



Date: Wednesday, 10 January 2024

Time: 10.00 am

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

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TRANSFORMATION AND IMPROVEMENT OVERVIEW AND SCRUTINY COMMITTEE

TO FOLLOW REPORT (S)

6 Alternative Budget Proposals 2024/25 (Pages 1 - 10)

To consider alternative budget proposals for 2024/25.

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Committee and Date

Transformation &
Improvement Scrutiny
10th January 2024

Item

Public



Alternative Budget Proposals 2024/25

Responsible Officer:	James Walton		
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Cabinet Member (Portfolio Holder):	Cllr Gwilym Butler, Finance, Corporate Resources and Communities		

1. Synopsis

A revised approach to alternative budgets was agreed in September 2022 by Full Council. This report sets out the alternative budget proposals of the opposition groups of the council further to their manifesto and policy priorities and in line with that report.

2. Executive Summary

- 2.1. Attached to this report are 4 appendices, setting out alternative budget proposals prepared by three opposition groups within the Council. These proposals are to be considered for possible inclusion within the Cabinet's budget proposals for 2024/25.
- 2.2. Alternative budget proposals must be reviewed by finance officers and relevant officers from service departments to advise on the likely impact and feasibility of the proposals brought forward (in the same way as they would advise Portfolio Holders on their budget proposals to be discussed by Cabinet).
- 2.3. Should any of the attached proposals, wholly or partially, become part of the Cabinet's budget proposals recommended to Council, they will effectively become part of the Cabinet's own budget proposals and will then be considered and adopted, or not, alongside the other proposals brought to Council, including the council tax proposals. (They will not be considered as separate elements of the Cabinet's budget).

3. Recommendations

- 3.1. That Transformation and Improvement Scrutiny Committee
 - a. Discuss the proposals presented
 - b. Reports the overall discussion and proposals to Cabinet to be considered for possible inclusion in the budget to be presented by the Leader to Council in February.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. This will be prepared for separate proposals should they be included in the budget proposals taken forward.

5. Financial Implications

- 5.1. The subject of the report.

6. Climate Change Appraisal

- 6.1. Some proposals included within this report may have climate change implications, although a full assessment has not been completed at this stage. Decisions with potential budgetary impact will require more detailed review as part of separate decisions, either within the Cabinet's Budget Report or as part of separate policy decisions.

7. Background

- 7.1. This is the second year in which the Council has used its revised approach to alternative budgets, as agreed by Full Council in September 2022.

8. Additional Information

- 8.1. Four opposition groups were invited to submit alternative budgets. One group (the Independent group) declined to submit a proposal. The remaining groups all submitted proposals.
- 8.2. A framework was agreed by Council to enable proposals to be reviewed by the Finance Team to ensure that the principles of good budget planning are being observed, and relevant comment can be added around risks and benefits. Officers within relevant service areas also, where possible, provide comment to clarify where proposals are consistent with or different to existing operating approaches, and how cost behaviours may change as a result.

- 8.3. The three proposals are appended to the report and consider (as was required) the MTFS position, as set out in the October 2023 Cabinet report.
- 8.4. Some proposals include significant use of reserves rather than a sustainable proposal. This entails a degree of risk, as it assumes their availability and reduces the ability of the organisation to respond to emerging challenges not fully covered elsewhere in the budget.
- 8.5. There are also some external dependencies mentioned, including impacts on our supply chain and support from government. These include a degree of risk, as some changes are, self-evidently, more difficult to secure from external partners.
- 8.6. There are common themes across all local council budgets, due to the nature of the services provided for residents. These may vary by type of council, and different political parties will take different approaches to delivering those services. As such, alternative budget proposals can be considered in terms of which political group has made the proposals, or they can be considered thematically in terms of key service areas. Service areas commonly included in alternative budgets include:
 - Social care (adults and children)
 - Highways and infrastructure (e.g. property)
 - Climate change and environmental matters
 - Waste management
 - Culture, leisure and tourism
 - Corporate or other matters (e.g. use of reserves, transformation programmes or efficiency improvements etc).

9. Conclusions

- 9.1. The alternative budget process has been engaged with by all opposition groups, and the results are attached. The results reflect different political and policy priorities and may include elements that the Cabinet would wish to include in the budget proposals to be presented in February.

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

[Appendix 1 - Dec Medium Term Financial Strategy 2024-25 - 2028-29 v1.pdf \(shropshire.gov.uk\)](#)

Local Member: N/A

Appendices

Appendix 1a – Labour group alternative budget proposals - reviewed by officers.

Appendix 1 b - Labour group alternative budget proposals – proposals submitted without officer review

Appendix 2 – Liberal Democrat group alternative budget proposals

Appendix 3 – Green Party group alternative budget proposals

OFFICERS REVIEWED									
Financial year:		2024/25							
Political Group:		Labour Party							
Ref No.	a) Brief Description of the Proposal	b) Estimated Cost/(Benefit)		c) One off for 24/25 or	d) Estimated benefits	e) How will this proposal be funded?		f) Service advice on the proposal	g) Risks/implications associated with proposal
		Revenue (£)	Capital (£)			Detail	Amount (£)		
1	October MTFs start point Insource Kier contract	23,600,000 250,000*	1,000,000	ongoing	<p>Closer accountability for quality and value for money of service delivery.</p> <p>*Uncertainty over figures provided for total Kier contract costs and staffing levels - we have queried this.</p>	Savings elsewhere. Estimated cost is based on 5 staff plus plant. Plant costs funded via capital receipts.	-1,000,000	<p>Councils have often alternated between in-house and outsourced delivery models, seeking the best solution. This has been replaced in Shropshire by a blended solution.</p> <p>This 'mixed economy model' is delivering material financial and non-financial benefits and offers local delivery and core services in control of the authority, but has a larger partner to deliver at the other end of the spectrum provides the blend needed to provide a value for money service. Seeking an overall 'in-sourced' solution is confidently expected to lead to greater costs overall.</p>	<p>A hybrid or blended solution, mixing in-house and outsourced services, provides an effective mix of agile, responsive approaches to tackle simpler repairs and more substantial capacity to tackle more complex repairs. Comprehensive in-sourcing would require that the Council secured supply chains for aggregates, specialist staff, and heavy plant required to effect those repairs.</p> <p>Significant risk around change to supply chain and recruitment of qualified staff.</p>
2	Insource WSP contract	350,000*	NA	ongoing	<p>Closer accountability for quality and value for money of service delivery.</p> <p>*Uncertainty over figures provided for total WSP contract costs and staffing levels - we have queried this.</p>	Savings elsewhere. Estimated cost is based on 7 staff*.		<p>The current financial environment for local government means that maintaining specialist staff is not cost-effective. The skills, knowledge and capacity to submit highly technical bids to government with tight timescales are no longer efficient to be retained directly by the council.</p> <p>Instead, we retain technical expertise within a multi-disciplinary consultancy and call on this as we need it (rather than holding it ready at all times). The Local council pay scale would be a significant barrier to bring these services in-house, in part due to differential pensions provision and varying pay and reward approaches.</p>	<p>Likely to lead to increased costs, as well as less efficient overall use of resources.</p> <p>Significant risk around recruitment of staff/TUPE from WSP.</p>
3	Insource traffic management contract	250,000*	250,000	ongoing	<p>Closer accountability for quality and value for money of service delivery.</p> <p>*Uncertainty over figures provided for traffic management contract costs and staffing levels - we have queried this.</p>	Savings elsewhere. Estimated cost is based on 5 staff plus plant. Plant costs funded via capital receipts.	-250,000	<p>The traffic management arrangements sit within the Kier contract. This gives the council access to competitive rates (confirmed via benchmarking), which have traffic management built into them, as this forms part of the overall programme of work. It also requires significant operational resources, certainty and consistency that large traffic managements companies are able to provide.</p> <p>However the 'mixed economy model' with Shropshire Council self-delivering is also generating some local need for traffic management arrangements. This has seen us use more local providers engaged on local work, which is good fit for their business offer and is helping contribute to the local economy.</p>	<p>Likely to lead to increased costs, as well as less efficient overall use of resources.</p> <p>However, local supply chain is already in place, which would mitigate that risk.</p>
7	Create more adults' care homes	0	NA	ongoing	We seek to invest capital funds to take control of quality and cost of care provision, as this is the greatest cost to the Council. Known staffing cost for a 3 bed children's home is £750k. Assumed staffing cost of £1m is for a 4 bedded adult home. Nil cost pressure assumes that costs are redirected from commercial to in-house provision.			<p>The direction of travel is to reduce the need for care home placements and support more people at home. However this could be considered if we felt appropriate, again it is unlikely to reduce budget pressures it would just give more control of placements. We have a role in managing the market, new homes are being built and we are working with them to ensure they meet needs in a cost efficient way.</p>	

8	Create more children's care homes	-500,000	250,000	ongoing	Known staffing cost for a 3 bed children's home is £750k. Savings arise from enabling children to exit commercial residential placements, and then step out to family based care or foster care. Assumed benefit is that a 3 bed facility can support 4 children to leave care in a year. Capital funding from capital receipts.		-250,000	Investment is focussed on early help and support with the longer term expectation for a stabilisation/reduction in the demand. The council has already invested in inhouse provision, opening 3 new homes in the past 3 years. We have another 3 bed home in progress target date of opening beginning March 2024. Further analysis of need is in progress and further expansion plans are being considered, whilst being mindful of the challenge in recruiting staff into residential care for children and that this is the critical factor in delivering good and outstanding residential child care.	
9	Create insulation retrofitting capacity within the council or CDL				We seek to invest to save in our Council estate properties, and to provide this as a tradeable service to partners, thus generating income. Anticipation of nil direct benefit as benefits are already being secured elsewhere, although expanding internal capacity is being explored.			<p>The Council recently appointed a local electrical company to run the night storage heater upgrade programme (contract worth £770k), so that this investment is already retained in the community. A heat pump programme, worth £4m, has been given to Communitas Energy, a (local) CIC.</p> <p>There are also works with MEA running the Future Ready Homes Programme on local supply chain capacity. Consideration of creating a service internally to deliver this work will be explored in future to extend the benefits of local investment further.</p>	
10	Cancel NWRR and redirect related funding	20,000,000			Reduce ongoing contributions by SC to NWRR.			<p>Cancelling NWRR would result in an estimated £20m write off cost. As the government funding (both current assumed and future indicative) is tied to the specific project, to cancel the project would lose the value of the grant, so it could not be redirected.</p> <p>The NWRR project has already been a significant investment for the Council and has been a priority for many years. There are significant economic benefits that will result from the delivery of the NWRR, which has been recognised by the Government through its recent announcement to fully fund the road. Not implementing the project will not automatically guarantee re-directing of the funds to Shropshire (so they may be redirected outside Shropshire). Economic growth and investment in the area has resulted from the expectation that accessibility around Shrewsbury will be improved. The NWRR will also improve movement around the town centre and reduce air pollution (e.g. from standing traffic).</p>	Reputational damage and impact on future bids for transport infrastructure funding from government.

11	Cancel NWRR and apply to government for debt w/o	-20,000,000			Secure agreement from govt (as other councils have done) to write off debt as capital, not revenue. To be met from capital receipts.			If the NWRR is cancelled we are able to apply to government for the write-off of the costs incurred. However, it is likely that government would refuse that on the basis that we took a decision locally which went against the previous discussions with them which assumed continuation of the project.	Risk that government would refuse the write off funding, on the basis that it was a local decision to cancel a scheme they had already offered to fully fund.
12	Short term funding while demand-led pressures are addressed (18 months)	-8,577,200			As with the current administration, a series of ring fenced reserves will be explored for release into the general fund balance, as well as the long term impact of policy changes, to bring about increased savings.			Carried forward reserves into 2024/25 are estimated to be £10m (general fund balance) to be supplemented by £20m contribution to general fund balance (a repeat of the budget position from 2023/24, which is reversed in subsequent years). This would leave available funds of £30m.	A level of general fund reserves which is below the targeted level of £20m, leaving the council in a financially precarious position. Future risks to be addressed through the general fund balance include Ofsted reviews, CWQC reviews, a new SEND regulatory regime, and the possibility of ongoing inflationary pressures.
Overall Financial Impact of Proposals		15,372,800	1,500,000					-1,500,000	
								15,372,800	PROPOSALS NOT FULLY FUNDED

Appendix 1b– Labour Party - proposals submitted without officer review

PROPOSALS SUBMITTED WITHOUT OFFICER REVIEW - Given the timescales involved, Officers have been unable to verify the information contained in these proposals.

Financial year: 2024/25
 Political Group: Labour Party

Ref No.	a) Brief Description of the Proposal	b) Estimated Cost/(Benefit)		c) One off for 24/25 or Ongoing Base Budget	d) Estimated benefits	e) How will this proposal be funded?		f) Service advice on the proposal	g) Risks/implications associated with proposal
		Revenue (£)	Capital (£)			Detail	Amount (£)		
4	Insource care workers	89,001,000	NA	ongoing	Currently Shropshire Council spends £99M per year on care packages for adults with disabilities and elderly fragile residents in need of support. This is paid indirectly, via agencies who then employ care workers on the minimum wage. By creating an internal care worker team, staff can work more locally, provide consistent quality of care, and the Council can avoid paying agency fees on top of wages. There are obviously on-costs and overheads for SC (usually 27%) but these are considerably lower than the agency uplift and overheads currently being charged. It is anticipated that for each hour of care work there would be a saving of £2.22 Current agency rates £20 ph, current care workers receive £11.44. Under our proposals care workers would receive £14 ph + 27% oncosts (=£17.78) This is a reduction of 11.1% whilst improving care	Reduction in cost of care packages for adults with learning disabilities and elderly fragile residents.	-99,000,000	Officer advice: "Assumed costs based on 7,000 staff with a LA cost premium of 15% based on 12.5% net cost pressure and 2.5% support costs, approx. £26m. Insourcing care workers is usually more expensive due to LA terms and conditions. However we have invested in our inhouse reablement service START which to reable people to reduce the need for care and improve independence. This is a key investment for the council. The market has in the region of 7,000 workers, to support or inhouse would not reduce budgets as the core functions such as HR, IT etc would also have to increase to support the increase in numbers. In order to support a sustainable market they need to have permanent staffing within their organisations in order to ensure good quality, continuity and sustainability, insourcing is unlikely to resolve this."	Wider workforce plan across council. Staffing numbers to remain in place for safe practice & statutory care act duties.
5	Promote attendance allowance and carers allowance to all those in receipt of SC care packages	76,200			Employ 2 x additional FTE staff to focus on applications for AA and CA benefits for every adult in receipt of care (where applicable) to enable families to provide better quality, localised care support rather than agency staff, and to enable more families to contribute financially towards their care package. It is envisaged that if 5% of care recipients newly qualify for the benefit and contribute towards their care costs (or provide care themselves as paid carers) this could save SC 5% of its Social care package costs	5% saving on social care community packages	-5,000,000		
6	Introduce "market forces" uplift to increase Social Worker salaries to match neighbouring authorities (+£4K per post), improve T&Cs and offer a golden handshake of £5K per post (with 12 month handcuffs) for Social Workers; reduce reliance on agency staff: net saving £15k per post	-450,000	NA	ongoing	Ensure retention of existing social workers and help recruitment into vacancies in order to reduce reliance on agency staffing. Benefits to quality of service delivery (safety for most vulnerable residents) and staff morale/motivation/retention to invest in our workforce when under pressure	The reduced cost of agency fees will provide more than the cost required to fund the salary uplift, plus significant savings		There is currently a Workforce Recruitment and Retention of Social Workers project in train that is looking at the pay and benefits offer for social workers across social care.	
Overall Financial Impact of Proposals		88,627,200	0				-104,000,000		
								-15,372,800	NET SAVING PROPOSED

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Appendix 2 – Liberal Democrat party

Financial year: 2024/25
 Political Group: Liberal Democrats Cllr Roger Evans

Ref No.	a) Brief Description of the Proposal	b) Estimated Cost/(Benefit)		c) One off for 24/25 or Ongoing Base Budget	d) Estimated benefits	e) How will this proposal be funded?		f) Service advice on the proposal	g) Risks/implications associated with proposal
		Revenue (£)	Capital (£)			Detail	Amount (£)		
1	October MTFS start point Increase external grant contributions to the Riverside Pride Hill development to reduce the Council's contribution (assumed reduce external borrowing, so potential revenue benefit of £1m but that is only realised the year after the development is completed).	23,600,000	0		Estimated benefits from additional grants being secured would related to later years of the MTFS.			Securing additional grant funding at this level is challenging - usual routes such as s106 and CIL are already being included, so further grant would need to be from elsewhere. We continually seek any grant opportunities available and if we can offset more of the costs to the Council, we will do so. Obviously some of the grant funding has to be matched by the Council, i.e. the LEP grant for Pride Hill. Without the match funding, we would not be eligible for the grant at all.	Risk of unavailability of funding.
2	Discontinue the proposed Civic Hub development, and reprovide office accommodation within a reduced and refurbished Shirehall.	1,000,000	2,000,000	Ongoing Base Budget	Costs are likely to be incurred relating to additional revenue works necessary and capital works in addition. Sale of the civic hub site would be used to cover the cost of refurbishing Shirehall.		-2,000,000	The Council's MTFS assumes revenue savings from vacating the Shirehall by 31 st May 2026 of £0.663m for the financial year 2026-27 and £0.795m for the financial year 2027-28. These savings will only be realised when the building is vacated and decommissioned. The capital receipt from the disposal of the site is included in the capital receipts projections for the capital programme in 2026/27. The age, configuration and condition of the building, whilst maintained within the revenue budgets available, mean that it is both cost and carbon inefficient. Investment costs to rectify this, dependent on the scale and footprint of the building retained for use, range between £25m to £30m. These costs are estimated to be higher than the value of the asset with planning permission for alternative use and all risks and constraints dealt with.	Risk of loss of a potential benefit arising from domestic property development and associated council tax receipts.
3	Offering residents loans to insulate their homes	500,000			Benefit to energy/heating costs incurred by residents being reduced as a result of investment in insulation. Cost to the council funded via capital receipts/revenue savings.		-500,000	Local Authorities have the power to offer loan finance under the Regulatory Reform Order 2005. Councils have historically issued grants for property improvements, but Shropshire Council does not currently have the capital or revenue funds available to set up and operate such a scheme. However, the Council is continuing to research potential models for this approach.	Ability to sustain loan provision. Also, requirement to act as a local authority (not a bank) so a limit to the level and extent of loans possible.
4	Put skips on housing estates	NA			Proposal is already in place. Associated costs are part of the HRA, so do not generate a cost or benefit to the general fund.			STAR Housing regularly provides 'Skip Events', which are popular with residents, giving them the opportunity to clear their properties of unwanted goods. However, leaving skips permanently on estates risks providing a focus for dumping of rubbish from non-residents offsite, at the Council's expense, so is not recommended.	Nil
5	Install solar panels on council buildings	100,000			Assumed net cost arising from cost of relocation, any new sites, and income arising from energy generated (or reduced energy bills received).			Officers contribute to review a range of opportunities for the generation and storage of renewable energy from building-mounted solar panels with bids submitted to Government for capital grants. These usually require match funding in the region of 30-35%. The existing roof mounted solar panels at the Shirehall can be relocated to another site. Therefore, the existing FiT payments will be retained and any renewable energy generation incorporated within the new multi agency hub and at other locations will increase the Council's overall renewable generation.	
6	Assumed use of reserves	-24,700,000							
Overall Financial Impact of Proposals		500,000	2,000,000				-2,500,000		

 PROPOSALS FULLY FUNDED

Financial year: 2024/25
 Political Group: Green Party Cllr Julian Dean

Ref No.	a) Brief Description of the Proposal	b) Estimated Cost/(Benefit)		c) One off for 24/25 or Ongoing Base Budget	d) Estimated benefits	e) How will this proposal be funded?		f) Service advice on the proposal	g) Risks/implications associated with proposal
		Revenue (£)	Capital (£)			Detail	Amount (£)		
	October MTFS start point	23,600,000							
1	Securing a Carbon-Neutral supply chain Promoting local suppliers to contribute to the councils Carbon-Neutral supply chain Proposal assumes that *new* contracts are replaced or amended to capture carbon-neutral alternatives (not that all current contracts are broken and re-let).	-23,600,000	NA	ongoing	Current 3rd party spend is estimated as £374m (per the March 2023 budget book). Other goods and services purchased amount to £100m - a total of c £475m sourced through the supply chain. Current sector experience indicates that the potential level of saving is c 10%, which would indicate potential benefit of £47.5m overall. Assuming a gap of £23.6m in 24/25, this indicates a 5% reduction. It is expected that reducing the carbon footprint of the Council's supply chain would take time it costly contract breakage penalties are to be avoided, so this would be a multi-year project. This allows for adjustment for, e.g. long-term (PFI) contracts, less amenable to mid-contract changes. Non-financial benefits would include a more sustainable supply chain, consistency with low-carbon approaches, and early adoption of a likely future direction of travel. The approach would be to reduce usage of higher carbon products and supplies, either stopping, reducing, or substituting lower carbon options. The focus would be on the top 10 suppliers (Kier, WSP, Balfour Beatty, arriva, STARH, Pave Aways, Bidford, Read, Matrix, and Integrated Care Solutions). These suppliers account for 36% of the Council's carbon footprint.	Funding will be through use of existing procurement arrangements.	NA	The Council will need to take care not to incur contract breakage penalties. Securing training to ensure that those involved in procurement understand the carbon impact of the supply chain will be essential. Securing training to ensure that those involved in procurement understand how to maximise carbon neutral 'community wealth building' opportunities through procurement	That the reduction of carbon emissions in the supply chain cannot be secured to the value required in the time available.
Overall Financial Impact of Proposals		0	0				0		

0 PROPOSALS FULLY FUNDED