



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

Date: Friday, 6 December 2019

**Committee:
Cabinet**

Date: Monday, 16 December 2019

Time: 1.30 pm

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

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

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

Members of Cabinet

Peter Nutting (Leader)
Steve Charmley (Deputy Leader)
Gwilym Butler
Dean Carroll
Lee Chapman
Steve Davenport
Robert Macey
David Minnery
Lezley Picton
Ed Potter

Your Committee Officer is:

Amanda Holyoak Committee Services Supervisor

Tel: 01743 257714

Email: amanda.holyoak@shropshire.gov.uk

AGENDA

1 Apologies for Absence

2 Disclosable Pecuniary Interests

3 Minutes (Pages 1 - 6)

To approve as a correct record and sign the minutes of the Cabinet meeting held on 18 November 2019, attached

4 Public Question Time

To receive any questions from members of the public, notice of which has been given in accordance with Procedure Rule 14. Deadline for notification is no later than 1.30 pm on Thursday 12 December 2019.

5 Member Question Time

To receive any questions of which Members have given due notice, the deadline for notification for this meeting is 5,00 pm on Wednesday 11 December 2019.

6 Scrutiny Items

7 Post 19 Travel Assistance Policy (Pages 7 - 24)

Lead member – Councillor Ed Potter – Portfolio Holder for Children’s Services

Report of the Director of Children’s Services attached

Contact: Karen Bradshaw 01743 254201

8 Regional Permanency Arrangement Development (Phase One) (Pages 25 - 34)

Lead Member – Councillor Ed Potter – Portfolio Holder for Children’s Services

Report of Director of Children’s Services attached

Contact: Karen Bradshaw tel 01743 254201

9 Setting the Council Tax Taxbase for 2020/21 (Pages 35 - 62)

Lead Member – Councillor David Minnery – Portfolio Holder for Finance and Corporate Support

Report of Director of Finance, Governance and Assurance, attached

Contact: James Walton 01743 258915

10 Financial Strategy 2020/21 - 2022/23

Lead Member – Councillor David Minnery – Portfolio Holder Finance and Corporate Support

Report of Director of Finance, Governance and Assurance – TO FOLLOW

Contact: James Walton 01743 258915

11 Treasury Management Update Quarter 2 2019/20 (Pages 63 - 82)

Lead Member – Councillor David Minnery – Portfolio Holder Finance and Corporate Support

Report of Director of Finance, Governance and Assurance attached

Contact: James Walton 01743 258915

12 Exclusion of Press and Public

To resolve that in accordance with the provisions of Schedule 12A of the Local Government Act 1972 and Paragraph 10.4[3] of the Council's Access to Information Rules, the public and press be excluded from the meeting during the consideration of the following items.

13 Exempt Minutes (Pages 83 - 84)

To approve as a correct record and sign the exempt minutes of the Cabinet meeting held on 18 November 2019, attached.

14 Bridgnorth Innage Lane - Reprovision and Development of Adult Social Care Services and Reprovision of Youth Services

Lead Members – Councillor Dean Carroll, Portfolio Holder Adult Social Services and Climate Change and Councillor Ed Potter, Portfolio Holder for Children's Services

Report of Director of Place attached – TO FOLLOW

Contact : Mark Barrow 01743 258916

15 Ludlow Assembly Rooms

Lead Member – Councillor Steve Charmley – Deputy Leader and Portfolio Holder for Assets, Economic Growth and Regeneration attached

Report of Director of Place – TO FOLLOW

Contact: Mark Barrow 01743 258916

16 Oxon Link Road and Shrewsbury North West Relief Road - Project Combination
(Pages 85 - 98)

Lead Member – Councillor Steve Davenport – Portfolio Holder Highways and Transport

Report of Director of Place attached

Contact: Mark Barrow 01743 258916



Committee and Date

Cabinet

16 December 2019

CABINET

Minutes of the meeting held on 18 November 2019

In the Shrewsbury Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

1.30 - 2.25 pm

Responsible Officer: Amanda Holyoak

Email: amanda.holyoak@shropshire.gov.uk Tel: 01743 257714

Present

Councillor Peter Nutting (Chairman)

Councillors Steve Charmley (Deputy Leader), Dean Carroll, Lee Chapman, Robert Macey, David Minnery, Lezley Picton and Ed Potter

1 Apologies for Absence

Apologies for absence were received from Councillor G Butler and Councillor S Davenport.

2 Disclosable Pecuniary Interests

None were declared.

3 Minutes

RESOLVED:

That the minutes of the Cabinet meeting held on 16 October 2019 be approved and signed as a correct record by the Chairman.

4 Public Question Time

Mr Mark Fermor had submitted questions in relation to the target date for net zero carbon Shropshire; net zero carbon Shropshire Council and the car projection to be relied on for future transport planning. The full text of his questions and the response provided by the Portfolio Holder for Adult Social Services and Climate Change are attached to the signed minutes and available on the web pages for this meeting.

5 Member Question Time

There were no member questions.

6 Scrutiny Items

There were no items from Scrutiny.

7 Draft Marches Local Industrial Strategy

The Deputy Leader and Portfolio Holder for Assets, Economic Growth and Regeneration presented a report seeking endorsement for the Marches Local Enterprise Partnership's draft Local Industrial Strategy. The Strategy was closely aligned with the Council's Corporate Plan Key Priorities and would deliver within the framework of the five foundations of productivity as set out in the Government's national Industrial Strategy.

In response to questions about the emphasis on transport infrastructure it was clarified that the LEP had a key role in developing strategic networks and it was the Council which had a role in promoting investment in local public transport, working with Midlands Connect. The Leader reported that the carbon neutral agenda was discussed at all LEP meetings and that the current prominent projects were linked to roads but that in future other projects may include rail.

RESOLVED:

That, in response to the formal consultation by the Marches LEP, the draft LIS is endorsed.

That Shropshire Council will continue to work with the Marches LEP to produce a final LIS which will be presented to and negotiated with the UK government.

8 Oswestry High Streets Heritage Action Zone

The Deputy Leader and Portfolio Holder for Assets, Economic Growth and Regeneration, presented a report seeking delegated authority for officers to work with the Oswestry High Streets Heritage Action Zone core partners, to develop a full programme submission for the deadline of

3 December 2019. This would include finalising the scheme budget and facilitating local community groups to form a consortium for the High Streets Heritage Action Zone cultural programme. The match funding required had already been secured.

RESOLVED:

That Cabinet agrees to support the Oswestry HSHAZ proposals to be fully worked up through the programme design stage.

That delegated authority be given to the Executive Director of Place and Director of Finance, Governance and Assurance, in consultation with the Portfolio Holders to negotiate and submit a full funding bid to Historic England for the 3rd December 2019 deadline.

9 River Severn Partnership

The Portfolio Holder for Housing and Strategic Planning introduced a report seeking approval for the Council's involvement in a proposed strategic approach to future partnership and collaboration in taking a strategic view, modelling and developing options for flood and water resource management along the River Severn.

In response to a question, the Portfolio Holder for Adult Social Services and Climate Change confirmed that energy generation opportunities on the river would have a high profile in the Council's emerging Climate Action Plan.

RESOLVED:

To support Shropshire Council's involvement in the River Severn Partnership

That the Executive Director of Place enters into a Memorandum of Understanding for the River Severn Partnership.

To support a submission to the One Public Estate Programme for £500k support towards feasibility studies and modelling.

10 Application by Sheriffhales Parish Council to be considered as Neighbourhood Area

The Portfolio Holder for Housing and Strategic Planning presented a report seeking approval for the application by Sherriffhales Parish Council for the Parish area of Sheriffhales to be considered as a Neighbourhood Area for the purposes of preparing a Neighbourhood Plan.

RESOLVED:

That Cabinet agrees the proposed Neighbourhood Area identified on the map in Appendix 2, covering the Parish of Sheriffhales as an appropriate basis for the development of a Neighbourhood Plan and notifies Sheriffhales Parish Council accordingly.

That if the proposed Neighbourhood Area is approved, Sheriffhales Parish Council will be able, but not obligated to prepare a Neighbourhood Plan for that area, which will be subject to public consultation, examination and local referendum as set out in Neighbourhood Planning Regulations 2012 as amended. Assuming any subsequent local referendum is successful, Shropshire Council will then be asked to adopt the final version of the Neighbourhood Plan.

11 Financial Monitoring 2019/20 Quarter 2

The Portfolio Holder for Finance and Corporate Support introduced the report, setting out the projected revenue expenditure for the whole of 2019/20 as at Quarter 2, and for capital up to the end of Q2. Although the figure had improved on the previous quarter, the projected revenue outturn was an overspend of £5.987m. A number of red rated savings would not be deliverable within the course of the year due to timing but would be deliverable in the medium term. There were ongoing service pressures relating to Home to School Transport and Children's Services staffing and agency costs. Decisions to remove savings from the 2019/2020 Financial Strategy in relation to Waste Services, Bus Subsidies, Passenger Transport Commissioning Savings and CCTV monitoring service

totalled approximately £1.3m. Management action had been identified to deal with the issues and contribute towards eliminating the projected overspend.

In seconding the report, the Leader of the Council said that the Chief Executive was about to implement a spending freeze and all recruitment would be very closely controlled on a case by case basis. Every effort would be made to achieve a neutral position but this was getting progressively harder and it was not known if it would be possible this year. The huge demands on Adult Social Care and Children's Services were continuous and this would be raised once a new government was in place and pressure maintained. If it was not possible to break even, it would be necessary to use General Reserves which was not desirable.

Following questions from Group representatives, it was confirmed that the projected shortfall figure took all eventualities into consideration. It was also confirmed that a lower income from the shopping centres had been anticipated at this stage and that a healthy return had been projected long term.

The Leader felt it was important to recognise savings made to date and the attempts to avoid an impact on the public when making any savings. There was still plenty of money in reserves and both Children's and Adult services performed well, and were well regarded by Central Government.

Responding to further questions, the Director of Finance explained that paying the employer's pension fund contribution up front on 1 April rather than throughout the year meant resulted in a discount to the Council.

The Chief Executive said that all staff recruitment would be considered by himself on a case by case basis.

RESOLVED:

To note that at the end of Quarter 2 (30 September 2019), the full year revenue forecast is a potential overspend of £5.987m;

To consider the impact of this on the Council's General Fund balance.

To approve the Better Care Fund virement detailed in Appendix 2.

12 Treasury Strategy 2019/20 Mid Year Review

The Portfolio Holder for Finance and Corporate support presented the report drawing attention to a performance that exceeded target, at 0.25m ahead of the expected position. He congratulated the Treasury Management Team for this achievement.

RESOLVED:

To accept the position as set out in the report.

To 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.

13 Q2 Performance Report

The Portfolio Holder for Organisational Transformation and Digital Infrastructure presented the report highlighting the contribution of Theatre Severn to the economy of Shropshire, with 32% of ticket sales outside of the county. There were now over 40 solar arrays which had saved 80 tonnes of carbon over the last quarter. Composting was already above the target set for England for the end of 2020.

He was also pleased to report that the Social Care users survey had placed Shropshire third out of all authorities in England for the measure related to how long people stayed in their own home following rehabilitation after a hospital stay. This measure had gone by 6% since last year and demonstrated how the Council supported people to stay independent for longer. He also reported that some aspects of monitoring would be refreshed for next year, to better reflect meaningful measures for Shropshire.

In response to a question about highways and potholes he explained that the number of complaints for highways was larger than every other area as it impacted on so many users. He reported on a specific piece of technology which would inform elected members of work both planned and underway and would enable global metrics to become part of a global system.

RESOLVED:

To consider the emerging issues in this report

To review the performance portal and identify any performance areas to consider in greater detail or refer to the appropriate Overview and Scrutiny Committee.

14 Transit Site Provision in Shropshire

This item was deferred to the 16 December 2019 Cabinet meeting.

15 Exclusion of Press and Public

RESOLVED

That in accordance with the provisions of Schedule 12A of the Local Government Act 1972 and Paragraph 10.4 (3) of the Council's Access to Information Rules, the public and press be excluded from the meeting for the following item.

16 Lease of the Gateway

RESOLVED:

That the recommendations set out in the report be approved.

Signed (Chairman)

Date:



<u>Committee and Date</u>
Cabinet
16 th December 2019

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

Post-19 Travel Assistance Policy

Responsible Officer Karen Bradshaw

e-mail: karen.bradshaw@shropshire.gov.uk Tel: 01743 254201

1. Summary

- 1.1 This report explains the background to and the need to adopt a policy to meet the requirements of Section 508F of the Education Act 1996 following an Ombudsman determination. This provision imposes a duty on the Council to make transport arrangements considered necessary for adult learners aged 19 and over attending educational institutions. Any transport must be free of charge. An investigation by the Local Government and Social Care Ombudsman was undertaken concerning a complaint that the Council had failed to provide free transport for a 19-year-old to attend college.
- 1.2 Under the arrangements current at the time of the complaint, when adult learners turned 19, they were directed to Adult Social Care and assessed under the Care Act 2004. In this specific case, it was agreed that the individual was entitled to transport under the Care Act but a financial assessment was then carried out to determine what his financial contribution should be for the travel assistance arranged for him (as he lived in a rural location some distance from public transport).
- 1.3 The Ombudsman determined that the Council should have assessed the individual under Section 508F of the Education Act (rather than the Care Act) to determine if it was “necessary” for him to be provided with free transport.
- 1.4 Following discussions with other Local Authorities who have found themselves in a similar position, a draft policy has been produced.
- 1.5 The Council has undertaken a six-week consultation, during September and October 2019, with various stakeholders including elected members, schools and colleges, parent advocacy groups, voluntary and community sectors and Town and Parish Councils. The results of this consultation have now been analysed and compiled before being presented to Cabinet for a decision. Having considered the views raised with the consultation responses from the various stakeholders, the recommendation would be to implement the Post 19 Travel Assistance Policy currently in draft at Appendix A. Details of the feedback received from the consultation can be found in Appendix B.

2. Recommendations

- 2.1 To approve the draft Post 19 Travel Assistance policy in Appendix A
- 2.2 To delegate to the Executive Director of Children's Services authority to undertake the necessary steps to implement the new policy and to take any further action as appropriate.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 A policy dealing with Section 508F of the Education Act is necessary to ensure that the Council is compliant with its legal obligations.
- 3.2 The Equality and Social Inclusion Impact Assessment (ESIIA) has identified that there is potential of Low Positive Impact on protected characteristic groupings, in particular those for age, disability, and social inclusion (see Appendix C).

4. Background

- 4.1 The need for the Council to have in place a policy to cover Section 508F of the Education 1996 arose from an investigation by the Local Government and Social Care Ombudsman as explained in the summary.

Under the proposed policy all adult learners aged 19 and over accessing education and training will be assessed for travel assistance eligibility firstly under Section 508F of the Education Act, and if it is determined that it is not deemed 'necessary' to provide transport in accordance with the policy then a further assessment may be undertaken under the Care Act. If transport is provided under the Care Act a financial assessment will also be completed, travel assistance may be granted which may attract a contribution.

- 4.2 Pending formal approval of the proposed policy officers are assessing individuals in accordance with the draft policy to determine if there are any operational difficulties. To date none have been identified. More detail about the financial implications are set out at section 6 below.

5 The consultation and how feedback was generated

5.1 The Council carried out a six-week consultation and contacted various stakeholders including elected members, schools and colleges, parent advocacy groups and Town and Parish Councils. The consultation was also placed Council's online portal.

The Council received eight responses, three consultees were in support of implementing the new draft policy.

Five consultees shared the following concerns:

- Rural isolation and lack of public transport
- Transport for all post 16 SEND pupils should be free
- The procedure for parents accessing this policy is confusing
- The Council should meet the needs of individual timetables and extra-curricular activities

5.2 It has been recognised that accessing this new process for learners and their families could be confusing as it was different to previous years where families went directly to Adult Services. A new application form will be implemented as well as clear signposting given to learners and their families by the Passenger Transport Group when a young person reaches post 19. Full information and signposting will also be provided on the Council's website.

Please refer to Appendix B for full comments and feedback.

6. Financial Implications

6.1 As of the beginning of November 2019 Shropshire Council had granted 19 learners travel assistance under Section 508F of the Education Act with an estimated cost of £135,790 in a full year. The Council must also recognise that if transport is deemed necessary by the Local Authority then it needs to accept that the obligation to support travel will continue until an individual's Education, Health and Care Plan (EHCP) ceases and/or the learners' individual circumstances change. Currently in Shropshire there are 259 individuals aged 19-25 with an EHCP so this area is likely to see significant growth over time. Although Section 508F of the Education Act does not exclusively refer to those aged 19 and over with SEND, Shropshire Council does not expect to attract any costs for mainstream students due to its current policy for this area.

6.2 As it is a new policy it is hard to predict the numbers of passengers and the cost to the Council, however as it stands the Council will spend £79,210 by the end of the 2019/20 financial year. SEND pupil numbers and particularly those that have required travel assistance has seen growth of between 5-7% in recent years.

6.3 This is recognised as an additional pressure but this does not materially alter the growth projections in children's and adult services as set out in the financial strategy.

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

Cabinet Member (Portfolio Holder)

Councillor Ed Potter

Local Member

All

Appendices

Appendix A – Draft Policy

Appendix B – Consultation Responses

Appendix B - ESIIA

**SHROPSHIRE COUNCIL
POST 19 YEARS EDUCATION AND TRAINING TRAVEL
ASSISTANCE POLICY**

Introduction:

This policy sets out Shropshire Council's statutory responsibility in respect of travel assistance for learners, specifically in relation to the duty set out in section 508F of the Education Act 1996.

Policy:

Whilst the Council actively encourages adults to participate in education and training, in order to progress their pathway to employment and maximise their independence; it is expected that the vast majority of adult learners will be able to make their own travel arrangements and meet the cost of those arrangements.

However, the Council will consider if it is necessary to make arrangements for the provision of transport pursuant to Section 508F of the Education Act 1996. The full definition is set out below but broadly this provides that the Council must make such arrangements for the provision of transport and they consider "necessary" for the purpose of facilitating the attendance of learners who are aged 19 and over at certain education institutions.

The Council will consider each individual application on a case by case basis and if it concludes that such arrangements are necessary, the transport will be provided free of charge.

In considering whether it is necessary for the Council to make arrangements for the provision of transport, the Council will have regard to, amongst other things, the matters set out in Section 508F(6) Education Act 1996, which includes the age of the adult and the nature of the route or alternative routes, which the adult could reasonably be expected to take.

In relation to adults who have an EHC Plan, the council will also have regard to what the Council is required to do under section 15ZA(1) of the Education Act 1996.

Where the Council has determined that it is not necessary to provide assistance under s508F of the Education Act, it may nevertheless, be appropriate to assess an individual who may be eligible for social care needs under the Care Act 2014. Any travel assistance identified within that process may be subject to a contribution.

How to apply:

You can apply online for travel assistance for any of the ages detailed on the 0-25 SEN transport page, alternatively you can contact the Specialist Travel

Team on 01743 253049 or email special.transport.team@shropshire.gov.uk who will be able to support with your application or if you have any queries.

How to appeal:

If an application for travel assistance is not approved, or you're unhappy with the nature of the assistance offered, you do have the right to appeal.

Appeals should be made in writing. Full details can be found on the 0-25 SEN transport page.

When might it be necessary for the Council to provide travel assistance?

In determining whether it is necessary for the Council to provide assistance with transport, the Council will also consider on an individual basis why it is necessary for the Council and not the learner or family to make suitable travel arrangements. To determine whether transport may be necessary the factors the Council considers it relevant to consider will include:

1. That the learner resides in Shropshire
2. Whether the institution attended is the nearest appropriate educational establishment offering a suitable course, on a full-time basis
3. Whether the learner has an Education, Health and Care Plan (EHCP) with details of their individual needs
4. What other arrangements have been considered or tried and why they are not suitable;
5. What funding is available for transport from the institution (such as any bursaries) that the learner is attending; there is an expectation that the learner has actively applied for that funding;
6. What other funds the learner can access; there is an expectation that the learner has actively applied for that funding;
7. If there is a family member/carer who may be willing to transport the learner;
8. If the learner is in receipt of higher rate mobility component of the Personal Independence Payment, this would be considered as a means of securing independent travel assistance. If there are any factors limiting its' use applicants will need to provide details of them;
9. If there is a Motability vehicle it is expected under the terms of use that the learner will directly benefit from its use. If a decision has been made not to use the Motability vehicle to enable the learner to attend their post 19 education placement, the learner will normally be expected to make their own appropriate alternative arrangements. If this is not possible applicants will need to provide details to explain why.
10. Whether the learner has a journey to the educational or training institution that cannot be undertaken on public transport due to the availability of public transport services or because of the learner's special needs and/or disabilities

Where it is considered that travel assistance is necessary it will be arranged in the most cost-effective way and will focus on support that will aim for or enable the learner to travel as independently as possible.

Transport is not provided to meet a learner's individual timetable, including before and after college clubs, extra-curricular activities, exams or work experience/placements.

(Section 508F of the Education Act 1996 provides that the Council must make such arrangements for the provision of transport and they consider "necessary" for the following purposes:

1. To facilitate the attendance of adults receiving education at institutions either maintained or assisted by the Council and providing further or higher education (or both) or within the further education sector,
2. To facilitate the attendance of an adult for whom an EHC Plan is maintained receiving education or training at institutions outside both the further education sector and the wider higher education sector, but only where the Council have secured the provision of education or training at the institution in question, and the provision of boarding accommodation.

An "adult" is defined as a person who is neither a child nor a person of sixth form age (which means they are over compulsory school age but either under 19 or have begun a particular course of education or training before the age of 19 and continue to attend that course)).

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Appendix A

Post-19 Travel Assistance Draft Policy – Consultation Responses

- 1) The Parish Council considered the proposed policy at its meeting on 1 October 2019.

The Council resolved to support the proposed policy.

- 2) ..Parish Council is very supportive of the proposed post-19 travel assistance policy.
- 3) The consultation does not proactively consider the needs of this age category in rural areas. Public transport is very limited or non-existent in rural areas, and this presents significant limitations for young people in this age group when they are trying to access training and employment.
- 4) There have been a number of students who have not attended college at the start of term due to confusion amongst parents regarding the new travel arrangements for post 19 students. Parents have reported that they were not communicated with effectively and were not fully aware of the process around arranging travel for their children to college. This is obviously then increasing pressure on parents whose children, due to their special educational needs, cannot travel independently to college and also affecting attendance. Young people are therefore missing out on vital education. It is vital that parents/carers are communicated with effectively and that a clear, simple and easy to follow process is in place so parents/carers can ensure that their young person has transport to college in place.

Families which include young people with SEN are less well off than families with non SEN children due to the financial demands that having a child with SEN puts on families. This is in terms of one parent/carers not being able to work as they need to be available to care for their young person. There is also an increased rate of single parent families with SEN children due to the strain that having a child with complex needs puts on relationships. Changing the policy puts increased pressure and financial burden on these already over burdened families.

- 5) Had your link sent to me stating I can give my opinion on how I and other families have been affected by your lack of humanity towards disabled people. Yes my 19 year old is on high rate for everything. Yes I have a mobility car. No, I have no family or friends to help with anything. No I do not go out to work because I care with all my heart for my daughter. I'm up all night when I have to be, I'm home for her, bath, dress and keep the home safe and clean for her. You expect me and families like mine to afford and have the energy to drive nearly 4 hours a day to take and collect our young adults. You show no empathy for the safety of the carer or young adult. Your a total disgrace. That's my opinion. For the mental harm and stress you caused you should be offers of settlements for all the time lost from college and much needed education to all families your caused upset to.

- 6) ..Town Council considered Shropshire Council's consultation on the proposed introduction of a post 19 transport policy at its meeting on 26.9.19 and wish to submit the following comments

It is the Town Council's opinion that all to post 19 SEND Students should receive assistance with travel costs and not just those faced with exceptional circumstances. In addition to this the Town Council continues to be concerned about the impact that the cost of transport for post 16 students travelling to school and colleges in Shropshire is having on young people in the county and urges Shropshire Council to reconsider its stance on these unfair charges on young people and their families.

If you require any clarification on the comments submitted, please do not hesitate to contact me.

- 7) I have been asked by my members to question why Transport is not provided to meet a learner's individual timetable, including before and after college clubs, extra-curricular activities, exams or work experience/placements.

Members feel that this is unreasonable and could be detrimental to the learners overall achievements.

- 8) The Parish Council considered the proposed policy at its meeting on 11 September 2019.

The Council resolved to support the proposed policy.

Shropshire Council Equality and Social Inclusion Impact Assessment (ESIA)

Part One Screening Record

A. Summary Sheet on Accountability and Actions

Name of proposed service change

Please use this box for the full formal name of the proposed service change, whether it is a policy, a procedure, a function, a project, an update of a strategy, etc. The term "service change" is used in this form as shorthand for whatever form the changes may take.

Proposed introduction of Post 19 Transport Policy

Name of lead officer carrying out the screening

Kelly Kovacs, Specialist Travel Team Manager

Decision, review and monitoring

Decision	Yes	No
Part One ESIA Only?	x	
Proceed to Part Two Full Report?		X

If completion of a Part One assessment is an appropriate and proportionate action at this stage, please use the boxes below and sign off as indicated. If a Part Two report is required, please move on to separate full report stage.

Actions to mitigate negative impact or enhance positive impact of the service change in terms of equality and social inclusion considerations

Shropshire Council actively encourages young adults to participate in education and training, it is expected that the vast majority of adult learners will make their own travel arrangements and meet the cost of those arrangements. However, the Council may conclude that it is necessary to make such arrangements for the provision of transport, consequently we anticipate better outcomes for the learner that will aim for or enable a learner to travel and live as independently as possible.

The consultation into the proposed introduction of the introduction of a Post 19 Transport Policy which aims to recognise SEND Post-19 students as adults in education and identify necessary transport needs in line with Department of Education Guidance, specifically our duty relating to section 508F. The consultation is being carried out accordingly in order to set out the proposals and gauge the likely impact.

The overall purpose of the adult duty is to ensure that those with the most severe disabilities with no other means of transportation are able to undertake further education and training after their 19th birthday to help them move towards more independent living.

At present, pending the consultation results the impact in equality terms is identified as low positive for Social Inclusion, disability and for age.

Actions to review and monitor the impact of the service change in terms of equality and social inclusion considerations

At present, and in advance of feedback from the proposed consultation, the impact in equality terms is identified as low positive for the groups Age, Disability, and Social Inclusion. The consultation will need to include efforts to gain as many views as possible from a wide ranging audience, not only from those who are likely to be affected but also from education and adult services professionals, who are well placed to provide informed assessments of anticipated future needs in terms of numbers and needs of learners. Links will also need to be drawn with other Council policy and processes, with regard to the Transition Protocol and Pathway and Post 16 support approaches.

Particular attention will be given to the Council’s safeguarding responsibilities, there will be ongoing dialogue, as required, with the Shropshire Children Safeguarding Board and the Keeping Adults Safe in Shropshire Board. In addition, dialogue with West Mercia Police and those service areas within the Council that have particular responsibilities for the care of children and young people and adults with care and support needs.

Those with the most complex needs and who have no other means of transportation will have equal access to continuing their education or training.

Associated ESIIAs

Please use this section to note any associated ESIIAs and timelines. For example, this may be the second screening ESIIA carried out at the end of a period of consultation: it will be helpful for the public to be able to refer to the initial ESIIA. This will also serve to demonstrate ongoing approaches to continuous engagement with Protected Characteristic groupings.

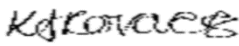
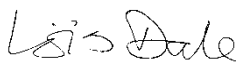
It will be helpful to the public to show how a proposed service change fits into the policy approach of a service area, eg the Highways service area has carried out related ESIIAs into winter service policy planning and risk-based approaches to highways safety inspections.

Economic Growth Strategy 2017-2021

Actions to mitigate negative impact, enhance positive impact, and review and monitor overall impacts in terms of any other considerations

There is an economic impact for the Council, as yet this is unquantifiable. Against this there may be the positive societal benefits for vulnerable groupings in our community.

Scrutiny at Part One screening stage


People involved	Signatures	Date
Lead officer carrying out the screening		30/08/2019
Any internal support*		
Any external support** Lois Dale, Rurality and		30/08/2019

Equalities Specialist		
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**This refers to other officers within the service area*

***This refers either to support external to the service but within the Council, eg from the Rurality and Equalities Specialist, or support external to the Council, eg from a peer authority*

Sign off at Part One screening stage

Name	Signatures	Date
Lead officer's name		
Accountable officer's name* James Willocks, Transport Commissioning Group Manager		30/09/2019

**This may either be the Head of Service or the lead officer*

B. Detailed Screening Assessment

Aims of the service change and description

Ensuring excellent education, training and care for everyone whatever their background creates a more productive economy, fit for the future and ensures that everyone has a chance to reach their potential to live a more fulfilled life. Local Authority transport policies play an important part in supporting young people's participation in education and training.

The Council is proposing a new Post-19 transport policy, Local Authorities have duty under 508F of the Education Act 1996. The Local Authority is required to make such arrangements for the provision of transport as they consider necessary in respect of:

- (a) adults (i.e. those who are aged 19 or over) for the purpose of facilitating their attendance at local authority maintained or assisted further or higher education institutions within the further education sector; and
- (b) relevant young adults with an EHC Plan (which can only be maintained up until the age of 25) for the purpose of facilitating their attendance at institutions where they are receiving education or training.

The overall intention of the adult transport duty is to ensure that those with the most severe disabilities with no other means of transportation are able to undertake further education and training after their 19th birthday to help them move towards more independent living.

Intended audiences and target groups for the service change

The intended audience and target groups/stakeholders were:

- The whole community

- All elected members
- All Schools and Colleges
- Transport Operators
- Parents Advocacy Groups
- Voluntary and Community Sector
- Town and Parish Councils
- Local Members of Parliament

This list is not intended to be exhaustive

Evidence used for screening of the service change

At present, pending consultation feedback the impact is in the low positive

Specific consultation and engagement with intended audiences and target groups for the service change

The intended audience and target groups/stakeholders were:

- The whole community
- All elected members
- All Schools and Colleges
- Transport Operators
- Parents Advocacy Groups
- Voluntary and Community Sector
- Town and Parish Councils
- Local Members of Parliament
- Shropshire Business Board

This list is not intended to be exhaustive.

Other Councils are also considering their policies for post-19 assistance and we will share and consider other LA's approaches, particularly those of a rural nature.

Initial assessment for each group

Please rate the impact that you perceive the service change is likely to have on a group, through inserting a tick in the relevant column. Please add any extra notes that you think might be helpful for readers.

Protected Characteristic groups and other groups in Shropshire	High negative impact <i>Part Two ESIIA required</i>	High positive impact <i>Part One ESIIA required</i>	Medium positive or negative impact <i>Part One ESIIA required</i>	Low positive or negative impact <i>Part One ESIIA required</i>
Age (please include children, young people, people of working age, older people. Some people may belong to more than one group eg child for whom there are safeguarding concerns eg older person with disability)				Low positive
Disability (please include: mental health conditions and syndromes including autism; physical disabilities or				Low positive

impairments; learning disabilities; Multiple Sclerosis; cancer; HIV)				
Gender re-assignment (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)				
Marriage and Civil Partnership (please include associated aspects: caring responsibility, potential for bullying and harassment)				
Pregnancy & Maternity (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)				
Race (please include: ethnicity, nationality, culture, language, gypsy, traveller)				
Religion and belief (please include: Buddhism, Christianity, Hinduism, Islam, Judaism, Non conformists; Rastafarianism; Sikhism, Shinto, Taoism, Zoroastrianism, and any others)				
Sex (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)				
Sexual Orientation (please include associated aspects: safety; caring responsibility; potential for bullying and harassment)				
Other: Social Inclusion (please include families and friends with caring responsibilities; people with health inequalities; households in poverty; refugees and asylum seekers; rural communities; people for whom there are safeguarding concerns; people you consider to be vulnerable)				Low positive

Identification of likely impact of the service change in terms of other considerations

Without full engagement and consultation the likely impact is low positive

Guidance Notes

1. Corporate and Service Area Policy and Practice on Equality and Social inclusion

This involves taking an equality and social inclusion approach in planning changes to services, policies or procedures, including those that may be required by Government.

The decisions that you make when you are planning a service change need to be recorded, to demonstrate that you have thought about the possible equality impacts on communities and to show openness and transparency in your decision-making processes.

This is where Equality and Social Inclusion Impact Assessments (ESIAs) come in. Where you carry out an ESIA in your service area, this provides an opportunity to show:

- What evidence you have drawn upon to help you to recommend a strategy or policy or a course of action to Cabinet;
- What target groups and audiences you have worked with to date;
- What actions you will take in order to mitigate any likely negative impact upon a group or groupings, and enhance any positive effects for a group or groupings; and
- What actions you are planning to review the impact of your planned service change.

The formal template is there not only to help the service area but also to act as a stand alone for a member of the public to read.

The approach helps to identify whether or not any new or significant changes to services, including policies, procedures, functions or projects, may have an adverse impact on a particular group of people, and whether the human rights of individuals may be affected.

This assessment encompasses consideration of social inclusion. This is so that we are thinking as carefully and completely as possible about all Shropshire groups and communities, including people in rural areas and people we may describe as vulnerable, for example due to low income or to safeguarding concerns, as well as people in what are described as the nine 'protected characteristics' of groups of people in our population, eg Age. We demonstrate equal treatment to people who are in these groups and to people who are not, through having what is termed 'due regard' to their needs and views when developing and implementing policy and strategy and when commissioning, procuring, arranging or delivering services.

When you are not carrying out an ESIA, you still need to demonstrate that you have considered equality in your decision-making processes. It is up to you what format you choose.-You could use a checklist, an explanatory note, or a document setting out our expectations of standards of behaviour, for contractors to read and sign. It may well not be something that is in the public domain like an ESIA, but you should still be ready for it to be made available.

Both the approaches sit with a manager, and the manager has to make the call, and record the decision made on behalf of the Council. Help and guidance is also available via the Commissioning Support Team, either for data, or for policy advice from the Rurality and Equalities Specialist. Here are some examples to get you thinking.

Carry out an ESIA:

- If you are building or reconfiguring a building;
- If you are planning to reduce or remove a service;
- If you are consulting on a policy or a strategy;

- If you are bringing in a change to a process or procedure that involves other stakeholders and the wider community as well as particular groupings

For example, there may be a planned change to a leisure facility. This gives you the chance to look at things like flexible changing room provision, which will maximise positive impacts for everyone. A specific grouping that would benefit would be people undergoing gender reassignment

Carry out an equality and social inclusion approach:

- If you are setting out how you expect a contractor to behave with regard to equality, where you are commissioning a service or product from them;
- If you are setting out the standards of behaviour we expect from people who work with vulnerable groupings, such as taxi drivers that we license;
- If you are planning consultation and engagement activity, where we need to collect equality data in ways that will be proportionate and non-intrusive as well as meaningful for the purposes of the consultation itself;
- If you are looking at services provided by others that help the community, where we need to demonstrate a community leadership approach

For example, you may be involved in commissioning a production to tour schools or appear at a local venue, whether a community hall or somewhere like Theatre Severn. The production company should be made aware of our equality policies and our expectation that they will seek to avoid promotion of potentially negative stereotypes. Specific groupings that could be affected include: Disability, Race, Religion and Belief, and Sexual Orientation. There is positive impact to be gained from positive portrayals and use of appropriate and respectful language in regard to these groupings in particular.

2. Legal Context

It is a legal requirement for local authorities to assess the equality and human rights impact of changes proposed or made to services. It is up to us as an authority to decide what form our equality impact assessment may take. Carrying out ESIIAs helps us as a public authority to ensure that, as far as possible, we are taking actions to meet the general equality duty placed on us by the Equality Act 2010, and to thus demonstrate that the three equality aims are integral to our decision making processes. These are: eliminating discrimination, harassment and victimisation; advancing equality of opportunity; and fostering good relations.

Service areas would ordinarily carry out a screening assessment, or Part One equality impact assessment. This enables energies to be focussed on review and monitoring and ongoing evidence collection about the positive or negative impacts of a service change upon groupings in the community, and for any adjustments to be considered and made accordingly.

If the screening indicates that there are likely to be significant negative impacts for groupings within the community, the service area would need to carry out a full report, or Part Two assessment. This will enable more evidence to be collected that will help the service area to

reach an informed opinion. Please contact the equality policy lead within the Council for more advice and guidance in this regard, as per details below.

For further information on the use of ESIIAs: please contact your head of service or contact Mrs Lois Dale, Rurality and Equalities Specialist and Council policy support on equality, via telephone 01743 258528, or email lois.dale@shropshire.gov.uk.



<u>Committee and Date</u>	<u>Item</u>
Cabinet	
16 December 2019	
	<u>Public</u>

Regional Permanency Arrangement Development (Phase One)

Responsible Officer Karen Bradshaw

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1. Summary

1.1 This report sets out the progress made in the formation of the Together4Children Regional Adoption Agency (RAA) between Staffordshire County Council, Stoke-on-Trent City Council, Shropshire Council and Telford & Wrekin Council and provides detail around the plans.

2. Recommendations

That Cabinet:

2.1 Delegates authority to the Executive Director of Children's Services in consultation with the Portfolio Holder for Children's Services to negotiate and agree the terms of the Permanency Partnership Agreement.

2.2 Delegates authority to the Executive Director of Children's Services to make further decisions in relation to the formation of the Together4Children Regional Adoption Agency (RAA) in consultation with the Portfolio Holder for Children's Services.

2.3 Approves that the Together4Children Regional Adoption Agency (RAA) Regional Financial Formula for 2020/21 and 2021/22 is set on the basis that each Partner contributes 100% of "in scope" budgets (Adoption Services), as disaggregated from the 2019/20 budget. Therefore, Shropshire Council's contribution to Adoption Services will continue to be £487,660.

2.4 Delegates to the Executive Director of Children's Services to further progress the proposal for the Permanency Partnership to go beyond adoption and to develop a regional model of wider permanence which includes Fostering, Connected Persons and Special Guardianship Orders (SGOs) and notes that further recommendations will be made to Cabinet in due course with a view to bringing these wider functions formally within the scope of the Permanency Partnership.

REPORT

3. Risk Assessment and Opportunities Appraisal

(NB this will include the following: Risk Management, Human Rights, Equalities, Community, Environmental consequences and other Consultation)

3.1 The Education and Adoption Act 2016 includes a statutory requirement to be part of a Regional Adoption Agency (RAA) by the 1st April 2020. Should the Council fail to enter an arrangement, the Secretary of State for Education has the power to direct one or more named Local Authorities to decide for any or all their adoption functions to be carried out on their behalf by one of the Local Authorities named, or by another agency. This is outlined in section 15 of the Education and Adoption Act 2016. There is a range of human and reputational non-financial benefits, but it is important to note that these benefits are only achievable long-term. These includes:

- Increased numbers of children adopted because of a greater range of Adopters leading to long term improved outcomes for Looked After Children
- Increased number of Looked After Children who achieve emotional (attachment), physical (stability) and legal permanence (in respect of who discharges parental responsibility) which gives our children a sense of security, continuity, commitment and identity.
- Increased number of Looked After Children with "harder to place" characteristics achieve emotional (attachment), physical (stability) and legal permanence (in respect of who discharges parental responsibility) because of the opportunities to explore potential new ways of working through a regional arrangement.
- Increased numbers of children who achieve early permanence, supported through a regional approach.
- Improve the long-term outcomes of children by achieving emotional (attachment), physical (stability) and legal permanence (in respect of who discharges parental responsibility).

- Reduced numbers of placement breakdowns because of the development of a regional approach to Effective Practice and the development of specialist, innovative and outcome focused models of practice and support only available through a regional operating model.

3.2 Increased numbers of children achieving permanence, will better prepare Looked After Children for the transition to adulthood, leading to wider benefits to society, the economy and the public purse.

4. Financial Implications

4.1 In proposing the development of a Regional Permanency Arrangement, the four Local Authorities are clear that it provides an opportunity to achieve a range of financial benefits in the medium term, as outlined in the previous Cabinet Report and Regional Outline Business Case (OBC).

4.2 The four Local Authorities are clear that any development proposals for the future partnership arrangements must not lead to increased financial costs or pressures to any of them. The four Local Authorities are also clear that no Local Authority will be disadvantaged financially because of the development of this arrangement.

4.3 In line with the Education and Adoption Act 2016, the Partnership will develop a Regional Financial Formula. The vast majority of this Regional Financial Formula will continue to be managed within individual Local Authorities with accountability to the Regional Management Board. A small number of Budgets relating to the functions of the Central Regional Permanency Hub will be hosted by Staffordshire County Council (SCC) with accountability to the Regional Management Board.

4.4 It is recommended (subject to Cabinet consideration) that the Regional Financial Formula for 2020/21 and 2021/22 is set on the basis that each Partner contributes 100% of “in scope” budgets (Adoption), as disaggregated from the 2019/20 budget.

4.5 The “in scope” budgets (Adoption) relate to following areas of practice:

Local Authority Adoption Agency Staffing	Adoption Workforce Training & Development
Adoption Agency Administrative Support	Adoption Agency Infrastructure/Corporate Recharges
Adopter Recruitment	Adopter Assessment
Adoption Family Finding	Adoption Panel & ADM
Post Adoption Support/Permanency Support	Adoption Service Commissioning
Inter-Agency Placement	Adoption Support Fund (ASF)

4.6 The “in scope” budget for Shropshire Council is £487,660.

4.7 It is also recommended (subject to Cabinet consideration) that there will be no further financial recourse to any Local Authority in the Partnership, in respect of services in scope of the Phase One Regional Adoption Agency (RAA). Partner Local Authorities will remain responsible for any additional cost pressures (through, for example, significant increases in predicted demand for services).

4.8 The proposed financial approach will ensure financial certainty for the Partnership in the short term, whilst ensuring that Local Authorities are insulated from potential financial risk as a result of the new arrangement. Adopting this proposed arrangement will allow the Partnership and the four Local Authorities to take informed financial decisions in the medium and long term, ensuring the Regional Permanency Arrangement will achieve financial sustainability to meet the changing needs of Looked After Children and the challenges facing the four Local Authorities.

4.9 The proposed model allows the Partnership to be able to adjust the Regional Financial Formula to take account of further functions coming into scope, as previously set out in the previous Cabinet Report and Regional Outline Business Case (OBC). Further recommendations will be made to Cabinet in respect of bringing these further functions within the scope of the Partnership.

5. Background

- 5.1 Most children will have their need for stability and nurturing met by their birth parent(s) and will not require support from or come to the attention of Local Authority Children's Services. A small number of children will come into the care of the Local Authority and will require long term provision away from their birth parent(s).
- 5.2 Where children require long term care, Local Authority Children's Services will prioritise the achievement of permanency. Permanence, in the context of Children's Social Care, is defined as a framework of emotional (attachment), physical (stability) and legal permanence (in respect of who discharges parental responsibility).
- 5.3 In June 2015, the Coalition Government prioritised the achievement of permanence through Adoption. "Regionalising Adoption", published by the Department of Education (DfE), set out the Governments direction for the formation of Regional Adoption Agencies (RAAs) by 2020.
- 5.4 In April 2017, Staffordshire County Council, Stoke-on-Trent City Council, Shropshire Council and Telford & Wrekin Council came together because of the shared vision to create an arrangement which goes beyond Adoption (as required in the Education and Adoption Act 2016) and includes Fostering, Special Guardianship and Connected Persons (the 'Partnership'). This Partnership focuses on working together to find local, caring, stable and loving homes for Looked After Children who require permanence, giving a child a sense of stability, continuity, commitment and identity.
- 5.5 In March 2019, Cabinet approved the formation of a Regional Permanency Arrangement (following the consideration of an Outline Business Case). To maximise the potential benefits of the new delivery model, and to manage the risks, Cabinet agreed to pursue a well organised and sequenced plan to achieve go live of Phase One (2019 – 2020), Phase Two (2020 – 2022) and Phase Three (2022 – 2024).
- 5.6 The Together4Children Regional Adoption Agency (RAA) continues to be developed in line with the decisions taken by Cabinet in March 2019. The development of this arrangement continues to be reflective of the Regional Outline Business Case (OBC) considered by Cabinet.
- 5.7 Statutory responsibilities relating to Looked After Children will continue to sit with Local Authorities (i.e. Corporate Parenting, Agency Decision Maker and Care Planning, Placement and Case Review).

- 5.8 In April 2019, the Partnership entered the Regional Permanency Transformation Programme (Phase One) which has initially focused on the development of a Regional Adoption Agency (RAA) by the 1st April 2020.
- 5.9 This Partnership is the first of its kind in the country and has received a significant transformation grant from the Department of Education (DfE) to pursue this new innovative way of working, which is focused on improving the long-term outcomes of all Looked After Children requiring permanency.

6 Progress:

- 6.1 In co-production with Stakeholders, the Permanency Partnership has developed the “Together4Children” regional brand. This regional brand reflects the vision, mission, values and strategic outcomes of the Permanency Partnership.
- 6.2 The Partnership has appointed a Regional Head of Operations who is responsible for the Regional Permanency Arrangement. The Regional Head of Operations has a single line of accountability to the Regional Management Board and undertakes a range of key functions across the four Local Authorities.
- 6.3 The Regional Head of Operations is continuing to engage the Regional Permanency Partnership in broader opportunities for transformation and development. This includes representing the region to the Department of Education (DfE), at the National RAA Leaders Group and the West Midlands Regional Adoption & Special Guardianship Leadership Board.
- 6.4 The Partnership has formed a Regional Senior Leadership Team (SLT) which brings together Service Leads responsible for Adoption, Fostering, Connected Persons and Special Guardianship from each Partner. The purpose of the Senior Leadership Team (SLT) is to deliver permanency services for families that are locally determined but at the same time have clear links to wider local, regional and national priorities.
- 6.5 Information governance will be integrated in all aspects of the Regional Permanency Arrangement and up to date and comprehensive intelligence and performance data is used regularly with Partners to plan and assess impacts of the Partnerships decisions.
- 6.6 Academic research and analyses are used to optimise performance and outcomes with automated analytical insight where possible. The

Partnership is continuously adapting and improving using research as evidence in line with strategic objectives.

- 6.7 Through funding provided by the Department of Education (DfE), a team of Regional Development Officers is continuing to embed new ways of working across the Partnership with a focus on innovation, effective practice and service improvement.
- 6.8 A network of Regional Business Workstreams have been established. These workstreams are focusing on aligning our infrastructure for Adoption. This includes activity relating to governance, legal infrastructure, finance, resources, workforce, I.C.T, digitalisation, information governance and strategic commissioning.
- 6.9 The Partnership has also developed a network of Regional Practice Workstreams which are focusing on aligning our Adoption practice. This includes activity relating to adopter recruitment, adopter assessment, achieving early permanence, the child's permanency journey, permanency support, adoption decision making, adopter training and development and family finding, together with the alignment of all policies, procedures, guidance, delivery structures, systems, processes and practices to enable the workforce from the four Local Authorities to work together.
- 6.10 The Partnership is testing new ways of working, including the development of an Early Permanency Project, a Post Adoption Support Project and most recently the Partnership have received a DfE Grant to test new ways of working for Fostering through the Mockingbird Practice Model.
- 6.11 The Partnership continues to be on track to deliver a Regional Adoption Agency (RAA) by the 1st April 2020.

7 Governance:

- 7.1 The Partnership has established a Regional Governance System which is aligned to ensure Partners continue to have a demonstrable focus on achieving permanence for Looked After Children.
- 7.2 The Regional Management Board (the 'Board') is accountable for the Regional Permanency Arrangement and continues to provide strategic leadership. The Board includes representatives of each Partner and takes decision by consensus. Decision making is taken in line with local governance and decision-making arrangements.

- 7.3 The Board is chaired by Shropshire’s Director of Children’s Services (on behalf of the four respective Local Authorities) and includes Assistant Directors/Strategic Leads responsible for permanency. As Staffordshire County Council will be the Host Authority for the Regional Permanency Arrangement, the Board will not be chaired by a Staffordshire representative.
- 7.4 Members of the Regional Management Board will be appointed by each Partner and will have the appropriate delegations to undertake the following functions (in the constraints of local decision-making arrangements):
- 7.4.1 To approve the Regional Permanency Strategic Plan, Annual Business Plan, Annual Financial Plan and Regional Medium-Term Financial Strategy (MTFS);
- 7.4.2 To agree how the functions in the Partnership are to be provided and funded. This includes how the Central Permanency Hub and Locality Permanency Hubs are established, composed and funded;
- 7.4.3 Approve the Commissioning intentions and activity of the Regional Permanency Partnership;
- 7.4.4 To approve Regional Policies, Procedures, Guidance, and Strategies in respect of the functions of the Regional Permanency Partnership;
- 7.4.5 To appoint the Regional Head of Together4Children and take decisions relating to staffing and personnel matters in accordance with the individual Council’s agreed policies and personnel procedures.
- 7.4.6 To exercise, within the approved budget, the day to day administrative and operational management of those services, staff and resources within the Together4Children Regional Permanency Partnership (as approved by Cabinet).
- 7.5 The Regional Governance System is underpinned by clear strategic plans in place to manage future demand, develop quality services, deliver value for money and achieve appropriate efficiencies and cost savings.
- 7.6 The Regional Governance System is developing a clear approach to using evidence and analysis to understand demand, regional sufficiency planning and inform future planning and commissioning of services, relating to permanency.

7.7 In addition, the Lead Cabinet Members for Children & Young People, along with Directors of Children's Services (DCS) have formed a Strategic Partnership Network. This network continues to provide political, member led leadership to the development of the Partnership and the Regional Permanency Arrangement.

8 The Regional Workforce:

- 8.1 The Partnership is seeking to bring together the workforce of each Adoption Service to form the Together4Children Regional Adoption Agency (RAA). This workforce will continue to be based in the Local Authorities of the Partnership.
- 8.2 The workforce will adopt a common purpose which will be supported by an integrated delivery model. Staff from the four Local Authorities will have shared priorities and will be empowered to take personal responsibility and ownership to work across the regional boundaries. This will continue to be focused on improving outcomes for children.
- 8.3 Staff will continue to be employed within each Local Authority and will not be transferred to another alternative delivery vehicle at this time. As part of the arrangement, the Partnership is however proposing to more closely align the functions and activities of the workforce in each Local Authority to enable more effective regional working.
- 8.4 The Partnership is also proposing, where appropriate, to explore opportunities for secondments to the Central Regional Permanency Hub (hosted by Staffordshire County Council). The secondments will fulfil specific regional roles and functions within the Regional Adoption Agency (RAA).
- 8.5 The Partnership is intending to engage with staff (in scope of the Partnership) through appropriate locally agreed processes, including appropriate engagement with Trade Unions in early 2020.
- 8.6 Key decisions in relation to workforce alignment will be taken by the Executive Director of Children's Services, in consultation with the Cabinet Member for Children's Services.
- 8.7 The workforce will have access to the learning and development opportunities at the right time, including a range of evidence-based programmes and training from a range of Partners to support the formation of the Together4Children Regional Adoption Agency (RAA).

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

Cabinet Paper 20 March 2019 North Midlands Adoption & Permanency Partnership and Appendix 1 - Outline Business Case

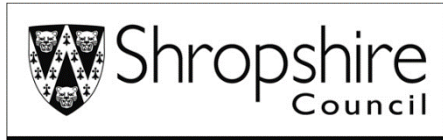
Cabinet Member (Portfolio Holder)

Cllr Ed Potter

Local Member

All Members

Appendices



<u>Committee and Date</u>	<u>Item</u>
Cabinet 16 December 2019	
	<u>Public</u>

SETTING THE COUNCIL TAX TAXBASE 2020/21

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

1. Summary

- 1.1. In order to determine the appropriate Council Tax levels for Shropshire Council, it is necessary to determine the Council Tax taxbase for the area. The budget requirements of the various precepting authorities are divided by this figure to arrive at the Band D Council Tax.
- 1.2. For 2020/21 the Council Tax taxbase will be 113,557.43 Band D equivalents, this is an increase of 2.08% from 2019/20.
- 1.3. The Council Tax taxbase has a direct impact on the Council Tax that will be levied by the Council for 2020/21.

2. Recommendations

Cabinet members are asked to agree and recommend to full Council for approval:

- 2.1 In accordance with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 to approve the revised discretionary power to levy a Council Tax premium in relation to dwellings which have been unoccupied and substantially unfurnished for more than five years i.e. increasing the premium to 200% in relation to dwellings which have been unoccupied and substantially unfurnished for more than five years and the resulting inclusion of an additional 382.22 Band D equivalents in the taxbase.
- 2.2 To approve the publication of a notice regarding the new discretionary Council Tax discount policy awarded in respect of vacant properties within 21 days of the determination.

On the assumption that the changes to the discount policy in relation to vacant dwellings detailed in Sections 2.1 and 7.3 of this report have been approved, Cabinet members are asked to agree and recommend to full Council:

- 2.3 To approve, in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amount calculated by Shropshire Council as it's Council Tax taxbase for the year 2020/21, as detailed in Appendix A, totalling 113,557.43 Band D equivalents.
- 2.4 To note the changes to the Council's localised Council Tax Support (CTS) scheme in 2020/21. The scheme is attached at Appendix B.
- 2.5 To note the Council Tax Support Scheme amendments detailed in Section 6 have no impact on the taxbase determination.
- 2.6 To note the exclusion of 8,801.98 Band D equivalents from the taxbase as a result of localised Council Tax Support.
- 2.7 To note continuation of the discretionary Council Tax discount policy of 0% in respect of second homes (other than those that retain a 50% discount through regulation as a result of job related protection) and note the inclusion of 705.45 Band D equivalents in the Council Tax taxbase as a result of this discount policy.
- 2.8 To note continuation of the discretionary Council Tax discount policy to not award a discount in respect of vacant dwellings undergoing major repair, i.e. former Class A exempt properties.
- 2.9 To note continuation of the discretionary Council Tax discount policy in respect of vacant dwellings, i.e. former Class C exempt properties, of 100% for one month i.e. effectively reinstating the exemption and the resulting exclusion of 266.55 band D equivalents from the taxbase.
- 2.10 To note continuation of the "six week rule" in respect of vacant dwellings, i.e. former Class C exempt properties.
- 2.11 To note continuation of the discretionary Council Tax discount policy to levy a Council Tax premium of 100% in relation to dwellings which have been unoccupied and substantially unfurnished for more than two years (but less than five years) and the resulting inclusion of an additional 288.55 Band D equivalents in the taxbase.
- 2.12 To approve a collection rate for the year 2020/21 of 98.3%.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 Expression of Council Tax Support in terms of Band D equivalents results in a higher potential for inaccuracies in the determination process as Council Tax Support is a significantly more volatile discount element.
- 3.2 Details of the potential risk in relation to establishing a collection rate allowance is detailed within this report in Section 9.

4. Financial Implications

- 4.1 The Council Tax taxbase figure impacts on the Council Tax that will be levied by the Council for 2020/21.
- 4.2 The implication of the Council's localised Council Tax Support scheme are detailed in Section 6.
- 4.3 The implications of maintaining the discount in respect of second homes at 0% are detailed in Section 7.1.
- 4.4 The implications of maintaining the discount in respect of vacant dwellings are detailed in Section 7.2.
- 4.5 The implications of maintaining the premium of 100% in respect of properties which have been unoccupied and substantially unfurnished for more than two years and increasing the premium from 100% to 200% in respect of properties which have been unoccupied and substantially unfurnished for more than five years are detailed in Section 7.3.
- 4.6 The implications regarding the determined collection rate are detailed in Section 9.

5. Background

- 5.1 Shropshire Council has responsibility for determining the Council Tax taxbase for the Council's geographical area.
- 5.2 The taxbase for Council Tax must be set between 1 December 2019 and 31 January 2020 in relation to 2020/21, as prescribed by the Local Authorities (Calculation of Council Tax Base) Regulations 2012.

- 5.3 The Council is also required to inform the major precepting authorities, West Mercia Police & Crime Commissioner and Shropshire & Wrekin Fire Authority, of the taxbase in order to enable the calculation of Council Tax for the following year. Each town and parish council is also notified of its own Council Tax taxbase.
- 5.4 The purpose of this report, therefore, is to determine and approve the Council Tax taxbase for Shropshire Council for 2020/21.

6. Council Tax Support

- 6.1 The 2010 Spending Review announced the localisation of council tax support and The Welfare Reform Act 2012 abolished Council Tax Benefit from 31 March 2013 and required that Local Government created a localised Council Tax Support (CTS) scheme effective from 1 April 2013, accommodating a reduction in funding of 10%.
- 6.2 Shropshire Council's localised CTS scheme was approved in December 2018. A number of minor changes are proposed to the existing scheme to take effect from 1 April 2020. The current scheme summary that reflects these amendments is attached at Appendix B.
- 6.3 The proposed amendments relate to the following areas:
- Defining a council tax reversal as an amount of Council Tax Support to which the claimant was not entitled
 - Clarification of what action the Council will take depending on whether the reversal is caused by claimant error or official error
 - Clarification of the definition of pensioner in accordance with new benefit rules for mixed age couples and eligibility for Local Council Tax Reduction Schemes
 - Clarification that any payment made by the Home Office under the Windrush Compensation Scheme or the Windrush Exceptional Payment Scheme will be disregarded as capital
- 6.4 A consultation on these amendments ran from 11 October 2019 to 22 November 2019. There were no responders.
- 6.5 From 2013, therefore, council tax support has taken the form of reductions within the council tax system, replacing national council tax benefit. Making reductions as part of the council tax system reduces a billing authority's Council Tax taxbase. Billing and major precepting authorities receive funding (Council Tax Support Grant) which reduce their council tax requirement and, depending

on the design of the local council tax scheme, can help offset the council tax revenue foregone through reductions.

- 6.6 An estimate of the effect of the local Council Tax Support Scheme on the Council Tax taxbase has been determined for Shropshire. It is estimated that the Council Tax Support Scheme will reduce the Council Tax taxbase by 8,801.98 Band D equivalents.
- 6.7 As Council Tax Support entitlement will vary throughout the year and this will affect the taxbase it is more likely that the amount of Council Tax collected in 2020/21 will vary from the estimate.
- 6.8 A link to the full scheme for 2019/20 is below.

<https://www.shropshire.gov.uk/media/12531/ctrs-scheme-2019-20.pdf>

7. Discretionary Discount Policies

7.1 *Second Homes*

- 7.1.1 Second homes are defined as furnished properties which are not occupied as a person's main residence and include furnished properties that are unoccupied between tenancies.
- 7.1.2 The Local Government Act 2003 gave councils new discretionary powers to reduce the 50% Council Tax discount previously awarded in respect of second homes to between 10% and 50% with effect from 1st April 2004. Councils retain the additional income raised by reducing the second homes Council Tax discount.
- 7.1.3 The Local Government Act 2012 further extended billing authorities' discretion over the second homes discount to between 0% and 50%. On 17 October 2012 Cabinet approved the reduction of the second homes Council Tax discount from 10% to 0%.
- 7.1.4 The figures used for the 2020/21 Council Tax taxbase incorporate a 0% Council Tax discount in respect of second homes (other than those that retain a 50% discount through regulation as a result of job-related protection). Implementation of this policy results in the inclusion of 705.45 Band D equivalents in the taxbase.

Vacant Properties

7.2 *Former Class A & Class C Exempt Properties*

- 7.2.1 The Local Government Act 2012 abolished both Class A and Class C exemptions and gave billing authorities' discretion to give discounts of between 0% and 100%. Class A exemptions were previously available for up to 12 months in respect of a vacant property which required, was undergoing, or had recently undergone major repair work to render it habitable, or a structural alteration. Class C exemptions were previously available for up to six months after a dwelling became vacant.
- 7.2.2 On 14 December 2017 Council approved the removal of a 50% Council Tax discount in respect of vacant dwellings undergoing major repair, i.e. former Class A exempt properties.
- 7.2.3 In respect of former Class A exempt properties the figures used for the 2019/20 Council Tax taxbase allow for the continuation of the decision previously approved by Council, i.e. to award no discount.
- 7.2.4 On 17 October 2012 Cabinet approved the award of a 25% Council Tax discount in respect of vacant dwellings, i.e. former Class C exempt properties.
- 7.2.5 Implementation of this policy resulted in a large number of low value Council Tax demands being raised primarily in relation to landlords whose properties are between tenants. A significant number of landlord complaints were received in relation to these Council Tax demands and these small amounts proved to be very difficult to collect. It was, therefore, proposed and approved that a 100% discount be awarded for one month, i.e. effectively reinstating the exemption, and then a 25% discount be awarded for the remaining five months.
- 7.2.6 In order to avoid fraudulent 100% claims in respect of these types of properties it was also proposed and approved that the "six week rule" be applied, i.e. if a dwelling which is unoccupied and unfurnished is either exempt or entitled to a discount, becomes occupied or substantially furnished for a period of less than six weeks, after which it falls empty again, it will only resume exemption or discount for any of the original exemption or discount period which remains.
- 7.2.7 On 14 December 2017 Council approved the continuation of the policy to award one month exemption when a property becomes unoccupied and substantially unfurnished (subject to the six week rule) and approved a revised policy to remove the 25% for the following five months. This means that when a property becomes unoccupied and substantially unfurnished it would attract one month exemption, then pay full charge for the following twenty three months, then attract an additional 100% council tax premium after two years.
- 7.2.8 In respect of former Class C exempt properties the figures used for the 2020/21 Council Tax taxbase incorporate a discount of 100% for one month. Continuation of this policy to award the one month exemption results in the exclusion of 266.55 Band D equivalents from the taxbase.

7.3 **Empty Homes Premium**

- 7.3.1 The Local Government Act 2012 amended the Local Government Finance Act 1992 and also gave billing authorities' discretion to levy an empty homes premium of 50% after a dwelling has been empty and substantially unfurnished for at least two years. In December 2013 Shropshire Council chose to enact this discretionary power with effect from April 2014.
- 7.3.2 On 1 November 2018 the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 was passed which further amended the Local Government Finance Act 1992. This gave billing authorities' discretion to levy an empty homes premium of 100% for the financial year beginning 1 April 2019 after a dwelling has been unoccupied and substantially unfurnished for at least two years. The Act also allows for a 200% premium from 1 April 2020 for properties unoccupied and substantially unfurnished for at least 5 years and a 300% premium from 1 April 2021 for properties unoccupied and substantially unfurnished for at least 10 years.
- 7.3.3 Members are asked to approve a revised policy to levy an empty homes premium of 200% after a dwelling has been unoccupied and substantially unfurnished for at least five years.
- 7.3.4 The figures used for the 2020/21 Council Tax taxbase incorporate a 100% Council Tax premium in respect of dwellings which have been unoccupied and substantially unfurnished for more than two years and a 200% Council Tax premium in respect of dwellings which have been unoccupied and substantially unfurnished for more than five years. Implementation of this policy results in the inclusion of 288.55 Band D equivalents in the taxbase in relation to properties unoccupied and substantially unfurnished for more than two years and 382.22 Band D equivalents in the taxbase in relation to properties unoccupied and substantially unfurnished for more than five years.

8. **Taxbase Calculation**

- 8.1 Based on the valuation list, the Council Tax taxbase is the number of properties in the area falling within each council tax property valuation band, modified to take account of the adjustments set out below. Taxbase is expressed as a Band D equivalent.
- 8.2 An analysis of Council Tax bands within Shropshire Council is detailed below:

Property Band	House Value	Ratio to Band D	Analysis of Dwellings on the Valuation List (%) (as at 9 th September 2019)	% Increase / (Decrease) over 2018/19
A	Under £40,000	6/9	18.5	0.0
B	40,001 - 52,000	7/9	25.7	0.8

C	52,001 - 68,000	8/9	20.8	1.5
D	68,001 - 88,000	9/9	14.3	1.2
E	88,001 - 120,000	11/9	11.2	2.3
F	120,001 - 160,000	13/9	6.0	2.9
G	160,001 - 320,000	15/9	3.2	1.9
H	Over 320,000	18/9	0.3	1.5

8.3 There are 144,653 properties in the valuation list for the Shropshire Council area. This compares with a figure of 142,967 in the list at the same time last year. There has been an increase of 1,686 properties overall, which equates to 1.18%. The number of properties in property bands B – G has increased, the number of properties in band A has decreased.

8.4 The methodology followed for calculating the taxbase is as follows:

- Ascertain the number of properties in each Council Tax band (A to H) shown in the valuation list as at 9 September 2019.
- Adjust for estimated changes in the number of properties through new build, demolitions and exemptions.
- The number of discounts and disabled relief allowances which apply as at 7 October 2019.
- Convert the number of properties in each Council Tax band to Band D equivalents by using the ratio of each band to Band D and so arrive at the total number of Band D equivalents for the Council.
- Adjust the total number of Band D equivalents by the estimated Council Tax collection rate for the year

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

9. Collection Rate

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

9.2 A collection rate of 98.0% was assumed for the 2019/20 financial year and it is recommended that a collection rate of 98.3% should be assumed for the purpose of determining the Council Tax taxbase in 2020/21.

9.3 Actual in year collection rates in 2016/17, 2017/18 and 2018/19 were 98.4%, 98.4% and 98.2% respectively. The collection rate for 2019/20 is currently projected to outturn at around 98.2%.

- 9.4 The reduction in the Collection Rate for 2018/19 was mainly due to the changes to the Council Tax Support scheme that were implemented in 2018/19.
- 9.5 A survey of other Councils that have introduced a minimum payment to their Council Tax Support scheme has shown that there is a detrimental effect on their overall council tax collection rate. This has varied among different Councils between 0.3% and 0.7% in the first year, but gradually improving over subsequent years. Therefore, the proposed collection rate for 2020/21 has been increased from 2019/20.
- 9.6 A rate of 98.3% is considered prudent given the current level of recovery, the collection rates of the last 3 years and the continued impact of the Council Tax Support scheme changes.
- 9.7 If the actual rate exceeds 98.3% a surplus is generated, which is shared between the Unitary Council, West Mercia Police & Crime Commissioner and Shropshire & Wrekin Fire Authority, pro rata to their demand on the Collection Fund for the relevant year. Conversely, any shortfall in the collection rate results in a deficit, which is shared in a similar manner. The surplus or deficit is taken into account in setting the Council Tax in the following year.

10. Council Tax Base

- 10.1 The estimated Council Tax taxbase for the whole of the area will be used by this Council to calculate its Council Tax Levy. It will also be used by West Mercia Police & Crime Commissioner and Shropshire & Wrekin Fire Authority to calculate the levy in respect of their precepts.
- 10.2 The Council Tax taxbase for this purpose in 2020/21 is 113,557.43 Band D equivalents, an increase of 2.08% from 2019/20. The detailed build of this figure analysed by both parish and town council and Environment Agency region is shown in Appendix A.

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

N/A

Cabinet Member (Portfolio Holder)

David Minnery

Local Member

N/A

Appendices

Appendix A: 2020/21 Parish and Town Council Tax Taxbase Summary for Shropshire Council.

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

2020/21 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council	APPENDIX A
Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Abdon & Heath	106.92
Acton Burnell, Frodesley, Pitchford, Ruckley & Langley	266.25
Acton Scott	37.85
Adderley	207.86
Alberbury with Cardeston	398.50
Albrighton	1,524.50
All Stretton, Smethcott & Woolstaston	174.18
Alveley & Romsley	860.30
Ashford Bowdler	36.90
Ashford Carbonel	186.65
Astley	202.68
Astley Abbotts	244.78
Aston Bottrell, Burwarton & Cleobury North	115.12
Atcham	203.56
Badger	57.25
Barrow	264.46
Baschurch	1,107.15
Bayston Hill	1,802.43
Beckbury	154.31
Bedstone & Bucknell	316.42
Berrington	425.79
Bettws-Y-Crwyn	91.50
Bicton	411.97
Billingsley, Deuxhill, Glazeley & Middleton Scriven	164.64
Bishops Castle Town	658.85
Bitterley	351.28
Bomere Heath & District	866.46
Boningale	137.90
Boraston	75.58
Bridgnorth Town	4,578.46
Bromfield	123.58
Broseley Town	1,550.09
Buildwas	103.66
Burford	432.50
Cardington	207.44
Caynham	530.76
Chelmarsh	229.92
Cheswardine	394.93
Chetton	159.70
Childs Ercall	299.00
Chirbury with Brompton	341.28
Church Preen, Hughley & Kenley	129.48
Church Pulverbatch	165.12
Church Stretton & Little Stretton Town	2,175.18
Claverley	871.19
Clee St. Margaret	69.73
Cleobury Mortimer	1,171.56
Clive	240.73
Clun Town with Chapel Lawn	515.73
Clunbury	248.58

2020/21 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council	APPENDIX A
Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Clungunford	152.19
Cockshutt-cum-Petton	304.15
Condover	882.82
Coreley	136.19
Cound	210.80
Craven Arms Town	805.01
Cressage, Harley & Sheinton	411.66
Culmington	168.10
Diddlebury	266.58
Ditton Priors	338.53
Donington & Boscobel	600.37
Eardington	242.80
Easthope, Shipton & Stanton Long	201.99
Eaton-Under-Heywood & Hope Bowdler	181.60
Edgton	47.70
Ellesmere Rural	930.74
Ellesmere Town	1,487.25
Farlow	185.10
Ford	304.42
Great Hanwood	411.45
Great Ness & Little Ness	519.52
Greete	46.76
Grinshill	113.46
Hadnall	365.61
Highley	1,109.67
Hinstock	506.94
Hodnet	577.64
Hope Bagot	28.88
Hopesay	237.26
Hopton Cangeford & Stoke St. Milborough	161.67
Hopton Castle	41.41
Hopton Wafers	296.62
Hordley	102.84
Ightfield & Calverhall	200.94
Kemberton	116.10
Kinlet	413.29
Kinnerley	491.08
Knockin	117.74
Leebotwood & Longnor	200.50
Leighton & Eaton Constantine	205.37
Llanfairwaterdine	100.58
Llanyblodwel	261.39
Llanymynech & Pant	674.38
Longden	533.22
Loppington	283.85
Ludford	243.20
Ludlow Town	3,515.95
Lydbury North	224.37
Lydham & More	128.01
Mainstone & Colebatch	85.08

2020/21 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council	APPENDIX A
Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Market Drayton Town	3,963.49
Melverley	51.40
Milson & Neen Sollars	122.58
Minsterley	593.30
Montford	257.84
Moreton Corbett & Lee Brockhurst	129.54
Moreton Say	202.61
Morville, Acton Round, Aston Eyre, Monkhopton & Upton Cressett	367.40
Much Wenlock Town	1,220.73
Munslow	175.14
Myddle & Broughton	631.26
Myndtown, Norbury, Ratlinghope & Wentnor	263.29
Nash	137.66
Neen Savage	155.68
Neenton	62.60
Newcastle	128.74
Norton-In-Hales	314.89
Onibury	133.02
Oswestry Rural	1,681.59
Oswestry Town	5,329.77
Pontesbury	1,280.68
Prees	1,133.91
Quatt Malvern	94.14
Richards Castle	141.97
Rushbury	271.92
Ruyton-XI-Towns	456.84
Ryton & Grindle	80.15
Selattyn & Gobowen	1,256.70
Shawbury	879.74
Sheriffhales	318.04
Shifnal Town	3,276.53
Shrewsbury Town	25,178.17
Sibdon Carwood	48.30
St. Martins	935.17
Stanton Lacy	166.27
Stanton-Upon-Hine Heath	243.00
Stockton	130.49
Stoke-Upon-Tern	479.85
Stottesdon & Sidbury	329.79
Stowe	48.35
Sutton Maddock	106.14
Sutton-Upon-Tern	401.88
Tasley	415.81
Tong	123.70
Uffington	120.75
Upton Magna	156.96
Welshampton & Lyneal	374.32
Wem Rural	685.71
Wem Town	2,015.05
West Felton	565.59

2020/21 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council		APPENDIX A
Parish / Town Council		Council Tax Taxbase (Band D Equivalents)
Westbury		527.07
Weston Rhyn		849.56
Weston-Under-Redcastle		123.51
Wheathill		73.40
Whitchurch Rural		608.01
Whitchurch Town		3,352.12
Whittington		915.23
Whitton		59.91
Whixall		343.57
Wistanstow		332.26
Withington		106.41
Woore		597.70
Worfield & Rudge		920.05
Worthen with Shelve		786.00
Wroxeter & Uppington		160.74
Shropshire Council Total		113,557.43
Environment Agency - Severn Trent Region		106,674.72
Environment Agency - Welsh Region		4,383.52
Environment Agency - North West Region		2,499.19
Shropshire Council Total		113,557.43

APPENDIX B

SHROPSHIRE COUNCIL – BENEFITS SERVICE

COUNCIL TAX SUPPORT (CTS)

Introduction

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

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

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

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

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

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

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

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

Removal of Second Adult Rebate

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

Reduction of the capital limit

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

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

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

Removal of Earnings disregards

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

Removal of Child Benefit disregards

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

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

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

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

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

Non-dependant earned income deductions (pension age only)

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

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

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

(This disregard will be up-rated annually in line with figures provided annually by DCLG)

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

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

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

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

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

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

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

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

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

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

Changes with effect from 1 April 2018 to bring the scheme in line with Housing Benefit changes

- **2 child cap**
The Government has announced that they will limit benefit support by only taking into account a maximum of two dependent children per family. It affects all claims where new children are born after April 2017. This will apply in Housing Benefit to families that make a new claim from April 2017
- **Loss of the family premium**
The Government removed the family premium for new claims within the assessment of Housing Benefit with effect from May 2016
- **Bereavement Support Payments to be disregarded in full**
This was introduced into Housing Benefit with effect from April 2017
- **Any payments from the 'We love Manchester Fund' and the 'London Emergency Trust' to be disregarded in full**
- **Maximum backdate period of 1 month**
- **Absence from home limited to 4 weeks when outside GB**
The temporary absence rules for Housing Benefit were amended in 2015 reducing the allowable period of temporary absence outside Great Britain from 13 weeks to 4 weeks.

The limit applies to new periods of absence only. Exceptions are when an absence is in relation to
 - Death of a partner, child or close relative
 - Receiving medical treatment
 - A person who has fled their home due to fear of violence
 - A member of Her Majesty's forces posted overseas
- **Beneficial changes in circumstances to be reported within one month of the change in order for the claim to be updated from the date of change, otherwise changes will take effect from the Monday following date notified.**
- **All working aged claimants who receive Council Tax Support (unless they are a pensioner or classed as vulnerable) will pay 20% of their council tax liability, (after appropriate discounts have been awarded)**

An example of this change is as follows:

1) Current scheme (which allows for 100% reduction)

The customer's liability is £20.00 per week. As they are in receipt of Jobseekers Allowance they are entitled to full Council tax reduction making their council tax balance for the year £0.00

2) Proposed new scheme (20% minimum payment)

The customer liability is £20.00. Before any calculation takes place 20% of this amount is reduced from the liability to be used. This means that any calculation will be carried out on a figure of £16.00. Again the customer is on Jobseekers Allowance and so they are entitled to a full award. This will mean their council tax balance for the year will be £208.00 (£4.00 x 52).

- **De Minimis change amount of £10.00 per week for claimants in receipt of Universal Credit**
- **Apply a minimum award of £1.50**
- **Claimant or partner who meet the specific criteria of severe disablement contained within the policy will be protected from any percentage reduction in council tax support. Claimant or partner in receipt of Employment and Support Allowance will be protected from any percentage reduction in council tax support. This will also apply to customers who meet the criteria for receiving a war compensation related benefit or pension. Specifically this includes**

Criteria to be awarded for the severe disability premium:

- The customer has to be in receipt of
 - 1) Attendance allowance or
 - 2) Higher or middle rate care component of disability living allowance or
 - 3) The daily living allowance rate of personal independence payments
- They must not have a resident non-dependant
- No person is entitled to, and in receipt of, carers allowance in respect of caring for the customer and;
- If the customer has a partner they must also meet all above criteria

Criteria to be awarded the support component of employment and support allowance

It is accepted that some people's difficulties or disabilities are such that not only is the person not expected to look for work but are also not expected to undertake an work related activities or plan for starting work due to the severity of their difficulties

Criteria to qualify for the war pension's exemption

The customer and/or partner has to be in receipt of either:

- War pension
- War disablement pension
- War service attributable pension
- War widows pension
- War mobility supplement

Changes with effect from 1 April 2019

Severe Disability Premium does not exist in Universal Credit. From 1 April 2019 claimants or couples that have moved into Universal Credit but meet the above criteria for the severe disablement premium will be exempt from the percentage reduction.

Employment and support allowance does not form part of Universal Credit. Instead there is a limited capability for work and limited capability for work related activity element in Universal Credit which is similar to that used for identifying the work related activity group and support group of Employment Support Allowance. From 1 April 2019 claimants or partners in receipt of the limited capability for work related activity element in Universal Credit that is the equivalent to the support element of employment and support allowance will be exempt from the percentage reduction.

Changes with effect from 1 April 2020

- We have defined a council tax reversal as an amount of Council Tax Support to which the claimant was not entitled, and we have clarified what action the Council will take depending on whether the reversal is caused by claimant error, or official error.
- We have clarified that where a reversal is due to claimant error the total sum of the reversal shall be fully chargeable and recoverable as part of the claimant's council tax liability
- We have clarified that where the reversal arose due to official error, that where the claimant or their representative could reasonably have been expected at the time to realise that the assessment had been made in error, the total sum of the reversal shall be fully chargeable and recoverable as part of the claimant's council tax liability. Otherwise, the amount of the reversal will not be chargeable and recoverable as part of the claimant's council tax liability
- In the event of a council tax reversal, the Council will consider any underlying award that the claimant should have been entitled to provided evidence is received from the claimant within 1 month of the claimant being notified of the reversal, or where an appeal against a recoverable reversal is made
- We have clarified the definition of pensioner in accordance with new benefit rules for mixed age couples and eligibility for Local Council Tax Reduction Schemes

- Any payment made by the Home Office under the Windrush Compensation Scheme or the Windrush Exceptional Payment Scheme will be disregarded as capital

SUMMARY OF CHANGES FROM 01.04.13

Current Council Tax Benefit Scheme (CTB)	Council Tax Support (CTS)
Second Adult Rebate - Awarded to the customer based on the circumstances of 'second adult'. Can be awarded due to a 'better buy' comparison	No award due for second person. On 'better buy' calculation customer will only be awarded any CTS due.
Reduction of the capital limit - Upper capital limit of £16,000. Above this limit the person would not qualify for CTB. Lower capital of £6,000. Below this figure amount is ignored. Amounts above £6,000 attract tariff income at £1 for every £250 or part of above the lower capital limit	Upper capital limit of £10,000. Above this limit the person would not qualify for CTB. Lower capital of £6,000. Below this figure amount is ignored. Amounts above £6,000 attract tariff income at £1 for every £250 or part of above the lower capital limit
Removal of earnings disregards – Permitted work - £97.50 Lone parents - £25.00 Disabled, carers or special occupations - £20.00 Couples - £10 Single £5	Permitted work - £0 Lone parents - £0 Disabled, carers or special occupations - £0 Couples - £0 Single £0
Removal of Child Benefit disregard – Child Benefit is fully disregarded for the calculation of CTB	Child benefit is fully included for the calculation of CTS
Increase in non-dependant deductions (using current figures) On pass ported benefit - £0.00 On JSA C/ESAC - £3.30 Works less than 16 hours on maternity, paternity, adoption or sick leave - £3.30 Income more than £394.00 per week – £9.90 £316.00 to £393.99 per week – £8.25 £238.00 to £315.99 per week - £6.55 £183.00 to £237.00 per week - £3.30 £124.00 to £182.99 per week – £3.30 Under £124.00 – £3.30	On pass ported benefit - £0.00 On JSA C/ESAC - £3.30 Works less than 16 hours on maternity, paternity, adoption or sick leave - £3.30 Earnings less than £100 - £5.00 Earnings between £100 and £150 - £10.00 Earnings above £150 - £20.00

APPEALS

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

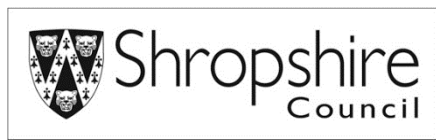
The legislation is contained within the Local Government Finance Act. Appeals against the local Council Tax Support Scheme will be covered by Regulation 16(b).

Process:

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

As local schemes are not legislation, but are locally defined schemes, the Valuation Tribunal will not consider an appeal against a billing authority's actual scheme, as that is beyond their jurisdiction. However, the Valuation Tribunal will advise dissatisfied claimants of their right to apply to the billing authority for a discretionary discount under section 13 (1) (c) of the Local Government Finance Act 1992. They will also hear appeals where the authority refuses to exercise this discretion.

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<u>Committee and Date</u>	<u>Item</u>
Cabinet 16th December 2019	
	Public

TREASURY MANAGEMENT UPDATE – QUARTER 2 2019/20

Responsible Officer James Walton

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Tel: (01743) 258915

1. Summary

- 1.1. The report outlines the treasury management activities of the Council in the last quarter. It highlights the economic environment in which treasury management decisions have been made and the interest rate forecasts of the Council's Treasury Advisor, Link Asset Services. It also updates Members on the internal treasury team's performance.
- 1.2. During the second quarter of 2019/20 the internal treasury team achieved a return of 0.94% on the Council's cash balances, outperforming the benchmark by 0.38%. This amounts to additional income of £130,860 during the quarter which is included within the Council's outturn position in the monthly revenue monitor.

2. Recommendations

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

REPORT

3. Risk Assessment and Opportunities Appraisal

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

4. Financial Implications

- 4.1. The Council makes assumptions about the levels of borrowing and investment income over the financial year. Reduced borrowing as a result of capital receipt generation or delays in delivery of the capital programme will both have a positive impact of the council's cash position. Similarly, higher than benchmarked returns on available cash will also help the Council's financial position. For monitoring purposes, assumptions are made early in year about borrowing and returns based on the strategies agreed by Council in the preceding February. Performance outside of these assumptions results in increased or reduced income for the Council.
- 4.2. The Quarter 2 performance is above benchmark and has delivered additional income of £130,860 which is reflected in the Period 6 Revenue Monitor.
- 4.3. As at 30 September 2019 the Council held £129 million in investments as detailed in Appendix A and borrowing of £308 million at fixed interest rates.

5. Background

- 5.1. 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 those activities, and the pursuit of optimum performance consistent with those risks". The report informs Members of the treasury activities of the Council between 1 July 2019 and 30 September 2019.

6. Economic Background

- 6.1. After only tepid UK annual economic growth of 1.4% in 2018, growth in quarter 1 was unexpectedly strong at 0.5%. However, this was boosted by stock building ahead of the original March Brexit deadline so quarter 2 was expected to be slightly negative and duly came in at 0.2%, +1.3% for the year. After the Monetary Policy Committee (MPC) raised Bank Rate from 0.5% to 0.75% in August 2018, it is little surprise that they have abstained from any further increases since then. We are unlikely to see any further action from the MPC until the uncertainties over Brexit clear. If there were a no deal exit, it is likely that Bank Rate would be cut in order to support growth. Nevertheless, the MPC does have concerns over the trend in wage inflation which peaked at a new post financial crisis high of 3.9%, in June before edging back to 3.8% in July. Growth in employment fell to only 31,000 in the three months to July, well below the 2018 average, while the unemployment rate remained at 3.8%, its lowest rate since 1975.
- 6.2. CPI inflation fell to 1.7% in August and is likely to remain close to 2.0% over the next two years. If there was a no deal Brexit though, it could rise towards 4.0%, primarily as a result of imported inflation on the back of a weakening pound.
- 6.3. The rise in wage inflation and fall in CPI inflation is good news for consumers as their spending power is improving in this scenario as the difference between the two figures is now around 2.1%, i.e. a real-terms increase.

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.

- 6.4. The newly appointed Prime Ministers proroguing of Parliament was overturned by the Supreme Court and Parliament carried a bill to delay Brexit until 31 January 2020. MPs also voted down holding a general election before 31 October, although one has now been agreed for the 12 December 2019; 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.
- 6.5. President Trump's easing of fiscal policy in 2018 fuelled a temporary boost in consumption in 2018 which generated an upturn in the strong rate of growth. The annual rate came in at 2.9% for 2018, just below President Trump's 3% growth target. Growth in quarter 1 of 2019 was a strong 3.1% but growth fell back to 2.0% in quarter 2. The strong growth in employment numbers during 2018 has reversed in to a falling trend during 2019, indicating that the economy is cooling, while inflationary pressures are also weakening. After the Fed increased rates by 0.25% in December 2018 to between 2.25% and 2.50%, it has taken decisive action to reverse monetary policy by cutting rates by 0.25% in each of July and September in order to counter the downturn in the outlook for US and world growth. There are expectations that it could cut again in December.
- 6.6. The annual rate of growth in the Eurozone for 2018 was 1.8% but is expected to fall to possibly around half that rate in 2019. The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by purchases of debt. However, the downturn in growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0% to 2%, but it aims to keep it near to 2%; has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels "at least through the end of 2019", but that was of little help to boosting growth in the near term.
- 6.7. Chinese economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. The trade war with the US does not currently appear to be having a significant impact on growth. Major progress still needs to be made to eliminate excess industrial capacity and to switch investment from property construction and infrastructure to consumer goods production. It also needs to address the level of non-performing loans in the banking and credit systems.
- 6.8. Japan has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamentally reforming the economy.
- 6.9. The trade war between the US and China on tariffs is a major concern to

financial markets and is depressing worldwide growth, as any downturn in China will spill over into impacting countries supplying raw materials to China. Concerns are focused on the synchronised general weakening of growth in the major economies of the world compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns have resulted in government bond yields in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, apart from the US; and there are concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been sub 50 which gives a forward indication of a downturn in growth; this confirms investor sentiment that the outlook for growth during the rest of this financial year is weak.

7. Economic Forecast

7.1. The Council receives its treasury advice from Link Asset Services. Their latest interest rate forecasts to 31 March 2022 are shown below:

Link Asset Services Interest Rate View											
	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25
3 Month LIBID	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20
6 Month LIBID	0.80	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40
12 Month LIBID	1.00	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60
5yr PWLB Rate	1.20	1.30	1.50	1.60	1.70	1.70	1.80	1.90	2.00	2.00	2.10
10yr PWLB Rate	1.50	1.60	1.80	1.90	2.00	2.00	2.10	2.20	2.30	2.30	2.40
25yr PWLB Rate	2.10	2.30	2.40	2.50	2.60	2.70	2.70	2.80	2.90	3.00	3.00
50yr PWLB Rate	2.00	2.20	2.30	2.40	2.50	2.60	2.60	2.70	2.80	2.90	2.90

7.2. After the August 2018 increase in Bank Rate to 0.75%, the MPC has put any further action on hold, probably until such time as the fog of Brexit might clear and there is some degree of certainty of what the UK will be heading into. The above forecast, and other comments in this report, are based on a central assumption that there will be some form of agreement on a reasonable form of Brexit. Bank Rate forecasts will have to change if this assumption does not materialise e.g. a no deal Brexit on 31 October could well prompt the MPC to do an immediate cut of 0.5% in Bank Rate back to 0.25%. All other forecasts for investment and borrowing rates would also have to change.

7.3. The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit. The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.

7.4. Long term PWLB rates are expected to rise to 2.2% in December 2019 before steadily increasing over time to reach 2.9% by December 2021.

8. Treasury Management Strategy

- 8.1. The Treasury Management Strategy (TMS) for 2019/20 was approved by Full Council on 28 February 2019. The Council's Annual Investment Strategy, which is incorporated in the TMS, outlines the Council's investment priorities as the security and liquidity of its capital.
- 8.2. The Council aims to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term (up to 1 year), and only invest with highly credit rated financial institutions using 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.
- 8.3. In the second quarter of 2019/20 the internal treasury team outperformed its benchmark by 0.38%. The investment return was 0.94% compared to the benchmark of 0.56%. This amounts to additional income of £130,860 during the quarter which is included in the Council's outturn position in the monthly revenue monitor.
- 7.4. A full list of investments held as at 30 September 2019, 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 quarter of 2019/20. 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.
- 7.5. As illustrated in the economic forecast section above, investment rates available in the market for three months and longer have increased slightly as a result of the increase in Bank Rate in August 2018. The average level of funds available for investment purposes in the second quarter of 2019/20 was £139 million.

9. Borrowing

- 9.1. It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits". The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved Treasury Management Strategy. A list of the approved limits is shown in Appendix B. The Prudential Indicators were not breached during the second quarter of 2019/20 and have not been previously breached. The schedule at Appendix C details the Prudential Borrowing approved and utilised to date.
- 9.2. Link's target rate for new long term borrowing (50 years) for the second quarter of 2019/20 was marginally reduced to 2.07%. No new external borrowing has been undertaken to date in 2019/20. The low and high points during the quarter can be seen in the table below.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.17%	1.01%	1.13%	1.73%	1.57%
Date	03/09/2019	03/09/2019	03/09/2019	03/09/2019	03/09/2019
High	1.58%	1.73%	2.07%	2.58%	2.41%
Date	15/04/2019	17/04/2019	17/04/2019	17/04/2019	17/04/2019
Average	1.40%	1.37%	1.62%	2.20%	2.07%

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

Cabinet, 04 September 2019, Treasury Management Update Quarter 1 2019/20
 Council, 28 February 2019, Treasury Strategy 2019/20.

Cabinet Member:

David Minnery, Portfolio Holder for Finance

Local Member

N/A

Appendices

- A. Investment Report as at 30 September 2019
- B. Prudential Limits
- C. Prudential Borrowing Schedule



Shropshire Council

Monthly Investment Analysis Review

September 2019

General Economy

September's economic data began with the August Markit/CIPS Manufacturing PMI figure falling to 47.4, from 48.0 the previous month. The latest reading pointed to the steepest month of contraction in the manufacturing sector since July 2012 as new orders fell the most in over seven years, amid ongoing global trade tensions, slower world economic growth and Brexit uncertainty. The Construction PMI, meanwhile, fell by 0.3 points to 45.0. The latest reading pointed to the fourth consecutive month of contraction in the construction sector, led by the sharpest reduction in new work since March 2009. Rounding out the set of activity surveys for July, the Services PMI fell to 50.6 from July's figure of 51.4, leaving the Composite figure at 50.2, indicating the UK economy expanded slightly last month.

The UK posted a trade deficit of £0.22 billion in July compared to a downwardly revised £0.13 billion deficit in the prior month. Imports rose 2.7% while exports grew at a slower 2.5% rate. GDP data, meanwhile, showed that the UK economy stagnated in the three months to July, improving on the contraction in the three months to June. The stagnation reflected subdued growth in the services sector of just 0.2% and contraction in both the production and construction sectors of 0.5% and 0.8% respectively. However, year-on-year GDP growth remained steady at 1% during July.

The UK's unemployment rate fell to 3.8% in the three months to July, back at its joint lowest in the last 44 years, slightly below market expectations of 3.9%. Unemployment declined by 11,000 to 1.294 million and employment jumped by 31,000 to 32.777 million, below forecasts of a 53,000 increase. Average earnings excluding bonuses, meanwhile, rose by 3.8% in the three months to July, after a 3.9% increase in the previous period, which matched market expectations.

On an annual basis, CPI inflation fell to 1.7% y/y in 2019 from 2.1% y/y in July, below market expectation of 1.9% and the Bank of England's 2% target. This was the lowest inflation rate since December 2016, amid a slowdown in cost of transport and fall in clothing and footwear prices. The Core CPI figure (which strips out the more volatile components), decreased to 1.5% in August from 1.9% in July, the lowest figure since November 2016. Retail sales fell by 0.2% m/m in August, following an upwardly revised rise of 0.4% in the previous month and compared to market forecasts of no change. Much of the decline was attributable to a 3.2% fall in non-store (predominately online) sales. Year-on-year retail sales growth eased to 2.7%, down from 3.4% in July and below market forecasts of 2.9% growth.

The number of mortgages approved for house purchases in the UK dropped to 65,545 in August, from an 18-month high of 67,011 in July and below market expectations of 66,400. In addition, the number of approved loans secured on dwellings for remortgaging rose to 48,515 from 47,110 in July, while the number of loans for other purposes increased to 14,635 from 13,965. Net mortgage lending rose by £3.85 billion in August, missing the market's consensus of a £4.2 billion rise. The Confederation of British Industry's monthly retail sales balance jumped 33 points from a month earlier to -16 in September, recovering from a near 11-year low. It was also well above market expectations of -25. Still, the latest reading pointed to the fifth consecutive month of decline in retail sales, amid a weaker pound, concerns about potential tariffs and supply issues in the event of a no-deal Brexit. The GfK Consumer Confidence index, meanwhile, rose by 2 points to -12 last month, beating the market forecast of -14, as all five sub-indices recorded gains.

Against the backdrop, the Bank of England's Monetary Policy Committee voted unanimously to hold the bank rate at 0.75% during its September policy meeting, as was widely expected. The bank also reaffirmed its pledge to enact gradual and limited rate rises, assuming a smooth Brexit and some recovery in global growth levels.

In the US, nonfarm payrolls increased by 130,000 in August, following a downwardly revised 159,000 in July and below market expectations of 158,000. Job gains were recorded in the public sector (largely reflecting the hiring of temporary workers for the 2020 Census), health care and financial activities. Average hourly earnings for all employees increased by 0.4% m/m and 3.2% y/y. The unemployment rate remained at the 3.7% rate recorded in July, which was expected by the market.

US CPI rose by 1.7% y/y in August, marginally below consensus forecasts of a 1.8% y/y rise, largely the result of a fall in energy prices. Excluding the more volatile items, such as food and energy prices, core inflation rose to 2.4% in August, the highest this year and above market expectation of a 2.3% gain. The US economy grew at a 2.3% annual rate in the second quarter, down from the 3.1% expansion recorded in the first quarter. The Euro Area unemployment rate reduced slightly to 7.4% in August, the lowest since May 2008 and slightly below market expectations of 7.5%, as the number of unemployed continued to decline. Compared with July, the number of people unemployed in the Euro Area decreased by 115,000 to 12.169 million.

Housing

The Halifax House Price Index in the UK increased 1.8 percent year-on-year in the three months to August of 2019, following a downwardly revised 1.5 percent rise in the previous month and below market expectations of 3.4 percent.

Currency

Over the month of September, the pound moved significantly against the dollar, increasing from \$1.213 to \$1.256 in mid-late September, but ultimately fell back to finish at \$1.231. Likewise against the Euro, the pound started the month at €1.105, peaked at €1.136 and ultimately ended the month at €1.125. The pound's volatility during the month resulted from the ever changing UK political and Brexit outlooks, as well as increasing signs of a global slowdown.

Forecast

The domestic economy remains unsettled in the run up to the Brexit deadline while the global economy follows suit (US economic figures have actually shown a decline in the past month). Link Asset Services do not expect a base rate rise until Q4 2020.

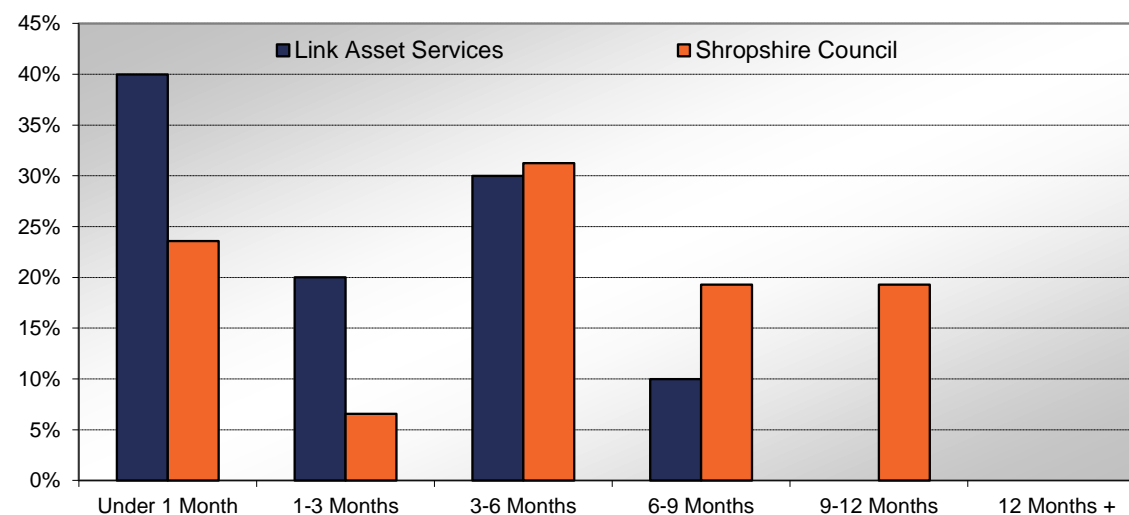
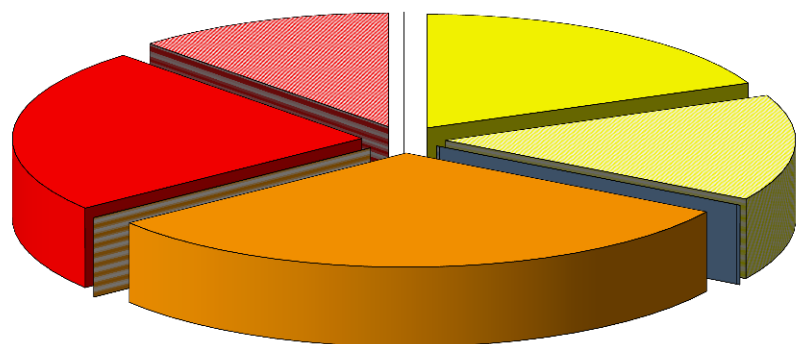
Bank Rate							
	Now	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Link Asset Services	0.75%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%
Capital Economics	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	-

Shropshire Council

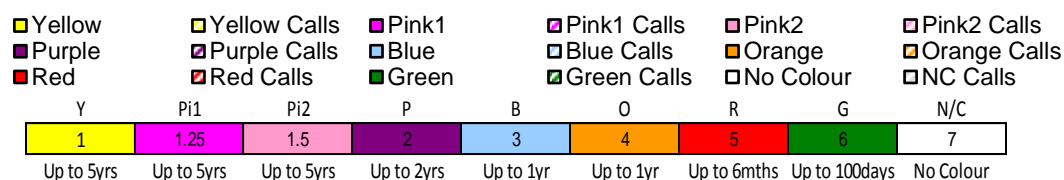
Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
MMF Aberdeen Standard Investments	15,000,000	0.74%		MMF	AAA	0.000%
MMF Insight	4,530,000	0.71%		MMF	AAA	0.000%
Nationwide Building Society	2,000,000	0.82%	15/04/2019	15/10/2019	A	0.002%
West Dunbartonshire Council	4,000,000	0.90%	18/04/2019	18/10/2019	AA	0.001%
West Dunbartonshire Council	5,000,000	0.90%	23/04/2019	23/10/2019	AA	0.002%
Barclays Bank Plc (NRFB)	500,000	0.82%		Call32	A	0.005%
Nationwide Building Society	3,000,000	0.82%	15/05/2019	15/11/2019	A	0.007%
Goldman Sachs International Bank	5,000,000	0.93%	07/06/2019	06/12/2019	A	0.010%
Santander UK Plc	15,000,000	0.85%		Call95	A	0.014%
Nationwide Building Society	5,000,000	0.81%	08/07/2019	08/01/2020	A	0.014%
Barclays Bank Plc (NRFB)	5,450,000	0.73%	16/07/2019	16/01/2020	A	0.016%
Coventry Building Society	5,000,000	0.85%	17/07/2019	17/01/2020	A-	0.016%
Falkirk Council	5,000,000	1.09%	15/02/2019	20/01/2020	AA	0.007%
Thurrock Borough Council	5,000,000	0.85%	16/07/2019	23/03/2020	AA	0.012%
Lloyds Bank Plc (RFB)	5,000,000	1.25%	05/06/2019	05/06/2020	A+	0.036%
HSBC UK Bank Plc (RFB)	20,000,000	1.13%	25/06/2019	25/06/2020	AA-	0.018%
Thurrock Borough Council	5,000,000	0.92%	12/08/2019	10/07/2020	AA	0.019%
Goldman Sachs International Bank	5,000,000	0.93%	07/08/2019	10/07/2020	A	0.041%
Lloyds Bank Plc (RFB)	5,000,000	1.25%	12/07/2019	10/07/2020	A+	0.041%
Lloyds Bank Plc (RFB)	5,000,000	1.25%	15/07/2019	13/07/2020	A+	0.041%
Lloyds Bank Plc (RFB)	5,000,000	1.25%	25/07/2019	24/07/2020	A+	0.043%
Total Investments	£129,480,000	0.95%				0.016%

Portfolio Composition by Link Asset Services' Suggested Lending Criteria



Page 73



Portfolios weighted average risk number = 3.35

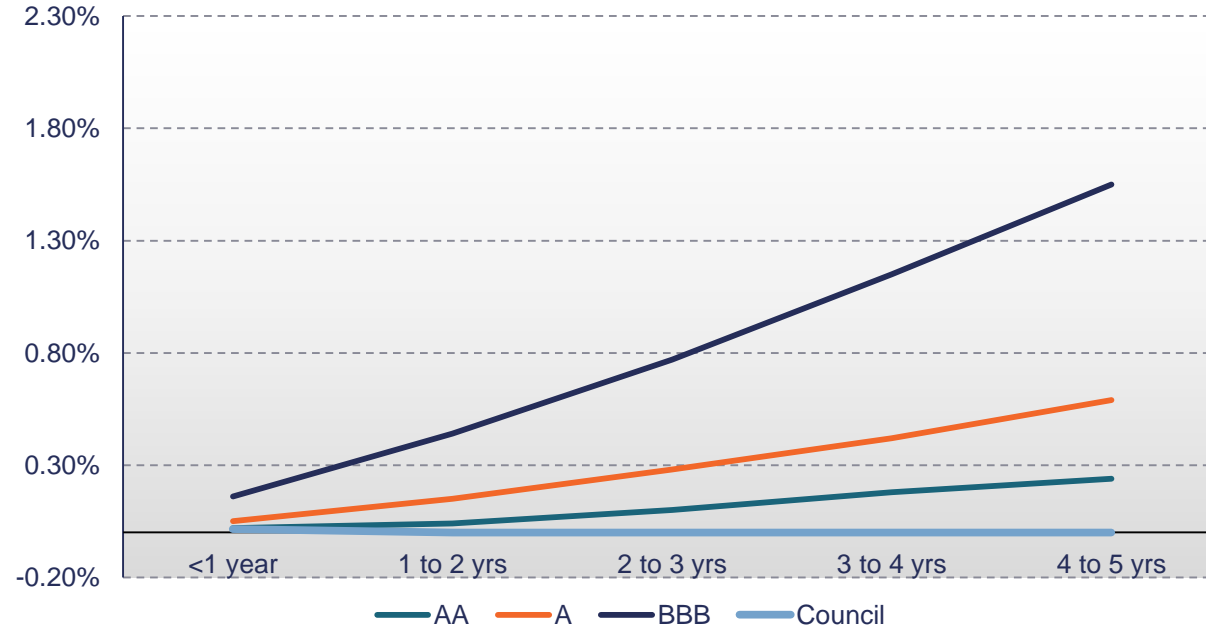
WARoR = Weighted Average Rate of Return
WAM = Weighted Average Time to Maturity

	% 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	WAM at Execution
Yellow	33.62%	£43,530,000	44.87%	£19,530,000	15.08%	0.84%	70	144	127	261
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	30.89%	£40,000,000	0.00%	£0	0.00%	1.19%	274	365	274	365
Red	35.49%	£45,950,000	33.73%	£15,500,000	11.97%	0.84%	109	170	117	209
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
Total	100.00%	£129,480,000	27.05%	£35,030,000	27.05%	0.95%	147	221	186	288

Shropshire Council

Investment Risk and Rating Exposure

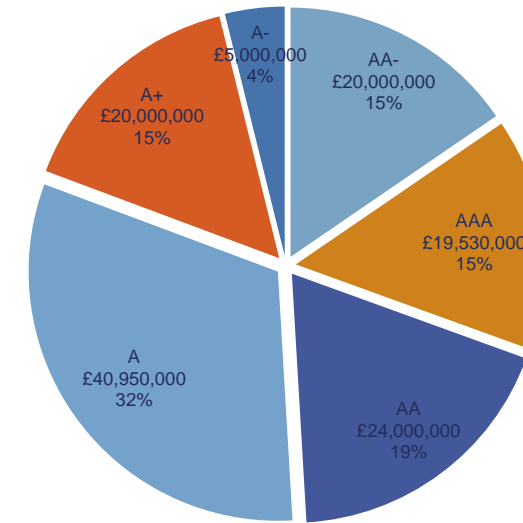
Investment Risk Vs. Rating Categories



Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.02%	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	0.016%	0.000%	0.000%	0.000%	0.000%

Rating Exposure



Historic Risk of Default

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

Chart Relative Risk

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

Rating Exposures

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

Shropshire Council

Monthly Credit Rating Changes FITCH

Date	Update Number	Institution	Country	Rating Action
06/09/2019	1693	Commerzbank AG	Germany	The Short Term Rating was upgraded to 'F1' from 'F2'.

Shropshire Council

Monthly Credit Rating Changes MOODY'S

Date	Update Number	Institution	Country	Rating Action
20/09/2019	1696	Credit Agricole Corporate and Investment Bank	France	The Long Term Rating was upgraded to 'Aa3' from 'A1' and the Outlook was changed to Stable from Positive.
20/09/2019	1696	Credit Agricole S.A.	France	The Long Term Rating was upgraded to 'Aa3' from 'A1' and the Outlook was changed to Stable from Positive.

Shropshire Council

Monthly Credit Rating Changes S&P

Date	Update Number	Institution	Country	Rating Action
16/09/2019	1694	NRW.BANK	Germany	The Long Term Rating was upgraded to 'AA' from 'AA-' and the Outlook was changed to Stable from Positive.
18/09/2019	1695	DZ Bank AG Deutsche Zentral Genossenschaftsbank	Germany	The Outlook on the Long Term Rating was changed to Negative from Stable.
27/09/2019	1697	Swedbank AB	Sweden	The Long Term Rating was removed from Negative Watch and placed on Negative Outlook.

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Appendix B

Prudential Indicators – Quarter 2 2019/20

Prudential Indicator	2019/20 Indicator £m	Quarter 1 – Actual £m	Quarter 2 – Actual £m	Quarter 3 – Actual £m	Quarter 4 – Actual £m
Non HRA Capital Financing Requirement (CFR)	289*	286	286		
HRA CFR	85	85	85		
Gross borrowing	312	312	308		
Investments	100	124	129		
Net borrowing	212	188	179		
Authorised limit for external debt	442	312	308		
Operational boundary for external debt	400	312	308		
Limit of fixed interest rates (borrowing)	446	312	308		
HRA debt Limit	96**	0	0		
Limit of variable interest rates (borrowing)	223	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	4	4		
2 years to 5 years	45	2	2		
5 years to 10 years	75	1	1		
10 years to 20 years	100	36	36		
20 years to 30 years	100	27	27		
30 years to 40 years	100	12	13		
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. **removed following Budget announcement Oct 2018

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Capital Financing 2019/20 - 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 £	Applied Outturn 18/19 2018/19 £	Budgeted 2019/20 £	Budgeted 2020/21 £	Budgeted 2021/22 £	First year MRP Charged	Asset Life	Final year MRP Charged			
Monkmoor Campus	24/02/2006	3,580,000																						
Capital Receipts Shortfall -Cashflow Applied:	24/02/2006	5,000,000																						
Applied:																								
Monkmoor Campus			3,000,000		0																	2007/08	25	2031/32
William Brooks					0						3,580,000											2011/12	25	2035/36
Tem Valley					2,000,000																	2010/11	35	2044/45
		8,580,000	3,000,000	0	2,000,000	0	0	3,580,000	0	0	0	0	0	0	0.00	0	0	0						
Highways	24/02/2006	2,000,000	2,000,000																					
Accommodation Changes	24/02/2006	650,000	410,200	39,800																				
Accommodation Changes - Saving	31/03/2007	(200,000)																						
		450,000	410,200	39,800	0	0	0	0	0	0	0	0	0	0	0.00	0	0	0						
The Ptarmigan Building	05/11/2009	3,744,000				3,744,000																		
The Mount McKinley Building	05/11/2009	2,782,000				2,782,000																		
The Mount McKinley Building	05/11/2009	0																						
Capital Strategy Schemes - Potential Capital Receipts shortfall - Desktop Virtualisation	25/02/2010	187,600				187,600										0.00								
Carbon Efficiency Schemes/Self Financing	25/02/2010	1,512,442					115,656	1,312,810	83,976															
Transformation schemes		92,635						92,635																
Renewables - Biomass - Self Financing	14/09/2011	92,996						82,408	98,258	(87,670)														
Solar PV Council Buildings - Self Financing	11/05/2011	56,342						1,283,959	124,584	(1,352,202)														
Depot Redevelopment - Self Financing	23/02/2012	0																						
Oswestry Leisure Centre Equipment - Self Financing	04/04/2012	124,521						124,521																
Leisure Services - Self Financing	01/08/2012	711,197							711,197															
Mardol House Acquisition	26/02/2015	4,160,000										4,160,000												
Mardol House Adaptation and Refit	26/02/2015	3,340,000										167,640.84	3,172,358.86											
Oswestry Leisure Centre Equipment - Self Financing	01/08/2012	300,000												274,239		25,761.41								
The Tannery Development - Student Block		7,641,289													3,677,843.83	3,963,444.73								
Car Parking Strategy Implementation		917,000													588,497.06	328,502.94								
JPUT - Investment in Units re Shrewsbury Shopping Centres		52,523,353												52,731,922	(208,569.18)									
Whitchurch Medical Practice (Pauls Moss Development)	26/07/2018	3,778,000														2,000,000.00	1,678,000	100,000						
Previous NSDC Borrowing		955,595			821,138	134,457																		
		93,948,968	5,410,200	39,800	2,821,138	6,848,057	3,695,656	2,896,333	1,018,015	(1,438,872)	4,327,641	3,172,359	0	53,006,161	4,057,771.71	6,317,709.08	1,678,000.00	100,000.00						
								0	0	0	0	0	0	0	0.00	408,711								

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