Public Document Pack

Shropshire Council

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

Date: Tuesday, 20 November 2018

Committee: Cabinet

Date: **Wednesday, 28 November 2018**
Time: **11.00 am**
Venue: **Shrewsbury Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND**

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

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

Members of Cabinet
Peter Nutting (Leader)
Steve Charmley (Deputy Leader)
Joyce Barrow
Lezley Picton
David Minnery
Robert Macey
Nicholas Bardsley
Lee Chapman
Steve Davenport

Deputy Members of Cabinet
Dean Carroll
Rob Gittins
Simon Harris
Roger Hughes
Elliott Lynch
Alex Phillips
Ed Potter

Your Committee Officer is:

Jane Palmer Senior Democratic Services Officer
Tel: 01743 257712
Email: jane.palmer@shropshire.gov.uk

NOTICE RE VIDEO RECORDING OF CABINET MEETINGS

& REQUIREMENTS OF DATA PROTECTION ACT 1998

Cabinet meetings are video recorded by Shropshire Council and these recordings will be made available to the public via the Shropshire Council Newsroom.

Images of individuals may be potentially classed as ‘personal information’ and subject to the requirements of the Data Protection Act 1998.

Members of the public making a recording of the meeting are advised to seek advice on their obligations to ensure any processing of personal information complies with the Data Protection Act.

Meetings video recorded by Shropshire Council may be made available to the public via the Shropshire Newsroom, or generally on the internet or other media channels.

The Council will take the following steps to ensure its compliance with data protection requirements:

- Appropriate notices will be included on the agenda for each meeting;
- Appropriate signage will be displayed at each meeting;
- At the beginning of each meeting the Chair will formally announce that the meeting is being recorded;
- The camera will not record or show images of those in the public gallery; and
- Members of the public called to speak may opt to do so from a position where they are not visually identified on camera

Members of the public positioned in an area being recorded will be deemed to have given their consent (by implication) to any images etc. of themselves being used for broadcast and any other appropriate purposes consistent with the notices.

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

To approve as a correct record and sign the Minutes of the Cabinet meeting held on 7 November 2018. **TO FOLLOW**

4 Public Question Time

To receive any questions or petitions from members of the public, notice of which has been given in accordance with Procedure Rule 14. Deadline for notification for this meeting is no later than 24 hours prior to the start of the meeting.

5 Member Questions

To receive any questions of which members of the Council have given due notice, the deadline for notification for this meeting is 5.00pm on Friday 23 November 2018.

6 Scrutiny Items

To consider any scrutiny matters from Council or from any of the Council's Scrutiny Committees.

7 Treasury Strategy 2018/19 - Mid Year Review (Pages 1 - 30)

Lead Member – Councillor D Minnery – Portfolio Holder for Finance

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

Contact: James Walton Tel: 01743 258915

8 Financial Monitoring Report Quarter 2 - 2018/2019 (Pages 31 - 56)

Lead Member – Councillor D Minnery – Portfolio Holder for Finance

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

Contact: James Walton Tel: 01743 258915

9 **Quarter 2 Performance Report 2018/2019** (Pages 57 - 64)

Lead Member – Councillor S Charmley – Deputy Leader and Portfolio Holder for Corporate and Commercial Support

Report of the Chief Executive

Contact: Clive Wright Tel: 01743 258675

10 **Plan for Shropshire - Council Plan 2019/20 to 2021/22** (Pages 65 - 72)

Lead Member – Councillor Peter Nutting – Leader of the Council

Report of the Chief Executive

Contact: Clive Wright Tel: 01743 258675

11 **School Place Planning**

Lead Member – Councillor N Bardsley – Portfolio Holder for Children and Young People

Report of the Director of Children's Services **TO FOLLOW**

Contact: Karen Bradshaw Tel: 01743 254201

Committee and Date
Cabinet 28 November 2018 Audit Committee 6 December 2018 Council 13 December 2018

TREASURY STRATEGY 2018/19 – MID YEAR REVIEW

Responsible Officer James Walton
e-mail: james.walton@shropshire.gov.uk Tel: (01743) 258915

1. Summary

1.1 This mid year Treasury Strategy report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management 2017 and covers the following:-

- An economic update for the first six months of 2018/19
- A review of the Treasury Strategy 2018/19 and Annual Investment Strategy
- A review of the Council's investment portfolio for 2018/19
- A review of the Council's borrowing strategy for 2018/19
- A review of any debt rescheduling undertaken
- A review of compliance with Treasury and Prudential limits for 2018/19

1.2 The key points to note are:-

- The internal treasury team achieved a return of 0.72% on the Council's cash balances outperforming the benchmark by 0.28%. This amounts to additional income of £161,320 for the first six months of the year which is included within the Council's projected outturn position.

- In the first six months all treasury management activities have been in accordance with the approved limits and prudential indicators set out in the Council's Treasury Strategy.

2. Recommendations

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

2.2 Members note that any changes required to the Treasury Strategy including the Annual Investment Strategy or prudential and treasury indicators as a result of decisions made by the Capital Investment Board will be reported to Council for approval.

2.3 Members are asked to approve the updated MRP policy at appendix D.

REPORT

3. Risk Assessment and Opportunities Appraisal

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

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

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

4. Financial Implications

4.1 The Council makes assumptions about the levels of borrowing and investment income over the financial year. Reduced borrowing as a result of capital receipt generation or delays in delivery of the capital programme will both have a positive impact of the council's cash position. Similarly, higher than benchmarked returns on available cash will also help the Council's financial position. For monitoring purposes, assumptions are made early in the year about borrowing and returns based on the strategies agreed by Council in the preceding February. Performance outside of these assumptions results in increased or reduced income for the Council.

4.2 The six monthly performance is above benchmark and has delivered additional income of £161,320 which will be reflected in the Period 6 Revenue Monitor.

4.3 The Council currently has £118m held in investments as detailed in Appendix A and borrowing of £312m at fixed interest rates.

5. Background

5.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the Treasury Management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

5.2 The second main function of the Treasury Management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

5.3 The Council defines its treasury management activities as "the management of the authority's borrowing, investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with the activities, and the pursuit of optimum performance consistent with those risks". The report informs Members of the treasury activities of the Council for the first six months of the financial year.

5.4 In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from

2019/20, all local authorities will be required to prepare a Capital Strategy which is intended to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

A report setting out our Capital Strategy will be taken to the full Council before 31st March 2019

5.5 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2017.

6. Economic update

6.1 **Global Economy** – President Trump's easing of fiscal policy is fuelling a temporary boost in consumption which has generated an upturn in the rate of strong annualised growth which rose from 2.2% in quarter 1 to 4.2% in quarter 2. There was also an upturn in inflationary pressures, with inflation moving towards 3%. On the back of this, the Federal Reserve (Fed) increased rates by another 0.25% in September to between 2.00% and 2.25%, this being four increases in 2018, and indicated they expected to increase rates four more times by the end of 2019. The dilemma, however, is what to do when the temporary boost to consumption wanes, particularly as the recent imposition of tariffs on a number of countries' exports to the US, China in particular, could see a switch to US production of some of those goods, but at higher prices. Such a scenario would invariably make any easing of monetary policy harder for the Fed in the second half of 2019.

6.2 Chinese economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

6.3 Growth in the Eurozone was unchanged at 0.4% in quarter 2, but has undershot early forecasts for a stronger economic performance in 2018. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of 2% for 2018, the horizon is less clear than it seemed just a short while ago.

6.4 **UK Economy** – The first half of 2018/19 has seen UK economic growth post a modest performance, but sufficiently robust for the Monetary Policy Committee (MPC), to unanimously vote 9-0 to increase Bank Rate on 2nd August from 0.5% to 0.75%. Although growth looks as if it will only be modest at around 1.5% in 2018, the Bank of England's August Quarterly Inflation Report forecast that growth will pick up to 1.8% in 2019. However, there were several caveats mainly related to whether or not the UK achieves an orderly withdrawal from the European Union in March 2019.

6.5 Some MPC members have expressed concerns about a build-up of inflationary pressures, particularly with the pound falling in value again against both the US dollar and the Euro. The Consumer Price Index (CPI) measure of inflation rose unexpectedly from 2.4% in June to 2.7% in August due to increases in volatile components, but is expected to fall back to the 2% inflation target over the next two years given a scenario of minimal increases in Bank Rate. The MPC has indicated Bank Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in Bank Rate for the second half of 2019.

6.6 Unemployment has continued at a 43 year low of 4%. A combination of job vacancies hitting an all-time high in July, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 2.9% and to a one month figure in July of 3.1%. This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 0.4%, near to the joint high of 0.5% since 2009. Given the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC were right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy. However, the MPC will need to tread cautiously before increasing Bank Rate again, especially given all the uncertainties around Brexit.

6.7 There is a risk that the current government may be unable to secure a majority in the Commons over Brexit. However, Link's central position is that the government will endure, despite various setbacks, along the route to Brexit in March 2019. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

7 Economic Forecast

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

Link Asset Services Interest Rate View	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate View	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%
3 Month LIBID	0.75%	0.80%	0.80%	0.90%	1.10%	1.10%	1.20%	1.40%	1.50%	1.60%	1.60%
6 Month LIBID	0.85%	0.90%	0.90%	1.00%	1.20%	1.20%	1.30%	1.50%	1.60%	1.70%	1.70%
12 Month LIBID	1.00%	1.00%	1.00%	1.10%	1.30%	1.30%	1.40%	1.60%	1.70%	1.80%	1.80%
5yr PWLB Rate	2.00%	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%
10yr PWLB Rate	2.40%	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%
25yr PWLB Rate	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.50%
50yr PWLB Rate	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%

7.2. The flow of generally positive economic statistics after the end of the June quarter 2018 meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, to 0.75%. However, the MPC emphasised again, that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary of contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years' time but they declined to give a medium term forecast. Link do not think that the MPC will increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. Link also feel that the MPC is more likely to wait until August 2019, than May 2019, before the next increase, to be followed by further increases of 0.25% in May and November 2020 to reach 1.5%. However, the cautious pace of even these limited increases is dependent on a reasonably orderly Brexit.

7.3. The overall balance of risks to economic growth in the UK is probably neutral. The balance of risks to increases in Bank Rate and shorter term PWLB rates are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

7.4. Long term PWLB rates are expected to rise to 2.9% in June 2019 before steadily increasing over time to reach 3.3% by December 2020.

8. Treasury Strategy update

8.1 The Treasury Management Strategy (TMS) for 2018/19 was approved by Full Council on 22 February 2018. This Treasury Strategy does not require updating as there are no policy changes or any changes required to the prudential and treasury indicators previously approved. The details in this report update the position in the light of the updated economic position.

9. Annual Investment Strategy

9.1 The Council's Annual Investment Strategy, which is incorporated in the TMS, outlines the Council's investment priorities as the security and liquidity of its capital. As shown by forecasts in section 7.1, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.75% bank rate.

9.2 The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment and the fact that increases in Bank Rate are likely to be gradual and unlikely to return to the levels seen in previous decades, investment returns are likely to remain low.

9.3 The Council aims to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term (up to 1 year), and only invest with highly credit rated financial institutions using Link's suggested creditworthiness approach, including sovereign credit rating and Credit Default Swap (CDS) overlay information provided by Link. The Treasury Team continue to take a prudent approach keeping investments short term and with the most highly credit rated organisations.

9.3 In the first six months of 2018/19 the internal treasury team outperformed its benchmark by 0.28%. The investment return was 0.72% compared to the benchmark of 0.44%. This amounts to additional income of £161,320 during the first six months which is included within the Council's projected outturn position.

9.4 A full list of investments held as at 30 September 2018, compared to Link's counterparty list, and changes to Fitch, Moody's and Standard & Poor's credit ratings are shown in **Appendix A**. None of the approved limits within the Annual Investment Strategy were breached during the first six months of 2018/19 and have not been previously breached. Officers continue to monitor the credit ratings of institutions on a daily basis. Delegated authority has been put in place to make any amendments to the approved lending list.

9.5 As illustrated in the economic background section above, investment rates available in the market have increased slightly due to the bank rate increase to 0.75% in August 2018. The average level of funds available for investment purposes in the first six months of 2018/19 was £118 million.

9.6 The Council's interest receivable/payable budgets are currently projecting a surplus of £3.35 million as reported in the monthly revenue monitoring reports due to no long term borrowing being undertaken, changes to the Minimum Revenue Provision (MRP) calculation previously approved by Council and investment returns achieved being higher than anticipated.

10. Borrowing

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

10.2 Officers can confirm that the Prudential Indicators were not breached during the first six months of 2018/19 and have not been previously breached.

10.3 No new external borrowing has currently been undertaken to date in 2018/19, although discussions are currently being held at the Capital Investment Board where outline business cases are being considered. The schemes being considered are already within the current authorised borrowing limits in place. In the event the authorised borrowing limits need to be amended, this will be reported to Council for approval. The table below illustrates the low and high points across different maturity bands for borrowing rates for the first six months of the financial year.

	1 Year	5 Year	10 Year	25 Year	50 Year
3.4.18	**1.48%**	**1.84%**	**2.22%**	**2.55%**	**2.27%**
30.9.18	**1.55%**	**1.93%**	**2.33%**	**2.74%**	**2.56%**
Low	**1.28%**	**1.67%**	**2.09%**	**2.50%**	**2.25%**
Date	**01/06/2018**	**29/05/2018**	**20/07/2018**	**20/07/2018**	**29/05/2018**
High	**1.57%**	**1.99%**	**2.43%**	**2.83%**	**2.64%**
Date	**17/04/2018**	**25/09/2018**	**25/04/2018**	**25/09/2018**	**25/09/2018**
Average	**1.46%**	**1.84%**	**2.25%**	**2.64%**	**2.41%**

11. Debt Rescheduling

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

12 MRP Policy

12.1 Members will be aware that a revised minimum revenue provision statement 2018/19 was approved by Council on 20th September 2018. This approval was to support the recommendation to amend the supported borrowing MRP calculation to an option 3b method based on an annuity calculation. There are further changes detailing a switch from straight line to annuity payment method for certain new unsupported borrowing approvals from 2018/19. This will provide a consistent approach to calculations on both supported and unsupported borrowing approvals going forward that will link both to the expected asset life. These changes have now been incorporated into the revised MRP statement, attached at appendix D which members are asked to approve.

13 UK Banks – Ring Fencing

13.1 The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

13.2 Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

13.3 While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does with other institutions and selecting only those with sufficiently high ratings for investment purposes.

13.4 As outlined in appendix A, the Council currently has investments with HSBC, Barclays & Lloyds. HSBC and Lloyds are classified as ring fenced banks and Barclays as non ring fenced. All these institutions appear on Link Asset Services approved lending list and meet the council's creditworthiness criteria.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) Council, 22 February 2018, Treasury Strategy 2018/19 Council, 20 September 2018, Revised Minimum Revenue Provision Statement 2018/19
Cabinet Member: David Minnery, Portfolio Holder for Finance
Local Member N/A
Appendices A. Investment Report as at 30th September 2018 B. Prudential Limits C. Prudential Borrowing Schedule D. MRP Policy

This page is intentionally left blank

Shropshire Council

Monthly Investment Analysis Review

September 2018

Monthly Economic Summary

General Economy

The data releases for the month began with August's Markit/CIPS Manufacturing Purchasing Managers Index (PMI) activity survey. This saw a decrease from the previous figure of 53.8, to a weaker 52.8. Construction PMI also took a hit, as it went down to 52.9 from 55.8, a huge fall and far lower than what was predicted. However, Services PMI was a stronger performer, rising from 53.5 to 54.3. GDP figures were stronger than expected; the m/m measure for July came in at 0.3%, an increase from 0.1% previously and above forecasts. The y/y measure was 1.6%. beating both the previous figure and forecasts. Brexit-related uncertainty is still a factor but the data provided a positive sign that growth has improved at the start of the quarter.

In terms of the UK's trade balance, the overall deficit decreased to £9.97bn. This was a drop of nearly £2bn, showing a narrowing of the current account deficit. The non-EU figure also fell to £2.8bn. Both of these figures beat forecasts, and provide evidence of a rebalancing of the UK's trade.

Unemployment remained at 4% for July, in line with forecasts and still at the lowest level since 1975. After a long wait, this continually low level seems to finally be feeding into wage growth, with an increase 2.9% excluding bonuses. The 3M y/y figure is 2.6% including bonuses, both increases from the previous month. Whether the low unemployment rate will have a more sustained impact on wage growth is yet to be seen.

In mid-September, the Bank of England's Monetary Policy Committee chose to hold the base rate at 0.75% following the August hike. Bank Governor Mark Carney reiterated that the Committee is in no rush to raise rates back to more "normal" levels, and with Brexit uncertainty coming to the fore, markets are showing little to no expectation of a further rate hike until Q2/Q3 2019.

The inflation figures for August came out far higher than expected, with Consumer Price Index (CPI) y/y at 2.7%, up from 2.4% in July. The rise in inflation was driven by particularly volatile components so forecasters expect the pickup to be temporary. The monthly CPI figure was 0.7%, up from 0.5%, while Core CPI y/y rose unexpectedly to 2.1% from a previous figure of 1.8%. Despite the increase in price pressures, market participants continued to play down any expectations of a near-term rate hike. Their belief is primarily based on Brexit uncertainty and the fact that inflation is likely to fall towards the Bank's inflation target of 2% through this year and 2019.

Retail sales were expected to show negative growth in August after a strong summer of good weather. However, the figure surprisingly stayed positive at 0.3% m/m, and the y/y figure only fell to 3.3%, well above forecasts of a drop to 2.3%. Within the overall data, food sales did register a small fall, but this was more than offset by the largest monthly increase in sales of household goods since May 2016.

In terms of public finances, the data was disappointing for August. Public sector net borrowing excluding banks rose to £6.753bn, up from £3.4bn, and the figure including banks rose by slightly less, to £5.889bn. There are increasing expectations that the OBR may lower its borrowing forecast in November, which could allow the Chancellor to increase spending in his upcoming budget, without having to raise income from other sources or make cuts elsewhere.

GDP figures at the end of the month were another source of disappointment for the UK. While there was no chance to the Q2 q/q figure (0.4%), Q1 was revised down from 0.2% to just 0.1%. Furthermore, the Q2 y/y figure was revised downwards to 1.2% from 1.3%.

The Eurozone's Q2 y/y GDP figure was also revised lower, down from 2.2% to 2.1%. Meanwhile, US y/y GDP remained unchanged, at 4.2% evidencing the effects of President Trump's expansionary fiscal policy, and paved the way for the US Federal Reserve to action a rate rise at the end of September. Accompanying the move, the Fed's "dot plot" of member expectations for future policy rates suggested another rate hike may occur in 2018, and potentially another three in 2019.

Housing

The Halifax house prices measure showed a 0.1% m/m increase in August, rebounding from a negative value in July. The y/y measure showed a 3.7% increase, an uplift from 3.3% previously but lower than the 3.9% forecast. House.
Nationwide also showed a small rise in m/m house prices, up to 0.3%, whilst the y/y figure also increased by 0.1% to 2%.

Currency

Sterling opened the month at $1.29 against the US Dollar and closed at $1.30, with varied fluctuations throughout the period. Against the Euro, Sterling opened at €1.115 and closed at €1.125.

Forecast

Link Asset Services suggests that the next interest rate rise will be to 1% in the third quarter of 2019, with further rises of 25 basis points in Q2 2020, and Q4 2020. Capital Economics expect the next rate rise will be Q2 2019, followed by another rise in Q4 2019 and a further change in Q4 2020.

Bank Rate	NOW	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Link Asset Services	**0.75%**	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%
Capital Economics	**0.75%**	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.25%	1.25%	1.75%	-

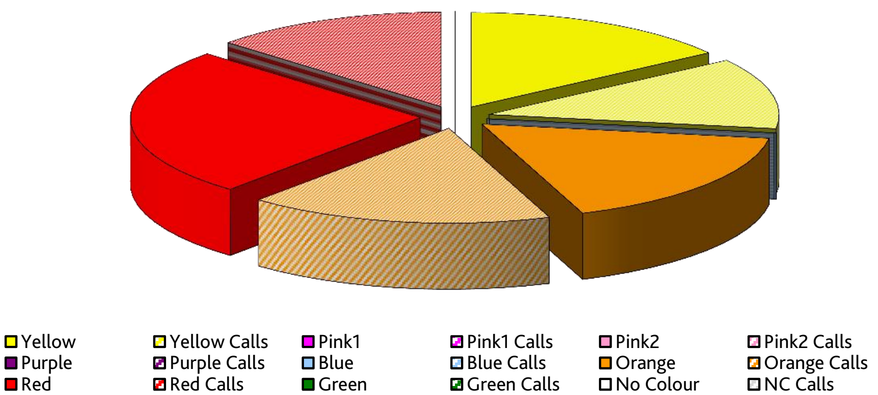
Shropshire Council

Current Investment List

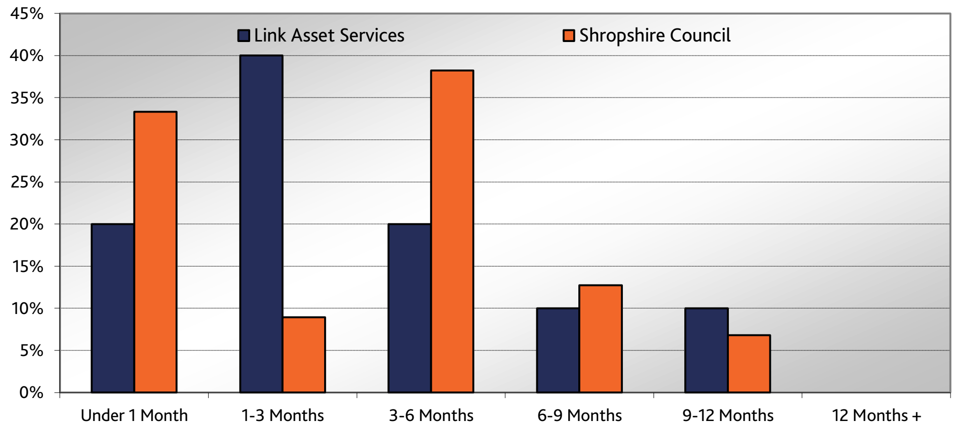
Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
HSBC UK Bank Plc (RFB)	20,000,000	1.05%		Call	AA-	0.000%
MMF Standard Life	8,630,000	0.67%		MMF	AAA	0.000%
MMF Insight	5,630,000	0.68%		MMF	AAA	0.000%
Goldman Sachs International Bank	5,000,000	0.96%	03/04/2018	03/10/2018	A	0.000%
Barclays Bank Plc (NRFB)	500,000	0.82%		Call32	A	0.005%
Telford & Wrekin Council	5,000,000	0.75%	22/08/2018	22/11/2018	AA	0.004%
Goldman Sachs International Bank	5,000,000	0.80%	07/06/2018	07/12/2018	A	0.010%
Santander UK Plc	15,000,000	0.85%		Call95	A	0.014%
Barclays Bank Plc (NRFB)	5,450,000	0.76%	16/07/2018	16/01/2019	A	0.016%
Coventry Building Society	5,000,000	0.69%	17/07/2018	17/01/2019	A	0.016%
Barclays Bank Plc (NRFB)	4,550,000	0.77%	17/07/2018	17/01/2019	A	0.016%
Lloyds Bank Plc (RFB)	5,000,000	0.75%	25/07/2018	25/01/2019	A+	0.017%
Nationwide Building Society	5,000,000	0.72%	01/08/2018	31/01/2019	A	0.018%
Slough Borough Council	5,000,000	0.74%	09/08/2018	11/02/2019	AA	0.009%
Lancashire County Council	5,000,000	0.98%	04/05/2018	16/04/2019	AA	0.013%
Lloyds Bank Plc (RFB)	5,000,000	1.00%	05/06/2018	05/06/2019	A+	0.037%
Lloyds Bank Plc (RFB)	5,000,000	1.00%	15/06/2018	14/06/2019	A+	0.038%
Lloyds Bank Plc (RFB)	5,000,000	1.00%	13/07/2018	12/07/2019	A+	0.042%
Bury Metropolitan Borough Council	3,000,000	1.05%	31/08/2018	30/08/2019	AA	0.022%
Total Investments	**£117,760,000**	**0.86%**				0.012%

Shropshire Council

Portfolio Composition by Link Asset Services' Suggested Lending Criteria



Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour



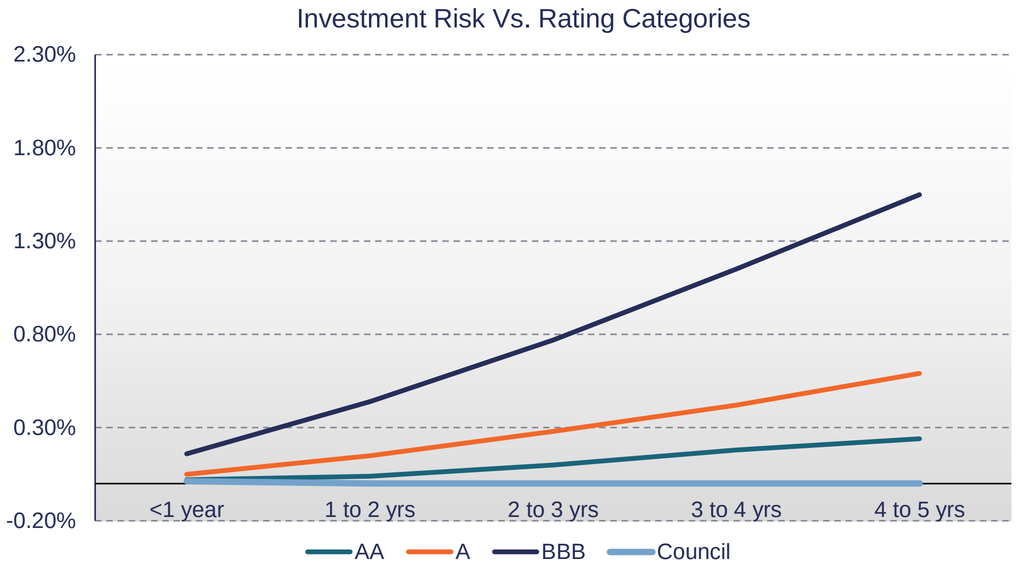
Portfolios weighted average risk number = 3.56

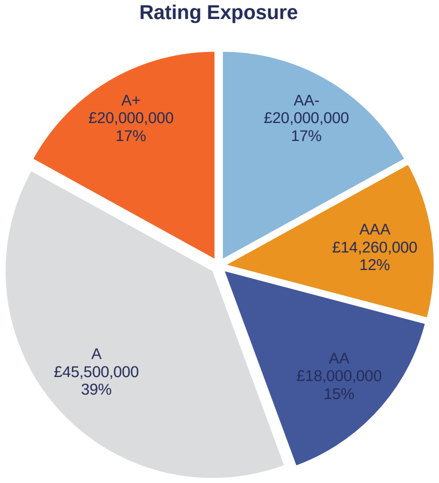
WARoR = Weighted Average Rate of Return
WAM = Weighted Average Time to Maturity

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs/USDBFs WAM	Excluding Calls/MMFs/USDBFs WAM at Execution
Yellow	27.39%	£32,260,000	44.20%	£14,260,000	12.11%	0.78%	91	131	163	234
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Orange	33.97%	£40,000,000	50.00%	£20,000,000	16.98%	0.99%	113	160	227	319
Red	38.64%	£45,500,000	34.07%	£15,500,000	13.16%	0.81%	89	153	87	184
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
	100.00%	**£117,760,000**	**42.26%**	**£49,760,000**	**42.26%**	**0.86%**	**98**	**149**	**148**	**237**

Shropshire Council

Investment Risk and Rating Exposure





Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.02%	0.04%	0.10%	0.18%	0.24%
A	0.05%	0.15%	0.28%	0.42%	0.59%
BBB	0.16%	0.44%	0.77%	1.15%	1.55%
Council	0.012%	0.000%	0.000%	0.000%	0.000%

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

Chart Relative Risk
This is the authority's risk weightings compared to the average % risk of default for “AA”, “A” and “BBB” rated investments.

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

Monthly Credit Rating Changes
FITCH

Date	Update Number	Institution	Country	Rating Action
25/09/2018	1641	Danske A/S	Denmark	Outlook on the Long Term Rating changed to Negative from Stable

Monthly Credit Rating Changes
MOODY'S

Date	Update Number	Institution	Country	Rating Action
21/09/2018	1640	Danske A/S	Denmark	Outlook on the Long Term Rating changed to Negative from Stable

Shropshire Council

Monthly Credit Rating Changes
S&P

Date	Update Number	Institution	Country	Rating Action
21/09/2018	1639	Australia Sovereign Rating	Australia	Outlook on the Long Term Rating changed to Stable from Negative
26/09/2018	1642	Danske A/S	Denmark	Outlook on the Long Term Rating changed to Negative from Positive

Appendix B

Prudential Indicators – Quarter 2 2018/19

Prudential Indicator	2018/19 Indicator £m	Quarter 1 – Actual £m	Quarter 2 – Actual £m	Quarter 3 – Actual £m	Quarter 4 – Actual £m
Non HRA Capital Financing Requirement (CFR)	307*	305	305		
HRA CFR	85	85	85		
Gross borrowing	312	318	312		
Investments	100	107	118		
Net borrowing	212	211	194		
Authorised limit for external debt	457	318	312		
Operational boundary for external debt	407	318	312		
Limit of fixed interest rates (borrowing)	457	318	312		
HRA debt Limit	96	85	85		
Limit of variable interest rates (borrowing)	229	0	0		
Internal Team Principal sums invested > 364 days	50	0	0		
Maturity structure of borrowing limits	%	%	%	%	%
Under 12 months	15	2	1		
12 months to 2 years	15	3	1		
2 years to 5 years	45	5	6		
5 years to 10 years	75	0	0		
10 years to 20 years	100	36	37		
20 years to 30 years	100	23	24		
30 years to 40 years	100	15	15		
40 years to 50 years	100	7	7		
50 years and above	100	9	9		

* Based on period 6 Capital Monitoring report including Shrewsbury Shopping Centres

Capital Financing 2018/19 - Period 6

Prudential Borrowing Approvals	Date Approved	Amount Approved £	Applied (Spent) 2006/07 £	Applied (Spent) 2007/08 £	Applied Outturn 08/09 2008/09 £	Applied Outturn 09/10 2009/10 £	Applied Outturn 10/11 2010/11 £	Applied Outturn 11/12 2011/12 £	Applied Outturn 12/13 2012/13 £	Applied Outturn 13/14 2013/14 £	Applied Outturn 14/15 2014/15 £	Applied Outturn 15/16 2015/16 £	Applied Outturn 16/17 2016/17 £	Applied Outturn 17/18 2017/18 £	Budgeted 2018/19 £	Budgeted 2019/20 £	First year MRP Charged	Asset Life	Final year MRP Charged
Monkmoor Campus	24/02/2006	3,580,000																	
Capital Receipts Shortfall -Cashflow	24/02/2006	5,000,000																	
Applied:																			
Monkmoor Campus			3,000,000		0												2007/08	25	2031/32
William Brooks					0		3,580,000										2011/12	25	2035/36
Tern Valley					2,000,000												2010/11	35	2044/45
		8,580,000	**3,000,000**	**0**	**2,000,000**	**0**	**3,580,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**				
Highways	24/02/2006	2,000,000	2,000,000														2007/08	20	2026/27
Accommodation Changes	24/02/2006	650,000	410,200	39,800													2007/08	6	2012/13
Accommodation Changes - Saving	31/03/2007	(200,000)																	
		450,000	**410,200**	**39,800**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**				
The Ptarmigan Building	05/11/2009	3,744,000				3,744,000											2010/11	25	2034/35
The Mount McKinley Building	05/11/2009	2,782,000				2,782,000											2011/12	25	2035/36
The Mount McKinley Building	05/11/2009	0					-										2011/12	5	2015/16
Capital Strategy Schemes - Potential Capital Receipts shortfall	25/02/2010	187,600					-	-	-	0	-	-	-	-	-	-		25	
- Desktop Virtualisation						187,600	-										2010/11	5	2014/15
Carbon Efficiency Schemes/Self Financing	25/02/2010	1,512,442					115,656	1,312,810	83,976	-	-	-	-	-	-	-	2011/12	5	2017/18
Transformation schemes		92,635						92,635	-	-							2012/13	3	2014/15
Renewables - Biomass - Self Financing	14/09/2011	92,996						82,408	98,258	(87,670)	-						2014/15	25	2038/39
Solar PV Council Buildings - Self Financing	11/05/2011	56,342						1,283,959	124,584	(1,352,202)	-						2013/14	25	2038/39
Depot Redevelopment - Self Financing	23/02/2012	0							-	-	-						2014/15	10	2023/24
Oswestry Leisure Centre Equipment - Self Financing	04/04/2012	124,521						124,521									2012/13	5	2016/17
Leisure Services - Self Financing	01/08/2012	711,197							711,197								2013/14	5	2016/17
Mardol House Acqusition	26/02/2015	4,160,000									4,160,000	-					2015/16	25	2039/40
Mardol House Adaptation and Refit	26/02/2015	3,340,000									167,640.84	3,172,358.86	-	-	-	-	2016/17	25	2041/41
Oswestry Leisure Centre Equipment - Self Financing	01/08/2012	300,000												274,239	25,761		2018/19	5	2022/23
The Tannery Development		8,020,000													6,020,000	2,000,000	2020/21	25	2044/45
Car Parking Strategy Implementation		917,000													665,000	252,000	2020/21	5	2024/25
JPUT - Investment in Units re Shrewsbury Shopping Centres		52,731,922												52,731,922			2018/19	25	2042/43
Previous NSDC Borrowing		955,595			821,138	134,457											2009/10	5/25	
		90,758,249	**5,410,200**	**39,800**	**2,821,138**	**6,848,057**	**3,695,656**	**2,896,333**	**1,018,015**	**(1,439,872)**	**4,327,641**	**3,172,359**	**0**	**53,006,161**	**6,710,761**	**2,252,000**			
				-	-			()	()	()	()	()	()	-	()	-			

This page is intentionally left blank

Appendix D

The Council's Annual Minimum Revenue Provision Statement

Statutory Requirements

The Council is required by statute to set aside a minimum revenue provision (MRP) to repay external debt. The calculation of the minimum revenue provision (MRP) is as per the *Local Authority (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 [SI 2008/414].* In regulation 28, detailed rules were replaced with a simple duty for an authority to make an amount of MRP which it considers to be "prudent".

The broad aim of a prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant. The guidance includes four options (and there are two alternatives under Option three) for the calculation of a prudent provision.

There is no requirement to charge MRP where the Capital Financing Requirement (CFR) is nil or negative at the end of the preceding financial years. There is also no requirement to charge MRP on the Housing Revenue Account share of the CFR.

The legislation recommends that before the start of each financial year the Council prepares a statement of its policy on making MRP in respect of that financial year and submits it to the Full Council for approval.

Policy for calculation of Prudent Provision

The options for the calculation of a Prudent Provision are detailed in appendix D(a) to this report. Authorities must always have regard for the guidance and the decision on what is prudent is for the authority to conclude, taking into account detailed local circumstances, including specific project timetables and revenue-earning profiles.

Following a review of the MRP policy from 2018/19 the prudent provision for Supported Borrowing has been calculated on the basis of the expected useful life of the asset on an annuity calculation basis.

Option 3a - Asset life method (Unsupported Borrowing)– equal instalment method will continue to be used for unsupported borrowing agreed prior to 2018/19 and specific treatment for PFI Assets and assets held under Finance Leases and long term capital loans. For any approved unsupported borrowing from 2018/19 the prudent provision will be calculated on an annuity basis linked to the expected useful life of the asset for consistency with the Supported Borrowing calculation, Option 3b.

Supported Borrowing

From 2016/17 the approach for calculating the MRP was on a straight line (equal instalments) calculation basis on the remaining asset life of the assets linked to the borrowing. An analysis of the average remaining asset life of the assets financed from previous supported borrowing, determined the average remaining life to be around 45 years and this was used as the basis of calculation.

From 2018/19 Council approved to adopt the annuity calculation method for supported borrowing whilst retaining the link to the average remaining useful life of the assets it was used to finance. The annuity calculation method results in lower MRP payments in the early years, but higher payments in later years. This method has the advantage of linking MRP to the flow of benefits from an asset where these are expected to increase in later years.

CIPFA puts forward the following reasons for using the annuity method in CIPFA's "The Practitioner's Guide to Capital Finance in Local Government" (2008) which states:

- The annuity method provides a fairer charge than equal instalments as it takes account of the time value of money, whereby paying £100 in 10 year's time, is less of a burden than paying £100 now.
- The schedule of charges produced by the annuity method results in a consistent charge over an asset's life, taking into account the real value of the amounts when they fall due.
- The annuity method is a prudent basis for providing for assets that provide a steady flow of benefits over their useful life.

For 2018/19 and onwards the Council has adopted the annuity based calculation on a 45 year basis.

Unsupported Borrowing – Asset Life method

For new borrowing under the Prudential system for which no Government support is being given and is therefore self-financed (unsupported borrowing) the MRP has been calculated in accordance with Option 3 Asset Life Method. Option 3 is to make provision over the estimated life of the asset for which the borrowing is undertaken.

Freehold land cannot properly have a life attributed to it, so for the purposes of Option 3 it should be treated as equal to a maximum of 50 years. But if there is a structure on the land which the authority considers to have a life longer than 50 years, that same life estimate may be used for the land.

To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate. For energy efficiency schemes the payback period of scheme is used as the basis for calculating the period over which MRP is calculated.

This method is a straight forward calculation of MRP for unsupported borrowing which calculates MRP based on asset life.

Provision for debt under Option 3 will normally commence in the financial year following the one in which the expenditure is incurred. But the guidance highlights an important exception to the rule. In the case of a new asset, MRP would not have to be charged until the asset came into service and would begin in the financial year following the one in which the asset became operational. This “MRP holiday” would be perhaps two or three years in the case of major projects, or possibly longer for some complex infrastructure schemes, and could make them more affordable.

Prior to 2018/19 the Council adopted the Option 3a Straight Line calculation for unsupported borrowing. From 2018/19 Council approved to adopt the Option 3b annuity calculation method for new unsupported borrowing whilst retaining the link to the average remaining useful life of the assets it was used to finance. The annuity calculation method results in lower MRP payments in the early years, but higher payments in later years. This method has the advantage of linking MRP to the flow of benefits from an asset where these are expected to increase in later years.

The authority can still make voluntary extra provision for MRP in any year.

Adjustment A

This is an accounting adjustment to the MRP calculation that ensures consistency with previous capital regulations. Once calculated, the amount remains constant within the MRP calculations.

Between 2016/17 and 2017/18 the adjustment A was not included in the MRP calculation but continues to be a legitimate part of the calculation under the 2003 Regulations (Regulation 28) and can therefore continue to be used to reduce the supported borrowing CFR for MRP purposes. It has been considered to be prudent to include the Adjustment A value from 2018/19 onwards to calculate the CFR value. For Shropshire the fixed Adjustment A calculation is £4,446,483.75

PFI Assets and assets held under Finance Leases

For assets under on-balance sheet PFI contracts and finance leases, the annual principal payment amount in the PFI or finance lease model is used as the MRP payment amount, with no additional charges above those within the contract.

Long Term Capital Loans

The Council has made available a small number or capital loans to Housing Associations and Village Halls, financed from the Councils balances. The annual repayments of principal amounts are treated as capital receipts and set aside in the Capital Adjustment Account in place of a revenue MRP charge.

Housing Revenue Account MRP

As at 31/03/18 the HRA CFR is £84.6m, this includes the £83.35m transferred to the Council as part of housing self-financing. In managing the HRA debt and considering the HRA business plan there is no mandatory requirement to make provision in the HRA for annual MRP payments. However, the Council will make annual voluntary provision for debt repayment in the HRA based on affordable levels in the HRA against the need for investment and delivering services in the HRA. The annual level of provision will be determined annually as part of the closure of the HRA.

2018/19 Annual MRP Statement

Appendix D(b) provides the MRP statement for the 2018/19 financial year.

Capital Receipts set aside

The current regulations, Local Authority (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 [SI 2008/414] state that the minimum revenue provision is calculated using the previous year's closing Capital Financing Requirement for supported borrowing.

In 2009/10 Shropshire Council got DCLG approval to allow the new council to voluntarily set aside capital receipts as at 1st April 2009 to reduce the CFR and consequently reduce the MRP charge for 2009/10. This approach was discussed with our Treasury Advisors and External Auditors and was approved by Members in a report to Council in December 2009.

As the extent of new borrowing is not subject to any limitation the sum of capital receipts set aside are still available to support capital expenditure in future years. This will increase the CFR to its previous level and the MRP charge in future years will increase, but not beyond the level had the saving not been generated in 2009/10. Thus the saving in MRP is therefore temporary, albeit very helpful to the short-term financial position.

As the full level of capital receipts set aside were not required to finance capital expenditure between 2009/10 and 2017/18, a balance was retained as set aside as at the end of each financial year to enable a further MRP savings in the following financial years. In the 2018/19 MRP Statement it has been assumed all the capital receipts retained as set aside as at 31 March 2018 to reduce the CFR will be offset by an increase in the CFR in 2018/19 from capital expenditure incurred in 2018/19. In the event that the level of capital expenditure in 2018/19 to be financed from the capital receipts set aside is below the level of capital receipts set aside, it is proposed to retain the balance in capital receipts as set aside in order to achieve a further MRP saving in 2019/20. This will be reported for approval as part of the Capital Outturn report 2018/19.

Appendix D(a): Options for Prudent Provision

Option 1: Regulatory Method (Supported borrowing)
MRP is equal to the amount determined in accordance with the former regulations 28 and 29 of the 2003 Regulations, as if they had not been revoked by the 2008 Regulations. For the purposes of that calculation, the Adjustment A should normally continue to have the value attributed to it by the authority in the financial year 2004-05. However, it would be reasonable for authorities to correct any perceived errors in Adjustment A, if the correction would be in their favour.

Option 2: CFR Method (Supported borrowing)
MRP is equal to 4% of the non-housing CFR at the end of the preceding financial year without any adjustment for Adjustment A, or certain other factors which were brought into account under the previous statutory MRP calculation.

Option 3: Asset Life Method (Unsupported borrowing)
Where capital expenditure on an asset is financed wholly or partly by borrowing or credit arrangements, MRP is to be determined by reference to the life of the asset. There are two main methods by which this can be achieved, as described below. Under both variations, authorities may in any year make additional voluntary revenue provision, in which case they may make an appropriate reduction in later years' levels of MRP.

(a) Equal instalment method
MRP is the amount given by the following formula:

$$\frac{A - B}{C}$$

Where:
A is the amount of the capital expenditure in respect of the asset financed by borrowing or credit arrangements
B is the total provision made before the current financial year in respect of that expenditure
C is the inclusive number of financial years from the current year to that in which the estimated life of the asset expires.

For the purpose of the above formula in the initial year of making the MRP the variable "C" should be given the maximum values set out in the following table:

Expenditure Type	Maximum value of "C" in initial year
Expenditure capitalised by virtue of a direction under s16(2)(b)	"C" equals 20 years
Regulation 25(1)(a) Expenditure on computer programs	"C" equals the value it would have for computer hardware
Regulation 25(1)(b) Loans and grants towards capital expenditure by third parties	"C" equals the estimated life of the assets in relation to which the third party expenditure is incurred
Regulation 25(1)(c) Repayment of grants and loans for capital expenditure	"C" equals 25 years, or the period of the loan, if longer
Regulation 25(1)(d) Acquisition of share or loan capital	"C" equals 20 years
Regulation 25(1)(e)	"C" equals the estimated life of the assets

Expenditure on works to assets not owned by the authority	
Regulation 25(1)(ea) Expenditure on assets for use by others	“C” equals the estimated life of the assets
Regulation 25(1)(f) Payment of levy on Large Scale Voluntary Transfers (LSVTs) of dwellings	“C” equals 25 years

(b) Annuity method
MRP is the principal element for the year of the annuity required to repay over the asset life the amount of capital expenditure financed by borrowing or credit arrangements. The authority should use an appropriate interest rate to calculate the amount. Adjustments to the calculation to take account of repayment by other methods during the repayment period (e.g. by the application of capital receipts) should be made as necessary.

Option 4: Depreciation Method (Unsupported borrowing)
MRP is to be equal to the provision required in accordance with depreciation accounting in respect of the asset on which expenditure has been financed by borrowing or credit arrangements. This should include any amount for impairment chargeable to the Income and Expenditure Account.

For this purpose standard depreciation accounting procedures should be followed, except in the following respects.

(a) MRP should continue to be made annually until the cumulative amount of such provision is equal to the expenditure originally financed by borrowing or credit arrangements. Thereafter the authority may cease to make MRP.

(b) On disposal of the asset, the charge should continue in accordance with the depreciation schedule as if the disposal had not taken place. But this does not affect the ability to apply capital receipts or other funding sources at any time to repay all or part of the outstanding debt.

(c) Where the percentage of the expenditure on the asset financed by borrowing or credit arrangements is less than 100%, MRP should be equal to the same percentage of the provision required under depreciation accounting.

Appendix D(b): Minimum Revenue Provision Statement 2018/19

	£
Supported Borrowing – Asset Life (45 years)	
General Fund	
Closing CFR 2016/17	203,344,713
Proposed use of capital receipts voluntarily set aside to be applied in 2017/18	(2,486,732)
	200,857,981
Less LGR (98) Debt	(152,192)
	200,705,789
Less MRP 2017/18	(4,650,336)
CFR for Supported Borrowing MRP Calculation	**196,055,453**
Add back LGR (98) Debt	152,192
Closing CFR 31/03/18 – Supported Borrowing (GF)	**196,207,645**
Housing Revenue Account	
Closing CFR 2016/17	84,594,619
Less MRP 2016/17 (none budgeted as per HRA MRP policy)	(0)
	84,594,619
Closing CFR 31/03/18 – Supported Borrowing (GF&HRA)	**280,802,264**
Unsupported Supported Borrowing – Asset Life (based on individual assets)	
Unsupported Borrowing brought forward	19,987,977
Add profiled prudential borrowing 2017/18	53,006,161
Less MRP – 2017/18	(1,155,740)
Closing CFR 31/03/18 – Unsupported Supported Borrowing	**71,838,398**
Closing CFR (GF&HRA) 31/03/18 – Borrowing Requirement	**352,640,662**
Additional items included:	
Village Hall Loans	297,763
Housing Association Loans	18,442,160
	371,380,585
Summary MRP	
MRP 2018/19 at 45 year annuity from 2018/19	2,537,270
LGR (98) Debt MRP	32,521
Prudential Borrowing MRP	1,717,376
Total MRP 2018/19	**4,287,167**

N.B. The above excludes the CFR and MRP charges in relation to the on-balance sheet PFI schemes and finance leases.

Committee and Date
Cabinet
28th November 2018

FINANCIAL MONITORING REPORT – QUARTER 2 2018/19

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

1. Summary

1.1 The report sets out the projected revenue expenditure for the whole of 2018/19 as at Quarter 2, and for capital sets out the expenditure up to the end of Quarter 2. For capital, any budget increases and decreases and any re-profiling of budgets between 2018/19 and future years are also set out for decision making.

1.2 The revenue monitoring within this report is based on financial information held for the first six months of the year, extrapolated to year end to produce an estimated outturn position. As the year progresses and further financial information becomes available, the quality of the estimates used within this report are expected to increase.

1.3 Variances in the overall projected position for the Council do not yet reflect all management action that can be taken over the remaining months of the financial year. Management action identified to date, following the detailed service projections identified in Appendix 1, has the potential to bring the overspend position down to **£1.287m**. The management action included within this report (see table 5) includes a number of short term savings proposals to bring the budget into balance for this financial year, including proposals such as a spending freeze and use of grant monies. Where possible, these actions will be continued in following years, but in other cases the impact of the reductions can only be considered a short-term measure.

1.4 The report identifies the current projections on delivery of revenue savings included within the forecast. To aid reporting of savings delivery, the Council uses a RAG (Red, Amber, Green) rating to identify a rating for the delivery of savings proposals (more detail is provided in the report below). As at Quarter 2, evidence suggests that of the £15.541m of proposals to be delivered in 2018/19, £8.349m are rated as green – with a high degree of certainty of being delivered.

1.5 The Quarter 2 position indicates that £2.741m of the £15.541m savings planned are categorised as red, and further work is required within service areas to ensure that the total value of savings proposals is fully deliverable within the financial year. Furthermore, additional ongoing service pressures totalling a net value of £8.695m are being highlighted, which services will need to address alongside delivering their savings. These pressures have been partially offset by the identification of a number of one off savings in year.

1.6 The key issues highlighted by this report are that:

- The projected revenue outturn is an overspend of £1.287m.
- The projected General Fund balance as at 31 March 2019 is £14.024m, which is below the recommended level.
- Management action is required to bring the budget back into balance, as far as possible. As described below, the initial projected variance was within the 'red zone' and thus above what would be considered a 'reasonable' variance. A management action plan to bring the budget into balance is described below.

- The projected capital outturn is £72.722m, in line with the current budget. This follows a net budget increase decrease of £8.150m in Quarter 2.
- Current capital expenditure of £18.206m, representing 25% of the budget at Quarter 2, with 50% of the year elapsed.
- In 2019/20 and 2020/21 capital receipts are currently projected to be lower than those required for the programme to values of £6.240m and £8.512m respectively. Therefore, urgent action is required to progress further disposals identified in the current and future years.

2. Recommendations

It is recommended that Members:

A. Note that at the end of Quarter 2 (30th September 2018), the full year revenue forecast is a potential overspend of £1.287m;

B. Consider the impact of this on the Council's General Fund balance.

C. Consider the suggested management action that could be taken to reduce the forecast overspend to nil.

REPORT

3. Background

3.1 The monitoring reports track progress against agreed budget decisions, consider any budget changes (including re-profiling on Capital), forecast any significant variances to the budget, and enable corrective action to be taken to attempt to ensure a balanced budget at year end.

3.2 Revenue variances are reported on an exception basis depending on the total variance from budget, and the percentage change in projection in any one period.

Green	Variance +/- 1% (or £0.05m if budget less than £5m)
Amber	Overspend between 1%-2% (or £0.05m-£0.1m if budget less than £5m)
Red	Variance over 2% (or £0.1m if budget less than £5m)
Yellow	Underspend more than 1% (or £0.05m if budget less than £5m)

3.3 In addition, given the level of savings proposals identified for delivery in 2018/19, this report also includes a second RAG rating, specifically relating to the delivery of savings. The ratings are as follows:

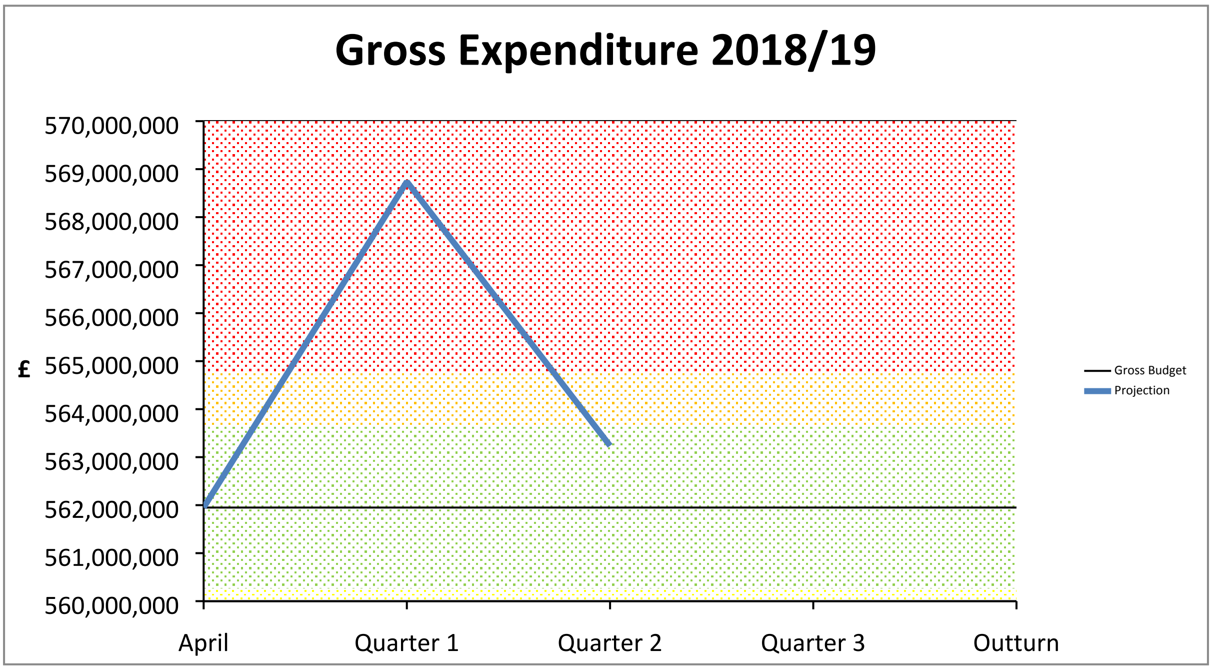
Green – Saving identified, quantified and confirmed
Amber – Saving identified but not yet confirmed
Red – Saving not achieved or unachievable

3.4 Capital schemes are also reported on an exception basis, based on being delivered within budget and the expectation of being delivered within scheme timeframe.

4. Revenue Monitoring 2018/19 Budget - Overall Position

4.1 The projected revenue forecast for the year at Quarter 2, shows a potential overspend of £1.287m (0.23%) on a gross budget of £561.950m (net £208.768m). The forecast year end position for the Council is revised each Quarter (monthly for Directors) and reported using the graph below. The area of the graph banded green shows the extent of variance from the budget that would be seen as reasonable given the size and complexity of the Council's budget. At Quarter 2, the projected year end overspend of £1.287m is falling within the green banding as shown in Graph 1 below.

Graph 1: Projected Outturn Variance to Gross Budget



4.2 The Quarter 2 projection of £1.287m consists of initial headline projections for each service area, which gave a projected overspend of £8.209m, offset by management action proposals of £6.921m. The headline projections for each service area are shown below in Table 1 and analysed in more detail within Appendix 1. The projected variance of £8.209m will be used as the basis for considering next year's budget setting.

Table 1: 2018/19 Projected Budget Variations Analysed by Service Area

Service Area	Revised Budget £'000	Forecast Outturn £'000	(Under) / Overspend £'000	RAGY Classification
Adult Services	97,951	99,353	1,402	**A**
Central DSG	-	880	880	**R**
Children's Services	49,454	52,661	3,207	**R**
Commercial Services	1,134	2,480	1,346	**R**
Corporate Budgets	(28,919)	(29,366)	(448)	**Y**
Finance, Governance & Assurance	1,964	1,907	(58)	**Y**
Legal & Democratic Services	601	606	6	**G**
Place	81,686	82,887	1,201	**A**
Public Health	4,994	5,084	91	**A**
Strategic Management Board	7	(48)	(56)	**Y**
Workforce & Transformation	(103)	533	637	**R**
Total	**208,769**	**216,977**	**8,209**	**R**

4.3 At Quarter 1, a projected outturn variance of £6.790m was reported. The Quarter 2 projected position for service areas reflects an increase in projected net expenditure of £1.419m. This is predominantly for the following reasons:

- Increased forecast expenditure on adult social care placements
- Significantly increased forecast expenditure on Central DSG services, resulting in a net cost to the Council of those services
- Increased forecast expenditure on repairs and maintenance across the estate
- A delay to the achievement of savings within Workforce and Transformation; savings relating to the Council's single front door are now likely to be achieved from the end of the financial year

5. Update on Savings Delivery

5.1 The savings projections for 2018/19 have been RAG rated in order to establish the deliverability of the savings and any potential impact on the outturn projection for the 2018/19 financial year. RAG ratings have been categorised as follows:

Red – Savings are not solved on an ongoing basis, nor have they been achieved in the current financial year. These are reflected as unachieved within this monitoring report.

Amber – Savings have been identified on an ongoing basis in the current financial year, however there is no clear evidence to support the delivery as yet. The projected outturn within this report assumes these savings will be delivered (see 4.3 below).

Green – Savings have been identified on an ongoing basis in the current financial year, with evidence of delivery.

The RAG ratings are updated monthly to determine progress on delivery.

Table 2: Update on Delivery of 2018/19 Savings Proposals

Service Area	Red £'000	Amber £'000	Green £'000	Total Savings £'000
Adult Services	50	235	617	902
Central DSG	-	-	-	-
Children's Services	1,064	125	454	1,643
Commercial Services	500	2,700	171	3,371
Corporate Budgets	200	300	-	500
Finance, Governance and Assurance	-	200	1,200	1,400
Legal and Democratic Services	-	-	182	182
Place	-	500	5,266	5,766
Public Health	196	88	273	557
Strategic Management Board	-	-	-	-
Workforce and Transformation	731	303	186	1,220
Total Savings	**2,741**	**4,451**	**8,349**	**15,541**

5.2 The figures presented above show that 54% of the 2018/19 savings required have been rated as green with a further 29% with plans in place to be delivered (rated amber). Paragraph 6.2 below provides further detail on the red savings.

5.3 Managers have provided assurance that plans are in place to deliver the savings that have been categorised as amber, however as evidence of the delivery has not yet been identified, there is still a risk that these savings could impact on the outturn position for 2018/19. As the year progresses, these amber savings should gradually turn to green as the evidence becomes available. However, if the amber rated savings are not delivered as planned, the effect on the outturn position is shown in Table 3 below.

5.4 Non-delivery of the amber rated savings (and no management action) would result in a projected outturn of £574.609m, which would fall within the critical zone within Graph 1, representing expenditure over £572.000m.

Table 3: Effect of Non-Delivery of Amber Savings in 2018/19

	Quarter 2 Projected Variance £'000	Amber Savings £'000	Potential Outturn if Amber Savings not Achieved £'000
Adult Services	1,402	235	1,637
Central DSG	880	-	880
Children’s Services	3,207	125	3,332
Commercial Services	1,346	2,700	4,046
Corporate Budgets	(448)	300	(148)
Finance, Governance & Assurance	(58)	200	142
Legal & Democratic Services	6	-	6
Place	1,201	500	1,701
Public Health	91	88	179
Strategic Management Board	(56)	-	(56)
Workforce & Transformation	637	303	940
Total	**8,209**	**4,451**	**12,659**

6. Analysis of Outturn Projections including Delivery of Savings

6.1 The monitoring position detailed in Table 1 includes the current position on delivery of savings proposals for 2018/19 in addition to new monitoring pressures identified and one-off solutions to reduce the projected overspend. Table 4 provides further analysis of the projected overspends for each service area.

Table 4: Reconciliation of Monitoring Projections to Savings Delivery

	Quarter 2 Projection £000	Savings Pressure in 2018/19 £000	Ongoing Monitoring Pressures Identified £000	Ongoing Monitoring Savings Identified £000	One Off Monitoring Pressures Identified £000	One Off Monitoring Savings Identified £000
Adult Services Business Support & Development	(210)	-				(210)
Provider Services	(46)	-	141			(187)
Social Care Operations	1,599	50	2,875		200	(1,526)
Adult Services Management	62	-			62	
Housing Services	(3)	-			235	(238)
Adult Services	1,402	50	3,016	-	497	(2,161)
Central DSG	880	-	1,411			(531)
Central DSG	880	-	1,411	-	-	(531)
Learning & Skills	877	634	206		126	(90)
Children's Social Care & Safeguarding	1,963	430	991		1,394	(852)
Early Help, Partnerships and Commissioning	366	-	455		1	(90)
Children's Services Management	1	-	-	-	1	-
Children's Services	3,206	1,064	1,652	-	1,523	(1,032)
Corporate Landlord	404	-	895			(491)
Strategic Asset Management	233	-	339			(106)
Property Services	175	-	320			(146)
Shire Services	-	-				
Head of Commercial Services	535	500	35			
Commercial Services	1,346	500	1,589	-	-	(743)
Corporate Budgets	(448)	200	-	(300)	2,329	(2,677)
Corporate Budgets	(448)	200	-	(300)	2,329	(2,677)
Finance, Governance & Assurance	(69)	-	254		334	(658)
Commissioning Development & Procurement	11	-	16			(5)
Finance, Governance and Assurance	(58)	100	271	-	234	(663)
Legal & Democratic Services	6	-			254	(248)
Legal and Democratic Services	6	-	-	-	254	(248)
Director of Place	(40)	-	-	-	-	(40)
Economic Growth	347	-	-	-	366	(19)
Infrastructure & Communities	894	-	831	(50)	1,404	(1,291)
Place	1,201	-	831	(50)	1,770	(1,350)
Public Health - Ring Fenced	-	-				
Public Health - Non Ring Fenced	91	141	129	-	108	(287)
Public Health	91	141	129	-	108	(287)
Strategic Management Board	(56)	-				(56)
Strategic Management Board	(56)	-	-	-	-	(56)
Technology & Communications	2	-	95		265	(358)
ICT Digital Transformation	830	731			99	
Human Resources & Development	(153)	-				(153)
Information, Intelligence & Insight	(43)	-		(43)		
Workforce and Transformation	636	731	95	(43)	364	(511)

TOTAL	**8,209**	**2,686**	**8,995**	**(393)**	**7,179**	**(10,259)**

6.2 The 2018/19 savings projected not to be delivered within the Quarter 2 position relate to:

- Use of capital funding to reduce the cost of high cost adult social care placements
- Reduced provision of home to school transport, a proportion of the current restructure saving within Learning and Skills, and reduced costs of safeguarding placements, within Children's Services
- Efficiencies within administrative buildings, within Commercial Services
- Increased treasury management income within Corporate Budgets
- Reduced maintenance of closed churchyards, innovation within Help2Change and reduced posts within Regulatory Services, within Public Health
- Redesign of the Council's single front door, and the voluntary redundancy programme, within Workforce and Transformation.

More detail on these is provided within the relevant service sections of Appendix 1.

6.3 Other ongoing pressures include:

- increased purchasing pressures, and a projected reduction in joint funded placement income from Shropshire CCG, within adult social care;
- increased expenditure within the High Needs Block of Central DSG
- loss of income, notably DSG, within Learning and Skills
- increased numbers and complexity of residential and foster placements, and increased agency costs, within Children's Safeguarding
- unachieved savings carried forward from previous years relating to Family Hubs, within Early Help, Partnerships and Commissioning
- increased property costs within Corporate Landlord
- reduced income within Property Services and Strategic Asset Management
- increased agency staff and postage costs within Revenues and Benefits within Finance, Governance and Assurance
- increased costs of concessionary fares and increased street lighting energy costs within Infrastructure and Communities
- unachieved savings carried forward relating to CCTV provision, within Public Health
- reduction in SLA income, and unfunded expenditure relating to Credit Union, within Technology and Communications

Some ongoing savings have been identified to mitigate these pressures, but these equate to approximately 1% of the level of the pressures. Therefore, significant further work is required within service areas to find an ongoing basis for managing and funding these pressures so that further growth is not required within the Financial Strategy, leading to an increase in the funding gap.

7. Suggested Management Action to Bring the Budget into Balance

7.1 The outturn position reflects the part year effect of the pay award that was agreed by Council on 17th May 2018. Cabinet have agreed some potential savings that would be used to fund the pay award, but these have not been included within the monitoring position at Quarter 2 as they have not been consulted upon, and Council has not formally agreed them. However, the proposed savings, totaling £1.288m, are included within the list of suggested management action required in order to bring the budget into balance. Table 6, below, lists the proposed action required. In addition to making new savings not yet formally approved, the management action can be summarised as funding expenditure from capital budgets where possible, drawing down reserve and grant balances where available, applying additional one-off sources of funding, and applying an in-year spending freeze.

Table 5: Proposed Management Action Required within 2018/19

Management Action	**Impact on Monitoring Position (£'000)**
Fund eligible repairs and maintenance expenditure from capital receipts, rather than from the revenue budget	-1.216m
Fund additional expenditure as a result of last year's severe weather from the severe weather reserve	-1.100m
Apply one-off corporate funding	-0.400m
Apply one-off VAT refund received in year	-0.500m
Apply surplus insurance fund balance	-0.280m
Draw down forecast remaining Syrian resettlement grant balance	-0.250m
Fund eligible occupational therapy expenditure from the Disabled Facilities Grant (Capital)	-0.700m
Apply new adult social care allocation for winter pressures (local allocation of £240m national funds)	-1.394m
Achieve in-year savings within Legal and Democratic Services	-0.055m
Utilise Public Health reserve to fund eligible services	-0.500m
Apply additional School Improvement Monitoring and Brokering Grant	-0.038m
Apply a spending freeze across the Council. The spending freeze is anticipated to deliver between £0.250m and £1.500m, but the lower figure has been included at this point.	-0.250m
Draw down historical reserve balances no longer required	-0.239m
Social Care Allocation from Government Budget Announcement	TBC
Pothole Funding Allocation from Government Budget Announcement	TBC
TOTAL	**-6.921m**

7.2 The action suggested above would reduce the forecast overspend to £1.287m.

8. General Fund Balance

8.1. The effect on the Council's reserves of the outturn forecast is detailed below. The Council's policy on reserve balances is to have a General Fund balance (excluding schools balances) of between 0.5% and 2% of the gross revenue budget. For 2018/19 the minimum balance required would therefore be £2.810m, although this is no longer considered to be an acceptable guide.

8.2. The more appropriate risk based target balance for the General Fund, as calculated in the Robustness of Estimates and Adequacy of Reserves 2017-23, reported to Council on 14th February 2018, is £17.081m in 2018/19, rising to £18.830m in 2019/20 and to £40.037m by 2022/23. These figures were significantly increased within the review, reflecting the remaining funding gap in these years as set out in the Financial Strategy, and the significant level of risk associated with the uncertainty over a number of funding sources that have not yet been confirmed as part of the multi-year settlement that the Council has signed up to. At the time of the report it was noted that the projected balance of the General Fund would be below £17.081m during 2018/19.

8.3. Based on the current monitoring position the General Fund balance would be significantly below the required target, as shown in table 5 below.

Table 6: Projected General Fund Balance as at 31 March 2019

	£'000
General Fund Balance as at 31 March 2018	15,311
This Report – Projected Outturn Under/(Over)spend	(1,287)
Projected Balance at 31 March 2019	**14,024**

8.4 The outturn position reflects the part year effect of the pay award that was agreed by Council on 17th May 2018. Cabinet have agreed some potential savings that would be used to fund the pay award, but these have not been included as yet as these have not been consulted on, and Council has not formally agreed these. Therefore, the General Fund balance projected above should increase once the savings proposals have been formally agreed, and this pressure is resolved. The revised projected General Fund balance once the savings for the pay award have been reflected is £15.312m.

9. Movement in Capital Programme for 2018/19

9.1 The capital budget for 2018/19 is continuously being monitored and changed to reflect the nature of capital projects which can be profiled for delivery over several years. In Quarter 2 there has been a net budget decrease of £8.150m for 2018/19, compared to the position reported at Quarter 1 2018/19. Table 6 summarises the overall movement, between that already approved, changes for Quarter 2 and the programme financing.

Table 7: Revised Capital Programme Quarter 2 2018/19

Detail	Agreed Capital Programme - Council 23/02/18	Budget changes approved to Quarter 1 2018/19	Q2 budget changes to be approved	Revised 2018/19 Capital Programme Q2
General Fund				
Place & Enterprise	31,151,398	13,764,787	(653,430)	44,262,755
Adult Services	1,509,968	5,829,513	(1,500,000)	5,839,481
Public Health	300,000	146,592		446,592
Childrens Services	9,210,167	1,269,076	(2,796,862)	7,682,381
Resources & Support	6,060,200	98,759		6,158,959
Total General Fund	**48,231,733**	**21,108,727**	**(4,950,292)**	**64,390,168**
Housing Revenue Account	5,166,075	6,365,724	(3,200,000)	8,331,799
Total Approved Budget	**53,397,808**	**27,474,451**	**(8,150,292)**	**72,721,967**
Financing				
Self Financed Prudential Borrowing	8,197,000	(974,239)	(512,000)	6,710,761
Government Grants	28,969,300	12,769,728	298,771	42,037,799
Other Grants	2,541	16,235	1,004,244	1,023,020
Other Contributions	207,699	1,659,240	630,182	2,497,121
Revenue Contributions to Capital	-	5,125,532	(3,029,241)	2,096,291
Major Repairs Allowance	4,526,210	1,944,474		6,470,684
Corporate Resources (expectation - Capital Receipts only)	11,495,058	6,933,481	(6,542,248)	11,886,291
Total Confirmed Funding	**53,397,808**	**27,474,451**	**(8,150,292)**	**72,721,967**

9.2 Within the financing of the Capital Programme £2.096m is funded from revenue contributions. The major areas of revenue contributions to capital are £1.139m approved towards essential repairs in relation to the Corporate Landlord estate and £0.677m in ringfenced HRA monies to undertake major housing stock repairs and new build schemes.

9.3 Full details of all budget changes are provided in Appendix 2 to this report. Significant budget changes across the life of the programme in Quarter 2 are:

Budget Increases

- Additional budget of £2.020m for The Tannery development to be financed through Prudential Borrowing.
- Announcement of £1.336m successful funding award from the Department of Transport's Safer Roads Fund in relation to the A529 in Shropshire.
- Announcement of the 2018/19 Schools Devolved Formula Capital Grant award of £0.464m.
- Award of new Department for Education Healthy Pupils Capital Grant (HPCG) of £0.227m.
- Successful grant award of £0.016m for the installation of Rapid Electric Vehicle Charge Points.
- New grant funding of £0.082m for Flood and Water Management Schemes.
- Rural Payments Agency grant of £0.296m awarded to Severn Valley Country Park to expand visitor centre.
- ERDF grant of £0.759m to fund the Ludlow Assembly Rooms project.
- Confirmation of £0.142m Section 106 Developer Contributions funding in the capital programme.
- £0.503 Arts Council England and Ludlow Assembly Rooms private match for the Ludlow Assembly Rooms refurbishment project.
- Increase of £0.147m in revenue contributions to capital funding.
- £0.466m additional capital receipts as Shropshire Council match funding element of ERDF grant relating to Ludlow Assembly Rooms refurbishment project.

Budget Decreases

- Reduction of £0.280m in prior approved borrowing costs for the Car Park Strategy to reflect updated costs and revenue type expenditure.
- Removal of £0.077m grant from the capital programme on completion of gypsy traveller sites refurbishment schemes.

Budget Re-profiling

- **Place & Enterprise:** re-profiling of £6.051m to future years for various schemes to reflect expected completion dates, expected expenditure and scheme delivery plans including:
  - £2.500m Broadband project budget;
  - £2.000m Tannery project budget;
  - £0.350m Shrewsbury Sports Village 3G Pitch Replacement budget.
  - £0.325m In Vessel Composting Facility budget;
- **Adult Services:** re-profiling to 2019/20 of £1.000m HOLD grant unallocated budget which will not be required in 2018/19.
- **Adult Services:** re-profiling to 2019/20 of £0.500m unallocated Disabled Facilities Grant to reflect the expected level of expenditure in 2018/19.
- **Children's Services:** re-profiling of £3.000m unallocated Basic Need budget which will not be required in 2018/19 to 2019/20.
- **Children's Services:** re-profiling to 2019/20 of £0.500m Devolved Formula Capital grant to reflect the expected level of expenditure in 2018/19.
- **HRA:** re-profiling of £3.200m to 2019/20 in relation to Phase 5 of the New Build Programme.

10. Actual versus Planned Expenditure to Date

10.1 The actual capital expenditure at Quarter 2 is £18.206m, which represents 25% of the revised capital budget at Quarter 2, 50% of the year. This is slightly low in comparison to the total budget, and also low compared with the average expenditure percentage at this period in previous years. The low percentage for actual capital expenditure is primarily due to two factors: embedding processes for the new highways maintenance contract and slippage in delivery of Phase 3 of the Broadband project. All budgets are fully allocated to projects and will be monitored for levels of spend throughout the remainder of the year. Based on recent years, the capital programme has out-turned at around 85% of the outturn budget, which on average has been around 20% lower than the budget at this point in the year, due to further re-profiling later in the year.

10.2 The level of spend is slightly low across the programme in some areas, but equal to the level of spend in the previous year at this period. In terms of the major areas the spend position is as follows: Place & Enterprise 24% (budget £44.263m), Adult Social Care 16% (budget £5.839m), Public Health 16% (budget £0.447m), Resources & Support 22% (budget £6.159m), Children's Services 34% (budget £7.682m), HRA Major Repairs & New Build Programme 30% (budget £8.332m).

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 7 below, summarises the current allocated and projected capital receipt position across 2018/19 to 2020/21. 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 7: Projected Capital Receipts Position

Detail	2018/19 £	2019/20 £	2020/21 £	2021/22 £
Corporate Resources Allocated in Capital Programme	11,886,291	8,786,850	114,288	-
Capital Receipts used to finance redundancy costs				
To be allocated from Ring Fenced Receipts	5,705,098	6,789,688	2,157,456	-
Total Commitments	**17,591,389**	**15,576,538**	**2,271,744**	**-**
Capital Receipts in hand/projected:				
Brought Forward in hand	20,857,133	4,986,373	(6,240,165)	
Generated 2018/19YTD	1,381,279	-	-	-
Projected - 'Green'	339,349	4,350,000	-	-
Total in hand/projected	**22,577,762**	**9,336,373**	**(6,240,165)**	**-**
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	**(4,986,373)**	**6,240,165**	**8,511,909**	**-**
Further Assets Being Considered for Disposal	**10,793,145**	**4,670,000**	**-**	**-**

11.2 Capital receipts of £20.857m were brought forward from 2017/18 and £1.381m has been generated to date in 2018/19. A further £0.339m is currently projected as ‘Green’ for 2018/19, which mainly relates to the sale of HRA housing stock under Right to Buy. Capital receipts currently projected have fallen significantly from those reported at Quarter 1 (£2.769m) as receipts for Shrewsbury Golf Course Pitch & Putt and a former school site are now anticipated to be realised in 2019/20 and sale of a small holding is no longer progressing due to a pending review of whole small holding estate . Based on the revised capital programme and delivering all the receipts profiled as Green for 2018/19, the programme is affordable and there will be a balance of receipts of £4.986m to carry forward.

11.3 In 2019/20 and 2020/21 there are currently projected shortfalls of capital receipts of £6.240m and £8.512m respectively, which may need to be financed from Prudential Borrowing if they cannot be addressed by progressing the disposals programmed for future years. There is still a pressure, therefore, to progress the disposals programmed for future years, to ensure that they are realised, together with realising the revenue running cost savings from some of the properties. Considerable work is required to realise these receipts, with generally a lead in time of at least 12 to 18 months on larger disposals. In addition to the current expenditure commitments, the programme will also grow as new schemes are approved through the Capital Investment Board or if the

Council further utilises the new flexibilities around the use of capital receipts for transformational revenue purposes over the 2-year period to 2018/19.

11.4 It is important that work progresses, to minimise the funding shortfall in future years. Failure to generate the required level of capital receipts will result in the 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 revenue costs that are not budgeted for in the revenue financial strategy.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) Financial Strategy 2018/19-2022/23 Financial Rules
Appendices 1. Service Area Pressures and Actions 2018/19 2. Amendments to Original Revenue Budget 2018/19 3. Capital Budget and Expenditure 2018/19

Appendix 1

Service Area Pressures and Actions 2018/19

Summary

Directorate	Budget £	Forecast £	Variance £	RAGBY
Adult Services	97,951,060	99,353,311	1,402,251	A
Central DSG	-	879,801	879,801	R
Children's Services	49,454,290	52,661,030	3,206,740	R
Commercial Services	1,133,570	2,480,027	1,346,457	R
Corporate Budgets	(28,918,880)	(29,366,430)	(447,550)	Y
Finance, Governance & Assurance	1,964,300	1,906,618	(57,682)	Y
Legal & Democratic Services	600,810	606,425	5,615	G
Place	81,685,750	82,886,947	1,201,197	A
Public Health	4,993,580	5,084,412	90,832	A
Strategic Management Board	7,210	(48,377)	(55,587)	Y
Workforce & Transformation	(103,240)	533,315	636,555	R
TOTAL	**208,768,450**	**216,977,079**	**8,208,629**	R

Detail

ADULT SERVICES		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		97,951,060	99,353,311	1,402,251	A
Adult Services Business Support & Development	**Portfolio Holder Health & Adult Social Care**	3,392,660	2,914,930	(209,940)	Y
There is an underspend within Business Support and Development of (£0.210m) which is largely due to a number of managed variances across the service. These are not sustainable beyond the short-term, but are not expected to impact on service delivery in 2018/19. A summary of the major variances are as follows: • (£0.049m) projected underspend on Business Support staffing and costs associated with the posts, due to delays in appointing to vacant posts. • (£0.130m) projected underspend on Joint Training and the Professional Development Unit of which (£0.065m) relates to delays in appointing to vacant posts and the remaining (£0.063m) is an underspend on the delivery of training. • (£0.031m) projected underspend/increased sales on Welfare to Work initiatives.					
Provider Services	**Portfolio Holder Health & Adult Social Care**	5,381,110	5,335,039	(46,071)	Y
There is a projected underspend within Provider Services of (£0.046m) which is due to a number of variances across the service which are not sustainable beyond the short-term, but which are not expected to impact on service delivery in 2018/19. The major variances are as follows: • (£0.018m) projected underspend relating to preventative services contracts • (£0.139m) projected underspend across all Day Services. (£0.069m) is due to a Management restructure and in year vacancies. (£0.038m) is due to variances in working budgets such as transport recharges, office costs, equipment and furniture replacement and the remaining (£0.032m) is due to an overachievement of day centre income due to additional health funded clients • £0.141m projected on-going overspend relating to Four Rivers Nursing Home, due to higher than budgeted					

staff costs, including agency, and reduced income from CHC and FNC • (£0.030m) projected underspend relating to the Start team, due to staff vacancies					
Social Care Operations	**Portfolio Holder Health & Adult Social Care**	81,856,840	83,456,147	1,599,307	A
An overspend of £1.599m is forecast within the Social Care Operations section of Adult Services. To date in 2018/19 we have seen approximately 1,072 new clients since 1st April, costing in the region of £8.488m for this financial year. Some of this additional cost has been offset by people leaving the system and through the review of existing care packages to reduce care where suitable. The major variances are as follows: • £0.089m projected overspend within Assistive Services, which is in relation to the purchasing of occupational therapy equipment • £0.029m projected overspend on transport costs • £0.123m projected on-going overspend on property costs within Supported Living accommodation • £2.809m projected overspend on the net cost of purchasing. The growth model was re-run in June which increased the purchasing projections. There are still concerns over whether this new growth model is sufficiently estimating costs going forward. Small percentage differences in numbers and cost have a large impact on the outturn position. • (£0.867m) one-off use of improved Better Care Fund (iBCF) monies. • (£0.583m) projected underspend on all operational social work staffing due to delays in appointing to a number of staff vacancies					
Adult Services Management	**Portfolio Holder Health & Adult Social Care**	2,757,560	2,819,426	61,866	A
There is an overall overspend of £0.062m due to one-off contract spend.					
Housing Services	**Portfolio Holder Health & Adult Social Care**	4,560,890	4,559,979	(2,911)	Y
Minor variation from budget at Quarter 2.					

CENTRAL DSG		**Full year**			**RAGY**
		Budget	**Forecast**	**Variance**	
		£	£	£	
Central DSG	**Portfolio Holder Children's & Young People**	0	879,801	879,801	R
There is a forecast overspend of £1.411m against the Central DSG budget. £0.531m of this overspend could be funded by the balance of DSG funding carried forward from 2017/18, however that leaves a projected deficit of £0.880m. The forecast overspend relates to the High Needs Block of DSG where the projected expenditure is £1.403m higher than the budgeted centrally controlled High Needs Block of DSG of £18.537m. The budget pressures relate to top-up funding to mainstream settings (£0.672m) and independent special school placements (£0.702m). The overspend on independent special school placements mirrors the national picture being reported by the f40 group of local authorities during a recent survey of high needs costs pressures. The responses concluded increasing demand for independent special school placements, and higher contributions from education towards joint social care placements signalling increasing complexity of children's needs.					

CHILDREN'S SERVICES		**Full year**			**RAGY**
		Budget	**Forecast**	**Variance**	

		£	£	£	
Total		49,454,290	52,661,031	3,206,741	R

Learning & Skills	**Portfolio Holder Children's & Young People**	19,462,340	20,339,329	876,989	R
The latest monitoring position reflects unachieved 2018/19 savings of £0.634m. £0.596m relates to the Home to School Transport budget where the 2018/19 savings target is subject to a home to school transport policy review. A paper is being drafted to present various savings opportunities, their value and timeline for their achievement given that some strategies will require extensive consultation and a Cabinet decision. Some strategies, if implemented would need to be on a phased approach. There is a realistic plan for these savings to be delivered in 2019/20. The remaining £0.038m relates to a £0.116m savings target against Learning and Skills Business Support where a staffing restructure has realised £0.078m of the proposed savings in year, with the remaining £0.038m expected to be achieved in 2019/20 at the latest. As well as unachieved savings targets, Learning and Skills' forecast overspend results from reductions in Central Government grants. Although some growth was built into the 2018/19 budget to negate for most of the loss of grant, £0.194m remains as an ongoing pressure and relates specifically to the loss of Dedicated Schools Grant funding. This was a direct result of a baselining exercise undertaken by the Department for Education to remove any Dedicated Schools Grant funding that did not meet strict criteria that constitutes a historic spending commitment, but that fund statutory functions that the Council is required to undertake. There is also an ongoing budget pressure in Governor Services. Reduced SLA income is anticipated and there is likely to be a downward trend in income as the demand for traditional Governor support services has started to reduce as schools have federated under one governing body, while others join multi-academy trusts (MATs). This shortfall in income has been largely managed in year through one-off vacancy management savings while the service reviews its offer to schools. The net forecast overspend or ongoing pressure is £0.012m. Additionally, there is a forecast overspend of £0.054m in Home to School Transport as a consequence of an increase in the Special Education Needs cohort. An overspend of £0.038m relates to traded services that have ceased at the end of the 2017-18 Summer Term. The traded income that has been received for the Summer Term has been less than the costs of providing these traded services for the same period. This is a one-off monitoring pressure since no costs will be incurred in 2019/20. The cost pressures above are partially offset by one-off underspends totalling £0.055m where services are carrying temporary vacancies.					
Children's Social Care & Safeguarding	**Portfolio Holder Children's & Young People**	27,199,300	29,162,307	1,963,007	R
A projected unachieved 2018/19 savings target around reductions to external placement costs accounts for £0.430m of the £1.963m projected overspend. There are several strategies in place to deliver these savings which have yet to impact on the savings plan. Firstly, Children's Safeguarding are committed to increasing foster placement sufficiency so that the Council can care for more looked after children within a family environment. This is not only in the best interests of the majority of looked after children but will lead to significant financial savings. The aim is to increase the pool of foster carers and look to identify and support foster carers with looking after more complex children. This will reduce demand for expensive residential provision. In addition to this, a strategy to develop additional in-house residential provision has been being explored with a view that internal provision could deliver savings through supporting a few of the most complex children at a lower cost than the market rate. This residential work is being prioritised at a senior level and agreement has been sort to appoint a Project Manager to ensure that this strategy is implemented as soon as possible. Due to the longer term nature of these strategies, it is anticipated that the £0.430m will not be achieved in this financial year. Although there is a view within the service that these strategies will deliver significant savings, there are some external risk factors that may impact on these savings being achieved. These include on-going placement disruption for our most complex young people resulting in children moving from foster placements to high cost residential placements and a continued high number of children coming into care through care proceedings.					

Further, to the unachieved saving relating to placement costs, there is a forecast ongoing monitoring pressure of £0.735m relating to external residential care and all foster care placements. This means that the overall pressure on external residential care and all foster care placements is £1.165m. The service is satisfied that the children and young people coming into the care of Shropshire Council in this financial year are children that need to be in the care system. The service has experienced increasing complexity of Shropshire's looked after children. This is reflecting the national picture with all Local Authorities reporting increasingly complex children. There is a continued drive to reduce higher cost residential placements for children where it is appropriate and this will have a positive impact on the budget. It is notable that this is a volatile area where costs can change significantly in year. An ongoing monitoring pressure of £0.088m relates to increased capacity built into the Children's Placement Service to enable the recruitment of more carers and retain and support current carers. A business case was approved as part of the strategy to increase foster placement sufficiency described above. In addition to the above there is an ongoing pressure of £0.139m relating to Unaccompanied Asylum Seeking Children (UASC). Although some growth was built in to the 2018/19 budget in anticipation of this continuing pressure from 2017/18 this has been insufficient. Central Government funds a proportion of these costs through a weekly value based on the child's age. Previously the Council has managed to fund these costs within the grant funding available but due to some complex safeguarding needs and high flight risks there has been a need to place some children in high cost placements that are not fully funded, placing a pressure on the service. There are 3 UASC currently in high cost residential placements which will mean an on-going cost pressure to the service in 2018/2019 however plans are in hand to reduce the cost of the high cost placements. There is an on-going budget pressure of £0.330m caused by agency staffing costs in the social work teams. This pressure has continued from previous years. It is necessary to ensure that children who are looked after, on a Child Protection Plan or in children in need of a plan are adequately supported in line with statutory timescales and this will dictate that sickness, maternity or temporary vacancy must be covered in the interim through agency staff. There is also a heavy reliance on agency social workers due to the number of social worker vacancies and the challenges in recruiting to vacant posts. To address this issue the service has appointed 11 ASYE (assessed and supported year in employment) social workers starting from September. Albeit not immediately, this should reduce this cost pressure by the end of the financial year as these staff can be given caseloads currently being covered by more expensive agency staff. The service are also considering other strategies to attract and retain social workers. The remaining £0.241m forecast overspend relates to one-off monitoring pressures on non-staffing budgets such as transport recharges and interpreting fees across several teams. The issues of rising demand for high cost residential placements and cost pressures from agency social workers are not local to Shropshire and are reflected nationally.					
Early Help, Partnerships and Commissioning	**Portfolio Holder Children's & Young People**	2,366,400	2,732,513	366,113	R
The projected overspend in Early Help is the result of an unachieved saving around Early Help Family Hubs that has carried forward from previous years. An Early Help Family Hubs report was approved by Cabinet on 17th January proposing to consult formally with the public, key stakeholders and staff on a new delivery model for Early Help Services. A report was presented to Cabinet at the end of September on Phase 2 of the Early Help Family Hubs strategy to feedback on the consultation around specific hub locations and seeking approval for the locations of Early Help Hubs. The proposed delivery model will deliver the outstanding savings totalling in Early Help by March 2019, consequently this forecast overspend is being categorised as a one-off monitoring pressure.					
Children's Services Management	**Portfolio Holder Children's & Young People**	426,250	426,881	631	G
Minor variation from budget at Quarter 2.					

COMMERCIAL SERVICES		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		1,133,570	2,180,027	1,046,457	R

Corporate Landlord	**Portfolio Holder Corporate Support**	3,364,930	3,768,905	403,975	R
The repairs and maintenance budget is extremely pressurised and is responsible for £0.435m of the £0.404m total overspend. There is a backlog of essential works and these are being managed in accordance with reserves to safeguard the budget and the estate for future years. In year savings on utilities and rates have offset budget pressures on income, rents and cleaning.					
Strategic Asset Management	**Portfolio Holder Corporate Support**	(2,139,250)	(1,905,983)	233,267	R
Vacancy management has created a projected underspend of (£0.061m) offset by income from Shrewsbury Shopping Centres, projected to be £2.4m for 2018/19. The £52m investment in the Shopping Centres was built in to the Minimum Revenue Provision (MRP) Policy although, in the short term the acquisition was funded from cash balances with no requirement to borrow. In the short-term the gross return on the investment significantly exceeds expectations, and this is partially due to the recent change in the Council's MRP Policy. The net overall benefit is split between the Corporate Budget (MRP) below and rental income shown here. The overall return on the Shopping Centre investment is therefore in excess of the budgeted return for 2018/19. Whilst the retail sector continues to change we are developing a proactive and strategic approach to leaseholder management.					
Property Services	**Portfolio Holder Economic Growth**	(38,350)	136,243	174,593	R
An anticipated income shortfall of £0.320m has been identified based on knowledge of works planned for this financial year and comparing with income in previous years. The service area will continue to look for commercial opportunities to bridge this gap, whilst monitoring their resources in accordance with this. The service are holding a number of vacancies which total (£0.111m) and will partially offset the income pressure, as well as projected savings on supplies and services budgets (£0.034m).					
Shire Services	**Portfolio Holder Corporate Support**	262,450	262,450	0	Y
No variation from budget at Quarter 2.					
Head of Commercial Services	**Portfolio Holder Economy & Growth**	(316,210)	218,412	534,622	R
A £0.500m pressure comes from an unachieved saving, and a further £0.035m on recruiting to a key post that had not been budgeted for.					

CORPORATE BUDGETS		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		(28,918,880)	(29,366,430)	(447,550)	Y

Corporate Budgets	**Portfolio Holder Finance**	(28,918,880)	(29,366,430)	(447,550)	Y

An underspend has been identified within Corporate Budgets due to corporate pension budgets that will be uncommitted during the year (£1.066m), and corporate inflation that was budgeted but is no longer required (£1.450m). This has been offset by the part year costs of the pay award £2.329m that was agreed by Council on 17th May 2018. Once the pay award has been implemented, accurate projections will be able to be included for each directorate, but until that time, the pressure will be shown against Corporate Budgets. There is also an overspend of £0.195m identified relating to partially unachieved savings targets for Treasury Management. Work is ongoing to identify how the remaining target can be met. This has been offset by MRP savings relating to the shopping centre investment partially arising from the change in MRP Policy. In year savings of (£0.074m) have been identified relating to non-distributable costs, (£0.040m) relating to reduced expenditure on staffing and subscription, a further (£0.032m) from savings on estimated audit fees.	

FINANCE, GOVERNANCE & ASSURANCE		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		1,964,300	1,906,618	(57,682)	Y
Finance, Governance & Assurance	**Portfolio Holder Finance**	1,790,380	1,721,277	(69,103)	Y
There are projected are savings relating to both vacancy and budget management within Audit and Treasury, totalling (£0.072m) and (£0.050m) respectively. An over-spend of £0.049m within Finance is projected, due to increased system costs; a one-off necessity to manage the change of systems to the ERP. Revenues and Benefits is projected to deliver a small variance of £0.005m. In the previous month the service area had been projected to over-spend by £0.241m, however detailed modelling around the level of housing benefit subsidy and repayments has been undertaken between periods. This has guided a swing in projection of (£0.200m) which should mitigate the swing at year end. This is the first time at projecting this mid-year so caution must be taken on the projected out-turn. Additionally, a reduction on the levels of agency staff has reduced this pressure to £0.065m, and plans are in place to eliminate all reliance on agency staff for the 2019/20 financial year. The service area continues to hold an unidentified savings target of £0.315m which is projected to be offset in year but will remain a pressure in future years.					
Commissioning Development & Procurement	**Portfolio Holder Corporate Support**	173,920	185,341	11,421	G
Minor variation from budget at Quarter 2.					

LEGAL & DEMOCRATIC SERVICES		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		600,810	606,425	5,615	G
Legal & Democratic Services	**Portfolio Holder Corporate Support**	600,810	606,425	5,615	G

Increased pressures specifically relating to child care cases are projected to result in an overspend of £0.245m in this area. However, in year savings have been identified of (£0.077m) relating to vacancy management efficiencies across the service. Additional income of (£0.117m) has been received in relation to election services for parishes, and a further (£0.037m) has been secured by providing election services to another local authority.	

PLACE		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		81,685,750	82,886,948	1,201,198	A

Director of Place	**Portfolio Holder Communities, Waste & Regulatory Services**	618,310	578,301	(40,009)	Y
The post was vacant since the departure of the previous post holder in April, but has since been filled, leading to an underspend against the budget.					
Director of Place Total		618,240	576,911	(40,009)	Y

Planning Services	**Portfolio Holder Planning & Housing Development**	1,263,890	1,628,992	365,102	R
There is reduced income from Land Charges/Searches resulting from fewer applications. In addition, there is reduced income from Planning Applications, however, further analysis in this area indicates that this is due to a small drop in large, high value applications, overall application numbers and enforcement caseloads are actually higher. And finally, there has been an increase in caseloads (enforcement/dangerous structures) for the Building Control Team.					
Economic Growth	**Portfolio Holder Economy & Growth**	878,140	858,796	(19,344)	Y
Minor variation from budget at Quarter 2.					
Broadband	**Portfolio Holder Economy & Growth**	234,710	234,710	0	G
No variation from budget at Quarter 2.					
Planning Policy	**Portfolio Holder Planning & Housing Development**	464,800	465,703	903	G
Minor variation from budget at Quarter 2.					
Head of Economic Growth	**Portfolio Holder Economy & Growth**	143,960	144,165	205	G
Minor variation from budget at Quarter 2.					
Economic Growth Total		**2,985,500**	**3,332,366**	**346,866**	**R**

Head of Infrastructure & Communities	**Portfolio Holder Communities, Waste & Regulatory Services**	187,440	217,385	29,945	G
Temporary staff arrangements in this area have led to an overspend.					
Arts	**Portfolio Holder Culture & Leisure**	81,810	83,964	2,154	G
Minor variation from budget at Quarter 2.					

Community Enablement	**Portfolio Holder Communities, Waste & Regulatory Services**	928,330	842,348	(85,982)	Y
The underspend is due to a number of post-holders who have left through voluntary redundancy and will not be replaced.					
Environmental Maintenance	**Portfolio Holder Highways & Transport**	25,185,650	25,879,356	693,706	R
As a consequence of the severe and prolonged winter, there have been a significant number of potholes/defects to be rectified, this had led to a requirement for additional gangs in order to remove the backlog. In addition, the increase in the cost of Street Lighting electricity has been greater than anticipated.					
Highways & Transport	**Portfolio Holder Highways and Transport**	5,761,500	6,403,289	641,789	R
There are variances expected as the anticipated additional income from car parking will only materialise as the strategy is rolled out and income is received. The 'Grey Fleet' (Casual Car user allowance) saving has had initial trials and will be fully rolled out, however, the full saving will only be delivered when the scheme is fully implemented. There are additional costs anticipated in relation to public transport provision and concessionary fares reimbursements to bus operators. Finally, temporary staff arrangements have led to a further overspend.					
Outdoor Partnerships	**Portfolio Holder Culture and Leisure**	1,344,450	1,343,883	(567)	Y
Minor variation from budget at Quarter 2.					
Shropshire Hills AONB	**Portfolio Holder Culture & Leisure**	61,970	72,970	11,000	G
Minor variation from budget at Quarter 2.					
Leisure	**Portfolio Holder Culture & Leisure**	3,319,310	3,391,436	72,126	A
Variances include vacancy management, reduced expected income at our in-house leisure facilities, one-off equipment purchase to improve security, and a contribution for continued increased support to a facility.					
Libraries	**Portfolio Holder Culture & Leisure**	3,968,470	3,957,143	(11,327)	Y
Minor variation from budget at Quarter 2.					
Locality Commissioning	**Portfolio Holder Communities, Waste & Regulatory Services**	282,830	232,380	(50,450)	Y
A Cabinet decision earlier in the financial year has led to a reduction in the budget (£0.043m) for youth commissioning from 2018/19. Further underspends have been identified on the room hire budget for youth activities.					
Theatre Services	**Portfolio Holder Culture & Leisure**	347,400	252,107	(95,293)	Y
Although only half way through the year, sales at this point indicate a promising year for the Theatre.					
Museums and Archives	**Portfolio Holder Culture & Leisure**	1,768,030	1,755,078	(12,952)	Y
Minor variation from budget at Quarter 2.					
Waste Management	**Portfolio Holder Communities, Waste & Regulatory Services**	34,717,450	34,421,480	(295,970)	Y
An underspend in relation to the PFI contract is anticipated, due to the estimated landfill tonnage being lower than budgeted for.					
Culture and Heritage Manager	**Portfolio Holder Culture & Leisure**	127,300	123,461	(3,839)	Y
Minor variation from budget at Quarter 2.					

Infrastructure & Communities Total	78,081,940	78,976,281	894,341	A

PUBLIC HEALTH	Full year			RAGY
	Budget	Forecast	Variance	
	£	£	£	
Total	4,993,580	5,084,412	90,832	G

Coroners & Bereavement Services	**Portfolio Holder Health & Adult Social Care**	199,990	209,079	9,089	G
Minor variation from budget at Quarter 2.					
Multi Agency	**Portfolio Holder Health & Adult Social Care**	889,800	1,118,957	229,157	R
Overall an overspend of £0.229m is projected due to a number of variances across the service. The major variances are: • £0.021m projected overspend on the Healthy Child Development Programme as a result of a change in management structure whereby the previous postholder was funded from the Public Health ring fenced grant. • £0.204m overspend in Community Safety, which is as a result of unachieved savings and the cancellation of aged debtor invoices. The service is looking at ways of claiming funding towards the cost of management posts and other delivery models in order to try to achieve the required savings. The Links/Healthwatch service which aims to give patients, services users, carers and the wider public a say in the way that health and social care services are run has achieved savings of £0.068m; all contributions from the Council base budget have been withdrawn and the service is now funded purely from external funding. Savings of £0.039m on Targeted Mental Health in Schools and the Healthy Child Development Programme have been achieved through the removal of vacant posts and the reduction in scheme budgets.					
Public Health – Ring Fenced	**Portfolio Holder Health & Adult Social Care**	28,020	28,020	0	G
Officers within the ring fenced element of Public Health are working on a number of savings initiatives in order to bring the overall cost of the ring fenced services to within available funds in future years. These savings initiatives include increased income generation within the Help to Change service and the roll out of commercial activities such as Health TV. Currently there is a requirement for reserves to cover core budget of £0.207m in 2018/19 but the expectation is that the service will be entirely funded by grant income in 2019/20. The Public Health Grant has been cut by 2.6% in 2018/19 and is expected to be reduced by a further 2.6% in 2019/20.					
Trading Standards and Licensing	**Portfolio Holder Planning & Housing Development**	769,880	637,444	(132,436)	Y
An underspend of £0.132m is projected due to a number of vacant posts within the service; plans are in place to appoint to the vacant posts and therefore the underspend variance is not sustainable beyond the short term.					
Regulatory Services	**Portfolio Holder Planning & Housing Development**	2,887,890	2,850,732	(37,158)	Y
An underspend of £0.037m is projected due to a number of vacant posts within the service; plans are in place to appoint to the vacant posts and therefore the underspend variance is not sustainable beyond the short term.					
Registrars	**Portfolio Holder Health & Adult Social Care**	218,000	240,180	22,180	G
Minor variation from budget at Quarter 2.					

STRATEGIC MANAGEMENT BOARD		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		7,210	(48,377)	(55,587)	Y

Strategic Management Board	**Leader of the Council**	7,210	(48,377)	(55,587)	Y
In year efficiencies have been achieved of (£0.051m) from a combination of vacancy and budget management within the PA team.					

WORKFORCE & TRANSFORMATION		Full year			RAGY
		Budget	Forecast	Variance	
		£	£	£	
Total		(103,240)	533,315	636,555	R

Technology & Communications	**Portfolio Holder Corporate Support**	262,070	263,975	1,905	G
Minor variation from budget at Quarter 2.					
ICT Digital Transformation	**Portfolio Holder Corporate Support**	(431,760)	398,240	830,000	R
The savings target of £1.000m relating to Digital Transformation is expected to be partly achieved in year. Currently £0.154m has been identified as achievable. Potential savings relating to the provision of face to face services have been identified, but these are not able to be delivered in year and are subject to approval. Work is being undertaken to identify how the remaining target can be achieved.					
Human Resources & Development	**Portfolio Holder Corporate Support**	54,080	(98,685)	(152,765)	Y
In year savings of (£0.142m) relating to vacancy management across teams has been achieved. Also, additional income generation for Occupation Health Services of (£0.009m) has been identified.					
Information, Intelligence & Insight	**Portfolio Holder Corporate Support**	12,370	(30,215)	(42,585)	Y
In year savings of (£0.039m) have been achieved relating to vacancy management.					

Appendix 2: Amendments to Original Revenue Budget 2018/19

	Total	Adult Services	Children's Services	Commercial Services	Corporate Budgets	Finance, Governance and Assurance	Legal and Demographic Services	Place	Public Health	Strategic Management Board	Workforce and Transformation
Original Budget as Agreed by Council	**208,768**	**97,846**	**49,628**	**1,021**	**(28,223)**	**1,917**	**579**	**81,500**	**4,888**	**0**	**(388)**
Quarter 1											
Additional 1% pay award budget allocation	**0**	153	151	32	(740)	68	18	155	67	6	91
Movement of premises budgets between service areas and Corporate Landlord	**0**	(5)	(106)	123				(12)			
Transfer of posts between Highways and Transport and Trading Standards and Licensing	**0**							(30)	30		
Q1 Revised Budget	**208,768**	**97,995**	**49,673**	**1,176**	**(28,963)**	**1,984**	**597**	**81,613**	**4,984**	**6**	**(297)**
Quarter 2											
Additional pay award for employees graded SCP19 and below	**0**	96	16	2	(201)	7	0	51	9	0	20
Allocation of voluntary redundancy savings, following delivery	**0**	(18)		(66)		(25)		(30)	(15)		154
Centralisation of budgets relating to historic pension costs	**0**	(167)	(60)		245	(18)		(0)			
Reallocation of internal market recharges	**0**	45	(175)	8	0	15	3	66	16	1	21
Movement of premises budgets between service areas and Corporate Landlord	**0**			13				(13)			
Q2 Revised Budget	**208,768**	**97,951**	**49,454**	**1,134**	**(28,919)**	**1,964**	**601**	**81,686**	**4,994**	**7**	**(103)**
Cumulative Budget Increase/(Decrease)	0	105	(174)	113	(696)	47	22	186	106	7	285

Details of virements over £500,000, reported to Cabinet for information

Quarter 2: None

Details of virements over £140,000 and below £500,000, reported to Cabinet for information

Quarter 2:

- A virement has taken place to allocate £0.201m funding across the Council in order to fund the additional pay award relating to employees on spinal column point 19 and below, each of whom received a pay award of between 3.7% and 9.2%.
- The savings budget relating to the voluntary redundancy savings is held within Workforce and Transformation, however as voluntary redundancy savings are made the savings are applied in the directorate where the redundancy has taken place. £0.154m savings have been made in 2018/19 and have been applied across the Council, and therefore a virement has taken place that increases the budget within Workforce and Transformation and reduces other directorate budgets where posts have been removed.

- A virement has taken place to move all historic pension cost budgets into Corporate Budgets. These budgets are management centrally and have been moved accordingly. £0.245m budgets have been moved into Corporate Budgets.
- A virement has taken place to reallocate internal market recharges relating to Human Resources. The way that the service's cost is apportioned across the Council has been recalculated, the effect of which has been that the recharge to Children's Services has reduced by £0.175m, and recharges to other directorates have increased by £0.175m in total.

<u>Proposed virements between £500,000 and £1m for Cabinet approval</u>

Quarter 2: None

This page is intentionally left blank

Committee and Date
Cabinet
28th November 2018

Quarter 2 Performance Report 2018/19

Responsible: Tom Dodds, Intelligence and Insight Manager

e-mail: tom.dodds@shropshire.gov.uk 01743 258518

1. Summary

1.1 This report presents Cabinet with the Council's Performance against its key Outcomes for Quarter 2 2018/19.

1.2 The refreshed Corporate Plan 2018/19 and the High Level Outcomes provide the shape and focus of the updated Performance Management Framework. The measures in the framework been refined to reflect the updated strategic action plans for the coming 12 to 18 months.

The new framework will include project milestones from the strategic action plans, as they are confirmed, to help demonstrate the change being delivered.

1.3 The new framework is presented with four key outcome areas: Healthy People, Prosperous Economy, Resilient Communities and Commercial Council. The range of performance measures covers a broader range of service areas than previously reported.

1.4 The online performance portal has continued to be developed to present performance information to be used in conjunction with this report, and can be accessed here -

https://shropshireperformance.inphase.com/

1.5 This is part of improving access to performance information and that of data transparency. Member and user feedback will help to inform further developments of performance information, which will form part of the new IT system developments.

2. Recommendations

Members are asked to:

A. Consider the key underlying and emerging issues in the reports and appendices.

B. Review the performance portal and identify any performance areas that they would like to consider in greater detail or refer to the appropriate Overview and Scrutiny Committee.

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1 Poor performance could have implications for vulnerable people (including children) who are supported by Council services and economic growth in Shropshire. In turn, there may be significant financial, legal and reputational risk to the Council, Schools (and Academies), and partners from across the public and voluntary and independent care sectors.

3.2 Effective monitoring and follow-up against key measures of success provides the opportunity to manage risks and ensure that Children and Young People and vulnerable adults in Shropshire remain safe and achieve the desired outcomes. Increasingly, performance reporting will reflect the impact of commissioning decisions by the Council, linking directly with the management of contracts and building on the current approach of looking at how effective the Council is at delivering its outcomes.

4. Financial Implications

4.1 This report does not have any direct financial implications, but presents service and financial information to support decision making. Accountable officers and senior managers may use the information to inform actions or interventions for improving service performance and the prioritisation and use of resources.

4.2 Full financial details are presented as part of the Financial Reports.

5. Introduction

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

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

The refreshed Corporate Plan was approved by Council on 17th May 2018, as a result of this the online performance portal has been updated to reflect the new measures and milestones from quarter 1 2018/19. This report has also been aligned to the new Corporate Plan, focussing on the performance of the new measures and milestones.

6. **Healthy People**

The sub outcomes for Healthy People are; Improving Public Health, Providing Appropriate Care, Children are Protected for the best Possible Start in Life, Participation in Positive Activities for Health and Well-being and Keeping People Safe.

6.1 The rate of permanent admissions of adults both aged 18 – 64 and aged 65+ into residential or nursing homes is lower (better) than the profile and is currently lower than in previous years. The service remains committed to enabling people to remain in their homes and maintain a decent quality of life for as long as possible. The service also confirms that it assesses the needs of each person to ensure that the right service is provided at the right time ensuring that residential and nursing care is provided at the most appropriate time.

6.2 The new Delayed Transfer of Care measure was established in April 2017. National targets have been set to reduce the number of patients who are delayed in their transfer from hospital. The aim is to reduce bed blocking to less than 3.5% of all available NHS beds.

The target for the first year (2017/18) for Shropshire Adult Social Care, set by the Department of Health, was to reduce delays attributed to social care by 60%. Performance targets for 2018/19 are to further reduce delays to less than an average of 1.3 delayed patients per day, attributed to Adult Social Care.

Performance for the year to date shows that Shropshire Council is achieving this target and is one the most improved Adult Social Care departments in England, performing within the top quartile.

6.3 The rate of Looked After Children per 10,000 U18s has risen during Quarter 2 to 60.8 from 57.3 at the end of Q1 18/19. This is also a year-on-year increase against June 2017 (53.4) This puts Shropshire slightly higher than Statistical Neighbours (55.3) but below the national average (62).

We have seen an increase in children becoming looked after over last year. Children in need of accommodation due to safeguarding concerns has continued. Those concerns range from overall neglect, physical abuse, domestic abuse within the household, substance misuse and parental mental ill health.

We saw an increase in care proceedings being initiated last year and the care proceedings work has continued which has resulted in more younger children entering the care of the local authority under the auspices of court orders. This is much more in line with our statistical neighbours.

Year on Year the proportion of Care Orders has increased by 9.5 percentage points, while the proportion of children under S20 (children living away from the family home, usually foster care) has fallen by 9 percentage points. In Q2 for example, most of our new entries into care in July to September were as a result of care proceedings.

6.4 The overall aim of a Child Protection Plan is to ensure the child is safe and prevent further harm. Numbers of Children with a Child Protection Plan are continually monitored to ensure children have the right support to promote welfare, health and development.

The rate of Child Protection Plans per 10,000 children aged under 18 increased between quarter 1 (33.7) and quarter 2 (40.7) – Shropshire's rate is now similar to the Statistical Neighbour rate and below the England Average (as at March 2017).

We are now more in line with our statistical neighbours. There is a correlation between this and the increase in numbers of children becoming looked after as Child Protection planning is often the beginning of a child's journey into the care of the Local Authority. Care proceedings are instigated in a timely fashion.

6.5 Participation in positive activities is beneficial for both physical and mental well-being. Participation rates have been mainly positive with increased visitors to leisure centres, outdoor recreation sites, visitor attractions, Theatre Severn and the Old Market Hall.

There has been a continued long-term reduction in visits to libraries; when comparing the same period last year there has been a reduction in visitor numbers 892,703 for 2018/19 compared to 944,340 in 2017/18.

The annual number of visitors to visitor attractions in Ludlow, Much Wenlock, Acton Scott and Shrewsbury has increased to 195,270 at quarter 2 2018/19 compared to 155,725 at quarter 2 2017/18. Shrewsbury Museum continues to see an increase in visitor numbers. The introduction of a people counter at the Ludlow Museum and Resource Centre has also revealed a higher number of visitors than previously reported.

6.6 The annual number of visitors to the Theatre Severn has increased when comparing to the same period last year, quarter 2 2018/19 (187,774) compared to quarter 2 2017/18 (184,109). This increase can be attributed to a number of sell out productions. The Theatre is also making a positive contribution to the visitor economy of Shropshire with 28% of visitors coming from outside of the county.

6.7 Keeping safe measures show that retail food and drink premises in Shropshire continue to maintain high food safety standards. Based on nationally published information, 99% of premises are rated as generally satisfactory or higher

6.8 As identified and detailed in previous Corporate Performance reports the number of people Killed or Seriously Injured (KSI) on the roads in Shropshire has continued to increase. The annual average over the past 3 years is for 167 people to be seriously or fatally injured.

A new approach to the determining of the severity of casualties was introduced in December 2015 and now relies less on the judgement of Police Officers. This has seen a national increase in the rate of reported severity. It is forecast that the reported number of KSI in this report will continue to rise until December 2018 after which the new methodology for recording casualties will have completed a 3 year cycle.

It should be noted that the number of casualties does not reflect the number of accidents which have remained at similar levels throughout the period.

Performance Management Scrutiny Committee considered at detailed report on road traffic casualties at their meeting in July 2018 and recommended that a Task and Finish group be formed to look into the topic.

7. Prosperous Economy

The sub outcomes for Prosperous Economy are; Educational Achievement, Employment and Training, Employment and Income, Transports, Physical and Digital Infrastructure, Housing is provided to meet the Needs of Shropshire Residents and Developing a Prosperous Economy.

7.1 Provisional attainment results were due to be published at the time of writing this report and will be reported in the quarter 3 performance report.

7.2 Being young and unemployed can lead to an increase in the risk of poverty, de-skilling and social exclusion as well as cause loss of motivation and mental health problems. Current rate of claimants for Job Seekers Allowance or Universal Credit actively seeking work in Shropshire is below the regional and national averages. The claimant count for young people (aged 18 – 24) saw a continued reduction from the peak in February 2013 when there were 1,370 claimants. Since June 2015 the number of claimants has remained fairly constant; the number of young claimants as at September 2018 was 540.

7.3 The Council's performance measures for broadband only cover premises in the Shropshire Council area where State Aid approval has been granted to invest. This is known as the Intervention Area. The area accounts for approximately half of the premises (circa 72k) in the Shropshire Council area, and include 3 contracts, with 2 partners, BT and Airband. All remaining areas, and new premises are the responsibility of the commercial market to deliver to, not the Local Authority. Commercial providers in Shropshire include Virgin Media, BT, and Secure Web Services.

Within our control are the following contracts:

- Contract 1 (BT) deployment completed in spring 2017 and resulted in an extra 52,453 premises getting access to superfast broadband;
- Contract 2 (BT) commenced in autumn 2016, approximately 4,000 premises are expected to benefit from this contract by 2019;
- Contract 3 (Airband) commenced in spring 2017, and will connect 14,000 premises with superfast broadband by 2020.

At the end of all of our contracts, assuming that all other commercial broadband is delivered as expected, and all new premises are connected, we anticipate 98% of Shropshire premises will have access to superfast broadband.

Shropshire Council continues to be fully committed to the aspirations of connecting all our premises to superfast broadband.

8. Resilient Communities

The sub outcomes for Resilient Communities are; A Clean and Attractive Environment is Maintained, Volunteering, People are Supported to Stay in their Local Communities, Adult Social Care user feedback.

8.1 The projected Recycling and Composting rate for quarter 2 2018/19 is 53.6%. This shows a very slight decline compared to the 53.9% of quarter 2 in 2017/18. The fall is due to reduced compostable garden waste received during this summers' period of consistently hot and dry weather.

8.2 Shropshire has an active volunteer community who help to provide essential support to help make Shropshire an attractive and welcoming county. Whilst reflecting only a small part of the volunteering that takes place in Shropshire the volunteer hours reported here were given to support the Outdoor Recreation service, Libraries, Archives and Visitor Attractions in Shropshire. During quarter 2 19,990 volunteer hours were provided to support services.

8.3 Adult social care user survey results will be reported in the quarter 3 report.

9. Commercial Council

9.1 Revenue spend figures for quarter 2 of 2018/19 are due to be reported to Cabinet on 28th November 2018.

9.2 There has been a slight increase in the number of Full Time Equivalent employee numbers, which have increased from 2,512 at quarter 1 2018/19 to 2,532 at quarter 2 2018/19.

9.3 Additional measures have been added to the performance framework to report compliments and complaints. Quarter 2 has seen a slight decrease in the number of corporate complaints compared to quarter 1 but considering data for a number of quarters suggests this is a result of natural variations (annual figures show an overall increase).

Corporate complaints are predominantly linked to complaints about Highways and Waste Management. In quarter 2, 30% of complaints were for Highways & Streetscene. The number of statutory Children's Social Care complaints in quarter 2 was the same as quarter 1. Numbers of statutory Adult Social Care complaints also remain similar quarter to quarter.

10. Conclusion

10.1 This performance report provides an update on the results achieved and the impact on delivering the outcomes for Shropshire.

10.2 Performance for Q2 of 2018/19 has generally been positive with continued improvements or stabilisation of performance.

- Delayed Transfer of Care has significantly improved with performance now in the top quartile for England.
- Permanent admissions to residential care is better than the expected profile and has seen a long-term decrease in numbers.

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

- The number of Looked After Children has increased placing additional pressure on the service
- The number of corporate complaints linked to Highways and Waste Management have increased.

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 2018/19 – 2022/23 Corporate Plan 2018/19
Cabinet Member (Portfolio Holder) Cllr Steve Charmley - Portfolio Holder for Corporate and Commercial Support
Local Member All
Appendices https://shropshireperformance.inphase.com/

This page is intentionally left blank

Committee and Date
Cabinet
28 November 2018

Plan for Shropshire - Council Plan 2019/20 to 2021/22

Responsible Officer Clive Wright, Chief Executive
e-mail: clive.wright@shropshire.gov.uk Tel: 01743 258675

Summary
This report presents Cabinet with Part 2 of the Corporate Plan 2019/20 to 2021/22 which contains the draft Vision, themes, and actions for 2018/19. It also identifies the lead Portfolio Holders and Lead Directors. The plan is that the Draft Corporate Plan will be presented to Council at its meeting in December 2018.

Recommendations

A. Cabinet approve Part 2 of the Corporate Plan containing the Vision, Priorities and themes/issues for 2019/20 set out in appendix 1.
B. Cabinet endorses the next steps set out in paragraphs 5 to 7 of this report.
C. That Performance Management Scrutiny Committee is asked to set up set up a Task and Finish Group to consider and recommend the measures and milestones for the new Corporate Performance Management Framework for 2019/20 onwards, that related to the new Corporate Plan.

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

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

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

Report

1. Shropshire Council had an LGA Corporate Peer Challenge in April 2018. The Recommendations and areas for action identified in the Peer Challenge report identified a number of points of relevance for a new Corporate Plan. It also fed-back that Members were keen to be more informed and more involved in the development of strategies.

> <u>Recommendation 1:</u> Ensure you have a clear and well communicated vision which is underpinned by evidence and owned by the Cabinet and the Senior Management Team.
>
> <u>Recommendation 4:</u> Be clearer about your specific priorities and outcomes, communicate them and focus resources accordingly.
>
> <u>Relevant areas for action within the Peer Review report:</u>
> - The Vision needs to be translated into priorities, resource allocation and specific outcomes to be delivered.
> - Develop the Corporate Plan with smarter targets and enable staff and partners to see more clearly how different work-streams contribute to the overall vision.
> - Enable staff and partners to see more clearly how work-streams contribute to achieving the overall vision
> - Build a shared narrative with a sense of who the Council is, and what it stands for, and provide a real sense of purpose to staff and partners.

<u>Work completed to date on the Corporate Plan</u>

2. Cabinet and Directors held a workshop session on the 1 October 2018 where they considered the Peer Review Feedback and moved on to identify a Vision for the Council and draft priorities. The audience for the Corporate Plan was also discussed and it was confirmed that it was an internal document in the first instance, for staff and Members, but that it should be accessible to partners and the public.

3. The workshop session was followed by Member workshops on the 15 October 2018 and the 23 October 2018 where all Members were given the opportunity to discuss and suggest amendments changes to the Vision and priorities, and the themes/issues to be delivered in 2019/20.

4. The Vision, priorities and themes/issues are attached at Appendix 1. Each theme/issue will have a lead officer and lead Member. They will be underpinned by high level actions with project milestones and performance measures.

Next steps in developing the Corporate Plan

5. The Corporate Plan will be in three parts. The first section sets out the 'State of Shropshire' and present the facts, intelligence and evidence about Shropshire. It will also identify relevant national and local policies and strategies and provide Shropshire context. This will be the corresponding section of the current Corporate Plan which was refreshed in March 2018 and agreed at Council in May 2018. It will be revisited

6. The second section, Part 2 of the Corporate Plan, sets out the Vision, Priorities, and themes and issues. This will be supported by a single page presentation which will be more accessible to those who are outside the Council who are interested what the Council is focusing on. See appendix 1 for the draft Part 2.

7. The third section will contain the high level actions which will be taken to deliver the themes/issues for 2019/20 and therefore the priorities of the Council. It will also set out the performance measures and project milestones that will evidence the delivery of the priorities and the impact achieved. This will form the Council's new Corporate Performance Management Framework for 2019/20 onwards. This will need to be finalised in the New Year and in place by March 2019 ready for reporting to start from quarter 1 2019/20.

8. Member involvement in the identification and confirmation of the measures and milestones would add value to the development of the new performance framework. This work would also help shape how the performance information is presented. This could be an appropriate activity to refer to the Performance Management Scrutiny Committee.

Conclusion

9. The Corporate Plan needs to be in place alongside the Financial Strategy and other key strategies of the Council to provide the context and direction for the Golden Thread which needs to run from the top of the organisation to the bottom of the organisation.

10. In this context the Corporate Plan should be evidence based, reflecting the priorities of the Council. It is timely that a new Corporate Plan is developed, drawing on the learning and feedback from the Corporate Peer Challenge, and to reflect the Council's ambition.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) Shropshire Council LGA Corporate Peer Challenge Report 2018
Cabinet Member Cllr Peter Nutting
Local Member All
Appendices Appendix 1 – Part 2. Plan for Shropshire - Shropshire Council's Corporate Plan 2019/20 to 2021/22

Part 2

Plan for Shropshire

Shropshire Council's Corporate Plan 2019/20 to 2021/22

- Our Vison
- Our Priorities
- Our themes and issues

Our vision: Innovate to thrive

Our Priorities are:

- More people with a suitable home
- Care for those in need at any age
- A good place to do business
- A healthy environment
- Sustainable places and communities
- Embrace our rurality

What we will do in the next 12 to 24 months:

Themes/Issues	Lead Member	Lead Officer
More people with a suitable home		
The Council will work with developers to shape the housing market to ensure the development of housing to meet local need.	Cllr Robert Macey	Mark Barrow
The Council will manage its Housing Stock through appropriate vehicles and work with partners to improve and ensure the availability of social housing.	Cllr Lee Chapman	Andy Begley
Care for those in need at any age		
The Council will ensure that children and young people are safe and fulfil their potential in their future lives.	Cllr Nick Bardsley	Karen Bradshaw
The Council will harness innovation in technology to help people to be as independent as they can be and live and take part in their communities.	Cllr Lee Chapman	Andy Begley
The Council will work with partners and providers to ensure that the right care is available in the right place at the right time.	Cllr Lee Chapman	Andy Begley
A good place to do business		
The Council will work with businesses and developers to identify and pursue appropriate opportunities for investment that will grow Shropshire's economy.	Cllr Nic Laurens Cllr Rob Macey	Mark Barrow
The Council will work with its partners in business, training and education to create employment and career opportunities in Shropshire for all.	Cllr Nic Laurens	Mark Barrow
The Council will work with businesses and developers to promote clean growth and safeguard our natural assets including water quality and supply.	Cllr Nic Laurens Cllr Rob Macey	Mark Barrow

A healthy environment		
The Council will ensure that its infrastructure and assets are as efficient and environmentally sensitive as they can be to reduce environmental pollution.	Cllr Steve Charmley Cllr Steve Davenport	Mark Barrow
The Council will work with partners to maintain Shropshire's landscapes, culture and heritage to support good health, communities and growth of the economy.	Cllr Lezley Picton	Mark Barrow
The Council will encourage positive lifestyle choices and in doing so provide information, advice and opportunities for health and well-being.	Cllr Lee Chapman	Andy Begley
Sustainable places and communities		
The Council will continue to encourage communities to support each other and find local solutions.	Cllr Joyce Barrow	Mark Barrow
The Council will work with Town and Parish Councils to identify opportunities and develop local economies across Shropshire, centred on the market towns.	Cllr Nic Laurens	Mark Barrow
The Council will continue to implement a place based approach to optimise physical assets with our partners and deliver services where the greatest number of people can access them.	Steve Charmley	Mark Barrow
Embrace our rurality		
The Council will continue to influence improvement in mobile and digital connectivity across all areas, for all age groups, and homes and businesses.	Cllr Nic Laurens	Mark Barrow
The Council will continue to work with partners from across the West Midlands and into Mid-Wales to improve physical connectivity to the benefit of all those who live, study and work in Shropshire.	Cllr Steve Davenport	Mark Barrow
The Council will continue to work across the business sectors which operate in rural areas to facilitate economic growth and appropriate housing for rural communities.	Cllr Nic Laurens Cllr Rob Macey	Mark Barrow

This page is intentionally left blank