

Worcestershire County Council

Agenda

Cabinet

Thursday, 8 February 2018, 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, 8 February 2018, 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 7 February 2018). 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 14 December 2017 have been previously circulated	
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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

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To obtain further information or a copy of this agenda contact Nichola Garner, Committee & Appellate Officer on Worcester (01905) 843579 or email: ngarner2@worcestershire.gov.uk

All the above reports and supporting information can be accessed via the Council's website.

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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
8 FEBRUARY 2018**2018-19 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 agree the following recommendations to Full Council:**
 - a) **the conclusions set out in the report concerning revenue budget monitoring up to 30 November 2017 be endorsed;**
 - b) **the virement and transfers to Earmarked Reserves in paragraph 28 to 30 be endorsed;**
 - c) **the budget requirement for 2018/19 be approved at £324.192 million;**
 - d) **the Council Tax band D equivalent for 2018/19 be set at £1,212.38 which includes £78.71 relating to the ring-fenced Adult Social Care precept, and the Council Tax Requirement be set at £251.537 million;**
 - e) **consistent with the provisional Local Government Finance Settlement that revenue cash limits be set for each Directorate:**

	£m
Adult Services	125.396
Public Health*	-0.831
Children, Families and Communities	96.361
Economy and Infrastructure	63.544
Commercial and Change / Finance	39.722
	<hr/> 324.192 <hr/>

***Public Health services budget £0.100 million less £0.931 specific grant income which supports qualifying expenditure across the County Council. The total Public Health ring fenced grant is £29.1 million.**

- f) **the Council's Pay Policy Statement is recommended for approval as set out in Appendix 6;**
- g) **the conclusions set out in the report concerning capital budget monitoring up to 30 November 2017 be endorsed;**
- h) **the capital programme as set out in Appendix 7 be approved;**

- i) **the Medium Term Financial Plan as set out in Appendix 8 be approved;**
 - j) **the Treasury Management Strategy set out in Appendix 9 be approved; and**
 - k) **the Statement of Prudential Indicators and Minimum Revenue Statement as set out in Appendix 10 be approved.**
 - l) **the Minimum Revenue Provision Policy revision be approved.**
2. **The Cabinet Member with Responsibility for Finance (also the Leader of the Council) recommends that Cabinet:**
- m) **gives delegated authority to the Leader of the Council to recommend to Full Council, in consultation with the Interim Chief Financial Officer, any further adjustments to the revenue cash limits in (c) and (e) above as a result of Central Government confirming the final Local Government Finance Settlement, Council Tax and Business Rates Income, and associated Specific Grants for 2018/19, together with any updates following publication of the revised Prudential and Treasury Management codes of practice and amended Ministry of Housing, Communities and Local Government (MHCLG) guidance on Local Authority Investments and Minimum Revenue Provision;**
 - n) **authorises the Director of Adult Services and the Director of Children, Families and Communities to finalise the details in respect of their Directorates and formally execute the Section 75 agreement for Commissioning arrangements with Health for 2018/19;**

Introduction

3. This report represents the penultimate stage in the formal process to determine the County Council's budget and precept levels for 2018/19. If approved, the report will form the basis for proposals to Full Council for approval on 15 February 2018. The approach to preparing the budget is in accordance with the Budget and Policy Framework Rules and reflects the County Council's Corporate Plan, 'Shaping Worcestershire's Future' and Medium Term Financial Plan (MTFP).

4. The current 2017/18 financial year has faced significant financial challenges, both with the need to support increased service provision for Children's Services Placements and Safeguarding, and the impact of increased demographic and other cost pressures across Adult Services.

5. This underlying cost pressure and extensive use of specific grants and other reserves has significantly increased since previous financial years and this has necessitated a refresh of our strategic financial planning to ensure the vital services that the service users, partners and residents of the County tell us they want delivered are provided in the most efficient and effective manner.

6. With this in mind, the Cabinet received the draft budget for 2018/19 at its meeting on 14 December 2017 and:

- a) approved for consultation the draft budget which included proposed Transformation and Reforms programme;
- b) endorsed that plan to address a forecast remaining savings requirement of £1 million as a result of updating the MTFP;
- c) endorsed an investment of £10.5 million for Children's Social Care
- d) delegated to the Director of Economy and Infrastructure, in consultation with the Leader of the Council and the Interim Chief Financial Officer, authority to

manage individual allocations of the Highways Infrastructure Investment Fund within the overall investment sum of £37.5 million;

e) agreed that it was minded to recommend to Full 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.

7. The County Council continues to listen to the needs and priorities of residents and local business through the annual Viewpoint Surveys, Roadshows, Budget Consultations, and through ad-hoc tailored consultations and surveys. This extensive interaction has made it clear that the three priorities identified by the public are and remain to be:

- 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 adults, particularly those older people with physical, learning and mental health difficulties; and
- Maintenance of the Highway.

8. This report provides recommendations that would enable the County Council to remain ambitious, continue to deliver what is important to local people and the four priorities contained in 'Shaping Worcestershire's Future', and to have robust plans for continuing to live within our means.

9. This report brings together:

- a budget summary setting out key aspects of this report;
- the results of the budget consultation and engagement process;
- confirmation of the areas of investment for residents and the Council;
- the latest revenue forecast outturn and reserves movement for 2017/18;
- summary of changes made in relation to the County Council's funding for 2018/19;
- developments in expenditure budgets for 2018/19 from the plan presented to the December 2017 Cabinet; and
- the effect of those changes on the budget and the forecast financial planning gap of £1.0 million for 2018/19 included in the December 2017 Cabinet report.

10. At the time of writing there are three income forecasts that have yet to be confirmed:

- Central Government have yet to issue the final figures for the Local Government Finance Settlement;
- All District Councils have yet to confirm their forecasts for 2018/19 Business Rate income and some for 2018/19 Council Tax income; and
- there remain a small number of Specific Grants that are yet to be confirmed by the MHCLG and other Government Departments.

11. A verbal update will be provided at Cabinet with regard to any confirmations that have been received. Within this report forecasts relevant to these items have been reviewed and refined based on the latest information that is available.

12. Delegated authority is requested in this report to be given to the Leader of the Council, who is also the Cabinet Member with Responsibility for Finance, in consultation with the Interim Chief Financial Officer, to make any final adjustments to the proposed cash limits being recommended to Full Council once these three remaining items are resolved.

13. This report also summarises the work undertaken in the following areas since the draft budget in other areas of financial planning:

- Joint Commissioning arrangements with the NHS, known as Section 75 agreements;
- the proposed settlement in relation to funding of Worcestershire schools, including Dedicated Schools Grant passed directly to schools and the Education Services Grant that supports the County Council's services to schools;
- the proposed pay policy for the County Council in 2018/19;
- the County Council's proposed 2018/19 and medium term Capital Programme; and
- the base assumptions supporting the County Council's MTFP and associated areas of risk that will continue to be kept under review.

14. Finally the report covers reporting responsibilities that are required to be included in the budget. These include:

- the proposed Treasury Management Strategy;
- the proposed Prudential Code parameters for the County Council to operate within;
- consideration of the County Council's Equalities Duty in relation to this budget;
- commentary from the Overview and Scrutiny Performance Board;
- arrangements around the consideration of alternative budget proposals and amendments; and
- statutory duties in relation to calculating the Budget.

Budget 2018/19 Consultation and Engagement

15. This report confirms the initiatives that were set out in the draft budget report to the December 2017 Cabinet and supports the delivery of the four Corporate Plan focus areas.

16. A number of consultation and engagement sessions have been held and continue to be run including:-

- Public and staff roadshows involving the Leader of the Council and the Chief Executive
- The 2017 Worcestershire Viewpoint survey
- Worcestershire Businesses through the Worcestershire Local Enterprise Partnership (WLEP)
- Voluntary and Community sector events

17. Since the December 2017 Cabinet meeting, budget consultation and engagement has taken place with the following organisations:

- Parish and Town Councils;
- School governors and head teachers;
- The local Business Community through the WLEP Board
- Voluntary and Community organisations;
- Employee representatives including Unions;
- Partners including health service organisations; and
- Scrutiny panels

18. A verbal update will be provided at Cabinet of the consultation and engagement feedback as appropriate.

Priority Investments

19. Set out below is confirmation of areas of investment into residents' and the County Council's core priorities and across the MTFP:

- Open for Business

The MTFP includes significant capital investment to deliver Worcester Southern Link Road Phase 4, Pershore Northern Link and Infrastructure, Bromsgrove Town Centre Network and Worcester City Centre Network Efficiency, and will continue to provide support to develop our economic game changer sites. These investments will continue to drive and facilitate others to increase the economic prosperity of businesses and residents in the county and deliver the Strategic Economic Plan

- 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 and Wellbeing

The budget confirms an increase of £7.8 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

- **£3 million** in response to the demographic growth and the increasing complexity of supporting vulnerable older people and adults with disabilities

- **£3.8 million** additional funds, including meeting the rising costs of inflation, for pay, pensions and prices
- **£1 million** to meet the requirements of the Deprivation of Liberty Safeguards (DOLs) legislation
- The Environment

Capital Budget

It is proposed to establish a capital Highways Infrastructure Investment Fund (HIIF) of £37.5 million, 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:

- £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
- £9 million over the next three years continuing to strive for top quartile performance in roads and pavements
- £4 million to support the Street Lighting programme
- £2.2 million over the next three years to continue with a programme of flood mitigation works and highways drainage schemes
- Up to £5.1 million to support the Pershore Infrastructure Investment reported to Cabinet in November 2017
- £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 Interim Chief Financial Officer, to amend these allocations as matters arise whilst still remaining within the overall investment sum of £37.5 million.

Revenue budget monitoring 2017/18

20. The County Council's outturn forecast at Month 8 indicates a cost pressure of £7.2 million against authorised cash limits, 2.2% of the overall budget. It is not anticipated that this variance will reduce by the end of the financial year. The County Council will put in place a number of measures to ensure this cost pressure is financed in 2017/18.

21. The underlying issues in the demand led services have been addressed as far as possible as part of the 2018/19 budget.

22. The most significant forecast cost pressures this financial year relate to Children's social care placements of £7.5 million. The County Council has 76 (11%) more children in placement than at the same point last year.

23. The County Council has spent £4.8 million more than the profiled budget to date and taking into account existing children in the care system and the increasing trend, a cost pressure of £7.5 million is forecast by the end of the year. However if the trend for high cost placements remains at the current level, this cost pressure could be higher.

24. The forecast assumes that all children remain in their current placement to the end of the financial year which may not be the case as a number of these will leave the care system or transfer to a different placement. However we are seeing more children step up into more expensive placements than those stepping down.

25. The Adult Social Care budget is facing significant cost pressures in 2017/18 and the latest forecast cost pressure is £0.5 million after taking into account the planned use of earmarked reserves. The underlying specific cost pressures are in older people recovery services, home care and residential and nursing care, and learning disabilities services arising from higher numbers of service users and higher cost of care packages.

26. The waste services budget is facing a cost pressure of £0.9 million and work is in hand to reduce the recurrent impact of this.

27. The above forecast cost pressures can be funded by a mixture of the following, with the final allocation being confirmed at the end of the current financial year:-

- Minimum Revenue Provision – Review of accounting policy as part of this 2018/19 budget process outlined in paragraphs 45 to 58 below, this can be applied to the current financial year.
- Identification of capital expenditure in 2017/18 that is planned to be financed by internal one off resources, appropriately finance this expenditure by borrowing (financing period to match the life of the asset), and use the one off resources instead to support 2017/18 financial outturn.
- Capitalisation – apply the highways capitalisation policy that is being proposed as part of the 2018/19 budget process to qualifying expenditure in 2017/18.

Transfers to Earmarked Reserves

28. The above financial strategy to fund the 2017/18 estimated cost pressures is sufficient to also enable a further one year extension to the Councillor's Divisional Funds Scheme.

29. It is recommended that Cabinet approve the virement and transfer to earmarked reserves of £0.6 million with regard to continuing the Councillors' Divisional Fund scheme by a further year to the end of 2019/20.

30. This proposal does not require alteration of the net cash limits approved by Full Council and can be made from within existing 2017/18 financial activity.

Closing the forecast financial planning gap

31. The December 2017 Cabinet report set out a budget requirement of £325.6 million against funding from Central Government and Council Tax of £324.6 million leaving a forecast financial planning gap of £1.0 million. This is summarised in the following table:

Table 1: Initial Funding Gap – December 2017

	£m
Revised estimate of 2018/19 Budget requirement	325.6
Less provisional Revenue Support Grant funding from Central Government	-9.5
Less estimated funding from Business Rates Retention Scheme: Top Up Grant Local Share	-61.2
Less provisional funding received from Council Tax	-253.9
Forecast financial planning gap for 2018/19	1.0

32. The Leader of the Council, who is also the Cabinet Member for Finance, responded to Central Government's Provisional Settlement in January 2018. A full copy of the response is provided at Appendix 2. Whilst the response looked forward to working with Government on business rates reforms and strongly supported continued efforts to move towards greater local retention of business rates and fair funding improvements, a number of issues were raised including:-

- concern that the Adult Social Care Support Grant does not continue in 2018/19. Investment by Central Government is needed to safeguard some of the most vulnerable people in the community on an ongoing and permanent basis.
- disappointment that the transition grant is not continuing and the response urges Government to reconsider particularly given the delay in fair funding reforms and business rates changes.
- disappointment that Worcestershire was unsuccessful regarding the Business Rates Pilot especially considering the work involved to develop a proposal that was agreed by all seven Worcestershire councils.

33. It is expected that Central Government will confirm the outcome of the consultation on the Provisional Local Government Finance Settlement during the first week of February 2018. This report has therefore been drafted on the basis of the Provisional Local Government Finance Settlement.

34. Any potential changes are therefore expected to be minimal. A verbal update will be provided at Cabinet confirming whether more information has been released and if there are any resulting changes to the content of this budget report.

35. The work to close the £1.0 million initial funding gap identified in the December 2017 Cabinet report is outlined in the following table and confirms the proposal to finalise a balanced budget.

Table 2: Closing the Forecast Financial Planning Gap

	£m	£m
Initial financial planning gap – December 2017 Cabinet report		1.0
Changes in income:		
Reduction in Council Tax buoyancy assumption	0.9	
Increase in Council Tax Surplus	-0.6	
Sub total		0.3
Changes in expenditure:		
Pay inflation reviewed to take account of national pay offer	0.7	
Non pay inflation review	0.2	0.9
Minimum Revenue Policy Review - increase in accounting policy change to annuity basis following detailed review	-2.8	
Other budget adjustments	0.6	
Sub total		-2.2
Financial Planning Gap February 2018		0.0

Changes to CIPFA Codes and MHCLG Guidance

36. The Chartered Institute of Public Finance & Accountancy (CIPFA) has proposed changes to both the Prudential and Treasury Management Codes, with a greater focus on the treatment of local authority commercial investments.

37. Changes proposed to the Treasury Management Code include the potential for non-treasury investments such as property investments to be included in the definition of 'investments'. This definition may also include both loans made and shares in operations for service purposes. Other changes proposed in the new Code for the Treasury Management Strategy include the ability to delegate the approval of the strategy to a sub-committee instead of full council, and altering the current treasury management indicators.

38. The main change proposed to the Prudential Code is the production of a new high-level capital strategy report to full Council; this report will cover the basics of the capital programme and treasury management and would include different prudential indicators to the current set. Other proposed changes include applying the principles of the Prudential Code to local authority subsidiaries.

39. In November 2017, the Department for Communities and Local Government (now the Ministry for Housing, Communities and Local Government (MHCLG)) issued a consultation on proposed changes to their Guidance on Local Government Investments and their Statutory Guidance on Minimum Revenue Provision (MRP). The consultation closed on 22 December 2017.

40. Like the CIPFA Code, the proposed MHCLG investment guidance looks to widen the definition of investments to include non-financial investments such as property. The proposed guidance identifies local authorities growing reliance on investment income, in

particular investments funded through borrowing, and how this should potentially be classed as 'borrowing in advance of need'.

41. With the proposed changes to the MRP guidance, the four methods for calculating prudent MRP have not changed. However MHCLG have proposed to set the maximum life of assets. If the proposed maximum asset lives are taken forward, this will affect some local authority budgets where they are required to amend the calculation of their MRP provision.

42. CIPFA are aiming to publish the revised Treasury Management Code and revised Prudential Code in the first quarter of 2018. Although CIPFA intend the new Codes to be implemented from 2018/19, they have allowed transitional arrangements for reports requiring approval before the start of the 2018/19 financial year. At the time of writing, MHCLG had not issued a timetable for their final revised Guidance, although they stated the intention for these to come into force for the 2018/19 financial year.

43. The 2018/19 Treasury Management Strategy has been prepared based on the existing requirements, with possible amendments taking place in the half year report, once the new CIPFA Codes and MHCLG Guidance have been confirmed.

44. For the reasons above, Cabinet are asked to give delegated authority to the Leader of the Council, in consultation with the Interim Chief Financial Officer to make any final adjustments as a result of these amended codes of practice and guidance being issued.

Minimum Revenue Policy Review

45. Notwithstanding that MHCLG have yet to issue final guidance on MRP following a recent consultation that closed in December 2017, the County Council has undertaken a review of its MRP policy taking account of the potential changes.

46. The County Council is required, under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, to make an MRP charge to the revenue account in relation to capital expenditure financed from borrowing or credit arrangements. This is the annual amount set aside from the budget each year to repay the principal element of long term borrowing and is based on a system of self-regulation informed by our professional judgement of 'prudent provision'.

47. The Guidance states that "the broad aim of prudent provision is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits".

48. The Council last reviewed and amended its MRP policy in 2015/16 following advice taken from PricewaterhouseCoopers LLP and feedback from our external auditors Grant Thornton LLP.

49. As a result of the review undertaken in 2015/16 an adjustment was made to the policy on pre 2008 capital expenditure financed from borrowing and for the policy on post 2008 capital expenditure financed from unsupported borrowing to be kept under review. As MHCLG is in the process of consulting upon changes to the statutory guidance on MRP for 2018/19 it is appropriate for the council to undertake a further review of the policy.

50. In applying the new policy in 2015/16 the resulting reduction in charge was capped at £2 million by way of voluntary overpayments of MRP. In the light of the proposed revisions to the policy this cap is no longer considered relevant as it adjusts the costs from current periods to future taxpayers distorting the impact of the annuity calculation. The cap will therefore be removed from 2017/18 onwards. In addition the two years voluntary overpayments made will be used as a one off reduction in the 2017/18 MRP charge as permitted by statutory guidance.

51. The current policies for charging MRP on pre and post 2008 borrowing are both based on a straight line basis with equal payments spread over average grouped asset lives. This methodology, whilst producing a consistent charge over the years, does not take into account the time value of money (£100 today is worth more than £100 in 10 years' time) and does not truly match the benefits obtained from the assets over their lifetimes.

52. It is therefore proposed to change the basis of calculation for MRP to the annuity method which, in the opinion of the Interim Chief Financial Officer, more fairly reflects the benefits derived from assets and better match costs to benefits which is consistent both with previous advice the County Council has received, and the existing and proposed guidance from MHCLG.

53. It is important to note that both the straight line and the annuity method result in full repayment of debt over the same time frame.

54. The proposed accounting policy change to adopt the annuity method results in changes to the timing of MRP charges which are reduced in the medium term but increase in later years although the impact of future inflation will reduce the future charges accordingly.

55. Furthermore it is proposed to amend the basis for the calculation of MRP on PFI assets. Presently MRP is calculated on the basis of the capital element of debt repayment however in the light of the proposed changes to other MRP calculations it is considered that a calculation based upon the lives of the assets on an annuity basis more fairly matches costs to benefits for current and future taxpayers.

56. The financial estimate of this policy change needs to take account of the following factors:-

- Central Government is currently consulting on accounting arrangements for MRP. Whilst it is considered optimum to make this accounting policy change now, some of the technical accounting rules may change.
- The PFI calculations require a validation of asset lives by valuers and appropriate due diligence by accountants and External Audit.
- Commentary from External Audit.

57. Taking account of the above it is prudent to include the following savings at this stage:-

- £4 million – one off in 2017/18 to reverse the voluntary overpayments cap from the previous policy.
- £4.8 million - recurrent from 2017/18, £2 million of which was already included in the reforms plans that were part of the December 2017 Cabinet Report.

58. The County Council has been prudent in estimating these savings which has considered potential adverse variations that may arise when the final MHCLG guidance is issued. Should additional reductions in the MRP charge arise following publication of the final guidance these will be transferred to a financial risk reserve and future year's impact taken into account when the MTFP is reviewed.

Council Tax

59. Income from Council Tax will gradually fund a greater proportion of the County 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, and the annual percentage directed by Central Government that would trigger a local referendum to agree the increase.

60. Central Government has given local authorities flexibility to raise an Adult Social Care Precept from 2016/17 in addition to the general increase, and for the three financial years 2017/18 to 2019/20 the total maximum increase is 6% with no more than 3% in any one year.

61. The County Council raised a 2% Adult Social Care precept in 2017/18, and is planning to raise a 3% Adult Social Care precept for 2018/19. Under current Central Government flexibility, there remains a potential 1% increase for 2019/20 and the County Council will consider this as part of next financial year 2019/20 budget process which will ultimately be considered by Full Council in February 2019.

62. In addition to this, Central Government as part of the provisional local government finance settlement issued in December 2017 offered local authorities the flexibility to raise an additional 1% increase for the general precept. The existing arrangements are limited to 2% with rises above this needing to be approved through a local referendum. The maximum general precept for 2018/19 therefore is 3%.

63. The County Council has considered this additional 1% flexibility alongside the risks and mitigations contained within the MTFP and is not minded to increase further the burden on the local taxpayer.

64. Following careful consideration, balancing the needs of Adult Social Care with the ability for residents to support an increase in Council Tax for 2018/19 and consistent with the proposals outlined in the December 2017 budget report, Cabinet are recommending an increase of 4.94% in Council Tax Precept which represents:

- 1.94% to provide financial support for the delivery of outcomes in line with Corporate Plan, resident and business communities' priorities; and
- 3% Adult Social Care Precept ring-fenced for Adult Social Care services in order to contribute to existing cost pressures due to demographic changes and an increased demand for more complex services

65. District Councils have given estimates during January 2018 which increases the Council Tax base by £3.5 million (1.5%) for 2018/19. In addition District Councils have declared an overall surplus in their Collection Funds of £2.1 million. The following table sets out how these increases and surpluses have arisen:

Table 3: Council Tax Income

	Buoyancy £m	Surplus £m	TOTAL £m
Bromsgrove District Council	0.6	0.5	1.1
Malvern Hills District Council	0.5	0.0	0.5
Redditch Borough Council	0.6	0.9	1.5
Worcester City Council	0.5	0.4	0.9
Wychavon District Council	0.8	0.0	0.8
Wyre Forest District Council	0.5	0.3	0.8
Total	3.5	2.1	5.6

Business Rates Retention Scheme

66. Approximately £61 million of the County Council's funding for 2018/19 will be received through the Business Rates Retention system. Around £16 million relates to the 'local share' as defined in Central Government existing 50/50 scheme and District Councils are confirming their estimates of this local share amount towards the end of January 2018. The balance represents grant funding from Central Government.

67. The County Council retains a small risk reserve to cover adverse changes in grant funding or falls in the local share of income received. Cabinet are requested to delegate to the Leader of the Council in consultation with the Interim Chief Financial Officer any final adjustments following confirmation of forecast Business Rates funding from District Councils.

68. The County Council continues through the Hereford and Worcester Treasurers Association to refine forecasts for locally generated business rates. In the Provisional Local Government Settlement the Secretary of State confirmed that a reset of the business rates retention system will take place in 2020/21. This will see NNDR baselines adjusted to better reflect how much local authorities are actually collecting in business rates (the current ones are based on the amount collected in 2010/11 and 2011/12) It is not yet known how baselines will be adjusted and how much of the growth seen locally will be taken which could both have a significant impact on the Council's resources.

69. It was stated in the Provisional Local Government Settlement that local business rates retention would move from 50% to 75% in 2020/21. This will provide the opportunity for local authorities to benefit more from local growth in business rates.

70. Central Government continues to work on the proposed move to 100% local retention of business rates and the County Council put forward a proposal on behalf of all Worcestershire local authorities to participate in the 2018/19 pilot. There was a very high level of interest in participating in the pilots and the Worcestershire proposal was not successful. The County Council continues to actively participate in consultations and discussions on business rates and will consider participation in any future pilots based on the scheme design.

Specific Revenue Grants

71. The County Council receives a range of specific revenue grants from Central Government spending departments. National spending limits and policy dictate the level of specific grants that the County Council receives to fund Central Government initiatives. A verbal update will be provided at Cabinet to confirm the level of specific revenue grants that remain outstanding together with any associated risks as appropriate.

Improved Better Care Fund (iBCF)

72. In 2017/18 the Improved Better Care Fund was introduced. There are three aims of the iBCF, which need to be met by the spending plan, These are:

- Stabilising the Care Market
- Reducing Pressures on the local NHS
- Meeting Adult Social Care needs

73. 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. Allocations have been considered by the directorate when reviewing the management of budgets within the resource allocation limits. The grant has been used as flexibly as possible to meet demand and demographic pressures.

74. Adult Services continues to experience significant demand and demographic pressures and the County Council continues to actively lobby Central Government to develop a sustainable resolution to funding shortfalls for Adult Social Care rather than one off solutions or moving the funding burden away from raising additional funding from Council Tax. A consultation paper on the future funding of adult social care in the longer term is expected in summer 2018.

Section 75 Agreements

75. In order to provide the best and most efficient results for residents' wellbeing the County Council has a history of joint commissioning with the NHS across Adults' and Children's' Services. Section 75 of the NHS Act 2006 empowers the NHS and local government to enter into formal agreements. The overall purpose of the Section 75 agreement is to formalise partnership arrangements designed to jointly improve outcomes for patients and service users.

76. The County Council renews its Section 75 partnership arrangements with Health for the Commissioning of Services on an annual basis. In Worcestershire the Section 75 Agreement incorporates three types of budget management:

- Pooled, includes the Better Care Fund (BCF). Decision making is shared, budgets are managed by the County Council and there are agreed arrangements for risk sharing;
- Delegated, from the Clinical Commissioning Groups (CCG) to be managed by the County Council, with decision making, accountability and risk lying with the CCGs; and
- Aligned, County Council budgets are managed alongside the CCG budgets, with decision making, accountability and risk for County Council budgets remaining with the County Council.

77. A requirement of Central Government is that all plans for the use of the BCF are agreed by the Health and Wellbeing Board, which is responsible for the strategic

oversight of the Section 75 arrangements. Headline information on the BCF for future years was provided in the December 2017 Cabinet report. The total BCF revenue budget for 2018/19 is expected to be £35.1 million. The County Council is still awaiting confirmation of the Disabled Facilities Grant allocation for 2018/19.

78. A BCF two year plan up to the end of 2018/19 was formally agreed nationally in November 2017 and we are awaiting further guidance from Central Government as to future years planning requirements past 2018/19. The formal Section 75 agreement will be a detailed legal agreement, the detail is being currently being finalised.

79. Cabinet is requested to authorise the Director of Adult Services and the Director of Children, Families and Communities to agree the final details and formally execute the agreement in readiness for the 2018/19 financial year. County Council budgets falling within the proposed Section 75 agreement will only be those agreed as part of the 2018/19 budget approval process.

Dedicated Schools Grant and Schools grant funding

80. The 2018/19 provisional allocation is detailed in Appendix 14 under the notional Dedicated Schools Grant (DSG) blocks. This is Gross prior to the recoupment deduction for Academies and non-LA maintained specialist providers. It compares the provisional allocations to the 2017/18 DSG latest settlement.

81. The headline is that DSG has increased to reflect the DfE National Funding Formula (NFF) policy. For the Schools Block the NFF and additional pupils in mainstream schools between October 2016 and October 2017, has resulted in a higher Schools Block allocation, there is a new DSG Block for Central School Services and an increase in the High Needs DSG Block to reflect the impact of the NFF. The Early Years Block continues to reflect the new DSG arrangements for such providers introduced by the DfE in 2017/18 in particular the increase to the average national funding rates and the additional 15 hour entitlement for working parents implemented nationally from September 2017.

82. Additional information is provided in Appendix 14 with regard to each element of the DSG.

83. In overall terms the indicative Gross DSG allocation for Worcestershire in 2018/19 is £399.7 million. This allocation includes funding for academies and free schools across the County which are funded directly by the Education and Skills Funding Agency (ESFA) by the ESFA recouping the relevant proportion of DSG to reflect the up to date position of the number of academies and free schools.

84. Appendix 14 shows an overall increase in pupil numbers in mainstream schools between October 2016 and October 2017 and that the overall split of children across primary and secondary education remains broadly the same. Pupil numbers are no longer reduced to reflect those pupils in Special Units in Mainstream Schools and such pupils are now funded by a combination of pupil and place led funding from the Schools Block and High Needs block respectively.

85. For mainstream schools within the primary and secondary sectors although overall numbers have increased, there are also some variations with increases and decreases for individual schools when comparing the October 2016 and October 2017 pupil numbers, which will create some budgetary impact for those schools.

86. Also, Cabinet at its meeting on 14 December 2017 approved the local funding formula for mainstream schools in 2018/19 and 2019/20 to reflect as far as is practicable and affordable the DfE NFF parameters, so this will also impact on individual schools between 2017/18, 2018/19 and 2019/20.

87. The Pupil Premium Grant (PPG) continues to be allocated and details are in Appendix 14. The national rates reflect an increase in the Looked After Children (LAC) rate per pupil as notified by the DfE.

Education Services Grant (ESG)

88. The Central Schools Services Block DSG reflects that funding for the former ESG Retained Duties to support statutory functions on behalf of all maintained schools and ESFA funded academies been transferred into the DSG now allocated on a formulaic basis.

89. The former ESG General Duties was withdrawn completely from September 2017 resulting in a direct reduction in funding for Councils without a reduction in duties.

90. As reported in the December 2016, February 2017 and December 2017 Cabinet reports, an increase in base budget is needed to be funded locally to take account of a reduction in grant funding for general statutory duties relating to maintained schools. The 2017/18 budget included growth of £2.1 million to support this pressure and a further full year effect of £1.0 million is included in the budget for 2018/19.

Public Health Ring-fenced Grant

91. The specific grant for 2018/19 is £29.1 million, a reduction of £0.8 million compared to 2017/18. The indicative grant for 2019/20 is £28.3 million. These are in line with expectations and the current spending proposals have been shaped to ensure they are contained within the final grant allocation. The Public Health grant has already been and will continue to be used innovatively to improve outcomes across all areas of Council services within the terms of the grant conditions.

92. Reform targets of £1 million in 2017/18 and £0.5 million in 2018/19 had previously been agreed and an additional £0.5 million target for 2018/19 has been included in the 2018/19 budget. Work is continuing to identify areas of County Council base budget expenditure where public health impact could be maximised through the use of the Grant.

93. The Public Health ring fenced grant is expected to be in place for the financial year 2019/20. It is expected that from 2020/21 the grant will be replaced by the retained business rates. Public Health England is working with the Department of Health to confirm the assurance arrangements that need to be in place before the grant comes to an end. These arrangements are expected to be confirmed by Spring 2019.

Independent Living Fund

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

95. The County Council expects to receive £2.7 million in grant in 2018/19 compared to £2.9 million in 2017/18 as there is normally an attrition rate applied of approximately 5%. The reduction in funding will need to be managed within the overall 2018/19 Adult Services budget.

Capital Programme Financial Position 2017/18

96. The Capital Programme for 2017/18 onwards was updated in early December 2017. At that point, the expenditure forecast for the year 2017/18 totalled £123.4 million and reflected unspent expenditure brought forward, new capital additions and revised cash

flow forecasts. The latest monitoring position for 30 November 2017 is shown in the following table. As the capital programme has just been re cash-flowed, forecast expenditure is expected to match the revised budget.

Table 4: Capital Monitoring 2017/18

Directorate £m	Approved Budget	Spend to date	Forecast outturn
Adult Services	4.5	0.6	4.5
Children, Families and Communities	27.5	9.8	27.5
Economy and Infrastructure	85.4	29.0	85.4
Commercial and Change*	6.0	2.6	6.0
Total	123.4	42.0	123.4

*Including Financial Services and Chief Executive

Capital Programme: Funding Proposals

97. The Capital Programme has now been further updated to reflect proposals for future expenditure (as detailed below), additions from the December 2017 draft budget and further forecasts for existing approved schemes. The revised Capital Programme showing these changes is attached at Appendix 7. The major areas of capital expenditure relate to Schools, the Local Transport Plan and other Economy and Infrastructure Directorate activities.

98. Proposals for future capital expenditure that have been incorporated into the Capital programme include:

- a) £6.25 million contingency to support additional new project starts over the years 2018/19 to 2020/21
- b) £2.5 million to continue support minor works composite sum programmes for 2020/21
- c) £8.2 million - A38 Bromsgrove Corridor. This major project will support the sustainable growth of Bromsgrove by enhancing the A38 Bromsgrove Eastern Bypass. The project will include a series of junction enhancements, addressing locations where delays and congestion is particularly prevalent.
- d) £5.7 million – Kidderminster Churchfields. This project relates to the Churchfields residential development to the north of Kidderminster town centre and seeks to deliver improved access in order to facilitate the delivery of over 275 dwellings. This phase of the housing development plan cannot be progressed without the highway improvements that this project aims to deliver.

Confirmation of Schemes outlined in the December Draft budget

99. Cabinet recommends to Full Council the inclusion of the following scheme in the Capital Programme that was set out in the December Draft Budget Report. Delegation to the Director of Economy and Infrastructure is requested to allow allocation of funding to projects within the overall total amount in consultation with the Leader of the Council and the Interim Chief Financial Officer.

(a) £37.5 million Highways Infrastructure Investment Fund (HIIF)

This fund will enable and support the delivery of transport infrastructure priorities which aligns with the Council's commitment to investing in roads and pavements and improving journey times. The total of the fund will be split into the following indicative amounts

- £15 million over the next three years for road repairs previously funded from revenue
- £9 million over the next three years continuing to strive for top quartile performance in roads and pavements
- £4 million to support the Street Lighting Programme
- £2.2 million over the next three years to continue the programme of flood mitigation works
- Up to £5.1 million to support the Pershore Infrastructure Investment (reported to Cabinet in November 2017)
- £2.2 million to ensure continued progress of infrastructure projects not funded from other sources

100. The proposed MTFP has been adjusted to incorporate commensurate revenue funding to finance the borrowing required to incorporate these proposals.

Flexible Use of Capital Receipts Strategy

101. Central Government's Spending Review in 2015 announced that to support local authorities to deliver more efficient and sustainable services that Government will allow local authorities to spend up to 100% of its fixed asset capital receipts on the revenue costs of reform projects.

102. The criteria is that the expenditure incurred must be designed to generate ongoing revenue savings and/or transform service delivery in a way that reduces cost or demand for services in future years for any of the public sector delivery partners.

103. The County Council intends to take advantage of this flexibility to support the financing of the reforms programme which is detailed at Appendix 5, and change activity around the children's social care improvement plan and transformation change programmes.

104. It is anticipated that one off costs of up to £4 million may be incurred over this period that would qualify for being funded from capital receipts. The consequential impact on the County Council's Capital Programme as a result of using an additional £4 million borrowing to fund what would otherwise have been funded by these capital receipts would be around £0.4 million and this is therefore the impact on the Council's Prudential Indicators. It is important to note that the County Council's Treasury Management Strategy optimises the use of internal cash resources before having to take external borrowing, so this impact is unlikely to be realised in the short term.

105. Progress on the County Council's Reforms Programme is regularly included in Cabinet reports and use of this capital receipts flexibility will be closely monitored and reported for transparency.

The Medium Term Financial Plan (MTFP)

106. The MTFP has been updated to reflect the funding levels confirmed in the draft Local Government Financial Settlement and revisions to income and expenditure.

107. The County Council continues to plan for the financial challenges over the medium term. The MTFP is set out in the following table with more detail provided within Appendix 8.

Table 5: Indicative Medium Term Financial Plan

£m	2018/19	2019/20	2020/21
Total Funding Available	324.2	327.1	338.1
Less service costs based on provisional 2018/19 budget	355.8	346.7	352.1
Sub-Total	31.6	19.6	14.0
Reform plans developed	31.6	8.1	2.2
Funding Gap	0.0	11.5	11.8

108. The cumulative funding gap over the MTFP period is £23.3 million. Work will continue on confirming implementation of potential future reforms as part of the County Council's ongoing Corporate Strategic Planning process. This work will include critically reviewing income and all opportunities available through Central Government's plans for the full devolution of Business Rates funding to local government.

109. In addition to changes in Central Government funding streams, the MTFP contains the following:

- Council tax increase assumptions beyond 2018/19 include:
2019/20 – 1% Adult Social Care and 1.94% non-Adult Social Care
2020/21 – 0% Adult Social Care and 1.94% non-Adult Social Care
This is an estimate and the final decision whether to increase council tax will be taken by Full Council at its February meeting prior to each financial year taking full account of consultation responses and the future needs of service users and residents of Worcestershire;
- increases in Council Tax yield of around 1% per year due to forecast growth in house-building have been updated based on the latest data available from District Councils;
- planning assumptions have been made on the extent to which the Improved Better Care Funding will be available for supporting existing services; and
- planning contingencies have been reviewed in light of the increased uncertainty of future funding and cost pressures as part of the normal review of the MTFP.

Risks and sensitivities over the Medium Term

110. The extent of risks and sensitivities that may have a significant impact on the MTFP have remained consistent since a year ago taking account of future significant changes proposed by Central Government for funding over the medium term. Set out below are those areas that remain under review but where the financial effect cannot be estimated in detail at this stage.

- Central Government Funding

The MTFP reflects a best estimate of the reductions in Central Government support, mindful that whilst Revenue Support Grant is set to reduce to zero the County Council nevertheless will be expected to contribute towards national deficit recovery.

- Demographic Growth and demand pressures

A number of the County Council budgets continue to be demand led, for example where they are dependent on changes in the service users who are eligible for County Council Adult Social Care services or where activity is driven by residents' behaviours such as the costs of waste disposal. A judgement has been made to cater for the current forecasts in demographic growth and growth in the volumes of waste disposed of and its impact on service provision. These will need to be reviewed in the new financial year and any consideration will need to be given to vary the MTFP for any change in the impact of demographic growth over and above that currently included in the MTFP.

- Adult Services future cost pressures

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

- Safeguarding Improvement Plan and Financial Recovery Plan – Children's Services

As identified within the December 2017 Cabinet report, 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 is a national issue affecting a significant number of councils and a recent survey with West Midlands Authorities has identified that 8 of the 9 responders have similar issues. Most, like Worcestershire, are citing increasing numbers of children looked after and an increase in complexity of need and placement breakdowns.

Although 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, there remains a risk associated with such a demand related service. This will be regularly monitored and reviewed and mitigation actions taken where required.

- Alternative Delivery Model for Childrens Services

As reported to Cabinet in December 2017, the County Council is looking at alternative ways of delivering Children's Social Care through an Alternative Delivery Model (ADM) which will be either via a strategic partnership with another local authority or through a wholly owned company. The business case for these options will be reported to the Cabinet meeting in March 2018. The important work of doing the right thing for children and young people remains essential and needs to be at the heart of the ADM work. The ADM will build on and add value to improvement and we need to use this as an opportunity to realise benefits, improve relationships and ways of working.

The transition to, and operation of, the new model of delivery may mean that there are additional costs associated with the new organisation. The County Council is making a bid to the Department for Education to support some or all of these costs. Ongoing costs of operational activity will need to be funded wholly by the County Council.

As such, the County Council will need to make provision for any additional costs which are required in order to fulfil the statutory obligations contained within the direction issued to Worcestershire County Council to implement an ADM. Transition costs will include programme management and optional appraisal work, stakeholder engagement, as well as commercial, legal, HR, finance and scrutiny support.

Ongoing costs of operation will vary dependent on the model chosen but could include costs of setting up and running a board, commissioning and commercial support, ICT costs for different systems as well as funding any potential pensions, VAT and tax implications. Once the impact of these is better known, they will be reflected in future revisions to the MTFP.

- Inflation

The MTFP includes a pay increase for staff as well as forecast rates of inflation for services where the additional cost is unavoidable. Views on inflation, including the impact of National Living Wage increases and other factors that affect the County Council's budgets will be kept under constant review and the MTFP will be updated accordingly.

- The current Business Rates Retention Scheme

A 50% share of risk of negative changes in existing business rates has now been transferred to local authorities. Central Government provides a financial safety net for reductions of more than 7.5% from a baseline calculation. Growth in business rates within Worcestershire, which is significantly influenced by the economic development policies of the County and District Councils, can now benefit local authorities directly. Under current arrangements local authorities can keep 50% of their business rates growth locally as long as this increase is not disproportionate to the size of their revenue budgets. The impact of future growth plans is kept under constant review and updated to the MTFP accordingly.

- Reform to the Business Rates Retention Scheme

Central Government is currently considering its plans for 75% devolution of Business Rates income to local Councils. Whilst good news for the sector, there is a potential for risk in the system as the County Council alongside its District Council partners will

be taking more risks on the success of appeals and challenges. In addition, Central Government has indicated that it will be considering new services that will be devolved to Councils to support the 'new' funding that will be made available. A key risk is that these new services will not be adequately funded at the point of transfer under Central Government's New Burden's initiative. The County Council will continue with the Society of County Treasurers to ensure any new responsibilities are fully funded.

Alternative Budget Proposals and Amendments

111. The Budget and Policy Framework Rules allow alternative budget and council tax proposals and amendments to those presented by the Cabinet to be considered in the period immediately prior to the budget and Full Council meetings.

112. A member of the County Council, or group of members, may wish to put forward alternative budget and council tax proposals and amendments. The more significant or substantial the alternative proposals and amendments are then the more likely they are to come within the requirements of Section 25 (Budget Calculation Statutory Duties) of the Local Government Act 2003 falling on the Interim Chief Financial Officer.

113. In the circumstances alternative budget and council tax proposals and amendments should to be lodged with the Chief Executive by noon 5 working days prior to the Full Council meeting – in this instance this means noon 8 February 2018, to ensure the obligations of Section 25 are met.

Treasury Management Strategy

114. The County Council is required to review its treasury management strategy on an annual basis and the proposed strategy for 2018/19 is set out in Appendix 9.

115. The strategy for 2018/19 has been updated since last year to include to option to invest in Pooled Property Funds. Returns for these types of investments will need to be considered over a 5-10 year term and the County Council will take advice from its Treasury Management advisors before any such investments are made.

116. Although all other aspects of the strategy have not fundamentally changed since last year, it has been updated to include how the current forecast for interest rates will affect borrowing and lending transactions.

117. Investment priorities will continue to be firstly the security of capital (protecting sums from capital loss) and secondly the liquidity of investments (ensuring cash is available when required). Only when these two priorities are met will the third priority of achieving the optimum return on investments be taken into account.

118. The borrowing strategy will be to borrow to protect the County Council's cash flows, and to borrow to replenish some of the internal cash balances that have been temporarily used to fund recent years' capital expenditure. It is anticipated that the new borrowing may be required during the second half of the 2018/19 financial year, however this will have to take into account prevailing medium and long term borrowing rate forecasts and actual timing of any borrowing will be undertaken when it is financially prudent to do so.

119. It is important to remember that real value is being achieved through Treasury Management by utilising internal cash balances to temporarily support the capital programme. This avoids the need to borrow at the prevailing Public Works and Loans Board Rate, currently around 3%. The Treasury Management Strategy includes the borrowing needed to support the Energy from Waste Contract Variation approved by Full Council on 16 January 2014.

The Prudential Code for Capital Finance in Local Authorities

120. The County Council is required to set specific parameters each year to control the extent of its borrowing. The essential purpose of this requirement is to ensure that the County Council always has the means to make repayments and doesn't borrow beyond its ability to service associated debts. The statement for 2018/19 is set out in Appendix 10.

Budget calculation – statutory duties

121. Section 25 of the Local Government Act 2003 requires the Interim Chief Financial Officer as Section 151 officer to report to the County 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.

122. The budget currently provides for the financial implications of the County 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 County Council's control and for which it is not possible to be precise:

- The County Council's demand-led services
- Inflation and interest rate volatility, and
- Unforeseen emergencies, for example flooding.

123. In addition to this, there are issues regarding the recurrent expenditure needed to support a fully operational Alternative Delivery Model for Children's Social Care.

124. Whilst every effort has been undertaken to review the Directorate cash limits and the savings / reforms plans within them, the future management of change and the impact of demand led services on those areas will stress the achievability of delivering a balanced budget for each financial year. Where savings plans are deferred or unachieved, alternative budget reductions must be implemented and it will be incumbent on service Directors to achieve this, in conjunction with Cabinet portfolio holders.

125. It is for this reason that an adequate level of reserves must be maintained and Appendix 13 provides a statement from the Interim Chief Financial Officer considering an appropriate amount to retain in general balance considering risk.

126. Members will also 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.

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

128. The Interim Chief Financial Officer states that to the best of her knowledge and belief these budget calculations are robust and have full regard to:

- the County Council's Corporate Plan and budget policy;
- the need to protect the County Council's financial standing and manage risk;
- the estimated financial position at the end of 2017/18;
- the financial policies of the Government as they impact upon the County Council;

- the capital programme set out in Appendix 7;
- the County Council's MTFP set out in Appendix 8;
- treasury management policy set out in Appendix 9;
- the prudential indicators set out in Appendix 10; and
- the extent of the County Council's General Balances and earmarked reserves.

Scrutiny

129. Scrutiny of the 2018/19 budget proposals is being undertaken by individual scrutiny panels who have received additional finance briefings in preparation for the scrutiny of the budget.

130. The conclusion of this work together with the individual views of the scrutiny panels will inform the Overview and Scrutiny Performance Board which meets on 30 January 2018 to consider what comments it wishes to make to Cabinet as part of the budget consultation.

131. A copy of the commentary will be made available alongside Cabinet papers (as Appendix 1) in time for the Cabinet meeting on 8 February 2018.

Fulfilling the Public Sector Equality Duty requirements

132. The Public Sector Equality Duty is set out in the Equality Act, 2010. The Act lists 9 Protected Characteristics in respect of which the Duty applies. The duty requires public bodies to have Due Regard to (consciously consider) three aims in their decision-making and in policy-making and service delivery. The aims are:

- To eliminate unlawful discrimination;
- To advance equality of opportunity between people who share one or more of the Protected Characteristics (listed in the Equality Act) and those who do not; and
- To foster good relations between people who share one or more of the Protected Characteristics and those who do not.

133. An overarching strategic equality relevance assessment has been undertaken in respect of budget proposals for key transformational change programmes which are detailed at Appendix 11. The assessment quantifies the levels of Due Regard to the aims of the duty for each programme and provides a broad overview on the potential cumulative impact for the most relevant of the Protected Characteristics.

134. When proposals have been fully developed and are brought to a future Cabinet for decision, these reports will include a more detailed and specific equality impact assessment to ensure the findings are given due regard when any key decisions are made.

Health Impact Assessment

135. 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.

136. This report concerns a number of budget proposals for 2018/19 and associated updates to the Medium Term Financial Plan in advance of approval by Full Council in February 2018. Any specific public health considerations will be subject to separate and further detailed consultation as appropriate. 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	Key messages form Overview and Scrutiny Board (To follow)
Appendix 2	Local Government Finance Settlement 2018/19 consultation response
Appendix 3a	Council Tax calculation
Appendix 3b	Council Tax Precept
Appendix 4	Revenue Budget 2018/19 and Analysis of Variations
Appendix 5	Reforms Programme
Appendix 6	Pay policy statement
Appendix 7	Capital Programme
Appendix 8	Medium Term Financial Plan
Appendix 9	Treasury Management Strategy
Appendix 10	Statement of Prudential Indicators and Minimum Revenue Provision
Appendix 11	Assessment of the County Council's Equalities Duty
Appendix 12	Directorate Revenue Budgets 2018/19
Appendix 13	General Balances Risk Review
Appendix 14	Dedicated Schools Grant

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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Roger Palmer
Department for Communities and Local Government
2nd Floor, Fry Building
2 Marsham Street
London
SW1P 4DF

16th January 2018

Dear Mr Palmer

Worcestershire County Council response – Provisional 2018/19 local government finance settlement

Worcestershire County Council welcomes the opportunity to respond to the provisional Local Government Finance Settlement (the settlement) announced on 19th December 2017.

The County Council fully accepts the need for Central Government to make difficult decisions to reduce the size of the national deficit and that Local Government needs to contribute to that aim. This County Council continues to deliver reforms over the next two financial years with reform plans in place for £38m and further recurrent plans of £12m to be developed. At the same time we are transforming to become more commercial, agile and focused on place shaping, supporting a Worcestershire economy that is now one of the fastest growing economies in the country.

Adult Social Care

The County Council is disappointed that the Adult Social Care Support Grant does not continue in 2018/19. Whilst it is acknowledged that there will be a Green Paper on the future of adult social funding in Summer 2018, investment by Central Government is needed now to safeguard some of the most vulnerable people in the community on an ongoing and permanent basis. The financial pressures facing Adult Social Care with regard to demographic increases and increases such as through the National Living Wage cannot be funded alone by raising the Adult Social Care Precept.

The County Council is disappointed that Adult Social Care funding continues to be distributed using the 2013/14 Adult Social Care Relative Needs Formula (RNF). The current and future cost pressures are more heavily weighted towards age rather than deprivation and the RNF should be updated accordingly and in particular take due account of real cost drivers.

The County Council is concerned that the amount raised by the Adult Social Care Precept is included as part of the calculation of how much funding is provided by the Improved Better Care Fund to the County Council. Council Tax levels are subject to debate and decisions on an annual basis made by local councillors. Those areas,

which have been prepared to pay more to support services, should not risk losing more central support.

Negative Top-Up Adjustment (Negative RSG)

The County Council continues to express significant concern with regard to the £0.8 million negative Business Rates Top-Up adjustment in 2019/20 and welcomes the consultation paper to tackle "negative RSG" due in Spring. The starting point for the County Council's funding in 2019/20 should exclude this negative Business Rates Top-Up adjustment.

When the Business Rate Retention System was established it was announced that tariffs and top-ups would only change in line with the Retail Price Index. The contradiction of the negative Top-Up adjustment potentially undermines the value in statements on how funding systems will work and the certainty that this can provide for service planning. This then may create the potential need for further reforms in local services with little notice and the potential for the creation of provisions and reserves to cater for unforeseen sudden changes in funding commitments.

Central Government has solved this issue for local authorities affected by negative RSG in 2017/18 and 2018/19. The negative Business Rates Top-Up adjustment should be removed in 2019/20 by adding it back to the local authorities who were notionally allocated it to ensure consistency across all years of this Parliament.

Transition Grant

The County Council is very disappointed that the Transition Grant does not continue in 2018/19 and urge Government to reconsider particularly given the delay in fair funding reforms and business rates changes.

Business Rates Pilot

It was disappointing to note Worcestershire was unsuccessful regarding the Business Rates Pilot especially considering the work involved to develop a proposal that was agreed by all seven Worcestershire councils.

The County Council looks forward to working with Government on business rates reforms and strongly supports continued efforts to move towards greater local retention of business rates and fair funding improvements.

Yours sincerely



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Leader of the Council

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Electoral Division
Riverside

2018/19 Provisional Local Government Finance Settlement - Consultation

Question 1: Do you agree with the methodology for allocating Revenue Support Grant in 2018-19?

No.

The County Council does not agree that the amount raised by Council Tax should be part of the calculation of how much central support is provided to the County Council as reflected in Core Spending Power tables. Whilst taxbase differences should be taken into account, as it has been in previous distribution systems, it is not acceptable that levels of Council Tax should also be part of the calculation.

Council Tax levels are subject to annual debate and decisions made by local councillors. Those areas, which have been prepared to pay more to support services, should not be at risk of losing more central support.

The County Council continues to express considerable concern with regard to the £0.8 million negative Business Rates Top-Up adjustment in 2019/20. The starting point for the County Council's funding in 2019/20 should exclude this negative Business Rates Top-Up adjustment as previously Central Government had committed that the Business Rates Top-Up would be fixed, indexing upwards only for changes in the Retail Prices Index in order to offer protection to Councils like Worcestershire who have social care responsibilities.

Question 2: Do you agree with the Government's proposal to fund the New Homes Bonus in 2018-19 with £900 million from Revenue Support Grant and any additional funding being secured from departmental budgets?

No.

The use of a top-slice to fund the New Homes Bonus (NHB) together with its subsequent distribution method results in Worcestershire County Council being adversely affected once more. The reinstatement of the former Department of Communities and Local Government (DCLG) share of NHB funding would help mitigate this situation whilst also protecting District Councils.

Question 3: Do you agree with the Government's proposed approach of paying £65 million in 2018-19 to the upper quartile of local authorities based on the super-sparsity indicator?

The County Council supports the recognition of higher costs of providing services in rural authorities. However although the Worcestershire area suffers from higher costs of providing services in rural areas there is no recompense for the County Council for these higher costs due to the calculation method. For example a local district council qualifies for this support but Worcestershire County Council receives

nothing due to the averaging method used in the calculation. If a district area attracts additional funding due to the rural nature of the area so should the County Council in proportion to that area's budgetary responsibility.

Question 4: Do you agree with the Government's proposal to hold back £35 million to fund the business rates safety net in 2018-19, on the basis of the methodology described in paragraph 2.6.2?

No.

The design of the Business Rates Retention System meant that levies were designed to cover the cost of safety net payments. In addition the design also meant top-up authorities such as Worcestershire County Council who provide social care were protected from the most severe risks of the business rates volatility and therefore were also excluded from the rewards. Holding back £35 million from the Revenue Support Grant total penalises counties in order to provide support to other types of authorities. We urge Government to reconsider this to ensure counties like ours do not continue to miss out on this funding.

Question 5: What are your views on the council tax referendum principles proposed by the Government for 2018-19?

The County Council notes change to the 3% referendum limit.

Council Tax is a local matter and local councillors are best placed to judge local need and set Council Tax rates accordingly without being influenced by Central Government capping or referendum limits.

The County Council, like all upper tier authorities in a two tier system, is unable to raise the Adult Social Care Precept on the whole of the Council Tax bill in the same way that a Unitary Authority does. This is inequitable, and in any case the use of the ASC precept to provide a long term funding solution is not accepted.

The County Council does not consider the Adult Social Care Precept to be a long term solution to the Adult Social Care funding crisis and opposes simply passing on the cost of Adult Social Care to local council taxpayers.

Question 6: Do you agree with the methodology for calculating the revaluation adjustment to business rates tariff and top-up payments as outlined in paragraphs 3.5.1 to 3.5.6?

Yes, this method seems reasonable.

Clarification should be provided for the baseline position and the impact of funding for business rates reliefs so individual authorities can understand their financial positions as soon as possible.

Question 7: Do you have any comments on the impact of the 2018-19 local government finance settlement on those who share a protected characteristic, and on the draft equality statement published alongside this consultation document? Please provide supporting evidence.

No.

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CALCULATION OF COUNCIL TAX (BAND D) 2018/2019

BASED ON PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2018/2019

	2017/2018		2018/2019		Inc. over 2017/2018 Band D Equivalent %
	£	£	£	£	
Budget requirement before adjustments		323,663,000		324,191,710	
		-536,902			
Addition to (+) or use of (-)					
Earmarked Reserves		-849,386		0	
General Balances		<u>-4,335,390</u>		<u>0</u>	
Budget requirement		318,478,224		324,191,710	
Less: Local Share of Business Rates	16,009,251		16,011,387		
Top Up Grant	<u>43,810,749</u>		<u>45,138,613</u>		
Total Business Rates Retention System	59,820,000		61,150,000		
Revenue Support Grant	<u>19,897,085</u>		<u>9,435,520</u>		
		<u>79,717,085</u>		<u>70,585,520</u>	
		238,761,139		253,606,190	
Less: Surplus on collection fund		<u>-2,556,935</u>		<u>-2,069,686</u>	
Council Taxpayer		<u>236,204,204</u>		<u>251,536,504</u>	
Council Tax Base		204,451		207,473	
Band D Equivalent		1,155.31		1,212.38	4.94%

PAYMENTS OF PRECEPTS BY BILLING AUTHORITIES

	Tax Base (Band D Equiv.)	Council Tax Requirement 2018/2019 £	Surplus(-)/Deficit on Collection Fund at 31/03/2018 £	Net Yield from 2018/2019 Council Tax £
Bromsgrove	36,531.10	44,826,477	-536,902	44,289,575
Malvern Hills	30,461.94	36,931,447	0	36,931,447
Redditch	26,058.20	32,441,827	-849,386	31,592,441
Worcester	31,528.50	38,662,023	-437,500	38,224,523
Wychavon	49,435.58	59,934,708	0	59,934,708
Wyre Forest	33,458.00	40,809,708	-245,898	40,563,810
	207,473.32	253,606,190	-2,069,686	251,536,504

<u>Council Tax</u>		<u>Precept Payment Dates</u>
<u>Valuation Band</u>	<u>Amount (£)</u>	
A	808.25	13th April 2018
B	942.96	22nd May 2018
C	1,077.67	28th June 2018
D	1,212.38	3rd August 2018
E	1,481.80	11th September 2018
F	1,751.22	17th October 2018
G	2,020.63	22nd November 2018
H	2,424.76	2nd January 2019
		7th February 2019
		15th March 2019

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

Appendix 4

	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	-0.1	-0.2	-0.3	-0.3	0.9	0.0
Inflation						
Pay award, incl contingency	1.2		1.0	0.7	0.7	3.6
Employers pensions contributions			0.2		0.1	0.3
Contractual and General inflation	2.2		0.3	3.0		5.5
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	0.4		0.1	0.1	1.0	1.6
Total Inflation and Growth	7.8	0.0	13.7	6.5	4.2	32.2
Central and Transport Recharges	7.4	0.0	21.4	-13.1	-15.7	0.0
Existing Transformation and Reforms Programme	-8.2	-0.2	-0.2	-0.1	-1.0	-9.7
New Proposed Reforms	-5.6	-0.5	-1.1	-8.7	-6.0	-21.9
Original Estimate 2018/19	125.4	-0.8	96.4	63.5	39.7	324.2
Funding sources						
Council tax						251.5
Council tax collection fund surplus						2.1
Revenue support grant						9.5
Business rates retention scheme						61.1
						324.2
Financial Planning Gap						0.0

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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	4,800			4,800
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		15,425	4,075	0	19,500
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
<p>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.</p> <p>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.</p>	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		21,868	6,954	1,132	29,954

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: Optimising income generation including traded services to other organisations and fees and charges	FIN	200			200
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, Introducing a Revolving Door Capital Investment Fund and Maximising Value from Investment of the Council's Asset Base	FIN	575			575
Total - Existing Reforms		9,710	1,235	1,121	12,066

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Pay Policy Statement

Introduction and Purpose

The purpose of this policy is to clarify the County Council's strategic stance on pay in order to provide direction for members and officers making detailed decisions on pay and to provide the citizens of Worcestershire with a clear statement of the principles underpinning decisions on the use of public funds.

Under section 112 of the Local Government Act 1972, the Council has the power to appoint officers on such reasonable terms and conditions, including remuneration, as the authority thinks fit. This Pay Policy Statement (the 'statement') sets out the Council's approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011. The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees (excluding those working in local authority schools) by identifying;

- the methods by which salaries of all employees are determined;
- the detail and level of remuneration of its most senior staff i.e. 'chief officers', as defined by the relevant legislation;
- the Panel responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and for recommending any amendments to the statement to the full Council.

Once approved by the full Council, the statement will come into immediate effect and will be published by no later than 1 April each year, subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

Legislative Framework

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes, but is not an exhaustive list, the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With regard to the Equal Pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality-proofed job evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

Pay Structure

The purpose of pay is to encourage staff with the appropriate skills to seek to work for the County Council and then to reward them appropriately for the tasks they undertake in order to maintain their motivation and retain their services.

Based on the application of job evaluation processes, the Council uses the nationally negotiated pay spine as the basis for its local grading structure (known as the main salary scale). This determines the salaries of the majority of the workforce, together with the use of other nationally defined rates where relevant. In common with the majority of authorities, the Council is committed to the Local Government Employers national pay bargaining framework in respect of the national pay spine and any annual associated cost of living increases negotiated with the trade unions.

Any other pay rates are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council policy. In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources.

Senior Management Remuneration

For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 1st April 2018¹. Salaries quoted are based on the full time equivalent (FTE) of 37 hours per week. The Council since April 2011 has adopted a maximum of 35 hours per week for new appointments and corresponding salaries are shown in brackets. Currently 14 of the chief officers are employed on a 35 hour per week contract. Table 1 lists the 39 chief officer posts that make up 1.05% of the 3711² people employed by the County Council (excluding schools).

Table 1: Chief Officer posts

Title	Grade	Pay range minimum	Pay range maximum	Incremental points
Chief Executive (35 hours per week)	Chief Executive	(£154,038)	(£173,421)	4
Director of Children's & Families; Director of Adult Services; Director of Economy & Infrastructure; Director of Commercial and Change.	Director (4 posts)	£115,272 (£109,035)	£126,798 (£119,938)	6
Chief Data Officer	Spot Salary (1 post)	(£100,000)	(£100,000)	n/a
Assistant Director – Children's Safeguarding Services	Head of Service 1 (1 post)	*£94,743 *(£89,616)	*£104,355 *(£98,709)	6
*Includes a Pay Supplement of 12.5%				
Chief Financial Officer	Head of Service 2 (1 post)	*£90,963 *(£86,041)	*£100,778 *(£95,326)	6
*Includes a Pay Supplement of 15%				
Director of Public Health	Head of Service 1 (1 post)	£84,216 (£79,659)	£92,760 (£87,741)	6
Assistant Director – Children's Provider Services; Assistant Director - Education & Skills;	Head of Service 1 (8 posts)	£ 84,216 (£79,659)	£ 92,760 (£87,741)	6

¹ This excludes the cost of living pay award which is currently being negotiated

² Refers to the staffing count as at 30 November 2017 which includes all permanent, temporary and relief/casual/sessional employees (as/when required) excluding Schools

Strategic Commissioner – Adult Services; Head of Legal & Democratic Services; Head of Strategic Infrastructure & Economy; Assistant Director – Children, Families & Communities; Strategic Commissioner - Major Projects; Assistant Director Adult Services.				
Head of Human Resources & Organisational Development; Head of Strategic Infrastructure Finance & Financial Resources; Head of Financial Management; Head of Commercial; Strategic Commissioner – Service Transformation; Assistant Director – Early Help and Commissioning.	Head of Service 2 (5 posts)	£ 79,098 (£74,818)	£ 87,633 (£82,892)	6
Public Health Consultant	Public Health Band 9 (2 posts)	£78,973	£98,453	6
Director of Improvement and Efficiency West Midlands	IEWM Spot Salary (1 post)	£78,973	£78,973	n/a
Senior Content & Communications Manager *Includes a Market Forces Supplement	PO7 + MFS (1 post)	*£73,160 *(£69,980)	*£76,757 *(£73,382)	n/a
Public Health Consultant *Includes a Market Forces Supplement	PO7 + MFS (2 posts)	*£71,846 *(£67,960)	*£74,825 *(£71,361)	4
IEWM Adults Programme Manager	IEWM Spot Salary (1 post)	(£63,452)	(£63,452)	n/a
Transformation Lead; Highways Operations & Public Rights of Way Manager; Transport Operations Manager.	PO7 (3 posts)	£58,779 (£55,599)	£62,376 (£59,001)	4
IEWM Children's Programme Manager	IEWM Spot Salary (1 post)	£58,321	£58,321	n/a
Senior Finance Manager - Financial Planning & Reporting	PO6 (1 post)	£52,926 (£50,063)	£56,076 (£53,042)	4
Finance Manager	PO4 (2 posts)	£42,666 (£40,358)	£46,011 (£43,522)	4
IEWM Programme Manager	IEWM Spot Salary (1 post)	£46,010	£46,010	n/a
Business Administration & Systems Manager	PO3 (1 post)	£37,306 (£35,288)	£40,057 (£37,890)	4

For information the main salary scale, covering the majority of the workforce, is shown in Table 2 in the Appendix. The number of posts in each grade is also shown in Chart 1 in the Appendix.

Recruitment of Chief Officer Related Posts

The Council's policy and procedures with regard to recruitment of chief officer related posts is set out within the Constitution which can be accessed at [insert link to Constitution](#). When recruiting to all posts the Council will take full and proper account of its own policies and procedures. The determination of the remuneration to be offered to any newly appointed chief officer related position will be in accordance with the pay structure and relevant policies in place at the time of recruitment. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies. Currently we have two posts (three post holders) receiving a market forces supplement.

Where the Council remains unable to recruit to chief officer related posts under a contract of employment, or there is a need for interim support to provide cover for a vacant substantive chief officer related post, the Council will, where necessary, consider engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. Currently the Council has three interim chief officer related positions under such arrangements.

Additions to Salary of Chief Officer Related Posts

The Council does not normally apply any bonuses or performance related pay to its chief officer related posts. However progression through the incremental scale of the relevant grade is subject to satisfactory performance, which is assessed on an annual basis.

In addition to basic salary, the Council may pay other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties, which could include returning officer fees or responsibility allowances. This list is not exhaustive. The Council currently pays two additional responsibility allowances, one of which is paid to the Chief Financial Officer and one is paid to the Assistant Director – Children's Safeguarding Services.

The Council is aware of the recommendations of the Hutton Review in relation to making an element of senior pay dependent upon performance i.e. as 'earn-back pay'. Such a system would see chief officer related posts required to meet pre-agreed performance objectives in order to 'earn back' an element of their basic pay that had been placed at risk. Only if objectives were met would executives receive their full basic pay, and only if objectives are clearly exceeded can any additional awards be made. The Council will keep this area under review and may consider opportunities to trial an earn-back system as part of any future pay review.

Payments on Termination

The Council's approach to discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended).

Any other payments falling outside the provisions or the relevant periods of contractual notice shall be subject to a formal decision made by the full Council or relevant elected members, committee or panel of elected members with delegated authority to approve such payments.

In 2011 the Council introduced a ceiling of £50,000 on redundancy payments for all employees.

Publication

Upon approval by the full Council, this statement will be published on the Council's Website. In addition, the Council's Annual Statement of Accounts will include a note setting out the number of staff whose total remuneration is at least £50,000 and for chief officer posts it will show the amount of

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- employers contribution to the person's pension
- any bonuses so paid or receivable by the person in the current and previous year;
- any sums payable by way of expenses allowance that are chargeable to UK income tax;
- any compensation for loss of employment and any other payments connected with termination;
- any benefits received that do not fall within the above

Lowest Paid Employees

The Council since April 2011 has adopted a maximum of 35 hours per week for new appointments. The lowest paid persons employed under a contract of employment with the Council are employed on 35 hour per week in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1st April 2018³ this is £14,421 per annum and is two points higher than the National pay spine minimum. The Council employs Apprentices who are not included within the definition of 'lowest paid employees' as the terms and conditions are determined by the National Apprenticeship Service.

The relationship between the rate of pay for the lowest paid and chief officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement.

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that "it would not be fair or wise for the Government to impose a single maximum pay multiple across the public sector". The Council accepts the view that the relationship to median earnings is a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce.

The current pay levels within the Council define the multiple between the lowest paid (35 hours per week) employee and the Chief Executive (35 hour per week) as 1:11.68 and; between the lowest paid employee (35 hours per week) and average chief officer as 1:5.42. The multiple between the median (average) full time equivalent earnings and the Chief Executive (35 hours per week) is 1:7.75 and; between the median (average) full time equivalent earnings and average chief officer is 1:3.59.

As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.

³ This excludes the cost of living pay award which is currently being negotiated.

Re-engagement and Re-employment of former Chief Officer Related Posts

Other than in exceptional circumstances the Council would not normally re-employ or re-engage chief officers who were previously employed by the Council and who on ceasing to be employed, received severance or redundancy payment.

Accountability and Decision Making

In accordance with the Constitution of the Council, the Appointments Etc Panel is responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to chief officer positions within the Council. Overall the Council aims to maintain a mid-market position on chief officer pay in comparison to similar authorities.

FOR OFFICE USE ONLY

Res/HR/BAC: Prepared 25 January 2012

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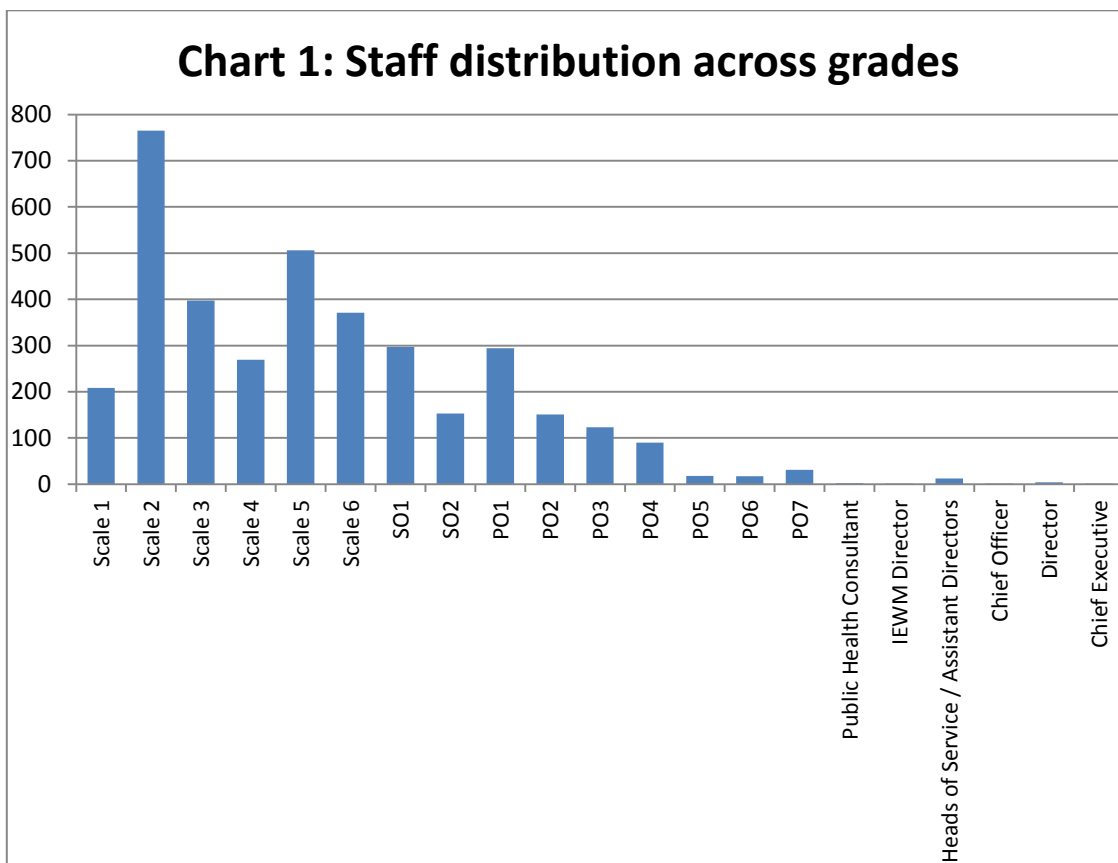
COaCH/HR/BAC: Updated 25/01/2018

Approved by Council

Appendix

Table 2: Other main salary grades from April 2018 based on 37 hour full time equivalent (35 hour full time equivalent shown in brackets)

Grade	Pay range minimum	Pay range maximum	National Pay spine Points
Scale 1	£15,246 (£14,421)	£15,375 (£14,543)	8 - 9
Scale 2	£15,613 (£14,768)	£16,491 (£15,599)	10 - 13
Scale 3	£16,781 (£15,873)	£17,772 (£16,811)	14 - 17
Scale 4	£18,070 (£17,092)	£20,138 (£19,049)	18 - 21
Scale 5	£20,661 (£19,543)	£22,658 (£21,432)	22 - 25
Scale 6	£23,398 (£22,132)	£24,964 (£23,613)	26 - 28
SO1	£25,951 (£24,547)	£27,668 (£26,171)	29 - 31
SO2	£28,485 (£26,944)	£30,153 (£28,522)	32 - 34
PO1	£30,153 (£28,522)	£32,486 (£30,729)	34 - 37
PO2	£33,437 (£31,628)	£36,379 (£34,411)	38 - 41
PO3	£37,306 (£35,288)	£40,057 (£37,890)	42 - 45
PO4	£42,666 (£40,358)	£46,011 (£43,522)	46 - 49
PO5	£47,442 (£44,875)	£50,445 (£47,716)	50 - 53
PO6	£52,926 (£50,063)	£56,076 (£53,042)	54 - 57
PO7	£58,779 (£55,599)	£62,376 (£59,001)	58 - 61



Notes:

Chart 1 above refers to the staffing count as at 30 November 2017 which includes all permanent, temporary and relief/casual/sessional (as/when required) employees excluding maintained Schools
Table 3 overleaf shows a breakdown of the staffing numbers with percentages per grade.

Table 3: Staff distribution across grades⁴

Grade	No. of Employees (Headcount)	Proportion (%)
Scale 1	208	5.60%
Scale 2	765	20.61%
Scale 3	397	10.70%
Scale 4	269	7.25%
Scale 5	506	13.64%
Scale 6	371	10.00%
SO1	297	8.00%
SO2	153	4.12%
PO1	294	7.92%
PO2	151	4.07%
PO3	123	3.31%
PO4	90	2.43%
PO5	18	0.49%
PO6	17	0.46%
PO7	31	0.84%
Public Health Consultant	2	0.05%
IEWM Director	1	0.03%
Heads of Service / Assistant Directors	12	0.32%
Chief Officer	1	0.03%
Director	4	0.11%
Chief Executive	1	0.03%
Grand Total	3711	

⁴ Refers to the staffing count as at 30 November 2017 which includes all permanent, temporary and relief/casual/sessional (as/when required) employees excluding Schools

Capital Programme 2017/18 to 2020/21 Onwards

TOTAL EXPENDITURE	LATEST FORECAST	LATEST FORECAST	LATEST FORECAST	LATEST FORECAST	TOTAL FORECAST
	2017/18	2018/19	2019/20	2020/21 and Beyond	FORECAST
	£000	£000	£000	£000	£000
CHILDREN, FAMILIES & COMMUNITIES DIRECTORATE	27,476	18,916	9,753	3,200	59,345
ECONOMY & INFRASTRUCTURE DIRECTORATE	88,599	67,421	64,025	69,994	290,038
ADULT SERVICES DIRECTORATE	4,497	2,511	1,080	100	8,188
COMMERCIAL & CHANGE/ FINANCE DIRECTORATE	6,076	6,600	5,420	4,428	22,524
GRAND TOTAL	126,648	95,448	80,278	77,722	380,095

TOTAL FUNDING					
TEMPORARY AND LONG TERM BORROWING	31,404	43,735	18,923	17,931	111,993
CAPITAL RECEIPTS	18,428	649	3,500		22,577
GOVERNMENT GRANTS	63,860	48,623	55,850	53,634	221,966
CAPITAL RESERVE	2,243				2,243
THIRD PARTY CONTRIBUTIONS	7,579	1,141	2,005	6,157	16,882
REVENUE BUDGETS	3,134	1,300			4,434
GRAND TOTAL	126,648	95,448	80,278	77,722	380,095

CHILDREN, FAMILIES & COMMUNITIES DIRECTORATE

	LATEST FORECAST 2017/18 £000	LATEST FORECAST 2018/19 £000	LATEST FORECAST 2019/20 £000	LATEST FORECAST 2020/21 and Beyond £000	TOTAL FORECAST £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	3,100	16,540
- School Managed Schemes (Inc. Universal Infant School meals and Devolved Formula C	3,363	937			4,300
- EFA Extension of Provision (Early Years)	861				
- Libraries Minor Works	140	100	100	100	440
- Composite Sums - Residual	376				376
	27,476	18,916	9,753	3,200	58,484

ECONOMY & INFRASTRUCTURE DIRECTORATE

	LATEST FORECAST 2017/18 £000	LATEST FORECAST 2018/19 £000	LATEST FORECAST 2019/20 £000	LATEST FORECAST 2020/21 and Beyond £000	TOTAL FORECAST £000
Local Transport Plan:					
- Structural Carriageway/Bridgeworks	19,600	11,376	12,076	12,076	55,128
- Integrated Transport	826	2,315	2,405	2,405	7,951
Major Schemes:					
- Worcestershire Intelligent Transport Systems	300				300
- A4440 WSLR Phase 4	2,374	7,974	22,422	29,231	62,001
- A38 Bromsgrove	700	1,000	750	5,750	8,200
- Kidderminster Churchfields	334	255	2,500	2,611	5,700
- HIIF Pershore Northern Infrastructure	463	1,457	3,503	6,220	11,643
- HIIF Projects		10,500	11,000	10,921	32,421
- Capital Skills Programme		2,000	2,009		4,009
- 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	3,158	277		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
- The Kiln	195				195
- QinetiC Land Purchase	1,177				1,177
- Pavement Improvement Programme	2,500	3,500			6,000
- Cutting Congestion Programme	228	5,107	6,303		11,637
- Kidderminster Public Realm Works	105				105
- Kidderminster Town Centre Phase 2	85	900			985
- Droitwich High Street	743				743
- Redditch Town Centre	869				869
- Worcester City Centre	96	1,200			1,296
- Tenbury Public Realm	690				690
- Malvern Public Realm		200			200
- Members Highways Schemes	253				253
- Highway Flood Mitigation Measures	4,610				4,610
- Evesham Abbey Bridge	1,288				1,288
- Worcester Transport Strategy	1,538				1,538
- Hoobrook Link Road - Pinch Points	634				634
- Worcester Technology Park	369				369
- Worcester Cathedral Square	924				924
- Malvern Hills Science Park Scheme	3,119	61			3,180
- Street Lighting Energy Saving Project	121				121
- Public Rights of Way	175				175
- A4440Toucan to W6		200			200
- 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	197				197
Composite Sums:					
- Vehicle Replacement Programme	586	480	480	480	2,026
- Street Column Replacement Programme	322	100	100	100	622
- Highways Minor Works		200	200	200	600
- Investment Initiatives to Support Business and /or Green Technology	651				651
	88,599	67,421	64,025	69,994	290,038

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
- 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	832
	4,497	2,511	1,080	100
				8,188

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	
- Digital Strategy and Customer Access	2,701	888	678	528	4,795
- Repair and Maintenance of a Longer Term Benefit (And BUoP)	1,387	1,380	900	900	4,567
- 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	3,582	3,792	3,000	10,574
- Completion of Residual Schemes	110				110
	6,076	6,600	5,420	4,428	22,524

Medium Term Financial Plan

	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	61.1	62.6	63.8
Council Tax Income	251.5	263.0	272.8
Collection Fund Surplus / Deficit (-)	2.1	1.5	1.5
Total Funding Available	324.2	327.1	338.1
Forecast Expenditure			
Base Budget	323.6	324.3	327.1
Inflation			
Pension increases	0.3	1.3	0.0
General Inflation	5.5	3.2	3.4
Pay Inflation	3.6	1.9	4.2
Growth			
Adult Social Care	3.0	3.0	3.0
Children's Social Care	9.3	0.0	0.0
Children's Contingency	0.0	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 Programme	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	1.6	-0.9	3.5
	355.8	346.7	352.1
Less - Transformation Reforms existing	9.7	1.2	1.1
- Transformation Reforms new	21.9	6.9	1.1
- Recurrent reforms to be identified	0.0	11.5	11.8
	324.2	327.1	338.1
Contribution to(-) / from Earmarked Reserves	0.0	0.0	0.0
Gross funding requirement	324.2	327.1	338.1
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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Treasury Management Strategy 2018/19

Background

In accordance with the County Council's Treasury Management Practices (TMPs) and The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services: Code of Practice the Council is required to approve the Treasury Management Strategy and Annual Investment Strategy for 2018/19. The Treasury Management Strategy is reflected in the Personal Assurance Statement given by the Interim Chief Financial Officer concerning the 2018/19 budget calculations.

Treasury management is undertaken by a small team of professionally qualified staff within financial services.

In addition the County Council employs Treasury Management advisors, Link Asset Services (formerly Capita Asset Services), who provide information and advice on interest rate movements which is used to inform borrowing and investment decisions. The advisors have been engaged on a fixed term basis after a tendering procedure completed in August 2016.

Relevant information is also obtained from other financial commentators, the press and seminars arranged by other organisations, for example CIPFA and the Local Government Association.

Information received from these different sources is compared in order to ensure all views are considered and there are no significant differences or omissions from information given by the County Council's advisors.

All Treasury Management employees take part in the County Council's Staff Review and Development scheme, where specific individual development needs are highlighted training in Treasury Management activities and networking opportunities provided by both professional and commercial organisations are taken up where appropriate.

During 2017/18 the County Council has invested its surplus cash with selected Banks, AAA-rated Money market and cash-plus funds, the UK Debt Management Office and with other local authorities.

Economic Commentary

The Monetary Policy Committee, (MPC), increased the Bank Rate from 0.25% to 0.50% in November as it perceived the need for extra monetary support had eased. There is a push towards more normalised monetary policy, however the Bank of England has indicated that subsequent rises will be slow and gradual. In the coming financial year, Link Asset Services believe there will be one further rise of 0.25% by November 2018, with slow and gradual rises thereafter.

There are several unknowns that could influence the economy as the UK negotiates its exit from the EU, scheduled for the 29th March 2019. A positive outcome with regards to market access and movement of goods and services could lead to accelerated growth and domestically generated inflation (from wage growth etc.)

and possibly bring forward rate rises, whereas a negative outcome could defer further monetary tightening indefinitely.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Treasury Management Strategy

The Prudential Code for Capital Finance requires the Council to set a number of Prudential Indicators. The Treasury Management Strategy has been developed in accordance with these indicators.

Borrowing Strategy

PWLB rates and gilt yields rose sharply in the wake of the June General Election and the September MPC meeting, otherwise rates have remained volatile, with no discernible trend. It is likely that volatility could continue to occur for the foreseeable future, with the balance of risks generally biased to the downside; with political turmoil exerting downward pressure, but inflation and debt concerns exerting upward pressure.

The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation. Rates on loans of 5 years are expected to be around 1.80%, while rates on longer term loans are expected to be around 3.10% by the end of 2018/19. The County Council has prudently assumed a borrowing rate for 2018/19 of 3.30% in setting the budget, with a working assumption to borrow in Quarter 3. For medium-term planning purposes the County Council has assumed borrowing rates of 3.30% in 2018/19, 3.80% in 2019/20 and 4.20% in subsequent years. This is in-line with Link Asset Services' forecasts for borrowing rates during Quarter 3 of each of those years plus a margin of 0.20% for 2018/19, 0.40% for 2019/20 and 0.60% for subsequent years, for prudence.

The County Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with external debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure.

The strategy will be to borrow in order to replenish a proportion of the reserves and cash balances used to support capital expenditure since October 2008. This will mitigate any interest rate risk in that borrowing and will be taken before borrowing rates increase significantly. The timing of the borrowing will depend on cashflow requirements and forecast future developments and on interest rate movements and

the forecast for those future movements. A mixture of shorter and longer-term loans will be taken in order to fit with the County Council's debt maturity profile.

Interest rates will be monitored but as forecasts stand it is likely that borrowing will be undertaken during the second half of the financial year.

The gross capital borrowing requirement for 2018/19 is estimated to be £43.7 million. After the use of the minimum revenue provision to repay debt of £9.7 million, the net capital borrowing requirement is estimated to be £34 million.

The management of the County Council's debt will be exercised in the most efficient manner taking into account maturing debt. The opportunity may be taken to reschedule any outstanding debt if rates become favourable to delivering savings in the revenue budget. The cost of external interest of maintaining the Council's debt is estimated to be £16.7 million in 2018/19.

In addition to its usual borrowing activity, the County Council provided finance for the construction of an Energy Plant. Further details are given below in the paragraph titled "Energy from Waste".

Annual Investments Strategy

The County Council's Investment Strategy has been drawn up having regard to both the Communities and Local Government's Guidance on Local Authorities Investments and the CIPFA Treasury Management in Public Services Code of Practice and CIPFA Cross-Sectoral Guidance Notes. This strategy will be revised and presented to Council if changes occur outside those envisaged within this strategy.

The policy objective for the County Council is the prudent investment of its cash balances. The investment priorities are firstly the security of capital (protecting sums from capital loss) and secondly the liquidity of investments (ensuring cash is available when required). Only when these two priorities are met will the third, of achieving the optimum return on investments, be taken into account.

The County Council will not borrow money purely to invest. The County Council will only borrow up to 12 months in advance of cash being required to fund its capital expenditure and the amount borrowed will not exceed the annual borrowing requirement.

The investments, which the County Council is able to use for the prudent management of cash balances are categorised as 'Specified Investments' and 'Non-Specified Investments'.

A Specified Investment offers high security and high liquidity, must be in sterling and have a maturity date of less than a year. Any Specified Investment must be with the United Kingdom Government, a local authority in England or Wales or a similar body in Scotland or Northern Ireland, a parish or community council, a AAA-rated Money Market Fund, a bank which is part-owned by the UK Government, or with a body of high credit quality. The County Council defines a body of high credit quality as counterparties who satisfy the criteria as described below:

- For overnight investments, or money placed in instant access accounts, the County Council defines a body of high credit quality as firstly having the below Short-Term ratings:

Agency:	Short-Term rating:
Fitch	F1
Moodys	P-1
Standard and Poors	A-1

- For **unsecured** term deposits between 2 and 364 days, the council will initially define a body of high credit quality as having the below Long-term ratings:

Agency:	Long-Term rating:
Fitch	A+
Moodys	A1
Standard and Poors	A+

- Additionally, the County Council will undertake continued due diligence and will not automatically lend to Counterparties that merely satisfy the above criteria. As additional consideration, the County Council will assess for each:
 - Input from Treasury Advisors
 - Other market data from a reputable source
 - Press coverage
 - Market presence by the Counterparty
 - Availability of suitable products from the Counterparty
 - Ease of execution with the Counterparty
 - Level of Customer service from the Counterparty
- The above list is not exhaustive, the County Council may at any time exclude a Counterparty should it perceive any reasonable doubt concerning its Creditworthiness; the 2011 Code revision advises that subjective criteria may be used, in line with the Council's risk appetite.
- For **secured** term deposits, the council defines high credit quality as an **instrument** that has the above ratings with every agency that rates it.
- Enhanced Money Market funds or Cash Plus funds, which carry a AAA-rating from at least one rating agency.

Non Specified Investments have a range of vehicles not covered by the definition of Specified Investments, which are set out in the Treasury Management Practices (TMPs) and generally carry more risk.

The only types of non-specified investments the County Council will enter into or hold during the coming financial year are as below:

- Equity shares in the municipal bonds agency (Local Capital Finance Company Ltd). The primary purpose of this investment is to support the Council's priorities, rather than to speculate on the capital sum invested. Only up to £0.075 million will be invested in this category.
- A routine term deposit with a counterparty as described above for Specified Investments, for a period of more than 1 year. This type of investment will be

considered when rates are favourable and cash balances allow. The Council's prudential indicators allow no more than £10 million to be invested in this category.

- Investments in Pooled Property Funds, these will be considered as having a 5 to 10-year term.

The credit ratings of Fitch, Moodys and Standard and Poors are monitored at least weekly, ratings watches and downgrades are acted upon immediately. Any other information that is deemed relevant to the creditworthiness of any Counterparty will be acted upon, in line with the 2009 code revision.

The County Council may hold cash within its current account overnight as a transactional control to mitigate the risk of going overdrawn and incurring penalty and interest charges. On limited occasions the County Council may also leave funds in this account when it is impractical and/or not economically feasible to invest elsewhere. These balances are considered as cash or cash equivalents and not investments.

The County Council will aim to have not less than 50% of its investments returnable within 28 days with at least 20% within 7 days.

Pension Fund

Cash is held in the Pension Fund account at the bank. This is a transactional sum to ensure that contributions are received and benefits are paid efficiently. The vast majority of Pension Fund assets are invested elsewhere under separate Governance Arrangements to the County Council's Annual Investments Strategy above. The cash held at the bank may be either held in this account, or be invested in a manner deemed appropriate by the Pension Committee.

Non-Treasury Investments

The County Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

The County Council will ensure that all the organisation's investments are covered in the capital strategy, investment strategy or equivalent, and will set out, where relevant, the Council's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.

The County Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisation's risk exposure.

MIFID II

The County Council has elected to opt-up to Professional Client status for most of its Counterparties, on the grounds of the typical size of its Investment portfolio and the volume of Transactions on the relevant market. This was primarily concerned with maintaining access to the financial instruments used. A few selected Counterparties indicated that the County Council would not need to opt-up to Professional Client status to continue service.

A schedule of the County Council's status with its Counterparties (Retail or Professional) is maintained as part of the Treasury Management Practices and will be reviewed annually and/or when a counterparty is added or removed.

West Mercia Energy

With regard to the joint ownership of West Mercia Energy, the County Council may, if deemed in the best interest of prudent management of the West Mercia business, undertake transactions pertaining to foreign currencies, such as foreign exchange deals and investments. Such dealings must have relevance to the course of business of West Mercia Energy. These dealings will be classified as Non-specified Investments as they are not sterling denominated.

Energy from Waste

In partnership with Herefordshire Council, the County Council provided finance to Mercia Waste for the building of an Energy from Waste Plant, which they are operating for a period determined by the existing PFI contract. At the end of the contract, the ownership of the plant will revert to the Councils. The construction phase commenced on the 21st May 2014, Mercia took control of the plant from the contractor at the beginning of March 2017.

Worcestershire County and Herefordshire Councils provided the finance on a 758:252 split, by granting loans on a commercial basis, in accordance with the agreed timetable. Loans granted to Mercia Waste for this purpose will be considered separately to normal Treasury Management investment activity. All costs and income related to this scheme shall be ringfenced for budget monitoring purposes and the loans granted are being considered as Capital Expenditure.

The loans to Mercia Waste, from the County Council were given as follows and reflect the Council's agreed shares in the scheme:

Year:	Amount:
2014/15	£22.0m (actual)
2015/16	£54.5m (actual)
2016/17	£35.8m (actual)

Herefordshire Council, under identical arrangements lent Mercia Waste amounts proportional to their share in the scheme.

During the operational period of the waste PFI contract, Mercia Waste will repay the Council Capital and Interest on the amortising senior term loan. At the expiration of the PFI contract during 2023/24, the Council shall assume ownership of the plant, which will represent repayment of the bullet loan.

Statement of Prudential Indicators

1. Introduction

- 1.1. The Prudential Code for Capital Finance in Local Authorities (Prudential Code) has been developed by the Chartered Institute of Public Finance and Accountancy to underpin the system of capital finance embodied in Part 1 of the Local Government Act 2003. Local Authorities are no longer subject to government controlled borrowing approvals and are free to determine their own level of capital investment controlled by self-regulation. Central Government does however, for national economic reasons retain a reserve power to set a national limit on the increase in borrowing.
- 1.2. The key objectives of the Prudential Code are to ensure that capital investment plans are affordable, prudent and sustainable.
- 1.3. The Prudential Code supports a system of self-regulation that is achieved by the setting and monitoring of a suite of Prudential Indicators that directly relate to each other. The indicators establish parameters within which the County Council should operate to ensure the objectives of the Prudential Code are met.

2. Prudential Indicators

- 2.1. The Prudential Indicators for which the County Council is required to set limits are as follows:

Gross Debt and the Capital Financing Requirement

- 2.1.1. This Prudential Indicator provides an overarching requirement that all the indicators operate within and is described in the Prudential Code as follows:

"In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with gross external debt. This is a key indicator of prudence. Where the gross debt is greater than the capital financing requirement the reasons for this should be clearly stated in the annual treasury management strategy."

- 2.1.2. The Interim Chief Financial Officer reports that the County Council had no difficulty meeting this requirement for 2016/17, nor are any difficulties envisaged for the current or future years. This view takes into account all plans and commitments included in the 2018/19 budget policy.

Capital Expenditure

- 2.1.3. The actual amount of capital expenditure that was incurred during 2016/17, and the estimates of capital expenditure to be incurred for the current and future years that are proposed in the 2018/19 budget policy are as follows:

Capital Expenditure

	2016/17 Actual £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 & Beyond Estimate £m
Total Capital Expenditure	132.1	126.6	95.7	80.3	77.7

Affordability

- 2.1.4. Financing Costs include the amount of interest payable in respect of borrowing or other long term liabilities and the amount the County Council is required to set aside to repay debt, less interest and investments income.
- 2.1.5. The actual Net Revenue Stream is the total of revenue support grant, business rate and council tax income.
- 2.1.6. The prediction of the Net Revenue Stream in this Prudential Indicator for future years assumes changes in the County Council's funding from government and the local taxpayer consistent with expectations in the Medium Term Financial Plan. This is indicative only and in no way meant to influence the actual future years funding or in particular the funding from Council Tax.
- 2.1.7. The authority shall ensure that the revenue implications of capital finance, including financing costs, are properly taken into account within option appraisal processes, the capital programme and the medium-term forecast. In assessing affordability the authority shall consider the council tax implications of its capital programme, borrowing and investment decisions.
- 2.1.8. The estimates of the ratio of financing costs to net revenue stream are as follows:

Ratio of Financing Costs to Net Revenue Stream

	2016/17 Actual £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
Financing Costs	30.9	32.5	29.4	30.2	32.2
Net Revenue Stream	322.5	318.5	324.6	328.0	339.0
Ratio	9.58%	10.19%	9.06%	9.21%	9.49%

Capital Financing Requirement

- 2.1.9. The capital financing requirement is a measure of the extent to which the County Council needs to borrow to support capital expenditure. It does not necessarily relate to the actual amount of borrowing at any one point in time. The County Council has an integrated treasury management strategy where there is no distinction between revenue and capital cash flows and the day-to-day position of external borrowing and investments can change constantly.

2.1.10. The capital financing requirement concerns only those transactions arising from capital spending, whereas the amount of external borrowing is a consequence of all revenue and capital cash transactions combined together following recommended treasury management practice.

2.1.11. The estimates of the end of year capital financing requirement are as follows:

Capital Financing Requirement

	2016/17 Actual £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
Capital Financing Requirement at 31 March	533.8	555.5	589.6	598.8	607.0

Authorised Limit

2.1.12. The Authorised Limit represents an upper limit of borrowing that could be afforded in the short term but may not be sustainable. This limit includes a risk assessment of exceptional events taking into account the demands of revenue and capital cash flows. The Authorised Limit gauges events that may occur over and above those transactions which have been included in the Operational Boundary.

2.1.13. The Cabinet should note that the Authorised Limit represents the limit specified in section 3 (1) of the Local Government Act 2003 (Duty to determine affordable borrowing limit).

2.1.14. The Chief Financial Officer has delegated authority, within the total Authorised Limit, to effect movement between the separately identified and agreed figures for External Borrowing and Other Long Term Liabilities. Any such changes will be reported to the next Cabinet meeting following the change.

2.1.15. The following Authorised Limits for external debt, excluding temporary investments are recommended:

Authorised Limit for External Debt

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
External Borrowing	580.0	610.0	620.0	630.0
Other Long Term Liabilities	13.0	13.0	13.0	13.0
Total Authorised limit	593.0	623.0	633.0	643.0

Operational Boundary

2.1.16. The Operational Boundary represents an estimate of the most likely, prudent, but not worst case scenario and provides a parameter against which day-to-day treasury management activity can be monitored.

2.1.17. The Interim Chief Financial Officer reports that procedures are in place to monitor the Operational Boundary on a daily basis, and that sufficient authorisation is in place to take whatever action is necessary to ensure that, in line with the Treasury Management Strategy, the cash flows of the County Council are managed prudently.

- 2.1.18. Occasionally, the Operational Boundary may be exceeded (but still not breach the Authorised Limit) following variations in cash flow. Such an occurrence would follow controlled treasury management action and may not have a significant impact on the prudential indicators when viewed all together.
- 2.1.19. Consistent with the Authorised Limit, the Chief Financial Officer has delegated authority, within the Total Operational Boundary, to effect movement between the separately identified and agreed figures for External Borrowing and Other Long Term Liabilities. Any such changes will be reported to the next Cabinet meeting following the change.
- 2.1.20. Both the Authorised Limit and the Operational Boundary include an element relating to debt restructuring where, for the short term only, external borrowing may be made in advance of the repayment of loans. In this circumstance External Borrowing is increased temporarily until the replaced loans are repaid. The converse can also apply where loans are repaid in advance of borrowings.
- 2.1.21. The following limits for each year's Operational Boundary, excluding temporary investments are recommended:

Operational Boundary for External Debt

	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m
External Borrowing	560.0	590.0	600.0	610.0
Other Long Term Liabilities	10.0	10.0	10.0	10.0
Total Operational Boundary	570.0	600.0	610.0	620.0

Actual External Debt

- 2.1.22. The County Council's actual external debt as at 31/03/17 was £363.2 million, comprising £363.2 million External Borrowing and £0 (zero) Other Long Term Liabilities.
- 2.1.23. The proportion of the capital financing requirement met by external borrowing will remain at similar levels over the short term until the relationship between short term rates and long term rates changes.

3. PRUDENTIAL INDICATORS FOR TREASURY MANAGEMENT

- 3.1. The following prudential indicators have been taken into account in the 2018/19 Treasury Management Strategy.

Treasury Management Code of Practice

- 3.1.1. Worcestershire County Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA): Code of Practice for Treasury Management in the Public Services.

Fixed Interest Rate Exposures

- 3.1.2. It is recommended that the County Council sets an upper limit on its fixed interest rate exposures as follows.

Upper limits for net principal sums outstanding at fixed rates

	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m
Net Principal sums Outstanding at Fixed Rates	593.0	623.0	633.0	643.0

- 3.1.3. This represents the position that all of the County Council's authorised external borrowing may be at a fixed rate at any one time.

Variable Interest Rate Exposures

- 3.1.4. It is recommended that the County Council sets an upper limit on its variable interest rate exposures as follows.

Upper limits for net principal sums outstanding at variable rates

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Net Principal sums Outstanding at Variable Rates	177.9	186.9	189.9	192.9

- 3.1.5. This is the maximum external borrowing judged prudent by the Interim Chief Financial Officer that the council should expose to variable rates.

Maturity Structure of Borrowing

- 3.1.6. It is recommended that the County Council sets upper and lower limits for the maturity structure of its borrowings as follows:

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

Period of Maturity	Upper Limit %	Lower Limit %
Under 12 months	25	0
12 months and within 24 months	25	0
24 months and within 5 years	50	0
5 years and within 10 years	75	0
10 years and above	100	25

Investments for longer than 364 days

- 3.1.7. It is recommended that the County Council sets an upper limit of total principal sums invested for periods longer than 364 days of £25 million for 2018/19, 2019/20 and 2020/21.
- 3.1.8. The Council may hold non-treasury investments for periods longer than 364 days, in assets other than financial instruments. The sums invested in this manner shall not exceed £25m at any one time for 2018/19, 2019/20 and 2020/21.

4. ANNUAL MINIMUM REVENUE PROVISION (MRP) STATEMENT

Introduction

- 4.1. On the 28 February 2008 the Department for Communities and Local Government issued statutory guidance under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 that came into force on 31 March 2008.
- 4.2. The statutory guidance recommends that before the start of each financial year a local authority prepares a statement of its policy on making MRP in respect of that financial year and submits it to full council. The statement should indicate how it is proposed to discharge the duty to make prudent MRP in the financial year.
- 4.3. The MRP is an amount of revenue money set aside each year for the repayment of external borrowing required to finance capital expenditure.
- 4.4. MRP should normally commence in the financial year following the one in which the expenditure, to be financed from borrowing, was incurred.

- 4.5. The regulations include a change to the way MRP is calculated by replacing the detailed formulae for calculating MRP with a duty to make an amount of MRP which the authority considers “prudent”.

Meaning of “Prudent Provision”

- 4.6. The broad aim of prudent provision is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits or, in the case of borrowing supported by Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

- 4.7. The guidance specifies four options as methods of making prudent provision as follows:

Option 1: Regulatory Method - where debt is supported by Revenue Support Grant, authorities will be able to continue using the current methodology. As a transitional measure this option is also available for all capital expenditure incurred prior to 1 April 2008.

Option 2: CFR Method - multiplying the Capital Financing Requirement at the end of the preceding year by 4%

Option 3: Asset life Method - amortising expenditure over an estimated useful life for the relevant assets created.

Option 4: Depreciation Method – making charges to revenue based on proper accounting practices for depreciation as they apply to the relevant assets.

- 4.7.1. Options 1 and 2 may only be used in relation to capital expenditure incurred before 1 April 2008 and capital expenditure incurred on or after that date which forms part of supported capital expenditure.

- 4.7.2. For unsupported capital expenditure incurred on or after 1 April 2008 Options 3 and 4 apply and can be applied to all capital expenditure, whether or not supported and whenever incurred.

MRP Policy relating to capital expenditure financed from borrowing

- 4.8. Taking into the need to make prudent provision the Interim Chief Financial Officer recommends that Option 3 is used for all capital expenditure financed by borrowing for the calculation of MRP commencing from 1 April 2017. The calculation is to be made using the annuity method.

Assessment of the County Council's Equalities Duty in relation to setting of the 2018/19 budget

Background

The Equality Act, 2010, requires the Council to have "Due Regard" to the three aims of the Equality Duty in designing policies and planning/delivering services. These aims are to:

- Eliminate unlawful discrimination, harassment and victimisation
- Advance equality of opportunity
- Foster good relations between people who share any of the defined Protected Characteristics and those who do not.

The Act lists nine Protected Characteristics, but, clearly, it is highly unlikely that they will all be of relevance in all circumstances. Two Characteristics which are of particular relevance in our Transformational Change Programmes are age (both older people and those aged under 25) and people who have a disability.

The level of regard which is "due" in respect of the Duty aims should always be proportionate and is dependent on the potential of the proposed policy/action to contribute to or detract from the aims of the Duty. Those areas which merit the greatest regard are also the areas where there is the greatest potential for service users to experience disproportionate negative impact.

The purpose of the below matrix is to quantify the level of "Due Regard" required and the potential for disproportionate negative impact.

The overall score is derived by multiplying the potential level of impact which Protected Groups are likely to experience by a value representing the number of people with a relevant Protected Characteristic who could be affected. These figures are estimates only but do provide an indication of those areas of Council decision-making where minimal Equality consideration is required, where moderate regard should be exercised and those where particular diligence and understanding are essential.

Where efficiencies are approved as part of the overall budget, officers will continue to exercise a proportionate level of Due Regard as Transformational Change Programmes are implemented. While a high score does not indicate inevitable inequality of outcome it does highlight those areas where our decisions have the potential to make a profound difference in the lives of already disadvantaged groups and also those areas where there is most scope for potential legal challenge.

Allocating a single score to a varied programme does not recognise that some projects within that programme are more relevant in terms of equality than others. A comments box has therefore been included to explain and highlight key points.

Many of the programmes will already be part-way through implementation and will have been assessed for equality relevance as part of the 2018-2019 budget report. Equality scores and comments have been updated to reflect developments during the past year.

		2018/19 £m				
Directorate	Programme	Savings proposals	Degree of potential impact 1=Low, 5=High	Numbers potentially affected 1=Low, 5=High	Total	Comments
E&I	Environment & Infrastructure services capitalisation of highways maintenance and review of expenditure and income budgets	8.600	1	2	2	Most of the initiatives included under this heading will be of limited equality relevance. However, screening for potential equality relevance will be required in respect of new and developing proposals.
CFC	Education Services	0.210	5	3	15	This remains an area of considerable equality relevance. Priorities set out in the Council's emerging SEND strategy are key to the achievement of all 3 of the Equality Duty aims. Proposals to restructure NEAT and Adult Learning services will require Equality Impact Analysis. Equality of achievement/outcome (particularly for disadvantaged groups, such as disabled and/or BME young people) will be robustly monitored during the term of the recently implemented contract with Babcock International.
CFC	Other Children, Families & Communities Savings	0.475	2	4	8	Most of the initiatives included under this heading will be of limited equality relevance. However, screening for potential equality relevance will be required in respect of new and developing proposals.
CFC	Libraries	0.200	3	3	9	Any proposed remodelling of Library Services is of equality relevance and will require equality screening/ analysis.
Page 68	Innovation Through Systems and Technology	0.950	3	4	12	This programme will have varied relevance dependent on the nature of the technology and the needs of service users and their environments. Each initiative will be assessed for equality impact and inclusive design which maximises the number of potential beneficiaries. The potential impact of reduced human contact for recipients may also be of relevance.
DAS	Learning Disability Services, including review of care	2.306	3	5	15	Any change proposed in respect of replacement care and other aspects of support for service users who have learning disabilities and for their families/carers will be of considerable equality relevance. Thorough assessment of potential equality relevance (including service user and carer engagement) will be carried out. Co-production in service design has the potential to positively influence future care planning. Proposals in respect of the existing 12-week Connect service are of equality relevance and will require careful equality analysis.
DAS	Market Transformation	2.820	3	3	9	A range of providers from whom services can be commissioned at the cost and to the quality required is key to meeting service users' support needs. Protected characteristics (Sexual Orientation or Disability, for example) will continue to be of relevance in care planning and delivery.
DAS	Outcomes based commissioning	2.865	4	1	4	This approach facilitates specification of clear, equality-linked outcomes, where appropriate.
DAS	Other Adult Social Care	0.538	2	4	8	This includes proposals to maximise benefits for service users of adult social care which should have a positive impact. Any decisions relating to changes to housing related support will require equality screening/analysis.
DAS	Optimising Use of Grant Funding eg Better Care Fund	4.200	1	1	1	Use of grant funding on Better Care Fund and has no direct equality relevance
PH	Public Health	1.030	5	3	15	Potential positive impact for Protected Groups where funding targeted towards groups which are known to face health inequality. Prevention and promotion activity is often of relevance in advancing equality of opportunity in the lives of people who have one or more of the Protected Characteristics. Equality analysis will form a key part of the review of existing commitments, for example, prevention of domestic abuse, drug and alcohol misuse and some advocacy support

		2018/19 £m					
Directorate	Programme	Savings proposals	Degree of potential impact 1=Low, 5=High	Numbers potentially affected 1=Low, 5=High	Total	Comments	
COaCH	Better Use Of Property	0.150	2	3	6	It is standard practice for refurbishment to comply with disability access requirements. This, together with co location of services, will often benefit service users. Flexible working environments can be challenging for staff (for example those who are deaf, dyslexic or have mental health issues) who benefit from an ordered and consistent work environment.	
COaCH	Workforce fit for the future	0.600	1	1	1	Of no direct equality relevance.	
COaCH	IT Technical Support	0.250	1	1	1	Of no direct equality relevance.	
FIN	Self-Sufficient Council	0.775	1	1	1	Of no direct equality relevance.	
FIN	Accounting and finance policy adjustments	5.609	1	1	1	Of no direct equality relevance.	

TOTAL	31.578
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Key:

15-25	Substantial level of Due Regard
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9-14	Moderate level of Due Regard
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1-8	Low level of Due Regard
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The level of Due Regard required will also be influenced by the potential cumulative impact of Council programmes for Protected Groups. As programmes progress to detailed implementation their potential cumulative impact will become clearer.

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CORPORATE PLAN AREA:**HEALTH AND WELLBEING**

	Original Estimate 2017/18				Estimate 2018/19				Staff (FTE) No.
	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	
SERVICE NET EXPENDITURE SUMMARY									
OLDER PEOPLE (Head of Service Richard Keble)									
Health-commissioned Community Services	5,134	5,088		46	5,496	5,454		42	
Older People Recovery Services	10,664	9,164		1,500	8,676	7,431		1,245	113
Adult Social Care and Case Management - Older People	9,538	1,616		7,922	9,786	1,445		8,341	315
Carers' Services	1,113	1,260		-147	1,094	1,260		-166	3
Care Act eligible services - Older People									
Residential and Nursing	44,708	16,451		28,257	49,243	18,880		30,363	75
Homecare	15,223	3,683		11,540	17,896	5,247		12,649	
Day Care (External)	386	40		346	386	40		346	
Day Care and Respite (Internal)	0			0	0			0	0
Transport	213			213	213			213	
Assistive Technology	0	0		0	0	0		0	0
Direct Payments	3,338	462		2,876	3,845	417		3,428	
Extra Care and Sheltered Housing	2,222	211		2,011	2,328	360		1,968	
Internal Homecare Provider Services	2,353	406		1,947	2,500	406		2,094	85
Other Care Act eligible OP services	0	0		0	0	0		0	0
Total Older People	94,892	38,381	0	56,511	101,463	40,940	0	60,523	591
PHYSICAL DISABILITY (Head of Service: Richard Keble)									
Adult Social Care and Case Management - Physical Disability	244	0		244	178	0		178	9
Care Act eligible services - Physical Disability									
Residential and Nursing	3,767	565		3,202	4,180	652		3,528	
Homecare	3,059	269		2,790	3,147	301		2,846	
Day Care and Transport	146	22		124	146	22		124	
Direct Payments	5,278	516		4,762	6,670	1,631		5,039	
Total Physical Disability	12,494	1,372	0	11,122	14,321	2,606	0	11,715	9
LEARNING DISABILITIES (Head of Service Richard Keble)									
Learning Disability Integrated Teams	1,173	2		1,171	1,257	2		1,255	27
Young Adults team	489			489	501			501	13
FACS eligible services - Learning Disabilities									
Residential and Nursing	24,602	2,570		22,032	21,311	2,302		19,009	55
Homecare	3,510	204		3,306	2,905	254		2,651	
Day Care	5,955	401		5,554	5,671	1,122		4,549	141
Transport	1,267			1,267	1,203			1,203	
Supported Employment	80	15		65	65	0		65	2
Direct Payments	8,802	2,932		5,870	8,301	2,299		6,002	
Supported Living	13,410	543		12,867	15,592	632		14,960	11
Shared Lives	1,711	229		1,482	1,872	394		1,478	
Other	580	59		521	587	59		528	10
Total Learning Disabilities	61,579	6,955	0	54,624	59,265	7,064	0	52,201	259
MENTAL HEALTH (Head of Service Fran Tummey WHACT)									
Mental Health Integrated Teams	3,484	592		2,892	3,158	592		2,566	48
Mental Health Collaborative Payments	607	364		243	845	0		845	
FACS eligible services - Mental Health									
Residential and Nursing	6,183	2,395		3,788	5,361	2,027		3,334	
Homecare and Supported Living	1,779	572		1,207	2,690	1,208		1,482	
Transport	3			3	3			3	
Direct Payments	691	150		541	579	121		458	
Total Mental Health	12,747	4,073	0	8,674	12,636	3,948	0	8,688	48
STRATEGIC AND SUPPORT FUNCTIONS - SOCIAL CARE (Head of Service: Richard Keble)									
Adults' Safeguarding	1,487	80	266	1,141	1,773	40	0	1,733	28
Older People Central Management Costs	865	2,395		-1,530	746	0		746	8
PD Grants to Voluntary Orgs	181	177		4	247	0		247	
Implementation of the Care Act	0	0		0	0	0		0	
Total	2,533	2,652	266	-385	2,766	40	0	2,726	36
STRATEGIC AND SUPPORT FUNCTIONS - ICU (Head of Service Elaine Carolan)									
Integrated Commissioning Unit	1,834	310	214	1,310	1,776	323	143	1,310	0
Directorate Support Services Recharge		1,310		-1,310		1,310		-1,310	
Total	1,834	1,620	214	0	1,776	1,633	143	0	0
SUPPORT SERVICES (Head of Service Sue Alexander)									
Business Support	35	35	0	0	210	0	0	210	0
Directorate	520	67	0	453	485	0	0	485	0
Improved Better Care Fund	0	0	0	0	3,482	13,400	0	-9,918	
Use of Reserves	0	0	0	0	0	0	1,234	-1,234	
Total	555	102	0	453	4,177	13,400	1,234	-10,457	0
TOTAL DIRECTORATE NET EXPENDITURE	186,634	55,155	480	130,999	196,404	69,631	1,377	125,396	943

	Original Estimate 2017/18				Estimate 2018/19				Staff (FTE) No.
	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	
SERVICE NET EXPENDITURE SUMMARY									
SCHOOLS BUDGET (Head of Service - Nick Wilson and Sue Alexander)									
Mainstream School and Early Years Formula Budgets	202,404	14,487	0	187,917	180,190	17,758	0	162,432	4,225
High Needs Pupils	39,083	0	0	39,083	40,204	0	0	40,204	452
Early years	508	0	0	508	728	0	0	728	0
Statutory Duties and Historic Commitments	4,495	0	0	4,495	4,466	0	0	4,466	39
De-Delegated Services	673	0	0	673	581	0	0	581	0
	247,163	14,487	0	232,676	226,169	17,758	0	208,411	4,716
DEDICATED SCHOOLS GRANT (DSG)				-232,676				-208,411	
				0				0	4,716
CHILDREN, FAMILIES AND COMMUNITIES BUDGETS									
Children's Social Care (Assistant Director - Tina Russell)									
CSC Safeguarding Locality Teams	10,974	610	0	10,364	10,896	265	0	10,631	183
CSC Through Care Locality based Hubs	3,034	0	0	3,034	3,680	350	0	3,330	104
CSC Family Front Door and Assessments	2,364	80	0	2,284	4,328	318	0	4,010	84
CSC Targeted Family Support	552	0	0	552	1,825	1,500	0	325	6
CSC Safeguarding and Quality Assurance	1,771	10	0	1,761	1,729	101	0	1,628	32
CSC Placements & Provision	34,382	588	0	33,794	44,349	342	0	44,007	279
Worcestershire Safeguarding Children Board	340	217	0	123	363	223	0	140	5
Education and Skills (Interim Assistant Director - Nick Wilson)									
Education and Skills	17,201	12,941	106	4,154	17,338	12,872	105	4,361	68
Home to School and College Transport	14,082	1,734	0	12,348	15,457	1,760	0	13,697	0
Families and Partnership Services (Interim Assistant Director - Sarah Wilkins)									
Early Help and Prevention	25,971	20,446	0	5,525	21,573	16,219	0	5,354	28
WCC Contribution to West Mercia Youth Offending Service	552	0	0	552	552	0	0	552	0
Communities (Assistant Director - Hannah Needham)									
Strategic Libraries and Learning	11,509	6,433	31	5,045	11,481	7,122	32	4,327	101
Museum Service	1,204	717	0	487	1,365	766	0	599	31
Countryside Greenspace, Gypsy Service and Road Safety	1,430	911	0	519	1,630	1,022	0	608	33
Severn Arts	1,941	1,967	0	-26	730	730	0	0	0
Resources (Head of Strategic Infrastructure Finance and Financial Recovery - Stephanie Simcox)									
Resources & Recharges	3,390	1,140	0	2,250	3,728	936	0	2,792	31
TOTAL DIRECTORATE NET EXPENDITURE	130,697	47,794	137	82,766	141,024	44,526	137	96,361	985

Contact Officers:

Catherine Driscoll, Director of Children's Services
Sue Alexander, Interim Chief Financial Officer
Stephanie Simcox, Head of Strategic Infrastructure Finance and Financial Recovery
[Andy Roberts, Cabinet Member with Responsibility for Children and Families](#)
[Lucy Hodgson, Cabinet Member for Communities](#)
[Marcus Hart, Cabinet Member with responsibility for Education and Skills](#)

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CORPORATE PLAN AREA:**All**

	Original Estimate 2017/18				Estimate 2018/19				Staff (FTE) No.
	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	
<u>SERVICE NET EXPENDITURE SUMMARY</u>									
<u>STRATEGIC INFRASTRUCTURE & ECONOMY (Head of Service: Nigel Hudson)</u>									
Network Control	3,258	2,416	0	842	3,374	2,411	0	963	52
Transport Planning	1,208	471	0	737	1,010	226	0	784	34
Worcestershire Archive and Archaeology	3,059	1,434	0	1,625	3,265	1,450	0	1,815	52
Strategic Planning (inc Environmental Policy, Minerals & Waste)	831	323	0	508	908	195	200	513	9
Planning Development Control	371	51	0	320	388	51	0	337	5
Flood Risk & Highways Drainage	345	29	0	316	361	29	0	332	5
Sustainability	1,043	732	23	288	1,689	1,380	0	309	11
Economic Development	1,711	323	450	938	4,059	2,653	403	1,003	16
County Enterprises	588	479	0	109	708	516	0	192	22
	12,414	6,258	473	5,683	15,762	8,911	603	6,248	206
<u>STRATEGIC COMMISSIONING - Major Projects (Head of Service: Rachel Hill)</u>									
Highways Contracts, Winter Service and Projects	8,058	54	0	8,004	8,269	57	0	8,212	24
Waste Services	48,308	16,495	1,262	30,551	48,799	16,459	2,762	29,578	10
	56,366	16,549	1,262	38,555	57,068	16,516	2,762	37,790	34
<u>OPERATIONS - HIGHWAY & PROW (Head of Service: Ian Bamforth)</u>									
Highway Maintenance - Design & Build	2,530	0	0	2,530	2,577	0	0	2,577	12
Highways Maintenance - Routine & Cyclic	9,495	0	0	9,495	4,798	0	0	4,798	31
Countryside Access	691	18	0	673	726	20	0	706	14
	12,716	18	0	12,698	8,101	20	0	8,081	57
<u>OPERATIONS - TRANSPORT LEAD (Head of Service: Paul Smith)</u>									
Transport Operations	14,437	4,770	0	9,667	15,353	4,889	0	10,464	123
Public Analyst and Scientific Adviser	1,807	1,807	0	0	757	499	0	258	3
Trading Standards	613	72	69	472	624	291	0	333	11
	16,857	6,649	69	10,139	16,734	5,679	0	11,055	137
<u>BUSINESS ADMINISTRATION & SYSTEMS (Director: John Hobbs)</u>									
Net Expenditure before Directorate Recharges	888	0	0	888	1,395	0	0	1,395	13
Directorate Recharge		945	0	-945		1,025	0	-1,025	
	888	945	0	-57	1,395	1,025	0	370	13
TOTAL DIRECTORATE NET EXPENDITURE	99,241	30,419	1,804	67,018	99,060	32,151	3,365	63,544	447

Contact Officers:

John Hobbs, Director of Economy and Infrastructure
 Nick Alderman, Interim Head of Finance for Economy and Infrastructure
[Alan Amos, Cabinet Member with Responsibility for Highways](#)
[Ken Pollock, Cabinet Member for Economy and Infrastructure](#)
[Tony Miller, Cabinet Member with Responsibility for Environment](#)
 Lucy Hodgson, Cabinet Member with Responsibilities for Communities

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CORPORATE PLAN AREA: CROSS CUTTING

	Original Estimate 2017/18				Estimate 2018/19				Staff (FTE)
	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	No.
<u>SERVICE NET EXPENDITURE SUMMARY</u>									
<u>LEGAL & DEMOCRATIC SERVICES (Head of Service: Simon Mallinson)</u>									
Legal Services	1,905	1,705		200	2,022	2,004		18	34
Committee and Appellate	399	199		200	397	229		168	5
Overview and Scrutiny	156			156	150			150	3
Allowance & Expenses	984			984	1,006			1,006	
Councillors Divisional Fund	570		570	0	570		570	0	
Business & Member Support (L & D Services)	1,646	247		1,399	2,089	261		1,828	8
Registration, Coroner Services and CIMU	2,611	1,834		777	2,733	1,912		821	35
County Council Elections	109			109	109			109	
	8,380	3,985	570	3,825	9,076	4,406	570	4,100	85
<u>COMMERCIAL TEAM (Head of Service: Joanna Charles)</u>									
Commercial Team	901	1,221	0	-320	1,218	1,113	0	105	14
HR & Finance Transactional Services	3,316	2,916	400	0	692	541	0	151	
Place Partnership Services	2,547	2,547		0	2,943	3,393		-450	
Facilities Management	3,797	3,692	-40	145	3,904	3,715	-40	229	
Maintenance & Minor Works	1,009	1,009		0	1,014	1,014		0	
Property Other Services	259	97		162	311	97		214	
Smallholdings Estates & Woodlands	195	311		-116	408	282		126	
Performance Management	858	190	0	668	836	107	0	729	24
Consumer Relations Unit	216	216		0	232	230		2	5
Research Unit	593	593	0	0	607	606	0	1	13
	13,691	12,792	360	539	12,165	11,098	-40	1,107	56
<u>HUMAN RESOURCES & ORGANISATIONAL DEVELOPMENT (Interim Head of Service: Richard Taylor)</u>									
Human Resources	2,572	2,500		72	3,101	2,396		705	45
Equality and Diversity	71	71		0	74	74		0	1
Learning and Development	1,852	1,849		3	2,013	1,998		15	42
	4,495	4,420	0	75	5,188	4,468	0	720	88
<u>SERVICE TRANSFORMATION (Head of Service: Joanna Charles)</u>									
Customer Services	1,323	1,603		-280	1,680	1,680		0	
Health and Safety	413	413		0	429	425		4	8
ICT Service Division	7,101	6,471	221	409	7,453	7,270	0	183	84
	8,837	8,487	221	129	9,562	9,375	0	187	92
<u>CONTENTS & COMMUNICATIONS (Manager: Keith Beech)</u>									
Contents & Communications	742	632		110	752	636		116	14
	742	632	0	110	752	636	0	116	14
<u>COMMERCIAL & CHANGE - MANAGEMENT (Director: Vacant)</u>									
Commercial and Change Management	1,148	1,440		-292	1,636	267		1,369	3
	1,148	1,440	0	-292	1,636	267	0	1,369	3
TOTAL COMMERCIAL & CHANGE	37,293	31,756	1,151	4,386	38,379	30,250	530	7,599	338
<u>INTERIM CHIEF EXECUTIVE (Steve Stewart)</u>									
Chief Executive	284	5		279	537	5		532	3
<u>FINANCE & WHOLE ORGANISATION (Interim Head of Service: Sue Alexander)</u>									
One Finance	3,531	3,611		-80	5,452	3,796		1,656	73
Strategic Change Team	1,037	11	1,026	0	238	238	0	0	3
Financing Transactions	29,568	307		29,261	26,449	357		26,092	
Contributions & Precepts	232			232	240			240	
Pensions Back Funding Liabilities	7,490			7,490	6,367			6,367	
Miscellaneous Services	5,766	3,692	863	1,211	986	3,622	128	-2,764	
	47,624	7,621	1,889	38,114	39,732	8,013	128	31,591	76
TOTAL CHIEF EXECUTIVE & FINANCE	47,908	7,626	1,889	38,393	40,269	8,018	128	32,123	79
TOTAL DIRECTORATE NET EXPENDITURE	85,201	39,382	3,040	42,779	78,648	38,268	658	39,722	417

Additional Information

The above estimates are net of Central Support Services recharges to other Service Directorates of £ 15,753 million for 2018/19. The gross Commercial and Change Directorate and Chief Executive Unit budget before these costs are recharged is £57,341 million.

CORPORATE PLAN AREA:HEALTH AND WELLBEING

	Original Estimate 2017/18				Estimate 2018/19				Staff (FTE) No.
	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	
<u>SERVICE NET EXPENDITURE SUMMARY</u>									
<u>PREVENTION</u>									
Prevention - Adults	10,535	10,535		0	10,923	10,923		0	
Prevention - Older Adults	1,638	1,638		0	1,636	1,636		0	
Prevention - Other services	3,228	3,228		0	1,734	1,734		0	
Prevention - Children and Young People	10,933	10,933		0	9,583	9,583		0	
	26,334	26,334	0	0	23,876	23,876	0	0	0
<u>STRATEGIC AND SUPPORT FUNCTIONS - Public Health</u>									
Public Health - inc health protection, leadership and population healthcare	3,718	3,628	90	0	4,181	4,181	0	0	35
Voluntary and Community Sector	54	0		54	53	0		53	
Emergency Planning	178	178		0	149	149		0	3
Healthwatch	321	274		47	321	274		47	
Savings to be allocated against base budget areas that meet the grant conditions				0	-931			-931	
	4,271	4,080	90	101	3,774	4,605	0	-831	38
TOTAL DIRECTORATE NET EXPENDITURE									
	30,605	30,414	90	101	27,650	28,481	0	-831	38

Contact Officers:

Frances Howie, Director of Public Health
 Rob Wilson, Principal Finance Manager
 John Smith, Cabinet Member with Responsibility for Health and Wellbeing

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Interim Chief Financial Officer's Statement on the Robustness of the Budget and the Adequacy of General Balances and Reserves

The Local Government Act 2003 requires the Chief Financial Officer to report on the adequacy of reserves and provisions, and the robustness of budget estimates, as part of the annual budget setting process.

Reserves

In considering the Medium Term Financial Plan (MTFP) the Interim Chief Financial Officer needs to consider the level of reserves for which it provides. This will, in part, be governed by known or likely commitments, and, in part, by the appetite for risk.

The County Council as at 31st March 2017 had £12 million held as general balances, and when compiling the MTFP has taken into account estimates of future expected changes for pay increases, including the national living wage for staff and suppliers.

In setting the level of reserves it is recommended that the following issues are taken into account:

- **The possibility of savings targets not being met.**
It is recommended that there is no provision in reserves for this, but if this approach is taken, it is recognised that any failure to deliver savings will have to be compensated for, potentially, by alternative service reductions
- **Possible delays in the delivery of savings.**
It is recognised that sometimes the delivery of savings are delayed for a variety of reasons. It may be possible to provide cover through withholding expenditure temporarily, from other budgets, although it remains that the savings still need to be delivered, albeit at a later stage.

During 2017/18 a risk review was completed on the existing planned savings targets, taking account of emerging economic and demand activity issues together with feedback from partners and service users as appropriate. The conclusion of this work was that £6.1 million of transformation activity will not be carried forward as originally anticipated and it is proposed that the Council's budget is increased accordingly. The total of reforms now included in the 2018/19 proposed budget is £31.6 million. However, this includes £15.4 million relating to accounting adjustments and alternative sources of funding, which are judged to be achievable. In addition, £9.7 million of reforms relate to existing reforms and £6.5 million of new proposals which have all been subject to review.

The County Council also plans to make use of the flexible use of capital receipts that was made available by Central Government to support the County Council's costs of change. This support will benefit financial planning and will be utilised over the course of the transformation programme.

In addition to the general balances, there are also earmarked reserves which are used by the County Council to mitigate some specific risks. Whilst many of these reserves have commitments against them or restrictions on their use due to their shared nature with partners, there remains an uncommitted element that could be reviewed in the event that the general balances were insufficient or needed to be protected. After consideration of all the above, it is therefore concluded that holding £12 million in general balances to cover risk of organisational change continues to be robust and

adequate cover considering the amount of financial change, resources available and recent operational experience. This represents 3.7% of the net revenue budget.

Budget

In determining whether the budget is robust, consideration has been given to the budget planning process that has evolved over the current financial year. Budget planning has taken into account the current year's budget monitoring and review of customer demand and service volumes. Directors and Cabinet Members have worked to develop solutions to live within an agreed resource allocation based on an appropriate level for their services and Corporate Plan priorities.

The underlying issues, particularly in the demand led services, have been addressed as far as possible as part of the 2018/19 budget setting process. In addition to the financial risks associated with the savings programme, significant financial risks that face the County Council have been highlighted in the budget report and include the following:-

- **Central Government Funding.**
The MTFP reflects a best estimate of the reductions in Central Government support, mindful that whilst Revenue Support Grant is set to reduce to zero the County Council nevertheless will be expected to contribute towards national deficit recovery.
- **Demographic Growth and demand pressures**
A number of the County Council budgets continue to be demand led, for example where they are dependent on changes in the service users who are eligible for County Council Adult Social Care services or where activity is driven by residents' behaviours such as the costs of waste disposal. A judgement has been made to cater for the current forecasts in demographic growth and growth in the volumes of waste disposed of and its impact on service provision. These will be reviewed in the new financial year and any consideration will need to be given to vary the MTFP for any change in the impact demographic growth over and above that currently included in the MTFP.
- **Adult Services future cost pressures**
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

- **Safeguarding Improvement Plan and Financial Recovery Plan – Children's Services**

As identified within the December 2017 Cabinet report, 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 is a national issue affecting a significant number of councils and a recent survey with West Midlands Authorities has identified that 8 of the 9 responders have similar issues. Most, like Worcestershire, are citing increasing numbers of children looked after and an increase in complexity of need and placement breakdowns.

Although 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, there remains a risk associated with such a demand related service. This will be regularly monitored and reviewed and mitigation actions taken where required.

- **Alternative Delivery Model for Children's Services**

As reported to Cabinet in December 2017, the County Council is looking at alternative ways of delivering Children's Social Care through an Alternative Delivery Model (ADM) which will be either via a strategic partnership with another local authority or through a wholly owned company. The business case for these options will be reported to the Cabinet meeting in March 2018. The transition to, and operation of, the new model of delivery may mean that there are additional costs associated with the new organisation. Although the Department for Education may financially support local authorities to transition into the new model, it is unlikely that the full costs of transition will be met and the ongoing costs of operational activity will need to be funded wholly by the County Council.

As such, the County Council will need to make provision for any additional costs which are required in order to fulfil the statutory obligations contained within the direction issued to Worcestershire County Council to implement an ADM. Transition costs will include programme management and optional appraisal work, stakeholder engagement, as well as commercial, legal, HR, finance and scrutiny support.

Ongoing costs of operation will vary dependent on the model chosen but could include costs of setting up and running a board, commissioning and commercial support, ICT costs for different systems as well as funding any potential pensions, VAT and tax implications.

- **Inflation**

The MTFP includes a pay increase for staff as well as forecast rates of inflation for services where the additional cost is unavoidable. Views on inflation, including the impact of National Living Wage increases and other factors that affect the County Council's budgets will be kept under constant review and the MTFP will be updated accordingly.

- **The current Business Rates Retention Scheme**

A 50% share of risk of negative changes in existing business rates has now been transferred to local authorities. Central Government provides a financial safety net for reductions of more than 7.5% from a baseline calculation. Growth in business rates within Worcestershire, which is significantly influenced by the

economic development policies of the County and District Councils, can now benefit local authorities directly. Under current arrangements local authorities can keep 50% of their business rates growth locally. The impact of future growth plans is kept under constant review and updated to the MTFP accordingly.

- **Reform to the Business Rates Retention Scheme**

Central Government is currently considering its plans for the 75% devolution of Business Rates income to local Councils. Whilst good news for the sector, there is a potential for risk in the system as the County Council alongside its District Council partners will be taking more risk on the success of appeals and challenges. In addition, Central Government has indicated that it will be considering new services that will be devolved Councils to support the 'new' funding that will be made available. A key risk is that these new services will not be adequately funded at the point of transfer under Central Government's New Burden's initiative. The County Council will continue with the Society of County Treasurers to ensure any new responsibilities are fully funded.

This review has been completed recognising all the financial risks identified in the February 2018 Cabinet Budget Report. Taking all this into account, the Interim Chief Financial Officer considers that the 2018/19 budget proposed is overall robust and that the adequacy of the proposed general balances can reasonably be assumed to be sufficient.

Sue Alexander
Interim Chief Financial Officer
February 2018

Dedicated Schools Grant and Schools Grant Funding 2018-19

Overall DSG

The overall 2018-19 provisional DSG allocation is detailed in the following table under the notional DSG blocks. This is the gross DSG prior to the recoupment deduction for Academies and non-LA maintained specialist providers. It also compares the provisional allocations to the 2017-18 DSG latest settlement.

Table: Provisional DSG Gross Settlement 2018-19

DSG Allocations	2017-18 Latest November 2017 £'m	2018-19 Provisional December 2017 £'m	Variance £'m	Notes
Schools Block	304.569	315.247	+10.678	1A
Central School Services Block	3.796	3.766	-0.03	1B
High Needs Block	47.353	48.954	+1.601	1C
Early Years Block	28.410	31.707	+3.297	1D
Total DSG Gross	384.128	399.674	+15.546	

Notes

1A. 2017-18 reflects transfer of funding for pupils in Specialist Provision in mainstream of £0.73m from High Needs to the Schools Block. 2018-19 set by DfE as part of NFF policy September 2017 and includes historic premises related factors allocation 2017-18 £7.3m and Pupil Growth Fund £0.7m.

1B. New NFF formulaic allocation for centrally retained statutory services £2.266m plus historic commitments £1.500m from 2017-18.

1C. 2018-19 set by DfE as part of NFF policy September 2017.

1D. 2018-19 provisional based upon Schools, Early Years and Alternative Provision censuses data for 2, 3 & 4 year olds from January 2017. These allocations will be updated based on January 2018 and January 2019 census data.

Schools Block

For mainstream schools, there is an overall increase in pupil numbers between October 2016 and October 2017, which shows an increase in both the primary and secondary sectors. This is detailed in the following Table.

Table: Pupil Number Variation 2017-18 and 2018-19

Phase	2017-18 October 2016 Census	%	2018-19 October 2017 Census	%	Note
Primary	43558.0	61.0	44006	60.9	2A
Secondary	27867.0	39.0	28211	39.1	2A
Total	71425.0	100.0	72217	100.0	

Note

2A. From 2018-19 there is no longer a reduction adjustment made for pupils in Specialist Unit Provision in mainstream schools. For each LA, the DfE have transferred a relevant amount of £0.73m to the Schools Block DSG from the High Needs Block DSG to fund the additional pupil numbers.

High Needs Block

The allocation of £48.954m is shown in the following Table.

Table: High Needs Allocation

DETAIL	£'m	Notes
2017-18 Original	48.083	3A
- Transfer Specialist Provision in Mainstream Schools	(0.730)	3B
= Revised Original	47.353	
+ Effect of NFF	1.601	3C
2018-19 Original	48.954	

Notes

3A. Baseline from 2017-18.

3B. See **Note 2A** above.

3C. Set by DfE as part of NFF policy September 2017.

Pupil Premium Grant (PPG)

The national rates set by the DfE are detailed in the following Table.

Table: Pupil Premium Grant (PPG)

Phase/Type	2017-18 £	2018-19 £
Primary	1,320	1,320
Secondary	935	935
LAC	1,900	2,300
Service Children	300	300
Early Years	300 Full Year (£0.53 per hour)	300 Full Year (£0.53 per hour)

CABINET
8 FEBRUARY 2018**FUTURE PROVISION OF REPLACEMENT CARE SERVICES
FOR ADULTS WITH A LEARNING DISABILITY****Relevant Cabinet Member**

Mr A I Hardman

Relevant Officer

Director of Adult Services

Local Members

Mr B Clayton, Mrs R L Dent, Mr P B Harrison, Mr R C Lunn, Mr C Rogers, Mrs E B Tucker, Mr P A Tuthill

Recommendation

1. The Cabinet Member with Responsibility for Adult Social Care recommends that Cabinet:

- (a) notes the information relating to replacement care provision for adults with a Learning Disability contained in this report;**
- (b) approves the proposed pre-consultation engagement with individuals using replacement care services, family carers, professionals and wider stakeholders, on how learning disability replacement care services should be delivered in the future as outlined in paragraph 14 below;**
- (c) requests that a further report be brought to Cabinet in June 2018, with proposals to start formal consultation on future service delivery of replacement care across the county.**

Background

2. Replacement care is the support provided to an individual due to a carer having a break from their usual caring role. It was previously known as "respite" from caring or "short breaks" for carers. The change in terminology is in line with the Care Act 2014. It is the support offered to people needing help in fulfilling their caring commitments without putting themselves under unnecessary pressure or stress, and usually involves overnight care for one or more nights. These can be planned breaks or short notice in emergency situations.

3. Worcestershire's Adult Learning Disability Strategy 2016-2018 "Better outcomes for people with a Learning Disability and their families" sets out the commitment to improve outcomes for people with a Learning Disability, enabling people to have choice and control over their care, support and health needs, and working together as partners to improve lives and make sure services are accessible. Specifically in relation to replacement care services, "Big Aim 6: The Right Support for Carers" commits to improve how replacement care works in the county, aiming for an equitable and integrated replacement care commissioned service across Worcestershire.

4. Planned replacement care is identified in an individual's needs assessment and support plan for people who are eligible for Council-funded services under the Care Act. The support plan sets out the number of nights of replacement care required for that individual per year. To meet these needs, the majority of replacement care provision is commissioned by the Council on a block purchase basis (from both internal and external providers), and therefore at a fixed cost. This means that if the number of nights included in the contract are not all actually used, the cost is still incurred.

5. The Council currently commissions fixed cost replacement care for people with a Learning Disability in the following settings:

- In-house provision at Worth Crescent in Stourport and Pershore Short Breaks unit, provided by the Council's Adult Social Care Provider Services
- Osborne Court in Malvern and Church View in Bromsgrove via a contract with Worcestershire Health and Care NHS Trust
- Lock Close in Redditch via a contract with the external provider HF Trust Ltd.

Currently, around 175 individuals receive a regular replacement care service funded by the Council within the services listed above. Recent analysis has shown that there are currently over 1,800 nights purchased but not used per annum across the county (equivalent to 5 beds). This represents an approximate spend on empty beds of £450,000, based on the average unit cost per night.

6. The total 2017/18 budget for all Learning Disability Replacement Care provision is £2.6 million. This includes all of the block-contracted provision and Council-provided services as well as a small amount of provision in external care homes and specialist units via individual spot purchases (for example, where individuals choose to access provision in other settings). Some replacement care is also provided by Shared Lives carers through the Shared Lives scheme.

7. In relation to the in-house replacement care provision, the Cabinet on 17 July 2014 received the report "The Future of In-house Adult Social Care Provider Services". Replacement care was included with long-term residential care in this report, and the following recommendation was approved by Cabinet: "Retain learning disability residential care services in-house whilst the Council consults with each current service user and family carer about the most appropriate package of care and support, and undertake further market engagement to understand the viability of alternative providers and the quality and value for money of in-house vs external provision".

8. The "Update on Commissioning of Adult Social Care Services" report presented to Cabinet on 18 June 2015 identified issues around the complexity of replacement care need, including the need to analyse future demand and supply requirements, and identified the fact that the cost of replacement care varies significantly across different parts of the market, again requiring further analysis.

9. Work has therefore been progressed over the last two years to engage with the market and analyse replacement care needs across the county, to inform the future design of the service. Details of this work are set out in paragraph 10 below and a summary of information for each internal or block contracted replacement care setting is also included in the attached Appendix. Formal consultations with individual service users using replacement care and their family carers have not taken place to date, due to the fact that specific proposals were not being advanced.

Context for Change and Future Proposals

10. The review and analysis of replacement care provision and usage to date has taken account of:

- a) current capacity (based on the number of beds and nights available)
- b) current allocation of provision to individuals who have an identified need for a replacement care service
- c) the matching of specialised replacement care provisions to individuals with specific identified needs e.g. requirement for nursing or health-based replacement care
- d) the suitability of accommodation and facilities available
- e) the cost per night at each provision
- f) the potential to deliver additional and/or more cost effective capacity, for example at existing units or through the purchase of provision from external providers or Shared Lives carers

g) geographical spread of provision and people using the services.

11. The attached Appendix provides a summary of the background information collected to date for each internal or block contracted learning disability replacement care setting.

12. The work to date has identified that there is currently more replacement care provision available than is required, based on the current needs of individuals in Worcestershire for a replacement care service.

13. Long-term forecasts of future demand also show that the need for replacement care is likely to decrease gradually over time. This is partly due to the impact of Council strategies to increase independence, such as the Supported Living Strategy which encourages individuals and families to consider Supported Living as an option. With Supported Living, an adult with learning disabilities is supported to live independently in their own property and therefore there is no ongoing need for replacement care. Where individuals are cared for by their family, expectations are also changing, with younger people and their families wanting to explore alternative options for replacement care, such as Shared Lives replacement care, care in the family home or other alternative provision.

14. In order to continue to deliver the Learning Disability Strategy commitment for "an equitable and integrated replacement care commissioned service across Worcestershire" and to address some of the issues identified above in relation to capacity and demand, the Council wants to carry out pre-consultation engagement with individuals using services, family carers, professionals and wider stakeholders to explore the following areas:

- a) Review the needs of all individuals currently accessing planned replacement care services to ensure that people's assessed needs are being met in the most appropriate way. This will include reviewing the health-based replacement care provisions at Osborne Court, Malvern and Church View, Bromsgrove to ensure that current capacity is used effectively and that the provision of health-based services is aligned with the needs of individuals for specialist services.
- b) Explore options for how Council in-house and externally contracted learning disability replacement care services (as listed in paragraph 5 above) can be delivered differently in the future, looking at potential options to maximise usage and potentially reduce or increase capacity where appropriate to meet the needs of people using services and their family carers. This will include

reviewing external contracts for learning disability replacement care using the commissioning cycle to ensure that value for money is being maximised.

Recommendations and Next Steps

15. Based on the above background and context for change, Cabinet is asked to authorise a period of pre-consultation engagement with individuals using services, family carers, professionals and wider stakeholders, on potential options for future delivery. The pre-consultation engagement exercise will be launched in the second half of February 2018 and will last for approximately 12 weeks.

16. A report on the findings of the pre-consultation engagement, including equality impact assessments as required and recommended next steps, will be presented to Cabinet in June 2018.

Legal and HR Implications

17. The Council has a duty to promote the well-being of individuals in its area under the Care Act 2014 and to provide a range of social care services for meeting care and support needs of adults, including care and support needs resulting from disabilities.

18. The Council values the feedback and input of its residents and users of services to inform service development. In order to inform its proposals, as well as meeting required legal duties, the Council will carry out consultation, in the first instance with individuals using services and family carers, and will give proper consideration to the outcomes of consultation before any substantive decision to implement any proposal is made.

19. Appropriate statutory consultations with staff will also be carried out in the future based on the nature of future proposals and the impact on specific staff groups. At this stage, a period of engagement with staff is proposed, to gather information and ideas which will influence future proposals.

20. Where there is a future proposal for services to transfer out of the Council or be delivered by external providers rather than in-house providers, TUPE regulations may apply. It is intended that this will be dealt with on a case-by-case basis, depending on future proposals.

21. Any changes to staffing arising out of future proposals would be subject to the Council's Human Resources Policies and Procedures.

Equality and Diversity Implications

22. The Council must, during planning, decision-making and implementation, exercise a proportionate level of due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not.

23. A full equality impact analysis will be carried out for each element of the service where any changes are proposed, and these analyses will form part of future Cabinet reports to inform future decision-making.

Privacy and Public Health Impact Assessments

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

25. A Public Health Impact Assessment will be carried out for each element of the service where any changes are proposed, and these analyses will form part of future Cabinet reports to inform future decision-making.

Financial Implications

26. The Medium Term Financial Plan approved by Full Council in February 2017 anticipated a need for around £60 million of new expenditure reductions or increases in income over the 3 year period 2018/19 to 2020/21.

27. There is a risk to the Council's overall sustainability and delivering Social Care to those that need it most if expenditure reductions or increases in income are not delivered as required.

28. The total proposed savings that are identified specifically for learning disability replacement care in the "2018/19 Draft Budget and Council Tax" report to Cabinet in December 2017 are £350,000 over two years.

Supporting Information

- Appendix – Adult Learning Disability Replacement Care Background Information

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County Council Contact Points

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Background Papers

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

Worcestershire's Adult Learning Disability Strategy 2016-2018 2nd Edition updated September 2018 – "Better outcomes for people with a Learning Disability and their families"

Agenda and background papers for the meetings of the Cabinet held on 17 July 2014, 18 June 2015 and 14 December 2017

Agenda and background papers for the meeting of Council held on 9 February 2017

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Adult Learning Disability Replacement Care Background Information

Osborne Court

Osborne Court is provided by Worcestershire Health and Care NHS Trust and offers short breaks to both adults and children with wide ranging health needs. These could include challenging behaviours (including those on the Autistic Spectrum), profound and multiple learning and physical disabilities and moderate learning and physical disabilities. The service also includes a Hydrotherapy Pool.

The unit is located in Malvern; the service is offered predominantly to those in south Worcestershire but is also used by individuals from across Worcestershire depending on needs.

Osborne Court is regulated by CQC as part of Worcestershire Health and Care NHS Trust. The most recent CQC inspection report published in June 2015 rated the service as "Good".

Unit Capacity, Occupancy and Usage

Osborne Court comprises five bungalows:

- one adult bungalow with four beds
- two bungalows used by children accessing the service
- two bungalows which currently stand unoccupied and require renovation

Worcestershire County Council Adult Services commissions four beds for adults with learning disabilities.

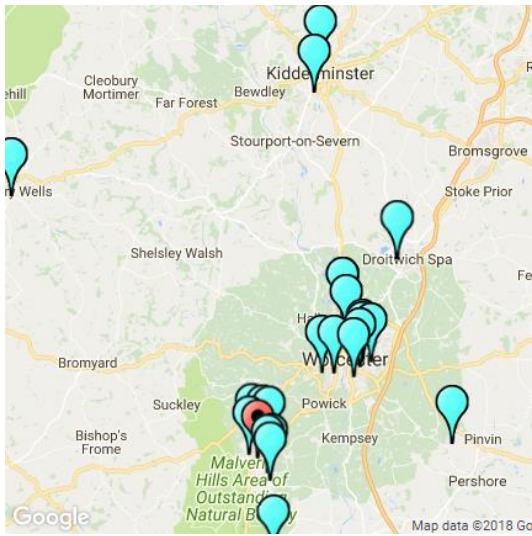
The unit is available for 360 days per year, including a planned closure over the Christmas period. This equates to a total number of nights available of 1,440 per year.

The average monthly occupancy from April to September 2017 is shown in the table below.

2017-18	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
Occupancy %	98%	92%	90%	92%	93%	94%

27 adults have used Osborne Court replacement care service during the first half of 2017/18. Of these, 22 individuals are funded by Worcestershire County Council and 5 individuals are funded by the NHS through Continuing Health Care.

The map below shows the service (red marker) and where people are accessing the service from.



Church View

Church View is a specialist short breaks service provided by Worcestershire Health and Care NHS Trust, which offers short breaks to adults with learning disabilities, with various degrees of behaviours which challenge and complex health care needs.

The unit is located in Bromsgrove, at the Princess of Wales Community Hospital.

Church View is regulated by CQC as part of Worcestershire Health and Care NHS Trust. The most recent CQC inspection report published in June 2015 rated the service as "Good".

Unit Capacity, Occupancy and Usage

Church View has 13 beds providing 24 hour care across three units, all based on the site of the Princess of Wales Community Hospital.

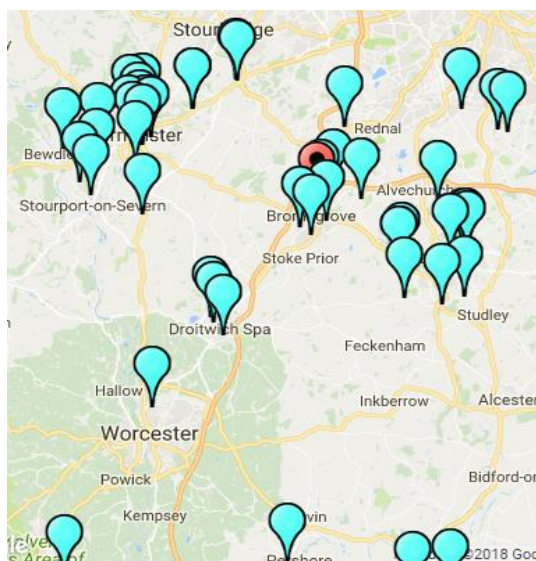
Nine of the beds are available 360 days a year and four beds are funded for 120 nights per year. The total number of nights available is 3,348 per year, which also allows for a 90% usage rate rather than 100% due to the complex needs of individuals using the service.

The average monthly occupancy from April to September 2017 is shown in the table below. This only includes individuals accessing the service overnight.

2017-18	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
Occupancy %	92%	89%	86%	84%	84%	84%

53 adults have used Church View replacement care service during the first half of 2017/18. Of these, 44 individuals are funded by Worcestershire County Council and 9 individuals are funded by the NHS through Continuing Health Care.

The map below shows the service (red marker) and where people are accessing the service from.



Worth Crescent

Worth Crescent is registered to provide accommodation for personal care for a maximum of 10 people. The home provides periods of replacement care for adults with learning disabilities and offers both planned and emergency short-term care. The home does not provide nursing care.

Worth Crescent is regulated by CQC as part of Worcestershire County Council. The most recent CQC inspection report published in April 2016 rated the service as "Good".

The service is located in Stourport.

Unit Capacity, Occupancy and Usage

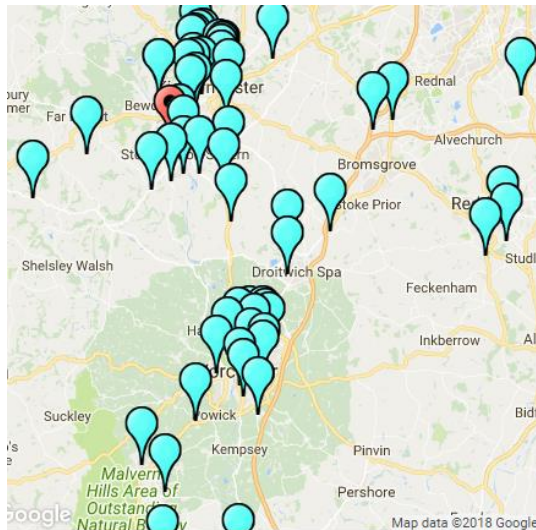
Worth Crescent has 10 beds which are available for 360 days a year, equating to 3,600 nights in total available per year.

The average monthly occupancy from April to September 2017 is shown in the table below.

2017-18	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
Occupancy %	80%	77%	73%	73%	76%	74%

63 adults have used Worth Crescent replacement care service during the first half of 2017/18, of whom 56 use the service for regular planned replacement care.

The map below shows the service (red marker) and where people are accessing the service from.



Pershore Short Breaks

Pershore Short Breaks provides replacement care accommodation for up to four people with learning disabilities. The home offers short term accommodation to people with profound and multiple learning disabilities and a range of complex health needs.

Pershore Short Breaks service is regulated by CQC as part of Worcestershire County Council. The most recent CQC inspection report published in January 2016 rated the service as "Good".

The service is located in Station Road, Pershore.

Unit Capacity, Occupancy and Usage

Pershore Short Breaks has 4 beds which are available for 360 days a year, equating to 1,440 nights in total available per year.

The average monthly occupancy from April to September 2017 is shown in the table below.

2017-18	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
Occupancy %	75%	78%	76%	73%	72%	71%

17 adults have used Pershore Short Breaks replacement care service during the first half of 2017/18.

The map below shows the service (red marker) and where people are accessing the service from.



Lock Close

The service is registered with CQC as 1 Foxlydiat Mews, but is also known as Lock Close. It is located in Redditch. The most recent CQC inspection report published in October 2015 rated the service as "Good".

Lock Close is a short break service which provides accommodation and personal care for up to five people with a learning disability. The service is provided by HF Trust Ltd under a contract with Worcestershire County Council.

HF Trust also provide a day care service at Lock Close.

Unit Capacity, Occupancy and Usage

Lock Close has 5 beds which are available for 360 days a year, equating to 1,800 nights in total available per year.

The average monthly occupancy from April to September 2017 is shown in the table below.

2017-18	Apr-Jun 17	July-Sept 17
Occupancy %	95%	94%

40 adults have been funded by Worcestershire County Council to access the Lock Close replacement care service during the first half of 2017/18.

The map below shows the service (red marker) and where people are accessing the service from.



CABINET
8 FEBRUARY 2018**SPECIAL EDUCATIONAL NEED AND/OR A DISABILITY**
(SEND) STRATEGY

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 approves the Special Educational Need and/or a Disability (SEND) Strategy and supports the vision and priorities under the corporate vision of improving outcomes for all children and young people by helping them to achieve their full potential in education.**

Background

2. Improving outcomes for vulnerable children and young people, which includes those with a special educational need and/or a disability (SEND), is a key priority within the Children and Young People's Plan and is dependent on, and expected of, effective partnership collaboration between strategic health bodies and the Council.
3. Children and young people with SEND deserve to be supported and encouraged to reach their full potential including, where possible, living independent lives. They also deserve to receive help and support from good quality services.
4. We know that there is a need to strengthen, develop and deliver services to meet the needs of children, young people with SEND and their parents and carers.
5. The purpose of the SEND Strategy is to set out the case for change and how we plan to respond through five key priorities.

Privacy and Public Health Impact Assessments

6. The SEND Strategy was agreed by the Health and Well-Being Board as part of the formal governance arrangements in December 2017.

Equality and Diversity Implications

7. Equality Impact Analysis has been carried out in respect of the SEND strategy. This identified potential positive impact in the lives of children and young people who have a disability. No potential adverse impact was identified.

Supporting Information

- SEND Strategy

Contact Points

County Council Contact Points

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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 papers of the meeting of the Health and Well-Being Board held on 5 December 2017



Worcestershire Strategy for Children and Young People with Special Educational Needs and Disabilities (SEND)

2017-2021



Document Control

Version Control			
Version	Who	Date	Amendments
0.1	Sarah Wilkins	07-11-2017	Draft
0.2	Board	21-11-2017	General changes to body of document
0.3	Katie Collins	30-11-2017	Additional Comments
0.4	Katie Collins	08-01-2018	Final Amends for Cabinet
1.0 - Final	Anna Field	29-01-2018	Amend to para 2.1 ahead of Cabinet

Document Control	
Worcestershire Strategy for Children and Young People with Special Educational Needs and Disabilities (SEND)	
V1.0 - Final	Owner: Nick Wilson
Date Approved: HWB Board Approval 5 th December 2017 Cabinet Approval - TBC	Status: Final
Effective date: TBC	Approved by: SEND Improvement Board (14 th December)
Superseded: v0.4 Draft	Next review date: 12mths from Cabinet Approval

Foreword

Welcome to the Worcestershire Strategy for Children and Young People with Special Educational Needs and Disabilities (SEND) for the period 2017 -2021.

This Strategy comes at a time of unprecedented challenge for all services that work with children, young people and families in Worcestershire. The Children with SEND Improvement Board is committed to making the experience of childhood and early adulthood a good one.

Children and young people with Special Educational Needs and Disabilities (SEND) deserve to be supported and encouraged to reach their full potential including, where possible, living independent lives. They also deserve to receive help and support from good quality services. We believe that by working together with families and communities we will achieve this.

Critical to the success of the Strategy is the important role parents and carers have in their responsibilities to shape the experience of their children and young people. Partners in Worcestershire need parents, carers and communities to work with them to build aspirations and resilience.

The SEND Board Partnership will work with parents and carers to support their goals for their children and young people to grow into independent adults that are able to make positive contributions to society.

Worcestershire will be inspected under the SEND Local Area inspection framework, by the Care Quality Commission and Ofsted and we know that we need to improve our ways of working and offer to be more effective in supporting families. We also need to recognise and build on our strengths that work well for families.

This Strategy sets out partnership duties and will be delivered through an action plan that will be overseen by the Children with SEND Improvement Board. We will review the Strategy and the action plan on an annual basis to ensure that we remain focussed on the right things and improve outcomes for children and young people in Worcestershire.



M. J. Hart

Cllr Marcus Hart
Cabinet Member with responsibility for Education and Skills

27th November 2017



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1. INTRODUCTION

1.1 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 is for 'Worcestershire to be a wonderful place for all children and young people to grow up'. We believe it is important that all children and young people:-

- Are safe from harm
- Reach their full potential
- Make a positive contribution in their communities
- Live healthy, happy and fun filled lives

1.2 Improving outcomes for vulnerable children and young people, which includes those with a special educational need and/or a disability (SEND), is a key priority within the CYPP and is dependent on, and expecting of, effective partnership collaboration between strategic health bodies and the Local Authority (LA).

1.3 Children and young people with Special Educational Needs and Disabilities (SEND) deserve to be supported and encouraged to reach their full potential including, where possible, living independent lives. They also deserve to receive help and support from good quality services.

1.4 We know that we need to strengthen, develop and deliver services to meet the needs of children, young people with SEND and their parents and carers. The CYPP has committed to strengthening the focus on prevention and early intervention and to reforming services to improve outcomes for children and young people with special educational needs and/or disabilities.

1.5 A total of 116,050 children and young people under the age of 18 years live in Worcestershire (ONS 2016 mid-year estimates). This is approximately 20% of the total population in the area.

1.6 Early years census data (January 2017) shows us that there are 8244 2 to 4 year olds identified as having SEN support needs in Worcestershire.

1.7 School census data (January 2017) show us that there were 10,863 children and young people in Worcestershire identified as having SEN support needs. This is 12.5% of the school population and is higher than the national average (11.6%). In



addition to this 2381 children and young people had an Education Health and Care Plan or Statement of Educational Need (2016/17 August data).

1.8 The school census data for Worcestershire shows there is a higher proportion of children who have Speech, Language and Communications needs than nationally, and a lower proportion with Autistic Spectrum Disorder or who have a Moderate Learning Difficulty. The numbers of children and young people with SEN needs are highest in Wyre Forest and Wychavon Districts, however the percentage of children with SEN needs are highest in Wyre Forest and Redditch Districts. Over the next 20 years to 2037, the numbers of children and young people with SEN needs is forecast to rise by 4.3% (483).

1.9 **The purpose of this Strategy** is to set out the case for change and how we plan to respond through five key priorities. It will drive an ambitious programme of work that will be overseen by representatives of the accountable bodies through a Strategic Board and will change the ways in which we work with children, young people, parents/carers, and as professionals together. It will involve greater integration of services in a co-productive approach that will:

- Identify children and young people with SEND
- Assess and meet the needs of children and young people with SEND, through a Graduated Approachⁱ
- Provide support and services that effectively meet needs and improve the outcomes of those with SEND

2. THE FINANCIAL CONTEXT

2.1 In the current economic climate public services are under financial pressure as almost never before. The Government's strategy to manage the deficit has serious implications for public sector funding.

2.2 These financial constraints require us to reduce bureaucracy and increase effectiveness to ensure that provision targets children and young people to best effect.

2.3 From 1st April 2013 the Government changed the way in which all schools, including academies, are funded for SEN provision. The intention of this funding reform was to:



- simplify the way Local Authorities and the Education and Skills Funding Agency fund schools and academies for SEND so that it is more consistent and better focused on the needs of pupils
- create greater consistency between local funding formulae the core place funding by setting this at £10,000 per commissioned place for all LAs
- require LAs to introduce local 'top up' funding arrangements to support the needs of those children and young people requiring more than the place funding and for this to move in 'real time'

2.4 Each year the County Council receives a Dedicated Schools Grant (DSG) from Government which provides the overwhelming majority of funding for all schools. This grant comprises three blocks in 2017-18 these totalled £384.1m gross; £214.5m net after ESFA academy recoupment. This comprises: -

- The Schools Block (£307.6m gross; £146.5m net)
- The High Needs Block (£48.1m gross; £39.6m net)
- The Early Years Block (£28.4m gross and £28.4m net - no ESFA recoupment)

2.5 This for schools and high needs is currently based on historic factors and levels of funding and Worcestershire County Council (WCC) has always been in a low funded position compared to other LAs. The DfE policy of a National Funding Formula (NFF) for the DSG will result in more grant but this does not take account of pupil basic need increases and significant demand and need pressures for SEND. WCC is experiencing significant cost pressures and demand for more commissioned places from its specialist providers.

2.6 As a result of the Government funding reform, mainstream schools now receive funding for pupils with special and additional educational needs from two sources. The majority of funding is delegated to schools from the Schools Block Notional SEN with 'top up' funding for individual pupils with high level, low incidence SEN provided via the High Needs block.

2.7 The DfE requirements provided for the Schools Block delegation to mainstream schools to provide for the first £6,000 of support for all pupils with special educational needs from the Schools Block through its normal local funding formula. This is in addition to the basic Key Stage Age Weighted Pupil Unit (AWPU) funding (WCC 2017-18 Primary £2,858; KS3 £3,909; KS4 £4,438) allocated per pupil. Mainstream Schools are required to fund the first £6,000 of provision identified for each child with a statement of special educational needs that is over and above what a school would reasonably be expected to meet from their Key Stage funding. Any additional cost



over £6,000 is provided to the school by the County Council from the High Needs Block as top up funding. Where the child is not resident in Worcestershire, any top-up funding is provided by the home authority and vice versa for Worcestershire pupils in other LA provision. All mainstream schools including academies are expected to use their delegated budget to deliver high quality outcomes for all children including those with Special Educational Needs or Disability.

- 2.8** Special schools including special academies are funded at £10,000 per commissioned place from the High Needs Block (being the equivalent of the £6,000 per pupil delegated to mainstream schools plus the equivalent Key Stage funding). A significant sum of over 20% of the net High Needs Block is used to support a number of SEND children placed in independent schools and post 16 providers – there is a significant cost pressure in these areas.
- 2.9** A sum of around £0.5m is allocated from the High Needs Block Early Years block to support Early Years SEN and a further £0.2m is allocated from the High Needs Block to support exceptional notional SEN pressures in mainstream schools.
- 2.10** Alongside the DSG funding, Worcestershire allocates £11.6m of its base budget towards SEND services and supporting children and young people with SEND. This includes educational psychology services which are contracted out to our education service provider, inclusion and assessment services, commissioning of specialist placements, transport for children to attend school, support for children in residential or short breaks provision, post 16 assessment and placements, as well as social work support, home care and day care for children with disabilities.

3. OUR VISION

3.1 '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.'

3.2 How will we achieve our vision?

In Worcestershire, we will all work together to enable children and young people to:

- be independent: not because they can do everything for themselves, but to have control over their lives and how they live them
- live where they choose and with people they choose
- have leisure interests and hobbies that will enhance their life skills, their creativity and be fun and for these interests to be in ordinary places in and with their community



- have the opportunity to learn and to keep learning, both within a supportive and appropriate educational environment which meets their needs and outside school
- manage the many transitions in their lives with appropriate support
- prepare and move into meaningful and worthwhile work as adults - be it paid employment, their own business or any activity that supports them to contribute to their community life
- have the information and support they need to make positive informed choices and decisions about their lives
- be and feel safe - at home and in their community
- be confident and have the opportunity to say what they think or want
- have a network of meaningful friendships and relationships
- be truly seen as individuals and respected and celebrated for who they are
- be and stay healthy
- have a strong voice, alongside the strong voice of families

4. CASE FOR CHANGE

4.1 The Strategic Partnership believe that every Worcestershire child and young person with special educational needs and disabilities (SEND) really does matter. This means that they all should have their needs met, as far as possible, in the local community, in local early year's providersⁱⁱ, local schools, in local further education collegesⁱⁱⁱ and work places. We also believe that they should have access to good quality provision which ensures good health, care and educational outcomes in order to reach their full potential including, where possible, living independent lives.

4.2 Through listening events and wider engagement work with children, young people and their parents / carers we have been told that families have to struggle to access the right services in a well-coordinated way and parents / carers want to have better information and support in order that they are better equipped to meet their child's needs. Families, schools and other professionals have commented that some children could be better supported in education provision nearer to home but are needing to access specialist and alternative education provision. We need to work in partnership to ensure that the right skills and support are available in local schools as well as having high quality specialist provision when this is required as part of a Graduated Response.



4.3 We recognise the need to reshape and refocus our services and practice to meet the needs of children and young people with SEND. Building on the three key statements from our first Listening Event in March 2017 – **Share, Support and Inform** - this Strategy and programme of change is designed to improve the culture and behaviour of all partners working with children and young people with SEND.

5. NATIONAL POLICY CONTEXT

5.1 The Equality Act, 2010¹, requires public bodies and service providers to take reasonable steps so that children with SEND do not face substantial disadvantage compared with children who do not have SEND. The Act also contains a Specific Equality Duty for Public Sector organisations. This duty requires us, when developing policies and planning and delivering services, to consciously consider how we can promote equal opportunities for children and young people who have SEND.

5.2 The Children and Families Act 2014² seeks to reform the way support is provided for children and young people with SEND. The Act places the views, wishes and aspirations of children and young people and their parents at the heart of the system and requires a culture change in the ways in which professionals work with families and with each other. This is set out in the SEND Code of Practice³.

5.3 The SEND Code of Practice provides statutory guidance for organisations who work with children and young people with SEND and their families. The following organisations must fulfil their statutory duties in light of the guidance;

¹ Equality Act 2010

² Children and Families Act 2014 Part 3: Children and young people in England with special educational needs or disabilities

³ SEND Code of practice: 0 to 25 years



- Local Authorities (education, social care and other services)
- The governing bodies of schools (including non-maintained special schools), further education colleges and sixth form colleges
- The proprietors of academies^{iv} (including free schools)
- The management committees of pupil referral units^v
- Independent schools^{vi} and independent specialist providers approved under Section 41 of the Children and Families Act 2014
- All early years providers^{vii} that are funded by the LA
- NHS England^{viii}
- Clinical Commissioning Groups^{ix} (CCGs)
- NHS Trusts^x
- NHS Foundation Trusts^{xi}
- Local Health and Wellbeing Boards^{xii}
- Youth Offending Teams^{xiii} and relevant youth custodial establishments

5.4 The Care Act (2014)⁴ supports parent carers of disabled children and young people and the transition of young people into work/adult life in such a way as to promote their independence and so reduce their long term needs for care and support.

6. RIGHT PROVISION, IN THE RIGHT PLACE, AT THE RIGHT TIME

6.1 Early Identification and Intervention

6.1.1 Successive evidence highlights the importance of prevention and early intervention to improve outcomes. Worcestershire applies a prevention policy to its work which aims to **prevent** the need for care before it occurs, **reduce** the impact of problems which have occurred, by detecting risk and problems as soon as possible, and intervening early to limit their impact. And to **delay** the need for further help, and avoid crises, by getting the right help to people who already have needs and giving the right support to prevent those needs escalating.

6.1.2 The overall aim of early intervention/help means identifying risks and need as early as possible, providing support as soon as a problem emerges, at any point in a child's life, from the foundation years through to the teenage years and early

⁴ [Care Act 2014](#)



adulthood. Providing the right help at the earliest opportunity can help to solve problems before they become more pressing and complex, and may avert the need for statutory interventions at a later stage (ref Worcestershire EH Strategy 2017⁵)

- 6.1.3** An effective early intervention system is made up of service users, community resources, universal service providers and targeted services, working together to enable families to manage their own situations and solve their own problems.
- 6.1.4** Early intervention should focus on strengths and co-production that empowers a family to make whatever changes are necessary to secure the well-being of their children, enabling appropriate risk management in the community and a proportionate response to risk and need.
- 6.1.5** This strategy aligns to the Early Help Strategy and the Worcestershire partnership commitment to strengthening its Early Help^{xiv} system which will result in more children, young people and families being able to access services as early as they can in their local communities wherever possible.

6.2 High Needs' Commissioning

- 6.2.1** In September 2016 WCC began a High Needs' Commissioning Review (HNCR) to assess the processes and the suitability of provision in place for those Children and Young People (CYP) with Special Educational Needs and Disabilities (SEND). This review sets out the commissioning approach from WCC for children and young people in receipt of High Needs' Funding.
- 6.2.2** The review was both internal and external in focus, and incorporated significant work on joint commissioning between Education, Early Help, Social Care and Community Health. This joint High Needs' Review is the culmination of work across the Children, Families and Communities Directorate, led by Education and Skills, on how to best meet the joint needs for CYP in Worcestershire.
- 6.2.3** This document establishes:
 - How we will contribute to achieving our priorities and plans for Special Educational Needs in meeting the need of our communities
 - The link between the Council's statutory duties, regulatory requirements, needs assessments and the Council's resources

⁵ [WSCB Early Help Strategy](#)



- The outcomes of our review of current service provision and the requirements we have established, which will underpin and help prioritise resource allocation decisions

6.2.4 A significant aspect of the review was to assess need and provision requirements for Students with Special Educational Needs, and whether we had sufficient and suitable provision that was accessible in Worcestershire. These findings are set out in the High Needs Review document along with our intended actions for implementation.

6.2.5 We also looked at how we commission places and the most efficient and transparent ways of achieving this. One key priority for this area of work has been to put in place meaningful annual discussions with all our Schools and Settings in receipt of High Needs' Funding at the right time of the new commissioning cycle.

6.2.6 Reform of process on its own cannot be enough to deliver a better system of provision for our most vulnerable children and young people, but it is a vital part in that programme of change and improvement. We are confident that the proposals set out in High Needs Review will give all those involved in supporting young people and children with high needs the best opportunity to help to make a positive impact to their lives.

6.3 SEN in Schools / College – 0 to 25 years

6.3.1 Most children and young people will be able to thrive in their local community following appropriate adjustments to meet their needs stemming from SEND. However, some children's needs are highly complex and will benefit from a higher level of intervention, provided in a more specialist setting.

6.3.2 In Worcestershire a set of policies and descriptors of needs have been set out with the intention of supporting educational settings in identifying and meeting needs, and to access specialist help consistently. This is known locally as the 'Graduated Response'.

6.4 Worcestershire's Local Offer

6.4.1 Local authorities are required to publish a Local Offer^{xv}, setting out in one place information about provision they expect to be available across education, health and social care for children and young people in their area who have SEN or are disabled, including those who do not have Education, Health and Care (EHC) plans.



- 6.4.2** Our Local Offer website requires improvement. Work is underway to site the Local Offer within the wider Your Life, Your Choice website. This should result in a comprehensive site that aims to provide information to families about the provision available across Education, Health and Social Care for all children and young people with SEND.

7. STRATEGIC PRIORITIES

7.1 Central to the development of this Strategy are the views of children, young people, their parents and carers and practitioners. We have carried out stakeholder engagement and consultation activities throughout 2016/17 and combined this feedback with our data to identify five Strategic Priorities. Achieving these priorities will require all stakeholders to commit to new ways of working. All five priorities will include a strong focus on co-production, use of data, building a confident and capable workforce, personalisation and innovation. The priorities will receive endorsement and commitment at a senior level across Health, Social Care and Education. The partnership will also ensure that elected members understand the arrangements, strengths and aspects of development for SEND across Worcestershire. We will work together across Education, Health and Social Care to be clear about our joint commissioning arrangements and pathways.

7.2 The five priorities are:

- (1)** A Person – Centred Approach
- (2)** Integration and Operational Delivery
- (3)** Early Intervention
- (4)** Preparation for Adulthood
- (5)** Workforce Development

7.3 Priority 1: A Person – Centred Approach

7.3.1 Children and young people with special educational needs and or disabilities are children and young people first. We need to recognise the strengths and abilities of individuals and put them at the centre of planning and decision making about their own care and support.

7.3.2 The Children and Families Act 2014 and the Care Act 2014 have an aligned vision of personalisation, participation and choice and control where the views, wishes and feelings of individuals are central to the assessment, planning and decision-making processes. This creates an opportunity to implement a lifespan approach to



personalisation, improving outcomes for children and young people, individuals and families, whilst reducing duplication and bureaucracy for the professionals working with them.

7.3.3 Key to realising a person – centred approach in Worcestershire is;

- Participation, involvement and co-production with children, young people and their families in:
 - a. assessment and planning
 - b. service design, delivery and evaluation for special educational needs and disability
- Empowerment - choice and control passing to the individual (child and family, young person or adult) receiving support
- Developing and increasing the use of personal budgets

7.3.4 What are we going to do?

1. Further enhancement of the Your Life Your Choice website so that information is easy to find, informative and consistent
2. Enhance the skills of our workforce to enable more children and young people to access mainstream provision
3. Through our commissioning approach, increase user choice through the use of a personalisation approach and the use of direct payments and personalised budgets
4. Ensure that children, young people, parents and carers are engaged throughout and in relation to all strategy priority / work stream areas and truly feel that co-production is happening
5. Develop and implement a communications and engagement plan

7.4 Priority 2: Integration and Operational Delivery

7.4.1 We are committed to developing a local approach to integrated and multi-agency working and the coordination of services for children with SEND and their families. We will do this by working effectively with education, health and our care service providers, in order to improve the EHCP^{xvi} process to present a single, child centred plan and single support team experience.



7.4.2 What are we going to do?

1. Jointly develop an Education, Health and Care Needs Assessment process (EHCP) that is understood by all and that all agencies are committed to
2. Jointly develop an Annual Review^{xvii} (EHCP) process that is understood by all and that all agencies are committed to
3. Implement a Quality Assurance Framework to ensure a consistently high standard of EHCPs are issued
4. Ensure that children, young people, parents and carers are engaged and participate throughout and truly feel that co-production is happening
5. Provide the appropriate support in schools in order that fewer children need Special School places
6. Ensure sufficient places for children and young who require a special school/college placement
7. Increase the number of children and young people who are able to access the most appropriate provision close to home
8. Improve the timeliness of the Education, Health and Care Needs Assessment process (EHCP) by ensuring that all services understand their statutory responsibility to children and young people with SEND
9. Improve the educational outcomes, attainment and progress of children and young people with SEND and close the gap of attainment between those with SEND and their peers
10. Reduce the disproportionately higher number of students with SEN who are excluded from school
11. Reduce the absence rate for SEN students which are higher than for non-SEN pupils

7.5 Priority 3: Early Intervention

- ### 7.5.1 Supporting children to have the best start in life and ensuring that children and young people and their families can access help when they need it are also key priorities with the CYPP. The Healthy Child Programme (HCP) is delivered by universal services from pregnancy through to age 5 for all children. The HCP provides a schedule of screening, immunisations, health & development reviews



and advice and information. This enables the early and effective identification and assessment of children and young people with SEND.

7.5.2 We want children and parents/carers in Worcestershire to be able to access information and support in order that can be helpful at an early stage, as soon as problems or concerns arise. This may be in a child's early years or later in life.

7.5.3 We want families to experience co-ordinated services that offer information, help and support at the right time and in a way that minimises the need for statutory intervention in children's lives, encourages independence and improves children and young people's physical and emotional health and well-being.

7.5.4 Early intervention through identification of need across all aspects of a child's development and then provision of appropriate and timely information, advice, guidance and support for children, young people and families should help to achieve the ambitions we have for children and young people. That they achieve their full potential, are safe from harm, healthy and happy and, where possible, this is happening in their home community.

7.5.5 We want parents and carers to feel informed and supported in their role, whatever the needs of their child.

7.5.6 What are we going to do?

1. Ensure that through our universal services, potential risk or SEN need are identified early
2. Ensure that the Worcestershire Safeguarding Children's Board Early Help offer is well understood by professionals and accessible to all families
3. Implement a consistent 'Graduated Response' of early intervention to students with SEND in schools and early years settings
4. Work as a whole system to improve the coordination of our services, to ensure that knowledge is shared and children, young people and their families/carers receive integrated support
5. Increase (or increase access to) support for families who have children and young people with a learning difficulty, autism and those with challenging behaviour
6. Re-commission community and family based short breaks



7.6 Priority 4: Preparation for Adulthood

7.6.1 We take a whole life approach, which starts at birth, and want to improve the personal transition experience and journey to adulthood for children and young people with SEND and their families.

- Starts at birth/diagnosis – whole life approach
- Person centred planning
- Transition arrangements

7.6.2 What are we going to do? Our high level aims are as follows:

1. Preparation for further/higher education and/or employment:
"I will be enabled, empowered or supported to take part in learning, training or employment opportunities."
2. Preparation for independent living:
"I will be able to live as independently as possible, having choice, control and freedom over my life, my home and my support, and have access to housing options that mean I can live safely and successfully on my own or with others."
3. Preparation for participating in society:
"I will be able to live within and be part of my local community."
4. Preparation for being as healthy as possible in adult life:
"I will be enabled, empowered or supported to enjoy the best possible health and emotional wellbeing."

7.6.3 We will achieve these aims by the following actions:

- Ensure that children with SEND and their families have access to the right information, guidance and support, at the right time in their lives, to support their journey through childhood and into adulthood
- Facilitate clear and effective access to quality services through the period of transition
- Use a co-production approach with families, ensuring that young people and their families are involved in strategic planning and service design and the development of future services



- Increase partnership working and collaboration between professionals in order to provide joined up, efficient and quality services
- Develop high quality data and management information to underpin effective strategic planning

7.7 Priority 5: Workforce Development

7.7.1 In order to embed the change required, WCC and its partners recognise the need to develop a workforce development programme that will result in a confident multi agency workforce that understand SEND, that is able to work together, shares a vision for those with SEND and achieves good outcomes.

7.7.2 What are we going to do?

1. Develop a joint workforce development programme that will work to embed a new culture of working together across universal, early help and statutory process
2. We will work with our partners – health, education and social care - to develop a co-ordinated programme of workforce development and activities across a 12 month period (rolling)
3. We will map the workforce needs for those working with SEND
4. We will develop a SEND learning culture that uses external partners for delivery of training – DFE^{xviii}, In-Control^{xix}, Council for disabled children^{xx}, other LA's
5. We will support the workforce to focus on building on strengths working with children, young people and parents rather than doing things to, doing for or in the worst case doing nothing

8. MONITORING EFFECTIVENESS

8.1 Governance

8.1.1 Implementation of the SEND reforms is overseen by the Children with SEND Improvement Board reporting to the Children and Young People's Sub Group of the Health and Well Being Board.



8.1.2 This partnership approach aims to improve the engagement of all agencies and ensure we work in a collaborative way to identify and meet the needs of children in Worcestershire.

8.1.3 Members of the Improvement Board are responsible for:

- Promoting joint working and a change of culture and attitudes to children, young people and their families with SEND
- Working effectively together to implement the SEND Code of Practice
- Contributing on behalf of their agencies to the SEND Self Evaluation
- Representing their agencies in defining and agreeing a joint plan for improving services for children with SEND and their families
- Allocating support from their agencies to lead on areas of work within the plan and contribute to work as required, in order to ensure the successful delivery of the multi-agency improvement plan
- Developing and driving forward the Priorities and Action Plan

8.2 Strategies & Policies Relating to SEND Strategy

8.2.1 The SEND Strategic Improvement Board links with other strategies for improving the lives of children and young people in Worcestershire and needs to maximise the influence and resource of other strategies and improvement agendas to ensure that we are working to a person-centred agenda.

8.2.2 Key related strategies include:

- [Joint Health and Well Being Board strategy](#)
- [Children and Young People's Plan](#)
- [Early Help Strategy](#)
- [Worcestershire's All Age Autism Strategy](#)
- [Learning Disability Joint Commissioning Strategy](#)
- [Prevention Strategy](#)
- SEND Accessibility Strategy (under review)
- [Worcestershire's Transformation Plan for Children and Young People's Emotional Wellbeing and Mental Health](#)
- Families in Partnership (FiP) Charter



9. DEFINITIONS / GLOSSARY

i Graduated Approach: A model of action and intervention in early education settings, schools and colleges to help children and young people who have special educational needs. The approach recognises that there is a continuum of special educational needs and that, where necessary, increasing specialist expertise should be brought to bear on the difficulties that a child or young person may be experiencing.

ii Early Years Provider: A provider of early education places for children under five years of age. This can include state-funded and private nurseries as well as child minders.

iii Further Education (FE) College: A college offering continuing education to young people over the compulsory school age of 16. The FE sector in England includes general further education colleges, sixth form colleges, specialist colleges and adult education institutes.

iv Academy: A state-funded school in England that is directly funded by the Department for Education, through the Education Funding Agency. Academies are self-governing and independent of Local Authority control.

v Pupil Referral Unit (PRU): Any school established and maintained by a Local Authority under section 19 (2) of the Education Act 1996 which is specially organised to provide education for pupils who would otherwise not receive suitable education because of illness, exclusion or any other reason.

vi Independent School: A school that is not maintained by a Local Authority and is registered under section 464 of the Education Act 1996. Section 347 of the Act sets out the conditions under which an independent school may be approved by the Secretary of State as being suitable for the admission of children with EHC plans.

vii Early Years Provider: A provider of early education places for children under five years of age. This can include state-funded and private nurseries as well as child minders.

viii NHS England: NHS England is an independent body, at arm's length to the government and held to account through the NHS Mandate. Its main role is to improve health outcomes for people in England by providing national leadership for improving outcomes and driving up the quality of care; overseeing the operation of clinical commissioning groups; allocating resources to clinical commissioning groups, and commissioning primary care and specialist services.

ix Clinical Commissioning Groups: CCGs are clinically led groups that include all of the GP groups in their geographical area. The aim of this is to give GPs and other clinicians the power to influence commissioning decisions for their patients.



CCGs are overseen by [NHS England](#) (including its Regional Offices and Area Teams). These structures manage primary care commissioning, including holding the NHS Contracts for GP practices NHS.

x NHS Trust: NHS trusts are public sector bodies that provide community health, hospital, mental health and ambulance services on behalf of the NHS in England and Wales. Each trust is headed by a board consisting of executive and non-executive directors, and is chaired by a non-executive director.

xi NHS Foundation Trust: NHS foundation trusts are not-for-profit corporations that provide NHS hospital, mental health and ambulance services. NHS foundation trusts are not directed by the Government, but are accountable to their local communities through their members and governors, to their commissioners through contracts and to Parliament through their annual report and accounts. Foundation trusts are registered with and inspected by the Care Quality

xii Health and Wellbeing Board: A Health and Wellbeing Board acts as a forum where local commissioners across the NHS, social care and public health work together to improve the health and wellbeing of their local population and reduce health inequalities. The boards are intended to increase democratic input into strategic decisions about health and wellbeing services, strengthen working relationships between health and social care and encourage integrated commissioning of health and social care services.

xiii Youth Offending Team (YOT): Youth offending teams are part of local authorities and are separate from the police and the justice system. They work with local agencies including the police, probation officers, health, children's services, schools and the local community, to run local crime prevention programmes, help young people at the police station if they're arrested, help young people and their families at court, supervise young people serving a community sentence and stay in touch with a young person if they're sentenced to custody.

xiv Early help: Early help means providing support as soon as a problem emerges, at any point in a child's life, from the foundation years through to the teenage years.

xv Local Offer: Local authorities in England are required to set out in their Local Offer information about provision they expect to be available across education, health and social care for children and young people in their area who have SEN or are disabled, including those who do not have Education, Health and Care (EHC) plans. Local authorities must consult locally on what provision the Local Offer should contain.

xvi Education, Health and Care plan (EHC plan): An EHC plan details the education, health and social care support that is to be provided to a child or young person who has SEN or a disability. It is drawn up by the Local Authority after an EHC needs assessment



of the child or young person has determined that an EHC plan is necessary, and after consultation with relevant partner agencies.

xvii Annual review: The review of an EHC plan which the Local Authority must make as a minimum every 12 months.

xviii Department for Education: DfE is a ministerial department responsible for children's services and education, including higher and further education policy, apprenticeships and wider skills in England. The department is also home to the Government Equalities Office. We work to provide children's services and education that ensure opportunity is equal for all, no matter what their background or family circumstances.

xix In-Control: In Control is a small not national charity working hard to help people to live the life they choose. For over ten years they have helped many thousands of people to gain choice and control in their lives through a self-directed support concept, which helps people to take charge of their care and support.

Their mission is to help create a society where people at risk of being excluded have the support they need to live a good life and where everyone is able to make a valued contribution.

xx Council for Disabled Children: The council for disabled children are the umbrella body for the disabled children's sector bringing together professionals, practitioners and policy-makers.

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CABINET
8 FEBRUARY 2018**SWITCH IN HOSTING OF JOINT MUSEUMS SERVICE**

Relevant Cabinet Member

Mrs L C Hodgson

Relevant Officer

Director of Children, Families and Communities

Recommendation

1. **The Cabinet Member with Responsibility for Communities recommends that Cabinet approves the Joint Museums Committee's proposal to:**
 - (a) **switch the hosting of the Joint Museums Service (Museums Worcestershire) from Worcestershire County Council to Worcester City Council, including the TUPE transfer of staff as laid out in the implementation timetable attached;**
 - (b) **authorise the recommended revisions to the legal agreement between Worcester City Council and Worcestershire County Council governing the Joint Museums Service; and**
 - (c) **authorise in principle agreement to the dissolving of the Local Government Pensions Scheme ghost body for the Joint Museums Service (insofar as it is an executive function) and the consequences set out in the report, subject to further investigation detailing the costs and risk, with authority to make a final decision on behalf of the executive delegated to the Assistant Director for Families, Communities and Partnerships in consultation with the Chair and Vice-Chair of the Joint Museums Committee.**

Background

2. A Joint Museums Service between Worcestershire County Council and Worcester City Council was formed in 2010. It is governed by a Joint Committee under Section 101 of the Local Government Act 1972 and Section 20 of the Local Government Act 2000 and was established in 2010 after a detailed and independent examination of alternative forms of governance. The decision was made in 2009 that Worcestershire County Council would act as host authority for the service principally because of the respective capacity at the time of the two authorities' support services and to protect VAT cultural exemption benefits.

3. The successes of the Joint Museums Service since 2010 include delivering significant savings required by both authorities, increasing grant aid and voluntary

income from £3k to £235k in three years, working with Hartlebury Castle Preservation Trust to secure Heritage Lottery Funding and relaunching The Commandery as a lead partner in developing Citywide recognition for Civil War heritage. Success has been achieved through a combination of economies of scale, shared expertise and the ability to lever in funds and raise the profile due to the size and ambition of being a larger organisation able to exploit the Museums Worcestershire brand.

4. In 2015, following a workshop for elected members, it was proposed that the hosting of the Joint Museums Service should switch to Worcester City Council. The drivers for the switch were that the City Council has more assets in the shared service, and has heritage as a key corporate priority. It is committed to increasing heritage development as part of Worcestershire's overall tourism offer, boosting economic development.

5. There is no proposal to change the Joint Committee governance model for the Joint Museums Service, with equal representation from both authorities.

Business Case

6. In September 2017, Worcestershire County Council engaged a project consultant to oversee, on behalf of the Joint Museums Service, the compiling of business case into the one-off and ongoing costs and implications of a switch in hosting. Worcester City Council funded the costs of external pensions and VAT expertise to feed into this business case.

Joint Museums Committee

7. The Joint Museums Committee reviewed the business case at their meeting on 24 January 2018. They have resolved to recommend to both authorities that a switch in hosting of the Joint Museums Service be implemented.

Implications of the Proposal

8. Funding and Management agreements between Worcestershire County Council and Hartlebury Castle Preservation Trust support the Trust's Heritage Lottery project to redevelop the whole Hartlebury Castle site (which includes Worcestershire County Museum). In order to fully support these, the County Museum operations staff and budget will remain administered by the County Council and overseen as part of the Joint Museums Service. The joint functions that are included in the change in hosting are: collections care, exhibitions & displays, education & outreach, events planning, support for other museums, professional standards, fundraising, commercial & income earning, publicity & marketing, risk management and strategic planning.

9. The Joint Museums Committee also reviewed the Joint Museums Service pension position – currently a 'ghost body' (ring-fenced group of staff) within the Local Government Pension Scheme (LGPS), explained in more detail in the supporting business case. They recommend that this position is continued while further investigation work is undertaken on the implications of pooling Joint Museums staff within the LGPS. Both Worcestershire County Council and Worcester City Council need to approve the dissolving of this ghost body. The Joint Museums Committee therefore recommend that Cabinet supports in principle that the ghost

body be dissolved, with the final decision on behalf of the executive delegated to the Assistant Director for Families, Communities and Partnerships at the County Council (and the Deputy Director for Commissioning and Transformation at the City Council) in consultation with the Joint Museums Committee Chair and Vice-Chair.

10. The one-off costs of a switch in hosting will be funded in Worcester City Council's transformation project; the small changes in on-going costs will be absorbed by each authority.

Legal, Financial and HR Implications

11. The one-off costs to Worcestershire County Council of the switch in hosting are a cash cost of £1,200 for telephony and resources savings of £2,142 in IT budgets.

12. There is an ongoing annual cost of £1,101 from the loss of a hosting fee, plus an uplift of £557 in employer pension contributions to the LGPS ghost body in the short-term. These figures are detailed in the supporting document.

13. Legal and HR requirements of a switch in hosting of the Joint Museums Service have been investigated in detail by a working party of officers from both authorities. An implementation plan has been created which sets out the TUPE transfer of the Joint Museums Service staff and the revision of the legal agreement for the Joint Service.

Privacy and Public Health Impact Assessments

14. None identified as a direct result of this report.

Equality and Diversity Implications

15. An Equality Relevance Screening has been completed in respect of these recommendations. The screening did not identify any potential Equality considerations requiring further consideration during implementation.

Supporting Information

- Costs and implications of a switch in hosting from Worcestershire County Council to Worcester City Council report, executive summary
- Implementation plan for hosting switch (Appendix M of the hosting business case)

Contact Points

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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 papers for the meeting of the Joint Museums Committee held on 24 January 2018



Costs and implications of a switch in hosting from Worcestershire County Council to Worcester City Council

Contents

- 1. Executive Summary**
- 2. Museums Worcestershire**
- 3. Background to a review of hosting and purpose of report**
- 4. Approach**
- 5. The County Museum at Hartlebury**
- 6. Benefits of a switch in hosting (excludes financial assessment)**
- 7. Benefits of retaining the hosting at County (excludes financial assessment)**
- 8. Hosting costs and implications**
- 9. Risk Assessment regarding a switch in hosting**
- 10. Implementation approach in the case of a switch**

1. Executive summary

The Joint Museums Committee (JMC) of Museums Worcestershire requested a review to explore the costs and implications of switching the hosting of the museums shared service from Worcestershire County Council to Worcester City Council. The review is intended to inform a decision at the January 2018 JMC meeting, regarding whether or not to recommend a switch to each Council. Should a switch be agreed by each Council in February 2018, implementation would take place by 1st July 2018.

This report explains the background and context to the review, outlines the approach taken during the review, includes a narrative on the case for a switch, as well as the case for retaining the current hosting arrangements by the County Council. The report then provides detailed information on the actual costs and implications of making a switch, as well as the costs of a decision not to switch. A risk assessment is included as well as a timetable for implementation, should a switch be agreed.

Early on in the report, it is clarified that this review is being carried out on the basis that, in the event of a switch, the operation of the County Museum as a venue (but not the rest of the County Museum Service's remit) remains within the employment and management of the County Council but is still part of Museums Worcestershire. The reasons for this are explained in the detail of the report.

A switch in hosting is physically possible within the timescale (by 1st July 2018)

Tables 1 and 2 below provide the detail of costs incurred or savings made, and to which authority, before showing

- total new one off net cash and resource costs of a switch to all parties and
- total new revenue cash and resource costs of a switch to all parties.

In summary, a switch will require that the City Council incur a one off cost of £24,500 for ICT changes, which can be partially offset by a County Council contribution of £4,200 (includes County cash saving on ICT costs).

The annual revenue implications for the City Council are £1,165, with the County Council projected to incur revenue costs of £1,101 per annum.

For Museums Worcestershire Shared Service there is a projected annual saving of £540.

TABLE 1 – ONE OFF COSTS

NEW COSTS/SAVINGS OF A SWITCH – ONE OFF

NEW COSTS/SAVINGS OF NO SWITCH – ONE OFF

City Council

Item	Cash cost	Cashable saving	Total net new cash cost		Item	Cash cost	Cashable saving	Total net new cash cost
ICT equip/ lic	£23,300	-				-	-	
Total			£23,300					£0

Item	Resource cost	Resource saving	Total net new resource cost		Item	Resource cost	Resource saving	Total net new resource cost
ICT work	Built into workload	-				-	-	
Total								£0

For County Council

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Item	Cash cost	Cashable saving	Total net new cash cost		Item	Cash cost	Cashable saving	Total net new cash cost
Phone handsets	£1,200	-			Phone handsets	£3,800		
Not doing network refresh	-	£3,000						
Total			-£1,800 (saving)¹					£3,800

Item	Resource cost	Resource saving	Total net new resource cost		Item	Resource cost	Resource saving	Total net new resource saving
ICT work – data transfer	£858							
Not doing network refresh	-	£3,000				-	-	
Total			-£2,142 (saving)					£0

Total one off net new cash cost of a switch (to all parties)	£21,500		Total one off net new cash cost of no switch (to all parties)	£3,800
Total one off net new resource cost of a switch (to all parties)	-£2,142 (saving)		Total one off net new resource cost of no switch (to all parties)	£0

¹ Additionally, shop-stock up to the value of £20,000 will be written off by County, in the same way as was done by City in 2010. Accounting adjustment will be made

TABLE 2 – ANNUAL REVENUE COSTS

NEW COSTS/SAVINGS OF A SWITCH – REVENUE

NEW COSTS/SAVINGS OF NO SWITCH – REVENUE

For City Council

Item	Cash cost	Cashable saving	Total net new cash cost		Item	Cash cost	Cashable saving	Total net new cash cost
ICT equipment/ licenses	£3,697					-	-	
Pension uplift to MW	£1,398 ²					-	-	
Hosting fee		£10,580						
Total			-£5,485 (saving)					£0

Item	Resource cost	Resource saving	Total net new resource cost		Item	Resource cost	Resource saving	Total net new resource cost
ICT support work	£6,650	-				-	-	
Total			£6,650					£0

Cash/resource total			£1,165					
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For County Council

Item	Cash cost	Cashable saving	Total net new cash cost		Item	Cash cost	Cashable saving	Total net new cash cost
ICT equipment/licenses	-	£10,036 ³					-	
Hosting fee	£10,580							
Pension uplift to MW	£557 ⁴							
Total			£1, 101					£0

Item	Resource cost	Resource saving	Total net new resource cost		Item	Resource cost	Resource saving	Total net new resource cost
ICT support work	-						-	-
Total			£0					£0

² If ghost body is retained, after exploration

³ 26 people to switch at £386 each – ICT budget, not recharged

⁴ If ghost body is retained, after exploration

For Museums Worcestershire

Item	Cash cost	Cashable saving	Total net new cash cost	Item	Cash cost	Cashable saving	Total net new cash cost
Additional line rental/calls costs on 3 sites to cover new maintenance agreement via Lync and Mitel	-	£540		Additional line rental/calls costs on 3 sites to cover new maintenance agreement via Lync	£2,840		
				New website hosting charge	£4,107.36 (£1,600 of this is for Jadu ⁵ licence fee (similar not recharged by City) – rest is County development support)		
				Claiming VAT cultural exemption at Commandery		-£5,100 saving	
Total			-£540 saving	Total			£1,847.36⁶

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Total annual revenue net <u>new</u> cash cost of a switch (to all parties)	-£4,924 (saving)	Total annual revenue net <u>new</u> cash cost of no switch (to all parties)	£1,847.36 (+ see footnote 2)
Total annual revenue net <u>new</u> resource cost of a switch (to all parties)	£6,650	Total annual revenue net <u>new</u> resource cost of no switch (to all parties)	£0

More detail about costs and savings can be seen in the report. The report does not make a recommendation, but instead intends to provide enough information as is required to enable the JMC to reach a decision.

This report has been compiled with invaluable help from Philippa Tinsley and Angela Bishop at Museums Worcestershire, and significant input from all the work-stream representatives.

⁵ Jadu is a web content management platform used by the County Council

⁶ This figure would decrease, and may become a saving, if admissions at the Commandery increase, as per the business plan

2. Museums Worcestershire

Museums Worcestershire preserves, interprets, exhibits and celebrates collections which have shaped the identity of Worcestershire and Worcester City for over 2,000 years. Through visits to its three venues (Worcestershire County Council's County Museum at Hartlebury, Worcester City Council's Museum and Art Gallery and The Commandery), education activities and community engagement, Museums Worcestershire aims to enrich the lives of people from Worcestershire and beyond.

Museums Worcestershire was established as a shared service in 2010, at a time when local authorities were creating a range of shared services in several areas, such as Revenues and Benefits and Regulatory Services. The Joint Museums Committee (JMC) was created to govern the new service, with representation from two elected members from each council. Worcestershire County Council became the host authority. Worcester City staff were TUPE-d across with County taking on all the support functions, except for property. (Property budgets and support were left outside the scope of the joint service and remained with each council).

One third of the financial contribution from the two authorities was saved through the creation of a single, joint management team, joint collections and the pooling of expertise. The joint management team provides a strategic and professional lead to the whole service on management of collections, education programmes, outreach, finance, marketing, exhibitions, volunteer management, partnership liaison, fundraising, forward planning and ensuring professional standards are met and the museums remain accredited, as well as providing advice to other museums. Each of the three venues has its own team of operational staff.

The Museums General Manager reports quarterly to the JMC. A scheme of delegation sets out which decisions can be made by the JMC, which decisions need to be recommended to the two councils, and which decisions can be taken by the Museums General Manager without reference to the JMC.

In 2016/17, Museums Worcestershire's overall budget was £1.2m. 60% of this was the financial contribution from the two authorities. 40% was funding raised through successful applications to Arts Council England and Heritage Lottery, income from admissions, activities, retail, commission, café and hire bookings, and donations.

In 2016/17, Museums Worcestershire welcomed 100,000 visitors and users of their services.

3. Background to a review of hosting and purpose of report

In 2015, following a workshop for elected members, it was proposed that the hosting of Museums Worcestershire switch to Worcester City Council, who were shortly to prioritise heritage in their corporate plan. Project management arrangements were set up and the work required to carry out a switch began. The following principles guided the work:

- To be cost neutral
- To be achieved through a thorough examination of the issues
- To be true to the principles of partnership working through continued joint arrangements
- To achieve as far as possible a seamless move of the service
- To meet corporate objectives
- To reflect the work carried out in relation to Hartlebury in any future structure.

In September 2016, this work was halted when it became clear the switch would not be cost neutral, as highlighted by initial calculations on ICT costs and some consideration of revenue impact. The project was deferred for a year.

In June 2017, the JMC agreed *'to reinstate the proposal to switch the hosting of the shared service....subject to the deletion of the principle that the work would be achieved on a cost neutral basis'*. A cost/benefit analysis was needed to inform a switch decision.

In September 2017, JMC sanctioned the development of this cost/benefit report on their behalf. The purpose of the report was to be a full exploration of the one off and ongoing costs, benefits and implications of a switch in hosting from County to City. The aim was to provide enough information for the JMC to make a decision about whether or not to recommend a switch in hosting to the two authorities.

The report would be received by JMC in January 2018. If JMC approve a switch in hosting on the basis of the findings, the report would then go with a recommendation to City Council's Communities Committee on 31st January 2018, before Council on 20th February 2018. At County Council, the report and recommendation would go to Cabinet on 8th February 2018.

Implementation would then take place between 21st February 2018 and 1st July 2018, or sooner if possible.

NB: Some discussion was had at the June 2017 JMC about review of the governance arrangements of Museums Worcestershire. This entailed different views about whether the Joint Museums Committee should be reviewed, and if so, when. A light touch consideration of the arrangements was advised. During the process of developing a cost/benefit analysis, it has become clear that the intricacies of the Hartlebury Castle Preservation Trust (HCPT) and County Council relationship are such that it is felt that it would not be advisable to review the governance arrangements now, but instead to revisit this in 2021, when the management and funding agreements between HCPT and Worcestershire County Council complete. This report therefore does not consider or propose any changes to the Joint Museums Committee model.

4. Review approach

In September 2017, the JMC agreed that an independent project manager would carry out the review and produce the report on behalf of the JMC, working closely with the Museums General Manager. The cost of this work would be funded by the County Council, whilst the cost of specific external advice in order to provide information for the review (on VAT and Pensions) would be funded by the City Council.

Following a review of the work carried out in 2016, a Steering Group was established with senior representation from both County and City councils on the core work-streams; Finance, ICT, Legal, Human Resources (HR), as well as Museums operations. The Steering Group met on 10th October 2017 to agree the overall project plan and tasks to be carried out, and is due to meet again in February 2018 to plan implementation if a switch is agreed. In the meantime, each work-stream has considered the costs and implications of a switch as well as the practical steps to implementation, and the result of this work is presented in this report.

At key intervals, the independent project manager and the Museums General Manager, have reported progress to a Project Board, consisting of Hannah Needham, Assistant Director for Families, Communities and Partnerships at the County Council, and David Sutton, Deputy Director for Commissioning and Transformation at the City Council.

The review itself has cost the County Council c.£4,500 and the City Council c.£2,000 (VAT report cost only c.£500 as added to existing contract and Pensions assessment cost c.£1,500 (not yet billed but ball-park figure provided by Actuary).

5. The County Museum at Hartlebury

Museums Worcestershire has worked with and supported the Hartlebury Castle Preservation Trust (HCPT) since 2011, in their efforts to acquire and develop the house and estate and, in so doing, secure the future and viability of the County Museum. This campaign resulted in a successful bid to the Heritage Lottery Fund (HLF) for £4.97m to enable the acquisition and local management of the site.

The relationship between the County Council, the shared service and HCPT is governed by separate management and funding agreements. These set out the nature of support to be provided by the shared service to the project and the responsibilities of HCPT as the landlord and recipient of funds.

HCPT has expressed concern about the implications of a switch in host for Museums Worcestershire because of the impact this may have on the legal agreements, decision making, budgets, the Trust's VAT position, and their relationship with HLF. The museum and the castle are to be presented as a whole joined up experience to the public and so joint ticketing is planned and the responsibility for and income from the Museums shop now belongs to HCPT. Should the whole of Museums Worcestershire be hosted by the City Council, the detail of these agreements would need unpicking and this would not be without complexity and possible risk to the project.

Further, the County Museum benefits from the cultural exemption from VAT on admission charges. This brings a financial benefit of £5,833, but with a predicted increase in visitor numbers as the new attraction opens, this is estimated to rise to £12,327 by 2019/20. Should the whole of Museums Worcestershire be hosted by the City Council, the cultural exemption for the County Museum could not be claimed (because the City would breach its partial exemption limit and incur a loss of £100,000 of input VAT which could no longer be reclaimed).

The rest of this report has therefore been developed on the basis that, in the event of a switch in host from County to City, the operation of the County Museum as a venue (but not the rest of the County Museum Service's remit) remains within the employment and management of the County Council. It would still be part of Museums Worcestershire, benefiting from the strategic lead and day to day professional management from the joint management team and still using the joint branding. There are implications for, in particular, the HR, ICT and Legal work-streams. A service level agreement would need to be drawn up between Museums Worcestershire and the County Council outlining the nature of this relationship. A matrix line management arrangement would need to be agreed. Details of these implications can be seen further in this report.

6. Benefits of a switch in hosting (excludes financial assessment)

There are significant strategic benefits and synergies that would arise from Worcester City Council becoming the host for Museums Worcestershire. Whilst a number of these benefits can be accommodated within current arrangements, a transfer in hosting should provide added benefits which are outlined below.

Worcester City Council has committed to raise the profile of the City's heritage offer as a key component of its strategic plan. The Worcester City Plan 2016-2021's five priorities include *Priority 4: A Heritage City for the 21st Century*, which highlights the potential to increase visitor numbers and spend through maximising the potential of Worcester's heritage and cultural offer, with the Civil war connections being highlighted. As the County city, these benefits would be Worcestershire wide.

Worcester City officers consider that hosting the Museums service will assist in achieving the Council's aims under priority 4 due to the closer relationship that this will entail.

There are overlaps in current initiatives of both the Museums Service and the City Council, such as

- shared development plans for The Commandery and Fort Royal Park
- income generation projects with similar aims such as wedding packages at The Commandery and at Worcester Guildhall
- tourism services and campaigns across the city

Furthermore, with City as employer, the co-location of the main city office space within the City Art Gallery & Museum building brings practical benefits to the Museums service by having such close proximity to those City colleagues who would be providing support functions to the service, or delivering aligned initiatives.

A closer link with the City Council management and officer teams will enable the service to have a higher City profile and representation at various professional partner meetings and groups regarding the development of the City's heritage and tourism agenda. There is also potential for Museums Worcestershire to make external funding applications for the delivery of City tourism and heritage objectives with the City Council as accountable body.

The Museums service will be more significant within the City Council which has a £20M budget compared with the £324M County Council budget. The City contributes a larger proportion of the budget to Museums Worcestershire, funding two venues to the county's one museum. The City Museum and Commandery buildings are both heritage assets owned by Worcester City Council, whereas the Worcestershire County Museum leases its space from its partner Hartlebury Castle Preservation Trust.

A switch in host would not change the branding or presentation of the Museums offer. The public would continue to see the front face of Museums Worcestershire, a successful brand which benefits from combined expertise and economies of scale in having one management team and strategic direction. Both authorities can be proud of their contribution. Museums Worcestershire would still be a joint service, commissioned by both County and City Councils, overseen by a Joint Committee with representation from Elected Members at both authorities.

Worcestershire County Council's role in Museums Worcestershire, through its financial contribution and strategic Elected Member leadership (as well as continuing to directly manage the Hartlebury museum operation and the relationship with HCPT) would be as strong as ever. Removing the hosting duty would enable the County to release some management and support services capacity to focus on its many other priorities and commitments, whilst maintaining its strategic input.

7. Benefits of retaining the hosting at County (excludes financial assessment)

Worcestershire County Council has hosted Museums Worcestershire since its inception in 2010. The support systems are already established and line management works well.

Although heritage is only one of many functions provided by the County Council, it is a neat fit with other Cultural Services provided by County, including Libraries and Arts, and the Museums Service Manager sits on a management team with the heads of those Units and is able to benefit from, and contribute to, wider county cultural developments.

Museums Worcestershire has increased its work with hard to reach groups and excluded communities, for example through taking part in Suitcase Stories, for people with dementia. With the County Council's social care and children's services focusing on county-wide services to vulnerable people,

Museums Worcestershire can benefit from being employed by the same authority and being in the loop on these services' initiatives through management structures and staff communication tools. These projects can certainly continue should a switch happen, but there is a risk that the links with these county-wide agendas are lost.

Making a switch will entail commitment of resource to implement the necessary changes. Leaving it in place allows focus on existing priorities and developments for the service and for the support functions that would need to implement the changes both at County and City.

Retaining the hosting at County would not affect the branding or presentation of the Museums offer. The public see the front face of Museums Worcestershire, a successful brand which benefits from combined expertise and economies of scale in having one management team and strategic direction. Both authorities can be proud of their contribution. Museums Worcestershire would still be a joint service, commissioned by both County and City Councils, overseen by a Joint Committee with representation from Elected Members at both authorities.

8. Hosting costs and implications

In the event of a hosting switch, there would be implications for Human Resources, Pensions, Legal services, ICT, Finance and Museum operations. Each work-stream was asked to consider what a switch would mean for them. This includes the one off costs of making the switch happen and any revenue impact. It also includes implications in terms of time, not shown in cash terms, and any changes that would be effected by a switch.

Two specific areas are drawn out of the appendices and explained in more detail in this report:

Pensions

Museums Worcestershire has its own pensions 'ghost body', a bubble within a larger pension scheme. Should a hosting switch happen, Hartlebury staff would leave the ghost body and return to the WCC pension scheme. The 'ghost body' would then be smaller.

Although this would not incur one off costs, there would be an annual rise in pension contributions from 16.3% to 16.7%, with a further re-evaluation in 2019. This equates to an extra £1,955 annually from the Museums Worcestershire budget, to be funded by a proportional increase in contributions from each council to the joint service (£1,398 for City and £557 for County). The smaller ghost body would also be more susceptible to spikes caused by personnel changes, than it would as a larger pension fund, with contributions potentially continuing to increase over time. Further, there is a specific risk of potential unfunded liabilities arising from non-ill-health early retirement costs. This risk currently equates to £130,000.

To avoid this increase in costs and longer term volatility, disbanding the ghost body and pooling Museums Worcestershire City employees with the City Council pension fund is an option. By pooling with City, there would currently be no additional strain on City because, at this point in time, Museums have a surplus. Discussions would be required between Museums Worcestershire and City as to how any allocation of deficit/surplus would be made going forward. City currently has a funding shortfall so under a standard pooled approach, all employers in the pool would pay deficit contributions towards it. The total accrued liabilities of Museums Worcestershire (for to-be City employees) is c £1.7 million as at 31 March 2016. City's corresponding liabilities amounted to c£78 million. Museum Worcestershire would represent just 2% of the pool, if it were established. Therefore, the actuary does not envisage any significant impact on City of taking on this fund. There would be a one off cost of c.£2,000 to disband the ghost body and reassess the pensions.

This report shows the financial impact of retaining a smaller ghost body. It is recommended that serious consideration is given during the next phase to disbanding the ghost body and pooling Museums Worcestershire to-be City staff with the City Pensions fund.

VAT

A report was commissioned into the application of the cultural exemption on VAT and what the impact of a switch would be.

City are very close to their partial exemption calculation, meaning that Hartlebury needs to stay at county in order to keep claiming the cultural exemption, particularly important given their relationship with HCPT.

No actual financial loss would be felt in the case of a switch without Hartlebury, but the report does identify that an opportunity would be lost for the Commandery to start claiming the cultural exemption on admissions whilst hosted by County. This would amount to £5,100 p/a based on 2016 visitor figures and is predicted to increase.

Not all doors are closed, however. Should the City change its current provision which claims cultural exemption, the partial exemption calculation may reduce and there may be a chance for the Commandery to start to claim the exemption. Similarly, if Museums Worcestershire set up an enterprise arm there may be a chance to revisit this in the future.

9. Risk Assessment regarding a switch in hosting

There is one risk which carries a Red risk rating, reduced to Amber with control measures in place:

Risk	Consequence	Likelihood	Impact on switch happening	RAG	Control measure	Revised RAG
Unforeseen costs and issues	Switch takes longer than planned or extortionate extra cost jeopardises the switch	Medium	Critical	Red	Ensure each work-stream thoroughly analyses the impact. Learn from similar models	Amber

10. Implementation approach in the case of a switch

Key tasks and milestones are as follows:

- 21 Feb - June Procurement of ICT equipment and commencement of all ICT switch work
- Feb – March Develop SLA between JMS and Hartlebury
- Feb – March Assessment of impact of disbanding Pensions ghost body
- March – April TUPE consultation
- 1st July Staff transfer
- July Confirm final transfer figure for budget and carry out full financial handover

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Assumptions: Expenditure on switch work would not start until 20 February City Council decision has been made. As the ICT switch will not be complete for 1st April, the switch will take place at the end of the first financial quarter; 1st July. This also avoid

IMPLEMENTATION PLAN FOR A SWITCH IN HOSTING	LEAD	RISK RATING	1/7/18 transfer date																						
			19-Feb	26-Feb	05-Mar	12-Mar	19-Mar	26-Mar	02-Apr	09-Apr	16-Apr	23-Apr	30-Apr	07-May	14-May	21-May	28-May	04-Jun	11-Jun	18-Jun	25-Jun	02-Jul	09-Jul	16-Jul	
1. ICT																									
Hardware: Identify, order then configure new laptops, desktops	SWICT																								
Hardware: Should any hardware be retained - County ICT to wipe and unencrypt devices and provide to SWICT.	County ICT																								
Hardware: Should any hardware be retained - SWICT to configure devices for use with Worcester City Council	SWICT																								
Network: All old Cisco switches to be replaced by HP switches	SWICT																								
Telephones: Implement 25 Mitel handsets on current South Worcestershire telephony across the two sites. Phone numbers would be migrated to existing South Worcestershire SIP provider. NB: Separately arrange for mobile phone transfer.	SWICT																								
Telephones: Implement 12 Lync handsets on current County telephony at Hartlebury.	County ICT																								
Software: Install Sensiall and other specific applications on to desktops once equipment transferred/new equipment installed.	SWICT																								
Website: Content migration to Sotuh Worcestershire hosting	SWICT																								
Storage: County ICT to extract mailbox items (emails, calendar and contacts), P:\ drive and U:\ drive data, copy to encrypted hard drive, and provide to SWICT.	County ICT																								
Storage: - SWICT to import data into the email (recreating distribution lists where appropriate) and file server platforms ready for use by staff.	SWICT																								
Remote access: using Pulse/DUO set-up	SWICT																								
Accessing u-drive: licenses set up	County ICT																								
Data transfer: County to transfer data over a long weekend	County ICT																								
Hartlebury mobile/dongle solution: to enable City staff to continue to work from there	Museums Worcs																								
Alarm system: ensure alarm systems transfer where necessary	SWICT																								
2. Human Resources																									
Detailed analysis of all services to transfer to identify staff in scope	County HR																								
Identify measures taken in respect of transferring employees	County and City HR																								
Engage with Trade Union	County and City HR																								
Inform and consult with staff in scope of transfer	County HR																								
Consultations on any measures for existing employees affected?	County and City HR																								
All due diligence & employee liability details to be provided to W City	County HR																								

ds ICT downtime over Easter and over May half-term.

CABINET
8 FEBRUARY 2018**FUTURE USE OF THE GRANGE, KIDDERMINSTER**

Relevant Cabinet Member

Mr A I Hardman

Relevant Officer

Director of Adult Services

Local Member

Ms T Onslow

Recommendation

1. The Cabinet Member with Responsibility for Adult Services recommends that Cabinet endorses the assessment made by the Director of Adult Services, based on market intelligence, that as the delivery of rehabilitation services will be primarily community-based there is no longer a need for retention of the Grange as a short-term recovery and rehabilitation unit, there is no material gain to the Council in closing The Grange as a care home and it should be retained as a strategic asset in the form of a long-term residential unit for people living with dementia as set out in the report, with five beds retained for short-term recovery and rehabilitation.

Background

2. The Grange is a 34 bedded residential care home in Kidderminster, although currently 20 beds are in use. People usually come to The Grange for up to four weeks of rehabilitation direct from hospital in order to regain skills, such as improvement in mobility, before returning to their own home or to alternative accommodation. The majority of individuals accommodated at The Grange are from the Wyre Forest district. The Grange employs 41.5 FTE staff. It has been operating since 2008 as a recovery and rehabilitation unit providing intermediate residential care. Since 2014 it has been funded by the Better Care Fund (BCF).

3. The Health and Well-Being Board (HWB) decided in July 2017 that BCF funding of The Grange would cease from 30 September 2017 and BCF funding utilised to build community-based recovery and rehabilitation capacity. This includes investment in Physiotherapy, Occupational Therapy and night staff to support people in their homes. Three factors support this decision:

- Nationally, the focus of local plans has shifted from a model based around a fixed bed base from which to deliver intermediate care to the delivery of more responsive services where everyone should have the opportunity to recover from an injury or episode of ill health in their own bed, whenever it is safe for them to do so. This shift is reflected in national policy and guidance, including in the *Next*

Steps on the NHS Five Year Forward View (March 2017) and more locally in the Herefordshire and Worcestershire Sustainability and Transformation Plan (STP)

- An audit conducted by a joint Health and Social Care review team of the individuals placed at The Grange in May 2016 identified a large proportion could have been rehabilitated at home with the appropriate community support and only a small proportion would have required additional support from Health services
- Bed Capacity and Demand Modelling work undertaken in 2016 highlighting that the beds at The Grange could be surplus.

4. In response to anticipated 'winter pressures' the Council agreed, through the HWB, it would fund The Grange from 1 October 2017 until 31 March 2018 from the Improved Better Care Fund [DCLG Grant]. Last admissions would be accepted for short-term care in mid-February. This was to allow time for the community-based capacity to become available and to ensure there is sufficient bed capacity in Worcestershire over the winter. The Council has also since opened its Step Down Unit in close proximity to Worcestershire Royal hospital which is intended for short-term nursing care to assist with reablement activities and hospital flow.

5. On 15 January 2018 the Integrated Commissioning Executive Officers Group (ICEOG) of Council and Clinical Commissioning Group (CCG) commissioners agreed the proposal from the Wyre Forest Alliance Board that the services currently provided at The Grange, in relation to Intermediate Care, be recommissioned to facilitate delivery of the service in individuals' homes, along with provision of five recovery and rehabilitation beds for individuals whose home circumstances e.g. restricted room for equipment, cannot be supported by the community in-reach service. The five recovery and rehabilitation beds are included in the 2018/19 BCF under authority delegated by the HWB at its July 2017 meeting to the Director of Adult Services, in consultation with the Chief Officers of the CCGs. The Council and health partners remain focussed on providing the best possible rehabilitation and intermediate care for people discharged from hospital, and will always ensure that those who need to recover out of hospital in a rehabilitation bed, will be able to do so.

6. An opportunity exists to retain The Grange as a strategic Council asset by repurposing it to provide a managed service for adults currently purchased from the market. High level residential Dementia Care has been identified by Adult Services Commissioners as the activity which would be particularly beneficial to be undertaken 'in-house' at The Grange due to the predicted increase in demand and costs.

The Prevalence of Dementia

7. Dementia can have considerable impact on the quality of life of people with the condition, as well as on their families and other carers. People living with dementia experience declining cognitive function that, over time, affects their ability to live independently and can shorten life expectancy.

8. *Dementia UK Update* (November 2014) published by the Alzheimer's Society estimated the number of people with dementia in England in 2013 was 685,812 and 815,827 for the United Kingdom. This report's forecasts suggest that if the prevalence of dementia remains the same, the number of people with dementia in the UK is forecast to increase to 1,142,677 by 2025, an increase of 40% from 2013.

9. *Dementia UK Update* also provided estimates of the number of people with dementia in Worcestershire for both 2013 and 2025:

District	2013	2025	Increase
Bromsgrove	1568	2195	627
Malvern Hills	1486	2080	594
Redditch	908	1271	363
Worcester	1164	1630	466
Wychavon	1988	2783	795
Wyre Forest	1536	2150	614
Worcestershire	8650	12110	3460

On this basis, the number of people in south Worcestershire with dementia would be 6,493 and 5,617 in north Worcestershire, equating to 54% and 46% of the total respectively.

10. Using data from *UK Dementia Update* it is estimated the number of people in Worcestershire with severe dementia in 2025 will be 1,514. A further 3,387 will have a moderate form of dementia.

11. The Worcestershire Health and Well-Being Board's Joint Strategic Needs Assessment (September 2016) highlights a rapid increase in dementia, due to the ageing demographic. This is a significant issue for Worcestershire which has a higher proportion of people aged 65 and above than the national average.

12. As the population ages and the number of people affected by dementia increases, it is a major challenge to provide high-quality care and support to individuals at a cost which is affordable. Evidence from the Council's Brokerage team indicates that identifying affordable, good quality *residential* care for people with dementia is already a challenge.

13. Market intelligence gathered by Adult Services Commissioners highlights how the market is evolving in the county. This includes a number of residential care homes having recently withdrawn from taking individuals with dementia with high level needs, reducing the number of beds the Council can access and contributing to upward pressure on costs.

Future use of The Grange

14. There are two potential options for the future of The Grange:

- a) Closure as a residential care home, returning the site to corporate ownership for reuse/disposal of the land asset;
- b) Reconfigure the Grange as a long-term residential unit for people living with dementia.

Option a) Close The Grange and dispose of the land asset

15. Place Partnership was instructed to carry out an initial valuation of The Grange to provide an indication of the likely market value if disposed on the open market. Being commercially sensitive information, the details on the analysis and valuations are contained within the confidential section of this paper.

Option b) Retain The Grange as a long-term residential facility

16. An opportunity exists for the Council to re-purpose The Grange as a Residential Dementia Care facility, providing an alternative to beds purchased on the open market. To take advantage of economies of scale in this option The Grange would return to being a 34 bedded unit.

17. Adult Services Commissioners consider there are potential opportunities to combine a residential dementia care facility with other services (including keeping a number of beds for intermediate care) thus offsetting some of the costs associated with provision of a residential dementia care facility. Depending on which other services were co-located at The Grange, the number of beds available for residential dementia care would be up to 29. In addition, the five recovery and rehabilitation beds detailed in paragraph 5 would be located at The Grange ensuring that Wyre Forest residents have access to a bed based service if required. The site of The Grange provides scope to substantially expand the facility to increase the number of residential dementia care beds available as demand increases. Any increase in bed capacity could be expected to reduce unit costs.

18. In 2016/17 the Council purchased 16 new placements for residential dementia care. For 2017/18 the number of placements purchased is forecast to be 23, a 44% increase from 2016/17. It should be noted that the needs for long term residential dementia care is significantly higher in the North of the County, compared with the South of the County with an estimated 14 new placements forecast to be required during 2018/19. Therefore, within two years, it is forecast the capacity of The Grange would be fully utilised.

19. The average costs for Council placements of individuals with dementia have increased by 5% - 6% over the last 12 months.

20. If residential dementia beds are not available for individuals with complex needs, placements in nursing dementia settings, where costs are higher, have to be made.

Legal, Financial and HR Implications

21. The closure and disposal of The Grange would be an estimated financial gain for the Council in the first five years of £86,000, excluding any void management costs. This comprises a capital receipt for selling the site as-is and immediate revenue costs of £529,000 in redundancy costs of staff. It does not, however, include the additional pressure of price increases in care packages over those years or the costs of managing the surplus site until the date of disposal, which could take a couple of years.

22. The conversion of The Grange into a long-term unit with five short-term rehabilitation beds would be an estimated financial gain for the Council of £63,000 in total over five years. For 2018/19, there is an immediate budget pressure of £257,000, to be funded from other sources, as the site will be staffed, but savings on external placements will come in gradually as occupancy builds. When the unit is at capacity, the running costs will save around £80,000 per year compared to external placements. This does not include the potential additional savings which could be made if the site was developed to increase the number of dementia care beds.

Option	Revenue impact . . .						Capital Impact (£000)	Comments
	in 2018/19 (£000)	in 2019/20 (£000)	in 2020/21 (£000)	in 2021/22 (£000)	in 2022/23 (£000)	Revenue Impact for 5 years 2018/19 to 2022/23 (£000)		
Closure of The Grange	(529)	0	0	0	0	(529)	615 ¹	Immediate cost pressure of £529k due to closure costs. £615k capital receipt. Overall net benefit to the council of £86,000
Retain The Grange with up to 29 long-term Residential beds and five rehabilitation beds	(257)	80	80	80	80	63	0 ²	Immediate cost pressure of £257k as staff are retained, but some beds put to immediate use. DAS saves £80k per year on care each year once all beds are taken, meaning that the unit has saved £63,000 over 5 years

¹Based on as-is sale

²Does not take into account any costs to prepare The Grange for continued use. These would be met from existing DAS capital programme, so no revenue implications.

23. Staff members at The Grange have been updated on a regular basis regarding the future of The Grange, with the most recent meetings occurring on 22 December 2017 and 30 January 2018. If the decision is taken to close The Grange as a care home a period of formal consultation with staff will be entered into.

24. Closure and disposal of the site would result in redundancy of the staff. The Council, through its redeployment policy, would aim to reduce the impact on the individual members of staff but for a number redundancy would be unavoidable.

25. It is envisioned that conversion of The Grange into a long-term dementia unit would result in the retention of the staff. Where required, additional training and development will be offered to staff. Although not expected, if there were to be any members of staff for whom suitable employment at unit could not be found, the Council would work with those members of staff to try and redeploy them.

Privacy and Public Health Impact Assessments

26. These proposals have no direct impact on information risk or privacy impact at this stage. A Public Health Impact Assessment of these proposals is not required.

Equality and Diversity Implications

27. An Equality Relevance Screening is being carried out in respect of The Grange transitioning from a short-term recovery and rehabilitation unit to one providing long-term residential dementia care. If the assessment identifies particular issues further work will continue to be done at a project level.

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 Adult Services) the following are the background papers relating to the subject matter of this report:

Agenda papers for the Health and Well-Being Board meeting held on 11 July 2017

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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