



Shropshire Council
Legal and Democratic Services
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND

Date: Tuesday, 22 November 2016

**Committee:
Cabinet**

Date: Wednesday, 30 November 2016

Time: 12.30 pm

Venue: Shrewsbury Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

You are requested to attend the above meeting.
The Agenda is attached

Claire Porter
Head of Legal and Democratic Services (Monitoring Officer)

Members of Cabinet

Malcolm Pate (Leader)
Steve Charmley (Deputy Leader)
Karen Calder
Lee Chapman
Simon Jones
David Minnery
Cecilia Motley
Malcolm Price
Stuart West
Michael Wood

Deputy Members of Cabinet

Peter Adams
Nicholas Bardsley
Gwilym Butler
Dean Carroll
Nic Laurens
Robert Macey
Robert Tindall

Your Committee Officer is:

Jane Palmer Senior Democratic Services Officer

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May 2015

AGENDA

1 Apologies for Absence

2 Disclosable Pecuniary Interests

Members are reminded that they must not participate in the discussion or voting on any matter in which they have a Disclosable Pecuniary Interest and should leave the room prior to the commencement of the debate.

3 Minutes (Pages 1 - 4)

To consider and approve as a correct record the Minutes of the Cabinet meeting held on 9 November 2016.

Contact: Jane Palmer Tel: 01743 257712

4 Public Question Time

To receive any questions or petitions from members of the public, notice of which has been given in accordance with Procedure Rule 14. Deadline for notification for this meeting is 5.00pm on Friday 25 November 2016.

5 Scrutiny Items - Report from the Financial Strategy Task and Finish Group (Pages 5 - 10)

To consider a report from the Financial Strategy Task and Finish Group on the Corporate Plan 2016/17 to 2018/19 and Strategic Action Plans.

Contact: Tom Dodds Tel: 758518

6 Financial Strategy 2017/18 to 2019/20 (Pages 11 - 36)

Lead Member – Councillor Malcolm Pate – Leader of the Council and Portfolio Holder for Strategy, Financial Strategy, Budget and Business Plan.

Report of the Head of Finance, Governance and Assurance [s151 Officer]

Contact: James Walton Tel: 01743 258915

7 Setting the Council Tax Taxbase for 2017/18 (Pages 37 - 54)

Lead Member – Councillor Malcolm Pate – Leader of the Council and Portfolio Holder for Strategy, Financial Strategy, Budget and Business Plan.

Report of the Head of Finance, Governance and Assurance [s151 Officer]

Contact: James Walton Tel: 01743 258915

8 Treasury Strategy 2015/16 - Mid Year Review (Pages 55 - 74)

Lead Member – Councillor Malcolm Pate – Leader of the Council and Portfolio Holder for Strategy, Financial Strategy, Budget and Business Plan.

Report of the Head of Finance, Governance and Assurance [s151 Officer]

Contact: James Walton Tel: 01743 258915

9 Quarter 2 Performance Report 2016/17 (Pages 75 - 82)

Lead Member – Councillor Michael Wood - Portfolio Holder for Corporate Support.

Report of the Director of Place and Enterprise

Contact: George Candler Tel: 01743 255003

10 2015/16 Council Customer Feedback Report

Lead Member – Councillor Michael Wood – Portfolio Holder for Corporate Support

Report of the Director of Place and Enterprise **TO FOLLOW**

Contact: George Candler Tel: 01743 255003

11 Market Drayton Youth Centre - Community Asset Transfer (Pages 83 - 90)

Lead Member – Councillor Michael Wood – Portfolio Holder for Corporate Support

Report of the Director of Place and Enterprise

Contact: George Candler Tel: 01743 255003

12 Opening Hours Across Customer Service Points (Pages 91 - 124)

Lead Member – Councillor Michael Wood – Portfolio Holder for Corporate Support

Report of the Head of Human Resources and Development

Contact: Michele Leith Tel: 01743 254402

13 Meole Brace Pitch and Putt

Lead Member – Councillor Stuart West – Portfolio Holder for Leisure and Culture

Report of the Director of Place and Enterprise **TO FOLLOW**

Contact: George Candler Tel: 01743 255003



Committee and Date

Cabinet

30 November 2016

CABINET

**Minutes of the meeting held on 9 November 2016 in the Shrewsbury Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND
12.30 - 12.55 pm**

Responsible Officer: Jane Palmer
Email: jane.palmer@shropshire.gov.uk Tel: 01743 257712

Present

Councillor Malcolm Pate (Leader)
Councillors Steve Charmley (Deputy Leader), Karen Calder, David Minnery, Cecilia Motley, Malcolm Price, Stuart West and Michael Wood

71 Apologies for Absence

Apologies for absence were received from Councillors Lee Chapman and Simon Jones.

72 Disclosable Pecuniary Interests

None were made.

73 Minutes

RESOLVED:

That the Minutes of the Cabinet meeting held on 19 October 2016 be approved as a correct record and signed by the Leader.

74 Public Question Time

There were no questions from members of the public.

75 Scrutiny Items

There were no items from Council or any of the Scrutiny Committees.

76 Revenue Monitoring Report - Quarter 2 2016/17

The Leader and Portfolio Holder for Strategy, Financial Strategy, Budget and Business Plan presented a report from the Head of Finance, Governance and Assurance [s151 Officer] setting out the Revenue forecast for 2016/17 as at Quarter 2 and identified the

current projections on delivery of savings included within the forecast. He commented that the report showed that all areas of the Council were mindful of the financial position. A Member commented that the use of one-off sources of funding to address services pressures identified in year would be the subject of debate at a forthcoming meeting of the Performance Management Scrutiny Committee.

In answer to concerns raised on the level of Continuing Healthcare [CHC] debt, the Leader stated that action was being taken to try to recover this. The Chief Executive added that a meeting was to be held that very day to ascertain if a way forward could be established. It was noted that the Head of Adult Services had prepared case by case evidence to support the Council's endeavours in this matter.

Responding to a Member's comment on the £500,000 allocated to Recycling Empty Homes, the Portfolio Holder for Planning, Housing, Regulatory Services and the Environment stated that he was delighted with the £250,000 per year for 2016/17 and 2017/18 to continue the work with recycling empty properties and thereby contributing to the regeneration of Shropshire's communities. The Portfolio Holder for Rural Services and Communities stressed that real efforts were being made to bring empty properties into re-use and genuine progress was being made.

RESOLVED:

- i) That at the end of Quarter 2 (30 September 2016), the full year forecast is a potential overspend of £0.635m;
- ii) That the impact of this on the Council's General Fund balance be considered.
- iii) That the reallocation of funding from the New Homes Bonus Reserve be approved as detailed in Appendix 3.
- iv) That the virement of funding allocations be recommended to Council as set out in paragraphs 7.2 to 7.5 of the report.

77 Capital Monitoring Report Quarter 2 2016/17

The Leader and Portfolio Holder for Strategy, Financial Strategy, Budget and Business Plan presented a report from the Head of Finance, Governance and Assurance [s151 Officer] detailing the Council's current position on the 2016/17 to 2019/20 capital programme. A Member commented that this report was also to be considered at the next meeting of the Performance Management Scrutiny Committee.

In answer to a Member's query, the Director of Place and Enterprise stated that the Council was in the third year of a five year LED light replacement programme and was investing £150,000 per year into this initiative.

RESOLVED:

- i) That net budget variations of £5.8m to the 2016/17 capital programme be approved, including cuts to capital receipts funded schemes of £4.4m; detailed in Appendix 1/Table 1 and the re-profiled 2016/17 capital budget of £60.2m.
- ii) That the re-profiled capital budgets of £43.1m for 2017/18 and £18.8m for 2018/19 and £1.8m for 2019/20 be approved as detailed in Appendix 1/Table 4. Including cuts to capital receipt funded schemes of £4.0m in 2017/18.
- iii) That the expenditure to date of £15.8m be accepted, representing 26% of the revised capital budget for 2016/17, with 50% of the year having elapsed.

78 Student Accommodation Quality Accreditation Mark Scheme - University Centre, Shrewsbury

The Portfolio Holder for Planning, Housing, Regulatory Services and Environment presented a report by the Director of Public Health detailing the Council's proposed Student Accommodation Quality Accreditation Mark scheme.

A Member voiced his support for this initiative as a means of ensuring adequate accommodation for first year students and clarification of the Council's role in this provision. However, he queried the steps being taken to prevent the potential 'studentification' of parts of the town through the use of appropriate planning policy and the identification of Article 4 Direction [A4D] areas. It was noted that further work needed to be undertaken to develop a register of Houses in Multiple Occupation [HMOs; these properties required mandatory licensing. The Leader stressed the Council's commitment to the University and the importance of its success to the county as a whole.

RESOLVED:

- i) That the introduction of the Student Accommodation Quality Accreditation Mark be approved in order to set out standards expected at an early stage in the development of the University Centre.
- ii) That the scheme be introduced on 1st December 2016.
- iii) That the fees for 2016/17 be £135 for each property and £40 for a half day briefing session for each landlord. Fees being payable every 3 years.

79 Exclusion of the Public and Press

RESOLVED:

That, in accordance with the provisions of Schedule 12A of the Local Government Act 1972 and Paragraph 10.2 of the Council's Access to Information Rules, the public and press be excluded from the meeting during consideration of the following item.

80 Exempt Minutes

RESOLVED:

That the exempt Minutes of the Cabinet meeting held on 19 October 2016 be approved as a correct record and signed by the Leader.

Signed

(Leader)

.....

Date:

.....



<u>Committee and Date</u>
Cabinet
30 November 2016

Financial Strategy Task and Finish Group Report – Corporate Plan 2016/17 to 2018/19 and Strategic Action Plans

Responsible Officer Tom Dodds, Commissioning Support Manager
e-mail: tom.dodds@shropshire.gov.uk Tel: 01743 258518

Summary

This report presents Cabinet with the observations and recommendations confirmed by the Performance Management Scrutiny Committee following the Financial Strategy Task and Finish Group's consideration of the feedback from Staff and Members on the Corporate Plan, the redrafted Corporate Plan and the draft Strategic Action Plans for the coming 12 to 18+ months.

The Task and Finish Group undertook their work over three meetings and considered and challenged the documents, particularly in relation to the level of ambition for Economic Growth over the coming years and the move to Shropshire Council being part funded locally through Council Tax and the retention of 100% of business rates. They also recognised the importance of being able to update the Strategic Action Plans with new or revised Council Strategies and developments such as the Economic Growth Strategic Plans that will be developed to deliver the emerging Economic Vision.

The overall view was that the redrafted Corporate Plan had taken good account of the feedback received and was a better document than the draft presented to Council in July 2016, and that the Strategic Action Plans were heading in the right direction.

Recommendations

- A. Actions in the strategic action plan must be underpinned by a clear view of what needs to be delivered, evidence of what works, appropriate measures of success, and an understanding of the current (baseline) position.
- B. The Corporate Plan, through the Strategic Action Plans, must set out the Council's ambition for the coming years, especially in terms of developing the economy.

Opportunity Risk Assessment

The Corporate Plan is an essential component of the Council's Strategic Planning, Governance Assurance Framework and the Opportunity Risk Management Strategy. The plans need to link up, and together support and provide direction for the Council to achieve its objectives, including delivering a balanced budget. Failure to do so and fully implement the changes required will put the Corporate Plan at risk.

Regular performance reporting against delivery of the Council's objectives established in the Corporate Plan, including through Strategic Risk Reporting will in turn provide assurance to Members and Officers that the Council is achieving against its plan and that strategic risks are being monitored and managed, or on an exception basis activity for improvement is identified. This in turn will provide reflection on and assurance as to the strength of the governance environment.

All Committee reports to Members will continue to report on opportunities and the associated risks and these in turn should be linked to the delivery of the Council's outcomes as set out in the Corporate Plan.

Financial Assessment

Although there are no financial implications directly related to this paper, there is a significant relationship between the Corporate Plan and the Financial Strategy. The Corporate Plan sets out the Council outcomes and objectives which will achieve the requirements of the Financial Strategy, and as such its delivery.

Report

1. Context

- 1.1 The draft Corporate Plan and draft Strategic Action Plans have been considered by the Financial Strategy Task and Finish Group in line with its Terms of Reference to consider plans and proposals as they develop.
- 1.2 The Corporate Plan and Strategic Action Plans provide a high-level view of the direction and changes that the Council will be taking over the coming years. They are set out in a way that will enable the plans to deliver change to be flexible and responsive to changes in policy and priority locally and nationally, set within a framework which describes what the Council is seeking to achieve through the High-level Outcomes.

- 1.3 The development of the draft Corporate Plan and draft Strategic Action Plan has taken account of the different strategies and plans of the Council. This helps to ensure that their delivery is integrated into actions and any gaps or opportunities to develop or refresh and refocus strategies to deliver the Council's High-level and medium term outcomes are identified.

2. Observations from the Task and Finish Group work

2.1 Redrafted Corporate Plan

- 2.1.1 During their consideration of the feedback received on the Corporate Plan from staff and Members, the Task and Finish group identified that the majority of points raised should be taken forward and used to inform the redraft of the Corporate Plan. They emphasised the importance of ensuring that the Corporate Plan needed to be appropriate for all areas of Shropshire.
- 2.1.3 The redraft of the Corporate Plan was updated following the feedback from the Task and Finish Group and the amended version shared with the Task and Finish Group at their meeting on the 19 October 2016. The Task and Finish Group Members reviewed the Context and High-level Outcomes sections and confirmed that they were happy with the way that the feedback from staff and Members had been incorporated, and with those sections of the document.
- 2.1.4 The Task and Finish group identified that they would like the Corporate Plan to be ambitious, in particular in relation to Economic Growth in Shropshire; especially in light of the changes to local government funding by Central Government, moving the Council to be funded locally through Council Tax and the 100% retention of business rates.
- 2.1.5 They were made aware of the changes to Business Rate thresholds, and how this would mean that in order to generate more funding locally, the Council would need to attract and enable more, larger businesses to locate in Shropshire, and work with local businesses to help them realise their expansion plans and ambitions.
- 2.1.6 Their discussion of the opportunities and degree of ambition for economic growth identified a number of specific areas which should be taken into account in the Strategic Action Plans and in the development of new Economic Growth Strategic Plans:
- Developing a clear view of the types of businesses and industry which would be good to attract to Shropshire

- Understanding what types of businesses are and might be attracted by some of Shropshire's natural, environmental, geographic, communications and demographic characteristics
- Maximising the value of the cultural and natural capital of Shropshire, including their role with tourism and the visitor economy
- Working with existing businesses and industries to understand their ambitions for the future
- With this understanding, the value and attractiveness of the different areas of Shropshire to different businesses or types of industry should be taken into account in relation to strategic economic development considerations and strategic Housing Planning; maintaining a view of related lifestyle choices and health and wellbeing considerations
- Recognising that there are high value jobs already attracted to Shropshire such as Environmental and Hydrological Consultancies, and understanding what makes Shropshire attractive to them
- Investing to generate income was central to enabling more ambitious opportunities to be pursued, but this would need to be balanced with the generation of income sufficient to cover any repayments and off-set reductions in Government funding
- Greater clarity on the Council's role as an enabler or in direct delivery in terms of economic development was suggested e.g. should the Council be focused on promoting Shropshire to target sectors or businesses and encouraging the right sites to be serviced and made available
- Working with private sector companies and agents to inform plans and ensure that land and development for Economic Growth responds to opportunity and need within the Council's wider planning and development framework
- Working with Town and Parish Councils to identify employment land in their areas
- Establishing how the Community Infrastructure Levy, Section 106 agreements, and New Homes Bonus is currently used in Shropshire, and whether there are more opportunities to use these monies to contribute to opening up employment land in Market Towns, e.g. by contributing to the cost of putting in place services and infrastructure
- Looking outside Shropshire for examples of economic development options and opportunities that would not initially come to mind, drawing on relationships with organisations such as universities to understand their learning from work with other local authorities
- Ensuring that opportunities related to the development of Combined Authorities, in particular the West Midlands

Combined Authority, and large national infrastructure projects such as HS2 are identified and pursued to inform strategies and plans

2.2 Strategic Action Plans

- 2.2.1 The Task and Finish Group worked through each of the medium term outcomes and objectives in the Strategic Action Plans and considered the actions, milestones and measures. Through this work is the need to be able to evidence what was working and where there were issues affecting the delivery of the Council's high-level and medium term outcomes through robust information and measures of success. This was highlighted as a particular area of focus for targeting and measuring actions and interventions related to preventative activity e.g. for Health and Social Care.
- 2.2.2 With the level of changes to how services are delivered being made, and developments to help deliver outcomes and reduce demand, the Task and Finish group supported the inclusion of milestones in the Strategic Action Plans and in the council's Performance Management Framework. This will enable change to be measured, and with the use of customer feedback, be able to take a view of impact in the short and medium term.
- 2.2.3 Having reviewed the draft Strategic Action Plans Task and Finish Group concluded that they were moving in the right direction, including the ambition for Economic Growth was represented, and that they set out the key areas of focus for the Council in the coming 12 to 18+ months.
- 2.2.4 The ability and need to ensure that they are flexible and can respond to changes to local and national policy and priorities was considered essential e.g. where new Economic Growth Strategic Plans are developed. The review of the Strategic Action Plans also prompted a discussion of the Members' important Corporate Parenting role.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Financial Strategy – Budget 2017/18 – 2018/19 (Cabinet, 18 May 2016)

Draft Corporate Plan 2016/17 to 2018/19 (Council, 21 July 2016)

Cabinet Member (Portfolio Holder)

Cllr Malcolm Pate

Local Member

All

Appendices



<u>Committee and Date</u>	<u>Item</u>
Cabinet	
30 November 2016	
12:30pm	<u>Public</u>

FINANCIAL STRATEGY 2017/18 – 2019/20

Responsible Officer James Walton

e-mail: james.walton@shropshire.gov.uk Tel: 01743 255011

1. Summary

Council approved the Financial Strategy in July 2016 setting out the funding and spend position for the Council over the Medium Term and agreed an approach whereby a mix of base budget savings would be implemented alongside the use of one-off proposals to deliver a balanced budget plan for the 2017/18 and 2018/19 Financial Years. In July Council approved these base budget proposals, and in September Cabinet approved the one-off proposals that would be implemented to bring the budget into overall balance. In November Cabinet also received Revenue and Capital monitoring reports updating the current year position and identifying implications and movements necessary for future years.

This report provides an update on the Council's base budget position including; a review of delivery timescales and values for savings proposals, the implications of information supplied to Cabinet via the Revenue and Capital Monitoring reports, a review of overall resources including Business Rates and Council Tax Taxbase and an update of assumptions around one-off resources such as investment funding, ear-marked reserves, core grants and capital receipts.

Although the overall extent of the changes within this report do not represent a significant shift from the financial implications previously agreed by Council and Cabinet, this revised report does provide updated figures, and a more robust overview of budget planning over the next two years. This report continues to adopt the approach agreed by Council in July 2016, and provides the updated information necessary to enable consultation on the budget plan to be undertaken, with a view to feeding back and building in any implications before Council meets to formally set the budget for 2017/18 in February 2017. The Council's Performance and Management Scrutiny Committee (PMSC), and the Financial Strategy Budget Setting Task and Finish Group, have taken the opportunity to scrutinise the proposals brought forward over the year. The approach outlined above was agreed by PMSC on 16 November 2016.

2. Recommendations

It is recommended that members:

- A. Approve the revised projections for expenditure and resources, as set out in Appendices 1 and 2, for the Financial Years 2017/18 and 2018/19
- B. Approve the revised savings proposals as set out in Appendices 4 and 5.
- C. Note the revised funding gap and recommend to Council the revised proposals to deliver a balanced budget in 2017/18 and 2018/19 as set out in Appendix 3, including the release of earmarked reserves as set out in Appendix 6.
- D. Approve the draft outline Revenue Budget as set out in Appendix 7, and the draft outline Capital Programme as set out in Appendix 8, which together will form the basis for Budget Consultation for 6 weeks from 30 November 2016 to 11 January 2017.

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1. The development and delivery of the Council's Financial Strategy is the key process in managing many of the Council's strategic risks. The opportunities and risks arising are assessed each time the document is refreshed for Cabinet consideration. The Council's Strategic Risks are reported separately, but the Financial Strategy makes specific reference to the Council's ability to set a sustainable budget (the highest of the Council's key strategic risks). Other risks associated with or mitigated by the setting of an approved Financial Strategy are listed below:

- ICT Provision
- ICT Digital Transformation
- Future Funding Levels

Financial Uncertainty

3.2. There is a significant risk that the Council's financial position will impact on service delivery, both statutory and non-statutory in future years. It is still unclear as to the extent of this impact as a great deal of work, including consultation where necessary, is required to move from the production of savings proposals to actual changes in service delivery seen on the ground. Nevertheless, we will continue to identify proposals for service reductions that are necessary to deliver a balanced budget over the medium term. This approach needs detailed consideration to ensure the Council is not placed at risk of being unable to deliver statutory functions to an appropriate quality

or being unable to meet the needs of the most vulnerable. The impact of the Finance Settlement (Provisional in mid-December 2016, Final in early February 2017) and the Autumn Statement (confirmed for 23 November 2016) is unknown at the present time, but could have a bearing on our medium term plans and also our ability to deliver a Sustainable Business Model in the longer term.

3.3. The Final Local Government Finance Settlement from February 2016 provided details for the financial years 2016/17 to 2019/20. In addition, Central Government offered to provide all local authorities with a confirmed multi-year offer (to 2019/20) where any Council was prepared to provide details of its efficiency statement before the deadline of 14 October 2016. Shropshire Council agreed to accept this offer and as a result the following allocations provided in the final settlement are now expected to be honoured:

- Revenue Support Grant (RSG)
- Rural Services Delivery Grant (RSDG)
- Transition Grant (2016/17 and 2017/18 only)
- Business Rates Top-Up Grant

The offer, however, did not cover the following key grants and as a result cannot be guaranteed despite being set out in the Final Local Government Settlement:

- New Homes Bonus (NHB)
- Improved Better Care Fund (IBCF)

3.4. To help mitigate risks all core grants identified in the two lists above have been considered as one-off funding. Reliance on these funds, however, has still been assumed over the medium term.

3.5. The Financial Strategy is based upon delivery of a balanced budget over the Medium Term. Each year the delivery of services and savings proposals is monitored and reported to Cabinet on a quarterly basis. The impact of significant additional pressures (for example, demographic pressures in Adult Services) and the non-achievement of savings proposals impact not only on the relevant financial year, but also in future years of the Strategy. In previous years there has been an ability to freeze spending elsewhere in the budget to compensate for these pressures. In the future, there is a significant risk that there will be insufficient controllable budgets left in the Council to mitigate pressures appearing elsewhere. This may mean that reserves held for emergencies instead become relied upon to cover known pressures. If reserves are depleted in this way, the Council's funding position will become unsustainable.

- 3.6. Detailed work has been undertaken to revise the growth projections for Adult Services. This work is influenced by numerous variables which are often non controllable. Each of these issues can lead to uncertainty in the base data or assumptions which are then extrapolated. If the pressure in Adult Services in future years is understated this would lead to short term decision making to deliver a balanced budget. If this pressure is over stated in future years, this would lead to decisions being taken elsewhere in the Council's budget that may have been unnecessary. The risk of continued budget variances in this area have been reduced by allocating additional resources to model future spend projections and by attempting to model and identify all variables. Spending on Adults Services, however, still represents the Council's greatest risk area in terms of potential budget overspends. For this purpose, it is proposed to introduce a 'contingent budget' to reduce the risk of major variation in the short term. Additionally, the decision to utilise short-term resource in the following two financial years to mitigate and delay the impact of service reductions across the Council will enable greater time for assurance from the modelling in Adult Services Finances to be gained.
- 3.7. Setting the Financial Strategy and agreeing the detailed changes necessary to deliver the agreed budget for the next financial year, will take into account the requirements of the Human Rights Act, any necessary environmental appraisals and the need for Equalities Impact Needs Assessments and any necessary service user consultation.

4. 2016/17 Financial Year Implications for Future Years

- 4.1. On 9 November 2016 Cabinet approved the Revenue Monitoring report for Quarter 2 2016/17. This report projected an overspend of £0.635m by year end. The Council's General Fund Balance at 1 April 2016 was £18.370m and with no further action, the projected overspend would reduce this balance to £17.735m. It should be noted that the opening General Fund Balance was already below the risk assessed level (approved by Council in February 2016) of £28.196m. Additionally a national assessment of the value of general reserves held by local authorities (as at 31 March 2015) identified that as a percentage of net budget Shropshire Council was ranked 261 out of 353 local authorities i.e. in the lowest third nationally. Shropshire Council's General Fund Balance has increased by approximately £2.5m in the intervening period.
- 4.2. The report also identified that £23.054m savings had been identified for delivery in the 2016/17 Financial Year and that £1.314m of these savings were currently RAG-rated as Red. This means that there is a high probability that they will not be achieved in-year, but have been offset to some extent by other initiatives, hence the overall projected overspend of £0.635m for the Council. The implications of the non-delivery of these savings on future years

has been taken into account in the revision of figures within this Financial Strategy Report.

- 4.3. The Revenue Monitoring Report also recognised that New Homes Bonus commitments should be revised and the proposals identified within the report were approved by Cabinet. These revisions impacted on the New Homes Bonus Reserve only and have no implications for the Council's Budget Plan over the next two years.
- 4.4. Cabinet also approved, and recommended to Council for formal approval, a virement of £9.699m to the Capital Programme for the previously approved Digital Transformation Programme.
- 4.5. Also on 9 November 2016, Cabinet approved the Capital Monitoring report for Quarter 2 2016/17. Within this report a number of areas were identified for disinvestment, totalling £8.4m. The basis for these decisions was to take a fresh look at the capital programme and free up funding for new investment opportunities. No decisions on how and where this funding will be invested have been made as yet, and work to develop the approach is mentioned in Section 6 of this report.
- 4.6. On 16 November 2016 Performance Management Scrutiny Committee reviewed the 9 November 2016 Cabinet Revenue and Capital Monitoring Reports and concluded that the approach undertaken was satisfactory.

5. 2017/18 and 2018/19 Proposed Budget Plans

- 5.1. On 27 January 2016 Cabinet received a Financial Strategy report identifying an approach to delivering a balanced budget for the financial years 2017/18 and 2018/19. This approach required the delivery of over £22.2m of savings which when assessed by officers were considered to have significant implications for service delivery across a number of areas (these were referred to as Red-Ragged Savings). At the same time there was an indication of considerable uncertainty about the implications for Local Government Finances over the medium term following the announcement that Council's would at a future date retain 100% of their locally generated Business Rates alongside additional, undefined responsibilities that would need to be locally funded. The review of local government finances would need to take account of the provision of existing core grants, top ups and tariffs, safety-net implications and needs and redistribution of funds under a fair funding formula. Such a change would likely redistribute funding nationally between Councils, and theoretically at least, this could lead to different Councils becoming 'winners' or 'losers' financially. The result of these announcements was that it was now impossible to accurately forecast what the financial landscape for Shropshire Council would look like from

2019/20 onwards. Consequently, there was a desire to avoid taking decisions that could have significant, detrimental and long-term implications for service delivery at a time when there was no robust financial framework driving those decisions.

- 5.2. As a result, officers were tasked with the challenge to find alternative savings proposals from those initially put forward and consider the implications of utilising a combination of base budget savings, core funding grants and other one-off proposals (such as freeing up of earmarked reserves) to deliver a balanced budget for a limited period of time, i.e. as a minimum the Financial Years 2017/18 and 2018/19.
- 5.3. On 31 July 2016 Full Council approved the Financial Strategy Report, setting out the proposals to deliver a balanced budget in 2017/18 and 2018/19. The plan identified base budget savings proposals that could be delivered, and proposed the use of one-off initiatives and resources to cover any remaining gap to deliver a balanced budget.
- 5.4. On 28 September 2016 Cabinet approved a series of one-off proposals which would deliver a balanced budget in 2017/18 and reduce the funding gap to £2m in 2018/19. The overall position is provided in Table 1 below.

Table 1: Approach to Delivering a Balanced Budget 2017/18 and 2018/19

	2017/18 £'000	2018/19 £'000
Funding Gap	16,390	20,211
One-off Proposals	(16,390)	(18,211)
Unresolved Funding Gap	0	2,000

- 5.5. Since this date further work has been undertaken to consider the budget position for 2017/18 and beyond, taking account of any implications from the current year budget (as described in Section 4 above) and other pressures and initiatives known at this time. The key areas are described in the following paragraphs.
- 5.6. As at 31 March 2016, the triennial valuation of the Shropshire County Pension Fund was undertaken. While the implications of this are only provisionally identified at this point, they will impact from 2017/18 and it is prudent to consider the potential financial implications of the valuation at this point. The initial valuation suggests that the overall funding level for the Pension Fund has improved from 74% to 82%, although due to a number of

changes in assumptions, employers' contributions for active members will need to increase from 13.5% to 14.8% and deficit contributions will also increase from £17.4m, incrementally to £21.2m by 2019/20. The financial impact of these increases could potentially be significantly reduced by prepayment of contributions, taking advantage of the Council's cashflow position at the present time. Additionally, it is proposed to utilise existing one-off resources over the current budget plan period to prevent the current Financial Strategy from being destabilised by any short term financial implications of the valuation. This approach has not been finalised, but is the planning proposal reflected within the revised resources and expenditure proposals within this report.

- 5.7. The Council tax taxbase calculations have been completed for 2017/18 and are being considered in a separate report on this Cabinet agenda. In light of the increase in taxbase calculated for 2017/18, the assumptions for future years have been revised to reflect the growth in the taxbase that has occurred over the last four years and to bring our assumptions in line with national planning assumptions and averages. This has increased the available council tax to be generated in year, and thereby marginally reduced the funding gap each year.
- 5.8. Council approved saving plans to a value of £15,026,024 in the July Financial Strategy. Since this period, service areas have been further reviewing these savings proposals and refined the RAG rating on delivery of these savings. A small number of 2017/18 savings targets within Place and Enterprise have been revised, although the overall total required from the directorate remains the same. This has taken place in order to realign service area savings with recent changes to the directorate structure, as well as to reassign the saving required from the Council's Teme Leisure contract budget, which has now been delayed and therefore will be made through alternative means in 2017/18. The directorate's policy is to increase income budgets where possible in order to avoid reductions in expenditure that would have a negative effect on service delivery, and therefore it is proposed that Theatre Services' income budget is increased further in 2017/18 in line with current levels of income received. Details of the revised savings proposals is provided in Appendix 4.
- 5.9. As highlighted in the Revenue Monitoring Reports to Cabinet, there are some savings within Children's Services that were planned for 2016/17 that will not be delivered in year. This is being managed by compensating one-off underspends elsewhere within the Council and these savings have been reviewed to consider if they are achievable for 2017/18. In the main these proposals are achievable, albeit with some caution as achievement of some savings is dependent on the numbers of looked after children and with minor

delays in implementation for two of the specific savings. However, £262,960 cannot be achieved in relation to the Externalisation of County Training. This saving related to the non-controllable element of the County Training budget and the resulting decrease in support services delivery from the externalisation of this service has not been significant enough to generate this saving. Further details on the unachieved 2016/17 savings is provided in Appendix 5.

- 5.10. The resources and expenditure projections shown in Appendix 1 and 2 have also been updated to reflect the latest projection of government grant funding to be received. This particular change has had no impact on the funding gap as all changes to funding have been amended in both resources and expenditure to reflect the conditions attached to the grants.
- 5.11. The updated funding gap arising from all changes highlighted above is shown in Table 2 below:

Table 2: Revised Funding Gap for 2017/18 and 2018/19

	2017/18 £'000	2018/19 £'000
Funding Gap as at 28 Sept 2016	16,390	20,211
Improvement in Council Tax Projections	(1,055)	(2,221)
Impact of Pension Costs	2,424	2,194
2016/17 Unachievable Savings	328	263
Revised Funding Gap	18,086	20,447

- 5.12. It should be noted that whilst the funding gap has increased in the short term, actions taken have reduced the funding gap identified in the longer term. This is principally as a result of pre-payment of Pension costs and by factoring in additional council tax generation due to an increase in council tax base.
- 5.13. Proposals agreed by Cabinet on 28 September to close the funding gap with one-off resources still left a gap of £2m in 2018/19 (as shown in Table 1 above) and further work was necessary to identify a solution to this. With the revisions made in this report the funding gap has seen an increase in both years. Proposals have been put forward to revise allocations from one-off sources and further refine allocations from earmarked reserves that can be released to close the funding gap across the two financial years. Appendix 6 details the earmarked reserves confirmed as available for release and this provides one off funding of £5.141m. The estimated cost of the proposed

pension increase will be funded through the conditional release of earmarked reserves on the basis that the Council will utilise the new statutory powers to use capital receipts for a revenue purpose. Whilst £13.341m of reserves have been identified for conditional release, the level of capital receipts necessary can only be generated from sales over a two-year period. As shown in Table 3 below, a lower total of £7.090m (£2.423m + £4.667m) is necessary to fund the gap in 2017/18 and 2018/19. As a number of assumptions have been applied to arrive at a balanced budget across two financial years, it is likely that a number of the figures shown in Table 3 will be adjusted.

Table 3: Short Term Proposals to fund the budget in 2017/18 and 2018/19

	2017/18 £'000	2018/19 £'000
Funding Gap (as per Table 2)	18,086	20,447
Use of One Off Grants:		
RSDG (Provisional Settlement)	(1,633)	(1,633)
Improved RSDG (Final Settlement)	(3,675)	(2,450)
Transition Grant (Final Settlement)	(586)	0
New Homes Bonus	(4,269)	(783)
Improved Better Care Funding	(217)	(4,329)
Applying existing savings proposals early	(890)	(9)
Delivering anticipated and managed underspends	(960)	0
Collection fund adjustments	0	(2,100)
Carry forward unapplied Adult Services Contingent Budget	0	(2,500)
Release Earmarked Reserves	(3,433)	(1,976)
Conditional Release of Reserves	(2,423)	(4,667)
Total Short Term Proposals	(18,086)	(20,447)

- 5.14. The Council's Performance Management Scrutiny Committee (PMSC) and the Financial Strategy Budget Setting Task and Finish Group have been kept apprised of all developments with the Financial Strategy over the summer and autumn periods and taken the opportunity to review a number of significant elements within the approach, with the findings and recommendations reported through to Cabinet for approval. At its meeting of

16 November 2016, PMSC was taken through the timetable and approach for the delivery of the 2017/18 budget in February 2017.

5.15. The timetable for delivery of the 2017/18 budget is set out in Table 4 below.

Table 4: Timetable - 2017/18 and 2018/19 Budget

Date	Group	Details (Subject to available information (e.g. Settlement))
15 December 2016	Council	Approve: Revised proposals to balance 2017/18 and 2018/19 budget using a mixture of base-budget savings, and also one-off funds and short-term proposals which will not contribute to closing the Core Funding Gap (as set out in Appendix 3 to this report).
21 December 2016	Cabinet	Consider latest information on Resource and Expenditure Projections and savings for 2017/18 and 2018/19 - subject to the Council receiving the Provisional Local Government Finance Settlement (due early December).
8 February 2017	Cabinet	Formally recommend the 2017/18 Budget for approval by Council including all 2017/18 Savings and any 2018/19 savings which can be agreed.
23 February 2017	Council	Approve the 2017/18 Budget.

6. Long Term Financial Strategy

6.1. The above proposals represent a significant departure from the original approach agreed by Cabinet in October 2015. At that point the Council was proposing to implement a Long Term Strategy based upon a Sustainable Business Model which would identify future resources available and fit spending patterns within that financial envelope. This approach has been revised for two key reasons (as described in Section 5):

- The implications for service delivery into the future suggested that statutory duties could not be delivered in a sustainable manner within the projected financial envelope.
- The impact of 100% Local Business Rates Retention and as yet unidentified new burdens to be funded from locally raised resources from 2019/20 created new levels of uncertainty that rendered long term projections pure speculation.

6.2. The Sustainable Business Model, as a concept however, is still valid as it has the power to accurately describe the financial envelope within which a self-sufficient Council has to prioritise services and operate. The model will

be modified and eventually will become the foundation of future Financial Strategy Reports, but not until the relevant parameters and necessary financial assumptions are adequately described, clarified and fully understood.

- 6.3. The development of the Council's Corporate Plan is an essential element of this approach and once adopted will provide the framework for Council priorities and strategic outcomes within which a Financial Strategy can be developed.
- 6.4. Alongside the Financial Strategy, the Corporate Plan will also be supported by a number of key strategy documents currently in different stages of development and refresh including:
- The Economic Growth Strategy
 - The Commercial Strategy
 - The Workforce Strategy
 - The Digital Transformation Strategy
 - The IT Strategy
 - The Treasury Strategy
- 6.5. The development of the Economic Growth Strategy will enable the Council to produce a more developed Capital Investment Strategy, setting out the longer term aspirations of the Council in terms of development and regeneration. Following a review of the current Capital programme (as mentioned in Section 4 above) work will be undertaken over the winter period to set out the principles for a future aspirational capital investment strategy which will form an integral part of the developing Financial Strategy.
- 6.6. While it is too early at this stage to clearly set out the priorities that will be established within these strategic documents, the following considerations are likely to be developed further:
- Operating the most efficient services and being commercial in outlook across all that we do.
 - Our population becoming the healthiest, to improve quality of life and reduce strain on services.
 - Growing income from business rates and housing.
 - Increasing investment income.
 - Maximising the potential of our investment in IT and technology
- 6.7. The next draft of the Corporate Plan is due to be considered by Cabinet on 21 December 2016.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

- Revenue Monitoring Report – Quarter 2 2016/17 – Cabinet 9 November 2016
- Capital Monitoring Report – Quarter 2 2016/17 – Cabinet 9 November 2016
- Financial Strategy 2017/18 – 2019/20 – Cabinet 28 September 2016
- Financial Strategy Task and Finish Group - Final report – Cabinet 27th July 2016
- Financial Strategy 2017/18 – 2019/20 – Council 13 July 2016
- Financial Strategy 2017/18 – 2019/20 – Cabinet 13 July 2016
- Financial Strategy Task and Finish Group - Interim Report – Cabinet 13th July 2016
- Financial Strategy 2017/18 - 2018/19 – Cabinet 18 May 2016
- Financial Strategy 2016/17 – 2018/19 – Cabinet 17 February 2016
- Final Report from the Budget 2016/17 Task and Finish Group – Cabinet 10th February 2016
- Performance Management Scrutiny Committee: Scrutiny of the Financial Strategy: Summary of the Feedback from the Scrutiny Committees – Cabinet 9th December 2015

Cabinet Member (Portfolio Holder)

Malcolm Pate

Local Member

All

Appendices

Appendix 1 – Resource Projections

Appendix 2 – Expenditure Projections

Appendix 3 – Funding Gap

Appendix 4 – Savings Proposals 2017/18 & 2018/19

Appendix 5 – 2016/17 Savings Unachievable

Appendix 6 – Release of Earmarked Reserves

Appendix 7 – Draft Summary Revenue Budget 2017/18

Appendix 8 – Draft Summary Capital Budget 2017/18

Resource Projections

	2016/17 £	2017/18 £	2018/19 £	2019/20 £	Assumptions
Council Tax	127,068,947	134,251,314	141,839,457	149,857,179	1.6% increase in Taxbase p.a. and 3.99% increase in Band D p.a.
Business Rates:					
Business Rates Collected	38,746,737	39,447,278	40,160,485	40,886,586	Growth of 0.8% and multiplier increase of 1%
Estimated Reduction in Business Rates (s31 see below)		-3,860,000	-3,860,000	-3,860,000	
Top Up Grant	10,119,908	10,318,949	10,623,366	10,962,908	As per Local Government Finance Settlement 2016
RSG	31,565,931	20,447,511	13,301,166	6,119,050	As per Local Government Finance Settlement 2016
Collection Fund:					
Council Tax	2,987,003	500,000	500,000	500,000	
Business Rates	-5,961,407	-500,000	-500,000	-500,000	
NET BUDGET	204,527,118	200,605,052	202,064,474	203,965,723	
Grants included in Core Funding:					
Improved Better Care Fund	0	216,823	4,328,805	8,153,519	As per Local Government Finance Settlement 2016
New Homes Bonus	9,327,598	9,377,848	5,891,776	5,653,090	As per Local Government Finance Settlement 2016
Rural Services Delivery Grant	6,573,303	5,307,636	4,082,797	5,307,636	As per Local Government Finance Settlement 2016
Transition Grant	575,652	585,686	0	0	As per Local Government Finance Settlement 2016
s31 Business Rates Grants	0	3,860,000	3,860,000	3,860,000	
CORE FUNDING	221,003,671	219,953,045	220,227,852	226,939,968	
Local Income					
Fees and charges	66,020,470	62,759,146	63,836,175	65,040,521	
Other Grants and contributions	33,906,417	33,906,417	33,906,417	33,906,417	
Specific Grants (excluding Core Funding Grants above)	238,527,570	237,980,460	237,980,460	237,980,460	
Internal Recharges	10,563,760	10,563,760	10,563,760	10,563,760	
TOTAL FUNDING	570,021,888	565,162,828	566,514,664	574,431,126	

Appendix 2

Expenditure Projections

	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Original Gross Budget Requirement	576,378,810	590,672,245	583,249,199	586,961,952
Inflationary Growth :				
Pay	1,991,292	1,361,007	1,166,054	996,311
Prices	5,006,995	1,861,804	1,669,604	1,717,763
Pensions	0	2,423,594	-229,111	-298,711
Demography	21,877,515	824,076	6,999,013	7,556,318
National Government Policy changes :				
NI	2,000,000			
Minimum Living Wage (included in pay and prices for adjusted)	1,000,000			
Apprenticeships	500,000			
Local Generated Pressures :				
Debt charges	1,000,000			
Elections		700,000	-700,000	
Grant loss/ grant rolled into Base funding	1,970,870			
Specific Grants Changes between years	2,600,576	-1,535,674	-1,184,618	4,810,868
Income Changes	-10,079,103			
All other changes in 2016/17	-7,236,317	2,084,336		
Adjustment to Gross budget offset by Income changes	4,536,807			
Adjust for Reduction to offset income reduction		-444,000	-320,242	
Savings:				
Add Savings carried forward from 2015/16 to be achieved	15,961,130			
Deduct ongoing Savings - 2016/17	-26,836,330			
Deduct ongoing Savings - 2017/18		-15,026,024		
Deduct ongoing Savings - 2018/19			-3,623,072	
2016/17 Savings not achievable		327,835	-64,875	
TOTAL EXPENDITURE	590,672,245	583,249,199	586,961,952	601,744,500

Funding Gap

	<i>2016/17</i> £	2017/18 £	2018/19 £	2019/20 £
Resources	<i>570,021,888</i>	565,162,828	566,514,664	574,431,126
Expenditure	<i>590,672,245</i>	583,249,199	586,961,952	601,744,500
Gap in year	<i>20,650,357</i>	18,086,371	20,447,288	27,313,375
One Off Funding to be used:				
Financial Strategy Reserve	<i>9,355,970</i>			
Rural Services Delivery grant - Ongoing	<i>1,633,119</i>	1,633,119	1,633,119	
Rural Services Delivery grant - One Off	<i>4,940,184</i>	3,674,517	2,449,678	
Transition Grant - One Off	<i>575,652</i>	585,686		
New Homes Bonus - One Off	<i>4,145,432</i>	4,269,560	783,460	
Improved Better Care Funding		216,823	4,328,805	
Savings BF		890,462	8,851	
One off Monitoring underspends		960,000		
Adult Services Contingency			2,500,000	
Collection Fund Adjustments			2,100,000	
Earmarked Reserves - Freed up		3,432,610	1,976,355	
Free up Conditional Release Reserves			2,472,538	
Free up Conditional Reserves - Pensions		2,423,594	2,194,483	
TOTAL ONE OFF FUNDING	<i>20,650,357</i>	18,086,371	20,447,288	0

Savings Proposals 2017/18 & 2018/19

Analysis of Savings Proposals - Summary	2017/18	2018/19
	£	£
Green Savings:		
Adults	0	0
Childrens	-277,340	0
Place & Enterprise	-2,082,315	0
Public Health	0	0
Resources and Support	-3,609,635	1,216,654
Total Green Savings	-5,969,290	1,216,654
Amber Savings:		
Adults	0	0
Childrens	-1,787,500	-187,500
Place & Enterprise	-290,430	-1,068,387
Public Health	-368,849	-250,848
Resources and Support	1,286,079	-861,771
Total Amber Savings	-1,160,700	-2,368,506
Achievable Red Savings:		
Adults	0	0
Childrens	-125,733	0
Place & Enterprise	-1,701,820	-2,100,000
Public Health	0	0
Resources and Support	-200,000	-371,220
Total Achievable Red Savings	-2,027,553	-2,471,220
Corporate Savings:		
Adults	0	0
Childrens	0	0
Place & Enterprise	0	0
Public Health	0	0
Resources and Support	-5,868,481	0
Total Corporate Savings	-5,868,481	0
Total Savings Approved by Council	-15,026,024	-3,623,072
Cumulative by 2018/19		-18,649,096

Savings Proposals 2017/18 & 2018/19

Adult Services						
Ref	Portfolio	Council Function	2017/18 Savings Proposal (£)	2018/19 Savings Proposal (£)	Commentary	Status
Green Savings:						
None						
Amber Savings:						
None						
Achievable Red Savings						
None						
Corporate Savings						
None						
Total Savings			0	0		

Savings Proposals 2017/18 & 2018/19

Children's Services						
Ref	Portfolio	Council Function	2017/18 Savings Proposal (£)	2018/19 Savings Proposal (£)	Commentary	Status
Green Savings:						
C14	Children and Young People / David Minnery	Children with Disabilities	-170,000	0	Recommissioning provision	Approved Council 21/07/16
C19	Children and Young People / David Minnery	Foster Care Service - Fostering Placements	-107,340	0	Savings achieved through best value.	Approved Council 21/07/16
Total Green Savings			-277,340	0		
Amber Savings:						
C01	Children and Young People / David Minnery	Education Access and Equality	-150,000	0	School attendance monitoring function placed at risk	Approved Council 21/07/16
C02	Children and Young People / David Minnery	Education Improvement (including Early Years)	-200,000	0	Reduced provision available to support high quality educational outcomes, could impact on the outcomes for children and on the LAs capacity to support improvement	Approved Council 21/07/16
CO3	Children and Young People / David Minnery	Home to School Transport (including SEN Transport)	-187,500	-187,500	Further efficiencies are reliant on full implementation of personalisation policy, and fuel costs.	Approved Council 21/07/16
CO8	Children and Young People / David Minnery	Information Advice and Guidance	-250,000	0	The team would reduce significantly and would not be able to provide information advice and guidance across Shropshire. This could impact on the progression of young people, and the number of young people who are not in education employment or training	Approved Council 21/07/16
C25	Children and Young People / David Minnery	Children's Centres	-1,000,000	0	Early Help services prevents children wherever possible receiving children's social care interventions. Schools and other stakeholders will face pressure to meet demand.	Approved Council 21/07/16
Total Amber Savings			-1,787,500	-187,500		
Achievable Red Savings						
C31	Children and Young People / David Minnery	Special Educational Needs	-94,311	0	To deliver a further saving in 2017/18 the team will divert resources towards traded work.	Approved Council 21/07/16
C32	Children and Young People / David Minnery	Education Improvement (subject to ESG)	-31,422	0	Additional Saving proposed to be funded from traded work and review of the service.	Approved Council 21/07/16
Total Achievable Red Savings			-125,733	0		
Corporate Savings						
None						
Total Savings			-2,190,573	-187,500		

Savings Proposals 2017/18 & 2018/19

Place & Enterprise						
Ref	Portfolio	Council Function	2017/18 Savings Proposal (£)	2018/19 Savings Proposal (£)	Commentary	Status
Green savings:						
M01	Planning, Housing, Regulatory Services and Environment / Mal Price	Refuse collection and recycling	-250,000		0 Collection service redesign / contract renegotiation, £2m delayed until 2018/19	Approved Council 21/07/16 and Cabinet 28/09/16
M05	Planning, Housing, Regulatory Services and Environment / Mal Price	Planning	-140,000		0 Redesign of service areas	Approved Council 21/07/16
M06	Highways and Transportation / Simon Jones	Highways management, maintenance and street cleansing	-350,000		0 Energy efficiency, increased income and redesigning the workforce	Approved Council 21/07/16
M10	Corporate Support / Michael Wood	Commissioning directorate management team and support functions	-20,000		0 Efficiency savings and further redesign.	Approved Council 21/07/16
M11	Highways and Transportation / Simon Jones	Public transport - Council Delivery	-250,000		0 Redesign of functional areas	Approved Council 21/07/16
M13	Leisure and Culture / Stuart West	Leisure centres, swimming pools and sports development	-70,080		0 Combination of efficiency savings and local commissioning of functional areas	Approved Council 21/07/16
M14	Leisure and Culture / Stuart West	Theatre services	-132,570		0 Increases in income	Approved Council 21/07/16
M17	Leisure and Culture / Stuart West	Museums and tourism	-40,000		0 Further redesign of function.	Approved Council 21/07/16
M22	Rural Services and Communities / Cecilia Motley	Community development	-36,450		0 Efficiency savings and move to income generating model proposed at present.	Approved Council 21/07/16
M23	Leisure and Culture / Stuart West	Arts	-11,290		0 As per December 2015 proposals developed in consultation with stakeholders	Approved Council 21/07/16
R24	Corporate Support / Michael Wood	Corporate Landlord	-631,113		0 Redesign of service areas to deliver corporate savings.	Approved Council 21/07/16
R26	Corporate Support / Michael Wood	Other property services	-150,812		0 Redesign of service areas to deliver corporate savings.	Approved Council 21/07/16
Total Green Savings			-2,082,315	0		
Amber Savings:						
M05	Planning, Housing, Regulatory Services and Environment / Mal Price	Planning	0	-205,000	Redesign of service areas	Approved Council 21/07/16
M06	Highways and Transportation / Simon Jones	Highways management, maintenance and street cleansing	0	-150,000	Energy efficiency, increased income and redesigning the workforce	Approved Council 21/07/16
M08	Leisure and Culture / Stuart West	Parks, countryside and rights of way	-25,000		0 Outdoor Partnerships business plan for income generation should result in further savings being proposed later in the financial year, but at present an assessment of the proposals against the 2016/17 savings target is	Approved Council 21/07/16
M22	Rural Services and Communities / Cecilia Motley	Community development	-40,000		0 Efficiency savings and move to income generating model proposed at present.	Approved Council 21/07/16
M26	Business and Economy / Steve Charmley	Energy Company Work	-25,430	-132,000	Development of an energy company indicates net income generation for the Council.	Approved Council 21/07/16
R24	Corporate Support / Michael Wood	Corporate Landlord	0	-304,770	Redesign of service areas to deliver corporate savings.	Approved Council 21/07/16
R28	Corporate Support / Michael Wood	Shire Services	-200,000	-276,617	Redesign of service areas to deliver corporate savings.	Approved Council 21/07/16
Total Amber Savings			-290,430	-1,068,387		
Achievable Red Savings						
M01	Planning, Housing, Regulatory Services and Environment / Mal Price	Refuse collection and recycling		-2,000,000	Collection service redesign / contract renegotiation, £2m delayed until 2018/19	Approved Council 21/07/16 and Cabinet 28/09/16
M12	Business and Economy / Steve Charmley	Economic growth and business support	-159,040	-100,000	Combination of efficiency savings and local commissioning of functional areas	Approved Council 21/07/16
M16	Leisure and Culture / Stuart West	Leisure centres, swimming pools and sports development	0	0	25% saving on Teme Leisure contract to be negotiated. Will result in reduction in provision.	Approved Council 21/07/16
M17	Leisure and Culture / Stuart West	Museums and tourism	-40,000		0 Further redesign of function.	Approved Council 21/07/16
M20	Leisure and Culture / Stuart West	Libraries	-150,000		0 Transfer of one or more of the larger libraries to a commissioned model.	Approved Council 21/07/16
M21	Children and Young People / David Minnerly	Youth activities and youth centres	-118,400		0 50% reduction to LJC budgets for youth activities	Approved Council 21/07/16
M22	Rural Services and Communities / Cecilia Motley	Community development	-133,810		0 Efficiency savings and move to income generating model proposed at present.	Approved Council 21/07/16
M25	Highways and Transportation / Simon Jones	Car parks	-200,000		0 To be delivered through change to linear tariffs. Could be potential to increase this value later in the financial year.	Approved Council 21/07/16
M26	Business and Economy / Steve Charmley	Energy Company Work	-106,570		0 Development of an energy company indicates net income generation for the Council.	Approved Council 21/07/16
M27	Highways and Transportation / Simon Jones	Grey Fleet savings	-424,000		0 Review of grey fleet mileage claimed shows that potential savings can be released across the Council in 2017/18.	Approved Council 21/07/16
R24	Corporate Support / Michael Wood	Corporate Landlord	-370,000		Redesign of service areas to deliver corporate savings.	Approved Council 21/07/16
Total Achievable Red Savings			-1,701,820	-2,100,000		
Corporate Savings						
None						
Total Savings			-4,074,565	-3,168,387		

Savings Proposals 2017/18 & 2018/19**Public Health**

Ref	Portfolio	Council Function	2017/18 Savings Proposal (£)	2018/19 Savings Proposal (£)	Commentary	Status
Green savings:						
None						
Amber Savings:						
M05	Planning, Housing, Regulatory Services and Environment / Mal Price	Environmental health, planning and trading standards	-140,000	0	Redesign of service areas	Approved Council 21/07/16
P02	Health & Wellbeing / Karen Calder	Registrars	-20,000	-20,000	The Department of Health is yet to announce the Public Health Grant for the next two years therefore it will not be clear until the end of January about the resources available to the council to meet its statutory commitments. In addition the Home Office is consulting on changes to the Marriage Legislation that may mean that the Registrars' Service may have a reduction in the sources of revenue that it receives through the licensing of venues and the related fees for conducting services. On that basis the saving plan has been given an overall rating of Amber until a detailed review of the factors outlined above can be assessed.	Approved Council 21/07/16
P07	Health & Wellbeing / Karen Calder	Help to Change	-80,349	-102,348		Approved Council 21/07/16
P09	Health & Wellbeing / Karen Calder	Multi-agency Drug and Alcohol Team	-25,000	-25,000		Approved Council 21/07/16
P11	Health & Wellbeing / Karen Calder	School Nurses	-56,000	-56,000		Approved Council 21/07/16
P17	Health & Wellbeing / Karen Calder	Community Safety	-47,500	-47,500		Approved Council 21/07/16
Total Amber Savings			-368,849	-250,848		
Achievable Red Savings						
None						
Corporate Savings						
None						
Total Savings			-368,849	-250,848		

Savings Proposals 2017/18 & 2018/19

Resources and Support						
Ref	Portfolio	Council Function	2017/18 Savings Proposal (£)	2018/19 Savings Proposal (£)	Commentary	Status
Green savings:						
R07	Strategy, Financial Strategy, Budget and Business Plan / Malcolm Pate	Provisional Settlement Adjustment	-1,496,045	1,535,434	Apply £5.385m of New Homes Bonus and £0.562m of RSDG over 3 years to offset front-loading of RSG reduction (Note growth not saving in 18/19 to reflect front loading of RSG reductions in years 1 and 2)	Approved Council 21/07/16
R23	Corporate Support / Michael Wood	Other Customer services	-143,700		0 Redesign of service areas to deliver corporate savings.	Approved Council 21/07/16
R27	Corporate Support / Michael Wood	Non Distributable costs and other Corporate	-100,000		0 Redesign of service areas to deliver corporate savings.	Approved Council 21/07/16
R30	Corporate Support / Michael Wood	Corporate & Democratic Core	-229,890		0 Reductions in External Audit Fees, Debt Management Charges and Members Telephone and Car Allowance budgets can be delivered in full in 2017/18	Approved Council 21/07/16
R31	Strategy, Financial Strategy, Budget and Business Plan / Malcolm Pate	Treasury Management	-1,530,000	-318,780	Currently anticipated to be deliverable due to repayment of borrowing, thereby reducing debt charges and additional interest to be achieved on investments.	Approved Council 21/07/16
R32	Strategy, Financial Strategy, Budget and Business Plan / Malcolm Pate	Shrewsbury Town Civics	-110,000		0 Renegotiation of the Shrewsbury town Council contract has now enabled the base budget contribution towards the civic costs to be removed.	Approved Council 21/07/16
Total Green Savings			-3,609,635	1,216,654		
Amber Savings:						
R22	Corporate Support / Michael Wood	Customer Services	-290,997		0 Redesign of service areas to deliver corporate savings.	Approved Council 21/07/16
R29	Strategy, Financial Strategy, Budget and Business Plan / Malcolm Pate	Other	1,577,076	-861,771	One-off resources and/or savings applied from previous years to offset unachieved savings reallocated to service areas.	Approved Council 21/07/16
Total Amber Savings			1,286,079	-861,771		
Achievable Red Savings						
R04	Strategy, Financial Strategy, Budget and Business Plan / Malcolm Pate	Revenues and Benefits	-200,000	-100,000	Redesign of service areas	Approved Council 21/07/16
R31	Strategy, Financial Strategy, Budget and Business Plan / Malcolm Pate	Treasury Management	0	-271,220	Currently anticipated to be deliverable due to repayment of borrowing, thereby reducing debt charges and additional interest to be achieved on investments.	Approved Council 21/07/16
Total Achievable Red Savings			-200,000	-371,220		
Corporate Savings						
R33	Strategy, Financial Strategy, Budget and Business Plan / Malcolm Pate	Review of Corporate Budgets	-5,868,481		0 Review of growth adjustments within the budget has released £2.898m within Corporate Budgets. A further £2.094m can be released due to a change in the collection fund surplus/deficit as a result of new guidance on the inclusion of a provision. Remaining £0.876m to be released from budgets retained for pensions contribution growth which is no longer required.	Approved Council 21/07/16
Total Corporate Savings			-5,868,481	0		
Total Savings			-8,392,037	-16,337		

Appendix 5

2016/17 Savings Unachievable

Children's Services Savings 2016/17						Impossible to Achieve	Delays expected in 2017/18	Delay in Implementation but Achievable in 2017/18
Ref	Portfolio	Council Function	2016/17 Unachieved Saving £	Commentary	Status	£	£	£
Redesign and transfer of Education Support Services to i,p&e (Inspire To Learn) and secure commissioning arrangements and retained team.								
	Children and Young People / David Minnery	Education Access and Equality	-135,000	Reduce Commissioning of Education Access & Equality from ip&e	It is proposed that the Education, Access and Equality Service is restructured to reflect the long term statutory responsibility of the Local Authority.		-33,750	-101,250
	Children and Young People / David Minnery	Education Improvement (including Early Years)	-42,000	Reduce Commissioning of Education Improvement Service from ip&e	Deliverable in 2017/18.			-42,000
	Children and Young People / David Minnery	Information Advice and Guidance	-132,000	Reduce Commissioning of IAG from ip&e	Staff restructure delayed over uncertainty around future trading strategy of Inspire to Learn. Anticipated to be deliverable in 2017/18.			-132,000
			-309,000			0	-33,750	-275,250
Analyse Children's Services back office processes: administration; use of IT; impact of rurality.								
	Children and Young People / David Minnery	County Training	-262,960	Externalisation of County Training	Savings target is impossible to achieve as it relates to Non-Controllable Budgets	-262,960		
	Children and Young People / David Minnery	LS Business Support	-124,500	Rationalisation of Learning and Skills Business Support Admin	Efficiency savings to be achieved through a review of Business Support processes.		-31,125	-93,375
			-387,460			-262,960	-31,125	-93,375
Redesign early support and assist provision.								
	Children and Young People / David Minnery	Early Help	-15,000	Reduce funding of CAMHS services	Staffing Restructure slippage due to changes in 0-25 re-commissioning programme			-15,000
	Children and Young People / David Minnery	Early Help	-325,000	Reduce the net budget of provision of Early Help through funding an additional £1m through Central DSG	£325,000 Savings to be targeted through Early Help Strategy and Strengthening Families pilots			-325,000
			-340,000			0	0	-340,000
Review current residential provision and increase assessment capacity. Review mix of provision. Review practice of assessing children's ongoing need to be Looked After.								
	Children and Young People / David Minnery	Placements	-250,000	Reduction of External Residential/Fostering Placements	Achievement is planned through the following but costs are subject to short notice demand for high cost placements so unclear whether full saving will be achieved in 2017/18: - Develop Chelmare to extend provision - Continued offer of edge of care support and outreach reducing LAC where appropriate/safe. - Recruitment and training of in house Foster Carers to meet needs of teenagers			-250,000
			-250,000			0	0	-250,000
CHILDREN'S SERVICES			-1,286,460			-262,960	-64,875	-958,625

Appendix 6

Release of Earmarked Reserves

Earmarked Reserve	Purpose of Balance	Confirmed Release £	Conditional Release £
Redundancy	Required to meet one-off costs arising from approved staffing reductions, allowing the full approved savings in salaries or wages to reach the revenue account.	0	-6,972,585
Development Reserve	Required to fund development projects or training that will deliver efficiency savings.	0	-3,500,000
Invest to save Reserve	Required to fund invest to save projects in order to deliver the service transformation programme.	0	-500,000
Care Act Reserve	Required to fund the costs of implementing the Care Act requirements within the Council. This will be committed to the costs of one off posts required to implement the changes and training costs for staff within Adult Services.	-215,545	0
Economic Development Workshops Major Maintenance	Established to meet the costs of major maintenance of Economic Development Workshops.	-239,949	0
Planning Reserve	Set aside funds for investment in planning application processes.	-1,146,997	0
Public Health Reserve	This reserve includes balances committed to specific public health projects.	-1,000,000	0
Resources Efficiency	Established for investment in new developments, particularly information technology, that service area would not be expected to meet from their internal service level agreements for support services.	-378,510	-2,369,259
Revenue Commitments from Unringfenced Revenue Grants	Established from unapplied unringfenced Grant balances. Commitment have been made against these balances in 2017/18.	-1,671,979	0
Shropshire Waste Partnership (Smoothing)	The PFI smoothing reserve reflects the budgeted contributions in the early years of the Waste PFI contract that will be used to smooth the step up in the Unitary Charge once additional facilities come on line. The PFI smoothing reserve will ensure that the Shropshire Waste Partnership does not pay for services in advance of receiving them but that once costs are increased in line with the contract money is available to meet those costs.	-389,000	0
Theatre Severn R&M	Established from underspends within culture and leisure, the reserve will be earmarked towards future capital and revenue expenditure on repairs, maintenance and replacement of essential equipment at the Theatre.	-29,355	0
TMO Vehicle Replacement	Set up to meet the costs of replacement vehicles by the Integrated Transport Unit.	-337,630	0
TOTAL		-5,408,965	-13,341,844

Appendix 7

Draft Summary Revenue Budget 2017/18

	2017/18 £	Adult Services £	Children's Services £	Place & Enterprise £	Public Health £	Resources & Support £
Original Gross Expenditure Requirement	570,021,890	120,656,530	189,152,640	141,771,480	21,350,170	97,091,070
Inflationary Growth :						
Pay	1,361,007	263,788	287,006	324,298	118,631	367,284
Prices	1,861,804	70,757	621,240	973,610	8,287	187,910
Pensions	2,423,594	455,888	521,048	711,944	85,575	649,139
Demography	824,076	446,140	277,936	0	0	100,000
Local Generated Pressures :						
Elections	700,000	0	0	0	0	700,000
Specific Grants Changes between years	-1,535,674	0	0	0	0	-1,535,674
All other changes in 2016/17	2,084,336	0	0	0	0	2,084,336
Adjust for Reduction to offset income reduction	-444,000	0	0	0	-444,000	0
Reversal of 2016/17 Funding Gap	20,650,354	0	0	0	0	20,650,354
Savings:						
Deduct ongoing Savings - 2017/18	-14,454,464	0	-2,190,573	-3,503,005	-368,849	-8,392,037
2016/17 Savings not achievable	327,835	0	327,835	0	0	0
TOTAL GROSS EXPENDITURE	583,820,758	121,893,103	188,997,132	140,278,327	20,749,814	111,902,382
Original Gross Income Requirement	-365,494,770	-39,247,960	-153,669,230	-50,454,640	-16,361,930	-105,761,010
Local Generated Pressures :						
Specific Grants Changes between years	-2,324,329	-16,720	0	0	481,180	-2,788,789
Income Growth	3,261,324	2,731,060	-1,930	58,194	444,000	30,000
Savings:						
Income Savings - 2017/18	-571,560	0	0	-571,560	0	0
TOTAL GROSS INCOME	-365,129,335	-36,533,620	-153,671,160	-50,968,006	-15,436,750	-108,519,799
NET BUDGET REQUIREMENT	218,691,423	85,359,483	35,325,972	89,310,321	5,313,064	3,382,583
Funded by:						
Council Tax	134,251,314					
Business Rates						
Business Rates Collected	39,447,278					
Estimated Reduction in Business Rates (s31 see below)	-3,860,000					
Top Up Grant	10,318,949					
RSG	20,447,511					
Collection Fund:						
Council Tax	500,000					
Business Rates	-500,000					
	200,605,052					
Funding Gap	18,086,371					
Rural Services Delivery grant - Ongoing	-1,633,119					-1,633,119
Rural Services Delivery grant - One Off	-3,674,517					-3,674,517
Transition Grant - One Off	-585,686					-585,686
New Homes Bonus - One Off	-4,269,560					-4,269,560
Improved Better Care Funding	-216,823					-216,823
Savings BF	-890,462					-890,462
One off Monitoring underspends	-960,000					-960,000
Earmarked Reserves - Freed up	-3,432,610					-3,432,610
Free up Conditional Reserves - Pensions	-2,423,594					-2,423,594
REVISED NET BUDGET REQUIREMENT (AFTER USE OF ONE OFF FUNDS)	200,605,052	85,359,483	35,325,972	89,310,321	5,313,064	-14,703,788

Draft Summary Capital Programme 2017/18

	2017/18 £	Adult Services £	Childrens Services £	Place & Enterprise £	Public Health £	Resources & Support £	HRA £
Capital Schemes							
Leisure Equipment	300,000			300,000			
Structural Maintenance of Bridges & Structures	3,500,000			35,000,000			
Structural Maintenance of Roads	10,493,000			10,493,000			
Street Lighting	800,000			800,000			
Integrated Transport	1,000,000			1,000,000			
LEP Schemes	4,600,000			4,600,000			
Flood Defences & Water Management	291,000			291,000			
Outdoor Partnerships	4,750			4,750			
Growth Point	500,000			500,000			
Planning Policy - Affordable Housing	254,000			254,000			
Broadband	6,018,844			6,018,844			
Social Care	23,000	23,000					
Private Sector Housing	250,000				250,000		
Schools - Basic Need	5,084,212		5,084,212				
Schools - Condition	3,322,364		3,322,364				
HRA Major Repairs Programme	3,769,393						3,769,393
New Build Programme	53,074						53,074
Total Capital Programme	40,263,637	23,000	8,406,576	59,261,594	250,000	0	3,822,467
Funding of Capital Programme							
Self Financed Prudential Borrowing	300,000						
Government Grants	29,748,221						
Other Grants	0						
Other Contributions	204,750						
Revenue Contributions to Capital	304,000						
Major Repairs Allowance	3,603,074						
Capital Receipts	6,103,592						
Total Capital Funding	40,263,637						

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Committee and Date

Cabinet
30th November 2016

Council
15th December 2016

SETTING THE COUNCIL TAX TAXBASE FOR 2017/18

Responsible Officer James Walton

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Tel:(01743)258915

1. Summary

- 1.1. In order to determine the appropriate Council Tax levels for Shropshire Council, it is necessary to determine the Council Tax taxbase for the area. The budget requirements of the various precepting authorities are divided by this figure to arrive at the Band D Council Tax.
- 1.2. For 2017/18 the Council Tax taxbase will be 106,565.90 Band D equivalents, this is an increase of 1.58% from 2016/17.
- 1.3. The Council Tax taxbase has a direct impact on the Council Tax that will be levied by the Council for 2017/18.

2. Recommendations

Members are asked:

- 2.1 To approve, in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amount calculated by Shropshire Council as its Council Tax taxbase for the year 2017/18, as detailed in Appendix A, totalling 106,565.90 Band D equivalents.
- 2.2 To note continuation of the Council's current localised Council Tax Support (CTS) scheme in 2017/18. The scheme is attached at Appendix B.
- 2.3 To note the exclusion of 10,419.63 Band D equivalents from the taxbase as a result of localised Council Tax Support.

- 2.4 To note continuation of the discretionary Council Tax discount policy of 0% in respect of second homes (other than those that retain a 50% discount through regulation as a result of job related protection) and note the inclusion of 669.82 Band D equivalents in the Council Tax taxbase as a result of this discount policy.
- 2.5 To note continuation of the discretionary Council Tax discount policy of 50% for up to 12 months in respect of vacant dwellings undergoing major repair, i.e. former Class A exempt properties, and the resulting exclusion of 133.94 Band D equivalents from the Council Tax taxbase.
- 2.6 To note continuation of the discretionary Council Tax discount policy in respect of vacant dwellings, i.e. former Class C exempt properties, of 100% for one month, i.e. effectively reinstating the exemption, and then a 25% discount for the remaining five months and the resulting exclusion of 234.66 and 255.58 Band D equivalents respectively from the Council Tax taxbase.
- 2.7 To note continuation of the “six week rule” in respect of vacant dwellings, i.e. former Class C exempt properties.
- 2.8 To note continuation of the discretionary power to levy a Council Tax premium of 50% in relation to dwellings which have been empty for more than two years and the resulting inclusion of 235.38 Band D equivalents in the Council Tax taxbase.
- 2.9 To approve a collection rate for the year 2017/18 of 98.2%.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 Expression of Council Tax Support in terms of Band D equivalents results in a higher potential for inaccuracies in the determination process as Council Tax Support is a significantly more volatile discount element.
- 3.2 Details of the potential risk in relation to establishing a collection rate allowance is detailed within this report in Section 9.

4. Financial Implications

- 4.1 The Council Tax taxbase figure impacts on the Council Tax that will be levied by the Council for 2017/18.
- 4.2 The implication of the Council’s localised Council Tax Support scheme are detailed in Section 6.

- 4.3 The implications of maintaining the discount in respect of second homes at 0% are detailed in Section 7.1.
- 4.4 The implications of maintaining the discount in respect of vacant dwellings undergoing major repair at 50% are detailed in Section 7.2
- 4.5 The implications of maintaining the discount in respect of vacant dwellings are also detailed in Section 7.2.
- 4.6 The implications of maintaining a 50% premium in respect of properties which have been empty for more than two years are detailed in Section 7.3.
- 4.7 The implications regarding the determined collection rate are detailed in Section 9.

5. Background

- 5.1 Shropshire Council has responsibility for determining the Council Tax taxbase for the Council's geographical area.
- 5.2 The taxbase for Council Tax must be set between 1 December 2016 and 31 January 2017 in relation to 2017/18, as prescribed by the Local Authorities (Calculation of Council Tax Base) Regulations 2012.
- 5.3 The Council is also required to inform the major precepting authorities, West Mercia Police & Crime Commissioner and Shropshire & Wrekin Fire Authority, of the taxbase in order to enable the calculation of Council Tax for the following year. Each town and parish council is also notified of its own Council Tax taxbase.
- 5.4 The purpose of this report, therefore, is to determine and approve the Council Tax taxbase for Shropshire Council for 2017/18.

6. Council Tax Support

- 6.1 The 2010 Spending Review announced the localisation of council tax support and The Welfare Reform Act 2012 abolished Council Tax Benefit from 31 March 2013 and required that Local Government created a localised Council Tax Support (CTS) scheme effective from 1 April 2013, accommodating a reduction in funding of 10%.
- 6.2 Shropshire Council's localised CTS scheme was approved in October 2012. No changes to the scheme are proposed and so the current scheme will continue to be used during 2017/18. The current scheme is attached at Appendix B.

- 6.3 From 2013, therefore, council tax support has taken the form of reductions within the council tax system, replacing national council tax benefit. Making reductions part of the council tax system reduces a billing authority's Council Tax taxbase. Billing and major precepting authorities receive funding (Council Tax Support Grant) which reduce their council tax requirement and, depending on the design of the local council tax scheme, can help offset the council tax revenue foregone through reductions.
- 6.4 An estimate of the effect of the local Council Tax Support Scheme on the Council Tax taxbase has been determined for Shropshire. It is estimated that the Council Tax Support Scheme will reduce the Council Tax taxbase by 10,419.63 Band D equivalents.
- 6.5 As Council Tax Support entitlement will vary throughout the year and this will affect the taxbase it is more likely that the amount of Council Tax collected in 2017/18 will vary from the estimate.

7. Discretionary Discount Policies

7.1 *Second Homes*

- 7.1.1 Second homes are defined as furnished properties which are not occupied as a person's main residence and include furnished properties that are unoccupied between tenancies.
- 7.1.2 The Local Government Act 2003 gave councils new discretionary powers to reduce the 50% Council Tax discount previously awarded in respect of second homes to between 10% and 50% with effect from 1st April 2004. Councils retain the additional income raised by reducing the second homes Council Tax discount.
- 7.1.3 The Local Government Act 2012 further extended billing authorities' discretion over the second homes discount to between 0% and 50%. On 17 October 2012 Cabinet approved the reduction of the second homes Council Tax discount from 10% to 0%.
- 7.1.4 The figures used for the 2017/18 Council Tax taxbase incorporate a 0% Council Tax discount in respect of second homes (other than those that retain a 50% discount through regulation as a result of job related protection). Implementation of this policy results in the inclusion of 669.82 Band D equivalents in the taxbase.

Vacant Properties

7.2 *Former Class A & Class C Exempt Properties*

- 7.2.1 The Local Government Act 2012 abolished both Class A and Class C exemptions and gave billing authorities' discretion to give discounts of between 0% and 100%. Class A exemptions were previously available for up to 12 months in respect of a vacant property which required, was undergoing, or had recently undergone major repair work to render it habitable, or structural

alteration. Class C exemptions were previously available for up to six months after a dwelling became vacant.

7.2.2 On 17 October 2012 Cabinet approved the award of a 50% Council Tax discount in respect of vacant dwellings undergoing major repair, i.e. former Class A exempt properties.

7.2.3 In respect of former Class A exempt properties the figures used for the 2017/18 Council Tax taxbase allow for the continuation of the decision previously approved by Council, i.e. to award a 50% discount for up to 12 months. Continuation of this policy results in the exclusion of 133.94 Band D equivalents from the taxbase.

7.2.4 On 17 October 2012 Cabinet also approved the award of a 25% Council Tax discount in respect of vacant dwellings, i.e. former Class C exempt properties.

7.2.5 Implementation of this policy resulted in a large number of low value Council Tax demands being raised primarily in relation to landlords whose properties are between tenants. A significant number of landlord complaints were received in relation to these Council Tax demands and these small amounts proved to be very difficult to collect. It was, therefore, proposed and approved that a 100% discount be awarded for one month, i.e. effectively reinstating the exemption, and then a 25% discount be awarded for the remaining five months.

7.2.6 In order to avoid fraudulent 100% claims in respect of these types of properties it was also proposed and approved that the "six week rule" be applied, i.e. if a dwelling which is unoccupied and unfurnished is either exempt or entitled to a discount, becomes occupied or substantially furnished for a period of less than six weeks, after which it falls empty again, it will only resume exemption or discount for any of the original exemption or discount period which remains.

7.2.7 In respect of former Class C exempt properties, the figures used for the 2017/18 Council Tax taxbase incorporate a discount of 100% for one month and a 25% discount for the remaining five months. Continuation of this policy results in the exclusion of 234.66 and 255.58 Band D equivalents respectively from the taxbase.

7.3 ***Empty Homes Premium***

7.3.1 The Local Government Act 2012 also gave billing authorities' discretion to levy an empty homes premium of 50% after a dwelling has been empty and unfurnished for at least two years. In December 2013 Shropshire Council chose to enact this discretionary power with effect from April 2014.

7.3.2 The figures used for the 2017/18 Council Tax taxbase incorporate a 50% Council Tax premium in respect of dwellings which have been empty for more than two years. Implementation of this policy results in the inclusion of 235.38 Band D equivalents in the taxbase.

8. **Taxbase Calculation**

8.1 Based on the valuation list, the Council Tax taxbase is the number of properties in the area falling within each council tax property valuation band, modified to take account of the adjustments set out below. Taxbase is expressed as a Band D equivalent.

8.2 An analysis of Council Tax bands within Shropshire Council is detailed below:

Property Band	House Value	Ratio to Band D	Analysis of Dwellings on the Valuation List (%) (as at 12 th September 2016)	% Increase / (Decrease) over 2015/16
A	Under £40,000	6/9	18.9	0.7
B	40,001 - 52,000	7/9	25.9	0.9
C	52,001 - 68,000	8/9	20.7	1.0
D	68,001 - 88,000	9/9	14.4	1.0
E	88,001 - 120,000	11/9	10.9	1.6
F	120,001 - 160,000	13/9	5.8	1.1
G	160,001 - 320,000	15/9	3.2	1.1
H	Over 320,000	18/9	0.2	0.0

8.3 There are 139,098 properties in the valuation list for the Shropshire Council area. This compares with a figure of 137,743 in the list at the same time last year. There has been an increase of 1,355 properties overall, which equates to 0.98%. The number of properties in property bands A – G has increased, the number of properties in band H has remained the same.

8.4 The methodology followed for calculating the taxbase is as follows:

- Ascertain the number of properties in each Council Tax band (A to H) shown in the valuation list as at 12 September 2016.
- Adjust for estimated changes in the number of properties through new build, demolitions and exemptions.
- The number of discounts and disabled relief allowances which apply as at 3 October 2016.
- Convert the number of properties in each Council Tax band to Band D equivalents by using the ratio of each band to Band D and so arrive at the total number of Band D equivalents for the Council.
- Adjust the total number of Band D equivalents by the estimated Council Tax collection rate for the year

These calculations are undertaken for each property band in each parish.

9. Collection Rate

9.1 In determining the taxbase, an allowance has to be made to provide for changes to the taxbase during the year (e.g. due to new properties, appeals against banding, additional discounts, Council Tax Support award changes, etc.) as well as losses on collection arising from non-payment. This is achieved by

estimating a Council Tax collection rate for the year and must be common for the whole of Shropshire.

- 9.2 A collection rate of 98.5% was assumed for the 2016/17 financial year and it is recommended that a collection rate of 98.2% should be assumed for the purpose of determining the Council Tax taxbase in 2017/18.
- 9.3 Actual in year collection rates in 2013/14, 2014/15 and 2015/16 were 98.1%, 98.3% and 98.4% respectively. The collection rate for 2016/17 is currently projected to outturn at around 98.1%.
- 9.4 The projected collection rate for 2016/17 has dropped marginally in 2016/17, however further recovery work will be undertaken to try to improve this rate by the end of the financial year. Therefore a rate of 98.2% is considered prudent given the current level of recovery and the collection rates of the last 3 years.
- 9.5 If the actual rate exceeds 98.2% a surplus is generated, which is shared between the Unitary Council, West Mercia Police & Crime Commissioner and Shropshire & Wrekin Fire Authority, pro rata to their demand on the Collection Fund for the relevant year. Conversely, any shortfall in the collection rate results in a deficit, which is shared in a similar manner. The surplus or deficit is taken into account in setting the Council Tax in the following year.

10. Council Tax Base

- 10.1 The estimated Council Tax taxbase for the whole of the area will be used by this Council to calculate its Council Tax Levy. It will also be used by West Mercia Police & Crime Commissioner and Shropshire & Wrekin Fire Authority to calculate the levy in respect of their precepts.
- 10.2 The Council Tax taxbase for this purpose in 2017/18 is 106,565.90 Band D equivalents, an increase of 1.58% from 2016/17. The detailed build of this figure analysed by both parish and town council and Environment Agency region is shown in Appendix A.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)
N/A
Cabinet Member (Portfolio Holder) Malcolm Pate, Leader of the Council.
Local Member N/A

Appendices

Appendix A: 2017/18 Parish and Town Council Tax Taxbase Summary for Shropshire Council.

Appendix B: Shropshire Council's Localised Council Tax Support Scheme

2017/18 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council	APPENDIX A
Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Abdon & Heath	106.27
Acton Burnell, Frodesley, Pitchford, Ruckley & Langley	247.33
Acton Scott	35.33
Adderley	186.11
Alberbury with Cardeston	368.17
Albrighton	1,487.54
All Stretton, Smethcott & Woolstaston	166.86
Alveley & Romsley	826.93
Ashford Bowdler	38.10
Ashford Carbonel	185.81
Astley	193.43
Astley Abbotts	238.19
Aston Bottrell, Burwarton & Cleobury North	114.09
Atcham	121.48
Badger	53.79
Barrow	260.09
Baschurch	984.52
Bayston Hill	1,750.28
Beckbury	149.82
Bedstone & Bucknell	297.87
Berrington	341.43
Bettws-Y-Crwyn	86.71
Bicton	438.90
Billingsley, Deuxhill, Glazeley & Middleton Scriven	160.29
Bishops Castle Town	623.16
Bitterley	335.70
Bomere Heath & District	783.29
Bonningale	138.78
Boraston	74.50
Bridgnorth Town	4,478.45
Bromfield	115.08
Broseley Town	1,432.09
Buildwas	98.72
Burford	429.26
Cardington	200.39
Caynham	491.66
Chelmarsh	217.50
Cheswardine	382.30
Chetton	155.95
Childs Ercall	286.49
Chirbury with Brompton	328.89
Church Preen, Hughley & Kenley	121.34
Church Pulverbatch	162.46
Church Stretton & Little Stretton Town	2,124.28
Claverley	841.83
Clee St. Margaret	69.23
Cleobury Mortimer	1,123.64
Clive	233.42
Clun & Chapel Lawn	492.97
Clunbury	237.31

Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Clungunford	142.06
Cockshutt-cum-Petton	282.82
Condover	814.40
Coreley	132.39
Cound	207.24
Craven Arms Town	778.96
Cressage, Harley & Sheinton	400.78
Culmington	165.21
Diddlebury	258.92
Ditton Priors	325.52
Donington & Boscobel	587.57
Eardington	237.62
Easthope, Shipton & Stanton Long	201.68
Eaton-Under-Heywood & Hope Bowdler	178.29
Edgton	45.45
Ellesmere Rural	879.78
Ellesmere Town	1,365.36
Farlow	179.31
Ford	287.80
Great Hanwood	367.38
Great Ness & Little Ness	434.25
Greete	49.57
Grinshill	110.90
Hadnall	306.47
Highley	1,008.69
Hinstock	427.00
Hodnet	548.21
Hope Bagot	28.96
Hopesay	232.59
Hopton Cangeford & Stoke St. Milborough	159.55
Hopton Castle	38.25
Hopton Wafers	274.29
Hordley	100.02
Ightfield & Calverhall	187.70
Kemberton	115.96
Kinlet	399.93
Kinnerley	483.06
Knockin	116.20
Leebotwood & Longnor	195.43
Leighton & Eaton Constantine	206.53
Llanfairwaterdine	98.59
Llanyblodwel	261.66
Llanymynech & Pant	653.16
Longden	514.46
Loppington	268.22
Ludford	243.58
Ludlow Town	3,379.80
Lydbury North	218.44
Lydham & More	124.07
Mainstone & Colebatch	86.33

2017/18 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council

APPENDIX A

Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Market Drayton Town	3,687.68
Melverley	52.46
Milson & Neen Sollars	121.57
Minsterley	554.52
Montford	221.84
Moreton Corbett & Lee Brockhurst	126.50
Moreton Say	200.25
Morville, Acton Round, Aston Eyre, Monkhopton & Upton Cressett	350.27
Much Wenlock Town	1,183.68
Munslow	176.02
Myddle & Broughton	588.24
Myndtown, Norbury, Ratlinghope & Wentnor	255.11
Nash	138.11
Neen Savage	153.57
Neenton	64.45
Newcastle	126.05
Norton-In-Hales	263.24
Onibury	129.47
Oswestry Rural	1,555.63
Oswestry Town	5,057.03
Pontesbury	1,175.47
Prees	1,041.62
Quatt Malvern	86.05
Richards Castle	133.53
Rushbury	267.21
Ruyton-XI-Towns	449.91
Ryton & Grindle	77.91
Selattyn & Gobowen	1,171.67
Shawbury	811.86
Sheriffhales	318.30
Shifnal Town	2,567.50
Shrewsbury Town	23,381.59
Sibdon Carwood	35.42
St. Martins	860.51
Stanton Lacy	165.83
Stanton-Upon-Hine Heath	220.23
Stockton	129.75
Stoke-Upon-Tern	457.96
Stottesdon & Sidbury	312.66
Stowe	47.72
Sutton Maddock	108.25
Sutton-Upon-Tern	405.11
Tasley	395.93
Tong	117.64
Uffington	99.39
Upton Magna	154.36
Welshampton & Lyneal	353.38
Wem Rural	663.20
Wem Town	1,911.97
West Felton	518.26

Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Westbury	524.87
Weston Rhyn	821.70
Weston-Under-Redcastle	123.05
Wheathill	74.05
Whitchurch Rural	552.33
Whitchurch Town	3,062.00
Whittington	820.90
Whitton	56.65
Whixall	329.66
Wistanstow	327.61
Withington	104.45
Woore	572.33
Worfield & Rudge	906.09
Worthen with Shelve	757.75
Wroxeter & Uppington	158.14
Shropshire Council Total	106,565.90
Environment Agency - Severn Trent Region	100,183.44
Environment Agency - Welsh Region	4,025.42
Environment Agency - North West Region	2,357.04
Shropshire Council Total	106,565.90

SHROPSHIRE COUNCIL – BENEFITS SERVICE

COUNCIL TAX SUPPORT (CTS)

Introduction

The current Council Tax Benefit scheme is a means tested benefit that helps people with a low income to pay their Council Tax.

From April 2013 this will be abolished and all local authorities will provide a new scheme called 'Council Tax Support'. The funding that is provided for this scheme will be reduced by 10% and therefore it is likely that some people will have to pay more towards their Council Tax bill.

The changes will not affect pensioners even though they will move into the new scheme. The Government have confirmed that all pensioners will be protected and receive the same amount of benefit they do now under the current Council Tax Benefit Scheme.

Each local authority will be able to provide Council Tax support in a different way depending on local needs, funding available and how it can be administered. Each Council is expected to devise a new scheme and then put this to public consultation by the end of 2012.

Our new scheme was devised and published on the Shropshire Council website for customers, stakeholders and other agencies to comment on. Public consultation closed on the 14th December and the new scheme was formally adopted by the Council on 16th January 2013.

Anyone of working age will now be subject to the new scheme from April 2013. The differences that you will see in the new Council Tax Support Scheme are: -

- Removal of second adult rebate
- Reduction of the capital limit from £16,000 to £10,000
- Removal of earnings disregards
- Removal of child benefit disregard
- Increase in non-dependant deductions

*Please note the following amendments are for the calculation of Council Tax Support only and do not affect Housing Benefit calculations. **Removal of Second Adult Rebate***

Second Adult Rebate (2AR) is awarded to a customer based on the circumstances of a second adult living in the property. Under the new scheme this has been abolished and will no longer be effective from 01.04.13.

Pensioner claims will also be affected by this change as the 2AR is granted on the circumstances of the second adult not themselves. Better buy calculations will no longer be applicable from 01.04.13.

Reduction of the capital limit

For working age people the capital limit will reduce to £10,000 from 01.04.13. This will mean that if a customer's savings amounts to more than £10,000 they will not be entitled to CTS. The lower capital limit of £6,000 remains the same.

Tariff income calculations remain as is i.e. from the total amount if capital £6,000 is deducted, the remainder is then divided by 250 if the result is not an exact multiple of £1 the result is rounded up to the next whole £1

All other capital rules including static savings, land and property, shares, etc remain the same.

Removal of Earnings disregards

All income disregards for working age people will cease from the 01.04.13.

Removal of Child Benefit disregards

Child benefit will no longer be disregarded from the calculation of CTS from the 01.04.03.

Increase in non-dependant earned income deductions (working age only)

From 01.04.13 non dep deductions will increase to the following: -

£5 for anyone earning under £100,
£10 for anyone earning between £100 and £150
£20 for anyone earning over £150 per week

This deduction will only be made from their earned income. It won't affect any other income they receive.

Non-dependant earned income deductions (pension age only)

Gross income less than £186.00	=	£3.65
Gross income £186.00 to £321.99	=	£7.25
Gross income £322.00 to £400.99	=	£9.15
Gross income £401.00 or above	=	£10.95

Unearned income will attract the following disregards (working age and pension age):

Others aged 18 or over incl. JSAC & ESAC	=	£3.65
In receipt of Pension Credit, IS, JSA(IB), ESA(IR)	=	nil

(If nil income is added to the claim for the non-dep it appears to take the maximum deduction).

A new minimum earnings threshold will be introduced with effect from 01/04/15 to reflect the current arrangements in the Housing Benefit scheme.

This minimum earnings threshold will help to determine whether a European Economic Area (EEA) national's previous or current work can be treated as genuine and effective for the purposes of deciding whether they have a right to reside in the UK as a worker or self-employed person.

The minimum earnings threshold has been set at the level at which workers start to pay National Insurance Contributions (NICs), currently £153 a week in the 2014/15 tax year. If an EEA national can prove that they have been earning at least this amount for a period of 3 months immediately before they claim CTS their work can be treated as genuine and effective and they will have a right to reside as a worker or self-employed person.

If they do not satisfy the minimum earnings threshold criteria, a further assessment will be undertaken against a broader range of criteria (such as hours worked, pattern of work, nature of employment contract etc.) to determine whether their employment is genuine and effective.

Ultimately, if an EEA national's income does not meet the minimum earnings threshold or the additional criteria to be classified as genuine and effective employment they will not be eligible for CTS.

Special Educations Needs Allowance – to be disregarded in full with effect from 01/09/14

War Pensions / Armed Forces Compensation Scheme Guaranteed Income Payments – to be disregarded in full with effect from 01/04/13 (and to be consistent with Housing Benefit)

From 01/04/15 the CTR scheme will include changes to the habitual residency test to reflect changes to the Housing Benefit (HB) regulations.

The amendments to the CTS scheme removes access to CTS for EEA jobseekers who make a new claim for CTS on or after 1 April 2015. EEA nationals who are self-employed, are workers or who are unemployed but retain their worker status have the same rights to CTS as a UK national and their situation remains unchanged.

EEA jobseekers who are entitled to CTS and JSA(IB) on 31 March 2015 will be protected until they have a break in their claim for CTS or JSA. If their JSA ends because they have started work, then as long as we can be satisfied that their employment is genuine and effective they will be able to access in-work CTS as either a worker or a self-employed person. Claimants receiving in-work CTS beyond 1 April will continue to be able to access CTS, if they become entitled to JSA(IB) on or after that date, but only if they retain their worker status. If they are a jobseeker then their CTS entitlement ends from the Monday following the cessation of work.

SUMMARY OF CHANGES FROM 01.04.13

Current Council Tax Benefit Scheme (CTB)	Council Tax Support (CTS)
Second Adult Rebate - Awarded to the customer based on the circumstances of 'second adult'. Can be awarded due to a 'better buy' comparison	No award due for second person. On 'better buy' calculation customer will only be awarded any CTS due.
Reduction of the capital limit - Upper capital limit of £16,000. Above this limit the person would not qualify for CTB. Lower capital of £6,000. Below this figure amount is ignored. Amounts above £6,000 attract tariff income at £1 for every £250 or part of above the lower capital limit	Upper capital limit of £10,000. Above this limit the person would not qualify for CTB. Lower capital of £6,000. Below this figure amount is ignored. Amounts above £6,000 attract tariff income at £1 for every £250 or part of above the lower capital limit
Removal of earnings disregards – Permitted work - £97.50 Lone parents - £25.00 Disabled, carers or special occupations - £20.00 Couples - £10 Single £5	Permitted work - £0 Lone parents - £0 Disabled, carers or special occupations - £0 Couples - £0 Single £0
Removal of Child Benefit disregard – Child Benefit is fully disregarded for the calculation of CTB	Child benefit is fully included for the calculation of CTS
Increase in non-dependant deductions (using current figures) On pass ported benefit - £0.00 On JSA C/ESAC - £3.30 Works less than 16 hours on maternity, paternity, adoption or sick leave - £3.30 Income more than £394.00 per week – £9.90 £316.00 to £393.99 per week – £8.25 £238.00 to £315.99 per week - £6.55 £183.00 to £237.00 per week - £3.30 £124.00 to £182.99 per week – £3.30 Under £124.00 – £3.30	On pass ported benefit - £0.00 On JSA C/ESAC - £3.30 Works less than 16 hours on maternity, paternity, adoption or sick leave - £3.30 Earnings less than £100 - £5.00 Earnings between £100 and £150 - £10.00 Earnings above £150 - £20.00

APPEALS

There will be no joint HB/CTR appeals – they will be heard separately by different bodies. First Tier Tribunals will hear the Housing Benefit appeals (as now) and the Valuation Tribunals Service will hear Council Tax Support appeals.

The legislation is contained within the Local Government Finance Act. Appeals against the local Council Tax Support Scheme will be covered by Regulation 16(b).

Process:

- The customer firstly needs to write to the Council saying they disagree with the decision. There is no time limit to do this. They can request this at any time.
- If we do not alter our original decision the customer has the right to appeal to the Valuation Tribunal.
- To appeal to the Valuation Tribunal the customer will need to do this on line at www.valuationtribunal.gov.uk
- The customer must complete the on line appeal application within two months of the date of the decision notice sent by ourselves upholding the original decision

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<u>Committee and Date</u>
Audit Committee 24 November 2016
Cabinet 30 November 2016
Council 15 December 2016

TREASURY STRATEGY 2016/17 – MID YEAR REVIEW

Responsible Officer James Walton

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Tel: (01743) 258915

1. Summary

1.1 This mid year Treasury Strategy report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management 2011 and covers the following: -

- An economic update for the first six months of 2016/17
- A review of the Treasury Strategy 2016/17 and Annual Investment Strategy
- A review of the Council's investment portfolio for 2016/17
- A review of the Council's borrowing strategy for 2016/17
- A review of any debt rescheduling undertaken
- A review of compliance with Treasury and Prudential limits for 2016/17

1.2 The key points to note are: -

- The internal treasury team achieved a return of 0.60% on the Council's cash balances outperforming the benchmark by 0.32%. This amounts to additional income of £294,880 for the first six months of the year which is included within the Council's projected outturn position.
- In the first six months all treasury management activities have been in accordance with the approved limits and prudential indicators set out in the Council's Treasury Strategy.

2. Recommendations

2.1 Members are asked to accept the position as set out in the report.

2.2 Members note that any capital schemes brought forward that would impact on the current strategy would need to be approved by Council.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.
- 3.2 There are no direct environmental, equalities or climate change consequences arising from this report.
- 3.3 Compliance with the CIPFA Code of Practice on Treasury Management, the Council's Treasury Policy Statement and Treasury Management Practices and the Prudential Code for Capital Finance together with the rigorous internal controls will enable the Council to manage the risk associated with Treasury Management activities and the potential for financial loss.

4. Financial Implications

- 4.1 The Council makes assumptions about the levels of borrowing and investment income over the financial year. Reduced borrowing as a result of capital receipt generation or delays in delivery of the capital programme will both have a positive impact of the council's cash position. Similarly, higher than benchmarked returns on available cash will also help the Council's financial position. For monitoring purposes, assumptions are made early in the year about borrowing and returns based on the strategies agreed by Council in the preceding February. Performance outside of these assumptions results in increased or reduced income for the Council.
- 4.2 The six monthly performance is above benchmark and has delivered additional income of £294,880 which will be reflected in the Period 6 Revenue Monitor.
- 4.3 The Council currently has £175m held in investments as detailed in Appendix A and borrowing of £326m at fixed interest rates.

5. Background

- 5.1 The Council defines its treasury management activities as "the management of the authority's investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with the activities, and the pursuit of optimum performance consistent with those risks". The report informs Members of the treasury activities of the Council for the first six months of the financial year.
- 5.2 The CIPFA Code of Practice on Treasury Management 2011 was adopted by Council in February 2012 and the primary requirements of the Code were outlined in the Treasury Strategy 2012/13.

6. Economic update

- 6.1 **Global Economy** – The US economy had a patchy 2015 with sharp swings in the growth rate leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 disappointed at 0.8% (annualised) while quarter 2 improved slightly to 1.4%. However, forward indicators are pointing towards a pickup in growth in the rest of 2016. The US Federal Reserve embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene and then the Brexit vote, have caused a delay in the timing of the second increase which is now strongly expected in December this year.

- 6.2 Japan continues to have weak economic growth and is making little progress on fundamental reform of the economy while Chinese economic growth has been weakening and medium term risks have been increasing.
- 6.3 In the Eurozone, the European Central Bank (ECB) commenced in March 2015 its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected Eurozone countries at a rate of €60bn per month. This was intended to run initially to September 2016 but was extended to March 2017. Along with other measures this has struggled to make a significant impact in boosting economic growth and in helping inflation to rise from around zero towards the target of 2%. Gross Domestic Product (GDP) growth rose by 0.6% in quarter 1 2016 but slowed to 0.3% in quarter 2. This has added to comments from many forecasters that central banks around the world are running out of ammunition to stimulate economic growth and to boost inflation. They stress that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand in their economies and economic growth.
- 6.4 UK Economy – UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were strong but 2015 was disappointing at 1.8%, though it still remained one of the leading rates of any major advanced economy. Growth improved in quarter 4 of 2015 from 0.4% to 0.7% but fell back to 0.4% in quarter 1 of 2016 before bouncing back again to 0.7% in quarter 2. During most of 2015, the economy had faced headwinds for exporters from the appreciation during the year of sterling against the Euro, and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme. The referendum vote for Brexit in June this year delivered an immediate shock fall in confidence indicators and business surveys, pointing to an impending sharp slowdown in the economy. However, subsequent surveys have shown a sharp recovery in confidence and business surveys, though it is generally expected that although the economy will now avoid flat lining, growth will be weak through the second half of 2016 and in 2017.
- 6.5 The Bank of England meeting in August addressed this expected slowdown in growth by a package of measures including a cut in Bank Rate from 0.50% to 0.25%. The Inflation Report included an unchanged forecast for growth for 2016 of 2.0% but cut the forecast for 2017 from 2.3% to just 0.8%. The Governor of the Bank of England had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also suggested that the Government will need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation). The new Chancellor Phillip Hammond announced after the referendum result, that the target of achieving a budget surplus in 2020 will be eased.
- 6.6 The Inflation Report also included a sharp rise in the forecast for inflation to around 2.4% in 2018 and 2019. Consumer Price Index (CPI) inflation has started rising during 2016 as the falls in the price of oil and food twelve months ago fall out of the calculation during the year and, in addition, the post referendum 10% fall in the value of sterling is likely to result in a 3% increase in CPI over a time period of 3-4 years. However, the MPC is expected to look through a one off upward blip from this devaluation of sterling in order to support economic growth, especially if pay increases continue to remain subdued and therefore pose little danger of stoking core inflationary price pressures within the UK economy.

7 Economic Forecast

7.1 The Council receives its treasury advice from Capita Asset Services. Their latest interest rate forecasts are shown below:

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Bank rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.25%	0.25%	0.25%	0.25%	0.50%
5yr PWLB rate	1.00%	1.00%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%	1.20%	1.20%	1.30%
10yr PWLB rate	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.70%	1.80%
25yr PWLB rate	2.30%	2.30%	2.40%	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.50%	2.60%
50yr PWLB rate	2.10%	2.10%	2.20%	2.20%	2.20%	2.20%	2.30%	2.30%	2.30%	2.30%	2.40%

7.2 The Bank of England's Monetary Policy Committee (MPC) agreed to reduce the Bank Rate from 0.50% to 0.25% in August 2016. The MPC gave forward guidance that it expected the Bank Rate to be cut further before the end of the year and therefore Capita believes the rate will be reduced to 0.10% in December 2016. The Bank Rate is expected to remain at this historically low level until June 2018 when it is expected to rise to 0.25% before eventually rising to 0.50% in June 2019.

7.3 Long term PWLB rates are expected to rise slightly to 2.20% in June 2017 before gently increasing over time to reach 2.40% by June 2019.

7.4 An eventual world economic recovery may see investors switching from the safe haven of bonds to equities. However, there have been exceptional levels of volatility in financial markets which have caused significant swings in PWLB rates.

7.5 The overall balance of risks to economic recovery in the UK remains to the downside. Downside risks to current forecasts for UK gilt yields and PWLB rates include monetary policy action reaching its limit of effectiveness and failing to stimulate sustainable growth, combat the threat of deflation and reduce high levels of debt in some major developed economies, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure, weak capitalisation of some European banks, a resurgence of the Eurozone sovereign debt crisis, geopolitical risks in Europe, the Middle East and Asia, and weak growth or recession in the UK's main trading partners, the EU and US.

7.6 The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, particularly longer term PWLB rates include the pace and timing of increases in the Federal Funds rate, agreed by the US Federal Reserve, causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities, and UK inflation returning to significantly higher levels than in the wider EU and US.

8. Treasury Strategy update

8.1 The Treasury Management Strategy (TMS) for 2016/17 was approved by Full Council on 25 February 2016. This Treasury Strategy does not require updating as there are

no policy changes or any changes required to the prudential and treasury indicators previously approved.

9. Annual Investment Strategy

- 9.1 The Council's Annual Investment Strategy, which is incorporated in the TMS, outlines the Council's investment priorities as the security and liquidity of its capital. As outlined in paragraph 6 & 7 above there is still considerable uncertainty and volatility in the financial and banking market, both globally and in the UK. It is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.25% Bank Rate. In this context it is considered that the Annual Investment Strategy approved on 25 February 2016 is still fit for purpose in the current economic climate.
- 9.2 The Council aims to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term (up to 1 year), and only invest with highly credit rated financial institutions using Capita's suggested creditworthiness approach, including sovereign credit rating and Credit Default Swap (CDS) overlay information provided by Capita. The Treasury Team continue to take a prudent approach keeping investments short term and with the most highly credit rated organisations. This approach has been endorsed by our external advisors, Capita Asset Services.
- 9.3 In the first six months of 2016/17 the internal treasury team outperformed its benchmark by 0.32%. The investment return was 0.60% compared to the benchmark of 0.28%. This amounts to additional income of £294,880 during the first six months which is included within the Council's projected outturn position.
- 9.4 A full list of investments held as at 30 September 2016, compared to Capita's counterparty list, and changes to Fitch, Moody's and Standard & Poor's credit ratings are shown in **Appendix A**. None of the approved limits within the Annual Investment Strategy were breached during the first six months of 2016/17 and have not been previously breached. Officers continue to monitor the credit ratings of institutions on a daily basis. Delegated authority has been put in place to make any amendments to the approved lending list.
- 9.5 As illustrated in the economic background section above, investment rates available in the market are at an historical low point. The average level of funds available for investment purposes in the first six months of 2016/17 was £184 million.
- 9.6 The Council's interest receivable/payable budgets are currently projecting a surplus of £1.448 million as reported in the monthly revenue monitoring reports due to no long term borrowing being undertaken and investment balances being higher than anticipated.

10. Borrowing

- 10.1 It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits". Council's approved Prudential Indicators (affordability limits) are outlined in the TMS. A list of the approved limits is shown in **Appendix B**. The schedule at **Appendix C** details the Prudential Borrowing approved and utilised to date.
- 10.2 Officers can confirm that the Prudential Indicators were not breached during the first six months of 2016/17 and have not been previously breached.

- 10.3 No new external borrowing is currently required for future years, although work to develop a new capital programme and the introduction of an Investment Board is continuing. Outline Business Case applications have been requested for a number of proposed schemes which are still in development and will be presented to the Investment Board for consideration prior to full Business Case submission. Once the programme is finalised it will be presented to Council for consideration and the prudential borrowing implications updated in the Treasury Strategy. The schemes being considered are already within the current authorised borrowing limits in place. As outlined in the table below, the general trend has been a sharp fall in interest rates during the first six months of the year across all maturity bands. The dates of the low points and high points across different maturity bands are shown in the table below.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.81%	0.95%	1.42%	2.08%	1.87%
Date	07/09/2016	10/08/2016	10/08/2016	12/08/2016	30/08/2016
High	1.20%	1.80%	2.51%	3.28%	3.08%
Date	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016
Average	0.99%	1.33%	1.92%	2.69%	2.46%

- 10.4 During the first six months of the financial year there has been volatility in the financial markets, particularly following the vote in favour of the UK to leave the European Union, and this has had an impact on the PWLB rates. The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. An eventual world recovery may also see investors switching from the safe haven of bonds to equities.

11. Debt Rescheduling

- 11.1 Debt rescheduling opportunities have been limited in the current economic climate and consequent structure of interest rates. During the first six months of the year no debt rescheduling was undertaken.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Council, 25 February 2016, Treasury Strategy 2016/17

Cabinet Member:

Malcolm Pate, Leader of the Council

Local Member

N/A

Appendices

A. Investment Report as at 30th September 2016

B. Prudential Limits

C. Prudential Borrowing Schedule

Shropshire County Council

Monthly Investment Analysis Review

September 2016



Monthly Economic Summary

General Economy

This month there was still a focus on the UK's decision to leave the European Union. The hard data released however, was more positive than many expected. Nevertheless, the path to Brexit is a long one and while the initial impact may be less than feared, it does not mean that issues will not materialise over the medium term. Furthermore, the active stance taken by the Monetary Policy Committee last month, including cutting interest rates to 0.25%, will also have likely supported the recent rebound in activity.

A boost to exports and more than a 10% fall in the value of the pound helped the PMI manufacturing activity survey recover from initial Brexit impacts and rise to a 10 month high. In August activity in the sector jumped to 53.3, from 48.2 in July. Export orders flowed at their fastest rate for two years whilst factories increased output by the highest amount since January. Construction activity also recovered in August, with the PMI headline reading rising to 49.2 from 45.9 in July, suggesting the economy is stabilising post the referendum vote. However, activity in the sector still remains slightly below 50, the level that divides "expansion" from "contraction". Economists now fear the construction industry will face further issues in the face of strong inflation pressures with raw material prices rising by their fastest pace in five years. Completing the set, service sector activity had the biggest one month gain in the PMI survey's history as it soared to 52.9 in August from 47.4 in July. This boosted the composite PMI activity reading to a five month high of 53.2. If the uplift in sentiment transfers to "hard" economic output data then it would suggest that an imminent recession will be avoided and puts the possibility of a second rate cut before the end of the year more in the balance.

The Bank of England met in September and voted unanimously to keep interest rates at a record low of 0.25% whilst also leaving the bond buying schemes unchanged. Furthermore, they improved their Q3 growth forecast, predicting that growth will be closer to 0.3% as opposed the 0.1% they originally forecast. Nevertheless, the Bank said they are still likely to cut interest rates again this year with a further cut of 0.1basis points expected when they next meet in November.

British inflation held firm remaining at an annual rate of 0.6% in August, slightly below the 0.7% forecast. Clothing and hotels had lower prices, counteracting the price rise in fuel prices, food and airfares. In terms of growth, the service sector exceeded initial estimates in Q2 and this resulted in final UK Q2 GDP growth being revised to 0.7% from 0.6%.

In the three months to August employment rose by 174,000 showing there has not yet been any post Brexit shedding. Unemployment is still expected to rise, however, as companies wait for greater clarity on the UK's exit deal from the European Union. Growth in workers' wages slowed in August, signalling a tough period ahead as British households are likely to face higher inflation as a result of the weaker pound.

UK Public Sector Net Borrowing for August registered a deficit of £10.55bn, but lower than the £11.47bn figure recorded for the same period last year. However, it failed to meet the forecast of just £10bn. The Office for National Statistics stated there was little impact from the Brexit vote as Income and Corporation Tax receipts rose strongly.

Retail sales calmed in August, falling -0.2% after strong growth in July of 1.9%. Despite the slight fall there is still a pattern of strong growth in the sector on an annual basis as sales volumes are up 6.2% compared with last year and higher than the forecast of 5.4%. John Lewis has mentioned they have noticed little impact of the Brexit vote, but they suggested that the full impact has not yet become clear.

Adding to the positive tone to data releases was figures for UK's trade balance in July. The deficit in the UK's goods balance improved to -£11.764bn in July from a revised -£12.920 in June. Conversely, the services balance fell slightly to £7.262bn in July from £7.347bn in June.

Q2 GDP growth was also published for the Eurozone this month. GDP was up 0.3% in the euro area and by 0.4% in the EU28, with annual growth rates of 1.6% and 1.8% respectively. Exports were a leading factor in this growth, increasing by 1.1% in both areas. At the individual level, Germany grew at 1.7% and France at 1.4% but Romania (5.9%) and Slovakia (3.7%) published the highest growth rates. With regards employment across the region, the unemployment rate remained at its lowest level since July 2011 at 10.1%, down from 10.7% in August a year ago. The EU 28 also remained stable at 8.6%, down from 9.3% in August 2015. The lowest unemployment rates were recorded in the Czech Republic (3.9%) and Germany (4.2%), whilst Spain remained as one of the highest, at 19.5%.

Across the Atlantic, non-farm payrolls improved by 151,000 in August, with the unemployment rate holding steady at 4.9%. This was less than the expected rise of 180,000 and a slowdown from the previous two months which had a combined rise of 546,000. Average hourly earnings only increased by a 0.1% and Americans worked fewer hours last month with average weekly hours dipping to 34.3. These figures have reignited the debate as to whether another interest rate hike before the end of the year will benefit the US economy. The final Q2 estimate for US GDP was upwardly revised this month, increasing from initial estimates of 1.1% to a 1.4% annualised growth rate. This rise was due to business' pumping more money into research and development and exports growing strongly.

Housing

Halifax house prices fell a further 0.2% in August, after falling 1.1% in July. The second consecutive month of falling house prices has caused the annual growth rate to decline to 6.9%, its lowest level in more than a year. This slowdown is supported by the British Bankers Association survey. According to the survey the number of mortgages approved fell to 36,997 in August, its lowest point since January 2015 and 21% lower than this time last year. Nationwide House prices reflect this slowdown has continued into September. While prices rose by 0.3% on the month, this was below that seen in August (0.6%) and pulled the annual rate down to 5.3% from 5.6% previously.

Forecast

Neither Capita Asset Services (CAS) nor Capital Economics altered their forecasts this month. It is mutually anticipated that another rate cut will occur in the last quarter of this year with CAS forecasting a potential hike occurring in the second quarter of 2018.

Bank Rate	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Capita Asset Services	0.10%	0.10%	0.10%	0.10%	0.10%
Capital Economics	0.10%	0.10%	0.10%	0.10%	0.10%

Shropshire County Council

Current Investment List

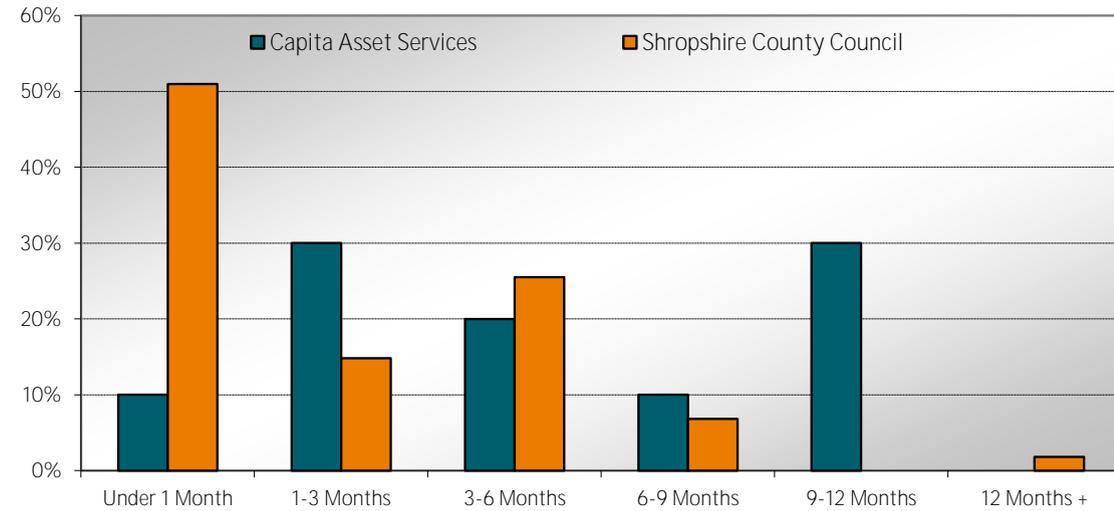
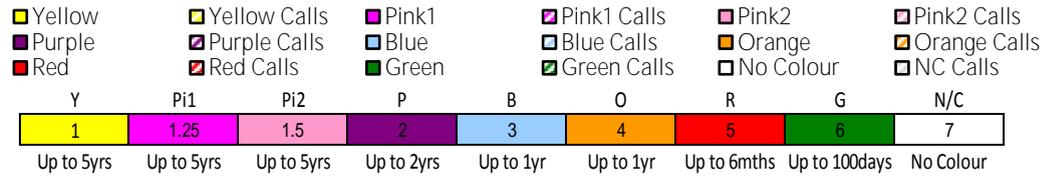
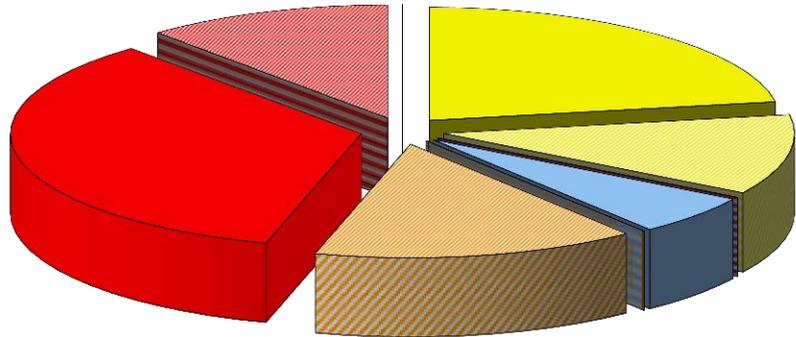
Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
HSBC Bank Plc	20,000,000	0.80%		Call	AA-	0.000%
Svenska Handelsbanken AB	6,120,000	0.20%		Call	AA-	0.000%
MMF Standard Life	10,000,000	0.45%		MMF	AAA	0.000%
MMF Insight	10,000,000	0.40%		MMF	AAA	0.000%
Telford & Wrekin Council	3,000,000	0.50%	23/06/2016	03/10/2016	AA	0.000%
Lloyds Bank Plc	1,520,000	0.65%	04/07/2016	04/10/2016	A	0.001%
Lloyds Bank Plc	5,000,000	0.65%	05/07/2016	05/10/2016	A	0.001%
Lloyds Bank Plc	4,320,000	0.65%	07/07/2016	07/10/2016	A	0.001%
Lloyds Bank Plc	3,600,000	0.65%	08/07/2016	07/10/2016	A	0.001%
Nationwide Building Society	2,100,000	0.71%	12/04/2016	12/10/2016	A	0.002%
Birmingham City Council	10,000,000	0.60%	13/04/2016	13/10/2016	AA	0.000%
Lloyds Bank Plc	5,000,000	0.65%	14/07/2016	14/10/2016	A	0.003%
Barclays Bank Plc	1,750,000	0.42%	15/07/2016	17/10/2016	A-	0.003%
Suffolk County Council	2,000,000	0.20%	15/09/2016	17/10/2016	AA	0.000%
West Berkshire Council	2,000,000	0.34%	21/07/2016	20/10/2016	AA	0.000%
Suffolk County Council	3,000,000	0.25%	22/09/2016	21/10/2016	AA	0.000%
Barclays Bank Plc	5,000,000	0.32%		Call35	A-	0.006%
London Borough of Barking & Dagenham	3,000,000	0.22%	09/09/2016	09/11/2016	AA	0.001%
Lloyds Bank Plc	1,400,000	0.50%	11/08/2016	11/11/2016	A	0.008%
Barclays Bank Plc	3,250,000	0.27%	07/09/2016	07/12/2016	A-	0.012%
Barclays Bank Plc	5,000,000	0.27%	15/09/2016	15/12/2016	A-	0.014%
Lloyds Bank Plc	2,420,000	0.50%	16/09/2016	16/12/2016	A	0.014%
Nationwide Building Society	3,000,000	0.66%	20/06/2016	20/12/2016	A	0.015%
Lloyds Bank Plc	900,000	0.80%	21/06/2016	21/12/2016	A	0.015%
Nationwide Building Society	2,000,000	0.66%	22/06/2016	22/12/2016	A	0.015%

Shropshire County Council

Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
Santander UK Plc	15,000,000	0.90%		Call95	A	0.017%
Leeds Building Society	2,000,000	0.44%	11/07/2016	11/01/2017	A-	0.019%
Highland Council	3,000,000	0.29%	16/09/2016	16/01/2017	AA	0.002%
Nationwide Building Society	2,900,000	0.40%	15/08/2016	15/02/2017	A	0.025%
Coventry Building Society	5,000,000	0.35%	16/08/2016	16/02/2017	A	0.026%
Lancashire County Council	10,000,000	0.60%	27/05/2016	27/02/2017	AA	0.003%
Leeds Building Society	1,000,000	0.39%	30/09/2016	30/03/2017	A-	0.033%
Lloyds Bank Plc	2,580,000	0.65%	30/09/2016	30/03/2017	A	0.033%
Lloyds Bank Plc	3,260,000	0.65%	30/09/2016	30/03/2017	A	0.033%
Leeds Building Society	2,000,000	0.34%	14/09/2016	14/05/2017	A-	0.041%
National Westminster Bank Plc	10,000,000	0.75%	15/06/2016	14/06/2017	BBB+	0.105%
Leeds City Council	3,200,000	0.22%	30/08/2016	31/10/2017	AA	0.008%
Total Investments	£175,320,000	0.56%				0.013%

Portfolio Composition by Capita Asset Services' Suggested Lending Criteria



Portfolios weighted average risk number =

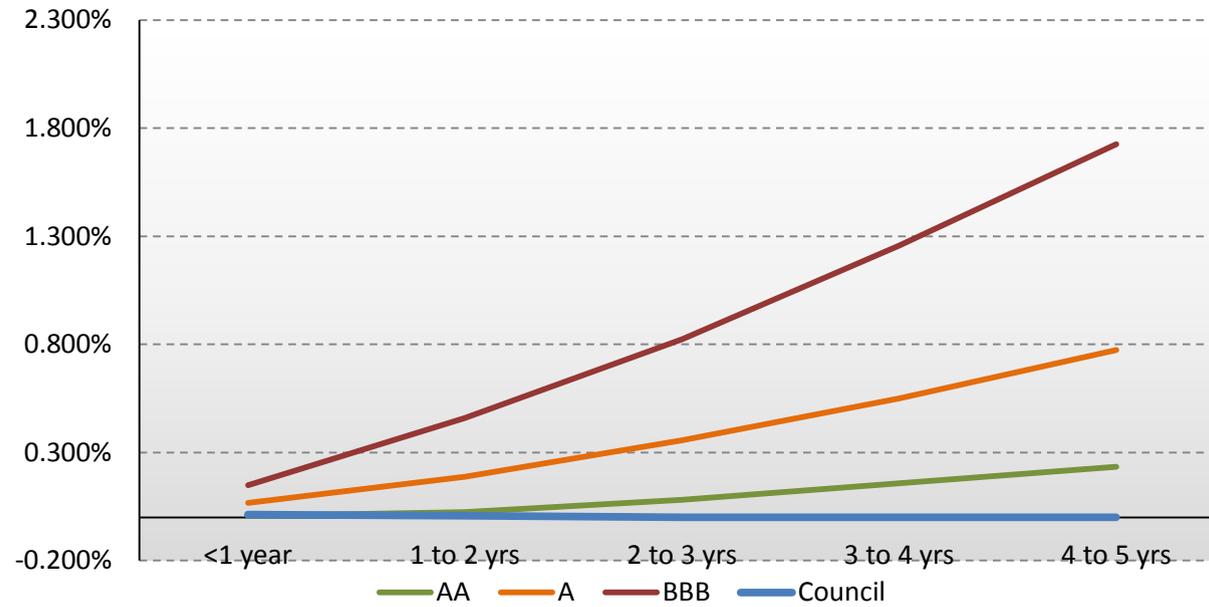
3.39

WARoR = Weighted Average Rate of Return
WAM = Weighted Average Time to Maturity

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs/ECFs	
									WAM	WAM at Execution
Yellow	33.77%	£59,200,000	33.78%	£20,000,000	11.41%	0.44%	59	121	89	182
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	5.70%	£10,000,000	0.00%	£0	0.00%	0.75%	257	364	257	364
Orange	14.90%	£26,120,000	100.00%	£26,120,000	14.90%	0.66%	0	0	0	0
Red	45.63%	£80,000,000	25.00%	£20,000,000	11.41%	0.58%	77	121	76	134
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Total	100.00%	£175,320,000	37.71%	£66,120,000	37.71%	0.56%	70	117	97	173

Investment Risk and Rating Exposure

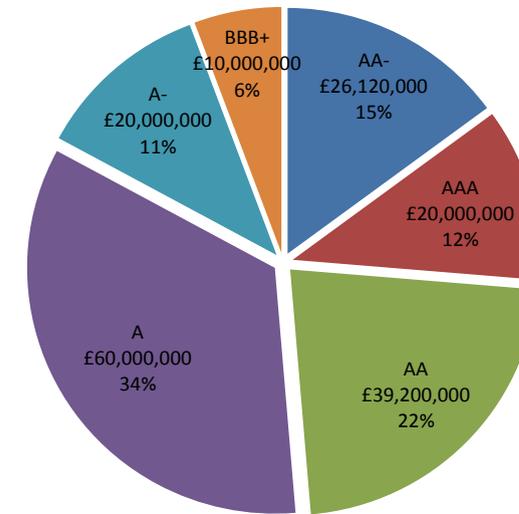
Investment Risk Vs. Rating Categories



Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.007%	0.024%	0.081%	0.158%	0.234%
A	0.067%	0.189%	0.356%	0.551%	0.775%
BBB	0.150%	0.460%	0.824%	1.257%	1.726%
Council	0.013%	0.008%	0.000%	0.000%	0.000%

Rating Exposure



Historic Risk of Default

This is a proxy for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment.

Chart Relative Risk

This is the authority's risk weightings compared to the average % risk of default for "AA", "A" and "BBB" rated investments.

Rating Exposures

This pie chart provides a clear view of your investment exposures to particular ratings.

Shropshire County Council

Monthly Credit Rating Changes FITCH

Date	Update Number	Institution	Country	Rating Action
07/09/2016	1472	Newcastle Building Society	U.K.	Affirmed and withdrew the ratings of Newcastle Building Society. Long Term Rating affirmed at 'BB+', 'Stable Outlook', Rating Withdrawn. Short Term Rating affirmed at 'B', Rating Withdrawn.

Shropshire County Council

Monthly Credit Rating Changes MOODY'S

Date	Update Number	Institution	Country	Rating Action
16/09/2016	1473	Norddeutsche Landesbank Girozentrale	Germany	Long Term Rating downgraded to 'A3' from 'A2', removed from 'Negative Watch' and placed on 'Negative Outlook'. Short Term Rating downgraded to 'P-2' from 'P-1', removed from 'Negative Watch'.

Shropshire County Council

Monthly Credit Rating Changes S&P

Date	Update Number	Institution	Country	Rating Action
19/09/216	1474	Finland Sovereign Rating	Finland	Affirmed at 'AA+', Outlook changed to 'Stable' from 'Negative'.

Appendix B

Prudential Indicators – Quarter 2 2016/17

Prudential Indicator	2016/17 Indicator £m	Quarter 1 – Actual £m	Quarter 2 – Actual £m	Quarter 3 – Actual £m	Quarter 4 – Actual £m
Non HRA Capital Financing Requirement (CFR)	246	253	253		
HRA CFR	85	85	85		
Gross borrowing	324	329	326		
Investments	140	173	175		
Net borrowing	184	156	151		
Authorised limit for external debt	449	329	326		
Operational boundary for external debt	402	329	326		
Limit of fixed interest rates (borrowing)	449	329	326		
HRA debt Limit	96	85	85		
Limit of variable interest rates (borrowing)	225	0	0		
Principal sums invested > 364 days	40	0	0		
Maturity structure of borrowing limits	%	%	%		
Under 12 months	15	2	3		
12 months to 2 years	15	2	2		
2 years to 5 years	45	4	6		
5 years to 10 years	75	6	2		
10 years to 20 years	100	31	32		
20 years to 30 years	100	21	21		
30 years to 40 years	100	16	16		
40 years to 50 years	100	10	10		
50 years and above	100	8	8		

* Based on period 6 Capital Monitoring report

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Capital Financing 2016/17 - Period 6

Prudential Borrowing Approvals	Date Approved	Amount Approved	Applied (Spent) 2006/07	Applied (Spent) 2007/08	Applied Outturn 08/09 2008/09	Applied Outturn 09/10 2009/10	Applied Outturn 10/11 2010/11	Applied Outturn 11/12 2011/12	Applied Outturn 12/13 2012/13	Applied Outturn 13/14 2013/14	Applied Outturn 14/15 2014/15	Applied Outturn 15/16 2015/16	Budgeted Period 6 16/17 2016/17	First year MRP Charged	Asset Life	Final year MRP Charged	
		£	£	£	£	£	£	£	£	£	£	£	£	£			
Monkmoor Campus	24/02/2006	3,580,000															
Capital Receipts Shortfall - Cashflow	24/02/2006	5,000,000															
Applied:																	
Monkmoor Campus			3,000,000		0												2007/08
William Brooks					0		3,580,000										2011/12
Tem Valley					2,000,000												2010/11
		8,580,000	3,000,000	0	2,000,000	0	3,580,000	0	0	0	0	0	0	0			
Highways	24/02/2006	2,000,000	2,000,000														2007/08
Accommodation Changes	24/02/2006	650,000	410,200	39,800													2007/08
Accommodation Changes - Saving	31/03/2007	(200,000)															6
		450,000	410,200	39,800	0	0											
The Ptarmigan Building	05/11/2009	3,744,000				3,744,000											2010/11
The Mount McKinley Building	05/11/2009	2,782,000				2,782,000											2011/12
The Mount McKinley Building	05/11/2009	0															2011/12
Capital Strategy Schemes - Potential Capital Receipts shortfall - Desktop Virtualisation	25/02/2010	187,600				187,600											2010/11
Carbon Efficiency Schemes/Self Financing	25/02/2010	1,512,442					115,656	1,312,810	83,976								2011/12
Transformation schemes		92,635						92,635									2012/13
Renewables - Biomass - Self Financing	14/09/2011	92,996						82,408	98,258	(87,670)							2014/15
Solar PV Council Buildings - Self Financing	11/05/2011	56,342						1,283,959	124,584	(1,352,202)							2013/14
Depot Redevelopment - Self Financing	23/02/2012	0															2014/15
Oswestry Leisure Centre Equipment - Self Financing	04/04/2012	124,521						124,521									2012/13
Leisure Services - Self Financing	01/08/2012	711,197							711,197								2013/14
Mardol House Acquisition	26/02/2015	4,160,000											4,160,000				2015/16
Mardol House Adaptation and Refit	26/02/2015	3,340,000										167,641	3,172,358.86				2016/17
Previous NSDC Borrowing		955,595			821,138	134,457											2009/10
		28,789,327	5,410,200	39,800	2,821,138	6,848,057	3,695,656	2,896,333	1,018,015.37	(1,439,872)	4,327,641	3,172,359	0				
									0	0	0	0	0				

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Committee and Date

Cabinet

30th November 2016

Quarter 2 Performance Report 2016/17

Responsible: Tom Dodds, Performance Manager

e-mail: tom.dodds@shropshire.gov.uk

01743 253068

1. Summary

- 1.1 This report presents Cabinet with the Council's Performance against its key Outcomes for Quarter 2 2016/17.
- 1.2 The draft Corporate Plan and the High Level Outcomes provide the shape and focus of the updated Performance Management Framework. The measures in the framework will be refined as the strategic action plans for the coming 12 to 18 months set out how the outcomes will be delivered.

The new framework will include project milestones from the strategic action plans to help demonstrate the change being delivered.
- 1.3 The new framework is presented with four key outcome areas: Healthy People, Prosperous Economy, Resilient Communities and Your Council. The range of performance measures covers a broader range of service areas than previously reported.
- 1.4 As part of developing the new Performance Management Framework and reporting of additional measures, a different way of presenting performance information is being developed. The online performance portal has been to be used in conjunction with this report, and can be accessed here:
<https://shropshireperformance.inphase.com/>
- 1.5 This is the first stage of improving access to performance information and that of data transparency. Member and user feedback will help to inform further development of performance information which will form part of the new IT system developments.

2. Recommendations

Members are asked to:

- A. Consider the key underlying and emerging issues in the reports and appendices.
- B. Review the performance portal and identify any performance areas that they would like to consider in greater detail or refer to the appropriate Scrutiny Committee.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 Poor performance could have implications for vulnerable people (including children) who are supported by Council services and economic growth in Shropshire. In turn, there may be significant financial, legal and reputational risk to the Council, Schools (and Academies), and partners from across the public and voluntary and independent care sectors.
- 3.2 Effective monitoring and follow-up against key measures of success provides the opportunity to manage risks and ensure that Children and Young People and vulnerable adults in Shropshire remain safe and achieve the desired outcomes. Increasingly, performance reporting will reflect the impact of commissioning decisions by the Council, linking directly with the management of contracts and building on the current approach of looking at how effective the Council is at delivering its outcomes.

4. Financial Implications

- 4.1 This report does not have any direct financial implications, but presents service and financial information to support decision making. Accountable officers and senior managers may use the information to inform actions or interventions for improving service performance and the prioritisation and use of resources.
- 4.2 Full financial details are presented as part of the Financial Reports.

5. Introduction

Each of the four outcome areas contains a number of sub-outcomes with a range of associated performance measures. The frequency of the availability of the data varies from monthly and quarterly updates to annual updates. All measures, regardless of frequency will be available on the forthcoming performance portal to improve accessibility to information.

Quarterly cabinet reports will be used to highlight performance exceptions and changes to measures reported annually.

6. Healthy People

The sub outcomes for Healthy People are; Improving Public Health, Keeping People Safe, Participation in Positive Activities for Health and Well-being.

- 6.1 Measures for Improving Public Health are mainly updated annually and will be reported as and when new data becomes available. No updates were reported during Q2.
- 6.2 The number of people Killed or Seriously Injured (KSI) on the roads in Shropshire is calculated by using a rolling 3-year average. At the end of 2008 there was an annual average of 162 people killed or seriously injured on the roads of Shropshire. Since 2012 the annual average over three years has stabilised around 125. During 2013 the number of KSI was low and these numbers are now no longer included in the rolling 3 year calculations. KSI figures for 2016 are higher than those for 2013 which is resulting in an increased 3-year average. As at the end of September 2016 the rolling three-year average has now increased to 144.6 the highest average since 2007.
- It should be noted that this data reflects KSI casualties, not KSI accidents. The number of casualties can be influenced by the number of vehicle occupants which is unrelated to the highway network.
 - There is likely to be a proportionally higher number of KSIs in Shropshire as a result of its road network. The current trend is that more KSI casualties are occurring on rural 60mph and national speed limit roads, of which there are many in Shropshire.
 - Previous data suggests that particular spikes do occur on the network and are random in nature. West Mercia Police do not consider this increase to be specifically related to anything that is within the Highway Authority's control.
 - During 2016, the Transport and Highways team has refined its accident review process to look at accident cluster sites. This will enable Shropshire Council to prioritise its accident data led interventions annually.
 - Shropshire Council regularly liaise with both the Safer Roads Partnership in Warwickshire and West Mercia, and West Mercia Police where local information is shared and acted upon where appropriate.
- 6.3 Participation in positive activities is beneficial for both physical and mental well-being. The number of visitors to libraries has stabilised during the year. This follows a long term decrease which mirrored that of national trends. The number of attendees at the Theatre Severn has seen a continued increase since Dec 2013. Annual attendance at this time was 131,961 which has now increased to 176,233 as at Sept 2016.

The reported number of visitors to leisure centres has seen a decrease. There are a number of factors affecting the Q2 figure. Bridgnorth Pool was closed for an extended period of time in October and Idsall Sports Hall was closed during August for refurbishment. At the time of writing, figures for Ludlow and Church Stretton are delayed due to operator system issues. Craven Arms Community Centre and Rhyn Park no longer provide visitor figures following the withdrawal of funding.

This last factor should be considered for future reporting requirements and the development of agreements with current and new service providers. As more services are devolved and managed by local communities the challenges of collecting data to evidence progress and future needs may become more difficult.

7. Prosperous Economy

The sub outcomes for Prosperous Economy are; Physical and Digital Infrastructure, Employment and Income, Educational Achievement.

7.1 Being young and unemployed can lead to increase in the risk of poverty, deskilling and social exclusion as well as cause loss of motivation and mental health problems. Current rate of claimants in Shropshire is below the regional and national averages. The claimant count for young people (aged 18 – 24) saw a continued reduction from the peak in Feb 2013 when there were 1370 claimants. During the past year there has been a levelling of claims albeit with a slight increase in claims during Q2 with 505 claimants as at Sept 2016.

7.2 Reporting measures for educational achievements have been changed this year. Long-term comparisons and trends are not currently available. Previous educational measures will continue to be shown during this transitional period to new measures.

The new secondary school accountability system was introduced in 2016. The key measures are now; Attainment 8, Progress 8, Attainment in English & Maths A* - C, English Baccalaureate entry and achievement. Shropshire pupils have achieved good results in the new system with 97.8% achieving English & Maths A* - C.

The existing measure of pupils achieving 5 A* - C grade GCSE's including Maths and English has been reported in 2016. Performance in Shropshire has seen a very slight reduction in standards from 56.5% in 2015 to 56% in 2016. This is the same as the national and regional trend.

This year is the last results of the current format of GCSEs for maths and English, which will be replaced next year by exams graded on a 9-1 scale other subjects will follow during the next 2 years.

The key new accountability measures have been added to the performance portal.

7.3 Additional performance measures for this outcome are being developed and will be reported through the performance portal from quarter 2.

8. Resilient Communities

The sub outcomes for Resilient Communities are; Support for Families and Keeping Children Safe, Volunteering, Keeping Communities Clean, People are Supported to Stay in their Local Communities, Adults Entering Paid for Care and Adult Social Care - User Feedback.

8.1 The number of children looked after by the authority has remained stable throughout the current year. At the end of Sept 2016 there were 281 looked after children, compared to 280 at the end of quarter 1 and to 308 at the end of June 2015.

It is important to reaffirm that our Looked After Children strategy is not about reducing the number of children in care, but is about ensuring the right children are in care, at the right time and for the right duration. As evidenced by our reducing section 20 (legal status for children entering care) by providing care and support packages to keep children safely in the family home.

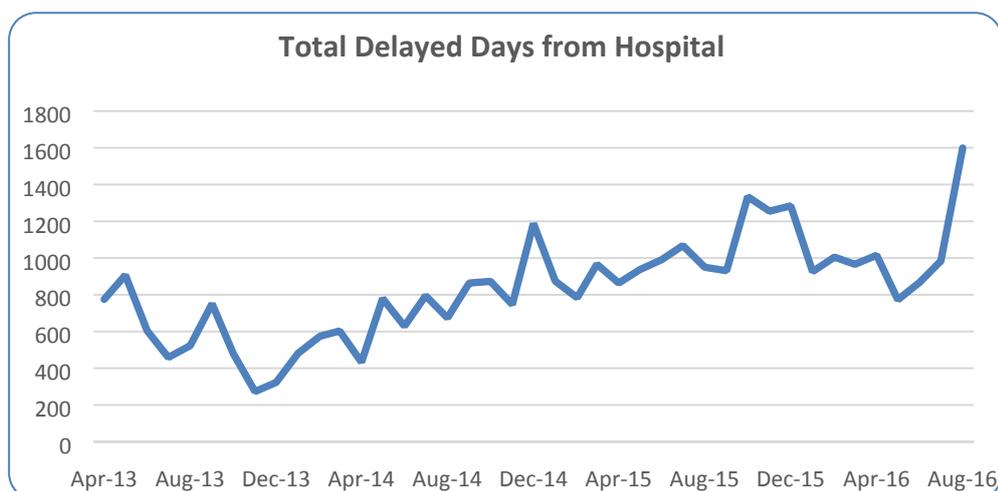
8.2 The number of adults entering residential care during quarter 2 is higher than the expected profile. The rate of Permanent admissions of older people (aged 65 and over) to residential and nursing care homes, per 100,000 population at the end of quarter 2 was 359 (261 people) against a profile of 312. The service reaffirms that it is carefully monitoring to ensure that the most appropriate care and support is sought for individuals.

8.3 Delayed transfer of care from hospital is recorded by two methods. The number of delayed patients at a specific time of the month and the total number of days that all patients are delayed. The organisation deemed to be the primary cause of the delay is attributed to either the NHS, Adult Social Care or Joint responsibility.

The key measures used in the national Adult Social Care Outcomes Framework (ASCOF) is the number of delayed patients. As previously reported, performance in Shropshire started to decline in 2014. Nationally performance has also declined but at a slower rate than that experienced in Shropshire. Performance in quarter 1 of this year showed an improvement but this has not continued into quarter 2. During both July and August there have been 54 delayed patients compared to an average of 36 in quarter 1. The following table shows the number of delayed patients.

	NHS	ASC	Joint
April 2016	17	7	8
May 2016	11	8	8
June 2016	20	16	12
July 2016	31	13	10
August 2016	21	22	11

Whilst the increase in delayed patients is a concern the number of delayed days is emerging as a particular issue. Although not an ASCOF measure the number of delayed days is an indicator of bed availability. The number of delayed days in August was particularly high and occurred outside of the winter months when peaks are expected. The following chart shows the number of recorded delayed days.



Figures for August may be exceptional and conclusions should not be drawn from one month of data. Shropshire Council is working with NHS partners and the Better Care Funding group to better understand the delays.

Shropshire Council have recently completed a tender for domiciliary care, to block purchase capacity to meet increased demand over winter. This went live during the first week of October and has already seen an increase in patient flow and fewer care package delays. The health service has also introduced a daily operational call to map capacity and escalate delays that cannot be resolved within a 24-hour period. This has seen an increase in complex discharges.

9. Your Council

- 9.1 The projected revenue forecast spend for the year, at Quarter 2, shows a potential overspend of £635,000 against the end of year gross budget of £568.8m (net budget of £204.5m). Full details of the revenue budget are reported to Cabinet in the revenue monitoring report.
- 9.2 The number of non-school FTE employees has continued to reduce. From Sept 2015 to Sept 2016 there has been a reduction from 2677 to 2501, a reduction of 6.57%.

10. Conclusion

- 10.1 This performance report provides an update on the results achieved and the impact on delivering the outcomes for Shropshire.
- 10.2 Performance in the first quarter of 2016/17 has shown a number of improvements or stabilisation of performance.
 - The number of looked after children by the authority has continued to remain stable.
 - Attendance at Theatre Severn continues to improve
 - Positive GCSE results for English & Maths

In addition to these improvements there are confirmed challenges to be faced, and results show that they are being managed by the relevant service areas.

- The number of people entering residential care is more than profiled and may affect budgets.
- The number of people killed or seriously injured on roads in Shropshire has seen an increase.
- Delayed transfer of care figures have increased during quarter 2.

<p>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</p> <p>Business Plan and Financial Strategy 2014 – 2017</p> <p>Draft Corporate Plan 2016/17 – 2018/19</p>
<p>Cabinet Member (Portfolio Holder)</p> <p>Cllr Michael Wood - Portfolio Holder for Corporate Support</p>
<p>Local Member</p> <p>All</p>
<p>Appendices</p>

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Committee and date

Cabinet

30 November 2016

12.30pm

**COMMUNITY ASSET TRANSFER:
MARKET DRAYTON YOUTH CENTRE**

Responsible Officer: Tim Smith, Head of Business Enterprise and Commercial Services

Email: tim.smith@shropshire.gov.uk

Tel: 01743 258676

1. Summary

- 1.1 As part of the Council's core objective to strengthen our local towns and villages, the Strategic Asset Management team are working with town and parish councils, as well as the voluntary sector, to enable the transfer of suitable land and buildings to community groups and organisations. The Community Asset Transfer (CAT) policy provides a framework and guidance to assess which transfers are viable and implement their transfer.
- 1.2 The policy contributes to the Council's objectives as set out in the Asset Management Strategy Section 5: Commission and work in partnership to empower communities. Release where appropriate through freehold transfer or leasehold transfer, properties to communities reducing revenue or maintenance burdens for non-core assets.
- 1.3 A report summarising the assessment of an application made by Phoenix Centre Association in respect of Market Drayton Youth Centre, TF9 3AD has been considered by the Director of Place and Enterprise and the recommendation is to progress to transfer by way of a 99-year lease which, in accordance with the CAT policy, is subject to Cabinet approval.

2. Recommendations

- 2.1 That, in principle, Phoenix Centre Association ("the Organisation") are granted a 99-year lease of the Market Drayton Youth Centre with delegated authority to the Head of Business Enterprise and Commercial Services to agree final terms of the lease and to complete the transaction.

REPORT

1. Risk Assessment and Opportunities Appraisal

- 1.1. Commissioning out youth services has meant that the building is now surplus to Shropshire Council's requirements. A transfer to the Phoenix Association gives the potential for youth activities to remain in some form at the centre, along with other uses that will benefit other sectors of the community. Those youth services currently commissioned out will remain at the centre but this may change in the future subject to the delivery intentions of the appointed party.
- 1.2. If the Organisation fails to maintain the building the risk is that the building will return to the Council with some or no building improvements and the cost of operation would revert back to the Council.
- 1.3. The Organisation does not yet satisfy all the criteria set out in the CAT policy (not yet a qualifying organisation). The asset will not be transferred until the organisation makes the required changes.

2. Equalities and Diversity Issues

- 4.1 The continuation of the use of the building and its availability for local groups will mean its accessibility continues into the future for the community.

1. Financial Implications

- 2.1. The building is currently maintained by Shropshire Council as part of its corporate estate. The annual running costs of the building are shared between the council's youth services. The savings identified in reducing the revenue burden of operating the centre equate to approximately £21,000 per annum.
- 2.2. Rent from Phoenix Centre Association is proposed below market value at a rent of £1 if demanded, as the Organisation will not be operating the facility on a commercial basis. This will enable the building to be kept in good repair and lettings to be kept at an affordable rate for the community.

6 Additional Information

- 6.1 The proposed transfer complies with State Aid. The applicant will provide services for the local community and as such are not the subject of competition across Europe.
- 6.2 The proposed grant of the lease for a £1 is a sum that is less than market value for a lease of the building. The disposal by way of the grant of the lease at a nominal rent is covered by Circular 6/03 under the Local Government Act 1972 General Disposal Consent 2003. This consent allows for the disposal of a property at less than best consideration where the disposal contributes to the promotion or improvement of one or more of economic, social and

environmental wellbeing in the Council's area and where the difference in value is less than £2 million.

6.3 The lease will be on a full repair and insure basis, with a 7-year tenant only break clause.

6.4 In summary:

6.4.1 The organisation states that it will provide a centre for the leisure, recreational, community, educational and training benefit of Market Drayton and its residents.

6.4.2 The Organisation have experience in running their respective organisations and of maintaining the buildings they currently use (which include the guide hut on Elizabeth Court and Festival Drayton).

6.4.3 The Organisation will form a charitable trust before any lease is signed, called "The Phoenix Centre Association" which will run the building and oversee hiring etc. A management committee will be made up of representatives from the key users listed above, Shropshire Council, and an independent chair.

6.4.4 The Phoenix Centre Association will be made up of Mind and Market Drayton Guides, with support from Festival Drayton.

6.4.5 The group has identified running costs and proposed income streams in their CAT application. The group state that any surplus will be used to further the aims of the charity operating from this centre to include repairs and maintenance of the building.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Shropshire Council Community Asset Transfer Policy

Cabinet Member (Portfolio Holder)

Cllr. Michael Wood Portfolio Holder for Corporate Support

Local Members

Cllr. David Minnery

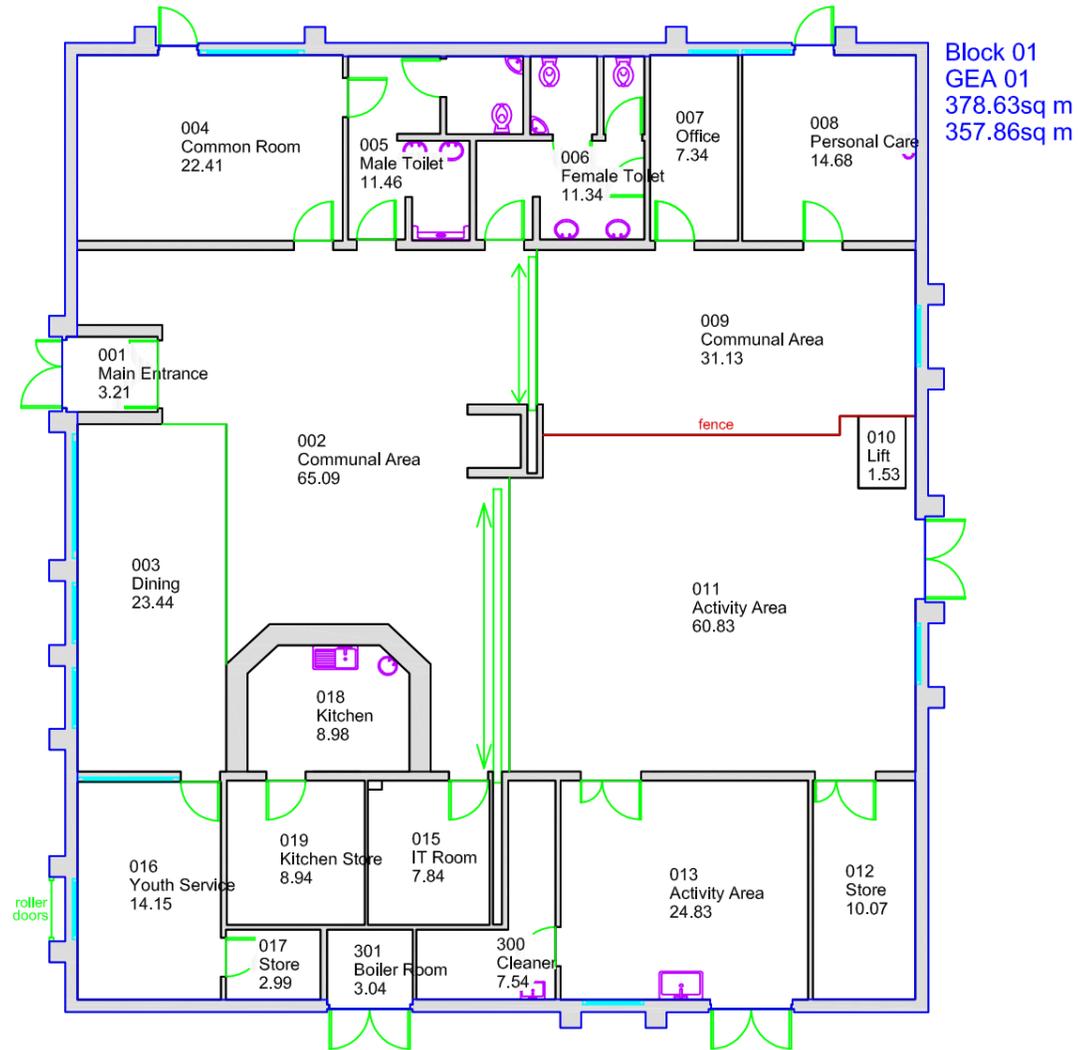
Cllr. Roger Hughes

Cllr. John Cadwallader

Appendices

A. Plan of site

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Notes :
1. DO NOT SCALE FROM THIS DRAWING



Property Services

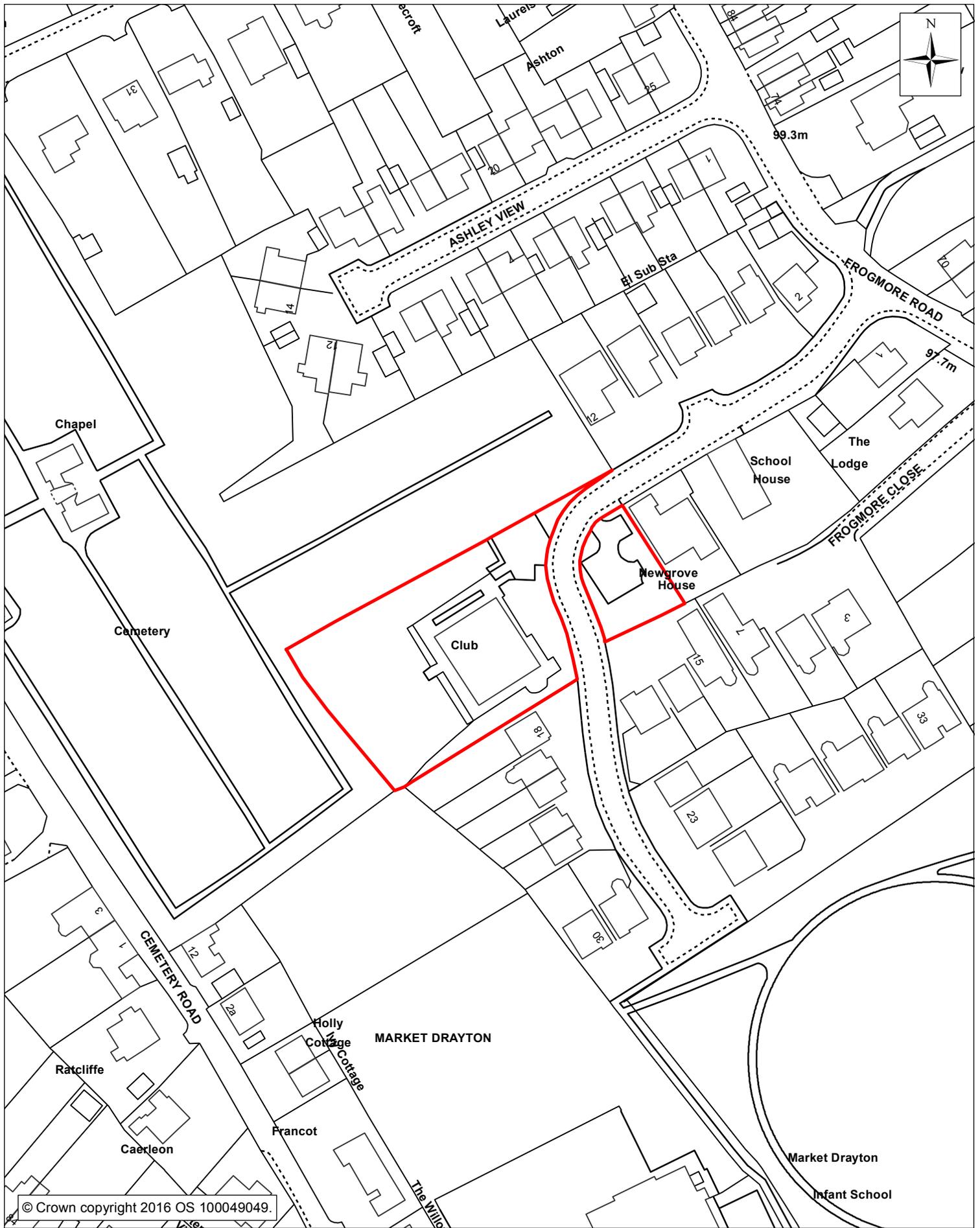
Market Drayton Youth Centre
Drayton Grove, Market Drayton

PROPERTY NO: 4645

ROOM AREAS

SURVEY DATE	Oct-2004			
SCALE	1:150	@ A3		
DRAWN BY	DCA			
DATE	01-Mar-2011			
UPDATED	03/11 (DCA)	REV.	2	
AREA	PROP.	PHASE	AEMFS	SHEET
006	018	00	PIU	01

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Commercial Services
 Shirehall, Abbey Foregate
 SHREWSBURY
 SY2 6ND

Title: Market Drayton Youth Centre and Car Park opposite
 Drayton Grove, Market Drayton TF9 3AD **Page 89**

Drawing No:	006-018-V01
Scale:	1:1,250
Date:	August 2016
Drawn by:	Property Information

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<u>Committee and Date</u>
Cabinet
30 November 2016

Opening Hours across Customer Service Points

Responsible Officer Michele Leith,
e-mail: Michele.leith@shropshire.gov.uk Tel:(01743)254402

1. Summary

This report follows an earlier Cabinet report of 13 July 2016, requesting permission to consult with the public over proposed changes to the Customer Service Point opening times at our 6 main offices located at Shrewsbury, Oswestry, Market Drayton, Whitchurch, Bridgnorth and Ludlow. Over the last 5 years we have seen a reduction in face to face customer numbers of between 50 and 70% as people increasingly use different ways of doing business with the Council. The customers we now see at these customer service points are those who require more help or for whom there is little alternative to a face to face service due to the nature of their business.

This report contains recommendations for reducing the number of hours for which the service will be available in order to more closely reflect the new level of demand.

These recommendations are made following a public consultation during which 276 people responded. Consultation channels included online feedback and social media channels but concentrated mainly on active engagement with the customers who called in to see us during the period. A proposed option for revised hours at each individual site was provided as part of the public consultation. In arriving at the final recommendations within this report, account was taken of the number of customers using the office, the busiest periods of each day and the busiest days including market days and finally the average time an adviser would be able to spend with each customer should the recommended hours be implemented. Staff safety remained a consideration, particularly avoiding lone or isolated working, as did the needs of partner agencies with whom we work in these offices and the fact that Customer Services are frequently an access point for people in crisis.

Recommendations for some sites have been amended as a result of comments raised during this consultation and the Equalities and Social Inclusion Impact Assessment, attached to this report as appendix 1, has been amended to reflect this. In making these final recommendations, regard has again been taken of the factors in the preceding paragraph. Additionally, the likelihood of new IT based self-serve solutions which may negate some of the concerns voiced by our customers remains a consideration.

A new IT based solution would offer all of the existing services of face-to-face via a web based platform, enabling service users to speak with an expert from different areas via a choice of channels including video conference. The solution would also

have a printer, scanner and phone, giving users several different options for receiving and submitting information. By investing in new and innovative ways for our customers to do business with us we will be able to further increase the cost-effectiveness of our face to face delivery whilst still catering for a broad age and ability range of customers.

2. Recommendations

Cabinet are requested to

- recommend the revised opening hours detailed in this report
- delegate the implementation of these proposals to the Head of Human Resources and Development, in consultation with the Portfolio Holder for Corporate Support

REPORT

3. Risk Assessment and Opportunities Appraisal

The following risks have been identified with the proposed changes to opening hours.

Risk	Mitigation plans in place
This is seen as a reduction in local services	Whilst the proposal is to reduce hours this is occurring against a backdrop of a dramatic reduction in the numbers of customers actually using the service. We have seen reductions in customer numbers between 50 and 70% whilst our opening hours have remained unchanged.
Failure to provide a service for those in work.	Adjustments have been made to the recommended opening times where this may be an issue until a suitable IT based solution is available.
Inability to meet the changing needs of our customers who are moving away from simple transactions towards more complex or multiple needs.	Proposed opening times have taken account of the numbers of customers now using the service and the reasons for them doing so. Whilst some needs may take only a short time to fulfil, others will be more complex and this has been factored into proposed timings.
Negative effect on our working partners including Housing Options, Housing Support Workers, Credit Unions, People 2 People and charitable providers.	The attending days and times for partners have been factored in and accommodated wherever possible to avoid disruption or lone or isolated working for them.
Time required by customers with more complex needs may not be available.	Proposed opening times would allow on average at least 25 minutes with a customer.

4.0 Financial implications

The future delivery of the Customer Services function is part of a wider organisational restructure that will enable substantial savings to be made. A review of face to face customer services carried out in conjunction with the partnership approach to designing local services, based on the level of staff input and the opening hours needed, will contribute to savings of £227,000 and an income target of £164,000 in the financial year 2016/2017 and will facilitate further efficiency in 2017/2018 and put the sustainability of local services at a level more appropriate to the need in the community.

5.0 Background

The Customer Strategy 2012/2013 laid down the principle of “Channel Shift” for customer contact. Whilst recognising that there is a natural shift occurring in the way in which people conduct their everyday business, channel shift is the active management of customers and ongoing encouragement to use more cost effective alternative channels to access the services they need. Channel shift occurs naturally as customers become increasingly comfortable with online services and social media, etc.

Face to face transactions are the most expensive form of doing business with customers therefore several of our offices saw the early introduction of free to use public computers through which online transactions could be conducted and “warm phones” which were linked to our Customer Service Centre, itself capable of handling most customer enquiries. The addition of a “meeter and greeter” who, as in many of the high street bank operations, encouraged, supported and educated customers to use self-service channels proved successful in diverting many transactional contacts away from desk advisers. This self-service model has subsequently been introduced at all 6 main offices.

As a result and parallel to natural shift, customer numbers at our face to face points have been steadily declining over the last 5 years with overall annual footfall reducing by just under 60% as shown in the table below:

Year ended	April 2012	April 2013	April 2014	April 2015	April 2016
Customer numbers	125826	123574	92781	67321	52346

The footfall reductions for individual offices is detailed in appendix 2 of this report.

Statistically, the reasons for customers calling in to use our face to face service has proportionately altered during this time with transactional business declining but issues around benefits, homelessness, financial issues and latterly welfare reform issues holding steady or increasing and now accounting for between 30 and 50% of our face to face work.

Anecdotally, we recognise that customers use our face to face service for a particular reason. This may be a generational issue or down to the person's ability to use alternative channels in their current form where and indeed if these are available. It may be because the customer has particular issues that other methods of contact have failed to resolve, effectively handing the issue over to the face to face adviser for resolution. It may be increasingly because they are in difficulty and seeking the services available from the Council as a matter of urgency.

Channel shift of appropriate business is instrumental in allowing advisers to be able to devote time to customers with multiple or complex needs.

6.0 Outcomes of the public consultation on Customer Service Point opening hours

We consulted with our customers between 12 September 2016 and 7 October 2016 during which a total of 276 replies were received. This represents 8.1% of the customers seen at these sites over the period of consultation. A further 35 people accessed the online survey but left no opinion.

Customers were provided with information explaining why changes to opening times were felt necessary and a set of frequently asked questions covering the main issues we expected this would raise. Paper consultation forms were provided at each affected Customer Service Point and opinion was also sought via the online portal with appropriate publicity including via social media. Town Councils were invited to participate as were welfare reform partner organisations such as Housing Associations and voluntary sector organisations.

Staff were instructed to actively engage with all customers using the service during the consultation period. The information provided by the customer survey and FAQ's was used to inform the proposals.

During the period of consultation just under 3400 customers used the affected customer service points. Whilst most customers chose not to participate in the exercise, the replies from those that did held strong opinion.

Three common themes arose from the comments passed by customers:

- Inability to access the service for those in work who are required to provide information to the Council.
- A fear of erosion or loss of a local service
- A need for uniform hours where possible to avoid confusion
- An appreciation of the wide specialist knowledge and ability of customer service staff.

Appendix 2 of this report gives greater detail on a site-by-site basis of customer numbers, busy days and times, consultation replies and how these factors have influenced the recommendations for revised service opening times.

The Equality and Social Inclusion Impact Assessment has been updated in acknowledgement of the replies received and the suggestions and concerns raised by customers.

The revised recommendations which are detailed below, alongside those originally proposed, attempt to meet the concerns raised as far as practicable.

Customer Service Point	Proposal put to public consultation	Opening hours final recommendations
Bridgnorth	Monday 10.00 – 4.00 Tuesday 10.00 – 4.00 Wednesday 10.00 – 4.00 Thursday 9.30 – 4.30 Friday 10.00 – 3.30 Proposed reduction from 40 hours currently to 30 hours	Monday 9.30 – 5.00 Tuesday 10.00 – 4.00 Wednesday 10.00 – 4.00 Thursday 10.00 – 4.00 Friday 9.30 – 5.00 Recommended reduction from 40 hours currently to 33 hours
Ludlow	Monday 10.00 – 4.00 Tuesday 10.00 – 4.00 Wednesday 10.00 – 4.00 Thursday 9.30 – 4.00 Friday 10.00 – 3.30 Proposed reduction from 40 hours currently to 30 hours	Monday 9.30 – 5.00 Tuesday 9.30 – 5.00 Wednesday 9.30 – 5.00 Thursday CLOSED Friday 9.30 – 5.00 Recommended reduction from 40 hours currently to 30 hours
Oswestry	Monday 9.30- 4.30 Tuesday 9.30 – 4.30 Wednesday 9.30 – 4.30 Thursday 9.30 – 4.30 Friday 9.30 – 4.30 Proposed reduction from 40 hours currently to 35 hours	Monday 9.30 – 4.30 Tuesday 9.30 – 4.30 Wednesday 9.30 – 4.30 Thursday 9.30 – 4.30 Friday 9.30 – 4.30 Recommended as per proposal. Reduction from 40 to 35 hours per week.
Market Drayton	Monday 10.30 – 3.30 Tuesday 10.00 – 4.00 Wednesday 10.00 – 3.30 Thursday 10.30 – 3.30 Friday 10.30 – 3.00 Proposed reduction from 32.5 hours currently to 26 hours	Monday 10.00 – 3.00 Tuesday 10.00 – 3.00 Wednesday 10.00 – 4.00 Thursday 10.00 – 4.00 Friday 10.00 – 4.00 Recommended reduction from 32.5 hours currently to 28 hours
Shrewsbury	Monday 9.00 - 5.00	Monday 9.00 - 5.00

	Tuesday 9.00 – 4.00 Wednesday 9.00 – 4.00 Thursday 9.00 – 4.00 Friday 9.00 – 5.00 Proposed reduction from 42.5 hours currently to 37 hours	Tuesday 9.00 – 4.00 Wednesday 9.00 – 4.00 Thursday 9.00 – 4.00 Friday 9.00 – 5.00 Recommended as per proposal. Reduction from 42.5 hours to 37 hours.
Whitchurch	Monday 10.00-4.00 Tuesday 10.00-4.00 Wednesday 10.00-4.00 Thursday 10.00-4.00 Friday 10.00-4.00 Saturday 10.00-1.00* *Service provided by Town Council staff	Monday 10.00-4.00* Tuesday 10.00-4.00* Wednesday 10.00-4.00* Thursday 10.00-4.00 Friday 10.00-4.00 Saturday 10.00-1.00* *Service provided by Town Council staff

The overall reduction in the opening hours across all affected offices amounts to 47 per week under the revised proposals as opposed to the 52 initially suggested during consultation. Importantly, this will continue to meet the revised customer need that we are now experiencing as new and alternative ways for them to do business with the Council develop along more cost effective channels. In addition, self-service facilities in the shape of customer freephones and public computers remain available for use at the majority of sites outside the hours for which a staffed service is available. In this way, the concerns voiced by customers around later closing to accommodate working customers, more uniform hours where possible and retaining the knowledge and skills of staff as a local resource should be satisfactorily answered.

8.0 Next steps

Should these recommendations be accepted by Cabinet we will agree a lead-in period with our partner services and providers to minimise any impact on them and ensure that a campaign of customer awareness through a variety of channels is followed in order to prepare our customers for changes in opening hours.

The impact of these proposals on staff will be different at each customer service point and an appropriate period of staff consultation will take place prior to implementing any changes.

We will continue to develop new ways in which our customers can do business with Shropshire Council that increase cost effectiveness of our delivery at a time of reducing resources as well as being simple, convenient and appropriate to the customers whom we serve. This will enable us to further develop our face to face delivery.

A project has been instigated to develop the IT solution to providing efficient information to residents in a variety of formats. The group will work in parallel

to the Digital transformation project and ensure every potential need of the project is built into the solution.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Agenda item 99, Cabinet February 2015: Hubs Commissioning Model

Agenda item 7, Cabinet May 2015: Future Delivery of Customer Services In Shropshire pages 19 to 26.

Agenda item 63, Cabinet October 2015: Redesigning Shropshire Council's Library Service and Customer Service Points

Agenda item 7, Cabinet April 2016: A Partnership approach in designing the future of our Local Services

Agenda item 10, Cabinet 13th July 2016, Opening Hours Across Customer Service Points

Agenda item 10, Cabinet 27th July 2016, Review of Shropshire Library opening hours

Cabinet Member:

Cllr Michael Wood, Portfolio Holder for Corporate Support

Local Members:

Changes to customer service points for our 6 main offices has the potential for a County wide impact affecting all local members

Appendices:

Appendix 1 - Equality and Social Inclusion Impact Assessment

Appendix 2 – analysis of customer feedback, site by site usage and recommendations for revised opening hours

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Shropshire Equality and Social Inclusion Impact Assessment (ESIA)

Opening Hours across Customer Service Points

Shropshire Council Part 1 ESIA: initial screening and assessment

Please note: prompt questions and guidance within boxes are in italics. You are welcome to type over them when completing this form. Please extend the boxes if you need more space for your commentary.

Name of service change

Customer Services Face to Face provision - review of opening hours and staffed service.

Aims of the service change and description

The redesign of our Customer Service Points seeks to concentrate our provision in community hubs located in Shrewsbury, Oswestry, Market Drayton, Whitchurch, Ludlow and Bridgnorth where there is a mixture of population density and customer need and where our customer numbers are highest. These 6 offices chosen for our main hubs contain wards most at risk of being affected by forthcoming changes to the provision of welfare benefits and particularly the introduction and digitisation of the Universal Credit from early 2017 which will affect working and non-working alike. These changes are likely to place demand upon the service.

Customers visit their Council offices for a number of different reasons primary of which is to carry out a range of business with Shropshire Council.

The Hub concept is about making sure that our telephone and online services continue to be accessible to all customers especially those who may not have facilities to access help from their own home and that our direct support remains available to customers in genuine need of help.

Conducting business face to face is expensive. The Society of Information Technology Management's (SOCITM) latest estimate of costs quote the estimated average cost of delivering face to face services as £8.62 per transaction. This compares to £5 by telephone, £0.20 by automated voice recognition and £0.15 by online transaction.

Our hubs are therefore designed so that wherever practicable, customers are encouraged to use self-service channels for more transactional services so avoiding unnecessary contact. This is supported by the Customer Services business ethos of simplifying processes wherever we can.

By encouraging and educating those customers whose business is transactional to self-serve and by providing learning and assistance for those needing a little support we will be able to provide a direct face to face service for those customers who are genuinely unable to manage either the use of self-service facilities or who have multiple or complex life issues with which they need help.

Of some significance are the continual changes to the system of welfare benefits which affect single people and families both in and out of work. Our 6 main hubs see the largest customer numbers for the Housing Benefit services as well as issues around financial need (accessing the Local Support and Prevention Fund and Discretionary Housing Payments) and homelessness.

Working with Jobcentre Plus, we have developed a triage and support structure that will identify need and the potential risks for Shropshire citizens with the introduction of the Universal Credit which is scheduled in larger numbers from early 2017. Our hubs add to the digital infrastructure that will be needed to support customers claiming this benefit and staff have been trained to help the more vulnerable to make claims and report changes online.

We have already seen a significant reduction in the numbers of customers accessing our face to face services however it is our intention that we continue this service in our 6 main market towns so that

Shropshire citizens can access services locally.

What we are now finding is that the reduction in our customer numbers is such that those we are left seeing now are those who mainly require more help to conduct business with us.

The redesign of our service is taking place against a background of spending reductions and efficiency savings meaning that we would be required to deliver services across widespread sites in Shropshire with a much smaller workforce. In order to help our future sustainability and in the light of already significant reductions in customer numbers we have carried out a review of our service opening hours for each of our larger offices so that they are more appropriately matched to both current and future customer demand.

The intention across the 9 remaining customer service points at Albrighton, Broseley, Bishop's Castle, Church Stretton, Craven Arms, Cleobury Mortimer, Ellesmere, Shifnal and Wem where customer numbers are generally very low, is to continue to work with partners in order to continue these local services and to work from community venues that are easily and equally accessible to all. In these sites we will place an increasing emphasis on the use of free to use telephones linked to our Customer Service Centre and online access through free to use public computers but help will still be on hand from our business partners for those customers that need it.

Intended audiences and target groups for the service change

- Local citizens.
- Community groups.
- Local members.
- Revenues and Benefits staff whose customers account for the majority of footfall at our larger customer facing sites will also need to evolve new working practices that mitigate any potentially adverse impact on the protected characteristic groups.

Evidence used for screening of the service change

Customers using the 6 affected offices were consulted as were our working partners and third sector organisations and provided with background information showing the reduction in customer numbers over the last five years. We asked for comments on proposed opening hours for each individual site or generally across the service.

The proposed hours were based upon the reasons for our customers calling in, known busiest days of the week and also the known busiest times during each opening day. Also considered was the need to minimise disruption to the attendance of partner organisations including Housing Options, Credit Unions, Housing Support Workers, People to People and charitable providers who partner with us to provide local services.

As a result of the consultation, changes are recommended to the hours originally proposed in consultation in order to meet as far as possible the concerns raised by those who responded.

Demographically, the following information for each site was used in making suggestions.

Shrewsbury District demographics (2011) (Source - Shropshire Council, Facts and figures, Local Area Profiles)

Unemployment

- At the time of the Census, there were 1106 residents within the most deprived SOA's who were unemployed but available for work. This includes 363 young people aged 16 – 24. On average throughout the most deprived SOA's, unemployment is 4.7% of the 16-74 year old population, compared to 3.3% for Shropshire.
- Long term unemployment is also an issue – on average, 39% of all unemployed people were classed as long-term unemployed in 2011.

Long Term Illness or Disability

The Census asked "Are your day-to-day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?"

- On average 9% said that their day-to-day activities were limited a lot due to a health problem or disability. This is slightly higher than the figure of 8% for Shropshire as a whole.
- The percentage who reported their day-to-day activities were limited a little was 9%. This is slightly lower than the figure of 10% for Shropshire as a whole.

Economic Deprivation Data (Source: Office for National Statistics, Economic Deprivation Datasets, August 2011)

Percentage of households below 60% median income (after housing costs) ranges from 18.5% to 27% within the most deprived SOA's

Percentage of families in receipt of Working Tax Credits ranges from 72.9% to 86% within the most deprived SOA's

Oswestry District demographics (2011) (Source - Shropshire Council, Facts and figures, Local Area Profiles)**Unemployment**

- At the time of the Census, there were 814 Oswestry and district residents who were unemployed but available for work. This includes 269 young people aged 16 – 24. On average throughout Oswestry Wards, unemployment is 4.8% of the 16-74 year old population, compared to 3.3% for Shropshire.
- Long term unemployment is also an issue – on average, 39.8% of all unemployed people were classed as long-term unemployed in 2011.

Long Term Illness or Disability

The Census asked "Are your day-to-day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?"

- On average 10% said that their day-to-day activities were limited a lot due to a health problem or disability. This is slightly higher than the figure of 8% for Shropshire as a whole.
- The percentage who reported their day-to-day activities were limited a little was 11%. This is slightly higher than the figure of 10% for Shropshire as a whole.

Economic Deprivation Data (Source: Office for National Statistics, Economic Deprivation Datasets, August 2011)

Percentage of households below 60% median income (after housing costs) ranges from 15% to 23% within the most deprived SOA's

Percentage of families in receipt of Working Tax Credits ranges from 81% to 88% within the most deprived SOA's

Bridgnorth and surrounding area demographics (2011) (Source - Shropshire Council, Facts and figures, Local Area Profiles)**Unemployment**

- At the time of the Census, there were 410 Bridgnorth area residents who were unemployed but available for work. On average throughout Bridgnorth Wards unemployment is 3.4% of the 16-74 year old population, compared to 3.3% for Shropshire.
- 118 young people (aged 16-24) were unemployed, plus a further 23 who were 50 to 74.
- Long term unemployment is also an issue – on average 40.3% of all unemployed people were classed as long-term unemployed in 2011.

Long Term Illness or Disability

The Census asked "Are your day-to-day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?"

- On average, 9% said that their day-to-day activities were limited a lot due to a health problem or disability. This is slightly higher than the figure of 8% for Shropshire as a whole.
- The percentage who reported their day-to-day activities were limited a little was 10%, comparable to the figure of 10% for Shropshire as a whole.

Economic Deprivation Data (Source: Office for National Statistics, Economic Deprivation Datasets, august 2011)

Percentage of households below 60% median income (after housing costs) is 16% across the most deprived SOA's

Percentage of families in receipt of Working Tax Credits ranges from 83% to 85% across the most deprived SOA's

Ludlow and surrounding area demographics (2011) (Source - Shropshire Council, Facts and figures, Local Area Profiles)

Unemployment

- At the time of the Census, there were 321 Ludlow area residents who were unemployed but available for work. On average throughout Ludlow Wards unemployment is 3.8% of the 16-74 year old population, compared to 3.3% for Shropshire.
- 108 young people (aged 16-24) were unemployed.
- Long term unemployment is also an issue – on average 36% of all unemployed people were classed as long-term unemployed in 2011.

Long Term Illness or Disability

The Census asked "Are your day-to-day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?"

- On average, 10% said that their day-to-day activities were limited a lot due to a health problem or disability. This is slightly higher than the figure of 8% for Shropshire as a whole.
- The percentage who reported their day-to-day activities were limited a little was 12%, slightly higher compared to the figure of 10% for Shropshire as a whole.

Economic Deprivation Data (Source: Office for National Statistics, Economic Deprivation Datasets, august 2011)

Percentage of households below 60% median income (after housing costs) is 22% across the most deprived SOA's

Percentage of families in receipt of Working Tax Credits ranges from 78.5% across the most deprived SOA's

Market Drayton East demographics (2011) (Source - Shropshire Council, Facts and figures, Local Area Profiles)

There were 2158 households in Market Drayton East Ward in 2011, the ward had 4808 usual residents and covers an area of 3592 hectares.

Population Age Structure

- Early years: 5.5% (263) of the population were aged 0 to 4 years in March 2011. This compares with 5.1% at County level, 6.3% regionally and 6.3% nationally.
- School age: 13.2% (633) of the population were aged 5 to 17 years in March 2011. This compares with 14.9% at County level, 15.8% regionally and 15.1% nationally.
- Working age: 58.2% (2798) of the population were aged 18 to 64 years in March 2011. This compares with 59.3% at County level, 61.0% regionally and 62.3% nationally.
- Retirement age: 23.2% (1114) of the population were aged 65 and over in March 2011. This compares with 20.7% at County level, 16.9% regionally and 16.3% nationally.
- Over 85 year olds: 3.2% (156) of the population were aged 85 and over in March 2011. This compares with 2.7% at County level, 2.2% regionally and 2.2% nationally.

Unemployment

- At the time of the Census, there were 158 Market Drayton East residents who were unemployed but available for work. This is 4.5% of the 16-74 year old population, compared to 3.3% for Shropshire.
- 66 young people (aged 16-24) were unemployed..
- Long term unemployment is also an issue – 35.4% of all unemployed people were classed as long-term unemployed in 2011. This is the equivalent of 56 people.

Long Term Illness or Disability

The Census asked "Are your day-to-day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?"

- 9% said that their day-to-day activities were limited a lot due to a health problem or disability. This is slightly higher than the figure of 8% for Shropshire as a whole.
- The percentage who reported their day-to-day activities were limited a little was 11%. This is slightly higher than the figure of 10% for Shropshire as a whole.

Whitchurch North Ward demographics (2011) (Source - Shropshire Council, Facts and figures, Local Area Profiles)

There were 3126 households in Whitchurch North Ward in 2011, the ward had 7005 usual residents and covers an area of 1603 hectares.

Population Age Structure

- Early years: 6.2% (437) of the population were aged 0 to 4 years in March 2011. This compares with 5.1% at County level, 6.3% regionally and 6.3% nationally.
- School age: 14.3% (1004) of the population were aged 5 to 17 years in March 2011. This compares with 14.9% at County level, 15.8% regionally and 15.1% nationally.
- Working age: 60.1% (4210) of the population were aged 18 to 64 years in March 2011. This compares with 59.3% at County level, 61.0% regionally and 62.3% nationally.
- Retirement age: 19.3% (1354) of the population were aged 65 and over in March 2011. This compares with 20.7% at County level, 16.9% regionally and 16.3% nationally.
- Over 85 year olds: 2.7% (186) of the population were aged 85 and over in March 2011. This compares with 2.7% at County level, 2.2% regionally and 2.2% nationally.

Unemployment

- At the time of the Census, there were 221 Whitchurch North residents who were unemployed but available for work. This is 4.4% of the 16-74 year old population, compared to 3.3% for Shropshire.
- 66 young people (aged 16-24) were unemployed.
- Long term unemployment is also an issue – 45.2% of all unemployed people were classed as long-term unemployed in 2011. This is the equivalent of 100 people.

Long Term Illness or Disability

The Census asked "Are your day-to-day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?"

- 9% said that their day-to-day activities were limited a lot due to a health problem or disability. This is slightly higher than the figure of 8% for Shropshire as a whole.
- The percentage who reported their day-to-day activities were limited a little was 10%. This is in line with the Shropshire figure of 10%.

Additionally, the following information around digital ability and exclusion will help to shape this review and the adequacy of the supporting structure left in place:

Use of digital services

Digital inclusion isn't having physical access to the internet, but also having the necessary skills, confidence and capabilities to use the internet (effective access).

There are a number of factors that make it more likely that someone will be digitally excluded:

- Being over the age of 55 (69% of the off-line population)

- Living in a rural area (64% of the off-line population)
- Earning a low income or unemployed (44% of the off-line population)
- Living in social housing (37% of the off-line population)
- Having a registered disability (33% of the off-line population)

Those who are digitally excluded match socially excluded groups, and include:

- people without basic literacy skills
- individuals and families on low incomes
- people who are unemployed
- social housing and private rented tenants
- people who are homeless
- those with disabilities
- those over the age of 50

Research suggests that in Shropshire:

- 9.2% of the population have never used the internet (approximately 22% of the population)
- 13,111 people aged 16-64 are never likely to use the internet
- 12,908 people with basic literacy skills may have internet use but be unlikely to be able to use it effectively
- those on low earnings are more at risk of digital exclusion.

Specific consultation and engagement with intended audiences and target groups for the service change

Local consultation carried out interactively at each Customer Service Point and via the Council's online Portal. Town Councils and partner provider organisations particularly welfare reform partners invited to participate.

Potential impact on Protected Characteristic groups and on social inclusion

High Negative	Significant potential impact, risk of exposure, history of complaints, no mitigating measures in place or no evidence available: urgent need for consultation with customers, general public, workforce
Medium Negative	Some potential impact, some mitigating measures in place but no evidence available how effective they are: would be beneficial to consult with customers, general public, workforce
Low Negative	Almost bordering on non-relevance to the ESIIA process (heavily legislation led, very little discretion can be exercised, limited public facing aspect, national policy affecting degree of local impact possible)

Initial assessment for each group

Please rate the impact that you perceive the service change is likely to have on a group, through inserting a tick in the relevant column.

Protected Characteristic groups and other	High negative	High positive	Medium positive or	Low positive or negative
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groups in Shropshire	impact Part Two ESIIA required	impact Part One ESIIA required	negative impact Part One ESIIA required	impact Part One ESIIA required
Age (please include children, young people, people of working age, older people. Some people may belong to more than one group eg young person with disability)			✓	
Disability (please include: mental health conditions and syndromes including autism; physical disabilities or impairments; learning disabilities; Multiple Sclerosis; cancer; HIV)			✓	
Gender re-assignment (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)				No evidence to suggest either positive or negative impact
Marriage and Civil Partnership (please include associated aspects: caring responsibility, potential for bullying and harassment)				No evidence to suggest either positive or negative impact
Pregnancy & Maternity (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)			✓	
Race (please include: ethnicity, nationality, culture, language, gypsy, traveller)				No evidence to suggest either positive or negative impact
Religion and belief (please include: Buddhism, Christianity, Hinduism, Islam, Judaism, Non conformists; Rastafarianism; Sikhism, Shinto, Taoism, Zoroastrianism, and any others)				No evidence to suggest either positive or negative impact
Sex (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)				No evidence to suggest either positive or negative impact
Sexual Orientation (please include associated aspects: safety; caring responsibility; potential for bullying and harassment)				No evidence to suggest either positive or negative impact
Other: Social Inclusion (please include families and friends with caring responsibilities; people with health inequalities; households in poverty; refugees and asylum seekers; rural communities; people you consider to be vulnerable)			✓	

Decision, review and monitoring

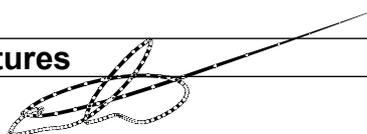
Decision	Yes	No
Part One ESIIA Only?	✓	
Proceed to Part Two Full Report?		✓

If Part One, please now use the boxes below and sign off at the foot of the page. If Part Two, please move on to the full report stage.

Actions to mitigate negative impact or enhance positive impact of the service change
We are working with benefits service colleagues to identify alternative ways for customers to have important documents handled and safely returned and for their enquiries to be answered in real time. Ongoing support will be provided for partner providers and public invited to give feedback on service

Actions to review and monitor the impact of the service change
Comments, compliments and complaints process will be monitored, regular service reviews scheduled

Scrutiny at Part One screening stage

People involved	Signatures	Date
<i>Lead officer carrying out the screening</i>		11 October 2016
<i>Any internal support</i>	Mrs Lois Dale, Principal Rural Policy Officer; ext 5684	
<i>Any external support</i>		
<i>Head of service</i>		

Sign off at Part One screening stage

Name	Signatures	Date
<i>Lead officer's name</i>		
<i>Head of service's name</i>		

Shropshire Council Part 2 ESIIA: full report

Guidance notes on how to carry out the full report

The decision that you are seeking to make, as a result of carrying out this full report, will take one of four routes:

1. To make changes to satisfy any concerns raised through the specific consultation and engagement process and through your further analysis of the evidence to hand;
2. To make changes that will remove or reduce the potential of the service change to adversely affect any of the Protected Characteristic groups and those who may be at risk of social exclusion;
3. To adopt the service change as it stands, with evidence to justify your decision even though it could adversely affect some groups;
4. To find alternative means to achieve the aims of the service change.

The Part Two Full Report therefore starts with a forensic scrutiny of the evidence and consultation results considered during Part One Screening, and identification of gaps in data for people in any of the nine Protected Characteristic groups and people who may be at risk of social exclusion, eg rural communities. There may also be gaps identified to you independently of this process, from sources including the intended audiences and target groups themselves.

The forensic scrutiny stage enables you to assess:

- **Which gaps need to be filled right now, to help you to make a decision about the likely impact of the proposed service change?**

This could involve methods such as: one off service area focus groups; use of customer records; examination of data held elsewhere in the organisation, such as corporate customer complaints; and reference to data held by similar authorities or at national level from which reliable comparisons might be drawn, including via the Rural Services Network. Quantitative evidence could include data from NHS Foundation Trusts, community and voluntary sector bodies, and partnerships including the Local Enterprise Partnership and the Health and Well Being Board. Qualitative evidence could include commentary from stakeholders.

- **Which gaps could be filled within a timeframe that will enable you to monitor potential barriers and any positive or negative impacts on groups and individuals further along into the process?**

This could potentially be as part of wider corporate and partnership efforts to strengthen the evidence base on equalities. Examples would be: joint information sharing protocols about victims of hate crime incidents; the collection of data that will fill gaps across a number of service areas, eg needs of young people with learning disabilities as they progress through into independent living; and publicity awareness campaigns that encourage open feedback and suggestions from a variety of audiences.

Once you have identified your evidence gaps, and decided on the actions you will take right now and further into the process, please record your activity in the following boxes. Please extend the boxes as needed.

Evidence used for assessment of the service change: activity record

How did you carry out further research into the nine Protected Characteristic groups and those who may be at risk of social exclusion, about their current needs and aspirations and about the likely impacts and barriers that they face in day to day living?

And what did it tell you?

Specific consultation and engagement with intended audiences and target groups for the service change: activity record

How did you carry out further specific consultation and engagement activity with the intended audiences and with other stakeholders who may be affected by the service change?

And what did it tell you?

Further and ongoing research and consultation with intended audiences and target groups for the service change: activity record

What further research, consultation and engagement activity do you think is required to help fill gaps in our understanding about the potential or known affect that this proposed service change may have on any of the ten groupings and on the intended audiences and target groups? This could be by your service area and/or at corporate and partnership level.

Full report assessment for each group

Please rate the impact as you now perceive it, by inserting a tick. Please give brief comments for each group, to give context to your decision, including what barriers these groups or individual may face.

Protected Characteristic groups and other groups in Shropshire	High negative impact	High positive impact	Medium positive or negative impact	Low positive or negative impact
Age (please include children, young people, people of working age, older people. Some people may belong to more than one group eg young person with disability)				
Disability (please include: mental health conditions and syndromes including autism; physical disabilities or impairments; learning disabilities; Multiple Sclerosis; cancer; HIV)				
Gender re-assignment (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)				
Marriage and Civil Partnership (please include associated aspects: caring responsibility, potential for bullying and harassment)				
Pregnancy & Maternity (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)				
Race (please include: ethnicity, nationality, culture, language, gypsy, traveller)				
Religion and belief (please include: Buddhism, Christianity, Hinduism, Islam, Judaism, Non conformists; Rastafarianism; Sikhism, Shinto, Taoism, Zoroastrianism, and any others)				
Sex (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)				
Sexual Orientation (please include associated aspects: safety; caring responsibility; potential for bullying and harassment)				
Other: Social Inclusion (please include families and friends with caring responsibilities; people with health inequalities; households in poverty; refugees and asylum seekers; rural communities; people you consider to be vulnerable)				

ESIA Full Report decision, review and monitoring

Summary of findings and analysis - ESIA decision

You should now be in a position to record your decision. Please highlight in bold the route that you have decided to take.

1. To make changes to satisfy any concerns raised through the specific consultation and engagement process and through your further analysis of the evidence to hand;
2. To make changes that will remove or reduce the potential of the service change to adversely affect any of the Protected Characteristic groups and those who may be at risk of social exclusion;
3. To adopt the service change as it stands, with evidence to justify your decision even though it could adversely affect some groups;
4. To find alternative means to achieve the aims of the service change.

Please add any brief overall comments to explain your choice.

You will then need to create an action plan and attach it to this report, to set out what further activity is taking place or is programmed that will:

- *mitigate negative impact or enhance positive impact of the service change,*
- AND*
- *review and monitor the impact of the service change*

Please try to ensure that:

- *Your decision is based on the aims of the service change, the evidence collected, consultation and engagement results, relative merits of alternative approaches and compliance with legislation, and that records are kept;*
- *The action plan shows clear links to corporate actions the Council is taking to meet the general equality duty placed on us by the Equality Act 2010, to have due regard to the three equality aims in our decision making processes.*

Scrutiny at Part Two full report stage

People involved	Signatures	Date
<i>Lead officer</i>		
<i>Any internal support</i>		
<i>Any external support</i>		
<i>Head of service</i>		

Sign off at Part Two full report stage

Signature (Lead Officer)	Signature (Head of Service)
Date:	Date:

Appendix: ESIIA Part Two Full Report: Guidance Notes on Action Plan

Please base your action plan on the evidence you find to support your decisions, and the challenges and opportunities you have identified. It could include arrangements for:

- continuing engagement and involvement with intended audiences, target groups and stakeholders;
- monitoring and evaluating the service change for its impact on different groups throughout the process and as the service change is carried out;
- ensuring that any pilot projects are evaluated and take account of issues described in the assessment, and that they are assessed to make sure they are having intended impact;
- ensuring that relevant colleagues are made aware of the assessment;
- disseminating information about the assessment to all relevant stakeholders who will be implementing the service change;
- strengthening the evidence base on equalities.

Please also consider:

- resource implications for in-house and external delivery of the service;
- arrangements for ensuring that external providers of the service are monitored for compliance with the Council's commitments to equality, diversity and social inclusion, and legal requirements including duties under the Equality Act 2010.

And finally, please also ensure that the action plan shows clear links to corporate actions the Council is taking to meet the general equality duty placed on us by the Equality Act 2010, to have due regard to the three equality aims in our decision making processes.

These are:

- Eliminating discrimination, harassment and victimisation
- Advancing equality of opportunity
- Fostering good relations

Note for 2014 refresh of our corporate equality impact assessment approach: Shropshire Council has referred to good practice elsewhere in refreshing the EINA material and replacing it with this ESIIA material. The Council is grateful in particular to Leicestershire County Council, for graciously allowing use to be made of their Equality and Human Rights Impact Assessments (EHRIAs) material and associated documentation.

For further information on the use of ESIIAs: please contact your head of service or contact Mrs Lois Dale, Principal Rural Policy Officer and internal policy support on equality, via telephone 01743 255667, or email lois.dale@shropshire.gov.uk.

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Appendix 2 –

Customer consultation feedback and resulting recommendations

We consulted with our customers between 12 September 2016 and 7 October 2016 during which a total of 276 replies were received. This represents 8.1% of the customers seen at these sites over the period of consultation. A further 35 people accessed the online survey but left no opinion.

Customers were provided with information explaining why changes to opening times were felt necessary and a set of frequently asked questions covering the main issues we expected this would raise. Paper consultation forms were provided at each affected Customer Service Point and opinion was also sought via the online portal with appropriate publicity articles including via social media. Town Councils were invited to participate as were welfare reform partner organisations such as Housing Associations and voluntary sector organisations.

Because face to face Customer Services staff frequently help those with more complex needs, staff were instructed to actively engage with all customers using the service during the consultation period. The information provided by the customer survey and FAQ's was used to inform of the proposals.

The results of the consultation is provided below on an office by office basis.

Bridgnorth Customer Service Point

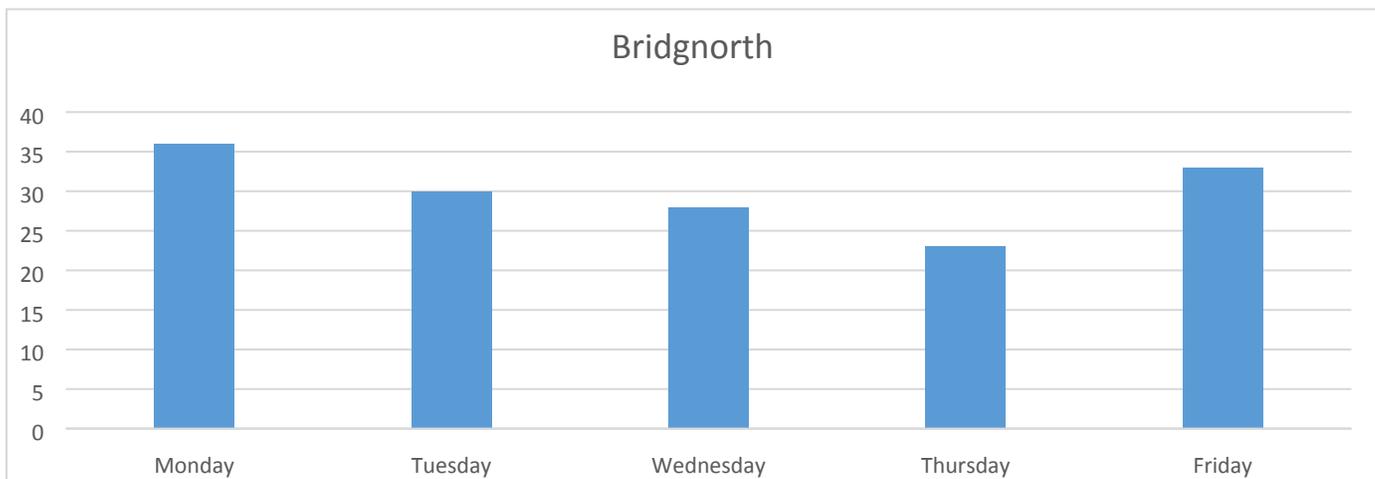
Customers primarily use Bridgnorth office for Benefits and money issues, handing in required documents, parking, revenues, ST&R Housing and reporting issues to services. Current concessionary travel renewals are expected to significantly reduce. Over the last 5 years footfall at Bridgnorth Customer Service Point has reduced as shown below

Month of August	2012	2013	2014	2015	2016
Customer numbers	1762	1301	818	571	785

This represents a 55% drop in customers using the office.

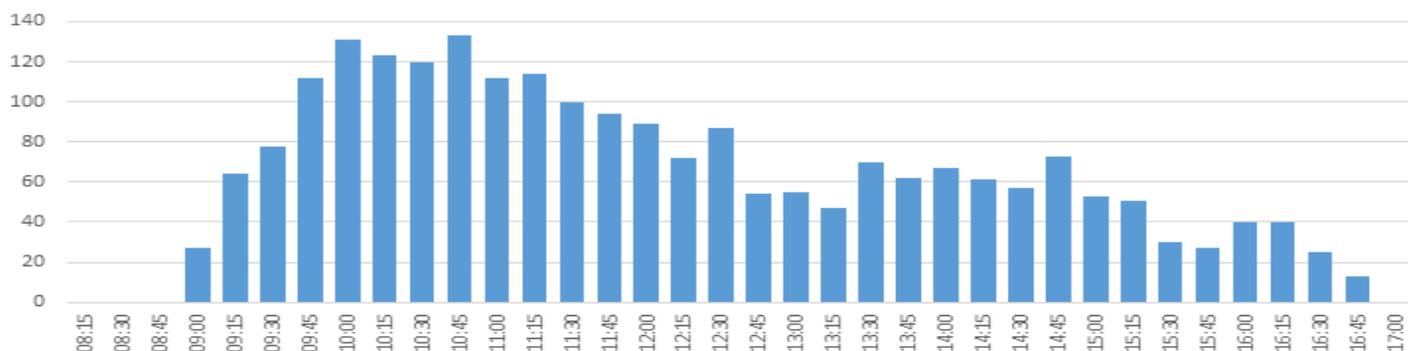
The busiest days of the week and the busiest times of each day are as shown below (both measures taken over the first 3 months of 2016).

Busiest days



Busiest times

Bridgnorth



The following opening hours were suggested in public consultation documents. **This suggestion takes account of the busiest periods, the attendance of other partner provider services and the need to provide access to crisis provision for customers in need.**

Day	Current hours	Proposed hours
Mon	9.00-5.00	10.00 – 4.00
Tues	9.00-5.00	10.00 – 4.00
Wed	9.00-5.00	10.00 – 4.00
Thurs	9.00-5.00	9.30 – 4.30
Fri	9.00-5.00	10.00 – 3.30
Sat	Closed	Closed
Sun	Closed	Closed
Total hours:	40	30

Note that there is a proposal for Bridgnorth library to close on Thursdays however this has not been implemented pending the outcome of this Customer Service consultation.

Public consultation replies:

There were 137 replies from customers regarding the proposals for revised opening out of 749 customers who used the customer service point during the consultation period, a response rate of 18%.

23 said that they agreed with the proposals whilst 114 said they did not agree.

A further 8 customers accessed the online survey but left no opinion.

Comments made by customers are mainly clustered around the following issues:

- Opening times need to accommodate those who are working and bringing in information or making payment to ST&R Housing.
- This is perceived as an erosion of local services.
- Helpful staff have specialist and wide knowledge and people fear losing this

Recommendation to Cabinet

Although the majority of customers did not engage in the consultation and made no comment, those who did reply were particularly concerned over being able to access services around work times, there is sufficient evidence therefore to keep one later opening day pending the development of an IT solution to address this need. The recommendation to Cabinet is therefore revised opening times as below. Thursday closure is not recommended due to partner commitments.

Day	Current hours	Proposed hours
Mon	9.00-5.00	09.30 – 5.00
Tues	9.00-5.00	10.00 – 4.00
Wed	9.00-5.00	10.00 – 4.00
Thurs	9.00-5.00	10.00 – 4.00
Fri	9.00-5.00	09.30 – 5.00
Sat	Closed	Closed
Sun	Closed	Closed
Total hours:	40	33

Ludlow Customer Service Point

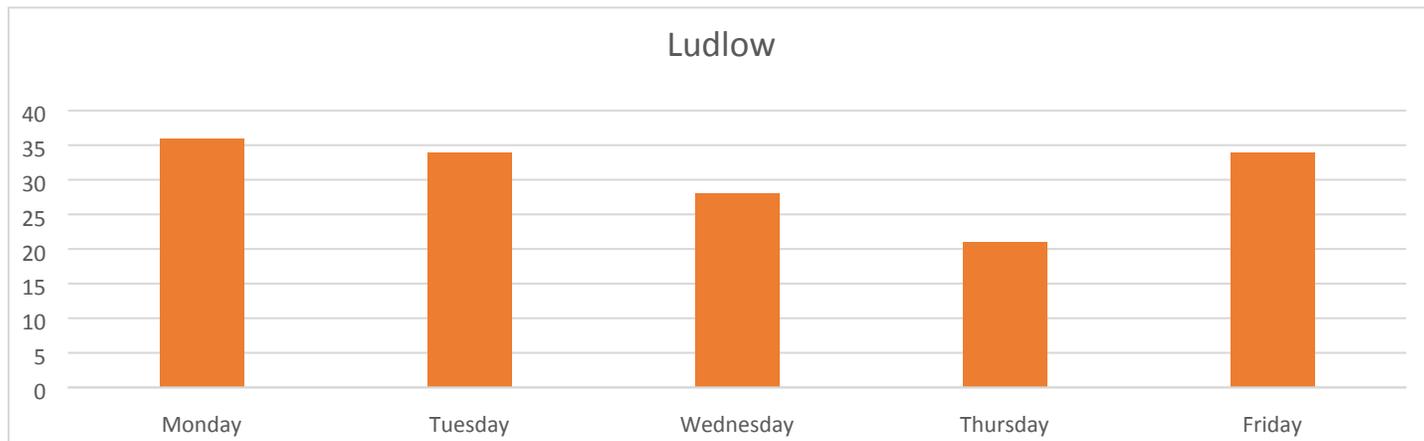
Customers primarily use Ludlow office for Benefits and money issues, handing in required documents, revenues, parking payments and reporting issues to services. Current concessionary travel renewals are expected to significantly reduce. Over the last 5 years footfall at Ludlow Customer Service Point has reduced as shown below

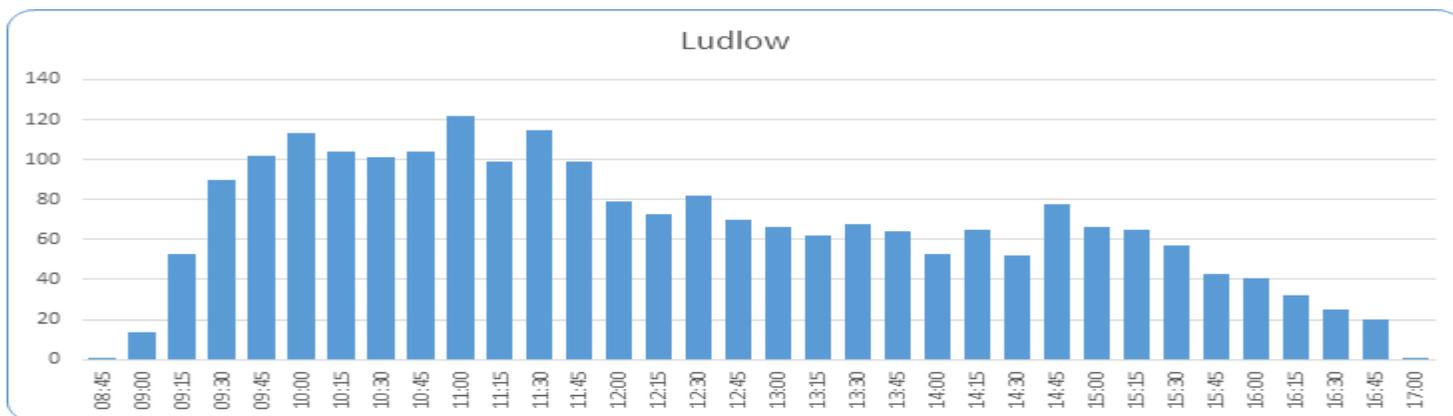
Month of August	2012	2013	2014	2015	2016
Customer Numbers	1603	1390	1413	630	766

This represents a 52% drop in customers using the office.

The busiest days of the week and the busiest times of each day are as shown below (both measures taken from the first 3 months of 2016).

Busiest days





The following opening hours were suggested in public consultation documents. **This suggestion takes account of the busiest periods, the attendance of other partner provider services and the need to provide access to crisis provision for customers in need.**

Day	Current hours	Proposed hours
Mon	9.00-5.00	10.00 – 4.00
Tues	9.00-5.00	10.00 – 4.00
Wed	9.00-5.00	10.00 – 4.00
Thurs	9.00-5.00	9.30 – 4.00
Fri	9.00-5.00	10.00 – 3.30
Sat	Closed	Closed
Sun	Closed	Closed
Total hours:	40	30

Public consultation replies:

There were 52 replies from customers (this includes Ludlow Town Council’s reply) regarding the proposals for revised opening out of 653 who would have used the service during the consultation period. A response rate of 8%.

15 said that they agreed with the proposals whilst 37 said they did not agree.

A further 10 people accessed the online survey but left no opinion.

Ludlow customers were forthright in their views and expressed concerns mainly clustered around the following issues:

- Perceived loss of service or lessening of service.
- The need to cater for those in work.
- The value they placed on the knowledge, skills and approachability of customer services staff.

Recommendation to Cabinet

The response rate from customers was low but emerging trends in the replies were around keeping a service for working people and maintaining services. By observing the library closing day on a Thursday which already has the lowest customer numbers, earlier and later opening times can be retained on the remaining days of the week. Thursday closure would have minimal impact on other services and delivery partners. It is likely that an IT solution will be developed which will cater for working customers.

The recommendation to Cabinet is therefore revised opening times as detailed below.

Day	Current hours	Proposed hours
Mon	9.00-5.00	09.30 – 5.00
Tues	9.00-5.00	09.30 – 5.00
Wed	9.00-5.00	09.30 – 5.00
Thurs	9.00-5.00	Closed
Fri	9.00-5.00	09.30 – 5.00
Sat	Closed	Closed
Sun	Closed	Closed
Total hours:	40	30

Oswestry Customer Service Point

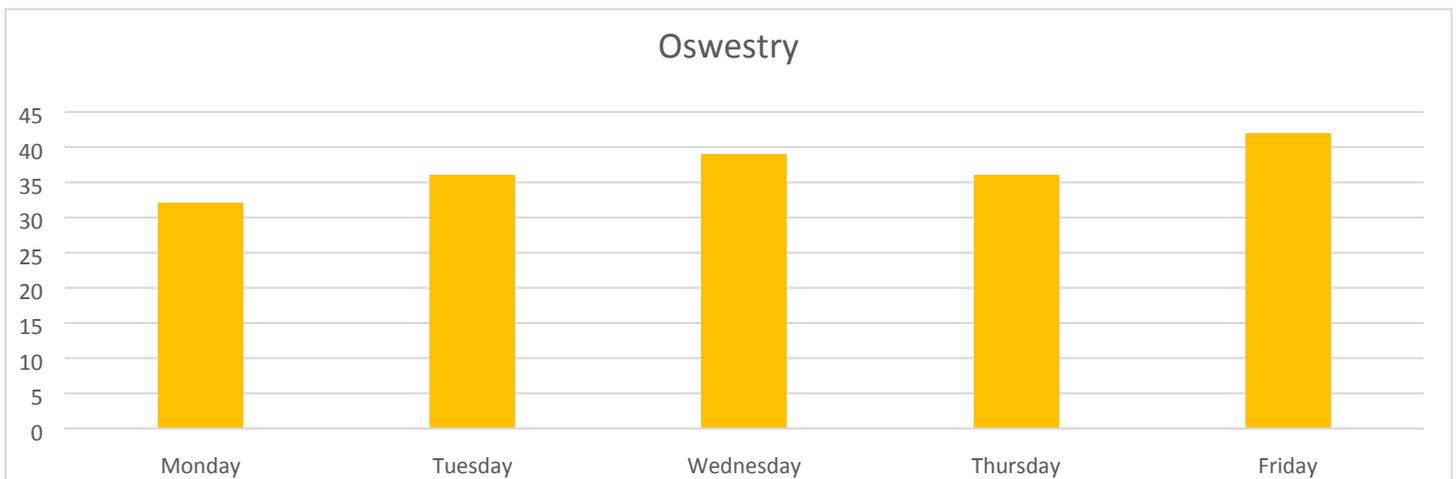
Customers primarily use Oswestry office for benefits and money issues, handing in required documents, revenues, ST&R housing, and reporting issues to services. Current concessionary travel renewals are expected to significantly reduce. Over the last 5 years footfall at Oswestry Customer Service Point has reduced as shown below

Month of August	2012	2013	2014	2015	2016
Customer numbers	2662	1314	1276	847	812

This represents a 70% drop in customers using the office.

The busiest days of the week and the busiest times of each day are as shown below (both measures taken from the first 3 months of 2016).

Busiest days



Busiest times



The following opening hours were suggested in public consultation documents. **This suggestion takes account of the busiest periods, the attendance of other partner provider services and the need to provide access to crisis provision for customers in need.**

Day	Current hours	Proposed hours
Mon	9.00-5.00	9.30 – 4.30
Tues	9.00-5.00	9.30 – 4.30
Wed	9.00-5.00	9.30 – 4.30
Thurs	9.00-5.00	9.30 – 4.30
Fri	9.00-5.00	9.30 – 4.30
Sat	Closed	Closed
Sun	Closed	Closed
Total hours:	40	35

Public consultation replies:

There were 15 replies from customers regarding the proposals for revised opening out of 684 customers who would have used the customer service point during the period of consultation, a response rate of 2.2%.

5 said that they agreed with the proposals whilst 10 said they did not agree.

A further 3 people accessed the online survey but left no opinion.

Customer comments were made around:

- a perceived erosion of services
- early opening times are better suited to older people
- one customer commented that new arrangements do not meet the needs of working people

Recommendation to Cabinet

Statistically this was a very low return from customers most of whom although approached by staff gave no opinion on the changes.

Given this very low return the recommendation to cabinet is to adopt the changes recommended in the consultation.

Market Drayton Customer Service Point

Customers primarily use Market Drayton office for benefits issues, handing in required documents and reporting issues to services. Current concessionary travel renewals are expected to significantly

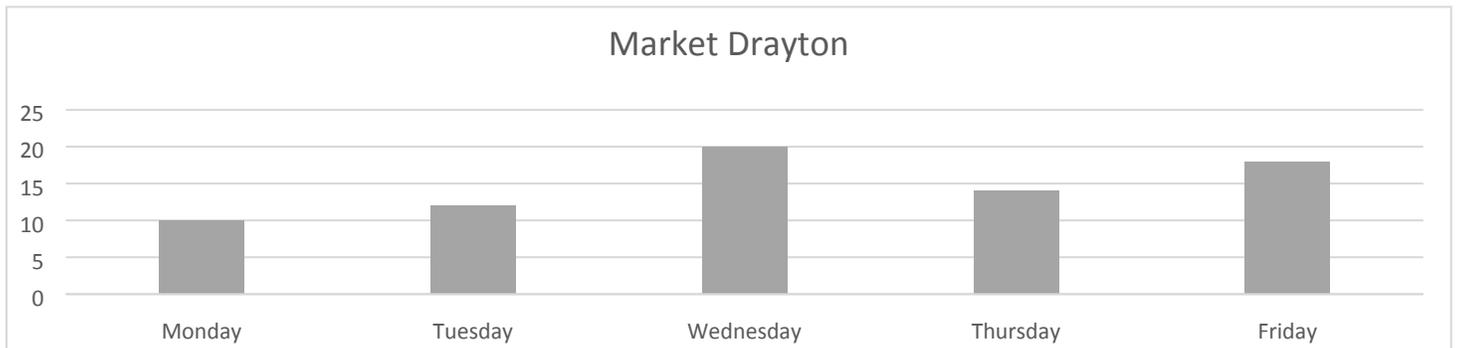
reduce. Over the last 5 years footfall at Market Drayton Customer Service Point has reduced as shown below

Month of August	2012	2013	2014	2015	2016
Customer numbers	1002	812	534	346	354

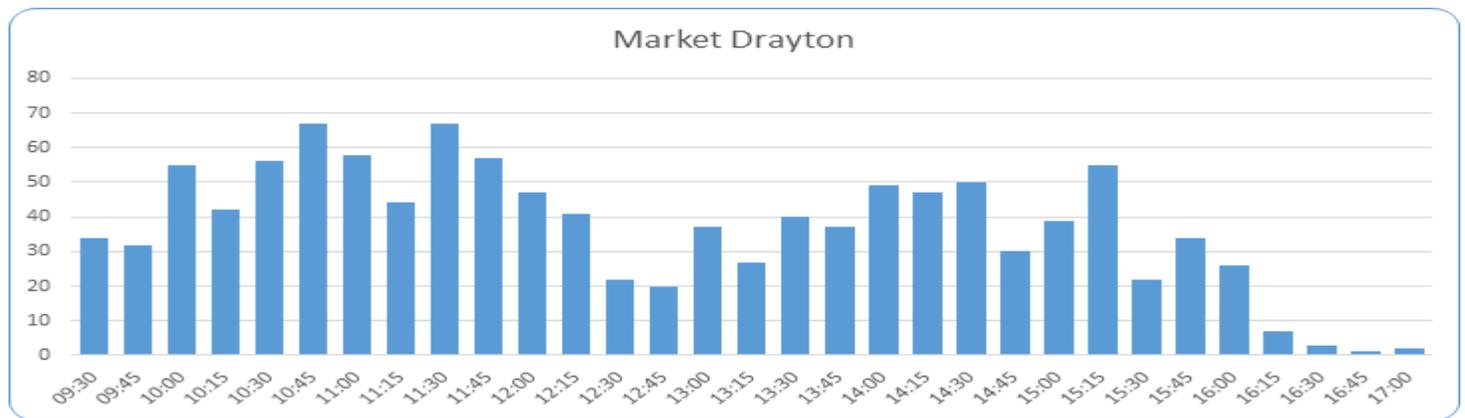
This represents a 65% drop in customers using the office.

The busiest days of the week and the busiest times of each day are as shown below (both measures taken from the first 3 months of 2016).

Busiest days



Busiest times



The following opening hours were suggested in public consultation documents. **This suggestion takes account of the busiest periods, the attendance of other partner provider services and the need to provide access to crisis provision for customers in need.**

Day	Current hours	Proposed hours
Mon	9.30-4.00	10.30 – 3.30
Tues	9.30-4.00	10.00 – 4.00

Wed	9.30-4.00	10.00 – 3.30
Thurs	9.30-4.00	10.30 – 3.30
Fri	9.30-4.00	10.30 – 3.00
Sat	Closed	Closed
Sun	Closed	Closed
Total hours:	32.5	26.00

Public consultation replies:

There were 26 replies from customers regarding the proposals for revised opening out of 369 who used the customer service point during the period of consultation, a response rate of 7%.

6 said that they agreed with the proposals whilst 20 said they did not agree.

A further person accessed the online survey but left no opinion.

Customer comments were made around:

- a need for consistent hours for simplicity
- opening hours need to suit those in work
- perceived loss of a valued service that worked above other methods

Recommendation to Cabinet

There are issues around lone working and staff safety in the current office location which might be addressed as the future for delivery of local services develops.

The comments over consistency of hours make a valid point and the recommendation to Cabinet therefore is that the hours recommended in the consultation are amended to those shown below.

Day	Current hours	Proposed hours
Mon	9.30-4.00	10.00 – 3.00
Tues	9.30-4.00	10.00 – 3.00
Wed	9.30-4.00	10.00 – 4.00
Thurs	9.30-4.00	10.00 – 4.00
Fri	9.30-4.00	10.00 – 4.00
Sat	Closed	Closed
Sun	Closed	Closed
Total hours:	32.5	28.00

Shrewsbury Customer Service Point

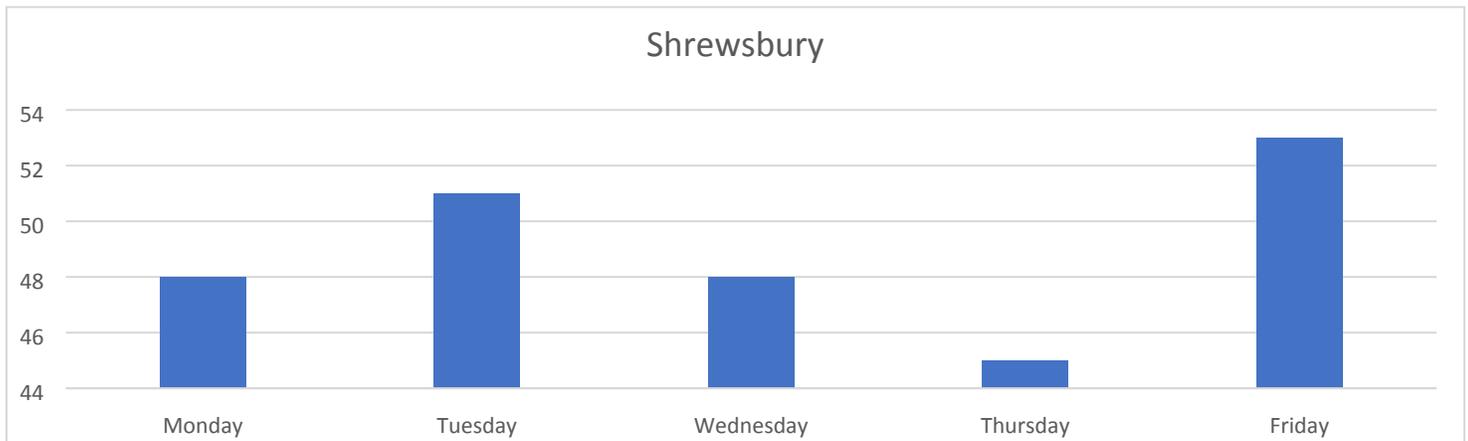
Customers primarily use Shrewsbury office for benefits and money issues, handing in required documents, revenues and reporting issues to services. Current concessionary travel renewals are expected to significantly reduce. Over the last 5 years footfall at Shrewsbury Customer Service Point has reduced as shown below

Month of August	2012	2013	2014	2015	2016
Customer numbers	2365	1029	1101	675	932

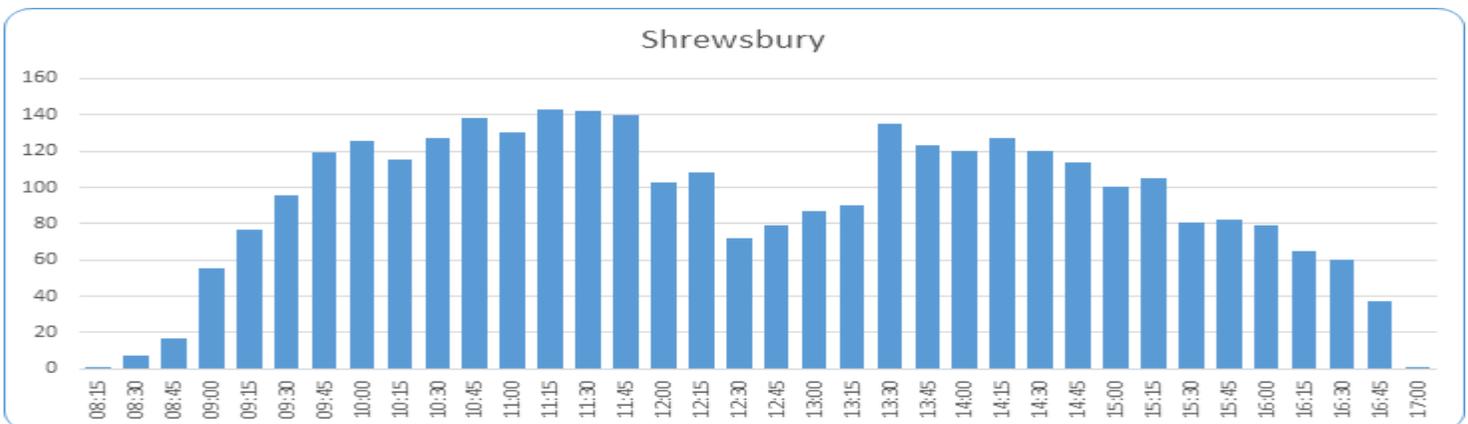
This represents a 61% drop in customers using the office.

The busiest days of the week and the busiest times of each day are as shown below (both measures taken from the first 3 months of 2016).

Busiest days



Busiest times



The following opening hours were suggested in public consultation documents. **This suggestion takes account of the busiest periods, the attendance of other partner provider services and the need to provide access to crisis provision for customers in need.**

Day	Current hours	Proposed hours
Mon	8.30-5.00	9.00 - 5.00
Tues	8.30-5.00	9.00 – 4.00
Wed	8.30-5.00	9.00 – 4.00
Thurs	8.30-5.00	9.00 – 4.00
Fri	8.30-5.00	9.00 – 5.00
Sat	Closed	Closed
Sun	Closed	Closed
Total hours:	42.5	37

Public consultation replies:

There were 33 replies from customers regarding the proposals for revised opening times out of 1040 who would have used the customer service point during the period of consultation, a response rate of 3%.

9 said that they agreed with the proposals whilst 24 said they did not agree.

A further 7 people accessed the online survey but left no opinion.

Customer comments were made around:

- the need for a service that fitted with working or university hours
- the value placed on the knowledge and helpfulness of the staff
- perceived loss or lessening of service that worked above other contact methods

Recommendation to Cabinet

Although again the response rate was low the office is used by many customers bringing in requested information to fit around their work hours however the two longer days already incorporated within the proposal should make this possible. The reduction in hours is minimal given the reduction in customer numbers and at the same time will allow maximum efficiency in the use of our staff resource.

The recommendation to Cabinet is that the hours proposed in the consultation are implemented.

Whitchurch Customer Service Point

At the time of consultation Whitchurch Customer Service point was in a different position to other offices with an agreement in principle for Whitchurch Town Council to provide front of house services supported by input from Customer Service staff on two agreed days of the week, Thursdays and Fridays, a change from the normal 5 days per week.

Shropshire Council staff have been working towards this new arrangement but the service has not yet transferred and is part of ongoing discussions with Whitchurch Town Council.

The opportunity was taken to consult with the public on the changes to the service even though opening hours would remain the same.

Customers primarily use Whitchurch Civic Centre for visitor information (handled by Whitchurch Town Council staff) handing in paperwork and reporting issues to services. Current concessionary travel renewals are expected to significantly reduce. Over the last 5 years footfall at Whitchurch Customer Service Point has reduced as shown below

Month of August	2012	2013	2014	2015	2016
Customer numbers	359	346	353	279	176

This represents a 51% drop in customers using the service.

The following opening hours were suggested in public consultation documents. **This suggestion takes account of the busiest periods, the attendance of other partner provider services and the need to provide access to crisis provision for customers in need.**

Day	Current hours	Proposed hours
Mon	10.00-4.00	Same but provided by Whitchurch Town
Tues	10.00-4.00	Same but provided by Whitchurch Town Council
Wed	10.00-4.00	Same but provided by Whitchurch Town Council
Thurs	10.00-4.00	10.00 – 4.00
Fri	10.00-4.00	10.00 – 4.00
Sat	10.00-1.00* *Service provided by Whitchurch Town council	Same – run by Whitchurch Town Council
Sun	Closed	Closed
Total hours:	33	33

Public consultation replies:

There were 13 responses from customers regarding proposals for the change in the service out of 230 that would have used the customer service point during the period, a return of 5.6%.

All respondents disagreed with the proposal.

A further 6 people accessed the online survey but left no opinion.

Customer comments were made around:

- perceived loss or lessening of service that worked above other contact methods
- the value placed on the knowledge and helpfulness of the staff

Recommendation to Cabinet

The response rate was again very low with the majority of customers approached opting to make no comment on the proposal.

Customer numbers at this site are low by comparison and there is agreement in principle from Whitchurch Town Council Elected Members to jointly manage the service with further agreement on the busiest days for which Shropshire Council staff will support the Town Council staff.

The recommendation to Cabinet therefore is to agree the proposal for Whitchurch Customer Service Point as above.

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