

Shropshire Council
Legal and Democratic Services
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND
Date: Wednesday, 13 July 2016

Committee: COUNCIL

Date: Thursday, 21 July 2016

Time: 10.00 am

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

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

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

Ann Hartley (Chairman)	Pauline Dee	Cecilia Motley
Brian Williams (Speaker)	David Evans	Peggy Mullock
Malcolm Pate (Leader)	Roger Evans	Peter Nutting
Steve Charmley (Deputy Leader)	John Everall	Kevin Pardy
Peter Adams	Hannah Fraser	William Parr
Andrew Bannerman	Nigel Hartin	Vivienne Parry
Nicholas Bardsley	Richard Huffer	John Price
Tim Barker	Tracey Huffer	Malcolm Price
Charlotte Barnes	Roger Hughes	David Roberts
Joyce Barrow	Vince Hunt	Keith Roberts
Tudor Bebb	John Hurst-Knight	Madge Shingleton
Thomas Biggins	Jean Jones	Jon Tandy
Andy Boddington	Simon Jones	Robert Tindall
Vernon Bushell	Miles Kenny	Dave Tremellen
Gwilym Butler	Duncan Kerr	Kevin Turley
John Cadwallader	Heather Kidd	David Turner
Karen Calder	Nic Laurens	Arthur Walpole
Dean Carroll	Christian Lea	Stuart West
Lee Chapman	Amy Liebich	Claire Wild
Anne Chebsey	David Lloyd	Leslie Winwood
Peter Cherrington	Robert Macey	Michael Wood
Ted Clarke	Jane MacKenzie	Tina Woodward
Gerald Dakin	Chris Mellings	Paul Wynn
Steve Davenport	David Minnery	
Andrew Davies	Pamela Moseley	
	Alan Mosley	

Your Committee Officers are:

Karen Nixon Committee Officer and **Jane Palmer** Senior Committee Officer

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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 - 6)

To approve as a correct record the minutes of the previous meeting held on 19 May 2016, which are attached marked 3.

4 ANNOUNCEMENTS

To receive such communications as the Chairman, Speaker, Leader and Head of Paid Service may desire to lay before the Council.

5 PUBLIC QUESTIONS

To receive any questions from the public, notice of which has been given in accordance with Procedure Rule 14.

6 DRAFT SHROPSHIRE COUNCIL CORPORATE PLAN 2016/17 TO 2018/19

Report of the Chief Executive will follow marked 6.

Contact Clive Wright Tel 01743 252007.

7 FINANCIAL STRATEGY 2016/17 TO 2019/20

Report of the Head of Finance, Governance and Assurance will follow marked 7.

Contact James Walton Tel 01743 255011.

8 CAPITAL OUTTURN 2015/16 (Pages 7 - 32)

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

Contact James Walton Tel 01743 255011.

9 REVENUE OUTTURN 2015/16 (Pages 33 - 54)

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

Contact James Walton Tel 01743 255011.

10 ANNUAL ASSURANCE REPORT OF AUDIT COMMITTEE TO COUNCIL 2015/16 (Pages 55 - 70)

Report of the Head of Finance, Governance and Assurance is attached marked 10.

Contact James Walton Tel 01743 255011.

11 ICT DIGITAL TRANSFORMATION PROGRAMME

Report of the Head of Human Resources and Development will follow marked 11.

Contact Michele Leith Tel 01743 254402.

12 CHANGES TO ARRANGEMENTS FOR APPOINTMENT OF EXTERNAL AUDITORS (Pages 71 - 76)

Report of the Head of Finance, Governance and Assurance is attached marked 12.

Contact James Walton Tel 01743 255011.

13 JOINT HEALTH OVERVIEW AND SCRUTINY COMMITTEE CO-OPTED MEMBER VOTING SCHEME (Pages 77 - 84)

Report of the Commissioning Support Manager is attached marked 13.

Contact Tom Dodds Tel 01743 258518.

14 APPOINTMENTS TO COMMITTEES

To confirm the following change of membership:

Enterprise and Growth Scrutiny Committee

The appointment of Mrs H Fraser to replace Mr M Kenny as a Substitute Member.

15 MOTIONS

The following three motions have been received in accordance with Procedure Rule 16 as follows;

From Councillor Tim Barker:

‘Shropshire Council supports and endorses the Royal British Legion’s campaign to “count them in” which seeks to ensure that questions concerning military service and membership of the armed forces community are included in the 2021 census and subsequent ones. Including relevant questions will enable statutory and voluntary service providers to better meet the needs of the armed forces community.

Shropshire Council is a signatory to the Armed Forces Covenant and by virtue of that has promised to ensure that Service personnel (both regulars and reservists) veterans and service families are treated fairly and not disadvantaged in any way by virtue of their service.’

From Councillor Pam Moseley:

‘The recent decision by the Shropshire Clinical Commissioning Group to sign the Sustainable Services Programme Strategic Outline Case letter of support to the

Governing Body Board of Shrewsbury & Telford NHS Hospital Trust is a further step towards the acceptance of the Outline Business Case, which will lead to the closure of one of Shropshire's two accident & emergency departments, with the strong possibility that this will be at the Royal Shrewsbury Hospital.

Concerns have been raised in many quarters, including by the Local Medical Committee which represents local General Practitioners; it has described the assumptions of the Future Fit process as "optimistic in the extreme" and has concerns about the likely impact on the primary care and community services sectors.

This Council therefore strongly opposes any proposals which would lead to the diminution of emergency care facilities available to Shropshire residents, through the downgrading of the Royal Shrewsbury Hospital from an emergency care centre to an urgent care centre.'

From Councillor Andy Boddington:

'Town and parish councils have called for a referendum on raising council tax above 1.99%. A rise in the unitary tax rate would reduce the need for large increases in local precepts. It would also lead to a fairer distribution of costs. Under current plans, the residents of market towns such as Ludlow face paying extra for services that are used by people from a wide hinterland.

This motion requires officers of Shropshire Council to explore the willingness of people in Shropshire for a referendum on a council tax rise above 1.99%. Officers are requested to do this using:

- 1) The Big Conversation
- 2) Discussions with town and parish councils
- 3) Local press and broadcast media.
- 4) Any other ways that they feel will enable communities and local residents to let councillors know their preference.

The outcome of this exercise should be reported back to the September meeting of this Council.'

16 QUESTIONS FROM MEMBERS (Pages 85 - 102)

To receive any questions from Members, notice of which has been given in accordance with Procedure Rule 15.2.



Committee and Date

Council

21 July 2016

COUNCIL

Minutes of the meeting held on 19 May 2016

In the Council Chamber, Shirehall, Abbey Foregate, Shrewsbury, SY2 6ND

10.00 - 11.45 am

Responsible Officer: Karen Nixon

Email: karen.nixon@shropshire.gov.uk Tel: 01743 257720

Present

Councillors Ann Hartley and Malcolm Pate (Leader)

Councillors Brian Williams (Speaker), Peter Adams, Andrew Bannerman, Nicholas Bardsley, Tim Barker, Charlotte Barnes, Joyce Barrow, Tudor Bebb, Thomas Biggins, Vernon Bushell, Gwilym Butler, John Cadwallader, Karen Calder, Dean Carroll, Lee Chapman, Anne Chebsey, Peter Cherrington, Ted Clarke, Andrew Davies, Pauline Dee, David Evans, Roger Evans, John Everall, Hannah Fraser, Nigel Hartin, Roger Hughes, Vince Hunt, John Hurst-Knight, Jean Jones, Simon Jones, Duncan Kerr, Heather Kidd, Nic Laurens, Christian Lea, Amy Liebich, David Lloyd, Robert Macey, Jane MacKenzie, Chris Mellings, David Minnery, Pamela Moseley, Alan Mosley, Cecilia Motley, Peter Nutting, Kevin Pardy, Vivienne Parry, John Price, Malcolm Price, Keith Roberts, Madge Shingleton, Jon Tandy, Robert Tindall, Dave Tremellen, Kevin Turley, David Turner, Arthur Walpole, Stuart West, Claire Wild, Leslie Winwood, Michael Wood, Tina Woodward and Paul Wynn

Before the formal meeting started members stood in silence for a minute in memory of former colleagues; Mr Brian Gillow, Mrs Pam Larney and Mr Charles Trotman.

1 ELECTION OF SPEAKER

The Chairman, Mrs A Hartley, took the Chair for this item, but before nominations were sought, she wished to place on record on behalf of Shropshire Council, sincere thanks to Councillor David Lloyd MBE for his excellent service to local government over a magnificent career spanning 51 years, including the last 7 years as Speaker for Shropshire Council. Mr Lloyd had undertaken varied work at many levels and his expertise was greatly valued.

Mr Lloyd thanked the Chairman, saying he had enjoyed his time in local government and more recently as Speaker. It had been a privilege. Going forward he said that he personally believed the Constitution was a framework to be worked within, whilst using a common sense approach and he hoped that approach would continue.

The Chairman then called for nominations for the election of Speaker and Vice-Chairman of Shropshire Council following Mr D Lloyd's resignation as Speaker.

It was proposed by Mrs A Hartley and seconded by Mr M Wood, that Mr B Williams be elected Speaker and Vice-Chairman of Shropshire Council for the 2016/17 municipal year.

RESOLVED:

That Mr B Williams be elected Speaker and Vice-Chairman of the Council to hold office until the Annual Meeting of the Council scheduled to be held on 18 May 2017.

The Speaker then took the Chair and subscribed his Declaration of Acceptance of Office before being invested with the badge of office. He thanked the members for electing him and looked forward to his new role, whilst he also thanked Mr Lloyd for his patience, courtesy and common sense approach as former Speaker.

The Chief Executive then informed Council that he had just received the formal resignation of the Chairman and Deputy Speaker Mrs A Hartley with immediate effect, thus enabling her to remain in the Chamber and vote in the event of her nomination for the office of Chairman and Deputy Speaker.

2 APOLOGIES FOR ABSENCE

The Chief Executive reported that apologies for absence had been received from Mr A Boddington, Mr S Charmley, Mr G Dakin, Mr S Davenport, Mr R Huffer, Mrs T Huffer, Mr M Kenny, Mrs P Mullock, Mr W Parr and Mr D Roberts.

3 ELECTION OF CHAIRMAN AND DEPUTY SPEAKER

It was proposed by Mr B Williams and seconded by Mr S West that Mrs A Hartley be elected Chairman and Deputy Speaker of the Council for the 2016/17 municipal year.

RESOLVED:

That Mrs A Hartley be elected Chairman and Deputy Speaker of the Council and hold office until the Annual Meeting of the Council scheduled to be held on 18 May 2017.

The Chairman and Deputy Speaker then subscribed her Declaration of Acceptance of Office and was invested with Chairman's badge of office. She thanked the Council for the honour it had bestowed on her.

4 DISCLOSABLE PECUNIARY INTERESTS

Members were 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.

5 MINUTES

RESOLVED: That the Minutes of the meeting held on 25 February 2016, as circulated with the agenda papers, be approved and signed as a correct record.

6 ANNOUNCEMENTS

Chairman's Engagements

The Chairman referred Members to the list of official engagements carried out by himself and the Speaker since the last meeting of the Council on 25 February 2016, which had been circulated at the meeting.

7 PUBLIC QUESTIONS

The Speaker advised that one public question had been received from Mrs J Brand, in accordance with Procedure Rule 15 (a copy of the report containing the detail of the question and the relevant formal response is attached to the signed minutes), regarding council tax and the reduced level of services provided.

Mrs Brand commented that she was disappointed at the response and queried if Councillors were aware of the services lost in Ludlow, whilst the precept had been increased.

Mr Pate responded that members were always looking at ways to mitigate reductions. Mrs Brand's question was very complex and sadly answering such queries diverted officers from their work on savings. He offered to meet with Mrs Brand in the future to discuss any concerns she may have.

Mrs Brand thanked Mr Pate for his offer, but stated that because of her despair with the present situation she would refuse to pay her council tax forthwith.

8 CONSTITUTION OF COMMITTEES AND THE ALLOCATION OF SEATS TO POLITICAL GROUPS

It was proposed by the Speaker, and seconded by the Chairman, that the report by the Head of Legal and Democratic Services, a copy of which is attached to the signed minutes, and the recommendations contained therein, be received and agreed.

Mr A Mosley reported that the substitute Labour vacancy on Audit Committee would be filled by Dr J Jones with immediate effect, which was agreed.

RESOLVED: That subject to the foregoing, the constitution of committees and the allocation of seats to each of the political groups for the 2016/17 municipal year and the allocation of seats between the political groups, as set out in Appendices 1 and 2 of the report be approved.

9 SCHEME OF DELEGATION

It was moved by the Speaker, seconded by the Chairman and duly

RESOLVED: That the Responsibility for Functions, as set out in Part 3 of the Constitution and the Scheme of Delegation, set out in Part 8 of the Constitution be approved.

10 DATES OF COUNCIL MEETINGS

It was proposed by the Speaker and seconded by the Chairman that the programme of dates for meetings of Shropshire Council, as set out below, be approved and that meetings commence at 10.00 a.m.

- 21 July 2016
- 22 September 2016
- 15 December 2016
- 23 February 2017
- 18 May 2017 (Annual Council).

11 MOTIONS

The following motion was proposed by Mr A Bannerman and duly seconded by Mrs H Kidd:

“This Council regards the Government's pressure on schools to become academies as misconceived and a waste of precious funds. Despite the recent U-Turn on "blanket" academisation, the Education Secretary is clearly committed to the original policy, which is based on ideology rather than evidence, and shows no understanding of the situation of small rural schools.

This Council therefore asks the Chief Executive to write to the Government, asking them to abandon this policy and instead divert some of the cost of implementing it into supporting small rural schools. A copy should be sent to all Shropshire MPs, asking them to support this request.”

The following amended motion was circulated at the meeting on the day. This amended motion was proposed by Mr D Minnery and duly seconded by Mr N Bardsley;

‘This Council welcomes the Government’s revised policy on academies and supports the changes to remove the compulsory element of the proposals. It also asks government to look at fairer funding for small rural schools.

The Council recognises the efforts of our local MP's in securing changes to the proposed legislation that will protect small rural schools and thanks them for their continued support for the work of the Council.'

The amended motion was voted upon and carried with 35 voting in support, 24 against and 2 abstentions.

This substantive motion was then amended by Mr R Evans, who specifically proposed the following change to the second paragraph:

'This Council welcomes the Government's revised policy on academies and supports the changes to remove the compulsory element of the proposals. It also asks government to look at fairer funding for small rural schools.

This Council urges our local MPs to secure changes in the proposed legislation that will help with the transitional funding for our small rural schools.'

This amendment was supported by Mr D Minnery and the motion was duly carried with the support of the majority of members present.

12 REPORT OF THE SHROPSHIRE AND WREKIN FIRE AND RESCUE AUTHORITY

It was proposed by Mr S West and seconded by Mr K Roberts that the report of the Shropshire and Wrekin Fire and Rescue Authority, a copy of which is attached to the signed minutes, be received and noted.

In presenting the report, Mr S West commented that it was pleasing to report that Shropshire and Wrekin Fire and Rescue Authority was in a sound financial position and he thanked Shropshire Council members for their support.

RESOLVED: That the report of the Shropshire and Wrekin Fire and Rescue Authority be noted.

13 QUESTIONS FROM MEMBERS

The Speaker advised that the following two questions had been received in accordance with Procedure Rule 15:

Question 1

Received from Mr D Kerr and answered by Mr M Price, Portfolio Holder for Planning, Housing, Regulatory Services and Environment regarding housing benefits for people under 35; what the Council was doing to ensure new tenants understood the changes and lobbying to increase the Discretionary Housing Allowance.

By way of a supplementary question Mr Kerr asked if the policy on Discretionary Housing Payments specifically relating to short-term awards could be reviewed.

The Portfolio holder replied that a review had already been undertaken via scrutiny the previous year. There was guidance in place and he assured that all applicants would be treated on their own merits.

Question 2

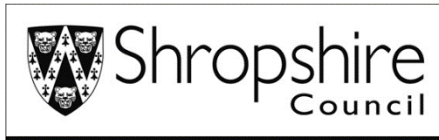
Received from Mr D Kerr and answered by Mr M Pate, Leader of the Council regarding savings and 'back office functions'.

By way of a supplementary question Mr Kerr asked why no timetable or timings had been supplied in the response for the sharing of back office services.

The Portfolio holder replied that the Council was already working with other authorities. It was work in progress and he invited Mr Kerr to meet with him to discuss this further.

Signed (Chairman)

Date:



<u>Committee and Date</u>	<u>Item</u>
Cabinet 8 th June 2016	8
Audit Committee 23 rd June 2016	
Council 21st July 2016	
	<u>Public</u>

CAPITAL OUTTURN REPORT – 2015/16

Responsible Officer James Walton
e-mail: james.walton@shropshire.gov.uk

Tel: (01743) 255011

1. Summary

1.1 The purpose of this report is to inform Members of the final outturn position for the Council's 2015/16 capital programme and the current position regarding the 2016/17 to 2018/19 capital programme taking into account the slippage following the closure of the 2015/16 programme, and any budget increases/decreases for 2016/17 and future years. The report reflects:

- The re-profiled 2015/16 budget of £51.9m and the future years capital programme budget;
- The outturn capital expenditure of £44.4m, representing 85.7% of the re-profiled budget for 2015/16;
- An underspend of £7.4m, which has been slipped to 2016/17; and
- The current funding of the programme and its future affordability.

2. Recommendations

Members are asked to:

- A. Approve net budget variations of £0.490m to the 2015/16 capital programme, detailed in Appendix 1/Table 1 and the re-profiled 2015/16 capital budget of £51.9m.
- B. Approve the re-profiled capital budgets of £70.4m for 2016/17, including slippage of £7.4m from 2015/16, £36.4m for 2017/18 and £16.2m for 2018/19 as detailed in Appendix 1/Table 4.
- C. Accept the outturn expenditure set out in appendix 1 of £44.4m, representing 85.7% of the revised capital budget for 2015/16.
- D. Approve retaining a balance of capital receipts set aside of £17m as at 31st March 2016 to generate a one-off Minimum Revenue Provision saving of £377,500 in 2016/17.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 Risk assessments are undertaken as part of the evaluation of all capital bids.
- 3.2 Capital receipt levels and the timing of receipts are dependant on planning approvals and prevailing market conditions.
- 3.3 Environmental appraisals are carried out for individual schemes as appropriate.
- 3.4 Community consultations are carried out for individual schemes as appropriate.

4. Financial Implications

- 4.1 This report considers the capital spend within the capital programme for 2015/16 and considers the impact that slippage within the programme will have on the financing of the capital programme in the future, including any future revenue implications.

5. Background

- 5.1 The capital programme for 2015/16 and future years, was updated as part of the Business Plan and Financial Strategy 2015/16 to 2016/17, approved by Council on 26 February 2015. This included updated allocations of capital grants and a review of and delivery schedule for schemes.
- 5.2 A further update of the capital programme has been undertaken and an updated Capital Strategy for 2016/17 to 2018/19 was approved as part of the Business Plan and Financial Strategy by Council on 25 February 2016.

6. Original and latest proposed capital programme for 2015/16

- 6.1 The capital budget for 2015/16 is subject to change, the largest element being slippage from 2014/15 and re-profiling into future years. In Quarter 4 there has been a net budget decrease of £0.490m, compared to the position reported at Quarter 3 2015/16. Table 1 summarises the overall movement, between that already approved, and changes for Quarter 4 that require approval.

Table 1: Revised Capital Programme Quarter 4 2015/16

Service Area	Agreed Capital Programme - Council 26/02/15	Slippage and budget changes approved to Quarter 3 15/16	Quarter 4 budget changes to be approved	Revised 2015/16 Capital Programme Quarter 4
General Fund				
Commissioning	30,587,810	(282,966)	487,456	30,792,300
Adult Services	3,740,632	(1,149,712)	-	2,590,920
Children's Services	7,777,002	571,246	25,961	8,374,209
Resources & Support	2,856,717	2,087,764	(23,277)	4,921,204
Total General Fund	44,962,161	1,226,332	490,140	46,678,633
Housing Revenue Account	6,581,090	(1,379,467)	-	5,201,623
Total Approved Budget	51,543,251	(153,135)	490,140	51,880,256

6.2 Full details of all budget changes are provided in Appendix One to this report; there have been no significant changes to the 2015/16 programme in Quarter 4.

7. Current Capital Programme and Forecast Outturn

7.1 The capital programme is reviewed on a regular basis to re-profile the budget to reflect the multi-year nature of capital schemes, whereby spend may slip into later years. However, it is possible that a level of underspend or overspend may be experienced against the revised capital budget at outturn. Outturn projections are incorporated into the capital monitor to enhance the monitoring information provided and allow the early identification where schemes are deviating from budget. Table 2 summarises the outturn position for 2015/16.

Table 2: Capital Programme Outturn Position by Service area 2015/16

Service Area	Revised Capital Programme – Outturn 2015/16	Actual Expenditure 31/03/16	Variance	Spend to Budget %
General Fund				
Commissioning	30,792,300	25,849,707	4,942,593	83.9%
Adult Services	2,590,920	2,113,997	476,923	81.6%
Children's Services	8,374,209	6,845,863	1,528,346	81.7%
Resources & Support	4,921,204	4,686,440	234,764	95.2%
Total General Fund	46,678,633	39,496,007	7,182,626	84.6%
Housing Revenue Account	5,201,623	4,942,737	258,886	95.0%
Total	51,880,256	44,438,744	7,441,512	85.7%

7.2 Total capital expenditure for 2015/16 was £44.4m, which equated to 85.7% of the re-profiled capital programme of £51.9m. All, but a small balance on a completed scheme of the £7.4m underspend has been slipped to 2016/17. Full details of expenditure variances at scheme level are in Appendix 1. A summary of significant variances by service area are provided below.

- 7.3 **Commissioning** – Total underspend against the Commissioning capital programme was £4.9m. The most significant area of underspend was £2.6m against Highways & Transport, this was due to the failure to deliver schemes scheduled for 2015/16 as a result of ongoing issues with delivery of capital schemes with the Councils Highways contractor. This was despite a level of over programming within the programme through increased tender schemes on the latter part of the year and £1.5m that had already been slipped to 2016/17. The full underspend has been slipped to 2016/17, including the level of works programmed above the remaining budget. This will be managed as part of the 2016/17 programme, to ensure the service does not go over budget, whilst maximising the delivery of works.

The other significant area of underspend was £2m against schemes under Business Growth & Prosperity. This included £0.785m on Broadband due to a lower than profiled claim from BT in the final quarter; £0.460m on Affordable Housing schemes from delays in grants being drawn down by developers; and £0.424m on Growth Point schemes, mainly relating to the works planned for the Raven Meadows Multi Storey Carpark.

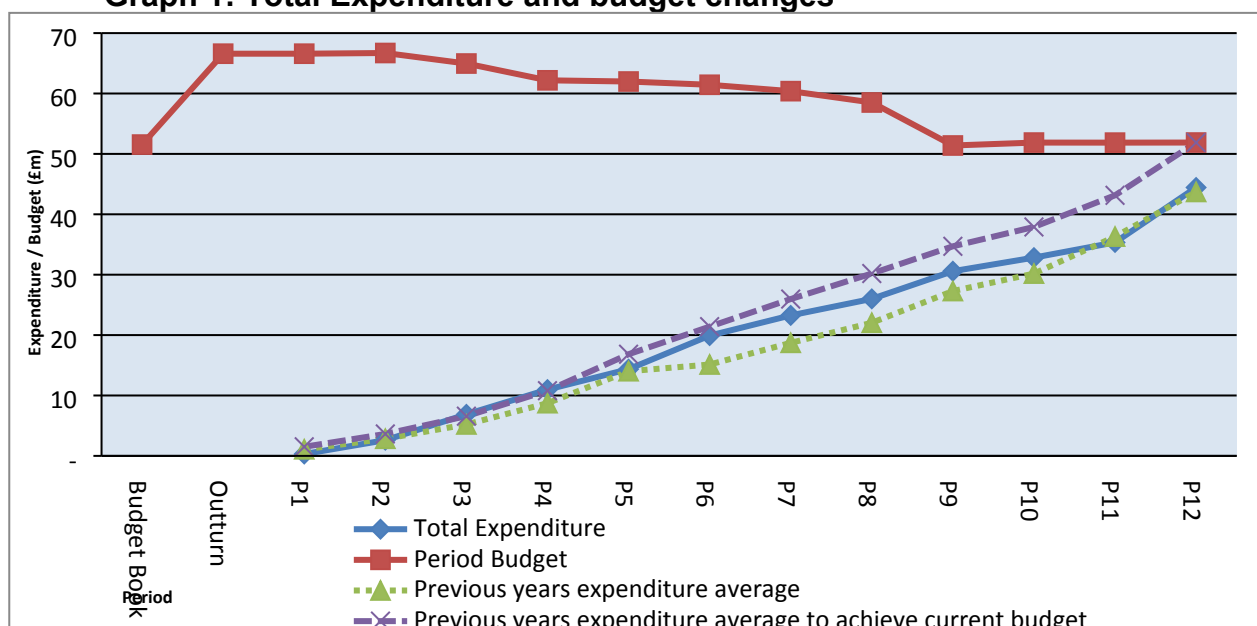
- 7.4 **Adult Services** – The total underspend against Adult Services was £0.477m; this was across all schemes in the programme and despite significant re-profiling earlier in the year.

- 7.5 **Children's Services** – The total underspend against the Children's Services capital programme was £1.5m. This was spread through-out the different areas of the programme and despite significant re-profiling earlier in the year. The underspend mainly resulted from the failure to deliver a number of schemes commissioned later in the year and schemes coming in under budget.

8. Actual Expenditure to Date – *is the programme being delivered to plan?*

- 8.1 The outturn capital expenditure is £44.4m, which represents 85.7% of the revised outturn capital budget. Graph One below shows actual expenditure by period and also tracks the period by period changes to the budget.

Graph 1: Total Expenditure and budget changes



8.2 Expenditure in the first half of the year was above previous years and roughly in line with the trajectory to deliver the revised outturn budget. This was a result of significant expenditure in this period on the Broadband and Mardol House Student Accommodation projects. Expenditure in the second half of the year took place at a lower rate to the point where the outturn was in line with previous year’s average expenditure and in an underspend position. This is as a result of the failure to deliver schemes as budgeted in 2015/16, as detailed in section 7 above.

8.3 The outturn budget was also at a similar level to the original budget book budget. This followed a large amount of slippage from 2014/15, which was then offset by re-profiling to future years throughout the year for expenditure that would not be delivered until later years. As reported actual outturn expenditure was then below the outturn budget. This failure to deliver the planned capital budget has been a reoccurring issue for a number of years, despite pressure on budget managers to profile budgets appropriately. Although this position assists with the short term affordability of the capital programme and short term pressure on capital receipt generation, it is potentially building up pressure for a future year, if a significantly higher level of capital expenditure was to occur. Based on the current position, a certain level of slippage is assumed, when considering the affordability of the capital programme.

9. Financing of the capital programme

9.1 Appendix 1 provides a full summary of the financing of the 2015/16 capital programme. Table 3 summarises the financing sources and changes made to Quarter 3 and to be approved to Quarter 4.

Table 3: Revised Capital Programme Financing

Financing	Agreed Capital Programme - Council 26/02/15	Slippage and budget changes approved Quarter 3 15/16	Quarter 4 budget changes to be approved	Revised 2015/16 Capital Programme Quarter 4
Self-Financed Prudential Borrowing*	2,658,717	513,642	-	3,172,359
Government Grants	27,101,502	5,395,035	832,131	33,328,668
Other Grants	299,023	417,925	112,405	829,353
Other Contributions	-	608,185	165,628	773,813
Revenue Contributions to Capital	1,070,745	946,754	383,525	2,401,024
Major Repairs Allowance	4,712,856	(1,200,038)	(107,800)	3,405,018
Corporate Resources (expectation - Capital Receipts only)	15,700,408	(6,834,638)	(895,749)	7,970,021
Total Confirmed Funding	51,543,251	(153,135)	490,140	51,880,256

* Borrowing for which on-going revenue costs are financed by the Service, usually from revenue savings generated from the schemes.

10. Projected Longer Term Capital Programme to aid Medium Term Financial Plan

10.1 The updated capital programme is summarised by year and financing in Table 4 below (2016/17 includes £7.4m slippage from 2015/16):

Table 4: Capital Programme 2016/17 to 2018/19

Service Area	2016/17	2017/18	2018/19
General Fund			
Commissioning	45,734,678	25,283,519	16,150,079
Adult Services	4,994,142	-	-
Children's Services	11,498,285	7,556,161	-
Resources & Support	454,762	-	-
Total General Fund	62,681,867	32,839,680	16,150,079
Housing Revenue Account	7,713,997	3,603,074	-
Total Approved Budget	70,395,864	36,442,754	16,150,079
Financing			
Self-Financed Prudential Borrowing*	-	-	-
Government Grants	34,934,896	28,074,146	15,771,000
Other Grants	10,158	-	-
Other Contributions	682,984	4,750	-
Revenue Contributions to Capital	1,736,247	250,000	-
Major Repairs Allowance	5,681,489	3,603,074	-
Corporate Resources (expectation - Capital Receipts only)	27,350,090	4,510,784	379,079
Total Confirmed Funding	70,395,864	36,442,754	16,150,079

* Borrowing for which on-going revenue costs are financed by the Service, usually from revenue savings generated from the schemes.

10.2 Full details of all budget changes are provided in Appendix One to this report. Significant changes are:

Budget Increases

- Department of Transport: additional funding in 2016/17 from Incentive Element funding £0.924m and Pothole Action Fund funding £1.036m.
- Department for Health – Better Care Fund: Confirmation of funding for 2016/17 of £2.498m. This incorporates previous separate allocations for

DFGs and Community Capacity Grant, the Service have allocated £1.379m to DFGs (as per 2015/16 allocation) and £1.119m to Adult Social Care schemes.

- Department for Education – Devolved Formula Capital (DFC): confirmation of funding allocation (£0.737m) for 2016/17.
- Local Enterprise Partnership (LEP): New funding for Broadband project phase 2b, totalling £5.022m, through to 2020/21. £2.061m of the funding in 2017/18 will be applied in place of capital receipts in 2015/16 / 2016/17 on the phase 1 scheme; reducing the short term pressure on capital receipt generation.
- Capital Receipts: reallocation of £32,400 of Small Business Loan repayments to future Small Business Loan schemes, as previously agreed by Cabinet.

Budget Decreases

- Department for Education – Condition: Confirmation of funding allocation for 2016/17, slightly lower (£0.111m) than provisional allocation, due to schools that have transferred to Academy's in 2015/16.

11. Capital Receipts Position

- 11.1 The current capital programme is heavily reliant on the Council generating capital receipts to finance the capital programme. There is a high level of risk in these projections as they are subject to changes in property and land values, the actions of potential buyers and being granted planning permission on sites. Table 5 below, summarises the current allocated and projected capital receipt position across 2015/16 to 2017/18. A RAG analysis has been included for capital receipts projected, based on the current likelihood of generating them by the end of each financial year. Those marked as green are where they are highly likely to be completed by the end of the financial year, amber are where they are achievable, but challenging and thus there is a risk of slippage and red are highly unlikely to complete in year and thus there is a high risk of slippage. However, no receipts are guaranteed to complete in this financial year as there may be delays between exchanging contracts and completing.

Table 5: Projected capital receipts position

Detail	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Corporate Resources Allocated in Capital Programme	1,101,615	27,350,090	4,510,784	379,079
To be allocated from Ring Fenced Receipts	228,486	5,685,951	-	-
Total Commitments	1,330,101	33,036,041	4,510,784	379,079
Capital Receipts in hand/projected:				
Brought Forward in hand	14,106,162	16,989,451		
Generated 2015/16	4,213,389			
Projected - 'Green'		5,793,699	50,000	50,000
Total in hand/projected	18,319,551	22,783,149	50,000	50,000
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	(16,989,451)	10,252,892	4,460,784	329,079
Further Assets Being Considered for Disposal	-	10,095,311	9,850,000	400,000

- 11.2 Capital receipts of £4.2m have been generated in 2015/16. As previously reported, following the re-profiling in the capital programme and receipt of additional external funds, sufficient receipts had been generated to finance this year's capital programme without any corporate prudential borrowing.
- 11.3 Following the underspend position for the capital programme for 2015/16 and the Council policy of applying un-ringfenced capital grants in place of capital receipts where they are not required in full due to scheme underspends, the Council has £17m in capital receipts in hand at 31/03/16. These will be set-aside, enabling the Council to achieve an additional MRP saving of £377,500 in 2016/17. This is lower than previous years due to the change in MRP policy from 2016/17 as approved by Council, which generated a significant base budget MRP saving.
- 11.4 These capital receipts are fully allocated to schemes in the future years capital programme and there is also considerable work required to realise receipts in future years and in some cases Cabinet/Council approval is required before the receipts profiled for 2016/17 and 2017/18 can be realised. These receipts hold significant risk against delivery and therefore until the plans for disposal against these assets are formally agreed, these will not be included when considering the programmes affordability. On the basis that the current programme for future years is unaffordable, further work is required on the deliverability of the list of assets being considered for disposal. Given that the larger disposals generally take between 12 and 18 months to be realised, it is important that work progresses at present, to avoid a funding shortfall in future years.
- 11.5 If the Council cannot generate the required level of capital receipts, the Council will need to further reduce or re-profile the capital programme, some of which will occur naturally as part of the review of the delivery of schemes; or undertake prudential borrowing, which will incur future year's revenue costs that are not budgeted in the revenue financial strategy.
- 11.6 In addition to the agreed capital programme there are a number of significant scheme business cases that are being developed. If these schemes are to progress they will all require some degree of Council funding, which is not currently allocated in the existing capital programme.

12. Unsupported borrowing and the revenue consequences

- 12.1 The Council can choose what level of unsupported (prudential) borrowing to undertake to fund the capital programme, based on affordability under the prudential code. There is an associated revenue cost to fund the cost of the unsupported borrowing. This consists of the Minimum Revenue Provision (MRP) charge for the repayment of the principal amount, based on the asset life method and the interest charge associated with the borrowing. The current PWLB borrowing rate over 25 years is projected to remain just under 4% for 2015/16. At this rate, £1m of Prudential Borrowing would result in additional revenue financing costs of £0.08m (MRP and interest cost) in the following year, reducing by £1,600 each year over the 25 year period. The Council is working towards generating sufficient capital receipts (see section 11); to avoid any unsupported borrowing requirement at lower level of borrowing could also be sustained through internal borrowing against Council balances, removing the need for any new external borrowing.

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

Business Plan and Financial Strategy 2015/16 to 2016/17 – Council 26 February 2015
Capital Outturn Report – 2014/15 – Council 23 July 2015
Capital Monitoring Report – Quarter 1 2015/16 – Cabinet 29 July 2015
Capital Monitoring Report – Quarter 2 2015/16 – Cabinet 14 October 2015
Capital Monitoring Report – Quarter 3 2015/16 – Cabinet 11 February 2016
Financial Strategy 2016/17 to 2018/19 – Council 25 February 2016

Cabinet Member (Portfolio Holder)

Malcolm Pate, Leader of the Council.

Portfolio holders

Local Member

All

Appendices

1. Capital Budget and Expenditure 2015/16

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Shropshire Council - Capital Programme 2015/16 - 2018/19

Capital Programme Summary - Quarter 4

Scheme Description	Revised Budget Q3 15/16 £	Budget Virements Q4 £	Budget Inc/Dec Q4 £	Reprofile to/from future years Q4 £	Revised Budget Q4 15/16 £	Actual Spend 31/03/16	Spend to Budget Variance £	% Budget Spend	Slipped to 2016/17 £	No longer required / available £	2016/17 Revised Budget £	2017/18 Revised Budget £	2018/19 Revised Budget £
General Fund													
Commissioning	30,304,844	-	487,456	-	30,792,300	25,849,707	4,942,593	83.9%	4,938,261	4,332	45,734,678	25,283,519	16,150,079
Adult Services	2,590,920	-	-	-	2,590,920	2,113,997	476,923	81.6%	476,924	(1)	4,994,142	-	-
Children's Services	8,348,248	-	25,961	-	8,374,209	6,845,863	1,528,346	81.7%	1,528,353	(7)	11,498,285	7,556,161	-
Resources & Support	4,944,481	-	(23,277)	-	4,921,204	4,686,440	234,764	95.2%	234,763	1	454,762	-	-
Total General Fund	46,188,493	-	490,140	-	46,678,633	39,496,007	7,182,626	84.6%	7,178,301	4,325	62,681,867	32,839,680	16,150,079
Housing Revenue Account	5,201,623	-	-	-	5,201,623	4,942,737	258,886	95.0%	258,886	-	7,713,997	3,603,074	-
Total Approved Budget	51,390,116	-	490,140	-	51,880,256	44,438,744	7,441,512	85.7%	7,437,187	4,325	70,395,864	36,442,754	16,150,079

RAG Analysis on Schemes

For Current year outturn expenditure on budget:

Red	Programmes that have a forecast outturn in excess of 10% of the current scheme budget.
Amber	Programmes that have a forecast outturn in excess of 5% of the current scheme budget.
Green	Programmes that have a forecast outturn of less than or equal to the current programme.

Scheme progress:

Red	Scheme is significantly below profile at current period and not expected to deliver as original profile.
Amber	Scheme is below profile at current period and scheme will not deliver as original profile.
Green	Scheme on profile at current period and expected to be delivered as original profile.

Shropshire Council - Capital Programme 2015/16 - 2018/19

Capital Scheme Details Quarter 4 2015/16

Scheme Description	Code	Project Manager	Total Approved Scheme Budget £	Previous Years Spend £	Revised Budget Q3 2015/16 £	Budget Virements Q4 £	Budget Inc/Dec Q4 £	Reprofile to/from future years Q4 £	Revised Budget Q4 £	Actual Spend 31/03/16 £	Spend to Budget Variance £	Slipped to 2016/17 £	No longer required / available £	RAG Status Scheme on Budget	RAG Status Scheme Progress	Note	2016/17 Revised Budget £	2017/18 Revised Budget £	2018/19 Revised Budget £
ITP South - A442 VAS	KTR50	V Merrill	5,163	-	-	5,000	-	-	5,000	-	5,000	5,163	(163)				5,163	-	-
ITP South - Redstone Drive Highley Road Safety Review	KTR51	V Merrill	26,000	-	-	-	-	-	-	-	-	-	-				26,000	-	-
ITP South - Lackstone Farm Cattle Warning System	KTR52	V Merrill	10,000	-	-	-	-	-	-	-	-	-	-				10,000	-	-
ITP South - Much Wenlock, Barrow & Broseley Hgv Mgmt	KTR53	V Merrill	30,000	-	-	-	-	-	-	-	-	-	-				30,000	-	-
ITP South - Henley Road, Ludlow sign scheme	KST15	V Merrill	14,412	2,012	8,400	-	-	-	8,400	2,400	6,000	-	6,000				10,000	-	-
Total					487,732	(4,109)	6,122	-	489,745	211,651	278,094	366,594	(88,500)	Green	Amber		916,032	-	-
Traffic Management																			
Central																			
ITP Central - Traffic Management Crowmere & Belvidere sch	KTM01	V Merrill	109,490	102,266	7,322	-	-	-	7,322	7,224	98	-	98				-	-	-
ITP Central - Racecourse Lane, Shrewsbury	KTM03	V Merrill	46,550	1,925	20,000	-	-	-	20,000	11,341	8,659	9,284	(625)				33,284	-	-
ITP Central - Eaton Constantine traffic management	KTM05	V Merrill	41,332	4,871	35,312	-	-	-	35,312	35,031	281	430	(149)				1,430	-	-
ITP Central - Cross Street Bridge, Shrewsbury, Warning Sign	KTM12	V Merrill	3,531	-	5,000	-	-	-	5,000	-	5,000	3,531	1,469				3,531	-	-
ITP Central - Permanent Traffic Counter English Bridge	KTM13	V Merrill	5,009	-	5,009	-	-	-	5,009	5,009	-	-	-				-	-	-
North																			
South																			
ITP South - B4386 Little Brampton/Purslow crossroads	KTM08	V Merrill	8,031	7,856	175	-	-	-	175	175	0	-	0				-	-	-
ITP South - A464 Upton Crossroads Shifnal signs	KTM09	V Merrill	26,259	-	11,425	-	-	-	11,425	7,870	3,555	8,389	(4,834)				18,389	-	-
ITP South - Albrighton cross road	KTM10	V Merrill	3,500	-	3,500	-	-	-	3,500	-	3,500	3,500	-				3,500	-	-
Total					87,743	-	-	-	87,743	66,651	21,092	25,134	(4,042)	Green	Amber		60,134	-	-
Parking Infrastructure																			
Countywide																			
ITP Countywide - Parking Strategy Improvements	KTP02	V Merrill	42,011	-	40,000	6,000	-	-	46,000	42,011	3,989	-	3,989				-	-	-
South																			
ITP South - The Innage Shifnal Parking	KTP01	V Merrill	18,497	-	5,000	-	-	-	5,000	-	5,000	18,497	(13,497)				18,497	-	-
Total					45,000	6,000	-	-	51,000	42,011	8,989	18,497	(9,508)	Green	Amber		18,497	-	-
Network Improvements																			
Countywide																			
ITP Countywide - Bus Shelters	KTN02	V Merrill	64,183	7,677	50,000	(5,000)	5,000	-	50,000	31,506	18,494	-	18,494				25,000	-	-
South																			
ITP Central - Shrewsbury Wayfinding BID grant	KTN04	C Edwards	-	-	-	-	-	-	-	-	-	-	-				-	-	-
ITP South - Shifnal Network Improvement (S106)	KTN03	V Merrill	142,517	40,803	94,826	6,682	-	-	101,508	101,714	(206)	-	(206)				-	-	-
Total					144,826	1,682	5,000	-	151,508	133,220	18,288	-	18,288	Green	Amber		25,000	-	-
Integrated Transport Unallocated																			
Countywide																			
ITP Countywide - Unallocated	KT000	V Merrill	Ongoing	Ongoing	156,114	(22,985)	-	-	133,129	-	133,129	-	133,129				65,710	1,000,000	1,000,000
Area Small Works - Central	KT001	V Merrill	Ongoing	Ongoing	1,319	-	-	-	1,319	1,286	33	-	33				-	-	-
Area Small Works - North	KT002	V Merrill	Ongoing	Ongoing	13,863	-	-	-	13,863	13,801	62	-	62				-	-	-
Area Small Works - South	KT003	V Merrill	Ongoing	Ongoing	-	712	-	-	712	712	-	-	-				-	-	-
Total					171,296	(22,273)	-	-	149,023	15,799	133,224	-	133,224	Green	Amber		65,710	1,000,000	1,000,000
Total Integrated Transport Plan					1,730,964	-	51,122	-	1,782,086	1,155,642	626,444	618,547	7,897				1,732,695	1,000,000	1,000,000
Total Highways & Transport - LTP					20,163,140	-	71,522	-	20,234,662	17,668,928.46	2,565,734	2,565,734	0				22,066,543	15,793,000	14,401,000
LEP Schemes																			
LEP Oxon Relief Road Project	KOX01	A Stirling	368,000	172,326	195,674	-	-	-	195,674	45,199	150,475	150,475	-	Green	Green		150,475	-	-
LEP Shrewsbury Integrated Transport Package	KIT01	A Stirling	7,944,985	309,720	306,186	-	-	-	306,186	341,714	(35,528)	(35,528)	-	Green	Green		2,814,472	3,300,000	1,179,079
Total					501,860	-	-	-	501,860	386,913	114,947	114,947	-				2,964,947	3,300,000	1,179,079
Retaining Walls and Footbridges																			
Castle Square Car Park Retaining wall	K6BP5	T Sheddou	697,304	701,633	-	-	-	-	-	(4,329)	4,329	-	4,329	Green	Green		-	-	-
Total					-	-	-	-	-	(4,329)	4,329	-	4,329				-	-	-
Flood Defences & Water Management																			
Much Wenlock - Flood & Water Management	K6FW1	D Edwards	1,659,572	210,728	136,844	-	-	-	136,844	156,100	(19,256)	(19,256)	-	Green	Green		1,292,744	-	-
Craven Arms - Flood & Water Management	K6FW2	D Edwards	70,000	43,951	6,049	-	-	-	6,049	-	6,049	6,049	-	Green	Green		26,049	-	-
Church Stretton - Flood & Water Management	K6FW3	D Edwards	35,000	-	-	-	-	-	-	-	-	-	-	Green	Green		-	35,000	-
Shifnal - Flood & Water Management	K6FW4	D Edwards	360,000	36,835	23,165	-	-	-	23,165	1,000	22,165	22,165	-	Green	Green		172,165	150,000	-
Oswestry - Flood & Water Management	K6FW5	D Edwards	91,640	85,648	-	-	-	-	-	-	-	-	-	Green	Green		5,992	-	-
Shrewsbury - Flood & Water Management	K6FW6	D Edwards	158,262	125,400	-	-	-	-	-	-	-	-	-	Green	Green		32,862	-	-
DEFRA Repair & Renewal Flood Grant Scheme	K6FW7	D Edwards	84,242	78,534	5,708	-	-	-	5,708	5,708	-	-	-	Green	Green		-	-	-
The Grove, Minsterley IPP Scheme	K6FW8	D Edwards	66,000	25,821	40,179	-	-	-	40,179	35,187	4,993	4,993	-	Green	Green		4,992	-	-
Shropshire IPP Scheme Phase 1	K6FWA	D Edwards	187,585	56,384	25,631	-	-	-	25,631	939	24,692	24,692	-	Green	Green		94,262	36,000	-
Shropshire Slow the Flow Project	KEF01	D Edwards	280,000	-	40,000	-	-	-	40,000	50,552	(10,552)	(10,552)	-	Green	Green		89,448	70,000	70,000
Total					277,576	-	-	-	277,576	249,486	28,090	28,090	-				1,718,514	291,000	70,000
Environmental Maintenance - Depots																			
Depot Redevelopment - Unallocated	K6H03	S Brown	197,078	66,974	51,500	-	-	-	51,500	33,483	18,017	18,017	-	Green	Green		96,621	-	-
Depot Redevelopment - Hodnet	K6H06	S Brown	121,907	115,907	6,000	-	-	-	6,000	-	6,000	6,000	-	Green	Green		6,000	-	-
Depot Redevelopment - Craven Arms	K6H08	S Brown	1,036,103	907,690	58,413	-	-	-	58,413	58,413	58,413	58,413	-	Green	Green		128,413	-	-
Depot Redevelopment - Stourbridge Road, Bridgnorth	K6H09	S Brown	221,797	105,612	56,185	-	-	-	56,185	-	56,185	56,185	-	Green	Green		116,185	-	-
Depot Redevelopment - Stourbridge Road Bridgnorth - Salt Dome	K6H10	S Brown	100,000	-	-	-	-	-	-	-	-	-	-	Green	Green		100,000	-	-
Depot Redevelopment - Manor House Lane Store	K6H11	S Brown	50,000	-	-	-	-	-	-	-	-	-	-	Green	Green		50,000	-	-
Depot Redevelopment - Ice Station Replacement	K6H12	S Brown	100,000	-	-	-	-	-	-	-	-	-	-	Green	Green		100,000	-	-

Shropshire Council - Capital Programme 2015/16 - 2018/19

Capital Scheme Details Quarter 4 2015/16

Scheme Description	Code	Project Manager	Total Approved Scheme Budget £	Previous Years Spend £	Revised Budget Q3 2015/16 £	Budget Virements Q4 £	Budget Inc/Dec Q4 £	Reprofile to/from future years Q4 £	Revised Budget Q4 £	Actual Spend 31/03/16 £	Spend to Budget Variance £	Slipped to 2016/17 £	No longer required / available £	RAG Status Scheme on Budget	RAG Status Scheme Progress	Note	2016/17 Revised Budget £	2017/18 Revised Budget £	2018/19 Revised Budget £	
Total					172,098	-	-	-	172,098	33,483	138,615	138,615	-				597,219	-	-	
Total Commissioning					21,273,272	-	70,817	-	21,344,089	18,422,733	2,921,357	2,917,028	4,328				27,771,866	19,384,000	15,650,079	
Commissioning - Heads of Service																				
Economic Growth & Prosperity																				
Visitor Economy																				
Music Hall Refurbishment	K5HA9	L Cross	10,106,794	9,735,360	371,434	-	-	-	371,434	292,434	79,000	79,000	-	Green	Green		79,000	-	-	
Records, Archives & Museums Store - Hortonwood	K5HAP	M McKenzie	150,889	146,006	4,883	-	-	-	4,883	4,883	-	-	-	Green	Green		-	-	-	
Theatre Services																				
Theatre Severn - Major Maintenance Improvement Works	KBT01	L Cross	393,860	-	386,260	-	-	-	386,260	279,247	107,013	107,013	-	Green	Green		114,613	-	-	
Total					762,577	-	-	-	762,577	576,564	186,013	186,013					193,613	-	-	
Enterprise & Business																				
Food Enterprise Centre - Construction (Battlefield)	KER38	A Stirling	6,658,534	6,617,861	40,674	-	-	-	40,674	12,019	28,655	28,655	-	Green	Green		28,654	-	-	
Ludlow Eco Park Plot 3	KED20	A Stirling	64,643	62,583	12,417	-	(10,357)	-	2,060	2,060	-	-	-	Green	Green		-	-	-	
Shropshire Small Business Loan Scheme - Phase 1	KED32	C Cox	500,000	300,000	100,000	-	-	-	100,000	100,000	-	-	-	Green	Green		100,000	-	-	
Shropshire Small Business Loan Scheme - Phase 3	KBE01	C Cox	437,552	-	-	-	-	-	-	-	-	-	-	Green	Green		-	-	-	
Shrewsbury Business Park Phase 2 Extension	KED33	A Stirling	1,757,282	1,572,315	184,968	-	-	-	184,968	144,331	40,637	40,637	-	Green	Green		40,636	-	-	
MTRP																				
Market Towns Revitalisation - Bridgnorth	KED26	C Cox	308,296	257,796	50,500	-	-	-	50,500	40,850	9,650	9,650	-	Green	Green		9,650	-	-	
Market Towns Revitalisation - Ludlow	KED28	C Cox	380,938	332,000	48,939	-	-	-	48,939	48,939	-	-	-	Green	Green		-	-	-	
Total					437,498	-	(10,357)	-	427,141	348,200	78,942	78,941					616,492	-	-	
Outdoor Recreation																				
Open Arms - Project Orion	K5BC4	M Blount	97,266	91,316	5,950	-	-	-	5,950	5,950	-	-	-	Green	Green		-	-	-	
Open Arms Play & Recreational Improvements	K5BC7	M Blount	50,000	-	-	-	-	-	-	-	-	-	-	Green	Green		50,000	-	-	
Open Arms Mere Play Area	K5T41	M Blount	102,655	100,184	2,471	-	-	-	2,471	-	2,471	2,471	-	Green	Green		2,471	-	-	
Open Arms Road Oswestry	K5T43	M Blount	73,519	69,437	4,082	-	-	-	4,082	-	4,082	4,082	-	Green	Green		4,082	-	-	
Open Arms Children Playing Pitch Phase 2 - Drainage Improvements	K5T52	M Blount	42,981	39,146	3,835	-	-	-	3,835	3,835	-	-	-	Green	Green		-	-	-	
Open Arms Millbeach Lead Mine Higher Level Stewardship	K5T53	C Dean	197,761	75,578	116,225	-	(90)	-	116,135	116,225	(90)	(90)	-	Green	Green		5,958	-	-	
Open Arms Nesscliffe - Higher Level Stewardship	K5T55	C Dean	25,471	15,768	9,703	-	-	-	9,703	-	9,703	9,703	-	Green	Green		9,703	-	-	
Open Arms Mill Meadow Skatepark, Bridgnorth	K5T57	M Blount	90,001	81,063	8,937	-	-	-	8,937	5,522	3,415	3,415	-	Green	Green		3,415	-	-	
Open Arms Toilet Improvements	KBR03	M Blount	28,634	-	28,634	-	-	-	28,634	28,634	(0)	-	-	Green	Green		-	-	-	
Open Arms Church Street, St Martins Play Area	KBR04	M Blount	20,261	-	20,261	-	-	-	20,261	20,261	-	-	-	Green	Green		-	-	-	
Open Arms Mere Wardens Bungalow Refurbishment	KBR05	M Blount	88,974	-	88,974	-	-	-	88,974	385	38,589	38,589	-	Green	Green		88,589	-	-	
Open Arms Broseley BMX & Outdoor Gym (S106)	KBR06	S McCarthy	40,000	-	40,000	-	-	-	40,000	8,453	31,547	31,547	-	Green	Green		31,547	-	-	
Open Arms Shelton Recreation Ground Pavilion (S106)	KBR07	M Blount	109,547	-	-	-	-	-	-	-	-	-	-	Green	Green		104,797	4,750	-	
Total					279,072	-	(90)	-	278,982	189,264	89,718	89,717	1				300,562	4,750	-	
Infrastructure & Growth - Growth Point																				
Shrewsbury Growth Point	K6GP1	A Stirling	1,017,703	195,591	108,613	-	-	-	108,613	-	108,613	108,613	-	Green	Green		822,112	-	-	
Shrewsbury Vision	K6GP4	A Stirling	627,259	382,490	144,769	-	-	-	144,769	6,804	137,965	137,965	-	Green	Green		237,965	-	-	
Flaxmill Project - Implementation	K6FM1	A Stirling	1,000,000	-	-	-	-	-	-	-	-	-	-	Green	Green		1,000,000	-	-	
Shrewsbury Vision - New Riverside Development	K6HR1	A Stirling	4,000,000	-	200,000	-	-	-	200,000	22,516	177,484	177,484	-	Green	Green		3,977,484	-	-	
Total					453,382	-	-	-	453,382	29,320	424,062	424,062					6,037,561	-	-	
Natural Build & Historical Landscape																				
Historic Environment Grants	K6HE1	A Mortimer	Ongoing	4,980	21,182	-	-	-	21,182	7,500	13,682	13,682	-	Green	Green		33,682	-	-	
Old Rectory, Whitchurch Section 106	KBN01	A Mortimer	250,000	-	37,154	-	-	-	37,154	37,154	-	-	-	Green	Green		212,846	-	-	
Total					58,336	-	-	-	58,336	44,654	13,682	13,682					246,528	-	-	
Planning Policy - Affordable Housing																				
Affordable Housing - Rolling Fund	K6AHG	A Mortimer	Ongoing	-	-	-	-	-	-	-	-	-	-	Green	Green		200,346	-	-	
Shrewsbury Self Build Scheme	K6AHT	A Mortimer	300,000	7,773	192,227	-	-	-	192,227	9,674	182,553	182,553	-	Green	Green		282,553	-	-	
Drapers Almshouses	K6AHU	A Mortimer	240,000	-	120,000	-	-	-	120,000	-	120,000	120,000	-	Green	Green		240,000	-	-	
Ellesmere Rd, Shrewsbury - Extra Care Scheme	KBH01	A Mortimer	340,000	-	170,000	-	-	-	170,000	170,000	-	-	-	Green	Green		170,000	-	-	
Community Led Affordable Housing Grant Scheme	K6AHV	A Mortimer	1,898,000	1,212,000	231,000	-	350,000	-	581,000	472,000	109,000	109,000	-	Green	Green		214,000	-	-	
Affordable Housing Contributions Grant Scheme (S106)	K6AHW	A Mortimer	274,320	40,000	157,000	-	77,086	-	234,086	185,820	48,266	48,266	-	Green	Green		48,500	-	-	
Total					870,227	-	427,086	-	1,297,313	837,494	459,819	459,819					1,155,399	-	-	
Community Infrastructure Levy																				
CIL Project Grants	KBC01	A Mortimer	Ongoing	11,500	2,360	-	-	-	2,360	2,360	-	-	-	Green	Green		-	-	-	
Total					2,360	-	-	-	2,360	2,360							-	-	-	
Broadband																				
Broadband Project - Milestone 0	KB000	C Taylor	874,700	573,220	212,057	-	-	-	212,057	243,239	(31,182)	(31,182)	-	Green	Green		58,241	-	-	
Broadband Project - Milestone 1	KB001	C Taylor	9,957,509	3,139,195	3,756,006	-	-	-	3,756,006	3,090,025	665,981	665,979	2	Green	Green		3,728,288	-	-	
Broadband Project - Milestone 2	KB002	C Taylor	4,912,390	1,347,288	1,890,801	-	-	-	1,890,801	1,740,982	149,819	149,819	-	Green	Green		1,824,119	-	-	
Broadband Project - Milestone 3	KB003	C Taylor	1,749,657	-	-	-	-	-	-	-	-	-	-	Green	Green		1,749,657	-	-	
Broadband Project - Phase 2	KB004	C Taylor	4,578,769	-	-	-	-	-	-	-	-	-	-	Green	Green		1,606,000	2,972,769	-	
Broadband Project - Phase 2B	KB005	C Taylor	3,172,000	-	-	-	-	-	-	-	-	-	-	Green	Green		-	2,672,000	500,000	
Total					5,858,864	-	-	-	5,858,864	5,074,247	784,617	784,615	2				8,966,305	5,644,769	500,000	
Total Economic Growth and Prosperity									8,722,316	-	416,639	-	9,138,955	7,102,101	2,036,854	2,036,850	3	17,516,460	5,649,519	500,000
Public Protection																				

Shropshire Council - Capital Programme 2015/16 - 2018/19

Capital Scheme Details Quarter 4 2015/16

Scheme Description	Code	Project Manager	Total Approved Scheme Budget £	Previous Years Spend £	Revised Budget Q3 2015/16 £	Budget Virements Q4 £	Budget Inc/Dec Q4 £	Reprofile to/from future years Q4 £	Revised Budget Q4 £	Actual Spend 31/03/16 £	Spend to Budget Variance £	Slipped to 2016/17 £	No longer required / available £	RAG Status Scheme on Budget	RAG Status Scheme Progress	Note	2016/17 Revised Budget £	2017/18 Revised Budget £	2018/19 Revised Budget £
Private Sector Housing																			
Market Drayton Empty Property Incentive Grant	K5P14	K Collier	386,499	170,744	206,732	9,023	-	-	215,755	215,755	-	-	-	Green	Green		-	-	-
Oswestry Area Empty Property Incentive Grant	K5P15	K Collier	100,000	58,030	-	-	-	-	-	-	-	-	-	Green	Green		41,970	-	-
Whitchurch Area Empty Property Incentive Grant	K5P17	K Collier	200,000	-	80,000	-	-	-	80,000	109,119	(29,119)	(29,119)	-	Green	Green		90,881	-	-
Shropshire County Empty Property Incentive Grant	KPS01	K Collier	563,501	-	22,524	(9,023)	-	-	13,501	-	13,501	13,501	-	Green	Green		313,501	250,000	-
Total					309,256	-	-	-	309,256	324,873	(15,617)	(15,618)					446,352	250,000	-
Total Public Protection																			
					309,256	-	-	-	309,256	324,873	(15,617)	(15,618)					446,352	250,000	-
Total Commissioning																			
					30,304,844	-	487,456	-	30,792,300	25,849,707	4,942,593	4,938,261	4,332				45,734,678	25,283,519	16,150,079
Adult Services																			
Social Care																			
Community Capacity Grant	KA000	R Houghton	Ongoing	-	-	2,985	-	-	2,985	-	2,985	2,985	-	Green	Green		1,111,395	-	-
Mount Pleasant - Shared Development Site	K5B60	R Houghton	470,253	454,960	15,293	-	-	-	15,293	-	15,293	15,293	-	Green	Green		15,293	-	-
Avalon - Office Extension & Alterations	K5B76	R Houghton	68,595	68,595	-	-	-	-	-	-	-	-	-	Green	Green		-	-	-
Telecare Call Monitoring	K5B88	R Houghton	251,412	49,001	72,412	-	-	-	72,412	83,479	(11,067)	(11,067)	-	Green	Green		118,932	-	-
IT Mobile Flexible Working	K5B89	R Houghton	199,999	19,784	50,216	-	-	-	50,216	177,959	(127,743)	(127,743)	-	Green	Green		2,257	-	-
Development Trust Development - Raven Site, Market Drayton	K5B94	R Houghton	2,172,058	1,798,508	273,550	-	-	-	273,550	144,932	128,618	128,618	-	Green	Green		228,618	-	-
Shared Lives Dementia Respite Adaptations	K5B98	R Houghton	7,088	-	7,087	-	-	-	7,087	7,088	(1)	-	(1)	Green	Green		-	-	-
Adult Social Care Community Capital Grant Scheme	K5B01	R Houghton	40,000	1,000	-	-	-	-	-	-	-	-	-	Green	Green		39,000	-	-
IT Hardware - Implementation of Care Bill	K5B02	R Houghton	279,000	15,850	83,150	-	-	-	83,150	54,325	28,825	28,825	-	Green	Green		208,825	-	-
Baschurch Assisted Living Bungalow - Phase 3	K5B04	R Houghton	530,000	23,125	446,875	-	-	-	446,875	359,571	87,304	87,304	-	Green	Green		147,304	-	-
London Road Assisted Living Bungalow - Phase 4	K5B05	R Houghton	470,000	-	20,000	-	-	-	20,000	2,593	17,407	17,407	-	Green	Green		467,407	-	-
Adult Social Care Bungalow - Phase 5	K5B06	R Houghton	470,000	-	-	-	-	-	-	-	-	-	-	Green	Green		470,000	-	-
Kempfield/Aquamira Gas Installation	KA001	R Houghton	15,000	-	15,000	-	-	-	15,000	-	15,000	15,000	-	Green	Green		15,000	-	-
Team Innovation Capital Grant	KA002	R Houghton	18,500	10,180	8,320	-	-	-	8,320	840	7,480	7,480	-	Green	Green		7,480	-	-
Transforming Care - Adaptations Grant	KA003	R Houghton	25,000	-	25,000	-	-	-	25,000	25,000	-	-	-	Green	Green		-	-	-
Whitchurch Supported Living	KA004	R Houghton	25,000	-	25,000	-	-	-	25,000	-	25,000	25,000	-	Green	Green		25,000	-	-
Whitchurch The Meres for Library Services	KA005	R Houghton	40,000	-	-	-	-	-	-	-	-	-	-	Green	Green		40,000	-	-
Whitchurch Youth Centre Sensory Room & Assisted Bathroom	KA006	R Houghton	70,000	-	70,000	-	-	-	70,000	-	70,000	70,000	-	Green	Green		70,000	-	-
Kempfield Pre Lift Housing	KA007	R Houghton	3,500	-	3,500	-	-	-	3,500	-	3,500	3,500	-	Green	Green		3,500	-	-
Kempfield Fitouts	KA009	R Houghton	6,000	-	6,000	-	-	-	6,000	-	6,000	6,000	-	Green	Green		6,000	-	-
Whitchurch Gardens External Works	KA010	R Houghton	1,800	-	1,800	-	-	-	1,800	-	1,800	1,800	-	Green	Green		1,800	-	-
Whitchurch Team 20 Laptops	KA011	R Houghton	19,976	-	20,000	(24)	-	-	19,976	19,976	-	-	-	Green	Green		-	-	-
Safety Alarms for Staff	KA012	R Houghton	693	-	3,000	(2,307)	-	-	693	693	-	-	-	Green	Green		-	-	-
12-14 Blackfriars Oswestry - External DDA compliance	KA013	R Houghton	7,459	-	8,113	(654)	-	-	7,459	7,459	-	-	-	Green	Green		-	-	-
Aquamira - Water Filtration System Replacement	KA014	R Houghton	4,275	-	4,275	-	-	-	4,275	-	4,275	4,275	-	Green	Green		4,275	-	-
Glenview - replacement specialist bathing equip	KA015	R Houghton	15,571	-	-	-	-	-	-	-	-	-	-	Green	Green		15,571	-	-
Just Checking - Equipment Purchase	KA016	R Houghton	9,312	-	-	-	-	-	-	-	-	-	-	Green	Green		9,312	-	-
Belulah House - Resurfacing Roadway	KA017	R Houghton	5,799	-	-	-	-	-	-	-	-	-	-	Green	Green		5,799	-	-
Total					1,158,591	-	-	-	1,158,591	883,914	274,677	274,678	(1)				3,012,768	-	-
Housing Health & Wellbeing																			
Disabled Facilities Grants	K5P03	A Begley	Ongoing	1,304,923	1,432,329	-	-	-	1,432,329	1,230,083	202,246	202,246	-	Green	Green		1,981,374	-	-
Total					1,432,329	-	-	-	1,432,329	1,230,083	202,246	202,246	-				1,981,374	-	-
Total Adult Services																			
					2,590,920	-	-	-	2,590,920	2,113,997	476,923	476,924	(1)				4,994,142	-	-
Children's Services																			
Children's Safeguarding																			
Children's Residential Care																			
Children's Residential Care - Buildings Conversion	K3A47	K Bradshaw	35,334	959	34,375	-	-	-	34,375	15,027	19,348	19,348	-	Green	Green		19,348	-	-
Total					34,375	-	-	-	34,375	15,027	19,348	19,348	-				19,348	-	-
Youth Work																			
Youth - Oswestry Teenspace	K3EY4	S Wilkins	2,735,667	2,687,271	48,396	-	-	-	48,396	-	48,396	48,396	-	Green	Green		48,396	-	-
Total					48,396	-	-	-	48,396	-	48,396	48,396	-				48,396	-	-
Total Children's Safeguarding																			
					82,771	-	-	-	82,771	15,027	67,744	67,744	-				67,744	-	-
Learning & Skills																			
Early Years																			
Short Breaks	K3L59	N Ward	453,887	444,806	9,081	-	-	-	9,081	8,070	1,011	1,011	-	Green	Green		1,011	-	-
Early Years Unallocated	KLE00	N Ward	Ongoing	-	5,000	2,935	-	-	7,935	5,000	2,935	2,935	-	Green	Green		77,078	-	-
Ludlow Junior School Early Years	KLE01	N Ward	17,115	-	17,115	-	-	-	17,115	17,115	(0)	-	(0)	Green	Green		-	-	-
Ludlow Junior Demountable Reconfiguration	KLE02	N Ward	200,000	-	-	-	-	-	-	-	-	-	-	Green	Green		200,000	-	-
Shifnal Primary - Hopscotch Nursery	KLE03	N Ward	26,461	-	26,462	(1)	-	-	26,461	26,461	(0)	-	(0)	Green	Green		-	-	-
Cressage EY Demountable Refurb	KLE04	N Ward	43,366	-	-	-	-	-	-	-	-	-	-	Green	Green		43,366	-	-

Shropshire Council - Capital Programme 2015/16 - 2018/19

Capital Scheme Details Quarter 4 2015/16

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Gobowen Primary - Replace kitchen roof	KL110	P Wilson	9,614	-	9,614	-	-	-	9,614	9,614	-	-	-	Green	Green		-	-	-
Welshampton - Replace windows	KL111	P Wilson	14,710	-	14,710	-	-	-	14,710	14,710	-	-	-	Green	Green		-	-	-
St Giles - Reroof 2 no. demountables	KL112	P Wilson	44,739	-	44,739	-	-	-	44,739	42,923	1,816	1,816	-	Green	Green		1,816	-	-
Hinstock - Demountable windows	KL113	P Wilson	13,080	-	-	-	-	-	-	7,756	(7,756)	(7,756)	-	Green	Green		5,324	-	-
Bishops Castle CC - Hall re fenestration	KL114	P Wilson	82,125	-	82,125	-	-	-	82,125	47,244	34,881	34,881	-	Green	Green		34,881	-	-
Tilstock - Rewire Phase 1	KL115	P Wilson	24,777	-	28,493	(3,716)	-	-	24,777	24,777	(0)	-	(0)	Green	Green		-	-	-
Grove Curtain Walling - Final Phase	KL116	P Wilson	66,876	-	69,941	(3,065)	-	-	66,876	66,876	-	-	-	Green	Green		-	-	-
Welshampton - Replace Heating System	KL117	P Wilson	9,810	-	10,511	(701)	-	-	9,810	9,810	-	-	-	Green	Green		-	-	-
Cockshutt - Reroof Demountable	KL118	P Wilson	12,577	-	19,181	(6,604)	-	-	12,577	12,289	288	288	-	Green	Green		288	-	-
Gobowen - Rewire Phase 1	KL119	P Wilson	27,899	-	27,624	275	-	-	27,899	27,899	(0)	-	(0)	Green	Green		-	-	-
West Felton - Rewire Phase 1	KL120	P Wilson	20,507	-	20,507	-	-	-	20,507	20,507	(0)	-	(0)	Green	Green		-	-	-
Cheswardine - Rewire Phase 1	KL121	P Wilson	31,429	-	31,430	-	-	-	31,430	26,778	4,652	4,652	-	Green	Green		4,651	-	-
Lower Heath - Rewire Phase 1	KL122	P Wilson	21,528	-	21,528	-	-	-	21,528	17,327	4,201	4,201	-	Green	Green		4,201	-	-
Ludlow Secondary - Rewire Phase 1	KL123	P Wilson	32,044	-	-	-	-	-	-	32,044	(32,044)	(32,044)	-	Green	Green		-	-	-
Wistanstow - Rewire Phase 1	KL124	P Wilson	18,295	-	18,295	-	-	-	18,295	18,295	-	-	-	Green	Green		-	-	-
Belvidere Secondary School - Roof Demountable Block	KL125	P Wilson	12,353	-	12,465	(112)	-	-	12,353	12,353	-	-	-	Green	Green		-	-	-
Ellesmere Primary - Survey Ducts	KL126	P Wilson	16,350	-	-	-	-	-	-	-	-	-	-	Green	Green		16,350	-	-
Welshampton Primary - Additional Electrical Works (new AC)	KL127	P Wilson	11,199	-	10,614	585	-	-	11,199	11,199	(0)	-	(0)	Green	Green		-	-	-
Church Preen - Phase 1 Rewire	KL128	P Wilson	10,871	-	-	-	-	-	-	-	-	-	-	Green	Green		10,871	-	-
Ludlow Infants - Replacement Windows	KL129	P Wilson	7,789	-	-	-	-	-	-	7,789	(7,789)	(7,789)	-	Green	Green		-	-	-
Longnor - Retaining Wall	KL130	P Wilson	3,270	-	-	-	-	-	-	-	-	-	-	Green	Green		3,270	-	-
Mary Webb School - Additional Electrical Works	KL131	P Wilson	8,176	-	8,666	(490)	-	-	8,176	8,176	-	-	-	Green	Green		-	-	-
Much Wenlock Primary - Insulate Roof Space	KL132	P Wilson	10,900	-	-	-	-	-	-	-	-	-	-	Green	Green		10,900	-	-
Ludlow Secondary - Reroof Demountable	KL133	P Wilson	8,153	-	8,698	(545)	-	-	8,153	8,153	(0)	-	(0)	Green	Green		-	-	-
St Martins - Additional Electrical Works	KL134	P Wilson	10,066	-	10,744	(678)	-	-	10,066	10,066	-	-	-	Green	Green		-	-	-
Ludlow Junior - Replacement Windows	KL135	P Wilson	10,923	-	8,720	2,203	-	-	10,923	-	10,923	10,923	-	Green	Green		10,923	-	-
Ludlow Secondary - Replace Kitchen Windows	KL136	P Wilson	10,900	-	-	-	-	-	-	-	-	-	-	Green	Green		10,900	-	-
Penfields, Bridgnorth EYFS - Replacement Windows	KL137	P Wilson	14,916	-	14,916	-	-	-	14,916	7,100	7,816	7,816	-	Green	Green		7,816	-	-
Stattyn - Phase 1 Heating	KL138	P Wilson	16,350	-	-	-	-	-	-	-	-	-	-	Green	Green		16,350	-	-
Stesbury - Phase 1 Windows	KL139	P Wilson	15,154	-	20,091	(4,937)	-	-	15,154	15,154	-	-	-	Green	Green		-	-	-
Longnor - Retaining Wall	KL140	P Wilson	10,900	-	-	-	-	-	-	-	-	-	-	Green	Green		10,900	-	-
Penfields - Phase 1 Rewire	KL141	P Wilson	10,322	-	10,867	(545)	-	-	10,322	10,322	(0)	-	(0)	Green	Green		-	-	-
Hinstock - Replace Windows	KL142	P Wilson	10,900	-	-	-	-	-	-	-	-	-	-	Green	Green		10,900	-	-
Coleham - New Boiler	KL143	P Wilson	92,650	-	-	-	-	-	-	-	-	-	-	Green	Green		92,650	-	-
Gobowen Primary - Phase 1 Rewire	KL144	P Wilson	32,700	-	-	-	-	-	-	-	-	-	-	Green	Green		32,700	-	-
Cockshutt - Classroom Windows	KL145	P Wilson	32,700	-	-	-	-	-	-	-	-	-	-	Green	Green		32,700	-	-
Stoke on Tern - Window Replacement Phase 3	KL146	P Wilson	21,800	-	-	-	-	-	-	-	-	-	-	Green	Green		21,800	-	-
Bridgnorth St Leonards - Phase 2 Rewire	KL147	P Wilson	32,700	-	-	-	-	-	-	-	-	-	-	Green	Green		32,700	-	-
St Giles - Phase 2 Rewire	KL148	P Wilson	32,700	-	-	-	-	-	-	-	-	-	-	Green	Green		32,700	-	-
Coleham - Flat Roofs	KL149	P Wilson	109,000	-	-	-	-	-	-	-	-	-	-	Green	Green		109,000	-	-
Bomere Heath - Phase 3 Rewire	KL150	P Wilson	65,400	-	-	-	-	-	-	-	-	-	-	Green	Green		65,400	-	-
Belvidere Primary - Phase 1 Windows	KL151	P Wilson	27,250	-	-	-	-	-	-	-	-	-	-	Green	Green		27,250	-	-
Highley - Phase 3 Rewire	KL152	P Wilson	87,200	-	-	-	-	-	-	-	-	-	-	Green	Green		87,200	-	-
Grove - Phase 1 Roofs	KL153	P Wilson	54,500	-	-	-	-	-	-	-	-	-	-	Green	Green		54,500	-	-
Crowmoor - New Floors in Two Classrooms	KL154	P Wilson	21,800	-	-	-	-	-	-	-	-	-	-	Green	Green		21,800	-	-
St Andrews CE Primary - Phase 2 Reroof	KL155	P Wilson	59,950	-	-	-	-	-	-	-	-	-	-	Green	Green		59,950	-	-
Shifnal - Phase 2 Rewire	KL156	P Wilson	27,250	-	-	-	-	-	-	-	-	-	-	Green	Green		27,250	-	-
Trinity, Ford - Phase 2 Rewire	KL157	P Wilson	54,500	-	-	-	-	-	-	-	-	-	-	Green	Green		54,500	-	-
Longnor - Phase 2 Rewire	KL158	P Wilson	32,700	-	-	-	-	-	-	-	-	-	-	Green	Green		32,700	-	-
St Lawrence - Phase 2 Rewire	KL159	P Wilson	54,500	-	-	-	-	-	-	-	-	-	-	Green	Green		54,500	-	-
Oakmeadow - Phase 1 Reroof	KL160	P Wilson	81,750	-	-	-	-	-	-	-	-	-	-	Green	Green		81,750	-	-
BCCC - English Block Toilets	KL161	P Wilson	43,600	-	-	-	-	-	-	-	-	-	-	Green	Green		43,600	-	-
BCCC - Phase 1 Rewire	KL162	P Wilson	21,800	-	-	-	-	-	-	-	-	-	-	Green	Green		21,800	-	-
Ludlow School - Rosla Block Reroof	KL163	P Wilson	103,550	-	-	-	-	-	-	-	-	-	-	Green	Green		103,550	-	-
Albrighton - Foundation/KS1 Toilets	KL164	P Wilson	27,250	-	-	-	-	-	-	-	-	-	-	Green	Green		27,250	-	-
Morda - Replace Main Block Slate Roof	KL165	P Wilson	21,800	-	-	-	-	-	-	-	-	-	-	Green	Green		21,800	-	-
Grove - Phase 3 Curtain Walling	KL166	P Wilson	87,200	-	-	-	-	-	-	-	-	-	-	Green	Green		87,200	-	-
Moreton Say - Windows Replacement	KL167	P Wilson	21,800	-	-	-	-	-	-	-	-	-	-	Green	Green		21,800	-	-
Ludlow Junior - Phase 2 Rewire	KL168	P Wilson	21,800	-	-	-	-	-	-	-	-	-	-	Green	Green		21,800	-	-
Cheswardine - Phase 2 Rewire	KL169	P Wilson	32,700	-	-	-	-	-	-	-	-	-	-	Green	Green		32,700	-	-
Newtown - Phase 1 Rewire	KL170	P Wilson	32,700	-	-	-	-	-	-	-	-	-	-	Green	Green		32,700	-	-
Ludlow Sec - Phase 2 Rewire	KL171	P Wilson	32,700	-	-	-	-	-	-	-	-	-	-	Green	Green		32,700	-	-
Woodfield - Phase 2 Windows	KL172	P Wilson	26,160	-	-	-	-	-	-	-	-	-	-	Green	Green		26,160	-	-
Woodfield - Reroof & Insulation of Demountable	KL173	P Wilson	16,350	-	-	-	-	-	-	-	-	-	-	Green	Green		16,350	-	-
Woodfield - Phase 3 Windows	KL174	P Wilson	19,620	-	-	-	-	-	-	-	-	-	-	Green	Green		19,620	-	-
Moreton Say - Rewire	KL175	P Wilson	76,300	-	-	-	-	-	-	-	-	-	-	Green	Green		76,300	-	-
St Peters Wem - Phase 2 Reroof	KL176	P Wilson	87,200	-	-	-	-	-	-	-	-	-	-	Green	Green		87,200	-	-
Minsterley - Phase 3 Windows	KL177	P Wilson	27,250	-	-	-	-	-	-	-	-	-	-	Green	Green		27,250	-	-
Mary Webb - Reroof Science Block	KL178	P Wilson	76,300	-	-	-	-	-	-	-	-	-	-	Green	Green		76,300	-	-
Hope - Phase 2 Reroof	KL179	P Wilson	98,100	-	-	-	-	-	-	-	-	-	-	Green	Green		98,100	-	-
Market Drayton Junior - Replace Stonework	KL180	P Wilson	13,080	-	-	-	-	-	-	-	-	-	-	Green	Green		13,080	-	-

Shropshire Council - Capital Programme 2015/16 - 2018/19

Capital Scheme Details Quarter 4 2015/16

Scheme Description	Code	Project Manager	Total Approved Scheme Budget	Previous Years Spend	Revised Budget Q3 2015/16	Budget Virements Q4	Budget Inc/Dec Q4	Reprofile to/from future years Q4	Revised Budget Q4	Actual Spend 31/03/16	Spend to Budget Variance	Slipped to 2016/17	No longer required / available	RAG Status Scheme on Budget	RAG Status Scheme Progress	Note	2016/17 Revised Budget	2017/18 Revised Budget	2018/19 Revised Budget
			£	£	£	£	£	£	£	£	£	£	£				£	£	£
St Martins - Phase 3 Rewire	KL181	P Wilson	32,700	-	-	-	-	-	-	-	-	-	-	Green	Green		32,700	-	-
Stoke on Tern - Phase 2 Rewire	KL182	P Wilson	21,800	-	-	-	-	-	-	-	-	-	-	Green	Green		21,800	-	-
Thomas Adams - Phase 2 Rewire	KL183	P Wilson	32,700	-	-	-	-	-	-	-	-	-	-	Green	Green		32,700	-	-
Myddle - Phase 1 Rewire	KL184	P Wilson	32,700	-	-	-	-	-	-	-	-	-	-	Green	Green		32,700	-	-
Cockshutt - Phase 1 Rewire	KL185	P Wilson	21,800	-	-	-	-	-	-	-	-	-	-	Green	Green		21,800	-	-
Church Preen - Phase 2 Rewire	KL186	P Wilson	16,350	-	-	-	-	-	-	-	-	-	-	Green	Green		16,350	-	-
Selattyn - Phase 2 Heating	KL187	P Wilson	38,150	-	-	-	-	-	-	-	-	-	-	Green	Green		38,150	-	-
Meole Brace Primary - Phase 2 Rewire & Ceiling Removal	KL188	P Wilson	65,400	-	-	-	-	-	-	-	-	-	-	Green	Green		65,400	-	-
Woodfield Inf - Floor & Rebuild Brick Piers	KL189	P Wilson	27,250	-	-	-	-	-	-	-	-	-	-	Green	Green		27,250	-	-
Market Drayton Infant - Replace Floor	KL190	P Wilson	5,450	-	-	-	-	-	-	-	-	-	-	Green	Green		5,450	-	-
Alveley - Windows Class 2/3	KL191	P Wilson	10,900	-	-	-	-	-	-	-	-	-	-	Green	Green		10,900	-	-
Prees - Reaplace Heat Pumps	KL192	P Wilson	5,995	-	-	-	-	-	-	-	-	-	-	Green	Green		5,995	-	-
Stoke on Tern - Replace Oil Tank	KL193	P Wilson	6,540	-	-	-	-	-	-	-	-	-	-	Green	Green		6,540	-	-
Highley - Phase 2 Windows	KL194	P Wilson	32,700	-	-	-	-	-	-	-	-	-	-	Green	Green		32,700	-	-
Sheriffhales - Damproof Classroom	KL195	P Wilson	16,350	-	-	-	-	-	-	-	-	-	-	Green	Green		16,350	-	-
Radbrook - Demountable Windows	KL196	P Wilson	4,687	-	-	-	-	-	-	-	-	-	-	Green	Green		4,687	-	-
Whixall - Reroof Main School	KL197	P Wilson	43,600	-	-	-	-	-	-	-	-	-	-	Green	Green		43,600	-	-
Newtown - Reroof & Windows	KL198	P Wilson	32,700	-	-	-	-	-	-	-	-	-	-	Green	Green		32,700	-	-
Prees - Reroof Main School	KL199	P Wilson	38,150	-	-	-	-	-	-	-	-	-	-	Green	Green		38,150	-	-
Various - Boiler Control Replacement	KL200	P Wilson	54,500	-	-	-	-	-	-	-	-	-	-	Green	Green		54,500	-	-
Christ Church Cressage Primary School - Reroof Demountable	KL201	P Wilson	10,900	-	-	-	-	-	-	-	-	-	-	Green	Green		10,900	-	-
Whitchurch Infants - Phase 1 Rewire	KL202	P Wilson	21,800	-	-	-	-	-	-	-	-	-	-	Green	Green		21,800	-	-
Coleham - Replace Floors	KL203	P Wilson	32,700	-	-	-	-	-	-	-	-	-	-	Green	Green		32,700	-	-
Belvidere Secondary - Phase 4 Rewire	KL204	P Wilson	109,000	-	-	-	-	-	-	-	-	-	-	Green	Green		109,000	-	-
Total					4,317,138				4,317,138	3,651,968	665,170	665,173	(3)				4,291,328	3,322,364	-
Fire Safety Schemes																			
Fire Safety - Unallocated	KLF00	P Wilson	Ongoing	-	26,943	20,108	-	-	47,051	-	47,051	47,051	-	Green	Green		289,452	-	-
Fire Safety - Oakmeadow	K3V34	P Wilson	3,447	-	2,838	609	-	-	3,447	3,447	-	-	-	Green	Green		-	-	-
Fire Safety - Woodlands (Wem)	K3V42	P Wilson	62,840	47,259	32,542	(16,961)	-	-	15,581	15,581	(0)	-	(0)	Green	Green		-	-	-
Fire Safety - Radbrook	K3V45	P Wilson	18,557	-	18,557	-	-	-	18,557	18,557	-	-	-	Green	Green		-	-	-
Fire Safety - Shifnal Primary	K3V46	P Wilson	42,583	-	42,583	-	-	-	42,583	42,583	-	-	-	Green	Green		-	-	-
Fire Safety - Whitchurch Infants	K3V47	P Wilson	24,620	-	24,292	328	-	-	24,620	24,620	-	-	-	Green	Green		-	-	-
Fire Safety - Shifnal St Andrews	KLF01	P Wilson	638	-	-	638	-	-	638	638	-	-	-	Green	Green		-	-	-
Fire Safety - Sundome Infant School	KLF02	P Wilson	40,750	-	43,600	(2,850)	-	-	40,750	40,750	(0)	-	(0)	Green	Green		-	-	-
Fire Safety - Oswestry Meadows	KLF03	P Wilson	495	-	-	495	-	-	495	495	-	-	-	Green	Green		-	-	-
Fire Safety - Belvidere Primary	KLF04	P Wilson	-	-	-	-	-	-	-	-	-	-	-	Green	Green		-	-	-
Fire Safety - Alveley Primary	KLF05	P Wilson	401	-	-	401	-	-	401	401	(0)	-	(0)	Green	Green		-	-	-
Fire Safety - Minsterley Primary	KLF06	P Wilson	18,569	-	19,664	(1,095)	-	-	18,569	18,569	(0)	-	(0)	Green	Green		-	-	-
Fire Safety - Ludlow Infants	KLF09	P Wilson	23,769	-	25,430	(1,661)	-	-	23,769	23,769	(0)	-	(0)	Green	Green		-	-	-
Fire Safety - Crommoor Primary	KLF10	P Wilson	3,266	-	3,620	(354)	-	-	3,266	3,266	-	-	-	Green	Green		-	-	-
Fire Safety - Ludlow St Laurence	KLF11	P Wilson	14,986	-	16,076	(1,090)	-	-	14,986	14,986	(0)	-	(0)	Green	Green		-	-	-
Fire Safety - Bishop Castle Primary	KLF12	P Wilson	12,579	-	13,669	(1,090)	-	-	12,579	12,579	-	-	-	Green	Green		-	-	-
Fire Safety - St Thomas & St Anne	KLF13	P Wilson	34,008	-	-	748	-	-	748	748	(0)	-	(0)	Green	Green		33,260	-	-
Fire Safety - Sheriffhales	KLF14	P Wilson	31,065	-	-	457	-	-	457	457	-	-	-	Green	Green		30,608	-	-
Fire Safety - Rushbury	KLF15	P Wilson	45,235	-	-	469	-	-	469	469	(0)	-	(0)	Green	Green		44,766	-	-
Fire Safety - Beckbury	KLF16	P Wilson	15,914	-	-	436	-	-	436	436	(0)	-	(0)	Green	Green		15,478	-	-
Fire Safety - Adderley	KLF17	P Wilson	33,899	-	-	412	-	-	412	412	(0)	-	(0)	Green	Green		33,487	-	-
Total					269,814				269,814	222,764	47,050	47,051	(1)				447,051	-	-
Special Education Needs																			
Schools Access Initiative Unallocated	KLD00	P Wilson	Ongoing	-	-	-	-	-	-	-	-	-	-	Green	Green		244,231	-	-
Criftins Changing Bench	KLD01	P Wilson	4,816	-	-	-	-	-	-	-	-	-	-	Green	Green		4,816	-	-
Kettlemere Centre - Lakelands	K3CX0	P Wilson	1,014,541	832,426	182,114	-	-	-	182,114	90,350	91,764	91,764	-	Green	Green		91,764	-	-
Total					182,114				182,114	90,350	91,764	91,764					340,811	-	-
Devolved Formula Capital & UIFSM - Allocated by schools		P Wilson	Ongoing		1,042,437	9,490	25,961	-	1,077,888	1,013,626	64,262	64,262	1	Green	Green		1,801,054	-	-
Total Learning & Skills					8,265,477		25,961		8,291,438	6,830,836	1,460,602	1,460,609	(7)				11,430,541	7,556,161	-
Total Children's Services					8,348,248		25,961		8,374,209	6,845,863	1,528,346	1,528,353	(7)				11,498,285	7,556,161	-
Resources & Support																			
Customer Care & Support Services																			
Assets & Estates Management																			
Mardol House Adaptation and Refit	KRP03	S Jackson	3,640,000	167,641	3,472,359	-	-	-	3,472,359	3,472,359	-	-	-	Green	Green		-	-	-
Total					3,472,359				3,472,359	3,472,359									
Assets & Estates - Energy & Sustainability																			
Shawbury St Marys Solar PV	KRV01	S Law	62,559	193	66,355	-	(3,989)	-	62,366	60,830	1,536	1,536	-	Green	Green		1,536	-	-
Bishops Castle Primary Solar PV	KRV03	S Law	40,847	-	43,900	-	(3,053)	-	40,847	39,874	973	973	-	Green	Green		973	-	-
Weston Rhyn Primary Solar PV	KRV04	S Law	33,109	-	38,320	-	(5,210)	-	33,110	32,321	789	789	-	Green	Green		788	-	-
Harlescott Junior Solar PV	KRV06	S Law	35,191	-	50,250	-	(15,059)	-	35,191	34,353	838	838	-	Green	Green		838	-	-
Mount Pleasant Primary Solar PV	KRV07	S Law	39,085	-	47,200	-	(8,115)	-	39,085	38,154	931	931	-	Green	Green		931	-	-

Shropshire Council - Capital Programme 2015/16 - 2018/19

Capital Scheme Details Quarter 4 2015/16

Scheme Description	Code	Project Manager	Total Approved Scheme Budget £	Previous Years Spend £	Revised Budget Q3 2015/16 £	Budget Virements Q4 £	Budget Inc/Dec Q4 £	Reprofile to/from future years Q4 £	Revised Budget Q4 £	Actual Spend 31/03/16 £	Spend to Budget Variance £	Slipped to 2016/17 £	No longer required / available £	RAG Status Scheme on Budget	RAG Status Scheme Progress	Note	2016/17 Revised Budget £	2017/18 Revised Budget £	2018/19 Revised Budget £
Ludlow Youth Centre Solar PV	KRV11	S Law	43,060	-	29,556	-	13,504	-	43,060	42,036	1,024	1,024	-	Green	Green		1,024	-	-
Severn Valley Country Park Solar PV	KRV14	S Law	18,045	-	18,131	-	(86)	-	18,045	17,616	429	429	-	Green	Green		429	-	-
SPARC - Solar PV	KRV15	S Law	60,719	-	61,007	-	(288)	-	60,719	59,200	1,519	1,519	-	Green	Green		1,519	-	-
Shirehall - Solar PV	KRV17	S Law	269,935	-	269,935	-	-	-	269,935	185,648	84,287	84,287	-	Green	Green		84,287	-	-
Total					624,654	-	(22,296)	-	602,358	510,033	92,325	92,325	-				92,325	-	-
Assets & Estates - Small Holdings																			
The Clamp - Smallholding Refurbishment	KCS03	S Law	149,939	6,207	93,733	-	-	-	93,733	9,623	84,110	84,110	-	Green	Green		134,109	-	-
Total					93,733	-	-	-	93,733	9,623	84,110	84,110	-				134,109	-	-
Assets & Estates - Gypsy Sites																			
Gypsy Site - Park Hall, Oswestry	K6T01	S Law	513,936	434,784	31,018	-	(1,866)	-	29,152	11,199	17,953	17,953	-	Green	Green		67,953	-	-
Gypsy Site - Long Lane, Craven Arms	K6T02	S Law	271,793	267,595	4,198	-	-	-	4,198	4,198	-	-	-	Green	Green		-	-	-
Gypsy Site - Manor House Lane	K6T03	S Law	653,745	309,076	342,803	-	1,866	-	344,669	344,669	-	-	-	Green	Green		-	-	-
Gypsy Sites - Whittington Phase 2	K6T04	S Law	677,220	352,234	254,986	-	-	-	254,986	242,112	12,874	12,874	-	Green	Green		82,874	-	-
Gypsy Sites - Craven Arms Phase 2	K6T05	S Law	483,729	331,027	102,702	-	-	-	102,702	75,201	27,501	27,501	-	Green	Green		77,501	-	-
Total					735,707	-	-	-	735,707	677,378	58,329	58,328	-				228,328	-	-
Total Customer Care & Support Services					4,926,453	-	(22,296)	-	4,904,157	4,669,393	234,764	234,763	-				454,762	-	-
Legal Strategy & Democratic Elections																			
A3 Forms Hardware Funding	KLGO2	S Ijewsky	28,377	11,330	18,028	-	(981)	-	17,047	17,047	-	-	-	Green	Green		-	-	-
Total					18,028	-	(981)	-	17,047	17,047	-	-	-				-	-	-
Total Resources & Support					4,944,481	-	(23,277)	-	4,921,204	4,686,440	234,764	234,763	1				454,762	-	-
Total General Fund Capital Programme					46,188,493	-	490,140	-	46,678,633	39,496,007	7,182,626	7,178,301	4,325				62,681,867	32,839,680	16,150,079
Housing Revenue Account																			
Major Repairs Programme - SC Contracts																			
Asbestos Major Repairs Programme	K5P01	A Begley	Ongoing	-	-	-	-	-	-	-	-	-	-	Green	Green		3,801,569	3,550,000	-
Asbestos Removal	K5P45	A Begley	Ongoing	-	2,225	-	-	-	2,225	2,225	-	-	-	Green	Green		-	-	-
Total					2,225	-	-	-	2,225	2,225	-	-	-				3,801,569	3,550,000	-
Major Repairs Programme - STAR Housing Contracts																			
STAR Rewires	K5R02	A Begley	800,002	467,827	282,174	-	-	-	282,174	263,857	18,317	18,317	-	Green	Green		68,317	-	-
STAR Heating Installation Works	K5R03	A Begley	165,033	165,033	-	-	-	-	-	-	-	-	-	Green	Green		-	-	-
STAR Electrical Remedial Works	K5R04	A Begley	609,316	352,892	246,424	-	-	-	246,424	215,520	30,904	30,904	-	Green	Green		40,904	-	-
STAR Roofing	K5R05	A Begley	550,000	206,028	43,972	-	-	-	43,972	-	43,972	43,972	-	Green	Green		343,972	-	-
STAR Major Works	K5R06	A Begley	345,090	178,471	126,620	-	-	-	126,620	126,350	270	270	-	Green	Green		40,269	-	-
STAR Kitchens & Bathrooms	K5R07	A Begley	1,505,799	1,055,800	100,000	-	-	-	100,000	183,393	(83,393)	(83,393)	-	Green	Green		266,607	-	-
STAR Fire Safety Works	K5R08	A Begley	244,000	96,756	47,244	-	-	-	47,244	31,339	15,905	15,905	-	Green	Green		115,905	-	-
STAR One Off Doors	K5R09	A Begley	50,000	33,782	16,218	-	-	-	16,218	10,989	5,229	5,229	-	Green	Green		5,229	-	-
STAR External Doors	K5R11	A Begley	218,000	975	67,025	-	-	-	67,025	126,795	(59,770)	(59,770)	-	Green	Green		90,230	-	-
STAR External Wall Insulation	K5R12	A Begley	900,000	6,395	893,605	-	-	-	893,605	840,800	52,805	52,805	-	Green	Green		52,805	-	-
STAR Disabled Aids & Adaptations	K5R13	A Begley	500,001	236,076	263,925	-	-	-	263,925	186,347	77,578	77,578	-	Green	Green		77,578	-	-
STAR Heating Insulation Works (Liberty)	K5R14	A Begley	1,749,999	819,652	930,348	-	-	-	930,348	1,032,661	(102,313)	(102,313)	-	Green	Green		(102,313)	-	-
STAR Sewage Treatment Works	KSH01	A Begley	70,000	-	8,000	-	-	-	8,000	5,465	2,535	2,535	-	Green	Green		64,535	-	-
STAR Asbestos Removal	KSH02	A Begley	200,000	-	150,000	-	-	-	150,000	115,112	34,888	34,888	-	Green	Green		84,888	-	-
STAR Kitchens & Bathrooms Voids	KSH03	A Begley	250,000	-	250,000	-	-	-	250,000	154,572	95,428	95,428	-	Green	Green		95,428	-	-
STAR Oswestry Castlefields Regeneration	KSH04	A Begley	150,000	-	-	-	-	-	-	530	(530)	(530)	-	Green	Green		149,470	-	-
Total					3,425,555	-	-	-	3,425,555	3,293,731	131,824	131,824	-				1,393,824	-	-
New Build Programme																			
Housing New Build Programme - Phase 1	K5NB1	A Begley	7,176,340	6,773,862	302,565	-	-	-	302,565	249,132.90	53,432	53,432	-	Green	Green		153,345	-	-
Housing New Build Programme - Phase 2	K5NB2	A Begley	3,815,981	-	1,471,278	-	-	-	1,471,278	1,397,648.35	73,630	73,630	-	Green	Green		2,365,259	53,074	-
Total					1,773,843	-	-	-	1,773,843	1,646,781	127,062	127,062	-				2,518,604	53,074	-
Total Housing Revenue Account					5,201,623	-	-	-	5,201,623	4,942,737	258,886	258,886	-				7,713,997	3,603,074	-
Total Capital Programme					51,390,116	-	490,140	-	51,880,256	44,438,744	7,441,512	7,437,187	4,325				70,395,864	36,442,754	16,150,079

Shropshire Council - Capital Programme 2015/16 - 2018/19

Financing	B/F Budget Q3 2015/16 £	Budget Virements Q4 £	Budget Inc/Dec Q4 £	Reprofile to/from future years Q4 £	Revised Budget Q4 15/16 £	2016/17 Revised Budget £	2017/18 Revised Budget £	2018/19 Revised Budget £
Self Financed Prudential Borrowing	3,172,359	-	-	-	3,172,359	-	-	-
Government Grants								
Department for Transport	18,124,000	-	-	-	18,124,000	18,710,000	16,293,000	14,901,000
Department for Health - Community Capacity Grant	776,000	-	-	-	776,000	-	-	-
Department for Health - Disabled Facilities Grant	1,379,128	-	-	-	1,379,128	-	-	-
Department for Health - Better Care Fund		-	-	-	-	2,498,220		
Department for Education		-	-	-	-			
- Condition Capital Grant	3,432,986	-	-	-	3,432,986	3,322,364	3,322,364	-
- Basic Need Capital Grant	1,709,784	-	-	-	1,709,784	1,795,273	1,784,013	-
- Devolved Formula Capital	979,364	-	(7,564)	-	971,800	1,785,922	-	-
HCA - Travellers	735,707	-	-	-	735,707	228,328	-	-
HCA - New Build	274,000	-	-	-	274,000	68,500	-	-
BDUK - Broadband	4,234,554	-	-	-	4,234,554	1,606,000	2,972,769	-
Environment Agency	246,720	-	-	-	246,720	1,384,512	291,000	70,000
DEFRA	5,708	-	-	-	5,708	-	-	-
Local Enterprise Partnership (LEP) Fund	598,586	839,695	-	-	1,438,281	3,535,777	3,411,000	800,000
	32,496,537	839,695	(7,564)	-	33,328,668	34,934,896	28,074,146	15,771,000
Other Grants								
Historic England/English Heritage	40,352	-	5,310	-	45,662	455	-	-
Natural England	82,422	-	-	-	82,422	9,703	-	-
Sports England	21,607	-	-	-	21,607	-	-	-
Arts Council	19,017	-	(705)	-	18,312	-	-	-
Other Grants	553,550	107,800	-	-	661,350	-	-	-
	716,948	107,800	4,605	-	829,353	10,158	-	-
Other Contributions								
Section 106	566,764	10,000	103,208	-	679,972	621,495	4,750	-
Community Infrastructure Levy (CIL)	2,360	-	-	-	2,360	-	-	-
Other Contributions	39,061	12,420	40,000	-	91,481	61,489	-	-
	608,185	22,420	143,208	-	773,813	682,984	4,750	-
Revenue Contributions to Capital	2,017,499	-	383,525	-	2,401,024	1,736,247	250,000	-
Major Repairs Allowance	3,512,818	(107,800)	-	-	3,405,018	5,681,489	3,603,074	-
Corporate Resources (expectation - Capital Receipts only)	8,865,770	(862,115)	(33,634)	-	7,970,021	27,350,090	4,510,784	379,079
Total Confirmed Funding	51,390,116	-	490,140	-	51,880,256	70,395,864	36,442,754	16,150,079
	Ok	Ok	Ok	Ok	Ok	Ok	Ok	Ok
	Ok	Ok	Ok	Ok	Ok	Ok	Ok	Ok

Shropshire Council - Capital Programme 2015/16 - 2018/19

Funding changes - Quarter 4

Budget Increase/Decrease	2015/16	2016/17	2017/18	2018/19	Details
Government Grant					
Department for Transport		1,960,000			Additional Incentive Element funding £924k and Pothole Action Fund funding £1.036m.
Department for Health - Better Care Fund		2,498,220			Confirmation of funding for 2016/17, this incorporates previous separate allocations for DFGs and Community Capacity Grant, the Service have allocated £1.379m to DFGs (as per 2015/16 allocation) and £1.119m to Adult Social Care.
Department for Education - Condition		(110,622)	(110,622)		Confirmation of funding allocation for 2016/17, slightly lower than provisional allocation, due to schools that have transferred to Academy's in 2015/16.
Department for Education - Devolved Formula Capital (DFC)	(7,564)	736,792			Removal of funding for school transferred to Academy status. Confirmation of new funding allocation for 2016/17.
BDUK - Broadband		1,606,000	2,972,769		New funding for Broadband project phase 2.
Local Enterprise Partnership (LEP) Fund			2,672,000	500,000	New funding for Broadband project phase 2b, totalling £5.022m in total, through to 2020/21. £2.061m of the funding in 2017/18 will be applied in place of capital receipts in 2015/16 / 2016/17 on the phase 1 scheme; reducing the short term pressure on capital receipt generation.
Total Government Grants	(7,564)	6,690,390	5,534,147	500,000	
Other Grants					
Historic England/English Heritage	5,310				Contribution to highways scheme.
Arts Council	(705)				Removal of small underspend on scheme.
Other Grants		107,800			Green Deal funding for external wall insulation of HRA properties.
Total Other Grants	4,605	107,800	-	-	
Other Contributions					
Section 106	103,208	114,797	4,750		Contributions towards two affordable housing schemes, Shelton Recreation Ground Pavilion and various contributions to highways
Other Contributions	40,000				Developer funding agreed via a unilateral undertaking towards pedestrian crossing & traffic calming.
Total Other Contributions	143,208	114,797	4,750	-	
Revenue Contributions to Capital	383,525	145,000			2015/16 and 2016/17 two new community led affordable Housing schemes agreed, financed from New Homes Bonus monies (£455k). School contribution to a capital scheme (£71k).
Capital Receipts	(33,634)	32,412			Removal of small balances on complete schemes 15/16; re-allocation of Small Business Loan repayments 2016/17, as previously approved by Cabinet.
	490,140	7,090,399	5,538,897	500,000	
	-	-	-	-	

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<u>Committee and Date</u> Cabinet 8 th June 2016 Audit Committee 23 rd June 2016 Council 21 st July 2016	<u>Item</u> 9 Public
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REVENUE OUTTURN 2015/16

Responsible Officer James Walton

Email: james.walton@shropshire.gov.uk Tel: (01743) 255011

1. Summary

- 1.1 This report provides details of the revenue outturn position for Shropshire Council for 2015/16 and provides a summary of:
- The revenue outturn for each service area with a commentary on the main variations and an outline of how the position has changed since Quarter 3.
 - The movements in the Council's general balance.
 - The Council's reserves and provisions.
- 1.2 The Council's financial position for 2015/16 has improved by £3.219m when compared to projections made at Quarter 3 resulting in a net underspend of £2.816m.

2. Recommendations

- 2.1 Members are asked to:
- A. Note that the Outturn for the Revenue Budget for 2015/16 is an underspend of £2.816m, this represents 0.5% of the original gross budget of £594m.
 - B. Note that the level of general balance stands at £18.370m, which is above the anticipated level included within the Financial Strategy.
 - C. Note that the Outturn for the Housing Revenue Account for 2015/16 is an underspend of £1.031m and the level of the Housing Revenue Account reserve stands at £5.824m (2014/15 £3.076m).
 - D. Note the increase in the level of Earmarked Reserves and Provisions (excluding delegated school balances) of £4.175m in 2015/16.
 - E. Note that the level of school balances stand at £7.173m (2014/15 £3.957m).

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1 Details of the potential risks affecting the balances and financial health of the Council are detailed within the report. Each variation from budget is also RAG rated to confirm the level of risk to the Council's balances.

4. Financial Implications

4.1 This report is based on the financial outturn of the Council's budget for 2015/16 and therefore considers the effect that the underspend has on the Council's balances.

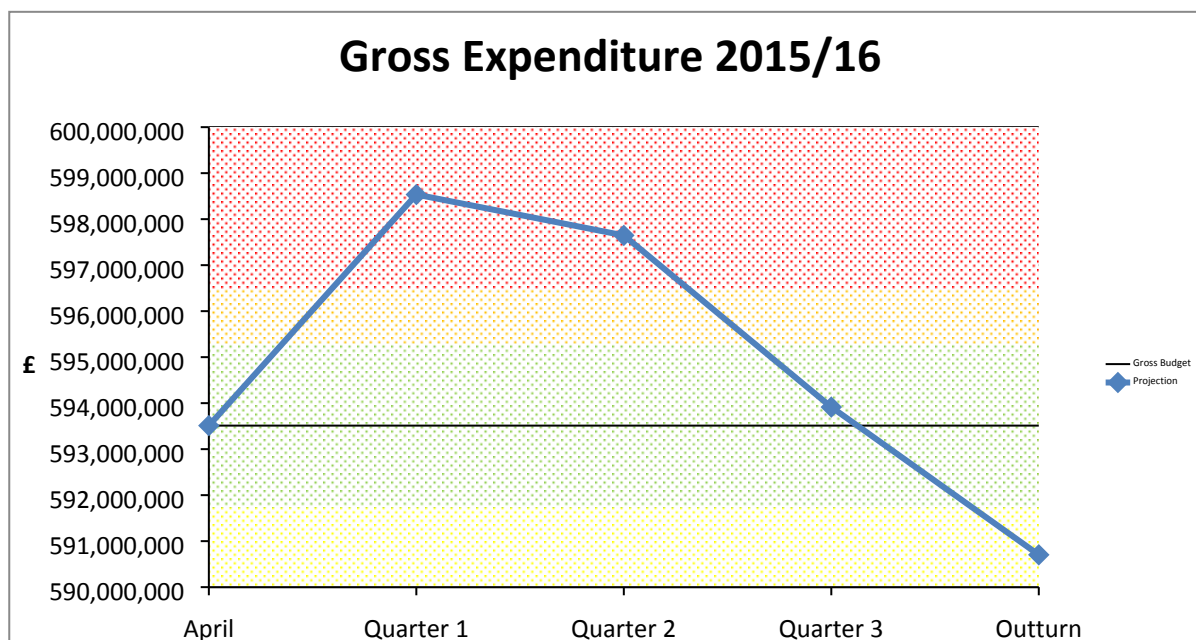
5. Background

5.1 Cabinet has received quarterly monitoring reports on the revenue budget during the course of the year. This has meant that Service Areas have identified problem areas as they have arisen and management have been able to take the action necessary to deal with the issues arising.

6. Overall Position

6.1 The final outturn for 2015/16 shows overall net revenue expenditure of £213.027m and an underspend of £2.816m. The overall position for Service areas and Schools' balances is detailed below:

	£000
Original Budget	215,843
Outturn for 2015/16	213,027
Underspend for 2015/16	(2,816)



6.2 The underspend of £2.816m for 2015/16 is presented below by Service Area. End of year entries include items of non-controllable spend (e.g. depreciation) that are not included within service projections throughout the year. To enable comparison with previous monitoring reports, the non-controllable element of spend has been excluded from the figures presented below to enable a direct comparison to be made between controllable spend at year end, and projections made throughout the year.

Table 1: 2015/16 Budget Variations Analysed by Service Area (£'000)

Service Area	Revised Budget £'000	Controllable Outturn £'000	Controllable (Under)/Over spend £'000	RAGBY
Adults Services	72,435	77,281	4,846	R
Children's Services	53,859	53,892	32	G
Commissioning	82,917	81,238	(1,679)	Y
Public Health	2,013	1,993	(20)	Y
Resources & Support	7,375	5,072	(2,303)	Y
Corporate	(2,756)	(6,448)	(3,692)	Y
TOTAL	215,843	213,027	(2,816)	Y

6.3. The outturn position has improved by £3.219m since Quarter 3 as a result of further underspends achieved across all service areas within the Council. The most significant changes were in the following areas:

- projected overspend in Adult Services reduced by £0.6m due to a pressure on transport costs not being realised and savings being achieved that had previously been categorised as amber.
- The overspend projected relating to County Training within Learning & Skills has been funded during closedown from a contribution from deferred grant balances.
- Levels of waste sent to landfill during the year reduced resulting in a reduction in the year end waste contract payments.
- Overspends projected within Highways and Transport for Concessionary Travel did not materialise to the level projected.
- Savings in Corporate budgets including external audit fees and treasury management budgets were identified during the final quarter of the year,

Further analysis of the variations to budgets for all service areas is provided within Appendix 1.

7. General Fund Balance

7.1 The effect on the Council's Reserves is detailed below. The Council's policy on balances is to have a general fund balance (excluding schools balances) of between ½% and 2% of the gross revenue budget. For 2015/16 the minimum balance required is £2.968m. The general fund balance as at 31st March 2016 is shown in Table 2 below:

Table 2: General Fund Balance As At 31st March 2016 (£'000)

General Fund Balances as at 1 April 2015	15,206
Budgeted contribution to General Fund Balance	409
Under recovery of insurance costs	(61)
2015/16 Revenue Outturn	2,816
General Fund Balance at 31 March 2016	18,370

7.2 The General Fund Balance at 31 March is above the level anticipated within the Financial Strategy, however it still lies below the risk based target for 2015/16 which stands at £23.374m.

7.3 The council's policy is to hold general fund balances of between ½ and 2% of the gross revenue budget, however the balance of £18.370m now falls above this policy level. This is considered appropriate given the significant increase in the risk based general fund calculation for 2016/17 to £28.196m (as agreed by Council in February 2016) and the significant level of savings required in the budget strategy for 2016/17 and in future years. At this time, there is insufficient available funding to provide additional contributions into the General Fund Balance to ensure the Council achieves the risk based target in 2016/17 and in the following 2 years. Therefore the risk arising from this will need to be tolerated with mitigating actions and the potential gap between the Risk Based Target and Projected General Fund balance will be closely monitored and reported through to Cabinet if it becomes apparent that the projected balance is insufficient.

8. Housing Revenue Account (Appendix 2)

8.1 The Housing Revenue Account (HRA) outturn for 2015/16 shows an underspend of £1.031m against gross turnover (5.7%) which has mainly arisen due to increased rent income from faster turnaround on voids, an underspend on planned repairs to the HRA properties and a reduced contribution to the bad debt provision for the year due to improved collection rate of rents.

8.2 The underspend takes the closing balance on the HRA Reserve to £5.824m which represents a contingency of £1,416 per home.

8.3 The HRA also holds the Major Repairs Reserve which is an earmarked reserve required to meet the costs of major repairs on the Council's housing stock. The reserve has increased in 2015/16 to £2.803m which reflects the lower level of capital expenditure during the year.

9. Reserves and Provisions (Appendix 4)

9.1 The Council has created a number of specific reserves and provisions to provide for known or anticipated future liabilities and to assist in protecting essential services. Earmarked reserves are balances held for specific items that will occur in the future. Provisions are held to meet expenses that will occur as a result of past events and where a reliable estimate can be made of the obligation.

9.2 The overall position for reserves and provisions is set out in the Statement of Accounts 2015/16, however a detailed breakdown of the balances is contained at Appendix 4, with an explanation of each reserve and provision. These figures may be subject to change before the Council's final Statement of Accounts is produced. The change in revenue reserves and provisions is as follows:

Balance Held	Reserves £000	Provisions £000	Bad Debt Provisions £000	Total Reserves & Provisions £000
As at 31 March 2015	55,027	11,485	4,628	71,140
As at 31 March 2016	60,841	11,677	6,013	78,531
Increase/(Decrease)	5,814	192	1,385	7,391
Delegated School Balances Movement	3,216	0	0	3,216
Increase/(Decrease) (excluding Delegated School Balances)	2,598	192	1,385	4,175

9.3. Delegated School Balances

9.3.1 The movement in delegated schools' balances is as follows:

	2014/15 £000	2015/16 £000	Increase/ (Decrease) £000
Schools:			
- Revenue Balances	2,564	5,511	2,947
- Invested Balances	1,188	1,136	(52)
- Extended Schools Grant Balance	473	749	276
Sub Total within Schools	4,225	7,396	3,171
Purchasing IT equipment	(172)	(155)	17
Carbon efficiency measures	(96)	(68)	28
Total Delegated School Balances	3,957	7,173	3,216

9.3.2 Schools' balances have to be ringfenced for use by schools and schools have the right to spend those balances at their discretion. Of the 127 schools, 119 schools have surplus balances and 8 have deficit balances.

9.3.3 The Extended Schools Grant allocations for schools are paid over during 2015/16, however as the balance will not be fully committed until the end of the school academic year, these balances have been ringfenced to each individual school within School Balances.

- 9.3.4 Following consultation with the school's forum and head teachers, the school balances have been used to purchase IT equipment for schools, the cost of this equipment is then recharged to schools over the life of that equipment, effectively operating as an internal leasing arrangement. At the end of 2015/16 £155,443 of the £7,396,000 was being used in this way.
- 9.3.5 School balances have also been used to fund carbon efficiency measures within schools. At the end of 2015/16, £68,102 of the £7,396,000 was used for this purpose.

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

Revenue & Capital Budget 2015/16

Financial Rules

Revenue Monitoring Report – Quarter 1 2015/16

Revenue Monitoring Report – Quarter 2 2015/16

Revenue Monitoring Report – Quarter 3 2015/16

Cabinet Member

All

Local Member

All

Appendices

App 1 – Service Area Outturn and Actions

App 2 – Housing Revenue Account 2015/16

App 3 – Amendments to Original Budget

App 4 – Reserves and Provisions

Service Area Outturn and Actions 2015/16Summary

	Full year			RAGBY	FOR INFO ONLY		
	Budget	Controllable Outturn	Controllable Variation		Outturn (incl. Non Controllable items*)	Non Controllable Variation	Total Variation
	£	£	£		£		£
Adult Services	72,434,690	77,280,967	4,846,277	R	77,388,115	107,148	4,953,425
Children Services	53,859,220	53,891,384	32,164	G	53,912,596	21,212	53,376
Commissioning	82,916,640	81,237,805	(1,678,835)	Y	83,358,404	2,120,600	441,764
Public Health	2,013,000	1,992,857	(20,143)	Y	1,988,760	(4,097)	(24,240)
Resources & Support	7,374,830	5,071,613	(2,303,217)	Y	21,685,131	16,613,518	14,310,301
Corporate	(2,755,820)	(6,447,644)	(3,691,824)	Y	(25,306,024)	(18,858,381)	(22,550,204)
Total	215,842,560	213,026,982	(2,815,578)	Y	213,026,982	0	(2,815,578)

*The non controllable items included in the table above include items such as depreciation, impairment of assets, other capital charges and IAS19 (pension costs) that are not included within service projections throughout the year. These charges are produced at the year-end as they are calculated as part of the closedown procedures. The budgets for the year are set in the February of the preceding financial year, and rather than reallocate these budgets at the year end to match where the accounting entries are processed, we allow variations from budget to be reported instead. The net effect of these variations across the Council will always be zero, as any overspends within non controllable budgets for service areas will be offset by a Corporate underspend which reflects the statutory requirement that any variations in these budgets should impact on the Council Tax Payer and ultimately the Council Tax that we charge.

Detail On Controllable Outturn and Variations

ADULT SERVICES	Full year			RAGBY
	Budget	Controllable Outturn	Controllable Variation	
	£	£	£	
Total	72,434,690	77,280,967	4,846,277	R

Adult Business Support & Development	Portfolio Holder Adult Services	2,714,040	1,948,557	(765,483)	Y
Underspend within staffing, training and grant income held here to offset pressures in the purchasing budgets.					
Contracts & Provider	Portfolio Holder Adult Services	7,135,820	6,482,140	(653,680)	Y
The underspends in internally provided services are kept under continual review and used flexibly as in house services are redesigned and recommissioned to meet the changing needs of users.					
Social Care Operations	Portfolio Holder Adult Services	55,977,140	62,299,630	6,322,490	R

Service Area Outturn and Actions 2015/16

ADULT SERVICES		Full year			RAGBY
		Budget	Controllable Outturn	Controllable Variation	
		£	£	£	
<p>The purchasing element of this budget is overspending by £6.4m after the application of the ILF grant. Period 12 has seen £0.322m of new gross pressure added by 17 new clients. A total of 1,403 clients have been added since the beginning of 2015/16 adding £10m gross expenditure to the in-year projection. The full year impact of this new demand is potentially significantly greater creating pressures for next year. 25% of this cost added relates to Hospital Discharge activity. 23% for reasons of general frailty and 12% from Capital reduction. These continue to the main pressure themes. An intensive work programme is underway in finance to develop datasets that will help us to better forecast future cost as well as understand historic cost patterns.</p>					
Adult Services Management	Portfolio Holder Adult Services	2,293,860	2,236,810	(57,050)	Y
No significant variance to report					
Housing Health & Wellbeing	Portfolio Holder Planning, Housing, Regulatory Services and Environment	4,313,830	4,313,830	0	G
No variance to report					

CHILDREN'S SERVICES		Full year			RAGBY
		Budget	Controllable Outturn	Controllable Variation	
		£	£	£	
Total		53,859,220	53,891,384	32,164	G

Learning & Skills	Portfolio Holder Children and Young People	24,081,990	24,073,948	(8,042)	Y
<p>A deficit of £0.375m was incurred in County Training. The Service faced extremely difficult trading conditions in year with reduced Apprenticeship recruitment and significantly reduced numbers of clients on Welfare to Work programmes. Measures to combat these funding reductions included 2 staffing restructures and a review of the occupation of premises. Although substantial savings were achieved through the staff restructures, the deficit caused by Income reductions and unachieved savings in premises costs was not entirely mitigated.</p> <p>The remainder of Learning and Skills was projected to outturn £0.143m underspent, which would have resulted in an overspend of £0.240m for Learning and Skills as a whole including the County Training deficit, however a decision was made to offset this £0.240m overspend with deferred grant balances within the Children's Services Directorate.</p> <p>The £0.143m underspend mentioned above resulted from underspends across a few service areas. Home to School Transport achieved an underspend of £0.292m. Service Managers have strived to minimise costs in</p>					

Service Area Outturn and Actions 2015/16

CHILDREN'S SERVICES		Full year			RAGBY
		Budget	Controllable Outturn	Controllable Variation	
		£	£	£	
this area through robust procurement and a continued focus on route optimisation. The Education Psychology Service achieved an underspend of £0.184m through part year Vacancy Management Savings combined with an overachievement of Income. The Education Improvement Service also generated an underspend of £0.126m as a major staff restructure overachieved against the 2015/16 Savings target in order to achieve part of a 2016/17 Savings target early. These underspends were largely offset by a one-off budget pressure resulting from a reduction in Education Services Grant.					
Children's Safeguarding	Portfolio Holder Children and Young People	28,882,790	28,914,700	31,910	G
An ongoing budget pressure within Case Management caused by Agency Staffing costs resulted in an overspend of £0.745m. In addition to this there was an overspend relating to Leaving Care Allowances within the 16+ Team of £0.330m. These have been offset by one off contributions from Public Health (£0.486m) and savings on LAC placements including adoption and social work training totalling £0.416m. Further to this, an underspend of £0.141m was achieved by Vacancy management savings across the whole Service Area.					
Children's Services Management	Portfolio Holder Children and Young People	894,440	902,736	8,296	G
A small overspend was incurred as a result of insufficient budget for Postage recharges. The budget will be re-aligned across Children's Services in 2016/17 to address this.					

COMMISSIONING		Full year			RAGBY
		Budget	Controllable Outturn	Controllable Variation	
		£	£	£	
Total		82,916,640	81,242,000	(1,674,640)	Y

Director of Commissioning	Portfolio Holder Leisure and Culture	686,100	682,927	(3,173)	Y
Minor variations.					
Director of Commissioning Total		686,100	682,927	(3,173)	Y

Local Commissioning	Portfolio Holder Rural Services and Communities	337,780	327,697	(10,083)	Y
Minor variations.					
Community Working	Portfolio Holder Rural Services and Communities	864,570	860,508	(4,062)	Y

Service Area Outturn and Actions 2015/16

COMMISSIONING		Full year			RAGBY
		Budget	Controllable Outturn	Controllable Variation	
		£	£	£	
Minor variations.					
Procurement	Portfolio Holder Corporate Support	144,920	105,834	(39,086)	Y
Efficiency savings achieved across a range of employee and supplies and services subjectives.					
Community Support	Portfolio Holder Rural Services and Communities	282,640	109,883	(172,757)	Y
Creation of the Commissioning Support Unit, by bringing together roles from across directorates into a re-designed function, deleting several posts as appropriate, has resulted in an ongoing base budget saving of £0.200m.					
Local Commissioning Total		1,629,910	1,403,922	(225,988)	Y

Area Commissioner North – Positive Activities	Portfolio Holder Children and Young People	404,930	377,939	(26,991)	Y
The recharge for youth buildings costs was less than budgeted for, and contributions from other organisations have been received in year, more than offsetting interim delivery costs.					
Area Commissioner North – Libraries	Portfolio Holder Leisure and Culture	4,121,270	4,162,483	41,213	G
Although 2015/16 savings have been achieved, one-off legal costs have been incurred in year.					
Area Commissioner North - Waste	Portfolio Holder Planning, Housing, Regulatory Services and Environment	26,829,270	26,520,804	(308,466)	Y
A higher proportion of waste was suitable for incineration than forecast, and consequently the volume of waste sent to landfill was approximately 3,000 tonnes less than budgeted for.					
Area Commissioner North	Portfolio Holder Planning, Housing, Regulatory Services and Environment	235,520	143,575	(91,945)	Y
Variance on employee costs due to the postholder's secondment.					
Area Commissioner North Total		31,590,990	31,204,801	(386,189)	Y

Area Commissioner South – Environmental Maintenance	Portfolio Holder Highways and Transportation	27,259,360	27,203,268	(56,092)	Y
The exceptionally mild winter resulted in less precautionary and reactive work required. No drawdown from the severe weather reserve was required in order to balance expenditure to budget.					
Area Commissioner South – Highways & Transport	Portfolio Holder Highways and Transportation	5,131,290	5,128,375	(2,915)	Y
Minor variations.					

Service Area Outturn and Actions 2015/16

COMMISSIONING		Full year			RAGBY
		Budget	Controllable Outturn	Controllable Variation	
		£	£	£	
Area Commissioner South – Passenger Transport	Portfolio Holder Highways and Transportation	841,520	722,048	(119,472)	Y
As part of the closing accounting entries, additional (out of county) recharge income was identified and there was an adjusting (credit) from the bad debt provision.					
Area Commissioner South – Leisure	Portfolio Holder Leisure and Culture	3,419,510	3,384,882	(34,628)	Y
Contributions from partner service areas and underspends on central budgets have more than offset one-off pressures at commissioned facilities.					
Area Commissioner South	Portfolio Holder Highways and Transportation	316,520	316,339	(181)	Y
Minor variations.					
Area Commissioner South Total		36,968,200	36,754,912	(213,288)	Y

Business Growth & Prosperity - Arts	Portfolio Holder Leisure and Culture	204,330	193,202	(11,128)	Y
Minor variations					
Business Growth & Prosperity – Economic Growth	Portfolio Holder Business and Economy	954,200	937,291	(16,909)	Y
Minor variations					
Business Growth & Prosperity - Visitor Economy	Portfolio Holder Leisure and Culture	1,850,180	1,868,399	18,219	G
There are a number of variations resulting from minor delays in implementing savings plans and new income generation, the greatest challenge has been for Acton Scott.					
Business Growth & Prosperity - Outdoor Recreation	Portfolio Holder Leisure and Culture	1,676,360	1,644,865	(31,495)	Y
As part of the final closing entries, there were a few items of expenditure identified that were financed from earmarked reserves.					
Business Growth & Prosperity - Theatre Severn	Portfolio Holder Leisure and Culture	599,780	195,118	(404,662)	Y
The Theatre continues to grow and develop, with the aim of generating a surplus for the council. Income for 2015/16 has been exceptional.					
Business Growth & Prosperity - Infrastructure & Growth	Portfolio Holder Business and Economy	227,330	273,271	45,941	G
Income from lettings remains challenging and, as part of the closing entries, the provision for bad debts has been increased.					

Service Area Outturn and Actions 2015/16

COMMISSIONING		Full year			RAGBY
		Budget	Controllable Outturn	Controllable Variation	
		£	£	£	
Business Growth & Prosperity – Strategic Planning	Portfolio Holder Planning, Housing, Regulatory Services and Environment	812,890	542,576	(270,314)	Y
The variance is as a result of staffing vacancies and a substantial increase in Section 106 & CIL receipts (admin element).					
Business Growth & Prosperity – Regulatory Services	Portfolio Holder Planning, Housing, Regulatory Services and Environment	5,213,080	5,046,038	(167,042)	Y
Vacancy management savings have been achieved within the commissioning team, and penalty charge notice income has been significantly over-achieved. In accordance with the Regulatory Services contract, the over-achievement of this income stream was retained within the council rather than transferred to ip&e.					
Business Growth & Prosperity - Management	Portfolio Holder Leisure and Culture	503,290	490,483	(12,807)	Y
A small variance resulting from staffing restructure.					
Business Growth & Prosperity Total		12,041,440	11,191,243	(850,197)	Y

PUBLIC HEALTH		Full year			RAGBY
		Budget	Controllable Outturn	Controllable Variation	
		£	£	£	
Total		2,013,000	1,992,857	(20,143)	Y

Public Health	Portfolio Holder Health & Wellbeing	2,013,000	1,992,857	(20,143)	Y
No significant variance to report.					

RESOURCES & SUPPORT		Full year			RAGBY
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Service Area Outturn and Actions 2015/16

	Budget	Controllable Outturn	Controllable Variation	
	£	£	£	
Total	7,374,830	5,071,613	(2,303,217)	Y

Commercial Services	Portfolio Holder Corporate Support	4,127,760	3,341,737	(786,023)	Y
<p>An income stream was identified in the Sustainability budget which has resulted in £0.074m additional income from Solar Panels Installed on School Buildings. Budgets were set aside in relation to Carbon Credits have been confirmed as not committed in year and have been released as a one off in year saving of £0.372m. Other savings were identified in Assets and Estates around vacancy management and staffing efficiencies totalling £0.216m. Savings of £0.129m in relation to commissioning budgets were realised, these have been taken in 2016/17. Property services overachieved their income by £0.172m due to chasing old outstanding debt, and interim invoices raised for large projects, generating a surplus. An underspend was also identified in Facilities Management through vacancy management (£0.082m) and increased income on PAT testing (£0.010m). Following the setting up of the Corporate Landlord Model an overspend of £0.078m was identified. Within the corporate landlord, savings were realised on the disposal or vacation of surplus assets in the region of £0.498m. Overspends identified came from increased expenditure on Repairs and Maintenance of buildings (£0.156m) and a backdated rent review on a car park caused an £0.098m overspend.</p>					
Customer Involvement	Portfolio Holder Corporate Support	542,360	210,573	(331,787)	Y
<p>Underspends of £0.548m were realised across Fairer Charging, Assessment, Benefits options, Digital Services, Marketing & Engagement, Service Management, and the SLA teams from staffing reductions and vacancy management, some of these posts have been taken as savings in 2016/17. Additional income was also received within the SLA team of £0.013m, and reduced spending on systems development resulted in a one off underspend of £0.055m. An overspend relating to the Customer Service Centre and the contract for services provided to ST&RH, this generated an overspend of £0.164m, however this was partly offset by staff turnover and vacancy management throughout the year resulting in savings of £0.103m. IT Services had delayed savings of £0.372m in relation to the rollout of Lync, telecoms, and the implementation of Equitrak. Additional budget pressures in relation to the dual running of the WAN contract and other identified budget pressures relating to the Council's licensing have been funded in 2015/16 with a contribution from the Resources Efficiency Reserve (£1.470m) which included specific money set aside for IT development. There is an historic overspend in Print and Mail services due to MFD recharges (£0.115m), this was partly offset by additional income received relating to corporate printing services of £0.093m, and staffing reductions and vacancy management savings of £0.049m within post services.</p>					
Finance, Governance & Assurance	Portfolio Holder Strategy, Financial Strategy, Budget and Business Plan	1,608,340	1,328,141	(280,199)	Y
<p>Savings were identified across various teams within FG&A and these came from vacancy management (£0.156m). An overspend in postage costs was recognised within Finance Transactions of £0.036m which was offset by in year savings outlined above. Other underspends came from various expenditure lines creating a further £0.040m of savings. Further efficiencies of £0.073m were identified from budgets not required in 15/16, and £0.047m of these have been removed in 2016/17.</p> <p>Overspends were identified within the Benefits teams due to agency staff spend, partly offset by overachievement of Housing Benefit income and vacancy management in the revenues team, this created a total underspend across Revenues and Benefits as a whole of £0.047m. The forecast overspend resulting partly from grant reductions was resolved in year by the reallocation of base budget of £0.170m no longer considered to be required and overachievement of Housing Benefit income.</p>					
Human Resources & Development	Portfolio Holder Corporate Support	87,600	(123,533)	(211,133)	Y

Service Area Outturn and Actions 2015/16

There was an overachievement of income within HR Advice (£0.033m), HR Team (£0.042m) and First Aid (£0.037m). Further savings were realised through in-year monitoring savings on postage and printing of £0.024m and an underspend on Corporate Training of (£0.034m).					
Legal, Democratic & Strategy	Portfolio Holder Corporate Support	515,520	15,700	(499,820)	Y
A total underspend of £0.500m was achieved within Legal and Democratic Services. Underspends within Members Services £0.051m (mainly from savings achieved on Telephone Rentals £0.020m, printing and advertising £0.021m), further savings identified within members allowances of -£0.091. Total underspend realised within Committee Services of £0.112m partly due to additional income £0.030m alongside in-year vacancy management savings. Additional income within Legal Services to include -£0.057 arising from Section 106 agreement work, offset by some in-year overspends on Legal Disbursements £0.037m plus additional underspend on Childcare Court Costs of -£0.163m.					
Strategic Management Board	Portfolio Holder Strategy, Financial Strategy, Budget and Business Plan	493,250	298,995	(194,255)	Y
The underspend relates to an additional income stream of £0.094m that was identified following the budget setting process. The remaining underspends relate to in-year vacancy management savings across SMB.					

CORPORATE	Full year			RAGBY
	Budget	Controllable Outturn	Controllable Variation	
	£	£	£	
Total	(2,755,820)	(6,447,644)	(3,691,824)	Y

Corporate Budgets	Portfolio Holder Strategy, Financial Strategy, Budget and Business Plan	(2,755,820)	(6,447,644)	(3,691,824)	Y
<p>There were £1.160m of unachieved savings in 2015/16, these are planned to be achieved in 2016/17 and they were temporarily funded by identifying alternative corporate budgets that were held but could be uncommitted in 2015/16. There was a predicted overspend in corporate budgets in relation to the QICS PFI contract costing more than budget resulting in an overspend of £0.115m. Savings of £0.564m were identified on a one-off basis in 15/16 from MRP in relation to an underspend on the capital programme. Savings were identified on a one-off basis in 15/16 from interest receivable within Treasury Management due to increased interest from external lending and interest on other deposits. Total savings in Treasury Management are £2.536m. There was £0.131m increased income from central purchasing and £0.078m saving identified on graduate costs, no longer recruiting. A further £0.201m was identified from 2015/16 External Audit Fee costs. Other underspend of £0.933m were realised across Corporate budgets, these were from a combination of grants, reductions in costs of contracts, staffing commitments and spending efficiencies.</p> <p>The Council currently holds a number of corporate budgets in relation to funding changes received in the Final Budget Settlement for 2015/16, Council Tax Freeze Grant, Section 31 grants (relating to, for example small business rate relief) and Business Rate appeals provision that were not committed. These balances were contributed to the Financial Strategy Reserve to assist with delivery of the 2016/17 budget.</p>					

Service Area Outturn and Actions 2015/16

Housing Revenue Account 2015/16

Outturn (pre Audit)	Budget £	Outturn £	Variance Adverse/ (Favourable) £
Income			
Dwellings Rent	(17,580,620)	(17,963,955)	(383,335)
Garage Rent	(160,600)	(159,247)	1,353
Other Rent	(22,090)	(22,150)	(60)
Charges for Services	(278,700)	(321,275)	(42,575)
Total Income	(18,042,010)	(18,466,628)	(424,618)
Expenditure			
ALMO Management Fee	7,452,610	7,452,606	(4)
Supplies and Services	253,670	239,759	(13,911)
Capital Charges - Dwelling Depreciation	4,400,340	4,400,340	0
Capital Charges - Depreciation Other	48,210	40,030	(8,180)
Interest Paid	2,996,380	2,993,944	(2,436)
Repairs charged to revenue	535,000	323,918	(211,082)
New development feasibility	120,000	54,196	(65,804)
Increase in Bad Debt Provision	351,600	63,000	(288,600)
Corporate & Democratic Core	190,520	193,757	3,237
Total Expenditure	16,348,330	15,761,550	(586,780)
Net Cost of Services	(1,693,680)	(2,705,078)	(1,011,398)
Interest on Balances	(23,000)	(42,995)	(19,995)
Net Operating Expenditure	(1,716,680)	(2,748,073)	(1,031,393)
Net Cost of Service	(1,716,680)	(2,748,073)	(1,031,393)
HRA Reserve			
B/fwd 1 April	3,075,951	3,075,951	
Surplus/(Deficit) for year	1,716,680	2,748,073	
Carried Forward 31 March	4,792,631	5,824,024	

Earmarked Reserves for the HRA

	Purpose of Balance	Balance Brought Forward (£'000)	Expenditure in 2015/16 (£'000)	Income in 2015/16 (£'000)	Balance Carried Forward (£'000)
HRA Earmarked Reserves					
Major Repairs Reserve	Required to meet the costs of major repairs to be undertaken on the Council's housing stock.	1,636	(3,273)	4,440	2,803
Total		1,636	(3,273)	4,440	2,803

Amendments to Original Budget 2014/15

	Total £'000	Adult Services £'000	Children's Services £'000	Commissi oning £'000	Public Health £'000	Resources & Support £'000	Corporate £'000
Original Budget as agreed by Council	215,843	70,410	54,893	82,190	1,934	7,766	(1,350)
<u>Quarter 1</u>							
Youth Centre Facility budgets	0	0	0	(267)	0	267	0
Other minor structure changes	0	0	29	0	39	(68)	0
IT post to Regulatory Services	0	0	0	40	0	(40)	0
Shrewsbury Town Council Contract Budget	0	0	0	29	0	0	(29)
<u>Quarter 2</u>							
Internal market reallocation	0	458	(1,053)	376	69	(381)	531
Other minor structure changes	0	0	93	(95)	0	2	0
<u>Quarter 3</u>							
Complaints	0	0	0	474	0	(474)	0
Commissioning Support	0	0	(87)	109	0	(22)	0
Financial Assessments	0	384	0	0	0	(384)	0
Women's Refuge	0	(199)	0	0	199	0	0
Adult Services Growth	0	1,382	0	0			(1,382)
Bereavement Services	0	0	0	217	(217)	0	0
PAYP	0	0	0	(266)	0	266	0
Other minor structure changes	0	0	(24)	112	(11)	243	(320)
<u>Quarter 4</u>							
Benefits	0	0	0	0	0	170	(170)
Pension Fund Recharges	0	0	0	0	0	36	(36)
Other minor structure changes	0	0	8	(3)	0	(6)	1
Revised Budget	215,843	72,435	53,859	82,917	2,013	7,375	(2,776)

Reserves and Provision 2015/16

	Purpose of Balance	Balance Brought Forward (£'000)	Expenditure in 2015/16 (£'000)	Income in 2015/16 (£'000)	Balance Carried Forward (£'000)
Reserves					
Sums set aside for major schemes, such as capital developments, or to fund major reorganisations					
Redundancy	Required to meet one-off costs arising from approved staffing reductions, allowing the full approved savings in salaries or wages to reach the revenue account.	10,604	(3,631)	0	6,973
Revenue Commitments for Future Capital Expenditure	Comprises of underspends against budgeted revenue contributions available for capital schemes. The underspends have arisen due to slippage in capital schemes or because other funding streams were utilised during the year so as to maximise time limited grants.	1,027	(663)	282	646
Transformation	Required to fund invest to save projects in order to deliver the service transformation programme.	6,054	(1,260)	1,381	6,175
University	Required to meet the revenue costs arising from the setup of the university project and student accommodation development.	1,810	(1,566)	0	244
Total		19,495	(7,120)	1,663	14,038
Insurance Reserves					
Fire Liability	Required to meet the cost of excesses on all council properties.	2,135	0	299	2,434
Motor Insurance	An internally operated self-insurance reserve to meet costs not covered by the Council's Motor Insurance Policy.	867	0	110	977
Total		3,002	0	409	3,411
Reserves of trading and business units					
Shire Catering and Cleaning Efficiency	Built up from trading surpluses to invest in new initiatives, to meet exceptional unbudgeted costs or cover any trading deficits.	300	0	307	607
Total		300	0	307	607
Reserves retained for service departmental use					
Care Act Reserve	Required to fund the costs of implementing the Care Act requirements within the Council. This will be committed to the costs of one off posts required to implement the changes and training costs for staff within Adult Services.	1,316	(816)	0	500
Economic Development Workshops Major Maintenance	Established to meet the costs of major maintenance of Economic Development Workshops.	385	(25)	20	380
Financial Strategy Reserve	Established specifically to provide one off funding for savings proposals in the Financial Strategy	0	0	9,805	9,805
Highways Development & Innovation Fund	Set aside funds for pump priming the Development and Innovation programme	437	(35)	90	492

Reserves and Provision 2015/16

	Purpose of Balance	Balance Brought Forward (£'000)	Expenditure in 2015/16 (£'000)	Income in 2015/16 (£'000)	Balance Carried Forward (£'000)
	agreed within the Ringway and Mouchel Contract.				
Major Planning Inquiries	Required to meet the one-off costs of major planning inquiries, and is a corporate reserve.	592	(118)	30	504
New Homes Bonus	Established from unapplied New Homes Bonus Grant balances.	4,675	(6,481)	7,353	5,547
PFI Buildings Equipment Replacement	Established in 2007/08 to fund replacement equipment in PFI buildings. This reserve has now been fully spent and is no longer required.	4	(4)	0	0
Planning Reserve	Set aside funds for investment in planning application processes.	1,285	(238)	100	1,147
Public Health Reserve	This reserve includes balances committed and ringfenced to specific public health projects.	2,712	(560)	0	2,152
Repairs & Maintenance Reserve	Set aside for known repairs and maintenance required to Council owned properties.	1,350	0	71	1,421
Resources Efficiency	Established for investment in new developments, particularly information technology, that service area would not be expected to meet from their internal service level agreements for support services.	5,404	(2,334)	592	3,662
Revenue Commitments from Unringfenced Revenue Grants	Established from unapplied unringfenced Grant balances. Commitments have been made against these balances in 2016/17.	4,064	(1,695)	1,394	3,763
Severe Weather	Required to meet unbudgeted costs arising from the damage caused by severe weather. The policy of the Council is to budget for an average year's expenditure in the revenue accounts and transfer any underspend to the reserve or fund any overspend from the reserve.	2,839	0	312	3,151
Shropshire Waste Partnership (Smoothing)	The PFI smoothing reserve reflects the budgeted contributions in the early years of the Waste PFI contract that will be used to smooth the step up in the Unitary Charge once additional facilities come on line.	602	(213)	0	389
Theatre Severn R&M	Established from underspends within culture and leisure, the reserve is earmarked towards future capital and revenue expenditure on repairs, maintenance and replacement of essential equipment at the Theatre.	29	0	0	29
TMO Vehicle Replacement	Set up to meet the costs of replacement vehicles by the Integrated Transport Unit.	642	(5)	0	637

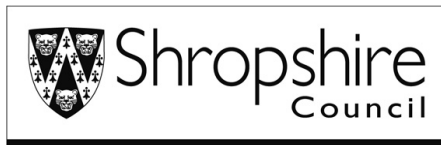
Reserves and Provision 2015/16

	Purpose of Balance	Balance Brought Forward (£'000)	Expenditure in 2015/16 (£'000)	Income in 2015/16 (£'000)	Balance Carried Forward (£'000)
Total		26,336	(12,525)	19,767	33,578
School Balances					
Balances held by schools under a scheme of delegation	Schools' balances have to be ringfenced for use by schools and schools have the right to spend those balances at their discretion.	3,957	(3,991)	7,207	7,173
Education – Staff Sickness Insurance	Schools' self help insurance for staff sickness with premiums met from delegated budgets.	162	0	25	187
Education – Theft Insurance	Schools' self help insurance scheme to cover equipment damage and losses.	97	0	1	98
Schools Building Maintenance Insurance	The schools building maintenance insurance scheme is a service provided by Property Services for schools. In return for an annual sum all structural repairs and maintenance responsibilities previously identified as the "authority's responsibility" are carried out at no additional charge to the school.	1,678	0	71	1,749
Total		5,894	(3,991)	7,304	9,207
Total Reserves		55,027	(23,170)	29,450	60,841
Provisions					
Short Term Provisions					
Accumulated Absences Account	Provision to cover potential future payments of employee benefits not taken as at the end of the year. This is required under IFRS accounting regulations.	3,211	(3,211)	2,165	2,165
Redundancy Provision	Provides for redundancy costs that the Council is committed to from issuing redundancy notices prior to 31 st March 2016.	222	(206)	127	143
Other Provisions	Includes a number of small provisions including NNDR liability on car parks and a liability within Planning Services	152	(152)	400	401
Total		3,585	(3,569)	2,692	2,708
Long Term Provisions					
Liability Insurance	Provision to meet the estimated actuarial valuation of claims for public liability and employers' liability	3,596	(2)	335	3,929
NDR Appeals Provision	Represents the Council's share of the provision held for successful appeals against business rates.	3,790	(3,071)	3,852	4,571
Tenancy Deposit Clawbacks	This represents deposits held for the economic development workshops that may be repaid at some point in the future.	121	(2)	6	125
Other Provisions	Includes a number of small provisions including S106 Accrued Interest and Profit share agreements.	393	(49)	0	344

Reserves and Provision 2015/16

	Purpose of Balance	Balance Brought Forward (£'000)	Expenditure in 2015/16 (£'000)	Income in 2015/16 (£'000)	Balance Carried Forward (£'000)
Total		7,900	(3,124)	4,193	8,969
Total Provisions		11,485	(6,693)	6,885	11,677
Bad Debt Provisions					
General Fund Bad Debts	Held for potential write offs of debtor balances for General Fund Services including Housing Benefits.	4,311	(523)	1,818	5,606
HRA Bad Debts	Held for potential write offs of debtor balances for Housing Revenue Account rents and other debtor balances.	317	(27)	63	353
Total		4,628	(550)	1,881	5,959
Total Provisions including Bad Debt Provisions		16,113	(7,189)	8,766	17,690

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<u>Committee and Date</u>	<u>Item</u>
Council 21 July 2016	10
Audit Committee 23 June 2016	<u>Public</u>

ANNUAL ASSURANCE REPORT OF AUDIT COMMITTEE TO COUNCIL 2015/16

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

1. Summary

Attached to this report is the draft Audit Committee's Annual Assurance Report to Council for 2015/16. This provides Council with an independent assurance that the Council has in place adequate and effective governance, risk management and internal control frameworks; internal and external audit functions and financial reporting arrangements that can be relied upon and which contribute to the high corporate governance standards that this Council expects and maintains consistently.

2. Recommendations

Council is asked to consider and comment on the contents of the Annual Assurance report for 2015/16 before recommending accepting this report.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 The Audit Committee's Annual Assurance Report is part of the overall internal control arrangements and risk management process. The Committee objectively examines and evaluates the adequacy of the control environment through the reports it receives and in turn can provide assurances to Council on its governance, risk management and internal control frameworks; internal and external audit functions and financial reporting arrangements that inform the Annual Governance Statement.

- 3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities, consultation or climate change requirements or consequences of this proposal.

4. Financial Implications

There are no direct financial implications from this report

5. Background

- 5.1 A key part of the Audit Committee's role is to report annually to Full Council on the Committee's findings, conclusions and recommendations; providing its opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control frameworks; internal and external audit functions and financial reporting arrangements. In addition, the Audit committee should report to Council where they have added value, improved or promoted the control environment and performance in relation to its Terms of Reference and the effectiveness of the Committee in meeting its purpose and functions.
- 5.2 The Audit Committee has a well established role within the Council and it is important that an Annual Assurance report based on the work of the Committee is produced and recommended to Council. In compiling this assurance report, information provided at the Audit Committee meeting on 23 June 2016 has also been taken into account.
- 5.3 In addition, this report has been reviewed to ensure its continuing compliance with CIPFA¹'s Audit Committees, Practical Guidance for Local Authorities and Police, 2013 edition. Section 6.34 requires the Audit Committee to be held to account on a regular basis by the Council specifically in relation to:
- whether the;
- committee has fulfilled its agreed terms of reference;
 - committee has adopted recommended practice;
 - development needs of committee members have been assessed and whether committee members are accessing briefing and training opportunities;
 - committee has assessed its own effectiveness, or been the subject of a review, and the conclusions and actions from that review and,
 - what impact the committee has on the improvement of governance, risk and control within the Council.
- 5.4 The annual assurance report to Council for 2015/16, attached to this report, is an aid to addressing the key areas where the Committee should be held to account. **(Appendix A).**

¹ The Chartered Institute of Public Finance and Accountancy

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

CIPFA's Audit Committees, Practical Guidance for Local Authorities and Police, 2013 edition

Draft Internal Annual Audit Risk Based Plan 2015/16 - Audit Committee 23 February 2015

Internal Audit Plan 2015/16 – Ten month report - Audit Committee 18 February 2016

Internal Audit Plan 2015/16 – Seven month review - Audit Committee 26 November 2015

Internal Audit Plan 2015/16 – Performance report- Audit Committee 17th September 2015

Internal Audit Annual Report 2015/16 – Audit Committee 23 June 2016

Cabinet Member (Portfolio Holder)

Malcolm Pate, Leader of the Council and Tim Barker, Chairman of Audit Committee

Local Member

N/A

Appendices

Appendix A - Draft Audit Committee Annual Assurance Report 2015/16

AUDIT COMMITTEE ANNUAL ASSURANCE REPORT FINANCIAL YEAR 2015/16**STATEMENT FROM THE CHAIRMAN OF THE AUDIT COMMITTEE**

1. Governance in and of the public sector continues to be high profile with the Chartered Institute of Public Finance and Accountancy (CIPFA) supporting good practice in local government. In Shropshire we have a Code of Corporate Governance which is reviewed annually in line with the best practice issued by CIPFA and SOLACE²; we have also produced an Annual Governance Statement, again in line with best practice and legislative requirements. Being well managed and well governed are important attributes in helping to improve performance and in reducing the risk of failing to achieve our objectives, and providing good service to our community.
2. Shropshire Council has an Audit Committee that is long established in seeking to maintain and improve our governance procedures. The Committee is a key component of the Council's corporate governance arrangements and a major source of assurance of the Council's arrangements for managing risk, maintaining an effective control environment and reporting on internal and external audit functions and financial and non-financial performance.
3. The benefits to the Council of operating an effective Audit Committee are:
 - Maintaining public confidence in the objectivity and fairness of financial and other reporting.
 - Reinforcing the importance and independence of internal and external audit and any other similar review process; for example, reviewing the Annual Statement of Accounts and the Annual Governance Statement.
 - Providing a sharp focus on financial reporting both during the year and at year end, leading to increased confidence in the objectivity and fairness of the financial reporting process.
 - Assisting the co-ordination of sources of assurance and, in so doing, making management more accountable.
 - Providing additional assurance through a process of independent and objective review.
 - Raising awareness within the Council of the need for governance, internal control and the implementation of audit recommendations.
 - Providing assurance on the adequacy of the Council's risk management arrangements and reducing the risk of illegal or improper acts.
4. The Committee continues to have a professional and arm's length relationship with Grant Thornton, the Council's external auditors, who attend all meetings of

² Society of Local Authority Chief Executives

the Committee to offer their advice where needed.

5. The Committee undertakes a substantial range of activities and works closely with both internal and external auditors and the Chief Finance Officer (Section 151 Officer) in achieving our aims and objectives. We have put together a work and development plan for the year to enable key tasks to be considered and completed.
6. As incoming Chair of the Audit Committee, I see training as a key priority for members in order to undertake our roles effectively. The Committee continues to undertake a full and extensive programme of training and this year has been no exception. In addition, the committee has updated a self-assessment of its activities against CIPFA's practical guidance released in 2013 to ensure that it continues to adopt recommended practice. The results of which have informed future development needs and will help to ensure that all members of the Audit Committee continue to have access to appropriate training and are equipped with the skills and knowledge to enable them to fulfil their roles effectively and efficiently. Members also have access to CIPFA's Better Governance Forum network which provides specific information in the form of regular briefings, training events, and an informative web site.
7. This year the Committee has held four planned meetings including the meeting held on 23 June 2016. We have received and considered a substantial number of reports across key areas of the Council's activity (see **Annex A**).

Audit Committee Membership and Dates of Meetings

8. Membership of the Audit Committee for 2015/16 was made up of the following Councillors: B Williams (Chairman) who stood down from the Committee in May 2016 when Tim Barker took his place and was appointed to the Chair; M Wood (Vice Chairman, part year); J Cadwallader (Vice Chairman, part year); P Moseley (Substitute initially, Member from December 2015); C Mellings, Mansell Williams (Until December 2015) and D Turner (from February 2016).
9. Substitutes who were invited to attend and contribute at all meetings and training include: D Carroll; R Macey; R Evans; S West; A Davies; J Jones and N Laurens.
10. Meetings of the Committee have been held on:
 - 17 September 2015
 - 26 November 2015
 - 18 February 2016
 - 23 June 2016

Details of Reports/Information Received

11. **Annex A** provides a summary of the key reports and information received by the

Audit Committee at its meetings. These appear categorised in the areas which, under the Audit Committee's Terms of Reference, we have a responsibility to consider and report upon. They are:

- Governance;
- Risk management framework;
- Controls, including specific focus on:
 - Contracts and partnerships
 - Fraud, corruption and whistleblowing
 - Value for money
- Financial reporting and treasury management.

A detailed audit work plan has been agreed for the current year.

12. Following receipt of the reports the Audit Committee resolved that:

- There were effective arrangements in place for corporate governance and, where improvements are required, there is a clear improvement plan with dedicated lead officers that will be monitored by Members.
- The risk management and assurance framework was fit for purpose and operating as intended but expressed concerns over the reduced level of Internal Audit resources when compared to the risk profile demands of the Council.

Recent discussions have identified some need for changes to improve Member involvement in the framework and to strengthen and make more explicit the assurance framework. Work is now underway to make changes to help to strengthen this involvement, especially at the decision making level.

- There had been a noticeable reduction in the level of assurances for the internal control environment, whilst not unexpected in the current environment, this needed to be monitored continually by management and members alike. In particular, ongoing concern was expressed relating to the controls in place on the IT infrastructure systems, on which the Committee would be looking for further assurances. This will be an area of focus in the coming year and is a key component of the changes in the risk management and assurance framework referred to above.
- Following management reports that there is evidence of effective management and monitoring of contracts and partnerships. The Audit Committee have been advised by managers that performance around the management of contracts and commissioning processes will be strengthened further during 2016/2017 as the Council's commissioning approach is adopted more widely. Given the wider approach the Council is taking to commissioning and contracting of services, managers will increasingly be expected to provide assurances on this area.
- There were effective arrangements for the prevention and detection of fraud and corruption, and for enabling whistleblowing (confidential reporting).
- The Audit Committee resolved that there were effective arrangements in place to support Value for Money.
- Financial Statements reflected the Council's true position, were complete

including all transactions, and were prepared in accordance with International Financial Reporting Standards.

13. Given the Audit Service Manager's qualified opinion on the Council's internal control environment, the Audit Committee confirms that it had been made aware of the increase in terms of numbers, and negative direction of travel, of the internal audit assurances provided on the control systems overall which has made it difficult to classify the internal control environment as either strong or weak. Eleven of the high level assurances relate to key financial systems through which the majority of the Council's financial business is transacted. These processes are supported by applications which also attract higher level assurances. This combines to provide a high level of confidence in the robustness of the data reflected in the accounts. Fourteen of the lower assurance levels concern IT systems/processes. IT Services were still implementing required control improvements towards the end of 2015/2016. This indicated that there had been little or no change in the IT control environment which led to the qualified opinions in 2013/2014 and 2014/2015. In this knowledge, follow up audits in business continuity and disaster recovery and physical and environmental controls were not conducted. These audits, key to IT control risk, will be prioritised in 2016/2017. This information supports qualification of the current opinion on this issue. The lower levels of assurance accorded in social care and schools are not significant enough to sway the opinion, but are being used by managers to target areas for improvement.
14. Given the overall impact of assurances as described above, the Audit Committee accepts that there is no option other than for the Audit Service Manager's Year-end opinion to be qualified. There is a concern that this is the fourth year where the opinion has been qualified and neither management nor members should accept this as the norm, instead they should continue to be robust and challenging in their improvement agenda. The Audit Committee is satisfied that there has been no evidence of significant IT business failure or material errors that could result in a material misstatement in the Council's accounts and reliance can be placed upon them for that purpose.

Additional Responsibilities

15. Members of the Audit Committee and the Audit Service Manager and her staff are well aware of the changing nature of local government in relation to the greater responsibilities for innovative practice allowed by the Government's Powers of Competence Act. In particular we are aware that the Audit function has an essential and on-going role to play in monitoring the risks involved in the arrangements for strategic commissioning. Members continue to receive training in this extended aspect of their responsibilities, and the Audit Service Manager is ensuring that adequate resources are available in order to minimise any possibility of the risk of financial malpractice.

Audit Service Staff

- 16. The key staff are James Walton, the Section 151 Officer, Ceri Pilawski, the Audit Service Manager and her deputies: Katie Williams, Peter Chadderton and Barry Hanson.
- 17. Without the support of all Audit staff and, in particular, of the officers mentioned above, it would not be possible for the Audit Committee to be as highly effective as peer comparisons show us to be. My thanks, that of the outgoing Chairman and that of my fellow committee members are given to all our Audit Service officers.

Annual Statement of Assurance

- 18. On the basis of:
 - The work carried out by the Internal and External Auditors and their reports presented to this Committee;
 - Reports from service managers and;
 - The work carried out by the Section 151 Officer, Audit Service Manager and their reports presented to this Committee.

It is the Audit Committee’s opinion, founded on those reports, explanations and assurances received, that the Council continues to be aware that it is liable to increased risks in the IT systems currently operating. Whilst there is no evidence of significant IT business failure or material errors reported that could result in a material misstatement in the Council’s accounts; a number of control improvements have been agreed by management and require urgent dedicated implementation in order to improve internal control systems.

RECOMMENDATION – Council is asked to accept this report

Signed Date.....
On behalf of the Audit Committee
Tim Barker

Summary of assurance reports received by Audit Committee

Governance

- **Annual Governance Statement and a review of the effectiveness of the Council's system of internal control 2015/2016**

Report of the Section 151 Officer on the effectiveness of the system of internal controls and the production of the Annual Governance Statement.

- **Annual review of Internal Audit - Quality Assurance and Improvement Programme (QAIP) 2015/2016**

Report of the Section 151 Officer on the effectiveness of the system of Internal Audit in 2015/2016.

- **Annual review of Audit Committee terms of reference**

Report of the S151 Officer which set out minor changes being proposed to the Audit Committee Terms of Reference.

- **Audit Committee self-assessment of good practice**

Report of the Section 151 Officer which requested members to review and comment on the self-assessment of good practice questionnaire to assess the effectiveness of the Audit Committee and identify any further improvements. Members agreed that they would revisit the detail behind the Committee's self-assessment as part of their training every second year.

- **Internal Audit Charter, annual review**

Report of the Audit Service Manager which set out the changes being proposed to the Internal Audit Charter.

- **Review of the Audit Committee's annual work plan and future learning and development requirements 2016/2017**

Report of the Audit Service Manager providing members with a proposed work plan for the year ahead to ensure they received appropriate learning and development to deliver their responsibilities effectively to fulfil their roles as members of the Audit Committee. The work plan demonstrated how the Committee's agendas contribute to delivery of its terms of reference and the assurances they provided.

- **Internal Audit external assessment**

Report of the Audit Service Manager which set out the approach adopted for the external assessment required every five years under the Public Sector Internal Audit Standards (PSIAS). The final details for which are to be agreed by the Section 151 Officer and Audit Services Manager in consultation with the Chairman of the Audit Committee.

- **External Audit: Informing the audit risk assessment for Shropshire Council**

Report of the Engagement Lead (Grant Thornton) which set out the contribution towards the effective two-way communication between auditors and the Council's Audit Committee, as 'those charged with governance'.

➤ **Annual Assurance report of Audit Committee to Council 2015/2016**

Report of the Section 151 Officer in respect of the Audit Committee's Annual Assurance report to Council.

➤ **Review of Shropshire Council's Code of Corporate Governance 2015/2016**

Report of the Engagement Auditor providing an update on the review of the Council's compliance with the Code of Corporate Governance.

➤ **Changes to arrangements for appointment of External Auditors**

Report of the Section 151 Officer setting out changes to the arrangements for appointing External Auditors following the closure of the Audit Commission and the end of the transitional arrangements at the conclusion of the 2017/18 audits.

The Audit Committee resolved that there were effective arrangements for corporate governance and where improvements are required there is a clear improvement plan with dedicated lead officers that will be monitored by Members.

Risk Management Framework

➤ **Risk Annual Report 2014/2015**

Report from the Risk and Insurance Manager which set out the challenges and achievements accomplished by the Risk Management Team during 2014/2015. She informed Members that, following an audit of risk management, an assurance level of "reasonable" had been identified with two recommendations; one significant relating to the monitoring of operation risks, as a result of which, a new process for the management of operation risk and robust reporting had been introduced, and one of best practice around the consideration of a bespoke Risk Management software package. She added that, due to cost and the lack of availability of a suitable package, this would not take place in the foreseeable future.

➤ **Strategic risks update**

The report of the Risk and Insurance Manager set out the current strategic risk exposure and advised of recent modifications and planned changes to the management of strategic risk within the authority. Members were informed that strategic risks were reported and reviewed on a monthly basis by relevant officers, directors and portfolio holders and that there were currently thirteen risks identified on the strategic risks register.

➤ **Strategic risk report 2016**

The report of the Risk and Insurance Manager set out the current strategic risk exposure of the Council and detailed recent movements within the register following the latest review.

➤ **Internal Audit risk management report 2015/2016**

Report of the Engagement Auditor which summarised the detailed findings identified in the Internal Audit review of risk management of which the overall control environment had been assessed as Good.

➤ **Draft Internal Audit risk based plan 2016/2017**

Report of the Audit Service Manager on the proposed risk based Internal Audit Plan for 2016/17. She confirmed that 1,270 days had been planned for Shropshire Council audit work and 200 days for external clients.

The Audit Service Manager reported that all fundamental system audit reviews, except for the Payroll System, would now be done on a cyclical basis after considering the risk profile for each area. She confirmed that the contingency for fraud investigations was being maintained to reflect current activity levels and that secondary schools were to be reviewed every four years with an alternative approach being taken to for primary schools who were being asked to complete a self-assessment on a rolling five year basis. This would be used to determine any further auditing requirements. Members were also reminded that assurances could be sought from individual managers for those areas of high priority for which no provision had been made in the plan.

The Audit Committee resolved that the risk management framework was fit for purpose and operating as intended but expressed concerns over the reduced level of Internal Audit resources when compared to the risk profile demands of the Council.

Controls

➤ **IT revised implementation plan for audit recommendations (Sept - exempted by Category 3)**

Exempt report of the Head of Programme Management providing an update on service delivery against the audit recommendations.

➤ **Management report on housing benefit overpayment performance**

Report of the Revenues and Benefits Service Manager which provided members with performance monitoring information on the collection of housing benefit overpayments for the year 2014/15.

➤ **Sales Ledger update on progress implementing improved management controls**

Report of the Head of Financial Management and Reporting provided an update on progress with implementing improved management controls within Sales Ledger in order to address the "unsatisfactory" assurance opinion given in the internal Audit review carried out in May 2015. The report demonstrated that the audit recommendations were being addressed.

➤ **Internal Audit Plan performance update Sept 2015/2016**

Report of the Audit Services Manager which set out refinements and revisions to the Internal Audit Plan and provided details of work undertaken by Internal Audit for the period 1 April to 23 August 2015.

She informed the meeting that the new Plan would provide 2,068 audit days across the Council's services and external clients compared with 2,050 days in the draft Plan published in February. She advised that this was due to the fact that there had been a number of changes in the risks faced by the Council which had resulted in slight adjustments to the areas requiring

assurances from Internal Audit. Thirty seven percent of the revised Plan had been completed, which was in line with previous delivery records, and that 21 good and reasonable assurances, 15 unsatisfactory and three limited assurance opinions were issued and that the 39 final reports contained 594 recommendations. She added that two fundamental recommendations had been identified.

➤ **Management Report: Council tax and non-domestic rates performance monitoring report**

Report from the Revenues and Benefits Manager which set out the performance monitoring information on the collection of income through Council Tax and National Non Domestic Rates (NNDR) for the year up to 31 March 2015 and progress on the year to 31 March 2016. He reported that the final collection rate for council tax for 2014-15 was 98.3% which compared favourably to the previous year's collection rate of 98.1% and for NNDR the final in-year collection rate for 2014/15 was 98.7% which again compared favourably with the previous year's collection rate of 98.3%.

➤ **Internal Audit performance report and revised annual audit plan 2015/2016**

Report of the Audit Service Manager provided members with an update of the work undertaken by Internal Audit since the last report considered in September 2015 and summarised progress against the 2015/2016 Internal Audit Plan. The plan was on target with some slight revisions. Lower assurance levels were reported in Children's Services and Customer Involvement but were considered to be low risk and would not affect the overall year end opinion. A comparison of assurance levels since 2013/14 demonstrated a falling level of assurance levels overall (30% good assurance in 2013/14 compared to 8% in 2015/16 to date; and 15% limited assurances in 2013/14 compared to 41% in 2015/16 to date). The Chairman reflected that whilst the Council's direction of travel was not unexpected, he was concerned whether other Members of the Council were generally aware that the required standards of control were lower / not being met and he wished for all Members to be made aware that the level of operational assurances were falling. Members agreed to raise their concerns in relation to the deteriorating levels of assurance and the downwards direction of travel with the Portfolio Holder, and requested him to attend the next meeting of the Audit Committee in order to discuss the way forward.

➤ **Management Report: IT update report (November - exempted by category 3)**

Exempt report of the Interim ICT Manager providing a brief update to members on the current situation.

➤ **Management Report: IT update report (February - exempted by category 3)**

Exempt report of the Chief Executive providing an update to members on previous audit reports and a brief update on the ICT Digital Strategy Programme and further suggested recommendations both short term and strategic.

➤ **Internal Audit Plan 2015/2016 - Ten month plan report**

Report of the Audit Service Manager which provided members with an update of the work undertaken by Internal Audit since the last report in November 2015 and summarised progress against the 2015/2016 Internal Audit Plan. The plan was on target for delivery with minor revisions. She drew attention to the limited assurance levels in Adult and Commissioning Services and the continuing lower assurance levels in Children's Services and Customer Involvement which were considered to be low risk and were not expected to affect the overall

year end opinion. The direction of travel for ICT issues remained a cause for concern. In respect of the Council's overall direction of travel in relation to the control environment, she reported that there had been an increased number of lower level assurances, 49% compared to 36% in the previous year.

➤ **External Audit: Reporting on progress against recommendations from 2014/15 for Shropshire Council**

Report of the External Auditor detailing the progress against recommendations from 2014/15. It was confirmed that all recommendations had been progressed but that there was still some work to be undertaken.

➤ **Council tax and non-domestic rates performance monitoring report**

Report of the Revenues and Benefits Manager setting out performance monitoring information on the collection of Council Tax and National Non Domestic Rates (NNDR).

➤ **Internal Audit annual report 2015/16**

Report of the Audit Service Manager on achievements against the revised internal audit plan for 2015/2016 and the annual internal audit assurance. The Audit Service Manager qualified her overall opinion on the Council's internal control environment based on the continuing numbers, and negative direction of travel, of the internal audit assurances provided on the IT infrastructure systems.

The Audit Committee resolved that there had been a noticeable reduction in the level of assurances for the internal control environment, whilst not unexpected in the current environment this needed to be continually monitored by management and members alike. In particular, ongoing concern was expressed relating to the controls in place on the IT infrastructure systems on which the Committee would be looking for further assurances.

Controls: Contracts and Partnerships

➤ **Management report on programme controls and risks and the top fifty contracts controls and risks**

Report of the Director of Commissioning which updated Members on the existing and emerging assurance and management controls and risk management arrangements within the Council. Processes had been established for managing and reporting on all strategic commissioning activity. A Commissioning Support Unit was being developed and its officers would work closely with Commissioners to ensure they had the necessary information to support their work. A "Commissioning Approach" had been developed to enable services to be commissioned out of Shropshire Council in a consistent and robust way. Guidance around decommissioning of services had also been reviewed and updated to ensure that all the necessary tasks were completed to deliver a robust and safe process.

The Audit Committee resolved following management reports that there is evidence of effective management and monitoring of contracts and partnerships. The Audit

Committee have been advised by managers that performance around the management of contracts and commissioning processes will be strengthened further during 2016/2017 as the Council's commissioning approach is adopted more widely. Given the wider approach the Council is taking to commissioning and contracting of services, managers will increasingly be expected to provide assurances on this area.

Controls: Fraud, Corruption and Whistleblowing

➤ **Fraud, special investigation and Regulation of Investigatory Powers Act (RIPA) update (Exempted by categories 2, 3 and 7)**

Members are provided with exempt reports of the Audit Engagement Officer providing an update on the current fraud and special investigations undertaken by Internal Audit and current RIPA activity.

➤ **Internal Audit: National Fraud Initiative (NFI) update**

Report of the Engagement Auditor provided members with an update on the outcomes of the 2014/15 National Fraud Initiative (NFI), the results of which were reported to and monitored by the Cabinet Office (previously by the Audit Commission) using their secure NFI website. He confirmed that savings of £5,096.53 had been identified so far during the 2014/15 exercise which had reduced significantly compared to 2012/13, this was due to the transfer of housing benefit fraud investigations to the Single Fraud Investigation Service.

➤ **Annual review of Counter Fraud, Bribery and Anti-Corruption Strategy**

Report of the Audit Service Manager which outlined the measures undertaken in the last year to evaluate the potential for the occurrence of fraud and how the Council managed those risks with the aim of prevention, detection and subsequent reporting of fraud and corruption. It also informed Members that the Counter Fraud, Bribery and Anti-Corruption Strategy had been reviewed in line with best practice and continued to underpin the Council's commitment to prevent all forms of fraud, bribery and corruption whether it be attempted on or from within the Council, thus demonstrating the strategy's continuing and important role in the corporate governance and internal control framework. She also confirmed that the Council was meeting the standard set out in the CIPFA Code of Practice on managing the risk of fraud and corruption and drew attention to the main changes identified within the strategy and the revised RIPA Policy.

➤ **Annual Whistleblowing report**

Report of the Head of Human Resources on the number of cases raised through the whistleblowing process over the last year and the actions resulting.

The Audit Committee resolved that there were effective arrangements for the prevention and detection of fraud and corruption, and for enabling whistleblowing (confidential reporting).

Controls: Value for Money

➤ **External Audit: Shropshire Council audit findings 2014/15**

Report of the Engagement Lead (Grant Thornton) on key matters arising from the audit of Shropshire Council's financial statements for the year ending 31 March 2015. The

Engagement Lead advised that, since the publication of the report, certain matters had been brought to the attention of the external auditors which had meant that the audit could not be formally concluded until these matters had been fully considered. He was satisfied that the matters in question did not have a material effect on the financial statements or a significant impact on the Value for Money conclusion. An updated report was circulated and Members' attention drawn to the amended paragraphs.

➤ **External Audit: Annual audit letter 2014/2015**

Report of the Engagement Lead (Grant Thornton) which summarised the findings arising from the work carried out for the year ended 31 March 2015 in relation to the financial statements of both the Council and the Pension Fund and the Value for Money conclusion. An unqualified opinion was presented.

➤ **External Audit: The Audit Plan for Shropshire Council**

Report of the Engagement Lead (Grant Thornton) setting out the plan for the year ending 31 March 2016 for Shropshire Council in relation to the Council's financial statements and to satisfy themselves that the Council had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Audit Committee resolved that there were effective arrangements in place to support Value for Money.

Financial reporting

➤ **Audited Annual Statement of Accounts 2014/2015**

Report of the Section 151 Officer which set out the final audited outturn position for the financial year 2014/2015 which would be confirmed by Council on the 24th September 2015. The Head of Finance, Governance and Assurance informed members that there had been no material changes to the main accounting statement since the version considered by the Committee in June.

➤ **External Audit: Shropshire County Pension Fund audit findings report 2014/2015**

Report of the Engagement Lead (Grant Thornton) summarised the findings for the year ended 31 March 2015 on the audit of the Pension Fund financial statements. He informed the meeting that this report would be considered by the Pensions Committee and had been brought to the Audit Committee as an information item.

➤ **External Audit: Audit Committee update for Shropshire Council**

Report of the Engagement Lead (Grant Thornton) which highlighted the progress made on work undertaken during the year and summarised the emerging national issues and developments of relevance to the Council. It also included several challenge questions in respect of the emerging issues which the Audit Committee may wish to consider in its future work or training programmes. He drew Members' attention to the progress to date and to several publications which may be of interest.

➤ **External Audit: Certification summary reports 2014/2015 Shropshire Council**

Report of the Engagement Lead (Grant Thornton) detailing the Certification Work Report

2014/2015 relating to grants, subsidies and the return of financial information. It was noted that Grant Thornton had certified two claims for the financial year 2014/2015 with a total value of £15 million.

➤ **Revenue outturn report 2015/2016**

Report from the Section 151 Officer providing details of the revenue outturn position for the Council.

➤ **Capital outturn report 2015/2016**

Report from the Section 151 Officer informing members of the full year capital expenditure and financing of the Council's capital programme.

➤ **Review of the Annual Statement of Accounts 2015/2016 including a review of accounting policies**

Report of the Section 151 Officer on the draft Annual Statement of Accounts and the accounting policies

Treasury Management

➤ **Annual treasury report 2014/2015**

Report of the Section 151 Officer providing information on treasury activities for Shropshire Council for 2014/2015. He indicated that the internal Treasury Team had outperformed their investment benchmark by 0.26% in 2014/2015 and that performance for the last three years was 0.38% per annum above benchmark. He reported that during the year 2014/2015 the performance of the Treasury Team had delivered an underspend of £0.673 million compared to budget which had contributed to the overall underspend achieved by the Council at year end.

➤ **Treasury Strategy 2015/2016 mid-year report**

Report of the Section 151 Officer on a mid-term review of Treasury activities of the Council for the first six months of the year. He highlighted that the internal Treasury Team achieved a return of 0.58% on the Council's cash balances, outperforming the benchmark by 0.22%. The Council currently had £150m held in investments and borrowing of £332m however with interest rates being very low the Council was not getting any benefit from this. He further explained that officers regularly looked at re-profiling the Council's finances however Public Works Loan Board redemption conditions made it impossible to redeem these loans.

➤ **Treasury Strategy 2016/17**

Report of the Section 151 Officer which proposed the Treasury Strategy for 2016/2017 and the recommended Prudential Indicators for 2016/2017 to 2018/2019.

The Audit Committee resolved that Financial Statements reflected the Council's true position, were complete including all transactions, and were prepared in accordance with International Financial Reporting Standards.



<u>Committee and Date</u>	<u>Item</u>
Audit Committee 23 June 2016	12
Council 21 July 2016	
10.00 am	
	<u>Public</u>

CHANGES TO ARRANGEMENTS FOR APPOINTMENT OF EXTERNAL AUDITORS

Responsible Officer James Walton

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1. Summary

This report summarises the changes to the arrangements for appointing external auditors following the closure of the Audit Commission and the end of the transitional arrangements at the conclusion of the 2017/18 audits. The Council will need to consider the options available and put in place new arrangements in time to make a first appointment by 31 December 2017. The Local Government Association (LGA) are working on developing a Sector Led Body (SLB). In a recent survey, 58% of respondents expressed an interest in this option. Greatest economies of scale will come from the maximum number of councils acting collectively and opting-in to a SLB. In order to the strengthen the LGA's negotiating position and enable it to more accurately evaluate the offer, the Council is asked to consider whether it is interested in the option of opting in to an SLB. A formal decision to opt-in will be required at a later stage.

2. Recommendations

Audit Committee

2.1. Members are requested to consider their preferred approach of the options set out below and provide Council with their comments on these:

- a) Supporting the Local Government Association (LGA) in setting up a national Sector Led Body by indicating intention to "opt-in"
- b) Establishing a stand-alone Auditor Panel to make the appointment on behalf of the Council.
- c) Commencing work on exploring the establishment of local joint procurement arrangements with neighbouring authorities
- d) Using an existing independent panel of the authority (this will only be applicable where a suitably constituted panel already exists).

Council:

- 2.2. The Audit Committee, at their meeting on the 23rd June 2016, resolved to recommend to Council their preferred approach selected from the above options as (a) Supporting the Local Government Association (LGA) in setting up a national Sector Led Body by indicating an intention to “opt-in”. Council are asked to consider and endorse the Audit Committee’s preferred approach. A further report will be brought to Council on this, including details of any costs that will need to be included in the 2016/17 and /or 2017/18 budgets.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant authority is a local authority operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the authority.
- 3.2 Section 12 makes provision for the failure to appoint a local auditor: the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.
- 3.3 Section 17 gives the Secretary of State the power to make regulations in relation to an ‘appointing person’ specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person.
- 3.4 Whilst there is no immediate risk to the Council, early consideration by the Council of its preferred approach will enable detailed planning to take place so as to achieve successful transition to the new arrangement in a timely and efficient manner.
- 3.5 Providing the LGA with a realistic assessment of the Council’s likely way forward will enable the LGA to invest in developing appropriate arrangements to provide support.
- 3.6 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities, consultation or climate change consequences of this proposal.

4. Financial Implications

- 4.1 Current external fee levels are likely to increase when the current contracts end in 2018.
- 4.2 The cost of establishing a local or joint Auditor Panel outlined in options 1 and 2 below will need to be estimated and included in the Council's budget for 2016/17 and 2017/18. This will include the cost of recruiting independent appointees (members), servicing the Panel, running a bidding and tender evaluation process, letting a contract and paying members fees and allowances.
- 4.3 Opting-in to a national SLB provides maximum opportunity to limit the extent of any increases by entering in to a large scale collective procurement arrangement and would remove the costs of establishing an auditor panel. There will not be a fee to join the sector led arrangements. The audit fees that opted-in bodies will be charged by the sector led body will cover the costs of appointing auditors. The LGA believes that audit fees achieved through block contracts will be lower than the costs that individual authorities will be able to negotiate. In addition, by using the SLB councils will avoid having to do their own procurement and the legal requirement to set up a panel of independent members.

5. Background

- 5.1 The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England. On 5 October 2015 the Secretary of State Communities and Local Government (CLG) determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18.
- 5.2 The Council's current external auditor is Grant Thornton, this appointment having been made under a contract let by the Audit Commission. Following closure of the Audit Commission the contract is currently managed by Public Sector Audit Appointments Limited (PSAA), the transitional body set up by the LGA with delegated authority from the Secretary of State CLG. Over recent years the Council has have benefited from reduction in fees in the order of 50% compared with historic levels. This has been the result of a combination of factors including new contracts negotiated nationally with the firms of accountants and savings from closure of the Audit Commission. The Council's current external audit fees are just under £134,000 per annum.
- 5.3 When the current transitional arrangements come to an end on 31 March 2018 the Council will be able to move to local appointment of the auditor. There are a number of routes by which this can be achieved, each with varying risks and opportunities. Current fees are based on discounted rates offered by the firms in return for substantial market share. When the contracts were last negotiated nationally by the Audit Commission they covered NHS and local government bodies and offered maximum economies of scale.

- 5.4 The scope of the audit will still be specified nationally, the National Audit Office (NAO) is responsible for writing the Code of Audit Practice which all firms appointed to carry out the Council's audit must follow. Not all accounting firms will be eligible to compete for the work, they will need to demonstrate that they have the required skills and experience and be registered with a Registered Supervising Body approved by the Financial Reporting Council. The registration process has commenced, although the number of firms is not known. It is reasonable to expect however that the list of eligible firms may include the top ten or twelve firms in the country, including the Council's current auditor. It is unlikely that small local independent firms will meet the eligibility criteria.

Options for local appointment of External Auditors

- 5.5 There are three broad options open to the Council under the Local Audit and Accountability Act 2014 (the Act):

Option 1 To make a stand-alone appointment

- 5.6 In order to make a stand-alone appointment the Council will need to set up an Auditor Panel. The members of the panel must be wholly or a majority independent members as defined by the Act. Independent members for this purpose are independent appointees, this excludes current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing which firm of accountants to award a contract for the Council's external audit. A new independent auditor panel established by the Council will be responsible for selecting the auditor.

Advantages/benefit

- 5.7 Setting up an auditor panel allows the Council to take maximum advantage of the new local appointment regime and have local input to the decision, although this local input will be completely independent of the Council.

Disadvantages/risks

- 5.8 Recruitment and servicing of the Auditor Panel, running the bidding exercise and negotiating the contract is estimated by the LGA to cost in the order of £15,000 plus on going expenses and allowances
- 5.9 The Council will not be able to take advantage of reduced fees that may be available through joint or national procurement contracts.
- 5.10 The assessment of bids and decision on awarding contracts will be taken by independent appointees and not solely by elected members.

Option 2 Set up a Joint Auditor Panel/local joint procurement arrangements

- 5.11 The Act enables the Council to join with other authorities to establish a joint auditor panel. Again this will need to be constituted of wholly or a majority of independent appointees (members). Further legal advice will be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act. The Council would need to liaise with other local authorities to assess the appetite for such an arrangement.

Advantages/benefits

- 5.12 The costs of setting up the panel, running the bidding exercise and negotiating the contract will be shared across a number of authorities.
- 5.13 There is greater opportunity for negotiating some economies of scale by being able to offer a larger combined contract value to the firms.

Disadvantages/risks

- 5.14 Depending on the constitution agreed with the other bodies involved, the opportunity for local input to the decision making body will be limited. This could be only one elected member representing each Council or, potentially, no input from elected members where a wholly independent auditor panel is used.
- 5.15 The choice of auditor could be complicated where individual Councils have independence issues. An independence issue occurs where the auditor has recently, or is currently, carrying out work such as consultancy or advisory work for the Council. Where this occurs some auditors may be prevented from being appointed by the terms of their professional standards. There is a risk that if the joint auditor panel choose a firm that is conflicted with this Council then the Council may still need to make a separate appointment with all the attendant costs and loss of economies possible through joint procurement.

Option 3 Opt-in to a sector led body (SLB)

- 5.16 In response to the consultation on the new arrangement the LGA successfully lobbied for Councils to be able to 'opt-in' to a Sector Led Body (SLB) appointed by the Secretary of State under the Act. A SLB would have the ability to negotiate contracts with the firms nationally, maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector.

Advantages/benefits

- 5.17 The costs of setting up the appointment arrangements and negotiating fees would be shared across all opt-in authorities.
- 5.18 By offering large contract values the firms would be able to offer better rates and lower fees than are likely to result from local negotiation.
- 5.19 Any conflicts at individual authorities would be managed by the SLB who would have a number of contracted firms to call upon.
- 5.20 The Council would not need to set up an Auditor Panel and so the process would not be ceded to locally appointed independent members. Instead, a separate body would be set up to act in the collective interests of the 'opt-in' authorities. The LGA are considering establishing such a body utilising the knowledge and experience acquired through the setting up of the transitional arrangements.

Disadvantages/risks

- 5.21 Individual elected members would have less opportunity for direct involvement in the appointment process other than through the LGA and/or stakeholder representative groups.

5.22 In order for the SLB to be viable and to be placed in the strongest possible negotiating position the SLB would need councils to indicate their intention to opt-in before final contract prices are known.

6 The way forward

6.1 The Council have until December 2017 to make an appointment. In practical terms this means one of the options outlined in this report will need to be in place by spring 2017 in order that the contract negotiation process can be carried out during 2017.

6.2 The LGA are working on developing a Sector Led Body. In a recent survey, 58% of respondents expressed an interest in this option. Greatest economies of scale will come from the maximum number of councils acting collectively and opting-in to a SLB. In order to the strengthen the LGA’s negotiating position and enable it to more accurately evaluate the offer, the Council is asked to consider whether it is interested in the option of opting in to an SLB. A formal decision to opt-in will be required at a later stage.

7 Conclusion and Next Steps

7.1 The Council will need to take action to implement new arrangements for the appointment of external auditors from April 2018. In order that more detailed proposals can be developed, the Council/Committee is asked to give early consideration to the preferred approach.

7.2 The Council has been asked by the LGA for an indication of the preferred approach in order that it can invest resources in providing appropriate support to Councils. The LGA is strongly supportive of the SLB approach as it believes this offers best value to Councils by reducing set-up costs and having the potential to negotiate lowest fees.

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

Local Audit and Accountability Act 2014
CIPFA’s Auditor Panels

Cabinet Member (Portfolio Holder) Malcolm Pate (Leader of the Council) and Tim Barker (Chairman of Audit Committee)

Local Member n/a

Appendices
None



Committee and Date

Council

21 July 2016

10.00 a.m.

Item

13

Public

JOINT HEALTH OVERVIEW AND SCRUTINY CO-OPTED MEMBER VOTING SCHEME

Contact: Tom Dodds, Commissioning Support Manager [Statutory Scrutiny Officer]
e-mail: tom.dodds@shropshire.gov.uk Tel: 01743 258518

1.0 Summary

- 1.1 Shropshire Council and Telford and Wrekin Council each have three co-opted Members on the Joint Health Overview and Scrutiny Committee (Joint HOSC). Full Council in both local authorities have previously given full voting rights to the co-opted members. The co-opted members bring with them knowledge and experience from their respective careers and interests which add to and compliment those of the three Members each Council has on the Joint HOSC. This report presents the current scheme that was agreed at Council (26 September 2013) and seeks agreement for it to be applied for the next three years

2.0 Recommendations

- A. To agree the continuation of the current voting scheme for the co-opted Members of the Joint Health Overview & Scrutiny Committee to September 2019 as set out in the attachment to the terms of reference in Appendix 2.

REPORT

3.0 Risk Assessment and Opportunities Appraisal

- 3.1 The Council has had co-opted members with voting rights matters relating to health services on the Joint HOSC since at least 2010. The co-opted members provide additional knowledge and experience to contribute to the consideration of the risks and opportunities associated with consultation on NHS service reconfiguration.

4.0 Financial Implications

- 4.1 There are no significant financial implications from this report.

5.0 Co-opted Member Voting Scheme

- 5.1 Shropshire Council values the contribution of co-opted members on the Council's Joint Health Overview and Scrutiny Committee. At Full Council on 26 September 2013 it was decided to continue to confer voting rights on the 3 independent co-opted Shropshire members of the Joint Health Overview and Scrutiny Committee with Telford & Wrekin Council.
- 5.2 The scheme provided for the co-opted members to vote on all matters considered by the Joint HOSC, but the scheme is time limited and reviewed every three years. This previous three year period is coming to a close, and as such it is proposed that the current scheme is agreed to be in place for the coming three years to September 2019. The current scheme is attached to the terms of reference at appendix 1.
- 5.3 At this time of significant change to public services, including the NHS, the need for continuity with the knowledge and experience of the Joint HOSC is high. Changes to the NHS locally through Future Fit and Community Fit will have impacts for individuals, communities and the Council. Ensuring that the Shropshire Council area is represented strongly and fairly through the Joint HOSC will be important, and the three co-opted members have key roles in this.

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

Joint Health Scrutiny Arrangements Report to Council 26 September 2013.

Cabinet Members (Portfolio Holders)

Councillor Karen Calder

Councillor Lee Chapman

Local Member

All

Appendices

Appendix 1 – Joint HOSC Terms of Reference

Appendix 2- Scheme to give voting rights to co-opted members of the Joint Health Overview and Scrutiny Committee

DRAFT SHROPSHIRE AND TELFORD & WREKIN JOINT HEALTH OVERVIEW AND SCRUTINY COMMITTEE

TERMS OF REFERENCE

Purpose

To act as a discretionary Joint Health Overview and Scrutiny Committee (Joint HOSC) to consider and scrutinise where necessary, all Health and Healthcare related topics which affect the areas of Telford and Wrekin Council and Shropshire Council including matters referred by both Telford and Wrekin and Shropshire Healthwatch.

To meet when proposed changes to services are identified to confirm if the Committee will undertake the role of the Committee as a mandatory Joint HOSC and statutory consultee in relation to NHS proposals for a substantial variation or development in service.

To actively research any statutory consultation and respond in line with Health Scrutiny Regulations and the Department of Health Guidance on Health Scrutiny (2014).

Powers of the Joint Health Overview and Scrutiny Committee

The Joint Health Overview and Scrutiny Committee exercises the powers of both a discretionary and a mandatory Joint HOSC, as set out in the Health and Social Care Act (2001) consolidated in the NHS Act (2006) and amended by the Localism Act 2011 and the Health and Social Care Act 2012, to review any matter relating to the planning, provision and operation of health services across the local authority areas. Both Telford and Wrekin Local Authority and Shropshire Council Local Authority have delegated the health scrutiny power to the Joint HOSC for pan Shropshire health matters. When the NHS make a proposals for a substantial variation or development of service the Joint HOSC will be the only Scrutiny Committee which will:

- Respond to the consultation
- Exercise the power to require the provision of information by relevant NHS body or health service provider
- Require members or employees of relevant NHS bodies or health service provider to attend before it to answer questions in connection with the consultation.

However, both local authorities have retained the power of referral as set out in the Councils' Constitutions. Any referral of proposed substantial change or variation in service to the Secretary of State will be made in line with Health Scrutiny Regulations and the Department of Health Guidance.

The roles and responsibilities of the Joint HOSC, commissioners and providers of NHS and Local Authority public health services is set out in the Department of Health Guidance, Guidance to support Local Authorities and their partners to deliver effective health scrutiny (2014)

Membership of the Joint Health Overview and Scrutiny Committee

There will be three elected members from each local authority.

There will be three co-opted members from each local authority area who are independent of the relevant Council.

The Co-opted Members of the Committee have voting rights as determined by full council at both authorities. Copies of the voting schedules are attached.

Executive Members for Health and Social Care and Health and Wellbeing Board Chairs issues may attend the meeting at the Chair's discretion in a non voting capacity.

Chairing Arrangements

Meetings alternate between the Council areas. The appropriate Chair will take the lead for meetings in their Local Authority Area.

Chairs' Casting Vote

The Chair will not use their casting vote due to the alternating venue.

Political Balance

Political balance applies to this Committee. The political balance applies to each participating authority.

Administration

In line with the Department of Health Guidance the support for the Joint HOSC will be made available by the local health and social care system to enable the powers and duties associated with the function to be exercised appropriately. Meetings will alternate between local authorities. Each council will take the lead in arranging venues and co-ordinating agendas with organisations and individuals invited to present reports or papers or give evidence, for the meetings taking place in their Local Authority Area. The agenda will be agreed by both Health Scrutiny Chairs. Papers and presentations will be considered during this meeting to establish running order and specific instructions to those attending.

Pre-meetings will be at the Chair's discretion, to be attended either by the Chairs' alone or for members of the whole joint Health Overview and Scrutiny Committee.

Additional Support

Each local authority will identify an agreed resource which it can provide to support the work of the Joint Committee. This may be officer time and/or a financial contribution to cover the costs of any specialist advice.

Frequency of Meetings

To be detailed in the Joint Committee Work Programme.

Quorum

One third of the membership of the committee. At least 2 elected members must be present including 1 from each authority. There must be 2 representatives from each authority including co-optees.

Ways of Working

Under the Department of Health Guidance (2014) the Joint Health Scrutiny committee must:

Strengthen the voice of local people, ensuring that their needs and experiences are considered as an integral part of the commissioning and delivery of health services and that those services are safe and effective.

Operate in a way that will lead to rigorous and objective scrutiny of the issues under review and carried out in a transparent manner that will boost the confidence of local people in health scrutiny.

In considering substantial reconfiguration proposals health scrutiny needs to recognise the resource envelope within which the NHS operated and should therefore take into account the effect of the proposals on sustainability of services as well as their quality and safety.

The Joint Committee will hold formal meetings, and will undertake visits – which as far as possible will involve representatives from both authorities. Each authority will be able to lead and undertake individual pieces of work. The Joint Committee may also hold meetings with relevant representatives and officers outside of the main scrutiny forum such as focus groups, public meetings and consultation with relevant patient/service user groups.

Reports

Wherever possible all reports will present joint evidence based conclusions and recommendations. However, where differences exist reports will be able to include sections setting out evidence based conclusions and recommendations reflecting the different views within the joint committee.

Review of Terms of Reference

Annually or as required when issues arise for joint scrutiny.

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SCHEME TO GIVE VOTING RIGHTS TO CO-OPTED MEMBERS OF THE JOINT HEALTH OVERVIEW AND SCRUTINY COMMITTEE (IN ACCORDANCE WITH PARAGRAPH 12 OF SCHEDULE 1 LOCAL GOVERNMENT ACT 2000)

In accordance with Paragraph 12 of Schedule 1 to the Local Government Act 2000 (as amended by section 115 Local Government Act 2003) Shropshire Council has determined that its three co-opted members of the Joint Health Overview and Scrutiny Committee with Telford and Wrekin Council (that is those members of the Joint Committee who are not elected members of Shropshire Council) shall have permission to vote in accordance with the Scheme.

The co-opted members can exercise their right to vote in respect of any matters relating to the work of the Joint Health Overview and Scrutiny Committee. The Scheme will be revoked after 3 years at which point Council can determine if it should be renewed.

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MEMBERS' QUESTIONS

AGENDA ITEM 16

QUESTION 1

MR DAVID LLOYD MBE will ask the following question:

Speeding traffic is a concern with many communities in Shropshire with too many road users showing scant regard for 30, 40, 50 and 60 mph limits.

Is Council willing to request the Road Safety Partnership to introduce additional activity, the cost of which is likely to be covered by increased income from penalties? Such a move would be helpful when calls for new road safety measures arise at a time of financial pressure.

MR SIMON JONES, the Portfolio Holder for Highways and Transportation will reply:

All Parish/Town Councils can make direct requests to the Safer Roads Partnership (SRP) in West Mercia via the link on their website that is specifically for this purpose. This way they know that there is a community speeding issue. They will then duly take a look at the site in question and gather speed data over a 7 day period to establish if there is a genuine or perceived speeding issue. If the 85th%ile speeds recorded (the upper speed at which 85% of all traffic are travelling at) are at or above the Police enforcement level of 10% + 2mph above the speed limit

- in a 30mph = 35mph
- in a 40mph = 46mph
- in a 50mph = 57mph

then they will look to see what positive action can be taken and where and if they can site a mobile enforcement vehicle.

If there is no defined speeding issue then they will not go in and enforce.

Also, It must be noted that if the request relates to a speed limit that was not supported by the Police on its introduction (such as some that were introduced under the old Village Speed Limit Policy) then Shropshire Council would be expected to introduce further speed reduction measures to reduce speeds to those within national speed limit guidance, before the Safer Roads Partnership will review the situation.

Shropshire Council representative (Alice Dilly) attends a quarterly operational forum with the Police and SRP members to discuss matters and we put forward areas of concern also but they still need to be defined speeding issues for

enforcement to take place. This needs to occur, for any possible additional enforcement to take place, enforcement can only be identified and reacted to by the reporting of all speeding concerns, as detailed above. Therefore the first stage is for all towns and parishes to follow the clear criteria detailed above, as enforcement is undertaken on an evidential basis, and this must be the key criteria, in light of the detail provided.

This stresses the importance of the introduction or alteration of any current or future speed limits. They must be introduced with the support of the police and be in line with the Department of Transport Guidance Document on Setting Local Speed Limits – Circular 1/2013.

QUESTION 2

MR DUNCAN KERR will ask the following question to the Leader of the Council:

In responding to your invitation to take on Shropshire Council services, the principal town councils in Shropshire have reminded you that Shropshire Unitary Council's dire financial situation is a direct consequence of the successive budgets, prepared and approved by the Conservative group. If you had adopted a prudent approach allowing Council tax to rise by inflation or capping limits we would now be over £15m a year better off, instead it is those in the largest homes in the County who are hundreds of pounds a year to the good whilst those who get help with their Council tax bills get all of the pain but none of the gain.

Given the devastation that the proposed cuts will cause, would you like to reconsider your outright rejection of my proposal that all councillors show some contrition by taking an immediate 10% cut in their allowances?

MR MALCOLM PATE, the Leader of the Council will reply:

As a Councillor yourself you will know that allowances for Elected Members of the Council are set by an independent panel. Clearly, that panel has a difficult task of setting these allowances at a level where those motivated to represent and work for their communities can afford to do so. It's really important that allowances are neither a deterrent or the motivation to become a Councillor and that we are able to attract talented and particularly younger people to serve their communities.

Any Councillor who wishes to decline the allowances made available is free to do so and so if you wish to demonstrate your views by example you are perfectly within your rights. Indeed, you may if you wish, choose to not accept any of the allowances that might be due to you.

QUESTION 3

MR DUNCAN KERR will ask the following question to the Leader of the Council:

Since its creation Shropshire Unitary Council has been beset by mismanagement and corporate failure. From its Council tax policies to the doomed IP&E company and the largesse towards the university the public are wondering whether it would have been better to keep the districts and abolish the county.

It is, in the view of many residents, no coincidence that the mistaken policy choices made by SUC were a result of a lack of transparency, accountability and scrutiny which have become a hallmark of the Cabinet system forced onto Councils by a Labour government.

Will you commit to learning the lessons of history by joining the growing band of councils who are using the freedoms granted by the last coalition government to return to the democratic, transparent and inclusive Committee system of local governance?

MR MALCOLM PATE, the Leader of the Council will reply:

Shropshire Council was last graded as an 'Excellent Council' and although that system of grading has been abandoned, in so many ways we continue to be an excellent example to others. By becoming a Unitary Council we have so far saved over £160 million and, let us not delude ourselves, had we not become a Unitary Authority our financial situation across the County would be far worse. One has only to look at how other Councils are now combining to see that Shropshire is years ahead in terms of being the future of local government in terms of size, scale and being fit for purpose. Indeed, I should remind you that you have yourself recently asserted within the Council Chamber that Shropshire should look to combine further with other authorities and share staff, contrary to what you now appear to be recommending by going backwards to smaller scale, duplication of staff and increased bureaucracy.

I am sure you will be aware that the pressure on funding that we are experiencing in Shropshire is being felt by most other local authorities, but not in equal measure. Despite an unfair funding system, which significantly severely disadvantages Shropshire, and being one of the most sparse and rural places in the UK where delivering services is far more challenging, we have continued to deliver high quality services at low cost and we come out very well by all comparison. It is time we recognised this and I congratulate members our staff and our partners for the amazing work they do to make sure vulnerable people are looked after, our environment is clean, cared for and beautiful. We have high levels of employment, low levels of crime and antisocial behaviour, we are tolerant and we have fantastic leisure and cultural experiences to offer.

Shropshire continues to be a great place to live and this is no accident. It does nobody any credit to talk Shropshire down when we should be so very proud. In short, our management is, in the circumstances, outstandingly good. Other

Councils who are better supported financially by Government and other parts of the public sector have much to learn from us in delivering efficiencies and improvement.

As you know, we have made representations to Government over just how unfair our funding is. Greg Clark, Secretary of State for the Department of Communities and Local Government visited us a few weeks ago and I spoke to him again only last week at the LGA conference. We are working on many levels to influence Government towards creating a more level playing field in terms of equitable funding for Councils. If you read the national press it would be obvious to you that it is becoming widely recognised that Adult Social Care is not properly funded. In Shropshire we have a disproportionately older population and it is wonderful that we live longer than the average. Our services for older people are an exemplar for innovation, low cost and high quality and these need to be properly funded by Government.

Whilst in principle we are always willing to look at democratic structures and operation, now is surely not the appropriate time. Not when the real challenge is to use the limited resources we have, our intellect, ambition, inspiration and imagination to continue our focus on delivering the very best outcomes for our communities. The public will not thank us if we waste effort in reorganising ourselves when we should continue to do the things that in the end will really make the difference. Whilst I can see the attraction to the opposition in our being distracted away from delivering results, it's clear that changing democratic structures will do little to provide solutions to the challenges we face. Rather than distract us from the task in hand, it would be helpful to receive constructive proposals which could be considered.

QUESTION 4

MR ALAN MOSLEY will ask the following question:

Can we be given a full report on the work which has been undertaken since the decision was made to close down IP&E.

Can you please ensure that this includes:

- The overall cost to the Council of the debacle surrounding the Company, including relocation, consultancies, staff time and opportunity costs.
- The circumstances of staff transferring back to the Council and how the various units of IP&E have been assimilated into the Council.
- The main conclusions about why the Company failed including comments on the extent to which obvious weaknesses in the governance of the Company contributed to its demise.
- When a full report is going to be published and available for public scrutiny.

MR MALCOLM PATE, the Leader of the Council will reply:

The overall cost to the Council of the debacle surrounding the Company, including relocation, consultancies, staff time and opportunity costs.

The report attached, though Exempt was subsequently published and is attached and provides a summary of the financial position of the company over its period of trading. Following the closure of the 2015/16 Financial Accounts, the table at paragraph 4.3 can be updated, demonstrating an actual surplus of £16,513 compared to the anticipated surplus of £83,000 as at 17.02.16:

Financial Year	Profit/(loss)
2012/13 (part)	(£69,802)
2013/14	(£114,701)
2014/15	£28,029
2015/16	16,513

- The circumstances of staff transferring back to the Council and how the various units of IP&E have been assimilated into the Council.

The teams who were seconded to ip&e, namely Public Protection and Help to Change have reverted back to the substantive posts in council. The two teams who were transferred to the company have been TUPE transferred back to the Council. The Business Design Team have been incorporated into the Human Resources and Development Function where they are better placed support business redesign and behavioural change. The Communications team are being reintegrated alongside the customer service centre to support the development of a single front door approach and comprehensive communication strategy for the Council.

- The main conclusions about why the Company failed including comments on the extent to which obvious weaknesses in the governance of the Company contributed to its demise.

The main conclusions were set out in paragraphs 5.7 to 5.10 of the attached report.

- When a full report is going to be published and available for public scrutiny.

The Council does not intend to issue a further report having taken the decision to cease service contracts with ip&e limited and to direct the company's board to dissolve the company and remove it from the companies register. The reasons for this are clearly set out in the Cabinet report dated 17 February 2016 which is attached and though Exempt was subsequently made public.

QUESTION 5

MR ALAN MOSLEY will ask the following question:

On 10 February 2016 Cabinet accepted a number of recommendations arising from the report of the Student Accommodation Task and Finish Group. This had been established following expressions of concern regarding potential problems arising from concentrations of HMOs being used as temporary units of student accommodation, given the difficult experience in other university towns.

In doing so it demanded work be undertaken as below (**bold**). Would the Portfolio Holder please give details of what progress has been made in each area 1– 5. Furthermore, items 1-3 were designed to acquire information with a view to having evidence to substantiate A4Ds. Would the Portfolio Holder please confirm what overall progress has been made towards that objective?'

MR MALCOLM PRICE, the Portfolio Holder for Planning, Housing, Regulatory Services and Environment will reply:

1. The Local Plan Review should consider specific policy formulation for HMO's:

Progress to date: The forthcoming Local Plan Review must be completed by March 2018. As part of that review, the Council will develop and introduce a specific HMO local plan policy.

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:

Progress to date: The newly consulted on Type & Affordability of Housing SPD has a new section (Ch. 6) that offers some considerations for development management when considering an application for a HMO. At present, only a HMO of 6+ persons requires a planning permission. The final version of this SPD will be out in late summer.

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:

Progress to date: Such information will need to be acquired throughout the Accreditation Mark process and mapped against current records to form the basis of the database.

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:

Progress to date: A public consultation was conducted between 8th February 2016 and 18th March 2016. The consultation was also discussed with landlords at the National Landlords Association Branch meeting during the consultation period. A small number of enquiries were received during the consultation requesting the expected numbers of students attending the University and seeking clarification of how applications could be made. Only one consultation response was received which was from the National Landlords Association. A report is being prepared for Cabinet to consider and approve the Student Accommodation Quality Accreditation Mark and the fees for 2016/17.

5. This Group believes the Student Accommodation Accreditation Scheme could be improved by the inclusion of some further measures within the Accreditation Checklist:

Karen Collier spoke with the Housing Manager at Worcester. The additional requirements recommended by the T&F Group are more appropriate to the mandatory licensing scheme operated at Worcester than to the voluntary scheme which is being proposed for Shropshire. Therefore, the inclusion of those additional matters in the Accreditation Mark has been determined depending on the level of risk and our ability to require landlords to comply with the requirements through the voluntary scheme.

a. Landlords will be responsible for the maintenance of the gardens of their let properties:

Progress to date: Advice will be given at the landlords training session but this will not form part of the Accreditation Mark.

b. Standardised tenancy agreements for students. Reason: To protect students.

Progress to date: Advice will be given at the landlords training session but this will not form part of the Accreditation Mark.

c. No pre-payment meters in student accommodation.

Progress to date: The requirements of the Accreditation Mark will be amended to include this.

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.

Progress to date: Applicants will be required to sign a declaration regarding their fitness to hold an Accreditation Mark.

e. Consideration should be given to joint working with local recycling and re-use schemes such as Revive and Shrewsbury Furniture Scheme.

Progress to date: Advice will be given at the landlords training session but this will not form part of the Accreditation Mark.

QUESTION 6

MR ROGER EVANS will ask the following question to the Leader of the Council:

Shropshire has faced some major cuts in its income over the last few years, and proposals at present in place show that this is continuing. This is despite the rising cost of delivering services in this rural county, especially considering the disproportionate rise in the county's elderly population.

I note with others that at present the Leader and members of his administration will be casting votes soon to elect a new leader of their party and consequently a new Prime Minister who will in turn appoint a new Cabinet. Will he seek assurances from the candidates that funding to meet the rising cost of providing these much needed services in our rural county of Shropshire will be improved and so meet the rising costs that face us during the next few years.

MR MALCOLM PATE, the Leader of the Council will reply:

As you will know, we have taken a very strong line impressing upon Government that the funding of Shropshire is unfair and particularly that something needs to be done about the costs of Adult Social Care which should be a national burden, rather than a local one as is the case for example with the NHS.

Last week we both attended the LGA conference and I hope you were reassured by seeing me approach and challenge directly Greg Clark, the Secretary of State for the Department of Communities and Local Government. I was very pleased and I am sure you will have noticed that as soon as the Secretary of State had delivered his speech, I was the first person he talked to. I am certain that our case is understood, though it may take some time to secure appropriate changes. Nevertheless we now have created an important position of influence and I was assured by Mr Clark that our Chief Executive will be placed on the national group advising Government on the future of funding for local authorities. This is another fantastic achievement for Shropshire.

I will continue to fight for a fair funding settlement for the people our County and particularly those who are vulnerable and need the excellent support we provide.

QUESTION 7

MRS TRACEY HUFFER will ask the following question:

The Future Fit exercise is due to recommend that Shropshire and Telford are served by a single A&E unit. Telford and Wrekin Council has been lobbying hard for that unit to be at the Princes Royal Hospital in Telford. An A&E in Telford will be to the considerable disadvantage of residents who live in the south and west of the Shropshire, and those in the Shrewsbury area. It will take injured patients longer to get to treatment and it will be more difficult for relatives and friends to visit. An A&E based at the Royal Shrewsbury Hospital will better serve the needs of our county's population. Why is Shropshire Council not campaigning for the single A&E to be based in Shrewsbury?

MR MALCOLM PATE, the Leader of the Council will reply:

As you know, Shropshire Council's position is that the configuration of NHS services should be a clinical decision. Through our Health and Wellbeing Board, Chaired by Councillor Karen Calder, we will continue to challenge our NHS partners to ensure that the important services they offer are safe and the best that can be provided to all parts of our County.

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REVIEW OF IP&E LIMITED

NOT FOR PUBLICATION BY VIRTUE OF CATEGORY 3 OF PARAGRAPH 10.4 OF THE COUNCIL'S ACCESS TO INFORMATION PROCEDURE RULES

Responsible Officer Clive Wright

Email: clive.wright@shropshire.gov.uk

Tel: (01743) 252007

1. Summary

- 1.1 The Council has commissioned a review of ip&e limited led by Council officers to determine whether the company has achieved its objectives as a wholly owned separate trading entity and to assess whether business activities, commercial practice and income generation can be more efficiently and effectively achieved within the Council or another entity.
- 1.2 This report summarises the performance of the company to date and makes recommendations in respect of its staff and its business activities.
- 1.3 The Council has also undertaken an internal audit health check to evaluate the adequacy of controls associated with finance, legal and contracts which have been managed independently by the company to date. The findings from the health check help to inform the recommendations below.
- 1.4 Decisions that are taken in respect of ip&e limited and its business activities must ensure that the Council's interests as a shareholder and as a commissioner are protected and that future business and trading activities are aligned with the requirements of the Council's sustainable business model and financial strategy.
- 1.5 Decisions taken in respect of ip&e limited must also ensure that the company's interests are safeguarded in relation to any liabilities arising from a decision to cease trading.

2. Recommendations

- 2.1 That Cabinet: (Commissioner role)
 - 2.1.1 agrees to bring the Council's relationship with ip&e Limited to an end and terminate the Strategic Contract between the two parties with the aim that the company will, in due course, cease to operate;
 - 2.1.2 agrees to terminate the service contracts between the Council and ip&e Limited for the provision of 'Business Design and Programme Management', 'Public Relations and Marketing' and 'Public Health' with effect from 31st March 2016, and delegates

authority to the Chief Executive to agree any alternative termination date as required to allow for the proper transfer of staff and maintain service delivery;

- 2.1.3 notes that the current provisional arrangements for the delivery by ip&e Limited of 'Business Support and Regulatory Services' and 'Education Support Services' will not be developed into longer term arrangements and revert to delivery by the Council at the end of the existing contract periods, and delegates authority to the Chief Executive to agree any alternative service end date as required to allow for the proper transfer of staff and maintain service delivery;
- 2.1.4 agrees that existing secondment arrangements for the Council staff involved in providing the services in recommendation 2 and 3 are brought to an end on a date consistent with the transfer of service delivery to the Council, and that staff employed by ip&e Limited who are employed in the delivery of the services in recommendation 2 and 3 are transferred to the Council in accordance with the TUPE process upon ip&e Limited ceasing to provide the relevant services;
- 2.1.5 delegate authority to the Chief Executive to arrange for the transfer from ip&e Limited to the Council of any contracts to provide services to third parties where i) the Council is legally able to provide those services; ii) transfer of delivery to the Council is permissible; and iii) it is in the interests of the Council to do so;
- 2.1.6 delegate authority to the Chief Executive to take any additional steps necessary to achieve the objectives stated in recommendations 1 to 5 above.

That Cabinet: (Shareholder role)

- 2.1.7 agrees, as sole Shareholder, to pass a Special Resolution under Article 5.1 of the company's Articles of Association, to direct the Directors of ip&e Limited to cease trading and operation of the company [as soon as possible], whilst limiting, as far as possible, the company's liabilities and safeguarding the services to transfer back to the Council;
- 2.1.8 agrees as sole Shareholder, to delegate its power as Shareholder to the Chief Executive to pass any further Special Resolutions under Article 5.1 of the company's Articles of Association, to direct the Directors of ip&e Limited to take or refrain from taking any action (but which shall not require any Director to act in breach of their legal duties) necessary to achieve the objectives set out in Recommendation 7 and once complete to remove the company off the companies register;
- 2.1.9 agrees, as sole Shareholder of ip&e (Trading) Limited, to pass a Special Resolution under Article 4.1 of the company's Articles of Association, to direct the Directors of ip&e (Trading) Limited to take the necessary steps to remove the company from the companies register.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 Human Rights: No adverse impact is expected from the decision to dissolve the company and return services and staff under the management and control of Shropshire Council.
- 3.2 Financial: Reduced levels of Government funding, the need to reduce operational costs and to generate additional income means that the Council must find a more efficient and effective way of delivering services to sustain services. The review of ip&e limited and commercial activities supports this approach.

- 3.3 Equalities: No one with characteristics defined and protected under the Equality Act shall be adversely affected by a decision to dissolve the company and manage services and staff within the Council or alternative vehicles.
- 3.4 Community: There will be no adverse impact on local communities following any decision to dissolve ip&e limited. Services and staff employed in its business activities will where seconded or transferred under TUPE return to work for the Council or alternative vehicle where the business undertaking remains wholly or substantially the same.
- 3.5 Environment: No adverse impact on the environment is expected.
- 3.6 Consultation: There are no consultation requirements specified in the strategic contract between the Council and ip&e limited. Consultation with staff, customers, partners and suppliers will be required.

4. Financial Implications

- 4.1 Officers have not included any ip&e limited profit assumptions, dividend payments or contribution to savings, beyond those associated with contract savings, in the Council's finance strategy (2016/17 to 2018/19).
- 4.2 The budgets and contract payments for the businesses operating within ip&e limited include reductions which are reflected in the Council's finance strategy. Any costs associated with dissolving the company and returning services and staff under the Council's control will be met by the company. The company will ensure that adequate provision is made for these costs and any other residual liabilities in the company's accounts.
- 4.3 The company's profit/ loss for the last three financial years (excluding actuarial loss on pension liability) has been:

Financial year	Profit/ (Loss)
2012/13 (part)	(£69,802)
2013/14	(£114,701)
2014/15	£28,029

- 4.4 The company's forecast surplus for financial year ending 31 March 2016 is £83,000. However this relates to surplus funds not spent or committed on Council awarded contracts and does not represent profit achieved through external trading. This does not include an estimate for costs associated with ceasing or transferring existing contracts to the Council and/ or redundancy costs for staff directly employed by the company who do not deliver services back to the Council.
- 4.5 The Council has a loan facility of £500,000 available, of which £92,000 has currently been drawn down by ip&e. The current terms of the loan are that the principal and accrued interest are due to be repaid in full by 31 March 2016, and this has been factored into the profit assumption listed in 4.4 above.
- 4.6 ip&e has delivered budgetary savings of £115,445 on the Council's contract for the Marketing and Public Relation team and £229,210 on the contract for the business design and programme management team. This represents a 35% reduction on the two contract values. This has made a small contribution towards the £85.6m of

savings achieved by the Council in the last three financial years, and in comparison the Council has achieved a 39% saving on its base budget over the same period.

- 4.7 The Council's Financial Strategy has at no point assumed any profit would be delivered from ip&e Limited. It has been necessary, however, to manage a series of costs resulting directly from decisions made by the company. These include the decision to not buy back certain support services from the Council, to delay contract reductions and to not locate the company office within existing Council property. This has resulted in an estimated direct cost to the Council, since inception, of approximately £190,000.

5. Background

- 5.1 ip&e limited was incorporated as a company, wholly owned by Shropshire Council on 31 May 2012. The principal objectives of the company was to secure and create jobs, create new business and partnerships, increase levels of trading income, reduce operating costs and achieve profit from commercial activities which help to fund and sustain Council services. The company's financial performance in terms of profit and loss is set out in paragraph 4.3.
- 5.2 The company's turnover was £305,945 in 2013/14 when it had a single business unit being public relations and marketing. This rose to £1,162,402 in 2014/15 when business design and programme management was added to the company's portfolio. Turnover for 2015/16 is estimated to be £14m as at 31 March 2016 following the addition of education support services, public health services and business support and regulatory services in the summer of 2015.
- 5.3 98.7% of the company's turnover in financial year 2015/16 relates to Shropshire Council contract income which includes schools trading income. The company holds external income contracts to the value of £187,710 in financial year 2015/16. Table 1 below analyses whether this contract income was secured prior to transfer to ip&e or afterwards.

Table 1 – external contracts in financial year 2015/16

	Awarded pre ip&e limited	Awarded post ip&e limited
Business Support & Regulatory Services	£0	£20,525
Marketing and Public Relations	£35,400	£0
Business design and programme management	£0	£47,750
Public Health	£30,000	£54,035
Totals	£65,400	£122,310

- 5.4 The company's central costs are estimated to be £613,937 in financial year 2015/16 associated with staff not attributable to Council contracts, rent of non Council buildings, software licenses, audit and accountancy fees, insurances and a pension liability charge estimated to be £130,667. Therefore external income, having taken into account cost of sales on generating this income, is contributing 6% towards overheads. This leaves a net overhead cost to both ip&e limited and Shropshire Council of 94%. This also means that the prices of services to be traded commercially have a high gearing impact where the charge out rates, sometimes as low as £300 per day, are set too low to cover these overheads and generate profit.
- 5.5 Additional opportunity costs have also been incurred by the Council in supporting the arrangements put in place for managing the ip&e contract. Significant officer time has been spent to develop business cases and proposals for transfer to ip&e, in addition to new processes implemented and required across the Council in ensuring compliance with the strategic and business contracts.
- 5.6 The company current employs 284.4 FTE staff on secondment from the Council. The company directly employs 18.25 FTE. Table 2 below analyses the business units who the staff work for, their employment status and the term of their contract with ip&e limited. The proposal to directly employ certain business and regulatory services staff in ip&e limited to undertake regulatory work and also business advisory work requires a joint employment contract agreement with the Council. This would require negotiation and consultation with staff and unions. Joint employment arrangement adds complexity to the employment relationship and adds a significant administrative burden to the day to day operation of the business. It is felt that the risk and costs associated with the joint employment approach outweighs the external trading benefits which have been low to date.

Table 2 – ip&e staff analysis

	FTE	Status	Current Contract end date
Business Support & Regulatory Services	200.0	Seconded	31/3/2016
Public Health	15.0	Seconded	31/3/2018
Inspire to Learn	66.5	Seconded	31/3/2016
Design and Programme Management	8.6	TUPE	31/3/2017
Marketing and Public Relations	8.0	TUPE	31/3/2017
Central staffing	1.65	Directly employed	N/A
Central staffing	2.90	Seconded	N/A

Totals	302.65		
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- 5.7 The recent financial health check of the company has identified that certain significant improvements are required in internal controls associated with financial management, IT systems and contracting policies and procedures and governance. The new company board has acted swiftly to ensure that appropriate controls and delegations are in place to address these weaknesses. However, it is unlikely that these control weaknesses would have occurred in the Council.
- 5.8 An internal review of ip&e business activities has been undertaken by officers to determine whether the respective business units are on course to deliver their objectives and to determine their prospects for growth. Each of the business leads considered the opportunities for growth in terms of turnover and profit should they remain within ip&e limited and compare this with a transfer back to the Council or into a separate trading vehicle (not ip&e limited).
- 5.9 This review concluded that the prospects for growth and profit, having discounted the £613,937 overhead associated with ip&e limited, were stronger in the Council using existing powers to charge and trade for services without significant risk of loss of existing business and contracts. The Council is able to trade to other public sector bodies by agreement and can recover costs associated with supplying goods and services to private sector bodies. The external contracts that are held by ip&e limited can, subject to agreement with the contracting parties, novate to the Council.
- 5.10 Officers have concluded that existing powers can be used to raise income via charging and trading whilst operating within the Council and that this income can be used to contribute towards the costs of running and protecting Council services. It should be noted that the Council currently operates commercial activities which are independent of ip&e limited.
- 5.11 Officers have also concluded that commercial activity can be successfully grown and delivered where the following conditions exist:
- i. A stronger commercial culture must be developed within the Council. It is recognised that staff are starting to think and behave in this way however this requires further training and development for staff;
 - ii. All commercial activity should be underpinned by a transparent and consistent approach to pricing for work whether on a cost recovery or commercial/ profit basis along with a clear understanding of market value;
 - iii. That the Council adopts a better and more transparent and consistent approach in terms of accounting for trading activity that allows sales and profit targets to be set, trading income and costs to be correctly accounted for and performance monitored and reported to senior management and Elected Members on a regular basis. This requires changes to existing financial reporting methods to ensure a more commercial approach is adopted and consistently for all aspects of trading activity.
 - iv. That trading performance is reported and compared consistently and regularly to inform the Council's financial and commercial strategy.

- 5.12 In summary officers have concluded that trading activities currently performed within ip&e limited can be transferred back to the Council and continue without detriment to the principal business objectives. These are to raise income to sustain and protect Council services and to continue to employ staff who will be trained and developed to apply a more commercial focus to their work.
- 5.13 It is therefore recommended that the Council's relationship with ip&e limited is brought to an end on the basis of poor financial and trading performance. It is recognised that time is required to limit, as far as possible, the company's liabilities and to safeguard the transfer of staff and services to back to the Council.
- 5.14 It is further recommended that the Council's shareholding in ip&e trading limited, which has remained as a dormant company since incorporation, is brought to an end.

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

Key Decision: No

Included within Forward Plan: Yes

If a Key Decision and not included in the Forward Plan have the General Exception or Special Urgency Procedures been complied with: Yes/No

Name and Portfolio of Executive Member responsible for this area of responsibility:

Councillor Malcolm Pate – Leader of the Council

Councillor Tim Barker – Deputy portfolio holder (ip&e limited)

Local Member:

All

Appendices:

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