



<u>Committee and Date</u>
Council
25 September 2014
10:00 am

<u>Item</u>
<b>14</b>
<u>Public</u>

## **FINANCIAL STRATEGY 2015/16 – 2017/18 INTERIM REPORT**

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### **1. Summary**

The Council Business Plan and Financial Strategy 2014/15 to 2016/17 was agreed by Full Council on 27 February 2014. The Financial Strategy is a rolling plan which is revised throughout each financial year, usually quarterly, as more information becomes available about the level of resources, service pressures and service delivery changes. On 30 July 2014 Cabinet considered an updated Financial Strategy.

The July Financial Strategy report identified that a further report would be presented to Council in September and would reflect any financial implications identified at that point for the planned University and the Annual Business Plan for ip&e.

A separate report on the University Centre Shrewsbury on the agenda seeks delegated authority to be given to the Chief Executive in consultation with the Leader of the Council, to go out to procurement as required for student living accommodation. The report identifies the work that has been undertaken since the last report to Council in July 2014, although this has not yet progressed to a point where the Council is required to agree to any recommendations beyond the budgets already approved. The financial implications of the plans will be included in a future financial strategy when they are identified.

The ip&e Business Plan will be reported to Cabinet on 15<sup>th</sup> October 2014. The Business Plan sets out ip&e's plans for the next twelve months. The plan will be used to inform the Council's Business Plan and Financial Strategy and it is anticipated that any financial implications for the Council will be reflected in the next Financial Strategy report and the Council's budget for 2015/16, to be agreed by Council in February 2015.

The report seeks approval for capital budget increases required as a result of new external funding and for the commencement of further procurement as part of the national Phase 2 Broadband programme based on a grant offer from BDUK of £11.38m.

## **2. Recommendations**

It is recommended that members:

- A. Note the financial implications for the Council associated with the planned University will be identified as part of a procurement exercise and will be brought back to Council for approval before any commitment is made.
- B. Note that the ip&e Business Plan will be considered by Cabinet on 15 October 2014.
- C. Agree the budget virement required to allow the Director of Public Health in consultation with the Portfolio Holder for Public Health and the Leader of the Council to agree a commissioning contract with ip&e Limited, following the transfer of Help2Change as agreed by Cabinet on 3 September 2014 of £2.605m.
- D. Approve the capital budget increases for new external funding of £2.24m in additional Highways Maintenance funding from the Department of Transport for expenditure in 2014/15, an additional £1.5m grant from BDUK for the current Broadband Project and £1.47m from the Development Trust for Supported Living Accommodation in Market Drayton
- E. Agree the commencement of further procurement up to the value of £11.38m as part of the national Phase 2 Broadband programme based on a grant offer from BDUK of £11.38m.

## **REPORT**

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

- 3.1.** Each Financial Strategy report identifies the risks and uncertainties around financial planning. These can be found in the report to Cabinet on 30 July 2014. The separate report on the University Centre Shrewsbury provides a risk and opportunities appraisal. As the plans for the University are developed, future reports will reappraise the risks and opportunities before any decisions are required by Council.
- 3.2.** The risks associated with the transfer of Help2Change to ip&e including an Equality Impact Needs Assessment were identified in the September Cabinet Report.
- 3.3.** Risk assessments are undertaken as part of the evaluation of all capital bids.

- 3.4. Capital receipt levels and the timing of receipts are dependent on planning approvals and prevailing market conditions.
- 3.5. Environmental appraisals and community consultations are carried out for individual schemes as appropriate.

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

- 4.1. Financial implications associated with the planned university will be identified and reported to the next Council meeting.
- 4.2. The ip&e Business Plan will identify future year's proposals for the company with consideration for potential service transfers from the Council requiring a Business Case to Cabinet for approval. Financial implications of transfers will be brought back to either Cabinet or Council for approval as appropriate and required.
- 4.3. A budget of £2.605m has been identified to commission Help2Change from ip&e Limited. This budget is within the Council's approved gross budget and is funded from Public Health Grant.
- 4.4. The new capital external funding does not result in the requirement for the Council to provide any additional match funding to support the drawdown of the new funding.

#### **5. University**

- 5.1. A number of options are continuing to be pursued in relation to the university proposal and the financial implications of these options will need evaluating. A separate paper on the agenda seeks approval for delegated authority to the Chief Executive in consultation with the Leader of the Council to go out to procurement as required for student living accommodation.
- 5.2. Following the initial procurement exercise, a Business Case will be developed for Council identifying the financial implications. Any financial implications will be built into the Council's Business Plan and Financial Strategy for approval. Council in July agreed a budget of up to £1m to allow the development of plans including pre contract/construction activity and any costs associated with decanting staff from buildings. As the plans are developed and the financial implications identified, a further report will be made to Council, but at this stage no financial implications beyond the £1m have been identified.

## **6. Help2Change Transfer to ip&e Limited**

- 6.1.** Cabinet on 3 September 2014 agreed the transfer of the new integrated Help2Change service to ip&e Limited. A budget of £2.605m has been identified within the existing Public Health budget to commission services. Approval is sought to transfer this budget from existing expenditure headings to a commissioning budget. The commissioning contract between Shropshire Council and ip&e limited will identify the terms of the agreement including the payment terms.

## **7. Capital Budget Increase**

- 7.1.** The capital programme for 2014/15 and future years, was updated as part of the Capital Strategy 2014/15 to 2017/18 report, approved by Council 27 February 2014. This included updated allocations of capital grants and a review of and delivery schedule for schemes.
- 7.2.** In Quarter One and Period 5 the Council has received notice of three amounts of additional grant funding, over £1m.
- 7.3.** New allocation of £2.24m of additional Highways Maintenance funding from the Department of Transport. This will be used to extend the Council's resurfacing programme for 2014/15 and under the terms of the funding the Council is required to complete all works by 31 March 2015 and report quarterly on works delivered from the funding.
- 7.4.** An additional £1.5m grant from BDUK has been awarded for the Broadband Project. This will be used to extend the current programme and funds have provisionally been built into 2015/16, until a new delivery schedule is agreed with BT.
- 7.5.** New allocation of £1.47m in funding from the Development Trust for the development of supported living accommodation adjacent to the Raven Centre in Market Drayton.

## **8. BDUK Grant offer – Capital Funding**

- 8.1.** The Council has been given approval to progress a further round of procurement as part of the national Phase 2 Broadband programme. The grant available is £11.38m with the total spend being up to £22.76m if all the matched funding can be secured.
- 8.2.** Council approval is sought to commence the procurement exercise on the basis of the offer made. A report to Cabinet in October will provide further detail of the proposed procurement and potential matched funding. Once the financial implications and risks for the Council are identified, the required revisions will be made to the Capital strategy for approval.

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

Council Business Plan and Financial Strategy 2014-17 – Cabinet 30 July 2014  
February 2014

Help2Change Business Plan and Transfer to ip&e – Cabinet 3 September 2014

Capital Monitor Report – Quarter 1 – Cabinet 30 July 2014

**Cabinet Member (Portfolio Holder)**

Keith Barrow – Leader

**Local Member**

All

**Appendices**