 with a further Spending Review in late Spring 2025 anticipated to cover 2026/27 and 2027/28. The headline figures indicate a real terms increase in core local government spending power of around 3.2% in 2025/26, including at least £1.3bn of new grant funding, of which £600m will be new grant funding to support social care. However, there are many unknowns and lack of clarity about what funding streams are included; the detail and impact on individual local authorities will not be known until the provisional Local Government Finance Settlement which will be announced in December. The Autumn Budget did confirm that the Government is committed to reforming the approach to local government funding so that it reflects an up-to-date assessment of need and local revenues. A targeted approach is expected for the 2025/26 Finance Settlement followed by a multi-year settlement with effect from 2026/27.
- 5.7 The Government published a policy statement on 28 November 2024 that sets out the proposals for the 2025/26 Local Government Finance Settlement. This confirms the real term increase announced on 30 October of 3.2% and announces a reform of the local government finance system. In 2025/26 a new "Recovery Grant" worth £600m will be distributed to areas with greater need and demand for services, and less ability to raise income locally. The 2025/26 settlement will also include a £250m Children's Social Care Prevention Grant aimed at laying the groundwork for children's social care reform. The Social Care grant was confirmed to be increased by £680m so an additional £80m more than announced at the Autumn Budget. In

2026/27 a wider reform will be implemented building on proposals reviewing Relative Needs and Resources. The Government also intends to reset the business rates system.

6.0 Key Areas of Uncertainty

6.1 Reform of the Local Government Financial System

6.1.1 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.

6.1.2 The funding outlook beyond next year remains uncertain. However, it is welcomed that the Government have announced that they are committed to provide more certainty for Local Government through multi-year settlements, but this will not be implemented until 2026/27 with 2025/26 continuing to be a one-year settlement. The reforms will include a review of the Relative Needs and Resources and a reset of the business rates system.

6.1.3 It is very unlikely that the Council will have any real clarity on its funding for 2026/27 and later years until we receive our settlement in December 2025, less than 4 months before the start of the financial year which clearly makes medium term financial planning exceptionally difficult. It is therefore essential that the Council maintains financial flexibility so that it can set a legal, balanced budget should the actual position be significantly different from the tentative projections included in this report for future years. The changes to the local government finance system that are being considered will potentially have very significant implications for the Council including:

- From 2026/27 funding distribution will be reformed, based on an up-to-date assessment of need and local resources, building on the previous Government's "Fair Funding review".
- Changes to the business rates system including a full reset. The detail will be consulted on in early 2025 in readiness for the 2026/27 provisional settlement. This will include new multipliers for retail, hospitality and leisure as well as a new higher multiplier for 2026/27.
- The "reset of the local government finance system" which would see the benefits of all growth in business rates and council tax 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 of the growth achieved in other parts of the country.

- The inclusion of data from the 2021 census to update the data from the 2011 census which is still currently in use. The impact of this on the Council will depend on how key data for settlement purposes (such as population) have changed compared to the national average.
- 2025/26 will be the final year of the New Homes Bonus in its current format, the Government will consult on proposals for future years during 2025.

6.1.4 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 Finance, Governance & Customer Services.

6.2 Other areas of uncertainty:

- Reductions in interest rates set by the Bank of England have been slower than anticipated. Higher interest rates and the high level of the Government's national budget deficit impact on the economy resulting in reduced construction of new homes and business premises and could result in a recession. This could impact on the generation of assumed capital receipt values and on Council budgets for local Council Tax support (if unemployment increases or household incomes fall) and the budgets for homelessness, housing benefit etc.
- The impact on commercial income from loss of business through external factors
- The levels of demand for key front-line services – particularly children's safeguarding and Adult Social Care services and whether the Government will make sufficient funding available for these services.
- The levels of pay awards from April 2025 and future years.
- The pension fund is subject to triennial re-valuations with the next valuation to be based on the position for assets and liabilities as at 31 March 2025. Any change to the employer's contribution rate will be effective from April 2026. The performance of the investments held by the Pension Fund and the assumptions used by the actuaries to assess the potential liabilities of the fund could have a significant impact on the Council's revenue budget.
- The significant number and value of appeals against rateable values yet to be considered by the Government's Valuation Office agency against the existing valuation list as well as new appeals that may be lodged against the updated valuations is a significant risk to the Council. The Council's budget includes allowance for potential appeals. However, successful appeals may be higher, or lower, than provided for. Successful appeals impact on the Council's budget by reducing the income from business rates and potentially making repayments if appeals are backdated.

- Projections of what the council's budget gap might be in 2026/27 and later years are therefore extremely difficult to make and have a very high degree of uncertainty. Projections are based on the Council's budget model which will be regularly refined and updated as and when additional information becomes available. It is however certain that the actual position will be different from the projections for 2026/27, and later years included in this report.

7.0 Autumn Budget Statement October 2024

7.1 On 30 October 2024, the Chancellor presented her 2024 Autumn Statement to the House of Commons, alongside the publication of the Office for Budget Responsibility's new set of Economic and Fiscal Outlook forecasts. The Autumn Statement responds to the Office for Budget Responsibility (OBR) forecasts and sets out the medium-term path for public finances.

7.2 The most relevant Autumn Statement announcements to English local authorities include: -

- Increasing core spending power by around 3.2% in real terms in 2025/26, with £1.3billion of new grant funding including at least £600m new grant funding for social care.
- Reforming the approach to funding allocations within the Local Government Finance Settlement by redistributing funding to ensure that it reflects an up-to date assessment of need and local revenues
- Increasing Employers National Insurance contributions from 13.8% to 15% from April 2025 as well as a reduction in the per employee threshold from £9,100 to £5,000. (Council's will be compensated for the increase in direct employee costs associated with the Employers NI changes but will face increased cost pressures from Contractors/Service providers who must also bear this additional cost and are likely to pass it on in the cost-of-service provision.)
- Increasing that National Living Wage by 6.7% to £12.21 per hour from April 2025. This is likely to result in increased costs to the Council through Contractors/Service providers increasing costs.
- Investing in Children's Services with £1billion uplift for SEND and alternative provision funding as a step towards reforming the system
- £250m new funding for kinship and fostering measures ahead of more fundamental Children's Social Care reform
- Continuing the UK Shared Prosperity Fund at a reduced level for a further year providing £900m
- Providing £233m of additional spending in 2025/26 to prevent homelessness, taking total spending to £1billion in 2025/26
- £86m increase to the Disabled Facilities Grant to support 7,800 more adaptations to homes for those with social care needs.

- Local roads maintenance funding will be increased by £500m to £1.6bn in 2025/26
- Over £1bn to support local areas and bus operators in 2025/26 and an extension of the bus fare cap from January 2025 to December 2025 at a rate of £3
- £100m investment in cycling and walking infrastructure in 2025/26
- £1.1bn of new funding in 2025/26 through the implementation of the Extended Producer Responsibility scheme to improve recycling outcomes from January 2025
- £165m in 2025/26 to support foster care recruitment and planning reform
- The government is committed to reforming the approach to funding allocations within the Local Government Finance Settlement by redistributing funding to ensure that it reflects an up-to-date assessment of need and local revenues starting with a targeted approach to allocating additional funding in 2025/26
- Phase 2 of the spending review will simplify the funding landscape, reducing the number of grants and consolidating them into the Local Government Finance Settlement as well as moving towards a multi-year settlement
- Delivering a fairer business rates system through permanently lower business rates multipliers for retail, hospitality and leisure (RHL) properties from 2026/27
- £1.9bn to support small businesses and the high street in 2025/26 by freezing the small business rates multiplier and providing 40% relief on bills for RHL properties up to a £110k cash cap

7.3 The LGA said that *“It is encouraging that the Chancellor has announced £1.3bn of extra funding, through the local government finance settlement for the next financial year. Together with council tax flexibilities and locally retained business rates this will provide a real terms increase in total core spending power in 2025/26 of around 3.2%. This will help meet some, but not all, of the significant pressures in adult and children’s social care and homelessness support. Only with greater funding certainty through multi-year settlements and more clarity on financial reform, can Councils protect services, meet the needs of residents and work in partnership on the Government’s priorities, from social care to housing, inclusive economic growth and tackling climate change.”*

8.0 Local Context

8.1 Telford & Wrekin Council is a high performing local authority providing good quality services for the lowest council tax in the Midlands region for the services that the Council is responsible for.

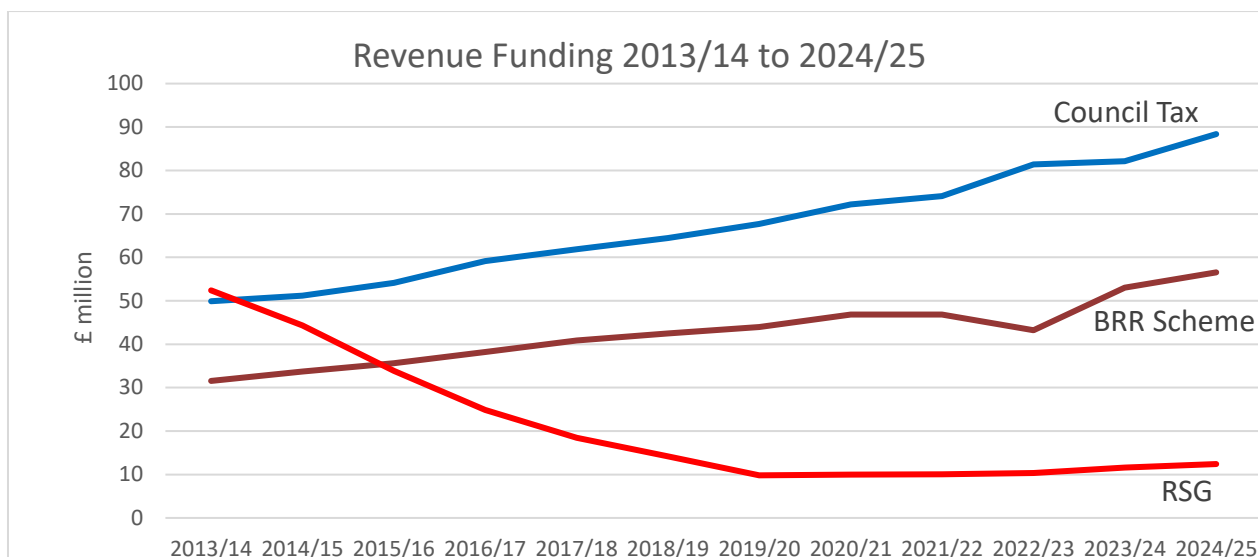
Making the borough a better place to live



9

8.2 However, the Government's comparatively low priority for local government compared to other parts of the public sector in recent years has seen funding provided from the government reduce significantly with a deliberate shift in national Government policy to increase the proportion of local government services funded from council tax and other locally derived income sources.

8.3 Locally, the impact of this policy shift is demonstrated in the graph below.



8.4 The amount of Revenue Support Grant (RSG) has fallen from over £50m in 2013/14, when it exceeded the amount raised from council tax, to £12.4m in 2024/25. During this period demand for many services has been increasing and inflationary pressures have also increased costs. As can be seen from the graph, the proportion raised from council tax has been increasing. The reduction to RSG is clearly even greater in real terms given the high rates of inflation seen in recent years.

8.5 In 2013/14 39% of the net budget was funded from RSG and 37% was funded from council tax. In 2024/25 only 8% was funded from RSG and 56% funded from council tax. However, throughout this period the council has maintained one of the lowest levels of council tax for the services that this Council provides in both the West and East Midlands, indeed it has been the lowest in the region for the last 7 years (see appendices 1 and 2).

8.6 As well as a withdrawal of central government funding over many years, the introduction of the existing local government finance system in 2013/14 saw a significant transfer of risk to local authorities. This included the introduction of local “Council Tax Support” rather than centrally funded “Council Tax Benefits” and local retention of business rates. If the economy enters a recession and potentially the unemployment rate increases, or incomes decrease it is possible that we will see increased costs arising from our local council tax reduction (CTR) scheme.

8.7 As a large complex organisation delivering a huge variety of essential services and also one that continues to face significant financial pressures and many uncertainties, it is highly desirable that the Council should have a financial strategy that covers the medium term. However, it is clearly very difficult to produce meaningful future projections of resource availability in the absence of medium-term funding settlements for local authorities from the Government. The extent of the proposed changes to the Local Government Finance system will not be known until Government

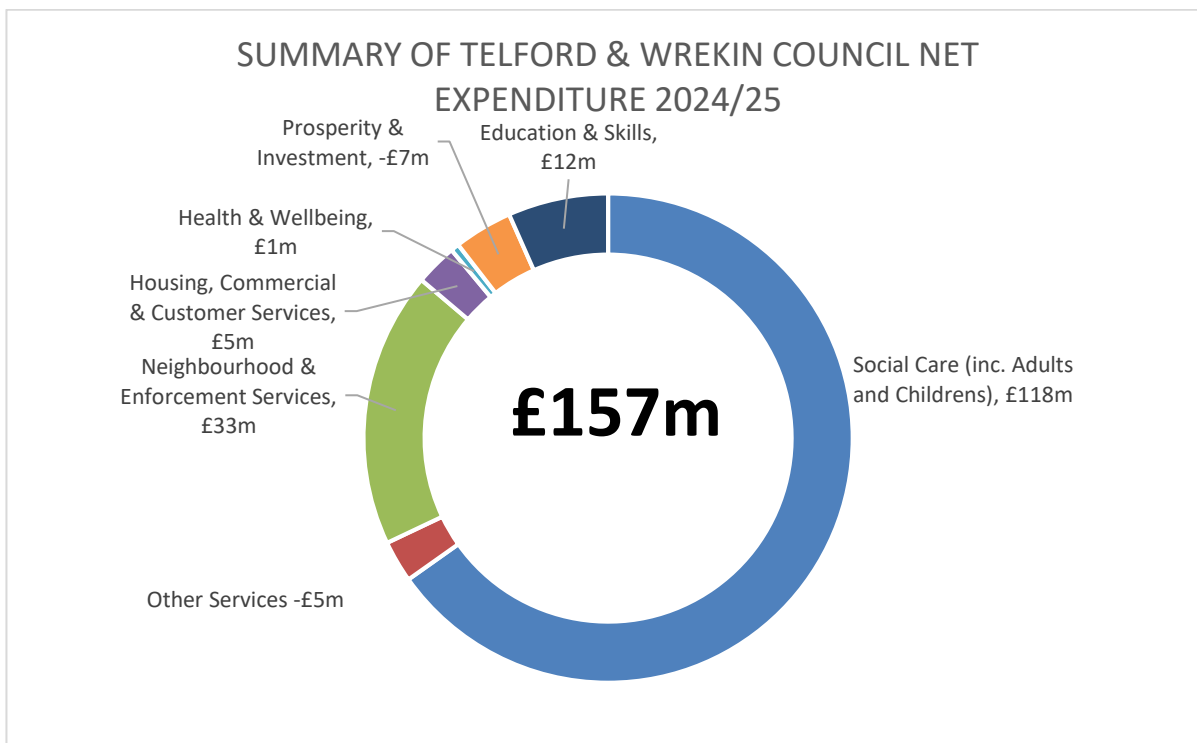
consultations are launched in the spring/summer of 2025 with the financial impact not clarified until the finance settlement in December 2025. Despite this uncertainty, we have to make the best projections that we can and ensure that we seek to identify approaches to reduce reliance on government funding, ensure that an appropriate level of reserves and contingencies is maintained by the Council and that the Council maintains its long track record of sound financial management by making realistic budget assumptions, through comprehensive regular financial monitoring and updating the Council's medium term budget model as additional information becomes available.

- 8.8 The Council has sought to offset part of the loss of Government grant by generating income by adopting a more commercial approach to many existing services. We have sought to ensure that this approach spreads fixed costs, maximises use of any spare capacity and where possible brings environmental, social, or economic benefits to our residents. We were the second council nationally to open a commercial solar farm and are continuing to invest in Nuplace, a wholly owned company, which offers high quality homes, mainly at market rents.



- 8.9 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 to drive-up standards in the wider private rented sector by offering a high-quality alternative to private tenants. However, Nuplace also generates a surplus after paying all associated costs. The return 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.
- 8.10 The Council is also committed to investing in the Borough'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.

- 8.11 As part of our “Business Winning, Business Supporting” Approach, the Council continues to make investments in our Property Investment Portfolio through our “Growth Fund”. Unlike some councils all property investments are within the Borough. The primary purpose of the Growth Fund is to attract new jobs to the Borough from inward investors, but it can also retain existing jobs in companies looking to expand and which may otherwise move out of the borough. Any net return after covering all associated costs is used to support front line services as will additional retained income from business rates between any reset periods.
- 8.12 On 29 February 2024, the Council approved a detailed one-year service and financial planning strategy for the current financial year within the context of a four-year MTFS. The one-year detailed strategy was agreed because the Government only provided a one-year funding settlement and because the Government had again deferred their planned major changes to the local government finance system. The Council remains committed to key themes from this earlier strategy and 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.
- 8.13 The budget set for the current year and which forms the basis for the budget for future years is summarised in the chart below:



8.14 The chart shows that in 2024/25, £118m, or 75% of our net budget, is spent on social care for adults and children. Financial Management reports to Cabinet during the year have consistently highlighted that at Telford & Wrekin adult social care services are facing pressure despite the significant additional ongoing investments made in recent years, additional ongoing investment is therefore required to ensure a robust MTFS in future years.

9.0 A Council Working to Protect, Care & Invest to Create A Better Borough

9.1 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 enduring impact of the Government's sustained austerity programme and the lasting impacts of the pandemic head on.



9.2 The Council has an ambitious investment programme to protect, care and invest to create a better borough.

9.3 Our Council Plan agreed by Cabinet in February 2022 and updated in November 2024, 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. In October 2022, Cabinet agreed a 10-year vision for the borough providing the organisation with a long-term plan for the sort of place we want the borough to be in 2032, outlining our ambitions but also the challenges we want to have addressed. Vision 2032 has been developed with our key strategic partners including the NHS, Police, Telford College, and Harper Adams University providing a series of shared ambitions that we can collectively work together to achieve.

9.4 Despite the severe financial challenges we face, our mission is clear. We will support residents and businesses, 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.

- 9.5 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. Following the publication of the Independent Inquiry into Telford Child Sexual Exploitation report, in July 2022, the Council committed to implementing the recommendations six months earlier than anticipated. The Chair of the Independent Inquiry, Tom Crowther KC returned to Telford & Wrekin in March 2024 and assessed progress against those recommendations. His report was published on 16th July 2024 with a report taken to Full Council on 18th July 2024. In his report he recognises the incredible amount of work undertaken by the Council in respect of the recommendations. The Chair considers that the Council as a whole has embraced the recommendations of the Inquiry and recognises the importance of the work undertaken and is keen to ensure that changes are made. It is proposed that updates will be reported to Full Council on the continuous improvement work carried out as a result of the Inquiry through the Annual CSE report.
- 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 despite the significant budget challenges that we face.



- **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. The results from the National Highways & Transportation Survey (NHT) for this year have us second in the region for overall satisfaction with roads, we are fourth nationally and third out of all unitary authorities. We have:
 - 626 miles of road,
 - 743 miles of footpaths,
 - 132 cycle ways,
 - 20,000 streetlights,
 - 120 roundabouts
- Through our 'Pride in Your Community' initiative and through creative use by elected members of their ward fund allocations, we have also made lots of small 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, GP and other Health and Care services** - we are providing a key role working with NHS Health colleagues to ensure the Health and Care needs of our residents are fully articulated and Health and Care Services are planned based on those needs. Championing improvements to GP access and other primary care services together with improvements in Acute Hospital services and service backlogs are priorities for us. Telford deserves first class Hospital and other health and care services, and we will continue to champion these important issues. Health and Care within the community and “closer to or in the home” also remain priorities.
- **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. 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.

9.6 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. We carry out targeted engagement throughout the year to ensure specific matters are considered carefully so we can understand the community impacts before making any informed decisions. Over the last year we have carried out consultations on a range of important matters including:

- The Council's budget for 2024/25
- Local Development Plan
- All Age Carers Strategy
- Play for All Strategy
- Telford Theatre regeneration
- Wellington Market regeneration
- Station Quarter
- Neighbourhood Enforcement

9.7 In November 2024 we launched a Residents Survey that has been sent out to a random sample of approximately 10,000 household across the Borough. This survey seeks residents' views on Council services, with the intention of making the Borough even better. Results will not be known until the New Year.

9.8 Residents can also get involved and have their say on a range of different subjects through our Community Panel. This is intended to be a representative group of residents who volunteer to give their views and ideas on a range of local issues and services. When they sign up, they identify themes of interest, so we only contact them about what they wish to be consulted about.

9.9 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.

9.10 Underpinning our relationship with the community is our vision to **Protect, Care and Invest to create a better borough** and our Co-operative values. These values are at the heart of all that we say and do as an organisation enabling us to deliver our five corporate priorities:

- **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.

Our Vision, Priorities and Values



9.11 Our MTFs is the financial expression of our priorities. Through the development of a sound MTFs we maximise the use of revenue and capital resources and ensure that we allocate the funding that is available in the best way to deliver as far as possible on or overall vision to Protect, Care and Invest to Create a Better Borough. “Service Strategies” are prepared for each of the Council’s directorates. These demonstrate how the budgets for each directorate are used to support the work of each directorate and the linkages to each corporate priority. Service Strategies for 2025/26 have been included in Appendix 4. The Capital Programme is analysed by corporate priority later in this report to show how we use our capital resources to deliver our corporate priorities.

10.0 Funding Settlement for 2025/26

10.1 The provisional Local Government Finance Settlement was announced on 18 December 2024 and is open for consultation until the 15 January 2025. The settlement is for 2025/26 only and is based on the Autumn Budget and Spending Review announced on 30th October 2024 and the Policy Statement issued in November. The key headlines at a national level are:

- Core Spending Power has increased nationally by 6% for 2025/26
- Council Tax referendum principles are in line with those announced previously at 2.99% for general Council Tax and 2% for the Adult Social Care Precept

- Revenue Support Grant has been uplifted by the September CPI rate of 1.7%
- Small Business Rates multiplier has been frozen at 49.9p and there is an increase in the standard rate multiplier of 1.7% to 55.5p
- The Social Care Grant has increased by £880m to £5,924m, this increase is £200m more than announced with the Policy Statement
- A new Recovery Fund Grant of £600m, which was announced with the Policy Statement, this is targeted at authorities with greater need and demand for services, which has been measured using deprivation, and less ability to raise income locally
- A new Children's Social Care Prevention Grant of £250million which was announced with the Policy Statement
- Merging the Better Care Fund and Discharge Fund into the Better Care Grant with funding allocations remaining the same
- No change to the Adult Social Care Market Sustainability and Improvement Fund
- No change to New Homes Bonus, however 2025/26 is the final year of the scheme in its current form
- The Services Grant has been discontinued which was previously £87million
- The Rural Service Grant has also been discontinued which was £110m in 2024/25
- The Government are to provide £515m to English councils to offset the increase to employers' national insurance contributions. Individual authority allocations will not be published until final settlement
- The Government have published a consultation paper on funding reform called "Local Authority Funding Reform: Objectives and Principles". This consultation starts to scope the approach to the funding review at a very high level. The consultation is open until 15th February 2025. Consultation on detailed proposals will follow with the multi-year spending review which will conclude in late spring 2025 with a multi-year provisional settlement later in the year for 2026/27 onwards. This will include a reset of the Business Rates Retention system.

10.2 The Chief Financial Officer will agree a response to the provisional settlement and also the Local Authority Funding Reform with the Cabinet Member for Finance, Governance & Customer Services.

11.0 Base Budget For 2025/26

11.1 The base budget for 2025/26 totals £180m and is summarised in Appendix 8. The budget will be restated after final decisions have been taken on the savings and investment proposals contained in this report.

- 11.2 As previously highlighted in this report, there are many areas of significant uncertainty facing the Council and our overall financial position beyond March 2026.
- 11.3 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 MTFS need to be considered i.e.:
- New ongoing revenue and one-off capital investments (which also impact on the revenue budget both in the year of spend but also in some cases for many decades ahead),
 - The balance between further savings and the level of council tax increase,
 - The use of a prudent level of one-off resources versus retention of sufficient one-off resources to provide future flexibility and assurance of financial sustainability through the medium-term.
- 11.4 Given the high degree of uncertainty for the reasons previously referred to, it is difficult to make accurate 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 through this MTFS framework which is based on the Council's multi-year budget model. This includes many variables and will be regularly reviewed and 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 the actual position may be very different to that set out below.

| Base Budget Movements from 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
|--|----------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| 2024/25 Base Budget | 157,296 | 157,296 | 157,296 | 157,296 |
| Changes to Contingencies | 1,291 | (2,709) | (2,709) | (2,709) |
| Inflation on major contracts and utilities | 1,800 | 2,500 | 3,700 | 4,900 |
| Pay Inflation | 4,553 | 6,793 | 9,078 | 11,371 |
| National Insurance Increase | 2,500 | 2,500 | 2,500 | 2,500 |
| National Insurance changes in Autumn Budget 2024 - assumed funding | (2,500) | (2,500) | (2,500) | (2,500) |
| Changes to Government Grants (including new Extended Producer | (6,083) | 194 | 194 | 194 |

| Base Budget Movements from 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
|--|------------------|------------------|------------------|------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Responsibility and Recovery Grants) | | | | |
| DFE funding reduction - Joint Use Leisure Facilities | 141 | 141 | 141 | 141 |
| Housing Benefit Subsidy Overpayment Recovery | 500 | 500 | 500 | 500 |
| Adult Social Care additional investment | 12,705 | 19,860 | 27,772 | 27,772 |
| Additional Social Care Grant | (3,091) | (4,400) | (4,400) | (4,400) |
| Children's Safeguarding additional investment | 2,973 | 6,363 | 10,307 | 10,307 |
| Additional Expenditure relating to the Extended Producer Responsibility and Environmental Issues | 1,548 | | | |
| Operational Buildings Essential Works | 500 | | | |
| Income pressures due to changes in service provision | 951 | 845 | 605 | 605 |
| Healthy Child Programme | 260 | 260 | 260 | 260 |
| Ongoing Revenue Cost of Council Investment Programme | - | 1,281 | 1,281 | 1,281 |
| Cost of Capital Programme | 1,779 | 5,230 | 6,621 | 7,861 |
| Savings previously approved | 2,010 | 2,176 | 2,076 | 2,076 |
| Other | 989 | 2,063 | 3,743 | 3,543 |
| Updated Base Budget | 180,122 | 198,393 | 216,465 | 220,998 |
| | | | | |
| Assumed income from Council Tax | (92,002) | (92,053) | (93,553) | (95,053) |
| Assumed Revenue Support Grant | (12,689) | (12,966) | (13,198) | (13,460) |
| Business Rates (including "top-up" and s.31 grants) | (57,882) | (59,263) | (60,499) | (61,832) |
| Projected Funding | (162,573) | (164,282) | (167,250) | (170,345) |
| Base Budget Gap before Council Tax Increase | 17,549 | 34,111 | 49,215 | 50,653 |
| | | | | |

| Base Budget Movements from 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
|---|----------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Less: | | | | |
| Council Tax Core Increase - 2.99% in 2025/26 | (2,673) | (2,673) | (2,673) | (2,673) |
| Adult Social Care Increase - 2% in 2025/26 | (1,788) | (1,788) | (1,788) | (1,788) |
| | | | | |
| Base Budget Gap after 25/26 Proposed Council Tax Increase | 13,088 | 29,650 | 44,754 | 46,192 |
| | | | | |
| Additional Savings | (13,088) | (11,276) | (11,791) | (11,791) |
| | | | | |
| To find from further savings/use of balances/council tax increases in future years | 0 | 18,374 | 32,963 | 34,401 |
| | | | | |

Notes:

- The overall position will be firmed-up in the February report to Cabinet by which time the Council should have final allocations for most of the grants. The February report will also 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 2025. The NNDR1 form has been further complicated for 2025/26 as there are now 2 multipliers, one for small business as well as a standard one.
- No assumption has been made for any increase in either the general level of Council Tax or ASC precept beyond 2025/26. All of the additional funding generated from the 2025/26 increase is to be invested in provision of social care services to support the most vulnerable people in our community.
- The projections for years after 2025/26 are only intended as a broad indication at this stage for planning purposes and the estimates will be further updated as additional information becomes available including any changes in levels of demand and inflation from those currently assumed.

11.5 After having delivered £181.7m of annual ongoing savings 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 just under £229.7m by the end of 2028/29 (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 2024/25 | 181.7 |
| Savings previously approved for 2025/26 | 2.0 |
| Savings now put forward for implementation in 2025/26 | 10.6 |
| Savings now put forward for implementation in 2026/27 and 2027/28 | 1.2 |
| Projected further savings/council tax increase required from 2026/27 to the end of the 4-year MTFs period in 2028/29 | 34.4 |
| Total Projected savings by end of 2028/29 | 229.9 |

12.0 Our Approach to Developing Savings Proposals Budget Engagement

12.1 Due to the significant uncertainty over the future of the national local government finance system, the prolonged period of financial constraint for un-protected areas of public spending and the consequent scale of ongoing annual savings that had been delivered by the Council a new approach to the development of future savings proposals was agreed from 2017 onwards. Savings are now more challenging as the “easier savings” have already been taken. More time is therefore needed to consult with stakeholders about options and ways to minimise impacts. Therefore, savings are 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 just for a 4-week period.

12.2 We will commence targeted discussions with our Town and Parish Councils, trades unions, business community and local voluntary and community sector partners and the Business & Finance Scrutiny Committee during January 2025. This is part of an ongoing dialogue that will continue throughout the year as our budget proposals are developed.

13.0 Capital Receipts and Debt Charges

13.1 The Council’s programme of property rationalisation has not only reduced running costs as we have disposed of buildings and other surplus assets 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 statutory 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.

- 13.2 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 or from further cuts to spending or increased income.
- 13.3 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. This spreads the cost of the acquisition of these assets over the useful life of the asset and therefore the cost is borne by the council taxpayers that benefit from the asset. However, some capital investment that is incurred to achieve Council objectives such as Nuplace which is offering tenants in the private rented housing sector the option of a high-quality home operated by a long-term responsive landlord not only deliver Council priorities but fund assets which are likely to increase in value over the long term and generate a revenue return greater than the cost of the associated debt charges. This surplus is used to support essential front-line services and to reduce the cuts to services that would otherwise be required. The Council carefully assesses each potential new investment 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 debt portfolio of the Council with our approach set out in the capital and investment strategies, the treasury management strategy and prudential indicators reports that are considered by full Council each year.
- 13.4 In Telford & Wrekin debt repayments in 2024/25 accounted for 9.9% of the net revenue budget (including payment to Shropshire Council in respect of pre-unitary authority debt). This calculation does not take into account the income generated from capital schemes such as Nuplace and the Growth Fund for which the income generated covers the cost of debt associated with the capital investment as well as providing a return to the Council. Income from Nuplace is forecast to be £1.9 million in 2024/25 and net additional income from the Property Investment Portfolio, which has been boosted by the Growth Fund investment, is expected to exceed £9.4million.
- 13.5 A graph showing the percentage of the net revenue budget allocated to debt repayments in 2024/25 for unitary authorities is included in Appendix 5.
- 13.6 Our programme of asset sales totals £15.749m over the medium term. The planned profile of these receipts is shown below:

| | £m |
|--------------|---------------|
| 2024/25 | 4.613 |
| 2025/26 | 5.136 |
| 2026/27 | 6.000 |
| Total | 15.749 |

13.7 Generation of these receipts is a key assumption within the MTFs. The Council has a detailed schedule of asset disposals to address this, which is regularly monitored by officers and all the revenue consequences of temporary financing pending these scheduled disposals are built into 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 revenue resources such as the in-year contingency or Budget Strategy Reserve.

14.0 Section 106 Agreements

14.1 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 into 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.

14.2 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.

14.3 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.

14.4 The Council publishes an Infrastructure Funding Statement (IFS) each year detailing income and expenditure against S106 agreements. A copy of the current Infrastructure Funding Statement is attached as Appendix 7.

15.0 2024/25 PROJECTED OUTTURN POSITION

15.1 As the Financial Monitoring report also on this agenda shows, whilst the Council continues to exercise tight financial control, the Council is still experiencing very significant pressures, in particular for Adult Social Care services. Fortunately, due to our good financial planning and management

we have a one-off contingency earmarked specifically for social care and also our general budget contingency which will cover this pressure. Work to seek to reduce this pressure is continuing but clearly further demand pressures may be experienced in key services so the actual outturn will be different, either better or worse, than currently projected as we are only part way through the year. It is, therefore, essential that all Cabinet Members and budget holders continue to exercise tight financial control and to deliver all planned savings. The position will continue to be closely monitored particularly for key but also for seasonal factors such as winter road gritting and any potential costs arising from flooding events.

16.0 Savings Proposals For 2025/26

- 16.1 By the end of the current financial year, the Council will have delivered ongoing budget savings, including additional income, of £181.7m since 2009/10. Despite the proposed 2.99% general council tax increase and the 2% ASC precept increase, which will raise around £4.5m, it is necessary for the Council to find further budget savings to deliver a balanced budget without using an unsustainable level of one-off balances.
- 16.2 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 £11.8m commencing 2025/26. Clearly after already having delivered £181.7m of savings, these savings now put forward will include some proposals that are more challenging. As explained elsewhere in this report, extensive consultation with service users and partners will be undertaken to identify ways to mitigate the impacts of the proposals or to identify alternative options.
- 16.3 Whilst additional investment totalling over £7.7m net of savings into Adult Social Care in 2025/26 is put forward in this report, it is not possible, even in this service to continue providing the same services in the same ways. 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 the best outcomes for our clients and to ensure that we operate as efficiently as possible. Cost improvement plans are therefore in place for both Children's Safeguarding and Adult Social Care. Details of these Cost Improvement strategies are included as Appendices 11 and 12.

17.0 Revenue and Capital Investments

- 17.1 Due to the tight financial position faced by the Council the scope for new ongoing revenue investments is limited. However, the Council has always said that it will meet the assessed needs of vulnerable adults and children and to do this next year, significant additional investment will be made available to Adult Social Care totalling £7.7m after allowing for planned savings in 2025/26. In total the net budget for Adult Social Care and Children's Safeguarding will exceed £125m next year.

- 17.2 Unfortunately, the scope for additional ongoing revenue investments next year is limited, as further investments in other priorities would require more budget savings to be identified.
- 17.3 The Council is however proposing a significant capital programme which totals over £376m and is summarised in Appendix 13. 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.
- 17.4 Nuplace was established to give tenants in the private rental sector the opportunity to rent high-quality, well-maintained homes from a long-term responsive landlord and by increasing competition in this sector of the housing market standards will be driven up. The initiative has already seen:
- 532 homes delivered, across eleven sites with a further 38 refurbished properties across the Borough, bringing the total number of houses delivered to 570. Of these properties, 84 are for affordable rent or built to an adaptable standard, with the remainder being rented on the open market.
 - Nuplace's growing portfolio now provides a range of homes for over 1,350 people across the Borough with houses available within North and South Telford and Newport.
 - The diversification of Nuplace by the establishment of Telford & Wrekin Homes, involving the acquisition, refurbishment, and rental of properties at locations across the Borough. This will continue to raise standards in the private rented sector.
 - Works are underway to complete a further 197 homes including both new build and converted properties. The programme has resulted in over 23 acres of brownfield land being regenerated, addressing sites that might otherwise blight communities.
 - The portfolio is performing well with a cumulative void rate to 31 March 2024, of 1.42% since the first site was completed.
 - Since 2015/16 - cumulative net incremental income of £11.8m to 31 March 2024 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 £4.0m cumulatively to the end of March 2024.
 - The Nuplace investment portfolio has experienced strong capital growth and has an asset value of £101.4m. Cumulative growth in the portfolio is 31% to the end of March 2024.
 - 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 to 31 March 2024, Nuplace has delivered a cumulative profit before tax of £3.9m.

In total, the Council's investment in Nuplace and Telford & Wrekin Homes will be £169.9m since Nuplace was established.

17.5 The Council's Growth Fund, which has now operated for 9 years and:

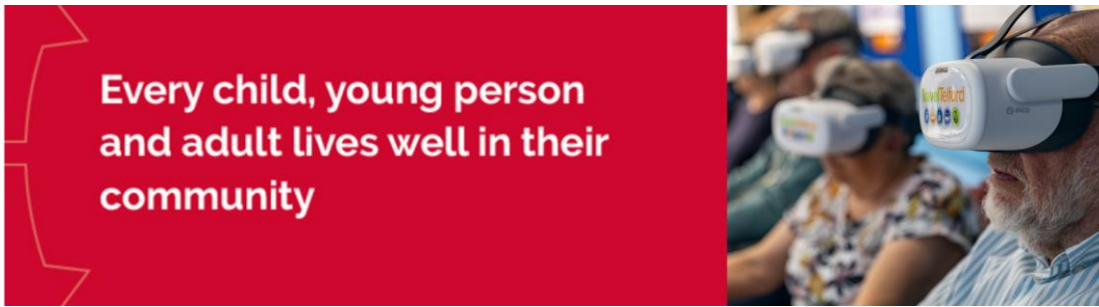
- Enables the Council to provide land, build and lease bespoke properties and offer full turnkey solutions, and continues to drive a high number of investment enquiries drawing in new investors.
- The Fund in conjunction with locally retained profit share from the Telford Land Deal has additionally supported a range of public sector development schemes. This includes the wider development within Telford Town Centre at Station Quarter. This investment will support the delivery of enhanced access routes and high-quality public realm across the area and the new 4000sqm (43,055sqft) Digital Skills and Enterprise Hub (The Quad) accommodating a coordinated offer for both education and flexible space for new businesses.
- Cumulatively, the £79.4m investment to date through the Growth Fund is estimated to deliver an ongoing gross return, including additional business rates income, of 6.53%, 2.08% after borrowing costs but more importantly this project is attracting and retaining jobs for residents of the Borough.

The funding committed to date into a range of investments is anticipated to help deliver approximately 1,445 new jobs.

17.6 The proposed Capital Programme will also see:

- Over £30m for transport and Highways schemes,
- Over £45m for education capital projects including investment in school expansion projects to increase pupil places
- £9.7m for affordable and specialist housing programmes
- Over £5m for a range of housing initiatives, including affordable warmth, empty properties, rough sleeper, disabled facility grants and temporary accommodation.
- £8.7m for Leisure & Cultural Schemes (including pool)
- Over £26m for Towns Fund projects
- Over £39m for "Levelling-Up Fund" and Capital Regeneration Fund projects
- Over £2.5m for Pride in Your High Street schemes

17.7 The following tables analyse the capital programme against each corporate priority:



17.7.1 Every child, young person and adult lives well in their community

We want everyone in the borough to fulfil their potential, to be the best they can be. To do this it is essential that children and young people get the best possible start to life, that they receive a “good” or outstanding” education, that they learn how to stay healthy and well, and that as adults they can access lifelong learning to develop their skills. We know that everyone, whether child or adult, thrives best when they live in a community with family, friends and networks of support. The Council and our partners will work to this goal where it best meets the interest of the person. Our other four priorities will support the delivery of this priority.

| Capital | Total £'000 | 2024/25 £'000 | 2025/26 £'000 | 2026/27 £'000 | 2027/28 & Later Yrs £'000 |
|----------------|----------------|------------------|------------------|------------------|------------------------------------|
| School Schemes | 45,238 | 15,527 | 29,711 | | |
| Other Schemes | 3,935 | 3,848 | 87 | | |
| Total | 49,173 | 19,375 | 29,798 | | |

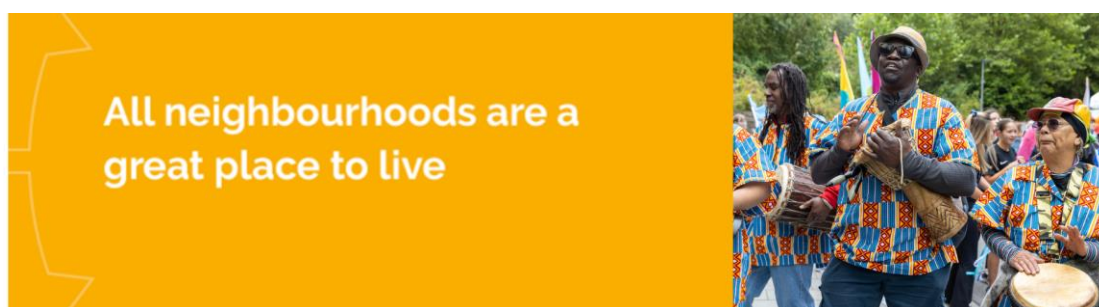


17.7.2 Everyone benefits from a thriving economy

The borough has an outstanding track record of attracting and securing investment to create jobs. Our focus will be to attract investment, drive innovation and support businesses and enable the economy to continue to

grow. This is essential if we want an economy that everyone can benefit from which will enable inequalities across our communities to be addressed.

| Capital | Total £'000 | 2024/25 £'000 | 2025/26 £'000 | 2026/27 £'000 | 2027/28 & Later Yrs £'000 |
|---|----------------|------------------|------------------|------------------|------------------------------------|
| Property Investment Portfolio/Growth Fund | 54,200 | 1,599 | 15,468 | 30,015 | 7,118 |
| Towns Fund | 26,496 | 14,102 | 11,688 | 706 | |
| Levelling Up Fund | 32,062 | 8,032 | 16,609 | 7,421 | |
| Capital Regeneration Fund | 7,813 | 761 | 6,280 | 772 | |
| HCA Land Deal | 3,921 | 948 | 2,843 | 130 | |
| Other Schemes | 1,470 | 50 | 1,420 | | |
| | | | | | |
| Total | 125,962 | 25,492 | 54,308 | 39,044 | 7,118 |



17.7.3 All neighbourhoods are a great place to live

We want all our neighbourhoods to be safe and inclusive for everyone, including the young and the old. We want neighbourhoods to thrive and be places where people want to live. We want people to feel pride in, and ownership of, their communities and to feel as though they belong whatever their background. We want our communities to be well connected and for everyone to have access to good, affordable housing.

| Capital | Total £'000 | 2024/25 £'000 | 2025/26 £'000 | 2026/27 £'000 | 2027/28 & Later Yrs £'000 |
|------------------------------|-------------|------------------|------------------|------------------|------------------------------------|
| Nuplace - Housing Investment | 94,036 | 19,633 | 29,130 | 19,947 | 25,326 |
| Affordable Housing Programme | 9,730 | 1,765 | 5,465 | 2,500 | |
| Highways & Transport | 29,700 | 11,297 | 11,503 | 2,300 | 4,600 |

| Capital | Total £'000 | 2024/25 £'000 | 2025/26 £'000 | 2026/27 £'000 | 2027/28 & Later Yrs £'000 |
|---|----------------|------------------|------------------|------------------|------------------------------------|
| Playing Pitch Investment | 1,574 | 300 | 1,274 | | |
| Leisure & Cultural Schemes (including pool) | 11,534 | 1,359 | 7,175 | 3,000 | |
| Environmental Improvements & Enhancements | 253 | 253 | | | |
| Pride in Your High Street | 2,496 | 335 | 1,161 | 1,000 | |
| Housing Schemes | 1,942 | 540 | 1,402 | | |
| Stalled Sites | 804 | 156 | 398 | 250 | |
| Other Schemes | 3,973 | 3,037 | 936 | | |
| | | | | | |
| Total | 156,042 | 38,675 | 58,444 | 28,997 | 29,926 |

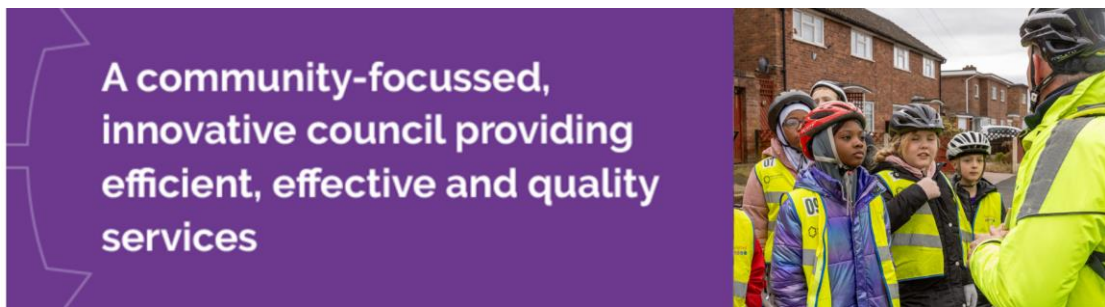


17.7.4 Our natural environment is protected, and the Council is taking a leading role in tackling the climate emergency

In October 2019, the Council recognised the climate emergency by committing to make the operation of the Council and the borough carbon neutral by 2030. We are committed to protecting our heritage and habitats too, protecting biodiversity both in the way in which the Council delivers its services but also through local planning policy.

| Capital | Total £'000 | 2024/25 £'000 | 2025/26 £'000 | 2026/27 £'000 | 2027/28 & Later Yrs £'000 |
|-----------------------------|-------------|------------------|------------------|------------------|------------------------------------|
| Climate Change | 821 | 68 | 753 | | |
| LED Lighting Invest To Save | 153 | 153 | | | |
| Air Quality | 45 | 45 | | | |

| Capital | Total £'000 | 2024/25 £'000 | 2025/26 £'000 | 2026/27 £'000 | 2027/28 & Later Yrs £'000 |
|---|--------------|------------------|------------------|------------------|------------------------------------|
| On Street Residential Charge Point Scheme | 683 | 683 | | | |
| DeCarbonisation Schemes | 1,084 | 584 | 500 | | |
| Flood Defence | 761 | 180 | 477 | 104 | |
| Total | 3,547 | 1,713 | 1,730 | 104 | |



17.7.5 A community-focussed, innovative council providing efficient, effective and quality services

To deliver our community priorities, we will maximise the use of our resources, ensuring that we work efficiently and effectively together as one system, one organisation. We will continue to develop and support our workforce, our ICT systems and data, and our financial resources. Our decisions about how we do this will be informed by robust engagement and consultation with communities, businesses, partners and stakeholders.

| Capital | Total £'000 | 2024/25 £'000 | 2025/26 £'000 | 2026/27 £'000 | 2027/28 & Later Yrs £'000 |
|---------------------------|---------------|------------------|------------------|------------------|------------------------------------|
| Asset Management Plan | 3,261 | 461 | 700 | 700 | 1,400 |
| ICT Investment | 15,980 | 5,836 | 3,064 | 3,080 | 4,000 |
| Efficiency Capitalisation | 5,625 | 1,000 | 2,000 | 2,000 | 625 |
| Capital Projects Fund | 13,665 | | 65 | 6,100 | 7,500 |
| Other Schemes | 3,124 | 599 | 1,455 | 356 | 714 |
| Total | 41,655 | 7,896 | 7,284 | 12,236 | 14,239 |

18.0 COUNCIL TAX

- 18.1 Council Tax in Telford & Wrekin has historically been low compared to other councils. Indeed, it has been the lowest across both the West and East Midlands for the last 7 years for the services that this Council provides. 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 (£1,536.98). The average Council Tax at Band D in the Midlands region is around 19% higher than in Telford & Wrekin.
- 18.2 Appendix 2 compares our Council Tax to the other unitary authorities in England and shows that we have the second lowest Council Tax at Band D out of 59 unitary authorities being £283.35 less pa than the average for unitary authorities of £1,820.33 which is 18.4% higher than our level at Band D.
- 18.3 A further factor that has reduced resources in this area is “grant damping” whereby grant that the Government has calculated should be paid to this Council is withheld and used to support spending by councils that would otherwise receive less grant e.g. as a result of reducing population numbers. In the calculations used to establish the current local government finance system which came into 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 £20.8m by 2025/26.
- 18.4 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. In 2024/25 59.6% of total chargeable dwellings in Telford & Wrekin are in these two bands, compared to the average across all unitary authorities of just 48.3%. 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 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.
- 18.5 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 despite the Government’s deliberate and sustained policy of shifting the cost of funding local government services away from grants from central government and on to council taxpayers. The LGA have said *“the LGA has continually highlighted that council tax rises – particularly the adult social care precept – have never been the solution to the long-term pressures faced by councils. This is particularly the case for social care where increases in costs and demand do not align with capacity to raise council tax. Increasing council tax raises different amounts of money in different parts of the country, unrelated to need”*.

- 18.6 Writing in the Municipal Journal, David Phillips an associate director at the Institute for Fiscal Studies, highlighted that *“The Government has not updated its main estimates of councils’ spending needs since 2013, and they were based on even earlier data – sometimes from as far back as the 2001 census. The 2010s saw bigger cuts in poorer areas.”* Giving councils the ability to increase council tax does not match funding to need because areas of greatest deprivation and need tend to have more properties in lower council tax bands.
- 18.7 In the CSR and the local government finance settlement the Government have assumed that councils will increase their level of council tax by the maximum permitted without incurring the costs of a referendum. In this council’s case this Government assumption is that we will increase our council tax by a total of 5% including 2% in respect of the ASC precept. For 2023/24, in recognition of the cost-of-living emergency facing our residents, the Council froze the general council tax and only applied the 2% ASC precept. Unfortunately, given the extreme pressures facing the Council’s Adult Social Care and Children’s Safeguarding services which has not been recognised by the Government, it will not be possible to freeze the general level of council tax for 2025/26 without making even greater budget savings than those planned which are already extremely challenging. It is therefore proposed to increase general council tax by 2.99%, and the Adult Social Care precept by 2%, for 2025/26 in line with the Government’s assumptions. All of the additional income generated which will amount to around £4.5m will be used to fund additional investment in social care services to support the most vulnerable people in our community. The 2.99% general Council Tax increase and the 2% ASC precept increase will be 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 £0.69 and £0.46 per week respectively 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. An illustration of the increase by Band is shown below.

Illustrative, there may be rounding adjustments to 2 decimal places in final bills

| | 2025/26 | | | Weekly Increases | |
|---------------|-----------------|-------------------------------|----------------------|------------------------|--------------------|
| | TWC Annual £ | Increase Annual £ 4.99% | Increase Weekly £ | ASC Precept £ 2% | Core £ 2.99% |
| Band A | 1,075.78 | 51.13 | 0.98 | 0.39 | 0.59 |
| Band B | 1,255.07 | 59.64 | 1.15 | 0.46 | 0.69 |
| Band C | 1,434.37 | 68.17 | 1.31 | 0.53 | 0.79 |
| Band D | 1,613.67 | 76.69 | 1.47 | 0.59 | 0.88 |
| Band E | 1,972.26 | 93.73 | 1.80 | 0.72 | 1.08 |
| Band F | 2,330.85 | 110.77 | 2.13 | 0.85 | 1.28 |
| Band G | 2,689.45 | 127.82 | 2.46 | 0.99 | 1.47 |
| Band H | 3,227.34 | 153.38 | 2.95 | 1.18 | 1.77 |

Note, the above table is based on an average increase of 4.99% for 2025/26 and individual council tax bills will depend on the Parish a home is in.

19.0 BASE BUDGET, BALANCES AND CONTINGENCIES

19.1 Base Budget

19.1.1 A summary of the Base Budget position is included at Appendix 8 which shows a net base budget of £180m for 2025/26 which will be restated after final decisions have been taken on the savings and investment proposals contained in this report. Assuming a general council tax increase of 2.99% and a 2% increase for the ASC precept for next year and that all the savings put forward are agreed there is no requirement for the use of balances at present in 2025/26. Appendix 9 includes an analysis of the main changes in moving from the 2024/25 budget to the 2025/26 base budget.

19.2 Balances

19.2.1 Appendix 6 summarises the overall reserves and balances position of the Council after taking account of the various earmarked reserves and the risks faced by the Council. This currently shows over £21.7m available which could be taken into account as part of medium-term budget strategy considerations.

19.2.2 The Government has extended the temporary ability to fund the one-off costs of service reform projects from new capital receipts. Taking advantage of this opportunity offered by the Government will result in higher levels of debt than would 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. 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. This flexibility which was due to come to an end in March 2022 has now been extended again to March 2030. In addition to this flexibility, the Council also holds some specific funds to support service transformation. Currently the uncommitted balance in the Severance fund is £0.4m which is available to support restructure savings. A further £0.5m is held as an uncommitted balance within the Invest to Save/Capacity Fund.

19.2.3 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. 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 Adult Social Care in 2025/26 have been fully allowed for in the proposed budget.

19.3 Risk Management and Financial Resilience

19.3.1 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 due to another 1-year funding settlement. However, the Autumn Budget did confirm that the Government is committed to reforming the approach to local government funding so that it reflects an up-to-date assessment of a need and local revenues. A targeted approach is expected for the 2025/26 Finance Settlement followed by a multi-year settlement with effect from 2026/27. Information will not be available until next year to assess the impact these changes might have on the Council. As an organisation that provides a vast range of essential services to the community and spends over £500m per annum financial resilience and risk management are very important considerations when agreeing our MTFS.

19.3.2 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 16 years and has consistently received an unqualified audit opinion from its external auditors
- ✓ The Council has successfully delivered £181.7m 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 is 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 policy and procedure 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.
- ✓ Where required, additional investment has been included in the budget including, £7.7m additional net investment in Adult Social Care has been allowed for in 2025/26
- ✓ Provisions are included in the accounts where required, to safeguard against potential costs, for example for bad debts and Appeals against NDR valuations.

- **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 to meet service pressures.
- ✓ A strong and proactive financial management approach is adopted by budget holders supported by their nominated finance officer.
- ✓ The Council retains a good level of reserves and balances for the medium-term strategy.
- ✓ 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 Senior Management Team 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**

- ✓ 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 complying with Treasury management parameters.
- ✓ Advice on interest rate projections from independent treasury management advisors has been used when making prudent assumptions on future borrowing costs.
- ✓ Treasury management decisions are managed at a strategic level to deliver best value rather than individual loans being taken out for spending on each separate capital project which often span several years.
- ✓ Funding capital assets (i.e. assets that have a long life) from borrowing ensures that the cost of the asset is charged to the revenue account over the useful life of the asset. Clearly if all assets were paid for directly from revenue, current taxpayers would be paying for assets that will still be available to taxpayers many years in the future.

- ✓ All major capital 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 external advisors.
 - ✓ 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.
 - ✓ The Capital Programme is monitored regularly with regular updates taken to Cabinet and Full Council, together with approval of new allocations and slippage into future years.
- **Reserves & Balances**
 - ✓ The Council has General Fund and Special Fund balances as a safeguard against unforeseen costs as well as earmarked reserves and provisions for specific purposes. The Council's main Budget Strategy Reserve has an uncommitted balance of £21.7m and remains available to support the medium-term financial strategy.
 - ✓ In extreme emergency circumstances, general balances and some other funds that have been set-aside for specific purposes could be used and then replaced as part of a future strategy.
 - ✓ The Council holds £8.8m set aside for one-off costs associated with the equal pay settlement.
 - ✓ Contingencies have been built into the revenue budget: A general contingency of £3.95m in 2025/26 is held within the corporate core; in addition, one off contingencies are included in 2025/26 of £3.25m for Social Care, income and inflation pressures. A further £6.4m is earmarked for contract inflation and pay awards, also 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 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**
 - ✓ Despite financial challenges, 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 proposed changes to the local government finance system and periodic resets of the system thereafter.
 - ✓ The Council has adopted innovative ways to improve quality of life for residents including Nuplace, its wholly owned housing company which provides tenants in the private rental sector the option of renting a high-

quality home from a long-term and responsive landlord. The solar farm, the Telford Land Deal (a unique joint arrangement with the Marches LEP and Homes England) and the Telford Growth Fund all bring significant benefits to residents and a net financial benefit after covering all associated costs is also generated which is used to help support the provision of front-line services.

- ✓ For 2024/25 income streams from Nuplace are projected at £1.9m after covering all additional costs, the profit from the solar farm will exceed £0.7m and the net additional income from the Property Investment Portfolio boosted by benefits from the Telford Growth Fund is projected to exceed £9.4m.

- **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.
- ✓ Regular Financial Management reports are produced for and considered by the Senior Management Team and for Cabinet and appropriate action is taken to manage pressures as they arise.
- ✓ Specialist external knowledge is commissioned for specific projects where appropriate.

19.3.3 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 was unprecedented both in scale and duration, closely followed by a pandemic and then a cost-of-living emergency provide a level of assurance that the Council is both financially competent and in a sound financial position despite the further challenges that the Council will inevitably continue to face.

19.4.0 Inflation Assumptions and Contingencies

19.4.1 The Council's budget model for future years includes an allowance for pay awards of around 4% for 2025/26 and 2% in subsequent years. However, the precise impact of pay awards may vary from national headline rates if further lump sum, as opposed to across-the-board percentage, pay awards are made in future years as was the case for the April 2022, April 2023 and April 2024 pay awards. After many years of considerable pay restraint which have seen the pay of council employees cut in real terms by over 21% compared to CPI (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, therefore in some areas additional “market factor” allowances are applied to aid recruitment and retention.

19.4.2 In accordance with practice in recent years, no allowance has been built in for general inflation, although provision for contractually committed inflation increases (for example the waste collection and disposal and environmental maintenance contracts) and Adult Social Care costs has been made.

20.0 Education Funding – Dedicated Schools Grant

20.1 Dedicated Schools Grant (DSG) in 2025/26 will be allocated using four blocks:

20.2 **Schools Block** - funding for all mainstream primary and secondary schools via a local funding formula, although the Government is planning to move to a nationally determined funding formula in future. The amount in the block for Telford & Wrekin is £179m. The 2024/25 teachers’ pay additional grant (TPAG), teachers’ pension employer contribution grant (TPECG) and the core schools budget grant (CSBG) have all been brought within the schools block for 2025/26 and a like-for-like comparison shows an increase in per pupil funding of around 1% for 2025/26. The overall funding increase for 2025/26 is £6m. A 1% increase implies a real terms reduction in school funding in 2025/26, unless 2025 pay awards are at a lower level than recent years or additional grant funding is made available.

20.3 **High Needs Block** - funding for Special Educational Needs (SEN) placements and support, special schools, pupil referral units and other alternative provision. The amount in this block for 2025/26 is £39.6m. This represents an increase of around £3m (8%) compared to 2024/25.

20.4 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. The authority had a DSG deficit of £1.8m at the end of 2023/24, due to high needs pressures and the current forecast anticipates that there will be a significant increase in this deficit to around £6m by the end of 2024/25. The increase in funding for 2025/26 is unlikely to be sufficient to meet high needs pressures. High needs pressure is a national issue with most upper tier Councils having a DSG deficit. At the end of 2022/23, the national total DSG deficit was £1.168bn (which included 100 authorities with deficits). A National Audit Office (NAO) report published in October 2024 included the following in the summary:

“DfE estimates that some 43% of local authorities will have deficits exceeding or close to their reserves in March 2026. This contributes to a cumulative deficit of between £4.3 billion and £4.9 billion when accounting arrangements that stop these deficits impacting local authority reserves are due to end.”

- 20.5 The government has amended finance regulations, such that any DSG deficit is ring-fenced away from the Council's general fund position until 31 March 2026. The Government intends to set out plans for reforming the SEND system in further detail next year and that this will inform any decision to remove the statutory override.
- 20.6 **Early Years Block** - funding for free entitlement provision for children from nine months old to four years old. Publicly funded provision is significantly increasing:
- From April 2024 working parents of two-year-olds have been entitled to 15 hours per week of free childcare (before this date free provision for 2 year olds was only available for children from deprived backgrounds, children in care or who had left care, children with an EHCP or children in receipt of disability living allowance);
 - From September 2024, working parents of children from nine months old have been entitled to 15 hours per week of free childcare;
 - From September 2025 working parents of children from nine months old will be entitled to 30 hours per week of free childcare.
- 20.7 This increased provision is reflected in the allocation of DSG for 2025/26 which is estimated to be around £31m compared to £23m in 2024/25.
- 20.8 **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, despite the services being statutory. In addition to the Central School Services Block, representatives of maintained schools on the Schools Forum are asked to de-delegate additional funds, (£0.4m for 2025/26) to cover costs of statutory services that apply only to mainstream schools.
- 20.9 Since 2022/23, we have also had to ask maintained schools in Telford & Wrekin to de-delegate funding for the local authority's statutory school improvement functions. Prior to this, these have been funded by the DfE's "School Improvement Monitoring and Brokering Grant". This was removed by the DfE, half in 2022/23 and the remaining half in 2023/24. No alternative funding was provided, although local authorities' statutory functions remain unchanged. The value of the grant was worth £0.182m in 2021/22.

Maintained school representatives on the schools forum have agreed to de-delegate £0.135m for 2025/26.

- 20.10 In addition to DSG, significant additional funding is allocated to schools via the pupil premium grant (PPG). £12.7m was allocated to Telford & Wrekin schools via PPG in 2024/25. At the time of writing pupil premium rates for 2025/26 have yet to be announced.
- 20.11 For many years, Telford & Wrekin Council (along with a number of other councils) has received 'exceptional' funding for joint use leisure facilities. These exceptional factors result in additional DSG being allocated, over and above the amounts allocated by the DfE's Schools Block funding formula. For 2024/25 this amounted to £0.648m across 3 joint use sites. These funds are used for the provision of swimming and other sporting activities however the DfE have said they don't consider swimming to be an "exceptional" activity and are withdrawing funding from 2025/26. This equates to £0.26m for 2 of the Joint Use sites. It is intended that this will be recovered in part from charging for swimming lessons in council pools in 2025/26 however, it is anticipated that there will still be a shortfall therefore £0.141m has been provided as additional investment as shown in table 11.4.
- 20.12 The DfE have also indicated that the non-swimming element of joint use funding of £0.388m is likely to be removed in 2025/26. We have made representations to the DfE concerning the impact of reducing/removing joint use funding and in particular that given the extreme financial pressure that Telford & Wrekin Council (in common with other councils) is under. We are awaiting a decision from the DfE and will need to consider how to address this should the funding be withdrawn.

21.0 Community Engagement and Communication

- 21.1 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.
- 21.2 Our 2025/26 approach to consultation and engagement on our budget will include communication in relation to key changes to where the Council intends to spend its budget and highlight areas for 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.

21.3 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 below. However, the aim is to build more in-depth engagement during 2025/26 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.

21.4 The ways in which we will seek views on our proposed strategy are as follows;

- Discussions at a number of specific forums during January engaging with Town and Parish Councils, the voluntary and community sectors and local businesses through on-line sessions,
- 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 and ward roadshows

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

21.5 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.

22.0 NEXT STEPS & TIMETABLE

22.1 A consultation period will run from 7 January 2025 through to 5 February 2025 to enable the Council's Cabinet to give careful consideration to the views expressed before preparing their final report and recommendations to Full Council on 27 February 2025.

22.2 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 13 February 2025. The Committee is scheduled to meet to scrutinise these proposals at three meetings during January. The Chair of the Business & Finance Scrutiny Committee will have the opportunity to present the recommendations of the Committee at the Cabinet meeting on 13 February if required. The Cabinet will determine their final recommendations for consideration by Full Council at this meeting.

22.3 Full Council will consider the recommendations from Cabinet and Scrutiny/Opposition Groups on 27 February 2025 when final decisions will be made and the budget and Council Tax for 2025/26 will be determined.

23.0 Previous Minutes

- Full Council 29 February 2024 - Medium Term Financial Strategy report 2024/25 – 2027/28

24.0 Alternative Options

- 24.1 This report sets out proposals for how the resources available to the Council could be used during 2025/26. Clearly the Council must meet its statutory responsibilities, additional investment therefore needs to be made in some priority services. The proposed council tax increase will fund an element of the additional investment needed but further budget savings, over and above the £181.7m ongoing budget savings delivered to date, are clearly also required to ensure a balanced budget is set that does not depend on an unsustainable use of one-off resources.
- 24.2 Development of the Council's budget strategy involves balancing a number of considerations including, the appropriate level of one-off resources to use, what level of council tax increase is appropriate in the current circumstances where demand for key services is increasing, which services we want to prioritise for any new revenue or capital investment and where budget savings (including generation of additional income) may be implemented. Budget holders and Cabinet members consider a number of options in order to be able to set a balanced overall budget for 2025/26 as set out in this report. Any alternative options must meet the legal requirement that the Council sets a balanced budget for next year which must be seen in the wider context of a robust medium term financial strategy. For example, it would not be appropriate to use all available one-off resources to set a balanced budget for next year if this resulted in an unsustainable medium-term outlook.
- 24.3 Alternative priorities and options may emerge through the budget consultation exercise and, if so, can be considered in developing the final set of recommendations for consideration at Cabinet on 13 February 2025 before final decisions are taken at full Council on 27 February 2025.

25.0 Key Risks

- 25.1 Key risks include levels of demand for key services increasing above the level that can be funded from the approved budget, interest rates increasing beyond the levels assumed, inflationary increases in the cost of supplies and services that are higher than have been assumed and income collection levels being lower than expected or a recession impacting on council tax and business rates collection and income from the Council's property holdings and discretionary fees and charges.
- 25.2 The proposed budget includes a revenue contingency of £3.95m to protect against unexpected changes and the Council also holds a number of specific reserves and provisions e.g. to offset uninsured losses or to cover bad debts. Further, specific one-off contingencies totalling £3.25m have been

included in 2025/26 for Social Care, income and inflation pressures. Budget holders actively manage their budgets and the many financial risks and challenges that Council services face. At the start of the current financial year, the Council also held uncommitted general and special fund balances of just under £4.6m and an uncommitted balance in the Budget Strategy Reserve of £21.7m.

- 25.3 The Council has a long track record of effective robust financial management and, despite the challenges caused by the Government's long austerity programme and the Covid pandemic, has managed to out-turn within budget for the last 16 years.

26.0 Council Priorities

- 26.1 The development of a comprehensive MTFs is essential to support the effective use of available resources to deliver outcomes for all Council priorities. The report includes an analysis detailing how the capital programme is allocated across corporate priorities at Appendix 13 and Appendix 4 details the service strategies for each directorate and includes an analysis of the revenue budget used to support the activities of each directorate. The service strategies also detail how each directorate contributes towards the delivery of the Council's corporate priorities.

27.0 Financial Implications

- 27.1 This report sets out the Council's proposed MTFs for the period commencing April 2025. The financial impacts are detailed throughout the report.

28.0 Legal and HR Implications

- 28.1 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 2025/26 before the 11 March 2025 and has to have regard to the advice provided by the s.151 officer (Chief Finance Officer) on the robustness of the budget and the adequacy of reserves supporting the budget before doing so.

29.0 Ward Implications

- 29.1 Borough-wide impact.

30.0 Health, Social and Economic Implications

- 30.1 The MTFs includes considerable investment in social care services including net new investment to meet increasing costs and levels of demand,

particularly for complex care cases, and includes the allocation of the Public Health Grant. The MTFs also provides for support of economic development activity and direct provision of industrial and commercial units for local businesses. The Council is a large employer of local people and has considerable spending power within the local economy. Clearly reductions to budgets as a result of budget savings programmes reduces investment in the local economy although conversely the capital investment programme and additional revenue investment into social care services help to support the economy.

31.0 Equality and Diversity Implications

- 31.1 The Council uses Equality Impact Assessments as a tool to ensure our decision making takes into consideration the 9 protected characteristics with regard to the General Equality Duty (GED). We also recognise and give due regard to Care Experienced and Armed Forces Personnel which were previously approved by Cabinet. Whilst we are not legally obliged to do this through the Equality Act yet, we do have an obligation to make sure these groups of people are considered and not discriminated against either, so we think it's the right thing to do. 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.
- 31.2 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.
- 31.3 The proposals contained in this report will impact on specific groups of people. An initial Impact analysis, on the savings proposals, highlights limited equality impacts, further work will be undertaken to identify and mitigate adverse impacts as far as possible. We will continue to screen all savings proposals for potential equality impacts relative to the General Equality Duty as proposals are developed further prior to implementation

and will carry out further impact analysis where appropriate, prior to any final decisions being taken.

- 31.4 Public consultation will take place between 7 January 2025 and 5 February 2025. The proposals contained in the report will also be subject to Member scrutiny during this period. Final proposals will be considered by Cabinet on 13 February 2025 who will make recommendations to Full Council on 27 February 2025. The final agreed recommendations will be implemented during 2025/26 and future years.

32.0 Climate Change and Environmental Implications

- 32.1 The revenue budget and capital programme include specific funding to support climate change initiatives, including capital funding of £2.19m for initiatives to reduce the Council's own carbon footprint, and partnering with government, organisations and residents to reduce emissions across the Borough. This investment is critical to the commitment the Council made in 2019 for its operations and activities to be carbon neutral by 2030, and in supporting the wider aspiration for the Borough to also become carbon neutral. It directly links to the priority that 'our natural environment is protected, and the Council has a leading role in addressing the climate emergency', and builds on previous investment that has enabled the Council to reduce its emissions to date by 60% compared to the 2018/19 baseline.
- 32.2 Many of the actions in the Council's climate change action plan that will be funded by this investment have considerable co-benefits. Actions that help to reduce both energy costs and emissions, for example installing insulation, combine significant financial, social, health and environmental benefits. Sustaining investment will also help to mitigate the risks associated with climate change in the UK, as set out by the Committee Independent Assessment of UK Climate Risk for the UK's third Climate Change Risk Assessment (CCRA3), published in June 2021. These include more frequent flooding and extreme weather events, causing damage and disruption to local infrastructure and services, the impact of increasing high temperatures on people's health and well-being, and an increase in the range and consequences of pests, pathogens and invasive species.
- 32.3 Climate change is already affecting our weather through warmer wetter winters, hotter drier summers and the frequency and severity of extreme weather events. This will increasingly have a significant impact on the cost of delivering Council services. The Council has, therefore, produced a climate change adaptation risk register approved by Cabinet in April 2024 to help manage these risks going forward.

33.0 Background Papers

- Local Government Association 2024 Autumn Budget: LGA Briefing – 31 October 2024

- The Guardian online - Autumn statement 2023: key points at a glance by Alex Lawson, Anna Isaac and Richard Partington published Wed 22 Nov 2023
- BBC News Website
- Medium Term Financial Strategy Report 2024/25 to 2027/28 – Full Council 29 February 2024
- Municipal Journal, 20 October 2022, article by David Phillips “Fairness Failure”.
- Local Government White Paper June 2024
- ONS Mid Year Population Estimates 2023
- LG Futures Briefing Note – Provisional Local Government Finance Settlement 2025/26

34.0 Appendices

- 1 2024/25 Council Tax Comparison (at Band D) – Midlands Councils
- 2 2024/25 Council Tax Comparison (at Band D) – Unitary Councils
- 3 Savings Delivered to Date
- 4 2025/26 Service Strategies and Budget Information
- 5 Financing costs to net revenue stream 2024/25
- 6 Reserves and Balances
- 7 Infrastructure Funding Statement
- 8 Base Budget 2025/26
- 9 Analysis of Base Budget Movements
- 10 Savings List 2025/26
- 11 Children’s Safeguarding & Early Help Cost Improvement Plan
- 12 Adult Social Care Continuous Improvement Plan
- 13 Capital Investment Programme

35.0 Report Sign Off

| Signed off by | Date sent | Date signed off | Initials |
|----------------------|------------------|------------------------|-----------------|
| Legal | 26.11.24 | 26.11.24 | RP |