

## Agenda

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**CABINET**  
**17 NOVEMBER 2016****FUTUREFIT – PROPOSALS FOR CHANGE AND REFORM  
TO SUPPORT THE MEDIUM TERM FINANCIAL PLAN**

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**Relevant Cabinet Members**

Mr S E Geraghty

Mr A C Roberts

**Relevant Officers**

Director of Commercial and Change

Chief Financial Officer

**Recommendation**

1. **The Cabinet Member with Responsibility for Transformation and Commissioning recommends that Cabinet:**
  - (a) **notes the significant progress of the FutureFit Programme and its achievements over the last 12 months;**
  - (b) **supports, in principle, the proposals outlined in this report and supporting papers, that are intended to deliver £8.8 million through additional income generation opportunities, better use of assets, efficiencies and reform for 2017/18 and a further £4.6 million in 2018/19; and**
  - (c) **requests the Strategic Leadership Team to work with Cabinet Members to develop further proposals to close the emerging potential financial gap of up to £2.9 million to balance the 2017/18 budget.**

**Background Information**

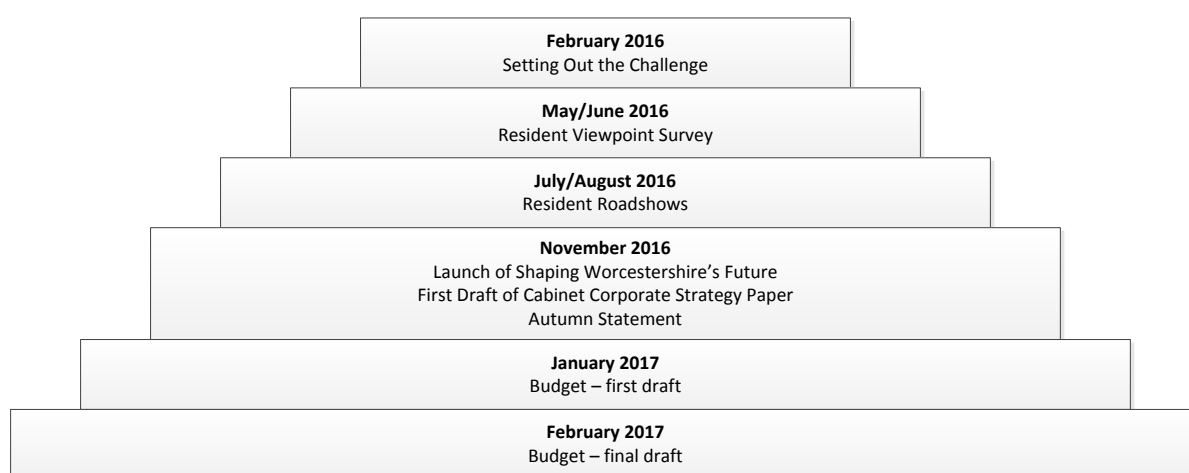
2. The Council has an ambitious vision to improve the county as a place to live, work, visit and invest in. We recognise the role the Council plays in supporting the most vulnerable people and we aim to help residents achieve their full potential to live healthy and independent lives. Noting the current financial background we will seek to improve our income generation, make better use of our assets, efficiencies and reform to address the budget gap.

3. The Council is six years into a programme to transform itself into an innovative organisation that puts resident and business priorities at the heart of the decisions that it makes. During this journey we have recognised the need for open and honest dialogue

with residents and partners in exploring new and sometimes very different ways of delivering services.

4. We recognise the importance of a prosperous Worcestershire in enabling self-sufficiency for individuals, families and the Council. A successful and growing local economy will generate wealth and increased Council income enabling us to invest more in those areas that our residents and businesses tell us are most important to them. Growing our income base and making better use of our assets is a key strand of our strategy to make Worcestershire a better place to live and more attractive to business.

5. The annual planning cycle for the County Council is set against a context of significant ongoing change in the public sector. There is a strong focus on how we spend our net budget, which is predicted to be in excess of £315 million for 2017/18, to deliver best outcomes. Below are the key milestones for the planning cycle:



## Worcestershire is Delivering

6. Worcestershire County Council (WCC) continues to deliver high quality services against a background of public sector change, rising customer expectations and budgetary constraints. We have invested in the county's infrastructure, including highways and broadband, whilst ensuring we continue to invest in children's safeguarding and vulnerable adults, managing increasing demand and inflationary pressures. During the past 6 years we have met the financial challenge through income generation, better use of assets, efficiencies and reform whilst improving performance in key areas that our citizens consider to be most important:

- a) 9 out of 10 schools in Worcestershire are rated good or outstanding by Ofsted;
- b) More money is being invested in highways and infrastructure projects in Worcestershire now, than at any time in the last three decades;
- c) Almost £6 out of every £10 spent by WCC is spent on social care for the county's older population, our children and for those who are most vulnerable in our society;
- d) There has been a reduction in 16-24 year olds who are claiming job seekers allowance 1.1% down from 3.4% in 2013/14;
- e) 16,000 new Apprenticeships created between 2012 and 2015;

- f) One of the fastest growing economies in the country;
- g) Our GCSE results are above national figures and those of our statistical neighbours with 70% of pupils achieving 5 or more good GCSE's;
- h) Over 10,000 Dementia Friends have been trained across the county to raise awareness and help create dementia friendly communities;
- i) 308 additional Extra Care units created with partners to enable people to live independently for longer; and
- j) Delivered a range of enabling technologies to improve how we work and interact with residents making it easier to consume services when residents want it rather than when we can provide it.

## **What our residents say**

7. We have developed a strong track record for engaging with residents, businesses, partners and stakeholders, to identify priorities and to shape the decisions that we make. The 2016 Worcestershire Viewpoint Survey, commissioned by WCC, together with public sector partners from across the county, received over 2,500 responses. More than eight out of ten people in the county say that Worcestershire is a good place to live.

8. When asked, people said that health services, low crime rates and good education were all important to make Worcestershire a good place to be. More than seven out of ten people said that they also felt that they belonged to their local area.

9. The Viewpoint Survey, along with the face to face public roadshows we hold annually, means that we have spoken to more than 55,000 Worcestershire residents since 2010.

10. More than half of residents in Worcestershire (52%) say that they are satisfied with the County Council. Satisfaction levels are nine percentage points higher than they were when the survey was first launched in 2009. According to the survey, more people believe that WCC is providing value for money in 2016 (42%) compared to the 31% who said that the Council was providing value for money seven years ago.

11. In light of the funding pressures on local government, more than 1000 respondents, at a series of roadshows, were asked which County Council services they feel should be protected. Highways came out on top, with more than half of those strongly agreeing that the Council should continue to invest in the county's roads and footpaths. The results tell us that protecting vulnerable children and adults are also amongst our residents' top priorities. The emerging Corporate Plan reflects these resident priorities and the FutureFit programme will support their delivery.

## **How we will continue to deliver**

12. The emerging Corporate Plan 'Shaping Worcestershire's Future (2017 - 2022)' describes a vision of an enabling council that recognises it cannot deliver in isolation. We will need to work with our communities to enable self-reliance, resilience and unlock a greater level of community capacity to sustain those things we wish to see continue.

13. We will continue to move towards being a self-sustaining council making the link between a strong economy producing income through Council Tax and Business Rates, as well as growing our income base and making the best use of our assets. This will mean we rely less on government funding and free up resources to support our priorities.

14. It is essential that we embrace a holistic approach working together with partners and the voluntary sector to proactively develop successful strategies to manage the increasing demand for services. We need to look at how we can do things differently.

15. We will continue to seek the best provider for the services we deliver and build on the excellent commissioning base we have developed. We will drive commercial excellence through developing an open, challenging and pro-active culture and deploying effective commissioning strategies to source the right service from the right provider at the right cost.

16. A highly skilled workforce is an essential component of an enabling council. Therefore, a clear focus on the capacity, capability and environmental factors which affect the workforce is fundamental to ensure the Council continues to attract and develop the right workforce, with the right roles and the right skills to deliver better outcomes for our residents. We have already commenced the Talent Programme, exploiting the 'grow your own' philosophy to ensure strong succession planning for management roles in order to meet the growing demand for services and reduce the need for agency staff. In addition, we have seen our first formal graduate trainee programme launched, and the Council now has eight graduate trainees, focused particularly in those areas where posts have been difficult to recruit into, or where we need to build the skill base. With the introduction of the Apprenticeship Levy and Public Sector Quota, a focus on apprenticeships is also required to ensure we use this opportunity to build our skill base and also provide job opportunities across Worcestershire.

## **Shaping Worcestershire's Future**

17. We are building on existing plans which were firmly based on resident consultation. The four key priorities remain Open for Business, Children and Families, The Environment and Health and Wellbeing and these will continue as key planks of our change programme. Each of the following sections highlight the achievements and proposals for where we can innovate and develop further across these four priorities.

### **Open for Business**

18. Worcestershire has one of the fastest growing economies in the country. Being seen as 'Open for Business' remains the key priority for the Council. This is vital if both individuals and businesses are to achieve their full potential and if Worcestershire is to continue to prosper. Each new proposal is referenced and these are contained in the Supporting Information section of this report.

19. We are delivering major infrastructure improvement works including:

- a) Significant investment in the broadband network, more than doubling business access to fibre broadband (from 43% to over 90%);
- b) Highways improvements at Worcester Six Business Park, which will provide up to 70 hectares of employment land;
- c) Opening of the Hoobrook Link Road in Kidderminster;
- d) Phase 4 expansion of Malvern Hills Science Park to create an additional 26,000 sq. ft. of office space;

- e) £9 million of investment via grants to support business growth and start-ups between 2013-2016;
- f) Developing a strong partnership working with the Local Enterprise Partnership (LEP) which has attracted £57 million capital funding from central Government via the Local Growth Deal from 2015/16; and
- g) Development of the Redditch Eastern Gateway.

20. We will work with partners, businesses and residents to understand the barriers to business growth. We will continue to invest, where appropriate, in order to cultivate the right conditions for economic prosperity across Worcestershire.

21. Further investment in transport infrastructure and enhancing digital and mobile technology across the county and beyond will continue with our priorities being:

- a) Worcestershire Parkway Rail Station to improve access and journey times;
- b) The dualling of the Southern Link Road (A4440) from the M5 to Powick roundabout;
- c) Increasing capacity and reducing congestion on the A38 in Bromsgrove; and
- d) Delivering a connected county with continued investment in broadband, wireless and mobile connectivity.

22. As part of **Optimising Council Tax Income**, the Council will work in partnership with district councils to maximise the Council Tax Yield giving an additional £2 million per annum from 2017/18 and incorporating any additional income from newly built houses. This is further detailed in Appendix A, Paper 1 *Optimising Council Tax Income*.

23. We are constantly reviewing our contracts as part of **Achieving Extra Savings from External Contracts** we are targeting additional savings of £500k in 2017/18 through the use of improved market intelligence to create lower cost services in key areas. This is further detailed in Appendix A, Paper 2 *Achieving Extra Savings from External Contracts*.

24. As part of our ambition for generating economic prosperity for Worcestershire, we will continue to review our valuable property assets in order to ensure we get the best return on investment. As part of the Better Use of Property programme we aim to deliver a number of schemes that are designed to realise further savings of £100k in 2017/18 and £100k in 2018/19 with the following:

- a) Work with partners to consider the co-location/service integration of depots – Appendix A Paper 3 **Better Use of Property – Integrating Public Sector Depots**;
- b) Further develop the work we do on the Integrated Housing model – Appendix A, Paper 4 **Better Use of Property – Developing Extra Care and Supported Living for Young People and Adults**; and
- c) Review our property assets and ways of getting better value from our estate - Appendix A, Paper 5 **Better Use of Property - Property Savings**.

25. The County Council delivers a range of services, a number of which are free at the point of delivery and some that legally require or permit us to charge a contribution. We are reviewing those services that require a contribution to ensure that our charges are in line with other authorities and current benchmarking. It is anticipated through our **Income Generation** proposal that additional income of £200k in 2017/18 and £300k in

2018/19 will be achieved. This is further detailed in Appendix A, Paper 6 *Income Generation*.

## **Children and Families**

26. The Council is focussed on keeping young people and children safe and our ambition is to see more children achieving their full potential in education and being fully prepared to live happy, healthy, independent and prosperous lives. This is against the background of a rising demand for services and an education landscape which is evolving at a National level. We will ensure education provision remains fit for purpose by:

- a) Providing adequate capacity by creating the right number of school places to respond to parental preference and meet the demand from new developments;
- b) Ensuring Worcestershire schools provide high quality education for all (Ofsted rated 'good' or 'outstanding'); and
- c) Supporting our children and young people in achieving their full potential in education.

27. We have already made significant achievements such as:

- a) Successful implementation of the Family Front Door, as the gateway for families and professionals to access Children's Services support;
- b) All of our 10 in-house residential and short breaks provision are ranked 'Good' or 'Outstanding' by Ofsted;
- c) Decreased reliance on external residential placements and increased use of Supported Living accommodation, particularly in-house;
- d) At the end of October 2016, there were 198 children and young people placed with in house non-related foster carers as compared to 141 at the beginning of April 2015 which reflects the success of the fostering transformation programme;
- e) 16,000 new Apprenticeship starts between 2012 and 2015;
- f) 9 out of 10 schools classed as good or outstanding by Ofsted;
- g) Reduced the number of NEETs from 5% to 3%; and
- h) 18% rise in number of children adopted in 2015/16 compared to 2014/15.

28. We will focus our efforts on improving outcomes for vulnerable learners including care leavers and focus on helping all young people to reach their full potential in education and progress into employment.

29. We are fully committed to child protection and we will endeavour to do this within their own family. Where this is not possible we will make sure they have the right placement and seek to achieve permanency as soon as possible, in order to support them achieving their maximum potential. We will continue to ensure that we can deliver services, which will mean better value for money, whilst continuing to reform our in-house provision.

30. As part of our ***Children's Social Care Placements*** proposal, the service will continue to increase the capacity of in-house units and reduce the reliance on more expensive agency placements for children. By increasing the number of children living with families and in more permanent settings, and reducing the time they need to stay in



the care system, we are targeting a £1 million reduction in costs in 2017/18. This is further detailed in Appendix A, Paper 7, *Children's Social Care Placements*.

## **Environment**

31. Our environment is one of the county's key features, providing easy access to the countryside and a wealth of stunning scenery. Our country parks, open spaces and woodlands provide great walking and cycling opportunities which support our health and wellbeing vision.

32. The Council has already achieved significant success in the following areas:

- a) Since 2013, over 300 flood alleviation schemes completed in Worcestershire reducing the flood risk for over 1,500 residential properties and businesses;
- b) We have secured an additional £12 million of capital monies through the Driving Home Programme and this will be invested in local roads over the next two years (2016-2018);
- c) There has been an 18.6% reduction in greenhouse emissions across the county since 2005;
- d) Investment in the Energy from Waste Plant in Hartlebury which opens in 2017
- e) We have secured over £3.5 million of funding from Department of Energy and Climate Change, in 2014, and since delivered to improve insulation in properties across the county;
- f) Installation of electric vehicle chargepoints, usage of which has doubled since 2015; and
- g) We have secured £1.4 million funding, in 2016, to support a 'Business Energy Efficiency' programme to support Small and Medium sized enterprises across Worcestershire, Herefordshire and Telford and Wrekin.

33. The Council will seek to maximise our environmental assets to help to deliver sustainable economic growth whilst enhancing the quality of life in the county.

34. We will continue to promote the county as a great place to live, work and visit. Our riverside locations provide a beautiful leisure space, whilst also enhancing active lifestyles. Over 5,600 hectares of public recreational space is available across the county, managed by the Council and partners. This includes country parks, green spaces and picnic sites. There are approximately 64km of canals that are available for boating – alongside which there are towpaths available for walking, running and cycling. The Council also manages over 4,600km of public rights of way, made up of footpaths, bridleways and byways.

35. Green infrastructure can offer practical and viable solutions to businesses enhancing the environment and improving the health and wellbeing of our communities. We will continue to support a strong and healthy society alongside a sustainable economy.

36. We will need to manage an increase in demand for waste disposal services over the next 5 years, in part due to the increase in the number of new homes. Our ability to manage this and encourage residents to reduce, re-use, recycle and compost will be key.

37. Work is continuing to manage how we currently spend the budget on Waste Management and we propose to use the accumulated Private Finance Initiative (PFI)

reserve to reduce Unitary Payments for waste disposal from April 2017. This coupled with further work to prevent waste means as part of our **Waste Management** proposal we are planning a £1.7 million reduction in the budget for 2017/18 onwards. This is further detailed in Appendix A, Paper 8, *Waste Management*.

## Health and Wellbeing

38. It is our priority, working with partners, to ensure Worcestershire residents are healthier, live longer, have a better quality of life and remain independent for as long as possible. We have already made significant progress on this ambition:

- a) 308 additional units of extra care accommodation have been created enabling people to live independently for longer;
- b) 267 additional units of Supported Living accommodation have been created in the community;
- c) Over 10,000 dementia friends trained across the country raising awareness and helping create dementia friendly communities;
- d) Reduction in the number of alcohol related admissions for the under 18's;
- e) Reduction in the number of teenage pregnancies;
- f) 1209 people (all ages, new and existing service users) received an Urgent Promoting Independence (UPI) service to support people to leave hospital and remain in their own homes;
- g) 577 people successfully rehabilitated in their own home through in 2015/16, enabling them to live independent lives;
- h) Providing better information and advice through our website "Your Life Your Choice" which was used by more than 25,000 visitors in 2015/16;
- i) Supported 79 businesses reaching over 25,000 staff through an accredited employee health scheme, to improve staff wellbeing and productivity;
- j) Commissioned 24,372 NHS health checks for people aged 40-74; and
- k) Through the Social Impact Bond for Isolation we have identified and supported 466 older people.

39. Health and Wellbeing is influenced by a range of factors over the course of people's lives. They are related to people's surroundings and communities as well as their own behaviours. Collectively, these factors have a much greater impact on health and wellbeing than health and social care services. The County Council has a significant influence in creating a healthy place in which to live.

40. Health and Wellbeing is a collective responsibility. This responsibility starts with individuals and families making more responsible choices as part of their life planning. We as individuals should be proactive and personally ambitious about improving our own outcomes rather than expecting others to decide and provide services on our behalf, to fix the effects of unhealthy lifestyles.

41. Individuals, families and communities have a responsibility for their own life planning, from ensuring the best possible start in life, through education and providing a safe and stable environment for children and young people to thrive, through to championing the benefits of prosperity and employment. This responsibility continues into planning for life after work and into retirement.

42. Our focus for Adult Social Care is to work with all our key partners to keep vulnerable individuals and those that support these individuals as independent as possible, and to enable them to have as much choice as possible about how they live their lives.

43. Carers play a vital role in creating strong families and communities. We will continue to support carers by working closely with the Worcestershire Carers' Association and by making sure that information and advice is readily available through our website "Your Life Your Choice".

44. This Council is committed to working with service users and carers as well as all our key partners to deliver an integrated vision between health and social care services focused on delivering cost-effective, person-centred interventions, from the right provider, at the right time for those with the greatest need.

45. The Council will draw on the evidence of what works best when developing strategies and plans for action. We will ensure that services and resources are measured for effectiveness to improve the quality and value for money of health and social care and to make sure that prevention is embedded in care pathways.

46. Adult Social Care faces increasing challenges due to demographics, pressures from the national living wage and service users living longer with more complex needs. The Council will be working hard to ensure that as much of these additional pressures as possible are managed within the existing budget. This will include focussing on the role of technology in supporting residents and, where appropriate, we will work with industry leading technology companies to ensure better support for the most vulnerable in our society.

47. The Council recognises that there are pressures in the provision of Residential and Nursing services and is exploring a number of solutions including the further development of extra care schemes, the opportunity for a 'Care Village' model for Worcestershire and how we use technology to support residents in their homes. The supply and demand issues are not just confined to residential and nursing care but are being felt in the home care market as well. In some areas the supply is only just meeting demand, putting an upward pressure on costs. As part of our ***Shaping the Market to Achieve Better Outcomes for Older People*** proposal we have already identified how we can manage the market to achieve better value whilst creating increased certainty for suppliers by consolidating existing spot contracts to block contracts. We anticipate this will drive up standards as well as realising further efficiencies of £2 million from 2017/18 with a further £2 million in 2018/19. Further detail can be found in Appendix A, Paper 9, *Shaping the Market to Achieve Better Outcomes for Older People*.

48. Supporting those who are most vulnerable in our society is a priority for this Council. We have compared ourselves with other authorities in terms of our budget for Learning Disabilities (LD). We compare favourably in terms of number of people supported, number living independently and spend per head of population. We already have advanced plans to increase the use of supported living to improve outcomes for people with a LD and reduce usage of residential care. Our approach going forward will focus on collaborative working with NHS partners to make the best use of the 'Worcestershire pound' and ensure that we commission best value packages of care, making a planned efficiency of £2 million in 2018/19 as detailed in our ***Learning Disabilities*** proposal. Further detail can be found in Appendix A, Paper 10, *Promoting Independence for People with Learning Disabilities*

49. The Council will review its use of the Public Health Ring Fenced Grant and make sure that it is fully effective in protecting and improving population health. It will focus especially on preventing ill health at all ages. Through our **Improving Public Health** proposal we will shape a new approach where all partners, including local communities, are enabled to share responsibility for creating healthy choices for our residents. We are targeting £1 million of savings from 2017/18 and £500k in 2018/19. Further details can be found in Appendix A, Paper 11, *Improving Public Health – Optimising the Use of the Public Health Ring Fenced Grant*.

## **The Way We Work**

50. We will continue to work and build partnerships with private, public and voluntary sectors to take advantage of the significant opportunities to join up and deliver together on our priorities cultivating a One Worcestershire approach.

51. We have a great workforce committed to achieving better outcomes for our residents and businesses and we recognise that this workforce will need to adapt and flex to an increasingly demanding and changing environment whilst still remaining focussed on the needs of our residents and businesses.

52. We recognise that we will need to continue to create and develop an environment where we can attract and retain an agile, commercially focussed and talented workforce.

53. Whilst at times the use of agency staff provides vital skills to support the delivery of critical services we are committed to reducing the current agency expenditure year on year.

## **Review of Medium Term Financial Plan**

54. The draft budget approved in February 2016 included a forecast financial planning gap of £34.1 million for 2017/18. Since that time, significant work has been undertaken to consider plans that could be put in place to bring down this gap as we move towards the draft budget report to be considered by Cabinet in December 2016. Set out in the following table is a summary of the work undertaken to date. Whilst recognising that this represents a point in time in our work to develop the draft budget, there continues to be a great deal of work being undertaken to confirm the financial planning gap based on:

- a) confirmation of income due to be received from Central Government as more information is released; and
- b) developing next year's budget proposals on a service by service basis as we move to the December 2016 draft budget report.

55. Further work may result in a change to the forecast financial planning gap contained in this report. The following table summarises the emerging changes to the forecast financial planning gap.

<b>£m</b>	<b>Deductions</b>	
34.1		Forecast Financial Planning Gap – February 2016
1.2		Potential Red Risk plans that may require mitigation
	-5.0	Government Transitional Support (one-off)
	-2.0*	Potential growth in income
	-5.6	Potential reduction in growth and contingency
	-13.0	Existing Future Fit Programme previously approved through Cabinet
	-25.6	Subtotal
-25.6		
<b>9.7</b>		<b>Emerging financial planning gap where new plans need to be established</b>
	-6.8*	Potential new savings proposals
-6.8		
<b>2.9</b>		<b>Emerging forecast financial planning gap</b>

\* These two figures form the £8.8 million used as the total figure in the recommendations page 1 (b)

56. Prior to considering the requirement for new service efficiencies and reform, work has been undertaken to maximise the following opportunities:

- a) to fully utilise Central Government transitional funding support announced in February 2016 to support service transformation in 2017/18;
- b) reviewing the County Council's ability to raise income working with District Councils; and
- c) a full review of estimates for growth in demand and inflationary pressures forecast to be required to deliver services.

57. Taken together with existing Future Fit plans agreed through the February 2016 and previous full Council meetings, the emerging financial planning gap following these reviews where new plans needed to be developed was £8.5 million. In addition potential emerging risks would mean a proposed cancellation or deferral of schemes totalling £1.2 million leaving a planning gap of £9.7 million.

58. New plans have been developed totalling £6.8 million and are set out later in this report. This leaves an emerging forecast financial planning gap of £2.9 million. Further work is being undertaken to confirm this forecast and an update will be provided in the December draft Budget Report to Cabinet. Further work continues in addition to identify plans to address this gap and Scrutiny are invited to consider how this forecast financial planning gap can be closed.

59. Work continues to update the emerging Medium Term Financial Plan covering the financial years 2017/18 to 2020/21. This will be designed to deliver residents and

business priorities taking account of the known impact of inflation, changing legislation, new Government policies and expectations, pay awards and the increased costs from changing demographics, combined with an ageing population and enabling services for the most vulnerable in our society, as well as the impact of changes to funding received from central Government.

60. Financial planning for the future remains challenging but there is a clear opportunity through the current consultation work around local business rates retention. This will see the Council retaining more income that is generated within Worcestershire instead of that money being used elsewhere in the country.

61. The Provisional Local Government Finance Settlement is due to be announced in December. The County Council has now accepted Central Government's 4 Year Deal to guarantee a minimum level of Revenue Support Grant. In 2017/18, this equates to £20 million and this is already included in our strategic financial thinking.

62. The Council will continue to have a duty to develop robust financial plans and the need to appropriately plan budgets inclusive of inflation, demographic and demand pressures both for 2017/18 and beyond.

63. Based on information that is currently available and our views on emerging trends and consultations, it is likely that the Council will continue to need to achieve additional income, better use of assets, efficiencies and reform of around £25 million per year over the medium term, the next two years will be challenging at around £29 million for each year.

## **Communications and Engagement**

64. A programme of communications and engagement will run from November 2016 through to January 2017 and will include elected members, staff, unions, residents, businesses, parishes, schools, partners and other stakeholders. This will build on our engagement strategy that has already seen us speak to more than 55,000 people since 2010. Our Residents Viewpoint Panel consists of over 5,000 volunteers and this year alone, councillors and senior officers engaged with more than 1,000 residents at public roadshows held across the county during the summer.

65. We engage with residents every day on social media including Facebook, Twitter, Instagram and LinkedIn. The communities that we are reaching across these platforms continue to grow. More than 20,000 people are now following us on Twitter and regularly interacting with our posts.

66. All available channels will be used including social media, customer engagement and the WCC website which is visited by around 120,000 users a month. Through effective media engagement, that will include proactive briefing sessions with journalists, we will reach residents and businesses through the press, broadcast and online news outlets.

67. Members and staff will continue to be informed through the regular face-to-face briefings with the Leader of the Council and the Chief Executive. Internal communications channels including the WCC intranet Our Space and Yammer will be used to continue the conversation with our staff.

68. This engagement over the coming months will inform the budget setting process that will take place in February 2017.

### **Legal, Financial and HR Implications**

69. The financial proposals outlined in this report will be included in the detailed Cabinet Budget Report due in December 2016. They will be taken through the normal budget approval process culminating in Full Council consideration at its February 2017 meeting. This meeting considers the revised Medium Term Financial Plan, savings proposals and 2017/18 budget, taking full account of public and other stakeholder consultation, feedback, and the work of Scrutiny.

### **Privacy and Public Health Impact Assessments**

70. A Public Health Impact Assessment (HIA) screening has been completed for the report. The screening highlighted that further assessment and possibly more detailed HIA would be needed for some proposals but that this should be reviewed as part of each individual business case. It is likely that the following proposals may need further analysis:

- i. Achieving Extra Savings from External Contracts;
- ii. Better Use of Property (Developing Extra Care and Support Living for Young People and Adults);
- iii. Children's Social Care Placements;
- iv. Shaping the Market to Achieve Better Outcomes for Older People; and
- v. Promoting Independence for People with Learning Disabilities

### **Equality and Diversity Implications**

71. An Equality Relevance Screening has been carried out in respect of these recommendations. It identified that further Equality Impact Analysis will be required for the following areas as the proposals are developed:

- i. Achieving Extra Savings from External Contracts;
- ii. Children's Social Care Placements;
- iii. Shaping the Market to Achieve Better Outcomes for Older People; and
- iv. Promoting Independence for People with Learning Disabilities

### **Supporting Information**

All supporting information, including details of the proposals, can be found in Appendix A to this report, on the Council's website, at County Hall Reception and in the Members' area.

### **Contact Points**

#### County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Email: [worcestershirehub@worcestershire.gov.uk](mailto:worcestershirehub@worcestershire.gov.uk)

Specific Contact Points for this report

Peter Bishop, Interim Director of Commercial and Change

Tel: 01905 846020

Email: [pbishop@worcestershire.gov.uk](mailto:pbishop@worcestershire.gov.uk)

Sean Pearce, Chief Financial Officer

Tel: 01905 846268

Email: [spearce@worcestershire.gov.uk](mailto:spearce@worcestershire.gov.uk)

Charles Huntington, Programme Manager Commercial and Change

Tel 01905 843564

Email: [chuntington@worcestershire.gov.uk](mailto:chuntington@worcestershire.gov.uk)

**Background Papers**

In the opinion of the proper officer (in this case the Interim Director of Commercial and Change) the following are the background papers relating to the subject matter of this report:

Agenda and background papers for the meeting of the Cabinet held on 13 October 2016



## **Appendices for Cabinet and Scrutiny Reporting**

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- 1 Optimising Council Tax Income
- 2 Achieving Extra Savings from External Contracts
- 3 Better Use of Property (Integrating Public Sector Depots)
- 4 Better Use of Property (Developing Extra Care and Supported Living for Young People and Adults)
- 5 Better Use of Property (Property Savings)
- 6 Income Generation
- 7 Children's Social Care Placements
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- 10 Promoting Independence for People with Learning Disabilities
- 11 Improving Public Health – Optimising the Use of the Public Health Ring Fenced Grant

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**Theme and Overview: 1. Self-Sufficient Council: Optimising Council Tax Income**

SLT Lead	Sean Pearce
WLT Lead	Mark Sanders
CMR Lead	Simon Geraghty
SCT Support:	Neil Robinson

**Overview of proposal:**

The income that the County Council expects to derive in 2016/17 from Council Tax is £225 million or 74% of its total net revenue after taking account of Specific Grants and Income from charging. Included within the current Medium Term Financial Plan (MTFP) are forecasts for income increases in Council Tax due to Housing Growth as follows:

- 2017/18 £2.9 million (2600 new Band D equivalent dwellings) or 1.3%
- 2018/19 £3.5 million (3000 new Band D equivalent dwellings) or 1.5%
- 2019/20 £3.6 million (3000 new Band D equivalent dwellings) or 1.5%

Set out below is how income from Council Tax relates to other income received by the County Council after accounting for Specific Grants and charging.

Table 1: How forecast Council Tax income will change with regard to funding

Funding Type	2016/17		2017/18	
	£m	%	£m	%
Revenue Support Grant	36.3	11	0	0
Business Rates	58.1	18	62.2	20
Council Tax	225.0	70	256.5	80
<b>Total</b>	<b>319.4</b>	<b>100</b>	<b>318.7</b>	<b>100</b>

The table above illustrates the growing importance of optimising our income from local sources, and in particular, Council Tax, as we move towards Self-Sufficiency.

Council Tax income currently represents 70% of our funding, and this is set to rise to 80% by 2019/20.

The target for supporting the 2017/18 financial planning gap is to achieve £2 million in additional income through activities to increase Council Tax Yield incorporating any Council Tax Buoyancy over the forecast included in the Medium Term Financial Plan.

This proposal around increasing Council Tax Yield has been developed by the Herefordshire and Worcestershire Treasurers Association and shared with the Worcestershire Leaders Board and is four-fold totalling at present **£1.7 million**:

- 1) **£0.55 million** Council Tax Support Scheme minimum payment harmonisation to 20%
  - The two areas yet to implement this minimum payment in their Support Schemes are Malvern Hills District Council and Worcester City Council. The potential additional income is £0.15 million and £0.45 million for the County

- Council respectively
- Consultation needed at latest to commence in Autumn 2016
  - The additional income that is forecast for Worcester City Council is £0.12 million and there is some risk around this being realised for 2017/18
  - The additional income that is forecast for Malvern Hills District Council is £0.03 million. By implementing the minimum payment Malvern Hills District Council would need to adjust other areas of their scheme and this is currently under consideration; and
  - Under the existing cost share methodology, the County Council effectively doubles the benefit to each District Council by offering them 10% of any additional yield to the County Council to run a hardship scheme. Any underspend on this hardship scheme can be retained by the District Council
- 2) **£0.45 million** from harmonising a) Class C Council Tax Exemptions at 1 month 100% and b) a Long Term Empty Premium of 150% being applied across Worcestershire
- The cost sharing methodology is set out in the Council Tax Support section (1)
  - Class C, relates to temporary vacant properties (buy/sell lag for example)
  - Proposals are for all Districts to follow this best practice methodology
- 3) **£0.55 million** increased income through minimising Council Tax Fraud and Error
- Under the existing cost share methodology, the costs are shared on the basis of the benefit derived from preceptors – e.g. 70% for the County Council
  - The average gross recovery from each District Council is forecast to be £0.15 million and therefore £0.9 million in total and once the cost of recovery is accounted for the net forecast is for £0.55 million of additional revenues per year for the County Council

This is effectively 20% of an original Business Case following a 'confirm and challenge' process on the assumptions by Civica. The intention is to further explore this and ensure it is developed and quality assured by the Worcestershire Treasurers for immediate implementation (potentially in 2016/17). This may also result in an upward review of the potential for additional income

- 4) **£0.15 million** New Homes Bonus
- Additional income to be derived through identifying earlier those properties that were vacant that are bought back into use to qualify for New Homes Bonus. The benefit relates to the 20% share due to the County Council

Worcestershire District Council Treasurers are due to report latest forecasts on likely 2017/18 Council Tax Buoyancy and Collection Funded surpluses in December 2016. Any gap or shortfall will be targeted for recovery through further work on Fraud and Error, Council Tax Buoyancy, recovery through additional work on Fraud and Error and Business Rates.

**What additional savings/income is targeted and when is this expected to be delivered?**

Budget				
2016/17	£225 million			
Savings				
Initiative	2017/18 £,000	2018/19 £,000	2019/20 £,000	Post 2020 £,000
	2000			
Total	2000			

There is further benefit across the Worcestershire District Councils, West Mercia Police Authority and Hereford and Worcester Fire and Rescue Service who will see additional income as a result of these proposals.

**Cost of delivery e.g. redundancy, additional resources to deliver, investment in technology and assets etc.**

Costs of implementation are expected to be shared across the County Council and District Councils who will see the benefit.

The cost to the County Council is anticipated to be up to £0.5 million and this has been included in the net additional income forecast of £2 million referred to above.

Should the Council Tax Support Schemes not be amended to harmonise minimum payments then the forecast annual benefit would reduce to £1.7 million.

**What will be the key outcomes?**

Optimisation of income across Worcestershire Public Sector organisations

**What will be the key work streams that will enable the delivery of this theme and who will lead their ongoing development?**

1.	<b>Implement a 20% minimum payment to harmonise Council Tax Support Schemes across the County</b>	
	Lead Head of Service:	Sean Pearce with District Council partners
2.	<b>All District Councils to agree to harmonise Class C Exemptions and Long Term Empty Property premiums</b>	
	Lead Head of Service:	Sean Pearce with District Council partners
3.	<b>Worcestershire Treasurers Business Case on Fraud and Error</b>	
	Lead Head of Service:	Mark Sanders with District Council partners
4.	<b>Council Tax and Business Rates updating forecasts</b>	
	Lead Head of Service:	Sean Pearce with District Council partners

**What are the key milestones for delivery?**

Stream	Key Milestones	Planned Date
1	District Council Consultations as required	Autumn 2016
2	Worcestershire Treasurers sign off Business Case to invest in reducing Council Tax Fraud and Error	Dec. 2016
3	Revise updates on income streams for latest forecasts	Dec. 2016

**Risks**

#	There is a risk that.....	Which could (impact).....	Mitigation.....
1	District Council Buoyancy Forecasts are not £1 million over the current forecast (£5 million in the MTFP)	Reduce additional income aspirations for the County Council by £1 million	Second Quarter monitoring available to the CFO in December 2016
2	HWTa Business Case on Fraud and Error increases the forecast gain from this area	Increases income that can be derived on Fraud and Error work from £0.15 million per District Council to closer to the Wyre Forest original Business case of £1 million per District Council	HWTa Business Case to be developed over December 2016
3	Business Rates forecasts increase from District Councils	Additional income from Business Rates to be reincorporated into the MTFP	Forecasts to be reviewed by HWTa in December 2016

**Theme and Overview: 2. Commissioning: Achieving Extra Savings from External Contracts**

SLT Lead	Peter Bishop
WLT Lead	Jo Charles
CMR Lead	Cllr Andy Roberts
SCT Support:	Steven Medley

**Overview of proposal:**

There are already plans to deliver £2.65m savings between 2016/17 through to 2020/21, through more effective commercial management of contracts.

The Commercial Team are already understanding the levels of spend across the Council with third party providers and circa £600k savings have been delivered to date, from more robust commercial management of contracts.

Commercial reviews are planned across all Directorates for the next 2 years. A review of contracts with spend of more than £1m per annum has identified those contracts that require more detailed analysis. A programme of these contract reviews will be developed to prioritise savings opportunities and allocate resources required to complete the review for all £1m plus spend contracts, and deliver the savings.

In addition to the review of spend on high value contracts, a further review of multiple contracts with the same providers will be concluded to identify opportunities to reduce contract management overheads and to provide best value for money for Worcestershire residents.

Following feedback from the recent Peer Review, there is an identified need to further explore opportunities for effective market engagement and co-design of service transformation with providers and communities. In particular work has commenced with Voluntary and Community Sector organisations, to help improve the success of our procurement activity, facilitate enabling local communities to do more and increase opportunities for shared services. This will drive the next stage of effective commissioning.

We are investing in market intelligence, including a commercial insight tool to understand more about suppliers that provide services to local government. We will also use this in our commercial management of contracts to negotiate better value for money from our contract spend, and ensure that we generate additional benefits to enable local communities including voluntary organisations, and support the local economy, whilst minimising the impact on the environment, through our obligations under The Social Value Act 2012.

This investment will provide us with public sector market insight to help commissioners

save money - with an extremely accurate, dynamically updated government spend analysis tool that shows how much money every supplier to the public sector has earned, who each government body is spending its money with and how much market share each supplier has captured.

The proposal is to utilise this tool to gather information against our commissioning plans of where there are opportunities, subject to approval from the respective parties. We would then align our commissioning plans to jointly commission services to enable better value for money and to strengthen our tender process to ensure our offering is attractive to the market. This could be brought through collaboration with other public bodies; aligning commissioning timelines and outcomes.

**Cost of delivery e.g. redundancy, additional resources to deliver, investment in technology and assets etc.**

We will be undertaking a pilot using a market intelligence tool for a 3 month period, further investment in longer term use of this tool will be dependent on the success of the trial period. In addition, a full time resource will be required within the Commercial Team to understand and test the tool and develop an action plan along with initiating and facilitating relationships with other local authorities and public bodies, identified with aligned commissioning intentions.

Any further investment required to support the longer term use of this tool will be supported by an appropriate business case.

Additional resources will be required for the review.

**What will be the key outcomes?**

- Outcome 1 – Increase in jointly commissioned services with other public sector partners
- Outcome 2 – Improve Worcestershire County Council's commercial management of contracts to negotiate better value for money from our contract spend
- Outcome 3 – Improved relationships with other public bodies
- Outcome 4 – Better value for money from commissioned services and savings opportunities
- Outcome 5 – Increased confidence in delivery of current savings with potential for extra savings to be identified



**What additional savings/income is targeted and when is this expected to be delivered?**

Budget				
2016/17	Revenue Budget for externally commissioned spend £350 million			
Savings				
Initiative	2017/18 £,000	2018/19 £,000	2019/20 £,000	Post 2020 £,000
	500			
Total	500			

**What will be the key work streams that will enable the delivery of this theme and who will lead their ongoing development?**

<b>1.</b>	<b>Workstream 1: Further review of £1m plus annual spend contracts</b>
	Lead Head of Service: Jo Charles
<b>2.</b>	<b>Workstream 2: 3 month trial of commercial insights tool</b>
	Lead Head of Service: Jo Charles
<b>3.</b>	<b>Workstream 3: Identification of opportunities for greater market insight and pre-procurement co-design of services</b>
	Lead Head of Service: Jo Charles

**What are the key milestones for delivery?**

Work with Commissioners to prioritise contracts for review and plan allocation of resources	Nov 2016
Complete review of remaining £1m plus annual spend contracts	Dec 2016 – Mar 2017
Commence trial with Commercial Insights Tool	Nov 2016
Complete trial with Commercial Insights Tool and make recommendations	Dec 2016 - Jan 2017
Identify opportunities for greater market insight and pre-procurement co-design	Jun – Dec 2016
Clarify directorates current commissioning/third party spend savings plans	Ongoing
To identify and mitigate duplicate savings risk	Ongoing

**Risks**

#	There is a risk that.....	Which could (impact).....	Mitigation.....
1	Significant risk that savings identified are already included in service directorate plans	Confidence levels of realisation of additional savings as these could potentially be "double counted"	Work with directorates to understand current and emerging contractual/ commissioning based savings plans

**Theme and Overview: 3. Self-Sufficient Council: Better Use of Property  
(Integrating Public Sector Depots)**

SLT Lead	Peter Bishop and John Hobbs
WLT Lead	Peter Bishop and Nigel Hudson
CMR Lead	Cllr Andy Roberts and Cllr Marcus Hart
SCT Support:	Steven Medley

**Overview of proposal:**

The County Council has a set of depot sites for highways maintenance and winter gritting. Co-location has been considered before but it has proved difficult and the timing was not right. Now that we have set the ambition of one public estate through the formation of Place Partnership we are re-visiting the potential.

This proposal is to consider the opportunities and benefits that could be derived from the County Council alone or in partnership with other public sector partners, in sharing space, assets, resource and/or management and operation of one or more depots within the county. This proposal could potentially build into a business case as part of the Better Use of Property Programme to deliver longer term savings as an "invest to save" initiative.

The following partners are interested in exploring in more detail along with capturing the opportunities and understanding any constraints.

- *Worcestershire County Council*
- *Bromsgrove District Council*
- *Redditch District Council*
- *Worcester City Council*
- *Wychavon District Council*
- *Wyre Forest District Council*
- *Herefordshire and Worcestershire Fire and Rescue*
- *West Midlands Ambulance Service*
- *Ringway*
- *West Mercia Police*

These partners all found the discussion useful and agreed there were clear opportunities for operational efficiencies that could drive co-location and agreed further detailed work should progress to look at the current operations in three geographical areas of the county i.e:

- Redditch, Bromsgrove and Kidderminster
- Wychavon and Malvern
- Worcester/Central

Further workshops, focused on these three areas will be arranged to take forward the operational reviews and develop the feasibility of joint operations and this development will be led by Place Partnership through the one public estate approach.

As a subset of this approach the County Council will consider short term opportunities to co-locate depots in response to third party developers promoting the South Worcestershire Development Plan.

Research has shown that whilst there are some good examples of efficiencies being derived from shared depots across local government partners, there is a lack of similar examples of wider public sector shared approaches. It is therefore expected that some external specialist support would be advantageous to progress this concept through feasibility and business case development.

**What additional savings/income is targeted and when is this expected to be delivered?**

Budget				
2016/17	TBC			
Savings				
Initiative	2017/18 £,000	2018/19 £,000	2019/20 £,000	Post 2020 £,000
		TBC		
Total		TBC		

**Cost of delivery e.g. redundancy, additional resources to deliver, investment in technology and assets etc.**

An early indication of investment requirements is shown below however at this stage, the expected level of investment cannot be quantified and this will be understood more clearly through feasibility and business case development:

- Specialist external support to develop business case £80,000

**What will be the key outcomes?**

- Efficiency savings from the economies of scale derived from multi use, co-location and management of depot space across the County
- Shared risk across partners on developing and managing the shared depot
- Investment requirements shared across the public sector
- Opportunity to generate additional income and growth through wider and longer term collaboration with other public/private sector partners
- Increased income from sale and/or development of redundant sites as a result of sharing locations

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**What are the key milestones for delivery?**

The proposed timeline for phase one – feasibility and business case ratification is outlined below

Initial exploratory workshop with partners	22 June 2016 (Completed)
Feasibility study completed	January 2017
Specialist support engaged	February 2017
Outline Business Case ratified by all partners	March 2017
Cabinet endorsement of intention	October 2017

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**Theme and Overview: 4. Self-Sufficient Council: Better Use of Property  
(Developing Extra Care and Supported Living for Young People and Adults)**

SLT Lead	Sander Kristel
WLT Lead	Peter Bishop/Nigel Hudson/Richard Keble
CMR Lead	Cllr Andy Roberts and Cllr Sheila Blagg
SCT Support:	Pauline Harris

**Introduction:**

In November 2015 Cabinet approved that self-sufficiency would be one of the key ways to tackle the financial challenge. This theme had 4 work streams, one of which was entitled "Maximising the value of our estate". This theme already has the following savings targets:

Workstream / Project		Year					Indicative Total
Ref	Description	2015/16	2016/17	2017/18	2018/19	2019/20	
1a	Optimise Council Tax	-	2.150	2.250	1.950	2.100	8.450
1b	Business Rates	-	-1.331	0.250	-	-	-1.081
2	Sales, Fees & Charges	-	0.050	-	-	-	0.050
3	Revolving Door	-	-	-	0.500	-	0.500
4	Estate / Balance Sheet	-	1.650	-	0.200	0.400	2.250
4	Commercial Income – West Mercia Energy	-	0.100	0.050	0.050	-	0.200
	<b>Total</b>	<b>0</b>	<b>2.619</b>	<b>2.550</b>	<b>2.700</b>	<b>2.500</b>	<b>10.369</b>

**Integrated Housing Model**

One aspect of the Maximising the Value of the Estate work stream was called Integrated Housing Model. This would take advantage of the existing work in Worcestershire to map all public sector land, identify a small number of opportunities where land or buildings can be developed, planning permission gained and construction of mixed use sites is undertaken by a partnership of public sector bodies to:

- Achieve a capital gain on the sale of a portion of the site for private residential use realising a planning gain
- Achieve an increase in Council tax yield from all units within a site
- Achieve an increase in business rates for any local business created in the development
- Sell part of the site for scaled extra care, supported living, Emotional and Behavioural Difficulties (EBD) units or other accommodation to a range of providers to meet commissioning objectives of the Council where currently that provision does not exist

This does mean consideration needs to be given to taking on construction risk and not displacing a market for house-building that is returning across the county. Investment may be significant here either to grow capacity to do this ourselves or buy in to capability already developed in the private or public sector.

### What is the demand for Extra Care and Supported Living?

The demand for extra care (supporting people who otherwise could be living in care/nursing homes, to continue to live in their own homes) and supported living (accommodating people with learning disabilities as an alternative to residential care) housing is growing, with significant benefits for service users, but the supply side is lagging behind demand.

This is partly due to the forthcoming 1% annual reduction in social rents in England and the perceived impact of the Housing Cap, which when implemented makes Extra Care potentially not viable from a housing provider perspective for people on low-incomes (rented sector). In this time of uncertainty providers have largely suspended current and future development. Recent communications from central Government shows that no change will be implemented for supported housing before 2019. Although these positive messages were welcomed, housing providers still question long term investment in supported housing and we will be working closely with them over this period.

The Integrated Housing Model is an enabler in driving forward a programme of work to provide better value for money and deliver improved outcomes for residents. This can be achieved by being less reliant on the private sector to 'lead' and come to WCC with opportunities for investment and more proactive in meeting our own demand requirements.

Building extra care and supported living units will predominantly deliver additional savings to current programmes of work (the current Market Transformation Project in DAS).

### Latest Status – WCC Assets as opportunities for Extra Care and Supported Living

We already have the demand requirements for extra care and supported living. A locality review is being undertaken by Place Partnership to understand the 'supply' available. Place Partnership will be tasked with providing a long list of no more than 10 sites within the current estate portfolio that we can explore as potential opportunities for development.

### What additional savings/income is targeted and when is this expected to be delivered?

Budget				
2016/17	The Extra Care net budget is £2m and Supported Living net budget is £12m Total £14m			
Savings				
Initiative	2017/18 £,000	2018/19 £,000	2019/20 £,000	Post 2020 £,000
	TBC	TBC		
Total	TBC	TBC		

Concept Paper: Self-Sufficient Council:

Better Use of Property (Developing Extra Care and Supported Living for Young People and Adults)

Cabinet - 17 November 2016



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#### **Funding requirements**

An early indication of investment requirements is shown below however at this stage, the expected level of investment cannot be quantified and this will be understood more clearly through feasibility and business case development:

- |                                 |         |
|---------------------------------|---------|
| • Specialist external support   | £38,000 |
| • Legal support for development | £25,000 |

Individual Extra Care and Supported Living schemes are ongoing and have already delivered significant cost savings. Furthermore the outline business case for a potential Extra Care Village will be finalised in early 2017.

There is a significant positive impact on peoples' lives and their wellbeing by being more independent with the opportunity of getting support when required. Furthermore supported living and extra care housing schemes have a significant lower cost than nursing and residential care as well as delivering better outcomes for individuals.

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**Theme and Overview: 5. Self-Sufficient Council: Better Use of Property  
(Property Savings)**

SLT Lead	Peter Bishop
WLT Lead	Peter Bishop
CMR Lead	Cllr Andy Roberts
SCT Support:	Steven Medley

**Overview of proposal:**

There is a need to make more savings from property-related costs. Likely sources of savings are:

Opportunity	Strengths	Weaknesses
Reduce costs of core property services	Reasonably easy to target	Will require a cut back in services when actual demand is growing
Improve efficiency of current service	Implementation of further economies of scale	Supply chain has shown limited ability currently to deliver further service-related cost savings
Reduce maintenance spend	Reasonably easy to do as a top slice	Existing revenue maintenance spend has already been reduced in 2016/17 by 13%;
If we do not purchase Wildwood reduce maintenance spend here	Reasonably easy to do as a top slice	Risk of being unable to maintain our buildings estate
Reduce supply chain costs	Current property services model is designed to do this so should be achievable	Supply chain have shown limited ability currently to deliver further supply chain related cost savings
Reduce other supply chain costs not yet consolidated into single category	Should be able to take advantage of new supply chain management	Will need analysis to confirm what we can influence; other costs can be difficult to tie directorates down to giving up savings (and not using it for something else)
Rent increases	Low risk	Very difficult to do as mostly all contractually defined

Reduce design service costs	As capital work declines, we should be able to assume that overhead costs could reduce	This will require contractual negotiation
Sell more buildings or exit any leased buildings (create a Phase 3 list)	Continuation of current strategy	Will require more resource to deliver this
Achieve higher sales for the current Phase 1 and 2 disposal list from the Better Use of Property Programme	Continuation of current strategy	Assume all sales will happen which currently there is a risk some will not be achieved
Reduce energy costs and/or other consumables	Direct consequence of BUoP	Energy prices are unstable with currency fluctuations

Each of these opportunities needs to be tested. Some are more high risk than others.

**Cost of delivery e.g. redundancy, additional resources to deliver, investment in technology and assets etc.**

- Legal and specialist property support (BUoP Phase 3) £100,000

This cost will be used to enable the opportunities from re-using or disposing of properties as part of the development of our Phase 3 Disposal List over 2017-18 – 2021-22 planning period.

### What will be the key outcomes?

Budget				
2016/17	Spend on Estate £7.6 million			
Savings				
Initiative	2017/18 £,000	2018/19 £,000	2019/20 £,000	Post 2020 £,000
Property Savings (excluding capital receipts)	100	100		
Total	100	100		

**What are the key milestones for delivery?**

The proposed timeline is outlined below:

Initial exploratory workshop with partners  
Confirm Plans  
Delivery

November 2016  
January 2017  
from April 2017

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**Theme and Overview: 6. Self-Sufficient Council: Income Generation**

SLT Lead	Sean Pearce
WLT Lead	Sue Alexander
CMR Lead	Simon Geraghty
SCT Support:	Neil Robinson

**Overview of proposal:**

The County Council continues to provide a wide variety of services to the public with good customer satisfaction. The majority of these services are free at the point of delivery. However, in some cases the law allows or requires a charge or contribution to be levied on the recipient. Income from sales, fees and charges was around £65 million in 2015/16.

Once fees and charges are discounted in relation to Adult Social Care (these are covered by the County Councils Fairer Access to Care Services Policy), those elements of income where fees are either set by statute, included as part of the Dedicated Schools Grant or the risk and reward of changes in income have been transferred to commissioned providers, the County Council receives approximately £20 million of income on which charges can be considered. This represents approximately 6% of the County Council's net revenue funding or 4% of gross expenditure. Two thirds of this income is generated by the Economy and Infrastructure Directorate.

A set of principles were approved by Cabinet in September 2015, to form the basis for charging across the County Council. This yielded approximately £80k of additional income for 2016/17 against an aspiration of £50k. Services are now incorporating future increases within their FutureFit Plans across the Medium Term Financial Plan (MTFP). This will continue to be monitored to ensure income is optimised.

The new aspiration around income generation is four-fold:

1. Optimising the approach to current and new income generation from services will yield £50k in 2017/18 and a further £25k in 2018/19

A review has been undertaken of the County Council's existing policies on generating income and forecasts have been revised as progress towards full cost recovery has improved over original forecasts undertaken in 2015/16.

2. £50k 2017/18 - Expanding opportunities for additional income from surplus cash

Currently the County Council achieves £0.3 million from investing surplus cash in accordance with its Treasury Strategy. The intent is to expand opportunities to invest Treasury cash to gain the potential for greater returns through working with newly commissioned Treasury Advisors. This will need to be continually reviewed in light of the Bank of England's changes to the base rate.

3. £100k 2017/18 and then a further £200k in 2018/19 - Traded services and increases in income generation from the County Council's estate.

Following discussion at full Council in February 2016, the intent is to create an 'invest to

generate income' scheme. This will develop areas of the County Council identified as good practice to trade its expertise commercially to other organisations in return for its costs being recovered in full and a margin to recognise the future investment required to improve services and risks being taken in trading these services. The investment required for this is £0.1 million from those monies set aside at the end of the 2015/16 financial year to pump prime the development of business models to charge for services. The target return will be 3 to 1 on investment (full year effect) no later than two years following the investment, with returns commencing from mid-2017.

In terms of income generation from the County Council's Estate, ideas are being developed through the County Council's Estates team to generate further income from the County Council's Estate in 2017/18.

#### 4. £75k 2018/19 - Revolving Door Investment Fund increased dividend

The idea of a Revolving Door Investment Fund was introduced within a previous budget cycle with the aim of increasing income generation through investment in cash generating assets around Worcestershire. The intention is to make use of income generated from existing 'seed' investments in rail stations, business parks and the Energy from Waste facility and recycle this into further economic development opportunities. The majority of benefit will be delivered by increasing the investments into schemes which themselves generate sufficient income to repay the investment over time and generate a surplus which could either be reinvested into new schemes (the "revolving" element), or used to support the delivery of the County Council's key priorities. In addition, financial modelling has confirmed the opportunity, already included in the County Council's MTFP, to provide income to support Council services through a £0.5 million dividend per annum from 2018/19 as well as stretching this target by a further £75k per annum.

A set of principles have been drafted (Appendix 1) and potential partners are being formally engaged to support development of the financial framework, structures and draft an Outline Business Case. A set of site visits to existing revolving door funds are planned for 2016/17 and subject to a Cabinet paper at the beginning of 2017, the first investments will be made in the 2017/18 financial year with dividends and/or capital return to be delivered in 2018/19.

#### What additional savings/income is targeted and when is this expected to be delivered?

Budget				
2016/17	£20 million			
Savings				
Initiative	2017/18 £,000	2018/19 £,000	2019/20 £,000	Post 2020 £,000
Income Generation	200	300		
Total	200	300		



**Cost of delivery e.g. redundancy, additional resources to deliver, investment in technology and assets etc.**

An investment requirement of £0.1 million (Action 3) may be required from resources set aside at the end of the 2015/16 financial year and up to £0.5 million (Action 4) again from previous set-asides

**What will be the key outcomes?**

Optimising income generation in order to ensure continued protection of frontline services.

**What will be the key work streams that will enable the delivery of this theme and who will lead their ongoing development?**

1.	<b>Workstream – Review of the financial effective of the County Council's Income Generation policies</b>	
	Lead Head of Service:	Sue Alexander
2a.	<b>Workstream – Traded Services income generation</b>	
	Lead Head of Service:	Sean Pearce
2b.	<b>Workstream – Estate advertising , sponsorship, utilisation and Income Generation</b>	
	Lead Head of Service:	Peter Bishop
3.	<b>Workstream – Revolving Door Fund</b>	
	Lead Head of Service:	Steph Simcox

**What are the key milestones for delivery?**

Workstream	Key Milestones	Planned Date
1	Fee Setting	December 2016
2	Traded Services/Estate Utilisation Business Case	December 2016
3	RDF Business Case for Council	January 2017

**Risks**

#	There is a risk that.....	Which could (impact).....	Mitigation
1	Diversion of tasks – particularly on 2 and 3. – this may be resource intensive with relatively small gains typically available from upper tier services	Delivery of other projects	Resource prioritisation
2	Ultra Vires Income raising	Refunds and penalties	Legal Services advice

**Appendix 1: Worcestershire Revolving Door Investment Fund DRAFT Design Principles**

1. The purpose of the Revolving Door Fund (RDF) is to create a fund to invest into infrastructure, property or other capital related schemes which themselves generate sufficient income to repay the investment over time and generate a surplus for future re-investment. The surpluses generated are then "revolved" to fund other infrastructure investment opportunities
2. Any excess income (or reduction in costs) generated above the "original base case" for seeded capital schemes is pooled into the RDF
3. The RDF financial model will estimate the expected income receivable over an open-ended basis (starting with 10 year period)
4. Income received from the schemes could be revenue or sale of assets.
5. This income will then be used to invest into a number of infrastructure, property or other capital related schemes. Examples include working with a developer to fund the building of industrial units which are then occupied by local firms to generate rental income in the short term with the opportunity to sell at a later date, or the investment into companies in order for them to grow and the council takes an equity slice of the company
6. The schemes must generate sufficient income to repay the investment and generate a surplus, over a period of time.
7. The surplus will create a dividend back to the council which will then could either be reinvested into new schemes (the "revolving" element), or used to support the revenue account. £500k "dividend receivable" has already been included in the MTFP per annum from 2018/19 onwards
8. A set of parameters will be developed to enable a long list, and subsequently a short list, to be drawn up of potential schemes. The parameters could include appetite for risk, viability of investment opportunity, repayment period, return on investment, impact on economic regeneration / jobs created, links to Strategic Economic Plan (SEP), and degree of match funding and risk sharing
9. WCC to understand whether there is an appetite to lever in other partners to create a Worcestershire RDF (rather than just WCC) e.g. District Councils, LEP, private sector, and / or education sector. Equity can be injected at any time by partners or other schemes, subject to existing shareholder discretion.
10. Advice from other councils and financial institutions who have undertaken similar schemes will be sought to understand best practice and lessons learnt.

**Theme and Overview: 7. Demand Management: Children's Social Care Placements**

SLT Lead	Catherine Driscoll
WLT Lead	Jake Shaw / Tina Russell / Steph Simcox
CMR Lead	Cllr Marc Bayliss
SCT Support:	Katie Collins

**Vision for Worcestershire's Children**

Children at risk or those with additional needs are identified and once we know about them we make their lives better by keeping them safe or being the best possible parent for them. Our core values are:

- We always act in the best interest of the child (everything else follows this)
- We create safety and stability for our children
- We recognise the importance of family and work with them to find solutions
- We only intervene in family life when we need to (we understand what we are doing and why we are doing it)

This requires child centred decision making, intervening at the right time and getting it right first time.

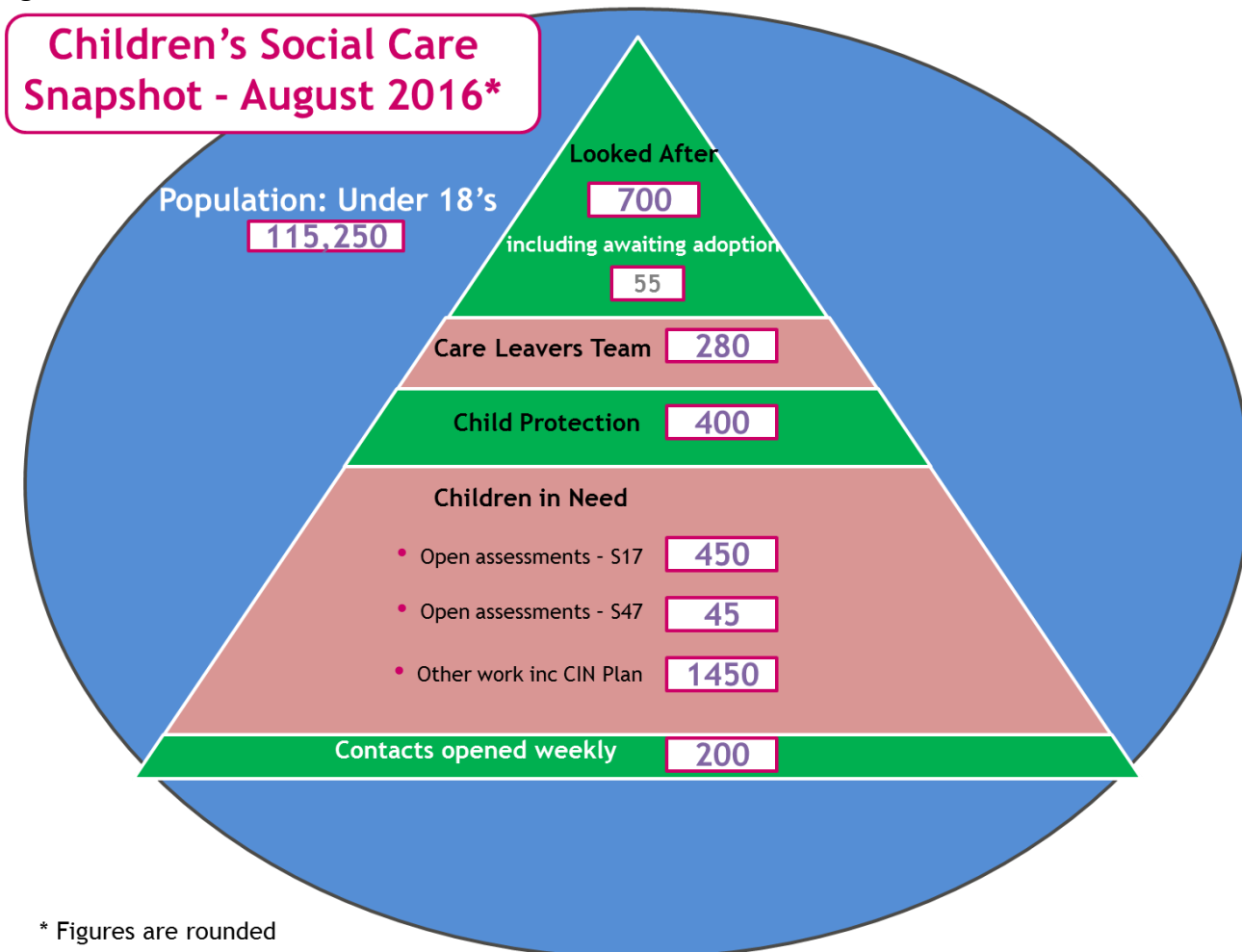
**Investment and savings over the last 4 years**

Since 2013/14 Children's Services (excluding communities) has had £14.6m investment. The majority of this (£11.3m) was for children's social care with the rest to continue to support positive activities and the Council's role in schools following a reduction in central government funding.

**Current placement analysis**

As at the end of July, the County Council were funding the costs of safeguarding 1,095 children of which 651 were in placements with a cost, and 444 through direct financial support e.g. through child arrangement orders, special guardianship, adoption support arrangements or direct payments. The number of Looked After Children (LAC) at this time was 700 details of which are given in **Figure 1**. There will always be a difference between the number of LAC and the number of children who are in placement with a cost as there are LAC who are placed with parents with no attributable placement cost and those remaining with their foster carers under staying put arrangements who are over 18 and no longer LAC.

Figure 1



It is on average £24k cheaper per year to place a child within an internal placement (e.g. foster carer, residential home, supported living house) than it is to place them with an 'external' provider (bought from the open market). This demonstrates the need to maximise the use of internal placements wherever possible, whilst ensuring each placement meets the needs of individual children, as part of our statutory duty to provide sufficient high quality and range of placements.

#### Overview of savings proposal:

In 2015/16 the budget overspent by c£5.8 million. The Council invested £4.5 million into the 2016/17 budget which will reduce to £3m in 2017/18. Children's Services have plans to meet the overspend and also for an additional £1m reduction in £2017/18. This is summarised in table 1 overleaf.

Table 1

Budget				
2016/17	£38 million			
Savings				
Initiative	2017/18 £,000	2018/19 £,000	2019/20 £,000	Post 2020 £,000
Additional savings	1,000			
Total	1,000			

#### Investment required:

- Capital investment of £2m was recommended by September Cabinet and additional staffing requirements for in-house units, the costs of which will be repaid from the savings generated from the schemes
- Additional social care / safeguarding staff due to the increased cost of recruiting and retaining the right quality of staff and additional staff to help focus on the required improvement, culture change and necessary oversight as well as managing the day to day demands of the service
- Enhanced management capacity – to reduce spans of control and to bring traction to concentrate on improvement and culture change and case oversight as well as the strategic demands on the service

#### What will be the key outcomes?

- The service will increase the capacity of in-house units and reduce reliance on more expensive agency placements
- More children living with families and / or in more permanent settings
- Less children entering, and children staying less time in, the care system
- Improved understanding and application of thresholds across the wider children's sector
- Social workers with more manageable caseloads which should improve morale, decrease absence and increase recruitment and retention.

#### What additional savings are targeted and when is this expected to be delivered?

£1m additional savings targeted in 2017/18, are to be generated from:

- **extension of current savings plans** relating to placing more children into in-house services as an alternative to agency placements, further in-house supported living places as step down from residential care prior to independence and more effective use of internal provision and short break alternatives for children with disabilities
- **new savings plans which are in the process of being developed** relating to encouraging more foster carers to become Special Guardians and recruitment of intensive foster carers to support children with complex needs

**What will be the key work streams that will enable the delivery of this theme and who will lead their ongoing development?**

1.	<b>Workstream – Changing Culture</b> Implementation of the next phase of practice standards through the Back to Basics Improvement Plan.
	Lead Head of Service: Tina Russell
2.	<b>Workstream – Improving the entry point into social care</b> Improving the entry point via the Integrated Family Front Door to make it more robust in ensuring only those children and young people that require social care support come into the care system.
	Lead Heads of Service: Tina Russell / Hannah Needham
3.	<b>Workstream – Achieving Permanency more quickly</b> Streamlining processes and defining standards to drive up efficiency and work effectiveness with an aim to shorten the length of time children are 'in the care system'.
	Lead Head of Service: Tina Russell
4.	<b>Workstream – High Cost Placements</b> Agency Residential Challenge panel to identify more cost effective options and negotiation with suppliers to reduce unit costs.
	Lead Heads of Service: Jake Shaw / Steph Simcox
5.	<b>Workstream – Placement and Sufficiency Strategy</b> This will inform future placement planning including the improvement in the process for ensuring value for money decision making for placements including market management, development of internal provision and service awareness to drive any prevention activity.
	Lead Heads of Service: Jake Shaw / Hannah Needham / Steph Simcox

**What are the key milestones for delivery?**

Workstream	Key Milestones	Planned Date
Improving the entry point into social care	Sexual health and outreach support project to target parents who have had a child / children removed previously and for Looked after Children and care leavers	Apr 17
Achieving Permanency more quickly	Additional Targeted Family Support – to speed up reunifications and manage complex Edge of Care requiring high intense support	Apr 17
High Cost Placements	Implementation of special guardianship policy	Dec 16
	Increase in-house provision	Apr 17
Placement Sufficiency	First 4 intensive fostering placements commence	Oct 16
	Fostering Ratio split, in-house: Independent = 60:40.	Mar 17
	Additional in-house supported living properties and additional residential facilities operational	Apr 17
	Implementation of strategy	Apr 17
	Fostering Ratio split, in-house: Independent = 66:34.	Oct 17
Changing Culture	Workforce redesign initial report	Dec 16
	New group managers in post	Mar 17

**Risks**

#	There is a risk that.....	Which could (impact).....	Mitigation
1	Insufficient properties available for new properties	Delay in savings being achieved	Place Partnership working on securing properties from the open market
2	More children enter care than expected and children not moving through the system as quickly as hoped	Outcomes for children Increased demand and cost for care Drift and delay Additional costs Increased case loads	Family Front Door in operation Concentration on improving culture and practice
3	All agencies across the whole system don't play their full part in managing demand	Time is wasted debating thresholds rather than delivering timely help and support to children	Deploy resources to be as efficient and effective as possible
4	Recruitment and retention	High caseloads for social workers, ability to drive forward culture change and practice improvements	Revised recruitment and workforce strategy to be developed

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**Theme and Overview: 8. Self-Sufficient Council: Waste Management**

SLT Lead	John Hobbs
WLT Lead	Rachel Hill
CMR Lead	Cllr Anthony Blagg
SCT Support:	Ste Ashton

**Overview of proposal:**

Worcestershire County Council (WCC) currently spends a net position of £29m per annum on Waste Management. The vast majority of this is spent on waste disposal through the WCC share of the Waste Management Service Contract (WMSC) with Mercia Waste Management (Mercia). The contract is a Private Finance Initiative (PFI) contract procured and managed in partnership with Herefordshire Council (HC). The expenditure / waste arisings are split between the two authorities in the ratio: 77% WCC, 23% HC.

Following the successful contract negotiations and financial close in May 2014, the current WCC Medium Term Financial Plan (MTFP) assumes savings of £3m when EnviRecover, our Energy from Waste facility, becomes operational. The MTFP assumes £6m uplift, however this was negotiated down to £3m to deliver a £3m saving in 2017/18. There is an additional target to achieve a further £250k per annum saving in 2017/18. These savings are in addition to over £1.5m savings delivered to date (2013 – 2016).

This proposal includes a number of strands of work relating to reducing the Waste Management budget as well as taking account of the impact of planned housing growth in Worcestershire. Areas include:

- Use of the accumulated PFI reserve to reduce the unitary payment for waste disposal between April 2017 and the end of the existing Waste Management Service Contract in Dec 2023;
- The impact of housing growth on the overall waste management budget;
- Prevent waste, i.e. reduce demand, to mitigate housing growth implications;
- Contract Review.

**Cost of delivery e.g. redundancy, additional resources to deliver, investment in technology and assets etc.**

Assumptions: Work with the Sustainability Team and contractor's education officer regarding waste prevention, working closely with Waste Collection Authorities in Worcestershire, work with Herefordshire Council and Contractor regarding contract changes, some potential investment in order to impact on resident behaviour to prevent waste.

**What will be the key outcomes?**

- Reduction in the annual waste management costs;
- Agreed model regarding waste forecasting.

**What additional savings/income is targeted and when is this expected to be delivered?**

Budget				
2016/17	£29 million			
Savings				
Initiative	2017/18 £,000	2018/19 £,000	2019/20 £,000	Post 2020 £,000
Use of Waste PFI Reserve to reduce annual unitary payments	1700			
Total	1700			

**What will be the key work streams that will enable the delivery of this theme and who will lead their ongoing development?**

1.	<b>Workstream – Use of PFI Reserve:</b> Use of existing PFI Reserve to reduce annual unitary payments from April 2017 on assumed take-over of EnviRecover to the end of WMSC in Dec 2023 (6.75 years). Lead Head of Service: Rachel Hill
2.	<b>Workstream – Housing Growth:</b> Confirm <b>Housing Growth</b> projections and the impact on Waste Management costs. Ensuring <b>forecasting assumptions</b> are as those used for council tax projections. See <b>Table 1</b> for further information. Lead Head of Service: Rachel Hill
3.	<b>Workstream – Waste Prevention:</b> Prepare business case(s) to change resident behaviour to <b>prevent</b> waste <b>mitigating</b> the impact of increases in waste arisings due to <b>housing growth</b> . Business case to quantify. Lead Head of Service: Rachel Hill
4.	<b>Workstream – Contract Review:</b> Some savings (£3.25m) associated with the WMSC are already included in the current MTFP. Lead Head of Service: Rachel Hill

## Risks

#	There is a risk that.....	Which could (impact).....	Mitigation.....
1	Delay in take-over of EnviRecover	Reduce opportunity to discuss contractual opportunities with the contractor	Existing EnviRecover Programme and management arrangements
2	Growth in waste	Increase waste management costs	Agreed basis for modelling and forecasting Waste prevention activities
3	Limited change in behaviours so as to prevent waste	Maintain waste arisings and cost of waste disposal	Identify, cost and explore options to influence behaviours

**Table 1: Waste and Housing Growth**

The table below shows the impact, in terms of waste tonnage growth and financial cost that arise from the additional dwelling stock planned for Worcestershire during the period 2016-17 to 2020-21.

YEAR	Contract Waste					
	Joint (Herefordshire and Worcestershire)		Worcestershire			
	Tonnes	Dwelling Stock	Tonnes	Dwelling Stock	Tonnage Increase	Estimated Financial Impact
2010-11	364,410	329,080	277,980	247,440		
2011-12	356,055	331,020	270,878	248,930		
2012-13	352,933	332,860	269,020	250,310		
2013-14	366,661	335,160	280,616	252,220		
2014-15	366,021	338,559	280,777	254,844		
2015-16	376,000	341,760	288,431	257,297		
2016-17	380,932	346,243	292,478	260,907	4,047	£ 412,777
2017-18	386,412	351,224	296,626	264,607	4,148	£ 423,068
2018-19	392,556	356,808	301,496	268,951	4,870	£ 496,704
2019-20	397,881	361,648	305,631	272,640	4,135	£ 421,810
2020-21	402,401	365,757	309,323	275,933	3,691	£ 376,530

### Notes:

- Data for 2010-11 to 2014-15 are actuals
- Data for 2015-16 to 2020-21 are estimates
- Tonnage of waste generated per household remains constant through the period to 2021

- Predicted dwelling stock increases for Worcestershire provided by Worcestershire Research & Intelligence
- Financial impact based on 2016-17 Best Value Performance Indicator 87 estimate (£102/tonne)
- 2013-14 to 2014-15 Contract Waste tonnage stagnation due to diversion of Street Sweepings arisings from Waste Management Service Contract to Joint West Midlands disposal contract to deliver Future Fit savings

**Theme and Overview: 9. Commissioning: Shaping the Market to Achieve Better Outcomes for Older People**

SLT Lead	Sander Kristel
WLT Lead	Richard Keble
CMR Lead	Cllr Sheila Blagg
SCT Support:	Pauline Harris

**Overview of proposal:**

The Council and Clinical Commissioning Groups (CCGs) face a pressure on supply and demand. Supporting Worcestershire's most vulnerable adults and the elderly in our society and meeting our statutory duty is a priority for the Council. However, demand is increasing due to changing demographics (ageing population and increased need) and a continued joint health and social care emphasis on promoting independence at home. In some areas of the County the supply of home care is only just meeting demand, and this places an upward pressure on costs. This is compounded by the introduction of the National Living Wage which increases staff costs by over 30% by 2020 (70% of supplier costs are direct staff costs). In terms of residential and nursing care, the amount supplied at our standard rate is decreasing due to the increasing cost of care.

To secure the right supply, providers need to have a certainty of business to enable recruitment and allow them to be more efficient. In addition, joint commissioning with Health needs to be developed as the standard approach in order to manage more effectively the cost of impact of discharges from hospital and the discrepancy between the local authority funded support and the Continuing Health Care (CHC) funded support. To address this, the following is proposed:

**For Home Care:**

- Consolidate existing spot supply into blocks. Block contracts would be available to any provider who has a significant number of hours currently and has a good quality record with the Council. Block contracting will secure business for providers, enabling them to recruit and retain staff, and allow better value for money contracts to be negotiated. Providers will still be able to bid for spot contracts and therefore new providers can still enter the market. The Council will consider using Dynamic Purchasing to keep the market vibrant. (A Dynamic Purchasing System (DPS) is a fully e-Enabled framework that helps the Council take advantage of market changes. DPS allows new market entrants to join at any time during its life and so remove barriers for smaller companies to do business with the Council. DPS encourages competition thereby delivering better value, faster outcomes and saves process time for the Council)
- Evaluate the Home Care Improvement Project using equipment to help keep people independent

- Identify assistive technology solutions for home care support which is not delivering personal care where appropriate
- Work with the Worcestershire CCGs as part of the Sustainability and Transformation Plan (STP) to integrate and jointly commission recovery services (discharge from hospital) and Continuing Health Care
- Work on a model of outcome based commissioning of home care and other community based support, and test in one area, incorporating opportunities for joint commissioning of CHC care packages and transfer of care from Acute to home and learning from Home Care Improvement Project and use of technology

**For Residential / Nursing Care:**

- Following the decision to reconfigure Howbury House from 1 October 2016 as a residential home, consider future options for the re-provision of Howbury, including re-provision by an independent provider
- Continue to develop extra care housing as an alternative to residential care. This will support individuals' wellbeing and independence. Furthermore it will reduce the Council's reliance on residential care and reduce cost variances
- Explore the opportunity and viability of a 'Care Village' model in Worcestershire, where WCC play a key role as developer / financier to enable long term stability, cost control and more independence for older people
- Apply assistive technology in care homes to create consistent quality outcomes whilst reducing operating costs with a direct impact on quality and price, including potential block contracts

**Investment requirements including technology, resources, assets and people:**

- Technology investment was approved by Cabinet in November 2015 and included in Capital Programme in January 2016 - as part of New Technology in Care programme and subject to individual business cases for change.

**What will be the key outcomes?**

**For Home Care:**

- Different forms of contracts to be explored throughout 2016/17 in order to secure a sustainable and stable market by improving recruitment and retention for home care and enable growth
- More timely and effective use of equipment from November 2016
- Reduce significantly prompt and check-up calls by deployment of technology from April 2017
- Outcome-based contract for all home care and other community based support for older people to be considered following the modelling in a test area, making sure that the true needs of the population (age, level of need, income) are considered and opportunities for joint commissioning with Health fully explored. Innovation site to be live by Autumn 2017

**For Residential / Nursing Care:**

- Reconfiguration of Howbury Home into residential home from October 2016
- Develop an options appraisal for Howbury Spring 2017
- Implement any potential new Howbury provision model by April 2018
- Business cases developed under the Holistic Housing Approach for development of Extra Care schemes in line with existing strategy - ongoing
- Develop draft business case for 'Care Village' by early 2017
- Deployment of technology in block contracted care homes – this is more viable in new builds and therefore not likely to come on line until April 2018

**What additional savings/income is targeted and when is this expected to be delivered?**

Budget				
2016/17	£75.5m	Gross Residential and Nursing Budget across all service areas. The Net budget is £54.8m		
	£21.3m	Gross Home Care budget across all service areas excluding Extra Care and Supported Living Services. The Net budget is £17.0m		
	<b>Total</b>	<b>£96.8m</b>		
Savings				
Initiative	2017/18 £,000	2018/19 £,000	2019/20 £,000	Post 2020 £,000
Further Market Management	2000	2000		
<b>Total</b>	<b>2000</b>	<b>2000</b>		

**What will be the key work streams that will enable the delivery of this theme and who will lead their ongoing development?**

1.	<b>Workstream – title and short description:</b> Reconfiguration of Howbury and subsequent options appraisal
	Lead Head of Service: Richard Keble
2.	<b>Workstream – title and short description:</b> Holistic Housing Approach for Extra Care
	Lead Head of Service: Richard Keble
3.	<b>Workstream – title and short description:</b> Consolidation of existing spot contracts into blocks
	Lead Head of Service: Richard Keble
4.	<b>Workstream – title and short description:</b> Develop model of outcomes-based commissioning of home care for older people to be tested in one area
	Lead Head of Service: Richard Keble



5.	<b>Workstream – title and short description:</b> Home Care Improvement Project – review impact and mainstream
	Lead Head of Service: Anne Clarke
6.	<b>Workstream – title and short description:</b> New Technology in Care – identify technology solutions
	Lead Head of Service: Richard Keble
7.	<b>Workstream – title and short description:</b> 'Care Village' business case
	Lead Head of Service: Richard Keble

**What are the risks, their impact and mitigations?**

#	There is a risk that.....	Which could (impact).....	Which will be mitigated by....
1	Housing Cap decision may have an impact on the scale and pace of delivery	Extra Care only attractive to self-funders and therefore does not offer credible alternative to residential care for low income / WCC funded people	New working relationships to be developed with local housing providers so that greater advantage is taken of capital assets and opportunities
2	Securing blocks does not improve capacity	Capacity shortage continues to lead to rising prices	Work will also be undertaken with provider sector to aid recruitment and retention generally
3	Joint commissioning arrangements take longer to establish	Benefits will be delayed	Working through the Sustainability and Transformation Plan is anticipated to provide a strategic framework to accelerate joint commissioning arrangements
4	Decisions made by CCGs and NHS nationally could result in greater pressures for adult social care	Increased demand on adult social care and costs	Effective joint commissioning through the STP will ensure decisions are made in the best interests of Worcestershire residents and not for organisational reasons
5	Increased care home costs	Reduce the number of beds available to the Council at an affordable price	Active engagement with the market and development of more community-based options will reduce Council usage of care home beds



**Theme and Overview: 10. Demand Management: Promoting Independence for People with Learning Disabilities**

SLT Lead	Sander Kristel
WLT Lead	Richard Keble
CMR Lead	Cllr Sheila Blagg
SCT Support:	Pauline Harris

**Overview of Proposal:**

The 2012/13 "Big Conversation" with the Learning Disabilities community formed the basis of the current Learning Disabilities Strategy 'six big aims' and the overarching priority outcomes. We now have well developed user groups that replace one off discussion with regular debate, and understanding of the financial challenge is well understood. Co-producing and designing services that meet outcomes in the context of the current financial challenge will need further work, and the People's Parliament will be engaged during December 2016 so we can discuss their ideas with carers about transformation in Learning Disabilities services.

Supporting those who are most vulnerable in our society is a priority as well as a statutory duty for this Council. The Learning Disabilities budget for 2016/17 is a net budget of £51.5m. We acknowledge that there is work to be done in shaping the Learning Disabilities market and changing the way we support people by working closely with service users, carers, partners and providers. This is reflected in the current work programmes and wish for many service users to be more independent.

The current adult social work services and related Care Act responsibilities are delivered by Worcestershire Health and Care Trust on behalf of the Council. This arrangement commenced in 2014 and was incorporated into the existing section 75 Partnership agreement with the Trust for mental health services. Two years on, this is the appropriate time to review the effectiveness of these arrangements working closely with partners and service user groups.

There is a recently established Funding Panel for high cost packages which is chaired by the Trust, and includes Council commissioning unit membership, and this has introduced greater challenge into the system.

**Identifying further savings and transformational change:**

In order to consider the potential for further savings, we have considered how we compare with other local authorities in terms of outcomes that we deliver for service users, numbers supported and cost.

These have shown that we compare favourably with our family comparators, in terms of numbers of people supported, living independently. However, the unit cost of residential and nursing care still requires further challenge. This will be addressed through the long term project of increasing the use of supported living and potentially setting banding rates.

Additional savings could be achieved through reviewing current work programmes, recommissioning and introduction of fixed banded rates for residential care, a review of the joint arrangements with the Health and Care Trust, and continuing the movement of individuals from residential into supported living accommodation.

Putting the aspiration of individuals to be able to live more independently at the heart of all we do will not only improve wellbeing but will also have a positive effect on our ability to deliver.

**The proposals are:**

- Reviewing the effectiveness of the joint working arrangements, ensuring we control cost – completed by 31 March 2017
- Ensuring opportunities from the New Technology in Care project are applied specifically to Learning Disabilities
- Seek a long term and joint resolution to determine responsibility for a range of pressures including people with complex needs, section 117 and Continuing Health Care
- Continue to work with Learning Disabilities residential service users and carers to find appropriate Supported Living units – subject to the impact of the Housing Cap if introduced in 2018. There are currently 259 people with learning disabilities who live in Supported Living units and we want to extend this opportunity for independent living to more people.
- Change the pattern of demand from children's services by working with families earlier, and ensure planning for adulthood has a focus on enabling independence and wellbeing.
- Working with family carers to provide financial planning to prevent their adult children from entering residential care once the family carer is no longer able to provide care.

**What additional savings/income is targeted and when is this expected to be delivered?**

Budget				
2016/17		Gross Budget £56.3m, Net budget of £51.5m		
Savings				
Initiative	2017/18 £,000	2018/19 £,000	2019/20 £,000	Post 2020 £,000
Proposed Additional Savings Target		2000		
Total		2000		

**What are the risks, their impact and mitigations?**

#	There is a risk that.....	Which could (impact).....	Which will be mitigated by....
1	Providers, service users and carers may be slow to embrace change	Prevent or delay changes and savings	Early active engagement and co-production with providers, service users and carers
2	Transforming Care (post-Winterbourne View programme) will potentially result in cost pressures to Council and CCGs if appropriate transfer of funding is not received from NHSE	Result in cost pressure to the Council of £1.2m as minimum over next 3 years	Representations made to NHS England to ensure funding is transferred and cost pressures have been raised at regional and national level
3	Resolution not found to complex needs, section 117 and CHC	Result in significant cost pressure	Alternative savings will be identified by working closely with health partners and harnessing opportunities of STP

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**Theme and Overview: 11. Demand Management: Improving Public Health - Optimising the Use of the Public Health Ring Fenced Grant**

SLT Lead	Frances Howie
WLT Lead	Karen Wright
CMR Lead	Cllr John Smith
SCT Support:	Rob Elmes

**Overview of proposal:**

This project will examine how the Public Health Ring Fenced Grant (PHRFG), rather than Council base budget can be used to optimise health improvement and prevention of ill-health. In particular, a refreshed approach to adult prevention is needed, and the cross system work on NHS Sustainability and Transformation Plans and the enhanced Better Care Fund afford new opportunities. Commitments against the existing PHRFG allocation will be reviewed. Priorities for investment in prevention will be considered to ensure that resources are targeted at those areas which deliver most impact in terms of securing strong services which reduce demand and ensure compliance with statutory duty. Those priorities include supporting residents to become self-reliant in living longer, healthier, better quality lives and to remain independent for as long as possible.

The Council took on new duties for population health improvement under the Health and Social Care Act 2012, and from April 2015 new duties for prevention and wellbeing under the Care Act. The project will review all PHRFG spend systematically, ensuring good performance against the Public Health Outcomes Framework, based on clear evidence.

**Investment requirements including technology, resources, assets and people (including any potential redundancy costs):**

To be determined and would form part of any business case going forward, including any relevant consultation required.

**What will be the key outcomes?**

- Reduction in Council base budget expenditure (by contributing £1m in 17/18 and £0.5m in 18/19) recurrently by use in relevant areas of business, consistent with the grant conditions
- Prioritise Public Health Spend, ensuring a profile of spend which ensures statutory compliance, strengthens a systematic approach to prevention and reduces demand for Council services

**What additional savings/income is targeted and when is this expected to be delivered?**

Budget				
2016/17	£30.6 million			
Savings				
Initiative	2017/18 £,000	2018/19 £,000	2019/20 £,000	Post 2020 £,000
	1,000	500		
Total	1,000	500		

In 2017/18 this figure will be identified from reprioritisation of spending, in the context of a better than expected PHRFG award and some savings from more targeted prevention.

In 2018/19 reductions in grant are yet to be confirmed. We are awaiting the Government consultation on the removal of ring fenced funding. Savings will be possibly realised from the more targeted prevention work across WCC and by working closely with partners who hold related statutory duties.

**Additional Supporting Notes:**

Since the Council took on new statutory duties for Public Health in 2013/14, some activities previously funded from Council base budget have been funded from the Public Health Ring Fenced Grant. In addition to this there was an in year announcement of reductions and grant funding to 19/20.

Base budget expenditure over the 3 years has been around £5m recurrently in Adult Services and £1.5m in Children's. Non recurrent monies have also been used to mitigate the impact of planned reductions.

It has also been announced that there will be a public consultation in 16/17 on a proposal to remove the PHRFG with a move to a model based on retained business rates. Central Government have yet to publish any detail of how this change will work.

The NHS Sustainability and Transformation Planning process gives a good opportunity to work across the system to focus on prevention, and to ensure all NHS services mainstream some priority activity on prevention. The County Council will work closely with the NHS to shape this approach.

**What will be the key work streams that will enable the delivery of this theme and who will lead their ongoing development?**

1.	<b>Workstream – Review of existing commitments against the 2017/18 PHRFG to confirm unallocated grant</b>
	Lead Head of Service: Frances Howie/Karen Wright
2.	<b>Workstream – Review of priorities for investment in prevention and target resources at those areas which deliver most impact in terms of reducing demand and ensuring compliance with statutory duty</b>
	Lead Head of Service: Frances Howie/Karen Wright
3.	<b>Workstream – Review of contracts for those areas where reductions can be made – re-profile spend</b>
	Lead Head of Service: Frances Howie/Karen Wright

**What are the key milestones for delivery?**

**July 2016** – Review of existing commitments against the 2017/18 PHRFG

**March 2017** – Consider expected Government consultation on changes to the grant

**April 2017** – Priorities for investment reviewed and agreed

**What are the risks and their impact?**

#	There is a risk that.....	Which could (impact).....	Mitigations
1	There may be challenge to the use of the PHRFG	Worcestershire may be deemed not to have spent grant within the conditions	Ensure that the proposed spend meets requirements, in discussion with Public Health England
2	Increased demand on mandated areas of spends	Impact on the balance of expenditure between mandatory and discretionary areas.	Ensure that the mandated budgeted service areas can meet demand, strengthening our prevention work to reduce demand
3	Performance against the Public Health Outcomes Framework drops so that health and well-being falls below average	Impact negatively on the population and put further pressure on system-wide services	Consultant-led service redesign and improvement work with providers

4	Redressing the balance towards prevention reduces funded service offer from Adult Social Care	Numbers coming into adult social care rise	Service redesign through BCF and STP work, but note that the BCF may also have savings attached  Working through the Health and Wellbeing board and BCF to ensure system coherence
5	Staffing for Public Health has already been reviewed and reduced  Use of PHRFG to offset base budget may limit opportunities to build staff capacity to deliver excellently against Health and Social Care Act work	Impact on Council delivery of statutory duties which require a fully staffed specialist team	Maintaining focus on staff development and one team working