



Date: Thursday, 23 February 2017

Time: 10.00 am

Venue: Council Chamber, Shirehall, Abbey Foregate, Shrewsbury, SY2 6ND

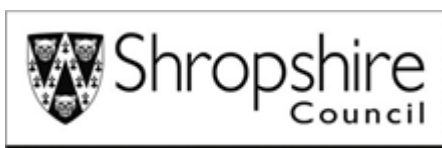
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COUNCIL TO FOLLOW DOCUMENT

10 Amendment to the FINANCIAL STRATEGY 2017/18 - 2019/20 (Pages 1 - 4)

From Roger Evans, Lib Dem Group.

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<u>Committee and</u> <u>Date</u> Council	<u>Item</u>
23 Feb 2017	<u>Public</u>

BUDGET AMENDMENT FROM THE LIBERAL DEMOCRAT GROUP

Lead Member Roger Evans, Leader of the Liberal Democrat Group

Proposal to Council 23 February 2017

Amendment to Financial Strategy 2017/18 – 2019/20

Council Agenda item 10

From: Liberal Democrat Group

1 Shropshire Schools

- 1.1 Shropshire Council is proposing that all Local Authority Schools in Shropshire will have an amount deducted from their schools budgets. This amount will be equal to £32.14 per pupil from Primary Schools and £14.19 per pupil from Secondary Schools. This will affect 17,291 of our Primary school children and 5,420 of our Secondary School children. The total amount being removed is £643,020.00.
- 1.2 The Educational support Grant has been progressively reduced since 2013. Shropshire Council was informed by Government in November 2015 that the “Educational Support Grant” was to be totally removed from 2017. This was then confirmed in December 2016. Unfortunately, during the 12 months between November 2015 and December 2016 no policy and no plans were made on how this deduction was to be handled. There is a further small amount that will remain for next year and this will finally disappear in 2018/19. The amount to be deducted from Schools to fund the gap from April is £643,020.
- 1.3 Due to Shropshire being one of the poorest funded Local Authorities, School Budgets were already under great pressure with many schools having to make redundancies in order to balance their budgets for next year. The added loss of this money will increase the number of redundancies that will have to be made. Further, due to the very short notice, long terms plans to phase staff reductions are having to be modified, previously unplanned staff reductions are having to be made. There is a very great danger that the education of our children will be affected, especially in our primary Schools.
- 1.4 It is proposed that the sum of £643,020 be funded by diverting monies currently allocated to delivering the Digital Transformation programme. The financial impact of this proposal would be to increase the borrowing requirement for the Digital Transformation programme by £643,020, thereby reducing the potential savings from this project by approximately £73,000 per annum.

2 Street Lighting

- 2.1 In Shropshire we have around 19,700 street lights. They consist of a mixture of different lights, the large main highway lights through to the small estate type lights. We also have a number of heritage type lights which many residents wish to keep.
- 2.2 All of these lights need to be replaced by LED lights.
- 2.3 At present there are plans to replace all these. The Financial Strategy shows that at present £800,000 is allocated to carry out replacement work in both 2017/18 and 2018/19. This allocation is made up of two parts, £100,000 allocated to purely fit LED lights and £700,000 to replace the concrete columns and their associated lantern. By the end of March it is expected that 2,713 of our lights would be converted. It is estimated by officers that it will take around 24 more years to replace the remaining 16,987 lights.
- 2.4 LED lights of course consume up to 70% less energy than the SOX lights which are used in the majority of cases to illuminate many of our roads (these are the yellow lights we see on most highways in Shropshire). Using modern technology replacement, LED lights can also be controlled from a central control panel. This enables us to switch them on and off when we want, also they can be dimmed during certain hours if that policy is adopted. Finally the control units being fitted in each light informs us if the light ceases to work for any reason. The working life of LED lights is 25 years, the working life of an SOX light is 3 years. Each SOX light is replaced every 3 years. Where LED lights are fitted, maintenance work is therefore very much reduced and also the need for light patrols to monitor lights is not needed.
- 2.5 Many of our street lights are mounted on concrete columns. These columns have a stated life of around between 25 and 30 years. Every one of our present concrete columns have been in place longer than 30 years. Some of them much much longer than 30 years. They are well past their planned working life. They need to be replaced at a much faster rate than is planned under the present programme.
- 2.6 As already stated SOX lights need to be replaced every 3 years. Each replacement is estimated to cost £26. Production of SOX lights is due to cease in around 4 years' time. The cost of replacement SOX lights, if any remain available, will therefore start to dramatically climb in around 5 or 6 years' time. In around 7 years it is very likely we will therefore have no SOX lights in stock. When a SOX light therefore fails we will have to adopt emergency measures to replace that light by an LED one, including in certain places the associated column as it will be unsafe to fit an LED light to it.
- 2.7 We need to dramatically accelerate our programme of light replacement. The Liberal Democrats propose that the amount allocated to LED and column replacement be increased to £3m per year (i.e. £9m over the next three years). This will enable a phased approach to be adopted and so aim to have all our SOX street lights converted to LED lights and all our out of date concrete columns replaced within 4 years.
- 2.8 At present we spend up to £800k per year on the energy consumed by our street lights. LED lights consume around 70% less energy. With the present policy of turning lights off at night the savings made by converting all our lights is expected to be around 50%. Using a 4 year conversion programme the savings per year in energy usage is expected to be at least £100k in each year. So the saving in Year One implementation year savings are zero, saving in Year Two is £100k etc. This will then progressively increase. At the end of the programme we will be spending

over £400k less on energy at today's prices. Energy costs are expected to rise, the savings will most likely therefore be much higher

- 2.9 Maintenance costs will also be dramatically reduced. Lights will not need replacing every 3 years. Light patrols will not be needed. These savings it is estimated will equal around £40k by the end of the programme. Saving in year one would be £13k, year two £26k rising to £40k in year 3.
- 2.9 To carry out this enhanced programme will need an additional £2.2m capital spend per year (£3m in 2019/20). Each £2.2m, at present, earns us from Treasury Management investment, around 0.5% at today's rates, £11,000. The current agreed policy on borrowing uses the appropriate Public Works Loan Board Rate (2.3% for 10 years, 2.9% for 25 years). For this scheme, an investment of £9m (£7.4m more than the current programme) would cost around £410,000 per annum to repay the debt and interest over 25 years. Much of this investment is necessary anyway due to the conditions of the columns. From Year 4 onwards, the investment would generate approximately £440k savings in energy and maintenance. This proposal significantly reduces the impact of the necessary cost of column replacement and after the initial investment has been repaid this scheme would deliver savings of at least £440k per annum.
- 2.10 Implementing this programme will result in every concrete column being replaced by an aluminium one which has an estimated working life of over 50 years. The LED lanterns have a working life in excess of 20 years. The authority will also be able to control lighting levels and timings via a central management system, and potentially enable changes in night-lighting policy to be implemented at minimal cost.
- 2.11 A 4 year programme is considered to be achievable. A shorter one may well prove hard to deliver as many other authorities are also replacing their outdated lighting stock.
- 2.12 This is a prime example of implementing an Invest to Save Policy.
- 2.13 It is proposed that the additional sum of £2.2m per year for the life of this Financial Strategy is funded by internal borrowing.

3 Sites of Community Concern

- 3.1 The present budget to deliver the many traffic calming measures to areas identified by Parish Councils has been drastically cut in recent years.
- 3.2 It is proposed to increase this budget by £500,000 for year 2017/18
- 3.3 It is proposed that this additional capital spend of £500k be funded by re-prioritising the Highways and Transport LTP budget. The total budget is £21.19m.

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