Shropshire Council

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

Date: Tuesday, 13 July 2021

Committee:
Cabinet

Date: **Wednesday, 21 July 2021**
Time: **10.00 am**
Venue: **Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND**

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

Members of the public will be able to access the live stream of the meeting by clicking on this link:

https://shropshire.gov.uk/CabinetMeeting21July2021

There will be some access to the meeting room for members of the press and public but this will be very limited in order to comply with Covid-19 regulations.

If you wish to attend the meeting please e-mail democracy@shropshire.gov.uk to check that a seat will be available for you.

Tim Collard
Interim Assistant Director – Legal and Democratic Services

Members of Cabinet
Lezley Picton (Leader)
Steve Charmley (Deputy Leader)
Gwilym Butler
Dean Carroll
Rob Gittins
Kirstie Hurst-Knight
Cecilia Motley
Ian Nellins
Ed Potter

Your Committee Officer is:

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

AGENDA

1 Apologies for Absence

2 Disclosable Pecuniary Interests

3 Minutes

To confirm the minutes of the meeting held on 30 June 2021, **TO FOLLOW**

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 not later than 10.00 am on Monday 19 July 2021

5 Member Question Time

To receive any questions from members of the council. Deadline for notification is not later than 5.00 pm on Friday 16 July 2021

6 Scrutiny Items

7 Treasury Management Update - Quarter 4 2020/21 (Pages 1 - 22)

Lead Member – Councillor Gwilym Butler – Portfolio Holder for Resources

Report of Executive Director of Resources attached

Contact: James Walton 01743 258915

8 Shrewsbury High Street

Lead Member – Councillor Steve Charmley – Portfolio Holder for Physical Infrastructure, Highways and Built Housing

Report of Executive Director of Place **TO FOLLOW**

Contact: Mark Barrow 01743 258919

9 Proposed Improvements to Recycling Containers

Lead Member – Councillor Steve Charmley – Portfolio Holder for Physical Infrastructure, Highways and Built Housing

Report of Executive Director of Place **TO FOLLOW**

Contact: Mark Barrow 01743 258919

10 **Highways Asset Advertising Policy** (Pages 23 - 40)

Lead Member – Councillor Steve Charmley – Portfolio Holder for Physical Infrastructure, Highways and Built Housing

Report of Executive Director of Place attached

Contact: Mark Barrow 01743 258919

11 **Variation to Determined Admission Arrangements** (Pages 41 - 44)

Lead Member – Councillor Kirstie Hurst-Knight – Portfolio Holder for Children and Education

Report of Executive Director of Children's Services attached

Contact: Karen Bradshaw 01743 254201

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 Procedure Rules, the public and press be excluded from the meeting during the consideration of the following item

13 **Exempt Minutes**

To confirm the exempt minutes of the meeting held on 30 June 2021, **TO FOLLOW**

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Committee and Date	Item
Cabinet 21st July 2021	Public

TREASURY MANAGEMENT UPDATE – QUARTER 4 2020/21

Responsible Officer James Walton
e-mail: james.walton@shropshire.gov.uk 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 fourth quarter of 2020/21 the internal treasury team achieved a return of 0.17% on the Council's cash balances, outperforming the benchmark by 0.26%. This amounts to additional income of £127,700 during the quarter which is included within the Council's outturn position in the monthly revenue monitor. Following a decision by the Monetary Policy Committee in March 2020 to cut the Bank Rate to 0.1%, this has resulted in the 7 Day benchmark rate being a negative figure since the start of the financial year.

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 4 performance is above benchmark and has delivered additional income of £127,700 which is reflected in the Period 12 Revenue Monitor.

4.3. As at 31 March 2021 the Council held £148 million in investments as detailed in Appendix A and borrowing of £304 million at fixed interest rates.

5. Climate Change Appraisal

5.1. The Council's Financial Strategy includes proposals to deliver a reduced carbon footprint for the Council therefore the Treasury Team is working with the Council in order to achieve this. There are no climate change impacts arising from this report.

6. Background

6.1. 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 January 2021 and 31 March 2021.

7. Economic Background

7.1. An economic and borrowing update for the fourth quarter can be found in Appendix D.

8. Economic Forecast

8.1. The Council receives its treasury advice from Link Asset Services. Their latest interest rate forecasts to 31 March 2024 are shown below:

Link Group Interest Rate 8.3.21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	1.20	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.40	1.40	1.40	1.40
10 yr PWLB	1.60	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	1.90
25 yr PWLB	2.10	2.10	2.20	2.30	2.30	2.30	2.40	2.40	2.50	2.50	2.50	2.50
50 yr PWLB	1.90	1.90	2.00	2.10	2.10	2.10	2.20	2.20	2.30	2.30	2.30	2.30

9. Treasury Management Strategy

9.1. The Treasury Management Strategy (TMS) for 2020/21 was approved by Full Council on 27 February 2020. 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.

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

9.3. In the fourth quarter of 2020/21 the internal treasury team outperformed its benchmark by 0.26%. The investment return was 0.17% compared to the benchmark of -0.09%. This amounts to additional income of £127,700 during the quarter which is included in the Council's outturn position in the monthly revenue monitor.

9.4. A full list of investments held as at 31 March 2021, 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 fourth quarter of 2020/21. Officers continue to monitor the credit ratings of institutions on a daily basis. Delegated authority has been put in place to make any amendments to the approved lending list.

9.5. As illustrated in the economic forecast section above, investment rates available in the market for three months and longer have decreased significantly as a result of the decrease in Bank Rate in March 2020 to 0.1%. The average level of funds available for investment purposes in the fourth quarter of 2020/21 was £194 million.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)
Cabinet, 7 September 2020, Treasury Management Update Quarter 1 2020/21
Cabinet, 14 December 2020, Treasury Management Update Quarter 2 2020/21
Cabinet, 8 February 2021, Treasury Management Update Quarter 3 2020/21
Council, 27 February 2020, Treasury Strategy 2020/21

Cabinet Member:
Gwilym Butler, Portfolio Holder for Resources

Local Member
N/A

Appendices
A. Investment Report as at 31 March 2021
B. Prudential Limits
C. Prudential Borrowing Schedule
D. Economic Background and Borrowing Update

Shropshire Council

Monthly Investment Analysis Review

March 2021

General Economy

The UK Flash (i.e. provisional) manufacturing PMI increased to 57.9 in March from 55.1 in February. This signalled the strongest rate of factory output growth since November 2017, despite COVID-19 restrictions remaining in place. The Flash Services PMI, meanwhile, rose to 56.8 in March from 49.7 in February, signalling the first month of expansion in the services sector since October 2020. Together, these gains saw the Flash Composite PMI (which incorporates both sectors), rise to 56.6 in March compared to 49.8 in February, and above the no change 50 mark for the first time in three months. The construction PMI, meanwhile, which is released one month behind, rose to 53.3 in February from 49.2 in January, as project starts increased ahead of the impending end of the third national lockdown.

Monthly GDP data for January revealed that the reimposition of national lockdown measures on the economy at the end of December resulted in output contracting by 2.9% m/m, compared to December's 1.2% m/m expansion. Although this left GDP 9.2% lower than a year ago, the decline was better than the 4.9% contraction expected by the consensus and significantly better than the contractions witnessed during the first lockdown, which started in March last year, suggesting that the economy has become more resilient to lockdowns. Trade data, meanwhile, revealed that an 18.5% fall in imports outweighed a record 11.5% contraction in exports during January, ultimately causing the UK's trade deficit to fall to £1.6 billion in January from £6.2 billion in December. According to analysts, the stockpiling of goods ahead of Brexit and the impact of COVID-19 lockdowns in the UK and Europe contributed to the decline.

The UK's unemployment rate fell to 5% in the three months to January, compared to 5.1% in the previous period, registering its first decline since September 2019. To an extent, this result highlighted the effectiveness of the government's Job Retention Scheme (extended until September during the month), which is currently estimated to be supporting about 4 million jobs. However, it also reflects the combined impact of 147,000 job losses recorded during the period being offset by a 136,000 fall in the labour force, meaning that unemployment only rose by a net 11,000 during the three months. More timely data, however, suggests that the number of people claiming unemployment benefits in the UK increased by 86,600 to 2.7 million during February. Although average weekly earnings including bonuses surged 4.8% y/y in the three months to January, this partly reflects the loss of low paid jobs during the pandemic. Excluding this effect, earnings were estimated to have risen at a 3.2% y/y rate.

UK inflation, as measured by the Consumer Price Index, surprisingly eased to 0.4% y/y in February from 0.7% y/y in January, below market forecasts of a rise to 0.8% y/y. The smaller than expected result was largely due to a 5.7% fall in clothing and footwear prices, which represented the largest annual decline since November 2009. On a monthly basis, consumer prices rose by 0.1% in February, compared to a 0.2% fall in January and market forecasts of a 0.4% drop. With the annual rate still well below the Monetary Policy Committee's 2% target, the Committee voted unanimously to keep Bank Rate at 0.1% and left its bond-buying programme unchanged during its March meeting.

Retail sales, meanwhile, matched market forecasts by rising 2.1% m/m in February, rebounding strongly from the 8.2% contraction recorded in January. As a result, sales remained 3.7% lower than a year earlier, although this represented an improvement on the 5.9% y/y contraction posted in January. The GfK Consumer Confidence index also registered an improvement, rising 7 points to -16 in March, ahead of market forecasts of -20. This was the highest reading since March last year, as prospects for economic recovery improved amid vaccination rollouts.

Reflecting the impact of public health measures and government policies to support the economy during the coronavirus pandemic, the UK's public sector net borrowing (excluding public sector banks) reached £19.1 billion in February, £17.6 billion more than during the same month last year. Borrowing in the first 11 months of this financial year, meanwhile, is estimated to have been £278.8 billion, £228.2 billion more than in the same period last year and the highest public sector borrowing in any April to February period since records began in 1993. The fiscal burden is likely to remain high in the near term, given that the Chancellor provided further support amounting to approximately £70bn in this year's Spring Budget.

Aided by an easing of COVID restrictions and an acceleration of vaccinations, the US economy added 379,000 jobs in February, outperforming market expectations of a 182,000 rise. This enabled the unemployment rate to ease to 6.2% in February from 6.3% in January. The third and final estimate of GDP, meanwhile, confirmed that the US economy expanded by an annualised 4.3% rate during Q4 2020. Future growth prospects also received a boost following the signing into law of President Biden's $1.9 trillion stimulus package. Against this backdrop, prices (as measured by the Federal Reserve's preferred core Personal Consumption Expenditure deflator), rose 1.6% y/y in February compared to expectations of 1.7% y/y and the Federal Reserve's 2% average target. With inflation still below target, the Federal Reserve maintained their ultra-accommodative monetary policy stance during its March meeting.signalling that the Federal Funds Rate is unlikely to rise before 2023.

The third and final estimate of GDP confirmed that the Eurozone economy shrank by 0.7% q/q in Q4 2020 compared to the previous estimate of a 0.6% fall. Core inflation, meanwhile, fell from 1.4% y/y in January to 0.9% y/y in February. With inflation still well below the ECB's 2% target, the central bank left interest rates unchanged at their record lows during its March meeting. However, the ECB announced that "bond purchases under the PEPP over the next quarter [would be] conducted at a significantly higher pace than during the first months of this year", as the central bank aimed to lower government bond yields and support Eurozone economic recovery.

Housing

House prices rose by 5.7% y/y during March according to the Nationwide house price index and 5.2% y/y in February according to the Halifax house price index. On a monthly basis however, prices fell by 0.2% and 0.1% respectively, likely reflecting a softening of demand ahead of the original end of the stamp duty holiday before the Chancellor announced its extension in the Budget.

Currency

Sterling improved against the Euro as the UK's vaccine rollout progressed as planned whilst parts Europe witnessed rising COVID 19 cases. However, the passage of President Biden's stimulus package boosted US growth prospects further, which contributed to Sterling easing against the Dollar.

March	Start	End	High	Low
GBP/USD	$1.3938	$1.3797	$1.3991	$1.3712
GBP/EUR	€1.1565	€1.1739	€1.1739	€1.1565

Forecast

Both Link Group and Capital Economics have made no change to their interest rate forecasts. Bank Rate is forecast to remain unchanged at 0.1% throughout 2021.

Bank Rate	Now	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Link Group	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Capital Economics	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	-	-	-	-	

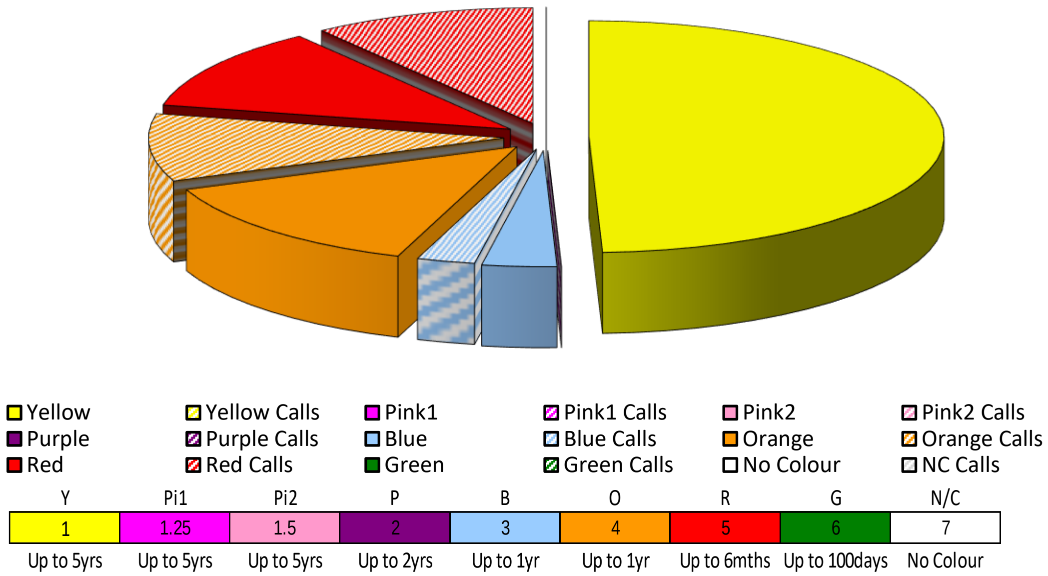
Current Investment List

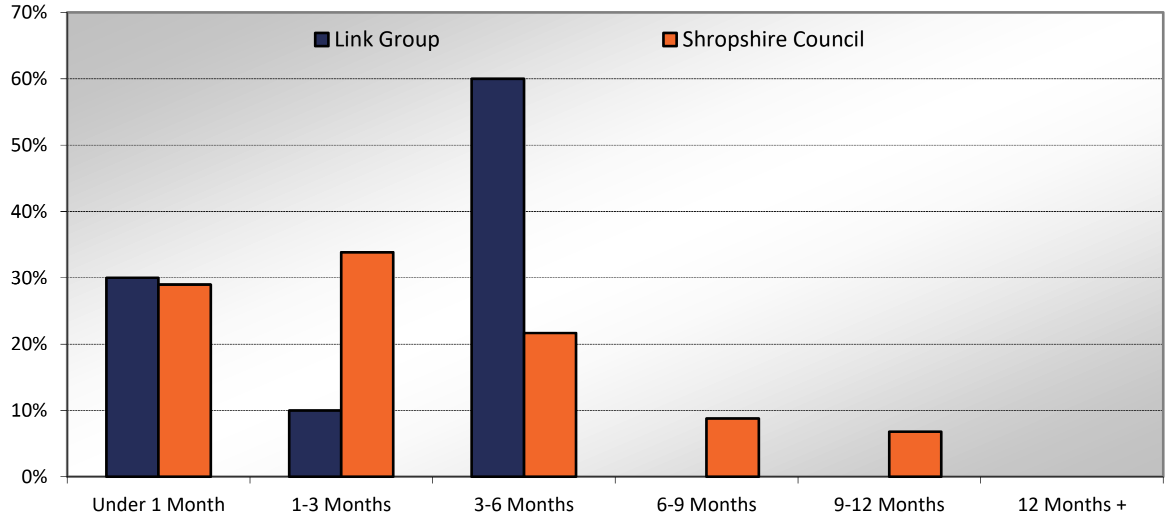
Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default	Expected Credit Loss (£)
National Westminster Bank Plc (RFB)	3,900,000	0.01%		Call	A	0.000%	5
Handelsbanken Plc	13,900,000	0.01%		Call	AA-	0.000%	9
Santander UK Plc	15,000,000	0.40%		Call	A	0.000%	19
Thurrock Borough Council	5,000,000	0.31%	01/10/2020	20/04/2021	AA-	0.001%	0
Goldman Sachs International Bank	5,000,000	0.04%	25/01/2021	26/04/2021	A+	0.003%	168
Goldman Sachs International Bank	5,000,000	0.07%	01/02/2021	04/05/2021	A+	0.004%	220
Thurrock Borough Council	5,000,000	0.70%	10/07/2020	10/05/2021	AA-	0.003%	0
Basildon District Council	5,000,000	0.05%	18/02/2021	18/05/2021	AA-	0.003%	0
Wokingham Borough Council	5,000,000	0.04%	19/02/2021	19/05/2021	AA-	0.003%	0
Kingston Upon Hull City Council	5,000,000	0.30%	20/08/2020	20/05/2021	AA-	0.003%	0
HSBC UK Bank Plc (RFB)	20,000,000	0.09%	29/01/2021	28/05/2021	A+	0.007%	1498
Wokingham Borough Council	5,000,000	0.70%	17/06/2020	09/06/2021	AA-	0.004%	0
Lloyds Bank Plc (RFB)	2,000,000	0.30%	07/07/2020	06/07/2021	A+	0.013%	251
Plymouth City Council	5,000,000	0.30%	14/10/2020	14/07/2021	AA-	0.007%	0
Ashford Borough Council	5,000,000	0.08%	20/01/2021	20/07/2021	AA-	0.007%	0
Lloyds Bank Plc (RFB)	5,000,000	0.30%	24/07/2020	23/07/2021	A+	0.015%	736
Conwy County Borough Council	5,000,000	0.07%	29/01/2021	29/07/2021	AA-	0.008%	0
Liverpool City Council	5,000,000	0.28%	30/10/2020	30/07/2021	AA-	0.008%	0
Slough Borough Council	5,000,000	0.25%	20/10/2020	20/08/2021	AA-	0.009%	0
Highland Council	5,000,000	0.30%	11/11/2020	11/10/2021	AA-	0.012%	0
Telford & Wrekin Council	3,000,000	0.33%	29/10/2020	27/10/2021	AA-	0.013%	0
Highland Council	5,000,000	0.28%	15/01/2021	23/11/2021	AA-	0.015%	0
Plymouth City Council	5,000,000	0.11%	26/02/2021	26/01/2022	AA-	0.019%	0
National Westminster Bank Plc (RFB)	5,000,000	0.09%	05/02/2021	04/02/2022	A	0.040%	2002
Total Investments	**£147,800,000**	**0.21%**				0.007%	£4,908

Note: An historic risk of default and expected credit loss are only provided if a counterparty has a counterparty credit rating and are not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default and expected credit loss therefore measure the historic risk of default and expected credit loss attached only to those investments for which a counterparty has a counterparty credit rating and also do not include investments which are not rated.

The Historic Risk of Default column is based on the lowest long term rating. If clients are using this % for their Expected Credit Loss calculation under IFRS 9, please be aware that the Code does not recognise a loss allowance where the counterparty is central government or a local authority since relevant statutory provisions prevent default. For these instruments, the Expected Credit Loss will be nil. Please note that we are currently using Historic Default Rates from 1990-2020 for Fitch, 1983-2020 for Moody's and 1981-2020 for S&P.

Portfolio Composition by Link Group's Suggested Lending Criteria





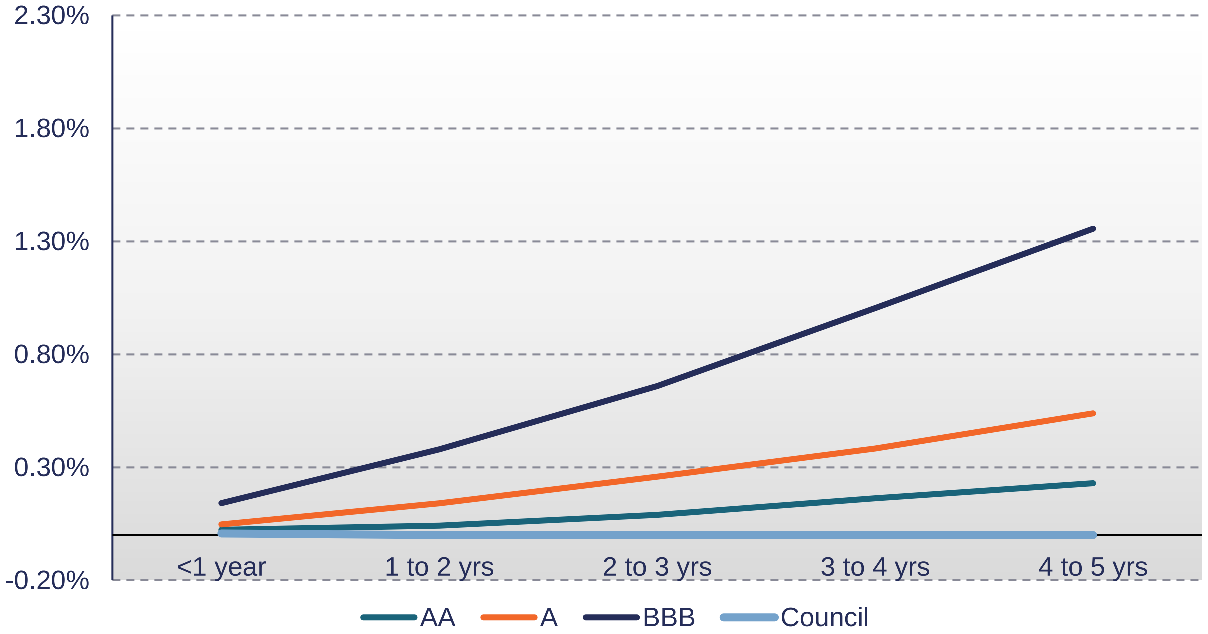
Portfolios weighted average risk number = 2.67

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

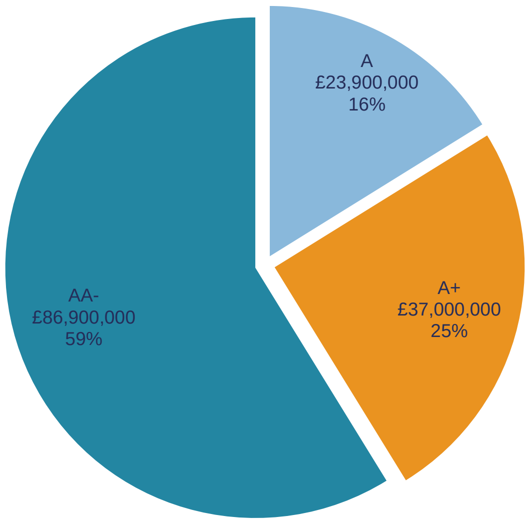
	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs/USDBFs WAM	Excluding Calls/MMFs/USDBFs WAM at Execution
Yellow	49.39%	£73,000,000	0.00%	£0	0.00%	0.27%	119	255	119	255
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	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	6.02%	£8,900,000	43.82%	£3,900,000	2.64%	0.05%	174	204	310	364
Orange	22.94%	£33,900,000	41.00%	£13,900,000	9.40%	0.06%	34	70	58	119
Red	21.65%	£32,000,000	46.88%	£15,000,000	10.15%	0.27%	33	108	63	204
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
	100.00%	**£147,800,000**	**22.19%**	**£32,800,000**	**22.19%**	**0.21%**	**84**	**178**	**108**	**228**

Investment Risk and Rating Exposure

Investment Risk Vs. Rating Categories



Rating Exposure



Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.02%	0.04%	0.09%	0.16%	0.23%
A	0.05%	0.14%	0.26%	0.38%	0.54%
BBB	0.14%	0.38%	0.66%	1.01%	1.36%
Council	0.007%	0.000%	0.000%	0.000%	0.000%

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

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

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

Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio’s historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.

Shropshire Council

Monthly Credit Rating Changes
FITCH

Date	Update Number	Institution	Country	Rating Action
03/03/2021	1795	UBS AG	Switzerland	The Outlook on the Long Term Rating was changed to Stable from Negative.
04/03/2021	1796	Commerzbank AG	Germany	All ratings were affirmed and simultaneously withdrawn.

Shropshire Council

Monthly Credit Rating Changes
MOODY'S

Date	Update Number	Institution	Country	Rating Action
31/03/2021	1798	Credit Suisse AG	Switzerland	The Outlook on the Long Term Rating was changed to Negative from Stable.

Shropshire Council

Monthly Credit Rating Changes
S&P

Date	Update Number	Institution	Country	Rating Action
01/03/2021	1793	Nordea Bank Abp	Finland	The Outlook on the Long Term Rating was changed to Stable from Negative.
01/03/2021	1793	Deutsche Bank AG	Germany	The Outlook on the Long Term Rating was changed to Positive from Negative.
01/03/2021	1794	Barclays Bank PLC (NRFB)	United Kingdom	The Outlook on the Long Term Rating was changed to Stable from Negative.
01/03/2021	1794	Barclays Bank UK PLC (RFB)	United Kingdom	The Outlook on the Long Term Rating was changed to Stable from Negative.
30/03/2021	1797	Credit Suisse AG	Switzerland	The Outlook on the Long Term Rating was changed to Negative from Stable.

Appendix B

Prudential Indicators – Quarter 4 2020/21

Prudential Indicator	2020/21 Indicator £m	Quarter 1 – Actual £m	Quarter 2 – Actual £m	Quarter 3 – Actual £m	Quarter 4 – Actual £m
Non HRA Capital Financing Requirement (CFR)	390*	393	390	375	365
HRA CFR	95	95	95	95	95
Gross borrowing	304	304	304	304	304
Investments	110	164	162	170	148
Net borrowing	194	140	142	134	156
Authorised limit for external debt	531	304	304	304	304
Operational boundary for external debt	438	304	304	304	304
Limit of fixed interest rates (borrowing)	531	304	304	304	304
HRA debt Limit	96**	0	0	0	0
Limit of variable interest rates (borrowing)	266	0	0	0	0
Internal Team Principal sums invested > 364 days	50	0	0	0	0
Maturity structure of borrowing limits	%	%	%	%	%
Under 12 months	15	0	0	4	4
12 months to 2 years	15	4	4	0	0
2 years to 5 years	45	2	2	2	2
5 years to 10 years	75	4	4	7	9
10 years to 20 years	100	36	36	33	34
20 years to 30 years	100	25	25	25	22
30 years to 40 years	100	13	13	18	18
40 years to 50 years	100	7	7	2	2
50 years and above	100	9	9	9	9

* Based on period 3 Capital Monitoring report including Shrewsbury Shopping Centres. **removed following Budget announcement Oct 2018

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Capital Financing Summary

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 £	Applied Outturn 19/20 2019/20 £	Applied Outturn 20/21 2020/21 £	Budgeted 2021/22 £	Budgeted 2022/23 £	Budgeted 2023/24 £	First year MRP Charged	Asset Life	Final year MRP Charged
Monkmoor Campus	24/02/06	3,580,000																					
Capital Receipts Shortfall -Cashflow	24/02/06	5,000,000																					
Applied:																							
Monkmoor Campus			3,000,000		0																2007/08	25	2031/32
William Brooks					0		3,580,000														2011/12	25	2035/36
Tern Valley					2,000,000																2010/11	35	2044/45
		8,580,000	**3,000,000**	**0**	**2,000,000**	**0**	**3,580,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0**	**0**			
Highways	24/02/06	2,000,000	2,000,000																		2007/08	20	2026/27
Accommodation Changes	24/02/06	650,000	410,200	39,800																	2007/08	6	2012/13
Accommodation Changes - Saving	31/03/07	(200,000)																					
		450,000	**410,200**	**39,800**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0**	**0**			
The Ptarmigan Building	05/11/09	3,744,000				3,744,000															2010/11	25	2034/35
The Mount McKinley Building	05/11/09	2,782,000				2,782,000															2011/12	25	2035/36
The Mount McKinley Building	05/11/09	0					-														2011/12	5	2015/16
Capital Strategy Schemes - Potential Capital Receipts shortfall	25/02/10	187,600					-	-	-	0	-	-	-	-	0.00	-						25	
- Desktop Virtualisation						187,600	-														2010/11	5	2014/15
Carbon Efficiency Schemes/Self Financing	25/02/10	1,512,442					115,656	1,312,810	83,976	-	-	-	-	-	0.00	-					2011/12	5	2017/18
Transformation schemes		92,635						92,635	-	-											2012/13	3	2014/15
Renewables - Biomass - Self Financing	14/09/11	92,996						82,408	98,258	(87,670)	-										2014/15	25	2038/39
Solar PV Council Buildings - Self Financing	11/05/11	56,342						1,283,959	124,584	(1,352,202)	-										2013/14	25	2038/39
Depot Redevelopment - Self Financing	23/02/12	0							-	-	-										2014/15	10	2023/24
Oswestry Leisure Centre Equipment - Self Financing	04/04/12	124,521						124,521													2012/13	5	2016/17
Leisure Services - Self Financing	01/08/12	711,197							711,197												2013/14	5	2016/17
Mardol House Acqusition	26/02/15	4,160,000									4,160,000	-									2015/16	25	2039/40
Mardol House Adaptation and Refit	26/02/15	3,340,000									167,640.84	3,172,358.86	-	-	0.00	-					2016/17	25	2041/42
Oswestry Leisure Centre Equipment - Self Financing	01/08/12	290,274												274,239		16,035					2018/19	5	2022/23
Car Parking Strategy Implementation		590,021													588,497.06	1,524					2020/21	5	2024/25
JPUT - Investment in Units re Shrewsbury Shopping Centres		57,489,572												52,204,603	-208,569.18	2,791,967	2,701,571				2018/19	45	2042/43
JPUT - SSC No 1 Ltd		527,319												527,319									
Children's Residental Care		2,000,000														1,381,539	230,765	387,697			2020/21	25	2044/45
Pride Hill Shopping Centre Reconfiguration		10,860,807															434,027	7,184,669	3,242,111		AUC	25	
Greenacres Supported Living Development		3,125,000																1,812,500	1,312,500		AUC	25	
Bishops Castle Business Park	19/09/19	3,108,999															2,900	1,175,442	1,132,205	798,452	2023/24	25	2044/45
Whitchurch Medical Practice (Pauls Moss Development)	26/07/18	3,778,000																	3,778,000		2023/24	25	2047/48
Oswestry Castleview - Site Acquisition	19/12/19	3,256,241														3,256,241					2020/21	25	2044/45
DVSA Site Acquisiiton		1,200,000																1,200,000			2022/23	25	2045/46
NCP Car Park, Wyle Cop, Shrewsbury		3,983,620																3,983,620			2022/23	25	2045/46
Former Morrisons Site, Oswestry	19/09/19	3,390,145															3,390,145				2021/22	25	2045/46
Commercial Investment Fund	Fin Strat 19/20	21,946,806																6,946,806	10,000,000	5,000,000	2021/22	25	2045/46
The Tannery Development - Student Block		7,445,188													3,677,843.83	3,456,019	311,325				2019/20	25	2045/46
Previous NSDC Borrowing		955,595			821,138	134,457															2009/10	5/25	2065/66
		151,781,319	**5,410,200**	**39,800**	**2,821,138**	**6,848,057**	**3,695,656**	**2,896,333**	**1,018,015**	**(1,439,872)**	**4,327,641**	**3,172,359**	**0**	**53,006,161**	**4,057,772**	**10,903,325**	**7,070,733.42**	**22,690,734**	**19,464,816**	**5,798,452**			

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Appendix D

Economic Background

It was agreed at the last meeting of the Bank of England Monetary Policy Committee to keep Bank Rate unchanged at 0.10%. However, it revised its economic forecasts to take account of a third national lockdown which started on the 5th January, which is going to further delay economic recovery and do further damage to the economy. Although its short-term forecasts were cut for 2021 due to the start of a third lockdown in early January, the medium-term forecasts were more optimistic than in November, based on an assumption that the current lockdown will be gradually eased after Q1 as vaccines are gradually rolled out and life can then start to go back to some sort of normality. The Bank's main assumptions were:

- The economy would start to recover strongly from Q3 2021 although it acknowledged there were downside risks from virus mutations etc.
- £125bn of savings made by consumers during the pandemic will give a big boost to the pace of economic recovery once lockdown restrictions are eased and consumers can resume high street shopping, going to pubs and restaurants and taking holidays.
- The economy would still recover to reach its pre-pandemic level by Q1 2022 despite a long lockdown in Q1 2021. Spare capacity in the economy would be eliminated in Q1 2022 and there would be excess demand in the economy by Q4 2022.
- CPI inflation was forecast to rise quite sharply towards the 2% target in the first half of 2021 due to some temporary factors; the reduction in VAT for certain services coming to an end and changes in energy prices. CPI inflation was projected to be close to 2% in 2022 and 2023
- The MPC reiterated its previous guidance that Bank Rate would not rise until inflation was sustainably above 2%. This means that it will tolerate inflation running above 2% from time to time to balance out periods during which inflation is below 2%. This is termed average inflation targeting. While financial markets are pricing in Bank Rate starting to rise by the end of 2022, this policy could mean that Bank Rate does not rise until as late as 2026.

COVID-19 vaccines have been the game changer which have enormously boosted confidence that life in the UK could largely return to normal during the second half of 2021 after a third wave of the virus threatened to overwhelm hospitals around the start of the year. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of demand and purchasing power stored up for services in the still-depressed sectors like restaurants, travel and hotels. The UK has made fast progress with giving a first jab to half of all adults and this programme should be completed in the second half of the year. The big question is whether mutations of the virus could develop which render current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread.

The Budget on 3rd March increased fiscal support to the economy and employment during 2021 and 2022 followed by substantial tax rises in the following three years to help to pay the cost for the pandemic. This will help further to strengthen the economic recovery from the pandemic and to return the government's finances to a balanced budget on a current expenditure and income basis in 2025/26. This will stop the Debt to GDP ratio rising further from 100%. An area of concern, though, is that the government's debt is now twice as sensitive to interest rate rises as before the pandemic due to QE operations substituting fixed long-term debt for floating rate debt; there is, therefore, much incentive for the Government to promote Bank Rate staying low e.g. by using fiscal policy in conjunction with the monetary policy action by the Bank of England to keep inflation from rising too high, and / or by amending the Bank's policy mandate to allow for a higher target for inflation.

The final Brexit agreement on 24th December 2020 eliminated a significant downside risk for the UK economy. The initial agreement only covered trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. There was much disruption to trade in January as form filling has proved to be a formidable barrier to trade. This appears to have eased somewhat since then but is an area that needs further work to ease difficulties, which are still acute in some areas.

In the US, the Democrats won the presidential election in November 2020 and have control of both Congress and the Senate, although power is more limited in the latter. This enabled the Democrats to pass a $1.9trn (8.8% of GDP) stimulus package in March on top of the $900bn fiscal stimulus deal passed by Congress in late December. These, together with the vaccine rollout proceeding swiftly to hit the target of giving a first jab to over half of the population within the President's first 100 days, will promote a rapid easing of restrictions and strong economic recovery during 2021. The Democrats are also planning to pass a $2trn fiscal stimulus package aimed at renewing infrastructure over the next decade. Although this package is longer-term, if passed, it would also help economic recovery in the near-term.

The Federal Reserve Bank expects strong economic growth this year to have only a transitory impact on inflation, which explains why the majority of Fed officials project US interest rates to remain near-zero through to the end of 2023. The key message is still that policy will remain unusually accommodative with near-zero rates and asset purchases continuing for several more years. This is likely to result in keeping treasury yields at historically low levels.

In the Eurozone, both the roll out and take up of vaccines has been disappointingly slow, at a time when many countries are experiencing a sharp rise in cases which are threatening to overwhelm hospitals in some major countries; this has led to renewed severe restrictions or lockdowns during March. This will inevitably put back economic recovery after the economy had staged a rapid rebound from the first lockdowns in Q3 but contracted slightly in Q4 to end

2020 only 4.9% below its pre-pandemic level. Recovery will now be delayed until Q3 of 2021 and a return to pre-pandemic levels is expected in the second half of 2022.

In China, after a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and then into Q3 and Q4; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth. After making a rapid recovery in 20/21, growth is likely to be tepid in 21/22.

The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to 0.25%, and then to 0.10%, it left Bank Rate unchanged at its last meeting, although some forecasters had suggested that a cut into negative territory could happen. However, the minutes of the Monetary Policy Committee in February 2021 made it clear that commercial banks could not implement negative rates within six months, and by that time the economy would be expected to be recovering strongly and so there would be no requirement for negative rates. As shown in the forecast table below, no increase in Bank Rate is expected within the forecast horizon ending on 31st March 2024.

Borrowing

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 fourth quarter of 2020/21 and have not been previously breached. The schedule at Appendix C details the Prudential Borrowing approved and utilised to date.

In November 2020, the Chancellor announced the conclusion to the review of PWLB rates and subsequently all borrowing rates were reduced by 1%; but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme. Link’s target rate for new long-term borrowing (50 years) for the fourth quarter of 2020/21 was reduced to 1.76%. No new external borrowing has been undertaken to date in 2020/21. 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	0.65%	0.73%	1.01%	1.55%	1.36%
Date	04/01/2021	04/01/2021	04/01/2021	04/01/2021	04/01/2021
High	0.80%	1.24%	1.78%	2.28%	2.13%
Date	26/02/2021	18/03/2021	18/03/2021	25/02/2021	25/02/2021
Average	0.73%	0.99%	1.41%	1.94%	1.76%

Link Group Interest Rate 8.3.21												
	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	1.20	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.40	1.40	1.40	1.40
10 yr PWLB	1.60	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	1.90
25 yr PWLB	2.10	2.10	2.20	2.30	2.30	2.30	2.40	2.40	2.50	2.50	2.50	2.50
50 yr PWLB	1.90	1.90	2.00	2.10	2.10	2.10	2.20	2.20	2.30	2.30	2.30	2.30

Long term PWLB rates are expected to rise to 1.9% in June 2021 before increasing to reach 2.3% by June 2023.

Committee and Date	Item
Cabinet 21st July 2021	Public

Highway Assets Advertising Proposal

Responsible Officer Mark Barrow, Executive Director of Place
e-mail: mark.barrow@shropshire.gov.uk Tel: (01743) 258919

1. Summary

1.1 To seek Cabinet approval to advertise on Council highway assets and to provide details of the outcome of the investigation process undertaken for advertising across roundabouts, boundary signs, lampposts and verges and seek approval to outsource the management of an advertising and sponsorship scheme to the acceptance of the preferred supplier through a framework direct award process.

1.2 To award a direct advertising and sponsorship management scheme contract as part of this proposal for a period of 4 years. The proposed contract and associated programme is estimated to generate a minimum income of approximately £0.392m for the Council across the 4 years on a revenue share contract. This forecast is on the assumption that permission is granted to utilise the four asset types proposed in this report.

1.3 The proposed contract will be delivered in two phases to allow for a steady emersion of sponsorship/advertising, beginning with phase 1, roundabouts, boundary signs and verges and phase 2, lampposts. This allows for scrutiny of the programme's phase 1 implementation, investigation of any complaints, and analysis of income and any operational costs and/or issues.

1.4 A supporting Appendix 1 is attached giving detail of the various proposed assets, the operational processes, proposed advertising regulations and an estimated forecast by asset across the scheme. Appendix 2 sets out the council's proposed advertising policy and guidelines.

1.5 The proposal and action plan relate directly to the Commercial Strategy Updated 2020 – 2023 point 8 which was approved by Cabinet on 12 February 2020 where it states: "Advertising, sponsorship and infrastructure – using our physical and digital assets to generate income".

2. Recommendations

That Cabinet:

2.1 Approves the advertising policy and guidelines set out in Appendix 2

2.2 Approves the proposal to allow highway assets namely roundabouts boundary signs, lampposts and verges to be used for advertising/sponsorship purposes and branding by businesses advertising on the assets in accordance with the advertising policy/guidelines set out in Appendix 2.

2.3 Delegates to the Executive Director of Place in consultation with the Deputy Leader and Portfolio Holder for Physical Infrastructure, Highways and Built Housing to conclude the process of a contract award to Community Partners Ltd for a 4 year contract for the provision of a management and advertising scheme for roundabouts, boundary signs, lampposts and verges further to a direct award under the ESPO, Advertising Solutions Framework. This shall include implementation matters associated with the contract.

2.4 Delegates to the Executive Director of Place in consultation with the Deputy Leader and Portfolio Holder for Physical Infrastructure, Highways and Built Housing the decision to include additional highway assets for advertising purposes in accordance with appendix 2 and determine the most appropriate procurement method for this.

3. Opportunities Appraisal and Risk Assessment

3.1 Failure to generate income using the Council's physical assets as set out in section 8 of the Updated Commercial Strategy 2020-2023 within agreed timescales and to levels approved by Council within the Financial Strategy prevents the Council from meeting savings targets and corporate outcomes.

3.2 The proposal to use highways assets for the purposes of marketing and promoting businesses generates income for the council which helps to achieve commercial income targets and sustain services for Shropshire residents.

3.3 A supporting Appendix 2 is attached which details the proposed advertising policy showing acceptable advertising to prevent reputational damage and to support corporate strategies.

3.4 The council will be able to use money generated from advertising for the purposes of discharging the Council's functions including maintaining the roundabouts and highways verges to improve the appearance of the area and the public realm in the county.

3.5 There is an opportunity for this project to enhance the Council's reputation and service take up, by providing platforms for advertising Council services and other public sector messages and services to the public. In so doing, this will enable the Council to reach people across the Protected Characteristic groupings set out in the Equality Act 2010, as well as those households we may describe as vulnerable or at risk of social inclusion, for whom this may be an additional way in which to help them to find out about services for which they may be eligible, or to read messaging of which they may be unaware, The caveat is that the messaging will need to be clear and the physical environment will need to be uncluttered, in order to minimise potential negative impacts for the people in the grouping of Disability in particular, eg people with visual impairments, people with visual perception challenges, and families and carers of people with learning disabilities.

Furthermore, this project can support economic growth by providing value for money advertising and sponsorship opportunities for business. It will also generate income to support the financial sustainability of services provided by the council.

3.6 Officers have researched similar marketing and advertising schemes involving highways assets in other local authorities to appraise the costs, income, benefits and opportunities of such schemes.

3.7 The financial section below sets out that there are no capital or revenue costs associated with the proposed marketing scheme other than regular contract administration management, and monitoring. All expenses across the programme of asset sponsorship and advertising are to be met by the proposed supplier which includes costs associated with the installation, maintenance, insurance and replacement of advertising assets

3.8 There is a risk that revenue income generated by marketing may be lower than forecast due to market conditions associated with Covid. The council will monitor financial and operational performance regularly and work with the supplier to identify how any shortfalls in marketing income can be addressed.

3.9 This scheme provides an opportunity for the council to demonstrate how it shall support local businesses to promote and advertise their products and services to increase economic growth and support the creation and retention jobs and skills in the county.

3.10 The performance of advertising via the use of highways assets will help to inform the use of a wider range of council assets which may increase the volume and value of income raised to support public service delivery.

3.11 The performance of the proposed scheme and contract will be subject to regular risk management reviews which will form part of the terms and conditions of the contract.

3.12 The supplier may need to apply for advertising consent via the planning application process. This will involve consultation with the Highways department as to the size and location of signs. If advertising consent is not required, the supplier will liaise with Highways to agree the procedure and location for installing signs and to agree on any protocols to ensure the safe and professional installation of signs on the highway.

REPORT

4 Background

4.1 The updated Commercial Strategy approved by Cabinet on 12 February 2020 states in section 8 that one of the key themes for commercial practice being “Advertising, sponsorship and infrastructure; using our physical and digital assets to generate income”. Recommendation 2.2 addresses this by asking Cabinet to approve a proposal for certain highways assets to be used for this purpose.

4.2 The scope of the services required are for a Service Provider to source sponsors who’s advertising copy meets our advertising guidelines as set out in appendix 2, to display approved signage on Council owned highway assets. In return, the sponsor then pays a sponsorship fee to the Service Provider, out of which the Council receives an agreed income retaining an amount for the cost of their services.

4.3 As part of this proposal the service provider will be responsible for the installation, maintenance, insurance, management, renewal and removal of signage used for advertising purposes in accordance with the policy set out in appendix 2.

4.4 There may be also an opportunity for advertising on other mediums in the future including billboards, digital signs, bus shelters, bridges, central reservations, barriers, waste bins and street furniture, hanging baskets and flower beds, customer vehicles, customer buildings and statues. Recommendation 2.4 provides the delegation for this to be undertaken by the Executive Director of Place in consultation with the Deputy Leader and Portfolio Holder for Physical Infrastructure, Highways and Built Housing.

4.5 Although not a primary requirement, these options may be drawn upon under the terms of the Eastern Shires Purchasing Organisation (UK) ESPO contract or an alternative procurement route.

5 Financial Implications

5.1 The cost of implementing the proposed advertising scheme to the Council will be nil and expenses associated with the advertising and management scheme, and covered under recommendation 2.2, will be met by the supplier.

5.2 The proposed advertising contract will generate income to the Council through the appointment of an agent to assist the Council to maximise income from advertising on its corporate assets. The estimated revenue for this contract is £0.392m across the 4-year contract, building from £0.031m to £0.160m per annum. . 60% of the net income will be received by the Council and the remaining 40% will be retained by the supplier.

5.4 Income generated from the scheme will be used to help fund statutory functions such as the maintenance of roundabouts, verges and to improve the public realm. £0.100m per annum of the net income to the Council will be used to achieve part of the £2.000m 'Raise income from investment in assets' saving within the Place directorate.

Table 1 – Estimated income for the proposed highways assets advertising contract

	Annual average gross income per unit	Estimated no. viable sites	Estimated gross revenue Year 1*	Estimated gross revenue Year 2	Estimated gross revenue Year 3	Estimated gross revenue Year 4
Phase 1						
Roundabouts	£4,000	45	£45,000	£70,000	£95,000	£130,000
Boundary signs	£2,000	20	£15,000	£30,000	£36,000	£37,000
Verge signs	£1,750	15	£12,000	£18,000	£22,000	£25,000
Phase 2						
Lamppost banners	£500	200	N/A	£35,000	£78,000	£100,000
Income total	-	-	£72,000	£153,000	£231,000	£292,000
Less contractors' costs	-	-	£20,000	£25,000	£25,000	£25,000
Gross surplus	-	-	£52,000	£128,000	£206,000	£267,000
Less contractor's share (@40%)	-	-	£21,000	£51,000	£82,000	£107,000
Total income to the Council	-	-	£31,000	£77,000	£124,000	£160,000
Additional business rates income to the Council			£563	£875	£1,188	£1,625

*Gross revenue includes costs for hardware/installation – Many of these costs will fall in year one and come out of the income generated from the overall cost of sponsorship. This has already been factored into the forecast above) Inflation will also influence gross revenues as the contract proceeds. This has also been factored into the forecast above. All hardware will be owned by Shropshire Council.

5.5 Income from the contract is subject to economic and market conditions and may go up or down during the period of the contract. The impact of Covid-19 on the economy in relation to this contract is unknown at present and may affect the level of income predicted from this contract. levels of maintenance will affect marketability

5.6 The terms of the Community Partners Limited contract offer a 60% profit share to the Council after costs have been deducted. The permissible costs that can be applied have been set out in in the terms of the contract. Any additional costs must be agreed by the Council.

5.7 Business rates are payable across roundabout sites. The contractor will be invoiced by the Council who then in turn charge out to the sponsoring companies (this is included in “Contractors costs” set out in table 1 – phase 2 above). This is then deducted from the gross revenue. Business rates received by the Council will increase by £50 per annum per roundabout.

5.8 All risks of incurring a loss on any contract with a sponsor (advertiser) will be borne by the supplier, therefore there is no risk of the council incurring a loss on this proposal.

5.9 Proposed fees are as follows:-

Roundabouts	£4,000 per annum
Boundary Signs	£2,000 per annum
Verge signs	£1,750 per annum
Lamppost banners	£500 per annum

5.10 Proposed fees for 2022/23 will be included within the Council’s Fees and Charges Report, to be agreed by Council in February 2022. This proposal will also generate additional business rates income to the council.

6 Climate Change Appraisal

6.1 Officers are investigating the opportunity to offer sponsorship of all assets as carbon neutral propositions, where income generated from each sponsorship may be used towards carbon in setting within Shropshire using tree planting or other land management activity.

6.2 This may also act as a contribution towards The Queen’s Green Canopy Platinum Jubilee initiative for sponsorships agreed within its duration.

7 Legal Implications

7.1 Consideration has been given to the statutory powers that would enable the Council to place advertising on these highways assets and to the Council's statutory responsibilities as a Highways Authority in considering the type of signage and its placement etc to ensure the safety and integrity of the highways infrastructure and its user.

7.2 Statutory powers enabling the Council to operate a highways assets advertising scheme are as follows:

7.2.1 Section 1 of the Localism Act 2011 provides the Council with a 'general power of competence' providing the powers to do anything that individuals generally may do, including charging for it.

7.2.2 Section 139 Local Government Act 1972 allows a local authority to accept gifts or property (this includes money) for:

- the purposes of discharging any of their functions where the gift is made for those purposes;
- and may execute any work (including works of maintenance or improvement) incidental to or consequential on the exercise of the powers conferred by this section

7.3 In implementing the scheme and placing signage on or adjacent to the highway will require consideration the Council's duties under:

- Various sections of the Highways Act 1980 including ensuring there are no obstructions, dangers or annoyances and protect the rights of the public to use the highway;
- The Traffic Management Act 2004 requires the Council to minimise congestion and occupation of road space and ensure the expeditious movement of all traffic (including pedestrians). To enable this, traffic control, physical obstructions, and potential visual distractions, must be properly considered during the design of landscaping schemes.
- Under the New Roads and Street Works Act 1991 the Council has a duty to coordinate traffic control on the Highway network.

7.4 The Council is also mindful of its responsibilities with regard to the Public Sector Equality Duty set out in the Equality Act 2010. We demonstrate equal treatment to people who are in nationally-defined Protected Characteristic groupings 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. There is a commitment to carry out a screening ESIIA as part of ongoing engagement work with local businesses and other stakeholders such as town and parish councils, and also with voluntary and community sector, including in particular the Forum of Interest for disability, in order to try to make sure that signage works for everyone.

7.5 Additionally, contractors engaged in commercial development will need to be made aware of the responsibility they share with the Council to demonstrate compliance with our Public Sector Equality Duty.

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) Steve Charmley, Deputy Leader and Portfolio Holder for Physical Infrastructure, Highways and Built Housing Dean Carroll, Portfolio Holder - Adult Social Care, Public Health and Assets
Local Members All
Appendices 1. Shropshire Council asset sponsorship scheme proposal 2. Highway Assets Advertising Policy

Appendix 1

Shropshire Council asset sponsorship scheme proposal

1. Introduction

The Council is considering the options to implement advertising and sponsorship opportunities across the county, to include the potential to use its assets to generate revenue, most likely via a specialist supplier. The supplier would be responsible for managing any such scheme in its entirety, except for the necessary interaction and approvals required from key stakeholders, e.g. Highways, Planning, Legal, as part of the ongoing process.

Note that sponsorship and advertising will be used interchangeably in this document, as councils often consider traditional sponsorship as less controversial than more ubiquitous advertising conceptually. However, the present reality is that businesses need to consider their return on investment, rather than a traditional sponsorship arrangement (e.g. a small sign to acknowledge a small amount of funding to maintain a flowerbed). So, the Council and any chosen supplier will need to use the language of advertising and approach clients on this basis.

Viewed in this way, advertising can generate significant sums for the Council if marketed and managed professionally and in accordance with the council's corporate objectives and industry expectations. There are many different advertising options for local and regional businesses, both on and off-line, so any scheme must provide a clear advantage over other options and be priced to balance accessibility and cost-effectiveness.

2. Site types in scope for this proposal

The proposal may ultimately cover a range of site types, which may or may not be developed over a certain period, such as:

- Roundabouts
- Lamppost banners
- Boundary signs
- Bridges
- Bus shelters
- Grass verge/flowerbed signs
- Car parks
- Buildings
- Digital screens
- Vehicles
- Uniforms
- Bins

The above list is not exhaustive, but for the purposes of this document, we shall focus on the following key site types, as being the most potentially lucrative and easiest to implement:

- Roundabouts
- Lamppost banners
- Boundary signs
- Grass verge/flowerbed signs

Selecting new locations and site types for any area should be carried out in conjunction with local businesses. This is because the success of any scheme is driven by what the local business market wants and is willing to pay for. So, there is no point flooding an area with new sponsorship sites without first consulting the market.

This research will be carried out by an appointed supplier as part of their service, including speaking to hundreds of local businesses, combined with the approach required by the Council to implement new sites.

It is expected that any implementation of sites from this shorter list will be phased in order to allow the local business market time to consider options, as well as providing residents and stakeholders the time to get used to the changes. This will also prevent a situation where the market is flooded with new sites to sell, and will mean a gradual introduction of advertising spaces.

Phase 1 – year 1 onwards

For the first phase, we will look at roundabout and boundary signs, as well as potentially a small number of signs in grass verges. These sites are the easiest to take to market, in some cases use existing infrastructure (i.e. boundary signs).

Phase 2 – year 2 onwards

For the second phase, we will look at lamppost banners.

Lamppost banners will require a degree of structural analysis and potentially testing. However, the banner bracket system available is of high quality and easy to install, once this work has been carried out. Also, this particular site type lends itself very well to Council and local event campaigns.

3. Detailed look at key site types

i. Roundabouts

Roundabouts will undoubtedly be a key asset in any advertising and sponsorship scheme due to their prominence and attractiveness to local businesses. They provide the opportunity for uncluttered advertising at locations with a large audience as vehicles and pedestrians make their way around the county.

A roundabout advertising scheme is already in operation in Shrewsbury managed by Shrewsbury Town Council involving various roundabouts that they maintain and there is evidence that a smaller-scale (likely traditional sponsorship scheme) was in place elsewhere in the county at some point.

The approach would be to create a new scheme, with standardised advertising signs generally with one sign facing each approach to the roundabout) at an approved size and position so as not to distract drivers but also be legible at a glance.

There are many roundabout advertising schemes in place across the UK, and there are various options for sign systems, examples of which are below:

The first example uses a slightly more expensive hardware system and the posts can be powder-coated to any colour, with the second example using a simpler and less expensive system, but one which is favoured by a larger number of councils.

ii. Lamppost banners

Lamppost banners provide one of the best opportunities for the Council to increase the generation of revenue from their assets. Lamppost banners can be used for commercial and non-commercial (i.e. Council campaigns, local events) messages and can add vibrancy and atmosphere to an area. They also provide a very targeted medium for potential advertisers, including for the Council's own messages and events.

Typical lamppost banner advertising campaigns can be flexible from one to twelve months and will attract a wider audience than roundabout sponsorship, including retailers and event organisers.

iii. Boundary signs

Boundary signs are a useful addition to any roundabout sponsorship scheme and attract a similar type of business audience. Sites can be sold as one package to larger businesses, but they can also be split into individual signs and sold to smaller businesses in the locality.

In York, for example, the Council wished to replace all of their boundary signs but did not have the budget to pay for them, so they were all sponsored, and the revenue paid for this refurbishment.

iv. Grass verges/flowerbeds

Similar signs as those that might be used for the roundabout scheme might be also used in other areas of the city, such as flowerbeds, grass verges and in parks and gardens, along with other open spaces. These signs work best where traffic is coming to a standstill, e.g. near traffic lights, or where there are large gatherings of pedestrians, e.g. in parks or in town or city centres.

These signs can be a useful compliment to a roundabout sponsorship scheme as they can be located in areas where there is high traffic flow, but no nearby roundabouts to use.

4. Rationale for developing a sponsorship and advertising scheme

The obvious benefit of implementing a scheme that is managed by a supplier is that the Council will effectively receive income for little or no expense to itself, other than some initial officer time to help facilitate the approval and implementation of the scheme in the first place. The income will represent new revenue as it will not have been generated previously, and so this could be used for a variety of purposes, e.g. to help maintain key assets, or to help fund front-line services.

However, there will be other benefits to the scheme, as follows:

- A formal opportunity for local businesses to advertise their services to key local markets – the businesses can access prime advertising space with no other adverts cluttering the view, whilst Councils can demonstrate that they are supporting local businesses
- Local businesses will hopefully experience increased trade as a result of their advertising, and this will help them grow and potentially provide more job opportunities to local people
- Depending on the nature of the scheme, this can help to improve the local environment for residents and visitors – for example, revenue could be used to help improve the maintenance of roundabouts and verges, which will provide a very visible benefit to the local community.

5. Factors that can affect the overall performance of an advertising scheme

The revenue forecast in the next section is simply a forecast based on a set of factors that would need to be in place for the scheme to deliver to this level. Factors that could affect the success of a scheme are as follows:

- Local, regional and national economic situation – recessions, lack of economic confidence and recent pandemics can all affect the appetite of local businesses to advertise
- Maintenance of sites – if, for example, roundabout sites are very untidy and overgrown, then it is less likely that businesses will want to pay much to advertise on those sites or even use them at all
- Restrictions on advertising – aside from the national guidelines, if there are numerous and onerous restrictions on which businesses can advertise and the content they can use, then this will severely limit the scope of the scheme. At the very least, local businesses will want to include some or all of the following elements in their adverts: their logo, a strapline, web and phone contact details
- Proliferation of unlawful adverts and lack of enforcement – if there are lots of banners on railings, signs strapped to lampposts, etc., and these are not removed in a timely manner, then businesses will not pay significant sums to use the formal options available
- Location of sites – probably the most important element – if sites are in locations which do not benefit from high traffic or pedestrian flow, or are in less well-maintained areas, then the revenue that can be achieved for each site will be lower or potentially not viable at all
- Sign sizes – signs need to be in proportion to their surroundings and to take into account their location in proximity to the highway and related safety matters, but if the signs are not large enough to be noticed then they will likely remain unsold

6. Revenue forecast

In this section, a basic forecast of revenue for the various site types is provided for the first four years. The figures are based on typical averages across the UK for similar site types but could vary significantly, depending on the prevailing factors in place when any scheme is launched.

Roundabout forecast is inclusive of all 57 Shropshire Council managed sites, 45 of which are deemed as saleable.

	Annual average gross income per unit*	Estimated no. viable sites	Estimated gross revenue Year 1	Estimated gross revenue Year 2	Estimated gross revenue Year 3	Estimated gross revenue Year 4
Phase 1						
Roundabouts	£4,000	45	£45,000	£70,000	£95,000	£130,000
Boundary signs	£2,000	20	£15,000	£30,000	£36,000	£37,000
Verge signs	£1,750	15	£12,000	£18,000	£22,000	£25,000
Phase 2						
Lamppost banners	£500	200	N/A	£35,000	£78,000	£100,000
Income total	-	-	£72,000	£153,000	£231,000	£292,000
Less contractors' costs	-	-	£20,000	£25,000	£25,000	£25,000
Gross surplus	-	-	£52,000	£128,000	£206,000	£267,000
Less contractor's share (@40%)	-	-	£21,000	£51,000	£82,000	£107,000
Total income to the Council	-	-	£31,000	£77,000	£124,000	£160,000
Less admin costs (@ £10K pa)	-	-	£10,000	£10,000	£10,000	£10,000
Net income to the Council	-	-	£21,000	£67,000	£114,000	£150,000

*Gross revenue (excludes costs for hardware/installation – many of these costs will fall in year one and come out of the income generated from the overall cost of sponsorship. This has already been factored into the forecast above) Inflation will also influence gross revenues as the contract proceeds. This has also been factored into the forecast above. All hardware will be owned by Shropshire Council.

The revenue is not guaranteed but is a forecast, based on experiences elsewhere. Note that in year one the full annual value for each site sold will not be achieved as sites will be sold across the year and so not all the revenue will fall into the first 12 months. Thus, the revenue will increase significantly from year two onwards, and this also reflects the fact that there will be a range of initial costs to be funded in year one – e.g. planning, sign manufacture, etc. However, these costs will then reduce from year two onwards. Inflation will also influence the gross revenues as the contract builds over 4 years.

Please note the following assumptions inherent in the above table:

1. In year 1 it will take time to set up and market the new sites/site types and get the first campaigns in the ground. Therefore, it will not be possible to run a campaign for the whole of year one, but rather a percentage of the year that is left once the preparation work has been completed.
2. Lamppost banners tend to be sold during the period March to September and are not always suitable for use during the winter months.
3. All information contained above is indicative only and the actual number of sites sold and revenue may vary, depending on what is available to sell and how the business community responds to the opportunities.

7. Implementation period and monitoring

Assuming all the key stakeholders support the implementation of a scheme, then it can be implemented in a matter of weeks, once a supplier has been selected and any planning requirements for advertising consent are met.

Effective monitoring can be carried out by requiring the supplier to provide regular reports on the list of sites included in the scheme along with all the sponsorship details – campaign start and expiry dates, client business name, sites sponsored and revenue attributable. The Council can then invoice quarterly for monies owed for each quarter.

8. Ensuring sponsors and artwork adhere to Council advertising guidelines

An important part of any wider Council advertising policy will be the need to retain control over which businesses are permitted to advertise on any asset and the content of their proposed adverts. **Appendix 2** sets out the council's advertising policy in this regard.
The Sponsor will ensure that any supplier managing this element will firstly adhere to the **ASA** (Advertising Standards Authority) Non-broadcast Code, which covers some of the key areas, such as restrictions on:

- Alcohol
- Political or religious organisations
- Sexual references
- Drugs and associated products
- Gambling

In addition, the Council have developed its own 'Advertising Guidlines', forming part of its policy, and will cover off more localised potential restrictions on areas such as:

- Fast food
- Pay-day loans
- No win, no fee accident and injury claim organisations

Any supplier will be required to adhere to these guidelines and a process will be established whereby the supplier will forward proposed sponsor artwork to a nominated individual in the Council to approve, prior to the advert being printed and installed. In addition, the Council will have the right, always, to request the removal of any advert, even if already installed, should there be any issues or complaints resulting in a decision to withdraw approval.

Appendix 2

Advertising policy

This paper outlines the terms and conditions for advertising with Shropshire Council. Advertising in this context includes printed materials (posters, flyers, Partners magazine) and online (websites, social media).

1. Our principles regarding advertising

As a principle, Shropshire Council will accept advertising that:

- Does not conflict with the council's mission
- Does not infer endorsement by the Council, or bring the Council into disrepute
- Does not impede or conflict with Shropshire Council residents leading healthy, economically independent and safe lifestyles
- Shows respect and dignity to all parties.

2. Restricted and prohibited advertising

The Council will not consider advertising that includes:

- Tobacco or tobacco related products, including e-cigarettes and 'vaping'
- Alcohol
- Credit cards and payday loans
- Gambling
- Showing weaponry and/or violence, or inciting hatred
- Nudity
- Advertising demeaning (or otherwise discriminating against) to protected characteristics as defined by the Equality Act 2010
- Racially provocative content
- Any political or lobbying content
- Content that disadvantages current or former armed service personnel, their families or veterans
- Content that could cause offence
- Unsustainable borrowing.

Shropshire Council will also refuse advertising from organisations in conflict with council services or facing enforcement action from the council, until any conflict is resolved.
This list is not definitive, and the council retains the sole and non-negotiable right to refuse advertising at any time.

On an ad-hoc basis, the council reserves the right to check advertisers against third party data - for example Trading Standards – to ensure services advertised meet the standard required by the council.

Shropshire Council may check that the organisation does not have an outstanding debt with the authority before an order is placed.

3. Style and content of advertising

Shropshire Council expects all advertising placed to fall within the guidelines of the Advertising Standards Authority (ASA), specifically the UK Code of Non-broadcast Advertising, Sales Promotion and Direct Marketing – otherwise known as the Committee of

Advertising Practice (CAP) Code. It is the advertiser’s responsibility to be aware of the code, and any changes/updates to it.

Advertising content must be legal, decent, honest and truthful, and be prepared with a sense of responsibility to consumers and to society as a whole.
The Council is open to a variety of styles in submitted advertising, but will not consider content that:

- Violates the topics outlined in section 2 above
- Uses the Council’s logo without consent in writing from the Service Manager for Marketing and Communications at the council
- Does not clearly state who the advertiser is
- Is not clearly identifiable as an advertisement
- Infers a connection with an organisation/s that does not exist
- Is not suitable for family viewing
- Presents unsubstantiated statements as fact

We retain the right to decline advertising from any source in respect of particular products or content which the council, at our sole discretion, consider inappropriate. The council will agree with those advertising in advance the nature and content of the publicity and will retain the right to approve all advertising material.

Acceptance of any advertisement does not represent endorsement of any organisation, product or offer by the council, or that the council is responsible for their quality and reliability. The council accepts no liability for any loss or damage arising out of or in connection to any external advertisement placed. As part of the booking agreement, all advertisers must indemnify the council against any claims, damages, losses etc. arising out of any advertising placed.

In addition, the council accepts no responsibility for advertisements not placed due to deadlines missed (or specifications not met) by the advertiser.

4. Advertising rates

Advertising rates are set by Shropshire Council with regard to current local market conditions. Fees charged to the advertiser will be included in the Council schedule of fees and charges

Introductory or discounted rates may apply but will be offered fairly to all advertisers.
The advertising rates will be reviewed on a regular basis, and will be adjusted when and where applicable to maximise income for the council and the residents it supports. This will not affect any booking agreements made prior to changes.

5. Unexpected circumstances

The council reserves the right to withdraw advertising with no guarantee of refund at any time to meet the demands of unexpected circumstances.
This includes:

- Force majeure (i.e. major environmental events)
- Periods of heightened sensitivity and/or developments following the installation of advertising (i.e. an external event deems previously acceptable advertising as in bad taste).

Advertisers would be informed of such circumstances at the earliest available opportunity.

Shropshire Council

Committee and Date	Item
Cabinet 21 July 2021	 Public

VARIATION TO DETERMINED ADMISSION ARRANGEMENTS 2021-22 AND 2022-23

Responsible Officer Karen Bradshaw - Executive Director of Children's Services
e-mail: karen.bradshaw@shropshire.gov.uk Tel: (01743) 254201

1. Summary

1.1 A revised draft School Admissions Code passed through the parliamentary process on 1 July 2021. This requires admission authorities across the country to agree by 1 September 2021 a variation to their admission arrangements to comply with the new Code.

1.2 Shropshire Council's admission arrangements, determined in February 2020 for 2021-2022 and determined in February 2021 for 2022-2023, gave the highest priority to looked after children (LAC) and children who were previously looked after by English local authorities (PLAC) and the second highest priority to children who appear to Shropshire Council to have been in state care outside of England and ceased to be in state care as a result of being adopted (IAPLAC).

1.3 The revised draft Code requires IAPLAC children who appear to the admission authority to have been in state care outside of England and ceased to be in state care as a result of being adopted, to be given **equal** first priority in admission arrangements, alongside LAC and PLAC children who were previously looked after by English local authorities.

1.4 In order to comply with the new School Admissions Code, all admission authorities are required to determine a variation to determined admission arrangements for both 2021-2022 and 2022-2023 to take effect from 1 September 2021. Without these variations, admission arrangements that have already been determined will no longer comply with the Code from this date.

2. Recommendations

2.1 That Cabinet approves the variations to Shropshire Council's admission arrangements for 2021-2022 and 2022-2023, namely to give equal top priority to children who appear to the admission authority to have been in state care outside of England and ceased to be in state care as a result of being adopted, alongside children who are currently or were previously looked after by English local authorities and ceased to be so as a result of being adopted.

2.2 That Cabinet approve the variations to take effect from 1 September 2021 in compliance with the School Admissions Code 2021.

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1 Without these variations, Shropshire Council's admission arrangements that have already been determined will no longer comply with the School Admissions Code from 1 September 2021.

4. Financial Implications

4.1 There are no financial implications for Shropshire Council connected with the variation to determined admission arrangements.

5. Background

5.1 Shropshire Council's arrangements for 2021-2022 and 2022-2023 gave the highest priority to looked after children and children who were previously looked after by English local authorities and the second highest priority to children who appear to Shropshire Council to have been in state care outside of England and ceased to be in state care as a result of being adopted (often referred to as IAPLAC).

5.2 A draft School Admissions Code was laid before Parliament on 13 May 2021 for a 40-day period during which both the House of Commons and the House of Lords had the opportunity to review the Code and any Member pass a motion to not approve it. This 40-day period expired on 1 July, and as there was is no such motion, the new Code as drafted will come into force on 1 September 2021.

5.3 The top priority in Shropshire Council's admission arrangements for 2021-2022 and 2022-2023 will now read as:

'Looked after children' or children who were previously 'looked after' but immediately after being looked after became subject to an adoption, child arrangements, or special guardianship order including those who appear to Shropshire Council to have been in state care outside of England and ceased to be in state care as a result of being adopted.

5.4 All applications received before 1 September 2021 will have been processed in accordance with the existing (2014) Code and offers made and places allocated will be unchanged. Any applications received on or after 1 September 2021 will be processed in accordance with the new Code.

5.5 Schools in Shropshire for whom Shropshire Council is not the admission authority have been advised to agree a variation to their admission arrangements in compliance with the revised School Admissions Code.

5.6 As these variations will be necessary to comply with a mandatory requirement of the School Admissions Code, no consultation on the change is required and it will not be necessary to refer a variation request to the schools' adjudicator (or to the Education and Skills Funding Agency in respect of academies).

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) School Admissions Code 2014 (available from www.education.gov.uk) Revised draft School Admissions Code 2021 (available from www.education.gov.uk) Shropshire Council Determined Admission Arrangements 2021/22 (available from www.shropshire.gov.uk/schooladmissions) Shropshire Council Determined Admission Arrangements 2021/22 (available from www.shropshire.gov.uk/schooladmissions)
Cabinet Member (Portfolio Holder) Councillor Kirstie Hurst-Knight
Local Member All members
Appendices None.