



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

Date: Tuesday, 1 December 2015

**Committee:  
Cabinet**

**Date: Wednesday, 9 December 2015**

**Time: 12.30 pm**

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

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

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

**Members of Cabinet**

Keith Barrow (Leader)  
Steve Charmley (Deputy Leader)  
Tim Barker  
Karen Calder  
Lee Chapman  
Ann Hartley  
Simon Jones  
Malcolm Price  
David Turner  
Claire Wild

**Deputy Members of Cabinet**

Peter Adams  
Nicholas Bardsley  
Robert Macey  
Robert Tindall  
Leslie Winwood  
Tina Woodward

Your Committee Officer is:

**Jane Palmer** Senior Democratic Services Officer

Tel: 01743 257712

Email: [jane.palmer@shropshire.gov.uk](mailto:jane.palmer@shropshire.gov.uk)

# AGENDA

## 1 Apologies for Absence

## 2 Disclosable Pecuniary Interests

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

## 3 Minutes (Pages 1 - 12)

To approve as a correct record Minutes of the Cabinet meetings held on 14 and 28 October 2015. Attached marked **3A and 3B**

Contact: Jane Palmer – 01743 257712

## a Public Questions

To receive any public questions, statements or petitions from the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 5.00pm on Friday 4 December 2015.

## 4 Matters Referred from Scrutiny/Council

## 5 Reports of Scrutiny Committees (Pages 13 - 38)

### a) Enterprise and Growth Scrutiny Committee: To consider the final report of the Student Accommodation Task and Finish Group.

Report of the Head of Economic Growth and Prosperity is attached marked: 5A

Contact - Andy Evans 01743 252503

### b) Performance Management Scrutiny Committee: Scrutiny of the Financial Strategy: Summary of the Feedback from the Scrutiny Committees

Report of the Statutory Scrutiny Officer is attached marked: 5B **TO FOLLOW**

Contact: Tom Dodds 01743 252011

## 6 Financial Strategy 2016/2017 to 2020/2021 (Pages 39 - 78)

Lead Member – Mr David Turner – Portfolio Holder for Resources, Finance and Support and I.T.

Report of the Head of Finance, Governance and Assurance is attached, marked 6. **TO FOLLOW**

Contact – James Walton Tel: 01743 255001

## 7 Treasury Management Update - Quarter 2 2015/2016 (Pages 79 - 96)

Lead Member – Mr David Turner, Portfolio Holder for Resources, Finance and Support and I.T.

Report of the Head of Finance, Governance and Assurance is attached, marked 7

Contact – James Walton 01743 255011

**8 Treasury Strategy 2015/2016 - Mid Year Review (Pages 97 - 116)**

Lead Member – Mr David Turner, Portfolio Holder for Resources, Finance and Support and I.T.

Report of the Head of Finance, Governance and Assurance is attached marked: 8

Contact – James Walton 01743 255001

**9 Setting the Council Tax Taxbase for 2016/17 (Pages 117 - 134)**

Lead Member – Mr David Turner – Portfolio Holder for Resources, Finance and Support and I.T.

Report of the Head of Finance, Governance and Assurance is attached, marked 9

Contact – James Walton 01743 255011

**10 Delegation of Functions to Birmingham City Council for the Purposes of Illegal Money Lending Enforcement (Pages 135 - 150)**

Lead Member - Mr Mal Price, Portfolio Holder for Regulatory Services, Housing and Commissioning (Central)

Report of the Director of Commissioning is attached, marked 10

Contact: George Candler 01743 255003

**11 Shropshire Council Adult Social Care - Local Account 2014-15 (Pages 151 - 190)**

Lead Member – Mr Lee Chapman, Portfolio Holder for Adult Services and Commissioning (South)

Report of the Director of Adult Services is attached, marked 11

Contact – Stephen Chandler 01743 253704

**12 Shropshire Schools Funding Formula (Pages 191 - 246)**

Lead Member – Mrs Ann Hartley, Portfolio Holder for Children’s Services

Report of the Director of Children’s Services is attached, marked: 12

Contact – Karen Bradshaw 01743 252407

**13 Quarter 2 Performance Report 2015/2016 (Pages 247 - 256)**

Lead Member – Mr Tim Barker, Portfolio Holder for Performance

Report of the Performance Manager is attached, marked 13

Contact – Tom Dodds 01743 252011

**14 Shropshire Small Business Loan Scheme**

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

Report of the Director of Commissioning is attached, marked 14 **TO FOLLOW**

Contact: George Candler 01743 255003

**15 Exclusion of Press and Public**

To RESOLVE that in accordance with the provisions of Schedule 12A of the local Government Act 1972 and Paragraph 10.2 of the Council's Access to Information Rules, the public and press be excluded during consideration of the remaining items.

**16 Exempt Minutes (Pages 257 - 258)**

To approve as a correct record Exempt Minutes of the meeting held on 28 October 2015

Contact – Jane Palmer 01743 257712



## Committee and Date

Cabinet  
9 December 2015

## **CABINET**

**Minutes of the meeting held on 14 October 2015 in the Shrewsbury Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND  
12.30 pm - 1.55 pm**

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

### **Present**

Councillors Steve Charmley in the Chair (Deputy Leader), Tim Barker, Karen Calder, Ann Hartley, Simon Jones, Malcolm Price, David Turner and Claire Wild.

### **53 Apologies for Absence**

53.1 Apologies were received from Councillors Keith Barrow and Lee Chapman.

### **54 Disclosable Pecuniary Interests**

54.1 Members were reminded that they must not participate in the discussion or voting on any matter in which they had a disclosable pecuniary interest and should leave the room prior to the commencement of the debate.

### **55 Minutes**

#### **55.1 RESOLVED:**

That the Minutes of the Cabinet meeting held on 29 July 2015 be approved as a correct record and signed by the Deputy Leader [in the Chair].

### **56 Public Questions**

56.1 Mr John Shone had submitted a question regarding the accommodation of and control of Ellesmere Library in the future. A written reply from the Portfolio Holder for Business Growth, ip&e and Commissioning (North) was tabled at the meeting – a copy of the full question and reply is attached to the signed minutes.

- 56.2 By way of a supplementary question, Mr Shone queried the timeliness and extent of consultation with Ellesmere Town Council. In response, the Portfolio Holder for Young People confirmed that Ellesmere Town Council had been involved from the earliest discussions. The Director of Commissioning referenced consultation around the Council's Commissioning Strategy and said alternative suggestions would be welcomed on Ellesmere, even after the consultation closure date.
- 56.3 Mr Richards had submitted a question regarding Shawbury Library. A written reply from the Portfolio Holder for Business Growth, ip&e and Commissioning (North) was tabled at the meeting – a copy of the full question and reply is attached to the signed minutes.
- 56.4 By way of a supplementary question, Mr Richards queried the affordability of running the library for Shawbury Parish Council or Parish Hall Committee and viability of providing a Mobile Library Van service as a replacement.
- 56.5 In response, the Portfolio Holder for Business Growth, ip&e and Commissioning said the process undertaken in Shawbury had been the same as for all other small libraries. Community groups had come forward with proposed solutions in other locations. He reiterated that the Council still remained open to ideas for Shawbury.
- 56.6 Mr M Green made a statement on behalf of Shropshire Libraries Yes Campaign during the discussion on agenda item 11. A copy of the statement is attached to the signed minutes.

## **57 Matters Referred from Scrutiny/Council**

- 57.1 There were no matters referred from Scrutiny or Council.

## **58 Reports of Scrutiny Committees**

- 58.1 There were no reports from the Scrutiny Committees.

## **59 Revenue Monitoring Report Quarter 2 2015/2016**

- 59.1 The Portfolio Holder for Finance, Resources and Support presented a report by the Head of Finance, Governance and Assurance – copy attached to the signed minutes – which set out the Revenue forecast for 2015/2016 at Quarter 2 and identified the current projections on delivery of savings included within the forecast. Responding to questions from Members, he reported that the projected overspend had reduced since Quarter 1 and further work would be undertaken over the next six months to bring the budget into balance.

**59.2 RESOLVED:**

- i) That it be noted that at the end of Quarter 2 (28 August 2015), the full year forecast is a potential overspend of £4.135m;
- ii) That the impact of this on the Council's General Fund balance be considered.

**60 Capital Monitoring Report Quarter 2 2015/2016**

60.1 The Portfolio Holder for Finance, Resources and Support presented a report by the Head of Finance, Governance and Assurance (Section 151 Officer) – copy attached to the signed minutes – on the current position for the Council's 2015/16 to 2018/19 capital programme, taking into account the latest monitoring information on the progress of the schemes, any necessary budget increases and decreases and the re-profiling of budgets between 2015/16 and future years.

**60.2 RESOLVED:**

That the net budget variations of £3m to the 2015/16 capital programme be approved, detailed in Appendix 1/Table 1 and the re-profiled 2015/16 capital budget of £62m. Including new allocations of capital receipt funding as follows:

- i) £86k for the Mere warden's bungalow refurbishment;
- ii) That the re-profiled capital budgets of £40.9m for 2016/17 and £28.1m for 2017/18 and £70k for 2018/19 be approved as detailed in Appendix 1/Table 4;
- ii) That the expenditure to date of £14.4m be accepted, representing 23.2% of the revised capital budget for 2015/16, with 42% of the year having elapsed.

**61 Quarter 1 Performance Report 2015/2016**

61.1 The Portfolio Holder for Performance presented a report by the Performance Manager – copy attached to the signed minutes – on the Council's performance against its outcomes for the first quarter of 2015/16. In the ensuing discussion, the Portfolio Holder answered questions about staff structure, pressures on adult social care and the health sector.

**61.2 RESOLVED:**

- i) That the key underlying and emerging issues in the report and appendices be considered; and

- ii) That any performance areas for consideration in greater detail be identified or referred to the appropriate Scrutiny Committee.

**62 Shropshire Highways - Draft Asset Management and Communications Strategy and Implications of Department for Transport - Incentivised Funding**

62.1 The Portfolio Holder for Highways and Transport presented a report by the Director of Commissioning – copy attached to the signed minutes - on the draft Asset Management Strategy. The report detailed how the Highways and Transport service would approach the task of managing Shropshire’s most valuable and important public infrastructure from autumn 2015. He reported that Shropshire Council was aiming to secure Band 2 status and then to develop improvements into Band 3.

**62.2 RESOLVED:**

- i) The draft Asset Management Strategy attached be approved for wider consultation with stakeholder and interest groups and the public over the autumn period of 2015.
- ii) Delegated Authority be provided to the Area Commissioner – South in consultation with the Portfolio Holder for Highways and Transport, to consider any views or comments from the wider consultation and incorporate within the Asset Management Strategy, if appropriate.
- iii) Delegated Authority be provided to the Area Commissioner – South in consultation with the Portfolio Holder for Highways and Transport, to agree a final document for publication and formal adoption.
- iv) The draft Communications Strategy, be approved for wider consultation with stakeholder and interest groups and general public over the autumn period of 2015.
- v) Delegated Authority be provided to the Area Commissioner – South in consultation with the Portfolio Holder for Highways and Transport to consider any views or comments from the wider consultation and incorporate within the strategy if appropriate.
- vi) Delegated Authority be provided to the Area Commissioner – South in consultation with the Portfolio Holder for Highways and Transport, to agree a final document for publication and formal adoption.
- vii) The implications of the Department for Transport Incentivised Funding criteria and the anticipated reduction in Capital Block Grant for Highways over the next three years be noted.



## **63 Redesigning Shropshire Council's Library Service and Customer Service Points**

63.1 The Portfolio Holder for Business, Culture and Commissioning (North) introduced a report of the Director of Commissioning – copy attached to signed minutes – which outlined and confirmed the approach that Shropshire Council would adopt for the redesign and commissioning of its library service and customer service points.

63.2 Mr M Green read a statement on behalf of Shropshire Libraries Yes Campaign – a copy is attached to the signed minutes.

63.3 During the ensuing discussion the Portfolio Holder said that the very last course of action the authority wished to take was to close any libraries. He confirmed that any approach or suggestion of alternatives would be welcomed and evaluated. A Member from a rural electoral division made reference to the success of some small libraries being operated by social enterprises in very rural locations. Another Member asked if the Council would be able to guarantee alternative operations would be sustainable for a reasonable period of time. The Portfolio Holder confirmed that proposals would be subject to thorough and detailed discussions to ensure they were sustainable.

### **63.4 RESOLVED:**

- i) That the approach described within this report to redesign Shropshire Council's library services and customer service points be confirmed and approved.
- ii) That delegated authority be granted to the Director of Commissioning in consultation with the Portfolio Holder for Business, Culture and Commissioning (North) for the future library decision making required as the recommended approach is delivered.
- iii) That delegated authority be granted to the Director of Public Health in consultation with the Portfolio Holder for Resources and Support for the future Customer Service Point decision making required as the recommended approach is delivered.

## **64 West Midlands Rail Devolution**

64.1 The Portfolio Holder, Highways and Transport, presented a report seeking Cabinet approval of the proposed governance arrangements for the development and oversight of the West Midlands Rail Franchise through West Midlands Rail Limited (WMR Ltd) and to approve the Council's membership of WMR Ltd and the appointment of directors to the board of WMR Ltd.

## 64.2 RESOLVED:

- i) That the proposed governance arrangements be approved as set out in this report for the development and oversight of the WMR Ltd, established as a company limited by guarantee with a Board of Directors appointed from each of the constituent partner authorities for the purpose of providing local democratic strategic guidance for the specification of the new West Midlands rail franchise being let by the Department for Transport (DfT) during 2017.
- ii) That Shropshire Council joining WMR Ltd as a member be approved.
- iii) That the appointment by the Council of Cllr Keith Barrow as a principal director on the Board of WMR Ltd and Cllr Simon Jones as his substitute director on that Board be approved.
- iv) That the Corporate Head of Legal and Democratic Services and Solicitor to the Council be authorised to agree and enter into or execute such documents as are necessary to give effect to these decisions.
- v) That the intention be noted that WMR Ltd will in due course enter into a formal partnership agreement with the DfT that will set out the rights and obligations of WMR Ltd in relation to the award of the new West Midlands Rail Franchise and related matters and that:
  - a) that agreement will require approval by a 75% vote of WMR Ltd's members and will be the subject of a future report to Cabinet; and
  - b) any WMR Ltd member may resign its membership of WMR Ltd at any time, including where the member does not approve the terms of any such agreement.

## 65 Options on the Future Delivery of Customer Services in Shropshire

65.1 The Cabinet Member for Finance, Resources and Support, presented a report – copy attached to the signed minutes – setting out delivery options for the customer services function, and outlining issues and advantages afforded by a single front door into council services, and opportunity to work together with the Clinical Commissioning Group and other public sector partners to achieve better integration and more joined up working.

## 65.2 RESOLVED:

- i) That the report and the points raised on the “single front door” approach to Customer Services and the options for future delivery be considered.
- ii) That approval be granted to continue exploring the potential of commissioning a unified service across the public sector by working

more closely with the CCG and other interested public sector partners.

- iii) That delegated authority be granted to the Director of Public Health, in consultation with the Portfolio Holder for Resources and Support, with input from Directors of Children's Services and Adult Social Care, to make any further decisions on service delivery.

## **66 Community Energy**

66.1 The Portfolio Holder for Business Growth, ip&e, Culture and Commissioning (North) introduced a report of the Director of Commissioning – copy attached to the signed minutes – which set out a proposals to explore the opportunity for the Council to generate a new income stream through involvement in the purchase and resale of energy to domestic and business consumers.

### **66.2 RESOLVED:**

- i) That the position to explore energy supply and commercial energy opportunities as set out in the report be endorsed.
- ii) That delegated authority be granted to the Chief Executive in consultation with the Portfolio Holder for Business Growth, ip&e, Culture and Commissioning (North) to agree and to complete all formalities to facilitate the procurement process.

## **67 Exclusion of Press and Public**

### **67.1 RESOLVED:**

That in accordance with the provisions of Schedule 12A of the Local Government Act 1972, Section 5 of the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations, and Paragraph 10.2 of the Council's Access to Information Rules, the public and press be excluded during consideration of the item 16, Exempt Minutes of the meeting held on 29 July 2015.

## **68 Exempt Minutes**

### **68.1 RESOLVED:**

That the exempt Minutes of the Cabinet meeting held on 29 July 2015 be approved as a correct record and signed by the Deputy Leader [in the Chair].

Signed ..... (Chairman)

Date: .....



**Committee and Date**

Cabinet  
9 December 2015

**CABINET**

**Minutes of the meeting held on 28 October 2015 in the Shrewsbury Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND  
12.30 pm - 1.05 pm**

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

**Present**

Councillor Keith Barrow (Leader)  
Councillors Steve Charmley (Deputy Leader), Tim Barker, Lee Chapman, Ann Hartley, Simon Jones, David Turner and Claire Wild

**69 Apologies for Absence**

69.1 There were apologies for absence from Mrs Karen Calder and Mr Mal Price.

**70 Disclosable Pecuniary Interests**

70.1 None were declared.

**71 Public Questions**

71.1 There were no questions from members of the public.

**72 Matters referred from Scrutiny/Council**

72.1 There were no matters referred from Scrutiny or Council.

**73 Financial Strategy 2015/16 to 2020/21**

73.1 The Portfolio Holder for Finance, Resources and Support and I.T. presented a report by the Head of Finance, Governance and Assurance – copy attached to the signed Minutes – on the Council's Financial Strategy 2015/2016 to 2020/2021. The report presented the next stage in developing a sustainable financial strategy for the Council and modelled the funding anticipated to be available to the Council over the next five years and how expenditure would be contained within these limits. He stated that insufficient detail was currently known on new opportunities announced by the Chancellor of the Exchequer for increased retention and control over local business rates; this matter would be considered further when more information had been received.

73.2 He added that the Council was planning to save over £77 million over the next five years and put the Council's finances onto a sustainable footing; by 2016/17 the target of £30 million savings was anticipated. He drew particular attention to the launch of the Council's 'Big Conversation' with the public to help explain the changes that needed to be made to the Council and to allow everyone to have an input into the process.

73.3 During the ensuing debate the headline points were acknowledged and support for the 'Big Conversation' initiative was agreed. The Leader agreed that the way things were done would have to change and some things would have to stop altogether. He stressed the importance of the 'Big Conversation' and confirmed that a delegation to Westminster may be appropriate and the lobbying of Shropshire MPs represented the first step.

#### 73.4 **RESOLVED**

- i) That the current financial position and the substantial work necessary to deliver a balanced 2016/17 budget and in future years as set out in Section 7 be noted.
  - a. Resources and Expenditure projections from 2016/17 to 2020/21 as set out in Section 6
  - b. The categorisation of services into "Protected Services" which form the core of services to be delivered by the Council under a Sustainable Business Model as set out in Section 8.
  - c. The potential impact on other services which would need to be delivered to a level contained within the Council's remaining resources (Sections 8 and 9).
- ii) That the options available to Council to manage and maximise resources as set out in Section 8 (8.26 onwards) which will need to be formally agreed in February 2016 be noted.
- iii) That the impact of the Chancellor's Announcement on 100% Local Business Rate Retention as set out in Section 10, be noted.
- iv) That the launch of the 'Big Conversation' to engage with stakeholders and the general public over the coming months be noted as set out in Section 11.

#### 74 **Proposal to Close Buildwas Primary School**

74.1 This item was removed from the agenda for this meeting.

**75 Exclusion of Press and Public**

**75.1 RESOLVED:**

That, in accordance with the provisions of Schedule 12A of the Local Government Act 1972 and Paragraph 10.2 of the Council’s Access to Information Rules, the public and press be excluded during consideration of the remaining items.

**76 ICT Business Continuity and Disaster Recovery Update Report**

76.1 The Portfolio Holder for Finance, Resources and Support and I.T. presented an exempt report by the Chief Executive – copy attached to the signed exempt minutes – on a progress update and further suggested short term and strategic recommendations to complete the outstanding actions from the ICT internal audit report in 2013. He drew attention to the remedial actions relating to an existing data centre’s physical and environmental controls, system documentation, disaster recovery plans and system recovery tests.

**76.2 RESOLVED**

That the three exempt recommendations as detailed in the exempt report of the Chief Executive be approved.

**77 Commissioning Out Social Work Practice**

77.1 The Portfolio Holder for Adult Services and Commissioning (South) presented an exempt report by the Director of Adult Services – copy attached to the signed exempt minutes – on the context for and scope of the service model relating to commissioning out social work practice and the resources needed to continue to build on from the Council’s pilot phase of the Department of Health’s Social Work Practice Pilot.

**77.2 RESOLVED**

That the recommendations as detailed in the exempt report of the Director of Adult Services be approved.

*(The full version of exempt Minutes 76 and 77 detailed above constitutes exempt information under category 3 of Paragraph 10.4 of the Council’s Access to Information Rules and has therefore been with-held from publication.)*

Signed ..... (Chairman)

Date: .....

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Committee and date  
Cabinet  
  
9<sup>th</sup> December 2015 at  
12.30

Item No

**6**

## REPORT OF THE TASK AND FINISH GROUP ON STUDENT ACCOMMODATION

**Contact:** Andy Evans, Head of Economic Growth and Prosperity  
**Email:** [andrew.m.evans@shropshire.gov.uk](mailto:andrew.m.evans@shropshire.gov.uk)

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### 1.0 Summary

- 1.1 This paper presents the final report of the Student Accommodation Task and Finish Group. The work of the Group has focused on informing the eventual development of the Student Accommodation Strategy.
- 1.2 The remit of the Task & Finish Group was to consider best practice and consider any specific concerns relating to the introduction of the new University Centre Shrewsbury.
- 1.3 The Task and Finish Group has developed its conclusions and recommendations based on the evidence gathered through its work.

### 2.0 Recommendations

To follow is a summary of the recommendations the Group are proposing to the Portfolio Holder for Regulatory Services, Housing and Commissioning (Central) for consideration for developing the Student Accommodation Strategy. The background for these recommendations can be found further in the report.

1. The Local Plan Review should consider specific policy formulation for HMO's
2. Subsequently, a HMO Supplementary Planning Document (SPD) be produced to guide the development management process in the assessment of planning applications for HMO's. Within the policy there should be appropriate threshold levels in order to inform the decision making process.

3. The establishment of a HMO database identifying properties in HMO use with ongoing monitoring. Included in the monitoring should be the registering of complaints received related to HMO's.
4. A Student Accommodation Accreditation Mark be introduced in 2016 in order to set expectations of standards from an early stage in the development of the University Centre. These standards to be endorsed by UCS.
5. This Group believes the Student Accommodation Accreditation Scheme could be improved by the inclusion of some further measures within the Accreditation Checklist.

Reasoning/Details:

During the site visit to Worcester on 28th October 2015 some measures of interest were identified in Worcester's Landlord Accreditation Scheme. It should be noted that Worcester operates an Additional Licensing Scheme rather than the proposed voluntary accreditation scheme. The following measures are recommended to be considered further for incorporation into Shropshire's Landlord Accreditation Scheme:

- a. Landlords will be responsible for the maintenance of the gardens of their let properties.  
*Reason:* To ensure garden maintenance does not become a contentious issue within communities and to prevent the development of any environmental health problems.
- b. Standardised tenancy agreements for students.  
*Reason:* To protect students.
- c. No pre-payment meters in student accommodation.  
*Reason:* Common HMO tenancy agreements include utilities in rent, pre-payment meters are incompatible with mains powered smoke detectors.
- d. The proposed scheme requires Landlords to pass a fit and proper persons test in line with national best practice. Officers are asked to explore the inclusion of a DBS check in line with DBS guidance.  
*Reason:* Students are likely to be away from home for the first time and will in many cases be experiencing the private rental sector for the first time. As such they could be considered vulnerable to some extent and so procedures should be in place to ensure the suitability of accredited landlords.
- e. Consideration should be given to joint working with local recycling and reuse schemes such as Revive and Shrewsbury Furniture Scheme.

*Reason:* To reduce residual waste, to ensure usable items are not sent to landfill, to reduce end of year waste complaints and to benefit disadvantaged local residents and potentially future students.

### **3.0 Report**

- 3.1 The Report of the Student Accommodation Task and Finish Group is attached as Appendix A
- 3.2 Student Accommodation Briefing Note is attached as Appendix B
- 3.3 Shropshire Student Accreditation Mark Checklist is attached as Appendix C

### **4.0 Risk Assessment and Opportunities Appraisal**

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

### **5.0 Financial Implications**

- 5.1 The Task and Finish group did not consider specifically the financial implications with regard to its findings and subsequent recommendations. However, the Group did identify that costs would arise from the introduction of certain policy directions which will require impact assessment when the Council brings forward the Student Accommodation Strategy.

**Background Papers**

- None

**Cabinet Member/s**

Mal Price - Portfolio Holder for Regulatory Services, Housing and Commissioning (Central)

Claire Wild – Portfolio Holder for University Centre and Shrewsbury BID

**Local Member/s**

Dean Carroll

Vernon Bushell

Mal Price

Kevin Pardy

Alan Mosley

Miles Kenny

Pam Moseley

Hannah Fraser

Ted Clarke

Jane Mackenzie

Keith Roberts

Peter Adams

Peter Nutting

Ann Chebsey

Andrew Bannerman

**Appendices**

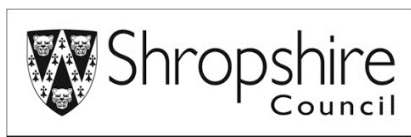
Appendix A – Task and Finish Group Report on Student Accommodation

Appendix B – Student Accommodation Briefing Note

Appendix C – Shropshire Student Accreditation Mark Checklist

**APPENDIX A**

**Contact:** Andy Evans - [andrew.m.evans@shropshire.gov.uk](mailto:andrew.m.evans@shropshire.gov.uk)



Committee and date

**12<sup>th</sup> November 2015**

Enterprise and Growth  
Scrutiny Committee

Item No

**Public**

## **REPORT OF THE TASK AND FINISH GROUP ON STUDENT ACCOMMODATION**

**Contact:** Andy Evans, Head of Economic Growth and Prosperity

**Email:** [andrew.m.evans@shropshire.gov.uk](mailto:andrew.m.evans@shropshire.gov.uk)

### **1.0 Summary**

- 1.1 Enterprise and Growth Scrutiny Committee on 11 June 2015 considered a presentation from the Head of Economic Growth and Prosperity regarding Cabinet's agreed approach to developing a comprehensive Student Accommodation Strategy in order to fully address the housing needs and impact likely to arise as a result of the introduction of the University Centre Shrewsbury.
- 1.2 The presentation addressed the role of the Council in terms of its estates portfolio and its regulatory functions. While all are linked in many ways the role of the Council could be defined in terms of: direct delivery of accommodation, Houses in Multiple Occupation (HMO's) and related planning legislation such as Article 4 directions and HMO's and related licensing and registration.
- 1.3 Further to the presentation Scrutiny Committee concluded that the subject of Student Accommodation was worthy of consideration and that a member Task and Finish Group be established with Councillor Dean Carroll elected as the Chairman. The subsequent Terms of Reference were agreed, as set out below. Members of the Group included Councillors Andrew Bannerman, Steven Davenport, John Hurst-Knight, Alan Moseley and Peter Nutting.

### **2.0 Recommendations**

**Contact:** Andy Evans - [andrew.m.evans@shropshire.gov.uk](mailto:andrew.m.evans@shropshire.gov.uk)

To follow is a summary of the recommendations the Group are proposing to the Portfolio Holder for Regulatory Services, Housing and Commissioning (Central) for consideration for developing the Student Accommodation Strategy. The background for these recommendations can be found further in the report.

6. The Local Plan Review should consider specific policy formulation for HMO's
7. Subsequently, a HMO Supplementary Planning Document (SPD) be produced to guide the development management process in the assessment of planning applications for HMO's. Within the policy there should be appropriate threshold levels in order to inform the decision making process.
8. The establishment of a HMO database identifying properties in HMO use with ongoing monitoring. Included in the monitoring should be the registering of complaints received related to HMO's.
9. A Student Accommodation Accreditation Mark be introduced in 2016 in order to set expectations of standards from an early stage in the development of the University Centre. These standards to be endorsed by UCS.
10. This Group believes the Student Accommodation Accreditation Scheme could be improved by the inclusion of some further measures within the Accreditation Checklist.

Reasoning/Details:

During the site visit to Worcester on 28th October 2015 some measures of interest were identified in Worcester's Landlord Accreditation Scheme. It should be noted that Worcester operates an Additional Licensing Scheme rather than the proposed voluntary accreditation scheme. The following measures are recommended to be considered further for incorporation into Shropshire's Landlord Accreditation Scheme:

- f. Landlords will be responsible for the maintenance of the gardens of their let properties.  
*Reason:* To ensure garden maintenance does not become a contentious issue within communities and to prevent the development of any environmental health problems.
- g. Standardised tenancy agreements for students.  
*Reason:* To protect students.
- h. No pre-payment meters in student accommodation.  
*Reason:* Common HMO tenancy agreements include utilities in rent, pre-payment meters are incompatible with mains powered smoke detectors.

- i. The proposed scheme requires Landlords to pass a fit and proper persons test in line with national best practice. Officers are asked to explore the inclusion of a DBS check in line with DBS guidance.  
*Reason:* Students are likely to be away from home for the first time and will in many cases be experiencing the private rental sector for the first time. As such they could be considered vulnerable to some extent and so procedures should be in place to ensure the suitability of accredited landlords.
- j. Consideration should be given to joint working with local recycling and reuse schemes such as Revive and Shrewsbury Furniture Scheme.  
*Reason:* To reduce residual waste, to ensure usable items are not sent to landfill, to reduce end of year waste complaints and to benefit disadvantaged local residents and potentially future students.

### **3.0 Terms of Reference**

#### **3.1 Context**

The University Centre Shrewsbury is an exciting development for Shrewsbury and Shropshire. It brings many social and economic opportunities, but there are also recognised challenges that need to be identified and managed where and however possible. The need to provide suitable accommodation for students is well established, and a feature of all towns and cities where universities are in place. There are great opportunities to learn from the experience of other universities and locations to help maximise the opportunities and benefits, and reduce any risks to doing this.

#### **3.2 Objectives**

- To learn and identify best practice from other towns and cities, and universities about the opportunities and risks associated with developing a new university, and how they have handled them
- To identify any specific concerns relating to the introduction of the University Centre Shrewsbury and make recommendations based on the learning.
- To consider appropriate student numbers for University Centre Shrewsbury, both now and in the future.

#### **3.3 Information Required From Officers**

**Contact:** Andy Evans - [andrew.m.evans@shropshire.gov.uk](mailto:andrew.m.evans@shropshire.gov.uk)

- Details of any planning and other legislative and policy frameworks that are relevant to the development of Student Accommodation, and how they will be applied.
- Details of known opportunities and risks associated with the development of a new university with particular reference to student accommodation and students as part of the community.
- Details of any known solutions or examples of innovative practice.

### 3.4 Other Sources of Information

- Local stakeholders and witnesses and experts including Team Shrewsbury, Representatives from Planning, Representatives from Public Protection (e.g. Private Sector Housing, Environmental Health), and the University of Chester/University Centre Shrewsbury
- Site visits
- Specialist witnesses

### 3.5 Methods to Be Used

- Hear from stakeholders
- Identification of learning and best practice through review of literature/web
- Site visits
- Identification and invitation of specific witnesses e.g. representatives from the University of Lincoln and the Local Authority
- Development of evidence based recommendations

### 3.6 Timescales



- Context setting Committee meeting – June 2015. Task and Finish group commissioned
- Task and Finish Group – 3 meetings with visits and research in between
- Task and Finish Group meeting 1:
  - Confirm any additional information required following Committee meeting and focus
  - Confirm locations for visits and the purpose of the visits
  - Allocation of tasks
- Task and Finish Group meeting 2:
  - Feedback on findings and insights of research and site visits
  - Hear from any invited witnesses
  - Confirm conclusions and recommendations
- Officer report written
- Task and Finish Group meeting 3:
  - Task and Finish Group members confirm the report
- Report back to Scrutiny Committee September 2015

### 3.7 Key Results Expected

Recommendations to help maximise the opportunities and benefits of the University Centre Shrewsbury

## 4.0 Chairman's Report

- 4.1 I would like to place on record my thanks to those who have contributed to this piece of work, my fellow members of the group and the officers who supported us, ably led by Andy Evans. My particular thanks go to those outside of Shropshire Council who provided evidence to support us, the local lettings agents who answered our questions on the mood within the local market, the representatives of University Centre Shrewsbury who have shared their thoughts with us, and the members of other authorities who have openly shared experiences they have had in such matters.

**Contact:** Andy Evans - [andrew.m.evans@shropshire.gov.uk](mailto:andrew.m.evans@shropshire.gov.uk)

- 4.2 From the start it was evident that any recommendations we made would need to be robust and evidence based due to the high risk of challenge. I believe the approach we have taken has been proportionate in light of the existing evidence.
- 4.3 We have taken an exhaustive approach to the information we have sought, and unfailingly pressed for data from as many different perspectives as possible. Each recommendation we have made has been entirely evidence based, and the supporting evidence for each can be found either within this report or the attached appendices.
- 4.4 In conclusion this Task and Finish Group has carried out a thorough appraisal of the situation to reach the recommendations we have. That should not, however, be considered the end of the work, and the success of any strategy will depend on ongoing monitoring and a full review of the approach taken after the period of time we have recommended. We all wish to see the fledgling University Centre Shrewsbury thrive and become a happily integrated part of our communities. I hope our work here will reassure all that that is what we are all striving to achieve

## 5.0 Main Findings

- 5.1 Work of the Task and Finish Group to inform recommendations covered a number of key areas but with a focus on the potential expansion of HMO's.
- 5.2 The Task and Finish Group received information from a number of Officers, external independent consultants and local property agents. They also discussed matters with representatives of local stakeholder groups and the University Centre Shrewsbury. Members also visited Worcester where they discussed student accommodation with the Worcester University and Officers of the City Council.
- 5.3 Officers who presented to the group and worked with the Members included:
- Andy Evans – Head of Economic Growth & Prosperity  
Steph Jackson – Head of Commercial Services  
Ian Kilby – Planning Services Manager  
Andy Mortimer – Planning Policy & Environment Manager  
Nick Wood – Communities & Housing Policy Team Leader  
Karen Collier – Service Manager, Health & Community Protection  
Colin Capper – Public Protection Officer (Housing)  
Dee Eccleston – Public Protection Officer (Housing)
- 5.4 The group discussed the number of expected students and the impact of exceeding the anticipated student population on Shrewsbury. It was agreed that consideration of student numbers would form part of the work of the group.

- 5.5 The group was aware that early research had shown developers unwilling to develop private accommodation until the student population was established. As a consequence of this Mardol House in Shrewsbury was being refurbished by the Council to provide approximately eighty residential units for September 2015. This was estimated as sufficient for the first year intake. In addition to this the Council procured a delivery partner to supply a further 800 units in two tranches over the next three years. The tender process had been completed, a preferred development partner selected and contract negotiations had been entered into.
- 5.6 It was expected that once the University Centre had been established the private sector may provide further accommodation through houses of multiple occupation (HMO). The Council's role in the private sector provision would be through licensing provision and planning policy.
- 5.7 The University Centre would require all first year students, not living at home, to reside in the student accommodation provided. After the first year, students were free to find their own accommodation which was when the private accommodation provision would be required. There was no current impediment to developers converting residential houses to HMO's under permitted development rights where there would be less than 6 residents. Any conversions made before the implementation of an Article 4 Direction would not be subject to its restrictions. Members discussed the importance of completing the Student Accommodation Strategy before developers started to convert properties.

## **6.0 Shrewsbury HMO Evidence Study ARUP August 2015**

- 6.1 ARUP had been engaged as consultants to assist in the development of the Student Accommodation Strategy. Members considered the baseline information obtained from the study undertaken by ARUP. Members examined the map showing the location of known licensed and non-licensed HMOs. These were mainly larger HMOs that had been granted planning permission, HMOs established under permitted development rights were more difficult to identify as the Council did not have reason to collect data pertaining to them. Although, as student houses were not liable for Council Tax, a dwelling that was Council Tax Exempt might be an indication of a student house and this information was included in the baseline data. Where other councils had assessed the numbers of HMO's developed under permitted development rights the numbers had been greater than anticipated.
- 6.3 The impact of the student population on other towns was also considered. They noted that lower student numbers than other university towns were projected, with students comprising 3.6% of the town's overall population.
- 6.4 ARUP outlined interventions available to the Council to manage the location of student accommodation.

- **Option 1** was immediate intervention where the Council would give notice of its intention to put an Article 4 Direction [A4D] in place in a year's time which would remove the permitted development rights of households in specified areas with an additional threshold planning policy. The threshold would need to be determined by the Council but suggested a figure of 10% of dwellings within a 100m radius, to be imposed across the whole town. This approach would obtain better data on the number of houses being established as HMOs and would not prevent their creation. This had resource implications for the Planning Section as there would be an increase in planning applications which would not be chargeable as once the A4D was in force applicants were exempt from planning application charges. It has been confirmed that other councils had set the threshold between 10 and 25%.
- **Option 2** was deferred intervention, where the situation was monitored until the percentage of HMOs reached a trigger point of 5% in a particular area and this would initiate the A4D application. This option also had resource implications as the situation would require careful monitoring.
- **Option 3** was to do nothing. This had fewer resource implications but could lead to a concentration of HMOs in an area.
- **Option 4** was to monitor the situation and if the presence of HMO's was affecting the quality of life of other residents, to introduce additional licensing conditions.
- **Option 5** was to develop a planning policy that supported the provision of Purpose Built Student Accommodation (PBSA) and so reduced the demand for private sector HMOs

6.5 ARUP also advised of softer approaches to manage the impact of students on local communities, these included:

- developing a Student Charter which would impose a code of conduct;
- landlord accreditation scheme to maintain housing standards;
- residents' parking permits to restrict the number of cars;
- encouraging student volunteering; and
- establishing a student community partnership.

These were not mutually exclusive options and a combination of options could be considered.

6.6 ARUP confirmed that there were no examples of any towns successfully establishing an A4D before evidence of harm had been identified. Portsmouth Council had attempted to do this but had been successfully challenged by the National Landlord Association [NLA]. The NLA had stated that it would routinely oppose any proposal to introduce any A4D which was not supported by robust evidence.

- 6.7 The options identified were not discrete options and the Council could choose to combine a variety of approaches when developing the Student Accommodation Strategy.
- 6.8 In considering the information and evidence received Option 2; Deferred Intervention was considered to be the most appropriate option, and that work should be undertaken to establish a baseline evidence base which would enable the setting of a trigger point for future action. It was recognised that to apply for an A4D without evidence would put the Council at risk.
- 6.9 Members considered the role of the Supplementary Planning Document (SPD). This could not be used to introduce new policy for development controls, this could only be achieved through a review of the Local Plan. It was expected that a review would be undertaken with the next two to three years. The Local Plan policy is based on local monitoring evidence and triggers for an application for an A4D could also be incorporated within the Local Plan policy.
- 6.10 If an A4D was granted the householder would need to apply for planning permission to convert a dwelling to a House in Multiple Occupation (HMO) and this application would have to be assessed by the Council as local planning authority against relevant local and national planning policy. Under an A4D a related planning application of this narrative would not attract a planning fee. Therefore there would be an additional financial burden to the Council. The next three years could be used to develop appropriate planning policy. The weight given to an emerging planning policy in decisions on planning applications can only be significant towards the end of the process once a robust consultation process had been undertaken.
- 6.11 With the anticipated number of student cohorts for the next three to four years it is likely to be some time before additional private accommodation was required by students in substantial quantities. The Council's development partner has secured planning permission for the provision of 216 rooms on the former Tannery site which would cater for most of the demand in the short to medium term. Therefore, direct delivery of student accommodation would provide for the numbers of students predicted for the next three years.

## **7.0 Evidence provided by University Centre Shrewsbury**

- 7.1 Paul Kirkbright, Deputy Provost of the University Centre Shrewsbury (UCS) advised on the progress of the establishment of the University Centre.

7.2 Students were arriving on 27<sup>th</sup> September 2015, although the final numbers of students for 2015/16 were still not available as the clearing process was ongoing. It was estimated that the UCS would achieve a cohort of 80 students for the first year, although this number could rise as students traditionally relocated after the end of the first term. The UCS anticipated an increase in the student population to 200 in year 2.

7.3 It was confirmed that anticipation was for around 50 undergraduate students would require accommodation during the first year of operation. It was quite usual for second year students to remain in student accommodation provided by the university where it was available. Although, the data source was not yet available to support accurate predictions. A number of postgrad and international students would also require accommodation. The Council were in on-going negotiation regarding Phase 2 accommodation. There was no immediate problem with the current level of student numbers and that by April 2016 there would be a better indication of student numbers for 2017/18.

## **8.0 Views of Local Stakeholders**

8.1 Councillor Carroll and Councillor Andrew Bannerman met Alan Shrank. Mr Shrank is a local resident and also the Chairman of the National Association of Resident Associations. Mr Shrank had been supportive of the work being undertaken by the Task and Finish Group. Councillor Bannerman added that Mr Shrank had already contacted the DCLG regarding an A4D who had advised him that they would give advice on its appropriateness.

8.2 The group identified that work was needed to identify the number of existing unlicensed HMOs and that possibly work could be done initially in areas of the town likely to be affected. It was suggested that the University may be able to help with this work or that a graduate trainee could be used to collate the data.

## **9.0 Views of Local Letting Agents**

9.1 Chris Pook and Charles Howell gave an overview of the residential lettings market in Shrewsbury. He expressed the view that the establishment of the university had not impacted on the private lettings market in Shrewsbury, and that commercial property developers were delaying developing student accommodation until they had a clearer idea of the provision from the Council.

9.2 Chris confirmed that his company had placed a number of postgraduate students and lecturers in rented accommodation in the town, but was taking a more cautious approach to the potential undergraduate market. His company had not yet made the decision as to whether this was a market that they wished to engage with due to the

risk of reputational damage from the negative connotations that accompanied it. To date all the lettings in relation to the University Centre had been for flats in the town centre and not rooms in Houses in Multiple Occupation (HMOs).

- 9.3 There could be sufficient availability of rental property in the town centre to satisfy expected demand from the University Centre for three to four years. The areas he saw as suitable for student accommodation were Copthorne Road and Abbey Foregate due to the availability of substantial terraced houses and Mountfields due to its proximity to the university.
- 9.4 Chris Pook would welcome measures to ensure student spread and prevent over-run, as without control areas such as Castlefields and Copthorne could be at risk of losing their character and identity. He continued that he was happy to work within an accreditation scheme to encourage responsible landlords and good tenant behaviour provided it applied to all landlords and agents
- 9.5 Chris was asked whether he was aware of the views of commercial letting agents in established university towns regarding student accommodation. He replied that it was a subject his colleagues discussed and the general view was that problems were caused by a small number of individuals and there were common problems in different areas.

## **10.0 Student Accommodation Accreditation Scheme**

The enforcement of the scheme was within the remit of the Council and would be managed by the Public Protection service as other licensing issues are. Landlords did not have to apply to be part of the scheme but only those with accreditation would be supported by the University Centre and added to the register of properties provided to students. The University Centre Shrewsbury will manage the accommodation webpages to provide details of accredited accommodation. Students who chose to rent through an unaccredited landlord would not receive support from the Students Union as they would normally should difficulties be encountered with an accredited tenancy. A summary of the proposed approach and checklist are included in the Appendix.

The proposed fees of the scheme will be set on a cost recovery basis once the full details of the scheme have been consulted and finalised.

## **11.0 Feedback from Research Undertaken Regarding Towns and Cities with no HMO related Articles**

The Chairman had received information that Southend-on Sea Borough and the University of Essex, despite having a large number of HMOs had taken the decision

not to apply for an A4D as they did not consider the students in the HMOs to be the cause of problems. He had also received information regarding Winchester City Council where their consideration to apply for an A4D related to a single housing estate.

## 12.0 Site visit to Worcester City Council and Worcester University

Councillor Carroll and Andy Evans carried out a site visit to Worcester on 28<sup>th</sup> October 2015 and met with representatives of Worcester City Council and Worcester University. Worcester's experiences with student accommodation were discussed and lessons shared. Worcester University's work on a Landlord Accreditation Scheme was considered particularly valuable and has informed recommendation 5 above.

## 13.0 Conclusion

The Student Accommodation Task and Finish Group has achieved the objectives as set out in the agreed terms of Reference. The group has received sufficient information in order to make evidence based recommendations to the portfolio Holder for Regulatory Services, Housing and Commissioning (Central).

<p><b>Background Papers</b></p> <p>None</p>
<p><b>Cabinet Member/s</b></p> <p>Mal Price - Portfolio Holder for Regulatory Services, Housing and Commissioning (Central)</p> <p>Claire Wild – Portfolio Holder for University Centre and Shrewsbury BID</p>
<p><b>Local Member/s</b></p> <p>Dean Carroll  Vernon Bushell  Mal Price  Kevin Pardy  Alan Mosley  Miles Kenny  Pam Moseley  Hannah Fraser  Ted Clarke  Jane Mackenzie  Keith Roberts  Peter Adams  Peter Nutting</p>



Ann Chebsey  
Andrew Bannerman

**Appendices**

Appendix A – Student Accommodation Briefing Note

Appendix B – Shropshire Student Accreditation Mark Checklist

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## **APPENDIX B**

<b>Briefing Note to :</b>	<b>Student Accommodation Task &amp; Finish Group</b>
<b>Subject:</b>	<b>Student Accommodation Accreditation Mark</b>
Officer responsible for Briefing Note	Karen Collier Service Manager – Health & Community Protection
Date	1 <sup>st</sup> October 2015

### **1. Introduction**

It is proposed that landlords in the area are invited to learn more about and comment on a new voluntary student accommodation accreditation scheme to be introduced next year. The scheme will give landlords and prospective tenants the knowledge that a property meets the required standard of safety and is of a good state of repair.

### **2. The Accreditation Mark Standard**

In order to qualify for the Accreditation Mark a property must be in a good condition and free from serious hazards. Landlords must adhere to good management practices that are fair and reasonable. In addition to this there will be certain equipment and facilities that are specifically required by students e.g. desk with a chair, washing machine and access to a wireless internet connection. Full details will be made available on Shropshire Council's website.

### **3. Benefits of the Scheme**

The Scheme will give landlords the opportunity to advertise their property through the USC Accommodation Office and will improve communication and information regarding any changes affecting student housing. Students can be assured that all accommodation advertised through the Student Accommodation Office has been inspected and meets the required standards.

### **4. Proposed fees**

Landlords applying for an Accreditation Mark will be required to complete a one-day development course every 3 years (at a cost of £65), agree to comply with a code of conduct and be a fit and proper person. Alternatively, if a property is managed by the University or a letting agent who is accredited with NALS or ARLA, they can also apply for an Accreditation Mark for the property.

The proposed fee for an Accreditation Mark is £135 (in addition to the cost of the one-day training course). The fee will need to be paid for each property and will apply whether or not your property is compliant with the Accreditation Mark criteria. The fee covers any revisits within the first 3 months and is non-refundable.

### **5. How long does the Accreditation Mark Last**

The Accreditation Mark lasts for three years, on expiry a new Accreditation Mark will have to be applied for.

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# Student Accommodation Quality Accreditation Mark



### **What is the Accreditation Mark?**

The Accreditation Mark provides recognition that a property has been inspected by Shropshire Council solely for the purpose of advertising on the University Centre Shropshire (UCS) Student Accommodation List. It covers all types of student accommodation in the private rented sector

### **What is the Accreditation Mark Standard?**

In order to qualify for the Accreditation Mark your property must be in a good condition and free from serious hazards. As a landlord you must adhere to good management practices that are fair and reasonable. In addition to this, we require your property to contain certain equipment and facilities that are specifically required by students e.g. desk with a chair, washing machine and access to a wireless internet connection.

A full Student Accommodation Accreditation Mark checklist is attached and is available from the Community Protection Team at Shropshire Council or on our website [www.shropshire.gov.uk](http://www.shropshire.gov.uk)

### **Why does the University Centre Shrewsbury (UCS) require me to have an Accreditation Mark to advertise my property?**

Moving into the private rented sector for the first time is a big step for many students and their parents. The UCS takes pride in being linked with landlords who provide good quality student accommodation.

The UCS has given an assurance to both students and the parents of students, that all accommodation advertised through the Student Accommodation Office has been

inspected by Shropshire Council and meets the required standard; an Accreditation Mark provides this assurance.

### **What are the benefits of an Accreditation Mark?**

You only need to apply for an Accreditation Mark if you wish to advertise your student property via UCS Student Accommodation List. An Accreditation Mark will be required for each property you wish to advertise.

An Accreditation Mark gives you as a landlord, as well as prospective tenants, the knowledge that your property meets the standards required for student accommodation. The student housing market is becoming increasingly competitive and we believe that an Accreditation Mark will give you a market advantage of being able to advertise your property through the UCS Accommodation Office directly to over 2,500 students, including mature students, and families, who are all looking for good quality accommodation in Shrewsbury.

### **Who can apply for an Accreditation Mark?**

Landlords applying for an Accreditation Mark must complete a one-day development course every 3 years (which will cost £65), agree to comply with a code of conduct and be a fit and proper person. Alternatively, if your property is managed by the University or a letting agent who is accredited with NALS or ARLA, they can also apply for an Accreditation Mark for your property.

### **Do I have to pay for an Accreditation Mark?**

Yes, there is a fee for an Accreditation Mark which is £135 (in addition to the cost of the one-day training course). This fee will need to be paid for each property prior to the property being inspected and will apply whether or not your property is compliant with the Accreditation Mark criteria. The fee includes the advertising costs for the UCS Accommodation office. The fee covers any revisits within the first 3 months and is non-refundable.

### **What do I get when I am awarded an Accreditation Mark?**

Following an inspection of your property you will be awarded an Accreditation certificate, subject to it meeting the required standard. Your property details will be forwarded to UCS for inclusion on the Student Accommodation List.

### **How long does my Accreditation Mark last?**

An Accreditation Mark lasts for three years, on expiry a new Accreditation Mark will have to be applied for.

### **What happens if my property does not comply with the Accreditation Mark standard?**

We would always advise you to look at the Accreditation Mark checklist before you apply. The checklist is available from the Community Protection team at Shropshire Council, or can be found at [www.shropshire.gov.uk](http://www.shropshire.gov.uk). In the event that there are some matters that need attention, you will be given 3 months to do any works without incurring another charge for an officer to revisit. If the works have not been done in this 3 month period, you will need to make another brand new application and pay the fee again.

### **I have a HMO licence; do I still need An Accreditation Mark?**

Yes, you will still need to have an Accreditation Mark to advertise your property on the UCS Student Accommodation List.

### **My property has recently been inspected; do I need another inspection for an Accreditation Mark?**

An Accreditation Mark will only awarded to properties that meet the required student accommodation standard. It is more than likely that an inspection of your property will be required, however, Officers will use their discretion in assessing how recently your property was inspected and for what purpose in determining whether a further inspection for an Accreditation Mark is necessary.

### **How can I get an Accreditation Mark?**

You will need contact the Community Protection Team on **TEL NO.** or email [community.protection@shropshire.gov.uk](mailto:community.protection@shropshire.gov.uk)

Once you have paid your fee, a Public Protection Officer will contact you to make an appointment to visit your property.



**Student Accreditation Mark Checklist**

**Landlord Name and Address**

National Landlords Association (NLA) membership no. \_\_\_\_\_ NLA expiry date: \_\_/\_\_/\_\_  
(If applicable)

Name: \_\_\_\_\_

Property Address: \_\_\_\_\_

House/Flat/Other:..... No of Bedrooms: \_\_\_\_\_ No. of Occupants: \_\_\_\_\_

Property Age: Pre 1920  1920 – 1945  1946 – 1979  Post 1979   
(Approx.)

Brief description of property: \_\_\_\_\_

**Standard Safety Issues**

Complies with:

Decent Home Standard	Y/N	Housing Act 2004 (HHSRS – No Category 1 hazards)	Y/N
HMO Amenity Standard	Y/N	Fire Safety Standards (Complies with: LACORS Housing Fire Safety Guidance, RRO/Fire Service Standards (if applicable). Building Regulations approval (if applicable).	Y/N

Paperwork		Issue Date		Issue Date
Valid Gas Safety Cert (Within 12months)	Y/N	__/__/__	Fire fighting equipment	Y/N __/__/__
Current Electrical Cert (Within last 5 years)	Y/N	__/__/__	Portable Appliance testing	Y/N __/__/__
Fire alarm servicing	Y/N	__/__/__	Fire Risk assessment review	Y/N __/__/__
Emergency Lighting	Y/N	__/__/__	EPC Certificate	Y/N __/__/__
Details deposit lodged with scheme	Y/N		Deposit Scheme Ref numbers	Y/N __/__/__

Date of Satisfactory Property Inspection: \_\_/\_\_/\_\_

**Enhanced Student Issues**

Carbon monoxide detector	Yes / No	Front elevation tidy	Yes / No
		Rear garden/yard tidy	Yes / No
House file/noticeboard	Yes / No	Refuse- info/calendar provided	Yes / No
Landlord contact details	Yes / No	Suitable receptacles provided	Yes / No
Disputes Procedure	Yes / No	Contract covers Noise, ASB,	Yes / No
Detailed response times	Yes / No	Candles, Chip pans etc. (Not recommended)	Yes / No



**Security**

Burglar alarm Yes / No  
 \*20 min cut-off Yes / No

Locks on Bedrooms  
 Yes / No

Change locks at end of tenancy  
 Yes / No

Key-holder details provided to Local Authority: \_\_\_\_\_

*(Considers security and noise nuisance)*

**Marketing Issues**

Shared facilities: (tick those present)

- |                    |                    |                    |
|--------------------|--------------------|--------------------|
| Aerial socket      | Bathroom           | Bicycle Storage    |
| Broadband Internet | Cooking Facilities | Dishwasher         |
| Double Glazing     | Freezer            | Fridge             |
| Fridge Freezer     | Garage             | Garden             |
| Lounge             | Microwave          | Off road Parking   |
| Parking            | Permit Parking     | Satellite/Cable TV |
| Separate WC        | Shower             | Sofa               |
| Telephone          | Telephone Point    | Television         |
| Tumble Dryer       | Vacuum Cleaner     | Washer Dryer       |
| Washing Machine    |                    |                    |

Adequate no and siting of power sockets  
 (Either 4 single or 2 double) Yes/No

Private facilities:

- |          |         |            |
|----------|---------|------------|
| Bed      | Chair   | Dead lock  |
| Desk     | Drawers | En-suite   |
| Pinboard | Shelves | Television |
| Wardrobe |         |            |

Other facilities .....

No Bathrooms  Ensuites  Showers  WCs

Suitable for Disabled Yes / No

**Services and Facilities**

**Heating Type** Gas CH Elec CH **Water heating** Gas Elec immersion

Other ..... Other .....

**Loft Insulation**  
 Yes/No

**Cavity Wall Insulation**  
 Yes / No

Approx. Depth \_\_\_\_\_

**General:**

The following are in satisfactory, safe repair:

Flaunching to chimney pots	Y / N	Pointing to chimney stack	Y / N
Lead flashing to stack	Y / N	Roof tiles/slates	Y / N
Verge pointings	Y / N	Verge flashing	Y / N
Gutters	Y / N	Rainwater Downpipes	Y / N
Bathroom Waste drainage pipework	Y / N	WC waste pipework	Y / N
Soil vent stack	Y / N	Pointing to walls	Y / N
External flues	Y / N	Damp proof course not breached	Y / N
Boundary walls & fences	Y / N	Gardens tidy & free of rubbish	Y / N
Exterior decoration	Y / N	Outbuildings	Y / N

Adequate foul and surface water drainage in good repair: Yes / No

No of rooms to rent:

Type of Contract:

Length of Contract:

Whole house/Individual:

Rent from ..... to .....

Deposit from ..... to .....

What is included:  
(Please tick)

- |             |                          |            |                          |
|-------------|--------------------------|------------|--------------------------|
| Water       | <input type="checkbox"/> | Gas        | <input type="checkbox"/> |
| Electricity | <input type="checkbox"/> | TV Licence | <input type="checkbox"/> |
| Internet    | <input type="checkbox"/> | Cleaning   | <input type="checkbox"/> |
| Telephone   | <input type="checkbox"/> | Gardening  | <input type="checkbox"/> |

Admin Fee: £

Cleaning Fee: £

Retainer: £

Date available from: \_\_\_/\_\_\_/\_\_\_

Date advert to run from: \_\_\_/\_\_\_/\_\_\_

**General Comments/Notes:**

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<b>Officer Use</b>	<b>Remarks</b>	Free from Category 1 hazards: <input type="checkbox"/>
Property Decent <input type="checkbox"/>		
<b>Officer Name</b>		<b>Date:</b>



University Centre  
Shrewsbury

WORKING TOGETHER



Shropshire  
Council



## Committee and Date

Cabinet

9<sup>th</sup> December 2015

12:30pm

## **FINANCIAL STRATEGY 2015/16 - 2020/21**

**Responsible Officer** James Walton

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

### **1. Summary**

This report presents the next stage in developing a sustainable financial strategy for the Council. It updates the modelled funding anticipated to be available to the Council over the next five years as far as this is known and shows how our expenditure will be contained within these limits. This report builds on the information provided to Cabinet on 28 October 2015 and should be read in conjunction with that report.

The key changes and developments since 28 October can be summarised as follows:

- Updated savings proposals for 2016/17 have been identified in greater detail
- The impact of the CSR Announcements by the Chancellor on 25 November 2015 has been considered
- Changes to expenditure and resource assumptions have been identified
- An In-Year Virement of £1.382m for 2015/16 is proposed for the Adult Services Budget

At this stage the impact on services beyond 2016/17 has not been completed. It is proposed that a Special Cabinet is held in January 2016 to consider longer term implications.

The announcement in the Chancellors Spending Review announcement on 25 November 2015 stated that upper tier local authorities will be given the power to levy a new social care precept of up to 2% on council tax, above the level of the referendum limit. This provides the Council with an additional option towards balancing the budget for 2016/17, and beyond, in the face of significant budget pressures in this area.

### **2. Recommendations**

It is recommended that members:

- A. Approve the revised savings for 2016/17 as set out in Appendix 3
- B. Note the savings to be managed on a one off basis in 2016/17
- C. Recommend to Council in February 2016 a precept of 2% for Adult Social Care from 1 April 2016
- D. Recommend to Council in February 2016 an increase in Council Tax of 1.99%
- E. Recommend to Council on 9 December 2015 a permanent virement of £1.382m from Corporate Budget to Adult Services in 2015/16

## REPORT

### 3. Risk Assessment and Opportunities Appraisal

- 3.1. The development and delivery of the Council's Business Plan and Financial Strategy is the key process in managing many of the Council's strategic risks. The opportunities and risks arising are assessed each time the document is refreshed for Cabinet consideration. The Council's Strategic Risks are reported separately, but the Business Plan and Financial Strategy makes specific reference to the significant financial uncertainty across Local Government in the Medium Term.

#### **Financial Uncertainty**

- 3.2. Reference should be made to the report to Cabinet 28 October 2015 of which the following is an update.
- 3.3. The funding settlement announced in February 2015 provided the 2015/16 financial settlement information only. No financial information for local authorities beyond 2015/16 has been confirmed. Announcements by the Chancellor in the summer and in the Spending Review and Autumn Statement announced on 25 November 2015 indicate that spending cuts for local government will be between 8% and 12%. There is ongoing uncertainty around the funding of new government policies and legislative changes, for example the retention of 100% of Business Rates revenue, the review of New Homes Bonus Grant and Public Health Funding. The detail of these proposed reforms still needs to be announced and it is only then that the financial implications for the Council can be analysed. The Local Government finance settlement is not expected until the middle of December.
- 3.4. The funding mechanism for Business Rates does not reflect any service needs changes from year to year. It is proposed that the existing system will not be reset for 7 years from introduction i.e. by 2020/21. With the changes

proposed for 100% retention of Business Rates, it remains to be seen if any new redistribution is brought into any new funding mechanism.

- 3.5. By creating a Financial Strategy and developing a Sustainable Business Model, built around the concept of a self-sustaining Council no longer reliant of central government funding, the Council is in a stronger position to approach future challenges proactively, rather than reactively. There is however a risk that where new burdens are not fully financed and have to be met locally this will create inequalities in terms of where needs fall as compared to where resources are available, with this inequality unable to be 'fixed' by way of central Government intervention through some form of redistribution.
- 3.6. The Council will need to keep a reasonable level of general reserve to help mitigate against the risk of delay in implementation of significant savings proposals. It is essential that this is kept under review both in the current year and in future years. The Chancellor's statement on 25 November 2015 indicated that Local Authorities will be encouraged to draw on reserves to manage cuts in funding. Increased uncertainty and speed of change, however, suggest the need for increased levels of reserves is greater than ever before.
- 3.7. Setting the Financial Strategy and agreeing the detailed changes necessary to deliver the agreed budget for the next financial year, will take into account the requirements of the Human Rights Act, any necessary environmental appraisals and the need for Equalities Impact Needs Assessments and any necessary service user consultation.

#### **4. The Existing 3 year Financial Strategy, 2014-2017**

- 4.1. In February 2014, Council agreed a 3 year Financial Strategy which identified a funding shortfall over the 3 year period 2014-17 of £80m and savings proposals to meet the shortfall. The monitoring of achievement of savings proposals and RAG categorisation of savings has been undertaken throughout 2014/15 and continues in 2015/16. In the report to Cabinet on 28 October 2015, it was noted that to achieve all the savings required to meet the existing 2014-17 Strategy, the Council must deliver savings of £28.3m in 2015/16 and in 2016/17:
  - Make additional savings of £16.868m from base budget
  - Find alternative savings of £7.466m to replace savings met by one off resources in 2015/16 (reported in February 2015)
  - Deliver £1.207m of delayed 2015/16 savings (reported in February 2015)

- Deliver a further £4.028m to cover further slippage in 2015/16 savings identified during in the current financial year.
- 4.2. Overall, this means a total savings target of £29.569m has been identified for 2016/17. Since the 28 October report, revenue monitoring reports for 2015/16 have identified further slippage of £3.260m in savings proposals (£2.685m in Adults and £0.575 in Commissioning). Once these have been taken into account, the latest position on savings required under the existing 2014-17 strategy is £32.829m as shown below:

**Table 1: 2016/17 Savings- Existing 2014-17 Strategy**

	<b>£'000</b>
Original savings Target - Feb 2014	16,868
2015/16 Unachievable Savings met on one off basis (RED) - Feb 2015 FS Report	8,673
2015/16 Unachievable Savings identified during the summer 2015 (RED) – 28 Oct 2015 FS Report	4,028
Total savings required – 28 Oct 2015 FS Report	29,569
2015/16 Unachievable Savings (RED) – identified at Period 7 Monitoring	3,260
2016/17 Revised Savings Target- 2014-17 Financial Strategy assumptions	<b>32,829</b>

- 4.3. From Table 1 above, it can be seen that the 2016/17 savings target of £32.829m consists of £15.961m of 2015/16 savings which are now considered to be unachievable. The revised financial strategy therefore takes account of savings of £15.961m in addition to the identified savings gap for 2016/17.
- 4.4. The current 2014-17 Financial Strategy was agreed by Council in February 2014. The projection of a funding gap of £80m over the 3 year period was based on the best available information at the time. Over the last 18 months, resource and expenditure projections have been revised to take account of new and updated information. Any changes have been reported to Cabinet as part of updated financial strategy reports and for simplicity the original savings envelope of £80m has been maintained.

- 4.5. In the 28 October report, it was recognised that the existing financial strategy for 2014-17 would need adjusting in its final year and that the new financial strategy should cover the 5 year period 2016-2021 to provide sufficient time to develop a new sustainable approach for the Council based on the permanent loss of central Government grant funding by 2020/21.
- 4.6. The Sustainable Business Model (SBM), which provides a more sustainable financial basis for the Council over the medium to long term, was described in detail in the 28 October report and is updated briefly in Section 9 below, based on latest information.

## **5. The Current Financial Year 2015-16**

- 5.1. The budget for 2015/16 was agreed by Council on 26 February 2015.
- 5.2. As the 2015/16 financial year progresses, revenue monitoring reports continue to monitor the achievement of 2015/16 savings and highlight any financial issues for the current year budget and also any ongoing implications. These ongoing implications will be included in the Financial Strategy.
- 5.3. The latest 2015/16 monitoring information identifies a projected overspend for 2015/16 of £3.609m. Of this projected overspend, £9.937m relates to RED 2015/16 savings pressures which together with other 2015/16 pressures are offset by in-year savings to give a projected overspend of £3.609m. As noted in the table above, RED 2015/16 savings noted as unachievable of £4.028m, £3.260m and £8.673m slippage agreed in February 2015 have been added to the 2016/17 savings requirement.
- 5.4. The ongoing financial implications of new service pressures are currently estimated at £6.491m. Work is currently being undertaken to ensure this pressure, and corresponding solutions, are built into our assumptions for 2016/17. Alternative, ongoing savings proposals will need to be identified before 1 April 2016 to ensure this does not leave future budgets in an unbalanced position.
- 5.5. The majority of these funds relate to release of information around government funding, were not confirmed until very late into the budget process and could not be relied upon as baseline funding. Whilst included in the budget build up, no commitments were made against these funds at budget setting. This approach ensures ongoing reliance in the budget is not placed on funding sources which cannot be guaranteed on an ongoing basis. It also provides the opportunity to use this resource on a year on year basis to aid any transition to new delivery methods and manage any delays

in the achievement of savings. For example, Council Tax Freeze Grant (CTFG) could be committed at budget setting but we would then need additional savings to be identified later in the process if the grant were removed. The approach taken, instead, has been to assume CTFG is not on-going, to balance to a base budget without it and to then use the resulting grant as one-off resource to aid transition for each year it is paid. As in previous years, none of these one-off resources are reported through monthly monitoring as it is inappropriate, when adopting this approach, to utilise these funds to counteract overspending. Rather they represent a tool to help deliver a resilient balanced budget. The resources identified will be ring-fenced and carried forward to 2016/17.

**Table 2: 2015/16 Resources Available for Transition**

Description	Value (£)
Pay, Prices and Increment Inflation not allocated	755,460
Changes in budget assumptions	2,225,850
Council Tax Freeze Grant Uncommitted	1,532,400
s31 Grant Unallocated (small Business Rates Relief)	3,449,810
RSG/Top Up grant end of year adjustments	1,307,360
Other Adjustments - unallocated grant	533,210
Total	9,804,090

- 5.6. In addition to the one-off resources described above, a small amount of base budget funding is available as a result of overly prudent assumptions in resource forecasts. This relates specifically to a Business Rates Appeals provision that was built into base budget and can now be reduced, following a recent review. It is recommended that this resource (£1.382m) is vired to Adult Services in 2015/16 as base budget. This approach will help to ensure the opening budget for Adult Services for 2016/17 is closer to projections set out in the Sustainable Business Model.

## 6. 2016/17 to 2020/21 Projections of Resources and Expenditure

- 6.1. As detailed above the current savings targets are based on resource and expenditure projections agreed in February 2014 as part of 2014-17 Financial Strategy.
- 6.2. For 2016/17 the current strategy identifies a gap of £18.333m with savings required of £16.868m. The savings required are lower than the gap as the strategy originally profiled a small over achievement of savings in 2015/16 to carry forward.



- 6.3. As part of the Sustainable Business Model work undertaken to date, the resource and expenditure projections were revisited over the summer and reported in October as follows:

**Table 3: SBM Projections compared to existing 2016/17 Projections**

	2016/17	2016/17	2017/18	2018/19	2019/20	2021/22
	FS 29/07/2015	SBM	SBM	SBM	SBM	SBM
Resources	553,475,225	560,219,070	557,732,326	557,203,117	557,641,618	559,315,419
Expenditure	571,808,081	581,381,655	593,823,408	608,505,667	620,435,490	633,145,833
Funding Gap	-18,332,856	-21,162,586	-36,091,082	-51,302,550	-62,793,872	<b>-73,830,414</b>
Year on Year Savings		-21,162,586	-14,928,497	-15,211,468	-11,491,322	-11,036,541

- 6.4. It can be seen from Table 3 that the SBM approach increases the funding gap in 2016/17 by £2.830m (from £18.333m to £21.163m) which in part represents an adjustment for pressures identified through 2015/16 monitoring.
- 6.5. A proportion of unachievable 2015/16 savings were managed on a one-off basis in 2015/16, but as previously reported, will have to be added to the existing funding gap identified for 2016/17. Put another way; the first £15.961m (see paragraph 4.3) of savings identified for 2016/17 are effectively just covering off 2015/16 base savings already taken that for various reasons cannot now be achieved.
- 6.6. Since October, both the Resource and Expenditure Projections have been revised.
- 6.7. The Resource projections have been reviewed taking consideration of the following:
- 2016/17 Council Tax taxbase has been updated which increases expected resources by £1.959m in 2016/17 (increasing to £2.145m by 2020/21)
  - Following the Chancellor's Autumn Statement, a 2% Precept can be ringfenced to Adult Services. This produces an increase in resource of £2.443m in 2016/17, growing to £13.929m by 2020/21 if applied each year.
  - A further increase of 1.99% in Council Tax (subject to the confirmation of the referendum limit) can be applied in all years from 2016/17 as detailed in the October Strategy (Option B rather

than Option A). If applied, this results in £2.432m additional income in 2016/17 and £5.380m in 2017/18.

6.8. Together, the 3 changes identified above increase resource projections by £6.834m in 2016/17 and £21.719m by 2020/21.

6.9. The expenditure projections have been reviewed, taking account of the following:

- An estimated additional cost of £2m for National Insurance Changes is required in base budget from 2016/17
- £0.5m for the apprenticeships levy announced in the Chancellor's Spending Review
- An estimated £1m growth, year on year 2016/17 to 2020/21 for the impact of the minimum wage increases, potentially adding £5m to costs by 2020/21.

6.10. In total, the changes above increase the expenditure projections by £3.5m in 2016/17 and by £7.5m by 2020/21.

6.11. The overall net impact of these changes in resources and expenditure result in the savings requirement being reduced by £3.334m in 2016/17 and by £14.2m by 2020/21.

6.12. The table below identifies the revised Resource and Expenditure Projections, reducing the funding gap by £3.334m from £21.162m to £17.828m

Table 4: Revised Resource and Expenditure Projections 2016-2021

	2016/17		2017/18		2018/19		2019/20		2020/21	
	28/10/2015	09/12/2015	14/10/2015	09/12/2015	14/10/2015	09/12/2015	14/10/2015	09/12/2015	14/10/2015	09/12/2015
	£	£	£	£	£	£	£	£	£	£
Resources	560,219,070	567,053,248	557,732,326	569,732,161	557,203,117	572,224,377	557,641,618	575,899,089	559,315,419	581,035,067
Expenditure	581,381,655	584,881,655	593,823,408	598,323,408	608,505,667	614,005,667	620,435,490	626,935,490	633,145,833	640,645,833
Funding Gap	<b>-21,162,586</b>	<b>-17,828,408</b>	-36,091,082	<b>-28,591,247</b>	-51,302,550	-41,781,290	-62,793,872	-51,036,402	<b>-73,830,414</b>	<b>-59,610,766</b>
Year on Year Saving			-14,928,497	<b>-10,762,839</b>	-15,211,468	<b>-13,190,043</b>	-11,491,322	<b>-9,255,111</b>	-11,036,541	<b>-8,574,365</b>
Reduction in Savings		3,334,178		7,499,835		9,521,260		11,757,471		14,219,647

6.13. The detailed Resource and Expenditure Projections are shown in Appendices 1 and 2 respectively.

## 7. 2016/17 Budget – Approach to Delivering a Balanced Budget

7.1. As described in the section above, the initial savings target for 2016/17 was £16.868m to which previous years' unachieved savings were added to give a target (under the old financial strategy approach) of £32.829m. Appendix 3 identifies the build-up of the required £32.829m by Directorate and also shows the associated savings proposals. Table 5 below provides a summary.

**Table 5: 2016/17 Savings required under 2014-17 Financial Strategy and Savings Proposals**

Directorate	2016/17 Initial Savings	2015/16 Unachievable Savings	Total Savings Required in 2016/17	Savings Proposals
	£	£	£	£
Adults	5,791	5,185	10,976	5,185
Children's	1,890	751	2,641	3,831
Commissioning	4,383	1,526	5,909	6,262
Public Health	32	27	59	620
Resources & Support	1,434	447	1,881	2,025
Corporate	3,338	8,025	11,363	5,128
	16,868	15,961	32,829	23,051

7.2. The latest resource and expenditure projections shown in Table 4 above identify a revised gap of £17.828m for 2016/17 (an increase from £16.868m). As noted, previous years savings not achieved from base of £15.961m must be added to the in-year savings target which means savings proposals of **£33.789m** are now required for 2016/17 after taking into account all the expenditure and resource changes.

7.3. Against the required savings target of **£33.789m**, the **£23.051m** of identified savings in Table 5 above can be applied which leaves a remaining gap of **£10.738m**. To meet this shortfall, **£1.382m** of ongoing resources have been identified (see paragraph 5.6) and **£9.804m** of one off resources as described in Table 2 above. This would leave a small contingency balance of £0.448m as shown in Table 6 below. A more detailed breakdown of savings proposals for 2016/17 and reconciliation to figures previously reported to Cabinet is provided at Appendix 3.

**Table 6: 2016/17 Revised Savings Targets and Proposals**

Detail	£m
In year Savings Target	17.828
2015/16 Unachievable savings	15.961
<b>Revised Savings Target for 2016/16</b>	<b>33.789</b>
Savings Proposals (Appendix 3)	-23.051
Base Budget Adjustment	-1.382
One Off Budget to balance	-9.804
Balance (Contingency)	-0.448

## 8. 2017/18 to 2020/21 – Longer Term Strategy

8.1. The current savings gap identified for future years is shown below:

**Table 7: Savings Gap 2017/18 to 2020/21**

	2016/17	2017/18	2018/19	2019/20	2020/21
Cumulative Savings Target	17.828	28.591	41.781	51.036	59.611
In year Savings Target		10.763	13.190	9.255	8.574

8.2. Work is currently being undertaken to identify savings against these targets for future years. The focus of this work, however, changes significantly under the Sustainable Business Model. Rather than considering savings targets as described in the table above, the SBM identifies available budget into the future, describes how it is likely to change and then fits service provision (along with its expected pressures and growth) within this long term funding envelope.

8.3. It has not been possible to produce a plan beyond 2016/17 in time for Cabinet on 9 December 2015. Instead work will continue with Portfolio Holders, Directors and Heads of Service and a proposed Special Cabinet in January 2016 will consider the future arrangements from 2017/18 onwards.

## 9. Developing a Sustainable Business Model

### Update of the model the from Previous Cabinet Report

- 9.1. Since Cabinet received the Financial Strategy on 28 October 2015, a number of amendments have been made to the previous Sustainable Business Model to take account of the following:
- Scrutiny consideration of the Cabinet report
  - Initial findings from the Big Conversation
  - Chancellors Spending Review announcement on 25 November
  - Further development of the model by Directors and Cabinet
- 9.2. Scrutiny review of the original Sustainable Business Model has identified concerns over the ability of the Council to deliver services within the modelled financial envelope. Across all Council functions the model requires significant services to be decommissioned to ensure those services retained can be delivered from sustainable sources of funding. Concerns have been raised, however, as to whether the level of resource available for Council Departments to deliver their statutory mandatory services is adequate.
- 9.3. Initial findings from the Big Conversation have been provided to officers. While this is a very early summary of work undertaken so far, there are a number of headline results that have been taken into account within this report:
- The three areas considered as the most important are Vulnerable Children, Education and Older People and Vulnerable Adults. Additionally almost two thirds of respondents agreed Shropshire Council should protect some services and cut others back. This provides some confirmation that the approach undertaken and also list of protected services (identified in Table 14 of Cabinet Report 28.10.15) appears to be in line with views of the general public.
  - Additionally, a small majority of respondents supported increases in fees and charges and Council Tax as a way to support service delivery.
- 9.4. The Chancellors Spending Review announcement on 25 November 2015 included the following areas that impact directly on the Sustainable Business Model:
- By the end of the Parliament local government will retain 100% of business rate revenues to fund local services
  - The system of top-ups and tariffs which redistributes revenues between local authorities will be retained.
  - The Uniform Business Rate will be abolished and any local area will be able to cut business rates as much as they like.

Comment: As no date or detail has yet been provided this cannot be modelled for Shropshire Council at this stage.

- The apprenticeship levy on larger employers announced in the Summer Budget will be introduced in April 2017. It will be set at a rate of 0.5% of an employer's payroll. Each employer will receive an allowance of £15,000 to offset against their levy payment.

Comment: The estimated impact of this announcement on Shropshire Council is £0.5m additional cost.

- A social care council tax 'precept' of 2% will allow councils responsible for delivering adult social care to raise up to £2 billion a year by 2019-20. Local authorities will be given this additional 2% flexibility on their current council tax referendum threshold to be used entirely for adult social care.

Comment: For Shropshire Council, this amendment if implemented would deliver additional resources of approximately £2.4m in 2016/17, ringfenced to Adult Services.

9.5. Further development and refinement of the Sustainable Business Model has identified the following key changes which have been included in this update:

- Changes to National Insurance contributions for employers are estimated to increase staffing costs by approximately £2m from 2016.
- Changes to the Living Wage for Council staff and for contractors, is initially estimated to cost approximately £1m from 2016/17 and is projected to grow by £1m per annum to 2020.
- Introduction of the apprenticeship levy mentioned above is estimated to cost £0.5m.
- The option to precept 2% for social care would increase resources by approximately £2.4m per annum.
- An increase in general Council Tax of 1.99% from 1 April 2016 would supplement this income by a further £2.4m per annum.

9.6. Portfolio Holders and Directors have undertaken a series of 'Star Chamber' type events to review savings proposals and options for delivery in the future. The impact of these reviews on the model has been a requirement to reduce the impact of efficiency savings on Adult Services which are not considered to be deliverable. This would need to be modelled alongside an increase in

Council Tax and the raising of a 2% precept with the potential for the majority of additional funds generated being passported directly to Adult Services.

### Options Appraisal

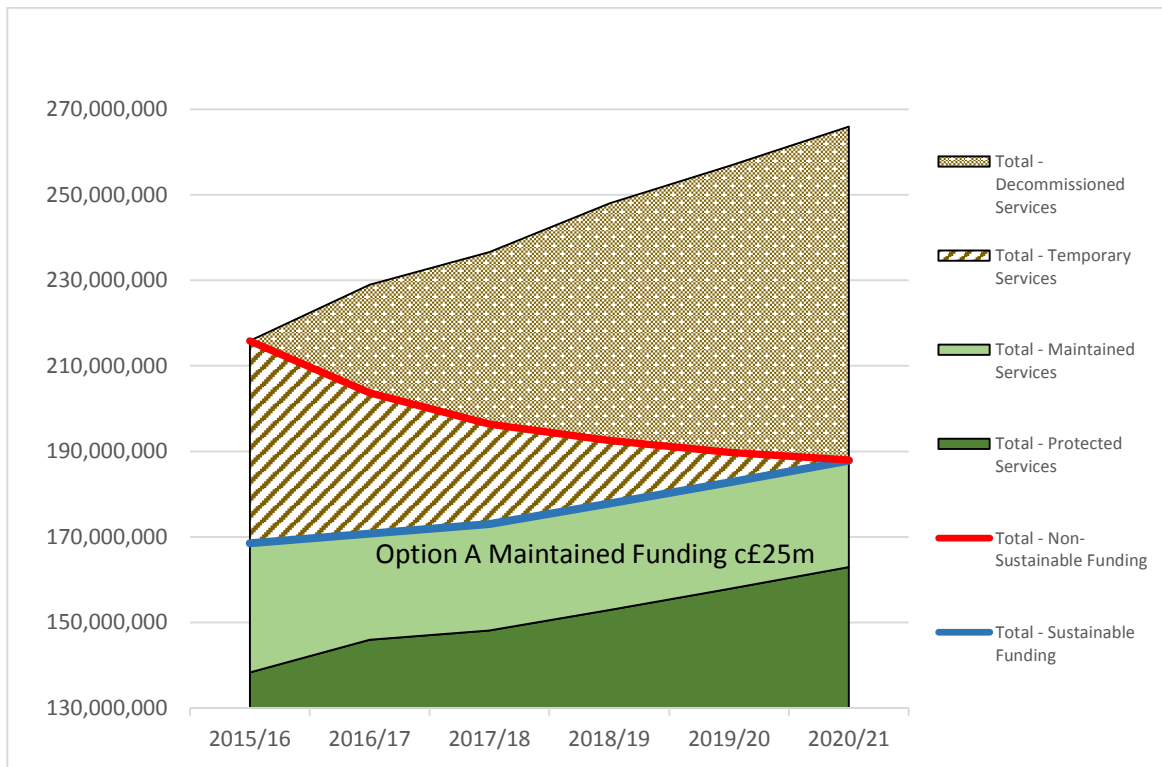
- 9.7. As a consequence of the issues set out, options have been considered in addition to those taken forward in the report to Cabinet 28 October 2015. Consequently, a further option is set out as Option C below, alongside the existing two options taken forward in the previous Cabinet report.
- 9.8. Option A – This option assumes an increase in Council Tax of 1.99% from 1 April 2018.
- 9.9. Option B – This is similar to Option A, but instead a Council Tax increase is modelled from 1 April 2016, rather than 1 April 2018.
- 9.10. Option C – This option assumes a 1.99% increase in Council Tax from 1 April 2016. In addition it is assumed that there will be a precept of 2%, in addition to a general increase, ringfenced to Adult Services.
- 9.11. The impacts of Options A and B have been modelled in the report to Cabinet of 28 October and have not been replicated here. Equivalent information for Option C is provided below (including the impacts of increased costs as set out in paragraph 8.5).

**Table 8: Funding by Category 2015/16 to 2020/21, Option C**

Spending:	2015/16 (£)	2016/17 (£)	2017/18 (£)	2018/19 (£)	2019/20 (£)	2020/21 (£)
Total - Protected Services	138,384,010	152,297,970	159,454,538	167,002,550	174,906,360	183,170,491
Total - Maintained Services	30,099,051	25,277,160	25,586,847	25,835,688	26,075,946	26,317,963
Total - Temporary Services	47,359,499	30,851,604	23,317,528	14,731,330	7,059,713	190,613
Total - Decommissioned Services	0	24,064,724	32,743,228	45,933,271	55,188,383	63,762,748
Total (including Decommissioned Services)	215,842,560	232,491,459	241,102,142	253,502,838	263,230,401	273,441,815
Funding:						
Total - Sustainable Funding	168,483,061	177,575,130	185,041,385	192,838,238	200,982,306	209,488,454
Total - Non-Sustainable Funding	47,359,499	30,851,604	23,317,528	14,731,330	7,059,713	190,613
Total Funding	215,842,560	208,426,734	208,358,913	207,569,567	208,042,019	209,679,067

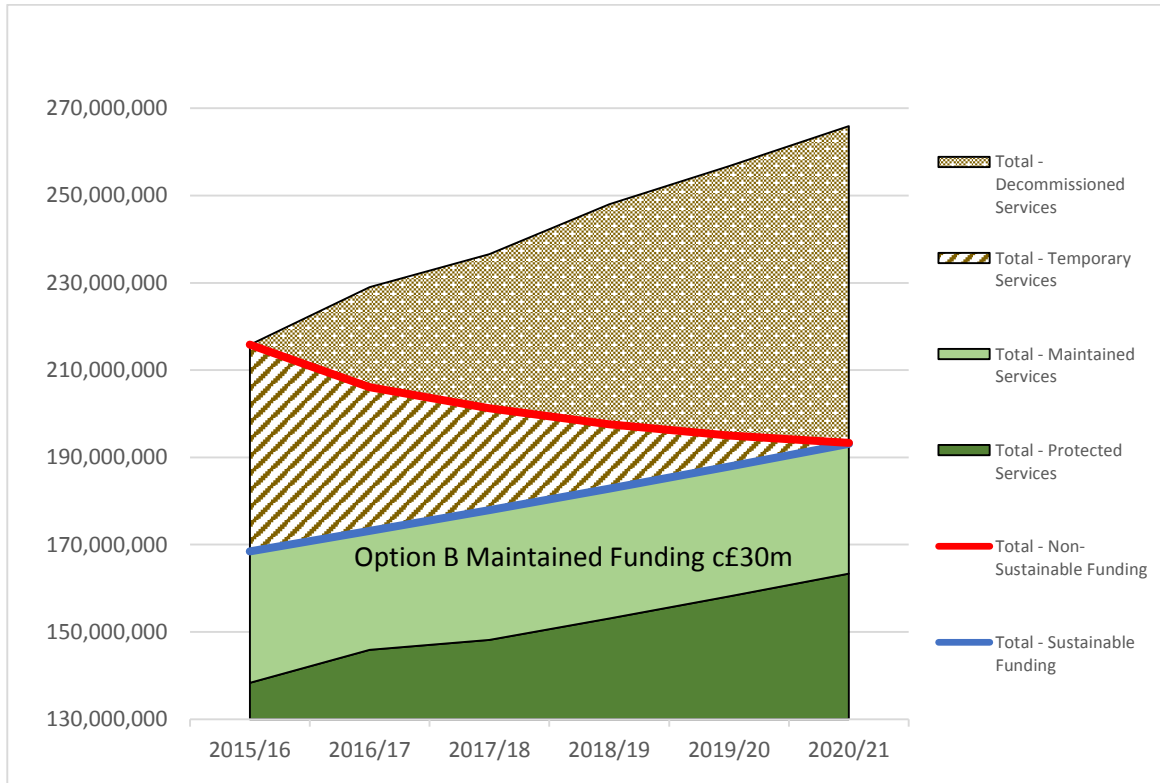
9.12. Overall, the impact of increased costs has increased the total expenditure figure from £266m to £273m by 2020/21. For resources, Option C increases sustainable funding from £183m for Option A or £193m for Option B to £210m by 2020/21. The implications of Options A, B and C are shown graphically below.

**Chart 1: Option A, Funding by Category 2015/16 to 2020/21**

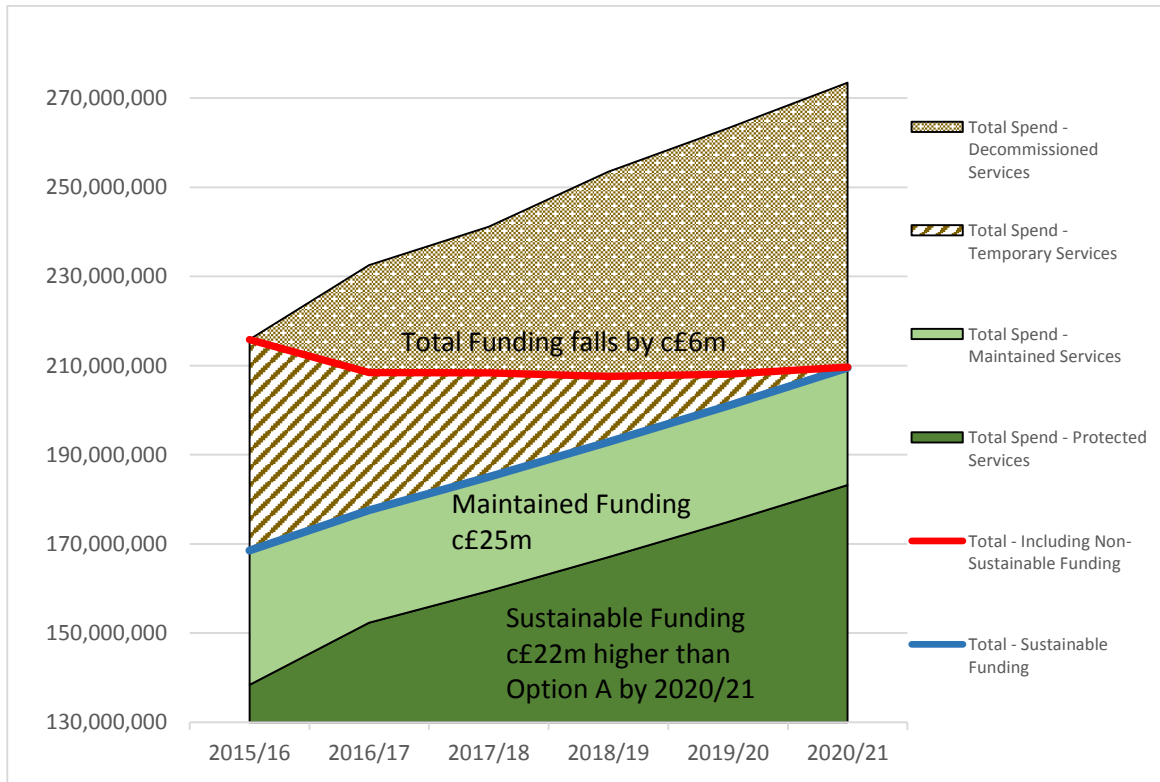




**Chart 2: Option B, Funding by Category 2015/16 to 2020/21**



**Chart 3: Option C, Funding by Category 2015/16 to 2020/21**



9.13. As demonstrated in the Table and Charts above, if the Council were able to continue to deliver services at their current levels, the costs of these services would grow into the future as a result of pay and contract inflation, demographic growth and other pressures. The result on the Council's net budget would be to increase it from the current £216m to over £273m by 2020/21 (after amendments). This is set out on a directorate basis in Table 9 below.

**Table 9: Growth in Directorate Budgets with no financial constraints. This is unsustainable.**

Net Budget (no Cap) - Split of Directorates	2015/16 (£)	2016/17 (£)	2017/18 (£)	2018/19 (£)	2019/20 (£)	2020/21 (£)
Adults	69,081,951	76,674,263	81,557,446	86,807,733	92,433,680	98,463,858
Children's L&S	18,048,400	18,855,741	19,213,932	19,578,420	19,949,321	20,322,195
Children's Safeguarding	27,804,600	28,546,271	28,916,767	29,342,436	29,772,826	30,209,052
Commissioning	64,001,910	67,705,218	69,331,931	74,316,363	76,237,110	78,225,870
Public Health	1,834,560	1,852,906	1,871,435	1,890,149	1,909,050	1,928,141
Resources & Support	35,071,139	38,857,060	40,210,630	41,567,737	42,928,414	44,292,698
<b>Total</b>	<b>215,842,560</b>	<b>232,491,459</b>	<b>241,102,142</b>	<b>253,502,838</b>	<b>263,230,401</b>	<b>273,441,815</b>

9.14. It is only when these budgets are revised under Options A, B or C of the Sustainable Business Model, and recalculated, that the impact at a directorate level can be seen. Further work is being undertaken to model this approach and this will be reported to Cabinet at a Special Cabinet Meeting in January 2016.

## 10. The Big Conversation

10.1. The Big Conversation was described in the 28 October Cabinet Report and was formally launched on the same date. An online survey was launched on the 17th November 2015 and within a week 986 people had taken part. Initial findings from the Big Conversation have been provided to officers. While this is a very early summary of work undertaken so far, there are a number of headline results that have been taken into account within this report.

10.2. The three areas perceived by respondents as the most important were Vulnerable Children, Education and Older People and Vulnerable Adults. The services of lowest importance were Registrars, Safety and areas described

as Running the Council. The response provides some confirmation that the list of protected services (identified in Table 14 of Cabinet Report 28.10.15) appears to be in line with views of the general public.

- 10.3. Almost two thirds of respondents agreed Shropshire Council should protect some services and cut others back. This suggests agreement with a general approach of prioritising services, rather than simply ‘salami slicing’ all services. The response provides some confirmation that the approach undertaken by the Sustainable Business Model is in line with general public thinking.
- 10.4. Additionally, a small majority of respondents (58%) supported increases in fees and charges so that costs of services are largely paid for by the direct user and 51% supported an increase in Council Tax as a way to support service delivery.
- 10.5. The survey also began to explore the level of volunteering and activity within Shropshire communities, finding that almost three fifths of respondents agreed that Shropshire council should make more use of local residents and volunteers to deliver services. Additionally, 71% of respondents felt communities should be enabled to do more for themselves.
- 10.6. The Big Conversation will continue over the coming weeks and months and initial survey work will be followed up by workshops and focus groups to deliver a more robust analysis of the views of Shropshire residents, to feed into the Council’s Business Planning and Financial Strategy processes.

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

Financial Strategy 2015/16 – 2020/21 – Cabinet 28<sup>th</sup> October 2015

**Cabinet Member (Portfolio Holder)**

David Turner

**Local Member**

All

**Appendices**

Appendix 1 – Resource Projections

Appendix 2 – Expenditure Projections

Appendix 3 – Revised Savings Proposals

Appendix 1

SHROPSHIRE COUNCIL - NET AND GROSS RESOURCES PROJECTIONS SUMMARY 2016/17 to 2020/21

APPENDIX 1

	2015/16	2016/17	2016/17	2015/16 & Beyond Notes & Assumptions	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21
	Final £ Council 26 February 2015	Revised £ Cabinet 28 October 2015	Revised £ Cabinet 9 December 15		Revised £ Cabinet 28 October 2015	Revised £ Cabinet 9 December 15	£ Cabinet 28 October 2015	£ Cabinet 9 December 15	£ Cabinet 28 October 2015	£ Cabinet 9 December 15	£ Cabinet 28 October 2015	£ Cabinet 9 December 15
<b>RSG</b>	43,760,146	32,945,604	32,945,604	2015/16 Final Settlement as announced by Government on 3 February 2015. Projections for future years based on estimated reductions of 12% on Assumed Funding Assessment which translates to 26% reduction in RSG in 2016/17 if the transfer of Oax Freeze Grant is excluded.	23,317,528	23,317,528	14,731,330	14,731,330	7,059,713	7,059,713	190,613	190,613
<b>Business Rates Retention Allocation:</b>												
NNDR (as raised and then retained locally) including appeals provision	39,166,165	40,269,094	40,269,094	NNDR1 2015-16 figure. Growth going forward of 0.8% and Multiplier increase of 2%	41,403,062	41,403,062	42,568,972	42,568,972	43,767,714	43,767,714	45,000,213	45,000,213
Top Up	10,036,372	10,237,099	10,237,099	Figure as per CLG 2015/16 Final Local Government Finance Settlement. Assume 2% RPI increase	10,441,841	10,441,841	10,650,678	10,650,678	10,863,692	10,863,692	11,080,966	11,080,966
Safety Net Payments												
Prior year adjustments (e.g. correction to safety net payments)												
<b>TOTAL START UP FUNDING RECEIPT:</b>	<b>92,962,683</b>	<b>83,451,788</b>	<b>83,451,788</b>		<b>75,162,431</b>	<b>75,162,431</b>	<b>67,950,980</b>	<b>67,950,980</b>	<b>61,691,119</b>	<b>61,691,119</b>	<b>56,271,792</b>	<b>56,271,792</b>
Return of amounts topped from RSG/BRA Allocation												
Share of £2bn unused New Homes Bonus topslice	394,940	0	0	Final Local Government Finance Settlement								
Share of returned damping (unused safety net held back)				This may be an in year bonus. More information required								
<b>TOTAL FUNDING FROM CENTRAL/LOCAL SHARE</b>	<b>93,357,623</b>	<b>83,451,788</b>	<b>83,451,788</b>		<b>75,162,431</b>	<b>75,162,431</b>	<b>67,950,980</b>	<b>67,950,980</b>	<b>61,691,119</b>	<b>61,691,119</b>	<b>56,271,792</b>	<b>56,271,792</b>
Movement on previous year's funding												
Taxbase	102,411	103,231	104,912	Actual taxbase for 2014/15 and 2015/16. Increase in Council Tax Taxbase assumed for 2016/17 and future years increased to 0.5% from 0.8%	104,056	105,752	104,889	106,598	105,728	107,451	106,574	108,310
<b>Council Tax Income</b>	<b>119,280,524</b>	<b>120,234,768</b>	<b>127,068,947</b>	Council tax freeze to 2017/18, then 1.99% increase assumed	<b>121,196,647</b>	<b>133,196,482</b>	124,597,328	139,618,587	128,093,429	146,350,900	131,687,628	153,407,275
Collection Fund Surplus- Council Tax	4,138,464	500,000	500,000	Based on Previous years	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Business Rates Collection fund	(934,051)	(2,594,000)	(2,594,000)	Based on previous years	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
<b>TOTAL NET RESOURCES - 2014-15 onwards</b>	<b>215,842,560</b>	<b>201,592,556</b>	<b>208,426,734</b>		<b>196,359,078</b>	<b>208,358,913</b>	<b>192,548,307</b>	<b>207,569,567</b>	<b>189,784,548</b>	<b>208,042,019</b>	<b>187,959,420</b>	<b>209,679,067</b>
Difference from last Strategy		1,460,761			2,957,232	11,999,835						21,719,647
Difference from SBM		(2,094,000)			7		(12,208)		(25,109)		(38,723)	

	2015/16	2016/17	2016/17	2014/15 Notes & Assumptions	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21
	Revised £ Council 26 February 2015	Revised £ Cabinet 14 October 2015	Revised £ Cabinet 9 December 15		Revised £ Cabinet 28 October 2015	Revised £ Cabinet 9 December 15	£ Cabinet 28 October 2015	£ Cabinet 9 December 15	£ Cabinet 28 October 2015	£ Cabinet 9 December 15	£ Cabinet 28 October 2015	£ Cabinet 9 December 15
<b>GOVERNMENT GRANTS</b>	253,747,100	253,005,810	253,005,810	Latest Information on Specific Grants	252,726,720	252,726,720	252,726,720	252,726,720	252,726,720	252,726,720	252,726,720	252,726,720
<b>OTHER GRANTS &amp; CONTRIBUTIONS</b>	32,225,880	26,511,470	26,511,470	Revised in line with Growth projections	26,511,470	26,511,470	26,511,470	26,511,470	26,511,470	26,511,470	26,511,470	26,511,470
<b>FEES &amp; CHARGES</b>	56,100,805	60,646,769	60,646,769	Revised for 2015/16 then left unchanged	63,672,593	63,672,593	66,954,155	66,954,155	70,156,415	70,156,415	73,655,345	73,655,345
<b>INTERNAL MARKET &amp; INTERNAL RECHARGES</b>												
Internal Recharges only	18,462,465	18,462,465	18,462,465	Revised for 2015/16 then left unchanged	18,462,465	18,462,465	18,462,465	18,462,465	18,462,465	18,462,465	18,462,465	18,462,465
Total Income outside of Net	360,536,250	358,626,514	358,626,514		361,373,248	361,373,248	364,654,810	364,654,810	367,857,070	367,857,070	371,356,000	371,356,000
<b>TOTAL GROSS RESOURCES - 2013-14 onwards, after income Savings</b>	<b>576,378,810</b>	<b>560,219,070</b>	<b>567,053,248</b>		<b>557,732,326</b>	<b>569,732,161</b>	<b>557,203,117</b>	<b>572,224,377</b>	<b>557,641,618</b>	<b>575,899,089</b>	<b>559,315,419</b>	<b>581,035,067</b>
		6,743,844	6,834,178			11,999,835		15,021,260		18,257,471		21,719,647

Appendix 2

SHROPSHIRE COUNCIL - FINANCIAL SUMMARY 2015/16 to 2017/18											APPENDIX 2
	2015/16	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21
	26 Feb 2015	28 October 2015	09 December 2015	28 October 2015	09 December 2015	28 October 2015	09 December 2015	28 October 2015	09 December 2015	28 October 2015	09 December 2015
	£	£	£	£	£	£	£	£	£	£	£
<b>Expenditure</b>											
<b>Original Gross Budget Requirement</b>	561,250,666	576,378,810	576,378,810	581,381,655	584,881,655	593,823,408	598,323,408	608,505,667	614,005,667	620,435,490	626,935,490
<b>Monitoring Issues identified in 2014/15 with ongoing implications</b>											
- Asset Sales - Removal of income stream	50,000										
<b>Inflation - Estimated</b>											
- Prices	2,796,947	5,006,995	5,006,995	2,806,350	2,806,350	6,344,415	6,344,415	3,109,939	3,109,939	3,362,903	3,362,903
- Pay 1% award	710,957	1,991,292	1,991,292	1,597,392	1,597,392	1,613,332	1,613,332	1,367,738	1,367,738	1,488,652	1,488,652
- Pay Increment	872,769	included above	included above								
- Pension Costs - see NHB below and Savings											
- Auto Enrolment (Impacts 2017/18)-To Be Estimated											
- NI Changes			2,000,000								
- Apprenticeships			500,000								
- Minimum Wage impact			1,000,000		1,000,000		1,000,000		1,000,000		1000000
<b>Committed Growth</b>											
- Debt Charges (Reduced as part of Savings)	1,000,000	1,000,000	1,000,000								
<b>New Growth</b>											
- Demography for Adults and Children		10,696,575	10,696,575	6,232,765	6,232,765	6,724,512	6,724,512	7,452,146	7,452,146	7,858,788	7,858,788
- Demography: Adults	1,758,000										
- Demography: Childrens services	1,183,000										
<b>New Service Pressures</b>											
New Investment funding- One year only	(2,000,000)										
Repaying for borrowing for Redundancies											
Care Act implications											
<b>Changes to Expenditure Reflected in Resources</b>											
Specific Grant Changes from Previous Year Including New Responsibilities	6,277,870	(6,455,700)	(6,455,700)	(279,090)	(279,090)						
Income Changes											
Benefits (assume at same level as reduction in Resources)											
Change in Clax Tax base and NNDR allocated to demographic growth	3,194,709	8,350	8,350	8,392	8,392						
Council tax freeze Grant rolled in to base funding (see Above change in specific grants)	1,307,360	-1,307,360	-1,307,360								
Use of NHB Smoothing - see Pension Costs above	(1,609,000)	715,000	715,000								
Spare Pension budget used to offset unachievable savings		876,000	876,000								
Reallocation of Business Rates Appeals Base Budget	(2,277,816)										
Additional Contribution to offset Delay in Savings Achievement	2,277,816										
The adjustment below allow one off Resources to be included in the base in one year and removed in the following year. Use of one off resources in 2015/16 was detailed in the 26 February 2015 Council Report.											
<b>Contributions to Savings for changes in Projections</b>											
- Net Growth Change	2,167,600	(3,749,700)	(3,749,700)								
- Net Resources Change -14/15 one year only	(2,454,351)										
- Net Resources Change -15/16 one year only	(170,339)	170,339	170,339								
Surplus Settlement funding - one off	1,000,841	(1,086,048)	(1,086,048)	(1,704)	(1,704)						
Surplus Collection fund - One off, allocation below	3,204,413	(3,204,413)	(3,204,413)								
Allocate to keep gap at £80m	(478,928)	284,425	284,425	194,503	194,503						
Adjustment to Resource Projection - RSG, 2015/16 only		2,151,090	2,151,090	(210,855)	(210,855)						
Adjustment to Business rates Collection Fund		(2,094,000)	(2,094,000)	2,094,000	2,094,000						
<b>Gross Budget Requirement (Including Internal Recharges) Before Savings</b>	580,062,514	581,381,655	584,881,655	593,823,408	598,323,408	608,505,667	614,005,667	620,435,490	626,935,490	633,145,833	640,645,833
Changes in Gross in 2014/15	16,452,665										
2015/16 Savings from Base Budget	(20,136,369)										
<b>Gross Budget Requirement (Excluding Internal Market)</b>	576,378,810	581,381,655	584,881,655	593,823,408	598,323,408	608,505,667	614,005,667	620,435,490	626,935,490	633,145,833	640,645,833
			3,500,000		4,500,000		5,500,000		6,500,000		7,500,000

## Appendix 3

## Summary – 2016/17 Revised Savings Proposals

SBM Proposed 2016/17 Saving (£'000)	Directorate	Existing Business Plan 2016/17 Saving	2015/16 Slipped in Feb 2015	2015/16 Not Achievable Monitoring 2015/16 P5	2015/16 Not Achievable Monitoring 2015/16 P6	Total Required under Existing 2014-17 Strategy	Increase/ (Decrease) on Business Plan and Slipped
3,831	Children's Services	1,890	751	0	0	2,641	1,190
5,185	Adult Services	5,791	0	2,500	2,685	10,976	(5,791)
6,262	Commissioning Services	4,383	310	641	575	5,909	353
620	Public Health	32	0	27	0	59	561
2,025	Resources and Support	1,434	146	301	0	1,881	143
5,128	Corporate	3,338	0	559	0	3,897	1,231
<b>23,051</b>	<b>Total Revised Savings</b>	<b>16,868</b>	<b>1,207</b>	<b>4,028</b>	<b>3,260</b>	<b>25,363</b>	<b>(2,313)</b>
1,382	Budget Virement (Base Budget Saving to Adult Services)						
9,804	One-Off Resources Used as Savings						
<b>34,237</b>	<b>Total Saving Proposals</b>						
<b>33,789</b>	<b>Funding Gap (Updated 9.12.15) (see paragraph 7.2)</b>						
448	Contingency						

**Children's Services – 2016/17 Revised Savings Proposals**

<b>SBM Proposed 2016/17 Saving</b>	<b>Redesign Piece</b>	<b>Business Plan Heading</b>	<b>Existing Business Plan 2016/17 Saving</b>	<b>2015/16 Slipped in Feb 2015</b>	<b>2015/16 Not Achievable Monitoring 2015/16 P5</b>	<b>2015/16 Not Achievable Monitoring 2015/16 P6</b>	<b>Total Required under Existing 2014-17 Strategy</b>	<b>Increase/ (Decrease) on Business Plan and Slipped</b>
650	Outcomes for Customers	Redesign and transfer of Education Support Services to ip&e (Inspire to Learn) and secure commissioning arrangements and retained team						650
0	Outcomes for Customers	Redesign Education Improvement Team to carry out statutory responsibilities to meet the support and challenge requirements of Education	101	175			276	(276)
1,210	Outcomes for Customers	Redesign early support and assist provision	-	105			105	1,105
1,321	Zero Based Budgets & Business Planning	Review current residential provision and increase assessment capacity. Review mix of provision. Review practice of assessing children's ongoing need to be Looked After. Closure of Children's homes. Expansion of local provision, wider range of provision at a local level for 16/17 year old care leavers. Block contract - renegotiate contract, unit cost and numbers of residential provision for Looked After Children	1,589	385			1,974	(653)

<b>SBM Proposed 2016/17 Saving</b>	<b>Redesign Piece</b>	<b>Business Plan Heading</b>	<b>Existing Business Plan 2016/17 Saving</b>	<b>2015/16 Slipped in Feb 2015</b>	<b>2015/16 Not Achievable Monitoring 2015/16 P5</b>	<b>2015/16 Not Achievable Monitoring 2015/16 P6</b>	<b>Total Required under Existing 2014-17 Strategy</b>	<b>Increase / (Decrease) on Business Plan and Slipped</b>
650	Outcomes for Customers	Analyse Children's back office processes: administration; use of IT; impact of rurality.	200	86			286	364
<b>3,831</b>		<b>TOTAL</b>	<b>1,890</b>	<b>751</b>	-	-	<b>2,641</b>	<b>1,190</b>



**Adult Services – 2016/17 Revised Savings Proposals**

SBM Proposed 2016/17 Saving (£'000)	Redesign Piece	Business Plan Heading	Existing Business Plan 2016/17 Saving (£'000)	2015/16 Slipped in Feb 2015	2015/16 Slipped Monitoring 2015/16 P5	2015/16 Slipped Monitoring 2015/16 P6	Total Required under Existing 2014-17 Strategy	Increase / (Decrease) on Business Plan (£'000)
-		Adult Purchasing - CHC - Process & Challenge	100				100	(100)
-		Adult Purchasing - CHC - Review of Current Cases	100				100	(100)
-		Adult Purchasing - Telecare Review - Manage Demand	23				23	(23)
-		Adults Purchasing - Promote Non Council Funded Adaptations	12				12	(12)
-		Adults Purchasing - Redesign of Social Care Offer	4,780				4,780	(4,780)
-		Adults Purchasing - Redesign of Social Care Offer - Stretch Target	295				295	(295)
-		Adults Purchasing - Roll Out of P2P	482				482	(482)
-		Adults Purchasing - CHC - Review of Nursing Care Packages			2,192		2,192	(2,192)
-		Adults Purchasing - Review and Recommission all VCS agreements and contract			170		170	(170)
-		Adults Purchasing - Review and renegotiate all QPA awards for Care Home			138		138	(138)
-		Adults Increased Income - Increased Income from Client Property & Appointeeships				20	20	(20)
-		Adults Purchasing - Roll Out of P2P				328	328	(328)
-		Adults Purchasing - ICS Reduction in Intermediate Spend				75	75	(75)
-		Adults Purchasing - Telecare Review - Manage Demand				11	11	(11)
-		Adults Purchasing - Promotion of Non Council Funded Adaptations				6	6	(6)

SBM Proposed 2016/17 Saving (£'000)	Redesign Piece	Business Plan Heading	Existing Business Plan 2016/17 Saving (£'000)	2015/16 Slipped in Feb 2015	2015/16 Slipped Monitoring 2015/16 P5	2015/16 Slipped Monitoring 2015/16 P6	Total Required under Existing 2014-17 Strategy	Increase/ (Decrease) on Business Plan (£'000)
-		Adults - Securing External Funding RE Care Act - Redesign the Social Care Offer				2,009	2,009	(2,009)
-		Adults Staffing - Redesign EDT Team				49	49	(49)
-		Adults PFI Savings - QUICS PFI Savings				187	187	(187)
2,009	Outcomes for Customers	Adults - Securing External Funding RE Care Act - This was shown Red and slipped to 2016-17 in P6 as it has only been agreed on a one year basis - assuming from communication that there is potential to receive this again next year, but no confirmation of this.						2,009
23	Renegotiate Contracts	Adults Purchasing - Reduced package costs at Derwen - Achievable 2015-16					-	23
158	Renegotiate Contracts	Adults Purchasing - Ordinary Residence Savings with Manchester and East Sussex - Achievable 2015-16					-	158
900	Renegotiate Contracts	Adults Purchasing - Moving 75 Residence from Residential Care to Supported Living					-	900
240	Zero Based Budgets and Business Planning	Adults Purchasing - High Cost Dom Care Packages OP - Potential for £120k in 2015-16. Unpalatable Saving					-	240
206	Zero Based Budgets and Business Planning	Adults Purchasing - High Cost Dom Care Packages PD- Unpalatable Saving					-	206
229	Zero Based Budgets and Business Planning	Adults Purchasing - High Cost Dom Care Packages LD - Unpalatable Saving					-	229

<b>SBM Proposed 2016/17 Saving (£'000)</b>	<b>Redesign Piece</b>	<b>Business Plan Heading</b>	<b>Existing Business Plan 2016/17 Saving (£'000)</b>	<b>2015/16 Slipped in Feb 2015</b>	<b>2015/16 Slipped Monitoring 2015/16 P5</b>	<b>2015/16 Slipped Monitoring 2015/16 P6</b>	<b>Total Required under Existing 2014-17 Strategy</b>	<b>Increase/ (Decrease) on Business Plan (£'000)</b>
500	Renegotiate Contracts	Adults Purchasing - Enforce Framework Rates for Dom Care and ISF's - Potential for £200k in 2015-16					-	500
397	Renegotiate Contracts	Adults Purchasing - Framework for Residential and Nursing Care					-	397
25	Renegotiate Contracts	Adults Purchasing - Commissioning savings on Tender Envelopes					-	25
50	Outcomes for Customers	Adults - Day Services - Working in Partnership with Providers to deliver efficiencies where possible.					-	50
63	Renegotiate Contracts	Adults Substance Misuse - Contribution no longer required as a result of Commissioning Savings					-	63
49	Outcomes for Customers	Adults Staffing - EDT Savings achieved on an ongoing basis					-	49
337	Outcomes for Customers	Adults - Savings Strategy still to be developed					-	337
<b>5,185</b>		<b>TOTAL</b>	<b>5,791</b>	<b>-</b>	<b>2,500</b>	<b>2,685</b>	<b>10,976</b>	<b>(5,791)</b>

**Commissioning – 2016/17 Revised Savings Proposals**

<b>SBM Proposed 2016/17 Saving</b>	<b>Redesign Piece</b>	<b>Business Plan Heading</b>	<b>Existing Business Plan 2016/17 Saving</b>	<b>2015/16 Slipped in Feb 2015</b>	<b>2015/16 Not Achievable Monitoring 2015/16 P5</b>	<b>2015/16 Not Achievable Monitoring 2015/16 P6</b>	<b>Total Required under Existing 2014-17 Strategy</b>	<b>Increase/ (Decrease) on Business Plan and Not Achievable</b>
250	Outcomes for Customers	Review of waste collection model, leading to increased recycling and improved service delivery	240				240	10
500	Trade for Public Profit	Create commercial activity within the wider Regulatory and Business Support Services model	350				350	150
979	Renegotiate Contracts	Review and renegotiate contracts across Commissioning Directorate with a view to redesigning or reducing demand to meet lower cost allowances	1,960		410	500	2,870	(1,891)
300	Outcomes for Customers	Redesign of Planning Policy that will lead to an aligned offer alongside other redesigned areas	100				100	200
237	Outcomes for Customers	Redesign of the Outdoor Recreation Service that will lead to locally led approaches with a focus on physical activity	194	1			195	42
0	Trade for Public Profit	Negotiation of commercial rental and lease for Ludlow anaerobic digestion plant	30				30	(30)
99	Outcomes for Customers	Redesign of Business and Enterprise function that will lead to an end to end offer for the business community	36				36	63
246	Outcomes for Customers	Redesign of a new Visitor Economy model including museum services and visitor attractions	173	39			212	34

SBM Proposed 2016/17 Saving	Redesign Piece	Business Plan Heading	Existing Business Plan 2016/17 Saving	2015/16 Slipped in Feb 2015	2015/16 Not Achievable Monitoring 2015/16 P5	2015/16 Not Achievable Monitoring 2015/16 P6	Total Required under Existing 2014-17 Strategy	Increase / (Decrease) on Business Plan and Not Achievable
97	Outcomes for Customers	Modernisation of processes and creation of efficiencies within Theatre Services	0				0	97
51	Outcomes for Customers	Maximising income and efficiencies at workshops and employment land	73				73	(22)
46	Outcomes for Customers	Review of joint use Leisure Facilities to identify how they are best delivered on a local basis	114				114	(68)
128	Outcomes for Customers	Continued redesign across Positive Activities and Arts Development in line with the wider commissioning model	95		46		141	(13)
45	Outcomes for Customers	Further efficiencies within the Community Enablement Team (CET)	50				50	(5)
585	Outcomes for Customers	Redesign the Libraries service, identifying alternative delivery models on a local basis and creating community hubs in market towns	368	180			548	37
1,697	Outcomes for Customers	Redesign Environmental Maintenance function, increasing income generation where possible	70		161		231	1,466
635	Outcomes for Customers	Redesign of Highways and Transport function, reviewing provision of car parking and transport solutions	530				530	105

<b>SBM Proposed 2016/17 Saving</b>	<b>Redesign Piece</b>	<b>Business Plan Heading</b>	<b>Existing Business Plan 2016/17 Saving</b>	<b>2015/16 Slipped in Feb 2015</b>	<b>2015/16 Not Achievable Monitoring 2015/16 P5</b>	<b>2015/16 Not Achievable Monitoring 2015/16 P6</b>	<b>Total Required under Existing 2014-17 Strategy</b>	<b>Increase / (Decrease) on Business Plan and Not Achievable</b>
367	A Workforce the Fits	Appropriately re-size the workforce to ensure an efficient and customer focussed organisation. Voluntary Redundancy proposals within Commissioning Directorate	0		24	75	99	268
0	Stop Waste	Efficiency savings across the Directorate	0	90			90	(90)
<b>6,262</b>		<b>TOTAL</b>	<b>4,383</b>	<b>310</b>	<b>641</b>	<b>575</b>	<b>5,909</b>	<b>353</b>

**Public Health – 2016/17 Revised Savings Proposals**

SBM Proposed 2016/17 Saving (£'000)	Redesign Piece	Business Plan Heading	Existing Business Plan 2016/17 Saving (£'000)	2015/16 Slipped in Feb 2015	2015/16 Slipped Monitoring 2015/16 P5	2015/16 Slipped Monitoring 2015/16 P6	Total Required under Existing 2014-17 Strategy	Increase / (Decrease) on Business Plan (£'000)
25	Zero Based Budgets and Business Planning	Reduction in Coroners Expenditure	16				16	9
20	Zero Based Budgets and Business Planning	Reduction in Registrar Expenditure and Increased Income Generation	16				16	4
-	Outcomes for Customers	Redesign CCTV Monitoring Service			27		27	- 27
40	Zero Based Budgets and Business Planning	Reduction in Emergency Planning Expenditure	-					40
50	Zero Based Budgets and Business Planning	Reduction in Targetted Mental Health in Schools Expenditure	-					50
20	Zero Based Budgets and Business Planning	Reduction in Shropshire Partnership Expenditure	-					20
90	A workforce that fits	Senior Management Salary Savings	-					90
25	A workforce that fits	General Staff Turnover replaced by Utilisation of Funded Work Experience Placements	-					25
198	Renegotiate Contracts	Help2Change Commissioning Savings - Expanding Income Generating Opportunities	-					198
10	Zero Based Budgets and Business Planning	Reduction in Training Budgets	-					10
16	Zero Based Budgets and Business Planning	Reduction in General Office Costs	-					16
10	Renegotiate Contracts	Reduction in Mental Health Contract with Chester University	-					10

<b>SBM Proposed 2016/17 Saving (£'000)</b>	<b>Redesign Piece</b>	<b>Business Plan Heading</b>	<b>Existing Business Plan 2016/17 Saving (£'000)</b>	<b>2015/16 Slipped in Feb 2015</b>	<b>2015/16 Slipped Monitoring 2015/16 P5</b>	<b>2015/16 Slipped Monitoring 2015/16 P6</b>	<b>Total Required under Existing 2014-17 Strategy</b>	<b>Increase / (Decrease) on Business Plan (£'000)</b>
9	Zero Based Budgets and Business Planning	Reduction in Chlamydia Screen Budget - T&W Contract	-					9
3	Zero Based Budgets and Business Planning	Reduction in EHC Pharmacy Payments Budget	-					3
9	Renegotiate Contracts	Reduction in Health Intelligence Contract with Shrewsbury Hospital Library -	-					9
16	Renegotiate Contracts	Removal of Illy IT Budget - Substance Misuse	-					16
80	Renegotiate Contracts	Detoxification Beds - Revised Contract	-					80
<b>620</b>		<b>TOTAL</b>	<b>32</b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>59</b>	<b>561</b>



**Resources & Support – 2016/17 Revised Savings Proposals**

SBM Proposed 2016/17 Saving	Redesign Piece	Business Plan Heading	Existing Business Plan 2016/17 Saving	2015/16 Slipped in Feb 2015	2015/16 Not Achievable Monitoring 2015/16 P5	2015/16 Not Achievable Monitoring 2015/16 P6	Total Required under Existing 2014-17 Strategy	Increase / (Decrease) on Business Plan and Slipped
-	Zero Based Budgets and Business Planning	Redesign services, for example, Business Design, Digital Services, Customer Services, Business Support, Print Services, Programme Management		30			30	(30)
	Zero Based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop		116			116	(116)
	Stop Waste	Rationalise spend in ICT. Ensure that all systems are used to best advantage of the business			62		62	(62)
	Stop Waste	Rationalise spend in ICT. Ensure that all systems are used to best advantage of the business			90		90	(90)
	Stop Waste	Rationalise spend in ICT. Ensure that all systems are used to best advantage of the business			100		100	(100)
	Zero Based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop			49		49	(49)

SBM Proposed 2016/17 Saving	Redesign Piece	Business Plan Heading	Existing Business Plan 2016/17 Saving	2015/16 Slipped in Feb 2015	2015/16 Not Achievable Monitoring 2015/16 P5	2015/16 Not Achievable Monitoring 2015/16 P6	Total Required under Existing 2014-17 Strategy	Increase / (Decrease) on Business Plan and Slipped
30	Zero Based Budgets and Business Planning	Redesign services, for example, Business Design, Digital Services, Customer Services, Business Support, Print Services, Programme Management	30				30	-
48	A workforce that fits	Develop a workforce that appropriately fits the size and requirements of the organisation as it moves to become a commissioning council	48				48	-
12	A workforce that fits	Develop a workforce that appropriately fits the size and requirements of the organisation as it moves to become a commissioning council	12				12	-
-	A workforce that fits	Develop a workforce that appropriately fits the size and requirements of the organisation as it moves to become a commissioning council	10				10	(10)
-	A workforce that fits	Develop a workforce that appropriately fits the size and requirements of the organisation as it moves to become a commissioning council	45				45	(45)
26	A workforce that fits	Develop a workforce that appropriately fits the size and requirements of the organisation as it moves to become a commissioning council					-	26

SBM Proposed 2016/17 Saving	Redesign Piece	Business Plan Heading	Existing Business Plan 2016/17 Saving	2015/16 Slipped in Feb 2015	2015/16 Not Achievable Monitoring 2015/16 P5	2015/16 Not Achievable Monitoring 2015/16 P6	Total Required under Existing 2014-17 Strategy	Increase / (Decrease) on Business Plan and Slipped
-	Stop Waste	Rationalise spend in ICT. Ensure that all systems are used to best advantage of the business	40				40	(40)
14	A workforce that fits	Develop a workforce that appropriately fits the size and requirements of the organisation as it moves to become a commissioning council					-	14
-	Zero Based Budgets and Business Planning	Redesign services, for example, Business Design, Digital Services, Customer Services, Business Support, Print Services, Programme Management	43				43	- 43
-	Zero Based Budgets and Business Planning	Redesign services, for example, Business Design, Digital Services, Customer Services, Business Support, Print Services, Programme Management	18				18	(18)
-	Zero Based Budgets and Business Planning	Redesign services, for example, Business Design, Digital Services, Customer Services, Business Support, Print Services, Programme Management	34				34	(34)
130	Zero Based Budgets and Business Planning	Redesign services, for example, Business Design, Digital Services, Customer Services, Business Support, Print Services, Programme Management	43				43	87

SBM Proposed 2016/17 Saving	Redesign Piece	Business Plan Heading	Existing Business Plan 2016/17 Saving	2015/16 Slipped in Feb 2015	2015/16 Not Achievable Monitoring 2015/16 P5	2015/16 Not Achievable Monitoring 2015/16 P6	Total Required under Existing 2014-17 Strategy	Increase / (Decrease) on Business Plan and Slipped
-	Zero Based Budgets and Business Planning	Redesign services, for example, Business Design, Digital Services, Customer Services, Business Support, Print Services, Programme Management	14				14	(14)
-	Zero Based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop	317				317	(317)
15	Zero Based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop	15				15	-
-	Zero Based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop	42				42	(42)
34	Zero Based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop	34				34	-

SBM Proposed 2016/17 Saving	Redesign Piece	Business Plan Heading	Existing Business Plan 2016/17 Saving	2015/16 Slipped in Feb 2015	2015/16 Not Achievable Monitoring 2015/16 P5	2015/16 Not Achievable Monitoring 2015/16 P6	Total Required under Existing 2014-17 Strategy	Increase / (Decrease) on Business Plan and Slipped
-	Zero Based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop	142				142	(142)
-	Zero Based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop	328				328	(328)
-	Zero Based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop	220				220	(220)
50	Sell Assets we don't need	Asset rationalisation to fit with mobile & flexible working ethos. Manage total asset base of Council under Corporate Landlord arrangement						50
128	Sell Assets we don't need	Asset rationalisation to fit with mobile & flexible working ethos. Manage total asset base of Council under Corporate Landlord arrangement						128

SBM Proposed 2016/17 Saving	Redesign Piece	Business Plan Heading	Existing Business Plan 2016/17 Saving	2015/16 Slipped in Feb 2015	2015/16 Not Achievable Monitoring 2015/16 P5	2015/16 Not Achievable Monitoring 2015/16 P6	Total Required under Existing 2014-17 Strategy	Increase / (Decrease) on Business Plan and Slipped
14	Sell Assets we don't need	Asset rationalisation to fit with mobile & flexible working ethos. Manage total asset base of Council under Corporate Landlord arrangement						14
50	Sell Assets we don't need	Asset rationalisation to fit with mobile & flexible working ethos. Manage total asset base of Council under Corporate Landlord arrangement						50
221	Sell Assets we don't need	Asset rationalisation to fit with mobile & flexible working ethos. Manage total asset base of Council under Corporate Landlord arrangement						221
80	Sell Assets we don't need	Asset rationalisation to fit with mobile & flexible working ethos. Manage total asset base of Council under Corporate Landlord arrangement						80
-	Zero Based Budgets and Business Planning	Redesign services, for example, Business Design, Digital Services, Customer Services, Business Support, Print Services, Programme Management						-
476	Zero Based Budgets and Business Planning	Redesign services, for example, Business Design, Digital Services, Customer Services, Business Support, Print Services, Programme Management						476

<b>SBM Proposed 2016/17 Saving</b>	<b>Redesign Piece</b>	<b>Business Plan Heading</b>	<b>Existing Business Plan 2016/17 Saving</b>	<b>2015/16 Slipped in Feb 2015</b>	<b>2015/16 Not Achievable Monitoring 2015/16 P5</b>	<b>2015/16 Not Achievable Monitoring 2015/16 P6</b>	<b>Total Required under Existing 2014-17 Strategy</b>	<b>Increase / (Decrease) on Business Plan and Slipped</b>
5	Zero Based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop						5
150	Zero Based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop						150
169	Zero Based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop						169
372	Zero Based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop						372
<b>2,025</b>		<b>TOTAL</b>	<b>1,434</b>	<b>146</b>	<b>301</b>	<b>-</b>	<b>1,881</b>	<b>143</b>

**Corporate – 2016/17 Revised Savings Proposals**

SBM Proposed 2016/17 Saving	Redesign Piece	Business Plan Heading	Existing Business Plan 2016/17 Saving	2015/16 Slipped in Feb 2015	2015/16 Not Achievable Monitoring 2015/16 P5	2015/16 Not Achievable Monitoring 2015/16 P6	Total Required under Existing 2014-17 Strategy	Increase/ (Decrease) on Business Plan and Slipped
1,000	Zero based Budgets and Business Planning	Review of corporate budgets to meet expected demand across the authority, removal of borrowing requirements, increased generation of interest on balances, baselining New Homes Bonus.	1,000				1,000	-
500	Zero based Budgets and Business Planning	Review of corporate budgets to meet expected demand across the authority, removal of borrowing requirements, increased generation of interest on balances, baselining New Homes Bonus.	500				500	-
871	Zero based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop	871		559		312	559
2,300	Zero based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop	2,300				2,300	-



SBM Proposed 2016/17 Saving	Redesign Piece	Business Plan Heading	Existing Business Plan 2016/17 Saving	2015/16 Slipped in Feb 2015	2015/16 Not Achievable Monitoring 2015/16 P5	2015/16 Not Achievable Monitoring 2015/16 P6	Total Required under Existing 2014-17 Strategy	Increase / (Decrease) on Business Plan and Slipped
409	Zero based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop	409				409	-
218	Zero based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop						218
153	Zero based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop						153
1,006	Zero based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop						1,006

<b>SBM Proposed 2016/17 Saving</b>	<b>Redesign Piece</b>	<b>Business Plan Heading</b>	<b>Existing Business Plan 2016/17 Saving</b>	<b>2015/16 Slipped in Feb 2015</b>	<b>2015/16 Not Achievable Monitoring 2015/16 P5</b>	<b>2015/16 Not Achievable Monitoring 2015/16 P6</b>	<b>Total Required under Existing 2014-17 Strategy</b>	<b>Increase / (Decrease) on Business Plan and Slipped</b>
413	Zero based Budgets and Business Planning	Plan for 7.5% on-going reduction in costs across Resources and Support through continual review and redesign to meet the changing needs of the organisation as they develop						413
<b>5,128</b>		<b>TOTAL</b>	<b>3,338</b>	<b>-</b>	<b>559</b>	<b>-</b>	<b>3,897</b>	<b>1,231</b>



## Committee and Date

Cabinet

9 December 2015

## **TREASURY MANAGEMENT UPDATE – QUARTER 2 2015/16**

**Responsible Officer** James Walton

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Tel: (01743) 255011

### **1. Summary**

1.1. The report outlines the treasury management activities of the Council in the last quarter. It highlights the economic environment in which treasury management decisions have been made and the interest rate forecasts of the Council's Treasury Advisor, Capita Asset Services. It also updates Members on the internal treasury team's performance.

1.2. During the second quarter of 2015/16 the internal treasury team achieved a return of 0.58% on the Council's cash balances outperforming the benchmark by 0.22%. This amounts to additional income of £95,330 during the quarter which is included within the Council's projected outturn position in the monthly revenue monitor.

### **2. Recommendations**

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

## **REPORT**

### **3. Risk Assessment and Opportunities Appraisal**

3.1. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.

3.2. There are no direct environmental, equalities or climate change consequences arising from this report.

3.3. Compliance with the CIPFA Code of Practice on Treasury Management, the Council's Treasury Policy Statement and Treasury Management Practices and the Prudential Code for Capital Finance together with the rigorous internal controls will enable the Council to manage the risk associated with Treasury Management activities and the potential for financial loss.

## 4. Financial Implications

- 4.1. The Council makes assumptions about the levels of borrowing and investment income over the financial year. Reduced borrowing as a result of capital receipt generation, or delays in delivery of the capital programme will both have a positive impact of the council's cash position. Similarly, higher than benchmarked returns on available cash will also help the Council's financial position. For monitoring purposes, assumptions are made early in year about borrowing and returns based on the strategies agreed by Council in the preceding February. Performance outside of these assumptions result in increased or reduced income for the Council.
- 4.2. The Quarter 2 performance is above benchmark and has delivered additional income of £95,330 which will be reflected in the Period 6 Revenue Monitor.
- 4.3. The Council currently has £150 million held in investments as detailed in Appendix A and borrowing of £332 million at fixed interest rates.

## 5. Background

- 5.1. The Council defines its treasury management activities as "the management of the authority's investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks". The report informs Members of the treasury activities of the Council between 1 July 2015 and 30 September 2015.

## 6. Economic Background

- 6.1. Although the economic recovery picked up pace with real UK Gross Domestic Product (GDP) growth accelerating from 0.4% in the first quarter to 0.7% in the second quarter, it looks unlikely to have maintained this strength in the third quarter. In its August quarterly inflation report, the Bank of England has included a forecast for growth to remain around 2.4% to 2.8% over the next three years driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that inflation has fallen over the last quarter.
- 6.2. Consumer Price Inflation (CPI) figures fell from 0.1% in July to 0% in August and -0.1% in September therefore the UK has slipped back into deflation. This was despite the fall in the price of crude oil which plummeted to as low as £27 per barrel, lowering petrol prices at the pumps. Inflation looks set to remain negative for the remainder of this year before picking up around the turn of the year as the previous, sharper falls in oil prices drop out of the annual comparison.
- 6.3. The Monetary Policy Committee (MPC) voted to keep official interest rates on hold at 0.5% during the quarter and voted not to increase its programme of asset purchases under the Bank's quantitative easing (QE) programme at its September meeting. There have been dovish noises from the Bank of England recently following the August Inflation Report which saw the Bank reduce its forecasts for CPI inflation, and not expect the 2% inflation target to

be met until mid- 2017. The MPC highlighted the downside risks to global growth given recent developments in China. It looks increasingly unlikely that the MPC will increase rates this year.

- 6.4. On the international stage, the US Federal Reserve made the decision to hold off from increasing interest rates in September mainly due to the developments in China. The recent downbeat news about Chinese growth and the knock on impact on emerging countries that are major suppliers of commodities was cited as the main reason for not increasing rates.
- 6.5. In the Eurozone, the European Central Bank (ECB) announced a massive €1.1 trillion programme of quantitative easing in January 2015 to buy up high credit quality government and other debt of selected Eurozone countries. This programme of €60 billion of monthly purchases started in March 2015 and is intended to run initially to September 2016. This already appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to a significant improvement in economic growth which rose by 0.4% in the second quarter and looks likely to maintain this pace in the third quarter.
- 6.6. The Greek Government gave into EU demands for further austerity at the last minute and agreed a third bailout package. However, there is considerable doubt as to whether Greece will be able to implement and tolerate the level of cuts stipulated. The bailout also does nothing to address the unsupportable size of total debt relative to GDP that is now outstanding. It is therefore possible that a Greek exit from the euro has only been delayed by the latest bailout.

## 7. Economic Forecast

- 7.1. The Council receives its treasury advice from Capita Asset Services. Their latest interest rate forecasts to 30 June 2018 are shown below:

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
<b>Bank rate</b>	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%	1.75%
<b>5yr PWLB rate</b>	2.40%	2.50%	2.60%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%
<b>10yr PWLB rate</b>	3.00%	3.20%	3.30%	3.40%	3.50%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
<b>25yr PWLB rate</b>	3.60%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.60%
<b>50yr PWLB rate</b>	3.60%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.60%

- 7.2. Capita undertook a review of its interest rate forecasts on 11 August following the issue of the latest Bank of England Inflation Report in August 2015. This latest forecast includes no change in the timing of the first increase in Bank Rate as being June 2016. With CPI inflation now likely to be at or near zero for most of 2015, it is difficult for the MPC to make a start on increasing Bank Rate with inflation forecasts within the report being notably subdued with inflation barely getting back up to the 2% target within the 2-3 year time horizon.

- 7.3. The Governor of the Bank of England, Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual. The MPC is concerned about the impact of increases on many indebted consumers, especially when average disposable income is only just starting a significant recovery as a result of recent increases in the rate of wage inflation, though some consumers will not have seen that benefit come through for them.
- 7.4. Long term PWLB rates are expected to rise to 4% in September 2016 before steadily increasing over time to reach 4.6% by 31 March 2018. It is expected that there will be a high level of volatility in PWLB rates over 2015, depending on how long it takes to decide what will happen in Greece and as other factors impinge on market and investor sentiment.
- 7.5. As the threat of potential risks from a number of sources still remains, caution must be exercised in respect of all interest rate forecasts at the current time. Economic forecasting remains difficult with so many influences weighing on the UK. Capita's bank rate forecasts will be liable to further amendment depending on how economic data transpires over 2015. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or safe haven of bonds. Despite market turbulence in late August, and then September, causing a sharp downturn in PWLB rates, the overall longer run trend is for gilt yields and PWLB rates to rise when economic recovery is firmly established accompanied by rising inflation and consequent increases in Bank Rate and the eventual unwinding of Quantitative Easing. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

## **8. Treasury Management Strategy**

- 8.1. The Treasury Management Strategy (TMS) for 2015/16 was approved by Full Council on 26 February 2015. The Council's Annual Investment Strategy, which is incorporated in the TMS, outlines the Council's investment priorities as the security and liquidity of its capital.
- 8.2. The Council aims to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term (up to 1 year), and only invest with highly credit rated financial institutions using the Capita's suggested creditworthiness approach, including sovereign credit rating and Credit Default Swap (CDS) overlay information provided by Capita. The Treasury Team continue to take a prudent approach keeping investments short term and with the most highly credit rated organisations. This approach has been endorsed by our external advisors, Capita.
- 8.3. In the second quarter of 2015/16 the internal treasury team outperformed its benchmark by 0.22%. The investment return was 0.58% compared to the benchmark of 0.36%. This amounts to additional income of £95,330 during the quarter which is included in the Council's projected outturn position in the monthly revenue monitor.

8.4. A full list of investments held as at 30 September 2015, compared to Capita’s counterparty list, and changes to Fitch, Moody’s and Standard & Poor’s credit ratings are shown in Appendix A. None of the approved limits within the Annual Investment Strategy were breached during the second quarter of 2015/16. Officers continue to monitor the credit ratings of institutions on a daily basis. Delegated authority has been put in place to make any amendments to the approved lending list.

8.5. As illustrated in the economic background section above, investment rates available in the market are at an historical low point. The average level of funds available for investment purposes in the second quarter of 2015/16 was £173.3 million.

**9. Borrowing**

9.1. It is a statutory duty for the Council to determine and keep under review the “Affordable Borrowing Limits”. The Council’s approved Treasury and Prudential Indicators (affordability limits) are included in the approved Treasury Management Strategy. A list of the approved limits is shown in Appendix B. The Prudential Indicators were not breached during the second quarter of 2015/16 and have not been previously breached. The schedule at Appendix C details the Prudential Borrowing approved and utilised to date.

9.2. Capita’s target rate for new long term borrowing (50 years) for the second quarter of 2015/16 fell slightly from 3.6% to 3.4% after the August Bank of England Inflation report. No new external borrowing is currently required in 2015/16 due to a review of the Capital Programme. As outlined below, borrowing rates generally fell during the quarter. The low and high points during the quarter can be seen in the table below.

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	1.23%	1.96%	2.56%	3.21%	3.07%
<b>Date</b>	24/09/2015	24/09/2015	29/09/2015	12/08/2015	12/08/2015
<b>High</b>	1.35%	2.35%	3.06%	3.66%	3.58%
<b>Date</b>	05/08/2015	14/07/2015	14/07/2015	02/07/2015	14/07/2015
<b>Average</b>	1.29%	2.15%	2.78%	3.40%	3.28%

**not include items containing exempt or confidential information)**

Cabinet, 29 July 2015, Treasury Management Update Quarter 1 2015/16  
Council, 26 February 2015, Treasury Strategy 2015/16.

**Cabinet Member:**

David Turner, Portfolio Holder

**Local Member**

N/A

**Appendices**

- A. Investment Report as at 30 September 2015
- B. Prudential Limits
- C. Prudential Borrowing Schedule



# Shropshire Council

## Monthly Investment Analysis Review

September 2015



Monthly Economic Summary

**General Economy**

After months of speculation, a highly awaited Federal Reserve (Fed) meeting led to no change in the base rate. The Fed cited “Recent global economic and financial developments” for why monetary policy was left unchanged. This was in the context of China’s economy showing no improvement as its manufacturing sector had its worst month since the global financial crisis of 2009.

The Monetary Policy Committee (MPC) voted 8-1 in favour of keeping rates unchanged at their historic low of 0.5% in its September meeting. The MPC believed it was too soon to confirm the extent of the adverse impacts of China’s slowing economy on the UK. The committee further stated that price pressures showed little change on the month and that higher levels of core inflation are compensated by dropping oil prices. In the past few months, the Governor of the central bank has hinted that a rate hike could be appropriate around the turn of the year, but market expectations have now shifted to next summer. The Governor has, however, said that he believes China’s problems do not appear to have yet had a detrimental effect on the UK.

British inflation stumbled to 0% again as a result of the biggest drop in oil prices since the beginning of the year. Another factor contributing to lower inflation is a slower seasonal increase in prices of clothing than in 2014. Inflation remaining stubbornly below the Bank of England’s 2% target is likely to keep the Bank’s outlook dovish. The final reading of UK Q2 GDP saw economic growth revised down to 2.4%, year on year. UK public finances for August added more gloom as it recorded the widest budget deficit since 2012. Public Sector Net Borrowing rose to £12.1bn in August from £10.7bn, well above economists’ forecasts. However, income tax receipts for July have still yet to be accounted for, which may well change the figure. The unemployment rate in the UK remained stable at 5.5% in the three months to July, a record low since before the financial crisis. In addition, average weekly earnings displayed a 2.9% rise in the 3 months to July, both excluding and including bonuses. Furthermore, private sector pay grew even faster, rising by 3.7%. Non-existent inflation combined with solid wage growth figures displayed that households are finally starting to experience strong real income gains.

The European Central Bank (ECB) left its rate unchanged at 0.05%, as expected. The central bank downgraded its inflation forecasts and ECB President Mario Draghi stated the bank is prepared to increase its €1.1tn bond buying programme. The 19-nation bloc experienced deflation for the first time in 6 months as annual inflation fell to -0.1% in September predominantly driven by a decline in energy prices. This reinforced the argument for the ECB to expand its asset purchasing programme. On a more positive note, the second reading of Q2 Eurozone GDP was revised up to 0.4% quarter-on-quarter from its previous estimate of 0.3%. Year-on-year, the Eurozone expanded by 1.5%. The revision was mainly due to Italy’s economy performing better than expected, as well as Germany and France reporting stronger growth figures. Eurozone unemployment was announced at 11% for August, with the July figure being revised upwards also to 11% from a previously reported 10.9%. Spain and Greece are still experiencing the highest unemployment levels in the bloc, with 22.2% and 25.2% respectively, whilst Germany, Austria and Malta were among the lowest.

The August Non-farm payrolls data release showed the US economy created 173,000 jobs, far less than the expected figure of 220,000. The manufacturing sector lost the most jobs in more than two years and the August figure showed the lowest increase in five months. The unemployment rate, however, fell to 5.1%, the lowest in nearly 10 years. US Q2 GDP was revised up to 3.9% from the 3.7% previously reported. The rise was mainly attributed to growth in consumer spending, particularly on healthcare and transport.

A widely anticipated Federal Reserve meeting, which some analysts believed would finally result in a rate hike, was of little excitement as the Fed maintained the status quo. Although the forecasts for the current year were upbeat with GDP and inflation forecasts both revised up and unemployment revised down, global economic weakness was the main reason to keep rates steady. Particularly, China’s economic slowdown was viewed as a great cause for concern. However, the Fed is still open to the possibility of a rate rise later this year with 13 out of the 17 Fed policymakers predicting a rate rise later this year.

**Currency**

Sterling opened the month at \$1.533 against the US dollar and closed at \$1.514. Against the Euro, Sterling opened at €1.361 and closed at €1.356.

**Forecast**

Capita Asset Services did not alter its forecast this month. Capita Asset Services expects the first rate hike to come in the second quarter of 2016. Capital Economics left their forecast unchanged in September. They expect the first Bank Rate increase to come in Q2 2016.

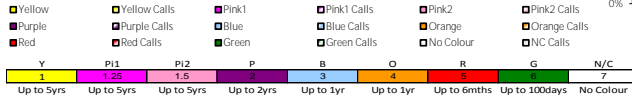
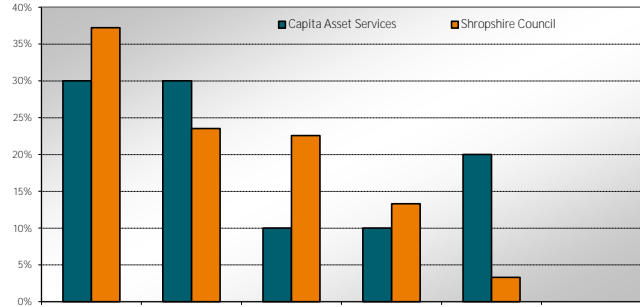
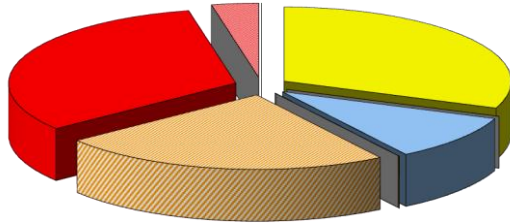
Bank Rate	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16
Capita Asset Services	0.50%	0.50%	0.75%	0.75%	1.00%
Capital Economics	0.50%	0.50%	0.75%	0.75%	1.00%

## Shropshire Council

### Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
HSBC Bank Plc	20,000,000	0.80%		Call	AA-	0.000%
Svenska Handelsbanken AB	15,370,000	0.45%		Call	AA-	0.000%
Devon County Council	2,000,000	0.30%	10/09/2015	09/10/2015	AA+	0.000%
Nationwide Building Society	2,100,000	0.66%	13/04/2015	12/10/2015	A	0.002%
Birmingham City Council	5,000,000	0.40%	13/07/2015	13/10/2015	AA+	0.000%
Stockport Metropolitan Borough Council	1,350,000	0.30%	14/09/2015	14/10/2015	AA+	0.000%
Kingston Upon Hull City Council	3,000,000	0.30%	15/09/2015	15/10/2015	AA+	0.000%
Glasgow City Council	2,000,000	0.30%	22/09/2015	23/10/2015	AA+	0.000%
Birmingham City Council	5,000,000	0.40%	28/07/2015	29/10/2015	AA+	0.001%
Barclays Bank Plc	5,000,000	0.58%		Call35	A-	0.006%
Cornwall Council	5,000,000	0.40%	05/05/2015	05/11/2015	AA+	0.001%
London Borough of Barking & Dagenham	5,000,000	0.33%	08/09/2015	09/11/2015	AA+	0.001%
Lloyds Bank Plc	1,400,000	0.57%	11/08/2015	11/11/2015	A	0.007%
Eastleigh Borough Council	4,000,000	0.45%	19/05/2015	19/11/2015	AA+	0.001%
Lancashire County Council	5,000,000	0.45%	22/05/2015	20/11/2015	AA+	0.001%
North Tyneside Metropolitan Borough Council	4,000,000	0.35%	20/08/2015	20/11/2015	AA+	0.001%
Nationwide Building Society	3,000,000	0.66%	22/06/2015	21/12/2015	A	0.014%
Lloyds Bank Plc	900,000	0.57%	22/09/2015	22/12/2015	A	0.014%
Nationwide Building Society	2,000,000	0.50%	23/09/2015	23/12/2015	A	0.014%
Lloyds Bank Plc	1,520,000	0.57%	29/09/2015	04/01/2016	A	0.016%
Lancashire County Council	5,000,000	0.42%	01/07/2015	05/01/2016	AA+	0.002%
Lloyds Bank Plc	4,320,000	1.00%	08/01/2015	07/01/2016	A	0.017%
Lloyds Bank Plc	3,600,000	1.00%	09/01/2015	08/01/2016	A	0.017%
Nationwide Building Society	2,900,000	0.66%	04/08/2015	04/02/2016	A	0.022%
Barclays Bank Plc	3,250,000	0.70%	06/08/2015	05/02/2016	A-	0.022%
Barclays Bank Plc	5,000,000	0.70%	16/09/2015	15/03/2016	A-	0.028%
Lloyds Bank Plc	2,420,000	1.00%	17/03/2015	16/03/2016	A	0.029%
Lloyds Bank Plc	2,580,000	1.00%	31/03/2015	30/03/2016	A	0.031%
Lloyds Bank Plc	3,260,000	1.00%	01/04/2015	31/03/2016	A	0.031%
Lloyds Bank Plc	5,000,000	1.00%	08/04/2015	07/04/2016	A	0.032%
Lloyds Bank Plc	5,000,000	1.00%	16/04/2015	14/04/2016	A	0.033%
National Westminster Bank Plc	10,000,000	0.86%	16/06/2015	15/06/2016	BBB+	0.107%
National Westminster Bank Plc	5,000,000	0.92%	22/07/2015	21/07/2016	BBB+	0.122%
<b>Total Investments</b>	<b>£149,970,000</b>	<b>0.65%</b>				<b>0.019%</b>

Portfolio Composition by Capita Asset Services' Suggested Lending Criteria



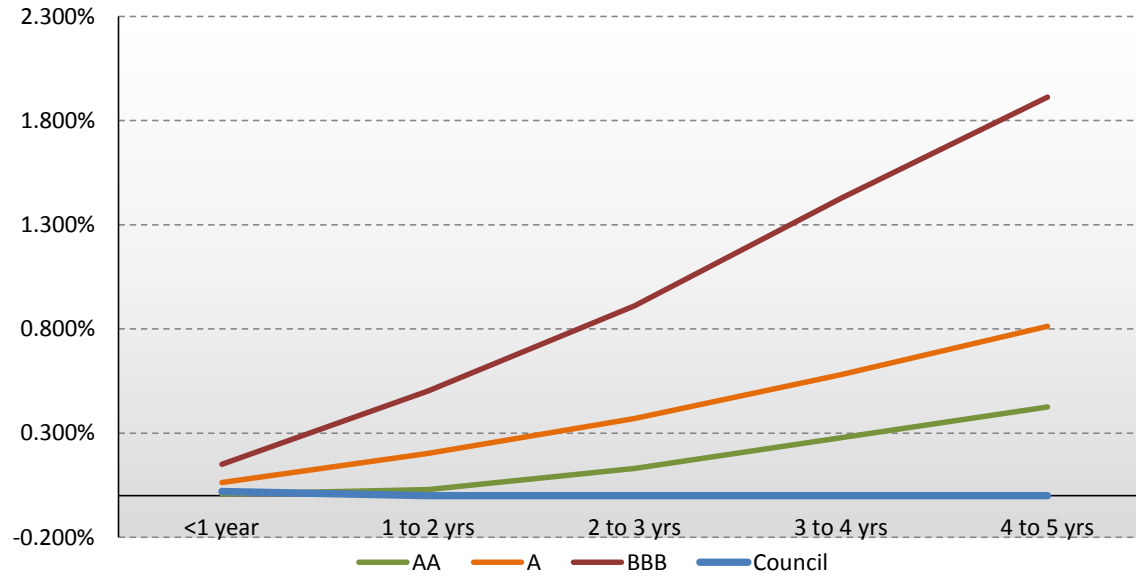
Portfolios weighted average risk number = **3.33**

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

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs/EMMFs	
									WAM	WAM at Execution
Yellow	30.91%	£46,350,000	0.00%	£0	0.00%	0.38%	40	116	40	116
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	10.00%	£15,000,000	0.00%	£0	0.00%	0.88%	271	365	271	365
Orange	23.58%	£35,370,000	100.00%	£35,370,000	23.58%	0.65%	0	0	0	0
Red	35.51%	£53,250,000	9.39%	£5,000,000	3.33%	0.81%	126	248	135	270
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
<b>Total</b>	<b>100.00%</b>	<b>£149,970,000</b>	<b>26.92%</b>	<b>£40,370,000</b>	<b>26.92%</b>	<b>0.65%</b>	<b>84</b>	<b>160</b>	<b>114</b>	<b>218</b>

## Investment Risk and Rating Exposure

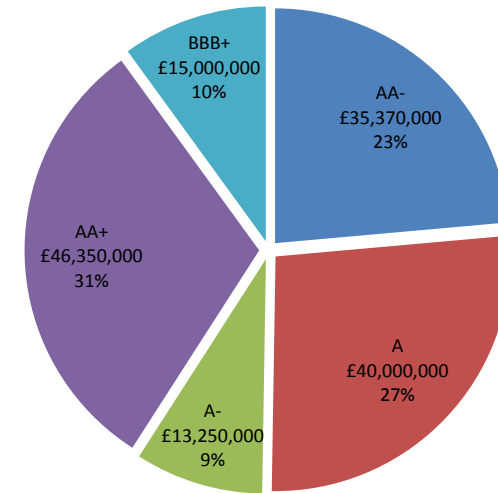
### Investment Risk Vs. Rating Categories



### Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.007%	0.029%	0.130%	0.278%	0.425%
A	0.062%	0.202%	0.370%	0.581%	0.813%
BBB	0.150%	0.502%	0.910%	1.428%	1.912%
Council	0.019%	0.000%	0.000%	0.000%	0.000%

### Rating Exposure



#### Historic Risk of Default

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

#### Chart Relative Risk

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

#### Rating Exposures

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

Monthly Credit Rating Changes  
FITCH

Date	Update Number	Institution	Country	Rating Action
02/09/2015	1382	Riyad Bank	Saudi Arabia	Changed the Outlook on the Long Term Rating of Riyad Bank to Negative from Stable. Affirmed its 'A' Long Term and 'F1' Short Term Ratings

**Monthly Credit Rating Changes  
MOODY'S**

Date	Update Number	Institution	Country	Rating Action
16/09/2015	1383	Skipton Building Society	United Kingdom	Affirmed the 'Baa2' Long Term and 'P-2' Short Term Ratings of Skipton Building Society. The Long Term Rating was removed from Positive Watch and placed on Stable Outlook.
17/09/2015	1384	Santander UK plc	United Kingdom	Affirmed the 'A1' Long Term and 'P-1' Short Term Ratings of Santander UK plc. The Long Term Rating was removed from Positive Watch and placed on Stable Outlook.
18/09/2015	1386	Abbey National Treasury Services	United Kingdom	Affirmed the 'A1' Long Term and 'P-1' Short Term Ratings of Abbey National Treasury Services plc. The Long Term Rating was removed from Positive Watch and placed on Stable Outlook.
21/09/2015	1387	France	France	Downgraded the Sovereign Rating to 'Aa2' from 'Aa1' and the Outlook was changed to Stable from Negative
24/09/2015	1388	Credit Industriel et Commercial	France	Downgraded the Long Term Rating to 'Aa3' from 'Aa2' while the Short Term Rating was affirmed. The Outlook on the Long Term Rating was changed to Stable from Negative.

Monthly Credit Rating Changes  
S&P

Date	Update Number	Institution	Country	Rating Action
17/09/2015	1385	Sumitomo Mitsui Banking Coporation Europe Ltd	United Kingdom	Downgraded the Long Term Rating to 'A' from 'A+' and changed the Outlook to Stable from Negative.
25/09/2015	1389	Finland	Finland	The Long Term Rating was affirmed at 'AA+' and the Outlook was changed to Negative from Stable.



Appendix B

Prudential Indicators – Quarter 2 2015/16

Prudential Indicator	2015/16 Indicator £m	Quarter 1 – Actual £m	Quarter 2 – Actual £m	Quarter 3 – Actual £m	Quarter 4 – Actual £m
Non HRA Capital Financing Requirement (CFR)	248	248	248		
HRA CFR	85	85	85		
Gross borrowing	329	338	332		
Investments	90	152	150		
Net borrowing	239	186	182		
Authorised limit for external debt	442	338	332		
Operational boundary for external debt	406	338	332		
Limit of fixed interest rates (borrowing)	442	338	332		
HRA debt Limit	96	85	85		
Limit of variable interest rates (borrowing)	221	0	0		
Principal sums invested > 364 days	40	0	0		
Maturity structure of borrowing limits	%	%	%		
Under 12 months	15	3	2		
12 months to 2 years	15	1	2		
2 years to 5 years	45	5	4		
5 years to 10 years	75	7	6		
10 years to 20 years	100	26	31		
20 years to 30 years	100	22	18		
30 years to 40 years	100	17	17		
40 years to 50 years	100	10	10		
50 years and above	100	9	10		

\* Based on period 6 Capital Monitoring report

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**Capital Financing 2015/16 - Period 6 2015/16**

Prudential Borrowing Approvals	Date Approved	Amount Approved	Applied (Spent) 2006/07	Applied (Spent) 2007/08	Applied Outturn 08/09 2008/09	Applied Outturn 09/10 2009/10	Applied Outturn 10/11 2010/11	Applied Outturn 11/12 2011/12	Applied Outturn 12/13 2012/13	Applied Outturn 13/14 2013/14	Applied Outturn 14/15 2014/15	Budgeted Period 6 15/16 2015/16	Budgeted Period 6 15/16 2016/17	First year MRP Charged	Asset Life	Final year MRP Charged	
		£	£	£	£	£	£	£	£	£	£	£	£	£			
Monkmoor Campus	24/02/2006	3,580,000															
Capital Receipts Shortfall -Cashflow Applied:	24/02/2006	5,000,000															
Monkmoor Campus			3,000,000		0												2007/08 25 2031/32
William Brooks					0		3,580,000										2011/12 25 2035/36
Tem Valley					2,000,000												2010/11 35 2044/45
		<b>8,580,000</b>	<b>3,000,000</b>	<b>0</b>	<b>2,000,000</b>	<b>0</b>	<b>3,580,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>				
Highways	24/02/2006	2,000,000	2,000,000														2007/08 20 2026/27
Accommodation Changes	24/02/2006	650,000	410,200	39,800													2007/08 6 2012/13
Accommodation Changes - Saving	31/03/2007	(200,000)															
		<b>450,000</b>	<b>410,200</b>	<b>39,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>				
Waste Management Site - Oswestry	29/06/2007	712,500															
Waste Management Site - Oswestry	20/06/2008	(712,500)															
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>				
William Brooks	18/07/2008	0															2011/12 25 2035/36
Primary School Capital Programme	19/12/2008	0															2012/13 25 2036/37
The Plarmigan Building	05/11/2009	3,744,000					3,744,000										2010/11 25 2034/35
The Mount McKinley Building	05/11/2009	2,782,000					2,782,000										2011/12 25 2035/36
The Mount McKinley Building	05/11/2009	0					-										2011/12 5 2015/16
Capital Strategy Schemes - Potential Capital Receipts shortfall - Desktop Virtualisation	25/02/2010	187,600															2010/11 25 2014/15
Carbon Efficiency Schemes/Self Financing	25/02/2010	1,512,442						115,656	1,312,810	83,976							2011/12 5 2017/18
Transformation schemes		92,635						92,635									2012/13 3 2014/15
New School amalgamations - Self Financing	25/02/2010	0															2013/14 25 2037/38
Renewables - Biomass - Self Financing	14/09/2011	92,996						82,408	98,258	(87,670)							2014/15 25 2038/39
Solar PV Council Buildings - Self Financing	11/05/2011	56,342						1,283,959	124,584	(1,352,202)							2013/14 25 2038/39
Depot Redevelopment - Self Financing	23/02/2012	0															2014/15 10 2023/24
Oswestry Leisure Centre Equipment - Self Financing	04/04/2012	124,521						124,521									2012/13 5 2016/17
Leisure Services - Self Financing	01/08/2012	711,197							711,197								2013/14 5 2016/17
Mardol House Acquisition	26/02/2015	4,160,000										4,160,000					2015/16 25 2039/40
Mardol House Adaptation and Refit	26/02/2015	3,340,000										167,641	3,111,929	60,430			2016/17 25 2041/41
Previous NSDC Borrowing		955,595			821,138	134,457											2009/10 5/25
		<b>28,789,327</b>	<b>5,410,200</b>	<b>39,800</b>	<b>2,821,138</b>	<b>6,848,057</b>	<b>3,695,656</b>	<b>2,896,333</b>	<b>1,018,015.37</b>	<b>(1,439,872)</b>	<b>4,327,641</b>	<b>3,111,929</b>	<b>60,430</b>				
MRP Charged			0.00	(288,367.00)	(296,326.67)	(339,361.72)	(589,162.85)	(860,518.50)	(1,240,619.37)	(1,250,979.56)	(1,181,963.23)	(1,311,782.82)	(1,439,849.81)				
Prudential Borrowing CFR				<b>5,161,632.52</b>	<b>7,686,443.86</b>	<b>14,195,138.94</b>	<b>17,301,632.44</b>	<b>19,337,446.83</b>	<b>19,114,842.83</b>	<b>16,423,990.88</b>	<b>19,569,668.49</b>	<b>21,369,814.83</b>	<b>19,990,395.02</b>				
<b>Contributions to MRP budget (X1950) from existing budgets on an ongoing basis:</b>								0	0	0	0	0	0				
Highways Revenue - Highways Infrastructure		100,000		100,000													
Dedicated School Grant - Monkmoor Campus		0											143,200				
		<b>100,000</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>143,200</b>				
<b>Contributions to interest budget (X1905 73111) from existing budgets on an ongoing basis:</b>																	
Highways Revenue - Highways Infrastructure (4.05%)		81,000		81,000													
Dedicated School Grant - Monkmoor Campus (4.25%)		0											152,150				
		<b>81,000</b>	<b>0</b>	<b>81,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>152,150</b>				

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<u>Committee and Date</u>	<u>Item</u>
Audit Committee 26 November 2015	
Cabinet 9 December 2015	
Council 17 December 2015	
	<u>Public</u>

## TREASURY STRATEGY 2015/16 – MID YEAR REVIEW

**Responsible Officer** James Walton

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Tel: (01743) 255011 Fax (01743) 252390

### 1. Summary

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

- An economic update for the first six months of 2015/16
- A review of the Treasury Strategy 2015/16 and Annual Investment Strategy
- A review of the Council's investment portfolio for 2015/16
- A review of the Council's borrowing strategy for 2015/16
- A review of any debt rescheduling undertaken
- A review of compliance with Treasury and Prudential limits for 2015/16

1.2 The key points to note are:-

- The internal treasury team achieved a return of 0.58% on the Council's cash balances outperforming the benchmark by 0.22%. This amounts to additional income of £179,480 for the first six months of the year which is included within the Council's projected outturn position.
- In the first six months all treasury management activities have been in accordance with the approved limits and prudential indicators set out in the Council's Treasury Strategy.

### 2. Recommendations

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

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

## REPORT

### 3. Risk Assessment and Opportunities Appraisal

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

### 4. Financial Implications

- 4.1 The Council makes assumptions about the levels of borrowing and investment income over the financial year. Reduced borrowing as a result of capital receipt generation or delays in delivery of the capital programme will both have a positive impact of the council's cash position. Similarly, higher than benchmarked returns on available cash will also help the Council's financial position. For monitoring purposes, assumptions are made early in the year about borrowing and returns based on the strategies agreed by Council in the preceding February. Performance outside of these assumptions results in increased or reduced income for the Council.
- 4.2 The six monthly performance is above benchmark and has delivered additional income of £179,480 which will be reflected in the Period 6 Revenue Monitor.
- 4.3 The Council currently has £150m held in investments as detailed in Appendix A and borrowing of £332m at fixed interest rates.

### 5. Background

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

### 6. Economic update

- 6.1 **Global Economy** – The US economy made a strong comeback after a weak first quarter's growth at 0.6% (annualised), to grow by 3.9% in quarter 2 of 2015. While there had been confident expectations during the summer that the US Federal Reserve could start increasing rates before the end of 2015, the recent downbeat news about Chinese and Japanese growth and the knock on impact on emerging countries that are major suppliers of commodities, was cited as the main reason for the US Federal Reserve's decision to pull back from making that start. With US growth likely to weaken, expectations of a first rate increase have been pushed back from 2015 into

2016.

- 6.2 In the Eurozone, the European Central Bank (ECB) unleashed a €1.1 trillion programme of quantitative easing in January 2015 to buy up high credit quality government and other debt of selected Eurozone countries. This programme of €60 billion of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This already appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to a significant improvement in economic growth. Gross Domestic Product (GDP) growth rose to 0.5% in quarter 1 2015 but came in at 0.4% in quarter 2 and looks as if it may maintain this pace in quarter 3. However, the recent downbeat Chinese and Japanese news has raised questions as to whether the ECB will need to boost its Quantitative Easing programme if it is to succeed in significantly improving growth in the Eurozone and getting inflation up from the current level of around zero to its target of 2%.
- 6.3 UK Economy – UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any major advanced economy. The 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate again. However, quarter 1 of 2015 was weak at 0.4% though there was a rebound in quarter 2 to 0.7%. Growth is expected to weaken to about 0.5% in quarter 3 as the economy faces headwinds for exporters from the appreciation of Sterling against the Euro and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme, although the pace of reductions was eased in the May Budget. Despite these headwinds, the Bank of England August Inflation Report had included a forecast for growth to remain around 2.4 – 2.8% over the next three years, driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen below zero over the last quarter.
- 6.4 The August Bank of England Inflation Report forecast was notably subdued in respect of inflation which was forecast to barely get back up to the 2% target within the 2-3 year time horizon. However, with the price of oil taking a fresh downward direction and Iran expected to soon re-join the world oil market after the impending lifting of sanctions, there could be several more months of low inflation still to come, especially as world commodity prices have generally been depressed by the Chinese economic downturn.
- 6.5 There are therefore considerable risks around whether inflation will rise in the near future as strongly as had previously been expected. This will make it more difficult for the central banks of both the US and the UK to raise rates as soon as was being forecast until recently, especially given the recent major concerns around the slowdown in Chinese growth, the knock on impact on the earnings of emerging countries from falling oil and commodity prices, and the volatility we have seen in equity and bond markets in 2015 so far, which could potentially spill over to impact the real economies rather than just financial markets.

## **7 Economic Forecast**

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

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
<b>Bank rate</b>	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%	1.75%
<b>5yr PWLB rate</b>	2.40%	2.50%	2.60%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%
<b>10yr PWLB rate</b>	3.00%	3.20%	3.30%	3.40%	3.50%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
<b>25yr PWLB rate</b>	3.60%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.60%
<b>50yr PWLB rate</b>	3.60%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.60%

- 7.2 Capita believes the Bank Rate will remain at its current low level of 0.50% until June 2016 when it is expected to rise to 0.75% before rising to 1.00% in December 2016. This means investment returns will continue to be at historically low levels during this period. The Bank Rate is then expected to reach 1.75% by 31 March 2018.
- 7.3 Long term PWLB rates are expected to rise to 4.20% in March 2017 before steadily increasing over time to reach 4.60% by 31 March 2018 when economic recovery is firmly established accompanied by rising inflation and consequent increases in Bank rate, and the eventual unwinding of Quantitative Easing.
- 7.4 Economic forecasting remains difficult with so many external influences weighing on the UK. Despite market turbulence since late August causing a sharp downturn in PWLB rates, the overall trend in the longer term will be for gilt yields and PWLB rates to rise when economic recovery is firmly established.
- 7.5 Downside risks to current forecasts for UK gilt yields and PWLB rates include geopolitical risks in Eastern Europe, the Middle East and Asia, weak growth or recession in the UK's main trading partners the EU, US and China, a resurgence of the Eurozone sovereign debt crisis and recapitalisation of European banks requiring more government financial support.
- 7.6 The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, particularly longer term PWLB rates include uncertainty around the risk of a UK exit from the European Union, the European Central Bank severely disappointing financial markets with a programme of asset purchases which proves insufficient to significantly stimulate Eurozone growth, the commencement by the US Federal Reserve of increases in the Federal Funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities and UK inflation returning to significantly higher levels than in the wider EU and US.



## 8. Treasury Strategy update

- 8.1 The Treasury Management Strategy (TMS) for 2015/16 was approved by Full Council on 26 February 2015. This Treasury Strategy does not require updating as there are no policy changes or any changes required to the prudential and treasury indicators previously approved.

## 9. Annual Investment Strategy update

- 9.1 The Council's Annual Investment Strategy, which is incorporated in the TMS, outlines the Council's investment priorities as the security and liquidity of its capital. As outlined in paragraph 6 & 7 above there is still considerable uncertainty and volatility in the financial and banking market, both globally and in the UK. It is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.5% Bank Rate. In this context it is considered that the Annual Investment Strategy approved on 26 February 2015 is still fit for purpose in the current economic climate.
- 9.2 The Council aims to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term (up to 1 year), and only invest with highly credit rated financial institutions using Capita's suggested creditworthiness approach, including sovereign credit rating and Credit Default Swap (CDS) overlay information provided by Capita. The Treasury Team continue to take a prudent approach keeping investments short term and with the most highly credit rated organisations. This approach has been endorsed by our external advisors, Capita Asset Services.
- 9.3 In the first six months of 2015/16 the internal treasury team outperformed its benchmark by 0.22%. The investment return was 0.58% compared to the benchmark of 0.36%. This amounts to additional income of £179,480 during the first six months which is included within the Council's projected outturn position.
- 9.4 A full list of investments held as at 30 September 2015, compared to Capita's counterparty list, and changes to Fitch, Moody's and Standard & Poor's credit ratings are shown in **Appendix A**. None of the approved limits within the Annual Investment Strategy were breached during the first six months of 2015/16 and have not been previously breached. Officers continue to monitor the credit ratings of institutions on a daily basis. Delegated authority has been put in place to make any amendments to the approved lending list.
- 9.5 As illustrated in the economic background section above, investment rates available in the market are at an historical low point. The average level of funds available for investment purposes in the first six months of 2015/16 was £163 million.
- 9.6 The Council's interest receivable/payable budgets are currently projecting a surplus of £1.210 million as reported in the monthly revenue monitoring reports due to no long term borrowing being undertaken and investment balances and interest rates achieved being higher than anticipated.

## 10. Borrowing

- 10.1 It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits". Council's approved Prudential Indicators (affordability limits) are outlined in the TMS. A list of the approved limits is shown in **Appendix B**. The

schedule at **Appendix C** details the Prudential Borrowing approved and utilised to date.

- 10.2 Officers can confirm that the Prudential Indicators were not breached during the first six months of 2015/16 and have not been previously breached.
- 10.3 The 2015/16 Capital Programme includes borrowing for the refurbishment of Mardol House for Student accommodation. This has been financed via internal borrowing against Council balances, avoiding the requirement for new external borrowing and the ongoing revenue costs of the borrowing will be financed from the additional income generated by the scheme. No new external borrowing is currently required for future years, although work to develop a new capital programme is continuing, but the business cases for a number of proposed schemes are still in development and dependant on external decisions before the Council can make a commitment to them. Once this programme is finalised it will be presented to Council for consideration and the prudential borrowing implications updated in the Treasury Strategy. The schemes being considered are already within the current authorised borrowing limits in place. As outlined in the table below, the general trend has been an increase in interest rates during the first six months of the year across all maturity bands. The dates of the low points and high points across different maturity bands are shown in the table below.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.11%	1.82%	2.40%	3.06%	3.01%
Date	02/04/2015	02/04/2015	02/04/2015	02/04/2015	02/04/2015
High	1.35%	2.35%	3.06%	3.66%	3.58%
Date	05/08/2015	14/07/2015	14/07/2015	02/07/2015	14/07/2015
Average	1.26%	2.12%	2.76%	3.39%	3.29%

- 10.4 During the first six months of the financial year there has been a lot of volatility in the financial markets and this has had an impact on the PWLB rates. The overall longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

## 11. Debt Rescheduling

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

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

Council, 26 February 2015, Treasury Strategy 2015/16

**Cabinet Member:**

Keith Barrow, Leader of the Council

**Local Member**

N/A

**Appendices**

A. Investment Report as at 30th September 2015

B. Prudential Limits

C. Prudential Borrowing Schedule

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# Shropshire Council

## Monthly Investment Analysis Review

September 2015



Monthly Economic Summary

**General Economy**

After months of speculation, a highly awaited Federal Reserve (Fed) meeting led to no change in the base rate. The Fed cited “Recent global economic and financial developments” for why monetary policy was left unchanged. This was in the context of China’s economy showing no improvement as its manufacturing sector had its worst month since the global financial crisis of 2009.

The Monetary Policy Committee (MPC) voted 8-1 in favour of keeping rates unchanged at their historic low of 0.5% in its September meeting. The MPC believed it was too soon to confirm the extent of the adverse impacts of China’s slowing economy on the UK. The committee further stated that price pressures showed little change on the month and that higher levels of core inflation are compensated by dropping oil prices. In the past few months, the Governor of the central bank has hinted that a rate hike could be appropriate around the turn of the year, but market expectations have now shifted to next summer. The Governor has, however, said that he believes China’s problems do not appear to have yet had a detrimental effect on the UK.

British inflation stumbled to 0% again as a result of the biggest drop in oil prices since the beginning of the year. Another factor contributing to lower inflation is a slower seasonal increase in prices of clothing than in 2014. Inflation remaining stubbornly below the Bank of England’s 2% target is likely to keep the Bank’s outlook dovish. The final reading of UK Q2 GDP saw economic growth revised down to 2.4%, year on year. UK public finances for August added more gloom as it recorded the widest budget deficit since 2012. Public Sector Net Borrowing rose to £12.1bn in August from £10.7bn, well above economists’ forecasts. However, income tax receipts for July have still yet to be accounted for, which may well change the figure. The unemployment rate in the UK remained stable at 5.5% in the three months to July, a record low since before the financial crisis. In addition, average weekly earnings displayed a 2.9% rise in the 3 months to July, both excluding and including bonuses. Furthermore, private sector pay grew even faster, rising by 3.7%. Non-existent inflation combined with solid wage growth figures displayed that households are finally starting to experience strong real income gains.

The European Central Bank (ECB) left its rate unchanged at 0.05%, as expected. The central bank downgraded its inflation forecasts and ECB President Mario Draghi stated the bank is prepared to increase its €1.1tn bond buying programme. The 19-nation bloc experienced deflation for the first time in 6 months as annual inflation fell to -0.1% in September predominantly driven by a decline in energy prices. This reinforced the argument for the ECB to expand its asset purchasing programme. On a more positive note, the second reading of Q2 Eurozone GDP was revised up to 0.4% quarter-on-quarter from its previous estimate of 0.3%. Year-on-year, the Eurozone expanded by 1.5%. The revision was mainly due to Italy’s economy performing better than expected, as well as Germany and France reporting stronger growth figures. Eurozone unemployment was announced at 11% for August, with the July figure being revised upwards also to 11% from a previously reported 10.9%. Spain and Greece are still experiencing the highest unemployment levels in the bloc, with 22.2% and 25.2% respectively, whilst Germany, Austria and Malta were among the lowest.

The August Non-farm payrolls data release showed the US economy created 173,000 jobs, far less than the expected figure of 220,000. The manufacturing sector lost the most jobs in more than two years and the August figure showed the lowest increase in five months. The unemployment rate, however, fell to 5.1%, the lowest in nearly 10 years. US Q2 GDP was revised up to 3.9% from the 3.7% previously reported. The rise was mainly attributed to growth in consumer spending, particularly on healthcare and transport.

A widely anticipated Federal Reserve meeting, which some analysts believed would finally result in a rate hike, was of little excitement as the Fed maintained the status quo. Although the forecasts for the current year were upbeat with GDP and inflation forecasts both revised up and unemployment revised down, global economic weakness was the main reason to keep rates steady. Particularly, China’s economic slowdown was viewed as a great cause for concern. However, the Fed is still open to the possibility of a rate rise later this year with 13 out of the 17 Fed policymakers predicting a rate rise later this year.

**Currency**

Sterling opened the month at \$1.533 against the US dollar and closed at \$1.514. Against the Euro, Sterling opened at €1.361 and closed at €1.356.

**Forecast**

Capita Asset Services did not alter its forecast this month. Capita Asset Services expects the first rate hike to come in the second quarter of 2016. Capital Economics left their forecast unchanged in September. They expect the first Bank Rate increase to come in Q2 2016.

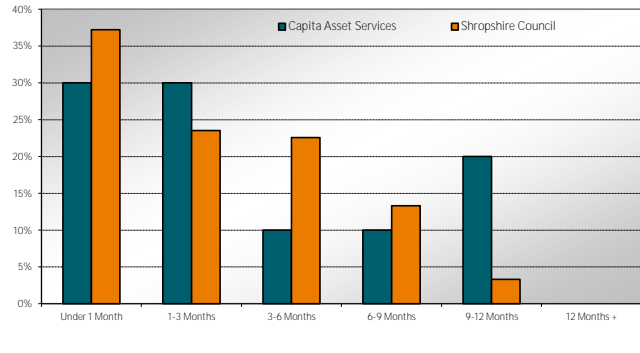
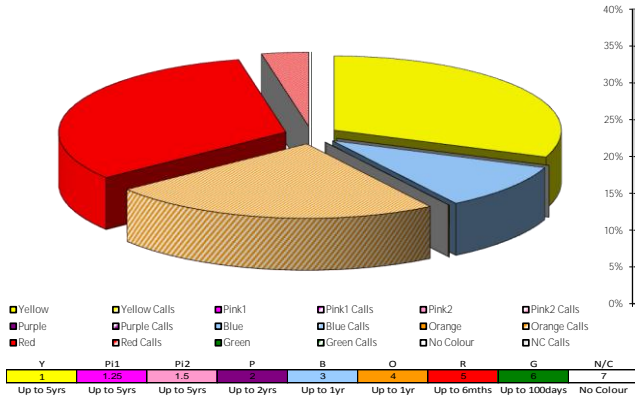
Bank Rate	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16
Capita Asset Services	0.50%	0.50%	0.75%	0.75%	1.00%
Capital Economics	0.50%	0.50%	0.75%	0.75%	1.00%

## Shropshire Council

### Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
HSBC Bank Plc	20,000,000	0.80%		Call	AA-	0.000%
Svenska Handelsbanken AB	15,370,000	0.45%		Call	AA-	0.000%
Devon County Council	2,000,000	0.30%	10/09/2015	09/10/2015	AA+	0.000%
Nationwide Building Society	2,100,000	0.66%	13/04/2015	12/10/2015	A	0.002%
Birmingham City Council	5,000,000	0.40%	13/07/2015	13/10/2015	AA+	0.000%
Stockport Metropolitan Borough Council	1,350,000	0.30%	14/09/2015	14/10/2015	AA+	0.000%
Kingston Upon Hull City Council	3,000,000	0.30%	15/09/2015	15/10/2015	AA+	0.000%
Glasgow City Council	2,000,000	0.30%	22/09/2015	23/10/2015	AA+	0.000%
Birmingham City Council	5,000,000	0.40%	28/07/2015	29/10/2015	AA+	0.001%
Barclays Bank Plc	5,000,000	0.58%		Call35	A-	0.006%
Cornwall Council	5,000,000	0.40%	05/05/2015	05/11/2015	AA+	0.001%
London Borough of Barking & Dagenham	5,000,000	0.33%	08/09/2015	09/11/2015	AA+	0.001%
Lloyds Bank Plc	1,400,000	0.57%	11/08/2015	11/11/2015	A	0.007%
Eastleigh Borough Council	4,000,000	0.45%	19/05/2015	19/11/2015	AA+	0.001%
Lancashire County Council	5,000,000	0.45%	22/05/2015	20/11/2015	AA+	0.001%
North Tyneside Metropolitan Borough Council	4,000,000	0.35%	20/08/2015	20/11/2015	AA+	0.001%
Nationwide Building Society	3,000,000	0.66%	22/06/2015	21/12/2015	A	0.014%
Lloyds Bank Plc	900,000	0.57%	22/09/2015	22/12/2015	A	0.014%
Nationwide Building Society	2,000,000	0.50%	23/09/2015	23/12/2015	A	0.014%
Lloyds Bank Plc	1,520,000	0.57%	29/09/2015	04/01/2016	A	0.016%
Lancashire County Council	5,000,000	0.42%	01/07/2015	05/01/2016	AA+	0.002%
Lloyds Bank Plc	4,320,000	1.00%	08/01/2015	07/01/2016	A	0.017%
Lloyds Bank Plc	3,600,000	1.00%	09/01/2015	08/01/2016	A	0.017%
Nationwide Building Society	2,900,000	0.66%	04/08/2015	04/02/2016	A	0.022%
Barclays Bank Plc	3,250,000	0.70%	06/08/2015	05/02/2016	A-	0.022%
Barclays Bank Plc	5,000,000	0.70%	16/09/2015	15/03/2016	A-	0.028%
Lloyds Bank Plc	2,420,000	1.00%	17/03/2015	16/03/2016	A	0.029%
Lloyds Bank Plc	2,580,000	1.00%	31/03/2015	30/03/2016	A	0.031%
Lloyds Bank Plc	3,260,000	1.00%	01/04/2015	31/03/2016	A	0.031%
Lloyds Bank Plc	5,000,000	1.00%	08/04/2015	07/04/2016	A	0.032%
Lloyds Bank Plc	5,000,000	1.00%	16/04/2015	14/04/2016	A	0.033%
National Westminster Bank Plc	10,000,000	0.86%	16/06/2015	15/06/2016	BBB+	0.107%
National Westminster Bank Plc	5,000,000	0.92%	22/07/2015	21/07/2016	BBB+	0.122%
<b>Total Investments</b>	<b>£149,970,000</b>	<b>0.65%</b>				<b>0.019%</b>

Portfolio Composition by Capita Asset Services' Suggested Lending Criteria



Portfolios weighted average risk number = **3.33**

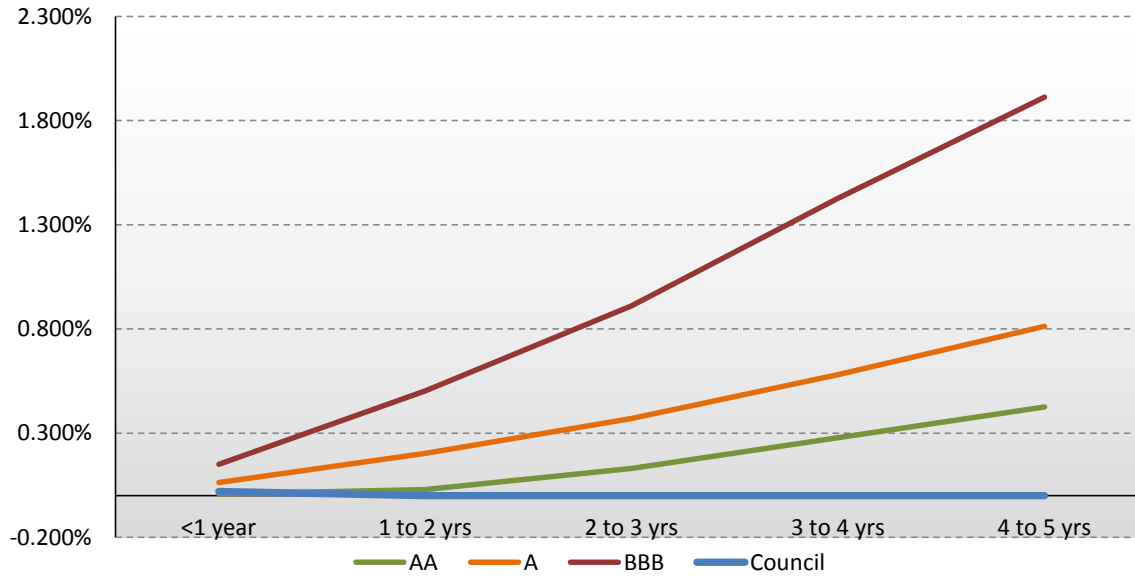
WARoR = Weighted Average Rate of Return  
WAM = Weighted Average Time to Maturity

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs/EMMFs	
									WAM	WAM at Execution
Yellow	30.91%	£46,350,000	0.00%	£0	0.00%	0.38%	40	116	40	116
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	10.00%	£15,000,000	0.00%	£0	0.00%	0.88%	271	365	271	365
Orange	23.58%	£35,370,000	100.00%	£35,370,000	23.58%	0.65%	0	0	0	0
Red	35.51%	£53,250,000	9.39%	£5,000,000	3.33%	0.81%	126	248	135	270
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
<b>Total</b>	<b>100.00%</b>	<b>£149,970,000</b>	<b>26.92%</b>	<b>£40,370,000</b>	<b>26.92%</b>	<b>0.65%</b>	<b>84</b>	<b>160</b>	<b>114</b>	<b>218</b>



Investment Risk and Rating Exposure

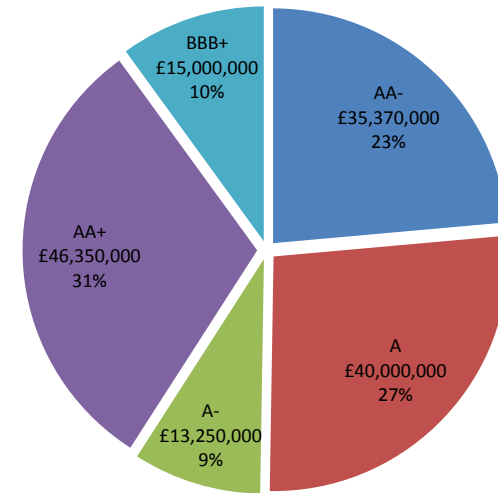
Investment Risk Vs. Rating Categories



Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.007%	0.029%	0.130%	0.278%	0.425%
A	0.062%	0.202%	0.370%	0.581%	0.813%
BBB	0.150%	0.502%	0.910%	1.428%	1.912%
Council	0.019%	0.000%	0.000%	0.000%	0.000%

Rating Exposure



Historic Risk of Default

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

Chart Relative Risk

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

Rating Exposures

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

Monthly Credit Rating Changes  
FITCH

Date	Update Number	Institution	Country	Rating Action
02/09/2015	1382	Riyad Bank	Saudi Arabia	Changed the Outlook on the Long Term Rating of Riyad Bank to Negative from Stable. Affirmed its 'A' Long Term and 'F1' Short Term Ratings

**Monthly Credit Rating Changes  
MOODY'S**

Date	Update Number	Institution	Country	Rating Action
16/09/2015	1383	Skipton Building Society	United Kingdom	Affirmed the 'Baa2' Long Term and 'P-2' Short Term Ratings of Skipton Building Society. The Long Term Rating was removed from Positive Watch and placed on Stable Outlook.
17/09/2015	1384	Santander UK plc	United Kingdom	Affirmed the 'A1' Long Term and 'P-1' Short Term Ratings of Santander UK plc. The Long Term Rating was removed from Positive Watch and placed on Stable Outlook.
18/09/2015	1386	Abbey National Treasury Services	United Kingdom	Affirmed the 'A1' Long Term and 'P-1' Short Term Ratings of Abbey National Treasury Services plc. The Long Term Rating was removed from Positive Watch and placed on Stable Outlook.
21/09/2015	1387	France	France	Downgraded the Sovereign Rating to 'Aa2' from 'Aa1' and the Outlook was changed to Stable from Negative
24/09/2015	1388	Credit Industriel et Commercial	France	Downgraded the Long Term Rating to 'Aa3' from 'Aa2' while the Short Term Rating was affirmed. The Outlook on the Long Term Rating was changed to Stable from Negative.

**Monthly Credit Rating Changes**  
**S&P**

Date	Update Number	Institution	Country	Rating Action
17/09/2015	1385	Sumitomo Mitsui Banking Coporation Europe Ltd	United Kingdom	Downgraded the Long Term Rating to 'A' from 'A+' and changed the Outlook to Stable from Negative.
25/09/2015	1389	Finland	Finland	The Long Term Rating was affirmed at 'AA+' and the Outlook was changed to Negative from Stable.

Appendix B

Prudential Indicators – Quarter 2 2015/16

Prudential Indicator	2015/16 Indicator £m	Quarter 1 – Actual £m	Quarter 2 – Actual £m	Quarter 3 – Actual £m	Quarter 4 – Actual £m
Non HRA Capital Financing Requirement (CFR)	248	248	248		
HRA CFR	85	85	85		
Gross borrowing	329	338	332		
Investments	90	152	150		
Net borrowing	239	186	182		
Authorised limit for external debt	442	338	332		
Operational boundary for external debt	406	338	332		
Limit of fixed interest rates (borrowing)	442	338	332		
HRA debt Limit	96	85	85		
Limit of variable interest rates (borrowing)	221	0	0		
Principal sums invested > 364 days	40	0	0		
Maturity structure of borrowing limits	%	%	%		
Under 12 months	15	3	2		
12 months to 2 years	15	1	2		
2 years to 5 years	45	5	4		
5 years to 10 years	75	7	6		
10 years to 20 years	100	26	31		
20 years to 30 years	100	22	18		
30 years to 40 years	100	17	17		
40 years to 50 years	100	10	10		
50 years and above	100	9	10		

\* Based on period 6 Capital Monitoring report

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## Capital Financing 2015/16 - Period 6 2015/16

Prudential Borrowing Approvals	Date Approved	Amount Approved	Applied (Spent) 2006/07	Applied (Spent) 2007/08	Applied Outturn 08/09	Applied Outturn 09/10	Applied Outturn 10/11	Applied Outturn 11/12	Applied Outturn 12/13	Applied Outturn 13/14	Applied Outturn 14/15	Budgeted Period 6 15/16	Budgeted Period 6 15/16	First year MRP Charged	Asset Life	Final year MRP Charged	
		£	£	£	£	£	£	£	£	£	£	£	£	£			
Monkmoor Campus	24/02/2006	3,580,000															
Capital Receipts Shortfall -Cashflow Applied:	24/02/2006	5,000,000															
Monkmoor Campus			3,000,000		0												2007/08 25 2031/32
William Brooks					0			3,580,000									2011/12 25 2035/36
Tem Valley					2,000,000												2010/11 35 2044/45
		<b>8,580,000</b>	<b>3,000,000</b>	<b>0</b>	<b>2,000,000</b>	<b>0</b>	<b>3,580,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>				
Highways	24/02/2006	2,000,000	2,000,000														2007/08 20 2026/27
Accommodation Changes	24/02/2006	650,000	410,200	39,800													2007/08 6 2012/13
Accommodation Changes - Saving	31/03/2007	(200,000)															
		<b>450,000</b>	<b>410,200</b>	<b>39,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>				
Waste Management Site - Oswestry	29/06/2007	712,500															
Waste Management Site - Oswestry	20/06/2008	(712,500)															
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>				
William Brooks	18/07/2008	0															2011/12 25 2035/36
Primary School Capital Programme	19/12/2008	0															2012/13 25 2036/37
The Plarmigan Building	05/11/2009	3,744,000					3,744,000										2010/11 25 2034/35
The Mount McKinley Building	05/11/2009	2,782,000					2,782,000										2011/12 25 2035/36
The Mount McKinley Building	05/11/2009	0					-										2011/12 5 2015/16
Capital Strategy Schemes - Potential Capital Receipts shortfall - Desktop Virtualisation	25/02/2010	187,600					187,600										2010/11 25 2014/15
Carbon Efficiency Schemes/Self Financing	25/02/2010	1,512,442						115,656	1,312,810	83,976							2011/12 5 2017/18
Transformation schemes		92,635						92,635									2012/13 3 2014/15
New School amalgamations - Self Financing	25/02/2010	0															2013/14 25 2037/38
Renewables - Biomass - Self Financing	14/09/2011	92,996						82,408	98,258	(87,670)							2014/15 25 2038/39
Solar PV Council Buildings - Self Financing	11/05/2011	56,342						1,283,959	124,584	(1,352,202)							2013/14 25 2038/39
Depot Redesign - Self Financing	23/02/2012	0															2014/15 10 2023/24
Oswestry Leisure Centre Equipment - Self Financing	04/04/2012	124,521						124,521									2012/13 5 2016/17
Leisure Services - Self Financing	01/08/2012	711,197							711,197								2013/14 5 2016/17
Mardol House Acquisition	26/02/2015	4,160,000									4,160,000						2015/16 25 2039/40
Mardol House Adaptation and Refit	26/02/2015	3,340,000									167,641	3,111,929	60,430				2016/17 25 2041/41
Previous NSDC Borrowing		955,595			821,138	134,457											2009/10 5/25
		<b>28,789,327</b>	<b>5,410,200</b>	<b>39,800</b>	<b>2,821,138</b>	<b>6,848,057</b>	<b>3,695,656</b>	<b>2,896,333</b>	<b>1,018,015.37</b>	<b>(1,439,872)</b>	<b>4,327,641</b>	<b>3,111,929</b>	<b>60,430</b>				
MRP Charged			0.00	(288,367.00)	(296,326.67)	(339,361.72)	(589,162.85)	(860,518.50)	(1,240,619.37)	(1,250,979.56)	(1,181,963.23)	(1,311,782.82)	(1,439,849.81)				
Prudential Borrowing CFR				<b>5,161,632.52</b>	<b>7,686,443.86</b>	<b>14,195,138.94</b>	<b>17,301,632.44</b>	<b>19,337,446.83</b>	<b>19,114,842.83</b>	<b>16,423,990.88</b>	<b>19,569,668.49</b>	<b>21,369,814.83</b>	<b>19,990,395.02</b>				
Contributions to MRP budget (X1950) from existing budgets on an ongoing basis:								0	0	0	0	0	0				
Highways Revenue - Highways Infrastructure		100,000		100,000													
Dedicated School Grant - Monkmoor Campus		0											143,200				
		<b>100,000</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>143,200</b>				
Contributions to interest budget (X1905 73111) from existing budgets on an ongoing basis:																	
Highways Revenue - Highways Infrastructure (4.05%)		81,000		81,000													
Dedicated School Grant - Monkmoor Campus (4.25%)		0											152,150				
		<b>81,000</b>	<b>0</b>	<b>81,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>152,150</b>				

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<u>Committee and Date</u>	<u>Item</u>
Cabinet 9 <sup>th</sup> December 2015	
Council 17 <sup>th</sup> December 2015	<u>Public</u>

## SETTING THE COUNCIL TAX TAXBASE FOR 2016/17

**Responsible Officer** James Walton

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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 2016/17 the Council Tax taxbase will be 104,912.48 Band D equivalents, this is an increase of 2.44% from 2015/16.
- 1.3. The Council Tax taxbase has a direct impact on the Council Tax that will be levied by the Council for 2016/17.

### 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 2016/17, as detailed in Appendix A, totalling 104,912.48 Band D equivalents.
- 2.2 To note continuation of the Council's current localised Council Tax Support (CTS) scheme in 2016/17. The scheme is attached at Appendix B.
- 2.3 To note the exclusion of 10,986.82 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 672.72 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 106.39 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 195.11 and 264.36 Band D equivalents respectively from the Council Tax taxbase.
- 2.7 To note continuation of the “six week rule” in respect of vacant dwellings, i.e. former Class C exempt properties.
- 2.8 To note continuation of the discretionary power to levy a Council Tax premium of 50% in relation to dwellings which have been empty for more than two years and the resulting inclusion of 228.94 Band D equivalents in the Council Tax taxbase.
- 2.9 To approve a collection rate for the year 2016/17 of 98.5%.

## **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 2016/17.
- 4.2 The implication of the Council’s localised Council Tax Support scheme are detailed in Section 6.

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

## **5. Background**

- 5.1 Shropshire Council has responsibility for determining the Council Tax taxbase for the Council's geographical area.
- 5.2 The taxbase for Council Tax must be set between 1 December 2015 and 31 January 2016 in relation to 2016/17, 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 2016/17.

## **6. Council Tax Support**

- 6.1 The 2010 Spending Review announced the localisation of council tax support and The Welfare Reform Act 2012 abolished Council Tax Benefit from 31 March 2013 and required that Local Government created a localised Council Tax Support (CTS) scheme effective from 1 April 2013, accommodating a reduction in funding of 10%.
- 6.2 Shropshire Council's localised CTS scheme was approved in October 2012. No changes to the scheme are proposed and so the current scheme will continue to be used during 2016/17. The current scheme is attached at Appendix B.

- 6.3 From 2013, therefore, council tax support has taken the form of reductions within the council tax system, replacing national council tax benefit. Making reductions part of the council tax system reduces a billing authority's Council Tax taxbase. Billing and major precepting authorities receive funding (Council Tax Support Grant) which reduce their council tax requirement and, depending on the design of the local council tax scheme, can help offset the council tax revenue foregone through reductions.
- 6.4 An estimate of the effect of the local Council Tax Support Scheme on the Council Tax taxbase has been determined for Shropshire. It is estimated that the Council Tax Support Scheme will reduce the Council Tax taxbase by 10,986.82 Band D equivalents.
- 6.5 As Council Tax Support entitlement will vary throughout the year and this will affect the taxbase it is more likely that the amount of Council Tax collected in 2016/17 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 1<sup>st</sup> 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 2016/17 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 672.72 Band D equivalents in the taxbase.

## ***Vacant Properties***

### **7.2 Former Class A & Class C Exempt Properties**

- 7.2.1 The Local Government Act 2012 abolished both Class A and Class C exemptions and gave billing authorities' discretion to give discounts of between 0% and 100%. Class A exemptions were previously available for up to 12 months in respect of a vacant property which required, was undergoing, or had recently undergone major repair work to render it habitable, or structural alteration. Class C exemptions were previously available for up to six months after a dwelling became vacant.
- 7.2.2 On 17 October 2012 Cabinet approved the award of a 50% Council Tax discount in respect of vacant dwellings undergoing major repair, i.e. former Class A exempt properties.
- 7.2.3 In respect of former Class A exempt properties the figures used for the 2016/17 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 106.39 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 2016/17 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 195.11 and 264.36 Band D equivalents respectively from the taxbase.

### 7.3 **Empty Homes Premium**

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

7.3.2 The figures used for the 2016/17 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 228.94 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:

<b>Property Band</b>	<b>House Value</b>	<b>Ratio to Band D</b>	<b>Analysis of Dwellings on the Valuation List (%)</b> (as at 14 <sup>th</sup> September 2015)	<b>% Increase / (Decrease) over 2014/15</b>
A	Under £40,000	6/9	18.9	0.7
B	40,001 - 52,000	7/9	25.9	1.2
C	52,001 - 68,000	8/9	20.7	0.7
D	68,001 - 88,000	9/9	14.4	0.9
E	88,001 - 120,000	11/9	10.9	1.1
F	120,001 - 160,000	13/9	5.8	0.9
G	160,001 - 320,000	15/9	3.2	0.6
H	Over 320,000	18/9	0.2	1.5

8.3 There are 137,743 properties in the valuation list for the Shropshire Council area. This compares with a figure of 136,518 in the list at the same time last year. There has been an increase of 1,225 properties overall, which equates to 0.90% 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 14 September 2015.
- 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 5 October 2015.
- Convert the number of properties in each Council Tax band to Band D equivalents by using the ratio of each band to Band D and so arrive at the total number of Band D equivalents for the Council.
- Adjust the total number of Band D equivalents by the estimated Council Tax collection rate for the year

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

## **9. Collection Rate**

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

9.2 A collection rate of 98.0% was assumed for the 2015/16 financial year and it is recommended that a collection rate of 98.5% should be assumed for the purpose of determining the Council Tax taxbase in 2016/17.

9.3 Actual in year collection rates in 2012/13, 2013/14 and 2014/15 were 98.3%, 98.1% and 98.3% respectively. Furthermore, the collection rate for 2015/16 is currently projected to outturn at around 98.4%. 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.

9.4 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. The amount of Council Tax foregone, as a result of Council Tax Support taking the form of Council Tax reductions, has fallen year on year since the introduction of localised Council Tax Support in 2013/14. Consequently, reduction in the Council Tax taxbase due to the Council Tax Support Scheme has gradually diminished, so lessening the susceptibility of the collection rate to volatility in Council Tax Support levels during the year. Revision of the collection rate from 98.0% utilised in 2015/16 to 98.5% is, therefore, being recommended for 2016/17.

9.5 If the actual rate exceeds 98.5% 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 2016/17 is 104,912.48 Band D equivalents, an increase of 2.44% from 2015/16. The detailed build of this figure analysed by both parish and town council and Environment Agency region is shown in Appendix A.

<b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b>
N/A
<b>Cabinet Member (Portfolio Holder)</b> Keith Barrow, Leader of the Council.
<b>Local Member</b> N/A
<b>Appendices</b> Appendix A: 2016/17 Parish and Town Council Tax Taxbase Summary for Shropshire Council. Appendix B: Shropshire Council's Localised Council Tax Support Scheme



2016/17 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council	APPENDIX A
Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Abdon & Heath	104.73
Acton Burnell, Frodesley, Pitchford, Ruckley & Langley	238.93
Acton Scott	35.89
Adderley	171.63
Alberbury with Cardeston	367.91
Albrighton	1,474.54
All Stretton, Smethcott & Woolstaston	168.74
Alveley & Romsley	822.11
Ashford Bowdler	35.51
Ashford Carbonel	184.74
Astley	197.00
Astley Abbotts	234.04
Aston Bottrell, Burwarton & Cleobury North	115.14
Atcham	124.56
Badger	54.42
Barrow	261.28
Baschurch	936.83
Bayston Hill	1,737.46
Beckbury	148.85
Bedstone & Bucknell	300.15
Berrington	335.72
Bettws-Y-Crwyn	84.27
Bicton	373.93
Billingsley, Deuxhill, Glazeley & Middleton Scriven	156.93
Bishops Castle Town	625.68
Bitterley	334.63
Bomere Heath & District	779.77
Bonningale	139.76
Boraston	74.23
Bridgnorth Town	4,474.41
Bromfield	113.91
Broseley Town	1,426.63
Buildwas	97.52
Burford	429.45
Cardington	199.81
Caynham	490.25
Chelmarsh	221.25
Cheswardine	376.20
Chetton	156.68
Childs Ercall	287.16
Chirbury with Brompton	332.60
Church Preen, Hughley & Kenley	117.63
Church Pulverbatch	162.41
Church Stretton & Little Stretton Town	2,122.54
Claverley	829.05
Clee St. Margaret	66.77
Cleobury Mortimer	1,123.68
Clive	235.52
Clun & Chapel Lawn	483.38
Clunbury	244.80

## 2016/17 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council

APPENDIX A

Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Clungunford	140.15
Cockshutt-cum-Petton	283.27
Condover	794.90
Coreley	133.25
Cound	200.19
Craven Arms Town	758.08
Cressage, Harley & Sheinton	393.65
Culmington	164.51
Diddlebury	257.06
Ditton Priors	325.36
Donington & Boscobel	574.80
Eardington	232.79
Easthope, Shipton & Stanton Long	191.94
Eaton-Under-Heywood & Hope Bowdler	180.73
Edgton	46.08
Ellesmere Rural	872.77
Ellesmere Town	1,343.20
Farlow	179.63
Ford	286.53
Great Hanwood	360.22
Great Ness & Little Ness	424.16
Greete	50.82
Grinshill	110.43
Hadnall	283.71
Highley	993.81
Hinstock	424.42
Hodnet	550.30
Hope Bagot	29.70
Hopesay	233.69
Hopton Cangeford & Stoke St. Milborough	160.24
Hopton Castle	39.65
Hopton Wafers	271.71
Hordley	101.54
Ightfield & Calverhall	183.88
Kemberton	114.52
Kinlet	397.58
Kinnerley	471.51
Knockin	112.62
Leebotwood & Longnor	198.04
Leighton & Eaton Constantine	203.55
Llanfairwaterdine	97.64
Llanyblodwel	253.80
Llanymynech & Pant	645.99
Longden	497.84
Loppington	255.39
Ludford	241.36
Ludlow Town	3,366.44
Lydbury North	218.95
Lydham & More	121.26
Mainstone & Colebatch	87.32

## 2016/17 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	3,615.57
Melverley	51.89
Milson & Neen Sollars	121.35
Minsterley	529.87
Montford	224.74
Moreton Corbett & Lee Brockhurst	123.99
Moreton Saye	195.50
Morville, Acton Round, Aston Eyre, Monkhopton & Upton Cressett	351.56
Much Wenlock Town	1,173.56
Munslow	174.39
Myddle & Broughton	583.38
Myndtown, Norbury, Ratlinghope & Wentnor	256.88
Nash	133.11
Neen Savage	148.23
Neenton	61.24
Newcastle	130.25
Norton-In-Hales	281.60
Onibury	127.09
Oswestry Rural	1,508.65
Oswestry Town	5,048.97
Pontesbury	1,171.25
Prees	1,029.32
Quatt Malvern	89.21
Richards Castle	135.06
Rushbury	265.45
Ruyton-Xi-Towns	441.36
Ryton & Grindle	77.98
Selattyn & Gobowen	1,168.38
Shawbury	819.69
Sheriffhales	310.85
Shifnal Town	2,480.89
Shrewsbury Town	22,624.79
Sibdon Carwood	35.39
St. Martins	843.19
Stanton Lacy	159.88
Stanton-Upon-Hine Heath	221.87
Stockton	125.94
Stoke-Upon-Tern	450.72
Stottesdon & Sidbury	320.42
Stowe	48.84
Sutton Maddock	106.55
Sutton-Upon-Tern	409.14
Tasley	399.92
Tong	115.98
Uffington	99.06
Upton Magna	152.37
Welshampton & Lyneal	345.09
Wem Rural	668.25
Wem Town	1,877.62
West Felton	506.63

Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Westbury	518.28
Weston Rhyn	803.36
Weston-Under-Redcastle	124.77
Wheathill	73.00
Whitchurch Rural	552.32
Whitchurch Town	3,012.46
Whittington	815.73
Whitton	53.73
Whixall	326.23
Wistanstow	327.44
Withington	103.80
Woore	563.84
Worfield & Rudge	893.05
Worthen with Shelve	769.02
Wroxeter & Uppington	160.53
<b>Shropshire Council Total</b>	<b>104,912.48</b>
Environment Agency - Severn Trent Region	98,644.72
Environment Agency - Welsh Region	3,966.57
Environment Agency - North West Region	2,301.19
<b>Shropshire Council Total</b>	<b>104,912.48</b>

## SHROPSHIRE COUNCIL – BENEFITS SERVICE

### COUNCIL TAX SUPPORT (CTS)

#### Introduction

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

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

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

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

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

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

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

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

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

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

### **Reduction of the capital limit**

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

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

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

### **Removal of Earnings disregards**

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

### **Removal of Child Benefit disregards**

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

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

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

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

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

### **Non-dependant earned income deductions (pension age only)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### SUMMARY OF CHANGES FROM 01.04.13

Current Council Tax Benefit Scheme (CTB)	Council Tax Support (CTS)
<p><b>Second Adult Rebate</b> - Awarded to the customer based on the circumstances of 'second adult'. Can be awarded due to a 'better buy' comparison</p>	<p>No award due for second person. On 'better buy' calculation customer will only be awarded any CTS due.</p>
<p><b>Reduction of the capital limit</b> - 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</p>	<p>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</p>
<p><b>Removal of earnings disregards –</b>                      Permitted work - £97.50                      Lone parents - £25.00                      Disabled, carers or special occupations - £20.00                      Couples - £10                      Single £5</p>	<p>Permitted work - £0                      Lone parents - £0                      Disabled, carers or special occupations - £0                      Couples - £0                      Single £0</p>
<p><b>Removal of Child Benefit disregard –</b> Child Benefit is fully disregarded for the calculation of CTB</p>	<p>Child benefit is fully included for the calculation of CTS</p>
<p><b>Increase in non-dependant deductions (using current figures)</b>                      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</p>	<p>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</p>



## APPEALS

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

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

### Process:

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

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<u>Committee and Date</u>	<u>Item</u>
9 December 2015	<u>Public</u>

## **Delegation of functions to Birmingham City Council for the purposes of Illegal Money Lending Enforcement**

**Responsible Officer** George Candler, Director of Commissioning  
e-mail: [george.candler@shropshire.gov.uk](mailto:george.candler@shropshire.gov.uk) Tel: 01743 255003

### **1. Summary**

- 1.1** A Department of Business, Innovation and Skills (BIS) funded Illegal Money Lending Team (IMLT) exists within Birmingham City Council's Regulatory Services. The IMLT operates across England. This report seeks approval for Shropshire Council to authorise Birmingham City Council to investigate illegal money lending activities and to institute proceedings against illegal money lenders operating within the Shropshire Council area. The costs and risks of any action will lie with Birmingham City Council.
- 1.2** It is proposed that the new delegation will be effective from 1 April 2016 and continue for five years until 31 March 2021.

### **2. Recommendations**

- 2.1** That Cabinet agrees that with effect from the 1 April 2016 to 31 March 2021 the discharge of its function of the enforcement of Part III of the Consumer Credit Act 1974 and the enabling provisions within the Financial Services Act 2012 in respect of matters concerned with the Financial Services and Markets Act 2000 be carried out in Shropshire by Birmingham City Council and delegates the power of prosecution to Birmingham City Council for any matters associated with or discovered during an investigation by the illegal money lending team pursuant

to Section 101 of the Local Government Act 1972, Regulation 7 of the Local Authority (Arrangements for Discharge of Functions) (England) Regulations 2000 and Section 13 and 19 of the Local Government Act 2000.

- 2.2** That Cabinet agrees the 'Protocol for Illegal Money Lending Team Investigations' as set out in **Appendix A** and delegates to the Senior Commissioner for Business Support and Regulatory Services, in consultation with the Portfolio Holder for Regulatory Services, Housing and Commissioning (Central), the authority to enter into this protocol with Birmingham City Council on behalf of Shropshire Council and to make and approve any necessary amendments to the protocol, excluding any amendment to extend the term, if required.

## **REPORT**

### **3. Risk Assessment and Opportunities Appraisal**

- 3.1** By virtue of Section 161 of the Consumer Credit Act 1974, it is the duty of each 'local weights and measures authority' to enforce the provisions of the Act within their local authority boundary. This is an executive function for the purposes of the Local Government Act 2000 and the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 and, therefore, it is necessary for Cabinet, as the executive, to formally delegate this function to Birmingham City Council under Section 13 and 19 of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000. Birmingham City Council is also required to formally accept the delegation.
- 3.2** The risk to adopting this partnership approach by providing delegated powers is low. The approach reduces the risk to future funding of this work as the officers will be employed by another local authority. There are no other viable options as the IMLT in Birmingham is the only team providing this service to English local authorities.

- 3.3** National funding for the work of the Birmingham team is under significant pressure and will be reduced by a minimum of 14% in 2016/17, with further reductions anticipated during the lifetime of the proposed delegated function arrangement with Birmingham City Council. This is likely to affect the extent of the work and the period over which the protocol may remain fully effective and in force. Funding reductions will inevitably reduce the work that the IMLT can undertake across England and within Shropshire. However, it remains more than can be delivered by Shropshire Council's Business Support and Regulatory Services alone.
- 3.4** At a national level, a scoping report to propose options for supporting illegal moneylending work in the future has been commissioned, particularly to take account of funding reductions that may make the current IMLT model unaffordable.
- 3.5** Illegal money lenders invariably target low-income households and the most vulnerable members of society. This can mean that their activities have disproportionate implications for the more deprived areas and action taken against them therefore supports priorities associated with crime and disorder and protecting the more vulnerable members of the community.
- 3.6** Illegal money lending has a serious detrimental effect on both individuals and the community. Tackling the root causes and providing legitimate alternative sources of credit will contribute to reducing stress and pressures on many individuals and communities.
- 3.7** Marginalising rogue money lenders creates an environment which supports and encourages legitimate credit providers and reduces the fear of crime.
- 3.8** It is often the poorer and more vulnerable members of society who become victims of illegal money lenders and find it difficult to access appropriate support and help.
- 3.9** There are no environmental implications associated with the recommendations contained in this report.

- 3.10** There are unlikely to be adverse human rights implications arising from the recommendations. The proposed delegations are entirely in line with provisions of current law and provide a means to enhance the human rights of individuals by tackling undesirable money lending practices that can themselves lead directly to the infringement of individuals' human rights.
- 3.11** No consultation has been undertaken in respect of the recommendations; it is not required and would serve no purpose. In addition, an Equality and Social Inclusion Impact Assessment (ESIIA) has not been carried out on the basis that the recommendations do not relate to a change in policy.

#### **4. Financial Implications**

- 4.1** There are no financial implications for Shropshire Council as a result of this proposal. All major costs will be funded by the Treasury. Incidental costs in providing a work base for officers operating in Shropshire will be contained within the scope of the contract value relevant to the delivery of Business Support and Regulatory Services as agreed by the Council with ip&e Ltd.
- 4.2** Any prosecutions will be undertaken by Birmingham City Council with no liability for costs to Shropshire Council.

#### **5. Background**

- 5.1** The primary legislation governing the consumer credit industry is the Consumer Credit Act 1974 together with the Financial Services Act 2012 in respect of matters concerned with the Financial Services and Markets Act 2000. The legislation is normally enforced by regulatory services within local authorities. It is based on a licensing system and all consumer credit and consumer hire businesses operating in the UK (with certain exemptions) must possess an appropriate licence issued by the Financial Conduct Authority (FCA). The FCA must be satisfied that an applicant for a Consumer Credit Licence is a fit and proper person before issuing that person with a licence to trade.

- 5.2** To operate a consumer credit business without being licensed is a criminal offence and carries a maximum penalty of £5,000 and/or up to two years imprisonment. Licences can be revoked where it can be established that the licensee has acted inappropriately. Warnings and conditions can be added to the licence where necessary.
- 5.3** Illegal money lending covers a range of activities, from persons that are actually licensed but are acting unlawfully, to the extreme of a person offering cash loans without being licensed at all (loan sharks). Loan shark activity is characterised by deliberate criminal fraud and theft, with extortionate rates of interest on loans that mean borrowers face demands for payment of thousands of pounds more than they borrowed and can often never pay off the loans. Borrowers who fail to pay or refuse to pay are subject to intimidation, theft, forced prostitution and other extreme physical violence.
- 5.4** An IMLT was established within Birmingham City Council as a pilot project in England, one of only two in Great Britain; the other pilot area was Glasgow – covering Scotland. The remit of the team was and continues to be to investigate illegal money lending activity, establish if a problem exists and, if so, bring to justice those persons carrying on this activity. The team consists of highly experienced investigators with a broad range of backgrounds and investigative skills.
- 5.5** Research, funded by the BIS and using information gathered by the Birmingham pilot project, has been published which identifies the extent of loan shark activity as well as the reasons that people use illegal money lenders. Funding for the project is provided from the Financial Inclusion Fund administered by the Treasury and managed by the National Trading Standards Board (NTSB).
- 5.6** The England IMLT is hosted by Birmingham City Council and continues to provide a resource to investigate illegal money lending across England.
- 5.7** Birmingham City Council was chosen to lead the England team due to the efficiencies associated with having one national team. The team, although it is based in Birmingham, continues to operate the “parachute in and out model”,

with a local presence through regional officers, this being the recommended option that resulted from research commissioned through Policis.

- 5.8** The benefits that the IMLT can bring to Shropshire are significant. In common with most local authorities, the Council's Business Support and Regulatory Services is not able to provide the level of specialist resource to provide the illegal money lending function. This is an excellent example of how sharing resources on specific issues can bring benefits otherwise unavailable in providing support to vulnerable consumers and tackling rogues.
- 5.9** The IMLT scheme initially commenced operation across Shropshire under a protocol, agreed by Cabinet, in January 2008; this was renewed in 2013 and the current protocol is due to expire on the 31 March 2016. In order for the scheme to continue to operate across Shropshire, Birmingham City Council requires further formal delegation of functions, including the power to prosecute, to carry out enforcement of Part III of the Consumer Credit Act 1974 and the enabling provisions within the Financial Services Act 2012 in respect of matters concerned with the Financial Services and Markets Act 2000.
- 5.10** As referred to in the summary above, it is proposed that the new delegation will be effective from 1 April 2016 and continue for five years until 31 March 2021.
- 5.11** In relation to a wide range of consumer legislation, including the Consumer Credit Act 1974, the Consumer Rights Act 2015 (which came into force on the 1 October 2015) makes it clear that local weights and measures authorities may exercise powers and bring legal proceedings for offences committed outside their own administrative areas. In practice, this now means that Birmingham City Council is permitted, in law, to exercise powers and to take legal proceedings relating to offences that may have been committed within Shropshire Council's area for the purposes of investigating illegal money lending activities and instituting legal proceedings.
- 5.12** Previously, in order to ensure clarity in respect of the operation of the delegated arrangements, a protocol was used to set out the processes and practices to enable Birmingham City Council and its officers to undertake investigations and



the necessary associated legal procedures. However, as a result of the Consumer Rights Act 2015, such a protocol is now no longer legally required. Nevertheless, it is proposed that Shropshire Council and Birmingham City Council continue with this approach to ensure that both parties fully understand the practical extent of the delegation that will be in place. The protocol is set out in **Appendix A**.

- 5.13** The delegation to Birmingham City Council does not prevent Shropshire Council's Business Support and Regulatory Services from undertaking the function.

## **6. Additional Information**

- 6.1** The objectives of the BIS Illegal Money Lending Project are set out in **Appendix B**, together with a summary of the type of activities undertaken by the IMLT to support these objectives.

- 6.2** Key statistics for the project up to March 2015 include:

- Written off over **£64 million** of illegal debts (money that victims would have paid back to illegal lenders if the IMLT had not acted).
- Taken over **329** prosecutions.
- Secured prison sentencing totalling over **214** years and also one sentence of indefinite length.
- Assisted over **25** thousand victims, including showing them other sources of financial support.
- Trained over **24** thousand front line staff to spot the signs of illegal lenders.

- 6.3** In addition to exceeding the expectations of the Government, the project has also achieved significant added value, including partnership working with the Police, the Department of Work and Pensions, Post Office Counter Fraud Unit and H M Revenue and Customs to facilitate a coordinated approach to tackling crime and disorder.

## 7. Conclusions

- 7.1 The recommendations, if agreed, will add to the Council's resources and will enable Business Support and Regulatory Services to have access to a team of highly trained experts from the IMLT.
- 7.2 This area of law enforcement requires specialist resource, expertise, techniques and facilities, which Business Support and Regulatory Services would not otherwise have access to. Members of the IMLT include officers with high-level training and expertise in surveillance techniques as well as security operations. The team includes, amongst others, ex-police officers and security services personnel.
- 7.3 The recommendations will support performance of the Authority's duty in relation to enforcement of the provisions of the Consumer Credit Act 1974 and the Financial Services Act 2012 in respect of matters concerned with the Financial Services and Markets Act 2000.

<p><b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b></p> <ul style="list-style-type: none"><li>• Cabinet report of 16 January 2008: Consumer Credit Act – Illegal Money Lenders</li><li>• Cabinet report of 13 November 2013: Delegation of functions to Birmingham City Council for the purposes of Illegal Money Lending Enforcement</li></ul>
<p><b>Cabinet Member (Portfolio Holder)</b> Cllr Mal Price - Portfolio Holder for Regulatory Services, Housing and Commissioning (Central)</p>
<p><b>Local Member</b> N/A</p>
<p><b>Appendices</b> Appendix A – Protocol for Illegal Money Lending Team Investigations Appendix B – Objectives of the Illegal Money Lending Project</p>

**DEPARTMENT FOR BUSINESS INNOVATION AND SKILLS (BIS)  
ENGLAND ILLEGAL MONEY LENDING PROJECT**

**PROTOCOL FOR ENGLAND ILLEGAL MONEY LENDING SECTION  
INVESTIGATIONS**

**Interpretation**

For the purposes of this Protocol –

**“BCC”** means Birmingham City Council

**“SC”** means Shropshire Council Business Support and Regulatory Services

**“IMLS”** means the Illegal Money Lending Section

**“Delegated Power”** means the discharge of the function of the Enforcement of Part III of the Consumer Credit Act 1974, the enabling provisions within the Financial Services Act 2012 in respect of matters concerned with the Financial Services and Markets Act 2000 granted to BCC by SC in pursuance of section 101 and 222 of the Local Government Act 1972, Regulation 7 of the Local Authorities (Arrangements for Discharge of Functions) (England) Regulations 2012, sections 13 to 19 of the Local Government Act 2000 and any other legislation enabling the discharge

**“Commencement Date”** means the date the Delegated Power is granted

**“Term”** means from the date of signing of this protocol to 31<sup>st</sup> March 2021

**“Birmingham Trading Standards”** means Regulatory Services of BCC

**“Shropshire Council Contact Officer (SCCO)”** means the relevant person appointed by any SC Business Support and Regulatory Services Operations Manager to liaise with the Head of Illegal Money Lending Section on matters relating to and in connection with the Illegal Money Lending Project

**“Appropriate Contact Officer”** means The Director of Regulation and Enforcement or the Head of Illegal Money Lending of Birmingham Regulation and Enforcement or any person nominated by the Council or authorised by them

## **1. Application**

1.1 This Protocol applies to the DBIS / NTSB / HM Treasury funded 'Illegal Money Lending Project' and covers the following issues:-

- The conduct of investigations and associated working practices for the IMLS officers when conducting investigations or operating in Shropshire.
- The mechanisms whereby Shropshire Council is updated on the progress of the project and any significant issue relating thereto.
- The exchange of intelligence and information between the IMLS and SC
- The institution of legal proceedings.

## **2. Protocol**

2.1 The purpose of this protocol is to facilitate the delegation of powers to BCC and officers employed within BCC's IMLS to enforce the provisions of the Consumer Credit Act 1974, to include matters in respect of the Financial Services and Markets Act 2000 within the area of Shropshire Council. The protocol encourages the exchange of information and a working partnership approach between BCC and SC in relation to the Consumer Credit Act 1974.

2.2 This Protocol will come into force on the Commencement Date and terminates at the end of the Term.

2.3 Notwithstanding the terms and conditions of this Protocol, this Protocol does not prejudice the right of SC to withdraw the Delegated Power at any time during the Term. However SC undertakes not to withdraw the Delegated Power unless it considers there is good reason to do so. The Delegated Power is not to be unreasonably withdrawn by SC.

## **3. The IMLS**

3.1 It is recognised that officers in the IMLS will need authority to initiate and/or undertake investigations and/or the prosecution of potential offences falling within the scope of the 'Illegal Money Lending Project' where such potential offences fall entirely outside of the BCC boundaries. This protocol and also the Delegated Power is deemed to provide such authority to BCC and its officers regarding all matters.

3.2 The IMLS will comprise of a Head of Service and up to 55 staff directly employed by BCC. The Head of Illegal Money Lending Section will be responsible for the day-to-day operation and supervision of the IMLS.

3.3 The Head of Illegal Money Lending Section will report directly to the Director of Regulation and Enforcement or nominated officer as appropriate.

- 3.4 The Head of the Illegal Money Lending Section BCC will, when required, provide quarterly progress reports, from the Commencement Date, to a SC Business Support and Regulatory Services Operations Manager, as agreed between SC and BCC, giving details of investigations, (unless there is a significant risk that any such disclosure may jeopardise an investigation, such a decision is within the discretion of the Director of Regulation and Enforcement or Head of Trading Standards BCC) prosecutions being pursued or concluded and developments concerning or affecting the Illegal Money Lending Project in Shropshire.
- 3.5 It is recognised that after Delegated Power is granted to BCC, all decisions concerning the pursuance of relevant investigations, decisions to prosecute and the laying of charges and/or information on such relevant matters within the Shropshire Council area, shall be taken by BCC and in accordance with the relevant Code for Crown Prosecutors and BCC's Enforcement Policy.

#### **4. Working Arrangements in the Shropshire Council Area**

- 4.1 SC will designate and appoint a Shropshire Council Contact Officer (SCCO).
- 4.2 The Head of Illegal Money Lending Section will at any time the Head of Illegal Money Lending Section considers necessary and prudent, or at the request of the SCCO, brief the SCCO on any intelligence gathered, any progress made on investigations and/or prosecutions pending or otherwise, relating to or affecting Shropshire and/or its residents.
- 4.3 Further to Clause 4.2 above, all reasonable steps will be taken by the Head of Illegal Money Lending Section to keep the SCCO updated on the progress of investigations and enquiries being carried out in the Shropshire Council area and any changes made or introduced by Government concerning the 'Illegal Money Lending Project'. It is incumbent on the Head of Illegal Money Lending Section to maintain regular dialogue/communication with the SCCO.
- 4.4 The IMLS will have regular contact with the Police and other Government agencies. The Head of Illegal Money Lending Section will consult the SCCO to identify any local arrangements, investigations and protocols before any investigation is commenced in pursuance of the 'Illegal Money Lending Project'. Wherever possible, the Head of Illegal Money Lending Section will actively involve the SCCO and seek to develop close links between those agencies and BCC.
- 4.5 The Head of Illegal Money Lending Section will as soon as reasonably practicably inform the SCCO of the outcome of any concluded prosecution proceedings conducted within the Shropshire Council area.
- 4.6 BCC, where possible, will consult with SC in good time before issuing any press release concerning any prosecution pursued by BCC pursuant to this Protocol.
- 4.7 Any contact with local government bodies, other police forces, credit unions or similar organisations that may be locally funded or may involve local sensitivities

will be agreed with the SCCO in advance. Upon being notified of an intention to contact such a body, Shropshire Council may arrange for one of their own officers to accompany the relevant officer of the IMLS on any visit.

- 4.8 Where the Head of Illegal Money Lending Section and a SC Business Support and Regulatory Services Operations Manager of Shropshire Council agree that an officer or officers of Shropshire Council will be actively involved in an investigation, that officer will remain an employee of SC but for the purpose of that investigation, will come under the control of the IMLS team manager. Such agreement will be subject to the Head of Illegal Money Lending Section being satisfied that the officer's or officers' participation will not compromise any investigation or endanger any member of the IMLT, supporting staff or witnesses, that the officer has the appropriate training and experience to undertake the task; and upon any other terms that the Head of Illegal Money Lending Section and a SC Business Support and Regulatory Services Operations Manager of Shropshire Council consider necessary and/or appropriate.
- 4.9 Unless there is prior agreement with the Head of Illegal Money Lending Section for assistance in an investigation, which is accompanied by an official purchase order from BCC, no reimbursement will be made for time spent on activities supporting the 'Illegal Money Lending Project' or expenditure incurred by any SC officer.
- 4.10 The exercise by BCC of these arrangements shall be at no cost to SC.
- 4.11 BCC shall have an Appropriate Contact Officer.
- 4.12 In the absence of the IMLS Head of Service, the role, duties, and responsibilities of the Head of Illegal Money Lending Section shall be discharged and carried out by the other Appropriate Contact Officers as nominated.

## **5. Referral of Information/Intelligence to the Project Team**

- 5.1 It is recognised that the IMLS will rely on receiving information about Illegal Money Lender activities.
- 5.2 SC will endeavour to provide as much relevant information and intelligence as reasonably and practicably possible to the IMLS concerning any investigation being carried out within Shropshire having regard to any statutory limitations/restrictions.
- 5.3 Information and intelligence will be provided by the SCCO to the Head of Illegal Money Lending Section or a person designated by him/her.
- 5.4 BCC IMLS will not, as a matter of routine, investigate individual complaints received concerning alleged Illegal Money Lender activities. However, such complaints may be used by the IMLS as a source of intelligence.
- 5.5 BCC, IMLS and SC agree to process personal data only in accordance with the requirements of the Data Protection Act 1998 and to disclose information only in accordance with the requirements of the Enterprise Act 2002.

## **6. Conduct and Control of Investigations**

- 6.1 The conduct and control of all investigations undertaken and prosecutions by the IMLS in the Shropshire Council area will be the responsibility of BCC. Investigations will be undertaken in line with the BCC's published Enforcement Policy and subject to the policies and procedures approved and adopted by Birmingham Trading Standards.
- 6.2 BCC will be responsible for all aspects of the investigations and responsibilities under the Criminal Procedure and Investigations Act 1996, Regulation of Investigatory Powers Act 2000, the Data Protection Act 1998, the Freedom of Information Act 2000 and the Enterprise Act 2002.
- 6.3 BCC will be solely responsible for the Health and Safety of IMLS officers and any other officer or person within the direct management of the IMLS providing support and assistance in any investigation undertaken by the IMLT.
- 6.4 Where breaches of Part III of the Consumer Credit Act 1974 are identified, action will be taken in accordance with the enforcement policy and procedures adopted by Birmingham Trading Standards.
- 6.5 When the Head of Service, IMLS BCC, recommends a prosecution under Part III of the Consumer Credit Act 1974, if required, SC will be provided with a copy of the relevant prosecution file, which will consist of a detailed case summary, schedule of issues, aggravating and mitigating factors, reasons justifying prosecution and any other material fact that SC ought reasonably to be aware of. SC will be invited to communicate any comments it considers appropriate and necessary concerning the intended prosecution to the Director of Regulation and Enforcement, the informant for BCC. Such comments will be given due attention and consideration by the informant for BCC.

## **7. Responsibilities and Actions of the Authorities**

- 7.1 BCC shall be liable for the actions and competence of the persons employed within the IMLS and shall ensure that the IMLS shall comply with all legislative requirements and take all reasonable steps to ensure any actions taken are lawful and within the spirit of the protocol.
- 7.2 SC shall be liable for the actions and competence of persons within its employ and shall take all reasonable steps to ensure the competence of those persons in carrying out their functions and that they comply with legislative requirements and the spirit of this protocol.
- 7.3 Information / intelligence provided between BCC and SC shall be used for the purpose intended and shall not be divulged to third parties unless to do so would be lawful and in pursuant of an investigation / enquiry subject to this protocol.
- 7.4 BCC and SC endorse a joined up working approach to the enforcement of the Consumer Credit Act 1974. The partners will attempt to promote consistency in enforcement. However, this protocol does not attempt to restrict the powers of

authorised officers of the IMLS or BCC from discharging their duties, as appropriate.

**Commencement date: 1 April 2016**

**Signed: .....**

Frances Darling  
Senior Commissioner, Business Support and Regulatory Services  
Shropshire Council

**Signed: .....**

Cllr Malcolm Price  
Portfolio Holder – Regulatory Services, Housing and Commissioning (Central)  
Shropshire Council

**Signed: .....**

Jacqui Kennedy  
Director of Regulation and Enforcement  
Birmingham City Council



## **Objectives of the BIS Illegal Money Lending Project**

### **Objective 1 - To obtain a clear understanding of the scale and impact of illegal money lending as well as learning lessons on the best way to enforce**

The evidence so far indicates that illegal money lenders are widespread and prevalent. They operate in areas that have a high proportion of rented accommodation and target the most vulnerable members of society. High rise flats are common premises targeted by loan sharks as legitimate lenders do not lend to people residing in this type of accommodation due to the health and safety risks for their collectors.

Evidence shows illegal moneylenders vary from those who lend £10 over a few days and demand £12 on repayment, to those who provide substantial loans to those looking to set up businesses; interest rates range from 100% up to 117,000% APR in some instances.

Information gathered so far suggests that illegal money lending is being operated across all sectors of the community. The majority of people using moneylenders are in receipt of income support or benefits and are introduced through word of mouth. However, evidence also suggests that money lenders operate within the wider community and the pilot identified illegal money lending within the business community. In many of the investigations it has been established that the moneylenders resort to intimidation and violence in order to secure payment. Other common traits include: adding indiscriminate charges, targeting single mothers and introducing payment through sexual favours.

Money lenders often use victims of money lending to assist them with maintaining their criminal lifestyle and anonymity, for example illegal money lenders' vehicles are often registered at a clients' address.

There is also anecdotal evidence which suggests that illegal money lenders have an impact on the wider community in which they operate, with victims resorting to petty crime to enable them to meet payments. Reducing the activities of illegal moneylenders or removing them altogether may therefore help to reduce levels of other criminal activity within a community.

With regard to enforcement activity the investigation of illegal money lending has proven to be very resource intensive. Target individuals need to be observed and monitored to determine their activity, to identify them and if possible establish their address. A significant proportion of targets are also what are termed "life style criminals", which means that evidence of other illegal activity can surface during the course of an investigation. This may not only involve other agencies but can also extend the life of an investigation, thereby adding to the pressure on resources.

**Objective 2 - To create a climate where victims can come forward – confident that prosecutions will be undertaken, and convictions obtained, without fear of reprisals**

Effective branding and publicity of the pilot project has meant extensive promotion of the aims of the project and work of the team, within both the local and wider community. Evidence suggests that this has been achieved because it can be evidenced that victims are willing to contact the hotlines, and to provide further evidence to help achieve prosecutions.

The team has used injunctions, backed by the power of arrest under the Anti-Social Behaviour Act 2003, to remove lenders from their area of operation. Injunctions are reinforced with an agreement from the local police to flag the matter on their system and respond immediately if they receive a call from one of the victims.

**Objective 3 – To change the perception amongst those lending that illegal money lending is rarely prosecuted.**

A proactive media campaign is on-going in those areas that have successfully targeted criminals. Engaging the media promotes the work of the team and raises public awareness.

**Objective 4 – To develop ways of replacing the removed lenders with more support for their victims.**

The Illegal Money Lending Team will help victims of illegal moneylenders with practical help and support through and in conjunction with the services of local Debt Advice Teams and the National Debtline. It has been noted that victims often need more than simple money advice and so face-to-face advice is considered the most helpful way forward and is the route normally adopted.

Links are also established with credit unions and their associations and where practicable these agencies are also called upon to provide help and advice. The Illegal Money Lending Team offers money management to all victims of moneylenders who contact them for advice and assistance. Partnership working in this area is recognised as being essential in this area of service provision.



Cabinet 9 <sup>th</sup> December 2015	<u>Item</u>  <u>Public</u>
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## Shropshire Council Adult Social Care – Local Account 2014-15

**Responsible Officer** Stephen Chandler

E-mail: Stephen.Chandler@shropshire.gov.uk Tel: 01743 253704

### 1. Summary

1.1. This report presents the Local Account for Shropshire for 2014-15. This is the fifth year of producing a local account in this format and it is both a retrospective review of the achievements during 2014-15 and importantly, sets out our aspirations, challenges and direction of travel for 2015-16.

### 2. Recommendations

2.1. Cabinet Members are requested to note and approve the Adult Social Care local account for 2014-15.

### 3. Risk Assessment and Opportunities Appraisal

#### 3.1. Equalities Appraisal

The Local Account provides information on all areas of service delivery in adult social care.

#### 3.2. Human Rights Appraisal

The content of the Local Account is compatible with the Human Rights Act.

#### 3.3. Risk Management Appraisal

The Local Account is an opportunity to publicise the achievements of the previous year within adult social care and to outline the aspirations and challenges looking forward to 2015-16.

### 3.4. Environmental Consequences

To reduce unnecessary printing the local account will be published on both the Shropshire Council website, Shropshire Choices and is available in hard copy upon request.

### 3.5. Consultation

Our Making it Real Reference Group, comprising local people, who are expert by virtue of their experience in adult social care, has been involved in the production of this year's Local Account. In addition, our "Making it Real" Board and Partnership Boards have also been consulted.

## 4. Financial Implications

4.1. The local account includes a section on expenditure during 2014-15.

## 5. Background

- 5.1. Making it Real is a national framework established to support all those working towards personalisation. It gives us the opportunity to check our progress so that we can decide which areas need to be improved. Making it Real highlights the issues most important to the quality of people's lives. It helps the social care sector to take responsibility for change and publicly share the progress being made.
- 5.2. Making it Real is built around 'I' Statements which sit within 6 different themes (developed by people who use services and family carers). The 'I' Statements outline what people would say if services were personalised.
- 5.3. Shropshire Council has signed up to Making it Real (MiR) to help make sure we are improving services in this way.
- 5.4. Being part of MiR shows our commitment to involving our local communities in shaping care services for the future, and being clear about what type of care is actually making things better for people. We have provided staff support to help retrain the way we think and work with people in planning their support around a person's whole life.
- 5.5. A key theme throughout this report is the inclusion of real life Shropshire stories, at every opportunity, which not only demonstrates our closer involvement with our community, but also helps to bring this document to life.
- 5.6. Completion of the Local Account is in response to the "Promoting Excellence in Councils Adult Social Care Programme Board". This Board recommended ***"that all Councils with Adult Social Services Responsibility (CASSRs) consider producing a short, accessible local account on an annual basis, which highlights performance, and to publish this locally"***.
- 5.7. The Local Account will also be used therefore, as a way of demonstrating and describing performance in adult social care to local people. The concept is one that is user-focussed, and highlights the quality aspects of services provided, rather than the numbers.

- 5.8. Throughout the document, we have tried to link what we said we would do last year, to what we have actually done this year, so that these documents, year on year, will have currency and relevance to the local people who helped to produce them. It is envisaged that this document will be used by our local communities “to hold us to account” for the quality of services we provide or commission, and will, by its very nature, help to drive forward improvements.
- 5.9. Another key theme throughout this year’s Local Account is one of ensuring transparency about the issues and impact of the changes and challenges that are occurring within adult social care, not least with the implementation of the Care Act. We have tried to ensure that these issues are appropriately balanced in this year’s account.
- 5.10. We have continued with the theme and ‘magazine’ style approach from last year to create a report that is more inviting and easier to read.
- 5.11. This year’s Local Account continues to focus on the new operating model and describes how we have further developed the way in which we interact with individuals.
- 5.12. The Local Account also sets out how people can continue to be involved in shaping services for the future, including through their local Councillor and the Making it Real Advisory groups who meet across the county.

## **6. Conclusions**

- 6.1. We have focused on producing a short, easy to read report tailored to what local communities want to know about adult social care in Shropshire, and at the same time, the account can also be used to judge our performance, as part of the sector led improvement programme. We have adopted an approach which makes the best use of our existing scarce resources and utilises existing user and carer forums such as partnership boards for engaging with citizens along with the Making it Real members.
- 6.2. In order to meet the challenges we face, Shropshire Council is rethinking all aspects of the work we do and completely redesigning services – this document reflects this new way of working and is based on a new understanding of what works for people and demonstrates what we have achieved through the use of case studies.
- 6.3. We view this document as an evolving document that we hope to improve year on year. Importantly, we want this document to have resonance with people in Shropshire and to be referred to throughout discussions about our performance, to genuinely “hold the council to account” to deliver what we set out to do.

**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)**

Councillor Lee Chapman

**Local Member**

All – this is Shropshire wide

**Appendices**

Appendix A: Shropshire's Local Account for Adult Social Care for 2014-15

Making it Real in Shropshire

# Our story continues

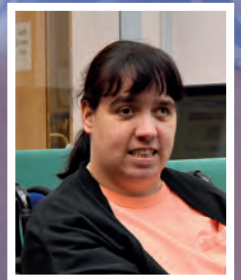
Adult Social Care  
Local Account 2014-15

December 2015 – issue FIVE



A happier place  
read Jane's story

What is it like to receive  
direct payments?  
Tracy's diary



Our priorities

# What is the Local Account?

Councils up and down the country produce a report every year which explains what they – and other organisations – have been doing to help people who use adult social care services.

In the past we have called this the Local Account, but we realised that a lot of people didn't really understand what that meant, so this year we have called it "Making it Real in Shropshire - our story continues".

We hope it explains what this brochure is all about – it's a collection of stories from people who use adult social care, their carers, as well as people from the council and other organisations who work to provide services across Shropshire.

Making  
it Real

Adult Services in Shropshire

If you'd like to get involved,  
you can email us at:  
[makingitreal@shropshire.gov.uk](mailto:makingitreal@shropshire.gov.uk)

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## Case studies in this magazine

There are several stories in this magazine which illustrate how people have received support to help them live independently. These are real stories by real people, but to protect their identity we've changed their names.

We've added a story under each of the priorities that we set last year. We have lots more on our Shropshire Choices website, visit [www.shropshirechoices.org.uk](http://www.shropshirechoices.org.uk)

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# Update on Making it Real – over the past year

More than two years have passed since we embarked on 'Making it Real' and during this last year we have seen solid progress towards our stated goals. One goal was to work in collaboration with 'People2People' (P2P), the providers of social work and occupational therapy services for adults across Shropshire, to set up local Advisory Groups.

The Advisory Groups are small forums which anybody can attend, including individuals that use services and family carers. You are welcome to come along, either for a one-off meeting or on a regular basis. Meeting venues are accessible and you can also join in from a distance if you cannot travel, perhaps through conference calls or simply email if you'd like your ideas to be added to the discussion. Senior members of the 'Making it Real' and 'P2P' boards always come to these meetings along with frontline adult social care staff. Making it Real is placing Shropshire people at the heart of shaping the future of adult social care in the county.

The first few Advisory Group meetings have been really productive and have given us the type of insights that can only come from having 'lived experience'. We encourage anybody who would like to discuss their concerns, experiences or wish to contribute their ideas to be part of these friendly meetings. There are currently three groups located in Oswestry, Shrewsbury and Ludlow. Views expressed are always taken seriously and passed on to the Making it Real and P2P boards. To find out more get in touch with Making it Real today and become a people champion, helping to create a better life for people in Shropshire.

**Jon Hancock**  
Volunteer, Making it Real Board

**Stewart Smith**  
Development Support Worker, Adult Social Care



## “Supporting the most vulnerable”

### A word from Stephen Chandler, Director of Adult Services at Shropshire Council.

Welcome to our latest Local Account. This document is produced annually to look back at what we've achieved and the difference we, our partners and communities have made.

This was a challenging year and, with the new financial challenges we face, things aren't getting any easier. But you will see from our case studies - written by others - that what we are doing is working and, together, we've got a lot to be proud of.

Within Shropshire we are continuing to build on our success, and learn from what hasn't worked so well, as we further develop new ways of delivering services better.

Our focus remains on supporting some of the county's most vulnerable people to get help sooner, enabling them to be more independent within their own community – it is the golden thread which runs through everything we do.

I hope you enjoy reading this account which has been co-produced with people involved in our service.

# Setting the Scene – who do we support

Primary Support Reason	Number
Learning Disability Support	803
Support for Visual Impairment	36
Personal Care Support	3394
Mental Health Support	272
Access and Mobility Only	22
Support for Social Isolation / Other	42
Support with Memory and Cognition	148
Support for Hearing Impairment	16
Substance Misuse Support	21
Support for Dual Impairment	11
Support to Carer	71
<b>Total</b>	<b>4836</b>





## A quick summary of how things have changed

We have been working in different ways for a while now following the redesign of our adult social care service.

This has enabled us to help some of the county's most vulnerable people to get help and advice sooner and supported them to be more independent within their own community.

Last year we talked about how we've improved the way our customer service centre operators (known as 'First Point of Contact') deal with people's initial enquiry.

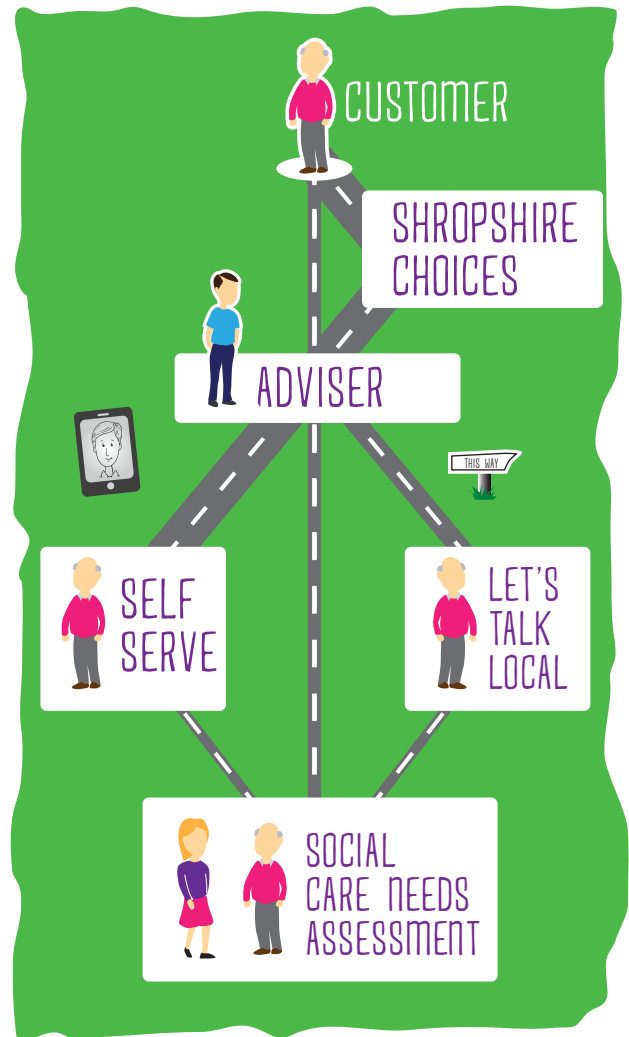
This has been a great success and you can read more about the First Point of Contact team on page 12.

Not wanting to rest on our laurels, we've since developed a website called 'Shropshire Choices'. You can visit the site at: [www.shropshirechoices.org.uk](http://www.shropshirechoices.org.uk)

Here we aim to provide information, advice and support that you or the person you care for, need to remain independent and keeping well.

It has been designed with the customer in mind and includes information from adult social care, housing and health, as well as links to our partners.

Shropshire Choices is still in an early stage of development: you can let us know what you think about the website so far by completing site feedback or emailing [makingitreal@shropshire.gov.uk](mailto:makingitreal@shropshire.gov.uk).





For all the latest information visit our website at:  
[www.shropshirechoices.org.uk](http://www.shropshirechoices.org.uk)



We also understand that you may still need to talk to us, despite the growing wealth of information available on the site, and that's fine.

You can talk to us on the phone (0345 678 9044), where you may be booked into a Let's Talk Local session, or you can simply drop into a Let's Talk Local session near you, without making an appointment in advance.

These sessions are open to you and your carer to help you to get to know your options for the future. They are particularly helpful if you fund your own care.

To find out more about these drop in sessions, including where they are and when they take place visit [www.shropshirechoices.org.uk](http://www.shropshirechoices.org.uk) and click on 'I want to stay independent'.

# What we said –

a quick recap on the priorities set last year

**We will demonstrate in the following pages, what we have done through the use of case studies.**

We will make best use of our local community resources, encouraging local communities to work together and to be more self-reliant.

To support carers, to continue their important caring role.

People will receive support that meets their needs, closer to home, in their local communities.

We will continue to focus on early help, to enable people to help themselves, at an earlier stage, before they reach a crisis.

We will encourage volunteering and we will foster opportunities for people with disabilities to gain paid employment.

We will continue to develop a programme of supported accommodation to ensure this is appropriate to people's needs, and wherever possible, to enable people to stay in their own community.

We will develop our local market of providers to ensure there is a suitable range of support options available for people to choose from including encouraging the further development of the Personal Assistant market.

We will exploit new technology alongside existing partners, to provide creative solutions to ensure everyone who is assessed as needing this type of support, such as electronic pendant alarms, receives it.

We will respond, and be compliant with changes in new legislation, such as the Care Act.

We will continue to ensure the most vulnerable people in Shropshire receive value for money services, to deliver the best outcomes.

Keeping vulnerable people safe will continue to be one of our top priorities, together with ensuring people feel safe.

We will develop a structured programme of engagement with our local communities, to obtain feedback on the effectiveness of the new ways of working, including our implementation and impact of the Care Act.

## CASE STUDY

We said - **People will receive support that meets their needs, closer to home, in their local communities.**

### A better response, much quicker...

People receiving occupational therapy services are now getting a better response, much quicker.

It's something we're focusing on across adult services and is part of our commitment to supporting people to live happily in their own homes for as long as possible.

The reason for this improvement is that the waiting list for our occupational therapy services has more than halved, which is as a result of closer working with housing services.

A number of occupational therapists now sit with the private sector housing team, which has meant that between April 2015 and July 2015, the waiting list has reduced by 63% from 365 service users in April, to 135 service users in July.

Since the teams have been working more collaboratively, there has been increased interaction and communication about the Disability Facilities Grant (DFG) process – a fund that people can apply for to get adaptations in their home, allowing them to remain independent for longer. Face-to-face discussions have enabled this process to run more smoothly, and queries are now being dealt with in a much more timely and efficient way.

It just goes to show how a relatively simple change like this can make a big difference to people's lives.

All of the therapists also continue to work within the communities they support where they assess service users within their homes and environment, giving them advice, equipment and both minor and major adaptations.

# CASE STUDY

We said - **We will make best use of our local community resources, encouraging local communities to work together and to be more self-reliant.**

## Disabled Shrewsbury woman defying odds in driving ambition

**As reported by the Shropshire Star.**

Most people who are faced with adversity would buckle under the pressure. But Julie Davies from Shrewsbury has risen to the challenge and faced life head on.

The 58-year-old has no legs, only one arm, is blind and suffers from diabetes. But she has now found a new outlet to use her energy – carriage driving.

It may not seem the first sport that springs to mind, but for Julie it means the world.

Instead of staying indoors, she has embraced the equestrian world and taken up a sport which is renowned for its speed and grace.

It is all thanks to her community and care co-ordinator Becky Kelly from Riverside and Claremont Bank GP practices in Shrewsbury.





Becky said: *"I have known Julie since December 2012.*

*"My role at the surgery affords me time to look for appropriate non-medical support for patients who are trying to maintain their independence at home.*

*"Often these patients are struggling to cope with debilitating long term health conditions.*

*"This is certainly the case with Julie who, unfortunately, has had three limbs amputated and lost her sight through diabetes.*

*"Julie is cared for by family, and attends a day centre when she is able to arrange volunteer drivers to take her there.*

*"She admits that what seems like long hours sitting alone in her wheelchair makes her feel very low.*

*"I only recently found out about Perry Riding School for the Disabled, but immediately suggested the idea of carriage driving to Julie hoping this might capture her imagination, as it enables a wheelchair user to ride in, and even drive, a horse-drawn carriage."*

Julie was taken with the idea. She paid a visit to Stoneyford Riding School at Annscroft, near

Shrewsbury, where she was introduced to her instructor Will Merrick and his horse Shaun.

While a little uncertain to begin with, Julie, who lives in Ditherington, now makes her own arrangements to attend the school once a week.

*She said: "It's just such a nice feeling being up there, trotting around with the horse in the fresh air.*

*"I love being in the quiet of the countryside and to be out of the house for a change.*

*"I'm learning how to give commands to the horse, and everyone, including my instructor Will is very nice and friendly.*

*"I am facing my fears as I am afraid of horses, but recently I have been able to take the reins myself and be in control."*

Becky said: *"We're hoping that by taking the reins herself, she will gain a real sense of achievement, of being in control, and of being an inspiration to others."*

Jane Barker from Perry Riding School for the Disabled said: *"I think Julie is remarkable.*

*"She had not been out of the house for months and I cannot imagine what life must be like for her. "This must give her a real sense of achievement."*

Will said: *"Teaching for RDA is always rewarding, however it is made even more so with Julie. Due to her disability she must be very limited with what she can do.*

*"While carriage driving Julie will not only be outdoors and feel involved and part of something but feel sensations she has never had before.*

*"It's very rewarding especially when she's grinning ear to ear."*

Volunteers are always needed at the centre to help out with the Riding for the Disabled. For more information contact Jane on 01939 261147.



# CASE STUDY

**We said - We will encourage volunteering and we will foster opportunities for people with disabilities to gain paid employment.**

## A happier place

Jane is a 45 year old woman who has moderate learning disabilities.

In summer 2014 both of Jane's parents needed to go into care homes, and she faced a major life challenge.

Jane was determined that she could prove to her family and professionals that she could live independently in her own flat with carers visiting.

In partnership with the housing options team, Jane was allocated a room in a B&B while a support worker helped her bid on suitable properties.

Through working closely with an occupational therapist and psychologist from the Community Learning team, as well as her support agency, Jane was helped to develop independent living skills like taking care of her personal hygiene, looking after her room and shopping, and making her own meals with support.

After negotiations with Severnside Housing Association, Jane moved into her own one bedroom flat in March 2015, which is closer to where her family live and in visiting distance for her parents. She quickly built positive relationships with staff from a new provider.

Since she was more settled, she felt ready to engage with a support planner from 'People2People', which included peer support.

A peer support volunteer is someone with personal experience of living with a disability or life changing condition, caring for a friend or family member or of adult social care services. A peer support volunteer can work with a person to help them to think about changes that they want to make in their lives, the support that they require and what they need to do to put that in place. Jane's peer support volunteer offered guidance and support to help Jane to explore social opportunities and positive activities of interest in her local area.

Jane has since started attending regular escape night discos and social events where she has made new friends and met her boyfriend.

With help from her support for the first couple of times, Jane has started volunteering, walking and looking after dogs, and has an interview for a job in a charity shop in town.

Jane says that she is in such a happier place from where she was a year ago, and has good support in place to ensure her ongoing emotional health.



# CASE STUDY

**We said - We will continue to focus on early help, to enable people to help themselves, at an earlier stage, before they reach a crisis.**



## It starts with a conversation

The First Point of Contact team are based at Shropshire Council's Customer Service Centre. The team of advisers take calls from adults seeking assistance from adult social care. The First Point of Contact Team also take referrals from professionals and members of the public who wish to raise a safeguarding concern regarding an adult, a child or young person in Shropshire, or seeking professional advice at an early help level.



The discussion the adviser has with a customer seeking assistance or a solution from adult social care is one which focuses on the person, not only the challenge they are experiencing which has prompted the initial call. The conversation focusses on their strengths, what has worked well for them in the past, what has not worked so well and what is important to them, in their lives and within the communities in which they live. The adviser introduces, when safe to do so, the caller to a community or voluntary organisation in Shropshire which could resolve their request. However, this is not the end of the conversation. Around 14 days later, the adviser

will make contact with the customer to see if they successfully made contact with the organisation, and if the issue or difficulty they had was resolved.

The team have a member of the Community Contact Team (Social Work Team) sitting with them every day to provide professional support and guidance about situations members of the public make contact about. This joint working results in outcomes being established and appropriate, safe actions taken.

If it is not appropriate for the adviser to signpost the caller, they will arrange a face to face meeting with a social care professional at one of the Let's Talk Local sessions held throughout the county. If a person is unable to attend a

Let's Talk Local session because of their personal circumstances or ill-health, then a social care professional will be requested to make contact with the customer for a further discussion. By First Point of Contact working in this way it allows the Let's Talk Local sessions to be held, run and managed by workers who previously struggled to leave their desks, allowing social care professionals to do what they are trained to do.

A compliment was made to the First Point of Contact Team recently. This was from a lady who had made contact seeking assistance for her sister: "Thank you, she is now back to the sister we know. This change began with the conversation I had with you".



Please follow the YouTube link to watch our video, where you'll find out more about the Let's Talk Local sessions through the eyes of our staff, volunteers and the people who attend the sessions.

## Let's Talk Local

Our Let's Talk Local sessions support people in a very different way. They enable us to see people quickly and closer to their home, enabling them to move forward with making decisions. The services are community based and seek to make maximum use of local resources.

At your Let's Talk Local session, whether you've booked an appointment through our First Point of Contact team or whether you've simply dropped in, you can talk to an expert informally about your needs and then discuss the support available to you.

The sessions are welcoming and friendly. We have some great volunteers who dedicate their time to greet people, make them drinks and generally put them at ease.

Watch our video to learn more about the sessions through the eyes of our staff, volunteers and the people who attend the sessions.

They really are making a difference to people's lives.

"People may come in feeling alone, but when they leave, they leave knowing that there is someone that can help them."

"It's given us a better future."

"Talking helps because, if you bottle it in, a small problem can become a big problem."



## CASE STUDY

We said - **To support carers, to continue their important caring role.**

# Carers Support Service - listening to and supporting carers

## The freedom to get out, relax and enjoy life

Joy cares for her husband David who is 77 years old and had a stroke two years ago. David has also had a number of heart attacks in the past and retired early from work because of his ill health. The stroke has left him without any movement in the lower part of his body and he needs assistance with all aspects of his daily living tasks.

Joy, who is over 80 years old, helps her husband with transferring to the wheelchair to go to the toilet or leave the house. She has to lift the wheelchair over the door so he can leave the house. The ramp they were given was not practical to use due to the positioning of the wall by the front door.

David can no longer get into the car so they are restricted to walking to the small town centre where they live. Joy has to push him in his wheelchair, which is a fair distance for her. She is unable to leave him unsupervised for lengthy periods of time as there is a risk he will slip down the chair onto the floor. Her nearest family members live a hundred miles away.

Joy has paid care workers visiting morning and evening to assist David with getting up and going to bed. She acts as second care worker and assists with these transfers in order to reduce the cost of

care support. David has been assessed as funding his own care. They pay for private physiotherapy once a month for David as local health services were unable to provide this service. Joy feels that this has helped her husband.

Due to the transport problems Joy has to shop locally which she finds expensive and limiting as to what she can buy in terms of clothes or shoes. She therefore tends to shop by mail order for personal items which has been both expensive and unsatisfactory.

She describes herself being very isolated as their nearest family live in Yorkshire and find it hard to visit because of home/work commitments. She also said a lot of her peers locally are in similar circumstances to themselves and cannot get out and about.

Joy was initially referred by the Community and Care Coordinator at her GP surgery in 2013, but when contact was made she had not wanted a visit as she felt they were coping.

At the end of 2014 she responded to our Carers Survey questionnaire and requested a visit from a support worker.

## How we helped

Our Carers Support Worker visited Joy at the end of January 2015 and completed the carer strain index with her. Joy scored seven which is on the threshold of significant strain and stress.

She was frustrated in not being able to go shopping into Shrewsbury to buy personal items. To help with this, an application was made for a short term break and arrangements were made with Carers Trust 4all who put in a support worker for three hours once a fortnight over 10 weeks (total 15 hours). She was able to go to Marks and Spencer's to change a jacket she had bought online for her husband. On other occasions she went shopping to Whitchurch where she had a wider choice of where to shop, and could do so more economically.

The Support Worker supported Joy in contacting Shropshire Council's First Point of Contact (FPOC) to arrange for a carers assessment, emergency respite and a referral to Carers Trust 4all for continuing respite support. Emergency Respite registration was also completed and a referral to Carers Trust 4all was sent by People2People.

## What difference did our help make?

Joy has been able to get into Shrewsbury and Whitchurch to do the shopping that she has been unable to do in the past. She has valued having this time to do things for herself and to expand the places she can now go to.

She is also pleased that this respite support has now been arranged on an ongoing basis with Carers Trust 4all.

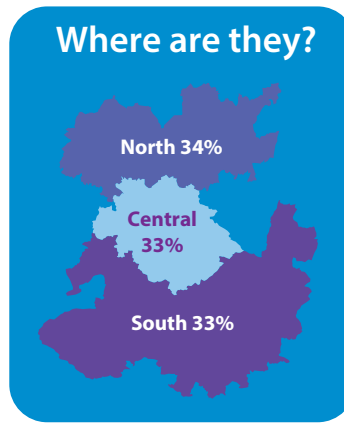
Joy told us that she now feels someone is listening to her calls for help and advice. She felt that two years of struggling alone had worn her down.

She has also said that the introduction to Carers Trust 4all is allowing her 15 hours of freedom to get out and relax and enjoy life for a short time.



# Focus on carers

We recognise the important role that carers have in Shropshire. The views of carers are very important to us, for highlighting what's really important to them and identifying areas where we need to make improvements. This diagram brings together the key facts and issues raised by carers, taken from the Carers' Survey, the Census and other local agencies.



## 33,360 Shropshire people view themselves as a family carer

(That's 1 in 7 adults)

### Daily life<sup>1</sup>

"When illness suddenly upsets your life you have no preparation and no prior knowledge and are thrust into a world where you feel lost"

"My husband and I are both in our 80's and worry for our future ability to carry on caring"

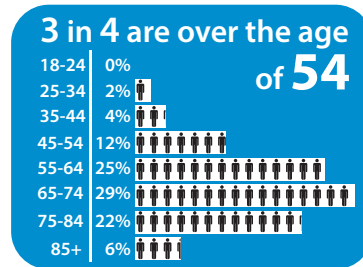
"Married for 53 years you have to do all you can for loved ones while you can do it with help of your family"

### Money<sup>1</sup>

"Everywhere you go for help it comes at a cost which we cannot afford"

"Unable to claim carers allowance, unless my earnings dropped by £20 a month or I give up work altogether to look after my mother on a full time basis"

"Did not want to go back to full time work but due to financial problems... I have no choice and this makes life very difficult for both of us"



### 2 in 5 spend 100+ hours a week caring

That's a 14 hour day

### Carer support<sup>1</sup>

"I am fortunate I go to a carers monthly meeting, and feel wonderful support, also the importance of contact with other people"

"Social Services have also created time for carers with trips, art classes, etc which give me some 'me time' which I have enjoyed"

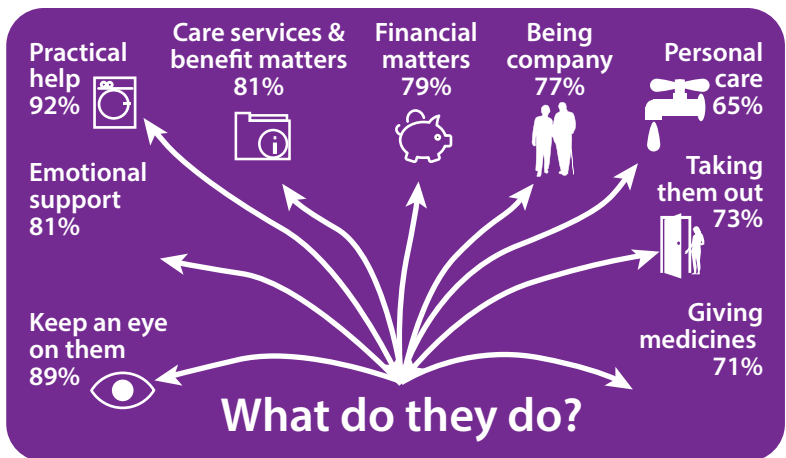
"I am also a person who needs help. However, I have never had any help offered as a carer and disabled person"

### Information<sup>1</sup>

"Although organisations do present information you are not always able to take it all in at once and do not know what your needs will be"

"When you ring up and leave messages on answer phone you never get a reply... It is frustrating surely there must be more than one person to speak to"

"Finding the right agency is an obstacle course... all carers information should be dealt with by one department".



### 66% of family carers say they don't have enough control of their life

- What do carers want?**
- Easy to find information** (i icon)
- Time out** (II icon)
- Ongoing support** (phone icon)
- Own needs assessed** (clipboard icon)
- Financial help** (£ icon)
- Certainty over future** (arrow icon)

# CASE STUDY

**We said - We will continue to develop a programme of supported accommodation to ensure this is appropriate to people's needs, and wherever possible, to enable people to stay in their own community.**

## Teri Lycett, Social Worker

I was allocated an urgent need for accommodation case in November 2014.

Jenny's placement with a family who offered their home and support had unfortunately broken down and she was moved to a temporary placement where she could only stay until Christmas.

I negotiated with the temporary family for Jenny to remain there until the New Year to avoid her having to make several unsettling moves whilst looking for a permanent home. The family were more than happy to do this but they were going away at the beginning of January 2015 so Jenny could not stay with them for any time past 12 January 2015.

I went to meet Jenny on 3 December 2014 at a day centre she attends in Shrewsbury, where she was supported by a member of staff who knows her well to give information for a social care needs assessment. Jenny explained that she had wanted to move to Oswestry where she grew up, but after trying she realised that she had more opportunities in Shrewsbury where she also volunteers in local charity shops. As well as this, many of her friends live in the town and she attends evening social activities with them at Mencap and Taking Part.

Through the assessment and subsequent meetings with her it was clear that Jenny had some daily living skills that she could further develop, leading her to more independence. I felt that a group home setting would be ideal for her and, after speaking to her about this she recognised the set up because one of her friends lived in one and she explained this is what she would like.

I explored various placements for her and also sent a pen picture of her to a housing forum. A placement was identified in Bridgnorth at the forum, but being mindful of Jenny's wishes and what she already had in Shrewsbury I continued to explore placements - all of which either had no placements available or were not completely suitable for Jenny. She had already done a lot of moving around and I wanted her to be able to settle and be happy in her new home, otherwise I felt we would be looking at another move further down the line when she felt unhappy.

A placement became available at a group home in Shrewsbury where two other ladies live. I set up tea visits which I supported her to and then set up some sleepovers to ensure that the dynamics of the house were likely to work for her and the other two ladies who live there. Following the visits, Jenny was excited and happy with the prospect of moving to this group home and the two ladies already living in the property welcomed Jenny.

Jenny moved into that group home on 11 January 2015 and has been extremely happy there. I went out to the house to reassess the placement in March and Jenny told me proudly that “this is my home” and that she “loves it”. She is able to continue her

day service, voluntary work placements and also evening activities that she attended previously. These opportunities are now expanded by being supported to try new opportunities, being involved in decisions about her home and having opportunity to develop her daily living skills. I have seen her transform from a very unsettled and uncertain lady to a lady who has grown in confidence and independence, which also shows great work from her staff at the group home.

From conversations I had during the time I worked with Jenny I remember she had a rather unsettled background so it is so nice to see her in her new home now confident that she can call it ‘home’.





# CASE STUDY

**We said - We will develop our local market of providers to ensure there is a suitable range of support options available for people to choose from, including encouraging the further development of the Personal Assistant market.**

## A new way to find friendly support

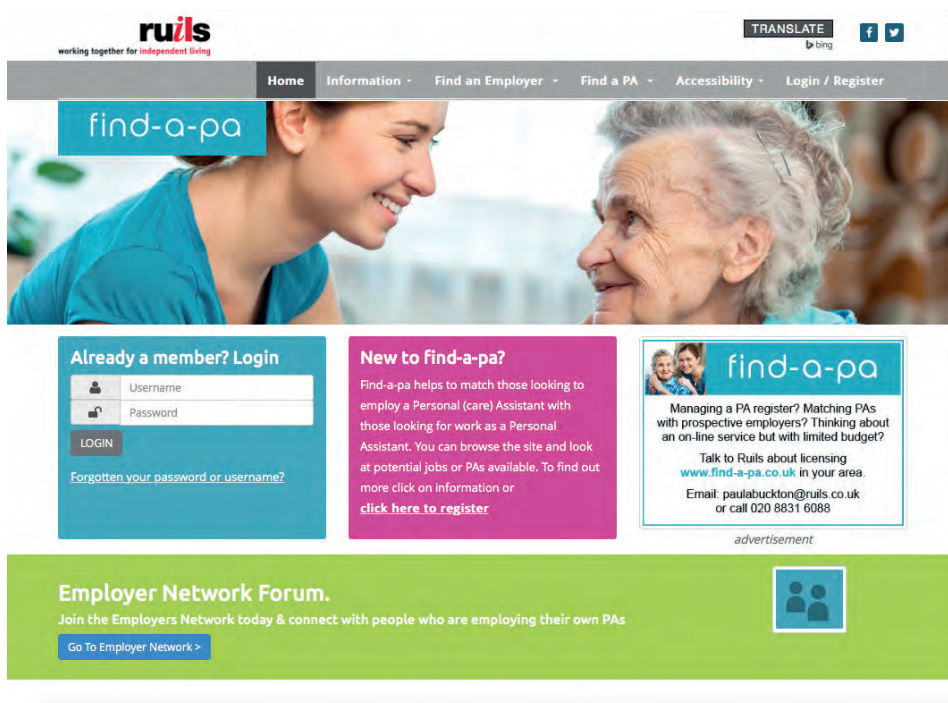
**POhWER**  
advocacy, making your voice heard

POhWER provide a confidential web-based matching service for employers and Personal Assistants (PAs) in Shropshire. A PA is a carer who works privately, so that you are in control of who you select and how they support you. They can help with all sorts of daily tasks at home, including domestic tasks, personal care, shopping, paperwork and getting out and about. The aim of the website is to provide a platform for employers, prospective employers and PAs to advertise and make contact with each other.

Employers and PAs can join the site at <https://www.find-a-pa.co.uk>. Simply click 'register' and you will be given the option to register as an employer or as a PA.

You will be asked some basic questions regarding your contact details, the role you are advertising and the qualities of the PA you are seeking. Once all the required fields are completed, you can publish your profile so that it appears on the site, or keep it hidden if you prefer. Don't worry, your personal details will not appear. You can then search for employers or PAs in your area and send a secure message via the website to make contact. From there you can arrange interviews and continue with your recruitment.





The benefits of using find-a-pa for employees and PAs are:

- Find-a-pa offers an easy and secure way for PAs and employers to search and make contact with each other.
- The site securely protects your personal details unless you choose to pass them on.
- Employers and PAs can publish or hide their profile as and when they are looking / not looking for work / the services of PA.
- Being registered on the site can keep you in touch with news and useful information sent out by POhWER, including training available and employment updates.
- Use of Find-a-pa is free for people living in the Shropshire area (paid for by POhWER).
- POhWER actively promote the site in Shropshire, giving you the best chance to find what you are looking for.

Rose Humphries, Community Manager for POhWER, said: "PAs can assist people with many daily tasks at

home. All of these can help someone live at home for longer, ensure their essential needs are met, and potentially avoid the need for residential care."

David used find-a-pa to identify candidates for his PA role. He says: "We have recruited two candidates from find-a-pa. We interviewed four, all living locally with some nursing experience and found all the candidates to be excellent; in fact we had some difficulty choosing between them. We are grateful to POhWER for facilitating this process."

To find out more you can contact POhWER in the following ways:

Call us on **0300 456 2370** (local rate call)

**Text us by texting the word pohwer then your message with your name to 81025**

Write to us at:

**POhWER, PO Box 14043, Birmingham B6 9BL**

Fax to: **0300 456 2365** or email to:

**shropshire@pohwer.net**



## In my view...

### what's it like to have a direct payment?



By **Tracy Jones,**

I have been receiving a direct payment for around five years now. With this money I employ my own personal assistants (PAs). My PAs help me every day and night with all aspects of my personal care. They also help me to get out and about and assist me with reading my mail, amongst many other things.

I have three PAs who work on a rota basis. They are invaluable as I live on my own with my cat Honey.

I found out about direct payments through my former social worker. To begin with I was assisted by Penderals Trust but now it is POWHER.

POWHER assist me with employing individuals, employment law and so on. The process has been quite straightforward and I found that being an employer gives me an opportunity to give something back to the community.

Before this I had help at home from agency carers, but it just didn't work out for me. There were often language barriers, and with my speech impediment, it meant that communication wasn't always that easy. I'd also see a different face every day and share no common ground with them which resulted in illness and stress.

Being awarded a direct payment was a relief for me. As well as giving me self-worth, I now have a better quality of life and am so much happier and healthier.

I can choose who I want, not who an agency picks for me.

As a result I've got three fantastic PAs who I get along with and am happy to welcome into my home.

Tracy

Page 175

## CASE STUDY

We said - **We will exploit new technology alongside existing partners, to provide creative solutions to ensure everyone who is assessed as needing this type of support, such as electronic pendant alarms, receives it.**



### Remaining independent for longer

Ben is a carer for his mum Mary.

Mary suffers from dementia; however, with help and support from Ben and an array of assistive technology, she is still able to live safely and independently within her own home.

The council has supplied some of the technology that keeps Mary safe and independent:

- Lifeline box which is connected to the Tunstall call centre.
- Heat sensor which is in the kitchen and connected to the Tunstall call centre.
- GPS tracker for when Mary is out on her own.
- Wall mounted tablet computer that runs the Mindings app, allowing Ben to schedule reminders and messages for Mary throughout the day.

In addition, Mary makes use of a variety of other aids:

- Whiteboard, updated weekly with the schedule of her carer visits.
- Just Checking system that uses sensors around the house to track her activity, and alert Ben if she leaves the house or forgets to close a door.
- Calendar clocks that display the day of the week clearly.
- Phone blocker to stop unwanted phone calls.
- Simple-to-use remote controls for Mary's TV.

As well as helping to reduce Mary's anxiety, this technology also reassures Ben that his mum is safe.

Ben said: "My mother wants to remain independent, and I'd like to respect her wishes for as long as she is safe in her home. As her condition changes over time, then we'll continue to adapt or change the technology to meet her needs for as long as possible."

Mary also attends the Uplands Day Resource Centre in Shrewsbury where she meets with her friends and enjoys the activities on offer.

Assistive technology can really help to ease anxiety and limit confusion, ensuring that people remain independent for longer and that their quality of life is improved.

Used correctly, it can go a long way to prevent certain conditions from worsening or even going unnoticed. In addition to this, it can provide great reassurance to carers who are concerned for their loved ones and/or feel that they are struggling to cope and continue in their caring role.

## Promoting and supporting the use of assistive technology

In April 2015 we appointed a new assistive Technology Coordinator for Shropshire Council. The purpose of the role is to promote and support the use of assistive technology across the county, to enable individuals to remain at home, living independently and safely for as long as possible, whilst maintaining their dignity and allowing them to make choices about their own level of support.

Assistive technology includes a wide variety of equipment, from simple low-tech items such as small plugs that can be placed in a kitchen sink, washbasin or bath that can sense if taps have been left on or if water temperature is too high. These plugs automatically release the water thus alleviating the risk of flooding or scalding. Other items range from calendar clocks to more high-tech items, such as sensors that can detect accidents or emergencies in the home that can be monitored by a community alarm service, known as Telecare.

We offer a great range of assistive technology through the issue of stand alone items, such as the Magi Plugs to its telecare service. We are partnered with a company called Tunstall to make it easier for local people to access the latest technology and to help themselves or their family independently, or as part of a wider package of care.

To find out what is available and if you will be eligible for assessment, please call our First Point of Contact team on 0345 678 9044.

Alternatively you can get further information on assistive technology that might be suitable for you by using the Ask Sara website ([www.asksara.dlf.org.uk](http://www.asksara.dlf.org.uk)), where you will also have the option of having some items on loan to try out.

### Increase in referral rates

*Comparative figures for referrals:*

June 2014 - 20 referrals

June 2015 - 58 referrals

August 2014 - 2 referrals

August 2015 - 109 referrals

Sept 2014 - 27 referrals

Sept 2015 - 111 referrals,  
(with 90 installations)

### Usage of assessment tools

Those kits in use showed usage as reported by 'Just Checking':

	2014	2015
July	57%	80%
August	43%	100%
Sept	57%	80%

### Assistive technology information

Assistive technology information has been available at many events across the county – Shrewsbury Flower Show, RCC Wise and Well events, See Hear Exhibition as well as some of the recent Let's Talk Local drop in sessions.

## CASE STUDY

We said - **We will respond, and be compliant with changes in new legislation, such as the Care Act.**

During 2014-15 we have carried out a programme of work in response to the requirements of the Care Act.

This has included:

- Introduction of the new national eligibility criteria for adults and for carers.
- Shropshire Choices - development of our online information.
- Revised Deferred Payment Scheme put in place.
- Setting up the Shropshire Safeguarding Adults Board with Independent Chair.
- Setting up a referral process for prisoners who need care and support.
- Putting in place new pathway for carers.
- Wide-ranging staff training programme on the new legal framework.

# CASE STUDY

**We said - We will develop a structured programme of engagement with our local communities, to obtain feedback on the effectiveness of the new ways of working, including our implementation and impact of the Care Act.**

In regard to the Care Act, we carried out an eight week consultation in relation to the discretionary parts of the Act. These included aspects relating to fees, charging and the universal Deferred Payments Scheme. A wide range of views were sought through representative organisations and boards, a survey was made available on the council's consultation portal and individual letters were sent to approximately 300 carers. Paper and easy read versions of the survey were also made available.

In response to the requirements of the Care Act we are re-commissioning our offer to carers. To inform this commissioning process we asked carers for their views. 132 carers responded on issues in relation to their well-being, ambitions and views of current support available.

Good information, advice and feedback is something which benefits us all, and that includes Shropshire Council and People2People. This is the reason for setting up 'Making it Real' Advisory Group meetings around the county; so that we can listen to and learn from the experiences of people who use care services. The value of information direct from the frontline of adult social care can never be overestimated.



This year, the 'Making it Real Advisory Groups' have been developing as a way of finding out what works and what does not. Each Advisory Group comprises carers and people using services, senior members of People2People, members of the Making it Real board and officers from Shropshire Council's adult services. During meetings, the group is asked if they would like to prepare a list of comments or questions for the Making it Real and People2People boards. Those questions are raised at board meetings a few days later. To complete the process, answers from the boards are presented as part of the agenda for the next Advisory Group meeting. Where appropriate, Advisory Group feedback can direct future changes in adult social services provision and strategy. The Advisory Group meetings are always friendly, welcoming and well structured.

Council staff and People2People staff, as well as volunteers, have been busy talking to people about the Advisory Group meetings, and attendance at the meetings is slowly growing. At the moment, meetings are held every two months in the north, centre and south of the county, with more planned. Details of the meeting dates and agendas can be found on the Making it Real website:

<http://new.shropshire.gov.uk/adult-social-care/making-it-real/>



# CASE STUDY

We said - **We will continue to ensure the most vulnerable people in Shropshire receive value for money services, to deliver the best outcomes.**

## Survey outcomes and performance

	13/14 Result	14/15 Result	Comments/Actions for 2014/15
Proportion of adult social care users who receive self-directed support, and direct payments	74.2%	75.5%	Our priority is to increase the take up of direct payments and individual service agreements to ensure greater flexibility for individuals in how their care is provided.
Proportion of people using social care who receive direct payments.	28.8%	32.0%	Direct payments are an important aspect of personalisation and we aim to continue to increase take up of these also.
Permanent admissions of adults (aged 18-64) into residential/ nursing care homes, per 100,000 population.	24.7	12.1	A low result shows good performance. We have made good improvements since last year. Our priority is to keep admissions into care homes to a minimum, and to enable people to live independently in their own homes for as long as possible.
Proportion of social care users who are satisfied with their care.	62.6%	66.2%	This is based on users' responses to an annual survey. Reported satisfaction levels are a good indication of people's overall experience of service and quality.

## CASE STUDY

We said - **Keeping vulnerable people safe will continue to be one of our top priorities, together with ensuring people feel safe.**



### What has changed as a result of the Care Act?

**The Care Act 2014 has changed the way we work to keep people safe.**

We have recruited an independent person to chair our Safeguarding Board. This is important to make sure all partners do their job properly and keep people safe, including the council.

We have also employed a Designated Adult Safeguarding Manager who is responsible for managing our specialist team, supporting our Safeguarding Board and overseeing concerns about people in a position of trust.

We have changed our training session about abuse so people understand that they have to stop abuse if they see it, prevent abuse happening in the first instance and involve the person affected when raising a concern.

When we receive a safeguarding concern we make it a priority to talk to the person affected to see how they can stop themselves from being abused or if they need it, how we can help them. It is important to take this approach so people can stay in control of their lives and be independent for as long as possible.

An example: We received a safeguarding concern saying that Martin was being visited by his ex-wife. He didn't want her to visit and when she came she put pressure on him to give her money. He was getting frightened of her and her family.



**Sarah Hollinshead-Bland**  
Designated Adult  
Safeguarding Manage

Our worker spoke to him and he explained there had been no recent visits and the warden had helped him put a call block on his phone so she or her family couldn't ring him anymore. He also he said he felt confident enough to not give them money if they were to visit again. With the help of his warden, Martin had already made arrangements to protect himself.

## **Working with our partners**

We work with partners to share information about organisations who provide care and support to people who need help. This is important to make sure those services provide high quality, safe services. When we put information together we sometimes find out services aren't as good as they should be. We then work with the service to help put things right. If improvements are not made and we think people are not safe we stop making new placements until things get better. If the service still doesn't improve and it becomes dangerous, we will work with people and their families to find them a new service. This doesn't happen very often but when it does it is to keep people safe.

## **Keeping people safe**

We provide lots of training to help organisations keep people as safe as possible. This includes training about the importance of keeping professional boundaries and keeping safe for people who need care and support.

An example: Mary was running a training session for people with learning disabilities about keeping safe. During the session she helped people to understand what domestic abuse was. Because of the discussion Sarah realised that her boyfriend was hurting her and she ended the relationship to protect herself.

# Managing your money



**In February 2014, Shropshire Council agreed a three year Financial Strategy which identified a funding shortfall over the three year period 2014-17 of £80m and savings proposals to meet the shortfall.**

**Adult social care, including housing, has worked hard to deliver the service target of £27m over the three year period against a backdrop of considerable growth in pressures.**

**The funding settlement announced in February 2015 provided the 2015/16 financial settlement information only; however, indications are that spending cuts in the region of 12% per year will continue.**

The last year hasn't been easy, but we've worked hard and we've managed to continue to deliver an excellent service.

We've done this through focusing our efforts on helping some of the county's most vulnerable people to get help sooner and support them to be more independent within their own community, which is what our new operating model is all about.

It's meant that we have been praised by external bodies as delivering the highest quality service at the lowest cost.

This is good news for local people, but things are starting to get even harder.

The council, alongside others, faces significant financial challenges over the new few years. We particularly feel this in adult social care, as our county's population gets older and the demand for our services increases.

The hard truth about this is that there are some things that the council will not be able to continue to deliver. We are asking people for their views on this as part of the Big Conversation, which will carry on over the next five years.

As well as the savings we have to make, there is also ongoing uncertainty around the funding of new Government policies and legislative changes, for example the Care Act and the announcement of the introduction of a minimum living wage of £7.20 per hour. Not only will this impact on the cost of services delivered directly by the council, but also those commissioned, particularly in adult social care.

However, looking after vulnerable people will remain one of the council's priorities. So, if we are to continue to meet the needs of our residents and, just as importantly, ensure that our service is sustainable in the future, we need to constantly adapt and improve the way we work.

## **Councillor Lee Chapman**

Shropshire Council's Cabinet member for adult services

# complaints

**The number of recorded cases for complaints for the year was 126.**

A single case may contain a number of elements which may be complaints about different aspects of the service or teams. These will be recorded as one case with a number of comments, complaints or compliments. This may result in a variance with the number of complaint reasons being more than the number of cases.

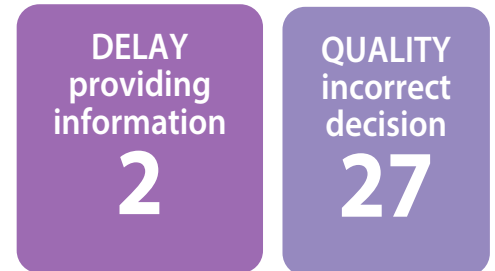
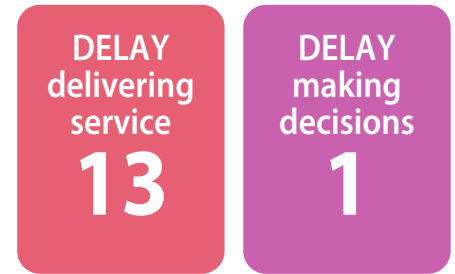
The time taken from receipt of a complaint to closure at stage one takes an average of 29 working days which is below the service target of 65 days.

There are many reasons for varying timescales, such as complexity of cases, additional information required from the customer, or delays with response from the service area.

Outcomes of complaints at closure of stage one show that 33% were determined to be not upheld. Not upheld means that the service is not at fault for all elements of the complaint.

35% of complaints were partly upheld. Partly upheld means that the service is found at fault for some elements of the complaint, but not all elements.

29% of complaints were fully upheld. Fully upheld means that the service is found at fault for all elements of the complaint.



# Performance matters –



	13/14 Result	14/15 Result	Comments/Actions for 2014/15
<b>ENHANCING QUALITY OF LIFE:</b>			
Social care-related quality of life.	18.5	19.5*	This is based on responses to an annual User Survey and gives an overarching view of social care users' perceptions of their quality of life in Shropshire.
Proportion of adult social care users who have control over their daily life.	71.8	81.5*	This is based on responses to an annual User Survey and measures the extent of control users feel they have over their daily life.
Proportion of adult social care users who receive self-directed support, and direct payments.	75.5%	98.2%	Our priority is to increase the take up of direct payments and individual service agreements to ensure greater flexibility for individuals in how their care is provided.
Proportion of people using social care who receive direct payments.	32.0%	23.7%	Direct payments are an important aspect of personalisation and we aim to increase take up of these also.
Proportion of adults (aged 18-64) with Learning Disabilities in paid employment.	11.2%	11.2%	Studies show that there is a strong link between employment and enhanced quality of life. We have shown a dip in performance this year, which is maybe mirrored by the economy as a whole.
Proportion of adults in contact with secondary mental health services in paid employment.	13.6%	10.5%	Studies show that there is a strong link between employment and enhanced quality of life. We have shown improvements year on year for this measure.
Proportion of adults (aged 18-64) with Learning Disabilities who live in their own home or with their family.	80.0%	80.1%	We continue to support vulnerable people to live independently.
Proportion of adults in contact with secondary mental health services who live independently, with or without support.	79.9%	69.3%	We continue to support vulnerable people to live independently.
Proportion of service users who said they have as much social contact as they would like.	38.7	43.7%*	This result is taken from the annual User Survey. Studies show that there is a link between loneliness and poor health.

\*note: new methodology therefore unable to red/green the measure as not a direct comparison.

	13/14 Result	14/15 Result	Comments/Actions for 2014/15
<b>DELAYING AND REDUCING THE NEED FOR CARE AND SUPPORT:</b>			
Permanent admissions of adults (aged 18-64) into residential/nursing care homes, per 100,000 population.	12.1	11.1	A low result shows good performance. We have made good improvements since last year. Our priority is to keep admissions into care homes to a minimum, and to enable people to live independently in their own homes for as long as possible.
Permanent admissions of older people (aged 65+) into residential/nursing care homes, per 100,000 population.	749.2	548.8	A low result shows good performance. Our priority is to keep admissions into care homes to a minimum, and to enable people to live independently in their own homes for as long as possible.
Proportion of older people (65+) who were still at home 91 days after discharge from hospital into reablement services.	76.77%	80.6%	Being able to remain living at home following discharge from hospital with reablement services is the key outcome for people, demonstrating that we have effective partnership arrangements in place.
Delayed transfers of care from hospital, (for adults aged 18+) attributable to adult social care.	3.1	4.2	A low result shows good performance. Our priority is to ensure delays from hospital are kept to a minimum and we have shown good performance year on year.

### ENSURING PEOPLE HAVE A POSITIVE EXPERIENCE OF CARE AND SUPPORT:

Proportion of social care users who are satisfied with their care.	66.2%	72.2%*	This is based on users' responses to an annual survey. Reported satisfaction levels are a good indication of people's overall experience of service and quality.
Proportion of service users who find it easy to find information about services.	68.4%	72.2%*	This measure reflects service users' experiences of accessing information and advice over the last year, taken from the annual User Survey. Improving access to information is one of our key priorities.

### ENSURING PEOPLES' SAFETY:

Proportion of service users who feel safe.	62.8%	73.1%*	Feeling safe is fundamental to ensuring people's well-being, and is a key priority. This measure is taken from the annual User Survey.
Proportion of service users who say the services they receive have made them feel safe.	80.9%	94.4%*	This measure, from the annual survey, shows the extent to which people feel the adult social care services they received have had a direct impact on how safe they feel.

GREEN denotes improved performance compared to last year.

RED denotes decrease in performance compared to last year.



# Our Priorities for 2015/16

To ensure those who are eligible under the Care Act for funded support, have the opportunity and are supported to take advantage of having a direct payment.

We will work with our partners to enable individuals in hospital to get back to their own home as soon as possible.

To ensure that individuals have every opportunity to self serve and access the advice and information they need in order to move forward and to prevent a crisis.

Developing Making it Real further to support us as we become a commissioning council, and one that is responsive to people's needs and listens to the feedback from the people it supports.

To work with our First Point of Contact team to enable them to make decisions about safeguarding concerns where there are no ongoing concerns about the safety of the individual. The purpose of this priority is provide a timely response to the adult concerned, the person raising the concern, and improve the feedback given to them about the decision made.

To commit to working closely with partner organisations and communities, including those that signpost people to adult social care to ensure that we collaborate to achieve better outcomes for local people.



# Glossary

**Advocacy** – An advocate is someone who argues your case for you and makes sure the correct procedures are followed. If you have had difficulties with benefits or services, for instance, you may find that an advocate can help solve these problems.

**Befriending service** – A befriending service works by assigning each older person a befriender, who provides friendly conversation and companionship on a regular basis over a long period of time. Many voluntary and community organisations provide befriending services, some by telephone and some where a volunteer visits the older person at their home. This vital service provides a link to the outside world and often acts as a gateway for other services and valuable support.

**Better Care Fund** – The Better Care Fund is a pooled budget that focuses on keeping people out of hospital, shifting focus into using social care and community services for the benefit of local residents, the NHS and the council. The Better Care Fund will transform local health and social care services so that they work together to provide prevention strategies, together with better integrated care and support for people. It is a national programme bringing resources from the NHS and councils into integrated ways of working, re-enforced by a single pooled budget.

**Care and support** – The mixture of financial, practical and emotional support that helps people to do the everyday things that most of us take for granted, such as getting out of bed, dressed and into work; choosing what and when to eat; and getting out of the house, being able to see friends and care for our families.

**Care package** – A care package is a combination of services put together to meet a person's assessed needs as part of the care plan arising from an assessment or a review. It defines exactly what that person needs in the way of care, services or equipment to live their life in a dignified and comfortable manner.

**Carer** – A carer is somebody who provides unpaid support or who looks after a family member, partner or friend who needs help because of their age, physical or mental illness, or disability.

**Commissioner** – The people or organisations that make sure that the right health and care services are provided to meet the needs of the population.

**Direct payment** – Payments made directly by the council to someone in need of care and support to allow the person greater choice and flexibility about how their care is delivered.

**Fair access to care criteria** – Shropshire Council use this criteria to assess, to determine eligibility for funded support.

**Indicative** – An indication or suggestion.

**Individual employer (IE)** – somebody that employs their own staff.

**Individual Service Funds (ISF)** – A way of managing your Personal Budget. An ISF is where all or some of your Personal Budget would be held and managed by your chosen provider.

**Intervention** – Actions that are / were taken.

**Needs assessment** – This is how a council decides whether a person needs care and support to help them live their day-to-day lives.

**Peer support** – A group of people providing advice and support to one another who have similar needs and interests.

**Personal Assistants** – Someone who works for you to provide you with the support that you require.

**Personal Budgets** – This is a statement that sets out the cost to the council of meeting an adult's care needs. It includes the amount that the adult must pay towards that cost themselves (on the basis of their financial assessment), as well as any amount that the council must pay.

**Prevention services** – The aim of prevention services is to enable vulnerable residents to achieve or maintain independence in their communities.

**Re-enablement** – Re-enablement encourages service users to develop the confidence and skills to carry out these activities themselves and continue to live at home.

**Respite** – Respite is a break from caring for someone else. This can mean a few hours during the day, 'night sitting' or even a full holiday.

**Safeguarding** – Safeguarding is a way to prevent people who are deemed 'unsuitable' from working with vulnerable adults or children.

**Self-directed support** – Self-directed support (SDS) allows people to choose how their support is provided, and gives them as much control as they want of their individual budget. Put simply, SDS is the support a person purchases or arranges, to meet agreed health and social care outcomes.

**Service user** – Service users are people who use health and social care services, or who are potential users of health and social care services.

**Statutory services** – Services that the council are legally obliged to provide.



## Making it Real in Shropshire – our story continues

### Adult Social Care Local Account 2014-15

We would like to thank all of the organisations that enabled us to produce this document. Also, our special thanks goes to Jon for his tireless work in helping us to make things better.



<u>Committee and Date</u>	<u>Item</u>
Cabinet	
9 December 2015	
	<u>Public</u>

## SHROPSHIRE SCHOOLS FUNDING FORMULA 2016-17

**Responsible Officer** Karen Bradshaw  
e-mail: karen.bradshaw@shropshire.gov.uk Tel: 01743 252407

### 1. Summary

In July 2015 the Department for Education announced that there are currently no planned changes to the funding factors local authorities can use to allocate the individual school budgets to maintained schools and academies in 2016-17 (financial year for maintained schools, academic year for academies).

Shropshire Schools Forum, at their meeting on 17 September 2015, supported the recommendation that the factors and criteria agreed for Shropshire's local funding formula for 2015-16 remain for 2016-17 with no changes. This recommendation has been communicated to all Shropshire schools and academies.

An Authority Proforma Tool was submitted to the Education Funding Agency (EFA) to ensure that the Shropshire funding formula is compliant with 2016-17 financial regulations and conditions relating to the Dedicated Schools Grant. Confirmation was received on 12 November 2015 that the formula is compliant.

The EFA require the proposed formula to be endorsed by Members before the end of February 2016, the date by which budgets have to be issued to maintained schools. This paper sets out the proposals agreed by the Shropshire Schools Forum.

At the point of writing this report it is anticipated that the Comprehensive Spending Review on 25 November 2015 will not result in any requirement to review the planning and modelling of the school funding formula for 2016-17. This will need to be confirmed.

## **2. Recommendations**

That Cabinet accept the recommendation of Shropshire Schools Forum on the funding formula for Shropshire schools for the financial year 2016-17.

### **REPORT**

## **3. Risk Assessment and Opportunities Appraisal**

With no planned changes to the funding formula for 2016-17 there was no requirement to formally consult with Shropshire schools and academies. However, a meeting was held at the Lord Hill Hotel on 7 October 2015, where all headteachers and chairs of governors/chairs of finance were invited to an update on the latest developments in school funding, in particular that no changes are planned to the formula for 2016-17.

Some 140 delegates attended the event representing 86 (56%) schools and academies. The presentation used at the meeting was sent out to all schools and academies immediately following the event (attached at Appendix A), together with a detailed paper on the funding formula allowable factors (attached at Appendix B) clearly highlighting that no changes were proposed for 2016-17. There are therefore limited, if any, risks associated with this report.

## **4. Financial Implications**

The funding formula is used to determine how part of the Council's Dedicated Schools Grant (DSG) allocation – the Individual Schools Budget – is distributed to Shropshire schools. The individual school 'budget shares' represent a significant proportion of the annual revenue funding for schools for the financial year 2016-17 for maintained schools and the academic year 2016-17 for academies.

The EFA uses this local funding formula to allocate funding direct to Shropshire's academies and the county's one free school.

Shropshire's DSG remained largely unchanged for the three years 2012-13, 2013-14 and 2014-15. In 2015-16 Shropshire, along with 68 other local authorities in England, received a share of £390m in additional DSG funding, addressing an acknowledged historic unfairness in the current school funding system. Shropshire schools benefited from this additional funding, which provided an additional £10.4m funding for Shropshire schools and academies in 2015-16.

The Department for Education confirmed in July 2015 that this funding would be built into the base for DSG in 2016-17.

## 5. Background

The Government allocates DSG funding to local authorities on an annual basis. While an element of this funding is centrally retained – in line with DSG financial regulations - the vast majority is distributed to schools via a local funding formula. This formularised element of DSG is called the Individual Schools Budget (ISB).

Government's school funding reforms, introduced in 2013-14, have seen a significant reduction in the number of formula factors that can be used in distributing the funding to schools. This greater prescription did result in some turbulence in the funding of schools as the opportunities for targeting funding based on localised need is reduced, but is seen as essential in paving the way towards the introduction of a national funding formula, which is expected in the current parliamentary period.

In 2015-16 there was a significant further development in the school funding reforms, with the Government providing an additional £390m nationally to support the 69 most poorly funded local education authorities in England. Shropshire was one of the main beneficiaries, receiving an additional £297 per pupil. Based on the October 2014 school census this resulted in an additional £10.4m funding for schools.

While the reforms have led to turbulence in funding to schools there is statutory protection in place. This is called the Minimum Funding Guarantee (MFG), which ensures that the year on year reduction in per pupil funding for any individual school cannot be greater than 1.5%. The shortfall in budget share to any individual school through the funding formula is effectively funded up to this MFG limit. The Department for Education (DfE) confirmed in July 2015 that the MFG will remain at minus 1.5% in 2016-17.

The increase in funding for Shropshire in 2015-16 impacted on the level of MFG schools attracted – as the funding per pupil increased, the MFG decreased. The released MFG was then redistributed to all schools via the pupil formula factor (age weighted pupil unit (AWPU)). This redistribution of MFG resulted in the additional per pupil funding increasing from £297 to £389 per pupil.

Shropshire Schools Forum has a statutory consultative and advisory role in respect of school funding, while the responsibility for determining and approving the funding formula rests with the local authority. The partnership between the Council and Schools Forum is strong and so the formula presented to Cabinet for approval is the one proposed and recommended by Schools Forum.

The schools funding formula for the financial year 2016-17 was agreed by Schools Forum at their meeting on 17 September 2015. The report that went to Schools Forum is attached at Appendix C. The recommendation was that the factors and criteria agreed for Shropshire's local funding

formula for 2015-16 remain for 2016-17 with no changes. This was based on the DfE announcement in July 2015 that there are no planned changes to the funding factors local authorities can use to allocate funding to maintained schools and academies in 2016-17.

The recommendation of Schools Forum was communicated to schools and academies via a meeting for headteachers and chairs of governors/ chairs of finance at the Lord Hill Hotel on 7 October 2015 and via email after the event. No formal objections or challenges to the recommendation have been received.

The DSG regulations require the submission of an Authority Proforma Tool (APT) to the EFA whose role is to ensure that it is compliant. The APT effectively details the local funding formula. The Council has submitted the APT and received confirmation from the EFA on 12 November 2015 that the Shropshire funding formula for 2016-17 is compliant.

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

Cabinet Report 10 December 2014: Shropshire Schools Funding Formula 2015-16  
Schools Forum website - <http://shropshire.gov.uk/schools/shropshire-schools-forum/>

**Cabinet Member (Portfolio Holder)**

Ann Hartley

**Local Member**

All Council members

**Appendices**

Appendix A: Presentation from school funding event at the Lord Hill Hotel on 7 October 2015

Appendix B: Shropshire Funding Formula Allowable Factors

Appendix C: Schools Forum 'School Funding 2016-17' report, 17 September 2015

# **School Funding 2016-17 & Forward Financial Planning**

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Shropshire Governors/Headteachers/School Business Managers

Lord Hill Hotel, Shrewsbury

Wednesday 7 October 2015, 4.30pm to 6.00pm

- Welcome and introductions
- Presentation covers 2 key areas:
  - School Funding 2016-17 – update on the Government’s announcement of funding for schools for next financial year
  - Forward Financial Planning – the Shropshire picture and the importance of forward financial planning by schools



# School Funding 2016-17

# School Funding 2016-17

## Background

- Significant reforms to the local school funding formula since 2012-13
- Local authority, through and with Shropshire Schools Forum, have managed the required formula changes
- Government acknowledges current national schools funding system is unfair and out-of-date
- Government's aim is to move to a National Fair Funding Formula

# School Funding 2016-17

## Headlines

- Shropshire's Schools Block per pupil unit of funding in 2016-17 will be the same value as in 2015-16 including the additional Minimum Funding Level allocation of £10.3m
- Minimum Funding Guarantee (MFG) will continue in 2016-17 at minus 1.5%
- No proposed changes to Shropshire's local funding formula in 2016-17
- Individual school budget shares for 2016-17 will be based on October 2015 census data and published with maintained schools late January/early February 2016. Academies will receive notification from the EFA.

# School Funding 2016-17

## Allowable Formula Factors

- |  |                                  |
|--|----------------------------------|
| 1. Basic Entitlement (Age Weighted Pupil Unit) | 8. Lump Sum                      |
| 2. Deprivation                                 | 9. Split Sites                   |
| 3. Prior Attainment                            | 10. Rates                        |
| 4. Looked After Children                       | 11. Private Finance Initiatives  |
| 5. English as an Additional Language           | 12. London Fringe                |
| 6. Pupil Mobility                              | 13. Post 16                      |
| 7. Sparsity                                    | 14. Exceptional Premises Factors |

# Government's Manifesto 2015

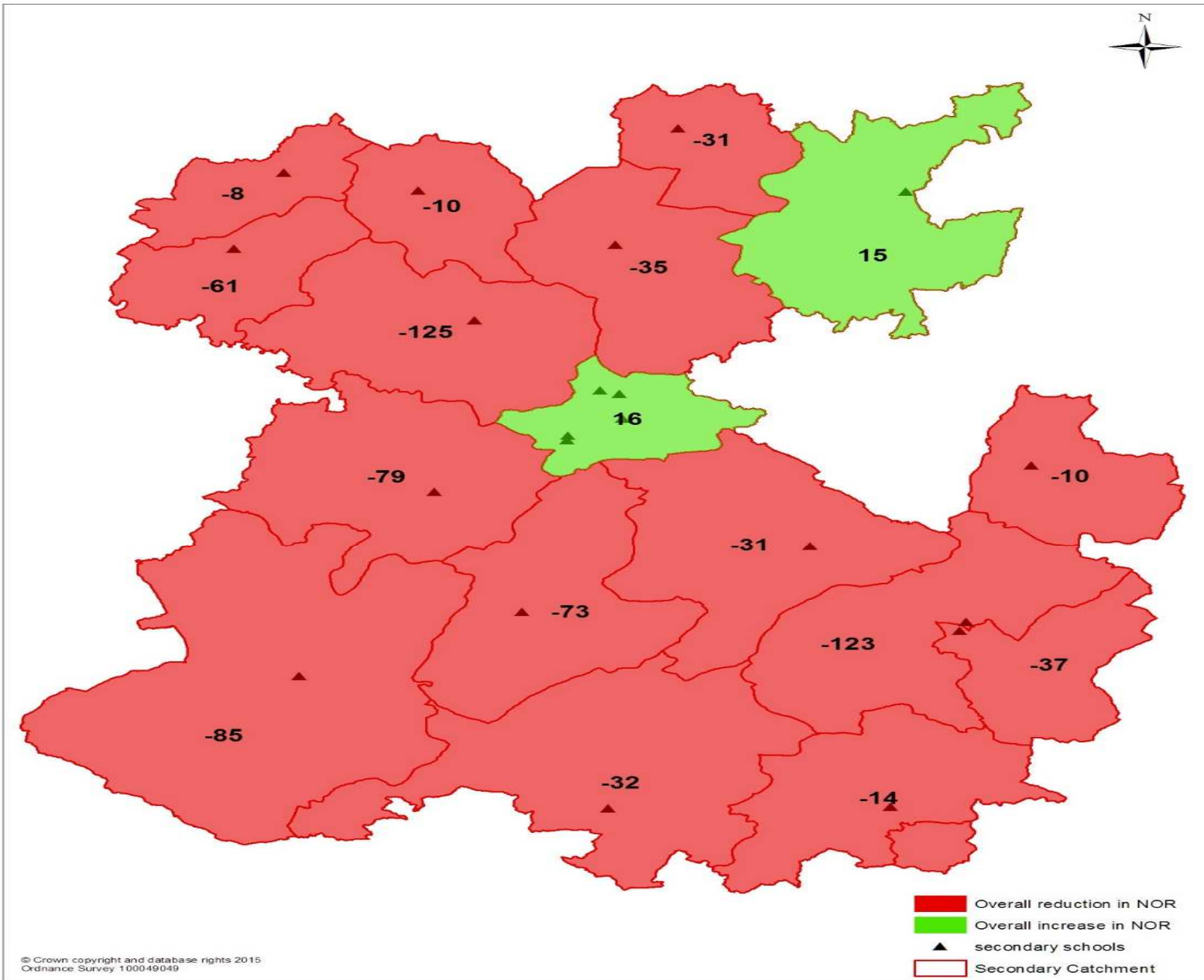
- Amount of money following a child into school will be protected
- Continuation of the pupil premium, protected at current rates
- Support for families by providing free meals to all infants
- Make schools funding fairer

# Forward Financial Planning

# Understanding the Shropshire Picture

## Demographic Challenge

- Shropshire is bucking the national trend with overall pupil numbers forecast to fall by 3.2% by 2018 (3.7% in primary and 2.6% in secondary)
- Shropshire will have more unfilled places by 2018
- Housing developments are not generating material growth in pupil numbers
- In the period 2004 to 2013, there were 10,795 housing completions in Shropshire while pupil numbers fell by 3,750 (9.6%)





# Understanding the Shropshire Picture

## Impact on Dedicated Schools Grant (DSG) and Individual School Budgets

- Falling rolls will reduce the overall DSG received by Shropshire over the next 4 years by approximately £5m
- Shropshire received £4,402 per pupil in 2015-16
- Individual schools with falling rolls will receive less funding as the majority of funding is based on pupil-led factors

# Understanding the Shropshire Picture

## Projected number on roll and budget variances 2016-17 to 2019-20

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	2016-17		2017-18		2018-19		2019-20		Total variations	
	Var from 2015-16		Var from 2016-17		Var from 2017-18		Var from 2018-19			
	NOR	£	NOR	£	NOR	£	NOR	£	NOR	£
Small Primary (50 on roll)	0	361	-4	-12,499	-8	-25,438	-7	-22,466	-19	-60,042
Medium Primary (180 on roll)	-12	-39,849	-3	-9,628	-13	-45,025	-8	-28,986	-36	-123,488
Large Primary (420 on roll)	-17	-56,741	-14	-47,834	-2	-7,737	-17	-63,824	-50	-176,136
Secondary (700 on roll)	-53	-265,521	-23	-105,663	-5	-24,204	6	21,770	-75	-373,618

# Understanding the Shropshire Picture

## Pupil Place Planning

- Fall in pupil numbers not evenly spread across the county – some areas will see modest growth in pupil numbers
- In next 4 academic years, through to 2019/20, an additional 8 classrooms will be required for this growth
- Five planning areas are affected: Market Drayton, Oswestry, Shifnal, Shrewsbury and Whitchurch
- A consultation on a School Place Planning paper will get underway later this term
- Meetings will take place in each of the five planning areas to consider the options

# Understanding your Budget

## What income streams do schools have?

Budget Share

Pupil Premium

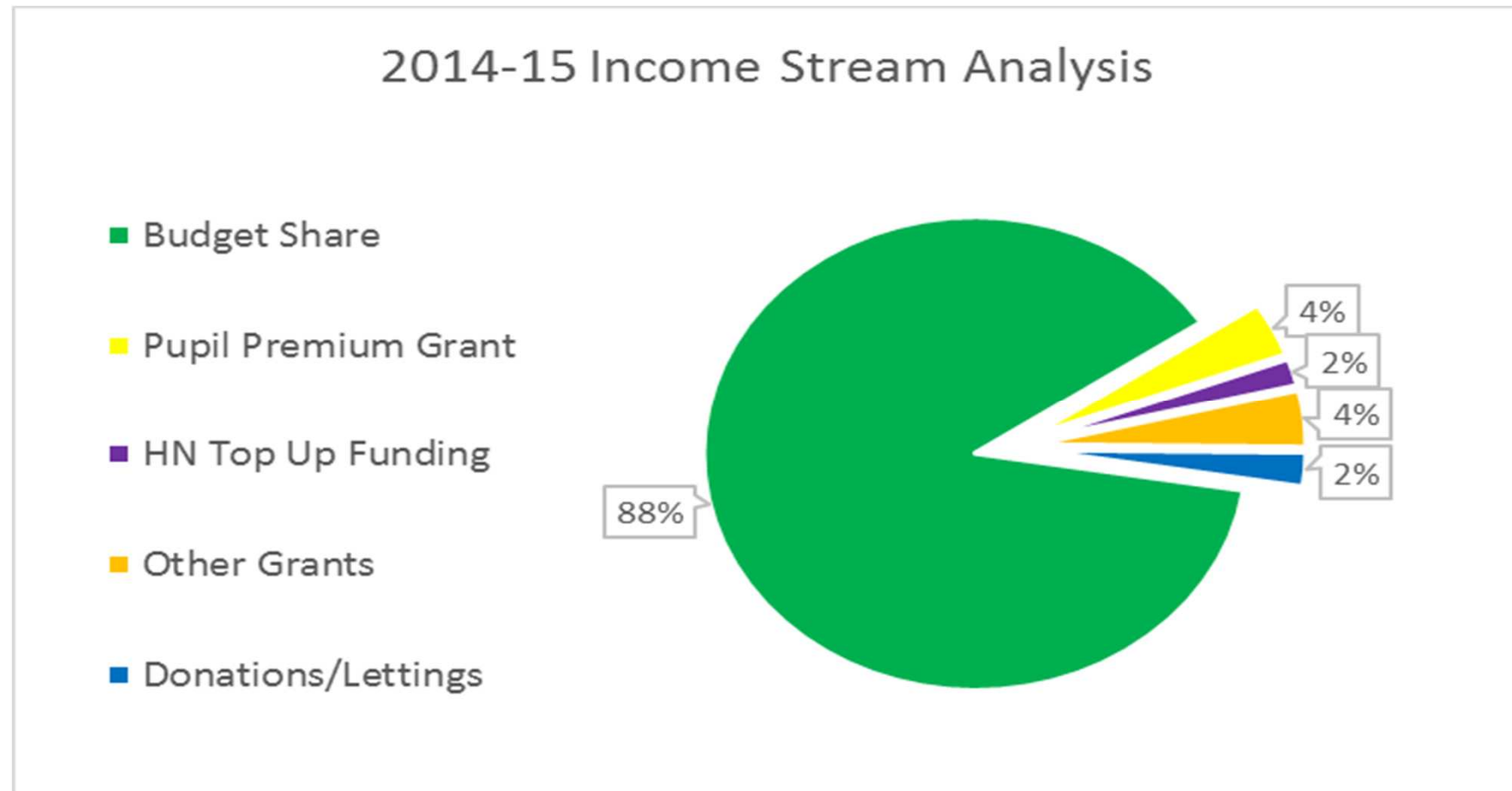
High Needs Top-Up Funding

Other Specific Grants

Donations/Lettings

Other

# Understanding your Budget



# Understanding your Budget

## Impact on income from:

Demography

Number of free school meal (FSM) pupils

High Needs pupils

Sparsity

Minimum Funding Guarantee (MFG) – does not protect against a falling roll

# Understanding your Budget

## What expenditure commitments do schools have?

Staffing accounts for over 75% of school revenue expenditure

Cost pressures – pay awards, incremental progression, increasing employers pension contributions, non-pay inflation costs

Timescales for making reductions – take early action

Priorities in line with School Development Plan

# Understanding your Budget

## **School Deficit Budget Protocol for Maintained Schools**

- Schools planning a deficit budget must first get approval from the local authority
- Schools must follow the Protocol for Schools Planning and Managing a Deficit Budget, available on the Shropshire Learning Gateway
- Schools will only be allowed a deficit budget in exceptional circumstances
- Schools placed in Special Measures will not be allowed a deficit budget



# Understanding your Budget

## Schools Financial Value Standard (SFVS)

- The SFVS is a mandatory requirement for all local authority maintained schools
- Designed to help schools manage their finances and give assurance that they have secure financial management in place
- It is primarily aimed at governors
- Schools must complete the SFVS assessment form on an annual basis and return a copy, signed by the Chair of Governors, to the local authority by 31 March each year

# Financial Planning Tools

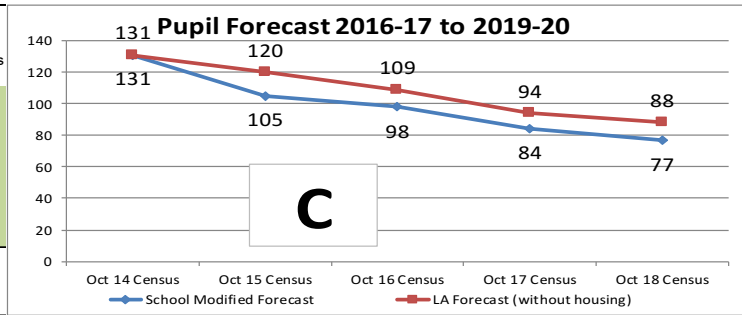
- q Modelling Tool
- q Benchmarking Tool

# Modelling Tool

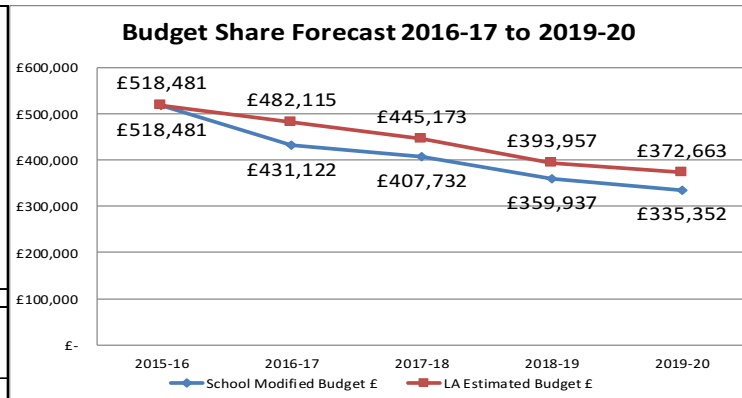
- Allows schools and governing bodies to analyse and model future year budget shares based on projected numbers
- Provides headteachers and governing bodies with a method of appraising and managing future year budgets, in particular where these budgets are likely to reduce
- Uses latest 2015-16 funding values to estimate future year budget shares
- Shows the local authority's forecast aggregate number on roll through to 2019-20 for the linked secondary school
- Federation/collaboration modelling tool is available

## Shropshire Council - School Funding Modelling Tool

An Example School					
	2015-16 Oct 14 Census Nor	2016-17 Oct 15 Census Nor	2017-18 Oct 16 Census Nor	2018-19 Oct 17 Census Nor	2019-20 Oct 18 Census Nor
Reception Uplift	0	0	0	0	0
4+	13	10	11	6	6
5+	20	14	10	11	6
6+	17	19	13	9	11
7+	17	17	19	13	9
8+	22	15	15	15	15
9+	23	15	15	15	15
10+	19	15	15	15	15
11+	0	0	0	0	0
<b>Total</b>	<b>131</b>	<b>105</b>	<b>98</b>	<b>84</b>	<b>77</b>
<b>Local Authority NOR Forecast (without housing)</b>	<b>131</b>	<b>120</b>	<b>109</b>	<b>94</b>	<b>88</b>



Estimated Future Years Budget Shares					
	2015-16 Act	2016-17 Est	2017-18 Est	2018-19 Est	2019-20 Est
Nor	131	105	98	84	77
FSM %	6.11%	6.11%	6.11%	6.11%	6.11%
LPA %	4.69%	4.69%	4.69%	4.69%	4.69%
Pupil Led	£ 421,769	£ 338,884	£ 316,699	£ 271,313	£ 247,932
Fixed	74,170	74,170	74,170	74,170	74,170
AEN/SEN	22,542	18,068	16,863	14,454	13,250
MFG	0	0	0	0	0
<b>Total Estimated Budget Share £</b>	<b>£ 518,481</b>	<b>£ 431,122</b>	<b>£ 407,732</b>	<b>£ 359,937</b>	<b>£ 335,352</b>
Budget share variation £ to prev	-21,276	-87,359	-23,390	-47,795	-24,585
% variation to prev yr	-3.94	-16.85	-5.43	-11.72	-6.83
<b>LA Budget Share Forecast £</b>	<b>£ 518,481</b>	<b>£ 482,115</b>	<b>£ 445,173</b>	<b>£ 393,957</b>	<b>£ 372,663</b>



De-delegation					
	2015-16 Act	2016-17 Est	2017-18 Est	2018-19 Est	2019-20 Est
Estimated De-delegation	£ 3,228	£ 2,587	£ 2,415	£ 2,070	£ 1,897

Funding Per Pupil					
	£	£	£	£	£
Forecast Funding	3,958	4,106	4,161	4,285	4,355
Shropshire Average Funding	4,109	4,118	4,124	4,127	4,130

Historic Closing Revenue Balances					
Year Ending	March 2010	March 2011	March 2012	March 2013	March 2014
Final Closing Revenue Balance	£ 48,658	£ 19,601	£ 26,510	£ 25,078	£ 42,535

**Linked Secondary School Area Data**  
Cumulative primary NOR change for linked secondary school area. -125

**Support with the use of this tool can be provided by the traded Schools Finance Support Service. (Included at gold level)**

# Benchmarking Tool

- Benefits of benchmarking:
  - ∇ Focus on planning and managing your budget
  - ∇ Identify areas of improvement
  - ∇ Set targets for improvement
  - ∇ Achieve best value – quality vs. cost
  - ∇ Mandatory element of Schools Financial Value Standard (SFVS)
- Benchmark against similar funded schools (Shropshire)
- Comparison criteria - uses a range of factors such as numbers on roll, % FSM, % low prior attainment
- Output produced using Consistent Financial Reporting structure (choice of either total spend or spend per pupil)

## Shropshire Benchmarking Tool - 2014-15 Dataset

EXAMPLE SCHOOL

Your

School Data

Comparison data criteria

Active Criteria

150	No of pupils	➡	Between	<input type="text" value="120"/>	and	<input type="text" value="150"/>
10.67%	Percentage eligible for FSM	➡	Between	<input type="text"/>	and	<input type="text"/>
6.59%	Percentage eligible for LPA	➡	Between	<input type="text"/>	and	<input type="text"/>
£55,997	Grant Funding	➡	Between	<input type="text"/>	and	<input type="text"/>
3.33%	% of pupils with statement of SEN(Band 3-8)	➡	Between	<input type="text"/>	and	<input type="text"/>
<input type="text" value="No"/>	Maintained Nursery	➡	Include Maintained Nurseries	<input type="text" value="No"/>		

**15 Matches Found**

**Benchmarking data will include your own school**

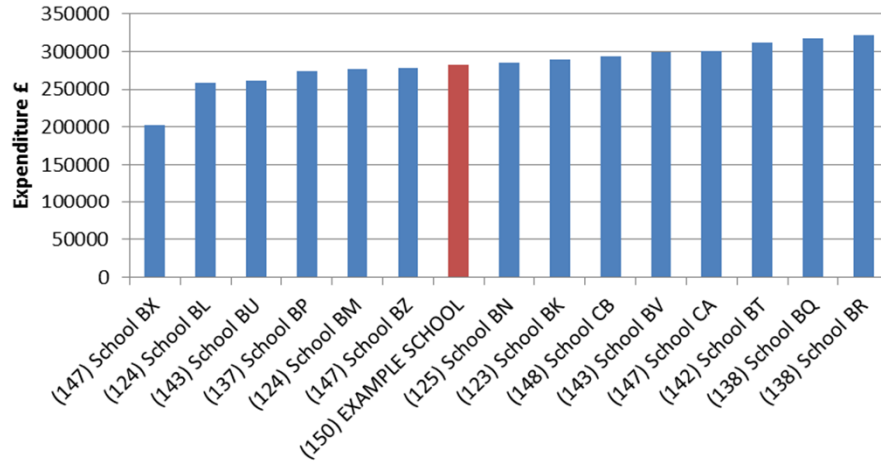
**Clear Active Criteria  
& Reset**

**Check Matches**

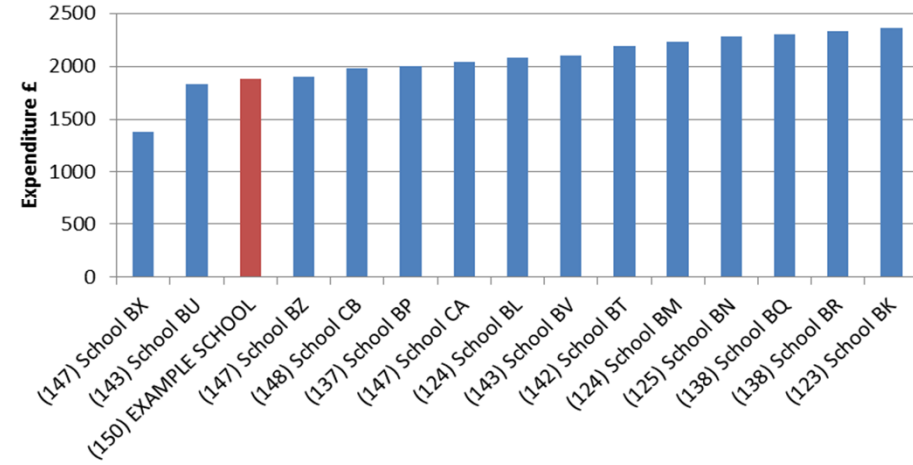
EXIT

**Proceed To Chart Options**

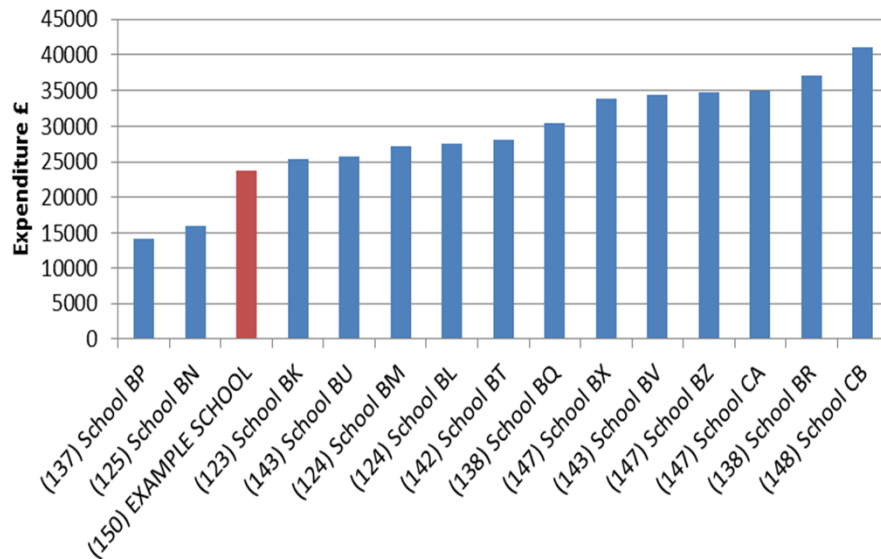
**Teaching Staff Total**



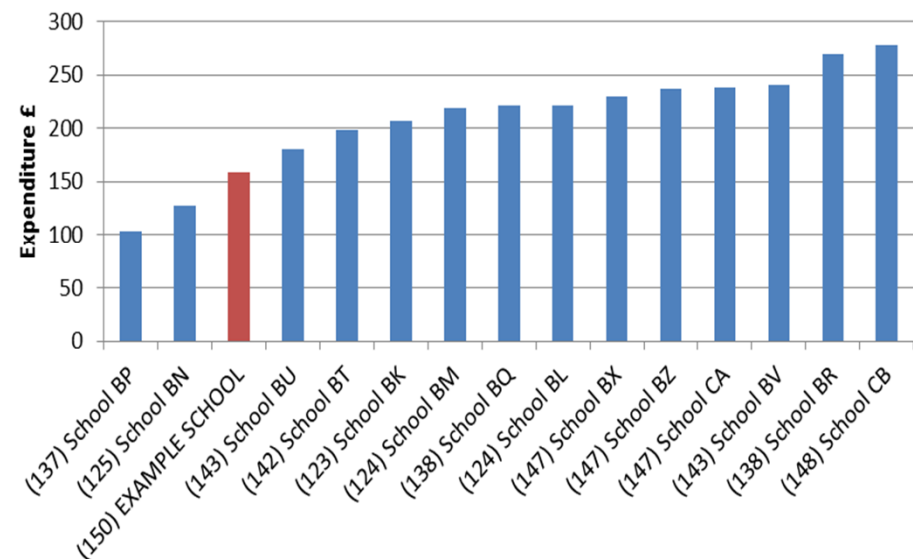
**Teaching Staff Per Pupil**



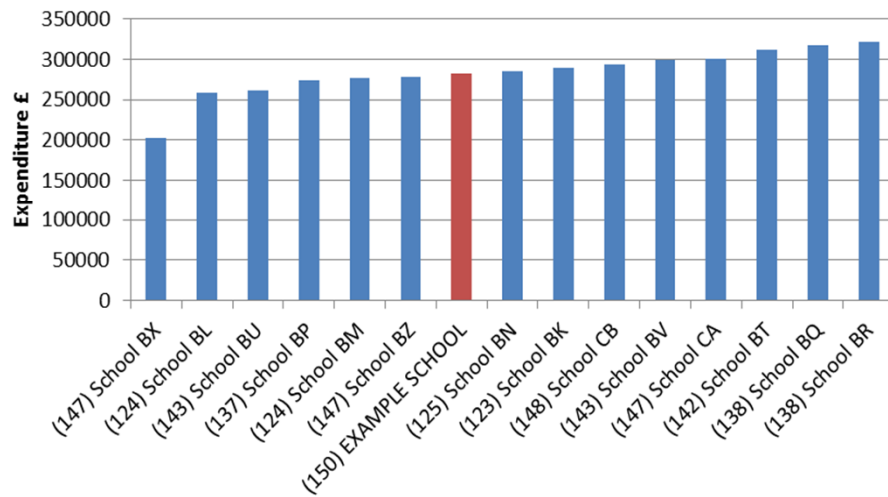
**Learning Resources Total**



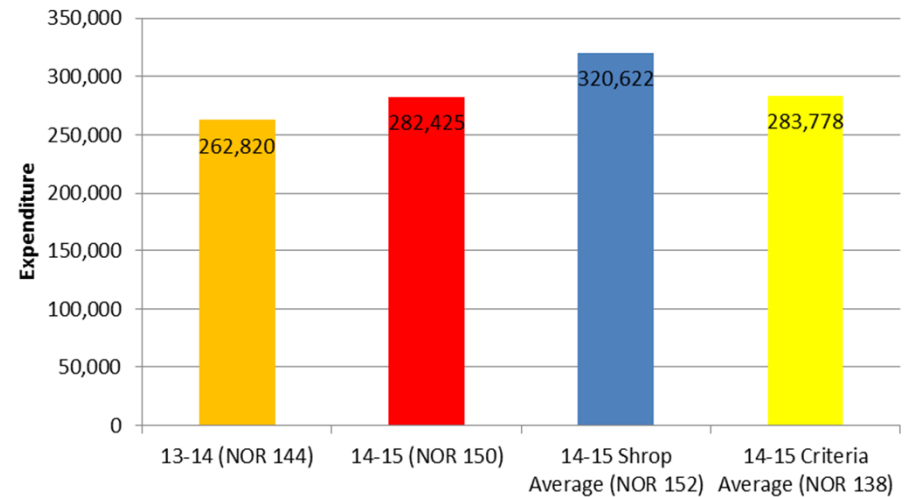
**Learning Resources Per Pupil**



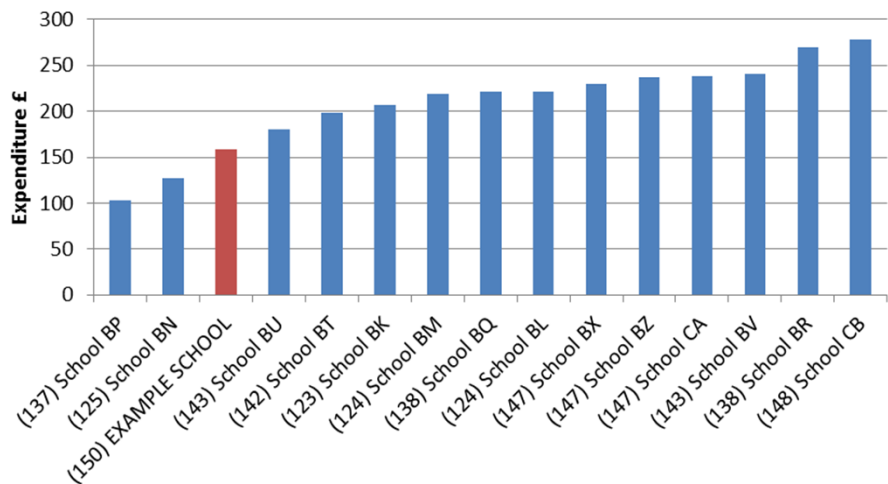
Teaching Staff Total



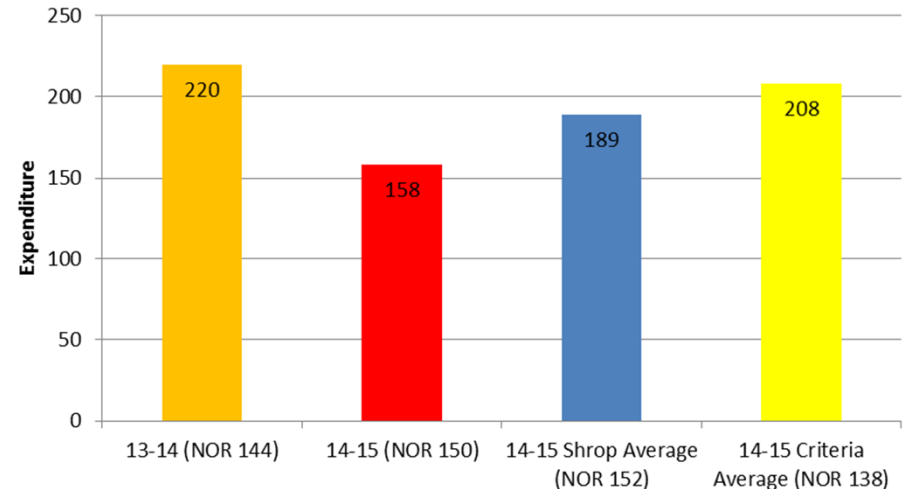
Teaching Staff Total



Learning Resources Per Pupil



Learning Resources Per Pupil





# Review of Efficiency in the Schools System

## Key findings from Department for Education review in 2013

1. Deploy workforce effectively - focus on developing high quality teachers
2. Use evidence to determine right mix of teaching and non-teaching staff
3. Employ or have access to a skilled school business manager who takes on a leadership role
4. Make good use of financial benchmarking information to inform the school's own spending decisions
5. Make use of school clusters, sharing expertise, experience and data, as well as accessing economies of scale when making shared purchases
6. Manage down back office costs and running costs
7. Have in place a strong governing body and leadership team that challenges the school's spending

# Collaboration/Federations

## Perspective from two Shropshire headteachers

- q Nicola Maddocks – Executive Headteacher of the Westcliffe Federation
- q Alan Doust – headteacher of The Community College, Bishop’s Castle, part of the South West Shropshire Learning Trust



# Westcliffe



Striving for excellence... together

# How it all began.....

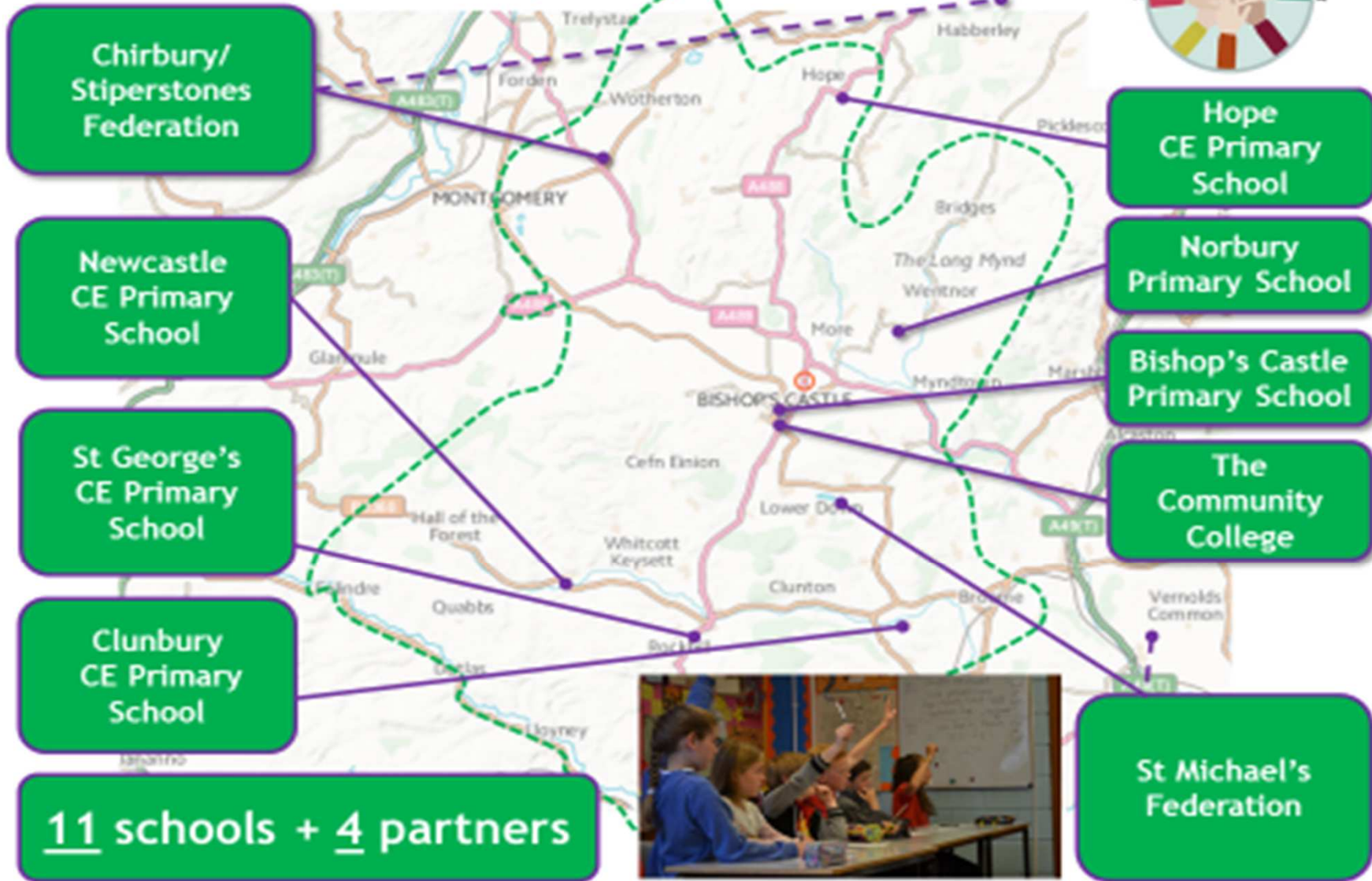
- \* Three years of discussions about future developments.
- \* Projections of pupil numbers analysed
- \* Forward planning/budget setting
- \* Deficit budget
- \* We wanted to be the driver in our own destiny.
- \* Savings made almost immediately
- \* Securing rural schools/keeping communities together
- \* Staff development/retention of staff



Embrace it!



# South West Shropshire Learning Trust



**Are there any questions?**

## Further Support Available

- Traded Finance Support Team – budget monitoring and financial planning support available through a service level agreement
- Financial Planning Workshops – available to invited schools in November



**Allowable Formula Factors for Allocating Individual Budget Shares to Maintained Schools, Academies and Free Schools**

Factor	DfE further information	Shropshire's formula 2015-16	Shropshire's proposed formula 2016-17
<p><b>1. Basic entitlement</b> A compulsory factor that assigns funding to individual pupils, with the number of pupils for each school or academy based on the October pupil census.</p>	<p>Funding allocated according to an age-weighted pupil unit (AWPU). A single rate for primary age pupils, which must be at least £2,000. There may be different rates for key stage 3 and key stage 4, with a minimum of £3,000 for each. Local authorities may choose to increase the pupil number count where schools had previously had higher reception pupil numbers in January 2015 than in the October 2014 census.</p>	<p>AWPU funding rates: Primary £3219.61 KS3 £4169.22 KS4 £4169.22</p>	<p>As 2015-16 (subject to recycling of released MFG and 2016-17 DSG pressures i.e. high needs places and provision costs)</p>
<p><b>2. Deprivation</b> A compulsory factor</p>	<p>Local authorities may choose to use free school meals and/or the Income Deprivation Affecting Children Index (IDACI). Free meals can be measured either at the previous October census or "ever 6" - which reflects pupils entitled to free meals at any time in the last 6 years – but not both. The IDACI measure uses 6 bands and different values can be attached to each band. Different unit values can be used for primary and secondary.</p>	<p>Shropshire's local funding formula uses number of pupils registered for free school meals as at the previous October census. The IDACI measure is also used for primary schools only.</p>	<p>As 2015-16</p>

<p><b>3. Prior attainment</b> An optional factor (although it is used by almost all local authorities). It acts as a proxy indicator for low level, high incidence special educational needs</p>	<p>May be applied for primary pupils identified as not achieving the expected level of development within the early years foundation stage profile (EYFSP) and for secondary pupils not reaching L4 at KS2 in either English or maths. The EYFSP changed in 2013, so a weighting may be used to ensure that funding delivered through the primary prior attainment factor is not disproportionately affected by the year groups (years 1 to 3) assessed under the new framework. For pupils assessed using the old profile (years 4 to 6), local authorities will continue to be able to choose between two EYFSP scores, targeting funding to either all pupils who achieved fewer than 78 points; or all pupils who achieved fewer than 73 points on the EYFSP. In 2012 the KS2 English assessment methodology was changed to include separately a reading test, a grammar, punctuation and spelling test and teacher assessed writing. For those assessed at KS2 up to 2011, the English element of the KS2 measure will identify those pupils who fail to achieve a level 4 in English. For pupils assessed at KS2 from 2012 onwards and who have been part of these new arrangements, the English element of the KS2 measure will identify those who do not achieve a level 4 in either the reading or teacher assessed writing elements.</p>	<p>Used in Shropshire's local funding formula in line with the DfE's basis. For pupils assessed using the old profile (years 4 to 6), Shropshire's formula targets funding to all pupils who achieved fewer than <u>73</u> points on the EYFSP.</p>	<p>As 2015-16</p>
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<p><b>4. Looked-after children</b> An optional factor</p>	<p>A single unit value may be applied for any child who has been looked after for one day or more as recorded on the local authority SSDA903 return at 31 March 2015. This data is mapped to schools using the January school census, enabling identification of the number of looked-after children in each school or academy.</p>	<p>Not used in Shropshire's local funding formula.</p>	<p>As 2015-16</p>
<p><b>5. English as an additional language (EAL)</b> An optional factor</p>	<p>EAL pupils may attract funding for up to 3 years after they enter the statutory school system. Local authorities can choose to use indicators based on one, two or three years and there can be separate unit values for primary and secondary.</p>	<p>Not used in Shropshire's local funding formula.</p>	<p>As 2015-16 but this will be reviewed as details and impact on Shropshire schools of Syrian refugees becomes known.</p>
<p><b>6. Pupil mobility</b> An optional factor</p>	<p>This measure counts pupils who entered a school during the last three academic years, but did not start in August or September (or January for reception pupils). There is a 10% threshold and funding is allocated based on the proportion above the threshold – so if a school has 12% mobility, then 2% of pupils would attract funding.</p>	<p>Not used in Shropshire's local funding formula.</p>	<p>As 2015-16</p>
<p><b>Proportion allocated through pupil-led factors</b></p>	<p>Local authorities must allocate at least 80% of the delegated schools block funding through pupil-led factors (the factors in lines 1-6 above, and London fringe uplift where relevant).</p>	<p>Shropshire's local funding formula allocated 91% through pupil-led factors in 2015-16.</p>	<p>A similar % level is expected in 2016-17.</p>
<p><b>7. Sparsity</b> An optional factor</p>	<p>A sparsity distance is calculated for each school. Pupils for whom it is their closest compatible school are identified, and then the average (mean) distance to the second nearest compatible school for these pupils is calculated. In addition, the number of</p>	<p>Shropshire's local funding formula includes a sparsity factor but uses narrowed criteria. Shropshire primary schools qualify if their sparsity distance is greater than or</p>	<p>As 2015-16</p>

	<p>pupils in a school is divided by the number of year groups to determine the size of the average year group.</p> <p>Two qualification criteria for attracting sparsity funding must be met if schools are to attract sparsity funding:</p> <p>Primary schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 21.4.</p> <p>Secondary schools qualify if the sparsity distance is greater than 3 miles and the average year group is less than 120.</p> <p>Middle schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 69.2.</p> <p>All-through schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 62.5.</p> <p>Local authorities can reduce the pupil numbers and increase the distance criteria. The maximum amount which can be allocated to an individual school through this factor is £100,000 (including fringe uplift) and the value can be different for each phase of school.</p> <p>Local authorities can choose whether to use a single amount for all sparse schools, or to use a tapered amount which increases the smaller the school.</p> <p>Local authorities can apply for an exceptional factor to target up to an additional £50,000 of sparsity funding at very small secondary schools where the total number on roll is 350 or less, where the sparsity</p>	<p>equal to <u>3</u> miles and their average year group is less than 21.4.</p> <p>Funding is delivered on a tapered basis from a maximum of £50,000.</p> <p>Shropshire secondary schools qualify if their sparsity distance is greater than or equal to <u>9</u> miles and their average year group is less than <u>90</u>. Funding is delivered on a single amount basis of £100,000.</p> <p>Shropshire all-through schools qualify if their sparsity distance is greater than or equal to <u>9</u> miles and their average year group is less than 50. Funding is delivered on a single amount basis of £40,000.</p>	
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	distance is 5 miles or more, and where pupils in years 10 and 11 are present.		
<p><b>8. Lump sum</b> An optional factor (although in 2015-16 it was used by all local authorities)</p>	<p>Local authorities can set different lump sums for primary and secondary (middle schools receive a weighted average based on the number of year groups in each phase). The maximum lump sum is £175,000, including London fringe uplift.</p> <p>Where schools amalgamate, they will retain 85% of the combined lump sums in the year after the amalgamation (or in the same year if they amalgamate on 1 April) instead of receiving just a single lump sum immediately. Local authorities may apply to vary the additional payment in exceptional circumstances. Where schools amalgamate after 1 April, the new school will receive funding equivalent to the formula funding of the closing schools added together for the appropriate proportion of the year and will receive the 85% allocation in the following year.</p> <p>Local authorities may apply for an exceptional factor to pay a further allowance to amalgamating schools in the second year after amalgamation. Local authorities may also wish to apply to exclude the exceptional factor payment from the MFG baseline.</p>	<p>Primary lump sum £59,500. Secondary lump sum £111,000. All-through lump sum £111,000.</p>	As 2015-16
<p><b>9. Split sites</b> An optional factor</p>	<p>The purpose of this factor is to support schools which have unavoidable extra costs because the school buildings are on separate sites. Allocations must be</p>	<p>A split site factor will be used in Shropshire's local funding formula where, through the local</p>	As 2015-16. The requirement for the school to be on a split site on a

	based on objective criteria, both for the definition of a split site and for how much is paid.	authority's school reorganisation policy, a school becomes situated temporarily on two or more sites. The allocation will be based on the additional costs incurred from being on two or more sites.	temporary basis was based on previous amalgamation situations. This would be reviewed if an amalgamation, benefiting Shropshire pupils, resulted in a permanent split site situation.
<b>10. Rates</b> An optional factor (although in 2015-16 it was used by all local authorities)	These must be funded at the authority's estimate of the actual cost. Adjustments to rates may be made during the financial year but outside of the funding formula. For example, an additional allocation could be made to a school (e.g. from balances brought forward). This should be reflected in the Section 251 outturn statement and in each school's accounts. The effect on the school would be zero since any rates adjustment will be offset by a change in the cost of the rates.	Used in Shropshire's local funding formula in line with the DfE's basis.	As 2015-16
<b>11. Private Finance Initiative (PFI) contracts</b> An optional factor	The purpose of this factor is to support schools which have unavoidable extra premises costs because they are a PFI school and/or to cover situations where the PFI "affordability gap" is delegated and paid back to the local authority. Allocations must be based on objective criteria, capable of being replicated for any academies in the authority area.	Not used in Shropshire's local funding formula.	As 2015-16

<p><b>12. London fringe</b> An optional factor, but only for the five local authorities to which it applies (Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex)</p>	<p>The purpose of this factor is to support schools which have to pay higher teacher salaries because they are in the London fringe area, and where only part of the authority is in this area. It is applied as a multiplier of 1.0156 to the relevant factors.</p>	<p>Not applicable in Shropshire's local funding formula.</p>	<p>As 2015-16</p>
<p><b>13. Post 16</b> An optional factor, but can only be used where the local authority had such a factor in 2015-16</p>	<p>A per-pupil value which continues funding for post 16 pupils up to the per pupil level that the authority provided in 2015-16.</p>	<p>Not used in Shropshire's local funding formula.</p>	<p>As 2015-16</p>
<p><b>14. Exceptional premises factors</b> Local authorities can apply to EFA to use exceptional factors relating to premises. The most frequently approved factors are for rents and for joint-use sports facilities.</p>	<p>The exceptional factors must relate to premises costs and applications should only be submitted where the value of the factor is more than 1% of a school's budget and applies to fewer than 5% of the schools in the authority's area. Any factors which were used in 2015-16 can automatically be used for pre-existing and newly-qualifying schools in 2016-17, provided that the qualification criteria are still met.</p>	<p>Shropshire's local funding formula includes an exceptional premises factor for joint use. This is being phased out and by 2018-19 the total funding previously targeted at joint use will be reallocated to all Shropshire schools on a pupil number basis.</p>	<p>As 2015-16 including further phasing to 2018-19.</p>

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## Schools Forum

Date: 17 September 2015

Time: 8:30 a.m.

Venue: Shrewsbury  
Training and Development  
Centre

Paper

# B

Public

## School Funding 2016-17

**Responsible Officer** Gwyneth Evans

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### Summary

The Department for Education announced in July the Schools Block Units of Funding for the 2016-17 financial year. This is one element of the Dedicated Schools Grant (DSG). The announcement reflects the Government's manifesto commitment to protecting the schools budget and to base-lining the Minimum Funding Levels increase from 2015-16 (£10.4m in Shropshire).

There are no changes announced for 2016-17 to the local funding factors that local authorities can use to allocate the individual school budgets to maintained schools and academies at this stage.

The forthcoming Spending Review in November 2015 will set out the Government's plans for the delivery and funding of public services for this Parliament. It will set out further detail on key delivery priorities for schools and local authorities and confirm funding levels for other grants and programmes. In light of the Spending Review local authorities may have to review any planning and modelling they have undertaken.

The Government remains committed to making schools and early education funding fairer and will put forward proposals in due course.

### Recommendation

- To note the headline information regarding school funding 2016-17 as announced by the DfE on the 16 July
- To recommend the factors and criteria agreed for Shropshire's local funding formula for 2015-16 remain for 2016-17 with no changes, as detailed in Table A within this report.

## Report

### School Funding 2016-17 Headlines

1. The DfE announced on the 16 July 2015 the Schools Block Units of Funding for the 2016-17 financial year. The key headlines from the announcement are as follows:
  - Shropshire’s Schools Block per pupil unit of funding in 2016-17 will be the same value as in 2015-16 including the additional Minimum Funding Level (MFL) allocation of £10.4m. With the inclusion of the carbon reduction commitment top-slice of £7.51 per pupil and one non-recoupment free school in 2016-17, this equates to £4,401.81 per pupil.
  - The Early Years Block per pupil unit of funding in 2016-17 will be confirmed after the Spending Review and will continue to be based on participation.
  - The High Needs Block funding will also be confirmed after the Spending Review. In the meantime, local authorities are advised to assume that it will remain at the same overall level as in 2015-16. For Shropshire this equates to £25.4m before recoupment.
  - Minimum Funding Guarantee (MFG) will continue at minus 1.5% in 2016-17.
  
2. The local authority must consult with all maintained schools and academies in its area about any proposed changes to the local funding formula including the method, principles and rules adopted.

### Schools’ Local Funding Formula

3. Along with the announcement of the Schools Block Units of Funding for 2016-17 the DfE published the current allowable factors for use within local authorities’ school funding formulas, together with a description of each, as shown in the first two columns of the table below. Alongside this are details of their use within Shropshire’s local funding formula for 2015-16 and proposals for Shropshire’s 2016-17 local funding formula.

Table A

Factor	DfE further information	Shropshire’s formula 2015-16	Shropshire’s proposed formula 2016-17
<b>1. Basic entitlement</b> A compulsory factor that assigns funding to individual pupils, with the number of pupils for each school or academy based on the October pupil census.	Funding allocated according to an age-weighted pupil unit (AWPU). A single rate for primary age pupils, which must be at least £2,000. There may be different rates for key stage 3 and key stage 4, with a minimum of £3,000 for each. Local authorities may choose to increase the pupil	AWPU funding rates: Primary £3219.61 KS3 £4169.22 KS4 £4169.22	As 2015-16 (subject to recycling of released MFG and 2016-17 DSG pressures i.e. high needs places and provision costs)

	number count where schools had previously had higher reception pupil numbers in January 2015 than in the October 2014 census.		
<b>2. Deprivation</b> A compulsory factor	Local authorities may choose to use free school meals and/or the Income Deprivation Affecting Children Index (IDACI). Free meals can be measured either at the previous October census or “ever 6” - which reflects pupils entitled to free meals at any time in the last 6 years – but not both. The IDACI measure uses 6 bands and different values can be attached to each band. Different unit values can be used for primary and secondary.	Number of pupils registered for free school meals as at the previous October census is used within Shropshire’s local funding formula. The IDACI measure is also used for primary schools only.	As 2015-16
<b>3. Prior attainment</b> An optional factor (although it is used by almost all local authorities). It acts as a proxy indicator for low level, high incidence special educational needs	May be applied for primary pupils identified as not achieving the expected level of development within the early years foundation stage profile (EYFSP) and for secondary pupils not reaching L4 at KS2 in either English or maths. The EYFSP changed in 2013, so a weighting may be used to ensure that funding delivered through the primary prior attainment factor is not disproportionately affected by the year groups (years 1 to 3) assessed under the new framework. For pupils assessed using the old profile (years 4 to 6), local authorities will continue to be able to choose between two EYFSP scores, targeting funding to either all pupils who achieved fewer than 78 points; or all pupils who achieved fewer than 73 points on the EYFSP.	Used in Shropshire’s local funding formula in line with the DfE’s basis. For pupils assessed using the old profile (years 4 to 6), Shropshire’s formula targets funding to all pupils who achieved fewer than <u>73</u> points on the EYFSP.	As 2015-16

	<p>In 2012 the KS2 English assessment methodology was changed to include separately a reading test, a grammar, punctuation and spelling test and teacher assessed writing.</p> <p>For those assessed at KS2 up to 2011, the English element of the KS2 measure will identify those pupils who fail to achieve a level 4 in English.</p> <p>For pupils assessed at KS2 from 2012 onwards and who have been part of these new arrangements, the English element of the KS2 measure will identify those who do not achieve a level 4 in either the reading or teacher assessed writing elements.</p>		
<p><b>4. Looked-after children</b> An optional factor</p>	<p>A single unit value may be applied for any child who has been looked after for one day or more as recorded on the local authority SSDA903 return at 31 March 2015.</p> <p>This data is mapped to schools using the January school census, enabling identification of the number of looked-after children in each school or academy.</p>	Not used in Shropshire's local funding formula.	As 2015-16
<p><b>5. English as an additional language (EAL)</b> An optional factor</p>	<p>EAL pupils may attract funding for up to 3 years after they enter the statutory school system. Local authorities can choose to use indicators based on one, two or three years and there can be separate unit values for primary and secondary.</p>	Not used in Shropshire's local funding formula.	As 2015-16
<p><b>6. Pupil mobility</b> An optional factor</p>	<p>This measure counts pupils who entered a school during the last three academic years, but did not start in August or September (or January for reception pupils).</p> <p>There is a 10% threshold and funding is allocated</p>	Not used in Shropshire's local funding formula.	As 2015-16

	based on the proportion above the threshold – so if a school has 12% mobility, then 2% of pupils would attract funding.		
<b>Proportion allocated through pupil-led factors</b>	Local authorities must allocate at least 80% of the delegated schools block funding through pupil-led factors (the factors in lines 1-6 above, and London fringe uplift where relevant).	Shropshire's local funding formula allocated 91% through pupil-led factors in 2015-16.	A similar % level is expected in 2016-17 as in 2015-16.
<b>7. Sparsity</b> An optional factor	<p>A sparsity distance is calculated for each school. Pupils for whom it is their closest compatible school are identified, and then the average (mean) distance to the second nearest compatible school for these pupils is calculated.</p> <p>In addition, the number of pupils in a school is divided by the number of year groups to determine the size of the average year group.</p> <p>Two qualification criteria for attracting sparsity funding must be met if schools are to attract sparsity funding:</p> <p>Primary schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 21.4.</p> <p>Secondary schools qualify if the sparsity distance is greater than 3 miles and the average year group is less than 120.</p> <p>Middle schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 69.2.</p> <p>All-through schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 62.5.</p> <p>Local authorities can reduce the pupil numbers and increase the distance</p>	<p>Shropshire's local funding formula includes a sparsity factor but uses narrowed criteria. Shropshire primary schools qualify if their sparsity distance is greater than or equal to <u>3</u> miles and their average year group is less than 21.4.</p> <p>Funding is delivered on a tapered basis from a maximum of £50,000.</p> <p>Shropshire secondary schools qualify if their sparsity distance is greater than or equal to <u>9</u> miles and their average year group is less than <u>90</u>. Funding is delivered on a single amount basis of £100,000.</p> <p>Shropshire all-through schools qualify if their sparsity distance is greater than or equal to <u>9</u> miles and their average year group is less than 50. Funding is delivered on a single amount basis of £40,000.</p>	As 2015-16

	<p>criteria. The maximum amount which can be allocated to an individual school through this factor is £100,000 (including fringe uplift) and the value can be different for each phase of school.</p> <p>Local authorities can choose whether to use a single amount for all sparse schools, or to use a tapered amount which increases the smaller the school.</p> <p>Local authorities can apply for an exceptional factor to target up to an additional £50,000 of sparsity funding at very small secondary schools where the total number on roll is 350 or less, where the sparsity distance is 5 miles or more, and where pupils in years 10 and 11 are present.</p>		
<p><b>8. Lump sum</b> An optional factor (although in 2015-16 it was used by all local authorities)</p>	<p>Local authorities can set different lump sums for primary and secondary (middle schools receive a weighted average based on the number of year groups in each phase). The maximum lump sum is £175,000, including London fringe uplift.</p> <p>Where schools amalgamate, they will retain 85% of the combined lump sums in the year after the amalgamation (or in the same year if they amalgamate on 1 April) instead of receiving just a single lump sum immediately. Local authorities may apply to vary the additional payment in exceptional circumstances. Where schools amalgamate after 1 April, the new school will receive funding equivalent to the formula funding of the closing schools added</p>	<p>Primary lump sum £59,500. Secondary lump sum £111,000. All-through lump sum £111,000.</p>	As 2015-16

	<p>together for the appropriate proportion of the year and will receive the 85% allocation in the following year.</p> <p>Local authorities may apply for an exceptional factor to pay a further allowance to amalgamating schools in the second year after amalgamation. Local authorities may also wish to apply to exclude the exceptional factor payment from the MFG baseline.</p>		
<p><b>9. Split sites</b> An optional factor</p>	<p>The purpose of this factor is to support schools which have unavoidable extra costs because the school buildings are on separate sites. Allocations must be based on objective criteria, both for the definition of a split site and for how much is paid.</p>	<p>A split site factor will be used in Shropshire's local funding formula where, through the local authority's school reorganisation policy, a school becomes situated temporarily on two or more sites. The allocation will be based on the additional costs incurred from being on two or more sites.</p>	<p>As 2015-16</p>
<p><b>10. Rates</b> An optional factor (although in 2015-16 it was used by all local authorities)</p>	<p>These must be funded at the authority's estimate of the actual cost. Adjustments to rates may be made during the financial year but outside of the funding formula. For example, an additional allocation could be made to a school (e.g. from balances brought forward). This should be reflected in the Section 251 outturn statement and in each school's accounts. The effect on the school would be zero since any rates adjustment will be offset by a change in the cost of the rates.</p>	<p>Used in Shropshire's local funding formula in line with the DfE's basis.</p>	<p>As 2015-16</p>

<p><b>11. Private Finance Initiative (PFI) contracts</b> An optional factor</p>	<p>The purpose of this factor is to support schools which have unavoidable extra premises costs because they are a PFI school and/or to cover situations where the PFI “affordability gap” is delegated and paid back to the local authority. Allocations must be based on objective criteria, capable of being replicated for any academies in the authority area.</p>	<p>Not used in Shropshire’s local funding formula.</p>	<p>As 2015-16</p>
<p><b>12. London fringe</b> An optional factor, but only for the five local authorities to which it applies (Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex)</p>	<p>The purpose of this factor is to support schools which have to pay higher teacher salaries because they are in the London fringe area, and where only part of the authority is in this area. It is applied as a multiplier of 1.0156 to the relevant factors.</p>	<p>Not applicable in Shropshire’s local funding formula.</p>	<p>As 2015-16</p>
<p><b>13. Post 16</b> An optional factor, but can only be used where the local authority had such a factor in 2015-16</p>	<p>A per-pupil value which continues funding for post 16 pupils up to the per pupil level that the authority provided in 2015-16.</p>	<p>Not used in Shropshire’s local funding formula.</p>	<p>As 2015-16</p>
<p><b>14. Exceptional premises factors</b> Local authorities can apply to EFA to use exceptional factors relating to premises. The most frequently approved factors are for rents and for joint-use sports facilities.</p>	<p>The exceptional factors must relate to premises costs and applications should only be submitted where the value of the factor is more than 1% of a school’s budget and applies to fewer than 5% of the schools in the authority’s area. Any factors which were used in 2015-16 can automatically be used for pre-existing and newly-qualifying schools in 2016-17, provided that the qualification criteria are still met.</p>	<p>Shropshire’s local funding formula includes an exceptional premises factor for joint use. This is being phased out and by 2018-19 the total funding previously targeted at joint use will be reallocated to all Shropshire schools on a pupil number basis.</p>	<p>As 2015-16 including further phasing to 2018-19.</p>



## **Briefing to Schools**

4. Details of the allowable funding factors and how they will be used in Shropshire's local funding formula in 2016-17 will be shared with headteachers/business managers and chairs of governors at a briefing meeting scheduled for Wednesday 7 October 2015 at the Lord Hill Hotel.

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<u>Committee and Date</u>	<u>Item</u>
Cabinet	
9 <sup>th</sup> December 2015	<u>Public</u>

## Quarter 2 Performance Report 2015/16

**Responsible:** Tom Dodds, Performance Manager  
e-mail: [tom.dodds@shropshire.gov.uk](mailto:tom.dodds@shropshire.gov.uk) 01743 253068

### 1. Summary

- 1.1 This report presents Cabinet with the Council's Performance against its key Outcomes for Quarter 2 2015/16.
- 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 Shropshire Council's Business Plan and Financial Strategy 2014 – 2017 is being monitored through a basket of indicators grouped in technical dashboards. 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 key intelligence is summarised in the outcomes infographics dashboards (Appendix 2).
- 1.3 Reporting and presenting performance information to Cabinet and Scrutiny is subject to review. The Council Performance Management Framework including the technical outcome dashboards are to be revisited to address changes in performance measures and in preparation for the commissioner provider split. Options for a review of the Performance Management Framework are being discussed with the Portfolio Holder for Performance.

### 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 (appendix 1) shows the four measures which are used to show the Council's performance in managing the budget, its staffing levels and its expenditure.
- 5.2 The projected revenue forecast spend for the year, at Quarter 2, shows a potential overspend of £4,135,000 (as at 28/08/2015) against the end of year net budget of £215,843,000. This is being monitored and will be revised each month.
- 5.3 In Q2 2015/16, the Council spent 57.76% of its original gross revenue budget with external organisations (therefore excluding staffing costs, transfer payments and recharges). This is better than the profiled minimum standard 49.18% for the year and reflects progress of the Council's approach to the way services are being delivered.
- 5.4 The number of non-school FTE employees has reduced from 4219 in March 2011 to 2677 September 2015.
- 5.5 Shropshire Council, alongside its partners, launched the Big Conversation on 28<sup>th</sup> October 2015. The idea of a Big Conversation follows the significant financial challenges that the council faces as a result of years of cuts by central government to its funding. In a bid to raise public awareness of these challenges, as part of its Big Conversation, the council will be talking and listening to residents, community groups and partners about how best to face the tough financial challenges together. Initial findings from the first phase of Big Conversation will be reported at

Q3 with the full outcomes to be reported at Q4. The Big Conversation will then be an ongoing framework of engagement over the coming years.

## **6. Summary Outcomes Infographic Dashboard**

- 6.1 The summary outcomes dashboard (appendix 2) presents the key messages from the intelligence captured by the technical performance dashboards using infographic images – two for each outcome prioritised by the Council.

### **Outcome: Your Life**

- 6.2 The rate of Looked After Children (LAC) per 10k under 18 population at the end of September 2015 was 51.5. Following increases in the rate during the first half of 2014 the rate has now stabilised. Absolute numbers of LAC have decreased from 313 in March 2015 to 308 in September 2015.
- 6.3 The redesign of Children's Social Care Services to provide more support to children on the edge of care has been effective in stabilising the number of LAC.
- 6.4 The percentage of Children with a 2nd or subsequent Child Protection Plan (CPP) within 2 years of the previous one ceasing at the end of September 2015 (7.4%) is lower than at the same point in September 2014 (8.4%). Performance of this key measure will continue to be closely monitored with audit and quality assurance activity continuously undertaken to confirm that there has been a robust response to those cases. An audit of second and subsequent CPP was recently presented to the Local Safeguarding Children's Board.

### **Outcome: Your Environment**

- 6.5 On average each Shropshire household produces 1.1 tonnes of waste each year. The Battlefield Energy Recovery Facility (ERF) in Shrewsbury became fully operational in 2015, forming part of a sustainable package including composting and recycling which will reduce the amount of household waste sent to landfill from a peak of around 70,000 tonnes to less than 10,000 tonnes per year. The ERF generates up to 7MW of electricity which is sent to the National Grid, enough to power around 10,000 homes each year.
- 6.6 In April 2012 Shropshire launched a part-night lighting programme which aimed to reduce street lighting over a three year period; in order to reduce harmful carbon dioxide emissions and help manage costs.
- 6.7 Street lighting produced 4,514.65 tonnes of CO<sub>2</sub> between 1 November 2013 and 31 October 2014, this would have attracted a levy of £54,175. However, by introducing part-night lighting to 12,200 (64%) of street lights about 670 tonnes of CO<sub>2</sub> will be saved annually, together with a reduction in energy consumption of around 20% or 1.59 million kilo-watts, saving in the region of £125,000 annually.

### **Outcome: Your Money**

- 6.8 The number of properties on the valuation list, as at September 2015, for council tax shows an increase of 1253 (0.92%) homes when compared to September 2014. 137,809 properties at September 2015 compared to 136,556 in September 2014. The largest increase has been seen in Band B with 409 (1.16%) additional properties whilst the largest % increase is in Band H 1.20% with 4 additional

properties. Council tax varies for each town and parish, based on average council tax for each band, the increased number of properties equates to around £1.7m of additional tax.

- 6.9 The number of new jobs has increased by 2,200 from 112,200 in 2013 to 114,000 in 2014. 72,900 of the jobs (64%) are full time 41,600 part-time. Growth in 2014 is entirely attributable to full-time jobs. 68% of full-time jobs nationally are full-time. This data is taken from an annual survey by the ONS; the data is based on the employment levels of all registered business. This latest result for Shropshire is the highest result since the survey began in 2009 and follows a national trend of rise in number of new jobs.

**Outcome: Your Health**

- 6.10 Delays in discharges from hospital due to adult social care are currently increasing. There has been a national increase in the numbers of delays and this is reflected in local performance. Monitoring and reviews with partners are taking place to identify areas for focus and 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.
- 6.11 The proportion of working age adult social care users (aged 18-64) with a primary reason of learning disabilities, who are in employment, is above the national average. People with learning disabilities face exceptionally high unemployment rates. Studies have shown that employment has positive outcomes with enhanced quality of life, improved self confidence, more independence and choice.

**7. Conclusion**

- 7.1 This performance report provides an update on the results achieved and the impact on delivering the five outcomes for Shropshire.
- 7.2 Performance in the second quarter of 2015/16 has shown a number of improvements or stabilisation of performance.

- There has been an increase in the number of new jobs
- The Energy Recovery Facility (ERF) has produced enough electricity to power 10,000 homes for a year

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

- Delays in discharge from hospital have increased

<p><b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b></p> <p>Business Plan and Financial Strategy 2014 – 2017</p>
<p><b>Cabinet Member (Portfolio Holder)</b></p> <p>Tim Barker</p>
<p><b>Local Member</b></p>

All

**Appendices**

Appendix 1 – Change Infographic Dashboard

Appendix 2 – Outcome Summary Infographic Dashboard

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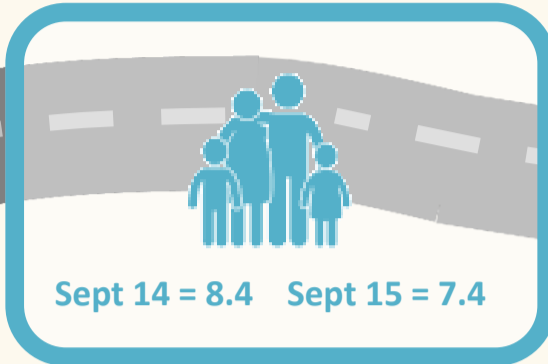
# Shropshire Outcomes

## Your life outcome SC1

Welcome to Shropshire

The percentage of children with a second or subsequent **child protection plan** is lower than this time last year.

The number of **Looked After Children** per 10,000 has **stabilised**.



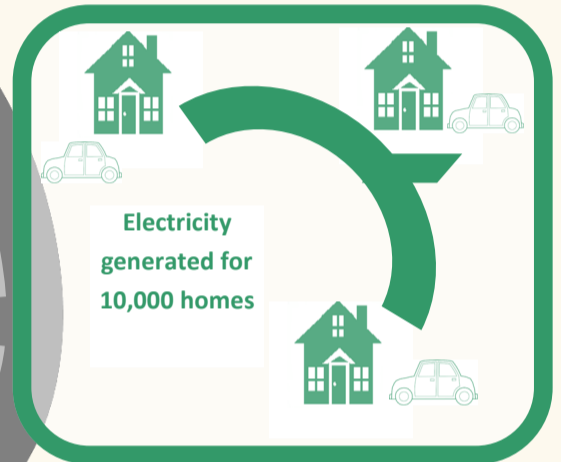
Born in 2013, average **life expectancy** is **81.95** years

## Your environment outcome SC2

A Great Place To Live

The Energy Recovery Facility (ERF) is generating enough electricity to power **10,000 homes** for a year.

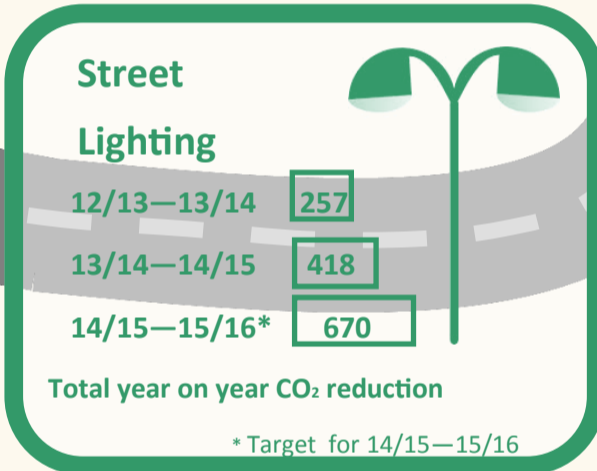
Part time street lighting has led to **reduction in CO<sub>2</sub> emissions**.



## Your money outcome SC3

Floreat Salopia

There are **1,253 more houses** on the council tax register.

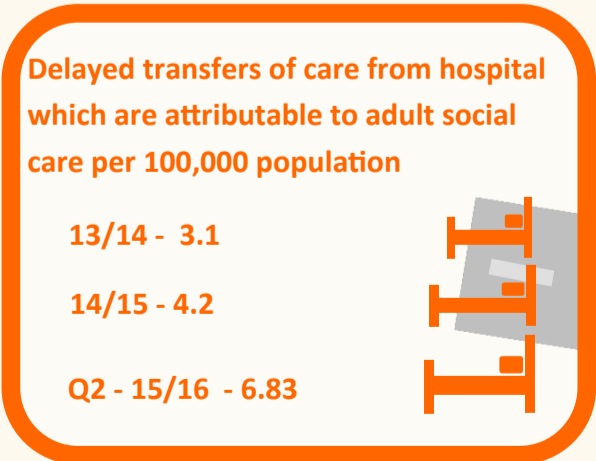


The number of **new jobs** has increased by 2,200 from 2013 to 2014.

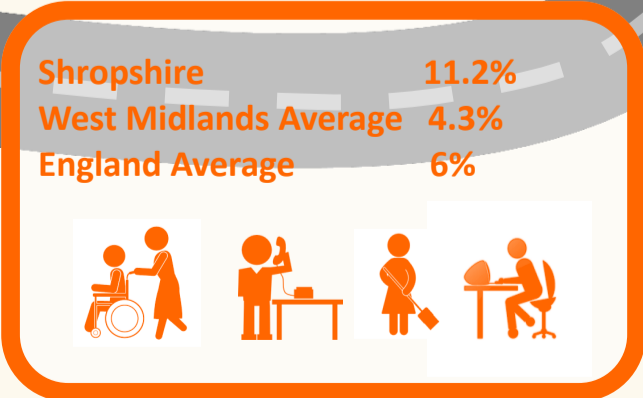
## Your health outcome SC4

Please Drive Carefully

**Delayed transfers of care from hospital which are attributable to adult social care per 100,000 population**



**Delayed Transfers** of patients from Hospital has **increased**.



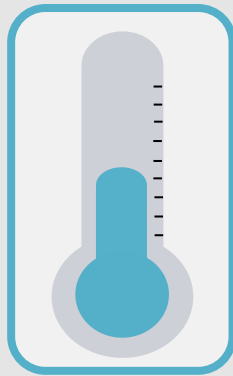
People with **learning disabilities** in **paid employment**.

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# Quarter 2 Transformation Data

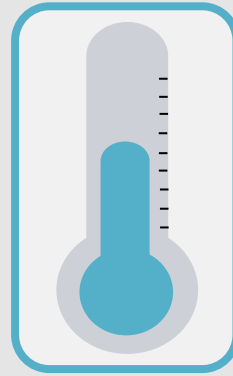
End of year budget

**£215,843,000**



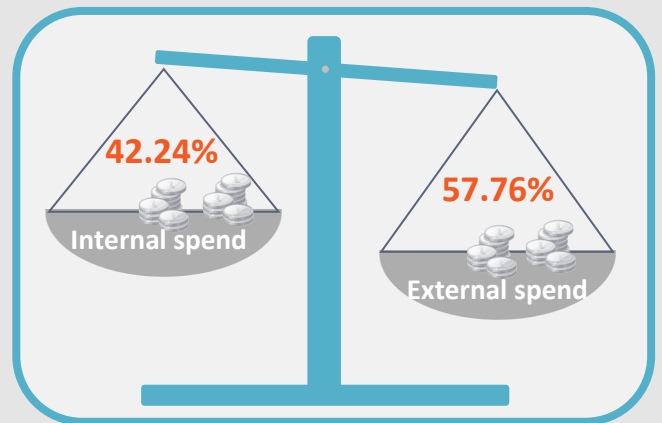
Outturn Forecast

**£219,977,000**



Year End **Overspend** of £4,135,000 (as at 28/08/2015)

% of budget spent **externally** exceeds the profiled budget of 49.18%



March  
2011



**4,219**  
FTE

Sept  
2015



**2,677**  
FTE

Number of non-school **FTE staff** employed by the Council has reduced.

There are big challenges ahead — so we need a Big Conversation



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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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