

Agenda

Cabinet

Thursday, 14 December 2017, 10.00 am
County Hall, Worcester

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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 3rd 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.

Cabinet

Thursday, 14 December 2017, 10.00 am, County Hall, Worcester

Membership: Mr S E Geraghty (Chairman), Mr A T Amos, Mr A I Hardman, Mr M J Hart, Mrs L C Hodgson, Ms K J May, Mr A P Miller, Dr K A Pollock, Mr A C Roberts and Mr J H Smith

Agenda

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1	Apologies and Declarations of Interest	
2	Public Participation 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 13 December 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	Confirmation of the Minutes of the previous meeting The Minutes of the meeting of 2 November 2017 have been previously circulated	
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All the above reports and supporting information can be accessed via the Council's website.

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NOTES

- **Webcasting**

Members of the Cabinet are reminded that meetings of the Cabinet 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.

CABINET
14 DECEMBER 2017**2018-19 DRAFT BUDGET AND COUNCIL TAX**

Relevant Cabinet Member

Mr S E Geraghty

Relevant Officer

Interim Chief Financial Officer

Recommendation

- 1. The Leader of the Council (and Cabinet Member with Responsibility for Finance) recommends that Cabinet:**
 - (a) approves for consultation the draft budget set out at Appendix 2 which includes proposed Transformation and Reforms programme set out in Appendix 3;**
 - (b) endorses the plan to address a forecast remaining savings requirement of £1 million as a result of updating the Medium Term Financial Plan (MTFP);**
 - (c) endorses an investment of £10.5 million for Children's Social Care;**
 - (d) delegates to the Director of Economy and Infrastructure, in consultation with the Leader of the Council and the Chief Financial Officer, authority to manage individual allocations of the Highways Infrastructure Investment Fund within the overall investment sum of £37.5 million; and**
 - (e) agrees that it is minded to recommend to Council in February 2018 an increase in Council Tax Precept by 4.94% in relation to two parts:**
 - 1.94% to provide financial support for the delivery of outcomes in line with the Corporate Plan 'Shaping Worcestershire's Future' and the priorities identified by the public and business community**
 - 3% Adult Social Care Precept ring-fenced for Adult Social Care services in order to contribute to existing cost pressures due to Worcestershire's ageing population.**

Introduction

2. This report seeks Cabinet approval to consult on the draft budget for next financial year 2018/19. It brings together a number of related financial matters; the results of the County Council's strategic financial planning, the detailed budget preparation work taking account of the latest inflation and demographic pressures, the estimated overall funding position from Central Government and finally, the overall impact of the Medium Term Financial Plan (MTFP).

3. It is the first stage in the formal process to determine the Council's budget and precept level for 2018/19. If approved, this report will form the basis of consultation and scrutiny which will take place during the next few weeks, returning to Cabinet on 8 February 2018 and leading to Full Council decision on 15 February 2018.

4. In planning for next year's budget we have taken 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.

5. The resource allocations for each service were established taking account of the following:

- Reviewing existing planned investment in services
- Current and forecast service activity levels
- Review of existing assumptions and reform plans.

6. The result of this work concluded that there was a forecast financial planning gap of £32 million.

7. Headline assumptions around Council Tax income and reviewing accounting methodologies were then refined together with a protection against funding reductions for Children's Social Care services which needed to be in place. Following this a resource allocation was then provided for all Directorates who then were tasked with establishing plans to manage within their budget.

8. Directors and Cabinet Members have put forward proposals as to how they will manage within their resource allocations, and this has included exploring all options including financing options. Whilst not all Directors and Cabinet Members were able to meet their resource allocation targets, overall the financial planning gap has been reduced to £1 million.

9. However, whilst we are very near to setting a balanced budget for 2018/19, overall there are financial planning risks highlighted in paragraphs 135 to 141 to be considered. It is important given the reducing level of useable reserves that actions required to deliver financial balance in year and in future years are ongoing to ensure the financial sustainability for the Council over the medium term. There is a risk that the financial resilience the County Council has previously had the benefit of, through active management of grant and other earmarked reserves, will diminish and the flexibility to develop and deliver a balanced budget in the medium term will be put under greater pressure.

10. These estimates will continue to be kept under review pending the preparation of the final budget report to Cabinet in February 2018. This may include taking into account further Central Government announcements as well as service flexibilities and pressures, with any changes being reported within the February 2018 final budget report.

11. The Council has worked hard over this year to take account of the additional investment needed to support Children's Social Care and how that has been supported in the MTFP. Members will recall that the February 2017 Cabinet budget report acknowledged that whilst all efforts were made to make a prudent budget allocation into Children's Social Care for 2017/18, there remained a risk that in order to make improvements at the required pace following the Ofsted judgement, this might impact on the financial recovery plan. Since setting the 2017/18 Budget it has become clear that further demand pressures exist, the scale of which is considerable. The current forecast is predicting a £7.5m cost pressure for Children's Placements alone by the end of the financial year. This position has needed to be taken into account when preparing the 2018/19 budget.

12. In addition, there has been an increased level of financial pressure within Adult Services due to an increased level of demand for services both in terms of new service users and the complexity of services that need to be provided to existing service users. The Directorate will be using earmarked reserves in 2017/18 to assist in balancing the budget and as we move into 2018/19 additional funding will be built into the budget and be subject to continual monitoring.

13. Additionally, we are committed to improving our roads and pavements, recognising that they are a high priority for our residents and businesses. We will strive for top quartile performance in the quality of these assets, understanding their importance in supporting our corporate plan objectives. This will build on the good work done to date and further demonstrate our commitment to being a responsive Council.

14. The Council welcomes all comments on these proposals.

Engagement and Communication

15. The Council undertakes an annual strategic financial planning process which has supported the production of this budget report.

16. Information will be sent to elected members and partners such as the District Councils, Voluntary Sector, Police, Fire and Healthcare providers between now and January 2018 and this will provide for an opportunity to review in detail the proposals and ask questions about specific proposals and the impact of them. Information is also provided through the members' portal and ongoing delivery picked up through individual Cabinet Member with Responsibility briefings.

17. The normal budget consultation period takes place during December and January to coincide with the provisional Local Government Finance Settlement announcements by Central Government. Briefings have been held with employees, members, media, and this year's public roadshows took place during the summer of 2017. Engagement levels at the roadshows this year were the highest they have ever been. Nearly 1,800 people engaged with the 9 events which were held this year across Worcestershire. The topics that were most commonly talked about by members of the public were: roads and congestion, the quality of schools and their children's futures, health and social care particularly for older people and the most vulnerable.

18. In the last two years, six new online channels have been launched enabling the Council to establish a regular dialogue with residents. The Council's social media communities have more than doubled in size since 2015. Instagram and YouTube provide the Council with access to younger audiences. The Council's presence on LinkedIn has helped the growth of its business networks. Activity on Facebook reaches more than 30,000 people every month. Nearly 20,000 people follow the Council's feeds on Twitter.

19. The Worcestershire Viewpoint Survey, which was last undertaken earlier this year during June and July, received over 3,000 responses. The survey is commissioned by the Council, together with public sector partners from across the county, and is one of our biggest surveys of public opinion.

20. More than 8 out of 10 people who live in Worcestershire say that the County is a good place to live. Results from the survey show that people's satisfaction in the place where they live remains very high. More than 80% of those people who filled in the survey say they are satisfied with their local area as a place to live. The survey

also highlighted a feeling of local pride among communities, with more than 70% of people saying they feel a sense of belonging to the area in which they live.

21. Half of those residents who responded to the survey in Worcestershire say that they are satisfied with the County Council. Satisfaction levels are seven percentage points higher than they were when the survey was first launched in 2009. More people believe that the Council is providing value for money in 2017 (37%) than did in 2009 when the figure was 31%.

22. The Council is also listening to its staff through interactive briefing sessions, including live webcasts. There are summary webcasts produced after every Strategic Leadership Team, Cabinet and Council meeting. In addition, corporate briefings take place approximately every three months in addition to Directorate briefings and give employees the opportunity to learn about key developments taking place across the Council as well as having the opportunity to ask questions of the Interim Chief Executive and the Leader of the Council.

Budget Consultation

23. To build on the wider engagement there will be the opportunity for consultation in December 2017 and January 2018 for parish and town councils, voluntary and community organisations, businesses, school governors, head teachers, partners and staff associations. We are also talking to businesses across Worcestershire through the Local Enterprise Partnership and responses to this and all other consultation activity will be incorporated into the February 2018 Cabinet budget report.

24. This work is in the context of the three priorities identified by the public:

- Safeguarding vulnerable young people, particularly those in or leaving care to ensure they are safe and can make the most of the opportunities they have
- Protecting vulnerable older people, particularly those with physical, learning and mental health difficulties
- Maintenance of the highway.

Corporate Plan Progress – Shaping Worcestershire's Future

25. At its November 2016 meeting Full Council approved a refreshed Corporate Plan 'Shaping Worcestershire's Future 2017-2022' to be adopted from 1 January 2017 and progress continues to be made on the ambitions for the county area. To complement this report, strategic performance information for the Council is being included separately in this agenda as part of the Balanced Scorecard report which should be considered alongside this budget report.

26. The Council's ambition to become more self-sufficient and rely less on the receipt of grant funding from Central Government continues to be reflected in the MTFP and through these budget proposals. Looking forward the Council will have an opportunity to have much more influence and control over its funding as the ability to keep within Worcestershire a greater share of the income from business rates to support services for local residents, service users and businesses becomes a reality through the implementation of the Central Government's Business Rates Retention reforms. A strong and successful economy producing the income, through Council Tax and Business Rates, will enable the Council to sustain the services and investments that Worcestershire residents and businesses want to see.

27. Through consultation responses, working with Central Government and in its business rates pilot application, the Council is seeking new responsibilities to drive

and support economic prosperity across Worcestershire. This is reflected in the plan for the County – 'Shaping Worcestershire's Future (2017-2022)' which sets out a direction of travel for the Council that builds on the successes achieved.

28. The Council has four key priorities of *Open for Business*, *Children and Families*, *Health and Well-Being* and *The Environment* that put residents' priorities at the heart of the decisions that it makes. The aim is to help people achieve their full potential and live happy, healthy, prosperous and independent lives for as long as possible. This is in the context of creating the conditions for strong economic growth, higher skilled and better paid employment whilst enhancing connectivity by road, rail and digitally.

29. The Council invests in those people who need it most. Two thirds of the Council's budget is spent on supporting vulnerable adults and on improving outcomes for children, young people and families in the County.

30. Worcestershire Local Enterprise Partnership submitted its ten year Strategic Economic Plan in 2015, with the target of creating 25,000 new jobs, increasing the economy activity, as measured by Gross Value Added (GVA), by a third and build an additional 21,500 new homes by 2025 and progress so far is on track with latest figures showing we have created: 7,667 new jobs, an additional £874 million GVA and 8,210 new homes. Economic performance is strong across the county with the most recent statistics telling us:

- That between 2010 and 2015, the county's productivity grew by an average of 3% each year, according to the ONS
- Worcestershire has one of the fastest growing economies out of all Local Enterprise Partnership (LEP) areas in the country
- Nearly 20,000 apprenticeships have been delivered in Worcestershire
- Unemployment in Worcestershire stands at 1.3% of the 16-64 population, which remains significantly below the regional and national levels
- 9 out of 10 homes and businesses in the county have access to Superfast Broadband as a result of the Council's Connecting Worcestershire initiative.

31. Progress continues to be made in each of the Council's key priorities:

Open for Business

- Working closely with the Worcestershire LEP we have secured significant external resources for key projects. Our three Growth Deals have attracted £71.7 million 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 £43 million GVA per annum
- 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 to complete the dualling between Ketch and Powick. 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

- 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%

Children and Families

- Nine out of ten schools in the county are currently judged by Ofsted to be good or outstanding
- This year 93% of parents obtained their first preference school place for their child
- The number of young people not in education, employment or training (NEETs) currently stands at just 3.1%
- 66% of students attain a standard pass or above in both GCSE English and Maths

The Environment

- 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
- Since 2013, over 300 flood alleviation schemes have been completed, reducing the flood risk for over 1,500 homes and businesses
- 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
- 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
- The County Council has also received a grant allocation of £6.6 million from the National Productivity Investment Fund for cutting congestion in Bromsgrove and Worcester and will be contributing a further £2.9 million from its existing capital budgets to make a total investment of £9.5 million

Health and Well-being

- A pilot scheme for promoting independence 'Three Conversation Model' which has been running in the Redditch Central, Pershore and Upton areas this financial year has seen a much faster and more proportionate response from social care and early indications are that less people will go on to require a long-term support package
- Adult Services have continued to work closely with all Health Partners and is involved in the Alliance Boards delivering some of the more localised services

- We are working with partners to minimise the number of people in acute hospitals waiting to be discharged
- Our substance misuse service is improving successful outcomes for people with drug and alcohol problems entering specialist treatment. We work closely with the Acute Trust, housing, employment and criminal justice services to support access to interventions that help maintain abstinence, and this year we have significantly reduced numbers of those in long-term treatment
- HIV diagnosed prevalence rate and under 18s conception rate both remain significantly better than the England average. Our sexual health clinics have seen over 11,000 people this year and we continue to adapt the treatment model to focus on prevention
- We have a focus on the prevention of cardio vascular disease and this year have delivered over 18,000 health checks to the local population aged between 40 and 74 years.

Council Tax

32. Central Government's Autumn Budget on 22 November 2017 broadly confirms the funding assumptions that were already included in the MTFP approved in February 2017.

33. One of the most significant financial challenges comes from the increasing cost of demand-led budgets. For many years this has mainly concerned an ageing population and now over recent years includes Children's Social Care.

34. This budget is proposing investment of £10.5 million to support Children's Social Care in order to prioritise resources on those with highest need.

35. It remains vitally important for the Council to work with communities; partners and suppliers to manage increasing demand and ensure services are provided in the most effective and cost efficient way. Around £3.5 billion is spent across the Worcestershire area on public services, with the Council managing around £0.9 billion of gross revenue and capital expenditure each year.

36. Consistently residents top priorities include safeguarding vulnerable adults and children and these services are facing significant demand and financial pressures over and above existing cash budgets and it is proposed that additional funding raised through an increase in Council Tax will be used to support these priorities.

37. The Council continues to take positive action to mitigate cost pressures and demand for services. Taking all services into account, setting demographic and other demand pressures for Council services against the ability to achieve reforms that reflect service users' and residents' needs, there remains a need to increase Council Tax by 4.94% for 2018/19, comprising 1.94% general Council Tax Precept and a 3% ring-fenced to support Adult Social Care.

38. Careful consideration has been given to Central Government's expectation that the Council will make use of Central Government's flexibility to allow increases in Council Tax to specifically support Adult Social Care. This flexibility forms the most significant part of Central Government's funding solution for Adult Social Care alongside allocations of Improved Better Care Fund. Even after allowing for all of this funding to directly support Adult Social Care, the Local Government Association still estimates a national annual and growing funding gap to be £1.1 billion in 2017/18

(which would be the equivalent of some £11 million for Worcestershire), £1.9 billion in 2018/19 and £2.3 billion for 2019/20.

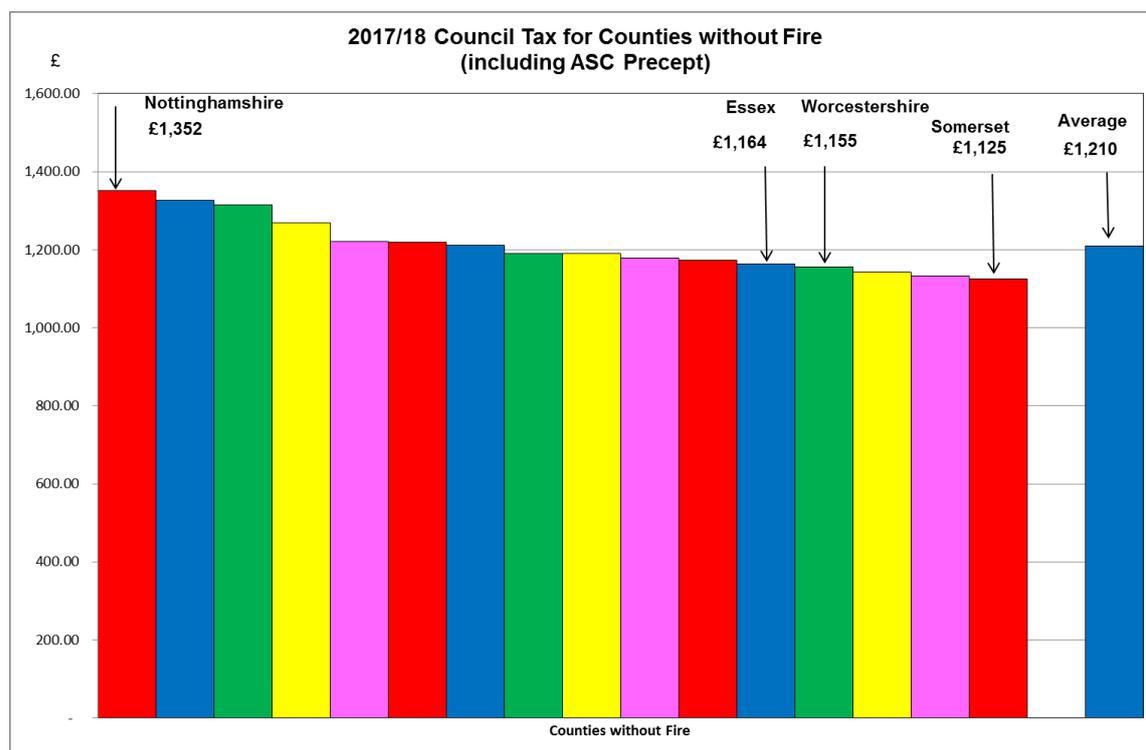
39. The Council continues to lobby Central Government on fully recognising and funding significant pressures in Adult Social Care as demand for services increase and is looking forward to Government's Green Paper. It is proposed that a 3% increase will be applied for 2018/19 and be specifically ring-fenced to support existing and anticipated increases in the numbers of people receiving services, and the additional costs arising as people are living longer with more complex needs. Last year the Council raised a 2% Adult Social Care Precept, and overall for the years 2017/18 to 2019/20 Central Government has indicated a total of 6% increase can be implemented.

40. The proposed 3% Adult Social Care Precept is estimated to result in £7.2 million of increased income for the Council in 2018/19 which will be ring-fenced to support £7.2 million of new recurrent expenditure for Adult Social Care services comprising:

- £3 million to support demographic growth and increasing complexity of supporting vulnerable older people and adults with disabilities
- £1 million to support care assessments in consideration of the Deprivation of Liberty Safeguards requirements
- £3.2 million provision for pay and price increases.

41. In considering the overall increase in Council Tax, it is important to recognise that the Council anticipates that it will continue to have one of the lowest tax bills for comparable local authorities. The 2017/18 position is shown in Figure 1 below:

Figure 1: 2017/18 Band D Council Tax – Shire Counties without Fire Authority responsibilities



42. Looking forward the Council will be more self-sufficient as reliance on Central Government for funding will reduce. This will provide a greater opportunity to control and influence funding and therefore support the ability to pay for vital services, but there will be significant challenges along the way.

43. The Council intends to develop plans and address potential budget gaps over the medium term during 2018 and will consider the reforms required thereafter.

A budget that supports the delivery of the new Corporate Plan, Shaping Worcestershire's Future

44. The draft budget for 2018/19 provides for a number of initiatives that support the delivery of the Council's Corporate Plan priorities which set out the aspirations for the Worcestershire area within the context of the funding available. Set out below is a clear commitment to support investment in key areas of service whilst maintaining a focus on the transformation of the Council to deliver and improve the services that residents have said they value and support.

- **Open for Business**

The MTFP includes significant capital investment to support Worcester Southern Link Road Carrington Bridge, Pershore Infrastructure, Bromsgrove Town Centre Network and Worcester City Centre Network Efficiency, and will continue to provide support to enable the on-site development of the Worcester Six Business Park development. These investments will continue to drive and facilitate others to increase the economic prosperity of businesses and residents in Worcestershire

- **Children and Families**

A further £10.5 million has been allocated to support the growing number of looked after children and the increased complexity of need within the care

system. This investment includes the additional cost of placements alongside investment into additional social work capacity and management oversight. This increased forecast requirement for investment is consistent with that facing a number of other local authorities nationally following the Council's Ofsted review and judgement. This is reflective of the protective safeguarding work being undertaken in the service with children subject to child protection and pre-proceedings work and work is underway to ensure improvements in the service enable both better outcomes for Children and where possible for those outcomes to be provided through the best value for money solution

- **Health & Well-being**

An increase of £7.2 million has been added to the Adult Social Care budget in response to the demographic growth and increasing complexity of supporting vulnerable older people and adults with disabilities, support for social care assessments in response to Deprivation of Liberty Standards, and the likely impact of inflation

- **The Environment**

Capital Budget

It is proposed to establish a capital Highways Infrastructure Investment Fund (HIIF) of £37.5m, recognising the economic advantage of many infrastructure works and the longevity of the assets developed. This capital fund would provide suitable flexibility across a three year period to enable and support delivery of transport infrastructure priorities supporting the Council's commitment to investment in roads and pavements and improving journey times. This would include the following indicative amounts:

- a) £15 million over the next three years for road repairs previously funded from revenue. This would protect the expenditure on highways as the activity is transferred from the revenue budget to the capital budget, and would bring Worcestershire County Council more in line with many other authorities
- b) £9 million over the next three years continuing to strive for top quartile performance in roads and pavements
- c) £4 million to support the Street Lighting programme
- d) £2.2 million over the next three years to continue with a programme of flood mitigation works and highways drainage schemes
- e) Up to £5.1 million to support the Pershore Infrastructure Investment reported to Cabinet in November 2017
- f) £2.2 million to ensure continued progress of infrastructure projects not funded from other sources

The nature of this investment fund means that expenditure forecasts on any one element of the fund is subject to change as final contracts are let, and consequently this budget report is requesting a delegation is made to the Director of Economy and Infrastructure, in consultation with the Leader of the Council and the Chief Financial Officer, to amend these allocations as matters arise whilst still remaining within the overall investment sum of £37.5 million

Funding

45. The Council's net revenue budget is funded primarily by Council Tax, Business Rates and Revenue Support Grant (RSG) for 2018/19. For future years the Council will not receive any RSG.

46. The following table below illustrates how the proportion of funding is likely to change looking forward taking account of the Council's four year financial settlement deal agreed with Central Government.

Table 1: County Council funding of the Net Revenue Budget

	2018/19 Estimate		2020/21 Estimate	
Council Tax and Council Tax Surplus	£253.9m	78%	£275.2m	81%
Business Rates	£61.2m	19%	£63.8m	19%
RSG	£9.5m	3%	£0.0m	0%
Total	£324.6m	100%	£339.0m	100%

47. There is a reasonable level of surety with regard to overall funding, taking account of likely future income from Council Tax and increases in the council taxbase forecast by District Councils.

48. The County Council forecasts to receive over £60 million from the Business Rates Retention System. This includes the County Council's share of the growth in business rates income, with District Councils also receiving a share and 50% being returned to Central Government for redistribution.

49. The County Council continues through the Hereford and Worcester Treasurers Association to refine forecasts for locally generated business rates. Under the current system it is anticipated that future growth in income will be reset in the year 2020 as Central Government will review levels of income relative to other local authorities at this time and adjust baselines. This is likely to be repeated every three years thereafter.

50. There are a number of important points that need much further consideration for the medium term:

- We are still awaiting precise details of how the extension from 50% to 100% local retention of business rates will affect the Council and how needs are identified and funded
- There is an opportunity to have greater control over the issues that affect Worcestershire as a number of new responsibilities will transfer to local government. The financial and other consequences still need to be established and new burden funding made adequately available
- Clarification on Central Government's assumptions for Council Tax and business rate income increases over this period.
- The local impact for Worcestershire, when compared with other parts of local government.

51. Business Rates are expected to rise in accordance with the increase in the Small Business Non-Domestic Rating Multiplier each year and whilst there is growth in business rates income expected across the county area this can be partially offset by successful appeals of valuations set by Central Government's Valuation Office Agency.

52. The Council, together with District Council partners, continue to lobby Central Government with regard to the impact of successful business rates appeals, especially where Central Government received the reward of business rate income.

53. Income from Council Tax will gradually fund a greater proportion of the Council's budget in the future excluding any further transfers in business rates income. The increase is influenced by growth in domestic property, local decision making concerning any percentage increase in Council Tax from year to year, and the annually decided percentage by which Central Government state would trigger a local referendum to agree the increase.

Business Rates Retention Scheme – Pilot Scheme application

54. As reported in the 2 November 2017 Cabinet Resources Report subsequently endorsed by Council on 9 November 2017, the County Council, with the six District Councils across Worcestershire have submitted an application to take part in a one year pilot scheme to increase the local share of business rates income that is retained in the county area.

55. The Council is still awaiting feedback through the Local Government Finance Settlement process and we will report to a future Cabinet meeting as matters develop. Should this be successful, the County Council could receive an additional £3.5 million out of a total amount of £5.7 million across the Worcestershire area.

District Council's Council Tax Support Schemes

56. The Council continues to offer support for all District Council's Hardship Funds and is working to support target improvements in the collection rate and anti-fraud initiatives.

Central Government Autumn Budget Announcement 22 November 2017

57. At this stage the MTFP reflects the headline assumptions arising out of the Autumn Budget announcement. Members will recall that the Council has already agreed a four year settlement deal with Central Government which already gave certainty excluding specific grants which are subject to annual funding allocations from individual Central Government spending departments.

58. The Autumn Budget announcement identified increases in national funding allocations for teacher training and a Maths Premium of £600 for every extra pupil who decide to take Maths or Further Maths A-Levels or Core Maths, and increases in the 2017/18 Disabled Facilities Grant and Pothole Fund.

59. There was also welcome news with Central Government's offer of a local infrastructure rate over the next three years to support the Council's borrowing costs to invest in infrastructure projects subject to a bidding process.

60. Other measures to support economic development and to encourage housebuilding and bringing empty properties back into use will also have indirect benefits for the Council.

61. We await more specific details regarding any increases that will be allocated locally, and will reflect any updates in the February 2018 Cabinet budget report.

The County Council's starting position: reserves and balances

62. A summary of the Council's reserves at the beginning of the 2017/18 financial year is attached at Appendix 1.

63. The total is £110 million and this includes £12 million held as General Balances and monies specifically set aside to cover known expenditure commitments such as £22 million for schools/Dedicated Schools Grant balances, £12.6 million PFI and Waste reserves, £7.1 million insurance reserves, £6.9 million grant income where we have carried forward funding in advance of planned cash expenditure which we will have to return to Central Government if it is not spent, and £49.4 million held for other specific future commitments.

64. It is anticipated that earmarked reserves will be reduced over the 2017/18 financial year as the Council utilises some of these resources to support the financial pressures this year. A review is currently being undertaken regarding risk for future financial commitments and this will be updated as part of the February 2018 Cabinet budget report.

65. The strength of the Council's financial health is often expressed as the amount of retained General Balances in proportion to the budget. The Council's risk assessed minimum level for financial planning purposes is a benchmark minimum of £10 million.

66. The Council's General Balances total £12 million with no plans to alter this as this stage.

67. It is important to note that, in accordance with the Council's strategy for treasury management, cash from all the reserves is currently used to pay for capital investment since borrowing costs are in the region of 3.3% and surplus cash which is invested earn only around 0.3%. Any use of the balances will mean that the cash spent will subsequently need to be replaced by borrowing from the money market as and when required.

The County Council's starting position: considering the national context

68. Since agreeing the MTFP in February 2017, inflationary pressures have increased slightly and with CPI currently at 3% (October 2017) this remains higher than the Bank of England's 2% target. Nationally it is anticipated that CPI inflation is around its peak with small reductions anticipated over the next calendar year. The interest on the Council's debt remains fairly constant due to the long-term nature of our borrowings at fixed rates. The average rate for interest on debt is just 3.3%.

69. Income receipts from the Council's short-term investments are significantly influenced by the interest rates set by the Bank of England. This base interest rate has recently been increased from 0.25% to 0.5%, with two more 0.25% increases expected over the next two years to total 1% by 2020.

The County Council's starting position: financial performance in 2017/18

70. The Council's authorised cash limited budget for 2017/18 is £324 million. When taken together with the amount of money spent by the Council that is received through specific grants and miscellaneous income, the Council spends over £1 million per day on providing services to residents and service users.

71. After the first six months of 2017/18 and forecasting for the remaining six months of the financial year an overall financial pressure of £8.2 million compared with the authorised cash limited budget of £324 million is anticipated after the use of one off

measures and mitigation. This is an increase of £1.4 million since last reported to Cabinet.

72. The forecast financial pressure represents 2.5% of the Council's revenue budget for which mitigating action is needed to ensure net expenditure is contained within cash limits.

73. The financial pressures have been mitigated to an extent by emerging savings delivered of around £2.3 million through Treasury and Debt Management as well as £1 million of savings delivered through the pre-payment of the Council's employer Pension costs following the most recent actuarial review.

74. Members will recall that the financial pressures have been reported in detail in previous Cabinet Resources reports.

75. The most significant financial pressure relates to children's placements where the forecast overspend has increased by £1.5 million since last reported to Cabinet and is forecast to total £7.5 million by the end of the current financial year. The additional amount is based on the significant number of children whose needs have escalated meaning that their placement costs have increased. As reported in the September Resources Report to Cabinet, the service had fully utilised their full year £1.2 million risk contingency for placements demand by Month 4. Demand for high cost placements during months 5 and 6 has continued to increase and this has not been mitigated by the impact of children leaving care or stepping down from less expensive placements. The service now has 92 (14%) more children in placement than at the same point last year.

76. The Adult Social Care budget is also experiencing additional demographic and cost pressures. The total budget represents the single largest budget managed by the Council; much of the expenditure in this area is led by demand for services. The service is currently using grant and one off funding to support the budget in 2017/18. This includes the use of the Better Care Fund allocation. However, balancing the budget each year is becoming more challenging due to a number of significant pressures that have been taken into consideration alongside delivering major transformation programmes.

77. Across the whole of the country, councils are facing pressures to meet the challenges of an ageing population and Worcestershire is no different. This Council's focus for Adult Social Care is to ensure Worcestershire residents are healthier, live longer, have a better quality of life and remain independent for as long as possible. Since April, Older People Residential and Nursing numbers have increased by 66 from 1,309 (April) to 1,375 and the number of older people receiving home care has increased by 83, from 1,763 (April) to 1,846. At the same time the level of complexity of need has increased, with the resultant increase in costs.

78. In 2017/18 the Directorate will use one off elements of financial support through a mixture of grants and other one off funding which will need to be replaced by recurrent funding or service efficiencies in the future. This places pressure on the 2018/19 budget and the service continues to monitor the risk of further financial pressure being exerted on this budget by NHS Targets around Delayed Transfers of Care that are yet to be agreed. Although Government's one-off iBCF funding allocation (as part of a national £2 billion funding allocation) has assisted with the 17/18 budget, it does not resolve the ongoing pressures that are currently being experienced.

79. Whilst additional allocations are proposed to support this service area, there is a risk that it will still be a challenge to manage the budget in 2018/19.

80. There are a number of other net cost pressures around increased waste disposal costs and challenges with achieving reforms under the Council's transformation programme.

81. The recurrent nature of all these cost pressures has been considered as part of the 2018/19 budget allocation to services.

82. Notwithstanding this, the Council continues to focus on identifying ways in which further efficiencies can be achieved in 2017/18 to ensure, where possible, this financial pressure can be supported and offset by compensating reductions in expenditure elsewhere.

83. To complement this activity, work is underway to consider updates to the Treasury Management and Minimum Revenue Provision accounting policies, and to optimise how we are funding capital expenditure in order to establish scope for contributions from these areas to support the current year's cost pressures.

84. Should any of these reductions in expenditure not be achieved in 2017/18 this could present a risk to the delivery of a balanced budget in the future.

Introduction to the draft budget for consultation

85. The process to review and amend the MTFP for 2018/19 is largely complete and for future years will be refined for the February 2018 budget report taking account of the Autumn Statement 2017 announcement, the provisional Local Government Finance Settlement together with any emerging feedback from consultation and scrutiny.

86. The draft budget presented is dependent upon the publication of the provisional Local Government Financial Settlement which is expected in late December 2017.

87. The approach to preparing the budget is in accordance with the Budget and Policy Framework Rules and reflects the Council's Corporate Plan 'Shaping Worcestershire's Future' and the MTFP.

Income: specific grants

88. The Council receives income from a range of specific grants from a number of different spending departments of Central Government. For 2017/18 this was estimated at £69.8 million. National spending limits and policy dictate the level of specific grants that the Council receives to fund Central Government initiatives. The most significant grants are Public Health and Better Care Fund and the Council continues to lobby Central Government to confirm these and all specific grant amounts as soon as possible.

89. Details of how this specific grant funding continues will be confirmed in time for their inclusion in the February 2018 Budget Report. In the future it is anticipated that a number of specific grants will be rolled into the system for business rates retention.

Revenue expenditure: the net expenditure budget for 2018/19

90. The net expenditure budget for 2018/19 has been prepared on the basis of reviewing all existing policies prevailing in 2017/18 and making additional provision for demographic, income and price changes.

91. The net expenditure budgets are set out at Appendix 2 and summarised in the following table. This sets out a provisional budget requirement of £325.6 million for

2018/19 against which the Council estimated income through RSG, Business Rates Retention Scheme and Council Tax is to be £324.6 million.

Table 2: Summarised budget setting exercise

Area	£m	Total £m
<u>Initial Gross Budget Requirement</u>		
2017/18 Budget*	393.4	
- 2017/18 Specific Grants	-69.8	323.6
<u>Add Proposed Inflation</u>		
Pay and pensions	3.2	
Other Non-Pay inflation Increases	5.3	8.5
<u>Add Proposed Growth:</u>		
Children's Social Care	9.3	
Children's Safeguarding	<u>1.2</u>	
	10.5	
Children's SEND Transport	0.4	
Adult Social Care	3.0	
Deprivation of Liberty Safeguards – Social Care Assessments	1.0	
Capital Financing	1.8	
Education Services Grant	1.0	
Risk Review – Transformation and Reforms Programme	6.1	
Other base budget revisions / contingency	1.4	
		25.2
New Homes Bonus Grant		-2.6
<u>Less Proposed Transformation and Reforms Programme:</u>		
Existing programme	-10.0	
New Reforms being proposed in this budget	-19.1	
		-29.1
2018/19 provisional budget requirement		325.6
Revenue Support Grant		9.5
Business Rates Retention Scheme		61.2
Council Tax		253.9
2018/19 Provisional Funding		324.6
Remaining Financial Planning Gap		1.0

* The 2017/18 budget includes specific grants and Better Care Fund but excludes Dedicated Schools Grant

92. The above table shows that the indicative remaining financial planning gap for 2018/19 is £1 million.

93. Included in this budget are a series of proposals to strengthen the base budget. The most significant areas are explained below:

- **£9.3 million – Children's Social Care**

Further investment has been required across the remainder of the 2017/18 financial year to ensure the outcomes set out in the Council's 'Working Together' Plan are delivered. This investment is expected to continue to be needed in 2018/19 as the number of children in placement is not expected to reduce in the short-term. A significant number of our looked after children are likely to remain in our care until they are 18 and often require support as care leavers until they are 25. We currently have 158 young people aged 16 and over where it is likely that a significant number of them will stay in care until they are 18 or over in some cases

The additional allocation over and above the amount invested for 2017/18 is due to the full year implications of children placed during this year and the risk of additional placements being required in the coming months. Plans are in place to increase the internal provision to partially mitigate the costs of expensive external placements but these are not expected to be fully operational until mid-2018

- **£1.2 million – Children's Safeguarding**

The increasing number of looked after children means that there is a need for additional safeguarding staff capacity both in social work time and management capacity as well as for staff to support contact arrangements for children with their family network. A revised operating model for the service is being developed in order for the Council to better deliver a child centred experience and a co-ordinated strategic approach. This has been partially achieved in 2017/18 by the use of temporary funding. Permanent resources are requested to ensure we have sufficient funding to increase the existing social work capacity in order to reduce caseloads, our target being 16 which is a recognised appropriate level. The funding will ensure there is good quality care planning for children to step down from the service and achieve sustainable outcomes. Additional management capacity is also required to enable smaller teams to be created so there is the necessary oversight of case management

Combined, the above two increases to the Children's Social Care and Safeguarding budgets total £10.5 million for 2018/19

- **£0.4 million Children's Special Education Needs and Disability (SEND) Transport**

A strengthening of the base budget to support demand increases for those young people with SEND who can now stay in education until they are 25 years old alongside the need to increase capacity for the increasing demand for places outside County

- **£3.0 million – Adult Social Care**

This represents an increase in the Adult Social Care budget to support inflationary costs and demographic growth and the increasing complexity of supporting vulnerable older people and adults with disabilities. There is a risk that this will not be sufficient and this will be reviewed over the coming months as we move towards the final budget proposals

- **£1 million – Deprivation of Liberty Safeguards – Social Care Assessments**

The Deprivation of Liberty Safeguards (DoLS) is an amendment to the Mental Capacity Act 2005. The safeguards aim to make sure that people in care homes and hospitals are looked after in a way that does not inappropriately restrict their freedom. A 2014 Supreme Court ruling triggered a ten-fold increase in applications to Local Authorities, placing pressure on budgets. There is a legal duty on homes and hospitals to notify the Council if they are carrying out practices which restrict liberty [eg locked doors]. The DoLS process requires a Mental Capacity Assessment by a psychiatrist and a Best Interests Assessment by a specially trained social work assessor, with authorisation by a senior manager or equivalent in the Council. The purpose of the assessment is to be assured that the restrictions are proportionate and in the best interests of the person. The base budget for this service is £83,000 but over the last two financial years the annual cost of these assessments is over £0.9 million. The Adult Services Directorate has used nearly £2 million of earmarked reserves to meet these costs but these reserves are now exhausted and there is a need to cover the spend on a recurrent basis. The number of high priority cases is 155 per month and it is therefore proposed that the base budget for Adult Services is increased by £1 million per annum to accommodate spend on the high priority cases. The Law Commission has completed a review on DoLS and has recommended changes which are now awaiting parliamentary consideration

- **£1.8 million – Capital Financing**

An increase to support the borrowing costs to finance the proposed Highways Infrastructure Investment Fund and the approved Capital Programme including improving roads, pavements and cutting congestion

- **£6.1 million – Risk Review – Transformation and Reforms Programme**

A risk review has been undertaken on the existing planned Transformation Programme, taking account of emerging economic and demand activity issues together with feedback from partners and service users as appropriate. The conclusion of this work is that £6.1 million of transformation activity will not be carried forward as originally anticipated and the Council's budget will be increased accordingly. There has been a further adjustment of £1.5 million relating to Children's Social Care placements which is reported within the £9.3 million increase mentioned above

- **£1 million – Education Services Grant**

An increase in base budget that is needed to be funded locally to take account of the reduction in grant funding for general statutory duties relating to maintained schools. As most of these services involve fixed costs, expenditure cannot be reduced in the majority of these areas

- **£1.4 million Other base budget revisions/contingency**

It is prudent at this stage that a planning contingency is maintained

- **-£2.6 million New Homes Bonus Grant Income**

A recognition of this recurrent grant income that is to be directed specifically towards support strategic infrastructure investment.

Transformation Reforms over the MTFP period

94. As mentioned above, following a detailed risk review of the existing transformation reforms programme, a number of projects are no longer being progressed with the most significant being:

- £3 million - Children's Social Care Placements
- £0.9 million - Children's Transport
- £1 million – External Contract expenditure
- £0.8 million – Digital/IT Strategy
- £0.4 million – Customer Access.

95. As a consequence of this work, and in consideration of the overall affordability of the MTFP to meet the priorities being addressed by citizens, service users and partners, the following new transformation reforms and accounting adjustments are being proposed in this budget:

- Capitalisation of expenditure formerly funded from the revenue budget which can now be funded from capital resources. It is proposed that the same amount of money will be spent each year with no reduction in quality or performance
- A review of how capital investment is financed and repaid
- Financing and contractual efficiencies
- Cost management and income generation activity
- Optimising use of specific grant income received from Central Government.

96. Appendix 3 provides further details of the proposed new reforms, together with the existing reforms previously approved by Cabinet that are still being progressed.

Addressing the indicative financial planning gap

97. Following the December 2017 Cabinet meeting, the impact of the provisional Local Government Finance Settlement will be worked into the draft budget and presented at the February 2018 Cabinet meeting.

98. Any significant updates will be included in that report but in the meantime work will be undertaken and consideration given alongside the outcomes of consultation to close the remaining indicative financial planning gap through the following means:

- An assessment of growth in Band D Equivalent properties leading to buoyancy in the Council Tax Base and the use of any surplus or deficit arising on District Councils' collection funds in excess of planning assumptions
- An assessment of any updates regarding business rates income in excess of planning assumptions

- A review of any inflation awards that remain at the discretion of the Council
- As assessment on whether further reforms can be found
- Consideration of whether funding from the release of Earmarked Reserves no longer required (one year only) or General Balances (one year only) can be provided.

99. The intention is that the forecast financial planning gap will be closed in time for the February 2018 budget approval by Cabinet and Full Council taking full account of consultation responses and any updates regarding the above.

Dedicated Schools Grant and Schools grant funding

100. Cabinet in September 2017 received an update on the Dedicated Schools Grant (DSG) and the Government's proposed National Funding Formula (NFF) for Schools and High Needs. This included an illustration of the potential overall financial impact.

101. Within the NFF policy from the Department for Education (DfE) local authorities are still able to continue to set a Local Schools Funding Formula for individual schools' budgets in 2018/19 and 2019/20, in consultation with schools in their area. As a consequence there has been a local consultation process on this and other statutory school funding matters for 2018/19 and 2019/20. The outcomes and recommendations arising from this are being considered as a separate report on this agenda.

102. The Council awaits further grant based announcements for 2018/19 on the DSG and other funding streams including the Pupil Premium Grant. The Council has again raised concerns on the impact of the withdrawal of the general duties Education Services Grant, which provides a significant risk to Council services provided on behalf of maintained schools. There will be a full update on all funding aspects for schools as part of the February 2018 budget report to Cabinet and Full Council.

Better Care Fund

103. The Better Care Fund (BCF) updated 2 year plan (2017/18 and 2018/19) was submitted in early November and is awaiting final approval. The total revenue contribution for 2017/18 was £34.5 million for Worcestershire (£11.8 million for the County Council and £22.7 million for the Worcestershire Clinical Commissioning Groups). In addition, capital monies of £4.6 million for Worcestershire Disabled Facilities Grant (DFG) in 2017/18 were received and passported to the district councils. The forecast increase in BCF is estimated to be approximately 1.9% (£0.7 million) on the 2017/18 revenue allocation (£0.2 million for the County Council). The increase in DFG is unknown at this stage but indications are that it will be in line with previous year increases of around 9% which would be approximately £0.4 million.

Improved Better Care Fund (iBCF)

104. In 2017/18, the Improved Better Care Fund was introduced. Despite the separate nature of the iBCF, the spending plan for the iBCF was incorporated into the submitted BCF plan, as per BCF plan requirements. Viewing iBCF schemes alongside BCF schemes enables a more holistic view of spending. There are three aims of the iBCF, which need to be met by the spending plan. These are:

- a) Stabilising the Care Market
- b) Reducing Pressures on the Local NHS
- c) Meeting Adult Social Care needs.

105. The iBCF is not considered to be recurrent funding. Funding allocations are confirmed until 2019/20, however at present there is no indication that this funding stream will continue beyond this point. The table below shows the allocations over the medium term and these have been considered by the Directorate when reviewing the management of budgets within the resource allocation limits.

Table 3: IBCF Allocations

£m	2017/18	2018/19	2019/20
Initial iBCF	0.1	6.6	12.7
Additional iBCF (one off)	10.0	6.8	3.4
Total iBCF	10.1	13.4	16.1

Public Health

106. The Public Health grant is required to fund mandated functions: sexual health services, Health Checks, the National Childhood Measurement Programme, Healthy Child Programme, health protection and the NHS "Core Offer" of population healthcare support, and to deliver the statutory duty of population health improvement with regard to narrowing health inequalities. It also funds a range of non-mandated services including drugs and alcohol services, school nursing and falls prevention.

107. The grant for 2017/18 is £29.9 million. The grant for 2018/19 is estimated to be £29.1 million (2.5% reduction) and is likely to be reduced further in future years. The current spending proposals will need to be shaped to ensure they are contained within the final grant allocation. The Public Health grant has already been used innovatively to improve outcomes across all areas of Council services within the terms of the grant conditions.

108. Reform targets have been implemented for 2017/18 equating to £1.19 million and a further £1 million is proposed in 2018/19. Work is continuing to be undertaken to identify areas of Council base budget expenditure which meet the Public Health grant conditions.

Independent Living Fund

109. The funding and administration of the Independent Living Fund (ILF) was transferred from the Department of Work and Pensions (DWP) to the Council in 2015/16. The ILF makes cash payments to disabled people enabling them to purchase care and support services.

110. The Council received £3.0 million in grant in 2017/18 but there is expected to be an attrition rate applied in 2018/19 with an estimated grant settlement of £2.9 million. The reduction in funding will need to be managed within the overall 2018/19 Adult Services budget.

Worcestershire Councillors' Divisional Fund Scheme

111. The Councillors' Divisional Fund Scheme is currently funded for the 2018/19 financial year. It is proposed that the scheme is extended for a further year to

2019/20 with £0.57 million funding to be confirmed as part of the February 2018 Cabinet report.

Capital Programme: Key achievements and approvals in 2017/18

112. In recent years the Council has spent on average around £100 million on capital investment annually excluding the Energy from Waste financing scheme. The majority of this programme has been funded by grants from Central Government with borrowing, capital receipts and revenue contributions to capital making up the difference.

113. The major areas of capital expenditure relate to Schools, the Local Transport Plan and other Economy and Infrastructure Directorate activities.

114. There have been updates approved by Full Council during the 2017/18 financial year, and these are included in the latest Capital Programme shown in Appendix 4 Significant schemes approvals included:

- £62 million - Worcester Southern Link Road Phase 4 Carrington Bridge to Powick
- £11.6 million - Pershore Infrastructure Improvements
- £4.1 million - Post 16 Supported Living Accommodation.

115. The further investments being proposed earlier in this budget report will, subject to consultation responses, be incorporated into the Capital Programme to be presented to the February 2018 Cabinet meeting.

Capital Programme: Future funding overview

116. The financing of the Capital Programme has been reviewed at a strategic level including the forecast receipt of Central Government grants, capital receipts and directorate contributions from revenue budgets.

117. As part of rolling forward the MTFP, additional capital expenditure headroom has been provided for the medium term and a process is underway to consider any allocations of part of the headroom for 2018/19. An update will be presented to Cabinet in the form of a revised Capital Programme in the February 2018 Cabinet Report.

118. It is proposed to provide £6 million to the Capital Programme to provide additional cash flow financing for the overall A4440 Worcester Southern Link improvements over the life of the Medium Term Financial Plan.

Capital Programme: Additions

119. The Council has received the following grant allocations from the Department for Transport from the National Productivity Investment Fund and it is proposed to add these projects to the Capital Programme:

- £3.4 million - Bromsgrove Town Centre Network: Unlocking Growth in Bromsgrove
- £3.2 million - Worcester City Centre Network Efficiency: Sidbury to St John's.

120. This new grant funding will be supplemented by setting aside existing capital budgets to make the total estimated investment to be £4.9 million for the Bromsgrove scheme and £4.6 million for the Worcester scheme.

Capital: Investing our New Homes Bonus

121. The Council uses this resource to support the impact of growth on infrastructure and to support economic development.

122. To date, the Council has used this funding to support investments in:

- strategic flood alleviation schemes
- strategic planning and improvements in the public realm
- infrastructure improvements including contributions to the Driving Home Programme.

123. After taking account of the forecast income, it is anticipated that there is capacity to fund new strategic infrastructure investment which is being proposed in this budget report.

The Impact on the MTFP

124. The MTFP approved at the February 2017 Full Council meeting has been updated taking account of how circumstances have changed since then and the proposals in this budget report. The main increases in cost pressure relate to social care demographic and cost increase and waste disposal with refinements to inflation forecasts.

125. The funding environment for the Council has led to the need to make preparations for a continuation of the financial challenge over the medium term.

126. The Council has undertaken a risk review on its Transformation and Reforms programme which has resulted in a refreshed set of savings proposals.

127. The MTFP is set out in the following table with more detail provided within Appendix 5.

Table 4: Indicative MTFP

£m	2018/19	2019/20	2020/21
Service costs based on provisional 2018/19 budget	354.7	347.4	353.0
Total Funding Available	-324.6	-328.0	-339.0
Sub-Total	30.1	19.4	14.0
Transformation and Reform Plans:			
Existing approved reforms	-10.0	-1.6	-1.1
New proposed reforms	-19.1	-6.9	-1.1
Sub Total	-29.1	-8.5	-2.2
Remaining Financial Planning Gap	1.0	10.9	11.8

128. It is important to consider that total funding available is still forecast to rise despite Central Government funding reductions although this needs to be treated with caution as the process for extending local business rates retention from 50% to 100% is still to be determined. The current indications suggest a continued need for spending reductions or increases in income. Particular known areas of uncertainty include:

- The future of Adult Social Care funding including Better Care Fund/improved Better Care Fund
- How the move for increased local retention of business rates income compares with any transfers of new responsibilities and changes to specific grant funding.

129. Areas of uncertainty and risk will be kept under review as more detail becomes available.

130. As would be expected, the remaining forecast financial planning gap of £1 million for 2018/19 forms a relatively small part of this overall gap and represents less than 1% of the provisional budget for next financial year.

Treasury Management Strategy – Investments

131. On 7 November 2017 DCLG published a consultation on proposed changes to the prudential framework of capital finance which includes proposed revisions to the Guidance on Local Government Investments. The consultation closes on 22 December 2017 and the proposed revised guidance, to be issued under the Local Government Finance Act 2003, will be effective for financial years beginning on or after 1 April 2018.

132. The revised draft guidance is being reviewed by the Council. A response to the consultation is being prepared and potential changes to the Council's Treasury Management Strategy are being considered. It is proposed that following publication of the final revised guidance the Council's Treasury Management Strategy is updated. It is anticipated that this will be brought to Cabinet for recommendation to Full Council as part of the final budget report in February 2018.

Minimum Revenue Provision Policy

133. The consultation on proposed changes to the prudential framework of capital finance referred to above also includes proposed revisions to the Statutory Guidance on Minimum Revenue Provision.

134. The revised draft guidance is being reviewed by the Council and a response to the consultation is being prepared. Potential changes to the Council's Minimum Revenue Provision Policy are being considered. It is proposed that following publication of the final revised guidance the Council's Minimum Revenue Provision Policy is updated. It is anticipated that this will be brought to Cabinet for recommendation to Full Council as part of the final budget report in February 2018.

Budget calculation – statutory duties of the Chief Financial Officer

135. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer as Section 151 officer to report to the Council when it is setting the budget and the precept. The report must deal with the robustness of the estimates included in the budget and the adequacy of reserves.

136. The budget currently provides for the financial implications of the Council's policies to the extent that these are known or can be reasonably assessed. However, there are a number of risks which are beyond the Council's control and for which it is not possible to be precise:

- The Council's demand-led services e.g. social care in adults and childrens
- Inflation and interest rate volatility
- Unforeseen emergencies, for example flooding.

137. It is for this reason that an adequate level of reserves must be maintained.

138. As part of this consideration, there are a number of high level financial risks that are influenced by future decision making, external factors and the ability to establish effective mitigating action:

- **Useable Reserves are declining**

There is increasing pressure on services to use at a faster rate than previously the amounts of locally retained Directorate reserves or unspent specific grant balances in light of in-year demand pressures or to support the delivery of savings plans

- **Savings are progressively getting harder to achieve**

The requirements of the Council to support Central Government's budget deficit reductions, in particular since 2010/11, has meant many years of successfully managing this change, however as time goes on the options to balance the budget become less numerous and the job to maintain service delivery and to support the expectation of our service users, customers and partners is challenging

- **Planning over the longer term for savings is difficult**

Notwithstanding an element of uncertainty over future Local Government Financing and the ability for Central Government to effectively establish capping limits for Council Tax increases and to direct funding to different parts of the local government and health sectors, it takes a considerable amount of time to establish plans that both reshape service delivery for improvements yet at the same time at a lower cost to the council taxpayer

- **A need to manage critical path deliverables through the change process**

A number of savings plans contain within them dependencies on activity such as a design of new ways of working and detailed consultation with service users and partners. These can be highly complex programmes of change with many inter-dependencies

- **Cost pressures – Children's Social Care**

Members will have read in this report that the 2017/18 financial year in particular is difficult with considerable cost pressures above the budgeted cash limit for Children's Social Care and other cost pressures arising in year. This places added risk to the overall financial sustainability of the Council which is being addressed through allocation of resources in the MTFP to complement detailed management and delivery of the Children's Social Care Improvement Plan

- **Cost pressures – Adults Social Care**

Adult Services plan to manage with the 2018/19 budget by maximising the use of the additional Improved Better Care Fund allocations. However the balancing of the Adult Services budget continues to be challenging each year due to a number of pressures that have been taken into consideration alongside delivering major transformational savings targets. The key challenges being faced are:

- a. Demand and demographics are increasing in terms of numbers requiring social care and the complexity of care required with people living longer
- b. Workforce - particularly nursing and social care seeing recruitment challenges particularly for nursing care within care home providers
- c. Risk of cost pressures on contracts; the National Living Wage, Sleep in payments etc.
- d. Continued discussions with the NHS over responsibility for funding expenditure around Continuing Health Care and Section 117 placements, etc.
- e. An increase in the number of "Self-funder pick-ups" due to individuals living longer and their income being insufficient to pay for their own care needs

- **Demand for SEND Transport and Services – Children's Services**

Whilst additional allocations have been made in the budget, the demand for SEND and the impact on transport arrangements will be kept under continual review during the financial year.

139. Despite the above risks, there are also a number of opportunities to consider to ensure optimum financial stability and security:

- **Balance Sheet Strength**

The Council retains considerable balance sheet strength following the prudent and safe decision making over many years historically. Leveraging this position to support key infrastructure investment thereby promoting economic development activity helps to drive improvements in the local economy, and in turn Council income through Council Tax and business rates

- **Capital Financing**

Making best use of capital financing, including optimum use of capital receipts to both support the approved Capital Programme and deliver reductions to debt financing costs as they are charged to the revenue budget

- **Treasury Management Activity**

Maximising the current market opportunities for the Council's Investments, and reviewing the borrowing strategy

- **Pension Fund**

Through targeted investment activity, the Worcestershire County Council Pension Fund's investments continues to perform strongly with a current valuation of around £2.7 billion which is currently around 100% of its liabilities. This performance is better than expected and if sustained may result in lower pension charges to the budget following the next Actuarial Valuation.

140. Members will recall our obligations as a Best Value authority to make arrangements to secure continuous improvement in the way in which our functions are exercised, having regard to a combination of economy, efficiency and effectiveness, including consultation with tax payers and users as appropriate.

141. These obligations are addressed in our medium term financial planning and brought together as part of the annual budget process in this report and the February 2018 Cabinet budget report. This is supplemented by additional Cabinet reports throughout the year with regard to the approval of significant investments and reforms.

Scrutiny

142. Scrutiny of the 2018/19 budget proposals is being undertaken through Scrutiny Panels who plan to meet with key senior officers to support their work. The conclusion of this will inform the Overview and Scrutiny Performance Board which will be meeting on 30 January 2018 to consider what comments it wishes to make to Cabinet as part of the budget consultation.

Fulfilling the Public Sector Equality Duty requirements

143. The Council will continue to have due regard to proactively addressing the three elements of the Public Sector Equality Duty in all relevant areas – in particular the planning and delivery of our services. The Council will continue to assess the equality impact of all relevant transformational change programmes and will ensure that Full Council has sufficient equalities assessment information to enable it to have due regard to the three elements of the Equality Duty when considering the budget for 2018/19. The Council will continue to ensure best practice is followed with regard to these requirements.

Guidance on excessive Council Tax increases and Localism Act

144. The Localism Act gives local communities the power to approve or veto excessive rises in Council Tax. The Secretary of State will determine a limit for Council Tax increase as part of the annual Local Government Finance Settlement that has to be approved by the House of Commons. If an authority wishes to set a Council Tax above this level then a binding referendum must be held. For 2017/18 this limit was 2%, and the Council is anticipating this be rolled forward for 2018/19.

145. In addition to this, Central Government announced as part of the Spending Review 2015 the ability for local authorities with adult social care responsibilities to raise an Adult Social Care precept, ring fenced to support adult social care costs to help address longer term financial pressures for these services. This precept is to be no more than 6% in total over the three years 2017/18 to 2019/20, with a maximum of 3% in any one year.

Health Impact Assessment

146. A Health Impact Assessment screening has been undertaken with regard to this report and recommendations for new spending decisions to understand the potential impact they can have on Public Health outcomes across the county area.

147. This report concerns consulting on the provisional budget for 2018/19 and associated updates to the MTFP in advance of approval by Full Council in February 2018. Any specific public health considerations will be included in that report and where appropriate be subject to separate and further detailed consultation.

148. Taking this into account, it has been concluded that there are no specific health impacts as a result of new decisions arising from this Cabinet report.

Supporting Information

- Appendix 1 – Review of Earmarked Reserves and General Balances
- Appendix 2 – Revenue Budget Summary and Analysis of Variations 2018/19
- Appendix 3 – Transformation and Reforms Programme
- Appendix 4 – Capital Programme 2017/18 to 2020/21 onwards
- Appendix 5 – Provisional Medium Term Financial Plan

Contact Points

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Background Papers

In the opinion of the proper officer (in this case the Interim Chief Financial Officer) there are no background papers relating to the subject matter of this report.

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Review of Earmarked Reserves and General Balances

Introduction

1. There are two types of reserves included on the Council's balance sheet:

	Value at 31/03/17 £m
General Balances	12.0
Earmarked Reserves – Directorate c/fwd's	91.5
Revenue Grants unapplied	6.9
	<u>110.4</u>

2. Reserves can be considered to be cash in the bank. They are not annual budgets; they represent a sum of money that can only be spent once.
3. Members will be aware that there is a statutory obligation on the Chief Financial Officer to report on the adequacy of reserves when the County Council approves the budget and level of council tax.

General Balances

4. The Council's General Balances are a contingency sum available to pay for unforeseen or exceptional circumstances. External auditors often refer to the level of general balances when considering an organisation's financial health.
5. General Balances were £12.0m at 31 March 2017 and a year ago was £13.0m at 31 March 2016.

Earmarked Reserves

6. All earmarked reserves are retained either under the delegated authority given to Chief Officers in the Financial Regulations or by Cabinet or Cabinet Member approval and at 31 March 2017 were as follows:

	Value at 31/03/17 £m
Schools delegated reserves	13.2
Dedicated Schools Grant carried forward	8.8
Future Capital Investment reserve	4.4
Waste Services reserve	10.1
Other PFI reserves	2.5
Insurance reserves	7.1
Growing Places	3.6
Directorate Revenue Reserves	9.6
Public Health	4.9
Councillors' Divisional Fund	1.2
Other Reserves	26.1
	<u>91.5</u>

7. Schools balances are controlled by the schools and their Governing Bodies and any surplus or deficit may be carried forward in accordance with the Council's scheme for financing schools.
8. Reserves for future capital investment and PFI schemes have been earmarked for use over the medium term.
9. The insurance reserve will be used to meet liabilities not covered by insurance policies. The level of the reserve is kept under constant review and to inform this judgement the Council seeks independent advice periodically.
10. The Council's Financial Regulations gives authority for each Chief Officer to jointly approve with the Chief Financial Officer the carry forward of up to 2% of their budget to the following financial year. There is also an additional flexibility limited to £100,000 for particular value for money initiatives.
11. Revenue grants with no attached conditions unused at year end are held in the revenue grants unapplied earmarked reserve and totalled £6.9 million at 31 March 2017.
12. The Earmarked Reserves are committed to be spent over the short to medium term.
13. The Chief Financial Officer considers the value of reserves to be adequate to support strategic financial planning.

**Budget Summary and Analysis of Variations
2017/18 to 2018/19
- Before Recharges**

Appendix 2

	ASC £m	PH	CFC £m	E&I £m	COaCH / FINANCE £m	Total £m
Original Estimate 2017/18	124.1	0.1	62.9	79.2	57.3	323.6
Variations			0.2		-0.2	0.0
Inflation						
Pay award, incl contingency	1.0		1.1	0.5	0.4	3.0
Employers pensions contributions			0.1		0.1	0.2
Contractual and General inflation	2.2		0.1	3.0	0.0	5.3
Growth						
Children's Social Care			9.3			9.3
Children's Safeguarding			1.2			1.2
Children's Transport				0.4		0.4
Adult Social Care	3.0					3.0
DOLs Assessments	1.0					1.0
Capital Financing					1.8	1.8
Education Services Grant			1.0			1.0
Risk Review - Transformation and Reforms Programme			0.6	2.3	3.2	6.1
New Homes Bonus					-2.6	-2.6
Other base budget revisions/contingency				0.2	1.2	1.4
Total Inflation and Growth	7.2		13.4	6.4	4.1	31.1
Existing Transformation and Reforms Programme	-8.2	-0.5	0.0	0.0	-1.3	-10.0
New Proposed Reforms	-5.4	-0.5	-0.9	-8.6	-3.7	-19.1
Original Estimate 2018/19	117.7	-0.9	75.6	77.0	56.2	325.6
Funding sources						
Council tax						252.4
Council tax collection fund surplus						1.5
Revenue support grant						9.5
Business rates retention scheme						61.2
						324.6
Financial Planning Gap						-1.0

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Transformation Reforms - New Proposed Reforms / Existing Reforms and Accounting Adjustments/Alternative Sources of Funding	DIR	18/19 £'000s	19/20 £'000s	20/21 £'000s	Total 2018/19 to 20/21 £'000s
Accounting Adjustments/Alternative Sources of Funding					
Conversion of Highways Revenue Maintenance costs from the revenue to capital budget, no reduction in actual spend.	E&I	5,000			5,000
Capitalisation of Maintenance Revenue Costs - A full analysis of existing revenue property maintenance budgets will take place during 2017/18 to identify spend which can be capitalised. The work will also identify a programme of condition surveys and the associated costs. The information collected as part of this exercise will support the development of an updated maintenance programme which will cover a three to five year period.	COaCH	100	100		200
Capitalisation – Along with other areas within the Council, use of capital funding is being investigated in order to release revenue budgets with the expectation that reductions of £300,000 could be made.	CFC	300			300
Reprioritisation following confirmation of Public Health Ring Fenced Grant (PHRFG) - Existing plans are based on cautious estimates of assumed grant levels from 2018. Further reprioritisation of spend will follow confirmation of the grant at the end of 2017	PH	500			500
Optimising the use of specific grant income eg Better Care Fund	DAS	4,200	3,600		7,800
Review of the Minimum Revenue Provision Policy, to align the period over which long term borrowing is repaid with the asset lives that are being financed.	FIN	2,000			2,000
Pension Fund - Prepayment of the Employer Contributions	FIN	400	250		650
Revolving Investment Fund (RIF) - Investing in projects which will yield income	FIN	125	125		250
SUB-TOTAL		12,625	4,075	0	16,700
New Reforms					
Review of expenditure and income budgets across Environmental and Infrastructure services, to include waste services and street lighting.	E&I	3,600			3,600
Libraries - Through a combination of property remodelling, looking at innovative ways to deliver the service, reduction in costs as well as generating income, efficiencies are expected to be made over the 3 years totalling £1m. In future years, in consultation with the public, a new model for library services will be investigated.	CFC	200	500	300	1,000
Income Generation - Review of income generation opportunities across the directorate. Feasibility studies will be necessary - the target is therefore set for future years.	CFC		100	40	140
Education Services – A review of the internal and contracted services relating to provision of education and skills will be undertaken to reduce expenditure in the region of £280,000 over the 3 year period.	CFC	210	70		280
Staffing savings- Through a mix of reorganisation to ensure we have the most effective staffing structure in place to integrate work flow and contract efficiencies a budget reduction of approximately £155,000 is forecast over the medium term.	CFC	105	50		155
Adoption - Adoption Services are currently moving towards a new model of delivery by transferring to the Adoption Central England (ACE) Regional Adoption Agency in February 2018. This, together with a reorganisation of the services and associated staff that are out of scope for the transfer could generate a saving of £346,000 over the 3 year period	CFC	70	26	250	346
Workforce Spend Review - The Council spends circa £90m per year on it's workforce. This spend aligns with three key overarching areas which are governance, management best practice and terms and conditions. It is therefore proposed that a review is carried out of all associated workforce spend around these three key areas, as identified above. The first step is to understand the workforce spend in each of these areas, followed by the identification of next steps which will then need to be negotiated with the relevant Unions. This will be completed early in 2018/19.	COaCH	600			600

Transformation Reforms - New Proposed Reforms / Existing Reforms and Accounting Adjustments/Alternative Sources of Funding	DIR	18/19 £'000s	19/20 £'000s	20/21 £'000s	Total 2018/19 to 20/21 £'000s
IT Technical Support to Worcestershire County Council - ICT Managed Service contract was let in December 2014 with an operational start date of February 2015. The contract covered computers, mobile phones, telephony, servers, storage, Wireless access points and audio visual equipment and equipment support (e.g. council chamber webcast). As the contract has progressed it is becoming increasingly clear that the IT landscape around which the contract was awarded has changed and it is expected that this will continue to evolve. The proposal is for the support to the items outlined above is delivered through a WCC based team. This would enable the Council to have greater control and increased responsiveness to emerging IT demand, whilst being able to access specialist IT expertise when required. This work stream would be delivered during 2018.	COaCH	250			250
Review of Learning Disability (LD) Day Services / 12 week Connect Service - Review of In House Day Services, including reduction/ceasing non-statutory 12 week preventative service. The re-configuration, development and maximising use of the remaining In House Day Opportunities Provision (Resource Centres) and the exploration of the feasibility of externally commissioning the In House Day Opportunities Provision (Connect Centres)	DAS	261	261		522
Maximising Benefits to Secure Additional Income - Working in partnership with DWP/Voluntary sector partners to support people to maximise their entitlement to benefits; to help promote health and wellbeing whilst aiding independent living. This will also increase the amount that people can contribute to their care.	DAS	250	250		500
Review of Replacement Care (LD) - Review the current replacement care service ensuring we reduce placements that currently remain empty. This will include reviewing externally commissioned capacity.	DAS	115	115		230
Advocacy Joint Commissioning - Work with neighbouring Councils to aim for a joint service and/or contract which delivers efficiencies for all partners	DAS	50	50		100
Transport Provision - Ensure service users are appropriately using their higher rate mobility allowance to cover the cost of transport needs relating to Adult Social Care. Additional transport funding should only be considered if needs are over and above funding available via higher rate mobility allowance.	DAS	180	180		360
External Provider Training - Full Cost Recovery - Ensuring external Adult Social Care providers fully fund their own training provided by Worcestershire County Council as historically this has been subsidised by Adult Services.	DAS	90	90		180
Housing Support (Mental Health) - Implementation of previously agreed changes to housing related support, in line with Cabinet Decision in 2015.	DAS	288	288		576
Operational Budget Review - Efficiency savings through staffing, non-pay reviews and debt structuring.	FIN	125	125	125	375
Treasury Management - Further iterations on the Treasury Management Strategy will be considered – the incorporation of property funds and other investment vehicles	FIN	50	25		75
Contract Reviews - There are a number of contracts where strictly the statutory duties sit with housing, police, and NHS, and the County Council has a duty to cooperate. We would be looking to have strategic discussions with relevant partners and authorities with a view to developing proposals for redesign and potential joint commissioning by October 2018.	PH		150	417	567
Housing Extra Care - The current service consists of lower level health and well-being support, but this is not a strongly evidence based service. Savings should be made by practice change and developing effective partnerships with VCS and local communities, with limited risk to residents. Working with extra care settings, to support the development of health promoting environments could be more productive and at a reduced cost to WCC	PH		120		120

Transformation Reforms - New Proposed Reforms / Existing Reforms and Accounting Adjustments/Alternative Sources of Funding	DIR	18/19 £'000s	19/20 £'000s	20/21 £'000s	Total 2018/19 to 20/21 £'000s
Supporting Independence at Home (Aids and Adaptations) - The Health and Wellbeing Board have established a workstream to identify improvements in systems operating between Housing, Health and Adult Social Care and to review services that assist people live independently at home and reduce pressures on hospital services and social care. This will include considering opportunities to improve joint commissioning of relevant services between the key agencies and where service contracts could be more joined up. In that context this would include a review of the Home Improvement Agency contract, which is jointly commissioned by the six District Councils and WCC and delivers a range of services to maintain people's independence at home, including the provision of Disabled Facilities Grants. The current contract will operate until March 2019.	PH		230		230
Lifestyle Services - We shall review the provision and design of available lifestyles services to complement and support and improve the Health Check programme and the National Diabetes Prevention programme. It is anticipated this will release £100k in 19/20 through greater integration of provision and targeting of services.	PH		100		100
Review of Mandated Areas - All our mandated services have been reshaped to include a renewed focus on prevention. It is anticipated that by 19/20 this may result in reduction in activity releasing £150K (1%) and enabling further service redesign to recommission at that level.	PH		150		150
SUB-TOTAL		6,443	2,879	1,132	10,454
Total - New proposed Reforms		19,068	6,954	1,132	27,154

Existing Reforms

Innovation through Systems and Technology	DAS	950			950
Learning Disability Review of Care: workstream to review all Learning Disability Services, exploring options for re-design and re-commissioning to ensure best use of resources coupled with best outcomes for people using services.	DAS	1,930			1,930
Market Transformation: workstream to look at Commissioning activity, reviewing and maximising the best use of contracts and care packages.	DAS	2,500			2,500
Outcomes based Commissioning	DAS	2,865			2,865
Other Adult Services savings	DAS		245	319	564
Public Health: Use of Public Health Ring Fenced Grant	PH	500			500
Commercial and Performance: Develop a corporate approach to commissioning that delivers best outcomes for the Council and service areas including negotiation of best deals with current and new suppliers	PH/ COaCH	40	40	52	132
Better Use of Property: Potential acquisition of sites and associated Property Savings	COaCH	150	50		200
Commercial and Performance services: Review and rationalise the Council's service model	COaCH	0	750	750	1,500
COaCH Operating Model	COaCH		150		150
Self-Sufficient Council: Income Generation	FIN	300			300
Self-Sufficient Council: This programme will increase the Council's ability to be self-sufficient, moving further away from reliance on Central Government funding. This will include a range of outcomes: Optimising Council Tax and Business Rate Income, Optimising Sales, Fees and Charges, Introducing a Revolving Door Capital Investment Fund and Maximising Value from Investment of the Council's Asset Base	FIN	750	400		1,150
Total - Existing Reforms		9,985	1,635	1,121	12,741

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Capital Programme 2017/18 to 2020/21 Onwards

TOTAL EXPENDITURE	LATEST FORECAST 2017/18	LATEST FORECAST 2018/19	LATEST FORECAST 2019/20	LATEST FORECAST 2020/21 and Beyond	TOTAL FORECAST
	£000	£000	£000	£000	£000
CHILDREN, FAMILIES & COMMUNITIES DIRECTORATE	27,476	18,916	9,753	3,000	59,145
ECONOMY & INFRASTRUCTURE DIRECTORATE	85,390	46,679	26,765	82,701	241,534
ADULT SERVICES DIRECTORATE	4,497	2,511	1,080		8,088
COMMERCIAL & CHANGE/ FINANCE DIRECTORATE	6,076	5,100	3,920		15,096
GRAND TOTAL	123,439	73,206	41,518	85,701	323,863

TOTAL FUNDING					
TEMPORARY AND LONG TERM BORROWING	36,551	31,206	9,621	1,502	78,880
CAPITAL RECEIPTS	4,573	588			5,161
GOVERNMENT GRANTS	62,883	39,929	31,897	75,781	210,489
CAPITAL RESERVE	2,248				2,248
THIRD PARTY CONTRIBUTIONS	11,276	183		8,418	19,877
REVENUE BUDGETS	5,908	1,300			7,208
GRAND TOTAL	123,439	73,206	41,518	85,701	323,863

CHILDREN, FAMILIES & COMMUNITIES DIRECTORATE

	LATEST FORECAST 2017/18	LATEST FORECAST 2018/19	LATEST FORECAST 2019/20	LATEST FORECAST 2020/21 and Beyond	TOTAL FORECAST
	£000	£000	£000	£000	£000
Major Schemes:					
- Somers Park Primary School Expansion	3,027	60			3,087
- The Chantry High School Expansion	2,250				2,250
- Nunnery Wood High School Expansion	2,450				2,450
- Christopher Whitehead High School Expansion	985				985
- Tudor Grange School Expansion	2,230				2,230
- Rushwick Primary School Expansion	915				915
- Redhill Primary School Expansion	1,457	1,164			2,621
- Bengeworth 1st	195				195
- Social Care Projects	830	500			1,330
- Social Care Projects 17/18	1,200	2,400	500		4,100
- Redditch S.77 Projects	682	50			732
- Evesham St Andrews	165				165
- Leigh and Bransford	146				146
- Holyoaks Field 1st School	237	2,500	3,179		5,916
- Worcester Library and History Centre (Non - PFI capital costs)	280	119			399
- Redditch Library	698				698
- Kidderminster Library	372				372
- Major Schemes - Residual	338				338
Composite Sums:					
- Capital Maintenance	2,791	4,801	307		7,899
- Basic Need	1,488	6,285	5,667	3,000	16,440
- School Managed Schemes (Inc. Universal Infant School meals and Devolved Formula Capital)	3,363	937			4,300
- EFA Extension of Provision (Early Years)	861				861
- Libraries Minor Works	140	100	100		340
- Composite Sums - Residual	376				376
	27,476	18,916	9,753	3,000	58,284

ECONOMY & INFRASTRUCTURE DIRECTORATE

	LATEST FORECAST 2017/18	LATEST FORECAST 2018/19	LATEST FORECAST 2019/20	LATEST FORECAST 2020/21 and Beyond	TOTAL FORECAST
	£000	£000	£000	£000	£000
Local Transport Plan:					
- Structural Carriageway/Bridgeworks	18,700	12,076	12,076	12,076	54,928
- Integrated Transport	1,078	2,315	2,405	2,405	8,203
Major Schemes:					
- Worcestershire Intelligent Transport Systems	300				300
- A4440 WSLR Phase 4				62,000	62,000
- Pershore Northern Infrastructure	463	1,457	3,503	6,220	11,643
- Capital Skills Programme		2,000	2,000		4,000
- Southern Link Dualling Phase 3	11,813	5,294			17,107
- Worcester Parkway Regional Interchange	11,882	10,144			22,026
- Driving Home Programme	2,812				2,812
- Kidderminster Rail Station Enhancement	592	3,435			4,027
- Green Deal Communities	435				435
- Eastham Bridge	596				596
- Worcestershire Growth Fund	1,381				1,381
- Herefordshire Training Group	426				426
- Boiler on Prescription	204				204
- Agritech	382				382
- Skills Based Centre	71				71
- Skills Capital Fund - Engineering Facility	600				600
- META Project	313				313
- QinetiQ Land Purchase	1,177				1,177
- Pavement Improvement Programme	2,500	3,500			6,000
- Cutting Congestion Programme	959	4,678	6,001		11,637
- Town Centre Improvement Programme	1,000	1,000			2,000
- Kidderminster Public Realm Works	153				153
- Kidderminster Town Centre Phase 2	485				485
- Droitwich High Street	435				435
- Redditch Town Centre	539				539
- Worcester City Centre	336				336
- Members Highways Schemes	253				253
- Highway Flood Mitigation Measures	4,610				4,610
- Abbey Bridge	1,038				1,038
- Worcester Transport Strategy	1,538				1,538
- Hoobrook Link Road - Pinch Points	634				634
- Worcester Technology Park	369				369
- Cathedral Square	924				924
- Malvern Hills Science Park Scheme	3,180				3,180
- Street Lighting Energy Saving Project	121				121
- Public Rights of Way	175				175
- Local Broadband Plan Phase 1	3,920				3,920
- Local Broadband Plan Phase 2	3,850				3,850
- Local Broadband Plan Re-investment	3,250				3,250
- Completion of Residual Schemes	137				137
Composite Sums:					
- Vehicle Replacement Programme	586	480	480		1,546
- Street Column Replacement Programme	322	100	100		522
- Highways Minor Works	200	200	200		600
- Investment Initiatives to Support Business and /or Green Technology	651				651
	85,390	46,679	26,765	82,701	241,534

ADULT SERVICES DIRECTORATE

	LATEST FORECAST 2017/18	LATEST FORECAST 2018/19	LATEST FORECAST 2019/20	LATEST FORECAST 2020/21 and Beyond	TOTAL FORECAST
	£000	£000	£000	£000	£000
Major Schemes:					
- Capital Investment in Community Capacity/ Specialised Housing	2,506	1,000	980		4,486
- Investment in New Technologies in Care	700	1,300			2,000
- Timberdine Nursing and Rehabilitation Unit	140				140
- Care Act Capital	326	111			437
- Social Care Reform	128				128
- Completion of Residual Schemes	165				165
Composite Sums:					
- A&CS Minor Works	532	100	100		732
	4,497	2,511	1,080		8,088

COMMERCIAL & CHANGE/ FINANCE DIRECTORATE

	LATEST FORECAST 2017/18	LATEST FORECAST 2018/19	LATEST FORECAST 2019/20	LATEST FORECAST 2020/21 and Beyond	TOTAL FORECAST
	£000	£000	£000	£000	£000
Major Schemes:					
- Digital Strategy and Customer Access	2,701	888	678		4,267
- Repair and Maintenance of a Longer Term Benefit (And BUoP)	1,387	1,380	900		3,667
- Energy Efficiency - Spend to Save	1,078				1,078
- Social Care Performance IT Enhancement	300	700			1,000
- County Hall Fire Safety Compliance Project	300	50	50		400
- Capacity for New Starts	200	2,082	2,292		4,574
- Completion of Residual Schemes	110				110
	6,076	5,100	3,920		15,096

Medium Term Financial Plan**Appendix 5**

	2018/19	2019/20	2020/21
	£m	£m	£m
Forecast of Funding Available			
Revenue Support Grant	9.5	0.0	0.0
Business Rates Retention Scheme	61.2	62.6	63.8
Council Tax Income	252.4	263.9	273.7
Collection Fund Surplus / Deficit (-)	1.5	1.5	1.5
Total Funding Available	324.6	328.0	339.0
Forecast Expenditure			
Base Budget	323.6	324.6	328.0
Inflation			
Pension increases	0.2	1.3	0.0
General Inflation	5.3	3.2	3.4
Pay Inflation	3.0	1.9	4.2
Growth			
Adult Social Care	3.0	3.0	3.0
Children's Social Care	9.3	5.0	4.5
Children's Safeguarding	1.2	0.5	0.5
Children's Transport	0.4	0.4	0.4
Capital Financing	1.8	0.9	2.0
DOLS assessments	1.0	0.0	0.0
Risk Review - Transformation and Reforms Progra	6.1	4.7	1.1
New Homes Bonus Grant	-2.6	0.0	0.0
Strategic initiatives	0.0	2.0	2.0
Waste Disposal Costs	0.0	0.4	0.4
Education Services Grant	1.0	0.0	0.0
Other base budget revisions / contingency	1.4	-0.5	3.5
	354.7	347.4	353.0
Less - Transformation Reforms existing	10.0	1.6	1.1
- Transformation Reforms new	19.1	6.9	1.1
- Recurrent reforms to be identified	1.0	10.9	11.8
	324.6	328.0	339.0
Contribution to(-) / from Earmarked Reserves	0.0	0.0	0.0
Gross funding requirement	324.6	328.0	339.0
General Reserve			
Opening balance on General Reserve	12.0	12.0	12.0
Planned addition (+) or used (-)	0.0	0.0	0.0
Closing balance on General Reserve	12.0	12.0	12.0

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CABINET
14 DECEMBER 2017**FUTURE PROVISION OF OVERNIGHT UNIT-BASED SHORT
BREAKS FOR CHILDREN WITH DISABILITIES**

Relevant Cabinet Member

Mr A C Roberts

Relevant Officer

Director of Children, Families and Communities

Local Members

Mr N Desmond

Mr S Mackay

Mr L Mallett

Ms T Onslow

Mr P Tuthill

Recommendation

- 1. The Cabinet Member with Responsibility for Children and Families recommends that Cabinet:**
 - (a) notes the information relating to short breaks provision for children with disabilities contained in this report;**
 - (b) approves the consultation with families, professionals and wider stakeholders on the proposal to redesign the delivery of overnight unit-based provision as outlined in paragraph 19 below; and**
 - (c) delegates the final decision on the future provision of unit-based overnight provision to the Cabinet Member with Responsibility for Children and Families, to be implemented by the Director of Children, Families and Communities.**

Background

2. The purpose of this report is to seek agreement to the launch of a consultation with families, professionals and other stakeholders, on the future delivery of overnight unit-based short breaks in Worcestershire and in particular the future use of the unit in Ludlow Road, Kidderminster for overnight short break provision.
3. Schedule 2 to the Children Act 1989 and the Breaks for Carers of Disabled Children Regulations 2011 require local authorities to provide services which are designed to give respite breaks for carers of children with disabilities in order to assist carers to continue

to provide care or to do so more effectively. In Worcestershire a range of short breaks are available ranging from community-based provision (including holiday and term-time play-schemes) to specialist services including residential and family-based overnight and weekend care. In addition, according to need, families may be eligible for direct payments which enable them to access the support needed to enable them to access a short break in ways that suit the family and young person's needs and preferences.

4. Worcestershire is ambitious for all children and young people and has set out a challenging agenda through its Children and Young People's Plan (CYPP) 2017-2021: Putting children at the heart of everything we do. Taking the lead from the CYPP, the vision within the draft Worcestershire Strategy for Children and Young People with Special Educational Needs and Disabilities is "In Worcestershire we want all children and young people with special educational needs and/or disabilities to be truly seen and respected as individuals and to be the best they can be".

5. Improving outcomes for vulnerable children and young people, which includes those with a special education need and/or a disability (SEND), is a key priority within the CYPP. As part of a wider review of services for children with disabilities a review and re-commissioning of short break provision is underway to ensure that short breaks:

- Provide parents and carers with a break from their caring responsibilities
- Help to support a child or young person's social and emotional development
- Helps to support a child or young person learn new skills
- Provide a child or young person with new experiences.

6. Specialist short breaks are accessed via a social work assessment of need and where possible are provided in a family setting and/or in the community. For a number of children with complex disabilities the assessed need is for overnight respite care which can be provided in the family home, in the home of a host family or in one of four Council funded/commissioned overnight short breaks units. Two of these units (at Providence Road and Moule Close) are delivered by the Council and are registered with Ofsted, and two (at Osborne Court and Ludlow Road) are delivered by Worcestershire Health and Care NHS Trust (WHCT) and are currently registered with the Care Quality Commission (CQC).

7. As part of an ongoing review of all short breaks provision, a Position Statement has been produced (see the attached Appendix) to describe and assess the quantity and use of unit-based overnight provision. The Position Statement has raised a number of questions relating to the commissioning of this provision including value for money and differences in regulation of the four units. In line with published Ofsted guidance it is expected that each of the four overnight units fall under the regulations for Children's Homes. This is currently undergoing further investigation by Ofsted who are in contact with the WHCT and should registration be required there will be a cost associated with the registration and potentially additional costs incurred in meeting Ofsted requirements in relation to these units.

8. As part of the wider review of services for children with disabilities, Council officers have talked to families who stated that they want more choice and control, better information and training (both for themselves and for professionals) and earlier intervention to prevent problems escalating and needing more intrusive interventions. In relation to ALL short break provision parents have said they want:

- **Available Services** – services that can accommodate the growing demand and meet individual needs. High value is placed on the short breaks currently being received but more sessions are needed
- **Accessible Services** – geographically accessible with limited travel times and easy referral processes with broad criteria that are open to all
- **Continuous Services** – enabling a smooth transition to adulthood
- **Flexible Services** – services that respond to need rather than being allocated when it is convenient
- **Information & Guidance** – Easy access signposting about what is available
- **Worthwhile Respite for Child** – where child can develop social skills and independence
- **Worthwhile Respite for Parent** – where parents can have a 'real break' e.g. without the stress of travel, caring for other children etc.

Funding

9. In 2015 a number of proposals were put forward by the then Director of Public Health in response to in-year Public Health Ring Fenced Grant (PHRFG) reductions. Decisions were made, following a period of consultation on the proposals, which confirmed the continued use of PHRFG funding up to March 2018 for Child Development Centres (CDC) and the Orchard Service (Community Children's Nursing Team).

10. The discussions held at the time between the three CCGs and the Council highlighted discrepancies in the use of the PHRFG and CCG funding in relation to Council/NHS statutory duties. Therefore, the Section 75 arrangement was amended to switch funding sources between the Orchard Service and Ludlow Road (overnight short break) for the financial years 2016/17 and 2017/18. This meant that the Orchard Service would be funded by CCGs and all but £78,000 of Ludlow Road was funded by the Council through the PHRFG. This better reflects the statutory duties for each organisation. This was referenced, as part of the Resources Report, at Cabinet in May 2016 and a review of provision for Children with Disabilities commenced.

Current funding of unit-based overnight provision is summarised below.

Funding 2017/18	£	
Moule Close, Kidderminster SBU	405,583	WCC funded
Providence Rd, Bromsgrove SBU	426,396	WCC funded
Ludlow Road, Kidderminster SBU	618,181	540,285 PHRFG funding and 77,896 CCG funded
Osborne Court, Malvern – Main Short Breaks Unit	556,000	WCC funded includes £140k funding for the spot purchase of additional nights and or additional support needs
Acorns Grant	213,839	CCG funded

11. In line with the plans agreed in 2015, the PHRFG funding for Ludlow Road will be removed from March 2018 and further consultation and a decision is now required on the service re-design needed to address this reduction in funding for overnight unit-based short breaks and to ensure that the needs of families accessing unit-based overnight provision continue to be met.

Future Proposals

12. As noted above a full review of short breaks provision (including community and specialist short break provision) is underway and the re-commissioning of 1:1 support and community/school-based activities is in progress using a flexible procurement process to increase the range of provision available in order to meet demand. Current provision of 1:1 support is not meeting demand or providing good outcomes for children as the current provider has not been able to recruit support workers for the current contract – the re-commissioning of 1:1 support is therefore being given priority as availability of this type of support can prevent escalation of need and deliver effective short break provision.

13. The availability of short break provision at Acorns' hospice in Worcester has been taken into account in the review of unit-based provision. This provision is CCG grant funded as part of palliative health care provision and accessed by families (following referral) as part of the overall hospice offer to children with life limiting or life threatening conditions. Where there is an assessed need, additional nights can also be funded by the Council to meet the needs of children requiring a high level of care, and their carers.

14. Whilst the funding decisions described above were in reference to the unit in Ludlow Road, the development of the Position Statement has supported a review of all unit-based provision and the development of the proposal to consult on the proposed changes as outlined in paragraph 19 below.

15. The review of unit-based overnight provision to date has taken account of:

- current capacity (based on the number of beds and nights that units are open)
- current allocation of provision to families
- the suitability of accommodation and facilities available
- the potential to deliver additional capacity at each unit and/or to spot purchase provision at (for example) Acorns hospice
- the average cost of an overnight stay at each provision
- geographical spread of provision and families
- the potential to meet needs through 1:1 support and/or overnight family based provision.

16. Relevant data can be found in the Position Statement (in the attached Appendix) including summary tables detailing average costs per night for each provision, unit occupancy, potential unit occupancy and agreed provision. Across all provision the average number of nights accessed by children and young people is 3 nights per month and ranges from a minimum of 2 nights per month up to a maximum of 7 nights a month (based on an assessment of need).

17. Using the information captured within the review, including feedback from parents, the options considered for funding/commissioning overnight short break provision include:

- Continued funding of all units at current levels (do nothing)
- Ceasing funding of one or more units and providing overnight short breaks to service users of that unit in a different way
- Maximising the capacity available at Providence Road, Osborne Court and Moule Close units in order to meet the needs of families currently accessing the Ludlow Road unit.

18. The review concluded with a set of future service design proposals (outlined in paragraph 19) that now need to be consulted on. These proposals aim to ensure that where unit-based overnight provision is assessed as the appropriate provision, this continues to be available to families who are currently accessing the service and those who may be offered the service in the future, at an appropriate unit. However, the needs of children with disabilities and their carers can change therefore it is also recognised that a review of need should be regularly undertaken to ensure that the needs of carers and children with disabilities continue to be met in the most appropriate way.

19. The future service re-design proposals are:

- Review of the needs of all families currently accessing overnight unit-based (and in some cases other residential provision including residential school provision and/or hospice provision) to ensure that the needs of carers and children with disabilities are being met in the most appropriate way
- Cease the delivery of overnight provision at Ludlow Road, Kidderminster at the end of the summer term 2018 and provide suitable and alternative provision for existing users – this proposal is based on the consideration of the availability of other provision in the north of the county, the need to reduce the number of beds available to four, the potential costs of meeting Ofsted registration requirements and the potential to have more flexible and cost effective provision at Providence Road, which is also located in the north of the county
- Increase the capacity at Providence Road, Bromsgrove by the flexible use of one or two additional bedrooms (subject to the necessary changes to the Ofsted registration) as required
- Review the use of Osborne Court unit in Malvern to ensure that the current capacity (including the use of the two bed emergency and assessment bungalow) is used effectively.

Recommendations and Next Steps

20. Based on the above background and vision for the service, Cabinet is asked to authorise a consultation (with families, professionals and wider stakeholders) on the proposal to redesign the delivery of overnight unit-based provision.

21. The consultation will be launched in early January 2018 and will be open for a minimum of six weeks. Detail on the proposals will be made available on the Council's website and will be circulated to a range of professionals, stakeholders and families.

22. Families currently accessing provision at Ludlow Road will be consulted by holding face to face conversations with each family on an individual basis and, where

appropriate, alternative units will be opened to allow visits by families to take place. An on-line survey will be made available for all those wishing to respond to the consultation. Responses submitted by letter/email and in person will also be accepted.

23. It is recommended that the final decision on the future provision of unit-based overnight provision is delegated to the Cabinet Member with Responsibility for Children and Families, to be implemented by the Director of Children, Families and Communities.

Legal, Financial and HR Implications

24. The statutory duty to provide short break provision is outlined in paragraph 3 above.

25. There are no immediate HR implications for the Council arising from this report. Additional costs and staffing for the proposals for the Council run unit at Providence Road are being finalised and the Council is in contact with WHCT regarding the potential implications for staff at the Ludlow Road unit.

26. The total savings required, as outlined in the report, are £540k per annum. The overall financial impact of these combined proposals will be finalised as part of the consultation, as the impact of meeting the needs of families currently accessing services at Ludlow Road are clarified and the cost of increasing capacity at Providence Road is clarified (subject to Ofsted requirements).

Privacy and Public Health Impact Assessments

27. These proposals have no direct impact on information risk or privacy impact at this stage.

28. A Public Health Impact Assessment of these proposals is required and will be carried out during the consultation period to inform the final proposals.

Equality and Diversity Implications

29. An Equality Impact Screening has indicated that a full Equality Impact Assessment of these proposals is required. This will be completed during the consultation period to inform the final proposals.

Supporting Information

- Appendix – Position Statement for Current Overnight Short Break Provision

Contact Points

County Council Contact Points

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Specific Contact Points for this report

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Background Papers

In the opinion of the proper officer (in this case the Director of Children, Families and Communities) 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 16 July 2015 and 19 May 2016

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Position Statement

For

**Current Overnight Short Break
Provision**

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Please Note: All information and data in this document is correct as of **September 2017**

Short Breaks Offer

In response to the short breaks duty, Worcestershire County Council, currently commission (in partnership with the three CCGs) a range of short breaks services. The short break may take place in a community activity setting, a child/young person's home or other residential setting. They can be at any time ranging from an hour to a day, evening, overnight, weekend or holiday, depending on the needs of the family involved.

In meeting our duties under the Equalities Act 2010 and related legislation we want to ensure that through our offer of Short Breaks a child or young person with a disability can get the support they need to be included in activities that they choose. This can also provide a break from caring responsibilities for parents, carers and siblings, enabling them to access opportunities for themselves that enhance the quality of life of their family and allowing them to access education and training.

In Worcestershire, overnight unit based short breaks are situated within specialist short break services. Specialist short breaks services prioritise support for those families with children and young people who require the highest levels of support and where caring responsibilities place significant stress on the whole family. They are available to eligible children and young people via a social work assessment of need, by the Children with Disabilities (CWD) team (0 to 16 years) and the Young Adults Team (16 to 18 years). The social work assessment is accessed via the Family Front Door.

Osborne Court

Osborne Court is regulated by CQC and therefore quality assurance will have been included in Worcestershire Health and Care NHS Trusts last inspection, which was rated good.

Statement of Purpose

Osborne Court is a health unit for both adults and children and young people with wide ranging health needs. These could include but are not exclusive to, challenging behaviours (including those on the Autistic Spectrum), profound and multiple learning and physical disabilities and moderate learning and physical disabilities.

The children's unit takes children, at the earliest, from 2 years old up to 18 years old, where there is a strict cut off on the young person's 18th birthday. The unit is located in Malvern and the service is offered predominantly to those in South Worcestershire but can provide services to individuals from other parts of Worcestershire if their needs cannot be met elsewhere.

Unit Capacity

Osborne Court comprises of 5 bungalows;

- one adult bungalow which houses 4 beds,
- one children's bungalow which houses 6 beds but only 5 of these are used for 'routine' short break beds
- one children's emergency and assessment bungalow which houses 2 beds. This bungalow is used for emergencies but can be used as a routine bed for those children and young people displaying potentially risky and harmful behaviours,
- two bungalows currently stand unoccupied and require renovation.

There are no longer any long stay bed bungalows onsite at Osborne Court.

The unit is open 7 days a week, 365 days of the year. It has planned closures during the Christmas period (Christmas Eve, Christmas Day and Boxing Day); however, the unit can remain open and still be used at these times if emergencies occur.

Unit Occupancy

2016-17	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Occupancy		143	134	138	156	140	149	135	151	166	137	143
Capacity		145	150	155	155	145	155	150	135	155	140	150
Occupancy %		99	89	89	100	97	96	90	111	107	98	95

There are currently 48 children and young people open to and accessing services at Osborne Court. Over the next 2 years, around 10 young people will leave the service as they reach 18 years old.

Ludlow Road

Ludlow Road is regulated by CQC and therefore quality assurance will have been included in Worcestershire Health and Care NHS Trusts last inspection, which was rated good.

Statement of Purpose

Ludlow Road is a short breaks unit located in Kidderminster. It is a bungalow that has been adapted to meet the needs of children with a physical disability including ramps and lifting equipment such as overhead tracking hoists. Ludlow Road does not take children and young people who present challenging behaviours due to the risks to others.

During the daytime, Ludlow Road has 3 staff member on duty; 1 of these will always be a registered nurse and the other 2 are healthcare assistants. During the evening, there will be 2 waking night staff members on duty; 1 will always be a registered nurse and the other a healthcare assistant.

This Service is available for Children and Young People, ages 3-18 years, however, the unit can take children younger than 3 but this is dependent on the needs of the child and their family. The unit mainly services Redditch, Bromsgrove and the Wyre Forest but does take children and young people from across the county.

Unit Capacity

The unit has 6 beds, comprising of 2 single rooms and 2 twin rooms. It is open 5 days a week.

Unit Occupancy

The unit is commissioned to take 6 children and young people per night however the occupancy figures may not always reflect this due to two of the rooms being twin rooms meaning it may not always be suitable for two young people to share.

2016-17	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Occupancy	105	102	88	104	103	108	117	109	91	99	102	113
Capacity	132	132	114	138	126	126	132	138	102	132	120	144
Occupancy %	80	77	77	75	82	86	89	79	89	75	85	78

There are currently 23 children and young people open to and accessing services at Ludlow Road. Over the next two years, 5 of those young people will leave the service as they reach 18 years old.

Moule Close

Kidderminster short break unit is registered with OFSTED as a Children's Home. The last full inspection on 02/08/2016 rated the unit outstanding. At its interim inspection on 01/03/2017, the unit had improved effectiveness.

Statement of Purpose

Moule Close is a short break unit located in Kidderminster. The unit accommodates children and young people of both genders, between the ages of 5 years to 18 years. They are able to provide overnight breaks for up to 4 young people whose primary needs fall into the following categories: -

- Children with a learning disability;
- Children with autism;
- Children who may display challenging behaviour.

Due to not having hoists and lifting and handling training the unit are only able to offer services to young people with mild/moderate physical disabilities. The unit does not have the resources to meet the needs of young people with terminal illness/physical disabilities.

Unit Capacity

There are 4 beds at this unit. It is open 7 days a week and only closes on all bank holidays, including Christmas.

Unit Occupancy

2016-17	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Occupancy	90	95	88	95	92	94	93	85	78	83	86	
Capacity	104	112	104	108	104	108	104	104	93	100	96	
Occupancy %	87	85	85	88	88	87	89	82	84	83	90	

There are currently 31 children and young people open to and accessing services at Kidderminster Short Breaks Unit. 2 children and young people are in introductions to the unit. Over the next 2 years, around 3 young people will leave the service as they reach 18 years old.

Providence Road

Bromsgrove short break unit is registered with OFSTED as a Children's home. The last full inspection on 09/08/2016 rated the unit outstanding. At its interim inspection on 28/02/2017, the unit had sustained effectiveness.

Statement of Purpose

The short breaks unit is situated in Providence Road, Bromsgrove and falls under the umbrella of the Local Authority. The Unit responds to referrals relating to children and young people with physical disabilities and/or learning disabilities within the age range of five to seventeen (on admission) with a strict cut off on the 18th birthday.

The unit provides services for children and young people whose primary requirements fall into the following categories:

- Children with permanent and substantial physical and/or learning disabilities.
Where in addition priority is given on the basis of:
 - A child in a family situation experiencing difficulties or a placement in danger of becoming unsustainable.
 - Child and family have no or limited appropriate support networks.

The unit does not accept referrals from young people whose primary requirements they are unable to meet:

- Do not have the resources to meet the needs of young people who have severe challenging behaviour.
- Do not accept emergency Looked After accommodated children for longer-term placements.
- Children with specific medical health care needs, which require more expert nursing care as we do not employ nursing staff.

Unit Capacity

The unit has 4 regular OFSTED beds, plus 1 additional bed (comprising of 2 bedrooms) within the setting that has not yet been regulated by OFSTED.

The unit is open 51 weeks of the year and is closed for one week over the Christmas period.

Unit Occupancy

2016-17	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Occupancy	91	90	89	79	89	91	96	93	81	86	96	97
Capacity	116	120	116	116	124	120	124	120	104	116	112	124
Occupancy %	78	75	77	68	72	76	77	78	78	74	86	78

There are currently 30 children and young people open to and accessing services at Bromsgrove Short Breaks Unit. 3 of these children and young people are in introductions to the unit. Over the next 2 years, around 4 young people will leave the service as they reach 18 years old.

Acorns

Acorns in the Three Counties have a CQC overall rating of Good.

Statement of Purpose

The three counties hospice has 10 bedrooms, 2 family care suites and 2 family flats. The hospice provides care and support at end of life. They are able to care for children with complex medical needs including those on long-term ventilation and tube fed. To meet the criteria babies, children and young people need to be diagnosed with a life limiting or life threatening condition and have not yet reached their 18th birthday.

In Worcestershire, Acorns is part funded by the three Clinical Commissioning Groups; there is no Worcestershire County Council contribution. There is currently a Worcestershire County Council contract arrangement in place until March 2018 covering this funding however, from 1st April 2018, this will be converted to a grant funding arrangement using the standard NHS framework. The CCG funding contributes to all elements of the care provided at Acorns, including but not exclusive to; end of life care, palliative overnight short breaks, outreach work, psychosocial support, sibling and family support work. Therefore, the funding cannot be directly attributed to short breaks, nor compared as a unit cost with the other short break providers.

Number of Worcestershire CCG's children and young people referred to Acorns between 2016/17 are as follows (note this reflects referrals per quarter, not total number of children accessing the service);

	Apr – Jun 2016	Jul – Sept 2016	Oct – Dec 2016	Jan – Mar 2017
Accepted	8	5	2	6
Declined	0	1	1	1

Acorns currently offer 16 nights per year of short breaks respite care to children with life limiting or life threatening conditions as part of their holistic care to children and families.

Summary Tables

Cost per bed night

The table below shows the average cost per bed night for 2016/17. The cost per bed night has been derived from the total costs and the current capacity of the units. However, they are commissioned and funded on a block contract basis regardless of occupancy rates.

Unit	Cost per bed night
Osborne Court	£229.20
Ludlow Road (based on 4 beds)	£594.40
Ludlow Road (based on 6 beds)	£396.00
Moule Close	£294.18
Providence Road	£290.19
Acorns	£850.00/£350.00*
Family Based (standard)	£265.00
Family Based (complex)	£295.00

*Please note: Acorns have a cost per bed night of £350 if it is part of a pre-planned add on to an existing package.

Unit Occupancy

The table below shows unit occupancy as a percentage for 2016/17. The target rate is 95% for Moule Close and Providence Road units

2016-17	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
% Moule Close	87	85	85	88	88	87	89	82	84	83	90	
% Providence Road	78	75	77	68	72	76	77	78	78	74	86	78
% Ludlow Road	80	77	77	75	82	86	89	79	89	75	85	78
% Osborne Court		99	89	89	100	97	96	90	111	107	98	95
Total %	81	84	82	80	86	87	88	84	93	90	92	88

The table below shows that data for the above percentages;

Unit - 2016/17		Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Moule Close	Occupancy	90	95	88	95	92	94	93	85	78	83	86	
	Capacity	104	112	104	108	104	108	104	104	93	100	96	
Providence Road	Occupancy	91	90	89	79	89	91	96	93	81	86	96	97
	Capacity	116	120	116	116	124	120	124	120	104	116	112	124
Ludlow Road	Occupancy	105	102	88	104	103	108	117	109	91	99	102	113
	Capacity	132	132	114	138	126	126	132	138	102	132	120	144
Osborne Court	Occupancy		143	134	138	156	140	149	135	151	166	137	143
	Capacity		145	150	155	155	145	155	150	135	155	140	150
Total	Occupancy	286	430	399	416	440	325	338	313	310	335	319	240
	Capacity	352	509	484	517	509	373	383	374	332	371	348	274
	%	81	84	82	80	86	87	88	84	93	90	92	88

Potential Unit Capacity

The table below shows the current capacity verses the possible capacity for all 4 of the units but also includes the emergency provision at Osborne Court.

Unit	Current operating nights per week	Current number of nights open per year	Current number of beds per night	Current Capacity (total bed nights per year)	Possible number of beds per night	Possible Capacity (total bed nights per year)	Possible additional bed nights	
							Per year	Per month
Osborne Court	7	363	5	1815	6	2178	363	30
Osborne Court - Emergency	7	363	2	726	n/a	n/a	n/a	n/a
Ludlow Road	5	260	6	1560	4	1040	-520	n/a
Moule Close	7	359	4	1436	4	1436	0	0
Providence Road	7	358	4	1432	6	2148	716	59

*Please note: Capacity = No. of beds (x) no. of nights open per year

Agreed Provision

The table below shows the total amount of agreed overnight provision by month and by year for each unit compared with the current total capacity per year for each unit.

Unit	Total Agreed nights per month	Total Agreed nights per year	Capacity (per year)
Ludlow Road	99	1188	1040
Providence Road	79	948	1432
Moule Close	88	1056	1436
Osborne Court	215	2580	1815
Total	481	5900	5723

*Please note: Ludlow Road is based on 4 bed capacity as this is the preferred occupancy level

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CABINET
14 DECEMBER 2017**FAIR FUNDING CONSULTATION OUTCOMES FOR 2018-19
AND 2019-20 – NATIONAL AND LOCAL CHANGES TO THE
FUNDING ARRANGEMENTS FOR SCHOOLS**

Relevant Cabinet Member
Mr M J Hart

Relevant Officer
Director of Children, Families and Communities

Recommendation

- 1. The Cabinet Member with Responsibility for Education and Skills recommends that Cabinet:**
 - (a) has regard to the consultation undertaken between 17 October and 24 November 2017;**
 - (b) notes the consultation feedback in Appendices 2, 3, 4 and 5;**
 - (c) notes the involvement of the Worcestershire Schools Forum members and schools during the consultation;**
 - (d) notes the views of the Worcestershire Schools Forum on the Local Schools Funding Formula issues for 2018-19 and 2019-20 and other matters which are outlined in Appendix 6;**
 - (e) approves the Local Schools Funding Formula for Worcestershire mainstream schools from April 2018 to apply for 2018-19 and 2019-20 to be consultation Option 2 based as far as is practicable and affordable upon the National Funding Formula parameters and approves other matters as detailed in paragraphs 32 to 42 having regard to the consultation feedback from schools detailed in Appendix 3, 4 and 5 and views of the Worcestershire Schools Forum in Appendix 6; and**
 - (f) authorises the Director of Children, Families and Communities, in consultation with the Cabinet Member with Responsibility for Education and Skills, to make the required submission to the national executive body, the Education and Skills Funding Agency by 19 January 2018 for the approved Local Schools Funding Formula for 2018-19 taking account of any impact and change on the approved units of resource, Minimum Funding Guarantee and capping arrangements in paragraph 34 as a consequence of the October 2017 census and other 2017 data changes and the final 2018-19 Dedicated School Grant and similarly for 2019-20 when the timescales are known.**

Background

2. The Council receives funding for schools through the Dedicated School Grant (DSG). This is a ring-fenced grant and has historically been allocated by the Department for Education (DfE) in notional 3 blocks – Schools, High Needs and Early Years.

3. The majority of the Schools Block DSG is delegated to mainstream schools – Local Authority (LA) maintained and Education and Skills Funding Agency (ESFA) academies – through Worcestershire's Local Schools Funding Formula (LSFF). The amount remaining not delegated is centrally retained to provide designated services e.g. co-ordinated admissions scheme.

4. The Government made significant changes to the funding formula factors for schools from April 2013. The changes have had an impact both for the schools and central LA services. Cabinet at its meetings on 18 October 2012, 7 November 2013, 16 October 2014, 15 October 2015 and 17 November 2016 resolved to introduce a Local Schools Funding Formula for mainstream schools for 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 respectively.

5. The Council is required to consult the Worcestershire Schools Forum (WSF) on any changes to the LSFF in order to comply with the national requirements for school and LA funding with the need to inform Governing Bodies of the consultation. However, the Council has always chosen to expand this requirement to consult with all schools, governing bodies and other interested parties in order to inform Cabinet's ultimate decision in recognition that changes could potentially impact upon the quality of education provision in schools.

6. The important difference for the 2 year period 2018-19 to 2019-20 is that the Government has issued a significant change in policy direction by the introduction of a National Funding Formula (NFF) arrangement for both the Schools and High Needs DSG blocks and the introduction of a new Central School Services Block (CSSB). For schools this extends to a proposed NFF for individual schools. Within the two year period LAs are still able to set a local LSFF or consider moving to the NFF parameters. It is important to note whichever option is chosen by LAs this will have to be contained within the overall Schools Block DSG allocated by the DfE. For the High Needs DSG Block the NFF is for the overall quantum only. Early Years DSG funding has already been subject to a new NFF arrangement from 2017-18.

7. The constraint placed on LAs by the DfE on the number of permitted factors for the LSFF continues to severely impact upon the scope to reflect specific local circumstances. The continued use of nationally prescribed data sets for the LSFF also continues to impact. These national changes will continue to create budget uncertainty for individual schools, phases and districts.

DfE Decisions School Funding 2018-19 and 2019-20

8. On 17 July 2017, the Education Secretary made an initial announcement on School Funding for 2018-19 and 2019-20. This was followed up on 14 September 2017 when the Education Secretary made a further announcement. Also, as part of this both the DfE and ESFA published a number of operational guidance and technical documents to support the national policy changes. These confirmed the national policy direction for the Schools and High Needs Blocks DSG and other funding matters for the period.

9. A summary of the policy decisions are detailed in **Appendix 1**. Schools have been provided with a summary of the key headline issues confirming the issues made in the July 2017 and September 2017 Ministerial statements. The main issues are as follows:

- The Government announced their decisions on their Stage 2 education funding consultation
- Confirmation of baseline levels of funding for each Dedicated Schools Grant (DSG) Block (Schools, High Needs and Central Services, no changes to Early Years). Details are provided in **Table 1**.

Table 1: DfE NFF Illustrations

Detail	2017-18 Baseline £'m	2018-19 Provisional £'m	Variance to 2017-18 £'m	2019-20 Illustrative £'m	Variance to 2017-18 £'m
Schools Block	304.569	311.840	+7.271	315.772	+11.203
Centrally Services Schools Block (CSSB)	3.796	3.742	-0.054	3.742	-0.054
High Needs Block	47.353	48.716	+1.363	50.018	+2.665
TOTAL	355.718	364.298	+8.580	369.532	+13.814
			+2.4%		+3.9%

10. Beyond 2019-20, the DfE have indicated the NFF policy from 2020-21 will be subject to the new Comprehensive Spending Review (CSR) round.

11. The Council's current LSFF for 2017-18 was approved by Cabinet in November 2016 being based upon stability from the 2016-17 local formula approved by Cabinet in October 2015.

12. The Council in conjunction with all its key partners, particularly the F40 Group representing the lowest funded LAs, continues to lobby central Government for a fairer allocation of the total national allocation of funding as part of the NFF consultation process.

Consideration of Issues for 2018-19 and 2019-20

13. In respect of proposed formula development for 2018-19 and 2019-20 there was a balance of considerations between the need for stability given the number and scale of changes since 2012-13, the desire for a LSFF that can appropriately serve all schools in Worcestershire and the impact of the DfE NFF proposals.

14. Stability provides a period of no change for individual schools, apart from the impact of changes in mix and number of pupils per school, other data changes and the continuing impact of the Minimum Funding Guarantee (MFG); whereas the NFF is a national model.

15. LAs are required to consult on their LSFF and proposals for centrally retained services. This has been particularly challenging in the absence of a robust national modelling tool although the DfE did publish NFF schools illustrations. This consultation as advised to schools is on principles.

Consultation for 2018-19 and 2019-20

16. At its meetings on 7 September 2017 and 12 October 2017 the Worcestershire Schools Forum (WSF) discussed in detail the LSFF issues and potential for change. They concluded that although stability may be in the best interest of schools the NFF has the potential to significantly affect that policy. However, at that time it was not possible to make a definitive judgement on principles without the detailed NFF being available, the WSF requested the Council to consider stability vs. the NFF.

17. The DfE have confirmed that in the period 2018-19 and 2019-20 LAs are still able to continue to set their own LSFF and if LAs do so then the NFF requirements such as primary and secondary minimum funding levels and minimum per pupil cash increases do **not** necessarily apply.

18. In considering the NFF and the LSFF key considerations include:

- The potential impact of the DfE NFF in terms of DSG and individual school allocations for LAs and schools and how does this compare to the current LSFF
- Do the Council and its schools want to move from the existing LSFF to the NFF?
- The current policy of LSFF stability apart from annual data changes vs. the impact of the NFF and the potential conflict of this for individual schools
- The LSFF Minimum Funding Guarantee (MFG) between -1.5% per pupil and +0.5% per pupil to be determined locally
- The DfE NFF providing for a 0.5% per pupil cash increase for every school for 2018-19 and minimum per pupil funding levels for the primary and secondary sectors
- The continuing impact of budget and funding pressures for all schools
- The NFF policy from 2020-21 not yet being confirmed and being subject to the next Comprehensive Spending Review (CSR). Effectively this means if LAs opt for the NFF it is still a LSFF but using the current NFF parameters. How the NFF policy might or could change from 2020-21 is unclear at this stage and it might not be in the current form. The DfE have indicated the introduction of a nationally prescribed NFF will require changes to primary legislation
- Although the NFF provides an increase in funding for the High Needs Block this area is under significant pressure in terms of commissioned places and independent provision. To support this, the DfE are allowing LAs to consider transferring up to 0.5% of the Schools Block to High Needs.

19. Given all the above DfE requirements and issues and in line with the previous policy of LSFF stability, the Council and the WSF concluded there were effectively only 2 options of principle to consider:

- Option 1 – Retain the current Council LSFF for 2018-19 and 2019-20, whether a more protective MFG is required to support schools and the redistribution of any additional Schools Block DSG as a consequence of the NFF

- Option 2 – Introduce the NFF as far as is practicable and affordable as the Council LSFF in 2018-19 and 2019-20.

20. With both options the final allocations in 2018-19 and 2019-20 for individual schools will be affected and differ from the existing 2017-18 allocations and the DfE exemplifications due to:

- The MFG baseline having to roll forward with its start point being the 2017-18 and 2018-19 budgets
- Data not yet available from the October 2017 and 2018 census and other 2017 and 2018 updated data sets that have to be used for the 2018-19 and 2019-20 allocations
- Any MFG per pupil and associated capping calculation for 2018-19 and 2019-20 having to be based upon this revised data
- For some academies the ESFA will use a different 2017-18 baseline for the calculation of the MFG and capping
- The final Schools Block DSG for 2018-19 and 2019-20 will be based upon the October 2017 and 2018 pupil numbers and NFF arrangements
- The final Schools Block DSG quantum for 2018-19 and 2019-20 which will not be notified by the DfE until late December 2017 and 2018.

21. A detailed consultation document was circulated on 17 October 2017 to all maintained schools, academies, other providers, members of the Council, staff associations and the Worcestershire Association of Governors. Consultation responses were requested by 24 November 2017.

22. The following table shows the number of formal responses received from the consultation. The WSF has taken account of these responses and the views of the schools they represent when making their recommendations to Cabinet.

Type of school	Total Number of Providers (As at 1 September 2017)	Number of Responses	Percentage of Responses %
Mainstream			
Maintained First/Primary	128	40	31
Academy First/Primary	48	25	52
Maintained Middle	9	3	33
Academy Middle	11	5	45
Maintained Secondary/High	5	3	60
Academy Secondary/High	24	20	83
Free School	1	0	0
Total Mainstream	226	96	42
Other	N/A		N/A

The response rate last year was 8%

23. Consultees were requested to comment on the 2 options for the LSFF and to respond to a further 3 questions that related to specific issues for consideration relating to 2018-19 and 2019-20 on other statutory matters. A summary of the outcomes is at **Appendix 2**.

24. The consultation response main issues from the school returns have been summarised in **Appendices 3 and 4** (references to named individuals and schools are excluded). The outcomes arising from the consultation are detailed in **Appendix 5**. The deliberations of the WSF are in **Appendix 6**.

Recommendations for the Worcestershire Local Schools Funding Formula for Mainstream Schools and Other Statutory Matters for 2018-19 and 2019-20

25. The Council recognises the diverse range of schools in the county and Cabinet has previously discussed the issues in endeavouring to have a local funding formula that is appropriate for all schools. Having considered the outcomes of the consultation received from individual schools, the views of the WSF in **Appendix 6** and Cabinet's strategic view, the option which is recommended to be approved is Option 2 as the LSFF for 2018-19 and 2019-20. Cabinet is aware that this is not the preferred option for all schools but that has also been the case previously. This option is the favoured one from the consultation responses being supported overall in terms of numbers of schools, the majority of school phases and significantly more in terms of numbers of affected pupils, thereby giving the more favourable outcome for the majority of schools and pupils. The option will also support the DfE intention to move to a prescribed NFF in the future. The LSFF will then be based as far as is practicable and affordable on the NFF parameters. In doing this it is recognised that applying all the NFF parameters will depend upon the amount of Schools Block DSG available in 2018-19 and 2019-20, which will impact on how the NFF can be applied in the LSFF. In particular the affordability or otherwise of the NFF in respect of:

- The DfE sector minimum funding levels for the primary and secondary sectors
- The requirements for a minimum per pupil increase of +0.5% in both years
- The need to set a cap for gaining schools in both years as the NFF only provides funding for a 3% per pupil maximum increase on the previous year.

26. In terms of the LSFF the DfE have recently indicated a +0.5% per pupil MFG floor will not require their approval. Similarly implementation of the NFF parameters as the LSFF in Option 2 will require a funding cap given the DSG quantum will not be able to fund the full NFF in 2018-19. As a consequence the DfE have further indicated LAs can apply a cap estimated to be about 3% based on their maximum gains in their illustrations in 2018-19 with a further cap in 2019-20. Unlike now, this can be higher than the cash amount required for the MFG in order for the LSFF to be contained within the Schools Block DSG available.

27. The overall feedback from the consultation questions is detailed in **Appendix 2**. On the consultation questions issues raised are detailed in:

- For the LSFF 2018-19 and 2019-20 – **Appendix 3** summarises the main issues raised and the differing views on the consultation options. In recommending Option 2 it is recognised some schools supported the continuation of the current local formula. However, Option 2 was supported by more schools and numbers of pupils as detailed with many comments supporting the move to a local formula based upon NFF parameters

- For centrally retained services – **Appendix 4** summarises the main issues raised for:
 - continuing with the existing arrangements in 2017-18 into 2018-19 and 2019-20 as permitted by the DfE for maintained schools only for de-delegated services
 - no further central retention (de-delegation) for maintained schools only to cover any statutory duties previously funded through the general duties Education Services Grant
 - continuing with the existing arrangements in 2017-18 into 2018-19 and 2019-20 as permitted by the DfE for all schools for other centrally retained services.

28. The summary of the consultation outcomes is detailed in **Appendix 5**.

The Role of the Worcestershire Schools Forum (WSF)

29. As required, the WSF continues to fulfil its statutory role as the principal consultation body for matters relating to school funding. There is a statutory requirement to consult them on these funding proposals.

30. The WSF has met on 7 September 2017, 12 October 2017 and 29 November 2017. The latter meeting discussed the consultation responses and, whilst non unanimous, on a majority decision endorsed the formal recommendation for the LSFF for 2018-19 and 2019-20 together with approvals for the required statutory decisions on de-delegated and centrally retained services.

31. Details of these discussions and outcomes at the meetings are attached at **Appendix 6**.

Cabinet's Detailed Approvals

32. Approve for 2018-19 and 2019-20 the LSFF as supported by the WSF and the consultation responses to be consultation Option 2, with the **estimated** units of resource detailed below (**as per consultation question 1**).

33. Approve the following as the factors for inclusion in the LSFF for Council mainstream schools – LA maintained and ESFA academies – to be based upon required DfE data sets from the October 2017 and 2018 census and other 2017 and 2018 DfE data sources, including any in year or prior year changes and the final DSG for 2018-19 and 2019-20 when this is confirmed (**as per consultation question 1**).

34. Approve the model to contain from April 2018 and 2019, the following formula factors and **estimated** units of resource using the prescribed DfE data sets from the October 2017 and 2018 census, other DfE 2017 and 2018 data sources including any in year or prior year data changes and estimated data as required for schools changing their age range from September 2018 and September 2019 (**as per consultation question 1**):

Age Weighted Pupil Unit (AWPU):

[The same per pupil amount for the following age groups]

Primary £2,746.99; Key Stage 3 £3,862.65; Key Stage 4 £4,385.81

Deprivation:

Free School Meals (FSM) Annual: Primary £440.00; Secondary £440.00
Free School Meals (FSM) Ever 6: Primary £540.00; Secondary £785.00
Income Deprivation Affecting Children Index (IDACI) [6 bands A to F]:
Primary £575.00; £420.00; £390.00; £360.00; £240.00; £200.00
Secondary £810.00; £600.00; £560.00; £515.00; £390.00; £290.00

Low Cost/High Incidence Special Educational Need (SEN) – Low Prior Attainment:

Primary £1,050.00

[Combination of Early Years Foundation Stage Profile – New Profile % to be determined; Old Profile 78 Points];

Secondary £1,550.00

[Not achieving level 4 Key Stage 2 English or Maths]

English as an Additional Language (EAL) – maximum of 3 years:

Primary £515.00; Secondary £1,385.00

Lump Sum for Every School:

All School Phases £110,000

Sparsity based on a tapered approach:

Primary £25,000; Secondary £65,000

Minimum Funding Levels:

Primary £3,300 2018-19 £3,500 2019-20; Secondary £4,600 2018-19 £4,800 2019-20

[Middle and All Through average based upon number of phase year groups]

Split Site:

An individual school cash sum allocated via the approved 2017-18 formula with schools having to meet the qualifying criteria

Rates:

Actual Costs individual to each school

Private Finance Initiative (PFI):

Agreed Costs for those schools in the PFI contract

Exceptional Premises Costs:

An individual school cash sum for those qualifying schools as approved by the Education and Skills Funding Agency

Minimum Funding Guarantee (MFG):

+0.5% per pupil in each year on a formula as prescribed by the Education and Skills Funding Agency

Capping:

At the required % level to scale back gains for some schools to fund the LSFF Option 2 on the NFF parameters as prescribed by the Education and Skills Funding Agency

[The rate is estimated to be +3% per pupil and a scaling factor of 100% in 2018-19 and 2019-20 to comply with the with NFF parameters – this could change in both years with the impact of the revised data sets and Schools Block DSG].

35. Approve that the current **estimated** Local Schools Funding Formula units of resource as detailed above and **estimated** MFG and capping % be adjusted in January 2018 and 2019, as required, to take account of the impact of the:
- October 2017 and 2018 census and requirements including use of estimated data for changes in school age ranges if required
 - Other DfE prescribed 2017 and 2018 data and changes including those from prior years
 - Final Schools Block DSG for 2018-19 and 2019-20

- Statutory requirements relating to the MFG/Capping and/or the School and Early Years Finance (England) Regulations.

36. Approve the initial delegation of the following centrally retained services for all mainstream schools in 2018-19 and 2019-20 as in 2017-18 **(as per consultation question 2)**:

FACTOR	SERVICE
Basic Per Pupil	School Specific Contingencies (not Early Years) Support for Schools in Financial Difficulties 14-16 Practical Learning Options Insurance Staff Costs Supply Cover Licences and Subscriptions
Deprivation	FSM Eligibility
EAL	Support for Minority Ethnic Pupils
Low Cost High Incidence SEN Prior Attainment	Support for Underachieving Groups Behaviour Support Services

37. Approve the decision of the WSF maintained mainstream school members to continue in 2018-19 and 2019-20 the delegation and de-delegation (centrally retained) of the above services for LA maintained mainstream schools only by phase **(as per consultation question 2)**:

Phase/Service	Primary Delegation	Primary De-delegation
School Specific Contingency	No	Yes
Support for Schools in Financial Difficulty	Yes	No
14-16 Practical Learning Options	N/A	N/A
Behaviour Support Services	N/A	N/A
Schools Insurance	Yes	No
Licenses and Subscriptions (DfE Prescribed)	No	Yes
Support for Minority Ethnic Pupils or Underachieving Groups – EAL	No	Yes
Support for Minority Ethnic Pupils or Underachieving Groups – Travellers Children	No	Yes
Free School Meal Eligibility	No	Yes
Staff Costs Supply Cover – Civic Duties	No	Yes
Staff Costs Supply Cover – Trade Union Duties	No	Yes
Staff Costs Supply Cover – HR Related Duties	No	Yes

School Improvement	No	No
Phase/Service	Secondary Delegation	Secondary De-delegation
School Specific Contingency	No	Yes
Support for Schools in Financial Difficulty	Yes	No
14-16 Practical Learning Options	Yes	No
Behaviour Support Services	Yes	No
Schools Insurance	Yes	No
Licenses and Subscriptions (DfE Prescribed)	No	Yes
Support for Minority Ethnic Pupils or Underachieving Groups – EAL	No	Yes
Support for Minority Ethnic Pupils or Underachieving Groups – Travellers Children	No	Yes
Free School Meal Eligibility	No	Yes
Staff Costs Supply Cover – Civic Duties	No	Yes
Staff Costs Supply Cover – Trade Union Duties	No	Yes
Staff Costs Supply Cover – HR Related Duties	No	Yes
School Improvement	No	No

38. Approve for those services subject to de-delegation using the formula factors by reducing the formula amounts in 2018-19 and 2019-20 for LA maintained mainstream schools only on the basis detailed above.

39. Note the decision of the WSF not to de-delegate further Schools Block funding to cover the statutory duties for LA maintained schools only carried out by the LA which were previously funded through the general duties Education Services Grant. This issue is referenced in the draft budget report earlier on this agenda (**as per consultation question 3**).

40. Approve the decision of the WSF to the continued central retention in 2018-19 and 2019-20 of the centrally retained services as detailed below either limited to the 2017-18 budget level or as prescribed by the DfE (indicative budgets are shown either limited to previous year levels or **estimated** with final funding subject to clarification and change) for (**as per consultation question 4**):

- Funding for significant pre-16 pupil growth to meet basic need and to enable all schools to meet the infant class size requirement i.e. pupil growth fund – £0.7m **estimated**
- Copyright Licensing Agency (CLA) and Music Publishers Association (MPA) licences (subject to DfE prescription) – £0.38m **estimated**

- Contributions to Combined Services – the Early Intervention Family Support (EIFS) service budget – £1.50m **actual**
- Co-ordinated admissions scheme – £0.70m **actual**
- Servicing of the Schools Forum – £0.06m **actual**
- Services previously funded by the retained rate of the Education Services Grant – £1.16m **actual**.

41. The final LSFF units of resource and capping for 2018-19 and 2019-20 are subject to final confirmation with the Education and Skills Funding Agency and may change when the impact of the October 2017 and 2018 census, other 2017 and 2018 DfE data and prior year data changes and the final Schools Block DSG for 2018-19 and 2019-20 are confirmed.

42. As in previous years the LSFF for 2018-19 and 2019-20 will **not** include factors for:
- Pupil Mobility – not deemed to be a significant issue
 - Looked After Children (LAC) – funded via the separate LAC Pupil Premium Grant
 - Post-16 top up – not permitted as not a pre-2013 formula factor and no longer a permitted Local Schools Funding Formula from 2017-18
 - Higher Teacher Costs – only applies to London fringe LAs.

Legal, Financial and HR Implications

43. The Council is required to adhere to the DfE prescribed arrangements for school and LA funding in 2018-19 and 2019-20 to be contained within the School and Early Years Finance (England) Regulations 2017 and 2018 including any impact of any prescribed changes to the regulations.

Privacy and Public Health Impact Assessments

44. Not applicable in this case.

Equality and Diversity Implications

45. Given the recommendations in 2018-19 and 2019-20 for the LSFF and the arrangements for de-delegated and centrally retained services are made following detailed consultation with all schools and the WSF there are no such implications.

Supporting Information

- **Appendix 1** – Education Secretary Announcements and DfE Documents July 2017, August 2017 and September 2017 – Summary of the Key Issues.
- **Appendix 2** – Summary of the Consultation Responses November 2017.
- **Appendix 3** – Summary of the main issues from the Consultation Responses Relating to the Local Schools Funding Formula (LSFF) 2018-19 and 2019-20 November 2017.
- **Appendix 4** – Summary of the main issues from the Consultation Responses on the Other Consultation Issues November 2017.
- **Appendix 5** – Fair Funding Consultation Outcomes 2018-19 and 2019-20 November 2017.

- **Appendix 6** – Fair Funding Consultation 2018-19 and 2019-20 Worcestershire Schools Forum Issues, Decisions and Recommendations September, October and November 2017.

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Background Papers

In the opinion of the proper officer (in this case the Director of Children, Families and Communities) the following are the background papers relating to the subject matter of this report:

Fair Funding Consultation Documents – October 2017

Agenda and background papers for the meetings of the Cabinet held on 18 October 2012, 7 November 2013, 16 October 2014, 15 October 2015 and 17 November 2016

**DEPARTMENT FOR EDUCATION (DfE) CONFIRMED FUNDING ARRANGEMENTS FOR
2018-19 AND 2019-20 – SUMMARY OF ISSUES**

1. DfE DSG BASELINE 2018-19

1.1 In **Table 1** this confirms the DSG Baseline 2018-19 from the DSG 2017-18.

**Table 1:
DSG Baseline 2018-19 Schools and High Needs Blocks Based Upon the DSG 2017-18**

Detail	Original December 2016 £'m	Adjustment £'m	Revised August 2017 £'m	Notes
SCHOOLS BLOCK				
Schools	303.84	+0.73	304.57	A.
CENTRALLY SERVICES SCHOOLS BLOCK (CSSB)				
Central School Services	2.30	0.00	2.30	B.
Historic Commitments	1.50	0.00	1.50	C.
TOTAL	307.64	+0.73	308.37	
HIGH NEEDS (HN) BLOCK				
Schools and Services	47.52	-0.73	46.79	A.
Hospital Education	0.56		0.56	
TOTAL	48.08	-0.73	47.35	
TOTAL DSG SCHOOLS AND HIGH NEEDS	355.72	0.00	355.72	
Schools Block	£307.64m		£304.57m	
Guaranteed Unit of Funding (SB GUF) £	÷ 71232 =		÷ 71425 =	
DSG ÷ Pupil Numbers	£4,318.80		£4,264.17	

Notes

A. This reflects the transfer by the DfE of funding to the Schools Block from the High Needs Block for core funding for pupils in SEN Units and Resourced provision.

B. Central School Services £2.30m for ongoing functions for: -

- Co-ordinated Admissions – £0.70m
- Servicing of the Schools Forum – £0.06m
- Retained Duties Former ESG – £1.16m
- National Licenses and Subscriptions – £0.38m

C. Ongoing Historic Commitments £1.50m for: –

- Early Intervention Family Support Service (EIFS) – £1.50m

1.2 The key issues are: -

- The overall position is unchanged and the baselines are based on the information LAs returned to the ESFA through the 2017-18 baselines exercise.
- They reflect the fact that the DSG is now being distributed in four blocks, so schools block figures are not directly comparable to actual allocations in 2017-18 – there LAs received a single Schools Block Guaranteed Unit of Funding (SBGUF), which included both the schools block and the central school services block.
- The baselines represent a change in national policy by the DfE for the funding of SEN places in mainstream schools.
- Each LA's minimum amount for the schools block in 2018-19 is a £ per pupil figure. This is the guaranteed minimum LAs will receive per pupil in 2018-19. For each LA it is calculated by dividing the schools block adjusted baseline total by the LA's 2017-18 schools block pupil count (without deductions for pupils in high needs places).

2. SUMMARY OF KEY POLICY ISSUES

2.1 National Funding Formula (NFF)

- The DfE will introduce a NFF in 2018-19 to determine LAs DSG allocations for Schools, High Needs, Early Years and Central Schools Services.
- The Schools Block will be ring-fenced from 2018-19 with transfers out limited to 0.5% with agreement of local schools forums.

2.2 Local Schools Funding Formula (LSFF)

- LAs can still use a LSFF in the two years 2018-19 and 2019-20, so the local factor values and parameters may continue to differ from those used in the NFF for this period.
- A new factor will be allowed in LA formulae for primary and secondary schools to set a transitional amount of per pupil funding in 2018-19 and 2019-20.
- LAs will be able to use both current and Ever 6 Free School Meals (FSM) measures within their deprivation factors – previously this has been limited to one of these measures.
- There will no longer be a deduction to Schools Block pupil numbers for High Needs places in mainstream schools – the place funding of £10,000 will be allocated by a combination of per pupil and place funding of £6,000.

2.3 Minimum Funding Guarantee (MFG)

- This local protection will continue, but LAs will have the flexibility to set a local MFG between -1.5% to +0.5% per pupil.

2.4 Central School Services Block (CSSB) and De-delegated Services

- The existing arrangements for these will continue and required local consultation and Schools Forum approvals remain for 2018-19 and 2019-20.

3. ESFA SCHOOLS REVENUE FUNDING 2018 TO 2019 OPERATIONAL GUIDANCE

3.1 Dedicated Schools Grant (DSG)

- Introduction of a Central School Services Block (CSSB) 4th DSG block including Historic Commitments.
- Each of the four blocks of the DSG will be determined by a separate National Funding Formula (NFF).

- LA level allocations for 2018-19 for the Schools, CSSB and High Needs Blocks have been published in September. Final allocations will follow in December, on the basis of pupil numbers recorded in the October 2017 census.
- The government has confirmed that there will be an additional £1.3 billion for schools and high needs across 2018-19 and 2019-20, in addition to the schools budget set at the Spending Review 2015.
- This will mean that, in 2018-19, all LAs will receive some increase over the amount they plan to spend on Schools and High Needs through the DSG in 2017-18.

3.2 National Funding Formulae (NFF)

- The DfE will introduce a NFF in 2018-19 and this will determine LAs DSG allocations for Schools, High Needs and CSSB for the first time.
- The Early Years DSG has already been allocated through a NFF since 2017-18.
- The DSG blocks have been re-baselined to reflect current spending patterns.
- The Schools Block will be ring-fenced from 2018-19, but LAs will be able to transfer up to 0.5% of their Schools Block funding out with the agreement of their schools forum.
- Schools Block allocations will be expressed as separate per pupil primary and secondary rates for each LA. They will also include funding at LA level for premises, mobility and pupil growth, based on historic spend.
- Within the Schools Block, the Government will provide for at least a 0.5% per pupil increase for each school in 2018-19 through the NFF.
- LAs Schools Block NFF allocations will be calculated by aggregating schools' notional allocations under the NFF and these notional allocations will reflect these increases.
- For the Schools Block Final 2018-19 allocations for LAs will then be confirmed as usual in December, taking into account pupil numbers recorded in the October 2017 census.
- The NFF will provide LAs with per pupil funding of at least £3,500 for all primary schools and £4,800 for all secondary schools by 2019-20.
- Funding for growth and falling rolls will be allocated through the Schools Block in 2018-19 and 2019-20, on the basis of historic spend in 2017-18.
- Within the High Needs Block, the Government will provide for at least a 0.5% overall increase from 2018-19 through the High Needs NFF.

3.3 Local Schools Formula Factors (LSFF)

- Although the DSG quantum will be determined by the NFF LAs can still use a LSFF in the two years 2018-19 and 2019-20, so the local factor values and parameters may continue to differ from those used in the NFF for this period.
- A new factor will be allowed in LA formulae for primary and secondary schools to endeavour to set a transitional amount of per pupil funding in 2018-19 in 2019-20 to reflect the nationally prescribed amounts per pupil.
- There will no longer be a deduction to Schools Block pupil numbers for High Needs places in mainstream schools. An adjustment has been made between the High Needs block and Schools Block for each LA to reflect this change. Instead: -
 - The school's budget share (or the equivalent academy funding) will be determined on the basis of the total number of pupils on the roll of the school, including those in the special unit or resourced provision.
 - The balance of funding for this kind of special provision will come from the place funding decided in accordance with the local authority's commissioning decisions, and the top-up funding for individual pupils.
 - The place funding will be £6,000 per place where the place is occupied by pupils in year's reception to 11 on the roll of the school at the time of the October school census return.

- Places not filled by such pupils will still be funded at £10,000.
- LAs will be able to use both current and Ever 6 Free School Meals (FSM) measures within their deprivation factors – previously this has been limited to one of these measures.
- The DfE will be increasing the Pupil Premium Plus rates for 2018-19 rather than including a LAC factor in the NFF. LAs may want to consider whether they reflect this in their local formulae.
- LPA – for the KS2 assessment used for secondary aged pupils the ESFA will continue to use a national weighting to dampen the effect. LAs will not be able to change this but adjust the unit of resource in the normal way.
- LAs will no longer have to request approval to vary pupil numbers for school reorganisations and changes in school age ranges – existing approvals can be carried forward.
- Existing exceptional premises factors already approved can continue providing they still meet the ESFA thresholds.
- LAs are again only required to submit one Local Authority Proforma Tool (APT) for 2018-19 by 19 January 2018 and must ensure they have built in the relevant statutory consultation and political approvals as required.
- Confirmation by LAs of Schools Block School Budget Shares (SBS) for its maintained schools is required by 28 February 2018.
- Confirmation by the ESFA of General Annual Grant (GAG) statements for academies is required by 31 March 2018.

3.4 Minimum Funding Guarantee (MFG)

- The MFG for schools will continue, but LAs will have the flexibility to set a local MFG between -1.5% to +0.5% per pupil.
- It is a statutory ESFA calculation and will be part of the APT calculation but the ESFA have indicated they will continue to re-calculate for academies.
- LAs will continue to be able to request MFG disapplication for exceptional local circumstances as now by the end of November 2017.
- Capping and scaling for gaining schools will continue to be permitted limited to the cash requirement of the MFG as now.

3.5 Central School Services Block (CSSB)

- Will include funding: -
 - Previously allocated through the retained duties element of the Education Services Grant (ESG).
 - For ongoing central functions, such as admissions, previously top-sliced from the schools block.
 - For historic commitments, previously top-sliced from the schools block.

3.6 De-delegated services

- The list of current services that can be subject to delegation remains for maintained primary, middle and secondary schools.
- However, De-delegation is still not an option for special schools, nursery schools and PRUs.
- Funding for de-delegated services must be allocated through the formula but can continue be passed back, or 'de-delegated', for maintained primary, middle and secondary schools with schools forum approval by primary and secondary phase as now.

- Any decisions made to de-delegate in 2017-18 related to that year only, so new decisions will be required for any service to be de-delegated in 2018-19 and 2019-20.
- As with de-delegation, the amount to be held by the LA will be determined after the MFG has been applied.

3.7 Education Services Grant (ESG)

- The split of former ESG duties to be funded from CSSB (for all pupils) and from the mechanism set out below (for maintained school pupils only) has been set out in the ESFA Operational Guidance.
- Retained Duties for All Maintained Schools and Academies: -
 - Funding previously allocated through the ESG retained duties rate is included in the CSSB in 2018-19.
 - LAs will need to ensure they retain sufficient funding centrally to cover duties previously funded by the ESG retained rate in addition to the responsibilities that are already funded from CSSB DSG.
- General Duties for Maintained Schools Only: -
 - LAs will continue to be able to fund services for maintained schools – primary, middle, secondary, special and PRUs – previously funded from the general funding rate of the ESG.
 - This can be by de-delegation from maintained school budget shares and will need the agreement of the maintained school members of the schools forum.
 - If the LA and Schools Forum are unable to reach consensus on the level of the DSG to be retained by the LA, the matter will need to be referred to the Secretary of State.
 - LAs should set a single rate for all mainstream maintained schools (both primary and secondary) and they may choose to establish differential rates for special schools and PRUs if the cost of fulfilling the duty is substantially different for these schools.
 - Any decisions made to de-delegate in 2017-18 related to that year only, so new decisions will be required for any service to be de-delegated in 2018-19 and 2019-20.
 - As with de-delegation, the amount to be held by the LA will be determined after the MFG has been applied.

3.8 For High Needs Block Funding

- For 2018-19, every LA will receive at least a 0.5% increase to the amount of its DSG that it plans to spend on high needs in 2017-18, subject to the following adjustments for the: -
 - Change in the funding of special units and resourced provision in mainstream schools from April 2018.
 - Change between the 2016-17 and 2017-18 academic years in the number of pupils and students in maintained special schools, special academies, non-maintained special schools (NMSSs) and special post-16 institutions (SPIs).
 - Placement of pupils and students in schools and colleges located in other LA areas – i.e. 'import/export' amendments.
- LAs will continue to be able to make changes to the number of funded places in maintained schools and PRUs for 2018-19. Any changes for academies will continue to need agreement from the ESFA.

4. TIMELINE

Following confirmation by the DfE of their agreed policy for 2018-19 and 2019-20, WCC commenced the local consultation with its maintained schools and academies on the consideration of issues for the Local School Funding Formula, de-delegated and centrally retained items for 2018-19 and 2019-20.

Cabinet – 14 December 2017

The timeline is **detailed in Table 2**

Table 2: Consultation Timeline

DETAIL	DATE
Meeting of the WSF to discuss and agree consultation issues	12 October 2017
Formal consultation for 2018-19 and 2019-20 starts	17 October 2017
Formal consultation for 2018-19 and 2019-20 ends	24 November 2017
Further Meeting of the WSF to consider the results of the consultation and to formulate recommendations to Cabinet	29 November 2017
Report to Cabinet making recommendations for the Local Schools Funding Formula (LSFF), de-delegated and centrally retained budgets for 2018-19 and 2019-20	14 December 2017
Confirmation by the DfE/ESFA of: - <ul style="list-style-type: none"> • October 2017 census data • Final LSFF Authority Proforma Tool (APT) for 2018-19 • Schools Block DSG 2018-19) Late) December) 2017
LA to consider impact of the new October 2017 data sets for LSFF APT submission for 2018-19	Late December 2017/Early January 2018
Meeting of the WSF to: - <ul style="list-style-type: none"> • Consider impact of the new October 2017 data sets • Agree submission for the final LSFF APT 2018-19 to the ESFA) 16 January) 2018
LA to submit final data for Schools Budget DSG LSFF APT for 2018-19	19 January 2018
LA to confirm School Budget Shares 2018-19 for their maintained mainstream schools	By 28 February 2018
LA to confirm School Budget Shares 2018-19 for their maintained specialist providers	By 31 March 2018
ESFA to confirm General Annual Grant (GAG) 2018-19 to academies	By 31 March 2018

- **As in previous years, this consultation process has to take place prior to the receipt of the October 2017 data sets and the issue of the final Schools Block DSG for 2018-19. This is not anticipated until late December 2017.**

APPENDIX 2

SUMMARY OF THE CONSULTATION RESPONSES NOVEMBER 2017

	Category of Provider/Responder	Maintained First/Primary		Academy First/Primary		Maintained Middle		Academy Middle		Maintained Secondary/High		Academy Secondary/High		Free School All Through		Total Mainstream Schools		Other	
		Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N
	Number of All Providers	128		48		9		11		5		24		1		226		N/A	
	Number of Responses	40		25		3		5		3		20		0		96		2	
	% of Responses to Number of All Providers	31		52		33		45		60		83		0		42		N/A	
Q1	Do you support the Local Schools Funding Formula (LSFF) in 2018-19 and 2019-20 being: -																		
	Option 1 - Retain the current WCC LSFF	33		10		2											45		1
	Option 2 - The National Funding Formula (NFF) parameters as the LSFF as far as is practicable and affordable	7		15		1		5		3		20					51		
Q2	Do you support the arrangements for delegation and de-delegation as detailed in Table 3 in the consultation document for 2017-18 to continue in 2018-19 and 2019-20? APPLICABLE TO LOCAL AUTHORITY (LA) MAINTAINED MAINSTREAM SCHOOLS ONLY	35	1			3				3						41	1	1	
Q3	Do you support the further de-delegation in 2018-19 and 2019-20 to allow central retention of some Schools Block funding to cover the statutory duties for maintained schools carried out by the LA which were previously funded through the general duties Education Services Grant? APPLICABLE TO ALL LOCAL AUTHORITY (LA) MAINTAINED SCHOOLS ONLY		35				3				3					0	41		1
Q4	Do you support the arrangements for centrally retained services as detailed in Table 4 in the consultation document for 2017-18 to continue in 2018-19 and 2019-20? APPLICABLE TO ALL SCHOOLS BOTH LOCAL AUTHORITY (LA) MAINTAINED AND EDUCATION FUNDING AGENCY ACADEMIES	28	1	10	4	3		4	1	3		10	6			58	12	1	

Note 1 - For those supporting Option 1 further indications were as follows: -

Total

Allocation of any potential additional DSG into the LSFF

Age Weighted Pupil Unit (AWPU)																				0	
Deprivation - Free School Meals (FSM) and Income Deprivation Affecting Children Index (IDACI)				2																	2
Low Prior Attainment																					0
English as an Additional Language (EAL)																					0
Lump Sum																					0
Sparsity																					0
Pro rata to all the above	31		7		2													1			41

Minimum Funding Guarantee (MFG)

Current -1.5% per pupil																					0
0% per pupil				2																	2
+0.5% per pupil	28		7		2													1			38
Other	3																				3

The number of pupils for the schools responding for Options 1 & 2 are attached

Note 2 - Some schools did not respond to all the questions.

Summaries of main issues from the consultation responses on the LSFF, the other consultation questions and other issues are detailed in Appendices 3 and 4.

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	Pupil Numbers in Schools Responding					Pupil Numbers in Schools Total					% Pupil Numbers in Schools Responding				
	Primary	Middle	Secondary	Free School	Total	Primary	Middle	Secondary	Free School	Total	Primary	Middle	Secondary	Free School	Total
<u>CONSULTATION Q1</u>															
OPTION 1 Current LSFF	7482	496	0	0	7978	38340	8890	23680	515	71425	19.5%	5.6%	0.0%	0.0%	11.2%
OPTION 2 NFF Parameters	5945	2956	19626	0	28527	38340	8890	23680	515	71425	15.5%	33.3%	82.9%	0.0%	39.9%

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**SUMMARY OF THE MAIN ISSUES FROM THE CONSULTATION RESPONSES
NOVEMBER 2017 RELATING TO THE
LOCAL SCHOOLS FUNDING FORMULA (LSFF) FOR 2018-19 AND 2019-20**

Q1. Do you support the LSFF in 2018-19 and 2019-20 being: -

Option 1 – Retain the current WCC LSFF for 2018-19 and 2019-20.

If you support Option 1 please indicate further: -

a) How you would prefer any potential additional Schools Block DSG to be allocated in the LSFF e.g.

AWPU

Deprivation – Free School Meals, IDACI

Low Prior Attainment

EAL

Lump Sum

Sparsity

Pro Rata to all the above

b) To support schools subject to MFG what level of local MFG do you think would be appropriate: -

Current -1.5% per pupil

0% per pupil

Somewhere in between – please indicate

Option 2 – The LSFF in 2018-19 and 2019-20 being the DfE NFF parameters as far as is practicable and affordable subject to the Schools Block DSG available.

Overall

The numbers of responses received from **226** (176 Primary, 20 Middle, 29 secondary and 1 Free School) mainstream schools were as follows with overall and sectors percentages: -

- **65** (37%) Primary – **40** (31% sector) Maintained; **25** (52% sector) Academies.
- **8** (40%) Middle – **3** (33% sector) Maintained; **5** (45% sector) Academies.
- **23** (79%) Secondary – **3** (**60% sector**) Maintained; **20** (83%) Academies.

There were **2** Other responses – **1** Academy Special; **1** Worcestershire Association of Governors.

In terms of numbers of schools of the **96** responses from mainstream schools **45** supported Option 1 and **51** supported Option 2.

In terms of numbers of funded pupils in 2017-18 Option 2 was supported by a ratio of **over 3.5:1**.

The details are in **Appendix 2**.

A summary of the main issues raised by phase is detailed below.

Maintained First/Primary Schools Sector

40 schools responded: - **33** supported Option 1 and **7** supported Option 2.

For those supporting Option 1: -

Use of any additional DSG: - **31** Pro rata to factors.

Minimum Funding Guarantee (MFG) Per Pupil: **28** +0.5%; **3** Not Specified

Comments made were as follows: -

Supporting Option 1

Minimum Funding Levels (MFLs) previously disseminated seem to have been ignored and abandoned without a reasonable explanation as to why this is the case.

The AWPU is a vital deciding factor financially and seems to have been reduced disproportionately for Primaries compared to Secondaries.

The big public announcement is that schools will gain by 2.4% - if this is the case how is it that every school in the cluster would receive proportionally less of an increase than this? This excludes the local High School that would gain but by a small amount of money. It is surely 'fairer' to allocate the planned increase in schools' finance equally amongst all schools?

Will produce the least turbulence for WCC schools and therefore the best situation for WCC pupils.

From peer group analysis it would seem through no fault on the part of WCC that the NFF encompasses some well-known funding imbalances.

Schools is in the 'primary' sector and in a semi-rural location can see the NFF does not give fair access to additional funds.

This option with a pro rata allocation for any additional DSG made by 9 schools: -

- Maintains greater stability across schools.
- Provides a better option for small, rural primaries that are set to lose most if option 2 is adopted.
- Allows time to consider and even change some of the unfathomable decisions within the NFF proposal.
- Means that all schools rise in proportion and in relation to their need.
- Is compatible to previous decision making options which supported schools equitably.

There were 9 schools that made comments similar to those made by the Worcestershire Association of Governors (WAG) (see later).

Supporting Option 2

The NFF guarantees that all schools will see at least a 0.5% per pupil increase. WCC should address this issue by campaigning on the behalf of schools to ensure that this can happen. The impact of a real terms cut would impact greatly on the ability to drive improvements already committed to delivering for children.

Will benefit significantly and immediately if the DfE NFF parameters are applied and have to consider the positive impact this would have on the school. The LSFF last year resulted in a reduction for the school and this trend cannot be sustained.

According to available data, the school will be better off with option 2. As all the local schools are not adversely effected by choosing option 2.

There has been a long campaigned in WCC for change to achieve 'fairness' and there should be no move now to block change by preserving the old. So, WCC should move to as close to NFF over the next two years as possible.

The NFF is about a fairer distribution based on a national funding per pupil and continuing to use the current WCC formula will only preserve locally created inequalities.

NFF factors will give an increase in funding for all schools. This is positive in the current funding climate. Continuing to use the WCC local formula is not guaranteed to do this.

Change needs to be addressed not put off until another day. If schools are allowed to do nothing that's what many will do.

For many of these it is likely that in 2020-21, when NFF is not optional, they will hit a significant crisis point. So, need to change under NFF need to get on with it rather than 'sit on the fence' for another two years and face a potential 'cliff edge' in 2020-21.

Any change in NFF in 2020-21 is likely to be a step change only and evolution not revolution. Being as close to NFF at this point is more likely to reduce any turbulence at this point.

General

LAs are charged with improving outcomes for schools and pupils and should be taking the views of all their local schools, giving their opinions equitable weight and using local knowledge to ensure funding is distributed fairly.

By giving greater weight to the secondary voice it would appear that WCC are not appreciating the rich diverse nature of WCC as a rural LA and are at risk of ignoring the needs of their rural communities.

Do not appreciate the consultation process being weighted on votes according to school size.

Need to consider how many pupils within the Secondary Schools attended small rural primary schools and what the child's voice would say about protecting the stability of that provision.

Academy First/Primary Schools Sector

25 schools responded: - 10 supported Option 1 and 15 supported Option 2.

For those supporting Option 1: -

Use of any additional DSG: - 2 Deprivation; 7 Pro rata to factors; 1 Not specified
Minimum Funding Guarantee (MFG) Per Pupil: - 2 0%; 7 +0.5%; 1 Not specified.

Supporting Option 1

Cannot support an option which will see the school significantly financially disadvantaged, to the benefit of high schools. This issue has already caused division and turbulence within the Cluster/MAT.

This option with a pro rata allocation for any additional DSG made by 6 schools: -

- Maintains greater stability across schools.
- Provides a better option for small, rural primaries that are set to lose most if option 2 is adopted.
- Allows time to consider and even change some of the unfathomable decisions within the NFF proposal.
- Means that all schools rise in proportion and in relation to their need.
- Is compatible to previous decision making options which supported schools equitably.

There were 7 schools that made comments similar to those made by the Worcestershire Association of Governors (WAG) (see later).

Supporting Option 2

The NFF (or its local version) may be imperfect and inadequate, but it is a start, and to delay in its implementation now would merely push the cliff-edge of transfer and any associated pain or benefits to 2020.

The impact of the transfer of a limited amount of funding from primary to secondary students is offset for the many smaller primary schools in WCC by the proposed increase in the lump sum.

Maintained Middle Schools Sector

3 schools responded:- 2 supported Option 1 and 1 supported Option 2.

For those supporting Option 1: -

Use of any additional DSG: - 2 Pro rata to factors.
Minimum Funding Guarantee (MFG) Per Pupil: 2 +0.5%.

No comments were made.

Academy Middle Schools Sector

5 schools responded: - 0 supported Option 1 and 5 supported Option 2.

No comments were made.

Maintained Secondary Schools Sector

3 schools responded: - 0 supported Option 1 and 3 supported Option 2.

No comments were made.

Academy Secondary Schools Sector

20 schools responded: - 0 supported Option 1 and 20 supported Option 2.

Comments made were as follows: -

Supporting Option 2

The NFF (or its local version) may be imperfect and inadequate, but it is a start, and to delay in its implementation now would merely push the cliff-edge of transfer and any associated pain or benefits to 2020.

Local decisions regarding the WCC funding formula have had a detrimental impact on secondary schools, resulting in less favourable funding for secondary students than in many other LAs and affecting pupils at a critical stage of their education – GCSEs.

The national primary to secondary ratio is 1:1.29 and there are no compelling arguments that this should not apply in WCC also.

The majority of funding under the proposed NFF is pupil-led. The principle of recognising additional needs and maintaining the pupil premium ensures that money follows need – deprivation, low prior attainment and SEN.

Implementing the NFF locally would protect the LA from criticism from both schools and the Government. In the past the LA has been criticised by schools, rightly or wrongly, for implementing a formula that is neither fair nor equitable. Implementing the NFF would ensure that schools know exactly who to lobby regarding both the quantum of funding and its distribution - the Government not the LA.

In the same way, the DfE would have no grounds upon which to challenge the LA, and no excuses to use in conversations with schools.

Using NFF is more likely to help to address the acute issues faced by the secondary sector. Unfunded cost pressures at secondary level equate to much larger cash sums to find.

The secondary sector has been hit by the doctrine of cash flat/unfunded cost pressures far harder as percentage increases in things such as National Insurance are in reality much larger cash sums. Using NFF is more likely to help to address the acute issues faced by the secondary sector.

This is the most financially beneficial option for this school of the two proposed and is the one most closely aligned to NFF which has, for the last 20 years, been campaigned for by WCC and local schools.

This option will provide schools with stability over the next 2 years and is fundamental to assist schools to carry out effective future budget planning.

Funding provided by this option will redress the inequality of the LA local funding formula adopted since 2015. The previously received £6.2m of additional funding received by WCC was allocated using a local funding formula and resulted in 20% of WCC schools (predominantly secondary and academy schools) showing no financial gain from this additional funding or a real term cut to their already agreed funding allocation.

It is believed that using a funding method overseen by the LA to allocate the NFF, as proposed in Option 1, would not redress this imbalance and could further increase it.

WCC is a member of the F40 group and as such, receives less educational funding per pupil than some or most of LA neighbours. As a result of this shortfall in funding, schools located in WCC and other F40 group areas have often suffered criticism from financial bodies, auditors and local or national politicians for not reaching and maintaining a safe level of reserve.

Reduced levels of reserve are currently caused by meeting in year budgetary shortfalls trying to cover additional expenditure levied on all schools by the government, without a commensurate increase to income, or to meet a funding shortfall of income brought about by the withdrawal of specific grants by either national or LAs.

Schools will not only be more financially able to meet the continuing erosion of allocated funding and other school grants, but will also have an opportunity to enhance and bolster reserves to a level expected of them.

The NFF is what the LA and schools have been fighting for, whilst accepting that this is a local version of the proposal, it embraces and tries to address inadequacies in per pupil funding, which within WCC has been at the forefront of what has been campaigned for.

The NFF also helps to address the inequalities between Secondary and Primary funding ratios within WCC.

The NFF is pupil led, which in turn equates to most schools central costs in terms of premises, staffing and resources. The NFF appears to be a fairer way to distribute funding which would then allow for the pupil premium, IAR, SEN and other specialist funding to specifically target need (rather than what is perceived as a 'double funding' issue at present).

To apply the local version of the NFF would in essence mean that WCC is making a start on what will inevitably follow, this will allow schools to have some indication on medium term financial forecasting, which at the present time is unrealistic.

The NFF is government led and will provide clearer lines of accountability for schools in terms of amount and distribution of funding.

The Local Formula still provides no guarantees that the additional funding will go into AWPU, for some schools, NFF is the safest option in terms of safeguarding funding.

Having weighed this carefully, and listened to views of other secondary schools and those of WAG. The latter argue for LSFF as this will give continued 'stability'. Feel this is a misnomer – continued inequality and instability may be a better term, since the current arrangement is very far from satisfactory.

Schools have fought to achieve a NFF. There are shortcomings with it, in particular baseline thresholds are set too low. However, it is fairer than the current system and as such it is better to move to this system now to better address existing inequalities in the system.

Schools will have to move to the NFF for 2020/21 so believe this should be not delayed with a local formula in 2018/19. The current LSFF proposal heavily supports primary schools and deprivation. As deprivation is already supported by Pupil Premium so the core funding should be more fairly distributed.

The current local funding formula, with its significant weighting on lump sum, has created a perverse system which treats high schools less favourably.

WCC has fought for a number of years for a 'fair' national funding formula, and although none of us are happy with the current solution (or that it is 'fair'), it is a step in the right direction.

As a school which is subject to MFG following the adoption of the last local formula, it is inconceivable to be subject to further reductions when the NFF parameters ensure this will not happen to any school. In addition, although recognising the rural nature of much of WCC, it seems to be forgotten that a number of primary and high schools serve urban areas of significant deprivation. These significant additional challenges generate significant additional costs for the schools involved. The current local formula has failed to address these needs.

The suggestion from WAG that 'stability is preferable' only applies if stability is not adversely affecting funding, and consequently the standard of care and education that the school can provide. Agree that the current parameters for the NFF are not ideal. In fact the school stands to gain one of the lowest increases in the LA. However, as the quantum has been calculated using the NFF, it only seems right to use the same principles to calculate individual school funding.

Whilst recognising and fully support the principle of responding for the greater good, rather than an individual school, estimates suggest that the gains for the school would be marginal at best under the NFF. However, with the uncertainty around the MFG would almost certainly face further cuts to allocations under the local formula. Whilst the current proposed NFF is far from ideal, believe it is a step in the right direction and therefore should be supported.

Without clear modelling of the implications of retaining the local funding formula it is difficult to see where individual schools will stand. However, as WCC have lobbied for many years for a NFF and this school believes in supporting its introduction. Without it this school will have to make further cuts which will be even more detrimental to the education of young people. It is the most vulnerable, whose education and wrap around care is labour intensive and therefore costly, who are suffering most as a result of the cuts already made.

Believe that the NFF is in the best interests of the school and represents a response to the collective wish of headteachers across the country; as such, it seems important to accept the NFF as a political response.

General

WCC schools have long been campaigning for a more equitable system for funding schools rather than one which relies on historical anomalies. It is understood that this proposal is not actually for a NFF (which would require legislation), but for a locally imposed version of the proposed formula. It is also understood that there may not be sufficient funds to fulfil all of the requirements of the formula.

Have also listened to the arguments that suggest WCC cannot afford the NFF – if this is the case then it is incumbent on Schools Forum and WCC to demonstrate the unworkability of the plans to DfE, and ensure that it is funded such that the formula can be applied.

Should the LSFF Option be chosen by the majority then would choose the additional DSG to be allocated to AWPU and the MFG as close to 0% as is possible.

Should consultation demonstrate that the current LSFF is to be maintained then we request in the strongest terms that the MFG is moved to at least +0.5% per pupil, and preferably +1% per pupil to ensure that the sense of fairness is at least considered for all schools.

If, following consultation, the decision is to retain the LSFF, it should be acknowledged that this is compounding the hardship for high schools, who suffered the greatest cuts in the previous consultation and therefore efforts should be made to redress this with the MFG.

Given that those schools in favour of NFF have been given the option to state their preference on how the LSFF is organised, request that if LSFF is chosen then a further consultation is entered into to once again answer this question, otherwise none of those who have chosen NFF will have their say on this matter

On a wider issue, feel that the response to this consultation should be analysed on a 'proportional representation' basis of the number of students in the schools that are responding, otherwise there is a risk that the response is skewed in favour of small/primary schools just because there are more of them.

All Through Schools Sector

No response was received.

Other

Worcestershire Association of Governors (WAG)

The WAG executive as a consensus supported Option 1 (All factors and +0.5% MFG).

For those supporting Option 1: -

Use of any additional DSG: - 1 Pro rata to factors.

Minimum Funding Guarantee (MFG) Per Pupil: - 1 +0.5%.

Comments made were as follows: -

Cannot see how the NFF can justify increasing Low Prior Attainment (LPA) by over 60% and reduce Primary Sparsity by 43%. Changes on this scale cause dramatic turbulence.

The NFF boosts additional factors (IDACI, EAL – in addition to LPA above) by reducing basic entitlement (AWPU and Lump sum).

Concerned that the reductions leave factors below the previously set MFLs – these were based on national averages and should not be discarded so casually.

The reduction to the primary AWPU is nearly twice as much in proportion to the secondary AWPU and overall, Primary deprivation is decreased while secondary deprivation is increased. This means that the funding for the increase in additional needs comes disproportionately from primary schools.

The additional funding derived from the NFF calculations is not reduced if choose to continue with the MFL based local formula – so WAG is urging schools to vote for stability and reject the turbulence of NFF.

With such a large amount of additional money to apply (£7m initially rising to £11m), altering any one factor alone, even one as generally applicable as the AWPU, will cause modest turbulence. It may be harder to see how the money is applied across many factors compared with the simple concept of, say, increasing the AWPU by £100 per pupil, but it is fairer for all schools to rise in proportion to their pupil needs.

Stability suggests keeping things as they are but Minimum Funding Guarantees (MFG) are about transition even in situations where all else remains the same. MFG means that schools lose protection progressively over time.

When new money is available, schools that were protected will see the need for protection decrease but may not see any immediate cash advantage.

When schools are facing constant inflationary pressures, there is a case to increase funding protection when new money is available so that all schools see some immediate benefit.

Absolute protection (i.e. MFG of 0% per pupil) will still mean that heavily protected schools may not see any extra cash.

The NFF guarantees that all schools will see at least a 0.5% per pupil increase. WAG believes that the local formula should match this and this would require an MFG of +0.5% per pupil even if special permission needs to be sought to allow this.

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SUMMARY OF THE MAIN ISSUES FROM THE CONSULTATION RESPONSES ON OTHER CONSULTATION ISSUES NOVEMBER 2017

The numbers of responses received from schools and other consultees for these consultation questions are detailed in **Appendix 2**.

For consultation questions 2 to 4 not all questions were applicable to all respondents and some did not answer all the consultation questions

Summaries of the main issues received on the **3** consultation questions and further issues are detailed below.

Please note although these are part of the all school consultation, as required under Schools Forum (England) Regulations 2012 the decisions for consultation questions 2, 3 and 4 are for the relevant Worcestershire Schools Forum (WSF) members as determined under the Regulations.

1. CONSULTATION QUESTIONS

Q2. Do you support the arrangements for delegation and de-delegation as detailed in Table 3 of the consultation document for 2017-18 to continue for 2018-19 and 2019-20?

APPLICABLE TO LA MAINTAINED MAINSTREAM SCHOOLS ONLY

Overall there were **43** responses to the proposed arrangements in consultation question 2 with **42** supporting and **1** not supporting.

Maintained First/Primary 36 Responses

Overall this sector supported the proposed arrangements in **consultation question 2** with **35** supporting and **1** not supporting.

Comments made were as follows: -

Absolute clarity about what is paid for from the delegated and de-delegated funds will be vital. How much for each item and what is the impact of the input of such monies?

This gives all important continuity whilst attending to disruption in other areas.

This school would like to see accountability for the services provided with de-delegated funds like EAL, together with some impact analysis where possible.

Maintained Middle 3 Responses

Overall this sector supported the proposed arrangements in **consultation question 2** with **3** supporting and **0** not supporting.

No comments were made.

Maintained Secondary/High 3 Responses

Overall this sector supported the proposed arrangements in **consultation question 2** with **3** supporting and **0** not supporting.

No comments were made.

Other Response

The Worcestershire Association of Governors (WAG) supported the proposed arrangements in **consultation question 2**.

Comments made were as follows: -

WAG would like to see accountability for the services provided with de-delegated funds like EAL together with some impact analysis where possible.

WAG would like WCC to apply to have the Gypsy, Roma, Traveller service funded under the CSSG where it can benefit all schools.

Q3. Do you support the further de-delegation in 2018-19 and 2019-20 to allow central retention of some Schools Block funding to cover the statutory duties for maintained schools carried out by the LA which were previously funded through the general duties Education Services Grant?

APPLICABLE TO ALL LA MAINTAINED SCHOOLS ONLY

Overall there were **42** responses to the proposed arrangements in **consultation question 3** with **0** supporting and **42** not supporting.

Maintained First/Primary 35 Responses

Overall this sector did not support the proposed arrangements in **consultation question 3** with **0** supporting and **35** not supporting.

Comments made were as follows: -

Acknowledge that ESG services were only continued after Sept 2017 thanks to WCC funding the shortfall to March 2018.

This matter should be sorted between WCC and central government.

If some ESG services will need to be funded by de-delegation, further detail would be required. Appreciate that all service funding is cut from the end of April except the core ESG services moving to the CSSG, but cannot sign a blank cheque for services – what services, what cost?

Maintained Middle 3 Responses

Overall this sector did not support the proposed arrangements in **consultation question 3** with **0** supporting and **3** not supporting.

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No comments were made.

Maintained Secondary/High 3 Responses

Overall this sector did not support the proposed arrangements in **consultation question 3** with **0** supporting and **3** not supporting.

No comments were made.

Other Response

The Worcestershire Association of Governors (WAG) did not support the proposed arrangements in **consultation question 3**.

Comments were made as follows: -

WAG appreciates that ESG services were only continued after Sept 2017 thanks to WCC funding the shortfall to March 2018.

If WAG is to recommend to schools to use their budgets to fund services, there must be a clear case made based on previous funding history and cost benefits together with projected costs moving forward.

Q4. Do you support the arrangements for centrally retained services as detailed in Table 4 in the consultation document for 2017-18 to continue in 2018-19 and 2019-20?

APPLICABLE TO ALL SCHOOLS BOTH LA MAINSTREAM AND EDUCATION FUNDING AGENCY ACADEMIES

Overall there were 71 responses to the proposed arrangements in consultation question 4 with 59 supporting and 12 not supporting.

Maintained First/Primary 29 Responses

Overall this sector supported the proposed arrangements in **consultation question 4** with **28** supporting and **1** not supporting.

Comments made were as follows: -

General

Would not consider contributing towards the services where there is currently no budget provision i.e.: -

- Back-pay for equal pay claims.
- Remission of boarding fees at maintained schools/academies.
- Places in independent schools for non-SEN pupils.
- Prudential borrowing costs.
- SEN transport costs.

- Funding to support falling rolls to prepare for future population growth meeting specific criteria for good or outstanding schools where growth in pupil numbers is expected within 3 years.
- Capital Expenditure Funded from Revenue (CERA).

However would consider contributing towards Existing Termination of Employment/Redundancy Costs – subject to further consultation and cost analysis.

Schools already have to fund interventions (social, health and educational) that are above the levels current funding allows for. For services that fall under the LA statutory remit require a clear breakdown of costs of services.

Academy First/Primary 14 Responses

Overall this sector supported the proposed arrangements in **consultation question 4** with **10** supporting and **4** not supporting.

Comments made were as follows: -

Early Intervention Family Support (EIFS)/Early Help (EH)

Feel that the centrally retained monies for EIFS should be for early help and that schools should be able to access this without going through the family front door.

Maintained Middle 3 Responses

Overall this sector supported the proposed arrangements in **consultation question 4** with **3** supporting and **0** not supporting.

No comments were made.

Academy Middle 5 Responses

Overall this sector had a shared view on the proposed arrangements in **consultation question 4** with **4** supporting and **1** not supporting.

No comments were made.

Maintained and Secondary/High 3 Responses

Overall this sector supported the proposed arrangements in **consultation question 4** with **3** supporting and **0** not supporting.

No comments were made.

Academy Secondary/High 16 Responses

Overall this sector had a shared view for the proposed arrangements in **consultation question 4** with **10** supporting and **6** not supporting.

Comments made were as follows: -

General

Support this in principal but any budgets must be fixed at no higher than 2017-18 spending levels.

An important general principle it is vital that the maximum proportion of all funding received is delegated to schools to ensure their continuing viability at a time of maximum stress.

Areas where no current provision is made must not now be funded. There is not enough money to make any change. All other areas must remain under constant and rigorous scrutiny.

As a High School do not benefit from any of the other centrally provided services.

Have concerns over the size of the budget being used to support these services, when school budgets are under increasing pressure.

In principal no, however statutory services only need to be retained by the LA.

Recognise the need to retain some central services but are concerned that 'central services' previously supplied to academies (for example data analysis, census support) are now subject to SLAs, which have to be paid for.

Increasingly concerned about the capacity of the LA to deliver the centrally retained services for which pay; there is no doubt that in recent years the level of service and response times have declined rapidly. Aware that schools increasingly have to make alternative arrangements for these services. Given this, whilst recognising the necessity for some services to be retained centrally feel able to support this as the services provision is lacking.

School Admissions

The LAs retained duties (e.g. school admissions) must be administered as cost-effectively as possible.

Do not support the centrally held funds with the exception of Pupil Admissions although question why this costs approximately £700,000 and SEN Transport (the costs of which are not stated).

There has been discussion about the whole process of in-year admissions being returned to LA control and would support this process.

Early Intervention Family Support Service (EIFS)/Early Help (EH)

This is a particular concern as schools are finding it increasingly difficult to access the level of support needed. In many cases schools are employing their own staff to fulfil this role, but still being expected to fund this centrally. A business plan or justification to support and explain the work of these various departments may help schools understand more about their need.

Supported in principle, however raise the question of value for money of the service in terms of the quality and security of an on the ground support service to young people and schools.

Believe that the service needs to be a central one but would like to see a clear improvement plan for this service.

Do not support the contribution to the service.

All Through Schools Sector

No response was received.

Other Response

The Worcestershire Association of Governors (WAG) supported the proposed arrangements in **consultation question 4**.

No comments were made.

2. FURTHER ISSUES RAISED

National Fair Funding Formula

Maintained First/Primary

Can see why the word 'fairer' has been dropped from the headlines as clearly making more money available is a good thing for children's education it is vital that this 'new' money is allocated fairly and does not favour High Schools and more urban areas with generally larger primary schools. If do not wish to see even more 'village' schools forced out then allocated money must help to ensure they remain viable.

The proposed and existing formula must be very difficult to administer, given each line represents a dedicated aspect of administration.

Remain committed to giving the very best education to the pupils who come to the school, and need to increase funding in order to do that. Thanks to a very effective senior leadership team and board of governors, micro-manage the budget – as WCC and the tax payer would expect. However, options are running out with access needed to the share of additional funding entitled to.

The NFF does not appear to address the inequalities of national funding and therefore cannot be supported in this form. An element of tailoring by education leaders to meet local needs is crucial and appears to be lacking in the NFF. This needs to be addressed.

NFF does not address inequalities and new money should be used to improve national averages.

As a small school funding changes have a huge impact on the school. At the moment there is a deficit budget due to 10 children less on the census, reduced pupil premium funding and reduced early years funding. The impact this has had this year on the school is phenomenal any further changes to funding will question if the school is a viable option.

Feel that the NFF does not address the inequalities of funding for schools. As a small rural school in what is considered to be an affluent area are often left to rely on fundraising to provide even the basic essentials for the school and left wondering why children in the school are left wanting purely

because of the postcode that they live in. The NFF seems to increase funding for additional needs by removing from basic funding. This seems very much to favour large, urban schools and the detriment of small, rural schools.

Academy First/Primary

After years of fighting for Fairer funding, how can it have such little impact on future funding?

Appreciate the need for formulas but surely every child in WCC is important – why are those at the school missing out once again? There are buildings to maintain, an ever increasing demand on budgets because of SEND needs, huge staffing costs. The school qualified for sparsity funding previously but saw no additional funding as it was taken off in other ways – do not feel this is fairer funding for all, but rather fairer funding for some!

Academy Secondary/High

It would also appear that a fundamental examination of school provision, particularly at primary level, is required.

Acknowledge that as a rural county it will have a number of small, rural schools. Are these the schools that will have capacity issues as the population grows, or will this be more acute for schools in more densely populated areas? The funding, however, is being distorted by the sheer proportion of these small schools. In an era of austerity, the LA cannot just assume that the system can continue as it has always been.

Understand that a significant proportion of first and primary schools have 50 pupils or fewer. Although politically very difficult there has to be a realisation that in the current climate and with the budget pressures that exist, requires solutions which are efficient and rely on a certain economy of scale.

Very concerned that the Worcestershire Association of Governors (WAG) has circulated a recommended response to the consultation in respect of a point of principle, which is felt on the face of it, is a conflict of interest.

Would expect that increased High Level needs funding from Government is passed onto the relevant schools to ensure sufficient funding to meet the needs of each individual student.

Worcestershire Association of Governors (WAG)

WAG feels that the NFF does not address the inequalities of national funding and therefore cannot be supported in this form and cannot support any formula that does not allow for some element of tailoring by education leaders to meet local needs.

In the meantime, recommend that any new money is used to boost national averages. It has taken WCC schools a long time to coalesce around a formula based on national averages. Scaling up from this position is a collegiate approach and provides the best opportunity for all schools to benefit fairly according to their pupils' needs.

Hope that all WCC education providers, the LA and Council will continue to campaign for fairer funding that is consistent across all phases from 0 – 19 years.

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Special Schools

Very concerned that there is no mention or /consideration of special schools in all of the discussions.

Understand that the DfE has had difficulty grasping the funding for special schools and have therefore chosen not to make any changes. Cannot see how, when some WCC schools are expecting an increase of 6% over 2 years, special schools, who educate the most needy and vulnerable pupils, may only get 0.5%. Would like to see WCC taking the lead on this subject and making representation to the DfE to ask what plans are in place to increase the funding for these pupils, in line with their mainstream counterparts.

FAIR FUNDING CONSULTATION OUTCOMES FOR 2018-19 AND 2019-20
NOVEMBER 2017

	QUESTION	SUMMARY OF RESPONSES
Q1	<p>Do you support the Local Schools Funding Formula (LSFF) in 2018-19 and 2019-20 being: -</p> <p>Option 1 – Retain the current WCC Local Schools Funding Formula (LSFF) for 2018-19 and 2019-20.</p> <p>Option 2 – The Local Schools Funding Formula (LSFF) in 2018-19 and 2019-20 being the DfE NFF parameters as far as is practicable and affordable subject to the Schools Block DSG available.</p> <p>APPLICABLE TO ALL MAINSTREAM SCHOOLS LA MAINTAINED AND ESFA ACADEMIES</p>	<p>Not supported overall in terms of number of schools and number of pupils.</p> <p>Supported in the LA maintained first/primary and middle school sectors only.</p> <p>Supported overall in terms of number of schools and number of pupils.</p> <p>Supported in all LA maintained and EFSA sectors apart from LA maintained first/primary and middle school sectors.</p>
Q2	<p>Do you support the arrangements for delegation and de-delegation for 2017-18 as detailed in Table 3 in the consultation document to continue for 2018-19 and 2019-20?</p> <p>APPLICABLE TO LA MAINTAINED MAINSTREAM SCHOOLS ONLY</p>	<p>Supported overall and in all LA maintained mainstream sectors individually.</p>
Q3	<p>Do you support the further de-delegation in 2018 - 19 and 2019-20 to allow central retention of some Schools Block funding to cover the statutory duties for maintained schools carried out by the Local Authority which were previously funded through the general duties Education Services Grant?</p> <p>APPLICABLE TO ALL LA MAINTAINED SCHOOLS ONLY</p>	<p>Not supported overall and in all LA maintained sectors individually.</p>
Q4	<p>Do you support the arrangements for centrally</p>	<p>Supported overall and in all</p>

	retained services as detailed in Table 4 in the consultation document for 2017-18 to continue in 2018-19 and 2019-20? APPLICABLE TO ALL SCHOOLS BOTH LA MAINTAINED AND ESFA ACADEMIES	LA maintained and ESFA funded sectors individually.
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FAIR FUNDING CONSULTATION OUTCOMES 2018-19 AND 2019-20
WORCESTERSHIRE SCHOOLS FORUM ISSUES, DECISIONS AND
RECOMMENDATIONS SEPTEMBER, OCTOBER AND NOVEMBER 2017

As the statutory consultation body for schools funding issues and local schools formula development, the Worcestershire Schools Forum met to receive and discuss the national Fair Funding Policy Direction and Consultation Issues as follows: -

- On 7 September 2017 for the overall outcomes of the Department for Education (DfE) policy direction for the National Funding Formula (NFF) and for consideration of potential local consultation issues for 2018-19 and 2019-20.
- On 12 October 2017 for the detailed outcomes of the Department for Education (DfE) policy direction for the National Funding Formula (NFF) and for consideration of the detailed consultation issues for 2018-19 and 2019-20.
- On 29 November 2017 for the outcomes of the local consultation issues launched on 17 October 2017.

The main areas discussed are detailed in the following sections.

CONSULTATION ISSUES CONSIDERED AT THE WORCESTERSHIRE SCHOOLS FORUM ON 12 OCTOBER 2017

The Worcestershire Schools Forum considered and debated the Secretary of State NFF announcements and the WCC draft consultation document and questionnaire as required.

The Worcestershire Schools Forum approved the draft consultation and questionnaire including two options for the Local Schools Funding Formula (LSFF) for 2018-19 and 2019-20, other consultation matters and for its circulation to all schools and other consultees.

In doing this the Worcestershire Schools Forum noted with either LSFF option individual school budget allocations will differ between 2017-18 and 2018-19/2019-20 due to: -

- The Minimum Funding Guarantee (MFG) baseline having to roll forward with its start point being the 2017-18 budget.
- Any MFG and capping calculation for 2018-19 and 2018-19 having to be based upon this revised data.
- Data not yet available from the October 2017 and 2018 censuses and other 2017 and 2018 DfE data sets, including prior years, which has to be used for the 2018-19 and 2019-20 allocations.
- Low Prior Attainment Key Stage 2 assessment for secondary aged pupils – further national weightings introduced by the DfE.
- The final Schools Block Dedicated Schools Grant quantum for 2018-19 and 2019-20 which will not be notified by the DfE until late December 2017 and 2018.
- The LSFF option that is implemented and in Option 2 the use of the required NFF parameters.

CONSULTATION OUTCOMES CONSIDERED AT THE WORCESTERSHIRE SCHOOLS FORUM ON 29 NOVEMBER 2017

The Worcestershire Schools Forum considered the issues for: -

- The 2 options for the LSFF in 2018-19 and 2019-20.
- The consultation outcomes for each of the 3 other consultation questions.
- Summaries of the key consultation issues raised by schools.
- The recommended actions as detailed in this report paragraphs 32 to 42 and accompanying **Appendices 2, 3, 4 and 5**.

Overall, the Worcestershire Schools Forum was encouraged by the very high level of responses (42%) across all the sectors. The Worcestershire Schools Forum noted how this varied by sector and in particular it was highest in the secondary sector and lowest in the primary sector. The Worcestershire Schools Forum concluded this was a consequence of the options offered for the LSFF for the existing local formula or the move to the NFF parameters.

IN TERMS OF THE DETAILED CONSULTATION ISSUES THE WORCESTERSHIRE SCHOOLS FORUM COMMENTED AS FOLLOWS: -

Local Schools Funding Formula (LSFF) 2018-19 and 2019-20

The Worcestershire Schools Forum considered the summary of the overall consultation responses as detailed in **Appendix 2** of this report. The Worcestershire Schools Forum further considered and discussed all the summaries of all the main issues made by schools on the LSFF as detailed in **Appendix 3** of this report.

The Worcestershire Schools Forum noted and commented as follows: -

- There were different views within the Worcestershire Schools Forum membership on the 2 options for the LSFF and also within schools and phases responding to the consultation.
- The consultation was on principles of staying with the current local model or moving to the NFF parameters as far as is practicable and affordable in the local formula.
- Concerns that although the DfE NFF illustrations were available the lack of a robust national modelling tool had not helped LAs and WCC in the consultation process.
- Whatever option is chosen for the LSFF there is still not enough resource in the school funding system to support demands and cost pressures.
- Concerns that schools will continue to have significant cost pressures and in particular the continued effect of reductions in Post 16 funding for school sixth forms.
- The potential effect on those schools not well served by the NFF predicted to be at or close to the funding floor of +0.5% per pupil and in particular this impacting more in the primary sector.
- WCC needing to consider the future impact of either option chosen on its current school organisation.
- If either option were implemented then the need for a +0.5% per pupil funding floor was supported for stability purposes and for option 2 there would be a need for a cap as detailed in the 2018-19 and 2019-20 NFF for affordability purposes.

Taking account of the above the Worcestershire Schools Forum concluded on whatever option was agreed and implemented it would not be possible to get consensus within the group and across all schools and phases. However, the Worcestershire Schools Forum respected the consultation outcomes on a high turnout from a significant number of schools across all phases and concluded overall that this gave credence to the most favoured option 2.

The Worcestershire Schools Forum on a majority decision resolved to endorse Option 2 for the LSFF in 2018-19 and 2019-20 and to move as far as is affordable and practicable to the NFF parameters using the DfE required data sets and formula factors as detailed in paragraph 34 of this report, noting the potential impact of this on individual school allocations discussed at its previous meetings.

In doing this the Worcestershire Schools Forum **noted** the requirements of the NFF would be introduced in 2018-19 and 2019-20 as far as affordable and practicable including the effect in both years of: -

- The actual schools block DSG allocated.
- The prescribed sector minimum funding levels per pupil.
- The Minimum Funding Guarantee (MFG) of +0.5% per pupil in each year.
- The need for a relevant cap estimated to be 3% per pupil in each year for affordability purposes.

The Worcestershire Schools Forum **further noted** the estimated Local Schools Funding Formula NFF units of resource and estimated capping % may need to be adjusted in January 2018 and January 2019, as required, to take account of:

- October 2017 and 2018 census data impact and requirements including use of estimated data for changes in school age ranges if required.
- Other DfE prescribed 2017 and 2018 data changes including those from prior years.
- The final Schools Block Dedicated Schools Grant for 2018-19 and 2019-20.
- Statutory requirements relating to the Minimum Funding Guarantee (MFG)/Capping and the School and Early Years Finance (England) Regulations.

As in previous years the formula model for 2018-19 and 2019-20 will **not** include factors for:

- Pupil Mobility – not deemed to be a significant issue.
- Looked After Children (LAC) – deemed to be funded via the LAC Pupil Premium.
- Post-16 top up – not permitted as not a pre-2013 formula factor and no longer a LSFF permitted from 2017-18.
- Higher Teacher Costs – only applies to London fringe Local Authorities.

Consultation Question 2 – Delegation and De-delegation of Centrally Retained Dedicated Schools Grant Services for Maintained Schools

The Worcestershire Schools Forum considered its statutory responsibilities in making decisions on the delegation or de-delegation of services currently centrally retained in the Dedicated Schools Grant.

In line with the Schools Forum (England) Regulations 2012, the Worcestershire Schools Forum maintained school members by phase considered these areas. By phase these Worcestershire Schools Forum members **unanimously resolved to approve** to either delegate or de-delegate these areas in 2018-19 and 2019-20 as detailed in this report in paragraphs 36 to 38 together with the method of delegation or de-delegation proposed.

Consultation Question 3 - Central retention of some Schools Block funding to cover the statutory duties for maintained schools carried out by the Local Authority which were previously funded through the general duties Education Services Grant

The Worcestershire Schools Forum considered its statutory responsibilities in making decisions on the delegation or de-delegation of services currently centrally retained in the Dedicated Schools Grant.

In line with the Schools Forum (England) Regulations 2012, the Worcestershire Schools Forum maintained school members by phase **unanimously resolved not to approve** any further de-delegation to allow central retention of some Schools Block funding in 2018-19 and 2019-20 to cover the statutory duties for maintained schools carried out by the Local Authority which were previously funded through the general duties Education Services Grant as required as detailed in this report paragraph 39.

Consultation Question 4 – Centrally Retained Dedicated Schools Grant Services

The Worcestershire Schools Forum also considered its statutory responsibilities in making decisions on other centrally retained Dedicated Schools Grant services.

The Worcestershire Schools Forum noted the outcomes of the consultation results which supported continued central retention overall but that some schools had raised issues on transparency and service provision. It was felt there needed to be ongoing dialogue and debate with WCC on the issues raised.

In line with the Schools Forum (England) Regulations 2012, the Worcestershire Schools Forum **unanimously resolved to approve** the continued central retention in 2018-19 and 2019-20 of the centrally retained services as detailed either limited to the 2017-18 budget level or as prescribed by the DfE (indicative budgets are shown either limited to previous year levels or **estimated** funding subject to final clarification and change) as detailed in this report paragraph 40 for:

- Funding for significant pre-16 pupil growth to meet basic need and to enable all schools to meet the infant class size requirement i.e. pupil growth fund – £0.70m **estimated**.
- Copyright Licensing Agency (CLA) and Music Publishers Association (MPA) licences (subject to DfE prescription) – £0.38m **estimated**.
- Contributions to Combined Services – the Early Intervention Family Support (EIFS) service budget – £1.50m **actual**.
- Co-ordinated admissions scheme – £0.70m **actual**.
- Servicing of the Schools Forum – £0.06m **actual**.

- Services previously funded by the retained rate of the Education Services Grant – £1.16m **actual**.

Overall

In terms of all their deliberations and decisions above, the Worcestershire Schools Forum **resolved** that these be communicated to the Worcestershire County Council Cabinet as required.

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CABINET
14 DECEMBER 2017**CHURCHFIELDS URBAN VILLAGE HIGHWAY**
INFRASTRUCTURE PROJECT

Relevant Cabinet Member

Dr K A Pollock

Relevant Officer

Director of Economy and Infrastructure

Local Members

Mr N Desmond

Mrs M Rayner

Recommendation

- 1. The Cabinet Member with Responsibility for Economy and Infrastructure recommends that Cabinet:**
 - (a) approves the implementation of Churchfields Urban Village Highway Infrastructure ("Churchfields") Project in accordance with this report and as shown in the attached plan (Appendix A) subject to the confirmation of planning permission and surety of funding;**
 - (b) approves the submission of a planning application for Churchfields Urban Village Highway Infrastructure Project and applications for other relevant consents, including those relating to environment and utilities by the Council or by the relevant successful contractor as agent for the Council as Highway Authority;**
 - (c) supports the commencement of a public engagement and stakeholder management exercise by Wyre Forest District Council (WFDC) with support from Worcestershire County Council;**
 - (d) approves the acquisition of all the land required for the scheme, as shown on the red line plan (Appendix B), and delegates authority to the Director of Economy and Infrastructure, in consultation with the Cabinet Member with Responsibility for Economy and Infrastructure, to agree any necessary changes to the red line plan and land or rights to be acquired;**
 - (e) delegates authority to the Director of Economy and Infrastructure, in consultation with Cabinet Member with Responsibility for Economy and Infrastructure, to finalise and to award the contract and other necessary agreements for the delivery of the scheme, subject to funding being secured;**

- (f) notes the planned funding sources for the scheme and supports the work required to secure the funding noting that no funding is required from Worcestershire County Council;**
- (g) recommends to Council the addition of £5.7M to the Capital Programme with £1.3M being provisionally secured through Worcestershire Local Enterprise Partnership (LEP) and developer contribution, with the balance to be secured by Wyre Forest District Council through additional Greater Birmingham and Solihull LEP funding and/or Housing Infrastructure funding, for the purpose of completing the Churchfields scheme; and**
- (h) supports the engagement with developer KPI and its tenant CMS to look at relocation options before demolition of the building at the end of the lease.**

Why are these decisions important?

2. As one of the fastest growing economies in the country, Worcestershire is truly open for business. Record investment is happening in road and rail infrastructure, unlocking key employment sites and providing vital congestion busting schemes in times of rapidly increasing housing needs. The Government's drive is to deliver more housing projects and this scheme helps to unlock at least 275 new homes. Funding through Homes and Communities Agency (HCA) Housing Infrastructure Fund (HIF) and GBSLEP is available to assist in infrastructure projects associated with the delivery of new homes.

3. The Council and Wyre Forest District Council (WFDC) have deployed resources available to progress the Churchfields Urban Village Highway Infrastructure scheme. Approval of the recommendations will enable the scheme to progress to the best advantage of the Council and with appropriate safeguards in terms of financial control.

Background

4. This project relates to Churchfields, a strategically important residential development, located to the north of Kidderminster town centre. The area is allocated in the adopted Development Plan (Kidderminster Central Area Action Plan) and subject to a separate Supplementary Planning Document – Churchfields Masterplan – adopted by Wyre Forest District Council in 2012.

5. Following the launch of the ReWyre Initiative, the Homes and Communities Agency (HCA) recognised Churchfields as one of a limited number of priority housing locations in the West Midlands. The aim is to recreate a residential community around a host of existing and new community assets.

6. The project seeks to deliver improved access to the "Churchfields Masterplan" area in order to unlock significant housing-led development. It would facilitate the delivery of over 275 dwellings. These homes, forming parts of Phases 2 and 3 of the housing-led urban village masterplan, cannot be progressed without the highway improvements this project would deliver.

7. The purpose of the project is to increase capacity on the highway network to enable the redevelopment of the Churchfields area and provide an improvement scheme for Blackwell Street which improves the air quality within the designated Air Quality

Management Area. This in turn enables the potential to regenerate Horsefair Local Centre in line with the Adopted Masterplan and the emerging Local Plan Review.

8. Specifically the scheme would provide:

- A significant enhancement to the A456 roundabout at Blackwell Street
- A new T- junction providing a new access point to Churchfields from the ring road
- Creation of a new link road linking the A456 ring road to the development area
- Creation of a one way system on Blackwell Street, improving pedestrian experience and addressing air quality issues within a designated AQMA, and
- Provision of new pedestrian and cycle crossing points to link across the ring road to the town centre.

9. Further details are set out in the Outline Business Case (OBC) in Appendix C, approved by Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) on 8 August 2017.

9. Once delivered, the scheme would help enable delivery of:

- Over 275 new homes within the overall vision of the Churchfields Masterplan
- Additional retail expenditure and increased utilisation of retail accommodation
- 21 gross Full Time Equivalent (FTE) jobs in the retail industry
- A Gross Value Added (GVA) uplift, associated with the creation of retail jobs
- Air quality improvements to help meet European Objective levels
- Improved pedestrian experience
- Improvements to the environment, townscape and sense of place
- Improvements to the local network which has capacity constraints due to the earlier delivery of 95 new dwellings as part of Phase 1.

Business Case and Funding

10. The County Council completed and submitted an Outline Business Case to GBSLEP in March 2017. The overall cost of the scheme is estimated at £5.7M with the following funding breakdown:

- £4.4M from GBSLEP and Homes and Communities Agency (HCA)
- £1.0M WLEP, and
- £324k – S106 contribution from Phase 1 of the scheme.

11. Full funding for the scheme is yet to be secured with £4.4M required from GBSLEP and/or HCA. Worcestershire County Council will support Wyre Forest District Council to identify opportunities to secure the required funding. WFDC has an extant bid with GBSLEP through Local Growth Fund 3 (LGF3) that is currently being developed through the business case. In the meantime funding is being sought from the recent Housing Infrastructure Fund (HIF). Failure to secure the required funding will require further decisions regarding progress of this scheme

12. In September 2017 Wyre Forest District Council submitted a funding bid to the Housing Infrastructure Fund for £2.7M.

13. There is no financial contribution committed from the County Council to deliver this scheme. Any contingent funding risk will rest with the scheme promoter, which in this case is Wyre Forest District Council.

14. GBSLEP, in August 2017, asked the County Council to submit a draft of the Final Business Case. The OBC (see Appendix C) concludes that the economic case is sound and represents high value for money.

Programme

15. In order to be able to complete the scheme by Spring 2020, adherence to the following timeline is critical:

- Determine Delivery Strategy – Autumn 2017 (complete)
- Draft Final Business Case submitted March 2018
- Secure funding Spring 2018
- Contractor appointed Spring 2018
- Secure Planning Permission by Summer 2018
- Detailed Design by Summer 2018
- Construction Starts Spring 2019, and
- Construction Completion Spring 2020.

Legal, Financial and HR Implications

16. Wyre Forest District Council has been in positive dialogue with the owners of the land to be redeveloped, Kidderminster Property Investments (KPI), for a number of years and continues to engage positively with them. KPI has confirmed its intent to bring the residential development forward as soon as the highway capacity can be increased. The timescales detailed in paragraph 16 depend on the land being made available for development.

17. As referenced earlier, at this time the full funding for the scheme is not secured leaving a potential funding gap. The County Council will support Wyre Forest District Council to progress opportunities to secure the required funding. There is no financial contribution committed from the County Council to deliver this scheme. Should the required funding not be secured, further decisions will be required regarding progress of this scheme.

18. Whilst recognising the project is to be funded by other parties, as the project is being delivered by the County Council an addition of £5.7M to the Capital Programme is required.

19. The intention is to use the term contract for infrastructure engineering works for delivery of the scheme. Procurement of this framework is underway (see the Cabinet decision on 2 November 2017).

Privacy and Public Health Impact Assessments

20. The environmental assessment and consultation process are in the early stages for the scheme. Social assessments will also have to be undertaken to support the development of the scheme.

21. Health implications of the scheme will be identified by assessing changes in the opportunities for increased physical activity through cycling and walking. In addition, we will work with Worcestershire Regulatory Services to deliver improved air quality in what is currently an Air Quality Management Area.

Equality and Diversity Implications

22. An Equality Relevance Screening will be undertaken within the next few months.

Supporting Information

- Appendix A: Scheme Location
- Appendix B: Redline Plan
- Appendix C: Churchfields Urban Village Highway Infrastructure Project Outline Business Case, March 2017 – available electronically only
- Churchfields Masterplan:
<http://www.wyreforestdc.gov.uk/media/105872/Churchfields-Master-Plan-FINAL-reduced-Adoption-.pdf>

Contact Points

County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Specific Contact Points for this report

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Rachel Hill, Strategic Commissioner – Major Projects

Tel: 01905 843539

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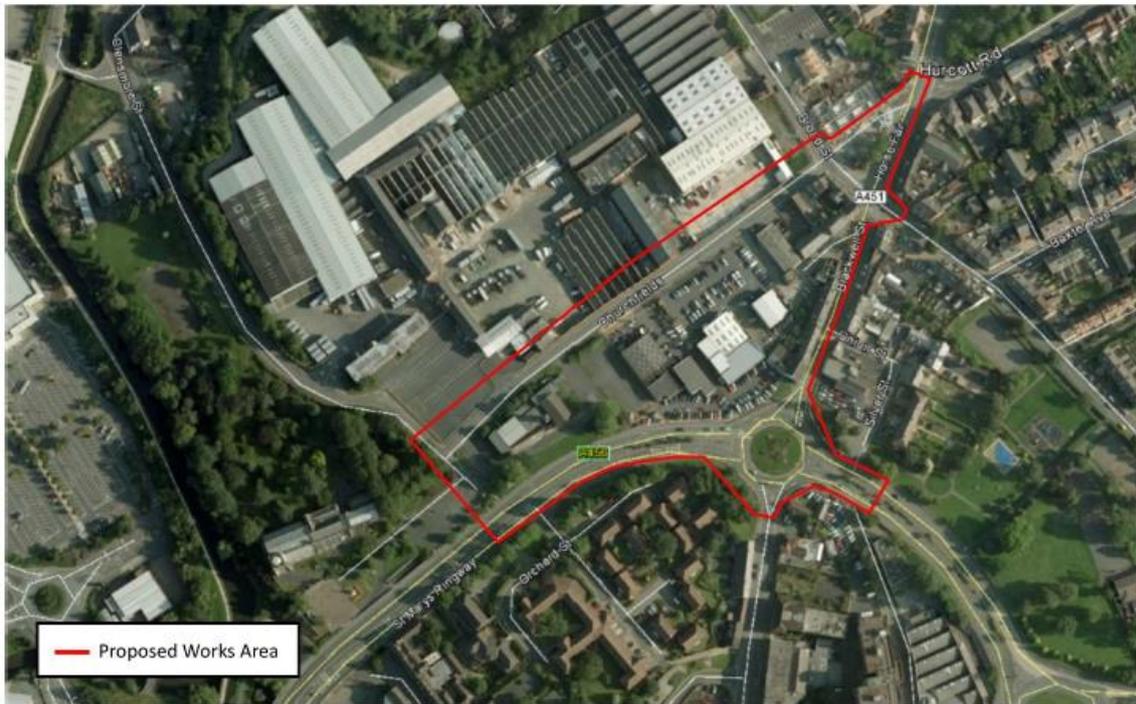
Background Papers

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

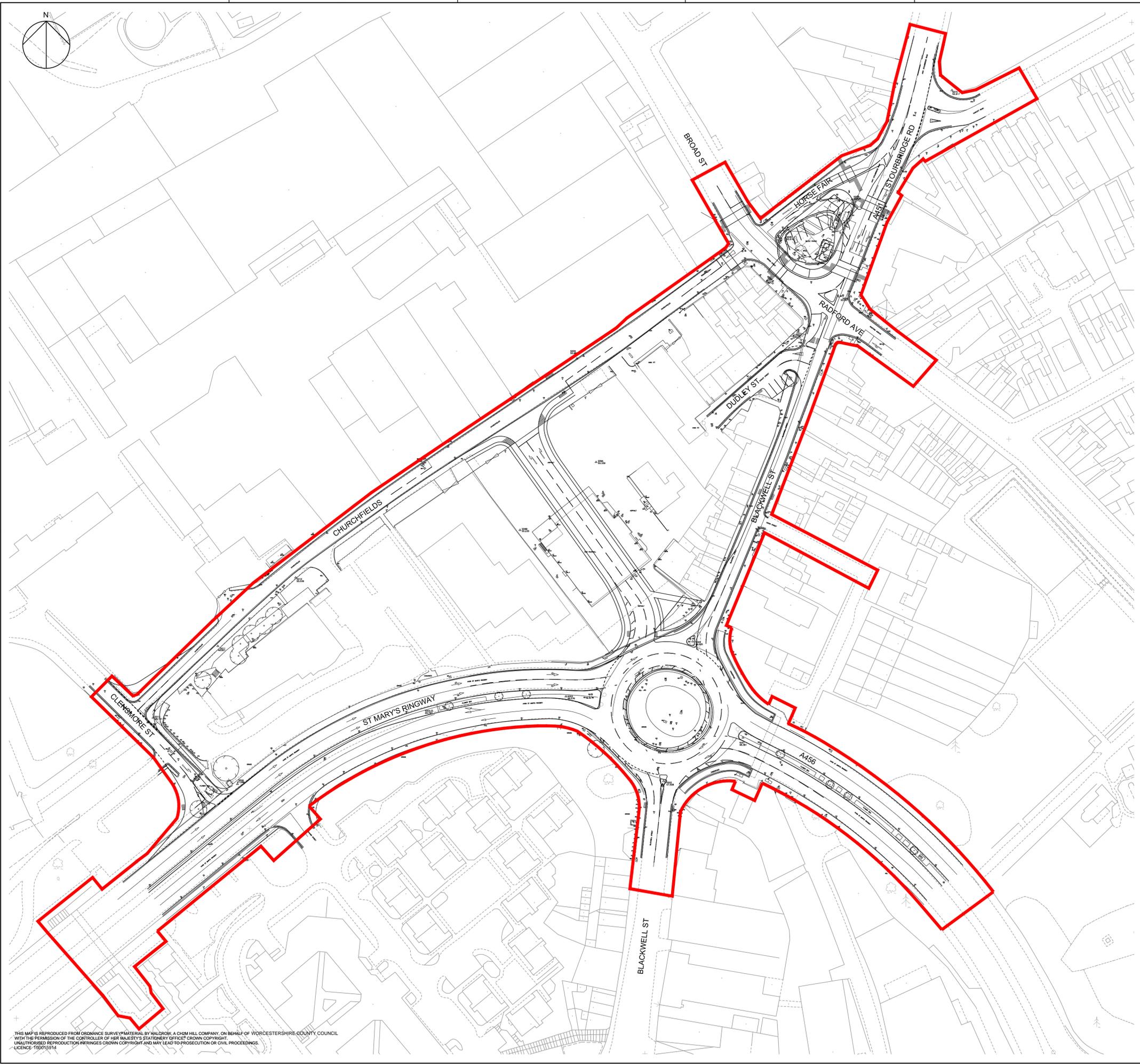
Agenda and background papers for the meeting of the Cabinet held on 2 November 2017

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Appendix A – Scheme Location



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GENERAL NOTES

- DO NOT SCALE FROM THIS DRAWING.
- ALL DIMENSIONS ARE IN METRES UNLESS STATED OTHERWISE.

NOTES

KEY

KEY PLAN

STATUS REV	DATE	DR	CHK	APVD	BY	APVD	DRG STATUS	DRG REV
DSGN		JAU	JAU	MT			GW	P2
							S2	

worcestershire
county council

WORCESTERSHIRE COUNTY COUNCIL
COUNTY HALL, SPETCHLEY ROAD
WORCESTER WR5 2NP

ch2mSM

CHURCHFIELDS, KIDDERMINSTER
RED LINE BOUNDARY

NTS	
VERIFY SCALE	
BAR IS 25mm ON ORIGINAL DRAWING.	
DATE	28/06/2017
PROJ	694944.HA.01
DWG	HGN-01-DR-C-0001
SHEET	1 of 1

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CABINET
14 DECEMBER 2017**TRANSPORT HIERARCHY – NOTICE OF MOTION FROM**
COUNCIL 9 NOVEMBER 2017

Relevant Cabinet Member

Mr A T Amos

Relevant Officer

Director of Economy and Infrastructure

Recommendation

1. **The Cabinet Member with Responsibility for Highways recommends that Cabinet:**
 - (a) **rejects the Notice of Motion set out at paragraph 3 but acknowledges the importance of walking and cycling for transport and their value in improving health and well-being; and**
 - (b) **maintains the commitment made to Active Corridors set out in the Local Transport Plan 4 (LTP4) and ensures that Local Planning Authorities make appropriate provision for Active Corridors through the Local Development Plan process.**

Notice of Motion

2. The following motion was duly moved and seconded at Council on 9 November 2017. The motion is in relation to the exercise of an executive function and so stood referred to the Cabinet. Mr Jenkins and Mrs Tucker (as mover and seconder) have been invited to the meeting.
3. Notice of Motion standing in the names of: Mrs E B Tucker, Prof J W Raine, Mr M E Jenkins and Mrs F M Oborski.

"As the Department for Transport's own research shows, investing in walking and cycling brings huge economic, social and health benefits, with the cost-benefit ratios outperforming highway-only schemes. Increasing investment in walking and cycling not only provides economic benefits, but also huge health benefits by allowing people to be more active, thus reducing levels of obesity and other serious conditions.

The transport hierarchy, which is embedded in the Manual for Streets, the Council's Streetscape Design Guide and LTP4 Network Management Plan, states that the design of new roads or improvements to existing roads should

consider the needs of pedestrians first, cyclists second, public transport third and other vehicles last.

Taken together it is clear that we should be focusing our efforts as much as possible on investing in improvements to walking and cycling.

The All Party Parliamentary Cycling Group's Get Britain Cycling report proposed creating a cycling budget of at least £10 target per person per year, increasing to £20. The national Conservative Party backed the £10 target in 2015 and in September Labour backed the £10 target for walking and cycling.

This Council proposes that the Cabinet should set a budget target of £10 per person per year to be spent on walking and cycling, rising to £20 per person per year by 2025".

Response of the Cabinet Member with Responsibility for Highways

4. The Council recognises the importance of walking and cycling to the transport infrastructure of Worcestershire, and particularly the potential value that increased active travel has to improving the health and well-being of residents. Appendix 1 sets out the expenditure by the Council on cycling and walking project activity; this identifies a budget estimate of circa £9 per head of population in 2017/18 up from £5 in 2013/14. The Council will continue to commit spend that it considers appropriate and affordable given the ambitions set out in the Corporate Plan in the context of the challenges facing the organisation. It is therefore not in favour of a specific financial commitment or related escalator set out in the Notice of Motion.

Wider Background Information

5. The Government has set-out an ambition to see increased levels of cycling and walking across England. This ambition translates to the Department for Transport's (DfT) Cycling and Walking Investment Strategy, from which the following statements are extracted:

"If we can increase levels of walking and cycling, the benefits are substantial. For people, it means cheaper travel and better health. For businesses, it means increased productivity and increased footfall in shops. And for society as a whole it means lower congestion, better air quality, and vibrant, attractive places and communities.

Those benefits explain the Government's ambition for walking and cycling in England. We will double cycling activity by 2025, and reduce each year the rate of cyclists killed or seriously injured on English roads. We will reverse the decline in walking that we have seen over the last few years. For that to happen, cycling and walking should become the natural choice for shorter journeys or as part of a longer journey. Cycling and walking should become safer, and, importantly, be perceived to be safe. In short, walking and cycling should be easy, normal and enjoyable."

6. In support of the Council's Corporate Plan, Worcestershire's recently approved Local Transport Plan 4 (LTP4) has five key objectives, namely; Economic, Environment, Health and Safety, Equality and Quality of Life. Walking and cycling

infrastructure and programmes deliver across all of these objectives and therefore help to deliver the Corporate Plan. LTP4 proposes a large number of walking and cycling schemes across the whole county, underpinned by an extensive policy on such provision. LTP4 also establishes that the Council will seek wherever possible to embed safe walking and cycling infrastructure provision within the delivery of all other transport schemes.

7. Worcestershire's Joint Health and Well-being Strategy 2016-2127 identified three overarching priority work-areas, two of which are:

- improving mental health and well-being; in recognition of the fact that people who are more resilient do better in life, being happier, more able to cope with adversity and less at risk of developing mental health conditions such as anxiety and depression, and
- increasing physical activity - being inactive is a major cause of ill health throughout life - including heart disease, diabetes and some cancers. The negative health impact of being inactive is both avoidable and in some cases reversible. In Worcestershire at least a third of people do not meet the recommended guidelines for being physically active.

Facilitating higher uptake of active travel within Worcestershire will help to deliver against these priorities too.

8. As the DfT's Cycling and Walking Strategy (see Appendix 2) acknowledges, increased walking and cycling leads to increased productivity and lower congestion, better air quality, and vibrant, attractive places and communities; all of which perfectly supports the Worcestershire Local Enterprise Partnership's vision (as set out in its Strategic Economic Plan) "to build an internationally recognised, highly competitive, innovative business location with better productivity and sustainable economic growth."

9. Direct central government funding for cycling (sometimes combined with measures for walking) has been restricted in recent years, largely focusing, through repeat funding, on those locations that were successful in 2014's original "Cycle City Ambition" bidding process (namely Bristol, Birmingham, Cambridge, Leeds, Manchester, Newcastle, Norwich and Oxford). It is not yet known precisely how funding from the Cycling and Walking Investment Strategy might develop, but the Council has been highly successful in securing funding from other aligned, but not directly linked, DfT funding streams; the Southern Link Road Phase Four "Major Scheme" will see significant walking and cycling infrastructure delivered, whilst two "National Productivity Investment Fund" schemes will see significant walking and cycling improvements delivered to Worcester City centre and a whole network start to take shape in Bromsgrove.

10. Worcestershire has an excellent record of delivering such projects and a continued commitment to seeking further funding will help to realise the importance of walking and cycling for transport, and their value in improving health and well-being, helping to deliver against:

- the Government's ambition for increased levels of walking and cycling
- the Council's Corporate Plan

- the Council's Local Transport Plan 4, the plan's five key objectives as well as numerous schemes identified therein
- Worcestershire's Joint Health and Well-being Strategy
- Worcestershire Local Enterprise Partnership's Strategic Economic Plan.

Legal, Financial and HR Implications

11. If funding bids are successful there will be resource implications, but such funding can often bring with it remuneration to offset the cost of delivery, so the overall effect is likely to be negligible.

Privacy and Public Health Impact Assessments

12. The Health Impact Assessment undertaken in support of the LTP4 observed that there are some serious ongoing challenges to health and well-being within the county:

- An ongoing burden of avoidable ill-health related to lifestyles - about two thirds of adults are overweight or obese, a third of men and half of women don't get enough exercise, about a third of people drink too much alcohol, and one in six adults smoke
- Persistent inequalities between the most disadvantaged and the most affluent communities - the average number of years a person born in Worcestershire would expect to live in good health is 15.4 years lower for men and 14.3 years lower for women in the most disadvantaged 10% of communities compared to the 10% most affluent.

13. The investment in 'active travel' related to walking and cycling infrastructure can help tackle these challenges.

Equality and Diversity Implications

14. An Equality Relevance Screening (see Appendix 3) is being carried out in respect of cycling and walking projects taken forward by the organisation. If the assessment identifies particular issues further work will continue to be done at a project level.

Supporting Information

- Appendix 1 – Spending on Infrastructure over the last five years
- Appendix 2 – Extract from the DfT's Cycling and Walking Investment Strategy
- Appendix 3 – Equality Relevance Screening

County Council Contact Points

County Council (01905) 763763
Worcestershire Hub (01905) 765765

Specific Contact Points for this report

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Email: nhudson@worcestershire.gov.uk

Background Papers

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

County Council agenda for the meeting held on 9 November 2017

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APPENDIX 1

The table below provides Highways Maintenance spend / budget for the last 5 years (budget for 2017/18). The figures relate to Highways maintenance and, in addition to core maintenance spend, they include some other appropriate projects such as flood risk projects, Driving Home.

Item	2013/14	2014/15	2015/16	2016/17	2017/18	Notes
Highways core spend (£m)	21.90	24.20	23.70	31.20	38.70	Figures for 2016/18 and 2018/19 include Driving Home Programme 2017/18 increase also due to Flood Risk Schemes and NPIF
Footways (£m)	1.66	1.76	2.49	3.51	4.00	Figure for 2017/18 is an estimate
PROW (£m)	0.40	0.39	0.39	0.39	0.38	Public Rights of Way
Walking & Cycling (£m)	0.59	0.47	0.33	0.22	0.67	Estimates for walking and cycling only projects
<i>Sub Total - Walking & Cycling (£m)</i>	<i>2.65</i>	<i>2.62</i>	<i>3.20</i>	<i>4.12</i>	<i>5.05</i>	<i>Sub Total for Walking & Cycling includes Footways, PROW and other Walking / Cycling spend.</i>
TOTAL (£m)	24.55	26.82	26.90	35.32	43.75	
TOTAL (£k)	24,553	26,820	26,902	35,320	43,747	
Population	566,169	566,169	566,169	566,169	566,169	Based on 2011 Census data for Worcestershire
<i>Spend per head Walking & Cycling (£)</i>	4.68	4.62	5.65	7.28	8.92	
Total Spend per head (£)	43.37	47.37	47.52	62.38	77.27	

The trend is positive showing:

- an increased investment per head of population;
- an increase in the investment in walking and cycling; and
- investment in walking in cycling is over 10% of the total.

The figures do not include spend on major infrastructure projects or public realm schemes, e.g. Hoobrook Link Road, Southern Link Road.

Additional Information

Public Rights of Way (PROW)

- *PROW spend has stayed pretty steady in terms of direct spend 'on the ground'. Over the last four years significantly streamlined and 'Lean reviewed' the PROW team and reduced staffing costs by some 40% over the period, whilst improving delivery on the ground for residents and communities in Worcestershire.*
- *Additional PROW information:*
 - *We manage a total of 15,677 PROW, totalling over 3,000miles (4,604km) including over 450 miles of Bridleways.*
 - *We manage 4 recreational trails and 32 circular walks, totalling approx. Over 300 miles.*

Other Projects / Schemes

Total figures for following projects / schemes:

- *Driving Home – WCC investment of £12 million over 2 years (2016/17 to 2017/18 inclusive).*
- *Footways improvement project – WCC investment of £6m over 2 years (2017/18 to 2018/19 inclusive)*
- *Congestion funding – WCC investment of £5m over 2 / 3 years. This has enabled an additional £6.6m to be secured via National Productivity Investment Fund (NPIF) for schemes in Bromsgrove and Worcester.*

APPENDIX 2

Extract from the Department for Transport's "Cycling and Walking Investment Strategy", published in March 2016:

By 2040 our ambition is to deliver:

BETTER SAFETY

"A safe and reliable way to travel for short journeys"

- streets where cyclists and walkers feel they belong, and are safe
- reduced community severance
- safer traffic speeds, with 20 mph limits where appropriate
- cycle training opportunities for all children

BETTER MOBILITY

"More people cycling and walking - easy, normal and enjoyable"

- cycling facilities that are recognised by business as in the top ten globally
- urban areas that are considered as amongst the most walkable globally
- dense networks of routes around public transport hubs and town centres, with safe paths along busy roads
- better links to schools and workplaces
- technological innovations which promote walking and cycling
- behaviour change interventions

BETTER STREETS

"Civilised places where people come first"

- places designed for people, with walking and cycling put first
- improved public realm
- planning for walking and cycling
- community based activities
- A wider green network of walkways, cycleways and open spaces that lets people actively incorporate nature into their daily lives

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APPENDIX 3

WORCESTERSHIRE COUNTY COUNCIL EQUALITY IMPACT RELEVANCE SCREENING

This exercise is not an Equality Impact Assessment (EIA). It is a desktop screening exercise designed to establish if you need to carry out an EIA. When completing the screening please use plain English avoiding the use of acronyms or jargon. Any documents referred to should be attached to this screening form.

Remember, throughout this exercise the term 'policy' (or 'policies') is used as shorthand for 'policies, practices, activities, strategies, plans, projects, procedures, functions and protocols'. It therefore needs to be interpreted broadly to embrace the full range of functions, activities, plans and decisions for which the County Council is responsible.

For help completing this screening please refer to the County Council's [EIA Guidance document](#) available on OurSpace.

Part One: basic information needed to identify the policy and prepare for screening

1.1	Directorate and Section/Unit:	Economy and Infrastructure/ Transport Strategy
1.2	Title of the policy being screened:	Transport Hierarchy
1.3	Screening by:	Henry Harbord
1.4	Date of screening:	16 November 2017
1.5	Summary of policy objectives	To commit to long-term spending on Walking and Cycling infrastructure and promotion.
1.6	Related policies/functions:	
1.7	To which section of the Directorate or Corporate "business/service plan" does this policy relate?	This commitment has the potential to deliver across all four of the Corporate Plan's objectives (Open for Business, Children & Families, the Environment, Health & Wellbeing).
1.8	Is this a new or existing policy?	This is a new commitment

1.9	Does the policy affect service users, employees, the wider community, or a combination of these?	This will positively affect service users and the wider community.
1.10	Who is formally responsible for the delivery of this policy? If different, who is responsible for leading on the delivery?	A number of teams across the Economy and Infrastructure Directorate.
1.11	What (if any) previous consultation has been carried out for this policy? Who was consulted and when?	
1.12	Is equality monitoring in place for this policy?	

Part Two: The purpose of the following exercise is to assess the potential relevance of the policy in the lives of staff and/or residents who have one or more of the following "Protected Characteristics":

Age, Disability, Gender Reassignment, Marriage/Civil Partnership, Pregnancy/maternity, Race, Religion/Belief, Sex and Sexual Orientation.

The questions in this section ask you to consider factors you will need to take into account in assessing the relevance of the policy in the lives of people who have one or more of the Protected Characteristics. The answers you provide will help you determine whether you will need to carry out an Equality Impact Assessment.

		Yes	No	Details and comments
2.1	Could this policy have a significant impact on service delivery or other aspects of daily life for people because they have one or more of the Protected Characteristics listed above?	Yes		Research undertaken on behalf of Transport for London (and cited in the All Party Parliamentary Cycling Group's "Get Britain Cycling" report) found that "frequent cyclists are typically white, male, between 25 to 44, and on a higher than average income" – these groups, and people like them, still have a substantial potential for growth. But much of the potential comes from women, ethnic minorities, younger and older people, and those on a lower income". A commitment to seek funding for walking and cycling could help realise this "potential" and therefore to be beneficial for

				many people who have the Protected Characteristics.
2.2	Does the policy involve a significant commitment, or reduction, of resources?		No	The commitment is to seek funding from external sources.
2.3	Does the policy relate to an area where inequalities are already known to exist?		No	

2.4 Is there any evidence of potential or actual unplanned variations in the participation levels or use of the policy between different groups (Existing policies only)?

Characteristic	Yes	No	Details, including what information you have based your answer on
Age			
Disability			
Gender reassignment			
Marriage/Civil Partnership			
Pregnancy/maternity			
Race			
Religion or belief			
Sexual orientation			
Sex			

If the answer to question 2.3 is "yes" or "could be yes" then you **must complete an EIA**.

For existing policies, if the answer to question 2.4 is "yes" or "could be yes" then you **must complete an EIA**.

If the answer to questions 2.1 or 2.2 is "yes" or "could be yes" then you may need to complete an EIA. Please refer to Section 3 of the [EIA Guidance document](#) for further clarification on when an EIA should be completed.

2.5 Based on the factors above, is an Equality Impact Assessment required for this policy?

Yes	
No	No

An EIA is not always needed. Where you have decided that an assessment is not required please clearly summarise the reasons for your decision, including any factors you have taken into account, in the box below. Please then ensure this screening form is signed-off by your line manager and sent to the Corporate Equality and Diversity Team for publication.

EIA not required: reasons and additional comments

Transport is a hugely important component of daily life. Not only will this commitment to seek funding for walking and cycling infrastructure and promotion be beneficial for all residents of Worcestershire, but it will also have the potential to be particularly beneficial to people with Protected Characteristics. Care will be needed to ensure that the implementation of any project or programme funded in this way does deliver benefits in the desired way/ across the desired 'audiences', but the Council's policies and procedures will ensure that such care is taken, and so overall it can be concluded that this commitment will not require an Equality Impact Assessment to be made.

Signed (completing Officer/Manager):

Date:

Signed (Line Manager):

Date:

CABINET
14 DECEMBER 2017**CHILDREN'S SOCIAL CARE SERVICES ALTERNATIVE
DELIVERY MODEL – OPTIONS APPRAISAL AND MODEL
RECOMMENDATION**

Relevant Cabinet Member

Mr A C Roberts

Relevant Officer

Director of Children, Families and Communities

Recommendation

1. The Cabinet Member with Responsibility for Children and Families recommends that Cabinet:

- (a) notes the output of the options analysis into the range of alternative delivery models for children's social care developed in consultation with the Children's Services Commissioner;**
- (b) approves the selection of the Wholly Owned Council Company and Strategic Partnership with another Local Authority as the outline recommended models to progress to full business case as described in paragraphs 21-24, each proposed model being subject to the agreement of the Children's Services Commissioner and Secretary of State; and**
- (c) agrees to receive the full business cases of the models as set out in (b) above in order to make a decision, subject to ministerial approval, around the Alternative Delivery Model form and implementation timescales at its meeting on 29 March 2018.**

Background and Policy Context

2. The Government's vision for achieving excellent children's social care is set out in the White Paper *Putting Children First* (2016). The White Paper introduces the use of a range of Alternative Delivery Models in Children's Services – both in areas with a history of underperformance, and in areas where Children's Services are performing well. A number of councils with "good" ratings are now also considering fundamental changes to delivery structures and are using DfE innovation funding to support this work.

3. As described in the White Paper, the inadequate Ofsted inspection judgement (published on 24 January 2017), placed Worcestershire in the category of persistent and systemic failure. The DfE subsequently appointed a Children's Commissioner for Worcestershire to lead a further review of services. The Commissioner's report was published on 19 September 2017 and concluded there is currently insufficient evidence

to demonstrate fully that continuing to provide services in-house will deliver and sustain the necessary improvements. This led to a further Statutory Direction which directs that the Council will move those services under direction into an Alternative Delivery Model (ADM), and requires the Council to carry out an options analysis with an outline recommended model by the end of December 2017. This expectation builds on the earlier work the Council had completed in relation to introducing alternative delivery models to help accelerate and sustain improvements in Children's Social Care.

Programme Overview

4. In compliance with the Statutory Direction, also published on 19 September 2017, the Council initiated a programme to analyse, design and implement an ADM for Children's Social Care. The Council has chosen to move to these new arrangements voluntarily, and as such has a degree of choice (subject to Commissioner and Ministerial approval) around the form the ADM will take and whether there is a broader scope of services included within it.

5. The programme consists of a number of phases. Phase 1 (by 31 December 2017) is the completion of an Options Analysis with a recommended form of the ADM. Phase 2 (by 31 March 2018) is the completion of a Full Business Case on the recommended model of the ADM. Subsequent phases and timings will be clarified within the Full Business Case, with the Council's Cabinet committing at their September 2017 meeting to take every best endeavour to implement the preferred ADM as soon as possible, with a 'go-live' target date now being April 2019.

6. The programme is being governed through a formal Programme Board, chaired by Worcestershire's Children's Commissioner (as appointed by the Department for Education) and is supported by an operational Steering Group, Partnership Reference Group and wider stakeholder engagement including staff and children and young people.

7. Following approval of the recommendation in the 28 September 2017 Cabinet report, the Council has procured external expertise and additional capacity to support the completion of Phase 1 and Phase 2 of the programme. Mutual Ventures have been appointed to provide expert support and advice in the design and set up of an alternative delivery models and will be providing the framework for both the options analysis and detailed business case. Cipfa Ci.Co have been appointed to provide expert commercial support and advice to the programme including analysing the impact on the external contracts in scope of the programme. Bevan Brittan have been appointed to provide expert external legal advice.

ADMs in Children's Services

8. There is a range of ADM configurations available to local authority children's services. In order to undertake a robust options analysis process, 16 potential models were identified (including the 13 options included in the 28 September 2017 Cabinet report). These 16 model options can be grouped within the four broad categories outlined below. More detailed descriptions can be found in Appendix 1.

- **In-house options:** in-house options involve continuing with current delivery arrangements but applying internal improvements. This can range from service

redesign, to utilising a managing agent to manage the service. *Examples include Lancashire (cross-agency improvement board); Dudley (improvement programme)*

- **Partnerships or collaborations:** involves a formalised relationship of some variety with another organisation, where responsibilities are shared or delivered in conjunction. *Examples include Hampshire & Isle of Wight (Hampshire took over responsibility for services); Leeds & Kirklees (improvement partnership)*
- **New delivery vehicle:** involves the creation of a new vehicle to deliver services. These can range from a joint venture with another organisation to creating a new independent company. *Examples include: Together for Children (LATC, whole service); Kingston & Richmond/ Achieving for Children (Windsor & Maidenhead have recently joined); Slough Children's Services Trust (LATC, children's social care)*
- **Commissioning options:** commissioning options involve contracting another provider to provide a part of or the whole service. These can range from commissioning part of the service through a grant, to a full outsource of the service. This is a less mature market, however providers such as Barnados are considering broadening their offer in order to become a full outsource provider. *Examples include Barnados & Norfolk.*

Scope of Services

9. The scope of services for the ADM has been considered, but not finalised, during the Options Analysis phase. All Children's Services have been categorised in the following way:

- Within the Statutory Direction (i.e. core children's social care services)
- Essential for improvement
- Supports improvement.

10. At this stage, the scope has largely been agreed in principle, in that those services categorised as '1' are confirmed as in-scope (i.e. those under Statutory Direction). However, there are a small number of services, those categorised as '2' or '3', for which the destination is less clear and these will be considered at a later stage. However, the DfE Commissioner has expressed expectations that some, if not all, Early Help services will also be within scope as they are essential for improvement. Targeted Family Support (Level 3) is therefore considered to be in-scope for this reason.

11. The learning from other local authorities who have or are working towards an ADM for their Children's Services suggests that typically the scope of services for an ADM is 80-90% understood during the options analysis stage. This enables the broad impact of service inclusion to be considered against proposed options. Following the options analysis, the scope is usually refined during the business case and then finalised during the implementation phase. This phasing occurs as the financial and operational implications (e.g. the impact on support services) is further considered and clarified and time and resource has been applied to undertake a detailed analysis.

12. The final scope of services will inform the design of the selected ADM and the financial viability of both the model and the Council. The final scope of services will also have a significant impact on the staff who may TUPE transfer to the new arrangement.

Therefore the scope must also be agreed with sufficient time to conduct at 90-day TUPE consultation.

Shortlisting and Analysis process

13. There has been a two stage approach to the shortlisting and analysis process. The first stage was to consider all 16 potential delivery models against a set of 'gateway' questions. These were:

- Does the proposed model comply with the Direction of the Secretary of State?
- Will the proposed model enable a single and unwavering focus on providing the best service to children, young people and families?
- Will the proposed model be able to accommodate a range of children's services in addition to those under statutory direction?
- Will the proposed model provide the conditions for operational independence (outside the operational control of the Council)?

14. The outcome of the first stage narrowed the 16 potential delivery models down to a shortlist of five which are outlined below:

- Strategic Partnership with another Local Authority
- A Joint Venture with another Local Authority
- Wholly owned company – the Council would be the sole owner
- Independently Owned Company – independently owned not by the Council
- Outsourcing.

15. The second stage involved taking each of the five shortlisted options through a more detailed set of assessment criteria. The detailed appraisal criteria, scoring and weighting were developed in consultation with both Council officers and members to ensure their relevance to Worcestershire. 30 assessment criteria were identified in total and they were grouped into three areas:

- **Desirability** – whether the option allows the future needs of the service, staff and stakeholders to be met?
- **Viability** – whether the option is financially viable, and sustainable, and if any savings identified are realistically achievable?
- **Feasibility** – whether the option can be implemented, what the risks are and whether they can be managed?

16. The application of the assessment criteria was complemented by both broader technical and financial considerations. The results of the scoring were moderated by Council officers, Cabinet Members and the DfE before being signed off by the ADM Programme Board on the 24 November 2017.

Conclusion of Options Analysis

17. The full options analysis can be found in Appendix 2. The report provides detailed descriptions of the five shortlisted ADMs as well as a detailed analysis of the application of the assessment criteria. Section 8 of the full report outlines a set of assumptions that have been applied to help score the criteria both fairly and rationally.

Section 10 summarises a number of salient issues that need to be considered when moving to full business case stage.

18. The options analysis identified the Wholly Owned Council Company as the option that would be a more desirable delivery model (based on the Desirable assessment criteria) for the in-scope services. This model has also demonstrated implementation activities in-line with the agreed DfE timescale, in part due to its favourable procurement implications. It is for these reasons that this model scored the highest. Given its close proximity in form to the Wholly Owned Council Company the Independently Owned Company scored second highest.

19. The Strategic Partnership with another Local Authority scored highly against a number of criteria namely tax and VAT implications, procurement and managing risk. The Outsource option is clearly ranked as the lowest model with low scores against a number of criteria such as implementation timescales and client function costs.

20. The breakdown of results is in the table below and the options analysis recommended that as a minimum, the Wholly Owned Council Company is considered in the next stage of the ADM Programme (i.e. Full Business Case).

Shortlisted options	Overall Score	% of total possible	Ranking
Wholly Owned Council Company	1810	83%	1
Independently Owned Company	1515	70%	2
Strategic Partnership with another Local Authority	1385	64%	3
Joint Venture with one or more Local Authorities	1360	63%	4
Outsource	920	42%	5

Recommendation of model(s) to progress to full business case stage

21. It is important to note that the purpose of the options analysis was to provide a rationale behind the selection of a recommended model(s) to take to full business case. It has achieved this through a robust objective process that includes both technical and financial considerations. However, the analysis isn't an exact science. There are a number of situational factors that need to be taken into account when considering what the right approach is for Worcestershire in order to help sustain and accelerate improvement and ultimately improve outcomes for children and young people. It should also be noted that the Cabinet approved a regional delivery model for adoption and special guardianship services at its meeting on 2 November 2017 which fall outside the scope of the present recommendations.

22. The option analysis work has indicated some real potential that a Strategic Partnership with another Local Authority would help sustain and accelerate improvement in Worcestershire's Children's Social Care Services. This option would also help support wider regional service improvement which is a key priority for the regional Association of Directors of Children's Services. Completing a full business case would allow this model to be explored in more detail. It therefore would be prudent to **not rule** this model out at

this early stage. So, it is recommended that Cabinet approve taking two models through to full business case. These would be:

- The Wholly Owned Council Company, and
- Strategic Partnership with the Local Authority.

23. Given its close proximity in form to the Wholly Owned Council Company it is not considered sufficiently different enough to complete a full business case on the Independently Owned Company (second highest scoring option in the analysis). However, the issue over ownership will be explored in the business case for the Wholly Owned Council Company as there could be potential over time to move to different ownership arrangements including a Joint Venture.

24. In compliance with the current Statutory Direction, these arrangements need to be developed in consultation and agreement with the Children's Services Commissioner and are subject to ministerial approval. The detailed options analysis (and supportive information, including the published Cabinet report) has been submitted to both the Children's Commissioner and Secretary of State.

Next Steps

25. On approval of the recommendations and, subject to subsequent ministerial approval, a full business case will need to be prepared for both models. The final format of the business case depends on the model but as a minimum would cover the following:

- Case for change
- Vision for Children's Services
- Definition of Children's Services i.e. which functions and budgets are in scope and why
- Detailed proposition with full structure and governance
- Contract / agreement structure
- Method of transfer (only if relevant, i.e. staff would transfer to the new model)
- Benefits of the model
- Financial Case
- Implementation Plan.

Legal, Financial and HR Implications

26. As the business case must be completed ahead of 29 March 2018 Cabinet meeting, the Council will be reliant on the continued support and expertise of Mutual Ventures, Cipfa Ci.Co and Bevan Brittan. Additional project management and stakeholder engagement capacity will also be required. A request to fund the costs of this additional capacity has been made to the DfE. The broader financial implications for implementing the chosen ADM form will be considered in more detail in the full business cases.

27. Bevan Brittan are working closely with the Council's Legal Services to consider the legal implications for the move to an ADM and this will include fully understanding our ability to delegate the exercise of statutory decision-making as well as ensuring a robust legal and democratic governance is developed between the Council and the ADM. The final Options Analysis document (Appendix 2) includes feedback from both Bevan Brittan and the Council's internal Legal experts.

28. The HR implications will be explored and clarified in more detail in the full business cases. To prepare for this, additional training for the Council's HR department is being implemented to help upskill and create the capability internally to lead the implementation.

Privacy and Public Health Impact Assessments

29. There are none at this stage. It is recommended that further assessment is done in the next phase of work.

Equality and Diversity Implications

30. An Equality Relevance Screening has been carried out in respect of these recommendations. It identified that further equality impact analysis will be required in the next phase.

Supporting Information

- Appendix 1 – Potential ADM Models
- Appendix 2 – Options Analysis – available electronically only

Contact Points

County Council Contact Points
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Specific Contact Points for this report

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Email: HNeedham@worcestershire.gov.uk

Background Papers

In the opinion of the proper officer (in this case the Director of the Children, Families and Communities) 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 28 September 2017 and 2 November 2017.

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Appendix 1: Overview of 16 alternative delivery models

No	ADM	Brief Description
1	Continuation of current service arrangements	Do nothing. Services remain in their current form with the continuation of the in-house improvement activity.
2	Improvement board / advisors	Bring in external advisors who provide advice to management about the best running of the service
3	Managing Agent	Individuals, company or another local authority manage the service, but the services are still delivered in their current format. The Council has a contract with the 'Managing Agent' to manage the service on behalf of the Council. If the agent is a private company this would have to be tendered, if it is another council the arrangements would be made directly. In either event the Council would enter into a contract for services
4	Executive Commissioners	Political control and executive authority rests with these individuals, service delivery is still through LA
5	Collaborations with other local authority	Each Local Authority is responsible for their own service delivery but share some aspects e.g. training
6	Joint delivery	A partnership with another organisation e.g. another Local Authority where each partner provides services to both under agreement or contract
7	Strategic Partnership with another Local Authority or Organisation	The Council joins forces with another Local Authority/third party provider to provide Children's Services. This differs from outsourcing or the Managing Agent model as it would be a partnership with a chosen provider over a number of identified services rather than outsourcing of a contract through a full tender.
8	Wholly owned council company	New company is set up with the Council as the single shareholder. The operational oversight of the company is managed by a Board of Directors. The Council would not have to tender for services as long as it remains the owner of the company and could make a direct award
9	Wholly owned public sector Joint Venture	The Council and another public sector form a new jointly owned company to sell and deliver the service.
10	Independent Organisation – Separate Entity	A separate entity from the Council that is formed to have a single focus on children and young people. There are a number of different models for this see options 8 – 13
11	Joint venture between LA and another provider	New entity established in partnership with a partner organisation. The new entity must be a “not for profit” company but the partner could be from the public, private or not for profit sector.
12	Joint venture with staff	A new mutual company established as a joint venture between the Council and staff. The Council retains a share holding alongside staff or an employee benefit trust
13	Multi-party joint venture	New entity established with bodies from across the public, private and voluntary sectors
14	Outsource through full tender process (either parts or the full service)	Through a full tendering process source an external organisation to deliver parts or whole of the service. The Council will enter into a contractual relationship with the successful organisation
15	Commission parts or whole service by grant	Commissioning of parts or whole of the service to another existing entity by grant
16	Joint commissioning	Commissioning of outcomes/delivery together with another body (e.g. Health) to commission outcomes/delivery

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CABINET
14 DECEMBER 2017**BALANCED SCORECARD PERFORMANCE AND
CORPORATE RISK UPDATE**

Relevant Cabinet Member

Mrs K May

Relevant Officer

Director of Economy and Infrastructure

Recommendation

- 1. The Cabinet Member with Responsibility for Transformation and Commissioning recommends that Cabinet:**
 - (a) notes the refresh of the Corporate Balanced Scorecard to reflect the new Corporate Plan;**
 - (b) receives the latest update of the Corporate Balanced Scorecard for Quarter Two 2017/18, noting the 25 indicators rated as 'green' and considers actions being taken to improve performance for the 5 indicators rated 'red' where there has been an update in Quarter Two 2017/18; and**
 - (c) notes the latest refresh of the Corporate Risk Register including actions to mitigate the two risk areas that are rated 'red'.**

Corporate Balanced Scorecard

2. The Corporate Balanced Scorecard is the means of understanding progress against the Council's Corporate Plan. The Scorecard contains a range of indicators linked to key priorities and themes. Many measures are long-term and may be affected by a wide range of factors, some of which are outside the direct control of the Council.
3. The attached Appendix contains an overview of performance for Quarter Two 2017/18. Currently there are 73 indicators reported in the Scorecard. 25 of these are rated 'green' representing good performance or progress, and 9 are rated as 'red'. Out of the 9 performance indicators that are currently assessed as 'red', 5 have had a performance update in Quarter Two 2017/18, and are detailed within the attached Appendix. The 5 indicators assessed as red following an update this quarter are:
 - Older People Funded in Permanent Care Home placements
 - Adults with a learning disability in paid employment
 - Satisfaction with the local area as a place to live
 - Performance Reviews completed

- Financial savings achieved (Transformation Programme).

Corporate Risk Register

4. The Corporate Risk Register provides a mechanism for collating and reporting risks that could affect the delivery of corporate objectives. In April 2017 the Council adopted an electronic risk register tool to hold in one place all the major risks identified by individual Directorates and major projects. A scoring system is used to rate individual risks. This allows risks to be ranked and provides a view of the highest risks identified across the organisation. At the end of Quarter Two 2017/18 there were 160 individual risks entered in the risk register of which 9 were identified as high/"red" risks.

5. The attached Appendix provides an overview of risks identified at the end of Quarter Two 2017/18, and more detail about the highest risks. As individual risks recorded in the new risk register are much more specific than the more generic corporate risks reported previously, they have been grouped for the purposes of reporting here. The nine highest risks can be grouped into two risk areas:

- Children's Social Care – risks around safeguarding children which are being addressed by the Council's Improvement Plan
- Adult Social Care – risks around increasing demand and related pressures in the overall health and social care system.

6. The Appendix provides more detail about these risks and details of the steps in place to mitigate them.

Legal, Financial and HR Implications

7. Any Legal, Financial or HR implications arising from the performance reported here will be addressed as part of the programme of work on those specific areas. The Council's risk management processes include a focus on specific Legal, Financial and HR risks arising from its work. These risks and the action to address them are detailed in risk registers held across the organisation.

Privacy and Public Health Impact Assessments

8. There are no Privacy or Public Health implications from this report. Where performance data indicates there may be Public Health implications these will be reviewed as part of the performance monitoring cycle.

Equality and Diversity Implications

9. Any Equality and Diversity implications arising from the performance reported here will be addressed as part of the programme of work on those specific areas.

Supporting Information

- Appendix - Quarter Two 2017/18 Balanced Scorecard Performance Summary Dashboard Report and Corporate Risk Dashboard

County Council Contact Points

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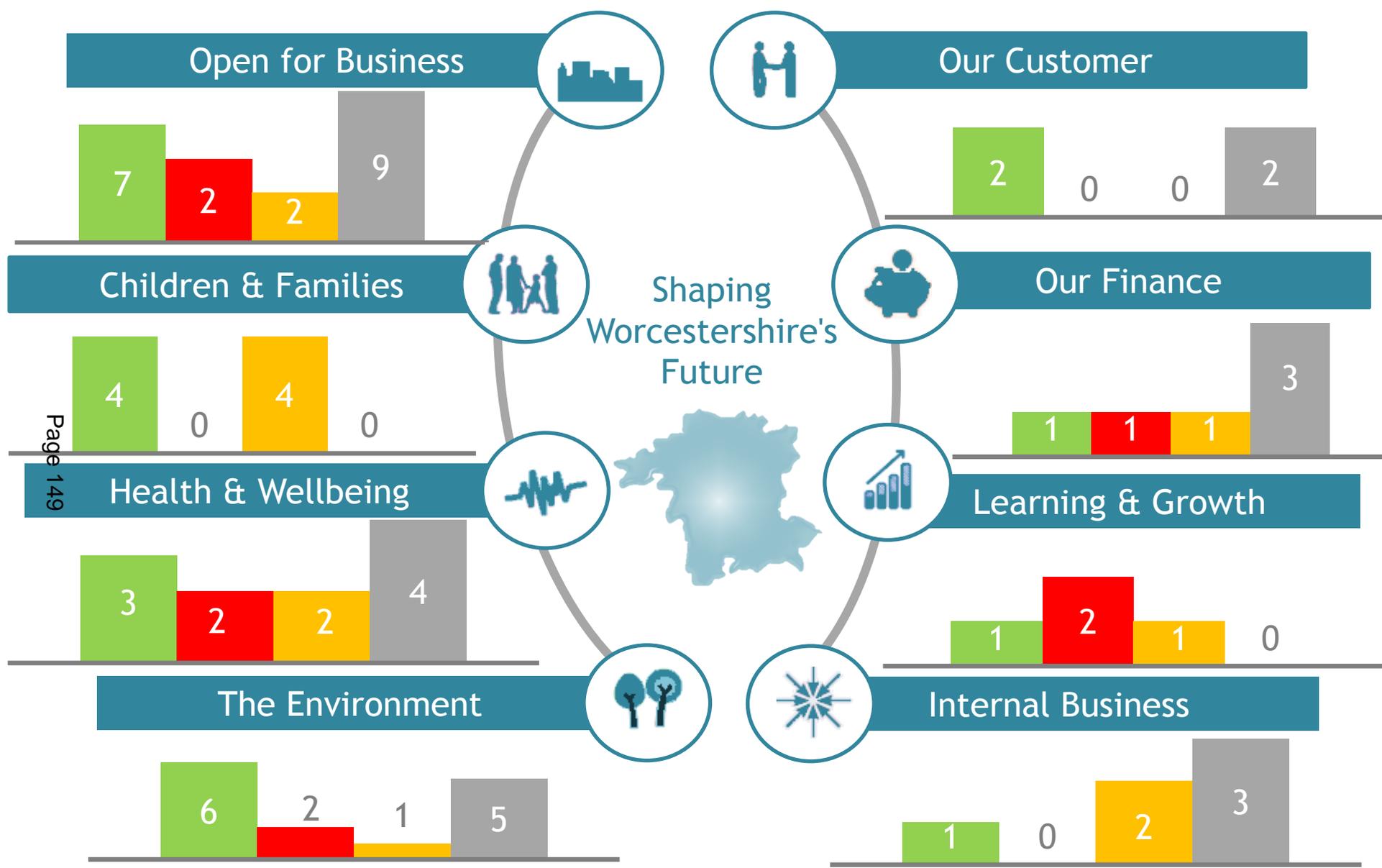
Background Papers

In the opinion of the proper officer (in this case the Director of Economy and Infrastructure) there are no background papers relating to the subject matter of this report.

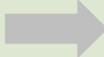
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CABINET BALANCED SCORECARD FUTURE FIT UPDATE Q2 2017/18*

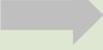
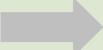
* Grey represents indicators that do not have a Red, Amber, Green (RAG) assessment due to no target having been set.



OVERVIEW: Q2 2017/18 GREEN INDICATORS

Area of Focus / Perspective	Corporate Performance Indicator	Movement from previous rating
Open For business Page 150	16-24 year old Job Seekers Allowance claimants	
	Economic growth - Gross Value Added (Local target)	
	Economic growth - Gross Value Added (National comparator)	
	People on out of work benefits - Residents aged 16-64 on out of work benefits in Worcestershire	
	Working age adults in employment	
	All premises connected to fibre	
	Council spend in local economy	
Children and Families	Attainment 8 Overall Score	
	Choice of school Primary	
	Choice of school Secondary	
	School's judged good or outstanding by Ofsted	
Health and Wellbeing	Residents aged 65 or more receiving a social care service	
	Social care services making people feel safe and secure	
	Users saying they have control over their lives	

Q2 2017/18 GREEN INDICATORS CONTINUED

Area of Focus/ Perspective	Corporate Performance Indicator	Movement from previous rating
The Environment	Condition of Principal (A-class) roads (SCANNER)	
	Satisfaction with condition of roads	
	Municipal waste landfilled	
	Household waste sent for reuse, recycling or composting	
	Condition of Non-Principal (B- and C-class) roads (Coarse Visual Inspection)	
	Condition of Principal (A-class) roads (Coarse Visual Inspection)	
Our Customer	Residents who say they can influence decisions	
	Satisfaction with County Council as measured through Viewpoint survey	
Our Finance	Council Tax	
Learning & Growth	Your Voice staff survey response rate	
Internal Business	Employees - Actual Full Time Equivalents	

OVERVIEW: Q2 2017/18 RED INDICATORS

Area of Focus / Perspective	Corporate Performance Indicator	Updated in Q2 2017/18	Movement from previous rating
Open for Business	<u>Percentage of businesses surviving for three years or more in Worcestershire (local target) - The latest available four year average is 61.6%.</u>	No	
	<u>New businesses surviving for 3 years or more - Worcestershire compared to England (National comparator indicator) - Performance has remained steady and above the national average but as the England rate has improved the gap has narrowed.</u>	No	
The Environment	<u>Satisfaction with the local area as a place to live</u>	Yes	
	<u>Household waste collected per head (kg/h)</u>	No	
Health and Wellbeing	<u>Older people funded in permanent care home placements</u>	Yes	
	<u>Adults with a learning disability in paid employment</u>	Yes	
Our Finance	<u>Financial savings achieved (Transformation Programme)</u>	Yes	
Learning and Growth	<u>Performance reviews completed</u>	Yes	
	<u>Staff who feel that the County Council has a clear vision for the future</u>	No	

INDICATORS TO WATCH



Out of the 9 performance indicators that are assessed as RED (detailed on the previous page), 5 have had a performance update in Q2 2017/18. The performance updates for these 5 indicators are detailed over the next few pages.



HEALTH AND WELLBEING

Older People Funded in Permanent Care Home placements

(previously Red)



HEALTH AND WELLBEING

Adults with a learning disability in paid employment

(previously Amber)



THE ENVIRONMENT

Satisfaction with the local area as a place to live

(previously Red)

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LEARNING AND GROWTH

Performance Reviews Completed

(previously Red)



FINANCE

Financial savings achieved (Transformation programme)

(previously Amber)

OLDER PEOPLE FUNDED IN PERMANENT CARE HOME PLACEMENTS

LOWER = BETTER

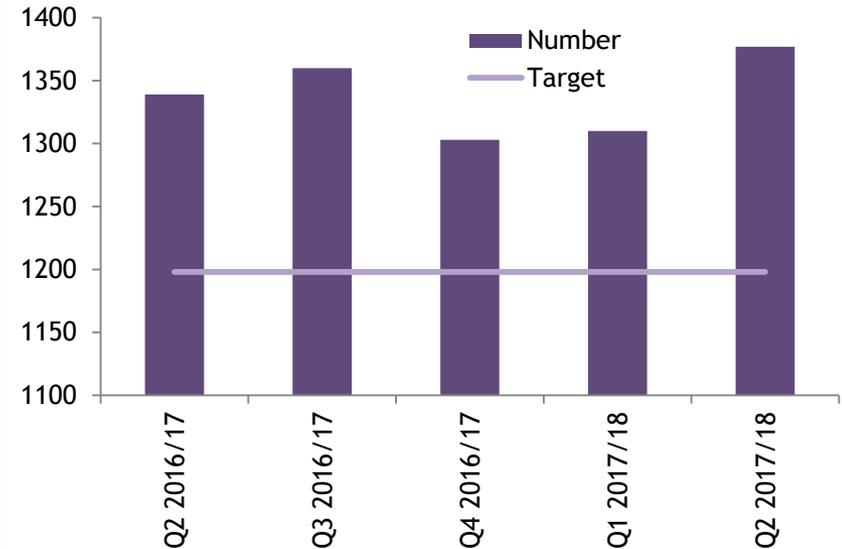
Older people with a permanent care home placement funded by the Council from the relevant older people budget.

Q2
2017/18

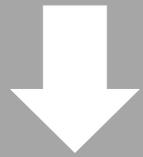
1377

PERFORMANCE DETAILS

- The number of older people in permanent placements continues to fluctuate at around 1300. Performance is currently higher than the target (1198) with an increase of 67 placements since March 2017.
- For these reasons, the indicator is assessed as red



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CURRENT ACTIVITY

- Nursing home admissions have risen this quarter quite significantly. Residential home admissions have also risen. Extra Care continues to be used but this has not seen a decrease in residential placements as hoped.
- Compulsory picks ups, when the Council has to take over the funding of a placement have increased over the last year and we have a large numbers of admissions resulting from hospital discharges.

FUTURE ACTIVITY?

- The Three Conversation Model currently rolled out to innovation sites in community teams is showing reducing admissions to nursing and residential placements but overall admissions remain high. high - with high numbers coming from hospital settings
- The Three Conversation Model has already been extended to the acute setting and as this model stops planning in a crisis, it is hoped that admissions will reduce. However, it is too early to analyse the impact this is having on admissions.
- All admissions are actively scrutinised.

ADULTS WITH A LEARNING DISABILITY IN PAID EMPLOYMENT

HIGHER = BETTER

Proportion of current adult social care service users with a learning disability who are in paid employment.

Q2
2017/18

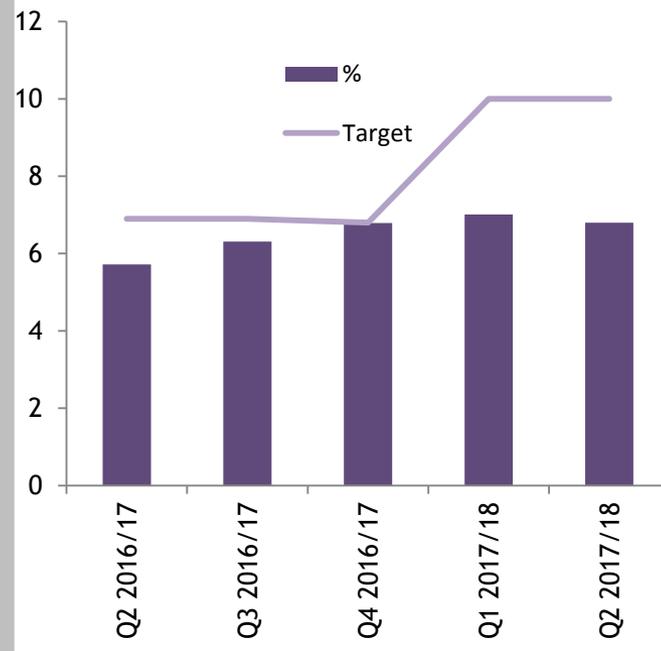
6.8%



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PERFORMANCE DETAILS

- The number of people with a learning disability in receipt of Adult Social Care increased by eight people.
- These new Service Users are either in Education or not looking for employment. This has impacted on the performance figures, whilst the number of people in employment remains the same and higher than previous years.
- Two people have started employment at the end of Quarter Two and we predict three new employment starts in October and November. This will increase the overall figure and improve to an Amber rating if the overall Service User figure remains the same.



CURRENT ACTIVITY

- There were delays in people scheduled to start employment over August and September but we are working to finalise these. This was due to people's personal circumstances and Safeguarding issues. We have supported people to sustain employment and move jobs when their employment was at risk. This would not reflect in performance indicators but is an important element of the service. We have seven quality Employment Opportunities matched to Service users and will be developing these over the next quarter to impact positively on employment indicators.

FUTURE ACTIVITY?

- The team are working to increase referrals to the current service by liaising and promotion with internal teams and external partners.
- We are currently recruiting for an additional team member. This will support the service to provide a quality service and increase performance.



THE ENVIRONMENT

SATISFACTION WITH THE LOCAL AREA AS A PLACE TO LIVE

HIGHER = BETTER

Satisfaction with the local area as a place to live as measured through Worcestershire Viewpoint Survey.

2017/18

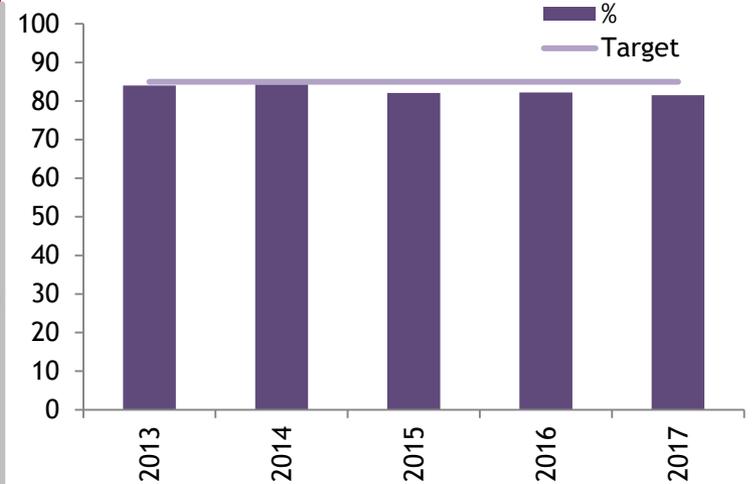
81.5%

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PERFORMANCE DETAILS

- While residents' satisfaction in 2017 has not changed significantly compared with 2016, the trend over the past few years has been a gradual decline. This is in line with national performance.
- The current satisfaction level of 81.5% is approximately 7 percentage points lower than the 2011 result in which satisfaction with the area was at its peak at 88.3%.
- The indicator has been assessed as red because performance is below the target of 85%, set as the satisfaction level from the 2010 survey.



FUTURE ACTIVITY?

- Residents consistently tell us that the condition of the County's road network and congestion levels in Worcestershire are amongst their most important priorities. The Council has secured more than £60 million pounds worth of investment from central government to dual the main road bridge (Carrington Bridge) en route from West Worcester to the M5 and to fund projects that will help to ease traffic congestion in the county.
- The Council will work with its partners to ensure that the county's recent economic successes, which have led to Worcestershire having the fastest growth in productivity in the country, will continue.
- The Council spends around £1 million every day and will continue to do so in future years.

CURRENT ACTIVITY

- More than 8 out of 10 people tell us that they are satisfied with their local area as a place to live.
- The annual Viewpoint Survey and a series of Resident Roadshows are just two of the ways that we keep track of people's opinions on what is best about their area and what they think needs to be improved.
- Feedback from residents has helped to shape our new plan for Worcestershire, 'Shaping Worcestershire's Future'. The plan sets out the Council's priorities for the next five years. They are: Championing Open For Business and supporting the local economy; Supporting Children and Families to improve outcomes for all children; Protecting the Environment and providing easy access to the countryside and a wealth of stunning scenery and Promoting Health and Wellbeing to ensure our residents are healthier, live longer, have a better quality of life and remain independent for as long as possible.



LEARNING AND GROWTH

PERFORMANCE REVIEWS COMPLETED

HIGHER = BETTER

Percentage of Performance Reviews Completed where Part B (backwards looking rating) has been completed (excludes staff who have been absent for the whole period and reliefs/casuals/sessionals).

Q2
2017/18

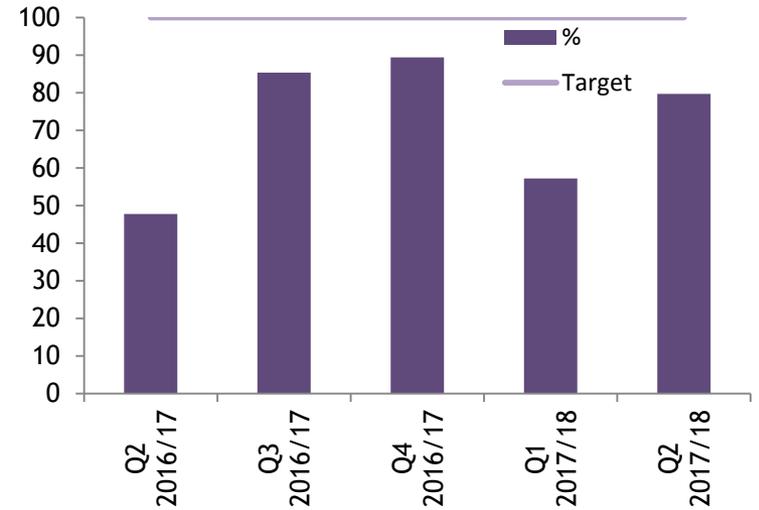
79.7%



Page 157

PERFORMANCE DETAILS

- Out of 2714 eligible employees, 2163 performance reviews have been recorded during 2017 so far, giving an overall rate of 79.70% for the Council. There has been an improvement in performance from last quarter (47.76%).
- There has also been an improvement in performance compared to the same period last year (September 2016) when the compliance rate was at 45.39%.
- The indicator has been assessed as red based on a target of 100%.



CURRENT ACTIVITY

- All directorates have improved compliance since the last quarter and when compared to the same period last year.
- Adults Services and Public Health have achieved the highest performance review compliance rate of all the directorates to date (94.74% and 93.94%).
- The directorates with the lowest compliance are Children's, Families and Communities and Economy and Infrastructure (66.26% and 71.66%)

FUTURE ACTIVITY?

- Whilst the County Council hasn't achieved 100% compliance, there has been a marked improvement against this indicator in comparison to the same period last year. The County Council will continue to focus on performance management at a Directorate level as this has been fundamental in the improvement observed.
- During December 2017 and January 2018, the County Council will launch a number of new performance review tools for managers and employees. This will include the end of year performance review functionality on Mercury HR (to be used for 2017/18 end of year review) and a one-to-one template to help managers and staff have regular conversations about performance. Whilst promoting these new tools and developing readiness for 2017/18, the County Council will reinforce the importance of performance management to further improve completion rates for 2016/17.



FINANCIAL SAVINGS ACHIEVED (TRANSFORMATION PROGRAMME)

Financial savings achieved in the current financial year through the Transformation programme.

HIGHER = BETTER

Page 158

Q2

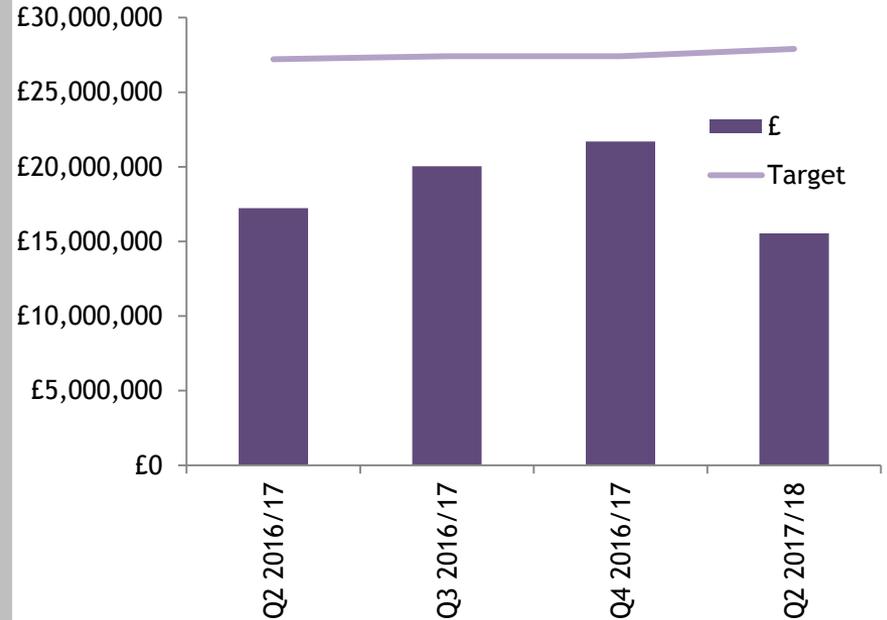
2017/18

15,537,000



PERFORMANCE DETAILS

- The financial savings target for 2017/18 is £27.9m, of which a total of £15.5m has either been achieved or is forecast to be achieved by the end of the financial year.
- The remainder which totals £12.4m is at risk of delivery and it being supported by other one off resources.



CURRENT ACTIVITY

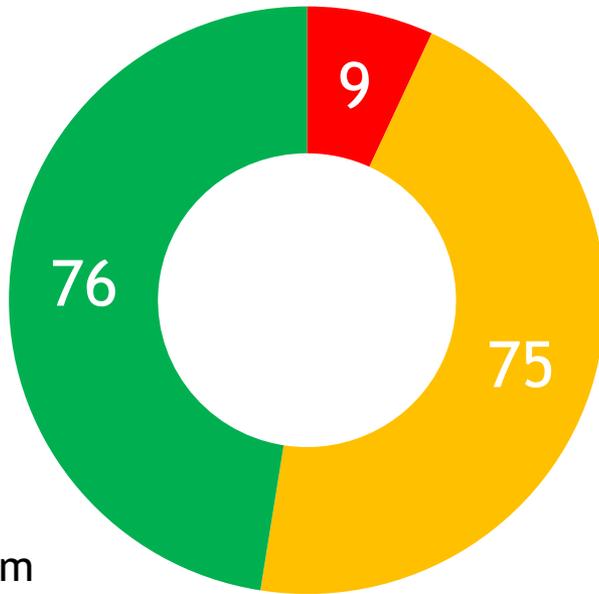
- Since the beginning of the year after the first two quarters red risks have decreased by £4.9m and amber risks have decreased by £1.7m.

FUTURE ACTIVITY?

- Of the £12.4m at risk of delivery, £10.7m is considered at red (highest) risk and the County Council is reviewing all existing and future savings programmes in light of experience and matters arising, and will reflect any changes to the programme as part of the 2018/19 budget process.

CORPORATE RISK PROFILE

The Council's Risk Register is designed to provide an overview of all major risks across the organisation. The chart below give a snapshot as at the end of Quarter Two - 2017/18.



High Risks by Directorate

Children, Families and Communities	5
Adult Services	4

CORPORATE RISK AREAS

CHILDREN'S SOCIAL CARE - SAFEGUARDING CHILDREN

Q2 2017/18

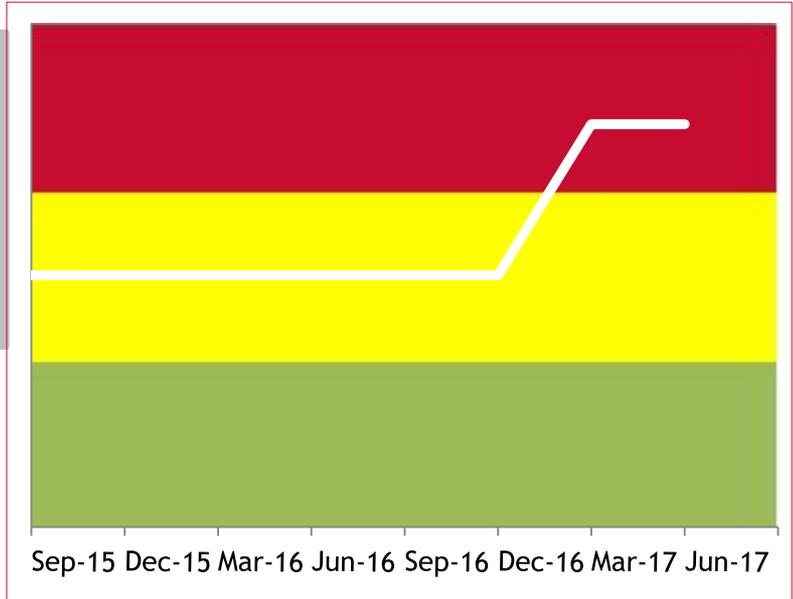
WHY IS THIS AREA OF RISK RED?

- This area of risk is rated Red due to a number of issues identified around safeguarding children which are being addressed by the Council's Improvement Plan

Page 160

MITIGATING ACTIONS

- The Council has modified its Improvement Plan to focus on four key areas. A Worcestershire Safeguarding Children Board improvement plan is also in place. Plans are being monitored regularly by the Safeguarding Board and Children's Services Performance Board.
- Work is ongoing with Essex County Council as our Improvement Partner - an initial focus has been on the work of safeguarding teams.
 - Additional social work capacity has been brought into the Family Front Door and cases have been brought up to date. Progress in this area was acknowledged in the latest Ofsted monitoring report.
 - Performance information is being reviewed and case file audits are being undertaken to ensure no child is at risk of significant harm. Work is taking place at individual worker level to identify performance issues and develop action plans to address these.
 - Work is being undertaken on the Council's recruitment campaign and to give Worcestershire a better visibility in the job market.



WHAT NEXT?

Maintain focus on the four key Improvement Plan themes:

- 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

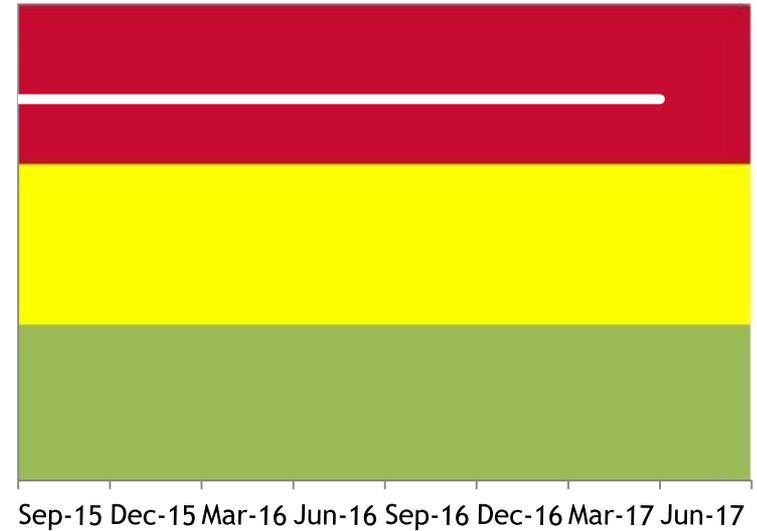
CORPORATE RISK AREAS

ADULT SOCIAL CARE - DEMAND AND RELATED PRESSURES

Q2 2017/18

WHY IS THIS AREA OF RISK RED?

- This area of risk is rated Red due to the challenges of an ageing population and increasing numbers of people with severe levels of disability, delays in hospital discharges, lack of affordable capacity in residential and nursing homes in Worcestershire, and resulting pressures on budgets and savings plans.



MITIGATING ACTIONS

- The Three Conversations model introduced by Adult Social Care is being rolled out further. This is a new way of working designed to use community assets to help individuals achieve greater independence, rather than immediately resorting to paid for packages of care.
- The Patient Flow Centre is providing in-reach support to acute hospitals including out of county hospitals. Daily stranded patient meetings are established in both local acute hospitals, with new models of working rolled out with community hospitals. Weekly and monthly meetings are taking place to look at delays.
- Use of block contracts for residential/nursing care is being monitored closely with outcomes used to inform future commissioning. Financial status of care home providers is being reviewed to identify high risk areas. Workforce availability is being monitored.
- Programme of deep dives on savings projects introduced to support this work.

WHAT NEXT?

- Further extension of Three Conversation model
- Continuing work with NHS partners to support acute and community hospitals
- Exploration of options for block contracting / establishing purchasing groups for care providers
- Alternative funding sources identified where savings shortfalls are identified

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