

# Agenda

## Council

**Thursday, 9 November 2017, 10.00 am**  
**County Hall, Worcester**

This document can be provided in alternative formats such as Large Print, an audio recording or Braille; it can also be emailed as a Microsoft Word attachment. Please contact Democratic Services on telephone number 01905 846621 or by emailing [democraticservices@worcestershire.gov.uk](mailto:democraticservices@worcestershire.gov.uk)

# DISCLOSING INTERESTS

There are now 2 types of interests:  
**'Disclosable pecuniary interests'** and **'other disclosable interests'**

## WHAT IS A 'DISCLOSABLE PECUNIARY INTEREST' (DPI)?

- Any **employment**, office, trade or vocation carried on for profit or gain
- **Sponsorship** by a 3<sup>rd</sup> party of your member or election expenses
- Any **contract** for goods, services or works between the Council and you, a firm where you are a partner/director, or company in which you hold shares
- Interests in **land** in Worcestershire (including licence to occupy for a month or longer)
- **Shares** etc (with either a total nominal value above £25,000 or 1% of the total issued share capital) in companies with a place of business or land in Worcestershire.

**NB Your DPIs include the interests of your spouse/partner as well as you**

## WHAT MUST I DO WITH A DPI?

- **Register** it within 28 days and
- **Declare** it where you have a DPI in a matter at a particular meeting
  - you must **not participate** and you **must withdraw**.

**NB It is a criminal offence to participate in matters in which you have a DPI**

## WHAT ABOUT 'OTHER DISCLOSABLE INTERESTS'?

- No need to register them but
- You must **declare** them at a particular meeting where:  
You/your family/person or body with whom you are associated have a **pecuniary interest** in or **close connection** with the matter under discussion.

## WHAT ABOUT MEMBERSHIP OF ANOTHER AUTHORITY OR PUBLIC BODY?

You will not normally even need to declare this as an interest. The only exception is where the conflict of interest is so significant it is seen as likely to prejudice your judgement of the public interest.

## DO I HAVE TO WITHDRAW IF I HAVE A DISCLOSABLE INTEREST WHICH ISN'T A DPI?

Not normally. You must withdraw only if it:

- affects your **pecuniary interests OR** relates to a **planning or regulatory** matter
- **AND** it is seen as likely to **prejudice your judgement** of the public interest.

## DON'T FORGET

- If you have a disclosable interest at a meeting you must **disclose both its existence and nature** – 'as noted/recorded' is insufficient
- **Declarations must relate to specific business** on the agenda
  - General scattergun declarations are not needed and achieve little
- Breaches of most of the **DPI provisions** are now **criminal offences** which may be referred to the police which can on conviction by a court lead to fines up to £5,000 and disqualification up to 5 years
- Formal **dispensation** in respect of interests can be sought in appropriate cases.

**Thursday, 9 November 2017, 10.00 am, County Hall, Worcester**

## **Agenda and Summons**

**Councillors:** Mr A A J Adams, Mr R C Adams, Ms P Agar, Mr A T Amos, Mr T Baker-Price, Mr R W Banks, Mr R M Bennett, Mr C J Bloore, Mr G R Brookes, Mrs J A Brunner, Mr B Clayton, Mr P Denham, Ms R L Dent, Mr N Desmond, Mrs E A Eyre, Mr A Fry, Mr S E Geraghty, Mr P Grove, Mr I D Hardiman, Mr A I Hardman, Mr P B Harrison, Mr M J Hart, Ms P A Hill, Mrs A T Hingley, Mrs L C Hodgson, Dr A J Hopkins, Dr C Hotham, Mr M E Jenkins, Mr A D Kent, Mr R C Lunn, Mr P M McDonald, Mr S M Mackay, Mr L C R Mallett, Ms K J May, Mr P Middlebrough, Mr A P Miller, Mr R J Morris, Mr J A D O'Donnell, Mrs F M Oborski, Ms T L Onslow, Dr K A Pollock, Mrs J A Potter, Prof J W Raine, Mrs M A Rayner, Mr A C Roberts, Mr C Rogers, Mr J H Smith, Mr A Stafford, Ms C M Stalker, Mr C B Taylor, Mr R P Tomlinson, Mrs E B Tucker, Mr P A Tuthill, Mr R M Udall, Ms R Vale, Ms S A Webb and Mr T A L Wells

### **1 Apologies and Declaration of Interests**

To receive apologies and invite any councillor to declare any interest in any of the items on the agenda.

### **2 Public Participation**

To allow a member of the public to present a petition, or ask a question relating to the functions of the Council, or to make a comment on any matter on the agenda.

*Members of the public wishing to take part should notify the Head of Legal and Democratic Services in writing or by e-mail indicating both the nature and content of their proposed participation no later than 9.00am on the working day before the meeting (in this case Wednesday, 8 November 2017). Further details are available on the Council's website. Enquiries can also be made through the telephone number/e-mail address listed below.*

### **3 Minutes**

To approve as a correct record and authorise the signing the Minutes of the meetings held on 29 September and 19 October 2017 (previously circulated electronically).

### **4 Chairman's Announcements**

To receive any announcements to be made by the Chairman.

### **5 Fire and Rescue Authority 1 - 4**

To consider the annual report of the Hereford and Worcester Fire and Rescue Authority (**Red pages**) to be presented by Mr P A Tuthill, Vice-Chairman and to receive any answers

to any questions asked about this report. It is planned that the Chief Fire Officer will attend this meeting.

## **6 Reports of Cabinet 5 - 12**

To consider the reports of the Cabinet and to receive answers to any questions asked on those reports as follows:

- a) Report of Cabinet – Matters which require a decision by Council (**Yellow pages**); and
- b) Report of Cabinet – Summary of decisions taken (**White pages**).

## **7 Notices of Motion**

To receive the report of the Head of Legal and Democratic Services on any Notices of Motion received by him (**Lilac pages**).

Councillors are asked to note that any Notices of Motion must be received by the Head of Legal and Democratic Services no later than noon on Thursday, 2 November 2017.

## **8 Annual State of the County report of the Leader of the Council 13 - 20**

To receive this report and to receive answers to any questions on it (**Blue pages**).

## **9 Question Time 21 - 22**

To receive answers to any questions asked by Councillors (**Orange pages**).

*(Members are reminded of the timescale adopted by Council for notice of questions. A Councillor may only ask a question if:*

- *It is delivered in writing to the Head of Legal and Democratic Services by noon on Monday 6 November 2017 or*
- *If it relates to urgent business, the Head of Legal and Democratic Services is notified at least half an hour before the start of the meeting.)*

## **10 Reports of Committees 23 - 32**

To consider the reports of Committees and to receive answers to any questions asked on those reports as follows:

- a) Audit and Governance Committee – Summary of decisions taken (**White pages**);
- b) Pensions Committee (**White pages**); and
- c) Standards and Ethics Committee (**White pages**).

## **NOTES**

### **• Webcasting**

Members of the Council are reminded that meetings of the Council are Webcast on the Internet and will be stored electronically and accessible through the Council's Website. Members of the public are informed that if they attend this meeting their images and speech may be captured by the recording equipment used for the Webcast and may also be stored electronically and accessible through the Council's

Website.

- **Catering Arrangements**

Lunch will be available at 1.00pm or thereabouts in the Lakeview Room. This will be provided for all Councillors, without payment, and for pre-notified guests, who must be paid for in advance. An indication of any guests wishing to take luncheon should be given to staff in the Business Support Unit at least three days before the Council meeting.

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Agenda produced and published by Simon Mallinson, Head of Legal and Democratic Services, County Hall, Spetchley Road, Worcester WR5 2NP. The above reports and supporting information can be accessed via the Council's website at: [www.worcestershire.gov.uk](http://www.worcestershire.gov.uk)

To obtain further information or a paper copy of this agenda please contact Simon Lewis, Committee Officer by telephone on Worcester (01905) 846621 or [slewis@worcestershire.gov.uk](mailto:slewis@worcestershire.gov.uk)

Date of Issue: Tuesday, 31 October 2017

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## Hereford & Worcester Fire Authority

### 2016/17 Annual Report to Worcestershire County Council

#### **Appointment of Chairman and Vice-Chairman**

1. Councillor R J Phillips, from Herefordshire Council, was elected as Chairman of the Authority and Councillor P Tuthill, from Worcestershire County Council, was elected as Vice-Chairman.

#### **Launch of our new vision: Saving More Lives**

2. Saving More Lives is our overarching vision for the future direction of our Service. It guides everything we want to achieve as a vital and trusted organisation working for the communities of Herefordshire and Worcestershire. Ultimately, Saving More Lives is about improving the lives of everyone in the community, building on our success and securing our future as a Service that makes even more of a difference every day.

#### **Preventing harm and promoting wellbeing**

3. Each quarter we report to the Fire Authority on incidents throughout the year to highlight trends and patterns of risk. This helps to identify any particular trends that might need priority attention. For example, increasing our work with commercial property owners to tackle a rise in false alarm calls, and planning seasonal safety campaigns, such as the dangers of causing fires in the open and swimming in open water during the summer months. At a more strategic level, the Community Risk Management Plan 2014-2020 (CRMP) explained how we use incident data, research and risk modelling to help us prioritise our activities and balance our resources, and the strategic risk data in the plan will be reviewed and updated in 2017-18.
4. Many of our prevention and protection activities are well known throughout our communities, from carrying out Home Fire Safety Checks and fitting smoke alarms to providing advice on fire safety precautions to local employers, and helping people to be prepared in the event of emergencies such as flooding.
5. Working with key partners such as West Mercia Police helps to identify mutually beneficial community safety initiatives and reinforces the impact of our safety work in the community. During the 2016/17 year, Community Risk officers have worked alongside partners in the Wyre Forest Police Harm Hub, and, in Hereford, the Community Risk and District Command Teams relocated to the city's Police Station.
6. Being visible and accessible is also an important part of supporting our communities. A good example during the year was the launch of a Positive Role Model Initiative in partnership with Bromsgrove & Redditch Borough Council's Connecting Families team and the University of Worcester to pilot a mentoring project for vulnerable young people in Redditch. In addition, the Positive Role Model scheme is becoming known amongst schools in the local

area, which are recognising the potential for the Service to provide additional support in helping to avert the need to exclude pupils at risk.

7. As part of the Service's suite of community safety initiatives the Dying 2 Drive events were run at Worcester Fire Station from 25th – 29th September 2017 and at Bromsgrove Fire Station from 2nd – 6th October 2017. The multi-agency road safety scheme aimed at reducing death and serious injury amongst young road users is a free multi-agency road safety scheme aimed at reducing death and serious injury amongst young road users across the two counties.
8. The events commenced with a hard hitting road traffic collision reconstruction, involving all of the emergency services and live casualties. The reconstructions were closely followed by interactive workshops where the consequences of bad decisions were explored. The attendance of some Worcestershire schools at these events has been supported by some County Councillors who have donated divisional funds to help with school transport to the events.
9. In March 2016, the Authority gave approval for the funding of a twelve month project to target unlicensed Houses of Multiple Occupation (HMOs) and the residential accommodation above commercial premises to expose potential fire safety issues which could put tenants at risk.
10. The project initially focussed on St Johns (Worcester), Evesham, Droitwich and Kington (Herefordshire). Business Fire Safety Checks (BFSCs) carried out at premises in these areas revealed that the main fire safety risk concerned the means of escape from residential accommodation into business areas. Other concerns included inadequate fire detection and warning systems, and excessive fire loading (for example the storage of retail stock in escape routes).
11. In the first 6 months of the project, 32% of BFSCs resulted in enforcement and 112 residents were living in safer conditions where the risk of harm or injury from fire has been considerably reduced.

### **Reviewing our response model**

12. We keep this under constant review to make sure our response services maintain a careful balance against changing risks and needs in our communities and against reducing levels of available funding. In 2016-17 we attended 6,749 incidents in 2016-17. This was 290 incidents more than last year, an increase of 4.5 per cent. Although we expect fluctuations in the numbers up and down from year to year, we continue to analyse the underlying causes, with the aim of improving the performance of our response services and targeted prevention activities. Despite the increase, the long-term trend continues to be downward, and this year's total is 30 per cent lower than the 9,719 incidents recorded in 2006-07.
13. In October 2016, the Fire Authority approved the development of a new Emergency Services Hub for the Wyre Forest area following extensive public consultation. The Hub will replace the three current fire stations at Bewdley, Kidderminster and Stourport and will be a shared home for the local Police



Harm Hub team and other supporting emergency services. The land has been acquired and design work is underway.

14. Also in October 2016, work commenced on building the new Operations and Communication Centre (OCC) at the West Mercia Police headquarters site at Hindlip, Worcester. The OCC is a joint project by West Mercia Police and Warwickshire Police to redesign and redevelop their control rooms and communications systems for managing emergency calls. The Fire and Rescue Service's Fire Control function is included in the design of the purpose-built facility, which will have all the benefits of closer working, including providing better support during peak periods or critical incidents. The OCC building works should be complete by 2018 and Fire Control is due to relocate there when practical.
15. Planning work is also continuing on the major project to co-locate Fire and Rescue Service Headquarters functions to the Police HQ at Hindlip, including working out the technical logistics involved in such a major move and the need to reduce disruption to Service operations as much as possible.
16. A new highly cost-effective fire station and strategic training facility in Evesham was officially opened in December 2016, releasing the old fire station site for retail redevelopment by Wychavon District Council.

### **New Equality & Diversity Objectives Published**

17. In March 2017, the Authority approved the following Equality and Diversity Objectives for 2017/2020:

#### **Leadership and Corporate Commitment**

- We will encourage a culture that supports equal treatment, opportunity, inclusion and transparency at all levels of the Authority.

#### **Service Delivery and Community Risk**

- We will make sure that our prevention, protection and response activities target the most vulnerable people and the greatest risks.

#### **People and Culture**

- To have a diverse workforce that represents our community.

### **Fire Reform and the Policing and Crime Act 2017**

18. Hereford & Worcester Fire and Rescue Service has explored joint working for many years, and is already involved in major transformational collaboration projects with West Mercia Police as well as neighbouring fire and rescue services. Further opportunities with other services, including the ambulance service and local authorities, are also being explored, and collaboration forms an overarching theme of our new Saving More Lives vision.

19. At the beginning of 2017 the Policing and Crime Act was published and gives further powers to the Police and Crime Commissioners (PCCs) to take on additional responsibilities for fire and rescue. In relation to this, the PCC for West Mercia has already been co-opted as a non-voting member of the Fire Authority.
20. The PCC published an Initial Business Case regarding his proposals for the future governance of the Hereford & Worcester Fire and Rescue Service, to which the Fire Authority opposed in September 2017. The PCC has now submitted a full business case to the Home Office for consideration, which will be independently reviewed. The Fire Authority is disappointed that the PCC is continuing with his proposals for fire governance in West Mercia against the wishes of the four principal local authorities, the two fire authorities and the Police and Crime Panel. We had hoped he would have worked with us on a more locally agreed process and timetable of collaboration in the interest of public safety and efficiency of public funds.

**Cllr R Phillips, Chairman and Cllr P Tuthill, Vice-Chairman  
Hereford & Worcester Fire Authority**

**FURTHER INFORMATION** is available in the Fire Authority Annual Report 2017/18 on the Service's website at [www.hwfire.org.uk/your-right-to-know/our-publications/](http://www.hwfire.org.uk/your-right-to-know/our-publications/)

**COUNCIL**  
**9 NOVEMBER 2017****REPORT OF CABINET – MATTERS WHICH REQUIRE A  
DECISION BY COUNCIL**

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**(a) Additions to the Capital Programme - Phase 3 of the  
development of in-house Post-16 Supported Living  
Accommodation and residential facilities within Children's Services****Recommendation**

- 1. The Cabinet recommends that Council approves the addition of £4.1 million to the Capital Programme for Phase 3 of the development of in-house Post-16 Supported Living Accommodation and residential facilities within Children's Services to be funded by revenue savings from the projects.**

**Background**

2. The development of in-house services is a key part of the Children's Social Care Financial Recovery Plan in response to the increasing financial demand which is being placed on the Children's Services Placement Budget. The investment will support significant cost avoidance opportunities from 2018/19 onwards based on the need to source properties, develop them to meet the specific needs of the children and young people and recruit additional staff.

3. Summarised in the table below are a series of investments that are proposed to support the Financial Recovery Plan in Children's Services. Each area of investment is supported by way of a short explanation below this table. Following advice from Place Partnership, our property advisors, the estimated capital requirement includes an element for contingency due to fluctuating market prices and the difference in property values in different parts of the county.

**Table 1: Summary of Children's Services Investment Proposals**

<b>Capital Investment £m</b>	<b>£</b>	<b>To facilitate development of</b>
Supported Living Phase 3 including complex needs	1.9	16 supported living placements including 4 placements for young people with complex needs
Residential Care	2.8	Purchase of Old Hollow or replacement facility, renovation of Downsell Road, development of Green Hill Lodge, purchase of 3 residential homes including one for children with disabilities
<b>TOTAL</b>	<b>4.7</b>	
Previously approved capital allocation	0.6	To fund additional 4-bed complex needs supported living unit
<b>Net increase to capital programme</b>	<b>4.1</b>	To be financed through Revenue Savings

4. The cost of capital investment, and therefore the increase requested in the Capital Programme will be funded by a revenue contribution from the savings achieved by the projects and therefore there are no net additional revenue implications of the proposal to increase the Capital Programme by £4.1 million. The overall cost avoidance relating to the total £4.7million investment is £1.8 million which gives a payback period of less than 3 years.

#### Supported Living – Phase 3

5. In September 2016, Cabinet approved the further development of eleven in-house supported living units for young people bringing the internal capacity to 28 alongside the 4 places already being available for children with complex needs at Cheltenham Road, Evesham and 2 units at Downsell Road, Redditch.

6. A business case and needs assessment has been completed which recommends the extension and development of this programme of work. Phase 3 includes the addition of a further 12 in-house 24/7 supported living facilities in 2018/19 for young people aged 17 as a step towards independent living whilst being supported by outreach workers. This provision will also allow capacity for young people to remain in the internal provision as care leavers, should their individual circumstances mean that they are not ready to transition to living in their own tenancy at 18. The County Council is working with housing providers within the county as well as sourcing properties to purchase to identify suitable premises for these young people.

7. The anticipated cost avoidance after taking into account the need to recruit additional outreach support workers is £0.7 million per year. This investment will allow young people to be based in a community which meets their education, vocation or social needs. The staff will be employed by the County Council and will work with the young people to ready them for independence, giving them CV writing and interview

skills, employment and housing advice as well as support with budgeting and living independently

#### Supported Living – Complex Needs

9. As part of the September 2016 Cabinet report a further 4-bed complex needs unit similar to Cheltenham Road, Evesham was also approved, with a capital requirement of £0.6 million. This purchase has not been progressed due to the inability to source a suitable property and the needs assessment led business case has demonstrated that this is no longer deemed appropriate due to the complexities of matching four young people to live together. Therefore it is requested that the previously approved capital allocation is re-directed to provide 4 separate 2-bedded properties in order to support individual young people with complex needs in a property with 24/7 support. This model has been used as part of the existing in-house supported living accommodation and has proved beneficial for the young people. The cost avoidance identified for the original scheme was £0.5m and this revised scheme demonstrates similar figures.

### RESIDENTIAL FACILITIES

#### **Purchase of new internal children's home for children with disabilities**

10. The County Council currently operates Vale Lodge, Evesham and Green Hill Lodge (Meadow Bank), Worcester, as 4 bedded residential units for children with disabilities, and the needs analysis has identified the requirement to provide additional in-house beds. The request is to create an additional 8 beds across two units. One would be a new purchase and the recommendation for the other is to convert the second unit at Green Hill Lodge (Apple Gate) from a mainstream children's home into one for children with disabilities. This will allow transfer of skills and resources across the two units and consistency of management and support.

11. A number of young people who recently entered care could not be accommodated in the internal units due to capacity issues and they were placed in agency residential at a significantly higher unit cost and the County Council is finding it very difficult to source good quality placements for our most vulnerable children. The cost avoidance from this project based on the difference in the cost of accommodating children in external placements is £0.4 million in a full year.

#### **Purchase of additional residential accommodation for children with emotional and behavioural difficulties**

12. As it is planned to reduce capacity for children with emotional and behavioural difficulties at Green Hill Lodge, and based on the increasing number of children requiring residential care, the purchase of 2 further in-house units for children with emotional and behavioural difficulties is requested. This would increase the number of in-house beds by 4, to 25, and generate cost avoidance in the region of £0.2 million in a full year from the use of external placements.

13. As with children with disabilities, a number of children who recently entered care could not be accommodated in the internal homes due to capacity issues and they were placed in agency residential at a significantly higher unit cost with the majority of these being outside the county. Further benefits are that the children will be placed in Worcestershire, close to their communities and families and the time and associated costs of social work visits and contact by family would be reduced.

## **Downsell Road, Redditch - Emergency Response Unit and Supported Living Flats**

14. The debt repayment cost for the essential renovation and repairs required to ensure Downsell Road is fit for purpose is c.£16k per annum. This is equivalent to 1 week's agency residential charges for the young people accommodated in the unit. Not investing in this renovation could mean that the home loses its Ofsted rating and the County Council will be required to source alternative accommodation for the children and young people accommodated there.

15. As at the end of August, the unit was at full occupancy with 2 young people in the supported living flats and 5 young people aged 13 -15 accommodated within the residential unit.

## **Old Hollow Residential Home, Malvern**

16. The County Council currently leases this property, but it does not meet our requirement for the number of beds needed. Since it makes more financial sense to own a facility rather than continuing to lease the property we need to look at options to purchase one that does provide sufficient beds. This could be a replacement to Old Hollow which either provides the extra space or can be extended to do so, or explore the purchase and extension of the existing property subject to satisfactory negotiations and affordability compared to other property options on the market. Council is therefore asked to add the capital cost of such an acquisition to the Capital programme, leaving flexibility as to where the capital asset is situated.

**Mr S E Geraghty**  
**Chairman**

## **Contact Points**

### County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

### Specific Contact Points for this report

Simon Lewis, Committee Officer

Tel: 01905 846621

Email: slewis@worcestershire.gov.uk

## **Background Papers**

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) the following are the background papers relating to the subject matter of this report:

Agenda and background papers for the meetings of the Cabinet held on 28 September 2017.

**COUNCIL**  
**9 NOVEMBER 2017****REPORT OF CABINET - SUMMARY OF DECISIONS TAKEN**

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**Children's Social Care Update**

1. On the 19 September 2017, the Secretary of State for Education issued a revised Statutory Direction to the Council alongside the publication of the Children's Commissioner's report of 9 June 2017. The Direction sets out the requirement to consider options for an alternative delivery model and full business case to be produced for the DfE. Essex County Council has been formally appointed as Worcestershire's Improvement Partner, and will develop a programme of work to provide support and challenge to the Council's service improvement.

2. As a result of feedback from Ofsted, as well as initial feedback from our DfE appointed Commissioner, a priority Improvement Plan was established, focusing on four areas:

- **Family Front Door** – Management of Contacts, Referrals and Assessments
- **Early Help** – Remodel the Early Help Offer
- **Culture** – Create a Child-focused and Accountable Culture
- **Quality Assurance** – Understand What 'Good' Looks Like

The revised plan has been endorsed by Ofsted and was agreed at the Service Improvement Board on 28 June 2017.

3. Worcestershire County Council's Children's Social Care Services is working to improve the quality and effectiveness of its services including social work practice. As part of this improvement journey, and in response to both the Ofsted inspection and the Children's Commissioner's report (published 19 September 2017), the Cabinet Member with Responsibility for Children and Families recommended that the Council voluntarily considers alternative delivery models (ADM) for Children's Social Care Services in order to both accelerate and sustain improvement. The Cabinet has approved the appraisal of a range of options for the different forms of an alternative delivery models for Children's Social Care Services, against the set of key principles, with the outcome of this appraisal being reported to Cabinet in December 2017.

4. The Cabinet has approved the proposal to commission external expertise to support the Council in considering the range of alternative delivery models for Children's Social Care Services.

5. The Cabinet has delegated responsibility to the Director of Children, Families and Communities, in consultation with the Cabinet Member with Responsibility for Children and Families, to establish a Programme Board to develop the ADM.

## Resources Report

6. The County Council's authorised cash limited budget for 2017/18 is £324 million. After the first four months of 2017/18 and forecasting for the remaining eight months of the financial year an overall financial pressure of £7.5 million is anticipated. This represents 2.3% of the County Council's revenue budget for which mitigating action is needed to ensure net expenditure is contained within cash limits.

7. The transformation programme target for 2017/18 is £27.9 million. This includes £6.5 million of projects carried forward from previous financial years (of which £1.7 million has now been delivered). The delivery of the programme is governed by the Corporate Business Board and there are current years saving projects totalling £12.1 million at risk of non-delivery during the current financial year. Services are mitigating much of this through holding back expenditure in other areas or temporarily through use of one off earmarked reserves, and will continue to work on ensuring all savings and reform plans are achieved.

8. In July 2017 the County Council received confirmation of the amounts of the Adult Social Care Revenue Grants 2017/18, which were in line with the budgeted expectations: £0.2m for Social Care in Prisons; £0.1m for War Pensions Scheme Disregard; and £0.3m for Local Reform and Community Voices.

9. The Council received confirmation of the Dedicated School Grant (DSG) revised position for 2017/18. The Schools and High Needs blocks have not changed. However, the Early Years DSG for 2017/18 has been confirmed as £28.42 million, which is £2 million less than the indicative figure notified in December 2016.

10. Based on this revised budget, it is currently forecast that capital expenditure totalling £137 million will be incurred this financial year, with investment in the following significant projects:

- £21.1 million – Worcestershire Parkway Regional Interchange
- £11.8 million – Worcestershire Southern Dualling – Phase 3
- £4.6 million – Highways Flood Mitigation measures
- £4.0 million – Kidderminster Railway Station Enhancement

## Worcestershire Data Sharing Charter

11. Arising from the work on public service reform and devolution, in May 2016 KPMG was commissioned to co-produce a roadmap strategy which set out the current state of data sharing across partners, a vision for the future, and a set of practical and costed steps and interventions to improve the delivery of public services in Worcestershire through innovation and process excellence. The roadmap recommended the development of a Worcestershire Office for Data and Analytics (WODA) and the Worcestershire Partnership Executive Group agreed to a 12 month pilot to test the benefits of enhanced data sharing, demonstrated through a number of “use cases”. WODA aims to facilitate enhanced data sharing between partner organisations.

12. In order to demonstrate this Council's commitment to working together with the other partner organisations, the Cabinet has endorsed the Worcestershire Data Sharing Charter. The Charter sets out the underlying principle which is a duty to share data



unless there are legal or ethical reasons that prevent sharing and underpins the work of WODA.

**Mr S E Geraghty**  
**Chairman**

### **Contact Points**

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**9 NOVEMBER 2017**

### **REPORT OF THE LEADER OF THE COUNCIL**

1. Over the last eighteen months since my last report we have seen some significant events in the UK and international context in which we all operate. All of which, in some way, have created a sense that we are living through a period of more profound change & uncertainty. Technological advancement in every aspect of life is also rapidly redesigning the way we live our lives. Worcestershire as a place, and the County Council as a significant organisation within it, is not immune to this changing environment and the challenges and opportunities they present. Rather than using this as an excuse for inaction I believe we must accelerate the changes we have embarked upon, press ahead with the plans we have in place and remain relentlessly positive about the future and the opportunities that will open up if we are prepared to innovate, take sensible proportionate risks and be outward facing.

2. Shaping Worcestershire's Future - our plan for Worcestershire sets out this ambitious & positive vision for the County and our Council over the next five years. The four themes remain the same but the outcomes we are seeking have been refreshed and the context updated. It aims to continue to create the conditions for strong economic growth, higher skilled & better paid employment and enhance connectivity by road, rail and digitally. The thousands of new homes and business growth will in turn generate the enhanced local tax revenue from Council Tax and Business Rates, as well as other fees & charges, to enable the Council to be more financially self-sufficient and less dependent on Government grants. The plan also encourages individuals, families and communities, who can, to do more for themselves and others. This "enabling council" model allows the Council to focus on those that need us most and continuing the on-going investment needed in ensuring the County remains a great place to live, work, visit and invest in.

3. To deliver on this we are seeking to secure key individuals for the important roles of Chief Executive, Chief Financial Officer and Director of Commercial & Commissioning to complement our existing Strategic Leadership Team. This will provide the strong managerial leadership to work alongside elected members to deliver the plan, secure improvements in key services notably Children's Social Care and ensuring the Council can continue to live within its means whilst funding the improvements that the public wish to see.

#### **Open for Business**

4. Our Open for Business key priority supports the work of the Worcestershire LEP and endorses the economic vision for the County outlined in the Strategic Economic Plan. This sets out to grow the local economy by around one third (£2.9bn Gross Value Added), create 25,000 extra jobs and build 21,500 new homes all by 2025. The document was launched in March 2014 and progress so far is on track with latest figures showing we have created: 7,667 new jobs, an additional £874m GVA and 8,210 new homes. Unemployment in the County is now down to 1.3%. Worcestershire is one of the fastest growing local economies in the country. Impressive results for a County

which is also playing active roles within the Midlands Engine, Midlands Connect and West Midlands Rail partnerships.

5. Working closely with the Worcestershire LEP we have secured significant external resources for key projects. Our three Growth Deals have attracted £71.7m and the European Structural Investment Fund programme oversees some 68.1 million euros of European monies. The Council has secured £8 million European Regional Development Funds funding up to 2019 towards a range of support programmes to help businesses start up, grow, innovate and invest in Worcestershire. Key outputs will include support for over 700 businesses, 400 start ups, 900 new jobs and generating an extra £43m GVA per annum.

6. A number of notable transport projects have been successfully delivered over the last 18 months including Bromsgrove Rail Station, Hoobrook Link Road and the replacement Eastham Bridge. Phase 3 of the project to dual the Southern Link Road is progressing well and the building of the long awaited Worcestershire Parkway rail station is now underway. Government funding has been received towards schemes to increase capacity and relieve congestion along the A38 in Bromsgrove, the Pershore Northern Link & associated junction improvements as well as the Churchfields development in Kidderminster. A Cotswold Line Taskforce has also been established across a number of counties to press the case for upgrading this key line to London and cutting the journey time.

7. We have also just secured our biggest single transport investment for decades - £54.5 million – to complete the final phase of work to the Southern Link Road including dualling Carrington Bridge and causeway to Powick Hams. Once completed in 2021, this will create a dual carriageway from the M5 J7 to the West of Worcester - cutting congestion and increasing capacity on a route carrying over 30,000 vehicles per day. This helps ensure the infrastructure is in place for growth.

8. Our digital infrastructure is also being transformed with Superfast Broadband reaching 94% of residents and business and residential take up of faster broadband now at 47%. The County Council is supporting the work of the LEP with mobile phone providers to enhance coverage and speed of data transfer and planning one of the UK's first 5G test beds in partnership with the University of Surrey's 5G Innovation Centre.

9. Work continues on the key economic “game-changing” sites. Malvern Hills Science Park is delivering high quality defence & cyber security jobs, with construction of Phase 5 underway. The infrastructure to open up Worcester Six, just off J6 of the M5, is now complete offering space for 1.5m. sq ft of employment land for high quality offices and units. The first occupier has been secured with Kimal PLC agreeing to locate its new HQ on the site. Redditch Eastern Gateway is moving forward with a planning application for the site submitted by developers for the 75 acre site that could see the creation of up to 2,500 jobs and almost 1m. sq ft of office and industrial space. Kidderminster is also seeing development off the Hoobrook Link Road and employment opportunities created in the area.

### **Children and Families**

10. The Corporate Plan sets out three key areas of work around Children and Families – ensuring children and young people achieve their full potential in education, more

young people moving successfully into employment and safeguarding at the heart of everything we do. I will take each aspect in turn.

11. Ensuring children and young people get the education and skills they need to succeed in life is vital if we are to continue to build a strong and successful local economy with higher skilled and better paid jobs. Whilst the landscape of educational provision continues to evolve with a range of academies and maintained schools, we remain focused on ensuring good quality educational outcomes are delivered. It is also good to see that nine out of ten schools in the county are currently judged by Ofsted to be good or outstanding, and this year 93% of parents obtained their first choice school place for their child.

12. In a County with strong housing growth there will continue to be demand for more school places, initially in the primary phase and then at secondary level. We are working proactively with local schools, together with Government, to ensure effective planning to meet future demand. In addition to requesting that existing schools raise their admission number, a new primary free school will be opening in north Worcester in September 2019. We will continue to work with districts on the planning of developments and seek appropriate contributions from developers.

13. One of the Council's key aims is to ensure that young people leave education and successfully transition to employment. I am pleased that we continue to reduce the number of young people not in education, employment or training (NEETs). This figure currently stands at just 3.1%. The Connecting Schools and Business programme is working with over 50 secondary schools, special educational need schools and Further Education colleges in the County. Worcestershire through its Careers and Enterprise Programme has become the first area nationally to have 100% engagement of all educational establishments post 14 years old. Worcestershire Apprenticeships continues to grow increasing to over 5,500 starts.

14. In January, Ofsted published their report entitled 'Inspection of services for children in need of help and protection, children looked after and care leavers; and review of the effectiveness of the Local Safeguarding Children Board'. The overall judgement for Worcestershire was 'inadequate'.

15. The subsequent improvement plan has been well publicised within the Council and to external partners and the public. In response to the inadequate judgement, the Department for Education appointed Trevor Doughty (Director of Children's Services at Cornwall Council) as the Children's Commissioner for Worcestershire. Ofsted monitoring visits are scheduled to take place approximately every three months. The first two monitoring visits (May and September) have focused on the quality of service in management contacts, referrals and assessments for children in need, including multi agency arrangements and the Family Front Door.

16. To improve focus and pace of our improvement journey a "priority plan" was developed in June focusing on four priority areas: Family Front Door, Remodel the Early Help Offer, Culture – Create a Child-focused and Accountable Culture and Quality Assurance – Understand What 'Good' Looks Like. In August we appointed our improvement partner, Essex County Council who will work with us, providing support and challenge to our improvement work. Essex County Council are recognised nationally as a 'best in class' improvement partner.

17. The latest Ofsted monitoring visit report published on 12 October identifies progress has been made since the previous visit and that although some developments are in early stages overall there are signs of improvement. Ofsted recognise the good political support for the service and whole council commitment to improvement. However, I am conscious that national research shows that it takes around two years for an inadequate service to stabilise and a further three years to get to good, so there is no room for any complacency.

18. There is a continual challenge to provide quality and cost-effective placements. This is at a time where we have had a steep rise in the number of looked after children in Worcestershire. We have continued to increase the number and type of internal placements as this allows us to secure better sufficiency of placements within Worcestershire, which are more cost effective and best meet our needs. Nine of our ten children's homes are rated 'Good' or 'Outstanding' by Ofsted.

19. There has also been increased funding and resources for our Care leavers in Worcestershire and our Care Leavers Strategy is driving changes for young people. We now have a new Corporate Parenting Strategy, which is raising the profile of our Corporate Parenting responsibilities with members and officers of the Council, as well as our partners and districts. Our Corporate Parenting Board is ensuring the voice of children and young people is central to the governance of the board in order to focus on what is important to improve outcomes for children.

20. As well as focusing on improvement, we are actively pursuing an Alternative Delivery Model for children's social care to help sustain and accelerate improvement. This new way of working will see the operational management of children's social care become independent of the local authority. Cabinet will be making a decision in December around the preferred form of the ADM and then will sign off a detailed business case and implementation plan by 31 March 2018.

## **Environment**

21. The environment remains one of the County's key strengths and is something that continues to attract and retain residents and businesses. It is important for people's health & wellbeing, the economy and a sustainable future.

22. Ensuring we dispose of the County's waste in an efficient and responsible manner is one of our key responsibilities. Our new Energy from Waste plant, EnviRecover, is now fully operational and diverting up to 200,000 tonnes of waste from landfill each year as well as producing enough electricity to power 32,000 homes. This is a tremendous achievement for the County. Together with our recycling efforts with our district councils and at our Household Waste sites, we now have a good system in place to effectively manage the County's waste.

23. Likewise, through our roles in planning and highways, we are actively working to improve the resilience of the County to the effects of flooding and a changing climate. Since 2013, over 300 flood alleviation schemes have been completed, reducing the flood risk for over 1,500 homes & businesses. Numerous highway drainage and flood mitigation schemes have been implemented to try to reduce the impact on our transport network of flooding events. Working with the LEP, funding has been secured for schemes along New Road (Worcester), in Upton, Powick and Wood Norton. Our

planners encourage green infrastructure to be provided in new developments, alongside sustainable drainage, to reduce the impact of growth.

24. Enhancing our built environment is another aspect of our work. A programme of countywide public realm works is helping to ensure our town centres are vibrant and attract social spaces. Work is well underway on schemes in Alcester Street in Redditch, Droitwich High Street and has recently begun on the final phase of improvements to Teme Street in Tenbury Wells. Upper Broad Street in Worcester has been resurfaced together with the creation of the new Cathedral Square. Schemes in the pipeline include Worcester Street in Kidderminster, The Shambles in the City Centre and improvements to the centre of Great Malvern.

25. Listening to residents & businesses, we know improving our roads & pavements is a key priority for them and therefore we have set an ambitious aim to improve the condition of those assets to be in the top quartile nationally by the end of the plan. Our investment of £12 million on our “Driving Home” programme to improve local roads is well advanced and has so far seen over 110 additional miles of roads resurfaced. A further £6 million investment into footways is underway using both local member knowledge and asset condition information. This is in addition to our normal programme to maintain roads and pavements.

26. Cutting congestion, improving journey times and encouraging sustainable travel are covered as part of our environment theme. I am pleased to see that we have been successful in securing £6.6 million of Government funding for two National Productivity Investment Fund projects, thanks to our proactive work in establishing our own £5 million Cutting Congestion Fund in this year’s budget. This enabled us to offer some match funding towards the two schemes totalling £9.5 million in Bromsgrove & Worcester. As a result, nine walking and cycling links in Bromsgrove will be upgraded to improve sustainable travel and smarter traffic signals will be introduced in the City to improve traffic flow and air quality. This will allow our initial investment to go even further and develop more schemes to tackle pinch points across the County. Our revised Local Transport Plan 4 should also help to ensure we continue to improve all models of transport and attract further funding.

### **Health and Wellbeing**

27. Our Health & Wellbeing theme has three elements: Promoting healthy & active lifestyles, supporting people to live independently for as long as possible and working with health & social care to ensure evidence based and effective services.

28. Over time the choices we make each and every day combined with our surroundings have more of an impact on our health and wellbeing than health and social care services. Therefore a core part of this theme is focused on helping people make better informed choices and take responsibility for improving their own health. Through our public health team and targeting our Public Health Ring-fenced Grant on a combination of core public health duties and investments in evidence-based prevention and early intervention, we are making a real difference.

29. Promoting independence is the key Adult Social Care objective, as we believe that people can live healthier and more fulfilling lives if they retain their independence. To help achieve this, Adult Social Care is piloting a strengths-based approach called the Three Conversations Model. This approach looks to connect people with resources in

the local community and friends and family, promote independence and enrich people's lives. If people are in a crisis, we work with them swiftly until this is resolved, and only then start planning for the future. This is in contrast to the traditional social care model which focused on assessing what people cannot do and therefore removes their independence. The innovation has been running in Redditch Central, Pershore and Upton since the end of April.

30. The results, so far, are impressive. We have seen a much faster and more proportionate response from social care and significantly less people requiring a long-term support package. Staff involved have welcomed the approach as it has reinvigorated their purpose and allowed them to make a difference quickly, whilst reducing bureaucracy. Feedback from adults has been positive and the plan is to roll this approach out across all social care teams by the end of the financial year.

31. This year we invited a peer review to look at Adult Services. The peer review found a real enthusiasm and energy about our renewed focus on outcomes for residents. The peer review also heard examples of excellent practice and very positive feedback from both social workers, and carers about the work we are jointly working on to enable some young adults to live independently and how we were dealing with some long standing workforce issues. They made helpful recommendations, for instance, on strengthening our approach to co-design with external partners. We look forward to welcoming the team back in due course.

32. The way that NHS Health services will be delivered in future is changing too. More collaboration, co-location and delivering services closer to the people requiring them, are part of the answer to a better, healthier, more resilient county. Adult Services has continued to work closely with all Health partners and is involved in the Alliance Boards delivering some of those more localised services. Furthermore they are helping shape what Accountable Care Systems might look like in future and what benefits that could bring to our residents and services.

33. We continued to support the Worcestershire Hospitals through a very challenging winter last year. Through strong collaboration and despite significant pressure, we managed to reduce the amount of people in the Acute hospitals waiting to be discharged for the 3<sup>rd</sup> year running. Most months now, the delays for the Worcestershire Acute Hospitals that Social Care is wholly responsible for are less than 20 days in total for a whole month across all sites.

### **Addressing our Financial Challenge**

34. Worcestershire, like every other public body, has the on-going challenge of ensuring it lives within its means and delivers value for money for the public. For the County Council, this is a particular challenge as we spend over 60% of our net revenue budget on demand-led adults and children's services. Given the demographic pressures from an ageing population, increasing demand for children's placements, need to fund infrastructure to support a growing county and a clear desire to continue to address those issues the public identify as important, then balancing the books will undoubtedly require active financial management.

35. In February, we set out in the Medium Term Financial Plan that income was growing, but not at a fast enough rate to keep pace with costs and so we were facing a financial gap of around £60 million by 2020/21. We are in the process of reviewing our financial assumptions, but in-year financial monitoring shows continuing demand-led



pressures, in particular Children's social care placements, and some slippage in the achievement of transformation programmes. Therefore we continue to plan for the need to close a gap of at least £60 million by 2020/21.

36. A combination of growing our income, better utilising our assets and service reform will be needed. Our Council Tax base – which accounts for over 70% of our income - continues to grow thanks to new house building and we have just secured agreement on a Business Rates pilot bid with our district councils which, if approved by Government, will see more income retained locally. We have continued to invest in our own provision for children who need our care and adults who need supported living and I am keen to see more schemes come forward. We will continue to pursue schemes to better use our assets with partners to either gain a capital receipt or generate an income and will look at appropriate investments.

37. In planning for next years budget we are trialling a revised approach with Directors and Cabinet Members working to develop solutions to live within an agreed "resource allocation" based on an appropriate level of the budget for their services and Corporate Plan priorities. The aim is to encourage more "bottom up" budgeting and empower Directorates to develop solutions for their part of the overall corporate challenge. This will be brought together with cross-cutting issues and financial information on key income & expenditure items to create the draft budget in December. This approach will be refined in the light of experience.

### **An Enabling Council**

38. We already have a great deal of voluntary and community work that takes place in the County and many people give generously of their time and money. Much has already been done to encourage this, which should be celebrated and commended. However, we should strive to see what else could be done across the authority and with our partners to unlock even greater community capacity, share best practice\knowledge of community solutions and consider this in the design of services.

### **The Way We Work**

39. Through our Commissioning framework we have developed a clear approach focusing on defining the outcomes we are seeking to achieve and then sourcing the most appropriate provider to deliver – whether they are public, private, VCS or some form of partnership or shared service. This has led to a mixed economy of provision which has and will continue to change and evolve over time according to what is right at that time. This has allowed the Council to deliver significant savings which in turn helps to sustain a broader range of services than would otherwise been possible. However, we must use the learning and insights from the commissioning cycle – from things that don't go to plan as well as the successes – to inform future commissioning activity and ensure we are an intelligent client.

40. One area in which we will be examining what happened and why is the roll-out of Project Mercury and e5 (the new financial system) which has caused difficulties for our schools, suppliers and our own organisation. Dealing with the impact of this change created subsequent issues for our ability to complete our accounts and audit, which had previously been a very smooth process. An independent report into the implementation is underway and when the report is complete it will be shared and recommendations reviewed. Likewise, our interim CFO will be reporting to the Audit and Governance Committee in December to ensure we can meet next year's tighter timescales and implement any changes required.

41. What we should not do is allow ourselves to become risk averse as individuals or as an organisation. To do so, would be to hold back innovation, new ways of working and our ability to adapt to ever changing circumstances. We will continue to need to review the way we work and deliver services, embrace new technology and seek to enhance our productivity. I do understand this can feel unsettling, but it is vital if we are to remain efficient and effective.

42. Spending time with our frontline staff over recent months in a variety of service areas has reinforced my view that we have a dedicated workforce in the Council who strive to deliver the very best we can provide within tight resources. Together with the Divisional Visits I have done with members from across the Council, they have provided a valuable reality check on what is happening across the County.

### **Pension Fund**

43. The Pension Fund continues to perform strongly, with the market value of its assets at approximately £2.6 billion. During the course of the last 18 months the Pension Fund's equities (shares) investments have performed very well and the Fund has continued to diversify into new Property and Infrastructure investments. Whilst we still have a deficit in the scheme, inline with most Local Government Pension Funds, the strong returns achieved have reduced the deficit significantly and currently has assets equivalent to over 93% of its liabilities. I would like to thank Bob Banks and the members of the Pensions Committee for the work they do.

### **Conclusion**

44. We oversee nearly £900 million of resources if you include our Gross budget, capital spend and the monies we handle on behalf of schools. The Council employs many thousands directly or indirectly through commissioned services and projects we invest in. We support some of the most vulnerable people, deliver many visible public services that residents and business depend upon and play a key leadership role in shaping the future of this County. We often understandably focus on points of disagreement, or challenges that we face, but we should not forget the huge amount of good work that, often quietly, goes on in our County as a result of our organisation and the dedicated people who strive to make our county even better.

45. We face a significant financial challenge but our income from thousands of new homes and business rates is growing and provided that we embrace change and reform, I remain optimistic that we can continue to provide essential services and invest in the future. Finally, I would like to thank the Cabinet, Management team and the wider workforce and members for the significant contribution they make to improve the county and this Council.

**Simon Geraghty**  
**Leader of the Council**  
**November 2017**

**COUNCIL**  
**9 NOVEMBER 2017****QUESTION TIME**

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**Question 1 – Children taken into care**

1. Mr P M McDonald will ask the Cabinet Member with Responsibility for Children and Families:

"Would the Cabinet Member for Children and Families please inform me the number of children taken into care each year over the last four years?"

**Contact Points**County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Specific Contact Points for this report

Simon Lewis, Committee Officer

Tel: 01905 846621

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**Background Papers**

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) there are no background papers relating to the subject matter of this report.

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**COUNCIL**  
**9 NOVEMBER 2017****REPORTS OF COMMITTEES****(a) SUMMARY OF DECISIONS TAKEN BY THE AUDIT AND GOVERNANCE COMMITTEE**

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**External Audit Progress – Worcestershire County Council Annual Statutory Financial Statements for the year ended 31 March 2017**

1. At its meeting on 21 July 2017, the Audit and Governance Committee noted an Interim Findings Report by the County Council's independent External Auditor Grant Thornton with regard to the audit of the 2016/17 statutory accounts.
2. The report confirmed that whilst the audit of the Worcestershire County Council Pension Fund had substantially been completed with no material issues arising, the County Council's accounts still had further work that needed to be completed before being ready for committee approval.
3. A plan was agreed between the County Council's officers and the external auditor, Grant Thornton to complete this work on the accounts ready for approval at the September Committee meeting.
4. After the July Committee meeting, the County Council increased its staffing allocation to support this work and increased the level of quality assurance work.
5. The report to the Committee meeting on 26 September confirmed the outcome of this work which was substantially complete. During the debate at the Committee meeting, some disquiet was expressed about the lateness of the Accounts and the number of issues that remained unresolved. The Committee robustly challenged the Chief Financial Officer and the external auditor on the audit process and to understand the nature of the issues. However, the Committee approved the Final Accounts Pack including the Statement of Accounts for the financial year ending 31 March 2017 and granted delegated authority to the Chief Financial Officer to make any residual amendments to the Statement of Accounts in consultation with the Chairman and Vice Chairman of the Committee as appropriate following the conclusion of any outstanding external audit work. The Committee also authorised the Chief Financial Officer to sign the Letters of Representation on behalf of the County Council
6. The External Auditor noted in their Audit Findings Report (AFR) to the September Committee that a small number of further changes were required to the set of financial statements. These small numbers of changes, with one exception, had been reflected in the final Statement of Accounts and were not material in nature. However, work was unable to be concluded by the Statutory Deadline.

7. Final External Audit testing identified the need for a change to a Disclosure Note in relation to Exit Packages. Whilst that change was below the External Auditor's triviality level and would not normally be agreed between the External Auditor and the Finance Team for the majority of the Statement of Accounts, for this particular Disclosure Note, the External Auditor had applied a materiality level of £10,000 based on their view of the significant public interest in this disclosure. Therefore an Audit and Governance Committee meeting needed to be convened to confirm the re-adoption of the Statement of Accounts that included this change.

8. After the September Committee meeting, the following progress was made:

- Disclosure Note on Exit Packages - an adjustment had been agreed with the External Audit to reflect the inclusion of Pension Strain payments or accruals to 14 members of staff that has resulted in a £0.5 million adjustment to this Disclosure Note
- The External Auditor completed their audit work on one area of the Statement of Accounts where adjustments were included in the September Committee papers and for completeness, these had been reported by the External Auditor
- Six further adjustments had been made and agreed with the External Auditor to the Statement of Accounts presented on 26 September 2017. These adjustments that were not material but above triviality would normally have been dealt with through the delegation provided by the Committee in relation to areas of remaining work flagged in the AFR
- A small number of agreed changes, whilst trivial in nature had been made to improve the presentation of the Statement of Accounts
- One unadjusted misstatement that was not material and reported within the External Audit AFR had been adjusted reducing the number of unadjusted and not material misstatements contained in the previous AFR from three to two.

9. The External Auditor has now materially concluded their work and has reported in their Update Letter that they anticipated providing an unqualified opinion based on the Audit and Governance Committee adopting the revised Statement of Accounts. At its meeting on 13 October, the Committee noted the External Auditor update letter. The Committee has approved the Final Accounts Pack including the Statement of Accounts for the financial year ending 31 March 2017 and has authorised the Chief Financial Officer to sign the Letters of Representation on behalf of the County Council

## **Annual Governance Statement**

10. The Accounts and Audit Regulations 2011 require the Council to conduct a review at least once a year of the effectiveness of its system of internal control and publish an Annual Governance Statement each year with the financial statements.

11. The Annual Governance Statement confirms the overall assurance of the Council's systems and has been signed by the Chief Executive and Leader of the Council. The Committee has approved the Annual Governance Statement.

## **Counter Fraud Report 2016-17**

12. The Counter Fraud Report summarises the Council's compliance with best practice and demonstrates its continued commitment to strong counter fraud measures. It is important that the Council maintains its counter fraud response as changes to service delivery continue to evolve. The Committee considers the report on an annual basis and has noted the counter Fraud Report 2016-17.

## **Internal Audit – External Quality Assessment**

13. Internal audit within the public sector is governed by the Public Sector Internal Audit Standards (PSAIS) which, although they have been in place since 2013, were significantly updated from April 2017.

14. The internal audit service, which is provided by Warwickshire County Council, is required periodically to have an External Quality Assessment to assess compliance with PSIAS. Arrangements for an assessment have now been finalised and it will take place during February 2018.

15. The Section 151 officer(s) and Chairman of the Committee will be interviewed as part of the assessment and in due course the outcome of the exercise will be reported to the Committee. The Committee has noted the arrangements for the assessment.

## **Work Programme**

16. The Committee has noted its future work programme.

**Mr N Desmond**  
**Chairman**

## **Contact Points**

### County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

### Specific Contact Points for this report

Simon Lewis, Committee Officer

Tel: 01905 846621

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## **Background Papers**

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) the following are the background papers relating to the subject matter of this report:

Agenda papers for the meetings of the Audit and Governance Committee held on 26 September 2017 and 13 October 2017.

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**COUNCIL**  
**9 NOVEMBER 2017****REPORTS OF COMMITTEES****(b) SUMMARY OF DECISIONS TAKEN BY THE PENSIONS  
COMMITTEE**

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**Administering Authority – Administration Update**

1. The Committee has noted the general update from the Administering Authority in relation to End of Year Arrangements, Annual Benefit Statements (2017) and FRS exercises, current Government Consultations, End of Transitional Delay Period for Automatic Enrolment, Worcestershire County Council – Change to Provider, Administration Forum, and Admissions to the Fund.

**Pension Investment Update**

2. The Committee has noted the Independent Financial Adviser's fund performance summary and market background.
3. The Committee has noted the update on the Investment Managers placed 'on watch' by the Pension Investment Advisory Panel, namely JP Morgan – Emerging Markets and JP Morgan – Bonds. The Committee has noted an update on First State, the new Infrastructure Manager to the Pension Fund.

**LGPS Central Update**

4. Andrew Warwick-Thompson commenced his position as Chief Executive Officer of LGPS Central Ltd. on 17 July 2017, and in so doing became the first employee of the Company. Eithne McManus was appointed as a Non-Executive Director and will chair the Audit, Risk and Compliance Committee. John Nestor was also appointed as a Non-Executive Director and will chair the Remuneration Committee. Eithne McManus and John Nestor are highly experienced and respected in their specialist fields and commenced their work in mid-July. The LGPS Central first formal Board meeting was held on 11 August.
5. The process of appointing a Chief Investment Officer also concluded in late June and Jason Fletcher, who currently fills the same role at the West Midlands Pension Fund, will commence at LGPS Central on 1 October 2017. Interviews for the role of Chief Operating Officer/Chief Financial Officer took place in early August and a job offer has been made and accepted.
6. The programme operates against a very demanding timetable but key milestones continue to be met. The necessary application for regulatory authorisation was submitted to the Financial Conduct Authority (FCA) on 21 July 2017, together

with the accompanying Regulatory Business Plan. It is expected that this will lead to the necessary authorisations to enable LGPS Central to carry out investment business in time for the 1 April 2018 deadline. The Committee has noted the LGPS Central update.

### **Equity Protection Strategy**

7. The Pension Fund's Actuary has calculated that due to the increase in the value of the fund's assets since the actuarial valuation held on 31 March 2016, at the end of June 2017, the Fund had a deficit but was c. £442m ahead of the funding plan.

8. Given that most of the improvement seen since the 2016 valuation is attributable to the rally in equity markets over the period, the Actuary has recommended that the Fund consider using an equity protection strategy to:

- Reduce the likelihood that further deficit contributions will be required at the 2019 valuation; and
- Seek to “bank” some of the recent upside with a few to potentially reducing contributions at future valuations.

9. An alternative approach to equity protection would be to simply de-risk by moving funds from equities to other asset classes. The challenge with this approach is that it would also reduce return commensurately which would have an impact on the affordability of providing future benefits.

10. The Committee has noted the equity protection report provided by the Fund's Actuary and provided delegated authority to the Chief Financial Officer in consultation with the Chairman and Vice-Chairman of the Pensions Committee and the Chairman of the Investment Advisory Panel to work with advisers and implement an equity spread protection strategy for the Fund's equities.

### **Implementation of the Markets in Financial Instruments Derivative (MiFID II)**

11. Following the introduction of the Markets in Financial Instrument Directive 2014/65 (“MiFID II”) from 3 January 2018, firms will no longer be able to categorise a local public authority or a municipality that (in either case) does not manage public debt (“local authority”) as a ‘per se professional client’ or elective eligible counterparty (ECP) for both MiFID and non-MiFID scope business. Instead, all local authorities must be classified as “retail clients” unless they are opted up by firms to an ‘elective professional client’ status.

12. Retail client status would mean that all financial services firms such as banks, brokers, advisers and fund managers will have to treat Worcestershire county Council as they do non-professional individuals and small businesses. This would include applying a series of protections to ensure that investment products are suitable for the customer’s needs, and that all the risks and features have been fully explained.

13. Such protections would prevent the Council being able to access the wide range of assets needed to implement an effective, diversified investment strategy for the Worcestershire County Council Pension Fund, as retail status would significantly restrict the range of financial institutions and instruments available.

14. MiFID II allows for retail clients which meet certain conditions to elect to be treated as professional clients (to 'opt up'). In order to continue to effectively implement the Fund's investment strategy after 3 January 2018, applications for election to be treated as a professional client should be submitted to all financial institutions with whom the authority has an existing or potential relationship in relation to the investment of the pension fund.

15. The Committee has granted delegated authority to Chief Financial Officer in consultation with the Chairman and Vice-Chairman of the Committee to elect for professional client status for Worcestershire County Council as Administering Authority for the Worcestershire County Council Pension Fund, subject to opt-up applications review.

### **Pension Fund Annual Report**

16. The annual report is a key communications channel between the Fund and a wide variety of stakeholders. The report contains information relating to fund investments, administration, governance, valuations, accounts and membership. The Committee has approved the Pensions Fund Annual Report and Accounts 2016/17.

**Mr R C Lunn**  
**Chairman**

### **Contact Points**

#### County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

#### Specific Contact Points for this report

Simon Lewis, Committee Officer

Tel: 01905 846621

Email: slewis@worcestershire.gov.uk

### **Background Papers**

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) the following are the background papers relating to the subject matter of this report:

Agenda papers for the meeting of the Pensions Committee held on 6 October 2017.

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**COUNCIL**  
**9 NOVEMBER 2017****REPORTS OF COMMITTEES****(c) SUMMARY OF DECISIONS TAKEN BY THE STANDARDS  
AND ETHICS COMMITTEE**

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**Councillor Disqualification Criteria - Consultation**

1. The Committee is responding to a consultation issued by the Department for Communities and Local Government (DCLG) regarding expanding the disqualification criteria for local councillors to cover sex offenders and certain anti-social behaviour (ASB).
2. The proposed changes represent a significant departure from the current legislation by extending disqualification to criminal convictions, cautions for sexual offences and court orders for ASB (Existing legislation disqualifies members for 5 years upon criminal convictions resulting in prison sentences of 3 months or more (including suspended)). The proposals would therefore disqualify persons whilst on the sex offenders' register and also those subject to a civil ASB injunction or Criminal Behaviour Order. The proposals would not (other than for sex offenders) disqualify those convicted of criminal offences (even if imprisoned for just under 3 months) who would remain free to stand or continue as a member.
3. There was general support for the disqualification of sex offenders particularly given the Council's role as corporate parent. There was general support for the ASB proposals provided they flowed from a court order, and could be extended to convictions for a breach of an ASBO. Doubt was raised whether the disqualification of a councillor as a result of bankruptcy remained relevant.
4. There was support for the return of local sanction for breach of the Code of Conduct, to be considered by government in the light of the forthcoming report from the National Committee on Standards in Public Life.

**Code of Conduct and Complaints Update**

5. Since the last report to the Committee in July 2015, the Council has received 2 formal complaints that a County Councillor has breached the Code of Conduct for members. The Committee received a summary of the details of the formal complaints and has noted the resolution in each case. There have been no referrals to the police for breach of the Disclosable Pecuniary Interest (DPI) provisions.

**Mr R P Tomlinson**  
**Chairman**

### **Contact Points**

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### **Background Papers**

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) the following are the background papers relating to the subject matter of this report:

Agenda papers for the meeting of the Standards and Ethics Committee held on 18 October 2017.