

Date: Wednesday, 10 December 2014

Time: 12.30 pm

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

Contact: Penny Chamberlain, Principal Committee Officer
Tel: 01743 252729
Email: penny.chamberlain@shropshire.gov.uk

CABINET

TO FOLLOW REPORTS 6, 11, 12 & 19

6 Reports of Scrutiny Committee (Pages 1 - 40)
Performance Management Scrutiny Committee: Public Services Network (PSN)
Task and Finish Group

Report of the Head of Customer Involvement is attached marked 6.

Contact – Nigel Bishop – 01743 258677

**11 Setting the Council Tax Taxbase for 2015/2016
(Pages 41 - 58)**

Lead Member – Mr Mike Owen, Portfolio Holder for Resources, Finance and Support.

Report of the Head of Finance, Resources and Governance (Section 151 Officer) is attached marked 11.

Contact – James Walton – 01743 255011

**12 Quarter 2 Performance Report 2014/2015 (Pages
59 - 68)**

Lead Member – Mr Tim Barker, Portfolio Holder for Performance.

Report of the Performance Manager is attached marked 12.

Contact – Tom Dodds – 01743 253068

19 Connecting Shropshire - Phase 2 Procurement (Pages 69 - 78)

Lead Member – Mr Steve Charmley, Portfolio Holder for Business, ip&e and Commissioning (North).

Report of the Head of Business Growth and Prosperity is attached marked 19.

Note: Subsequent to the dispatch of the agenda it has been determined that this report can be considered in the open part of the meeting.

Contact – Andy Evans – 01743 252503

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Report of the Public Services Network [PSN] Task and Finish Group

Responsible Officer Nigel Bishop – Head of Customer Involvement
e-mail: Nigel.bishop@shropshire.gov.uk Tel: 01473 258677

1. Summary

- 1.1 This paper presents the final report of the Public Services Network [PSN] Task and Finish Group to Cabinet following the endorsement of its recommendations by the Performance Management Scrutiny Committee at its meeting on 05 November 2014.

The work of the Group has focused on understanding Shropshire Council's approach to meeting the Cabinet Office's PSN framework requirements. The work also included looking at how the Council is addressing PSN and any impact and/or implications that this is likely to have on ICT policy now, and in the future, including any benefits associated with PSN connectivity.

- 1.2 The Task and Finish Group has developed its conclusions and recommendations based on the evidence gathered through its work.

2. Recommendations

- 2.1 Cabinet is requested to agree the recommendations of the Public Services Network [PSN] Task and Finish Group report.

REPORT

- 3.1 The Report of the Public Services Network [PSN] Task and Finish Group is attached as Appendix A.

4. Risk Assessment and Opportunities Appraisal

- 4.1 The report recognises the Council's need to maintain PSN compliance is appropriately recognised and is considered for inclusion on the Corporate Risk Register, within the Customer Involvement Strategy and as part of the Council's Commissioning Strategy.

4.2 There are no other identified issues relating to Risk Management, Human Rights or community associated with this report.

5. Financial Implications

5.1 There are a number of areas of review within the Council’s IT infrastructure of which, PSN compliance forms one part. All of these areas are currently being reviewed and considered as a whole, to ensure that any financial implications are dealt with strategically in a considered manner. Consequently, the Task and Finish Group did not focus on specific future financial expenditure, but recognised the need to ensure that sufficient resources are set aside - including within contingencies - to ensure that PSN compliance is maintained and that sufficient budgetary controls are put in place to provide a coordinated approach to future PSN accreditation.

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

Cabinet Member (Portfolio Holder)

Mike Owen

Local Member

All

Conflicts of interest declared by members

Appendices

A. Report of the Public Services Network [PSN] Task and Finish Group

A. The Report of the Public Services Network [PSN] Task and Finish Group



<u>Committee and Date</u>	<u>Item</u>
Performance Management Scrutiny Committee	6
Wednesday 5 th November 2014	<u>Public</u>

**Public Service Network (PSN)
TASK AND FINISH GROUP**

Responsible Officer Nigel Bishop

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Tel:

Fax:

1.0 Summary

This report presents the findings of the Task and Finish group that examined the Council’s approach to meeting the Cabinet Office’s PSN framework requirements. The scope of the group included an understanding of the national framework; how the Council is addressing PSN; any impact and/or implications that this is likely to have on ICT policy now, and in the future; and benefits associated with PSN connectivity.

2.0 Recommendations

Members are asked to agree:

- A. That the need to maintain PSN compliance is appropriately recognised e.g. considered for inclusion on the Corporate Risk Register, within the Customer Involvement Strategy and as part of the Council’s Commissioning Strategy.
- B. Consideration and action is taken to ensure that appropriate resources are set aside – including within contingencies - to ensure that PSN compliance is maintained and that sufficient budgetary controls are put in place to allow ICT and Information Governance to deliver a coordinated approach to accreditation, including the recommendation that a council wide hardware and ICT equipment replacement programme should be adopted to ensure PSN compliance is maintained.
- C. Performance Management Scrutiny Committee (PMSC) should have a single focus meeting of the committee to receive a presentation / series of presentations on how the Council is preparing for and enabling mobile and flexible working for Officers and Members, taking account of the findings of the PSN Task and Finish Group.
- D. That the PMSC revisits the additional benefits of PSN accreditation in the future, as this develops and in the light of the Council’s response to the 2015 PSN accreditation submission.

REPORT

3.0 Background

- 3.1 This year, the Cabinet Office significantly increased the compliance standards around connection to the Public Services Network (PSN).
- 3.2 Shropshire Council, alongside almost all local authorities, has identified a business need to connect to a number of government departments using the PSN network; these include access for a number of fundamental services, for example DWP data for Revenues and Benefits purposes and also for emergency planning and electoral services. Therefore, it has agreed to meet the appropriate PSN standards to facilitate this.
- 3.3 Shropshire Council's Performance Management Scrutiny Committee, established a task and finish group to examine the Council's approach to meeting the Cabinet Office's PSN framework requirements, including understanding the national framework; how the Council is addressing PSN; any impact and/or implications that this is likely to have on ICT policy now and in the future; and benefits associated with PSN connectivity. The terms of reference were agreed at the meeting on 11 June 2014.
- 3.4 The task and finish group consisted of five cross party Members:

Councillor Dean Carroll (Chair)
Councillor Martin Bennett (Vice Chair)
Councillor Dave Tremellen
Councillor Madge Shineton
Councillor David Lloyd

The group was also supported by two Council officers:

Nigel Bishop - Head of Customer Involvement (including ICT)
Roy Morris - Information Governance Officer

- 3.5 The work of the Task and Finish Group was expected to help set out how the PSN security standards informed the Council's future IT Strategy and Implementation Plan and how PSN, and the wider benefits it offers, will also inform that strategy for the Commissioning Council model e.g. infrastructure.

4.0 Context

- 4.1 The Public Service Network (PSN) is a national framework set out by the Government, and managed by the Cabinet Office, that provides an assured network over which government can safely share both communications and services.
- 4.2 Any organisation that has a business need to communicate directly with individual government departments through the PSN network, needs to achieve appropriate accreditation from the Cabinet Office.
- 4.3 The Cabinet Office sets out a series of technical standards that each organisation will need to meet in order to secure that accreditation. Accreditation is reviewed on an annual basis and the Cabinet Office (and CESG, The National Technical Authority

for Information Assurance) regularly update the technical standards needed to meet compliance.

- 4.4 This year, the Cabinet Office adopted a 'zero tolerance' approach to meeting PSN compliance standards which represented a significant change in policy and required many local authorities, including Shropshire Council, to undertake substantial remedial activity to achieve the Code of Connection (Co-Co).
- 4.5 This remedial activity fell into two main areas of action:
- Withdrawal of all unsupported software, including Windows XP
 - Withdrawal of access to PSN services from unmanaged devices, including from personal computers, iPads, Laptops and mobile phones.
- 4.6 This programme of work included the upgrading of 4,500 computers to Windows 7; the withdrawal of access to Outlook Web Access client (OWA); removal of Citrix access from personal/home computers and the upgrading and/or migration of a number of line-of-business systems.
- 4.7 Whilst this overall change in direction by the Cabinet Office and subsequent investment needed to meet the criteria has been challenging, the PSN should not just be seen as a connection mechanism between Public Services. Though the ability of all public sector agencies to share PSN connectivity (a network of networks) is intended to support new models of joint service delivery, it is also about the Government's aim of creating a procurement framework where goods and services can be purchased from accredited providers and accessed through the PSN connection to provide simpler procurement and greater competition.

5.0 Scope

- 5.1 The scope of the Task and Finish Group was set out in the Terms of Reference [attached as appendix A] that were agreed by Performance Management Scrutiny Committee (11 June 2014). The terms of reference are made up of five key objectives:
- i. Understanding the national framework requirements.
 - ii. How the Council is addressing the PSN criteria.
 - iii. Identifying the effects of the framework requirements on the Council's plans e.g. for home and mobile working.
 - iv. Understanding expected future requirements for the framework and any implications for the Council.
 - v. Identifying the benefits of accreditation to the framework.
- 5.2 The expected outcome was that the report will help improve understanding of how PSN accreditation and connectivity will maximise the potential and impact of the Council's future IT Strategy and Implementation Plan, and inform shaping PSN locally for the Commissioning Council e.g. infrastructure..
- 5.3 To undertake this, the Task and Finish Group sought evidence from a wide range of sources, including the Council's Head of Customer Involvement (who has responsibility for ICT) and the Information Governance Officer (representing the Head of Legal Services who is the Council's Senior Information Risk Officer - SIRO).
- 5.4 Alongside Shropshire Council officers, the group also sought evidence from a range of other relevant sources, this included discussions with:

- Mark Smith - PSN Head of Compliance & Transition at the Cabinet Office - Mark provided information on the PSN framework, this year's zero tolerance approach to PSN accreditation, insight into future compliance requirements and the value of the PSN as a procurement, joint working and service delivery framework.
- Andre Woodward and Mark Fiddler – Local Government technical specialists from Microsoft who provided information on the work that Shropshire Council has done to meet current connection requirements and the work that is being undertaken to support a PSN compliant architecture and mobile and flexible working in the future, including Mobile Device Management Software (MDM) and compliant Cloud computing solutions.

5.5 The group also considered video evidence from:

- Noelle Godfrey – Head of Digital Infrastructure at Cambridge County Council

This presentation discussed (from a County Council's perspective):

- Background to PSN (from 2009/10)
- Experience of 2014 implementation
- Potential of the PSN for colocation and cross-agency working, including information assurance
- Dialogue with the Cabinet Office on future implementation

- John Stubleby – PSN Authority Director at the Cabinet Office

This presentation discussed:

- Future of the PSN roadmap and collaboration, including the supplier and connectivity frameworks
- Central Government savings already realised through the PSN
- Changes to Central Services and Cyber Operations
- Aligning PSN and Health connection frameworks (N3) to support future collaboration. (Since the Committee met the Government has now suggested that these plans may be reviewed).
- The PSN as a foundation for sharing services in the future

5.6 In addition, the group looked at The Cabinet Office's detailed guidance on the Public Service Network (.gov.uk) and the Information on Service Orientated Architecture (SOA).

6.0 Findings

From the information provided and evidence that has been gathered, the group has:

6.1 Understood the background to the PSN and the requirements that the framework imposes, as well as the changes by the Cabinet Office to the implementation of in this year's accreditation (zero tolerance) requirements.

6.1.1 Members recognised and understood that the Cabinet Office PSN guidelines were, in principle, best practice for information security and IT infrastructure management. However, based on the available evidence, the group remained concerned at the risk to Council, both operationally and financially, from any

unilateral changes to PSN connection requirements.

- 6.1.2 Whilst these risks remain outside of the Council's control, Members recognised that these risks were acknowledged and under constant review by the Council.
- 6.2 Considered, particularly through the evidence from Cabinet Office, questions around the benefits of PSN framework accreditation. It was recognised that there was a significant business need to access data from, and connect to, the PSN network for key services such as Elections and Benefits and without this access the Council could not easily discharge key statutory functions.
- 6.2.1 It was felt by the group that the wider benefits of the PSN, the procurement framework, the service delivery platform and the interconnectivity/ sharing with other public service organisation offered the potential for both joint working and service delivery savings, but that the product was not yet sufficiently developed to be able to draw reasonable conclusions as to the scope or scale of any long term benefits.
- 6.2.2 As other public sector organisations are required to join the PSN i.e. Police, Fire Service and the NHS, the potential for joint working and sharing of accommodation and resources becomes more realistic. The group felt that the work on mobile and flexible working options and work on the development of a commissioning council needs to be mindful of the possibilities that this affords.
- 6.2.3 The group were also keen to see how this would impact on the work of parish and town council, partners and the voluntary sector.
- 6.3 Received, from the Head of Customer Involvement and the Information Governance Officer, details about how the Council is approaching PSN compliance, including the methodology employed in gaining this year's accreditation and details of the work programme for compliance in March 2015.
- 6.3.1 This information also included background on the new Customer Involvement Strategy, which will include the ICT strategy and architecture roadmap, including the move towards a more component based IT infrastructure, a Service Orientated Architecture (SOA) and the use of Cloud services and how PSN requirements are factored into these plans.
- 6.3.2 The group also sought assurances that the ICT requirements of Members were also understood and accommodated within all of the PSN compliance plans, as it was felt that their requirements - in fulfilling their democratic obligations - differed significantly from those of Council officers accessing line of business systems. Also, in the light of information received about the development of security standards, questions were asked about the provision and cost of council provided broadband lines for Members.
- 6.3.3 Work following the final group meeting identified the PSN compliance costs for 2014 to be in the region of £800k plus a significant contribution of staff time from ICT services – which had led to delays in other work streams. It is acknowledged that a precise figure is difficult to quantify as some of the work identified within these costs was for work that was 'brought forward' and not commissioned specifically to meet PSN accreditation.

- 6.4 Consideration was given to the impact of PSN implementation on the Council's plans and the Head of Customer Involvement assured the group that, as far as could be known, anticipated future PSN requirements were being built into the Customer Involvement Strategy as well as other relevant work streams and services, and that a programme of activity was in place to address accreditation in 2015 and that forward planning was also taking place for 2016/2017.
- 6.4.1 The group considered evidence from the Cabinet Office, Microsoft and from council officers on the impact that PSN requirements had on mobile and flexible working, particularly the difficulties encountered with the withdrawal of access from unmanaged (in this case non Shropshire Council owned) devices and the challenges now encountered with the implementation of a 'bring your own device' (BYOD) policy.
- 6.4.2 Whilst it was accepted that the withdrawal of access and the restrictions on BYOD had caused a delay in the speed of implementation for mobile and flexible working, and that the organisation would now need to provide additional financial resources to facilitate this model of working, the delay was short term and was not a barrier to the implementation of mobile working as a whole.
- 6.4.3 Evidence was also provided that whilst the zero tolerance approach had caused additional workload and expenditure, the underlying direction of travel was still in line with the Council's ambition to be a mobile and flexible organisation - one with a small asset base as agreed in the 2014 – 17 Business Plan and Financial Strategy. Decisions taken around meeting 2014 PSN compliance, including replacing older equipment (workstations) with new laptops and tablets and moving line of business systems to the Cloud, rather than upgrading servers 'on site', were fully aligned with this direction of travel.
- 6.4.4 Microsoft, as a key technology partner, also provided assurance that the architecture currently being deployed was PSN compliant and that new developments, including work in the BYOD field, would open up new opportunities in these areas in the not too distant future.
- 6.4.5 The group also looked at the relationship between ICT and individual service areas, including the emergence of IT as an enabler role in recent years with services taking on more devolved responsibility for their line of business systems and IT equipment. The Head of Customer Involvement explained the reasoning behind this and the implementation of a new ICT Governance framework that was recently agreed by the Audit Committee (see appendix B)
- The group felt that whilst this was valuable, individual service areas did not always have the necessary visibility or understanding of the PSN and its future requirements to plan their own ICT provision in isolation, nor necessarily fund the required investment to maintain compliance standards which may have inadvertently led to some of the issues around this year's compliance. In the light of this, the group felt that there should be a more strategic ICT overview and potentially the need to consider centralised budgeting arrangements.
- 6.5 Considering evidence from the Cabinet Office that this year's zero tolerance approach to PSN was a 'one off' and that compliance in future years was likely to be 'cheaper and easier', the group identified that there were significant challenges in meeting future compliance requirements alongside the organisational risk presented by any unilateral

changes to PSN compliance standards.

Members sought assurances that this was accounted for both on the corporate risk register and also by ensuring that there was a sufficient contingency budget that specifically reflected the need to meet the PSN requirements should they arise.

6.5.1 From the evidence presented there was little to suggest that known future PSN requirements are not already being taken into account in the existing programme of activity and on the ICT roadmap. However emerging threats, including cybercrime could change those requirements in an instant and the organisation and Customer Involvement Strategy needed to be mindful of this.

6.5.2 Evidence from Microsoft also demonstrated that the zero tolerance approach had also provided a challenge to suppliers, but that the market was adjusting and that new solutions were being developed that would help address organisational need around compliance.

7.0 Conclusions

7.1 Having reviewed all of the evidence provided, the group recognises the significant business requirement to access the PSN in order to deliver key services and discharge key statutory functions.

7.2 It is understood that maintaining PSN accreditation, whilst essential, also requires a significant commitment and coordination both organisationally and financially and there are additional risks to business operations from not meeting the criteria or from unilateral changes to the PSN connection regime.

7.3 This year's accreditation has proved to be challenging for many local authorities, primarily due to the Cabinet Office's zero tolerance approach to certification, and the result of this has been to place an additional financial burden on this authority and on the services who have been working on the accreditation requirements. This has led inevitably to delays in the deployment of mobile and flexible working, resources being diverted from other work programs, expense to the authority and has impacted on Members and Officers.

7.4 To ensure that future compliance is maintained and that changes to the compliance regime do not detrimentally impact on the council's future ability to meet its strategic and business objectives, it is important that awareness of both the existing and anticipated future requirements are recognised in both the strategies for delivering ICT and in adopting a Commissioning Council model, alongside any potential benefits for joint working that may emerge.

8.0 Additional Recommendation

8.1 The PSN Task and Finish Group would also like to recommend that the provision of Council funded broadband lines for Members is reviewed. The security requirement for Members to have dedicated Council lines is no longer in place and many Members already have their own provision in place.

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

Cabinet Member (Portfolio Holder)

Mike Owen

Local Member

Appendices

A – Terms of Reference

B - List of evidence reviewed

C – ICT Governance Framework, Audit Committee report

D – Glossary of terms

Appendices

- A. Terms of Reference (including context)
- B. List of Evidence Reviewed
- C. ICT Governance Framework, Audit Committee Report
- D. Glossary of Terms

A. Terms of Reference

Context

The Public Service Network (PSN) is a national framework set out by the Government, and managed by the Cabinet Office, that provides an assured network over which government can safely share both communications and services.

Any organisation that has a business need to communicate directly with individual government departments, through the PSN network, needs to achieve appropriate accreditation from the Cabinet Office. The Cabinet Office sets out a series of technical standards that each organisation will need to meet in order to secure that accreditation. Accreditation is reviewed on an annual basis and the Cabinet Office (and CESG) regularly update the technical standards needed to meet compliance.

Shropshire Council, alongside almost all local authorities, has identified a business need to connect to a number of government departments using the PSN network. These include access to DWP data for Revenues and Benefits purposes and also for emergency planning and electoral services. Therefore, it has agreed to meet the appropriate PSN standards to facilitate this.

This year, the Cabinet Office increased the compliance standards around both unsupported software and unmanaged devices. The changes to unsupported software standards has accelerated the requirement to upgrade software across the organisation and has resulted in a significant number of devices being withdrawn from operations - as they are not suitable for upgrading.

The unmanaged device requirement has resulted in this Council, and others who were pursuing the 'bring your own device' model to enable staff to do their work, having to stop this activity and meet the frameworks criteria. This has had a significant impact on a number of mobile and flexible working initiatives.

Whilst the change in direction and investment to meet the criteria has been challenging, the PSN is not just about a connection between Public Services – though the ability of all public sector agencies to share PSN connectivity will undoubtedly support new models of joint service delivery – it is also about the creation of a procurement framework where goods/services can be purchased from accredited providers.

“The Public Services Network (PSN) will substantially reduce the cost of communication services across UK government and enable new, joined-up and shared public services for the benefit of citizens. PSN is creating one logical network, based on industry standards, and a more open and competitive ICT marketplace at the heart of the UK public sector.” Gov.uk website

Objectives

- Understanding the national framework requirements
- How the Council is addressing the PSN criteria
- Identifying the effects of the framework requirements on the Council's plans e.g. for home and mobile working
- Understanding expected future requirements for the framework and any implications for the Council
- Identifying the benefits of accreditation to the framework

Information Required From Officers

- Evidence to show the benefit of the framework to a Commissioning Council, including any current and future savings
- The local plan, timescales and costs to deliver the PSN framework
- The difference between current and future Council networks in supporting new models of working e.g. mobile and flexible working and how, through PSN, non-secure wireless networks can be secure
- Whether there is a difference between the needs of the Council Members and Council Officers and how these are being/will be met
- The current challenges and future benefits of sharing networks and data with partners and providers
- Implications for the Council's use of assets and whether PSN is and will enable joint working

Other Sources of Information

- The Cabinet Office Roadmap
- Expected developments in technology and when they are expected to impact on the PSN arrangements
- Cabinet Office representatives
- IT supplier (Microsoft Partner) representatives

Methods to Be Used

- Desktop research
- Presentations
- Visits
- Tracking the implementation experience of the Council

Timescales

End of July 2014

Key Results Expected

Informing the Council's future IT Strategy and Implementation Plan
Informing shaping PSN for the Commissioning Council e.g. infrastructure

B. List of Evidence Reviewed

Cabinet Office: Used to deliver detailed guidance on PSN and Service Orientated Architecture.

<https://www.gov.uk/>

Microsoft: Spoke to Local Government technical specialists from Microsoft who provided information on key issues such as current connection requirements and PSN compliant architecture.

Technical Specialist: Andre Woodward

Technical Specialist: Mark Fiddler

PSN: Spoke to PSN Head of Compliance & Transition to gain understanding on PSN framework and approaches.

PSN Head of Compliance & Transition: Mark Smith

Shropshire Council: Spoke to sources within Shropshire Council to gain a wider scope of knowledge and evidence.

Head of Customer Involvement (including ICT): Nigel Bishop

Information Governance Officer: Roy Morris - representing Claire Porter, SIRO.

Videos: Viewed videos in order to gain further understanding in PSN background and future frameworks.

Noelle Godfrey – ‘Socitm Spring 2014 - PSN: Where next?’

<http://www.youtube.com/watch?v=tKmGyUE2cYA>

John Stublely - ‘Socitm Spring 2014 - PSN: Where next?’

<http://www.youtube.com/watch?v=tKmGyUE2cYA>

C. ICT Governance Framework, Audit Committee Report



Committee and Date

Audit Committee
18 September 2014

Implementation of IT control improvements and risks

Responsible Officer Nigel Bishop

E-mail: nigel.bishop@shropshire.gov.uk

1.0 Summary

1.1 This report provides an update on work being undertaken to ensure that the ICT infrastructure is, and continues to be, fit for purpose; robust; PSN compliant; improving business continuity and mitigating risks. It is also to ensure that the direction of travel is aligned to both business and strategic objectives to provide the necessary assurance levels required.

2.0 Recommendations

2.1 It is recommended that the committee note the progress made in addressing assurance and risk around ICT infrastructure.

REPORT

3.0 Risk Assessment and Opportunities Appraisal

3.1 ICT operations and infrastructure remains central to supporting the Council in delivering its strategic objectives and business activities. Increasing reliance on ICT coupled with changes to organisational structures has meant that resourcing allocation and the requirements of external compliance frameworks, including PSN connectivity, have placed significant demands and requirements on the delivery of corporate ICT.

3.2 These demands are represented on the strategic risk register and regularly reviewed, as the risk to both business continuity and the delivery of the Council's strategic objectives from any disruption or loss to ICT provision carries the potential for significant consequences, operationally, financially and legally.

3.3 Work continues to take place around both addressing known risks and identifying new risks as they emerge. This activity is fed into existing work streams and also included in future work programmes and forward planning.

4.0 Financial Implications

4.1 ICT budgets remain under constant review and whilst operation savings have been identified as part of routine business rationalisation, additional resources

have been allocated where necessary to address specific risks or matters that fall outside known or planned operational activity, including this year's changes to PSN compliance requirements that were mandated by Cabinet Office.

5.0 Background

- 5.1 Customer Involvement is responsible for ICT Services; Customer Services; Digital Services; BluPrint (Print and Mailroom services), the Local Support and Prevention Framework; Discretionary Housing Payments; and the commissioning of Communications from ip&e.
- 5.2 The development of a Customer Involvement Strategy is an important strand in providing a clear direction of travel and activity roadmap. The draft strategy includes a number of outcomes that support the implementation of IT control improvements and seek to address and/or mitigate risk. Work on PSN compliance for 2015 is progressing well – but remains challenging.
- 5.3 As part of the previous report to Audit Committee, reference was made to the development of a new ICT Governance Framework. This framework will ensure that there is sufficient control, robustness and risk management around the development and/or procurement of IT systems, whether centrally managed, or operated by individual service areas. It will also ensure that all developments are in line with the Council's strategic objectives and are standards compliant, including for PSN accreditation. It is likely that framework will be in place and operational by January 2015.
- 5.4 A key part of the strategy includes the driver to move infrastructure and line of business systems to a Cloud based environment and in doing so increase business continuity and mitigate the risks associated with loss of access to, or failure of, one of the Council's data centres.
- 5.5 Aside of the development of the ICT governance framework (as part of the Information Governance Group IGG), work is in progress to adopt ITIL (Information Technology Infrastructure Library) standards for IT Service Management. It is anticipated that work will be completed by January 2015.
- 5.6 The Information Governance Group, chaired by Head of Legal, Strategy & Democracy (the Council's Senior Information Risk Owner – SIRO), ensures that measures are in place to manage Council information to meet legal and external compliance requirements and in accordance with Council's Information Risk Policy. This includes ensuring that the Council has appropriate assurance and security controls in place for IT services.
- 5.7 Work in this area has already advanced and the migration to Office 365 (including Outlook email) and Lync telephony to the Cloud is now almost complete. Work is also underway to move other significant line of business systems to the Cloud, including those used by Revenues and Benefits and Property Services. Other systems are at the early phase of the procurement process and progress on these can be reported on in due course.
- 5.8 Ten key IT systems have been identified and where these systems are not already Clouded, work is being undertaken on to assess their suitability for

Cloud hosting. In meeting the Cabinet Office's 2015 PSN compliance standards we will also be required to upgrade parts of the Council's main server farm, therefore hosted solutions will be the preferred solution for this work wherever possible.

Key System	Function
Capita ONE	Education Management
CareFirst	Social Care (Adults and Children's)
Civica ICON	Income & provides other system interfaces
Confirm	Environmental Maintenance
DARWIN	CRM & provides other system interfaces
ESRI GIS	GIS mapping (many dependencies)
IDOX - Uniform	Planning, Dev Control, Trading Standards
Northgate iWorld	Revenues & Benefits
Northgate Resourcelink	HR& Payroll
SAMIS	Finance & provides other system interfaces

- 5.9 Work on the ICT systems register continues and is now available to be shared, at a high level, with the Audit Committee. The next phases of development include chronicling system inter-dependencies and subsidiary software – which is required to ensure that PSN compliance is maintained. The system register is also being aligned with the Emergency Plan and individual service area recovery plans.
- 5.10 Aside of the development of the ICT governance framework (as part of the Information Governance Group IGG), work is in progress to adopt ITIL (Information Technology Infrastructure Library) standards for IT Service Management. It is anticipated that work will be completed by January 2015.
- 5.11 Considerable work has been undertaken on the future plans for both disaster recovery and business continuity. Disaster recovery (DR) represents the ability of the organisation to recover data and/or restore systems in the event of a catastrophic failure of the primary datacentre and represents the Council's data 'backup' provision. All key systems have disaster recovery contingency in place, but processes and procedures are constantly under review.
- 5.12 Business Continuity relates to the ability of the organisation to operate a 'business as usual' service during an emergency that could include the loss of (or access to) the primary datacentre. As technology evolves, and reliance on ICT systems increases, the requirement to restore system quickly following interruption to service from disruption, for example from flood, power or internet loss becomes paramount.
- 5.13 Direction set out in the Customer Involvement Strategy, includes moving key systems to Cloud based provision which includes disaster recovery and business continuity as a precursor and work is already underway to Cloud a number of key line of business systems. The development of the ICT Governance Framework will also ensure that this ethos continues to be embedded in the development of all future ICT provision.

- 5.14 Business continuity requirements are though constantly evolving, as both technology and infrastructure change, and a paper is being prepared for Directors which will outline the options around a number of different approaches to enhancing and providing assurance around future provision. This is currently being aligned with the Customer Involvement Strategy and ICT architecture roadmap.
- 5.15 Subject to financial approval, and as part of this process, the programme includes the relocation of the secondary data centre by January 2015.
- 5.16 ICT, like all Customer Involvement Services, is subject to significant audit observation and all audit recommendations are accepted, addressed and factored into ongoing work programmes and are accounted for within the Customer Involvement strategy and relevant service plans.

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

Cabinet Member (Portfolio Holder)
Mike Owen

Local Member

Appendices

D. Glossary of Terms

BYOD policy – ‘Bring your own device’ policy

CEISG – National Technical Authority for Information Assurance

CIS – Customer Involvement Strategy

Co-Co – Code of Connection

DWP data – Department of Work and Pensions

MDM – Mobile Device Management Software

OWA – Outlook Web Access

PMSC – Performance Management Scrutiny Committee

PSN – Public Service Network

SIRO – Senior Information Risk Officer

SOA – Service Orientated Architecture

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<u>Committee and Date</u>
Cabinet 10 th December 2014
Council 18 th December 2014

<u>Item</u>
11
<u>Public</u>

SETTING THE COUNCIL TAX TAXBASE FOR 2015/16

Responsible Officer James Walton
 e-mail: james.walton@shropshire.gov.uk Tel:(01743)255011

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 2015/16 the Council Tax taxbase will be 102,411.33 Band D equivalents, this is an increase of 1.93% from 2014/15.
- 1.3. The Council Tax taxbase has a direct impact on the Council Tax that will be levied by the Council for 2015/16.

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 2015/16, as detailed in Appendix A, totalling 102,411.33 Band D equivalents.
- 2.2 To note that there will be some minor changes to the Council’s localised Council Tax Support (CTS) scheme in 2015/16 to reflect minor legislative changes. The scheme is attached at Appendix B with the proposed changes detailed on page 5.
- 2.3 To note the exclusion of 11,601.95 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 649.83 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 109.33 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 266.39 Band D equivalents 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 Council Tax discount policy of 0% in respect of long-term empty properties.
- 2.9 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 209.56 Band D equivalents in the Council Tax taxbase.
- 2.10 To approve a collection rate for the year 2015/16 of 98%.

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 2015/16.
- 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 the discount in relation to long-term empty properties to 0% are detailed in Section 7.3.
- 4.7 The implications of maintaining a 50% premium in respect of properties which have been empty for more than two years are detailed in Section 7.4.
- 4.8 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 2014 and 31 January 2015 in relation to 2015/16, 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 2015/16.

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%. Shropshire Council's localised CTS scheme was approved in October 2012 and there will be some minor changes to the scheme for 2015/16 to reflect minor legislative changes. The revised scheme is attached at Appendix B with the proposed amendments detailed on page 5.
- 6.2 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.

- 6.3 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 11,601.95 Band D equivalents.
- 6.4 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 2015/16 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 2015/16 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 649.83 Band D equivalents in the taxbase.

Vacant Properties

7.2 *Former Class A & Class C Exempt Properties*

7.3.2 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 2015/16 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 109.33 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 2015/16 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 274.22 Band D equivalents from the taxbase.

7.3 ***Long-Term Empty Properties***

- 7.3.1 A property is classed as long-term empty if it has been empty and unfurnished for more than six months and does not qualify for an exemption.
- 7.3.2 The Local Government Act 2003 gave Councils new discretionary powers to reduce or remove the 50% Council Tax discount previously awarded in respect of long-term empty properties with effect from 1st April 2004.
- 7.3.3 The Council’s current discretionary policy in respect of long-term empty properties is to not award any discount. The objective of this policy is to encourage owners to either sell or rent out homes that have been empty for more than six months and, therefore, encourage these properties back into

the housing market, increasing the range of affordable housing available to Shropshire residents.

7.4 **Empty Homes Premium**

7.4.1 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.

7.4.2 The figures used for the 2015/16 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 209.56 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 8 th September 2014)	% Increase / (Decrease) over 2013/14
A	Under £40,000	6/9	19.0	0.9
B	40,001 - 52,000	7/9	25.8	0.7
C	52,001 - 68,000	8/9	20.8	0.6
D	68,001 - 88,000	9/9	14.4	0.7
E	88,001 - 120,000	11/9	10.8	1.1
F	120,001 - 160,000	13/9	5.8	1.4
G	160,001 - 320,000	15/9	3.2	0.8
H	Over 320,000	18/9	0.2	0.6

8.3 There are 136,518 properties in the valuation list for the Shropshire Council area. This compares with a figure of 135,649 in the list at the same time last year. There has been an increase of 869 properties overall, which equates to 0.64% and the number of properties in all property bands has increased.

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 8 September 2014.
- 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 6 October 2014.
- 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 97.5% was assumed for the 2013/14 financial year and it is recommended that a collection rate of 98.0% should be assumed for the purpose of determining the Council Tax taxbase in 2015/16.
- 9.3 Actual in year collection rates in 2012/13 and 2013/14 were 98.3% and 98.1% respectively. Furthermore, the collection rate for 2014/15 is currently projected to outturn at around 98%. It therefore appears that the anticipated higher potential for inaccuracy introduced into the Council Tax taxbase determination process as a result of the requirement to express the local Council Tax Support scheme in terms of a reduction in the taxbase has not actually resulted in a lower collection rate. This may be because the discount element associated with Council Tax Support has not actually been as volatile as anticipated or because the already excellent collection rates achieved by the Revenues Team have improved even further and so compensated for the effect of Council Tax Support. Revision of the collection rate from 97.5% utilised in 2014/15 to 98.0% is, therefore, being recommended.
- 9.4 If the actual rate exceeds 98.0% 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 2015/16 is 102,411.33 Band D equivalents, an increase of 1.93% from 2014/15. 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)

Keith Barrow, Leader of the Council.

Local Member

N/A

Appendices

Appendix A: 2015/16 Parish and Town Council Tax Taxbase Summary for Shropshire Council.

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

2015/16 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council	APPENDIX A
Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Abdon & Heath	104.01
Acton Burnell, Frodesley, Pitchford, Ruckley & Langley	234.08
Acton Scott	34.74
Adderley	168.37
Alberbury with Cardeston	360.37
Albrighton	1,445.85
All Stretton, Smethcott & Woolstaston	165.42
Alveley & Romsley	806.53
Ashford Bowdler	33.65
Ashford Carbonel	179.51
Astley	190.09
Astley Abbotts	233.87
Aston Bottrell, Burwarton & Cleobury North	111.76
Atcham	120.79
Badger	54.06
Barrow	261.63
Baschurch	911.35
Bayston Hill	1,708.06
Beckbury	146.16
Bedstone & Bucknell	300.49
Berrington	328.61
Bettws-Y-Crwyn	81.21
Bicton	355.01
Billingsley, Deuxhill, Glazeley & Middleton Scriven	152.92
Bishops Castle Town	614.60
Bitterley	329.41
Bomere Heath & District	762.99
Bonningale	137.05
Boraston	75.78
Bridgnorth Town	4,368.65
Bromfield	115.11
Broseley Town	1,353.11
Buildwas	92.98
Burford	426.89
Cardington	198.65
Caynham	483.81
Chelmarsh	216.20
Cheswardine	370.31
Chetton	155.69
Childs Ercall	276.22
Chirbury with Brompton	328.29
Church Preen, Hughley & Kenley	116.92
Church Pulverbatch	158.83
Church Stretton & Little Stretton Town	2,086.82
Claverley	815.14
Clee St. Margaret	67.16
Cleobury Mortimer	1,094.03
Clive	229.47
Clun & Chapel Lawn	483.60
Clunbury	242.78

2015/16 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council	APPENDIX A
Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Clungunford	140.71
Cockshutt-cum-Petton	278.69
Condover	783.68
Coreley	130.14
Cound	199.56
Craven Arms Town	741.53
Cressage, Harley & Sheinton	392.46
Culmington	168.22
Diddlebury	253.58
Ditton Priors	317.21
Donington & Boscobel	576.81
Eardington	230.32
Easthope, Shipton & Stanton Long	192.43
Eaton-Under-Heywood & Hope Bowdler	178.58
Edgton	46.04
Ellesmere Rural	852.84
Ellesmere Town	1,310.32
Farlow	178.15
Ford	285.48
Great Hanwood	354.33
Great Ness & Little Ness	411.24
Greete	49.14
Grinshill	108.91
Hadnall	272.54
Highley	962.18
Hinstock	421.73
Hodnet	537.68
Hope Bagot	28.30
Hopesay	229.94
Hopton Cangeford & Stoke St. Milborough	155.82
Hopton Castle	39.56
Hopton Wafers	268.58
Hordley	97.16
Ightfield & Calverhall	181.52
Kemberton	115.95
Kinlet	387.99
Kinnerley	455.43
Knockin	109.38
Leebotwood & Longnor	191.18
Leighton & Eaton Constantine	199.04
Llanfairwaterdine	99.97
Llanyblodwel	257.50
Llanymynech & Pant	638.09
Longden	491.51
Loppington	256.16
Ludford	239.94
Ludlow Town	3,286.21
Lydbury North	212.99
Lydham & More	117.94
Mainstone & Colebatch	82.50

2015/16 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	3,559.80
Melverley	53.06
Milson & Neen Sollars	119.61
Minsterley	514.49
Montford	220.19
Moreton Corbett & Lee Brockhurst	120.76
Moreton Saye	191.54
Morville, Acton Round, Aston Eyre, Monkhopton & Upton Cressett	346.45
Much Wenlock Town	1,162.76
Munslow	169.34
Myddle & Broughton	573.06
Myndtown, Norbury, Ratlinghope & Wentnor	248.05
Nash	130.27
Neen Savage	145.90
Neenton	63.26
Newcastle	127.67
Norton-In-Hales	258.93
Onibury	127.18
Oswestry Rural	1,467.98
Oswestry Town	4,857.42
Pontesbury	1,149.69
Prees	1,000.22
Quatt Malvern	85.53
Richards Castle	132.75
Rushbury	262.87
Ruyton-XI-Towns	436.12
Ryton & Grindle	78.00
Selattyn & Gobowen	1,112.81
Shawbury	810.05
Sheriffhales	308.62
Shifnal Town	2,353.08
Shrewsbury Town	22,057.69
Sibdon Carwood	34.50
St. Martins	794.19
Stanton Lacy	158.67
Stanton-Upon-Hine Heath	218.96
Stockton	125.04
Stoke-Upon-Tern	441.20
Stottesdon & Sidbury	309.42
Stowe	48.50
Sutton Maddock	102.39
Sutton-Upon-Tern	397.13
Tasley	395.00
Tong	115.00
Uffington	97.97
Upton Magna	134.82
Welshampton & Lyneal	347.64
Wem Rural	639.71
Wem Town	1,807.37
West Felton	501.60

2015/16 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council		APPENDIX A
Parish / Town Council	Council Tax Taxbase (Band D Equivalents)	
Westbury	516.40	
Weston Rhyn	784.39	
Weston-Under-Redcastle	120.18	
Wheathill	71.62	
Whitchurch Rural	549.15	
Whitchurch Town	2,912.10	
Whittington	793.35	
Whitton	53.56	
Whixall	316.93	
Wistanstow	328.94	
Withington	102.72	
Woore	556.81	
Worfield & Rudge	867.73	
Worthen with Shelve	760.00	
Wroxeter & Uppington	157.00	
Shropshire Council Total	102,411.33	
Environment Agency - Severn Trent Region	96,319.85	
Environment Agency - Welsh Region	3,856.44	
Environment Agency - North West Region	2,235.04	
Shropshire Council Total	102,411.33	

SHROPSHIRE COUNCIL – BENEFITS SERVICE

COUNCIL TAX SUPPORT (CTS)

Introduction

The following paragraphs detail the Council's existing Council Tax Support Scheme introduced from 1 April 2013 and a summary of amendments required from 1 April 2015 to reflect legislative changes.

From April 2013 a new scheme called 'Council Tax Support' replaced the Council Tax Benefit Scheme. The funding that is provided for this scheme was reduced by 10% from that previous allocated for Council Tax Benefit.

Under the new scheme all the government required that all pensioners receive the same amount of benefit they did under the previous Council Tax Benefit Scheme.

Each local authority introduced its own Council Tax Support scheme depending on local needs, funding available and how it can be administered.

Shropshire Council's 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 2013 and the new scheme was formally adopted by the Council on 16th January 2013.

Anyone of working age was subject to the new scheme from April 2013. The differences t in the new Council Tax Support Scheme are: -

- Removal of second adult rebate
- Reduction of the capital limit from £16,000 to £10,0000
- 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 is no longer be effective from 01.04.13.

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

Reduction of the capital limit

For working age people the capital limit reduced 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 dived 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 ceased from the 01.04.13.

Removal of Child Benefit disregards

Child benefit is no longer 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 increased 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 is only made from their earned income. It doesn'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 attracts 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).

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 are no joint HB/CTR appeals – they are heard separately by different bodies. First Tier Tribunals hear the Housing Benefit appeals and the Valuation Tribunals Service hear Council Tax Support appeals.

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

Process: new scheme all the government required that all pensioners receive the same

- 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

Summary of Council Tax Support amendments (including effective dates)

- 1. 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.

- 2. Special Educations Needs Allowance – to be disregarded in full with effect from 01/09/14**
- 3. 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)**
- 4. 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.

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<u>Committee and Date</u>
Cabinet 10 th December 2014
12.30 pm

<u>Item</u>
12
<u>Public</u>

Quarter 2 Performance Report 2014/15

Responsible: Tom Dodds, Performance Manager

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01743 253068

1. Summary

- 1.1 The report is produced based on the new performance management framework and reporting methodology. This has been developed following work with the Portfolio Holders and Scrutiny members during the Performance Management Rapid Action Group in January - February 2014.

- 1.2 At the corporate level performance is monitored using an overall change infographic (See Appendix 1). The delivery of the outcomes for Shropshire stated in the Shropshire Council's Business Plan and Financial Strategy 2014 – 2017 is being monitored through a basket of indicators grouped in technical dashboards. The key intelligence from the 4 technical outcomes dashboards (signed off by Directors and considered by the relevant Scrutiny Committee) are not included with this report but are available on request. The intelligence is summarised in the outcomes infographics dashboards (Appendix 2).

- 1.3 This report summarises the latest measures of performance relating to the four outwards focusing outcomes for Shropshire Council:
 - **Your money** – ‘Feel financially secure and to believe in a positive future for myself and my family’
 - **Your environment** – ‘Live in an attractive, vibrant and safe environment, in a place that is right for me’
 - **Your life** – ‘Feel valued as an individual and to live my life, with my choices respected and with as few compromises as possible’
 - **Your health** – ‘Live a long, enjoyable and healthy life’

- 1.4 Information from the Change info graphic dashboard reflects the progress towards the fifth council outcome:
 - **Your council** – ‘Feel confident that the council is doing the right thing with my money and that my needs are at the centre of any decisions taken about my life’

- 1.5 As part of developing and further refining what is measured to demonstrate progress and the impact of commissioning decisions and changes to services,

work is taking place with Scrutiny Committees. A Task and Finish Group is currently in operation with the Adult Social Care and Health Scrutiny Committee looking at measures appropriate to the new operating model for Adult Social Care. Alongside this, the Portfolio Holder for Performance has discussions with fellow Portfolio Holders to understand what actions and developments are planned and/or in place to respond to the issues and ensure outcomes are achieved.

2. Recommendations

Members are asked to

- A. Consider the key underlying and emerging issues in the reports and appendices.
- B. 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 the 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. High level Change Infographics dashboard

- 5.1 The high level graphic shows the four measures which are used to show the Council's performance in managing the budget, its staffing levels, its expenditure and residents satisfaction in the area they live.
- 5.2 The projected revenue forecast for the year, at Quarter 2, shows a potential (forecast) overspend of £1.6m on a net budget of £223.45m for the full year. This

is reduced from the Q1 potential overspend of £3.23m. This is being monitored and will be revised each month. Full details are presented in the financial reports.

- 5.3 The number of non-school FTE equivalent has reduced by 32.4% from 4219 in March 2011 to 2850 in September 2014. The average number of layers of management between Chief Executive and staff has remained at 4.9 over the last two quarters.
- 5.4 In Q2 2014/15, The Council spent 51.26% of its original gross revenue budget with external organisations (therefore excluding staffing costs, transfer payments and recharges). This is broadly in line with the profiled minimum standard 48.3% for the quarter and reflects progress of the Council's approach to the way services are being delivered.
- 5.5 The quarterly survey to track satisfaction with local areas was launched in Quarter 1. When asked: "Overall, how satisfied or dissatisfied are you with your local area as a place to live? By local area we mean within 15-20 minutes walking distance from your home." Respondents of the second survey reported that 84% were either very satisfied or fairly satisfied with their local area. This is significantly better than 73% at the end of quarter 1. The survey conducted through Shropshire Council's People's Panel will be repeated on a quarterly basis to reflect the residents' view overall about the impact of the outcomes delivered by Shropshire Council and its partner organisations and will provide intelligence to identify any in year cyclical variation.

6. Summary Outcomes Infographic Dashboard

- 6.1 The summary outcomes presents the key messages from the intelligence captured by the technical performance dashboards using infographic images – one for each outcome prioritised by the Council. The infographic has been developed as a result of responding to the Members' Task and Finish group work to enhance performance reporting and focus more on the key performance intelligence to inform decision making and scrutiny.
- 6.2 The latest published Office of National Statistics (ONS) data shows that the average life expectancy at birth in Shropshire (79.8 for males and 83.8 for females) is above the national average both for males and females. As contextual information Shropshire's results for healthy life expectancy is also better than England average.
- 6.3 The rate of Looked After Children (LAC) per 10k population (50.4) has again risen from previous quarter (49.3) and is now above the average level for statistical neighbours 2014 level (49.7) but below England (60.0). Recently published 2014 comparator data shows that the gap between Shropshire's rate and SN and England averages have reduced as Shropshire's number increased whilst SN reduced and England remained the same compared with 2013. The absolute number of LAC has been rising since August 2011 when it stood at 195. At the end of Q2 there were 308 LAC, representing a 59% increase over this period.
- 6.4 Children's Social Care Services are being re-designed with a focus to reduce the need for children to be looked after or the period of time that children are looked after in a safe way. More support is being provided to the children on the edge of care. For children deemed in need of permanency care due to significant harm,

more focus is put on ensuring planning for their care is concluded without delay. Early Help strategy developments included support from social workers for partner organisations to help manage risk at lower level or in case of significant harm to act promptly.

- 6.5 Data for the second quarter of this financial year shows an increasing number of referrals to Children's Social Care. At the end of Q2 2014 there were 1484 referrals compared to 1106 in Q2 2013, representing a 34% increase.
- 6.6 National figures show that there has been a general increase in the number of reported incidents of fly-tipping. Rural counties bordering large conurbations are vulnerable to illegal traders and tippers who illegally dispose of waste in isolated sites where there is a reduced chance of detection.

During 2013/14, Shropshire fly tip incidents increased 25.7% on the previous year compared to a growth of 17% by similar Councils. Despite this above average increase, the number of incidents in Shropshire is 5.7% lower than the average for similar Council.

Environmental maintenance teams are planning to work alongside Public Protection Services to specifically look at illegal deposits of waste, with a view to gaining experience of enforcing littering and waste related infringements.

- 6.7 The amount of household waste that is re-used, recycled or sent for composting in July 2014 has increased when compared to July of previous year. Each month of this financial year to July had results above the similar period in 2013/14.
- 6.8 The number of properties on the valuation list for council tax shows an increase when compared to the previous year. 136,556 properties at Sept 2014 compared to 135,732 in Sept 2013.
- 6.9 The rate of self employment in Shropshire is 12.7% of the workforce compared to 9.9% in Great Britain and 8.8% in the West Midlands. The total number of self employed at June 2014 is 25,700 and increase from 22,600 in June 2013.
- 6.10 Permanent admissions into residential care homes (as a rate per 100,000 population) continues to show an year on year reduction for both 18 to 64 and 65+ age groups. Performance at quarter 2 is track to meet the end of year improvement targets. People have been supported with earlier alternative care options to residential care, with a clear strategy for supporting people at home, wherever possible.
- 6.11 Delays in discharges from hospital due to adult social care are currently on target and are better than the same period in 2013. However, performance in quarter 2 has declined and this is being reviewed with partners to ensure delays are kept to a minimum. Reducing delays is a high priority as this links to the supporting measures which have been agreed in the plan, to deliver the Better Care fund outcomes and priorities. The result for the end of 2013/14 financial year shows better performance compared to Shropshire's family group and matched England average.

7. Conclusion

7.1 This performance report provides an update on the results achieved and the impact on delivering the five outcomes for Shropshire based on the methodology developed as part of the Members Rapid Action Group at the beginning of the calendar year.

7.2 Performance in the second quarter of 2014/15 has shown a number of improvements.

- Performance has improved in the recycling rates of household waste,
- There are more people in self employment and
- Fewer permanent admissions into residential care.

In addition to these improvements there are also challenges to be faced.

- Increasing numbers of Looked After Children
- An increase in the number of fly-tipping incidents

These additional demands are contributing to the early budget forecasts which show a potential overspend.

Measures and new ways of working are being developed and implemented to deliver services in different ways and continue to deliver the council’s outcomes and priorities.

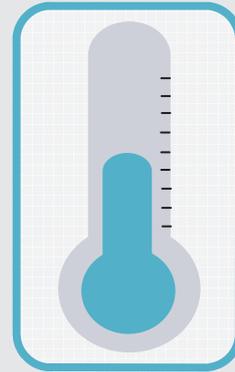
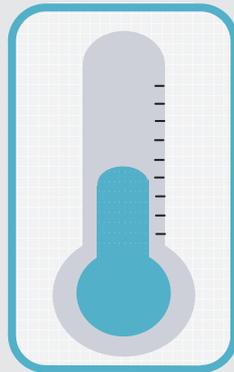
<p>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</p> <p>Business Plan and Financial Strategy 2014 – 2017</p>
<p>Cabinet Member (Portfolio Holder)</p> <p>Tim Barker</p>
<p>Local Member</p> <p>All</p>
<p>Appendices</p> <p>Appendix 1 – Change Infographic Dashboard</p> <p>Appendix 2 – Outcome Summary Infographic Dashboard</p>

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Quarter 2 Transformation Data

End of year budget

£223,445,000

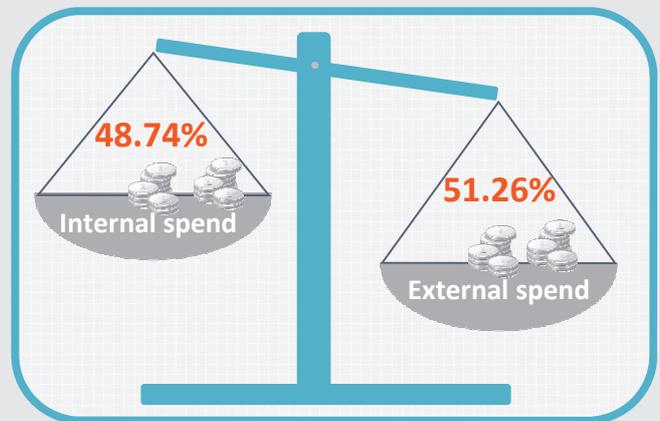


Forecast outturn

£225,048,000

£1,603,000 forecast **overspend**

51.26% of **gross revenue** budget spent externally



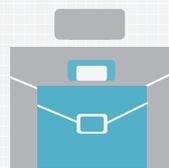
March
2011



4,219

FTE

Sept
2014

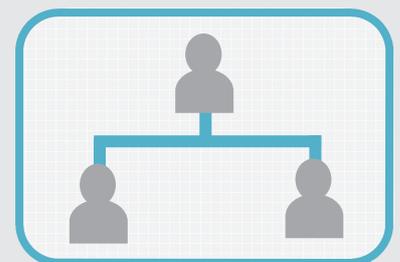


2,850

FTE

The average number of **Council work-force layers**

under the Chief Executive has **remained at 4.9**



84% of **residents** surveyed are **satisfied** with their **local area**



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Shropshire Outcomes

Number of **looked after children** per 10,000 has **increased**



Number of **referrals** to children's social care has **increased** compared to last year



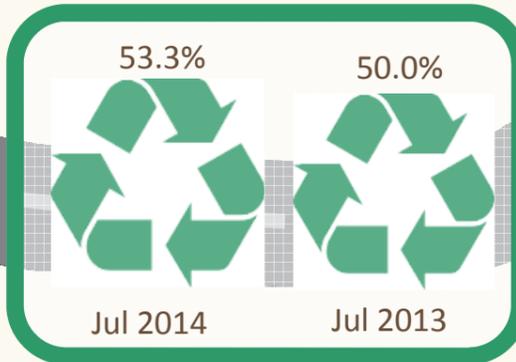
Your life outcome SC1
Welcome to Shropshire



Born in 2012, average **life expectancy** is **81.8 years**

Your environment outcome SC2
A Great Place To Live

Household waste sent for **recycling, re-use or composting** has **increased**



In 2013/14 **Shropshire** reported **5.7% less** incidents of **fly-tipping** than their **near neighbours**

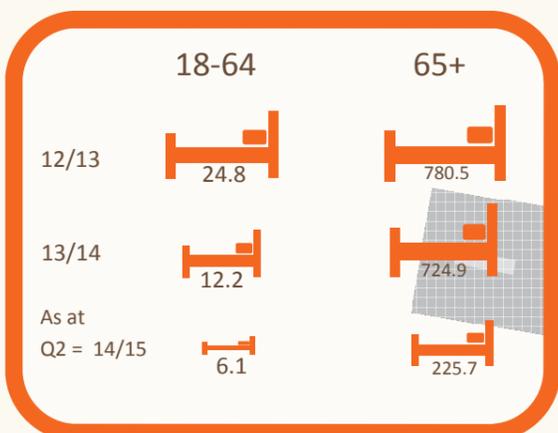
Your money outcome SC3
Floreat Salopia

More **houses** on **Council Tax register**



Numbers of **self employed** is **up**, and **higher** than comparator areas

Your health outcome SC4
Please Drive Carefully



Reduced permanent admissions into residential care homes, per 100,000 population



Increase in delayed transfers of care from hospital, per 100,000 population aged 18+, due to Adult Social Care

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<p><u>Committee and Date</u></p> <p>Cabinet</p> <p>10 December 2014</p> <p>12.30 pm</p>	<p><u>Item</u></p> <p style="font-size: 2em; text-align: center;">19</p> <p>Public</p>
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CONNECTING SHROPSHIRE REPORT – PHASE 2

Responsible Officer Andy Evans

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Tel: 01743 253869

1. Summary

- 1.1 The report sets out the various options available to Shropshire Council to provide fibre broadband to those areas that are currently not projected to get access to superfast broadband (SFBB) speeds (24Mbps+) as part of the Connecting Shropshire programme.

- 1.2 The current Connecting Shropshire programme which is valued at £26m will complete in 2016 and aims to provide approximately 87% of premises with SFBB, with 93% getting access to fibre based broadband*. All premises in the programme area (72,000) are assured to get access to a basic level of broadband (2Mbps) by the end of the BDUK programme. These outputs are defined as Phase 1 of the national BDUK (Broadband Delivery UK) programme.

- 1.3 Phase 2 of the BDUK programme aims to cover 95% of premises in the UK by 2017, and provide 90% of premises in the Shropshire Council area with access to SFBB speeds.

- 1.4 £11.38m of grant monies have been secured from BDUK as part of Phase 2 funding to commence a procurement exercise to appoint a provider to extend the coverage of fibre broadband in the Shropshire Council area.

- 1.5 Shropshire Council is continuing to look to secure 'match funding'. BDUK have assured Shropshire that they will support a Phase 2 procurement without 'match funding' in place.

* based upon existing commercial providers projections received as part of Open Market Review undertaken in 2012

2. Recommendations

It is recommended that members agree to:

- 2.1 The commencement of a Phase 2 procurement process using the BDUK Framework, to extend the coverage of fibre broadband in the Shropshire Council area (**option 3**).
- 2.2 Delegate authority to the Head of Economic Growth & Prosperity (Programme Executive), in consultation with the Portfolio Holder for Business Growth, ip&e and Commissioning (North) to define the value for money criteria to be used in evaluating the tender submission

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 The risks associated with each project are contained within each assessed option in sections 7-11.
- 3.2 There continues to remain a high level of public demand for improving broadband speeds in those areas currently not projected to get fibre broadband as part of the current Connecting Shropshire programme.
- 3.3 Improving broadband remains a key priority for Shropshire Council and underpins a number of the Authority's strategic objectives, specifically in support of the local economy; public health; education and supporting its service redesign agenda.
- 3.4 All options reviewed pose a potential reputational risk for the Authority.
- 3.5 Programme projections on premise numbers without superfast speeds are based on the data received as part of the Open Market Review held in October 2014.
- 3.6 The OMR data suggests that at the end of the current Phase 1 contract there will be circa 28,500 premises projected to not have access to superfast broadband. This includes 13,000 premises that are deemed as 'at risk' of not being delivered by existing providers as part of their commercial plans. The intention is to exclude these 13,000 premises from any procurement in Phase 2, and hold the providers to account for their projections. The tender will seek a solution for the remaining 15,500 premises.
- 3.7 The primary and most significant risk to all options reviewed is the need for the selected procurement model to meet BDUK assurance tests and for the procurement to have completed and contracted before the current EU State Aid conditions expire in June 2015.

3.8 Additionally, and most importantly if Shropshire Council fails to secure the committed match funding prior to procurement, BDUK will be the sole stakeholder in the process.

4 Financial Implications

4.1 The financial implications are contained within each project option in sections 7-11.

4.2 BDUK have confirmed they will support Shropshire Council in a Phase 2 procurement regardless of its ability to initially match funds on the understanding that the Council will continue to look for match funding to support actual expenditure. Any risk to the Authority is mitigated given that the Council will need to agree grant conditions prior to entering into any contract with a supplier. The costs associated with the proposed procurement exercise consist of Officer time and other expenses and have been budgeted for within the existing Revenue budget identified for the Broadband initiative.

4.3 Match funding may become available from the EU and Marches LEP funding sources in future. Details of any allocations are currently unclear and will remain uncertain until perhaps early 2015. Connecting Shropshire has projected a potential match funding figure of £9.7m to support a further procurement phase, whether as part of a BDUK Phase 2, or later as a Phase 3 project. Potential match funding sources include the LEP Local Growth Fund 2 of £7.5m (2016/17) and EU notional Funding 2014-20 of £2.2m (2015/23)

4.4 Revenue funding is currently not in place to provide a programme management office beyond current revenue commitments to September 2016, when the current programme is scheduled to complete and close. The estimated future cost is £0.240m and a new budget will need to be put in place from October 2016 should this initiative continue to be prioritised. Over the coming months work will be undertaken to both confirm the required budget and identify potential funding sources. There is a base budget allocation of £0.104m per annum, leaving a funding gap of £0.136m yet to be identified.

5 Phase 2 –Summary

5.1 In February 2014 Shropshire Council was allocated £11.38m as part of the Government's commitment to improve broadband nationally. The funding was offered to Shropshire on the basis that they are able to provide committed match funding £1:£1. The allocation was the second largest in the country behind Devon and Somerset.

5.2 In May 2014 Shropshire Council indicated to BDUK that they would be unable to find the necessary match funding owing to current financial constraints.

5.3 BDUK have subsequently committed to supporting Shropshire Council with a further procurement up to the value of £11.38m. This is regardless of the Council's

ability to secure the necessary full match funding prior to procurement. The agreement is based on Shropshire Council's commitment to continue to seek and secure match funding.

- 5.4** At the end of 2016, and using current commercial data, Connecting Shropshire has a projected gap of 28,500 premises in the Council area that will not have access to SFBB.
- 5.5** In order to justify a new framework procurement new alternative technologies or reengineering of existing technologies must be available to demonstrate value for money.

6. Options

6.1 Connecting Shropshire has reviewed the available procurements options:

- **Option 1** – procure through the extension of the current BDUK procurement framework; where there is clear evidence that new alternative technologies will be available; value for money can be demonstrated, with or without match funding.
- **Option 2** – undertake a fresh competitive procurement; with or without match funding.
- **Option 3** – a combination of 1 and 2 either in parallel, or staggered.
- **Option 4** – encourage existing Broadband infrastructure providers to commercially invest in Shropshire, in the areas that have no fibre access, without the need for any public subsidy.
- **Option 5** – Do nothing and close down the Connecting Shropshire Programme after completion of Phase 1.

7. Examination of the options in detail is considered below:

Option 1 - procurement through the extension of the current BDUK procurement framework

- 7.1** The BDUK procurement framework has been approved by the EU and extended until June 2015. To date as part of Phase 2, 32 Local Authority projects have already committed to procure through the BDUK framework.
- 7.2** The framework allows Local Authorities to procure cost effectively and expediently (26 weeks) through a proven process endorsed by BDUK.
- 7.3** The framework would allow Connecting Shropshire to extend existing SFBB coverage off the current supplier's network built as part of Phase 1. The framework will provide the BDUK assurance necessary to receive grant funding. Compliance

with EU State Aid conditions and supplier challenges would have less risk through the framework supported by BDUK.

- 7.4** Provided Shropshire Council commenced procurement activities prior to January 2015 it would be possible to contract with a framework supplier before the expiry of the framework agreement in June 2015 and commence deployment before the expiry of the current Phase 1 contract.
- 7.5** Assuming Shropshire Council was able to secure a full match funding allocation, a total capital investment of £30m+ could be available for broadband infrastructure deployment in the Council area. This assumes the incumbent supplier would provide a similar percentage investment as in Phase 1 which may be somewhat speculative.
- BDUK - £11.38m
 - Shropshire Council match funding (from various sources) - up to £11.38m
 - Supplier - £balance (To be defined at procurement)
- 7.6** Owing to the network topology and geography in Shropshire the existing framework technologies, within the current Suppliers solution **will not** currently offer value for money:
- Fibre to the Cabinet (FTTC) – in the majority of cases this technology has been fully exploited. Upgrading the remaining cabinets in the Council area will not provide sufficient premises with a good uplift in broadband speed because the majority of premises are a long way from their nearest cabinet. There is however some opportunities to build FTTC structures that will give ‘good uplift speeds’ at a reasonable cost (1,000-2,000 premises).
 - Fibre to the Premises (FTTP) – within the current contract BT will be building a number of FTTP structures. The cost of building these structures can be expensive in rural areas where premises are dispersed. The average cost of FTTP for Phase 2 has been estimated at £2,000 per premise which does not offer good value for money.
- 7.7** Procurement using the BDUK framework would need to include assurances that new technology (i.e. Fibre to the Remote Node - FTTRN) would be deployed in order that value for money can be achieved. The technology is currently being tested with a number of Local Bodies and is likely to be available as a ‘call off’ technology within Phase 2 procurements. Shropshire is aware that a number of other authority BDUK Phase 2 procurements are receiving modelled solutions that include new technology variations which would offer value for money to Shropshire. The technology will enable fibre to be taken deeper into the network to serve small hamlets that are currently too far away from cabinet structures.
- 7.8** It is unlikely that any procurement through the framework would provide SFBB to all remaining premises in the Shropshire Council area, regardless of the new technologies deployed.

7.9 The BDUK model is a financing ‘gap filled’ model. Once the ‘open network’ is built, the assets transfer to the contracted supplier. Shropshire Council will not retain any investment in the completed network.

7.10 There is a reputational risk of a Phase 2 procurement through the framework which will continue to build off the Phase 1 network deployment. To date the programme has received criticism for not addressing the most rural premises with slow speeds as a priority ahead of those areas that currently receive reasonable ADSL speeds. There is a reputational risk of procuring through a framework that will have only a single supplier willing to respond to an Invitation to Tender (ITT).

8. Option 2 – Seek a fresh procurement

8.1 A full supplier engagement and tendering process could provide an opportunity to exploit new technical solutions and provide wider coverage of SFBB in Shropshire.

8.2 A new procurement would encourage competition which can provide value for money. The new procurement process will potentially take at least 30 weeks minimum before contracting with a supplier.

8.3 It is essential to complete procurement ahead of the State Aid expiry in June 2015. Failure to do so could incur significant legal costs and contract delays in seeking State Aid compliance outside of the BDUK process. Any solution would need to provide an ‘open and competitive’ network to meet State Aid compliance. It would be optional on Shropshire Council whether they would seek a ‘gap filled’ procurement model, and if they chose to retain any investment in the completed network.

8.4 A new procurement may result in a new alternative network being deployed. The network may not build off the Phase 1 work that has been completed to date.

8.5 BDUK will need to provide assurance for any new procurement route. Without approval there is a risk that grant funds will not be available.

8.6 Any full procurement process would incur additional revenue costs, to provide the necessary skills (Project Management, Legal, State Aid and Procurement), above those that would be incurred naturally through the BDUK framework (Option 1). Estimated additional revenue costs:

- Additional external procurement specialist resources and support - £100k
- Additional external specialist legal resources - £100k

9. Option 3 – Seek a combination of Options 1 and 2

9.1 A blended procurement approach could offer an opportunity to exploit the current framework with a ‘fast track’ procurement that builds on Phase 1; focuses on fibre structures that offer value for money; offers best uplift speeds; and cost per premise, whilst seeking a subsequent new procurement beyond Phase 2 that

would exploit new technology in the more rural areas of Shropshire. These areas would typically be at the end of the fibre network which would not offer value for money with existing framework technologies.

9.2 Running two procurements would add complexity, timescale, and cost associated with procurement, legal and project management revenue expense. However it is possible to stagger the procurements which may provide more flexibility for the authority.

9.3 It could be possible to 'call off' up to the value of £11.38m allocation for a Phase 2 procurement. The balance beyond which value for money was not achieved could then be deferred for a further phase of open procurement to follow once additional funding has been secured beyond Phase 2.

10. Option 4 – Encourage existing Network providers to commercially invest in Shropshire

10.1 Local Shropshire wireless broadband providers have expressed a willingness to close some of the coverage gaps commercially without the need for state aid subsidy. The suppliers require a thorough understanding of where there are gaps in provision in Shropshire.

10.2 This Option has a number of risks:

- Local wireless broadband providers would not be under any obligation to fill the commercial gaps and may not have sufficient capital funding to support an expansion of their networks.
- As has been seen with BT's own commercial OMR responses, there is no contract obligation that the supplier has to meet their commitments. It is possible that the providers may decide not to invest.
- Local wireless broadband providers may not be sustainable, placing a risk against the authority should the provider cease trading.
- There is no obligation on the wireless providers offering an 'open network'. The choice of service and cost of broadband packages may preclude people from taking a service.
- State Aid guidance conditions recognise wireless provision as an interim SFBB technology that must be ultimately replaced by a fixed wire solution when it is economically viable. There is a risk that local wireless providers will be unable to meet this requirement.

10.3 During 'soft supplier engagement' a network provider approached Connecting Shropshire and intimated that they would be willing to invest in an alternative network that would provide full 100% fibre based coverage for Shropshire. The provider would not request any public state aid funds but would require a commitment by Shropshire Council to sign an exclusivity agreement to allow access to the authorities' commercial assets for the purpose of building a new network (buildings, street furniture, ducts, existing fibre structures i.e. CCTV).

Whilst the proposed model looks attractive it has a number of risks:

- The provider would want to build its network across existing areas that have already been fibre enabled as part of Phase 1. The provider sees the key 'market towns' as a commercial opportunity to make full rural deployment financially viable. This would add competition to the BT enabled areas where Shropshire Council has already invested monies, thus reducing contract 'claw back' opportunities for take up of broadband services. Connecting Shropshire are estimated up to £2m in claw back over the 10 year term of the current contract;
- The provider would focus on 'market towns' ahead of deploying services to those who do not have fibre broadband which would attract a significant reputational risk to Shropshire Council;
- Failure of the supplier to deliver projected coverage aspirations;
- Reputational damage if the model is unsuccessful;
- Authority support and exclusivity rights would constitute State Aid support
- Inability to provide a range of ISP services, leading to low take-up;
- Network Operator fails in-life or project ceases to operate creating reputational damage to the authority.

11. Option 5 – Do nothing

- 11.1** At the end of the current contract it is estimated that the Shropshire Council area will have 28,500 premises without SFBB speeds.
- 11.2** There is a significant reputational risk to the Authority if they chose not to support an extension of the current Phase 1 BDUK programme, particularly as grant funds are available from BDUK.

12. Conclusion

- 12.1** There remains significant risk associated to procuring outside of the existing BDUK framework and not meeting the June 2015 deadline. However, unless new technologies can be assured within a Phase 2 procurement Shropshire Council would not be able to justify using the framework.
- 12.2** Shropshire Council have received assurances that new technologies will be modelled as part of the BDUK framework. There remains therefore a real opportunity to extend the work carried out in Phase 1 and extend fibre provision further across the Shropshire Council area, particularly into the more rural communities.
- 12.3** Beyond a value for money threshold the balance of grant funds could be subsequently deferred and used in a further Phase 3 procurement, using additional match funds once these are secured. This would provide the most pragmatic, flexible and expedient solution.

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

24-09-2014 FINANCIAL STRATEGY 2015/16 – 2017/18 INTERIM REPORT

Cabinet Member (Portfolio Holder)

Steve Charmley

Local Member

Cabinet

Appendices

Glossary

ADSL	Asymmetric Digital Subscriber Line
BDUK	Broadband Delivery UK
FTTC	Fibre to the Cabinet
FTTP	Fibre to the Premises
FTTRN	Fibre to the Remote Node
ITT	Invitation to Tender
ISP	Internet Service Provider
LEP	Local Enterprise Partnership
Mbps	Megabytes per Second
OMR	Open Market Review
SFBB	Superfast Broadband
SPV	Special Purpose Vehicle

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