



Borough of Telford and Wrekin

Cabinet

4 January 2024

Medium Term Financial Strategy 2024/25- 2027/28

Cabinet Member:	Cllr Nathan England - Cabinet Member: Finance, Customer Services & Governance
Lead Director:	Michelle Brockway - Interim Director: Finance & Human Resources.
Service Area:	Finance & Human Resources
Report Author:	Michelle Brockway - Interim Director: Finance & Human Resources.
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Wards Affected:	All Wards
Key Decision:	Key Decision
Forward Plan:	Yes – 8 November 2023
Report considered by:	SMT – 5 December 2023 Business Briefing – 14 December 2023 Cabinet – 4 January 2024

1.0 Recommendations for decision/noting:

It is recommended that Cabinet Members approve:

- 1.1 The proposed revised Medium Term Financial Strategy (MTFS) set out in this report for consultation between 5 January 2024 and 4 February 2024 including a council tax increase for 2024/25 of 4.99% which will be fully

invested in the provision of social care services for the most vulnerable members of our community.

1.1.1 Delegation of authority to the Director: Finance & Human Resources, in consultation with the Leader or relevant Cabinet Member to allocate funding from the £20m Capital projects fund referred to in paragraph 4.6 of the report.

1.2 Members are asked to note:

1.2.1 The unprecedented financial pressures being faced by local authorities across the country and the high level of uncertainty relating to the medium-term financial outlook for Telford & Wrekin Council due to:

- The escalating costs of, and demand for, many Council services but particularly Adult Social Care and safeguarding vulnerable children,
- National and international economic pressures resulting in an extremely challenging financial outlook for U.K. public services,
- The Government's one-year provisional local government finance settlement not extending beyond the end of March 2025,
- The impact of the significant potential changes to the local government finance system which have now been discussed by the Government for many years remain a major uncertainty. As does the potential impact of Adult Social Care funding reforms which have been delayed until October 2025.

1.2.2 That this high level of uncertainty requires the Council to retain flexibility by limiting new ongoing investments to our highest priorities whilst identifying significant ongoing additional budget savings to ensure a balanced budget for next year and over the medium-term.

2.0 Purpose of Report

2.1 To provide an update on the medium-term financial outlook, including key uncertainties and financial pressures and to set out proposals for consultation during the period 5 January 2024 and 4 February 2024. Consultation activities will include holding sessions with key stakeholders including the Voluntary and Community sectors, Town and Parish Councils, businesses, and the Council's cross-party Business & Finance Scrutiny Committee, issuing media releases and seeking views from residents through our website.

2.2 After considering the outcomes from consultation, a further report will be considered at Cabinet on 15 February 2024 at which recommendations will be made for consideration at full Council on 29 February 2024 when the budget for 2024/25 will be finalised and the level of council tax for 2024/25 set, all within the context of a four-year MTFS to ensure that the Council's medium-term financial position remains sustainable and robust.

3.0 Background

- 3.1 The current MTFFS, which covered the 4-year period to 2026/27, was approved at full Council on 2 March 2023. This included the 2023/24 revenue budget and medium-term capital programme.
- 3.2 Since this time, many councils have reported significant pressures in their financial monitoring reports arising from increases in demand for key services and higher costs particularly for provision of social care. Telford & Wrekin Council is also facing very significant budget challenges arising from increasing costs and increasing demand for services. However, Telford & Wrekin Council has a long track record of sound financial management and has demonstrated an ability to take the robust decisions needed to ensure long-term financial sustainability – although this necessitates difficult choices relating to further cuts to staffing necessitating redundancies, reductions to some services, reviewing fees and charges and the level of council tax increase.
- 3.3 The Financial Monitoring Report for 2023/24 also on this agenda provides the latest projections in relation to the outturn position for the current year. Most, if not all, of the pressures we face in the current year are of an ongoing nature and are likely to increase in future years.
- 3.4 The Government’s budget announcement in November 2022 resulted in increased taxes and cuts to public spending being made. This set the framework within which DLUHC set it’s one-year provisional funding settlement for local government for 2023/24 which was announced on 19 December 2022. The Autumn Statement announced by the Chancellor of the Exchequer on 22 November 2023 was extremely disappointing for local government with no recognition of the extreme challenges being faced by councils after more than a decade of austerity, in particular for those with responsibility for social care services.
- 3.5 The very tight national government funding position, the rate of inflation which remains high, significant cost of living pressures facing our residents and higher interest rates together with major uncertainties over the future economic outlook and over when and what changes will finally be made to the local government finance system create the context within which we must now consider our MTFFS proposals. Given the high levels of uncertainty, the one-year settlement provided by the Government, the Council is proposing setting a detailed budget for 2024/25 only but within the context of a four-year MTFFS.
- 3.6 Despite the exceptional level of uncertainty, as a large complex organisation delivering many essential services to our community, we need to plan over a medium-term period. This is particularly the case for large capital projects which may take more than one year to complete. Therefore, this report sets out a MTFFS covering the period 2024/25 to 2027/28. However, due to the high levels of uncertainty and the provisional one-year settlement from

Government, projections beyond next year are indicative and will be regularly updated as further information becomes available.

4.0 Summary of main proposals

- 4.1 The Council has a long track record of sustained strong and effective financial management and has demonstrated a willingness to take difficult decisions when required. Despite having to deliver £156.9m of ongoing annual budget savings by the end of the current financial year since the start of the Government's austerity programme, the Council has continued to manage its budget effectively.
- 4.2 However, due to the current high levels of financial pressure arising from the increased demand for and cost of both Adult Social Care and Children's Safeguarding services and the uncertainty facing the Council, this report recommends a council tax increase of 4.99%. All of the funding raised through the council tax increase will be invested in the provision of Social Care services for the most vulnerable children and adults in our community. In 2023/24, Telford & Wrekin Council has the lowest level of council tax for the services that this council provides in both the West and East Midlands and one of the lowest levels of council tax out of all English shire unitary authorities. Council tax comparisons are included in Appendices 1 and 2. At Band D (the national comparator) council tax in Telford and Wrekin for the services that we provide is £588.96 less pa than in Nottingham. Council tax in the Midlands is, on average, 18.9% higher than in Telford & Wrekin (£276.24pa more at Band D for the services that this Council is responsible for). Even after the proposed council tax increase which will cost the average resident (Band B property) £1.09 per week, it is likely that the Council will still have the lowest council tax in the Midlands for the services that it provides. The increase in the total bill for each household will be affected by the decisions of the Police & Crime Commissioner, The Fire Authority and individual town and parish councils.



- 4.3 As part of the proposed council tax increase, the Council will apply the Government's 2% Adult Social Care precept for next year. However, all of the funding generated from the total 4.99% council tax increase will be invested in the provision of social care services to support the most vulnerable people in our community. The council tax increase will raise £4.04m towards the £13.5m additional investment that is required into our Adult Social Care and Children's Safeguarding and Family Support services

next year with the additional investment required being funded through further budget savings including further reductions to staffing budgets.

- 4.4 As well as the £5.9m additional net ongoing investment into Adult Social Care, the MTFS also makes provision for additional net investment into children's safeguarding of £7.6m next year. The Council's net budget for Children's Safeguarding next year will be nearly £49m and for Adult Social Care the net budget will be over £68m giving a total commitment to these two key areas of over £117m. equivalent to over two thirds of the total net revenue base budget.
- 4.5 The scope for additional ongoing revenue investments next year is limited, as further investments in other priorities would require more budget savings to be identified. However, several pressure areas have been addressed during development of the MTFS to ensure that the proposed budget is robust and sustainable.
- 4.6 The proposed medium-term capital investment programme totals £420m and is set out in Appendix 13. This includes:
- Over £100m investment to expand Nuplace and Telford & Wrekin Homes providing further high-quality homes for local people to rent from a responsible and responsive landlord,
 - Over £65m to support further Growth Fund initiatives bringing new employment opportunities to the Borough,
 - A new £20m Capital projects fund to be allocated over the coming 4 years by the Cabinet to key community priorities with delegated authority to be granted to the Director: Finance & Human Resources in consultation with the Leader or relevant Cabinet Member to allocate funding to specific projects.
 - Over £31m for transport and Highways schemes,
 - Over £40m for education capital projects including investment in school expansion projects to increase pupil places
 - £9.7m for affordable and specialist housing programmes
 - Over £10.8m for a range of housing initiatives, including affordable warmth, empty properties, rough sleeper, disabled facility grants and temporary accommodation
 - £8.7m for a new swimming pool
 - £0.9m funding to progress development of "stalled sites"
 - Over £35m for Towns Fund projects
 - Over £37m for "Levelling-Up Fund" and Capital Regeneration Fund projects
 - Over £2.7m for Pride in Your High Street schemes
 - £1.17m for Environmental Improvements/ Enhancements and
 - £2.19m for Climate change initiatives to support work to reduce the Council's carbon footprint and partnering with government and others on other climate change projects.
- 4.7 Some of the investments highlighted above also generate a financial benefit, as well as fulfilling their primary purpose. For example, NuPlace which provides high quality homes for rent from a reliable landlord, mainly at market rent levels and has enabled brownfield sites to be brought back into use and investment in the Property Investment Portfolio (PIP) to attract and

retain jobs for local people and to provide other regeneration benefits for our residents. An ancillary consequence of both these investments is that it is anticipated they will bring long term capital growth which will strengthen the Council's balance sheet as well as generating revenue returns well in excess of the associated loan repayment charges. They will also bring other direct and indirect financial and other benefits to the residents of the Borough including additional income from council tax, business rates and new homes bonus which will be used to help front line services such as Adult Social Care, as well as protecting and creating jobs for local people.

- 4.8 However, of course, we cannot continue to deliver everything that we do currently in exactly the same ways as we have done previously and need to continue to make savings where we can. Since 2009/10 the Council has delivered savings totalling £156.9m, this report contains details of our approach to identifying savings opportunities and to consultation and engagement on these proposals so that we minimise their impacts as far as possible. The report also puts forward new proposals that will deliver ongoing savings, including from additional income, of £16.1m during 2024/25. Despite the significant budget savings that we have had to make, the Council is still a large organisation delivering many services to local people and it is essential that we use our remaining revenue and capital resources as effectively as possible to deliver the greatest possible benefit for local people. The Council has consistently said that it will continue to protect the most vulnerable in our society and prioritise the protection of services to vulnerable adults and children in our community. The Council is committed to ensuring that we always meet the assessed needs of vulnerable people as we make changes to services, we will always place priority on these essential services and will not let financial pressures mean that we fail to meet the assessed statutory needs of vulnerable residents.
- 4.9 The Council will retain specific reserves and provisions to make prudent provision for likely risks including insurance excesses, bad debts etc. £21.7m has been retained in the Budget Strategy Reserve and the General and Special Fund balances totalled £4.7m at the start of the current financial year. Further details of the reserves and provisions held by the Council are included at Appendix 6.
- 4.10 A consultation period on the proposals included in this report will run from 5 January 2024 through to 4 February 2024. The Business & Finance Scrutiny Committee will scrutinise the Administration's budget proposals and any alternative budget proposals put forward by any Opposition group. Cabinet will agree final recommendations to full Council at their meeting to be held on 15 February and final decisions on the budget and council tax for 2024/25 will be taken at full Council on 29 February 2024.

5.0 National Context.

- 5.1 When the coalition Government was formed in May 2010, they committed to eliminating the national budget deficit which required very significant cuts in public spending and a period of severe financial constraint for the Council commenced. Local authorities were particularly affected by funding cuts during this period because the Government protected many other areas of public spending – but not local government.
- 5.2 At the same time, Adult Social Care and Children’s Safeguarding services, in particular, but also other local government services have faced significant additional pressures e.g., from the increase in the number of older people needing access to social care services and specialist care. Telford & Wrekin is seeing particularly large increases in the number of older people linked to the development of the new town and young families moving to the area from the late 1960s onwards as Telford started to develop, increasing numbers of whom need support as they age.
- 5.3 In recent years, as the Government cut funding for local authorities, they assumed that councils would increase council tax by the maximum permitted up to the referendum limit, including the introduction of the Adult Social Care precept. This has seen a direct transfer of the responsibility for funding local government services from grants provided by central government to council taxpayers. As a Council with a comparatively low level of Council Tax (see appendices 1 and 2) and the majority of properties in Bands A and B a 1% Council Tax increase raises significantly less than in an area which has a high level of Council Tax and has a large proportion of properties in higher Council Tax bands.
- 5.4 The severe financial constraints applied by the Government to local authorities during the prolonged period of austerity has resulted in increasing numbers of councils in other parts of the country having to issue “section 114 notices” and take extreme measures to restore financial stability. Locally, in the face of increasing demands for key services at the same time as we have been subject to cuts in our funding from Government, the Council has exercised very active budget management and financial control by Cabinet Members and officers across the Council. The Council has demonstrated a consistently strong track record of sound financial management for over 15 years despite having to deliver £156.9m ongoing annual budget savings by the end of 2023/24.
- 5.5 CSR 2010 established the initial path of reductions to local government grant funding and introduced the Council Tax Freeze Grant and New Homes Bonus. CSR 2013 continued on this trajectory and introduced the Better Care Fund. CSR 2015 saw the scrapping of the Council Tax Freeze grant, and the introduction of referendum limits for Council Tax and the introduction of the Adult Social Care Precept.

- 5.6 In October 2021, as Chancellor of the Exchequer, Rishi Sunak MP, the Chancellor announced the Government's Autumn Budget and CSR2021 - the first multi-year spending review since 2015. CSR2021 set revenue and capital budgets for 2022/23 to 2024/25. This outlined the Government's revenue and capital spending plans for the three years 2022/23 – 2024/25 by setting budgets for each central government department.
- 5.7 CSR2021 assumed that councils would apply the maximum council tax increase allowable before a referendum is held and also made an assumption of continued growth in the tax base to reflect new properties being constructed.
- 5.8 The Government issued a budget announcement on 17 November 2022 which resulted in increased taxes and cuts to public spending being announced. This set the framework within which DLUHC set its one-year provisional funding settlement for local government for 2023/24 which was announced on 19 December 2022.
- 5.9 On 22 November 2023 the Chancellor announced the Autumn Statement which was extremely disappointing for local government with no recognition of the extreme challenges being faced by councils after more than a decade of austerity, in particular for those with responsibility for social care services.

6.0 Key Areas of Uncertainty

6.1 Reform of the Local Government Financial System

- 6.1.1 Significant changes were made to the local government finance system from 2013/14 including the localisation of a share of business rates, the replacement of the national Council Tax benefit scheme with local Council Tax Support schemes and the transfer of responsibility for Public Health services from the NHS to councils with the introduction of a ring-fenced Public Health Grant funded by the Department of Health and Social Care. This current local government finance system represented a significant transfer of risk from the Government to councils but also brought opportunities and incentives to encourage growth in local communities in line with the Government's national drive to increase the availability of housing and jobs. This Council is well placed to benefit from the current financial system with an attractive environment, good motorway connections and ready to go development sites. We have grasped the challenge to become a "Business Supporting, Business Winning" Council.
- 6.1.2 The funding outlook beyond next year is very uncertain. Radical changes were proposed by the Government to the local government finance system which were all due to come in to effect in April 2020. However, these changes were delayed by the Government with a revised target implementation date of April 2021. Progress stalled due to the pandemic and the proposed changes were deferred again. Following the Autumn Statement in November 2022 it became apparent that the changes would be delayed again. Whilst it is clear that the earliest that any major changes will

now be implemented is April 2025, there is currently no commitment to exactly what changes will be implemented or when this might happen which hampers longer-term financial planning for the local government sector.

6.1.3 The Government have again, for the sixth consecutive year, only provided a one-year provisional local government finance settlement. Combined with the uncertainty around what changes may be made to the local government finance system, it is very unlikely that the Council will have any real clarity on its funding for 2025/26 and later years until we receive our settlement in December 2024, less than 4 months before the start of the financial year which has now been the case for six years which clearly makes medium term financial planning exceptionally difficult. It is therefore essential that the Council maintains financial flexibility so that it is able to set a legal, balanced budget should the actual position be significantly different from the tentative projections included in this report for future years. The changes to the local government finance system that are being considered will potentially have very significant implications for the Council and could include:

- The “fair funding review” which will create a new formula to assess relative needs which will impact on the distribution of available resources between councils.
- Potential changes to the business rates system.
- The “reset of the local government finance system” which would see the benefits of all growth in business rates and council tax income since 2013/14 rebased across the country. This could see 100% of the growth that we have seen lost immediately or a lower percentage given up which could be phased over a number of years. Whilst we would lose the benefit from growth in our area, we would benefit from a share of the growth achieved in other parts of the country.
- The inclusion of data from the 2021 census to update the data from the 2011 census which is still currently in use. The impact of this on the Council will depend on how key data for settlement purposes (such as population) have changed compared to the national average.
- The future arrangements for the New Homes Bonus (NHB) scheme including whether any such scheme is available in future. The Government have again deferred the introduction of a new system and have rolled forward the approach used in 2023/24. However, a new system is expected to be introduced at some point in the future which could impact significantly on the Council as New Homes Bonus is a significant funding stream for the Council.

6.1.4 The Council will continue to take opportunities to respond through all available consultation processes linked to the introduction of these changes to lobby for a fair funding settlement for Telford & Wrekin residents. The Council will also send a response to the provisional settlement. All consultation responses will be agreed by the Cabinet Member for Finance, Customer Services & Governance.

6.2 Other areas of uncertainty:

- It should be noted that a new comprehensive spending review will be carried out, probably during 2024 or 2025 following the next general election and that there is therefore no certainty over funding allocations beyond 2024/25.
- The rate of inflation continues to place pressure on Council budgets as do increased interest rates set by the Bank of England in order to reduce inflation rates. Higher interest rates and the high level of the Government's national budget deficit impact on the economy resulting in reduced construction of new homes and business premises and could result in a recession. This could impact on the generation of assumed capital receipt values and on Council budgets for local Council Tax support (if unemployment increases or household incomes fall) and the budgets for homelessness, housing benefit etc.
- The impact on commercial income from loss of business through external factors
- The levels of demand for key front-line services – particularly children's safeguarding and Adult Social Care services and whether the Government will make new additional and sustainable funding available for these services.
- The levels of pay awards from April 2024 and future years.
- The pension fund is subject to triennial re-valuations with the next valuation to be based on the position for assets and liabilities as at 31 March 2025. Any change to the employer's contribution rate will be effective from April 2026. The performance of the investments held by the Pension Fund and the assumptions used by the actuaries to assess the potential liabilities of the fund could have a significant impact on the Council's revenue budget.
- The significant number and value of appeals against rateable values yet to be considered by the Government's Valuation Office agency against the existing valuation list as well as new appeals that may be lodged against the updated valuations is a significant risk to the Council. The Council's budget includes allowance for potential appeals. However, successful appeals may be higher, or lower, than provided for. Successful appeals impact on the Council's budget by reducing the income from business rates and potentially making repayments if appeals are backdated.
- Projections of what the council's budget gap might be in 2025/26 and later years are therefore extremely difficult to make and have a very high degree of uncertainty. Projections are based on the Council's budget model which will be regularly refined and updated as and when additional information becomes available. It is however certain that the actual position will be different from the projections for 2024/25 and later years included in this report.

7.0 Autumn Budget Statement November 2023

7.1 On 22 November 2023, the Chancellor presented his 2023 Autumn Statement to the House of Commons, alongside the publication of the Office for Budget Responsibility's new set of Economic and Fiscal Outlook forecasts. The Autumn Statement responds to the Office for Budget Responsibility (OBR) forecasts and sets out the medium-term path for public finances.

7.2 The most relevant Autumn Statement announcements to English local authorities include:-

- Planned departmental resource spending for the years beyond the current Spending Review period (2025/26 to 2028/29) will continue to grow at 1% a year on average in real terms, excluding the funding provided to local authorities in 2024-25 as part of the one-year Retail, Hospitality, and Leisure relief scheme.
- For 2024-25, the small business multiplier in England will be frozen for a fourth consecutive year at 49.9p, while the standard multiplier will be uprated by September CPI to 54.6p. 2.5. The current 75% relief for eligible Retail, Hospitality and Leisure (RHL) properties is being extended for 2024-25. Local Authorities will be fully compensated for the loss of income as a result of these business rates measures and will receive new burdens funding for administrative and IT costs.
- Local Housing Allowance rates in Great Britain will be raised to the 30th percentile of local market rents.
- DLUHC will bring forward plans for authorities to offer guaranteed accelerated decision dates for major developments in England in exchange for a fee, ensuring refunds are given where deadlines are not met and limiting use of extension of time agreements.

7.3 The OBR has warned that outside ringfenced areas, such as the NHS, defence and schools, spending for unprotected departments would need to fall by 2.3% a year in real terms from 2025-26 if the government maintained its current plans for funding public services.

7.4 The OBR highlighted that local authority spending had fallen from 7.4% to 5% of GDP from 2011 to now, and forecast this would fall further, to 4.6% by 2028-29.

7.5 In its response, the LGA said that *"the evidence of the financial strain on councils has been growing and it is hugely disappointing that today's Autumn Statement has failed to provide funding needed to protect the services the people in our communities rely on every day...we were disappointed by the lack of reference to children's services, funding for early years and support for pupils with Special Educational Needs and Disabilities (SEND)"* and that *"It is disappointing and concerning that the Autumn Statement provides no new investment for adult social care"*

7.6 Disappointingly, the Autumn Statement did not give any indication of when the local government finance settlement would be announced or when the next Comprehensive Spending Review would be undertaken.

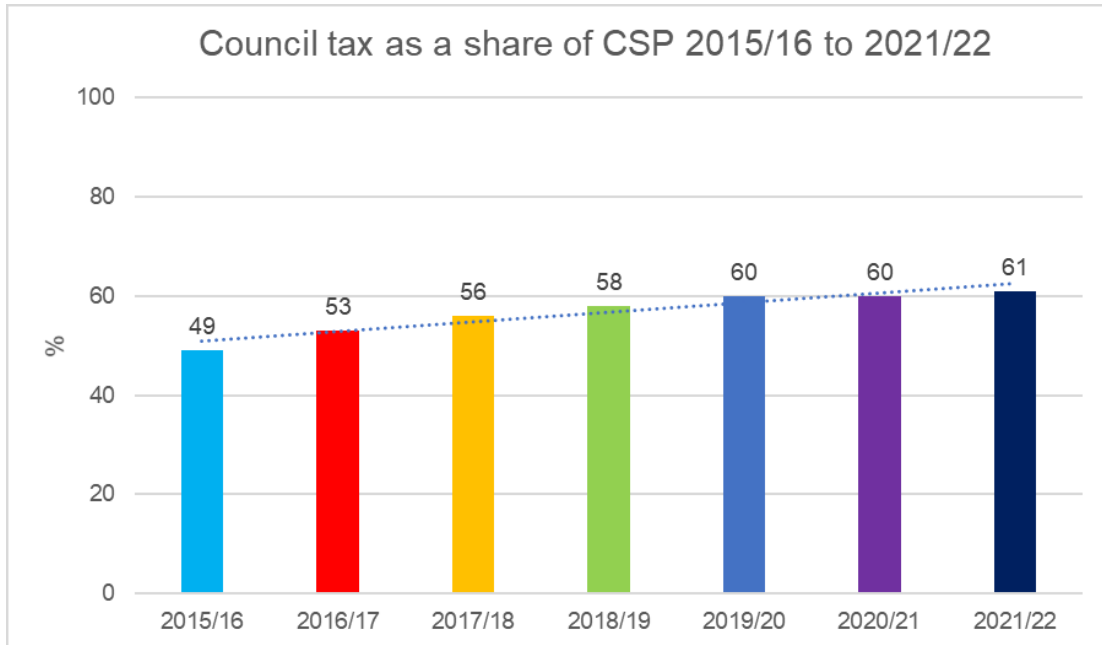
8.0 Local Context

8.1 Telford & Wrekin Council is a high performing local authority providing good quality services for the lowest council tax in the Midlands region for the services that the Council is responsible for:

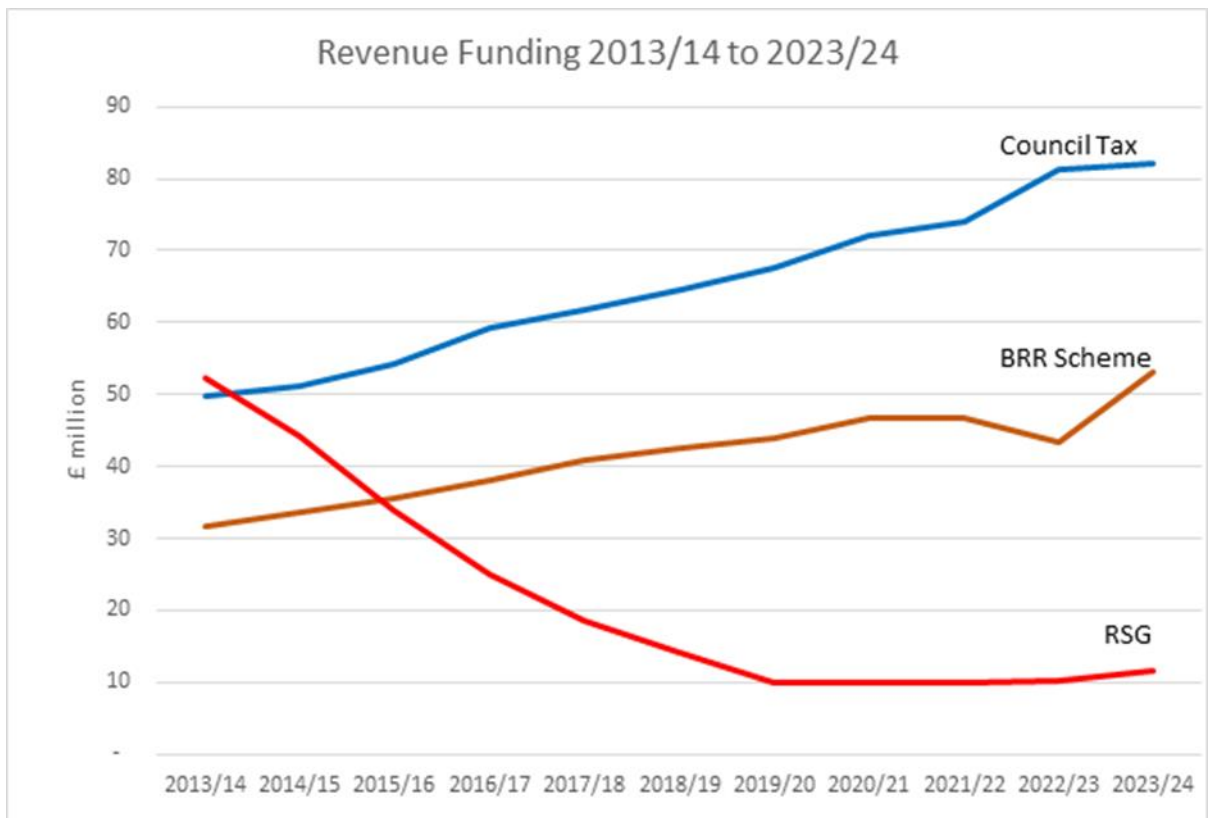


8.2 However, the Government’s comparatively low priority for local government compared to other parts of the public sector in recent years has seen funding provided from the government reduce significantly with a deliberate shift in national Government policy to increase the proportion of local government services funded from council tax and other locally derived income sources.

8.3 In their briefing paper: “Local Government Funding Reform Decisions and Options” LgFutures highlight that the “*council tax share of Core Spending Power (CSP) rose from 49% nationally in 2015/16 to a projected 61% in 2021/22*” as shown in the chart that they have produced and which is copied below.



8.4 Locally, the impact of this policy shift is demonstrated in the graph below.



8.5 The amount of Revenue Support Grant (RSG) has fallen from over £50m in 2013/14, when it exceeded the amount raised from council tax, to £11.6m in 2023/24. During this period demand for many services has been increasing and inflationary pressures have also increased costs. As can be seen from the graph, the proportion raised from council tax has been increasing. The

reduction to RSG is clearly even greater in real terms given the high rates of inflation seen in recent years.

- 8.6 In 2013/14 39% of the net budget was funded from RSG and 37% was funded from council tax. In 2023/24 only 8% was funded from RSG and 56% funded from council tax. However, throughout this period the council has maintained one of the lowest levels of council tax for the services that this Council provides in both the West and East Midlands, indeed it has been the lowest in the region for the last 6 years.
- 8.7 As well as a withdrawal of central government funding over many years, the introduction of the existing local government finance system in 2013/14 saw a significant transfer of risk to local authorities. This included the introduction of local “Council Tax Support” rather than centrally funded “Council Tax Benefits” and local retention of business rates. If the economy enters a recession and potentially the unemployment rate increases, or incomes decrease it is possible that we will see increased costs arising from our local council tax reduction (CTR) scheme.
- 8.8 As a large complex organisation delivering a huge variety of essential services and also one that continues to face significant financial pressures and many uncertainties, it is highly desirable that the Council should have a financial strategy that covers the medium term. However, it is clearly very difficult to produce meaningful future projections of resource availability in the absence of medium term funding settlements for local authorities from the Government particularly given the added dimension of continuing uncertainty over potential changes to the local government finance system that have been deferred on many occasions but remain likely to be implemented at some point and also the impact of data changes when the 2021 census data is incorporated into the funding settlement calculations. Despite this uncertainty, we have to make the best projections that we can and ensure that we seek to identify approaches to reduce reliance on government funding, ensure that an appropriate level of reserves and contingencies is maintained by the Council and that the Council maintains its long track record of sound financial management by making realistic budget assumptions, through comprehensive regular financial monitoring and updating the Council’s medium term budget model as additional information becomes available..
- 8.9 The Council has sought to offset part of the loss of Government grant by generating income by adopting a more commercial approach to many existing services. We have sought to ensure that this approach spreads fixed costs, maximises use of any spare capacity and where possible brings environmental, social, or economic benefits to our residents. We were the second council nationally to open a commercial solar farm and are continue to invest in NuPlace, a wholly owned company, which offers high quality homes, mainly at market rents.



- 8.10 Primarily NuPlace was established to increase the supply of private rented accommodation in the area, to regenerate brown field sites that the Council had been unable to sell and to drive-up standards in the wider private rented sector by offering a high-quality alternative to private tenants. However, NuPlace also generates a surplus after paying all associated costs. The profit is used to help reduce the amount of cuts that we would otherwise have to make to the front-line services that the Council provides to our community. This MTFS includes proposals for further investment into NuPlace and also in Telford & Wrekin Homes.

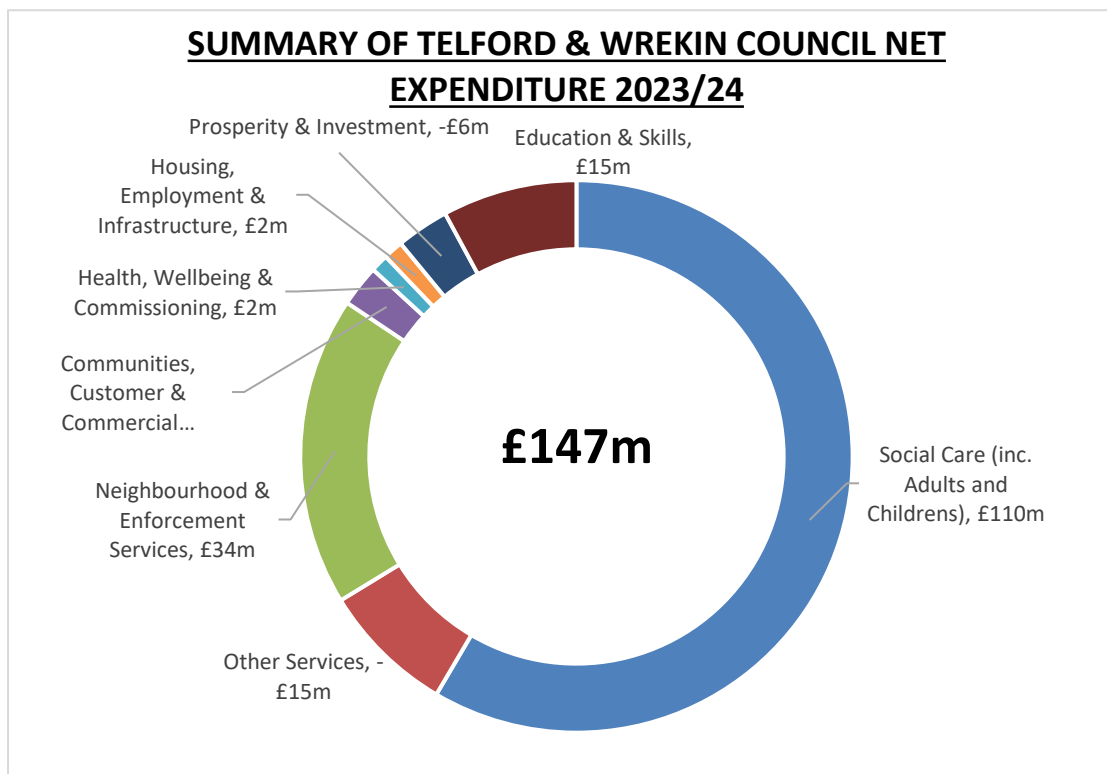


- 8.11 The Council is also committed to investing in the Borough's future. Ensuring that the Borough is an attractive place to live, work, learn and visit is essential if we are to attract new businesses that will create jobs and bring prosperity to the area and the people that live here. The Council also benefits from retaining a share of any additional business rates (between "reset periods") which also helps to minimise the cuts that we have to make to front-line services.
- 8.12 As part of our "Business Winning, Business Supporting" Approach, the Council continues to make investments in our Property Investment Portfolio through our "Growth Fund". Unlike some councils all property investments are within the Borough. The primary purpose of the Growth Fund is to attract new jobs to the Borough from inward investors but it can also retain existing jobs in companies looking to expand and which may otherwise move out of the borough. Any net return after covering all associated costs is used to support front line services as will additional retained income from business rates between any reset periods.
- 8.13 On 2 March 2023, the Council approved a detailed one-year service and financial planning strategy for the current financial year within the context of a four-year MTFS. The one-year detailed strategy was agreed because the Government only provided a one year funding settlement and because the Government had again deferred their planned major changes to the local

government finance system. The Council remains committed to key themes from this earlier strategy and will continue:

- To work with partner organisations, including Town & Parish Councils and voluntary sector and community groups to seek to identify ways to mitigate the impact of some of the cuts to services that we can no longer afford to provide. These discussions have been very successful, and the Council is committed to extending this approach further through Partnership Deals with some transitional funding potentially available where appropriate.
- The Council committed to phasing out the residual local council tax support grant to the remaining, most severely affected, Town & Parish Councils over a three-year period commencing in 2022/23. The grant allocations for the relevant town and parish councils in 2024/25 will therefore be half of the amount received in 2023/24 (and one third of the amount received in 2022/23) and these amounts have already been notified to relevant councils. No further amounts will be payable in future years. The decision to phase the grant out over three years was taken in order to enable these town and parish councils to plan on a medium-term basis.

8.14 The budget set for the current year and which forms the basis for the budget for future years is summarised in the chart below:



8.15 The chart shows that in 2023/24, £110m, or 75% of our net budget, is spent on social care for adults and children. Financial Management reports to Cabinet during the year have consistently highlighted that at Telford & Wrekin both adults and children's social care services are facing pressure despite the significant additional ongoing investments made in recent years, additional

ongoing investment in both services is therefore required to ensure a robust MTFS in future years.

9.0 A Council Working to Protect, Care & Invest to Create A Better Borough

- 9.1 Despite our severe financial constraints, Telford and Wrekin is a progressive Council with ambitions to improve the Borough and the lives of residents. We are tackling the enduring impact of the Government's sustained austerity programme and the lasting impacts of the pandemic head on.



- 9.2 The Council has an ambitious investment programme to protect, care and invest to create a better borough.
- 9.3 Our Council Plan agreed by Cabinet in February 2022 sets out how as a Co-operative Council, the organisation wants to take forward the Borough over the medium term. It is a Plan which is centred on tackling the inequalities that exist in our communities. We will build a strong, clean economy and will ensure that all communities benefit from this - that the very real differences between our communities are “levelled- up” and that all of our communities are resilient, healthy and prospering. Core to all of this will be the action we take to protect our environment and playing our part in tackling the climate emergency. In October 2022, Cabinet agreed a 10-year vision for the borough providing the organisation with a long-term plan for the sort of place we want the borough to be in 2032, outlining our ambitions but also the challenges we want to have addressed. Vision 2032 has been developed with our key strategic partners including the NHS, Police, Telford College, and Harper Adams University providing a series of shared ambitions that we can collectively work together to achieve.
- 9.4 Despite the severe financial challenges we face, our mission is clear. We will support residents and businesses, attract new jobs and investment and promote clean growth in the borough, whilst seeking to protect, as far as we are able to, priority front-line services and are working co-operatively with our residents and partners to deliver these.
- 9.5 From our on-going engagement with local people over many years, we are clear that they and their families have some fundamental priorities which we as a Council will work with them to achieve. We know that the people of Telford & Wrekin want to live:



- **In a safe community** – we work in partnership with West Mercia Police to ensure that Telford & Wrekin remains a low crime area. Our work to support and safeguard children from sexual exploitation has been recognised by Ofsted as amongst the best in the country. Following the publication of the Independent Inquiry into Telford Child Sexual Exploitation report, in July 2022, the Council committed to implementing the recommendations six months earlier than anticipated. Fulfilling this commitment, the Chair of the Independent Inquiry, Tom Crowther KC will be invited at the end of the year to return to Telford & Wrekin to assess progress against those recommendations. Initial funding of £0.3m has been included within the MTFS to cover these costs in addition to committing to protect the funding of the CATE team in real terms in future years and also providing ongoing funding of £0.1m pa to replace existing one-off funding currently used to support part of the budget for the CATE team. If required additional funding will be built in to the MTFS as and when required to ensure the Council can deliver its commitment to safeguard children.
- We have worked to get Telford designated as a White Ribbon Town where domestic violence is not tolerated. Our Public Protection team deliver our enforcement agenda to ensure that local services and facilities are safe, that nuisances are tackled and houses in multiple occupation are better managed. We have made a commitment as a Council to always look after the most vulnerable in our community despite the significant budget challenges that we face.



- **In a clean environment** – we work in partnership with Idverde and Veolia and also with our Town and Parish Councils to ensure that our streets, parks and public spaces are clean and tidy and that we have first class waste collection and recycling services.



Good roads and pavements

- **In a place with good roads and pavements** – each year we invest in a major programme to repair and maintain our roads and pavements. We have also secured significant amounts of Government funding to improve many roads, roundabouts and junctions so that congestion caused by more cars using our roads in the future will be reduced or avoided. The results from the National Highways & Transportation Survey (NHT) for this year have us top in the region for overall satisfaction with roads, we are second nationally and highest out of all unitary authorities. We have:
 - 626 miles of road,
 - 743 miles of footpaths,
 - 132 cycle ways,
 - 20,000 streetlights,
 - 120 roundabouts
- Through our 'Pride in Your Community' initiative and through creative use by elected members of their ward fund allocations, we have also made lots of small improvements in communities and on estates that can make a big difference to everyday life.



First class schools

- **Where there are first class schools and education facilities** – we work in partnership to support our primary, secondary and special schools and performance is amongst the best in the West Midlands. We will continue to invest in maintaining and extending school buildings.
- **Where there are excellent and accessible Hospital, GP and other Health and Care services** - we are providing a key role working with NHS Health colleagues to ensure the Health and Care needs of our residents are fully articulated and Health and Care Services are planned based on those needs. Championing improvements to GP access and other primary care services together with improvements in Acute Hospital services and service backlogs are priorities for us. Telford deserves first class Hospital and other health and care services, and we will continue to champion this important issues. Health and Care within the community and “closer to or in the home” also remain priorities.

- **Where they have a job and there is a thriving economy** – through our Enterprise Telford approach, we are attracting more new businesses to come to our Borough every year bringing new jobs. We have also supported many existing businesses to succeed and expand.



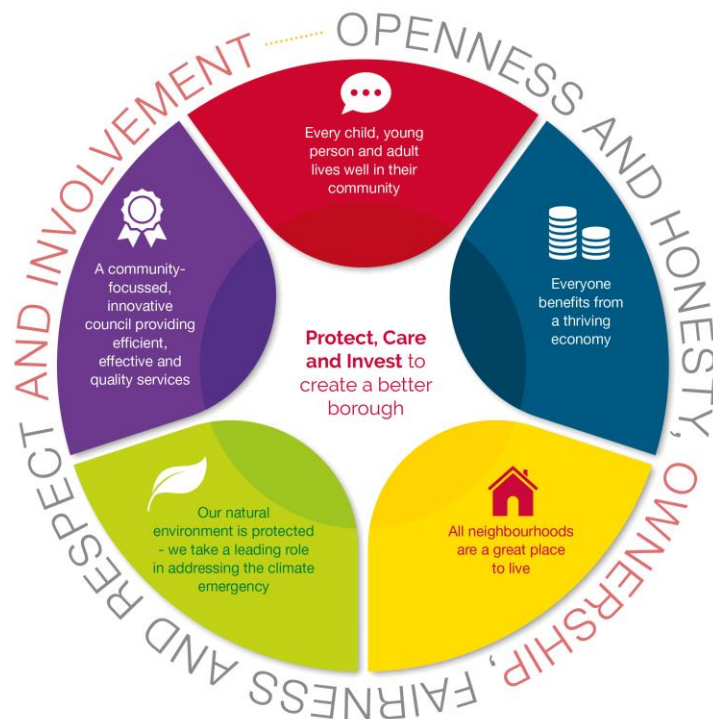
- Through our 'Pride in your High Street' initiative, we have sought to give local businesses the key skills to both survive and thrive in our town centres. We work to protect local jobs, we have lobbied Government to retain key activity in our town. We also work, through our Job Box and Apprenticeship schemes, to ensure local people, and particularly young people, have the skills they need to get a job.
- 9.6 As a co-operative council, we are committed to listening to and involving residents in developing our plans to protect, care and invest to create a better borough. Our approach is to engage with our communities and partners in a targeted way – making sure the right people are involved at the right time on matters that affect them and this is ongoing throughout the year.
- 9.7 One way residents can get involved is through our Community Panel – this is intended to be a representative group of local residents who volunteer to give their views and ideas on a range of local issues and services. When they sign up they identify themes of interest so we only contact them about what they wish to be consulted about. In the last 12 months we have involved Panel members on a range of subjects including the Council's budget, the Public Health Strategy and the Local Plan.
- 9.8 Our 2032 vision was consulted and shaped by direct input from local people. It set out what we want to see delivered in the next decade in order to build on the progress of the past 10 years, developed in partnership with a range of organisations from across the borough. Initially we spoke to 2,900 residents through a telephone survey and focus groups to find out what they liked about the borough and what they wanted to see change or improve over the next ten years. This was followed up by a second phase of consultation to seek further views from local people to make sure they were happy with the proposals we were putting forward and importantly to see what they think might still be missing before final sign off. This included an online survey and face to face consultation. In total we had just over 700 responses.
- 9.9 While many other councils have focussed on making cuts while neglecting growth and stopped major development projects, we continue to prudently

invest to create jobs and safeguard the future prosperity of the Borough and its residents.

9.10 Underpinning our relationship with the community are our vision to **Protect, Care and Invest to create a better borough** and our Co-operative values. These values are at the heart of all that we say and do as an organisation enabling us to deliver our five corporate priorities:

- **Openness and Honesty** - being open and honest in the way we work and make decisions and communicate in a clear, simple and timely way;
- **Ownership** - being accountable for our own actions and empower others with the skills to help themselves;
- **Fairness and Respect** - responding to people's needs in a fair and consistent way;
- **Involvement** - working together with our communities, involving people in decisions that affect their lives and be prepared to listen and take on new ideas.

Our Vision, Priorities and Values



9.11 Our MTFs is the financial expression of our priorities. Through the development of a sound MTFs we maximise the use of revenue and capital resources and ensure that we allocate the funding that is available in the

best way to deliver as far as possible on or overall vision to Protect, Care and Invest to Create a Better Borough. "Service Strategies" are prepared for each of the Council's directorates. These demonstrate how the budgets for each directorate are used to support the work of each directorate and the linkages to each corporate priority. Service Strategies for 2023/24 have been included in Appendix 4. These will be updated for 2024/25 once the budget for 2024/25 has been finalised. The Capital Programme is analysed by corporate priority later in this report to show how we use our capital resources to deliver our corporate priorities.

10.0 Funding Settlement for 2024/25

10.1 The provisional local government funding settlement for 2024/25 was announced on 18th December 2023. The key points to note at a national level are set out below:-

- Core Spending Power for local authorities will rise by 6.5% in 2024/25.
- Council Tax referendum limits will be 3% for unitary authorities, with social care authorities able to set an additional 2% social care precept.
- Revenue Support Grant has been increased in line with the September CPI figure of 6.7%.
- The small business rates multiplier has been frozen at 49.9p and the standard multiplier has increased with CPI to 54.6p. The government will compensate local authorities for the loss of income for this decision up to the level of the September CPI figure.
- Social Care Grant has increased in line with the December 2023 Policy Statement by £692m to £4,544m.
- Improved Better Care Fund remains the same as 23/24 at £2,140m with no inflationary uplift applied.
- ASC Market Sustainability and Improvement Fund has increased in line with previous announcements to £1,050m.
- ASC Discharge fund has increased in line with previous announcements to £500m.
- There is no change to the New Homes Bonus scheme with a provisional amount of £291.4m.
- The funding guarantee which ensures authorities receive a minimum increase of 3% in their spending power has increased by £64m to £197m.
- The Services Grant has been significantly reduced from £483m in 23/24 to £77m in 24/25, a cut of 84%. This has been used to fund other increases in the settlement with an amount being held back by government as a contingency.
- Rural Services funding grant has been rolled forward on 2023/24 allocations remaining at £95million.

- 10.3 The cut to the Services Grant as part of the settlement has resulted in reduced grant income to Telford & Wrekin Council of £1.32million for 2024/25. This was not anticipated with the government giving no prior indication that this grant would be cut to this extent. This has resulted in further efficiency savings that will need to be identified across the Council which have been included as part of the 2024/25 savings.
- 10.4 The deadline for responses to the provisional settlement is 15th January 2024. The Chief Financial Officer will agree a response to the provisional settlement with the Cabinet Member for Finance, Customer Services & Governance.

11.0 Base Budget For 2024/25

- 11.1 The base budget for 2024/25 totals £176.163m and is summarised in Appendix 8. The budget will be restated after final decisions have been taken on the savings and investment proposals contained in this report.
- 11.2 As previously highlighted in this report, there are many areas of significant uncertainty facing the Council and our overall financial position beyond March 2025.
- 11.3 It is with this uncertainty over the medium-term financial outlook facing the Council in mind that the balance between the key components of the overall MTFS need to be considered i.e.:
- New ongoing revenue and one-off capital investments (which also impact on the revenue budget both in the year of spend but also in some cases for many decades ahead),
 - The balance between further savings and the level of council tax increase,
 - The use of a prudent level of one-off resources versus retention of sufficient one-off resources to provide future flexibility and assurance of financial sustainability through the medium-term.
- 11.4 Given the high degree of uncertainty for the reasons previously referred to, it is difficult to make accurate forward projections. However, it is essential that we now use the best available information to estimate the potential level of budget shortfall in future years so that we can start to plan ahead now through this MTFS framework which is based on the Council's multi-year budget model. This includes many variables and will be regularly reviewed and updated as further information becomes available. Using current available information and assumptions, the position is summarised in the table below. However, it must be noted that the actual position may be very different to that set out below.

Base Budget Movements from 2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000
2023/24 Base Budget	146,774	146,774	146,774	146,774

Adjustment for use of reserves in 23/24	6,298	6,298	6,298	6,298
Inflation on major contracts and utilities	2,800	4,100	5,300	6,500
Pay Inflation	7,399	10,651	13,443	16,305
Pensions - Increases in the lump sum deficit payment - figures from actuaries.	558	622	622	622
Joint Use Leisure Facilities - DFE funding reduction	241	241	241	241
Adult Social Care additional investment	13,937	18,479	23,473	23,473
Additional Social Care Grant	(2,451)	(4,651)	(6,851)	(6,851)
Children's Safeguarding additional investment	13,848	13,385	11,563	11,563
Community Action Teams	550	550	550	550
Changes to Grants	1,593	1,593	1,593	1,593
Healthy Child Programme	-	260	260	260
Ongoing Revenue Cost of Council Investment Programme	-	-	1,607	1,607
Cost of capital Programme	2,789	4,552	5,440	5,762
Savings previously approved	(17,795)	(17,879)	(17,979)	(18,079)
Other	(378)	118	1,894	2,644
Updated Base Budget	176,163	185,093	194,228	199,262
Assumed income from Council Tax	(84,327)	(85,606)	(87,106)	(88,606)
Assumed Revenue Support Grant (net of T&PC CTS grants)	(12,360)	(12,889)	(13,146)	(13,409)
Business Rates (including "top-up" and s.31 grants)	(55,935)	(57,986)	(59,293)	(60,616)
Total Projected Funding	(152,622)	(156,481)	(159,545)	(162,631)
Base Budget Gap before Council Tax increase	23,541	28,612	34,683	36,631
Less:				
Council Tax Core Increase - 2.99% in 24/25	(2,421)	(2,421)	(2,421)	(2,421)
Adult Social Care Precept - 2% in 2024/25	(1,620)	(1,620)	(1,620)	(1,620)
<i>(Note: All of the additional funding generated from the total 4.99% increase in 2024/25 will be invested in social care services to support the most vulnerable</i>				

<i>members of our community. No assumptions have been made on increases in future years.)</i>				
Base Budget Gap after Core Council Tax increase	19,500	24,571	30,641	32,590
Additional Savings	(19,500)	(18,380)	(18,114)	(18,114)
Use of Balances				
To find from further savings/use of balances/council tax increases in future years	0	6,191	12,528	14,476

Notes:

- The overall position will be firmed-up in the February report to Cabinet by which time the Council should have final allocations for most of the grants. The February report will also reflect any additional budget pressures and opportunities that arise over coming weeks.
- The actual amount of business rates available for the budget strategy will be confirmed when the NNDR 1 form is completed and submitted in January 2024. The NNDR1 form has been further complicated for 2024/25 as there are now 2 multipliers, one for small business as well as a standard one.
- No assumption has been made for any increase in either the general level of Council Tax or ASC precept beyond 2024/25. All of the additional funding generated from the 2024/25 increase is to be invested in provision of social care services to support the most vulnerable people in our community.
- The projections for years after 2024/25 are only intended as a broad indication at this stage for planning purposes and the estimates will be further updated as additional information becomes available including any changes in levels of demand and inflation from those currently assumed.
- It should be noted that a new comprehensive spending review will be carried out, probably during 2024 and that there is therefore no certainty over funding allocations beyond 2024/25 so projections beyond March 2025 have a very high level of uncertainty.

11.5 After having delivered £156.9m of annual savings by the end of this year, it is clear that further cuts will be more challenging. Clearly the Council will seek to minimise impacts on our community by working with Town and Parish Councils, local community groups, service users, the voluntary sector, volunteers and other partner organisations. Based on the position summarised above, total savings since the period of austerity began are projected to total just under £199m by the end of 2027/28 (assuming no further council tax increases and based on the medium-term projections currently available – although these will inevitably change as further information becomes available) made up as follows:

	£m
Savings made to end of 2023/24	156.9
Savings previously approved for 2024/25	9.5

Savings now put forward for implementation in 2024/25	16.1
Ongoing savings now put forward for implementation in 2025/26	2.0
Projected further savings/council tax increase required from 2025/26 to the end of the 4-year MTFS period in 2027/28	14.5
Total Projected savings by end of 2027/28	199.0

12.0 Our Approach to Developing Savings Proposals Budget Engagement

- 12.1 Due to the significant uncertainty over the future of the national local government finance system, the prolonged period of financial constraint for un-protected areas of public spending and the consequent scale of ongoing annual savings that had been delivered by the Council a new approach to the development of future savings proposals was agreed from 2017 onwards. Savings are now more challenging as the “easier savings” have already been taken. More time is therefore needed to consult with stakeholders about options and ways to minimise impacts. Therefore, savings are developed as soon as opportunities arise and capacity allows, rather than co-ordinating consultation through an annual process as historically was the case when resources were not so tight, and the need to implement change not so urgent. This means that we are able to engage with our communities and partners in a more meaningful way to develop more creative solutions to some of our challenges within the Borough. This also means that our budget engagement process takes place throughout the year, rather than just for a 4-week period.
- 12.2 We will commence targeted discussions with our Town and Parish Councils, trades unions, business community and local voluntary and community sector partners and the Business & Finance Scrutiny Committee during January 2024. This is part of an ongoing dialogue that will continue throughout the year as our budget proposals are developed.

13.0 Capital Receipts and Debt Charges

- 13.1 The Council’s programme of property rationalisation has not only reduced running costs as we have disposed of buildings and other surplus assets but is also generating significant capital receipts enabling us to fund some investment from internal resources rather than from increased borrowing. Due to a temporary Government relaxation in regulations, the Council is also able to use new capital receipts to fund transformation and statutory severance costs. Debt clearly has to be repaid and adds to pressure on the revenue budget so the generation of capital receipts from the sale of surplus assets helps protect essential front-line services. This reduces the amount of cuts that would otherwise have to be made.
- 13.2 The Council, unlike the Government, is not able to borrow to fund revenue services as the Council has to set a balanced revenue budget each year

with any shortfall being funded by the use of balances or from further cuts to spending or increased income.

13.3 Debt repayments represent a long-term fixed charge against the revenue budget which reduces the amount of funding available for the provision of front-line services. This spreads the cost of the acquisition of these assets over the useful life of the asset and therefore the cost is borne by the council taxpayers that benefit from the asset. However, some capital investment that is incurred to achieve Council objectives such as Nuplace which is offering tenants in the private rented housing sector the option of a high-quality home operated by a long-term responsive landlord not only deliver Council priorities but fund assets which are likely to increase in value over the long term and generate a revenue return greater than the cost of the associated debt charges. This surplus is used to support essential front-line services and to reduce the cuts to services that would otherwise be required. The Council carefully assesses each potential new investment to ensure that it does not expose the Council to an unacceptable level of risk either on an individual basis or when considering the entire debt portfolio of the Council with our approach set out in the capital and investment strategies, the treasury management strategy and prudential indicators reports that are considered by full Council each year.

13.4 In Telford & Wrekin debt repayments in 2023/24 accounted for 8.9% of the net revenue budget (including payment to Shropshire Council in respect of pre-unitary authority debt). This compares to:

- Telford & Wrekin 8.9%
- Unitary Average 10.3%
- Birmingham 23.1%

13.5 A graph showing the percentage of the net revenue budget allocated to debt repayments in 2023/24 for unitary authorities is included in Appendix 5 (data was not available for four councils from the CIPFA data source).

13.6 Our programme of asset sales totals £14.33m over the medium term. The planned profile of these receipts is shown below:

	£m
2023/24	0.774
2024/25	7.556
2025/26	0
2026/27	6.000
Total	14.330

13.7 Generation of these receipts is a key assumption within the MTFS. The Council has a detailed schedule of asset disposals to address this, which is regularly monitored by officers and all the revenue consequences of temporary financing pending these scheduled disposals are built into the Council's base budget projections contained in this report. This dependency will continue to be subject to close monitoring. If any delay is experienced in

generating expected receipts, mitigation factors could include a combination of re-phasing some capital spending schemes, identification of other assets for disposal or additional borrowing on a temporary or long-term basis although this would increase revenue costs and necessitate further cuts to other services or the use of additional one-off revenue resources such as the in-year contingency or Budget Strategy Reserve.

14.0 Section 106 Agreements

- 14.1 Planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended), commonly known as s106 agreements, are a mechanism which make a development proposal acceptable in planning terms, that would not otherwise be acceptable. They are focused on site specific mitigation of the impact of development. S.106 agreements are often referred to as 'developer contributions'. The common uses of planning obligations are to; secure affordable housing, to secure financial contributions to provide infrastructure (for example relating to necessary highways works to provide access to the development) and to help fund new educational facilities for the children of families that move into newly built houses. Careful negotiations are undertaken with developers in reaching the s.106 agreement, which are legally binding and clearly state what the funding can be used for.
- 14.2 Legally a S.106 can only be requested when it is:
1. necessary to make the development acceptable in planning terms
 2. directly related to the development; and
 3. fairly and reasonably related in scale and kind to the development.
- 14.3 Negotiations have to ensure that developments remain viable and the National Planning Policy Framework (NPPF) states where obligations are being sought or revised, local planning authorities should take account of changes in market conditions over time and, wherever appropriate, be sufficiently flexible to prevent planned development being stalled.
- 14.4 The Council publishes an Infrastructure Delivery Statement (IDS) each year detailing income and expenditure against S106 agreements. A copy of the current Infrastructure Delivery Statement is attached as Appendix 7.

15.0 2023/24 PROJECTED OUTTURN POSITION

- 15.1 As the Financial Monitoring report also on this agenda shows, whilst the Council continues to exercise tight financial control, the very significant pressures being faced by the Council, in particular for Adult Social Care and Children's Safeguarding services are such that the current projected year end position would require use of a limited part of the Budget Strategy Reserve. Work to seek to reduce this pressure is continuing but clearly further demand pressures may be experienced in key services so the actual outturn will be different, either better or worse, than currently projected as we are only part way through the year. It is, therefore, essential that all Cabinet Members and budget holders continue to exercise tight financial control and

to deliver all planned savings. The position will continue to be closely monitored particularly for key but also for seasonal factors such as winter road gritting and any potential costs arising from flooding events.

16.0 Savings Proposals For 2024/25

- 16.1 By the end of the current financial year, the Council will have delivered ongoing budget savings, including additional income, of £156.9m since 2009/10. Despite the proposed 4.99% council tax increase (which includes the 2% ASC precept) which will raise around £4.04m, it is necessary for the Council to find further budget savings in order to deliver a balanced budget without using an unsustainable level of one-off balances.
- 16.2 Appendix 10 therefore includes a schedule of additional savings that if after consultation with service users and other stakeholders were all delivered would generate a total saving of £17.8m in 2024/25. Clearly after already having delivered £156.9m of savings, these savings now put forward will include some proposals that are more challenging. As explained elsewhere in this report, extensive consultation with service users and partners will be undertaken in order to identify ways to mitigate the impacts of the proposals or to identify alternative options.
- 16.3 Whilst additional investment totalling over £5.9m net of savings into Adult Social Care in 2024/25 is put forward in this report and £7.6m net of savings into the Children’s Safeguarding budget for next year, it is not possible, even in these services to continue providing the same services in the same ways. In order to ensure that the Council can continue to always meet the assessed needs of vulnerable adults and children in our community, it is necessary for new approaches to be taken to deliver better outcomes for our clients and to ensure that we operate as efficiently as possible. Cost improvement plans are therefore in place for both Children’s Safeguarding and Adult Social Care. Details of these Cost Improvement strategies are included as Appendices 11 and 12.
- 16.4 “Invest to Save” savings proposals delivered through capital investment can result in better outcomes for clients as well as significantly reducing costs, for example officers from across the Council are investigating the potential to deliver significant cost savings but also better outcomes for young people by looking at options to support our Foster Carers. This work has focused on the provision of changes to accommodation to enable existing carers to expand their offer and to support new Carers who currently don’t have accommodation that would be suitable. The work to date has identified a range of opportunities. Delivering such projects requires co-ordinated cross Council working which is already being demonstrated in the proposed redevelopment of the former Red Lion public house site in Wellington.

17.0 Revenue and Capital Investments

- 17.1 Due to the tight financial position faced by the Council the scope for new ongoing revenue investments is limited. However, the Council has always said that it will meet the assessed needs of vulnerable adults and children and in order to do this next year, significant additional investment will be made available to Adult Social Care and Children's Safeguarding totalling £13.5m after allowing for planned savings in 2024/25. In total the net budget for Adult Social Care and Children's Safeguarding will exceed £117m next year.
- 17.2 Unfortunately, the scope for additional ongoing revenue investments next year is limited, as further investments in other priorities would require more budget savings to be identified.
- 17.3 The Council is however proposing a significant capital programme which totals over £420.4m and is summarised in Appendix 13. This is a very significant set of investment proposals and demonstrates the Council's commitment to **Protect, Care and Invest to Create a Better Borough**. The proposed package of capital investments will bring significant benefits to the Borough.
- 17.4 Nuplace was established to give tenants in the private rental sector the opportunity to rent high-quality, well-maintained homes from a long-term responsive landlord and by increasing competition in this sector of the housing market standards will be driven up. The initiative has already seen:
- 466 homes delivered, across ten sites with a further 19 refurbished properties across the Borough, bringing the total number of houses delivered to 485. Of these properties, 84 are for affordable rent or built to an adaptable standard, with the remainder being rented on the open market.
 - Nuplace's growing portfolio now provides a range of homes for over 1,350 people across the Borough with houses available within North and South Telford and Newport.
 - The diversification of Nuplace by the establishment of Telford & Wrekin Homes, involving the acquisition, refurbishment, and rental of properties at locations across the Borough. This will continue to raise standards in the private rented sector.
 - Works are now complete at Southwater Way, Nuplace's low carbon town centre scheme and works are underway for a further 99 homes across three sites including the delivery of accessible and adaptable dwellings and homes built to future homes standard.
 - The programme has resulted in over 23 acres of brownfield land being regenerated, addressing sites that might otherwise blight communities.
 - The portfolio is performing well with a cumulative void rate of 1.91% since the first site was opened.

- Since 2015/16 - cumulative net incremental income of £9.7m to 31 March 2023 has been generated for the Council which has benefitted front line services such as social care services.
- In addition, Council Tax and New Homes Bonus payments are estimated to have generated an additional £4.0m cumulatively to the end of March 2023.
- The Nuplace investment portfolio has experienced strong capital growth and has an asset value of £86.7m. Cumulative growth in the portfolio is 28% to the end of March 2023.
- In addition to delivering much needed housing, the programme has delivered considerable added value in terms of local employment, apprenticeships, supply chain development and the delivery of a range of community projects.
- Since 2015/16, Nuplace has delivered a cumulative profit before tax of £3.5m.

This MTFS now proposes that the Council makes additional investment of £37m available to further develop NuPlace and Telford & Wrekin Homes over and above previous commitments. In total, the Council's investment in NuPlace and Telford & Wrekin Homes will be £169.9m since NuPlace was established.

- 17.5 The Council's Growth Fund, which has now operated for 8 years and:
- Enables the Council to provide land, build and lease bespoke properties and offer full turnkey solutions, and continues to drive a high number of investment enquiries drawing in new investors.
 - The Fund has supported a range of commercial opportunities including new industrial units at T54, supporting the growth and expansion of current business such as Filtermist and providing grow on space for new businesses at Hortonwood West. Investment has also supported the delivery of Ni.Park (Newport), a new employment park for the Borough.
 - Cumulatively, the £79.4m investment to date through the Growth Fund is estimated to deliver an ongoing gross return of 6.47%, 2.02% after borrowing costs but more importantly this project is attracting and retaining jobs for residents of the Borough.
 - The funding committed to date into a range of investments is anticipated to help deliver approximately 1,445 new jobs
 - The investment is also delivering growth in business rates income (between resets). The additional business rates of over £0.6m pa is being invested directly into delivering front line services across all the Borough's communities.

This MTFS now proposes that an additional commitment of a further £10m is made available to further support Growth Fund initiatives from 2024/25 through to 2027/28 over and above previously approved amounts.

- 17.6 The proposed capital programme also includes £20m earmarked for a Capital Projects Fund being £5m pa over the period 2024/25 – 2027/28. It is proposed that a delegation to the Chief Executive, following consultation with the Leader, is approved to allocate the available funding to specific projects during the term of this MTFS.
- 17.7 In total this MTFS therefore includes proposals for additional prudential borrowing totalling £67m.
- 17.8 The proposed Capital Programme will also see:
- Over £31m for transport and Highways schemes,
 - Over £41m for education capital projects including investment in school expansion projects to increase pupil places
 - £9.7m for affordable and specialist housing programmes
 - Over £10.8m for a range of housing initiatives, including affordable warmth, empty properties, rough sleeper and temporary accommodation
 - £8.7m for a new swimming pool
 - £0.9m funding to progress development of “stalled sites”
 - Over £35m for Towns Fund projects
 - Over £37m for Levelling Up Fund and Capital Regeneration Fund Projects
 - Over £2.7m for Pride in Your High Street schemes
 - £1.167m for Environmental Improvements/ Enhancements and funding of £2.19m for Climate change initiatives to support work to reduce the Council’s carbon footprint and partnering with government and others on other climate change projects.
- 17.9 The following tables analyse the capital programme against each corporate priority:



- 17.9.1 Every child, young person and adult lives well in their community**
 We want everyone in the borough to fulfil their potential, to be the best they can be. To do this it is essential that children and young people get the best possible start to life, that they receive a “good” or outstanding” education, that they learn how to stay healthy and well, and that as adults they can access lifelong learning to develop their skills. We know that everyone, whether child or adult, thrives best when they live in a community with family, friends and networks of support. The Council and our partners will work to this goal where it best meets the interest of the person. Our other four priorities will support the delivery of this priority.

Capital	Total £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 & Later Yrs £'000
Adults Supported Accommodation	901	901			
School Schemes	40,765	9,295	21,137	10,334	
Other Schemes	186	90	95		
Total	41,852	10,285	21,232	10,334	0

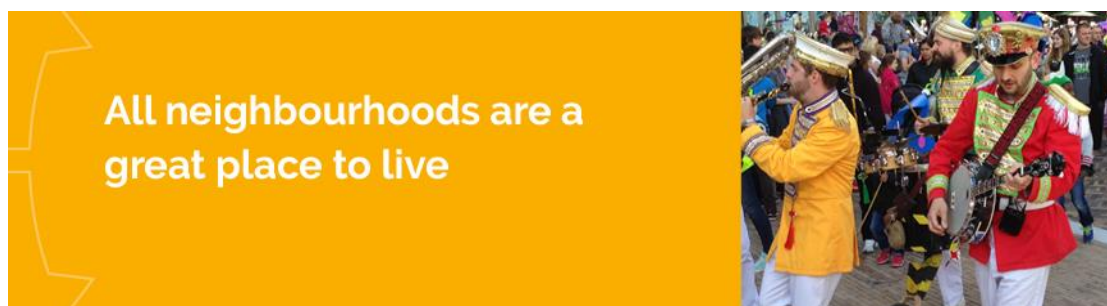


17.9.2 Everyone benefits from a thriving economy

The borough has an outstanding track record of attracting and securing investment to create jobs. Whilst Covid-19 has brought challenges, our focus will be to attract investment, drive innovation and support businesses whilst they recover from these challenges and enable the economy to continue to grow. This is essential if we want an economy that everyone can benefit from which will enable inequalities across our communities to be addressed.

Capital	Total £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 & Later Yrs £'000
Property Investment Portfolio/Growth Fund	65,266	7,168	31,421	18,726	7,951
Towns Fund	35,168	16,288	15,290	3,590	
Levelling Up Fund	26,905	2,811	14,932	7,007	2,154
Capital Regeneration Fund	10,431	3,587	1,271	5,366	207
Stronger Communities	1,791	291	1,500		
HCA Land Deal	6,249	1,330	1,812	3,108	
Other Schemes	43	43			

Total	145,855	31,519	66,225	37,797	10,313
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17.9.3 All neighbourhoods are a great place to live

We want all our neighbourhoods to be safe and inclusive for everyone, including the young and the old. We want neighbourhoods to thrive and be places where people want to live. We want people to feel pride in, and ownership of, their communities and to feel as though they belong whatever their background. We want our communities to be well connected and for everyone to have access to good, affordable housing.

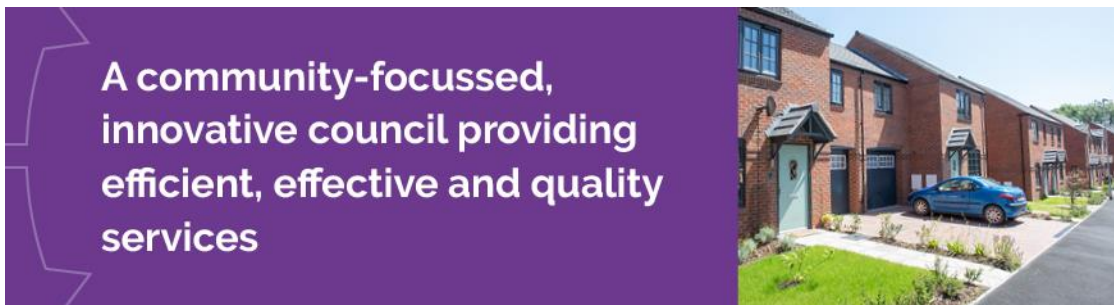
Capital	Total £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 & Later Yrs £'000
Nuplace - Housing Investment	103,108	10,782	40,700	30,155	21,470
Affordable Housing Programme	9,727	627	9,100		
Highways & Transport	28,667	14,785	7,882	2,000	4,000
Playing Pitch Investment	1,643	300	1,343		
Swimming Pool	8,740	25	2,700	6,015	
Environmental Improvements & Enhancements	1,167	1,167			
Pride in Your High Street	2,763	1,220	1,543		
Housing Schemes	10,852	7,682	3,170		
Leisure & Cultural Schemes	2,964	1,414	1,550		
Stalled Sites	924	324	600		
Other Schemes	7,844	2,017	4,927	300	600
Total	178,398	40,343	73,516	38,470	26,070



17.9.4 Our natural environment is protected, and the Council is taking a leading role in tackling the climate emergency

In October 2019, the Council recognised the climate emergency by committing to make the operation of the Council and the borough carbon neutral by 2030. We are committed to protecting our heritage and habitats too, protecting biodiversity both in the way in which the Council delivers its services but also through local planning policy.

Capital	Total £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 & Later Yrs £'000
Climate Change	2,191	240	1,951		
LED Lighting Invest To Save	192	192			
Air Quality	100	100			
On Street Residential Charge Point Scheme	683	683			
DeCarbonisation Schemes	28	28			
Total	3,195	1,243	1,951	0	0



17.9.5 A community-focussed, innovative council providing efficient, effective and quality services

To deliver our community priorities, we will maximise the use of our resources, ensuring that we work efficiently and effectively together as one system, one organisation. We will continue to develop and support our

workforce, our ICT systems and data, and our financial resources. Our decisions about how we do this will be informed by robust engagement and consultation with communities, businesses, partners and stakeholders.

Capital	Total £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 & Later Yrs £'000
Asset Management Plan	3,776	976	700	700	1,400
ICT Investment	16,713	3,784	5,919	3,009	4,000
Efficiency Capitalisation	6,688	1,500	2,769	2,419	
Capital Projects Fund	20,000		5,000	5,000	10,000
Other Schemes	3,952	396	2,485	357	714
Total	51,128	6,656	16,874	11,485	16,114

18.0 COUNCIL TAX

- 18.1 Council Tax in Telford & Wrekin has historically been low compared to other councils. Indeed, it has been the lowest across both the West and East Midlands for the last 6 years for the services that this Council provides. Appendix 1 is a graph comparing Council Tax levels across the Midlands region and demonstrates that Council Tax in this area is the lowest in the Midlands region at Band D (£1,463.93). The average Council Tax at Band D in the Midlands region is around 18.9% higher than in Telford & Wrekin.
- 18.2 Appendix 2 compares our Council Tax to the other unitary authorities in England and shows that we have the second lowest Council Tax at Band D out of 59 unitary authorities being £269.40 less pa than the average for unitary authorities of £1,733.33 which is 18.4% higher than our level at Band D.
- 18.3 A further factor that has reduced resources in this area is “grant damping” whereby grant that the Government has calculated should be paid to this Council is withheld and used to support spending by councils that would otherwise receive less grant e.g. as a result of reducing population numbers. In the calculations used to establish the current local government finance system which came into effect from 1st April 2013, £1.6m pa of this loss was perpetuated in the new baseline funding settlement for the Council and will be withheld from us – equivalent to a cumulative loss of over £19.2m by 2024/25.
- 18.4 As well as a comparatively low level of Council Tax, this area also has comparatively low property values with the majority of our properties being in

Council Tax Bands A or B. 59.4% of total chargeable dwellings in Telford & Wrekin are in these two bands, compared to the average across all unitary authorities of just 48.0%. Whilst this is relatively good news for local residents in terms of their Council Tax bill and although we appreciate that Council Tax bills are a significant cost for local households, it means that we do not have the same scope to generate income from Council Tax as many other parts of the country where levels of Council Tax are much higher and average property values are also higher so a 1% increase raises considerably more per property than it does in Telford & Wrekin.

- 18.5 Despite the significant withdrawal of Government grant from the Council over the last 10 years, the Council has worked hard to keep Council Tax in Telford & Wrekin as low as possible recognising the financial pressures that our residents face despite the Government's deliberate and sustained policy of shifting the cost of funding local government services away from grants from central government and on to council taxpayers. The LGA have said *"council tax represented 45 per cent of council core spending in 2010/11, but by 2020/21 it had risen to 60 per cent. Council tax rises - particularly the adult social care precept - have never been the answer to the long-term pressures faced by councils. Councils will still have to find savings to already stretched budgets in order to plug funding gaps and meet their legal duty to set a balanced budget"*.
- 18.6 Writing in the Municipal Journal, David Phillips an associate director at the Institute for Fiscal Studies, highlighted that *"The Government has not updated its main estimates of councils' spending needs since 2013, and they were based on even earlier data – sometimes from as far back as the 2001 census. The 2010s saw bigger cuts in poorer areas."* Giving councils the ability to increase council tax does not match funding to need because areas of greatest deprivation and need tend to have more properties in lower council tax bands.
- 18.7 In the CSR and the local government finance settlement the Government have assumed that councils will increase their level of council tax by the maximum permitted without incurring the costs of a referendum. In this council's case this Government assumption is that we will increase our council tax by a total of 5% including 2% in respect of the ASC precept. For 2023/24, in recognition of the cost-of-living emergency facing our residents, the Council froze the general council tax and only applied the 2% ASC precept. Unfortunately, given the extreme pressures facing the Council's Adult Social Care and Children's Safeguarding services which has not been recognised by the Government, it will not be possible to freeze the general level of council tax for 2024/25 without making even greater budget savings than those planned which are already extremely challenging. It is therefore proposed to increase council tax by a total of 4.99% for 2024/25 in line with the Government's assumptions. All of the additional income generated which will amount to around £4.04m will be used to fund additional investment in social care services to support the most vulnerable people in our community. The 4.99% increase will be the average increase across the whole borough in the Telford & Wrekin part of the council tax bill and may

vary slightly for individual households dependent which part of the borough they are located within and would amount to £1.09 per week for the average (Band B) property in the Borough. The increase in the total bill for each household will also be affected by the decisions of the Police & Crime Commissioner, The Fire Authority and individual town and parish councils.

19.0 BASE BUDGET, BALANCES AND CONTINGENCIES

19.1 Base Budget

19.1.1 A summary of the Base Budget position is included at Appendix 8 which shows a net base budget of £176.163m for 2024/25 after reflecting the investments set out in this report but before deducting the savings proposals. Assuming a council tax increase of 4.99% for next year and that all the savings put forward are agreed there is no requirement for the use of balances at present in 2024/25. Appendix 9 includes an analysis of the main changes in moving from the 2023/24 budget to the 2024/25 base budget.

19.2 Balances

19.2.1 Appendix 6 summarises the overall reserves and balances position of the Council after taking account of the various earmarked reserves and the risks faced by the Council. This currently shows over £21.7m available which could be taken into account as part of medium-term budget strategy considerations.

19.2.2 The Government has extended the temporary ability to fund the one-off costs of service reform projects from new capital receipts. Taking advantage of this opportunity offered by the Government will result in higher levels of debt than would have otherwise have been the case and therefore higher debt charges as all capital receipts would otherwise be used to fund planned capital projects. However, whilst the debt charges are ongoing they will be more than offset by the ongoing savings generated from the invest to save measures. In order to take advantage of this flexibility Full Council would need to approve an updated “Efficiency Strategy” which will be included in the Service & Financial planning report to be considered at Cabinet in February. This flexibility which was due to come to an end in March 2022 has now been extended again to March 2030. In addition to this flexibility, the Council also holds some specific funds to support service transformation. Currently the uncommitted balance in the Severance fund is £2.76m which is available to support restructure savings. A further £0.7m is held as an uncommitted balance within the Invest to Save/Capacity Fund.

19.2.3 Given the exceptionally high level of uncertainty over the Council’s medium term financial position as previously highlighted in this report, it is important to retain as much flexibility as possible by limiting the use of available one-offs until the medium-term position becomes clearer. The level of usable one-offs gives a good level of comfort that the proposals contained in this report are financially robust given the projected levels of spending in Children’s Safeguarding and Adult Social Care in 2024/25 have been fully

allowed for in the proposed budget. The council also has £8.7m of general fund funding set aside for the one-off costs of implementing single status which may not all be required.

19.3.0 Risk Management and Financial Resilience

19.3.1 Local Government has faced unprecedented financial challenges since 2010 and the Council has faced significant grant cuts at a time when demand for many services, such as safeguarding vulnerable children and adults, have been increasing. We are also in a period of considerable financial uncertainty due to another 1-year funding settlement and with expectations that some aspects of the much delayed reforms of the Local Government finance system will be implemented over the medium term but no information currently available to model what impact these might have on the Council. As an organisation that provides a vast range of essential services to the community and spends over £500m per annum financial resilience and risk management are very important considerations when agreeing our MTFS.

19.3.2 The key elements underpinning the Council's Financial Resilience are:

- **Setting a robust budget strategy which is deliverable and sustainable**
 - ✓ The Council has a long, proven track record of strong financial management, with no overspends over the past 15 years and has consistently received an unqualified audit opinion from its external auditors
 - ✓ The Council has successfully delivered £156.9m of budget savings since 2009/10
 - ✓ Although very challenging, many savings have been phased over a number of years to allow adequate time for full consideration, consultation and implementation and in order to identify alternatives that mitigate impacts on our community.
 - ✓ An Invest to Save/Capacity Fund is in place to provide additional resources for priority areas and to assist with the delivery of savings; bids are subject to a rigorous business case development and approval process.
 - ✓ The Council has a comprehensive employee restructuring programme which is used consistently and supported by clear, costed rationales to support reductions in ongoing costs whilst maintaining the delivery of essential services and minimising compulsory redundancies as far as possible.
 - ✓ Where required, additional investment has been included in the budget including, £5.9m additional net investment in Adult Social Care has been allowed for in 2024/25 and new net investment of £7.6m for children's safeguarding.
 - ✓ Provisions are included in the accounts where required, to safeguard against potential costs, for example for bad debts and Appeals against NDR valuations.

- **Strong and Effective Financial Management**
 - ✓ A robust risk based financial monitoring regime is in place to identify any adverse variances early so that corrective financial management action can

take place. Additional in year savings targets have been delivered when necessary to meet service pressures when necessary.

- ✓ A strong and proactive financial management approach is adopted by budget holders supported by their nominated finance officer.
- ✓ The Council retains a good level of reserves and balances for the medium-term strategy.
- ✓ Cost Improvement plans are in place to focus on Children's Safeguarding & Family Support and Adult Social Care, areas of high demand and high cost. These are monitored on a regular basis by Senior Managers and Members.
- ✓ All reports considered by Senior Management Team and Cabinet are required to include financial and legal comments prepared by suitably qualified officers to ensure that financial and legal implications are clearly understood before decisions are taken.
- ✓ Decisive corporate action is taken on a timely basis to manage the Council's overall resources in order to address pressures as they, inevitably, arise during the year given the complex disparate range of services provided by the Council.

- **Strong & Effective Capital & Treasury Management**

- ✓ There is an effective Treasury Management Strategy which aims to maximise returns for the Council while minimising risks with a solid long track record of exceeding targets set and always complying with Treasury management parameters.
- ✓ Advice on interest rate projections from independent treasury management advisors has been used when making prudent assumptions on future borrowing costs.
- ✓ Treasury management decisions are managed at a strategic level in order to deliver best value rather than individual loans being taken out for spending on each separate capital project which often span several years.
- ✓ Funding capital assets (i.e. assets that have a long life) from borrowing ensures that the cost of the asset is charged to the revenue account over the useful life of the asset. Clearly if all assets were paid for directly from revenue, current taxpayers would be paying for assets that will still be available to taxpayers many years in the future.
- ✓ All capital investment proposals are subject to a rigorous business case development process to manage and mitigate risks as far as possible and are funded in accordance with the Council's approved Treasury Management Strategy after taking advice from professional external advisors.
- ✓ Capital Programme resources are available, in accordance with the Prudential Code of Borrowing and capacity may exist to capitalise expenditure planned to be funded from revenue and in extreme circumstances the Minister may authorise an application for a capitalisation direction.
- ✓ A Capital Programme Board meets regularly to drive delivery of the capital programme and manage overall available resources. This is chaired by the Chief Executive and membership includes all Executive Directors, the C.F.O. and all Directors with significant capital projects.

- **Reserves & Balances**
 - ✓ The Council has General Fund and Special Fund balances as a safeguard against unforeseen costs as well as earmarked reserves and provisions for specific purposes. The Council's main Budget Strategy Reserve has an uncommitted balance of £21.7m and remains available to support the medium-term financial strategy.
 - ✓ In extreme emergency circumstances, general balances and some other funds that have been set-aside for specific purposes could be used and then replaced as part of a future strategy.
 - ✓ The Council holds £8.7m set aside for one-off costs associated with the equal pay settlement.
 - ✓ Contingencies have been built into the revenue budget: A general contingency of £3.95m in 2024/25 is held within the corporate core with a further £10m for inflation and pay awards also held centrally;

- **Strategic Risk Management**
 - ✓ The Council has a strategic risk register which is used to identify the substantive issues which may impact negatively on the delivery of the Council's priorities and may also have a financial impact. This is reviewed by Senior Management Team to manage risks and mitigate potential exposures both as part of everyday business and as part of decision-making processes.

- **Reducing Dependency on Government Funding**
 - ✓ Despite financial challenges, the Council has a clear goal to attract new jobs and investment and promote growth in the borough and is committed to an investment programme which will safeguard the prosperity of the borough – growth will result in additional Council Tax, new homes bonus and business rates pending proposed changes to the local government finance system and periodic resets of the system thereafter.
 - ✓ The Council has adopted innovative ways to improve quality of life for residents including Nuplace, its wholly owned housing company which provides tenants in the private rental sector the option of renting a high-quality home from a long-term and responsive landlord. The solar farm, the Telford Land Deal (a unique joint arrangement with the Marches LEP and Homes England) and the Telford Growth Fund all bring significant benefits to residents and a net financial benefit after covering all associated costs is also generated which is used to help support the provision of front-line services.
 - ✓ For 2023/24 income streams from NuPlace are projected at £2million after covering all additional costs, the profit from the solar farm will exceed £0.7million and the net additional income from the Property Investment Portfolio boosted by benefits from the Telford Growth Fund is projected to exceed £8.7million.

- **Insurance Arrangements**
 - ✓ Appropriate insurance arrangements are in place to safeguard the Council's assets and protect against liabilities.

- **Experienced Finance Team**

- ✓ The Council employs an in-house finance team who work closely with service managers developing good working relationships and understanding of the issues and pressures facing services.
- ✓ The Council's finance team includes a good mix of qualified accountants, accounting technicians and other staff with extensive experience built up in the Council, in other public sector organisations and the private sector.
- ✓ The Council makes sufficient resources available to the Section 151 Officer to enable comprehensive financial management controls to be maintained.
- ✓ Regular Financial Management reports are produced for and considered by the Senior Management Team and for Cabinet and appropriate action is taken to manage pressures as they arise.
- ✓ Specialist external knowledge is commissioned for specific projects where appropriate.

19.3.3 These factors, together with the Council's long track record of effective financial management over what has been an exceptionally challenging period of austerity, which was unprecedented both in scale and duration, closely followed by a pandemic and then a cost-of-living emergency provide a level of assurance that the Council is both financially competent and in a sound financial position despite the further challenges that the Council will inevitably continue to face.

19.3.4 MRP Consultation - DLUHC launched a consultation on proposed changes to capital finance regulations in respect of Minimum Revenue Provision (MRP) calculations. The consultation closed on 8th February 2022, the outcome from which is still awaited. However, no changes are due to be implemented until April 2024 at the earliest and will be fully reflected in the MTFS when clarified. However, we do not expect that any changes will be required over and above those that have already been included in our projections for future years.

19.4.0 Inflation Assumptions and Contingencies

19.4.1 The Council's budget model for future years includes an allowance for pay awards of around 4.5% for 2024/25. An allowance of around 3% has been built in for 2025/26 and 2.5% for later years. However, the precise impact of pay awards may vary from national headline rates if further lump sum, as opposed to across-the-board percentage, pay awards are made in future years as was the case for the April 2022 and April 2023 pay awards. After many years of considerable pay restraint which have seen the pay of council employees cut in real terms by over 23% compared to CPI (and considerably more for the most senior roles) there is a risk that the Council may not be able to retain or attract suitably skilled staff to deliver services in what is now a very challenging environment, therefore in some areas additional "market factor" allowances are applied to aid recruitment and retention.

19.4.2 In accordance with practice in recent years, no allowance has been built in for general inflation, although provision for contractually committed inflation

increases (for example the waste collection and disposal and environmental maintenance contracts) and Adult Social Care costs has been made.

20.0 Education Funding – Dedicated Schools Grant

- 20.1 Dedicated Schools Grant (DSG) in 2024/25 will be allocated using four blocks:
- 20.2 **Schools Block** - funding for all mainstream primary and secondary schools via a local funding formula, although the Government is planning to move to a nationally determined funding formula in future. The amount in the block for Telford & Wrekin is £164m. The 2023/24 'mainstream schools additional grant' has been brought within the schools block for 2024/25 and a like-for-like comparison shows an increase in per pupil funding of 2.12% for 2024/25. Whilst the impact of the September 2023 pay award is partially covered by an additional grant, the overall funding increase for 2024/25 is considerably below current levels of inflation and implies a real terms reduction in school funding in 2024/25, should 2024 pay awards be similar to 2023 and no additional grant funding be made available.
- 20.3 **High Needs Block** - funding for Special Educational Needs (SEN) placements and support, special schools, pupil referral units and other alternative provision. The provisional amount in this block for 2024/25 is £36.6m. This represents an increase of around £1.6m compared to 2023/24 – a much lower increase than seen in recent years.
- 20.4 High needs will remain an area of significant financial pressure in Telford & Wrekin, as well as many other Local Authorities, due to the upwards trend in the number and complexity of children and young people with high needs. The lack of flexibility in the deployment of DSG funding means that the Authority is dependent on DfE allocations of high needs funding being sufficient to meet demand. Services are working to make local provision both educationally and financially sustainable, in particular by supporting mainstream schools to be as inclusive as possible. The current forecast position is that there will be a deficit on high needs DSG by the end of 2023/24 and the increase in funding for 2024/25 is unlikely to be sufficient to meet high needs pressures.
- 20.5 The government has amended finance regulations, such that any DSG deficit is ring-fenced away from the Council's general fund position until 31 March 2026. It is not clear what the position will be after this date.
- 20.6 **Early Years Block** - funding for free entitlement provision for children from nine months old to four years old.
- 20.7 There was an increase in the funding rates for early years entitlements announced part-way through the 2023/24 financial year, particularly significant for 2 year old funding. For T&W, this resulted in £0.75m of additional funding, bringing total 2023/24 funding to around £14.75m. The context for these increases included the cost pressures impacting upon

settings (such as year on year increases in the national minimum wage) and the need to ensure sufficient funding rates to support the planned extension of entitlements, described below.

20.8 The Early Years block in 2024/25 has been increased to £22.4m, but will be adjusted for actual numbers of early years pupils in 2024 and 2025 and so will be finalised retrospectively in Summer 2025. The 2024/25 allocation is substantially higher than 2023/24 due to the extension in funded provision for children of working parents, as follows:

- From April 2024 working parents of two year olds will be entitled to 15 hours per week of free childcare (to date free provision for 2 year olds has only been available for children from deprived backgrounds, children in care or who have left care, children with an EHCP or children in receipt of disability living allowance);
- From September 2024, working parents of children from nine months old will be entitled to 15 hours per week of free childcare;

20.9 There will be a further extension to free entitlement from September 2025 when working parents of children from nine months old will be entitled to 30 hours per week of free childcare. This will be reflected in the allocation of DSG in 2025/26.

20.10 **Central School Services Block** – £1.1m - funding for Local Authority central services, which in the main are statutory. The Education Services Grant (ESG) ceased at the end of August 2017 and the Government created this new DSG block specifically for central services. However, the amount allocated is far lower than the previous ESG and Local Authorities need to secure Schools Forum approval for central services costs, despite the services being statutory. In addition to the Central School Services Block, representatives of maintained schools on the Schools Forum agreed to de-delegate an additional £0.4m for 2024/25 to cover costs of statutory services that apply only to mainstream schools.

20.11 Since 2022/23, we have also had to ask maintained schools in Telford & Wrekin to de-delegate funding for the local authority's statutory school improvement functions. Prior to this, these have been funded by the DfE's "School Improvement Monitoring and Brokering Grant". This was removed by the DfE, half in 2022/23 and the remaining half in 2023/24. No alternative funding was provided, although local authorities' statutory functions remain unchanged. The value of the grant was worth £0.182m in 2021/22. In 2023/24 maintained school representatives on the schools forum agreed to de-delegate £0.135m and this agreement has been replicated for 2024/25.

20.12 In addition to DSG, significant additional funding is allocated to schools via the pupil premium grant (PPG). Just over £12m was allocated to Telford & Wrekin schools via PPG in 2023/24. Pupil premium rates per eligible pupil will increase in 2024/25 as follows:

	23/24	24/25
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'Ever 6' primary	£1,455	£1,480
'Ever 6' secondary	£1,035	£1,050
Looked After Child (LAC) or previously LAC	£2,530	£2,570

21.0 Community Engagement and Communication

- 21.1 As outlined earlier in the report, we will continue to work closely with a range of community groups and Town and Parish Councils to develop alternative ways of delivering services. By engaging with residents and other partners it can be possible to find alternative ways of delivering those services that support our community. We will continue to engage with a range of partners and service users (experts by experience) who could assist in developing alternative service solutions in those areas that have potential to impact upon our residents.
- 21.2 Our 2024/25 approach to consultation and engagement on our budget will include communication in relation to key changes to where the Council intends to spend its budget and highlight areas for new investments. We will ensure that we engage with the community and our partners where there is an opportunity for us to work together to improve outcomes for our residents, or where there is potential for an impact on the community. We will continue to identify those who wish to work with us on developing alternative service solutions.
- 21.3 As in previous years, communicating and engaging with the community on our future plans is an important part of the budget process and the ways in which we will do this are outlined below. However, the aim is to build more in-depth engagement during 2024/25 and later years involving residents and partners in developing solutions, therefore an important part of our communication plan is to identify those who are willing and able to be part of this process.
- 21.4 The ways in which we will seek views on our proposed strategy are as follows;
- Discussions at a number of specific forums during January engaging with Town and Parish Councils, the voluntary and community sectors and local businesses in both face to face and on-line sessions,
 - Communications campaign including media and social media, updated budget page on the council website, and direct email communication
 - Gathering comments and feedback via a wide range of channels including email, social media, in writing to freepost address and telephone and ward roadshows

Comments can be sent to us at the following E mail address:
yourviewsmatter@telford.gov.uk

21.5 Throughout this process we will also be gathering contacts of those who wish to be involved in more in-depth engagement in relation to our budget process.

22.0 NEXT STEPS & TIMETABLE

22.1 A consultation period will run from 5 January 2024 through to 4 February 2024 to enable the Council's Cabinet to give careful consideration to the views expressed before preparing their final report and recommendations to Full Council.

22.2 The Business & Finance Scrutiny Committee will scrutinise the Administration's budget proposals and should also have the opportunity to scrutinise any alternative budget proposals put forward by any Opposition group(s) prior to Cabinet on 15 February 2024. The Committee is scheduled to meet to scrutinise these proposals at three meetings during January. The Chair of the Business & Finance Scrutiny Committee will have the opportunity to present the recommendations of the Committee at the Cabinet meeting on 15 February if required. The Cabinet will determine their final recommendations for consideration by Full Council at this meeting.

22.3 Full Council will consider the recommendations from Cabinet and Scrutiny/Opposition Groups on 29 February 2024 when final decisions will be made and the budget and Council Tax for 2024/25 will be determined.

23.0 Previous Minutes

- Full Council 2 March 2023 - Service and financial Planning report 2023/24 – 2026/27

24.0 Alternative Options

24.1 This report sets out proposals for how the resources available to the Council could be used during 2024/25. Clearly the Council must meet its statutory responsibilities, additional investment therefore needs to be made in some priority services. The proposed council tax increase will fund an element of the additional investment needed but further budget savings, over and above the £156.9m ongoing budget savings delivered to date, are clearly also required to ensure a balanced budget is set that does not depend on an unsustainable use of one-off resources.

24.2 Development of the Council's budget strategy involves balancing a number of considerations including, the appropriate level of one-off resources to use, what level of council tax increase is appropriate in the current circumstances where demand for key services is increasing, which services we want to prioritise for any new revenue or capital investment and where budget savings (including generation of additional income) may be implemented. Budget holders and Cabinet members consider a number of options in order to be able to set a balanced overall budget for 2024/25 as set out in this report. Any alternative options must meet the legal requirement that the

Council sets a balanced budget for next year which must be seen in the wider context of a robust medium term financial strategy. For example, it would not be appropriate to use all available one-off resources to set a balanced budget for next year if this resulted in an unsustainable medium-term outlook.

- 24.3 Alternative priorities and options may emerge through the budget consultation exercise and, if so, can be considered in developing the final set of recommendations for consideration at Cabinet on 15 February 2024 before final decisions are taken at full Council on 29 February 2024.

25.0 Key Risks

- 25.1 Key risks include levels of demand for key services increasing above the level that can be funded from the approved budget, interest rates increasing beyond the levels assumed, inflationary increases in the cost of supplies and services that are higher than have been assumed and income collection levels being lower than expected or a recession impacting on council tax and business rates collection and income from the Council's property holdings and discretionary fees and charges.
- 25.2 The proposed budget includes a revenue contingency of £3.95m to protect against unexpected changes and the Council also holds a number of specific reserves and provisions e.g. to offset uninsured losses or to cover bad debts. Budget holders actively manage their budgets and the many financial risks and challenges that Council services face. At the start of the current financial year, the Council also held uncommitted general and special fund balances of just over £4.55m and an uncommitted balance in the Budget Strategy Reserve of £21.7m.
- 25.3 The Council has a long track record of effective robust financial management and, despite the challenges caused by the Government's long austerity programme and the Covid pandemic, has managed to out-turn within budget for the last 15 years.

26.0 Council Priorities

- 26.1 The development of a comprehensive MTFS is essential to support the effective use of available resources to deliver outcomes for all Council priorities. The report includes an analysis detailing how the capital programme is allocated across corporate priorities and Appendix 13 details the service strategies for each directorate and includes an analysis of the revenue budget used to support the activities of each directorate. The service strategies also detail how each directorate contributes towards the delivery of the Council's corporate priorities.

27.0 Financial Implications

27.1 This report sets out the Council's proposed MTFs for the period commencing April 2024. The financial impacts are detailed throughout the report.

28.0 Legal and HR Implications

28.1 This report develops the proposals for the Council's budget and policy framework which will be consulted upon in accordance with the Policy Framework & Budget Procedure Rules contained in the Constitution. In accordance with the relevant provisions of the Local Government Finance Act 1992, the Local Government Housing Act 1989, the Local Government Act 2003 and the Localism Act 2011, the Council has to set a balanced budget for 2024/25 before the 11 March 2024 and has to have regard to the advice provided by the s.151 officer (Chief Finance Officer) on the robustness of the budget and the adequacy of reserves supporting the budget before doing so.

29.0 Ward Implications

29.1 Borough-wide impact.

30.0 Health, Social and Economic Implications

30.1 The MTFs includes considerable investment in social care services including net new investment to meet increasing costs and levels of demand, particularly for complex care cases, and includes the allocation of the Public Health Grant. The MTFs also provides for support of economic development activity and direct provision of industrial and commercial units for local businesses. The Council is a large employer of local people and has considerable spending power within the local economy. Clearly reductions to budgets as a result of budget savings programmes reduces investment in the local economy although conversely the capital investment programme and additional revenue investment into social care services help to support the economy.

31.0 Equality and Diversity Implications

31.1 The Council uses Equality Impact Assessments as a tool to ensure our decision making takes into consideration the 9 protected characteristics with regard to the General Equality Duty (GED). We are also now recognising and giving due regard to Care Experience and Armed Forces Personnel which were approved by Cabinet earlier this year. Whilst we are not legally obliged to do this through the Equality Act yet, we do have an obligation to make sure these groups of people are considered and not discriminated against either, so we think it's the right thing to do. In short, we must demonstrate that we pay due regard to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity and to foster good relations. We need to assess and analyse the practical impact

on those whose needs are affected by changes to the way that we deliver our services or to our spending. We have adopted a proportionate approach that takes into account the relevance of a proposal with regard to equality. This is a measured response recognising that our resources are best aimed at dealing with those proposals that could have the most significant impact. In order to accomplish this we have followed a process designed to screen proposals and ensure that they are fully explored.

- 31.2 Our process involves carrying out an initial scoping exercise to determine which budget saving proposals may require action or further investigation with regard to equality impact. For proposals where implications are identified and are at a sufficiently developed state a proportionate impact assessment is undertaken. Where a proposal is still at an early stage of development, an equality impact assessment will be undertaken during its development. This is an ongoing process that will continue throughout the year. As we engage with our community and partners to identify where we may need to deliver services differently, we will ensure that we continue the process of screening these proposals to identify if there are any equality implications.
- 31.3 The proposals contained in this report will impact on specific groups of people. An initial Impact analysis, on the savings proposals, highlights limited equality impacts, further work will be undertaken to identify and mitigate adverse impacts as far as possible. We will continue to screen all savings proposals for potential equality impacts relative to the General Equality Duty as proposals are developed further prior to implementation and will carry out further impact analysis where appropriate, prior to any final decisions being taken.
- 31.4 Public consultation will take place between 5 January 2024 and 4 February 2024. The proposals contained in the report will also be subject to Member scrutiny during this period. Final proposals will be considered by Cabinet on 15 February 2024 who will make recommendations to Full Council on 29 February 2024. The final agreed recommendations will be implemented during 2024/25 and future years.

32.0 Climate Change and Environmental Implications

- 32.1 The revenue budget and capital programme include specific funding to support climate change initiatives, including capital funding of £2.19m for initiatives to reduce the Council's own carbon footprint, and partnering with government, organisations and residents to reduce emissions across the Borough. This investment is critical to the commitment the Council made in 2019 for its operations and activities to be carbon neutral by 2030, and in supporting the wider aspiration for the Borough to also become carbon neutral. It directly links to the priority that 'our natural environment is protected and the Council has a leading role in addressing the climate emergency', and builds on previous investment that has enabled the Council to reduce its emissions to date by 60% compared to the 2018/19 baseline.

32.2 Many of the actions in the Council's climate change action plan that will be funded by this investment have considerable co-benefits. Actions that help to reduce both energy costs and emissions, for example installing insulation, combine significant financial, social, health and environmental benefits. Sustaining investment will also help to mitigate the risks associated with climate change in the UK, as set out by the Committee Independent Assessment of UK Climate Risk for the UK's third Climate Change Risk Assessment (CCRA3), published in June 2021. These include more frequent flooding and extreme weather events, causing damage and disruption to local infrastructure and services, the impact of increasing high temperatures on people's health and well-being, and an increase in the range and consequences of pests, pathogens and invasive species.

33.0 Background Papers

- "Holding the Line", article by Chris Smith in the November/December 2023 edition of Public Finance Magazine.
- LGFutures "Autumn Statement Briefing Note" dated 22 November 2023
- Local Government Association 2023 Autumn Statement on the Day Briefing – 22 November 2023
- The Guardian online - Autumn statement 2023: key points at a glance by Alex Lawson, Anna Isaac and Richard Partington published Wed 22 Nov 2023
- Local Government Association "On the Day Briefing Provisional Local Government Finance Settlement 2024/2025"
- LGFutures : Briefing paper on Provisional Local Government Finance Settlement 2024/25
- BBC News Website
- Provisional Revenue Support Grant Settlement Announcement 2024/25 – DLUHC Website published 18th December 2023
- Service & Financial Planning Report to Council – 2 March 2023
- Municipal Journal, 20 October 2022, article by David Phillips "Fairness Failure".

34.0 Appendices

- 1 2023/24 Council Tax Comparison (at Band D) – Midlands Councils
- 2 2023/24 Council Tax Comparison (at Band D) – Unitary Councils
- 3 Savings Delivered to Date
- 4 Service Strategies and Budgets 2023/24
- 5 Financing costs to net revenue stream 2023/24
- 6 Reserves and Balances
- 7 Infrastructure Delivery Statement
- 8 Base Budget 2024/25
- 9 Analysis of Base Budget Movements
- 10 Savings List 2024/25
- 11 Children’s Safeguarding & Early Help Cost Improvement Plan
- 12 Adult Social Care Continuous Improvement Plan
- 13 Capital Investment Programme

35.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Legal			