

Worcestershire County Council

Agenda

Cabinet

Thursday, 6 June 2019, 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, 6 June 2019, 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

Item No	Subject	Page No
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 Wednesday 5 June 2019). 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 March 2019 have been previously circulated	
4	Future Provision of Overnight Unit-Based Short Breaks for Children with Disabilities	1 - 14
5	Worcestershire Minerals Local Plan (Development Plan Document)	15 - 22
6	Worcestershire Passenger Transport Review and Strategy Public Consultation - Draft Strategy Document to follow	23 - 30
7	Revenue and Capital Budget Monitoring	31 - 86

NOTES

- Webcasting**

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

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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.

Date of Issue: Wednesday, 29 May 2019

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CABINET
6 June 2019**FUTURE PROVISION OF OVERNIGHT UNIT-BASED SHORT
BREAKS FOR CHILDREN WITH DISABILITIES AND ADULTS
REPLACEMENT/RESPITE CARE****Relevant Cabinet Member**

Mr A C Roberts
Mr A Hardman

Relevant Officer

Director of Children, Families and Communities
Director of Adult Services

Local Members

Mr N Desmond
Mr S Mackay
Mr L Mallett
Ms T Onslow
Mr P Tuthill

Recommendations

1. **The Cabinet Member with Responsibility for Children and Families and the Cabinet Member with Responsibility for Adult Services recommend that Cabinet:**
 - (a) **notes the information relating to short breaks respite provision for children with disabilities and overnight replacement/respite care for adults with disabilities contained in this report, in particular the results of the co-design activity as outlined in paragraphs 28 – 39 below and appendix 1 attached, and the progress in relation to the decisions made by Cabinet in July 2018 in relation to the need for further transformation in the way that the needs of families are met through short breaks provision of all types;**
 - (b) **considers whether they are minded to agree the proposed future delivery model for the delivery by Worcestershire Health and Care NHS Trust of short breaks provision, and if so to authorise the Director of Children, Families and Communities to finalise the consultation documentation and carry out a consultation on the proposed changes to overnight short breaks provision to ensure future sufficiency, sustainability and quality of provision, as described in paragraphs 47 - 55 below;**

(c) **authorises the Director of Children, Families and Communities, in consultation with the Director of Adult Services, to continue co-design activity with parents, carers and wider stakeholders on short break/respice provision, as part of the continuous review of provision, including the provision for young people approaching the age of 18 to ensure appropriate transition to adult services and/or independent living; and**

(d) **receives a further report on the outcome of the consultation in paragraph (b) above in order to make a final decision on the future delivery model.**

Background

2. This report is to update Cabinet on the provision of short breaks for families and replacement/respice care for adults with learning disabilities, to outline a proposed model for the future delivery by the Worcestershire Health and Care NHS Trust (WHCT) of overnight short breaks/replacement care provision and, if appropriate, to seek agreement to the launch of a consultation with families, professionals and wider stakeholders, on the proposed future delivery model for overnight unit-based short breaks for families in Worcestershire.

3. The findings and recommendations in this report have considered the decisions of Cabinet in July 2018 including those relating to the CMR response to the CYP Scrutiny Task Group report "Future provision of Overnight Unit-Based Short Breaks for Children with Disabilities". Cabinet is referred to previous reports on the topic including the 14 December 2017 and 12 July 2018 Cabinet reports.

4. Schedule 2 to the Children Act 1989 and the Breaks for Carers of Disabled Children Regulations 2011 require local authorities to provide services which are designed to give respite breaks for parents and carers of children with disabilities in order to assist them to continue to provide care or to do so more effectively.

5. Regulation 4 of the 2011 Regulations states that: "In performing their duty a local authority must provide, **so far as is reasonably practicable**, a range of services which is **sufficient** to assist carers to continue to provide care or to do so more effectively", including overnight care.

6. Short breaks are part of a continuum of services which support children in need and their families. Local authorities must provide, as appropriate, a range of provision including day and overnight, care as well as educational or leisure activities for disabled children outside their homes. Short breaks take place in the child's own home, the home of an approved carer, or in a residential or community setting.

7. The duties on local authorities in relation to short breaks for individual disabled children and families can be summarised as follows:

- Duties to assess (both the child and their parent carer(s))
- Duties to decide, subsequent to the assessment, whether it is necessary to provide short breaks
- Duties to provide short breaks sufficient to meet needs where the decision is that it is necessary to do so, taking account of both the child's needs and the wider family context.

8. All disabled children are considered to be a child 'in need' (see section 17 of the Children Act 1989) and therefore the Council has a general duty to safeguard and promote their welfare by providing a range and level of services appropriate to their needs. If a disabled child or their parent requests an assessment then there is a duty to assess in each case, including any needs for carer support.

9. The National Health Service Act 2006 (as amended) states that a primary duty on Clinical Commissioning Groups (CCGs) is to commission healthcare services "to such an extent as it considers necessary to meet the reasonable requirements of the persons for whom it has responsibility." A specific duty rests with Clinical Commissioning Groups to assess for and meet continuing care needs for children, in line with a [national framework](#). Packages of care for such needs which cannot be met from ordinarily commissioned services will be agreed in discussion with the parent/carer.

10. There are important co-operation duties on local authorities and CCGs including:

- the Children Act 2004 which requires local authorities and health bodies to co-operate to safeguard and promote the welfare of children in their area
- the National Health Service Act 2006 which requires NHS bodies and local authorities to co-operate to advance the health and welfare of their populations
- the Children and Families Act 2014 which imposes a range of duties in relation to co-operation including a requirement for joint commissioning arrangements to be in place.

11. From the age of 18, adults with disabilities who are eligible for Council-funded services under the Care Act 2014 can receive "replacement care", also known as "respite" from caring or "short breaks". This is the support provided to an individual due to a carer having a break from their usual caring role, and usually involves overnight care for one or more nights. These can be planned breaks or short notice in emergency situations. Planned replacement care is identified in an individual's needs assessment and support plan, which sets out the number of nights of replacement care required for that individual per year. Planning the transition from children's short breaks to adults' replacement care provision is an important part of a young person's transition into adulthood.

Commissioning of Short Breaks Provision in Worcestershire

12. Improving outcomes for vulnerable children and young people, which includes those with a special education need and/or a disability (SEND), is a key priority within the Children and Young People's Plan.

13. Worcestershire's [Strategy](#) for Children with Special Educational Needs and Disabilities and [Worcestershire Local Area SEND Action Plan](#) recognise the need for improved joint assessment of children and young people's needs, the need to build better relations with parent carers and the need to improve joint commissioning arrangements including the provision of personalised budgets and better joint planning and preparation for the transition into adulthood. The five key workstreams of the Action Plan, which are informing the design of a range of services which is sufficient to assist carers, are:

- The Local Offer
- Embedding the graduated response
- Assessment and planning

- Joint Commissioning and Leadership and
- Workforce and Engagement

Within this plan section 4.16 relates specifically to the redesign of overnight short breaks. Furthermore, within the Joint Commissioning and Leadership workstream, a new project has recently commenced to develop strategies across Education, Health and Social Care for ensuring effective transition into adulthood for young people with SEND aged 14-25.

14. In Worcestershire a range of short breaks is available, including community-based provision (including holiday and term-time play-schemes) to specialist services including residential (unit based) and family-based overnight and weekend care.

15. Commissioning of short break provision must have regard to the needs of carers who would be unable to continue to provide care unless breaks from caring were given to them, as well as the needs of those carers who would be able to provide care more effectively if breaks from caring allowed them to undertake education, training or any regular leisure activity, meet the needs of other children in the family more effectively, or carry out day to day tasks which they must perform in order to run their household. Short breaks in themselves should:

- Help to support a child or young person's social and emotional development
- Helps to support a child or young person learn new skills
- Provide a child or young person with new experiences
- Promote the welfare and safeguard children and young people

16. Re-commissioning activity during 2018 has increased the number of providers able to deliver 1:1 support, in turn increasing choice and flexibility for families, and community short breaks (group-based activity) continue to be delivered by providers in school and community settings across the county. See paragraph 32 below for further details of these changes.

17. Direct payments are also available to families who wish to access support in a way that meets their individual circumstances and the local authority has a duty, where requested, to prepare a personal budget, which is an amount of money identified by the local authority to deliver provision as set out in an Education, Health and Care Plan and to give greater choice and control for parents and young people over how their support is delivered. The number of families accessing these payments has increased as outlined in paragraph 32 below.

18. Overnight short breaks prioritise support for those families with children and young people who require a high level of support and where an overnight short break is needed to give carers a break from caring. They are available to children and young people via a social care assessment of need. This assessment is carried out by the Children with Disabilities team (0 – 16 years) or the Young Adults Team (16 to 18 years). Overnight short break provision can be delivered in a family home (foster care) or residential overnight units.

19. In Worcestershire, CCG's contribute to the cost of providing short breaks/respite care for children with exceptional healthcare needs in a number of ways, including unit based provision, in the family home and/or at Acorns hospice.

Summary of commissioned overnight short break respite provision in Worcestershire

Name/location of provision	Name of provider	Description
Osborne Court, Malvern	Worcestershire Health and Care NHS Trust	All age site with two bungalows for CYP use – one 5 bed unit and one single occupancy bungalow. Site is CQC registered and the CYP main unit is also registered with Ofsted as a Children’s Home. (Note: whilst the main unit is registered as a six bed unit, WHCT are currently commissioned to provide 5 beds) Ofsted registration of the single occupancy bungalow as a Children’s Home is underway
Ludlow Road, Kidderminster	Worcestershire Health and Care NHS Trust	Single 4 bedroom bungalow CQC registered and registered with Ofsted as a Children’s Home. Transition to 4 bed occupancy (from 6) to be completed by August 2019 as required by Ofsted
Kidderminster Short Breaks Unit, Moule Close, Kidderminster	Worcestershire County Council	4 bedroom unit Registered with Ofsted as a Children’s Home
Bromsgrove Short Breaks Unit, Providence Road, Bromsgrove	Worcestershire County Council	6 bedroom unit of which 4 are currently funded/registered for use with Ofsted as a Children’s Home. Application has been made to Ofsted to make the necessary changes to the registration to include the existing additional 2 bedrooms.
Family based overnight provision	Barnardo’s Services Limited	Currently accessed by 18 CYP Registered with Ofsted as an Independent Fostering Agency
Acorns Hospice, Worcester	Acorns	Overnight short break provision can be purchased by the Council when appropriate. Registered with CQC as a hospital.

20. The pre-consultation review of unit-based overnight provision in 2017 highlighted the differences in regulation of the short break overnight residential units. In line with published guidance it has since been confirmed that each of the four overnight units falls under the regulations for Children's Homes and requires registration with Ofsted.

21. The application to register Osborne Court Short Breaks Units is progressing. Ofsted have undertaken the pre-registration inspection and confirmation of registration is expected shortly. Regulation 44 (independent) visits have commenced. On the pre-registration visit, Ofsted informed the Trust that the two-bedroom bungalow on the Osborne Court site requires a separate Ofsted registration. The application to register this bungalow is underway.

22. The unit at Ludlow Road is now registered by Worcestershire Health and Care NHS Trust with Ofsted. An unannounced inspection is anticipated to take place in the next few months.

23. The two Trust led units are also registered with the Care Quality Commission (CQC) and are rated as Good.

24. All overnight units receive a monthly independent visit (known as Regulation 44 visits) to ensure that standards are maintained and that any actions required are being addressed.

25. The two Council-led units are both judged by Ofsted as Good (Providence Road, Bromsgrove, July 2018 and Moule Close, Kidderminster, October 2018). Application to make amendments to the registration for the unit at Providence Road, to bring into use the additional two beds as agreed by Cabinet in July 2018, has now been submitted to Ofsted.

26. Barnardo's Independent Fostering Agency, which delivers the family based overnight short break service was rated Good in February 2016 by Ofsted and Acorns Hospice were rated overall by the CQC as Good in April 2016.

27. In July 2018 Cabinet agreed a number of recommendations in relation to the provision of overnight short breaks for children with disabilities. This report updates on action taken following that report and makes a number of recommendations for provision going forward.

28. In September 2018, two co-design events were held by the Council and Families in Partnership (Worcestershire's Parent Carer Forum) with parent carers, professionals and providers to work together to design future provision of overnight short breaks. Full notes of the themes from the discussions at the events are contained in Appendix 1 (as shared with participants following the events). The themes and response can be summarised as:

- *Where appropriate, reduce/delay the need for overnight short breaks by providing support together with improved information and guidance (before families reach crisis point) and improving the system around direct payments to families.*

29. The Children with Disabilities social care team are currently reviewing the process and support for direct payments and the Worcestershire Local Area SEND Action Plan covers a number of these areas of required improvement including the provision of information and guidance.

30. It is a fundamental principle that we are providing services based on need and therefore it is important that there are a range of services in place that meet a range of need. We need to ensure that we have the right children and young people accessing specialist short break provision and that we work with families and extended families to care for their children with our support.

31. Re-commissioning in 2018 of short break provision delivered by 1:1 support workers has increased the availability of this as an option either instead of or in some cases in addition to overnight short breaks provision.

32. The impact of these activities is shown in the table below:

March 2018:	March 2019:
29 children accessing short breaks via support workers	128 children accessing short breaks via support workers
5000 support hours delivered (per year)	18,000 support hours delivered (per year)
150+ families accessing Direct Payments	180+ families accessing Direct Payments

33. As a result of feedback, including from the co-design events, changes are being made in the way the Council's Short Breaks Statement is presented. This is information that the Council has a duty to provide but parent carers have said that they are confused about what a short break is, the different types of short breaks available and the process of accessing support. To address this, all information about short breaks will in future be presented clearly on the SEND Local Offer website, instead of in a separate document.

34. The content for the website is being drafted with the parent carer forum, Families in Partnership and a short video explaining about short breaks is in draft. The key messages will be the same in all formats and the directory of short break groups and activities will also be reviewed to make sure it is easy for parent carers to search for and find a group that is most suitable to the needs of the whole family.

- *Help short break units be more cost effective (i.e. use the resources we have in the best way). A number of ideas related to this theme were discussed including wider use of the units themselves, increasing availability of family based overnight provision (by the use of foster families), technology to assist families and short breaks providers to care for and keep children safe, and to reduce the number of times that overnight short break provision is booked but not used.*
- *Bringing in additional funding. Ideas included selling space in the units at times when it is available (for compatible uses such as childcare or groups and meetings) and sharing the cost of units with other adult services or other authorities.*

35. A number of changes have been implemented by managers of the Council-led units to trial different ways of using these units more effectively. These are outlined in more detail in Appendix 2 to this report. They include greater use of the units for day and tea-time visits, for both overnight and other users, and flexibility for families in the holidays.

36. A short breaks steering group, of commissioners, social care professionals and other officers and Families in Partnership representatives (Worcestershire's parent carer forum) meets monthly to develop responses to these themes and provides regular updates via the Local Offer website and directly to those who participated in the co-design events.

37. At the end of April 2019, the Council held its first joint short breaks provider forum. The event brought together providers of groups and activities (schools and community groups), one-to-one support work and overnight short breaks (unit-based and family-based) as well as social workers from the Children with Disabilities and Young Adults Team and a parent carer representative from Families in Partnership (the parent carer forum). Providers were asked to introduce themselves and share information about what they deliver; to each other and to social work teams. This was well received as it allowed social workers to find out more detail about the services available to the families they work with, and similarly allowed support work providers to find out about the range of groups and activities they could access with young people.

38. Attendees provided positive feedback about the flexibility in the new contracts for providers to change their offer to best meet the needs of families. It was also noted that communication had improved between providers, social workers and commissioners which helped services to run more smoothly. Those attending supported the proposal to hold this forum every term to allow continued networking opportunities and as an effective way to contribute to the continuous review of short breaks delivery.

39. The Council and CCGs recognise the value of feedback in shaping services and, as noted above, are committed to improving engagement with service users in the co-design of quality services that provide value for money. Commissioners appreciate the time and effort that parents continue to make in respect of this redesign activity.

40. Further research into factors impacting on current and future demand for overnight short breaks has been carried out by the Council's Research & Intelligence team. These factors were shared at the co-design events include

- Birth rate
- Birth rate of children with disabilities
- Prevalence of disability
- Severity of disability
- Children with needs moving in or out of the county
- Availability of other, similar services in the area – e.g. Acorns Hospice short break provision
- Design and availability of other services accessed by families e.g. 1:1 support, day care, community and school based provision
- Design and access to alternative overnight short breaks provision E.g. home based provision (foster families), personalisation and direct payments

41. Further data on the numbers of children with disabilities can be found in the [Joint Strategic Needs Assessment – Profile on Children with Special Educational Needs & Disabilities in Worcestershire](#) published recently on the council's website.

42. Using population estimates and applying current levels of need for SEND, it is estimated that by 2037 there is forecast to be an increase in the number of children with SEND. This forecast estimate is across the spectrum of SEND need and therefore it is not possible to translate this as a forecasted need for an increase in overnight short breaks requirements.

43. It is evident, from the potential impact of factors that may increase or reduce the demand for overnight short breaks in the future, that provision of a number of different types of specialist short break provision, which are responsive to fluctuating demand, are required. Sufficiency of provision of all short break provision, and an understanding of demand, is kept under constant review.

Commissioning of replacement care for adults in Worcestershire

44. The majority of replacement care provision for adults is commissioned by the Council on a block purchase basis, including a block contract for provision at Osborne Court in Malvern and Church View in Bromsgrove via a contract with Worcestershire Health and Care NHS Trust.

45. Cabinet received reports on 8 February 2018 and 14 June 2018 on "Future Provision of Replacement Care Services for Adults with a Learning Disability". Following Cabinet approval, pre-consultation engagement was carried out 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. The engagement work identified the importance of replacement care for adults using services and their carers and generated many ideas about how services could be organised differently in the future.

46. Cabinet endorsed the aim of improving outcomes and efficiency of replacement care provision for adults with a Learning Disability and requested the Director of Adult Services and her commissioners to work with the providers of commissioned replacement care services to remodel the way services are provided, ensuring maximum value for money by exploring options and implementing improvements as appropriate. This work included a strategic review of current provision based on current and future identified needs in order to maximise usage and potentially reduce or increase capacity where appropriate, and continued partnership working with Health (Worcestershire Health & Care NHS Trust and Worcestershire Clinical Commissioning Groups) to ensure best use of health-led services.

Delivery of overnight short breaks and replacement/respite care by WHCT

47. As agreed by Cabinet in June and July 2018, officers from both Children, Families & Communities and Adult Services, have worked collaboratively and with Worcestershire Health and Care Trust to provide clarity on the cost, capacity and monitoring arrangements for the current service delivery of overnight short breaks provision. In addition, the same group of officers from both organisations have worked together to consider the changes needed, in order to remodel the way services are provided to meet current and future needs and ensure maximum value for money, by exploring options and implementing improvements.

48. In order for the Council to meet their sufficiency duty in relation to the provision of short breaks (see paragraphs 4 - 7 above), as far as reasonably practicable, and taking into consideration the decision to increase provision at Providence Road unit by two beds (July 2018 Cabinet decision), consideration of the options for the delivery of overnight provision has looked at ensuring overnight short breaks for adults and children can be delivered by the Trust in an appropriate setting that is both sustainable and cost effective. Increasing provision at Providence Road together with the impact of Ofsted requirements on bed capacity at Ludlow Road, and a review of capacity required from WHCT, has resulted in the proposal of a revised delivery model by the Trust.

49. A number of options were modelled by the Trust which could meet the revised capacity requirements. These were considered by both the Council and the Trust and the preferred option would look to consolidate provision at Osborne Court, as outlined below, and to cease the delivery of provision at the Ludlow Road unit, which as a four-bed self-contained unit is not an operationally viable or cost-effective provision. Currently the Osborne Court site provides both children's and adults' services and the existing configuration includes 5 children's beds and 4 adult beds.

50. The proposed option includes a significant upgrade to two currently mothballed bungalows and further improvements to the existing units at Osborne Court. This will result in additional capacity with a further 4 beds for children, of which 2 will be commissioned by the Council, and additional capacity for adults with the proposed commissioning of an additional bed. This also creates an option for a self-contained 1- to 2-bedded area for adults at some point in the future if required.

51. The proposed investment into the site is significant and involves a reconfiguration of accommodation resulting in two children's units located next to each other and the adult service moving into the refurbished bungalows. A further additional single occupancy unit is available for those children and young adults with the most challenging behaviours who require a service on their own. This unit is currently designated as children's provision only (and is subject to Ofsted registration) but the intention is that in the future young people reaching the age of 18, with an assessed need for respite provision, will be able to be funded by adult services to continue to use the provision. This change is already being implemented for current users of the service, where appropriate, as they reach 18.

52. The proposals respond to the views expressed by both parent carers and families accessing adult replacement/respite care in relation to the availability of provision, particularly for those transitioning between the two services, and would deliver a site with all-age provision. Engagement with families and individuals using adult services provision during 2018 highlighted that replacement care is a vital service for carers enabling them to sustain their caring role. For people using services it was highlighted that any changes for people with learning disabilities can cause huge anxiety and have a massive impact; they often rely on routine and continuity. The services give carers peace of mind that their family members are being well looked after, and the continuity of staff in the services is very important. It was felt that services could be more effectively co-ordinated by working more closely together.

53. In relation to this set of proposals, the Trust have stated: "An increase of service on the (Osborne Court) site will provide greater resilience than a small isolated service and provide some benefits of economy of scale, particular with regards to staffing skill mix and out of hours cover. The investment also provides a higher quality and suitable environment

and offer to all our service users, adults and children, from the Osborne Court campus which has facilities such as the Hydrotherapy pool, sensory rooms, extensive gardens including an adventure playground and polytunnel and two vehicles (one being wheelchair accessible) for off-site community-based activities. The additional capacity in an enhanced environment ensures the current and future services for both adults and children's is more sustainable and responsive to changing demand and young adults will be better supported when transitioning into adult services. A single site allows familiarity at the point where young people transition into adult provision and from a value for money and resourcing perspective; single site provision is more sustainable, flexible and responsive to future changes in demand and need."

54. The proposed future delivery model for overnight unit based short break provision by the Trust, is considered by social work services and commissioners as meeting sufficiency, sustainability and quality requirements and does not include any proposal to stop or reduce delivery of overnight respite that families need. The care needs of children, young people and their families are assessed through their social work assessment – **overnight respite will continue to be provided to any family who needs it.**

55. Cabinet are asked to consider the proposed future delivery model as outlined above. If Cabinet are minded to agree the proposed changes they are also asked to authorise the Director of Children, Families & Communities to carry out a consultation, with families and professionals in relation to the proposed future delivery model as outlined in the draft consultation document attached as appendix 3, and to bring a future report to Cabinet in the autumn with a recommendation on whether the proposals should in fact be agreed.

Financial Implications

56. The Council's 2019/20 Base Budget for Children's Replacement Care is £2.331m. This includes additional funding of £0.540m approved by Council in February 2019 to rebase the budget to reflect current replacement care costs and to remove a shortfall in the Children's Budget following the withdrawal of Public Health Ring Fenced Grant funding for Ludlow Road.

57. The following table sets out the financial impact of the options now available to the Council and shows:

Current Costs - The current budgeted costs of replacement care in 2019/20 broken down by provision type.

No Change - The forecast impact of making no change to the current configuration of WHCT delivered provision for which the implications would be:

- Current costs reflect the budget for this provision for 2019/20, however WHCT have indicated that without any change to the delivery model there would need to be an increase in costs in future years to cover the costs of delivery across two sites. This equates to an increase in costs of £0.113m, in order to meet the existing cost of service (currently £68k more than income from Council) and additional NHS pensions and pay award pressure from 2019/20, and
- Refurbishment costs at Ludlow Road are not included and are likely to be higher than £0.3m estimated in 2018 due to OFSTED requirements.

Proposed Costs - The proposed cost of the revised delivery model which, if agreed, would result in a net cashable saving against 2019/20 budget of £0.124m based upon:

- A reduction in the cost of WHCT unit-based provision of £0.287m,
- The proposed contract value supporting the WHCT investment of approximately £0.6m
- The estimated increased costs of £0.150m to fund additional provision at the Council-run Providence Road (based on 2018 estimate), and
- Additional Support costs of approximately £0.013m.

The proposals would also avoid the additional "no change" cost of £0.113m.

	Current costs	No Change	Proposed costs
WHCT unit-based provision	£1,043k	£1,156k	£756k
WCC provision	£931k	£931k	£1,081k
Additional support costs and alternative provision (Thorn Lodge)	£140k budget	£140k budget	£153k
Family based	£217k	£217k	£217k
Totals	£2,331k	£2,444k	£2,207k

Legal Implications

58. The statutory duty to provide short break provision is contained in Schedule 2 to the Children Act 1989 and the Breaks for Carers of Disabled Children Regulations 2011 which require local authorities to provide services which are designed to give respite breaks for parents and carers of children with disabilities to assist them to continue to provide care or to do so more effectively. These provisions are summarised in paragraphs 4-8 above. In performing these duties, local authorities must have regard to the needs of those carers who would be unable to continue providing care without respite breaks, and those who would be able to provide care more effectively if respite breaks were given. More generally, Section 27 of the Children and Families Act 2014 requires the Council to keep under review the social care etc. provision for children and young people who have SEN or a disability and consider the extent to which that provision is sufficient, having regard to the assessment of needs and joint health and wellbeing strategy.

HR Implications

59. There are no direct HR implications for the Council arising directly from this report. Worcestershire Health and Care NHS Trust continue to work with their staff regarding any implications in relation to the provision of overnight short breaks.

Public Health Impact Assessments

60. A Public Health Impact Assessment of the proposals will be completed at the conclusion of any consultation agreed as a result of this report.

Privacy and Data Protection Impact Assessments

61. No implications.

Equality and Diversity Implications

62. The Council is fully aware of its Public Sector Equality Duty obligations as set out in numerous reports to Cabinet. We have determined that a detailed Equality Impact Assessment in respect of the proposed delivery model would be beneficial and this will be included as part of any future recommendation report.

Supporting Information

Appendix 1: Themes from the co-design events

Appendix 2: Changes to service delivery at Council-led units

Appendix 3: Draft consultation document

Contact Points

County Council Contact Points
County Council: 01905 763763

Specific Contact Points for this report
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Background Papers

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

Agenda and background papers for the meetings of the Cabinet held in July 2015, on 16 May 2016, 14 December 2017, 14 June 2018, and on 12 July 2018.

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CABINET
6 June 2019**MINERALS LOCAL PLAN**

Relevant Cabinet Member

Mr Ken Pollock

Relevant Officer

Director of Economy and Infrastructure

Recommendation

- 1. The Cabinet Member with Responsibility for Economy and Infrastructure recommends that Cabinet recommends that Full Council:**
 - (a) approves the Publication Version of the Worcestershire Minerals Local Plan for Regulation 19 consultation;**
 - (b) authorises the Director of Economy and Environment to carry out such Regulation 19 consultation;**
 - (c) authorises the Director of Economy and Infrastructure to approve any minor amendments to the Publication Version of the Minerals Local Plan arising from the Regulation 19 consultation, prior to submission to the Secretary of State for Examination;**
 - (d) approves submission of the Publication Version of the Minerals Local Plan, amended as appropriate, to the Secretary of State for formal Examination following Regulation 19 consultation;**
 - (e) authorises the Director of Economy and Infrastructure, in consultation with the Cabinet Member with responsibility, to undertake consultation as necessary on any modifications arising from that Examination; and**
 - (f) agrees that the Minerals Local Plan is returned to Full Council with the Inspector's recommendations with a view to final decision on its adoption.**

Background

- 2. Worcestershire County Council is the Local Planning Authority (LPA) for minerals and waste in Worcestershire. The Council adopted the Waste Core Strategy in 2012 and has subsequently been working on the development of the Worcestershire Minerals Local Plan. This will replace the County of Hereford and**

Worcester Minerals Local adopted in 1997, which has been superseded by changes in national planning policy with only a few saved policies remaining.

3. The Minerals Local Plan is the statutory planning document which provides the overall policy framework used for determining all applications for mineral development proposals in the county of Worcestershire. This includes aggregate minerals (sand and gravel, and crushed rock), industrial minerals (including brick clay and silica sand), and energy minerals (including coal and unconventional hydrocarbons).

4. The Minerals Local Plan covers the whole of the county of Worcestershire and, once adopted, will be a Development Plan Document, and form part of the Development Plan for Worcestershire. This means that it sits alongside the district Local Plans and the Waste Core Strategy and must be used to determine any minerals-related planning matters in the county. It provides for the steady and adequate supply of minerals in the county until 2035. The Minerals Local Plan will be used by planning officers and the Planning and Regulatory Committee to make decisions about planning applications for mineral extraction, processing and restoration. It will also be used by the City, Borough and District Councils to ensure other types of development do not sterilise mineral resources or negatively impact mineral infrastructure.

5. The Minerals Local Plan must enable a steady and adequate supply of minerals from the county to contribute towards supplying both local and national demand. The majority of mineral working in the county is sand and gravel for the aggregate industry. Brick clay is also worked in the north of the county for brick making, a small amount of silica sand is dug for industrial purposes, and a small amount of brine is extracted for making food-grade salt. There are also building stone, crushed rock and coal deposits in the county, but these are not currently worked.

6. In accordance with the adopted Local Development Framework, the Minerals Local Plan will, subject to Council approval, be subject to consultation requirements set out in Regulation 19 of the Town and Country Planning Regulations 2012 (Regulation 19) (pre-submission consultation). The Plan (along with proposed submission documents) needs to be published. This means the Plan must be made available for inspection for a period of at least 6 weeks to enable interested parties to make representations. These representations will be considered by an appointed Planning Inspector at independent Examination. The Council does not formally consider or respond directly to representations made to the publication of the Plan. It is required to collate, summarise the main issues, and then submit representations to the Secretary of State for Examination alongside the Plan.

7. Nevertheless, it is wholly appropriate for representations made at the publication stage to be reviewed by the Council. This may enable more straightforward solutions to be prepared and submitted for consideration early on at the Examination. It will also assist the Council to prepare for key substantial responses to particular issues brought forward for consideration by the Planning Inspector at the Examination.

8. The pre-submission consultation will run from Monday 19 August to Monday

30 September 2019. the Plan will be submitted to the Secretary of State for formal Examination in December 2019.

9. When the Plan is submitted, it must be accompanied by a number of documents under Regulation 22, including the Sustainability Appraisal Report, a submission policies map, a statement setting out details of the consultations which have taken place and how issues raised have been addressed, copies of any representations made in response to the pre-submission consultation, and any such supporting documents as in the opinion of the Council are relevant to the preparation of the Plan.

10. Following submission, the Minerals Local Plan will be subject to Examination in Public. The Planning and Compulsory Purchase Act 2004 (as amended) states that the purpose of an Examination is to consider whether plans comply with the legal requirements, meet the duty to co-operate and are sound. These matters will be determined by the Planning Inspector appointed by the Secretary of State.

11. The Inspector will check that the Plan meets the legal requirements under s20(5)(a) and the duty to co-operate under s20(5)(c) of the 2004 Act before moving on to test for soundness.

12. The 2004 Act establishes that non-compliance with the duty to co-operate cannot be rectified after the submission of the Plan. The Inspector has no power to recommend modifications in this regard. Where the duty has not been complied with, the Inspector has no choice but to recommend non-adoption.

13. The examination will then focus on the main issues that the Inspector considers are fundamental to the "soundness" of the Plan. Inspectors will start from the assumption that the Council as LPA has submitted what it considers to be a sound plan. The National Planning Policy Framework (February 2019) sets four tests of soundness at para 35:

- **Positively prepared** – providing a strategy which, as a minimum, seeks to meet the area's objectively assessed needs; and is informed by agreements with other authorities, so that unmet need from neighbouring areas is accommodated where it is practical to do so and is consistent with achieving sustainable development;
- **Justified** – an appropriate strategy, taking into account the reasonable alternatives, and based on proportionate evidence;
- **Effective** – deliverable over the plan period, and based on effective joint working on cross-boundary strategic matters that have been dealt with rather than deferred, as evidenced by the statement of common ground; and
- **Consistent with national policy** – enabling the delivery of sustainable development in accordance with the policies in this Framework.

14. If a plan is found unsound at the Examination, the Inspector will recommend that it is not adopted (although an Inspector must recommend modifications that would make a Local Plan sound if asked to do so by the LPA). If "main modifications" (changes that materially affect the policies) are identified through the Examination process as being required to make the submitted Minerals Local

Plan sound and legally compliant, the Inspector will require these to be consulted on by the LPA. The Inspector will then consider the representations on these modifications. "Additional modifications" can also be proposed to deal with more minor matters.

15. At the end of the Examination in Public, the Inspector will publish a report on the Plan, which will recommend that it should be adopted, that it should be adopted with modifications, or that it should not be adopted. The Plan will then be returned to Full Council with the Inspector's recommendation for the Council to decide whether to adopt the Plan.

16. The timetable for this Examination and subsequent report is determined by the Planning Inspectorate. However, within the Local Development Scheme the indicative timetable suggests that the Examination would take place during 2020, with receipt of the Inspector's report during the second half of 2020, and adoption in either late 2020 or early 2021.

17. The draft Minerals Local Plan is attached, and in outline addresses the following matters:

- A vision and six objectives for what the Plan seeks to achieve.
- A spatial strategy, directing development to five strategic corridors, and setting a preference for development within allocated sites, subject to other policies being met. The spatial strategy also sets green infrastructure priorities for each strategic corridor.
- Policies for the provision being made for each type of mineral, including a policy to encourage the use of substitute, secondary and recycled materials and mineral wastes.
- Criteria-based policies to assess the suitability of proposals (both strategic and non-strategic).
- Minerals safeguarding policies to ensure mineral resources and supporting infrastructure are not sterilised by other development.

18. The Minerals Local Plan has been through a number of consultations to inform its development prior to the proposed Regulation 19 consultation. The consultations were:

- First Stage consultation; 9 October 2012 to 11 January 2013
- Second Stage consultation; 11 November 2013 to 31 January 2014
- Third Stage consultation; 14 December 2016 to 31 January 2017
- Fourth Stage consultation; 14 December 2018 to 8 February 2019.

19. To support the development of the Minerals Local Plan, a series of calls for sites have also been undertaken to identify minerals sites for allocation in Worcestershire. In total four calls for sites were undertaken. The responses to these calls for sites will inform "preferred area" and "specific site" allocations through a separate Mineral Site Allocations Development Plan Document. This approach is to ensure that the strategic elements of the Minerals Local Plan could be progressed as quickly as possible to provide certainty over the vision, objectives, spatial strategy and development management policies, whilst also accommodating the requirement outlined in the National Planning Policy Framework to review plans every five years. Taking forward the Minerals Local Plan with a separate Sites Development Plan Document allows for greater flexibility in reviewing the plan documents to address sites requirements or

changes to policy. The Sites Development Plan Document will be prepared in line with the timetable set out in the Local Development Scheme, with Preferred Options consultation in quarter 3 or 4 2020.

20. All the consultations were undertaken in accordance with the adopted Worcestershire County Council Statement of Community Involvement (adopted February 2015) and included formal press notices in local print media, press releases and promotion through the Council's social media accounts including Twitter and Facebook, plus direct email or letters to all those registered on the planning consultation database for Minerals Planning Policy updates, including statutory consultees.

21. The Plan development and consultations have also been accompanied by a series of statutory assessments, including Sustainability Appraisal (SA), Habitats Regulations Assessment (HRA) and Strategic Flood Risk Assessment (SFRA), plus Equalities and Health Impact Assessments.

Next Steps

22. Subject to Full Council approval, the Publication Version of the Minerals Local Plan will be published for Regulation 19 consultation for a minimum of six weeks commencing on Monday 19 August 2019.

23. Comments arising from a Regulation 19 consultation are limited to plan soundness and conformity with national planning policy and legislation. These comments are submitted to the Secretary of State alongside the draft Plan.

24. Subject only to any minor amendments arising from the Regulation 19 consultation, the draft Plan would then be submitted to the Secretary of State in December 2019, for Examination in Public. The timescale for the Examination will be determined by the Planning Inspectorate but is anticipated that hearing sessions may take place in spring or summer 2020.

Legal, Financial and HR Implications

25. There are financial implications associated with the ongoing preparation of the Minerals Local Plan development work is a core funded activity supported by specific reserve to fund specialist work and to cover the cost of Examination in Public. The scale of this examination will reflect the scale of responses to the formal consultation. Internal staff resources in the Strategic Planning and Environmental Policy team are dedicated to producing the Minerals Local Plan and the associated documents including the Habitats Regulations Assessment and supervision of consultants producing the Sustainability Appraisal.

26. External consultants are being used where there is demonstrable value for money in supporting internal staff resources. Additional costs will be incurred through consultation and examination which will include the procurement of external expertise. A specific reserve of £20,016 for 2019-2021 is expected to be sufficient to cover the remaining financial implications.

27. Planning-related decisions can impact on an individual's rights under the

Human Rights Act 1998. There is scope within the planning system for people to exercise their rights to make formal representations on plans when they are being developed. There are opportunities for views to be made, and to be taken into account. A robust framework is in place to ensure the protection of people's rights.

Risk Implications

28. Subject to approval by Council, the draft Minerals Local Plan will be submitted to the Secretary of State for formal Examination in Public with a Planning Inspector.

29. The timing, date and length of the Examination in Public are determined by the Planning Inspector, who will also decide on topics to discuss based on representations arising from the consultation. This is expected to be in quarter 1 or 2 2020.

30. The Inspector will subsequently determine whether the plan is in conformity with national planning legislation, and through the subsequent report on the Examination and any modifications direct as to whether the plan can be adopted by Council or whether it must be withdrawn, and further work undertaken.

Privacy and Data Protection Impacts and Risk assessment

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

Equality and Diversity Implications

32. 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.

Contact Points

County Council Contact Points

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Supporting Information

- Appendix 1 Local Development Scheme

Background Papers

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

- Summary of Minerals Local Plan Development
- Minerals Local Plan (publication version)

Statutory Assessments of the Minerals Local Plan:

- Sustainability Appraisal
- Habitats Regulations Assessment
- Health Impact Assessment
- Equalities Impact Assessment
- Strategic Flood Risk Assessment

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CABINET
6 JUNE 2019**WORCESTERSHIRE PASSENGER TRANSPORT STRATEGY**

Relevant Cabinet Members

Mr A T Amos

Mr M J Hart

Relevant Officers

Director of Economy and Infrastructure

Director of Children, Families and Communities

Recommendation

1. **The Cabinet Member with Responsibility for Highways and Cabinet Member with Responsibility for Education and Skills recommend that Cabinet:**
 - (a) **endorses the request to undertake a public consultation with all stakeholders on the draft Passenger Transport Strategy commencing on 13 June 2019 for a period of 12 weeks, the results of which will inform the recommended Strategy and development of policies to be considered by Cabinet in November 2019, with key areas covered including:**
 - (i) **Home to School Transport;**
 - (ii) **Public Transport;**
 - (iii) **Community Transport;**
 - (iv) **Social Care Transport;**
 - (b) **agrees that the Director of Economy and Infrastructure, in consultation with the Cabinet Member with Responsibility for Highways and the Cabinet Member with Responsibility for Education and Skills, be authorised to finalise the consultation papers;**
 - (c) **agrees that the Director of Economy and Infrastructure be authorised to undertake the consultation process; and**
 - (d) **receives a further report in November 2019 for formal approval of the Strategy having regard to the outcome of the consultation.**
 - (e) **notes that a review of the operational policies in relation to the transport report will follow once the strategy is finalised.**

Background

2. The County Council spends £30 million gross per annum on a range of transport Services

	TOTAL GROSS EXPENDITURE	TOTAL INCOME	NET POSITION
Public Transport	£ 4,727,840.99	-£ 1,375,383.00	£ 3,352,457.99
Concessionary Fares	£ 6,162,389.00	-£ 6,530.00	£ 6,155,859.00
Community Transport	£ 171,009.00	£ -	£ 171,009.00
Home to School Transport (HTST)	£ 7,883,474.00	-£ 1,129,763.00	£ 6,753,711.00
HTST Looked After Children	£ 324,130.00	£ -	£ 324,130.00
HTST SEND	£ 7,814,555.00	-£ 13,023.00	£ 7,801,532.00
CFC Social Care and Fleet	£ 651,261.00	£ -	£ 651,261.00
DAS Social Care and Fleet	£ 1,857,002.00	£ -	£ 1,857,002.00
E&I Fleet (Non Transport Ops)	£ 328,529.00	£ -	£ 328,529.00
COACH Fleet	£ 13,037.00	£ -	£ 13,037.00
TOTAL	£29,933,226.99	-£ 2,524,699.00	£ 27,408,527.99

3. Nationally many areas have experienced changes in the commercial bus market, reflecting the difficulties that operators have in identifying and maintaining profitable services. Factors such as the rising car ownership and use, changing shopping and employment patterns, changing technology and engine design, and rising operating costs are also impacting on the sustainability of public transport.

4. As a result of these factors the Council is continually facing calls to consider subsidising those commercial routes that have been withdrawn. The Council thus needs to have a robust Passenger Transport Strategy that sets out a sustainable strategy for the next 10 to 20 years, in line with the Council's Corporate Plan and Local Transport Plan 4 2018-2030.

5. Key to the success of the Strategy will be gaining the views of key stakeholders and users. This paper sets out a draft strategy to inform debate and consultation. We will also be seeking Overview and Scrutiny Panel's input to assess practices elsewhere in the country to see if new models or community options could work in Worcestershire.

6. The findings from the Passenger Transport Consultation will inform the finalisation of the Council's Strategy. Additionally, these findings and strategy will inform a review of existing operational policies. The draft Strategy sets out aims and objectives for all areas of transport provision, against the national and local context and financial constraints as follows:

- Home to School Transport
- Public Transport (See Network Prioritisation)
- Social Care Transport
- Community Transport

7. Where necessary, further consultation and engagement will follow in due course although it is anticipated that just a single consultation is necessary on areas such as home to school transport

8. The Strategy will set out the general policies that will be delivered and will provide a methodology specifically on which to measure the requirement for passenger transport, the relative priority for delivering services and the threshold for funding services. In areas where conventional passenger transport cannot be provided, the Strategy will provide options for alternative types of provision.

Legal, Financial and HR Implications

9. The Council's statutory duties with respect to the provision of public transport are set out in Sections 63 and 92 Transport Act 1985. These state:

Section 63(1) - In each non-metropolitan county of England and Wales it shall be the duty of the county council—

(a) to secure the provision of such public passenger transport services as the council consider it appropriate to secure to meet any public transport requirements within the county which would not in their view be met apart from any action taken by them for that purpose; .

(5) For the purpose of securing the provision of any service under subsection (1)(a)...above [the] council shall have power to enter into an agreement providing for service subsidies; but their power to do so—

(a) In England and Wales, shall be exercisable only where the service in question would not be provided, or would not be provided to a particular standard, without subsidy;

Section 92(1) - An authority responsible for expenditure on public passenger transport services shall, in the exercise and performance of their functions in relation to agreements providing for service subsidies, [have regard to the interests of the public and of persons providing public passenger transport services in their area].

10. The Council has a number of specific statutory duties pursuant Sections 444,508A, 508B, 508C, 508D, 509AD and Schedule 35B of the Education Act 1996 (the Act), concerning the making of travel arrangements for eligible children of compulsory school age (5-16) that it considers is necessary, in order to secure suitable home to school travel arrangements to facilitate a child's attendance at school. The Secretary of State has also published Statutory Guidance on Home to School Travel and Transport for children of compulsory school age which the Council must also have regard to.

11. In order to comply with its home to school transport duties the Council must:

- Promote the use of sustainable travel and transport
- Make transport arrangements for all eligible children

12. The Council's duty to make travel arrangements applies from home to school and vice versa in order to facilitate a child's attendance at School pursuant Section 508B of the Act. The categories of "Eligible Children" are defined in Schedule 35B of the Act and relate to children of compulsory school age (5 – 16) who are entitled to school transport

free of charge if the distance from home to their nearest school is in excess of the statutory walking distance defined as follows: -

- beyond 2 miles (if below the age of 8); or
- beyond 3 miles (if aged between 8 and 16)

13. In addition, the Council has a duty to make travel arrangements free of charge for children with Special Education Needs, a disability or mobility problems in circumstances where the child cannot reasonably be expected to walk to school because of associated health and safety issues connected with their special educational needs, a disability or mobility problems. Eligibility for these children is assessed on an individual basis to identify their particular transport requirements.

14. If the route to school is deemed unsafe to walk the Council is under a duty to make suitable travel arrangement to facilitate the child's attendance at school.

15. The duty to provide free transport extends to children who are entitled to free school meals or their parents are in receipt of maximum Working Tax Credit if:

- the nearest suitable school is beyond 2 miles (for children over the age of 8 and under 11);
- the school is between 2 and 6 miles (if aged 11-16 and there are not three or more suitable nearer schools);
- the school is between 2 and 15 miles and is the nearest school preferred on the grounds of religion or belief (aged 11-16).

16. The Council also has duties in developing its transport policy for young people of sixth form age and adults aged 19 and over (including those with an Education, Health and Care (EHC) plan) who are in education and training. Where the Council makes such arrangements, any transport provided must be free of charge. If it decides not to provide transport in any particular case, it has a discretion to pay all or part of the reasonable travelling expenses for the young person or adult.

17. Social Care Transport supports the wider provision of social care.

18. The Council should consider the transport needs of its residents and to provide financial support for local bus services where appropriate, to meet those needs. It must also have specific regard to the needs of elderly and disabled people.

19. Given these statutory requirements, it is important we develop an appropriate Passenger Transport strategy for Worcestershire.

20. The Council is continuing to explore all ways in which to bridge gaps in its medium term financial planning (MTFP), this includes efficiencies within our transport service and the Cabinet report planned for November 2019 will identify the potential costs and savings within all options and how these may impact on our MTFP.

21. Financial costs of implementing this Strategy can generally be divided into two areas: external and internal. Internal costs are already budgeted for as part of the transport team, but additional external costs are likely to be incurred to support the

internal team. This would include the appointment of specialist consultants, costs associated with the Public Consultation and media costs. An indicative amount of £70k has been identified from Council resources to fund these additional costs. These costs are estimates only at this stage and calculated on a percentage of the core project team, and may vary based on outcomes of the consultation and resources required.

Equality and Diversity Implications

22. The Council recognises that Public Transport is of particular relevance in the lives of individuals who share Protected Characteristics such as Age and Disability. A full Equality Impact Assessment will be conducted at the appropriate stage.

23. Analysis of the consultation results will be undertaken; any analysis will accord with data protection requirements. Additionally, any detriment to services that have potential to impact on Equality will also be assessed. As part of any Strategy development the findings will be taken into account in future planning and decision-making.

Risk Evaluation

24. A continuing comprehensive risk assessment is being carried out which identifies the short, medium and long-term risks and mitigation of these.

25. Whilst we accept that this is an emotive subject with high public feeling, it remains unclear what the level of response will be following the Public Consultation. This is likely to impact on resources.

26. Depending on the outcome of the initial consultation, we may need to carry out a short secondary consultation. This would impact on the project timeframe.

Public Health Impact Assessments

27. The consultation will influence the Strategy and how this will affect residents' health and wellbeing.

Supporting Information

- Appendix 1 Draft Passenger Transport Strategy
- Appendix 2 Glossary of Terms

Contact Points

County Council Contact Points

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Worcestershire Passenger Transport Strategy**Glossary of Terms**

Best Value	Ensuring that there is good governance and effective management of resources, with a focus on improvement, to deliver the best possible
Bus Priority	Various techniques used to improve service and reduce delay for buses at intersections or junctions
Capacity	The maximum amount that roads can contain
Commercial	Services operated without financial assistance of any kind. Services of this kind are entirely dependent on its passengers to provide sufficient funds in the form of fares for it to sustain a profit
Community Transport	Provision of flexible and accessible community-led solutions in response to unmet local transport needs. This often represents the only means of transport for many vulnerable and isolated people e.g. community minibuses and voluntary car schemes
Competitive Tender	Common method of procuring (buying in) a service. Operators submit a price and proposal (tender) to deliver a particular service; those with the highest score win the contract
Congested	So crowded with traffic or people as to hinder or prevent freedom of movement
Corporate Plan 'Shaping Worcestershire's Future'	This sets out Worcestershire's Vision and Priorities and will help guide the work of the Council and its relationship with individuals, families, communities and partners from 2017 – 2022
Conventional Bus Service	A bus service which operates on a fixed-route and with a fixed-schedule and stopping points
Corridors	The route the service operates along
Demand Responsive Transport	This is a form of transport where vehicles alter their routes based on particular transport demand rather than using a fixed route or timetable
Digitalisation	The conversion of text, pictures, or sound into a digital form that can be processed by a computer
Frequency	Time between two arrivals (or departures) of buses or trains
Infrastructure	Fixed installations e.g. bus shelters, poles, information screens
Integration	Combination of different modes of transport to maximise ease and efficiency for the user in terms of time, cost, comfort, safety, accessibility and convenience
Interchange	A place where services meet, often where passengers change from one service to another
Inter-Urban	A route between two urban areas e.g. Worcester to Malvern
Key Performance Indicator	A measurable value that demonstrates how effectively key objectives are being delivered

Local Transport Plan	The Worcestershire Local Transport Plan focuses on attracting and supporting economic investment and growth, by delivering transport infrastructure and services to tackle congestion and improve quality of life
Modal Integration	Using a variety of travel options to reach a destination, e.g. bus, train, cycle, walk
Modal shift	Replacing a saturated means of transport with another to make the first less congested, normally from the car to another mode
Mode	The means by which a person travels, e.g. bus, train, cycle, walk
Multi-modal	Various forms of transport
Open Data	A requirement for operators and Local Authorities to ensure more centralised sources of information about bus times, routes and fares are available
Operating Costs	The costs incurred by a transport operator in running a service, e.g. fuel, drivers' wages, maintenance
Passenger Transport	Any form of transport which carries members of the public (as opposed to private transport)
Patronage	The number of people using the service
Performance Management	A planning framework ensures that overall partners and organisations know what they should be doing, how they should be doing it and take responsibility for what they achieve
Population Density	The number of people living within a defined area
Procurement	The act of buying goods or services
Punctuality	The ability of a bus service to be on time
Quality Partnership	Agreements between the Council and local bus operators to improve the quality of services and facilities within the scheme area
Real Time Information	Information which provides the actual time of the service as opposed to the scheduled time.
Reliability	The ability for a service to operate consistently and to the times that it is scheduled to
Rural	Relating to villages and the countryside
Section 106	A legal agreement between an applicant seeking planning permission and the local planning authority, which is used to mitigate the impact of your new home on the local community and infrastructure
Stakeholder	Residents, partners, businesses and community who may be potentially affected by decisions made relating to the Passenger Transport Strategy
Statutory	Required by an act of statute (a formal written enactment of a legislative authority that governs a city, state, or country)
Strategic Grant	A sum of money given to an organisation to deliver a service with specific objectives
Subsidised Services	Services which require financial support to enable them to cover the cost of operation, normally where the fares obtained on the services are not enough to cover the costs
Sustainable	Able to be maintained at a certain rate or level
Urban	Relating to towns and cities

CABINET
6 JUNE 2019**RESOURCES REPORT – PROVISIONAL FINANCIAL RESULTS**
2018/19

Relevant Cabinet Member

Mr S E Geraghty

Relevant Officer

Chief Financial Officer

Recommendations

1. **The Cabinet Member with Responsibility for Finance (who is also the Leader of the Council) recommends that Cabinet:**
 - (a) **endorses financial performance for the year ending 31 March 2019 and the unaudited Annual Financial Report and Statement of Accounts 2018/19;**
 - (b) **approves updates to earmarked reserves and general balances as detailed in paragraphs 54 to 60; and**
 - (c) **Considers the draft Annual Governance Statement for 2018/19 for comment before final approval is sought from the Audit and Governance Committee in July 2019.**

Introduction

2. This report details the provisional financial results for the year ending 31 March 2019 subject to external audit, and notes progress to date on the savings and reforms programme.
3. The report identifies that the Council overspent its £324 million budget by £2 million, a reduction from the previous overspend forecast of £2.9 million and represents a significant achievement as the Council has faced cost and demand pressures mainly arising on adult social care services.
4. It is recommended that the overspend is funded by a transfer from Earmarked Reserves.
5. Cabinet is asked in this report to endorse the outturn position and approve the carry forward of the Council's Earmarked Reserves and unspent grant monies to the 2019/20 financial year.
6. Financial performance for the Council's Capital Budget and the Worcestershire Pension Fund is also reported.

Provisional Financial Results for the year ending 31 March 2019

7. The Council's formal statutory accounts have been prepared on time and are currently open for public inspection on the Councils website ([Link](#)) as planned and part of the usual final accounts process. An extract of the accounts is included at Appendix 1a. The statutory accounts, which are subject to External Audit scrutiny are planned to be signed off with an unqualified audit opinion reported to the Audit and Governance Committee by the end of July 2019.
8. The County Council net budget of £324 million faced a number of cost pressures during 2018/19 and the overall outturn, as set out in Table 1 below, is for a net overspend of £2 million. This includes a net £8.4 million forecast overspend on services.
9. The majority of the services forecast overspend arises on Adult Services which totals £12.4 million, with a £1 million overspend reported on Children, Families and Communities services.
10. The net overspend of £2 million has fallen by £0.9 million since last reported to Cabinet as a result of continued management actions undertaken during the year to reduce expenditure. There has, however, been increases in the underlying cost pressures on adults and children's social care placements and work is underway to analyse financial trends looking forwards.
11. The non-schools Dedicated Schools Grant (DSG) overspent by £7.7 million, and the Council has used all of its DSG funding in year to support this expenditure. The deficit (£0.6 million) will need to be recovered in 2019/20 and work is ongoing with Schools Forum to assess options to achieve this.
12. The causes of significant outturn variations are summarised in the following section at paragraphs 20 to 46, and variances by individual service area greater than £0.25 million are set out in more detail in Appendix 3.
13. Part of the overspend relates to non-delivery of a small number of the 2018/19 saving targets set by Council in February 2018, and the January 2019 Cabinet Budget Report included revisions to the programme and consequential updates to the Medium Term Financial Plan.
14. At the same time as facing in-year pressures the Council has also sought to deliver its original savings plan and it can be confirmed that £27.7 million has been achieved this year. More detail is set out in the following sections and in detail at paragraphs 47 to 50, with details also set out of the RAG status for each proposal at Appendices 6 and 7.
15. The service overspend forecast (£8.4 million) can be mostly offset by a £6.4 million underspend for finance/corporate items.

Table 1: Summary Outturn 2018/19

P12 Outturn - 2018/19 SLT Revenue Budget Monitoring Forecast by Service									Outturn Format	
Service	2018/19 Approved Net Budget	2018/19 Net Expenditure	Allocation of Public Health Budget Savings	2018/19 Actual	18/19 Draft Variance Before Adj's	One Off / Adjustments			18/19 Reported Variance	18/19 Reported Variance
						Transfer to Capital	Proposed Withdrawal from Reserves / Grants	Proposed C/Fwds		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	%
Dedicated Schools Grant (DSG)	0	7,095	0	7,095	7,095	0	(6,462)	(633)	0	-
Children, Families and Communities (Excl DSG)	96,361	97,590	(464)	96,201	(160)	(429)	(449)	2,026	988	1.0%
Economy & Infrastructure	63,544	60,917	(153)	60,764	(2,780)	(1,560)	(1,277)	921	(4,696)	-7.4%
Commercial and Commissioning	8,049	7,099	0	7,099	(950)	0	(601)	424	(1,127)	-14.0%
Chief Executive	531	505	0	505	(26)	0	0	0	(26)	-4.9%
Adult Services	125,396	142,917	(214)	142,703	17,307	(1,630)	(3,875)	618	12,420	9.9%
Public Health	(831)	(1,284)	831	(453)	378	0	0	453	831	-100.0%
Total : Services (Excl DSG)	293,050	307,744	0	306,819	13,769	(3,619)	(6,202)	4,442	8,390	2.9%
Finance / Corporate Items	31,142	17,558	0	17,558	(13,584)	(145)	(609)	7,976	(6,362)	-20.4%
Funding - Transfer From Reserves	0	0	0	0	0	0	0	0	0	-
Total (Excl DSG)	324,192	325,302	0	324,377	185	(3,764)	(6,811)	12,418	2,028	0.6%
Total - Funding	(324,192)	(324,192)	0	(324,192)	0	0	0	0	0	0.0%
Grand Total - Services and Funding (Excl DSG)	0	1,110	0	185	185	(3,764)	(6,811)	12,418	2,028	
Dedicated Schools Grant (DSG)	0	7,095	0	7,095	7,095	0	(6,462)	(633)	0	
Total	0	8,205	0	7,280	7,280	(3,764)	(13,273)	11,785	2,028	0.6%

16. To mitigate the overspend, a range of alternative actions and savings have been reported and implemented during the year, and these will continue to be progressed through 2019/20 where appropriate:

- Review specific grant income to maximise where this money can be used to fund existing base budget expenditure whilst remaining within the grant conditions
- Review Better Care Fund and Improved Better Care Fund agreements and allocations between the County Council and Health
- Stop, or defer for a period, discretionary expenditure/projects; including tightening controls over spending such as removal of procurement cards and reducing the number of staff who are approved to commit monies.
- Increase Fees and Charges mid-year where we can
- Implement a vacancy management process to delay recruitment whilst we review non-critical or change dependent areas or other staffing measures. This will seek where appropriate to remove vacant posts permanently to give rise to recurring savings.

17. In response to a forecast overspend identified at the start of 2018/19, senior leadership identified £12.7 million of additional reform proposals to reduce expenditure and raise income. Of this, £10.5 million was able to be achieved in year and this helped to reduce the overspend to £2 million.

18. The Council's Medium Term Financial Plan approved in February 2019 anticipated a overspend of around this size with the Council's strategic financial planning and 2019/20 budget strengthened in anticipation of demand pressures continuing.

Table 2: Management Action Savings Target and Achievement

	£m
Target - Management Actions to reduce expenditure / increase income during 2018/19 to cover forecast overspend	12.7
Less Actual achieved	(10.5)
Net	2.2

19. There are a number of significant cost pressures that arose across services during the year. Whilst these have been provided to Cabinet previously, their updated position is outlined below in more detail.

Children, Families and Communities – £1 million overspend

20. The Directorate overspent its £96.4 million budget by £1 million at the end of the financial year, 1% of the net spend. This is a net reduction of £0.7 million since last month.

21. The gross outturn overspend includes £2.3 million relating to children's social care placements, a £0.1 million reduction since previously reported.

22. This is partially offset by a £1.1 million underspend on other children's social care services, which includes the use of additional public health grant funds and identifying expenditure that could be legitimately transferred to capital budgets.

23. The overspend for Home to School Transport is £0.5 million, a £0.1 million increase since last month. This continues to be down to increase in activity and was an issue flagged for investment in the 2019/20 budget setting process.

24. The DSG overspent by £7.7 million for 2018/19. This comprises a £9 million overspend for High Needs Block and a £1.3 million underspend on other DSG areas.

25. After receipt of a £1.2 million grant towards High Needs pressures, £0.6 million Early Years Funding and withdrawing all of the brought forward non schools DSG reserves of £5.2 million, DSG reserves are now in deficit by £0.6 million.

26. This is the first time the Council has had insufficient funding to support DSG expenditure within a financial year and looking forward this is an area of concern. Not only does the £0.6 million deficit need to be recovered, but if the £9 million High Needs Block overspend continues for 2019/20 then alternative funding will need to be found.

27. Worcestershire is not alone with many other local authorities facing similar issues of the same magnitude.

28. The County Council's Schools Forum have established a Task and Finish Group to review what action could be taken to improve services and reduce cost, and the Council will continue to lobby Central Government for a fair allocation of funding.

Adult Services – £12.4 million overspend

29. The Adult Social Care budget overspent its £125.4 million net budget by £12.4 million at the end of the financial year. The actual overspend is consistent with what had been forecast during the year.

30. The largest single variation related to Learning Disability (LD) Service with overspent it's £56 million budget by £6.6 million. This is mainly due to increased client numbers and client costs, as well as unachieved savings targets in the following service areas:

- LD Residential and Nursing budgets overspent by £5.1 million
- Supported Living budgets overspent by £2 million
- These over spends were offset by under spends in other areas within LD.

31. Physical Disability (PD) Services overspent it's £11.5 million budget by £1.7 million again due to increased client numbers and client costs, as well as unachieved savings targets in the following service areas:

- PD Residential and Nursing budgets overspent by £1.2 million
- Homecare service overspent by £0.5 million

32. Mental Health Services overspent it £9.7 million budget by £1 million due to increased numbers of service users within Residential, Nursing, Domiciliary and Supported Living.

33. Older People Services overspend it's £63 million budget by £0.8 million services is due to increased client numbers and client costs (compared to budget), within the following service areas:

- Residential and Nursing overspent by £0.9 million
- Domiciliary Care overspent by £0.9 million
- Direct payments overspent by £0.4 million
- These overspends were offset by under spends in other areas within Older people – with the main areas being carers and internal homecare.

34. The outturn incorporates the use of £11.1 million of the Improved Better Care Fund to mitigate pressures in the Directorate.

35. The overspend was also reduced during the year following receipt of £1.5 million in respect of the Adult Social Care Grant and £2.4 million additional Winter Pressures Funding.

Public Health

36. The Public Health Service manages a c.£30 million specific grant and a core County Council budget of £0.1 million.

37. During 2018/19 the service has continued to review existing contracts in order to maximise effective use of the Public Health Ring Fenced Grant with savings achieved in line with the budget. This has allowed the service to increase investment in grant eligible services within other Council functions including Trading Standards and Family Support (Children's). In total around £5.6 million of the Public Health specific grant is being invested directly in eligible functions that sit in other services of the Council, in addition to the wider benefit to the Council through the ongoing commissioning of preventative public health services.

Economy and Infrastructure – £4.7 million underspend as a result of management action

38. Following a programme of management actions to reduce costs, optimise income and where appropriate capitalise expenditure, the Economy and Infrastructure Directorate achieved an underspend against its £63.5 million budget of £4.7 million.

39. Contributing to this position, a c. £1 million underspend on the Waste service has been achieved due to reductions in tonnage levels compared to plan and additional income has been generated relating to trading standards, on-street enforcement of parking control, concessionary fares and street works schemes.

40. There has been significant management action undertaken to capitalise expenditure against infrastructure and highways schemes during the year which has meant that c.£2 million of expenditure which would have been incurred on the revenue account has been able to be accounted for as capital expenditure. This is in line with approved accounting practice and similar to the way most local authorities treat such expenditure.

Commercial and Commissioning – £1.1 million underspend

41. The 2018/19 outturn for the Commercial and Change Directorate is an underspend against budget of £1.1 million (14%).

42. The majority of the directorate's underspend relates to management action in holding vacant posts across a number of areas, a one off saving of £0.3 million by delaying the graduate, apprentice and talent management programmes, £0.1 million from lower apprenticeship levy costs and £0.2 million income generation from charging staff time to capital projects.

Finance/Corporate Items – Forecast £6.4 million underspend

43. The Financial Services budget includes corporate items such as Debt Interest.

The £31.5 million budget for Finance/Corporate Items underspent in line with previous forecasts in total by £6.4 million as follows:-

- A one off saving of £4.4 million on Financing Transactions from deferring the need to take planned external borrowing on the assumption that cash balances are maintained across the County Council and that there is no forecast for rises in borrowing interest rates.
- A one off saving of £0.5 million following a risk review of fire insurance liabilities and reducing carrying balance in the insurance earmarked reserve. Following a

financial risk review, the Fire Insurance Earmarked Reserve can be reduced by £0.5 million to around £1 million. The Council's maximum financial exposure in any one year under existing insurance policies is £0.5 million.

- A one off saving of £0.625 million by withholding expenditure from the £0.750 million corporate contingency.
- A £0.3 million contribution from Schools towards solar panel energy efficiency installations.
- A £0.2 million reduction in the outturn from forecast for employer's pension contributions.

44. Following a review of the corporate Minimum Revenue Provision costs in light of the application of the Council's accounting policy which charges the revenue budget for the repayment of long-term borrowing, an underspend of £7.5 million has been achieved. It is proposed that this is carried forward in Earmarked Reserves as a Financial Risk Reserve and held to support risks that may arise on the savings programme in the first instance.

45. The corporate bad debt provision has been increased by £0.3 million to £0.550 million following an assessment the current levels of short-term debt and collections rates, whilst work is in hand to review, standardise and centrally manage this process going forward in order to increase income collection.

46. Details of variations for each Directorate are included in Appendix 3.

Savings Update

47. The transformation savings target for 2018/19 was £37.4 million. This comprised £31.6 million that was originally planned for 2018/19 and £5.8 million of projects carried forward from previous financial years.

48. Compared with the revised target, Table 3 below shows that £27.7 million has been achieved. Of the £1.8 million not achieved in year, £1.6 million will be carried forward to next financial year and £0.2 million was addressed as part of the Medium Term Financial Plan update and the December 2018 Cabinet budget report.

49. The following table shows the current savings programme summary.

Table 3: Summary RAG Assessment 2018/19 Savings

	18/19	18/19	18/19	18/19	18/19
Directorate	Total £000	Delivered £000	On Target £000	Amber £000	Red £000
DAS	6,995	6,800	0	0	195
PH	1,040	1,040	0	0	0
CFC	1,222	972	0	0	250
E&I	8,600	7,600	0	0	1,000
COACH	1,100	750	0	0	350
Finance	1,575	1,575	0	0	0
Accounting Adj	9,000	9,000	0	0	0
Total	29,532	27,737	0	0	1,795

% of Revised Target 100.0% 93.9% 0.0% 0.0% 6.1%

2,047 Savings not achievable in year

31,579 Budgeted Savings

5,853 Savings not achieved from previous years
37,432

50. The full programme with RAG status for each project is included at Appendices 8 and 9. In addition, Appendix 10 sets out the delivery of the additional savings targets approved by Cabinet in September 2018 to address the forecast overspend at Period 4.

Corporate Income – Council Tax, Business Rates, Revenue Support Grant

51. The Council's overall budget is funded by a number of corporate income streams, the forecast being shown in Table 4. Corporate income received was as expected during the year.

Table 4: Summary of outturn for Corporate Income 2018/19

Service	2018/19 Approved Net Budget	2018/19 Net Expenditure	18/19 Reported Variance	18/19 Reported Variance
	£000	£000	£000	%
Revenue Support Grant	(9,436)	(9,436)	0	0.0%
Business Rates Retention Scheme	(61,136)	(61,136)	0	0.0%
Council Tax Income	(251,536)	(251,536)	0	0.0%
Collection Fund (Surplus) / Deficit	(2,084)	(2,084)	0	0.0%
Total - Funding	(324,192)	(324,192)	0	0.0%

General Balances

52. The County Council's General Balances are a contingency sum available to pay for unforeseen or exceptional circumstances. External auditors often refer to the level of general balances when considering an organisation's financial health. The value of general balances is as follows:

Table 5: General Balances

	£m
Balance at 31 March 2018	12.2
Transfer to General Balances	0.0
Balance at 31 March 2019	12.2

53. Worcestershire's General Fund Balance stand at £12.2 million, or 3.8% of net expenditure. There is no defined minimum balance. It is the responsibility of the Section 151 Officer to advise the Council of that level based on an assessment of risk. This was reported in February 2019 as being £12.2 million as part of the Cabinet 2019/20 Budget and Medium Term Financial Plan Update 2019-22 report ([Link](#)).

Earmarked Reserves and Grant Reserves

54. All earmarked and grant reserves are retained either under the delegated authority given to Chief Officers in the Financial Regulations or by Cabinet/Cabinet Member approval, this is subject to recommendations jointly by a Chief Officer in agreement with the Chief Financial Officer for carry forward each year.

55. It is intended that the County Council funds the 2018/19 overspend of £2 million by a one-off transfer from Earmarked Reserves. This was highlighted when the 2019/20 budget was set and accounted for in that process.

56. The February 2019 Cabinet 2019/20 Budget and Medium Term Financial Plan Update 2019-22 report included a forecast of Earmarked Reserves which was based on the best knowledge available at Period 8 and this is broadly consistent with the amount of reserves available at the end of 2018/19.

57. During the year, the Council drew down funding from unspent grant and earmarked reserves to help fund expenditure. The most significant being withdrawing all of the DSG reserve to support High Needs block expenditure mentioned earlier in this report. A full list of use of grants / earmarked reserves is included at Appendix 5.

58. Further, it is also proposed that for a number of areas, that unspent grant monies or other funding is carried forward to next financial year or onwards. Details of these carry forwards are contained at Appendix 6.

59. Appendix 7 provides a list of the Earmarked Reserves and Grant reserves at 31 March 2019.

60. It is important to recognise that some of the Earmarked Reserves are already committed or held for specific risk purposes. Nevertheless, despite facing significant financial pressure in 2018/19, the Council has contained most of this in year and avoided depleting reserves by a significant effect.

Annual Governance Statement

61. The County Council is required, as part of its annual review of the effectiveness of its governance arrangements, to produce an Annual Governance Statement (AGS) for 2018/19. This will be signed by the Leader of the Council and the Chief Executive with final approval by the Audit and Governance Committee in July 2019. The AGS is part of the Statement of Accounts and included at Appendix 1b.

62. The AGS is drafted by senior officers who have lead roles in corporate governance. The evidence for the AGS comes from a variety of sources, including service plans, relevant lead officers with the Council, internal and external auditors and inspection agencies. The AGS highlights how the Council is addressing significant matters of governance both over the last year and in the coming year. It is also noted that the Internal Audit opinion remains moderate and no significant issues have been raised in the Annual report.

63. The current draft AGS will be revised in the light of any observations of Cabinet, the Audit and Governance committee and external audit.

64. Cabinet are asked at this stage to consider the AGS and make any comments

Summary Capital Outturn 2018/19

65. The County Council approved a capital programme of £398 million in February 2019, with a £140 million budget for 2018/19.

66. Capital expenditure outturn for 2018/19 is set out in Table 5 below.

Table 5: Capital Summary Outturn 2018/19

	BUDGET	YEAR-END	VARIANCE	VARIANCE
	2018/19	OUTTURN	2018/19	2018/19
TOTAL EXPENDITURE	£000	£000	£000	%
CHILDREN AND FAMILIES	31,160	14,580	-16,580	-53%
OPEN FOR BUSINESS	46,684	41,935	-4,749	-10%
THE ENVIRONMENT	48,939	42,650	-6,289	-13%
HEALTH & WELL-BEING	8,306	3,386	-4,920	-59%
EFFICIENCY & TRANSFORMATION	5,043	2,996	-2,047	-41%
TOTAL	140,132	105,547	-34,585	-25%

67. Progress has been made on a number of significant capital projects with the following major schemes being progressed or finalised during the year.

68. The Council's 2018/19 programme saw £106 million spent to deliver a wide range of capital works, including:

- £27.0 million Highways Structural Maintenance
- £16.7 million Worcestershire Parkway Railway Station
- £12.8 million A4440 Worcester Southern Link Road Phase 3 and 4
- £6.3 million School Improvements
- £3.1 million Upton on Severn Highways and Drainage
- £2.4 million Street Lighting Column and LED Replacement
- £2.2 million Malvern Hills Science Park Land Purchase
- £1.7 million Pothole Action Fund
- £1.5 million Kidderminster Railway Station Improvement
- £1.1 million Town Centre Public Realm Improvements

69. The capital programme expenditure will be financed in 2018/19 in the following ways: £44 million long term borrowing, £7 million capital receipts, £50 million Government Grants, £3 million Third Party Contributions, and around £1 million from the capital reserve / revenue budget contributions.

70. Overall, it is concluded that the forecast expenditure for the Capital Programme is within the budget limit. An exercise will be undertaken to establish the carry forward impact of schemes to future years.

71. Appendix 11 details the Capital Programme outturn for 2018/19 and estimates for future years.

Pension Fund Update

72. For 2018/19 the Worcestershire Pension Fund had an operating surplus of £16.8 million for 2018/19, a decrease of £98 million from the surplus of £114.8 million for 2017/18. This was mainly due to some employers paying their 3-year pension contributions upfront in 2017/18. Scheme membership has continued to grow and is now in excess of 62,000 with a corresponding increase in the number of employers which now total 210 from 208 at the end of March 2019.

73. The value of the Fund's net assets increased by £94.3 million from £2,701.0 million at 31 March 2018 to £2,795.3 million at 31 March 2019.

74. The Pension Fund's Actuary has calculated that the Council's liabilities exceed its share of the assets by £457 million at 31 March 2019.

75. Whilst this net liability will change each year due to the volatility in share prices and changes in the assumptions used regarding financial risk and uncertainties, it remains consistent with the prudent long-term funding strategy agreed at the recent valuation of the Pension Fund in 2016 to ensure assets and liabilities are balanced over an 18-year period.

Legal Implications

76. Legal advice will be provided to support any changes in service delivery in accordance with the requirements of the Council's policies and procedures.

Financial Implications

77. Members are required under Section 25 of the Local Government Act 2003 to have regard to the Chief Financial Officer's report when making decisions about the budget calculations for each financial year. This is undertaken through the approval of the annual budget in February each year.

78. Section 25 of the Act also covers budget monitoring and this process monitors the robustness of budgets, adequacy of reserves and the management of financial risk throughout the year. This Cabinet report highlights forecast variances arising from current financial performance and the possible impact of existing pressures on future expenditure so that appropriate action may be taken.

79. In discharging governance and monitoring roles, Members are asked to consider the issues arising and the potential impact on the budget as well as the financial risks arising.

80. The Council's procedures for budget monitoring is reinforced through close financial support to managers and services on an ongoing basis to ensure processes and controls are in place to enable tight financial control.

HR Implications

81. A number of existing and new proposed savings may impact on staff roles and responsibilities and where appropriate senior officers take advice from the Council's Human Resources team.

82. This will include undertaking consultations with staff, trade unions and any other affected body as appropriate.

Environmental and Climate Change Implications

83. There are no significant environment and climate change implications arising from this report. The Council will continue to monitor the impact of climate change as appropriate.

Equality Duty Considerations

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

Risk Implications

85. The Cabinet report includes recommendations regarding the Council's financial outturn for 2018/19 and the carry forward of earmarked reserves and unspent grants.

86. If approved, there are normal risks regarding ensuring that appropriate qualifying expenditure is incurred, and that spending is within the cash limited for budgets. These risks are mitigation through the regular budget monitoring process.

Privacy and Public Health Impact Assessment

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

88. This report is mainly about confirming the forecast outturn financial position for the end of the financial year reflecting existing Cabinet decisions and policies, and requesting approval for spending new specific grant monies with spending restrictions associate with these grants.

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

90. A similar assessment has been undertaken with regard to privacy/data protection and has confirmed that there is no impact anticipated as a result of this report.

Supporting Information

- **Appendix 1a** – Unaudited Annual Financial Report and Statement of Accounts 2018/19 Extract
- **Appendix 1b** – Draft Annual Governance Statement
- **Appendix 2** – Summary Financial Results 2018/19
- **Appendix 3** - Budget variances greater than £0.250 million

- **Appendix 4** - Capitalisation
- **Appendix 5** - Use of Grants/Reserves
- **Appendix 6** – Proposed Carry Forwards – Grants / Earmarked Reserves
- **Appendix 7** – Proposed Grants / Earmarked Reserves at 31/3/19
- **Appendix 8** - Savings RAG Summary 2018/19
- **Appendix 9** - List of Savings
- **Appendix 10** - Monitoring of 2018/19 additional savings reported to Cabinet in September 2018
- **Appendix 11** – Capital Budget Financial Results 2018/19

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Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) the following are the background papers relating to the subject matter of this report:

Previous Cabinet Resources Reports

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Annual Financial Report and Statement of Accounts **2018/19**

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Worcestershire County Council Annual Financial Report

Leaders Introduction

2018/19 has been a challenging but productive year. We have continued to grow our economy with low unemployment and more homes and businesses. Consequently, we have raised more income through council tax and business rates. However, demand for our services, in particular adults' and children's social care, is growing faster. As a result of this fast growth in demand, during 2018/19, in common with many councils, we reported a potential significant overspend, however I am pleased to say that after a considerable effort by Cabinet, Management and staff we managed to reduce this to a £2 million overspend. That is in line with our planning and acceptable use of reserves position. You will see at page xx our overall position on reserves with general fund balances at £12.2 million and earmarked reserves at £84.4 million. I am pleased that following strong scrutiny we have set a robust budget for 2019/20 that took account of all the issues we identified in 2018/19.

Alongside our financial challenges though last year saw significant strides forward for our County, in particular we saw:



- Living independently is more likely if people are active in their local community. In 2018/19 we created an innovative social prescribing pilot in which people attending their GP can be seen by social prescribers who can support them with social issues and refer where appropriate to other community services.



- Stage 3 of dualling of the Southern Link Road was completed on time with the new railway bridge over Crookbarrow recognised nationally. The final stage has started, with £55 million funding the dualling of the road between the Ketch and Powick roundabouts. Planning has been secured and completion is due during 2021.



- Our economic "game changer" sites in the County continue to grow. Worcester 6 has seen five new investors taking over 700,000 sq. ft. of commercial space. Redditch Gateway has been granted outline planning consent for 1,000,000 sq. ft. Malvern Hills Science Park continues to develop high quality defence and cyber security jobs with construction complete on Phase 5 and further expansion planned.

Looking forward to 2019/20 we have a strong financial base on which to build, and I was pleased that this includes our capital programme. As a result, Council were able to approve £26 million more of investment into the County to strengthen and develop our economy.

2019/20 will see the creation of Worcestershire Children First, a wholly owned company of the Council that is driving forward continual improvement in children's care, safeguarding and education. The Council is investing a further £8.5 million into these services.

So, whilst local government funding remains a constraint, we are effectively managing our resources to ensure we deliver improvement for our residents and businesses of Worcestershire.

Simon Geraghty, Leader of Worcestershire County Council
May 2018



Chief Executive's Introduction

At the end of my first year and the reporting of our 2018/19 Accounts I would like to start by thanking all staff and councillors for their efforts in what has been a challenging year. Over the last 12 months we have recruited a new leadership team, challenged our budgets and delivered significant improvement. That has taken hard work and resilience from everyone that has not gone unrecognised.

Local Government has been topical over the last twelve months and particularly with regard to the sectors financial stability. Against this context my initial priority was to establish Worcestershire County Council's financial position and to understand the pressures facing the organisation. The budget for 2018/19 contained all of the essential funding decisions expected, however the assumptions made around demand management were proving to be over optimistic in terms of timescales to deliver against the experience on the ground, particularly in the field of Adult Social Care. This resulted in a significant in-year pressure of almost £18 million and as such required urgent action to ensure the pressure was reduced and if possible completed removed. Whilst we are reporting an overspend it is in line with our forecasts and have addressed the long-term issues in 2019/20. This has meant we are moving away from the previous years' trend of relying on our reserves.

Shaping Worcestershire's Future continues to guide the Council's work. It sets an ambitious vision for Worcestershire with refreshed aims around our four priorities up to 2022.

It includes cross-cutting themes covering: moving towards self-sufficiency by growing our income base and better utilising our assets, an enabling authority helping individuals, families and communities to do more for themselves, evaluating providers and securing value for money and finally, working better together as One Worcestershire. Against this plan an incredible amount of work and progress has been achieved over the last 12 months:

- Worcestershire LEP is continuing to make great progress, contributing towards the delivery of 21,500 new homes by 2025. Worcestershire is playing its part at a regional level in the Midlands Engine, Midlands Connect and West Midlands Rail as well as the North Cotswold Line.
- Our investment in digital infrastructure continues, with superfast broadband (24Mbps+) now available to over 95% of premises in the county. In March 2018, Worcestershire was one of only six projects across the country to be awarded funding as part of DCMS' 5G Testbed and Trials programme.
- Investment in the County's rail network continues as a pace with Worcestershire Parkway, Bromsgrove and Kidderminster development progressing.
- We have continued to complete a range of drainage and flood mitigation schemes in key locations to improve the County's resilience. During the last 12 months the major flood adaptation schemes at New Road in Worcester and Upton-upon-Severn have been completed.



- The last 12 months in Children's services have concentrated on the continual improvement agenda and the creation of the new Council-owned company Worcestershire Children First. We continue to improve strongly having completed six interim Ofsted visits, all of which have shown good progress, with the final visit at the beginning of January prior to a full re-inspection expected during the spring / summer of 2019.
- Within Adult services despite the financial pressure the service has developed and implemented the new Three Conversation model of social care with very positive early results both in terms of resource requirements and feedback from service users.



Governance is important in ensuring the Council operates ethically and effectively and as Chief Executive this forms a fundamental part of the role. Since starting in post, I have placed an emphasis on improving our performance and risk management frameworks. You will see in our Annual Governance Statement the progress we have made, particularly around our financial controls and processes. Also, we have set out the focus of our improvement over 2019/20, including improving our organisational culture and accountability through our redesign programme. This will be informed by our staff, with over 120 volunteers helping us define new ways of working.

Worcestershire has an excellent history of partnership working and shared services and this continues to be a core objective and priority.

I was, therefore, delighted that Worcestershire Councils were one of 15 chosen to pilot changes proposed to the Business Rates Retention system. This means in 2019/20 Worcestershire will keep 75% of its Business Rates in County instead of 50%. That means an extra £4.5 million. Our bid was chosen due to its innovation and the strength of our partnership with districts, as all of this additional money will go towards preventing some of the future demand and cost of care, which is the biggest pressure the County Council faces going forward. We will be allocating this additional money to and working with local government, public and voluntary sector partners. We hope to show the rest of the public sector how such a strong partnership can improve the lives of residents and push for retaining income from business rates in County.

**Paul Robinson, Chief Executive
May 2019**



Chief Financial Officer's Narrative Report

Worcestershire is a County with a proud heritage. Home to over half a million people, with a mix of urban and rural communities, and a thriving economy. The County Council, like its peers and public sector partners, continues to deal with a significant increase in demand for and cost of our services, most of which relates to social care. Through good financial management the County Council continues to set and deliver a balanced budget, whilst also improving its performance in key areas.

2018/19 presented a significant challenge for the Council. The budget of £324.2 million faced service pressures of £17.9 million at the beginning of the year which was brought down to a £2 million overspend at the end of the financial year following a number of management actions to reduce or defer expenditure and optimise use of income. In total the Council achieved £27.7 million of planned recurrent savings. The outturn shows that we have overspent by £2 million, which will be funded from our earmarked reserves. The position by directorate is given below:

Service area	Budget £m	Outturn £m	Variance £m
Adult Services	125.396	138.03	12.634
Children, Families & Communities	96.361	97.813	1.452
Economy & Infrastructure	63.544	59.001	-4.543
Commercial & Change	39.722	32.207	-7.515
Public Health	-0.831	-0.831	0
Total	324.192	326.22	2.028

Whilst any overspend is a matter of concern and is a draw on reserves, it is within the expectation of the Council's approved Medium-Term Financial Plan (MTFP). The MTFP was strengthened in February 2019 when the 2019/20 budget and MTFP was approved recognising both the need to increase the budget to support vital adults and children's demand led social care services together with the successful actions implemented during 2018/19 to reduce service pressures.

Our key financial service performance measures saw a mixed outcome for 2018/19 with 99% of our creditors paid within 30 days of invoice date, compared to our 2017/18 performance of 98%. We also sought to make savings by agreeing new payment terms with our major national suppliers. However, the time taken to collect our debt has slipped in 2018/19 with 97% collected in 90 days, compared to 98% in 2017/18. As a result, we have increased the bad debts provision by £0.3 million. At the same time, we are reviewing and looking to standardise and centrally manage this process going forward.

Finance staff continue to work closely with our service partner Liberata and our external auditors Grant Thornton to improve performance to ensure a robust close-down process and produce the statutory accounts more quickly, and I express my thanks for their hard work.

As the financial pressures facing council's increase, it is imperative that we continue to put financial strength and competence at the heart of all decision making to deliver an innovative, strong, resilient and sustainable financial performance. To that end, we have a Financial Improvement Programme that is driving change, and this programme is monitored and reported to our Audit and Governance Committee on a regular basis.

Further in-depth highlights of the 2018/19 Statement of Accounts are contained in the Finance and Performance Review section below.

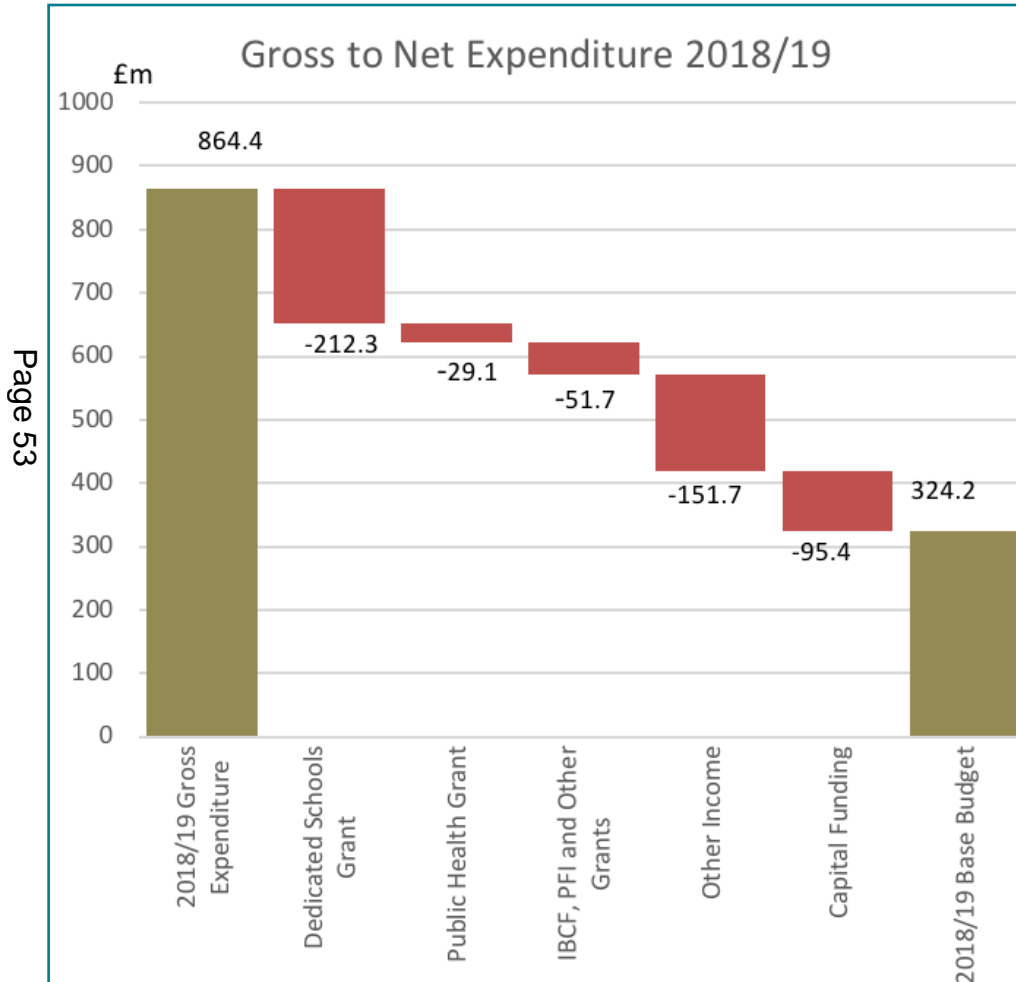
Michael Hudson LLB (Hons), LL.M, CPFA
Chief Financial Officer



Finance and Performance Review

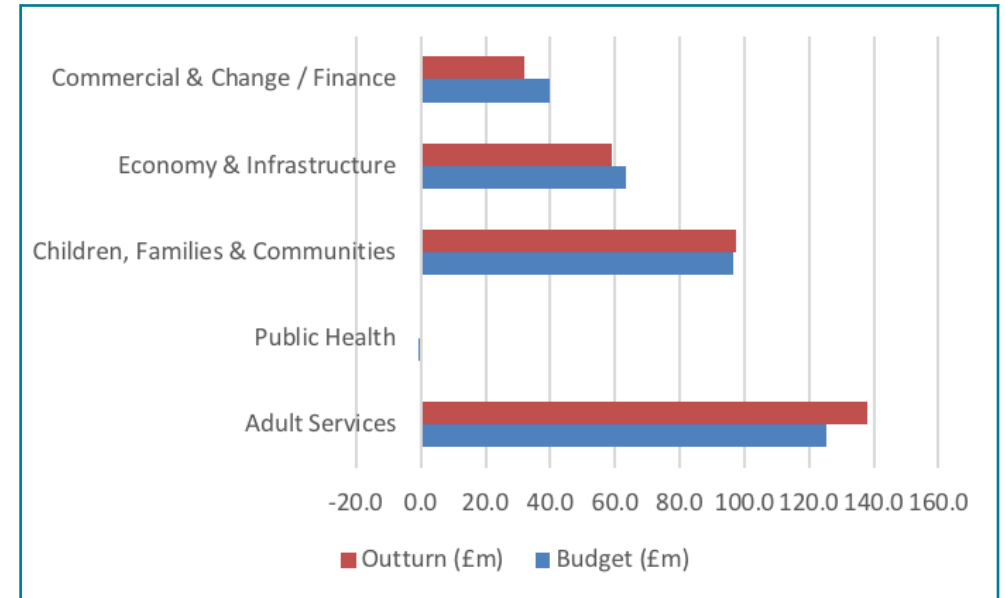
2018/19 Financial performance

The County Council net budget for 2018/19 was £324.192 million. The breakdown of gross to net expenditure is shown in the graph below.



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In line with budget monitoring throughout the year the County Council overspent by £2 million in 2018/19, with pressures in Adult Services and Children, Families and Communities being offset by underspends in Economy and Infrastructure and Corporate Services. The graph below gives details of the outturn position by directorate.



Significant management action has been undertaken in year to reduce the scale of the overspend in addition to delivering the original savings plan. Savings of £27.7 million have been delivered. The key financial and performance for each directorate is drawn out in the following paragraphs.

Adult Services

The Adult Social Care budget has overspent by £12.6 million, a combination of pressures in all areas of social care. In particular the increased demand and cost in the learning and physical disability service saw £8.9 million more spent than the original budget. The use of grants, changes to income, service delivery and vacancy management have enabled managers to offset some of these pressures. The 2019/20 budget has sought to redirect resources to rebalance these budgets.

Children, Families and Communities

Children’s social care placements demand and costs continued to increase in 2018/19, resulting in an overspend of £1.3 million. In addition, home to school transport for children with special education and needs disabilities returned an overspend of £0.5 million. Whilst underspends in other areas of the service have partly offset these pressures, there was a recognition of the need to reprioritise resources for these services in 2019/20, with a net increase of £8.5 million agreed by Council in February 2019. The increasing cost of high needs provision has placed significant pressure on the Dedicated School’s Grant (DSG) funding as well as the Council. At the end of 2018/19 this budget reported a net £0.6 million overspend. This will be carried forward to be found in future years from the DSG, however the Council continues to lobby with schools the need for this to be addressed nationally.

Economy and Infrastructure

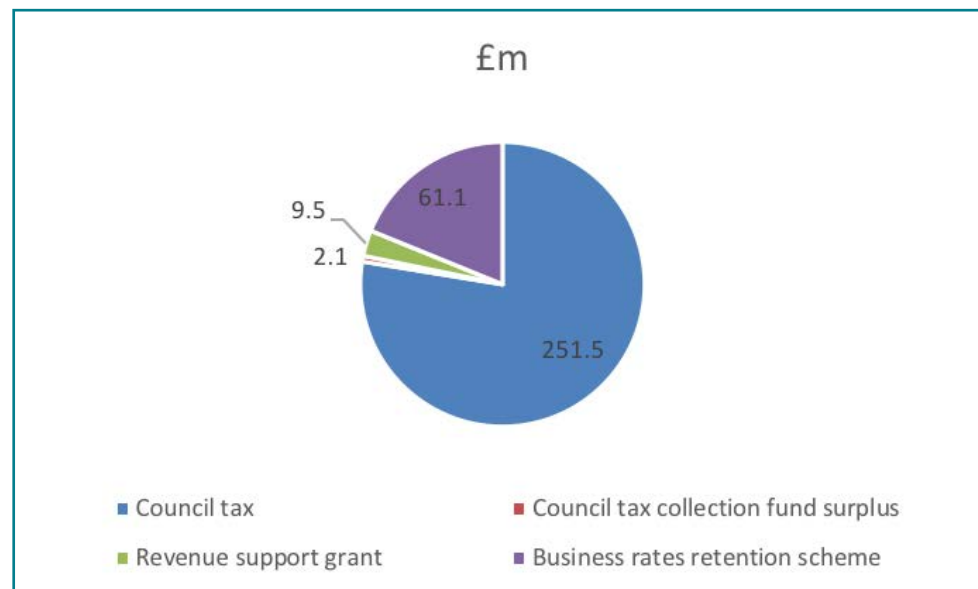
The directorate has delivered an underspend of £4.5 million, with a significant proportion of this relating to the capitalisation of works and in part due to a reduction in tonnages in Waste Services.

Commercial, Change and Corporate Items

Following strong financial management, it was possible to defer a large element of planned borrowing during the year. This resulted in financing borrowing costs being £4.4 million less than budget.

Funding sources

Core revenue expenditure was funded by a combination of locally raised funds and resource allocated from central government. This is the final year the County Council will receive Revenue Support Grant.



The Council Tax Band D equivalent was set at £1,212.38, including £78.71 relating to the ring-fenced Adult Social Care precept.

Services also derive funding from specific grants, contributions and fees and charges. Key grants are the Improved Better Care Fund, Public Health Ring-fenced Grant and Dedicated Schools Grant. The terms and conditions of these grants vary, and the funding may be non-recurrent.

Impact on the Council’s Assets and Liabilities

Property plant and equipment has increased by a net £6.1 million in 2018/19. We have disposed of £41 million of assets, including 12 schools

which have converted to academy status during 2018/19 resulting in a £36.2 million reduction to the Council's assets at nil consideration.

We secured £7 million of capital receipts which have helped us manage our borrowing requirement and fund transformation. At the same time, we are reporting a further £8.4 million of assets held for sale (note 13.8 Non-operational assets). Of these a quarter of the value is linked to the disposal of the former Kidderminster School which has planning permission for a new adult's residential home which will increase capacity for care in the County.

The County Council's pensions liabilities have increased by £96.7 million. Of this £68.1 million relates to an actuarial loss from changes in financial assumptions surrounding discount rates and CPI inflation assumptions.

The increase in liabilities is consistent with the 5% to 10% anticipated in the actuary's report.

We are undertaking a programme of active debt management which started in the latter part of 2018/19. We saw the average time to collect a debt slip from 35 days to 39 days in 2018/19. As a result, we have increased our trade debtor's bad debt provision by £0.3 million, however we are seeking to actively manage debts going forward through more standardised and centralised processes. Action in the latter few months has already seen a significant improvement and our trade debtors of £7 million less than 2017/18.

Whilst our time to pay creditors continues to be high (99% of all creditors paid within 30 days), we have undertaken a review of creditor payment terms to secure savings where we can negotiate reduced costs. Overall the increase of our trade creditors at 31 March 2019 by £6.4 million is more related to timing than any other changes.

Our earmarked and other usable reserves have decreased slightly over the year. This reflects the financial position of the County Council in the

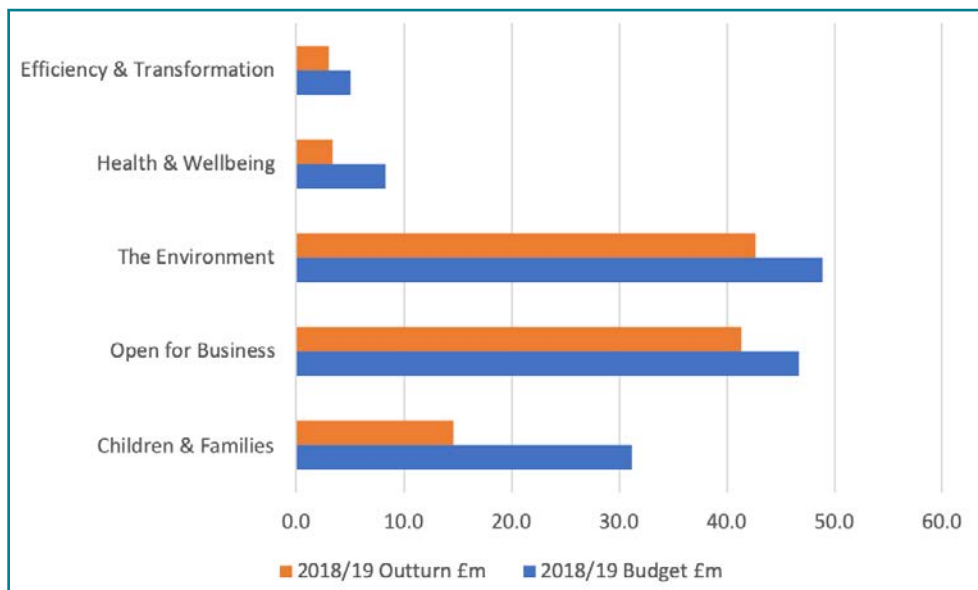
year, with directorates drawing down amounts put by in previous years to support service delivery. Further detail is given below

Financial risks and our reserves

Underlying cost pressures and extensive use of specific grants and other reserves has significantly increased since previous financial years. Our General Fund Reserve balance at 31 March 2019 was unchanged at £12.2 million, whilst the net movement of our earmarked reserves saw a small reduction of £2.9 million, including the funding of the £2 million overspend.

Capital Programme

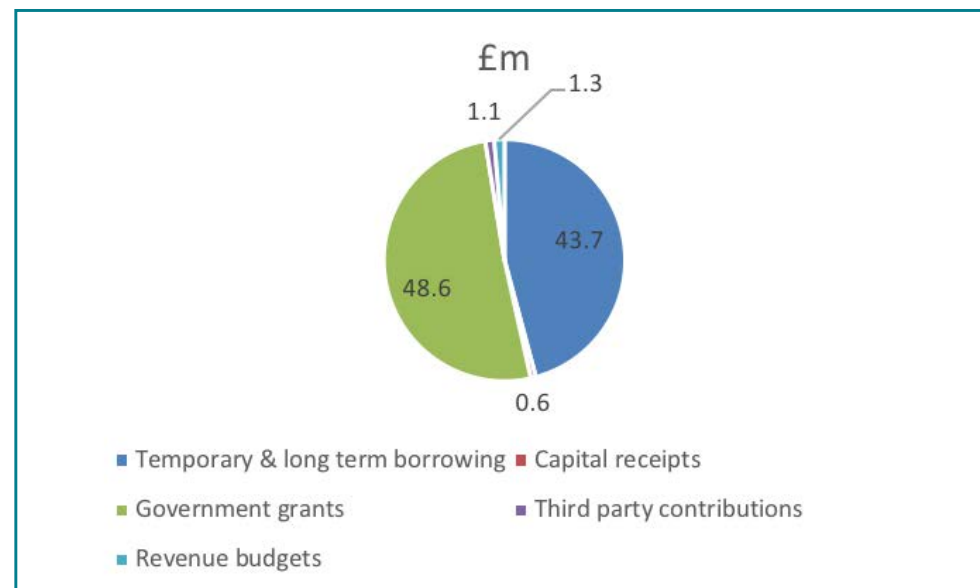
The capital programme for 2017/18 to 2020/21 and beyond totals £380.9 million, with £95.4 million in 2018/19. Expenditure is most significant in the Economy & Infrastructure Directorate which includes infrastructure support for Open for Business priorities.



Key schemes supported during 2018/19 are:

- Southern Link Road Dualling
- Upton upon Severn Drainage
- Pavement Improvement Programme
- Social Care Case Management System Replacement

Funding for capital schemes comes mainly from government grants, usually for specific developments, and borrowing, as shown below.



Impact on Treasury Management and cash flow

Our short-term borrowing has reduced by £20.9 million whilst our long-term borrowing has increased by £42.4 million. We continue to manage this and report separately to Cabinet and Council. All transactions have been completed in accordance with our Treasury Management Strategy for the year.

Delivering the Corporate Plan

The Council's 2017-22 Corporate Plan – Shaping Worcestershire's Future, sets a clear vision and four distinct priorities for the organisation and wider partnership to focus on delivering. This is set out alongside a revised way of working, move towards financial self-sufficiency and encouraging those individuals, families and communities who can to do more for themselves, enabling limited resources to be targeted on protecting the most vulnerable in society. Regular public engagement has consistently highlighted the following important aspects to consider when allocating resources:

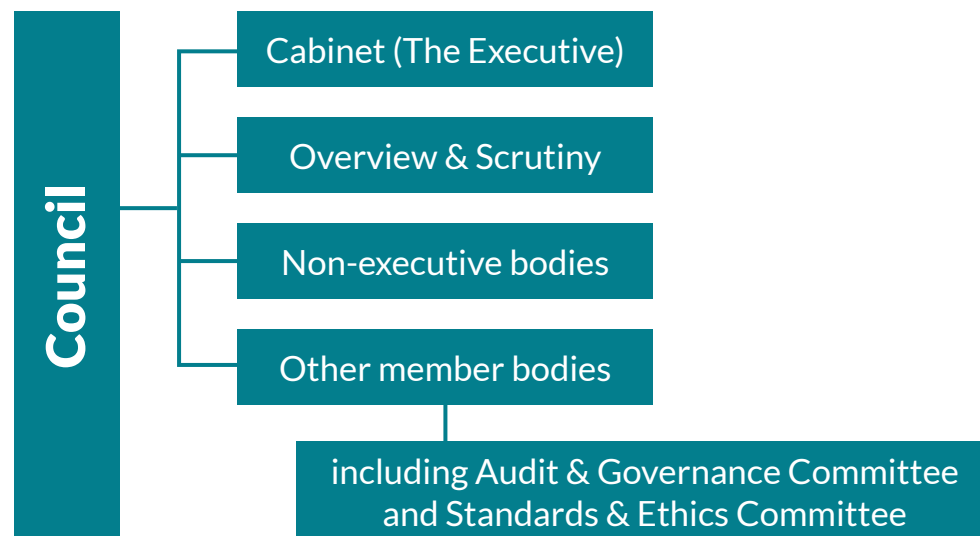
- Safeguarding vulnerable young people, particularly those in or leaving care to ensure they are safe and can make the most of the opportunities they have
- Protecting vulnerable older people, particularly those with physical, learning and mental health difficulties
- Maintenance of the highway.

Political structure

The County Council is run by 57 elected Councillors who are responsible for making sure that the services we provide meet the needs of residents and those who work in the county. They do this by setting the overall policies and strategies for the County Council and by monitoring the way in which these are implemented.

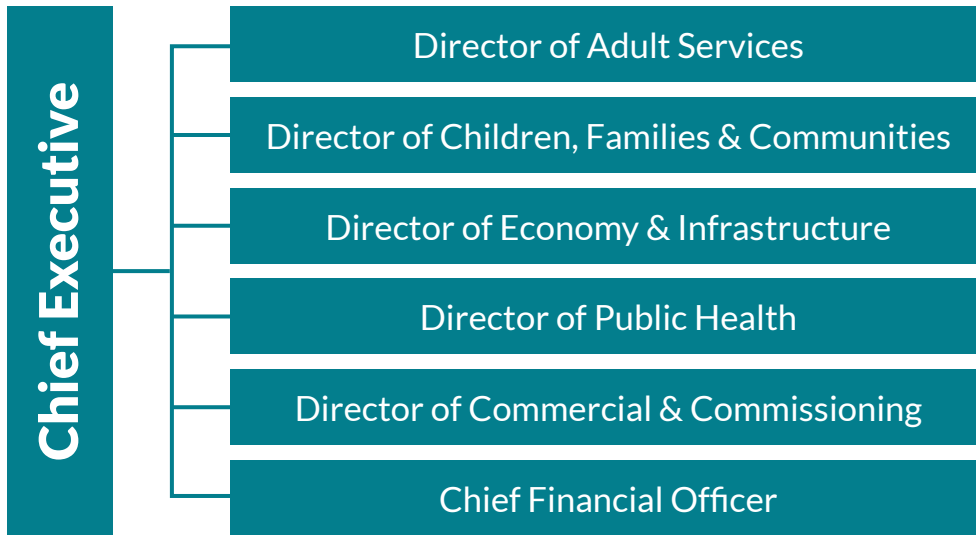
Full Council meetings are held regularly throughout the year. Council is responsible for agreeing the main policies and priorities for all services, including the County Council's budget. Cabinet is responsible for most day to day Council decisions. The Leader of the Council, Simon Geraghty, appoints councillors to the Cabinet and these Cabinet members have specific areas of responsibility. There are currently ten members of Cabinet.

Cabinet makes its decisions in line with overall policies, priorities and budget. All of its decisions are made in accordance with governance arrangements and details of Cabinet meetings are available at the following: [Browse meetings - Cabinet - Worcestershire County Council](#) The work of Council is supported by a number of other committees:



Further information about the County Council's governance arrangements can be found on the County Council website www.worcestershire.gov.uk, in the Council, Democracy and Councillor Information section and in the Annual Governance Statement which forms part of this document.

The County Council is operationally managed by the Strategic Leadership Team, comprising the Chief Executive, directors from the 5 directorates and the Chief Financial Officer.



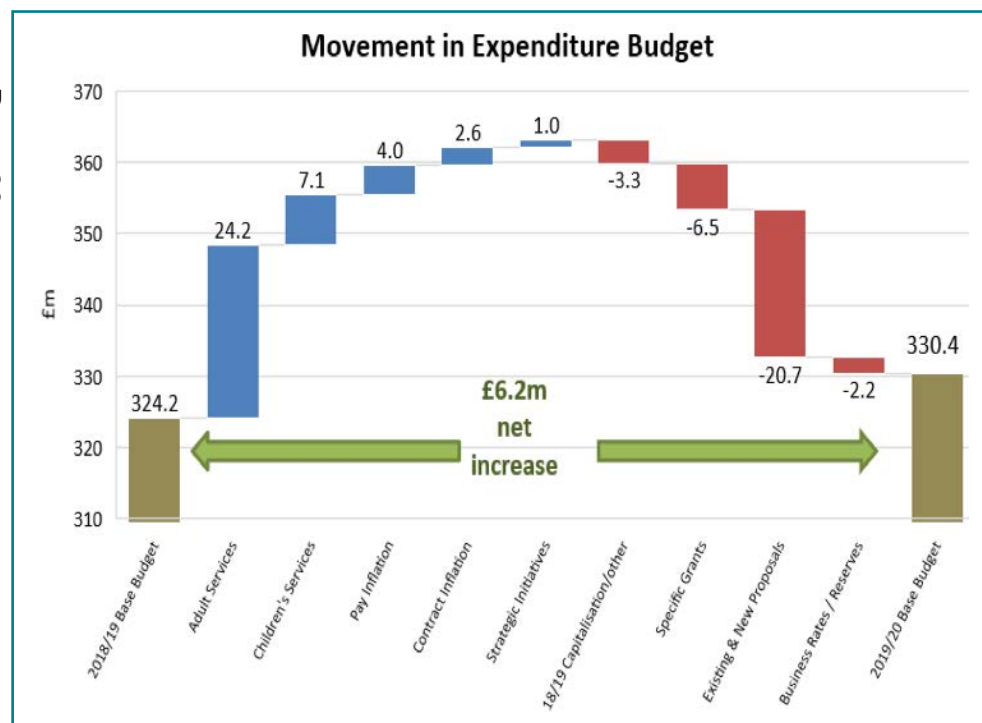
Looking ahead and going concern

The 2019/20 budget was approved at Council on 14 February 2019, with the detailed proposals presented to Cabinet on 31 January 2019.

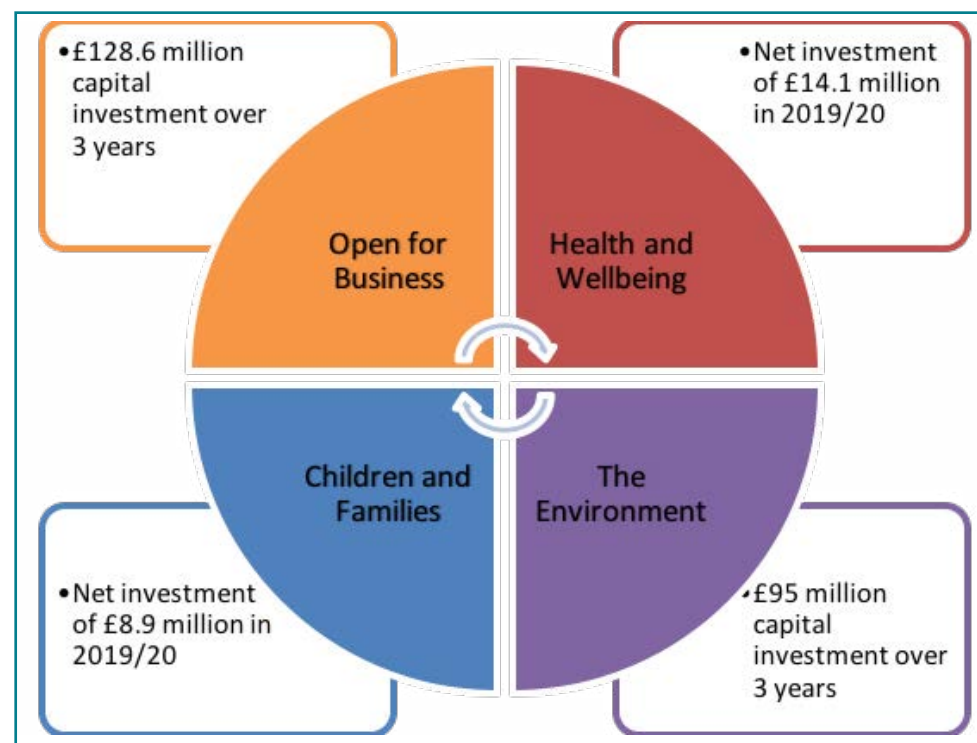
Expenditure

The net revenue budget requirement for 2019/20 is £330.390 million. That is a net £6.2 million more than 2018/19, however to achieve a balanced budget a number of investments and £20.7 million of savings were approved by Council in February 2019.

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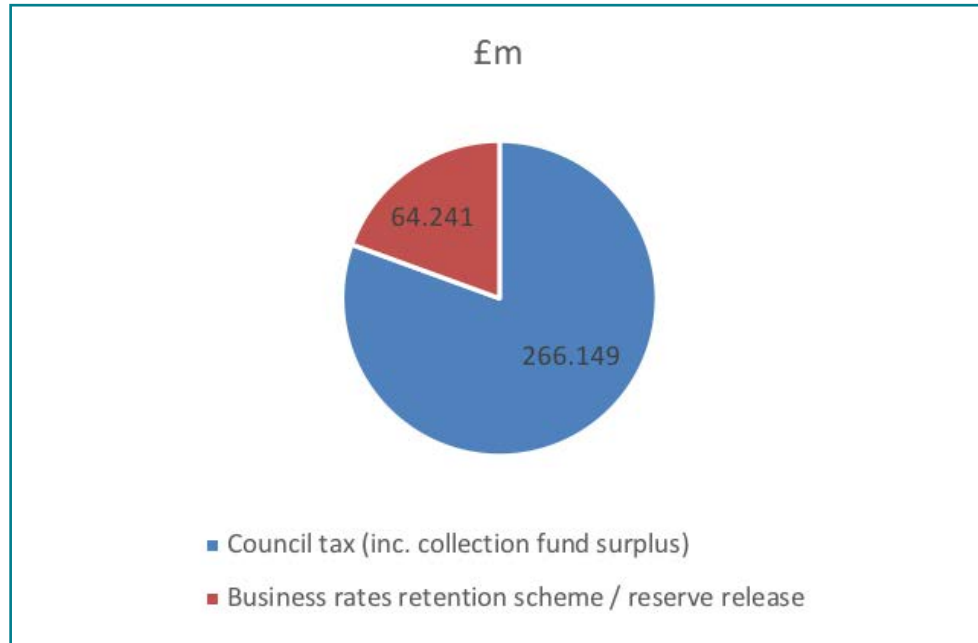
The medium-term financial plan confirms the commitment to continue to resource the Council's Corporate Plan priorities. It includes a capital programme of £397.5 million to deliver regeneration, infrastructure and other changes during 2019-22.



We are supporting this with a commitment to invest £31.9 million to ensure that the County Council is operating efficiently, prepared for the future including more digitally enabled operations, and closer working with our key partners.

Funding

The Revenue Support Grant ceased in 2018/19 resulting in the main sources of the County Council's income being collected locally, with local taxation, through Council Tax and the Adult Social Care Precept, accounting for 80% of core funding income in 2019/20.



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The County Council and its six District Council partners have been successful in its application to be a 75% Business Rates Retention Pilot. This is for one year only (2019/20) and is worth around £4.9 million and the money will be spent on District or County Council services specifically to help prevent or reduce the costs of Adults' and Children's social care across the County.



Additional one-off grants will be received for 2019/20, including £1.2 million for Special Education Needs and Disabilities and £0.9 million from Central Government's Business Rates Levy surplus

Medium Term Financial Plan 2019-22

The Medium-Term Financial Plan takes account of the Corporate Plan commitment, the cost of providing our services and current central government funding announcements. Our current assumption is that there will need to be a total of around £60 million of savings, reforms and income generation over the period 2019-22, with around £23 million required in 2019/20.

	2019/20	2020/21	2021/22	Total
Medium Term Financial Plan	£000	£000	£000	£000
Funding	330,390	339,259	351,938	1,021,587
Projected Budget Requirement	353,354	356,199	373,210	1,082,763
Funding Gap (Before Reforms)	22,964	16,940	21,272	61,176

Worcestershire Children First

In September 2017, following the Worcestershire Children's Commissioner report, the Department for Education directed that the County Council should move the operational delivery of Social Care Services for children to an Alternative Deliver Model. The development of a Wholly Owned Council Company was approved at Cabinet on 29 March 2018. The company is called Worcestershire Children First and is a private company limited by guarantee, meaning that the company is not for profit and will hold assets in its own name and invest funds. The company is set to go-live on 1 October 2019, following a 6-month shadow period.

Cabinet on 14 March 2019 agreed proposals to broaden the scope for the new company to ensure a single focus on children and young people. The Company will provide:

- Education Services
- Early Help Services
- Commissioning of community health services
- Virtual school
- Services for children with special educational needs and / or disabilities
- Participation and engagement
- Facilitation of the implementation of Worcestershire's Children and Young People Plan

The County Council will account for the activity of Worcestershire Children First through group accounts.

Brexit - the potential impacts of the United Kingdom leaving the European Union

Following a referendum in June 2016, the UK government invoked Article 50 of the Treaty of the European Union, starting the process for the exit from the European Union. The process was due to conclude on 29 March 2019 but has now been extended to 31 October 2019. The extension means that there is minimal, if any, impact on the County Council's accounts for 2018/19. We have been reviewing the potential impacts in the period to 31 March and ongoing discussions have been held with key partners, including our financial advisors, Place Partnership Ltd valuers and the Pension Fund. The County Council will continue to actively manage risk related to the exit process.

Feedback

We are always seeking to improve our Statement of Accounts and view our residents and businesses as shareholders. We therefore want to actively engage with the residents and businesses of Worcestershire who provide our funding. If you have any feedback on any items in the Accounts or ideas on how we can improve the presentation, please contact us at statutoryaccounts@worcestershire.gov.uk. We welcome your comments.

Further information about the County Council, including Cabinet and Council agenda and minutes, can be found at www.worcestershire.gov.uk.

Statement of Responsibilities

This sets out the respective responsibilities of the County Council and the Chief Financial Officer in respect of preparation of the Statement of Accounts.

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this County Council, that officer is the Chief Financial Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

Responsibilities of the Chief Financial Officer

The Chief Financial Officer is responsible for the preparation of the County Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Chief Financial Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Code of Practice on Local Authority Accounting

The Chief Financial Officer has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Approval of Accounts

The date that the Statement of Accounts was approved is 16 May 2019. All known material events that have occurred up to and including this date which relate to 2018/19 or before are reflected in the accounts.

In accordance with Regulation 9(1) of the Accounts and Audit Regulations 2016 I certify that the Statement of Accounts 2018/19 provides a true and fair view of the financial position of the County Council at 31 March 2019 and its income and expenditure for the year 2018/19.

**Michael Hudson,
Chief Financial Officer**

In accordance with Regulation 9(2) b of the Accounts and Audit Regulations 2016 I certify that the Audit & Governance Committee approved the Statement of Accounts 2018/19 on 26 July 2019.

**Nathan Desmond,
Chairman of the Audit &
Governance Committee**



Worcestershire County Council Council Annual Governance Statement

To be inserted



Worcestershire County Council Statement of Accounts

Introduction to the Statutory Accounts

The Statutory Accounts presents Worcestershire County Council's (the County Council financial position in line with financial reporting requirements. The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) and the Accounts and Audit Regulations 2015. The main objective of the Code is to give a true and fair view of the financial position of the County Council and the Pension Fund, including information about financial position, performance, the results of stewardship of management and any risks and uncertainties.

Comprehensive Income and Expenditure Statement

This statement shows the accounting costs in year of providing services by the County Council. This is prepared in accordance with International Financial Reporting Standards (IFRS) rather than the amount to be funded from taxation. The taxation position is shown in the Movement in Reserves Statement. The Expenditure and Funding Analysis note reconciles the position between taxation related expenditure and accounting related transactions. The surplus or deficit on the provision of services shows the true economic cost of providing the County Council's services.

Movement in Reserves Statement

This shows the movement on the different reserves held, analysed into usable and unusable reserves. The net increase / decrease before transfers to / from earmarked reserves shows the statutory General Fund balance before any discretionary transfers are undertaken.

Balance Sheet

This shows the value of the assets and liabilities of the County Council, with the net assets matched by the reserves held. Reserves are categorised as usable, i.e. those the County Council can use to provide services, and unusable, i.e. those which cannot be used to provide services.

Cash Flow Statement

This shows the change in cash and cash equivalents of the County Council, and classifies the cash as operating, investing and financing activities. The amount of net cash arising from operating activities is a key indicator of the extent to which the operations of the County Council are funded by way of taxation, grant income and fees and charges.

Notes to the Accounts

These give further detail in support of the information provided in the main accounts. Notes are only provided where the amounts involved are material. The notes include the relevant accounting policies which explain the basis for the figures included in the accounts and details of relevant estimates and judgements.

General Principles

The Statement of Accounts summarises the County Council's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The County Council is required by the Accounts and Audit Regulations 2015 to prepare an annual Statement of Accounts in accordance the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and International Financial Reporting Standards (IFRS). The Accounts have been prepared on a going concern basis, under the assumption that the Council will continue in existence for the foreseeable future.

Local authority school assets, liabilities, reserves and cash flows are recognised in the County Council's financial statements.

The County Council has taken a judgement and, in accordance with accounting standards and the Code of Practice on group accounts and consolidation, all maintained schools in the Worcestershire area are now considered to be separate entities controlled by the County Council. Rather than produce group accounts the revenue costs and associated balances of all maintained schools, such as accruals, provisions and cash balances, are included in the County Council's financial statements.

Maintained schools comprise: Community, Voluntary Aided, Voluntary Controlled and Trust schools.

Academies and Free schools are not maintained by the County Council and are not included in the consolidation

Consolidation of other accounts held by schools such as school funds and devolved capital accounts were reviewed and judged to be immaterial and are not recognised on the County Council's Balance Sheet.

Page 69 The Statement of Accounts contains estimated figures based on assumptions made by the County Council. Estimates are made considering historical experience, current trends and other relevant factors. There is, however, a risk that actual results could be materially different from the assumptions and estimates. The notes to the accounts detail items in the County Council's Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment.

Comprehensive Income and Expenditure Statement

	2017/18	2017/18	2017/18		2018/19	2018/19	2018/19	
	Expenditure	Income	Net		Expenditure	Income	Net	
	£m	£m	£m		£m	£m	£m	Note
	Service Expenditure Analysis							1,2,3,4,5.1
	200.8	(66.3)	134.5	Adult Services	209.6	(73.1)	136.5	6
	385.0	(263.8)	121.2	Children, Families and Communities	382.5	(273.5)	109.0	5,3,6
	112.6	(29.5)	83.1	Economy and Infrastructure	111.0	(38.7)	72.3	
	37.1	(9.4)	27.7	Commercial and Change, Finance & Chief Executive	52.0	(20.5)	31.5	
	29.4	(30.4)	(1.0)	Public Health	29.7	(30.0)	(0.3)	
	764.9	(399.4)	365.5	Net Cost of Services	784.8	(435.8)	349.0	
	5.5	(0.1)	5.4	Other operating expenditure	3.9	(1.9)	2.0	7
	86.2	(30.9)	55.3	Financing, investment income & expenditure	97.4	(32.5)	64.9	8
	0.2	(362.0)	(361.8)	Taxation & non-specific grant income and expenditure	0.2	(370.3)	(370.1)	5,2,9
	856.8	(792.4)	64.4	(Surplus) / deficit on the provision of services	886.3	(840.5)	45.8	
				Other comprehensive income and expenditure:				
			(148.6)	(Surplus) on revaluation of property, plant & equipment			(11.9)	
		16.4		Impairment losses on non-current assets charged to Revaluation Reserve			10.5	
			(60.5)	Actuarial (gains) / losses on pension assets & liabilities			54.7	
			(192.7)	Total other comprehensive income and expenditure			53.3	
			(128.3)	Total comprehensive income and expenditure (surplus)/deficit			99.1	

Movement in Reserves Statement 2018/19

	General Fund (Non-Earmarked) Balance	General Fund (Earmarked) Reserves	General Fund Total	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2018	12.2	84.4	96.6	4.8	34.9	136.3	39.6	175.9
Movement in reserves during 2018/19:								
Total Comprehensive Income and Expenditure	(45.8)		(45.8)			(45.8)	(53.3)	(99.1)
Adjustments between accounting basis & funding basis under regulations (Note 10)	45.8	(2.9)	42.9	(4.7)	6.2	44.4	(44.4)	
Increase / (decrease) in 2018/19		(2.9)	(2.9)	(4.7)	6.2	(1.4)	(97.7)	(99.1)
Balance at 31 March 2019 carried forward	12.2	81.5	93.7	0.1	41.1	134.9	(58.1)	76.8
Note Reference		11.1				11	12	

Movement in Reserves Statement 2017/18 Comparison

	General Fund (Non-Earmarked) Balance	General Fund (Earmarked) Reserves	General Fund Total	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2017	12.0	98.5	110.5	5.4	31.5	147.4	(99.7)	47.7
Movement in reserves during 2017/18								
Total Comprehensive Income and Expenditure	(64.5)		(64.5)			(64.5)	192.7	128.2
Adjustments between accounting basis & funding basis under regulations (Note 10)	64.7	(14.1)	50.6	(0.6)	3.4	53.4	(53.4)	
Increase / (Decrease) in 2017/18	0.2	(14.1)	(13.9)	(0.6)	3.4	(11.1)	139.3	128.2
Balance at 31 March 2018 carried forward	12.2	84.4	96.6	4.8	34.9	136.3	39.6	175.9
Note Reference		11.1				11	12	

Balance Sheet

31 March 2018		31 March 2019	
£m		£m	Note
1,038.9	Property, plant and equipment	1,045.0	13,14
1.4	Heritage assets	1.7	
0.6	Intangible assets	4.0	
3.1	Long-term investments	3.0	15,16
122.9	Long-term debtors	119.6	17
1,166.9	Long term assets	1,173.3	
17.0	Non-Operational Assets	15.8	13.8
1.5	Short-term investments	7.1	
1.0	Inventories	1.2	
61.6	Short-term debtors	56.2	17
15.4	Cash and cash equivalents	38.1	18
96.5	Current assets	118.4	
(78.3)	Short-term borrowing	(57.4)	15
(75.1)	Short-term creditors	(81.4)	19
(153.4)	Current liabilities	(138.8)	

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31 March 2018		31 March 2019	
£m		£m	Note
(0.3)	Long Term Creditors	(0.3)	19
(2.7)	Long-term provisions	(3.2)	
(366.9)	Long-term borrowing	(409.3)	15
(548.1)	Other long-term liabilities	(638.4)	20
(16.1)	Grants receipts in advance	(24.9)	21
(934.1)	Long-term liabilities	(1,076.1)	
175.9	Net assets	76.8	
Financed by:			
136.3	Usable reserves	134.9	11
39.6	Unusable reserves	(58.1)	12
175.9	Total reserves	76.8	

Cash Flow Statement

2017/18		2018/19	
£m		£m	Note
(64.5)	Net surplus/(deficit) on the provision of services	(45.8)	
29.1	Adjust net (surplus)/deficit for non-cash movements	130.8	
(62.0)	Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	(61.7)	
(97.4)	Net cash flows from operating activities	23.3	22.1
23.4	Net cash flows from investing activities	(22.9)	22.2
69.8	Net cash flows from financing activities	22.3	22.3
(4.2)	Net increase/(decrease) in cash or cash equivalents	22.7	
	Cash and cash equivalents		18
19.6	Balance at 1 April	15.4	
15.4	Balance at 31 March	38.1	
(4.2)	Movement in cash and cash equivalents increase / (decrease)	22.7	

DRAFT ANNUAL GOVERNANCE STATEMENT – 2018/19

Introduction

The Annual Governance Statement is a review of our activities to ensure that the County Council is carrying out its functions effectively. Our risk management process is a key part of our governance arrangements and provides assurance that:

- our business is conducted in accordance with all relevant laws and regulations
- public money is safeguarded and properly accounted for
- resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.

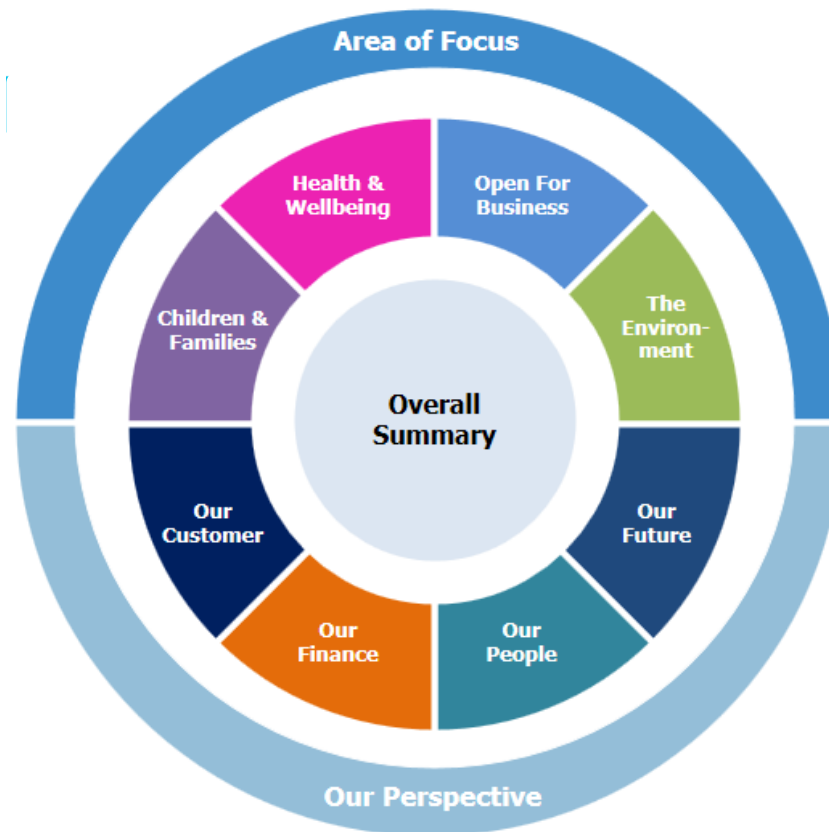
The governance framework

This Annual Governance Statement is published in accordance with the CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) (The Framework). This comprises systems and processes for the direction and control of the County Council and its activities through which it accounts to, engages with and leads the community. It enables us to monitor the achievement of strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The County Council has approved the requirements of the Framework and several specific strategies and processes for strengthening corporate governance such as the Corporate Risk Management Group and the Balanced Scorecard.

Our system of internal control is designed to manage risk to a reasonable level and is based on an ongoing process to identify and manage risks to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively and economically. It cannot eliminate all risk of failure but provides reasonable assurance of effectiveness.

The Balanced Scorecard is used to show the relationship between the intended outcomes of the Corporate Plan - Shaping Worcestershire's Future with the finance, workforce and process measures that support their delivery. The Balanced Scorecard is available to the public via the County Council's website to improve accountability to local communities. Performance is measured and reported against areas of focus internally on a quarterly basis and publicly every six months.



Set out below are the activities carried out by the County Council which contribute to our delivery of the seven principles in the CIPFA/SoLACE Framework during 2018/19.

Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

We have arrangements in place to provide assurance that our values are upheld, and that members and officers demonstrate high standards of conduct and behaviour.

These include:

- Codes of conduct for officers and members;
- The inclusion of ethical values in policies and procedures for all areas;
- A complaints procedure ensuring appropriate investigation and response;
- A commitment to equality of opportunity for all citizens, in line with the Public Sector Duty as set out in the Equality Act 2010;
- Our Constitution which sets out the conditions to ensure that all officers, key post holders and members can fulfil their responsibilities in accordance with legislative requirements. Roles, responsibilities and delegated authority for individual Members, the Council, Cabinet and senior officers are documented.

Core Principle B: Ensuring openness and comprehensive stakeholder engagement

The Chief Executive and Strategic Leadership Team value and are committed to acting on staff feedback. The County Council has an annual staff survey, frequent pulse surveys and staff briefings. Staff are involved in issue resolution arrangements.

Throughout 2018/19 the County Council's "Have Your Say" Roadshows have enabled Councillors and Officers to actively engage with members of the local community. Feedback from these sessions helps to inform the council's four corporate priorities: supporting Children and families, promoting Health and Well Being, protecting the Environment and championing Open for Business.

We are registered as a data controller under the Data Protection Act as we collect and process personal information. We have procedures in place that explain how we use and share information and arrangements for members of the public to access information. We have also adopted the model publication scheme produced by the Information Commissioner's Office.

Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Our Corporate Plan, Shaping Worcestershire's Future, identifies four key priorities that help us shape the future vision for Worcestershire and focus the delivery of our services.



Open for Business – we have a significant programme of improvements in workforce skills, employment, infrastructure and productivity. We are aiming to become a financially self-sufficient Council and to achieve this aim we are promoting and supporting businesses in the

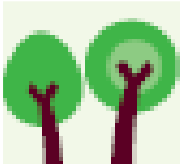
County and those looking to relocate here.





Children and Families – we have a strong focus on improving outcomes for the children, young people and families of Worcestershire. We support schools with achieving a good or outstanding rating by Ofsted and facilitating young people achieving five or more good GCSE's, and support young people moving

successfully into employment.



The Environment - Worcestershire's environment is one of our key features and contributes to enhancing the quality of life for residents and visitors. We are committed to improving our infrastructure networks, including transport and digital technology to support

business and encourage investment. We also have a key focus on minimising waste which goes to landfill.

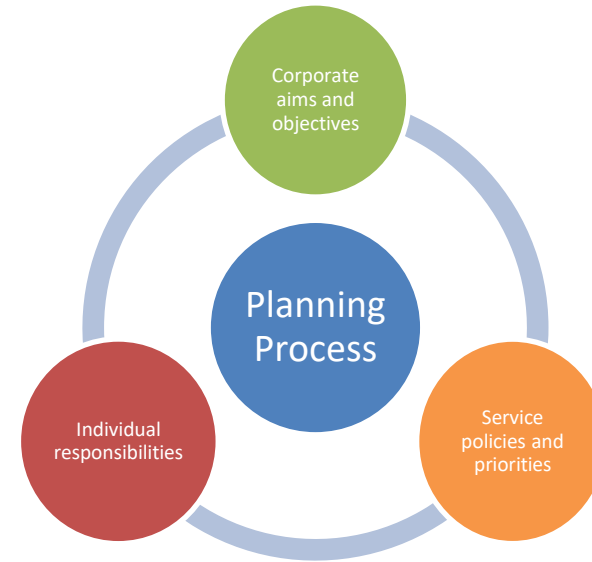


Health and Wellbeing – we are working with local partners to support our residents to be healthier, live longer, have better quality of life and remain independent for as long as possible. Our focus on adult social care aims to keep people with support and care needs as

independent as possible by providing choice in how to live their lives.

All services have plans in place in line with approved budgets to deliver the key outcomes contained in the Corporate Plan. Management of these plans varies by service, but includes key performance indicators, ongoing outcome monitoring and reports to management teams and committees as appropriate.

Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes



The County Council's planning process works to support and optimise delivery and identify and mitigate any risks.

Each key area of focus identifies several aims and targets, which are managed through the Balanced Scorecard. Responsibility for achieving these lies with individual directorates, and relevant aims and targets are included in individual service delivery plans. Risks and issues are managed through the Corporate Risk Management Group and regular updates are provided to SLT and the Audit & Governance Committee.

Progress against the Corporate Plan is monitored and reported to councillors on a regular basis.

Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

To deliver our objectives, we rely on our staff to carry on the great work they already do daily which is underpinned by Our People Values:

- **Customer Focus** - putting the customer at the heart of everything we do
- **'Can do' Culture** – being proactive to achieve excellence
- **Freedom within Boundaries** – courage to make constructive change

We aim to drive change, develop talent and optimise potential and enable managers and leaders to develop and motivate our workforce to allow it to be future fit. Reviewing the talent and potential of our workforce enables us to better understand and identify the potential we can develop over the coming years

Our annual performance review scheme forms a central part of our planning process. Discussions and review sessions take place between every member of staff and their line manager to agree and track personal objectives and actions, with formal mid-year reviews as a key part of the process. 90% of staff received mid-year reviews during 2018/19.

Core Principle F: Managing risks and performance through robust internal control and strong public financial management

Risk management is about the identification, analysis and control of threats or events that adversely affect the achievement of the County Council's strategic and operational objectives. It also enables positive risks to be taken to innovate and improve service provision. The Risk Management Strategy details the methodology for evaluating corporate risk management arrangements and its delivery is enabled by the Corporate Risk Management Group.

The County Council's anti-fraud and corruption strategy embeds effective standards in countering fraud, corruption and theft. The County Council supports and submits data for the National Fraud

Initiative (NFI) and assesses all matches for review and, where appropriate, mitigation. The Chief Financial Officer is responsible for ensuring this strategy is applied and that the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption is followed.

Financial Regulations form part of the Constitution and set out our financial management framework for ensuring we make the best use of the money we have available to spend. It outlines the financial roles and responsibilities for staff and Members and provides a framework for financial decision-making. Where there are specific statutory powers and duties the Financial Regulations seek to ensure these are duly complied with, as well as reflecting best professional practice and decision-making.

Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

We endeavour to always be open and transparent through our officer and member activity. A large amount of information is available on the County Council website which gives details of the working of the organisation, what we spend, and how our decisions are made.

We have a forward plan which provides information about all the decisions that the County Council has scheduled. Formal agenda, reports and minutes for all committee meetings are published on our website which ensures that people know what decisions the County Council is planning to take, and the decisions taken.

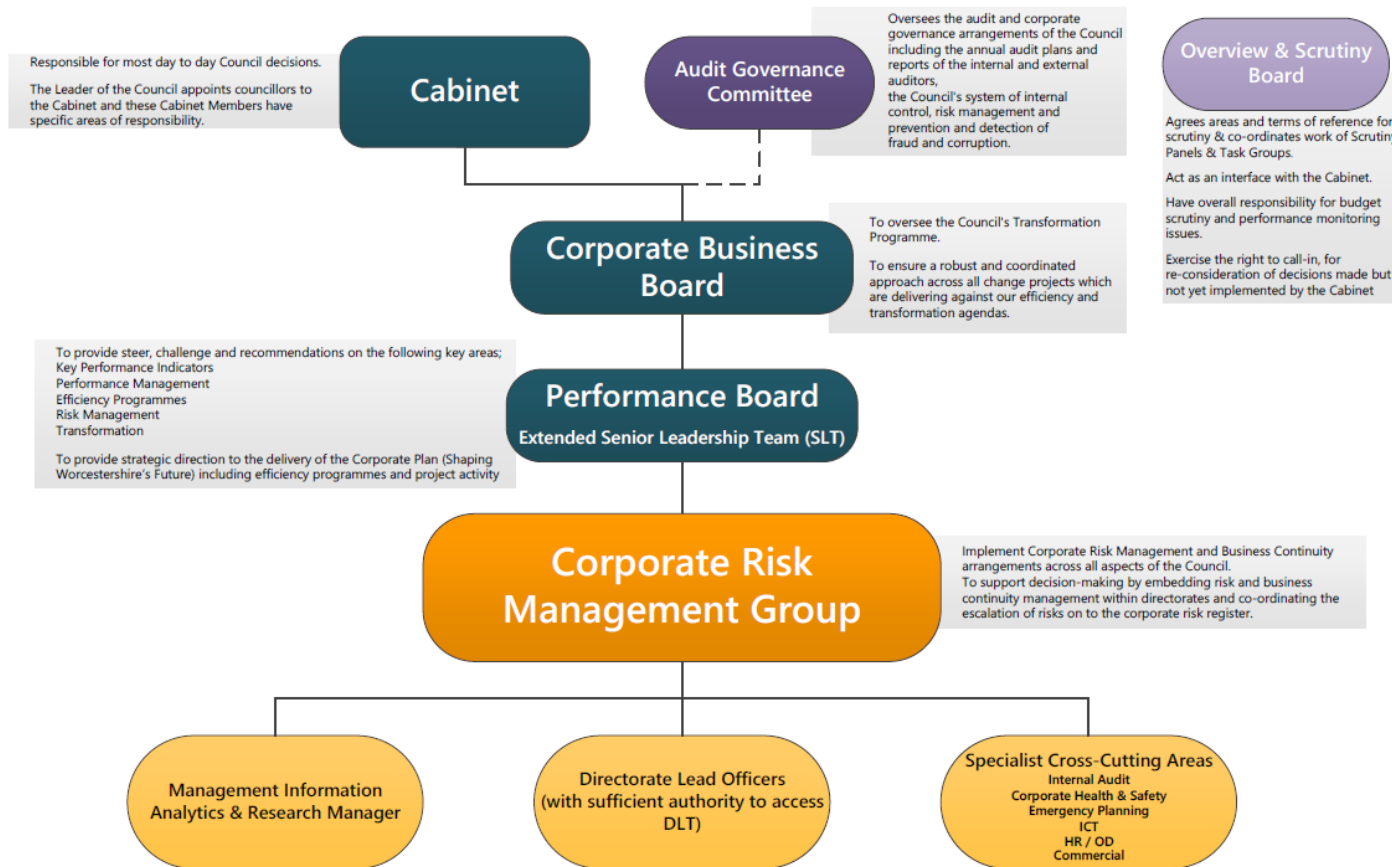
Arrangements are in place to ensure that we fully comply with the requirements of the Public Sector Internal Audit Standards (PSIAS) and CIPFA Statement on the Role of the Head of Internal Audit. During 2018/19 the County Council's internal audit service has been provided by Warwickshire County Council whose Internal Audit and Insurance Manager was designated as the Head of Internal Audit and has regular formal meetings with the directors and Chief Financial Officer. From 1 April 2019 the Internal Audit service will be provided internally.

Review of Effectiveness

The effectiveness of risk management within the County Council is reviewed throughout the year by the Corporate Risk Management Group. The outcomes of this Group have informed this Statement. The governance process undertaken by the Group are detailed below:



Corporate Risk Management Group Governance v0.1



The Internal Audit service has completed 30 audits in 2018/19.

Of these 4 have received limited assurance results:

1. Offmore Primary
2. School themed audit – budget management, payroll, procurement, ordering and creditor payment processes
3. School theme audit – schools in financial difficulties
4. Accounts payable

Based on the results of work undertaken during the year, the audit opinion is that the County Council's control environment provides moderate assurance that the significant risks facing the County Council are addressed.

Significant Governance Issues

2017/18 issues Governance issues	Update on progress
<p>Sustainable improvement in Children's Services. As noted in the 2016/17 AGS the response to the statutory improvement notice in Children's Services remains live. An improvement plan and plans to establish an alternative delivery model are well underway with regular programme monitoring and independent checking. It is envisaged that this will thus remain a key risk for the County Council to address in 2018/19, although at this stage response is being well managed and mitigations are in place. As is being seen in most councils across the country, demand pressures within children's social care continue to be a risk for the County Council due to the rise in numbers of children looked after and the complexity of need within the looked after children population.</p> <p>Children's Services will also be responding to the outcomes of the 2017/18 Special Educational Needs and Disabilities (SEND) inspection.</p>	<p>As noted in the 2017/18 AGS the response to the statutory improvement notice in Children's Services remains live. The improvement plan continues with regular programme monitoring and independent checking. The new wholly owned Council Company 'Worcestershire Children First' is in shadow form and will become live from 1 October 2019. A programme board is in place to ensure a smooth transition.</p> <p>Even with the many service improvements and mitigations this will remain a significant risk for the County Council to address in 2019/20. As highlighted last year most councils across the country are seeing demand pressures within children's social care continue to be a risk due to the rise in demand for resources and numbers of children looked after and the complexity of need within the looked after children population.</p> <p>Children's Services will also continue to respond to the outcomes of the 2017/18 Special Educational Needs and Disabilities (SEND) inspection which resulted in a requirement for a written statement of action. A comprehensive improvement plan is in place overseen by a programme board. Continued pressures are the rising numbers of children with additional needs, school placements and SEND transport costs. Funding for the 16-25 cohort continues to present a challenge. The County Council and schools continue to lobby central government on this matter.</p>

<p>Migration of Human Resources and Finance System. Implementation of the Independent review actions recommended by SOCITM are well progressed. Whilst 2017/18 saw responses to immediate issues following Go Live of the General Ledger system (E5) and HR system (iTrent), the longer-term issues are being addressed. The County Council is now in a period of improvement and transformation with its partner (Liberata), and progress is being monitored regularly by the County Council's Audit and Governance Committee.</p>	<p>Both the General Ledger and HR system are operating effectively and enabling the County Council to conduct its operational activities. We continue to work with Liberata to effect ongoing improvements to the systems. This governance issue can be closed.</p>
<p>Ensuring delivery of the County Council's vision and corporate objectives, in line with the Medium-Term Financial Plan. The County Council has set a balanced budget for 2018/19 as well as an indicative longer-term financial plan. However, at this time there is considerable uncertainty over the funding for local government. It is expected that over the summer of 2018 there will be further clarity and the County Council will need to respond accordingly. As such this potential risk needs continual review and councillors will be kept abreast of progress in delivering the 2018/19 budget and the funding position for future years through Cabinet monitoring reports in 2018/19. In addition, following a review by Overview and Scrutiny of a CIPFA resilience review officers will be working closely with councillors to ensure greater engagement and levels of debate in the budget setting process. In addition to this the County Council's maintained school's balances have again reduced and with the changes in funding formula this is an area of potential risk that requires further review.</p>	<p>2018/19 was a challenging year financially for the County Council, with a net reported overspend of £2.0 million. Stringent management in year and regular reporting to members and all staff ensured that the position was effectively managed in year. Cost pressures were also seen in DSG-funded schools, with particular issues around High Needs Funding. Robust future planning in terms of annual budget setting and medium-term financial planning, including comprehensive transformation and savings plans, will go some way to mitigating financial pressures, however uncertainties around funding and cost pressures will continue to pose challenges for the Council.</p>
<p>Adult Social care - Operational Pressures The local health and social care economy are under considerable demand pressure. As well as financial implications this is seen in</p>	<p>During 2018/19 the County Council has worked closely with all partners and had an agreed s75 agreement in place that was managed through joint bodies. The County Council rolled out its</p>

<p>pressure points such as delayed transfers of care from hospitals and lack of capacity in specific sectors of the care market. The County Council is actively working with its partners in the Health and Independent Sectors.</p>	<p>three-conversation model across the county following successful pilots. Demand continues to be a pressure and the County Council will continue to hold this as a key challenge to be addressed with its partners.</p>
<p>Staff capacity, recruitment and retention: The County Council has undergone a significant change in its Senior Leadership Team over the last six months. There will inevitably be a period of settling and challenge which may lead to further changes. The risk of staff retention and workforce planning thus needs to be considered and mitigated as appropriate during the next 12 to 18 months as part of any change programme to ensure the right capacity is maintained and staff development is maximised. Staff capacity may be impacted by national health issues such as Human Pandemic Flu. Epidemiological modelling suggests that an outbreak is possible at any time and its impact is likely to be severe.</p>	<p>The Chief Financial Officer took up post in April 2018 leading to a fully resourced Strategic Leadership Team who have been able to begin the development of a robust performance and management culture within the County Council. This work includes the launch of an Organisational Redesign programme which will consider and develop strategies for the recruitment and retention of staff. Staff resources, including well-being and turnover, are regularly monitored by the Strategic Leadership Team. An output of the County Council's redesign programme will be a new workforce strategy. Pandemic influenza and its impact on staffing issues have been considered by HR and the view is that this will need to be a dynamic decision-making process during an outbreak.</p>

2018/19 issues	Actions and mitigations
<p>Sustainable improvement in Children's Services. As noted in the 2017/18 AGS the response to the statutory improvement notice in Children's Services remains live. The improvement plan continues with regular programme monitoring and independent checking. The new wholly owned Council Company 'Worcestershire Children First' is in shadow form and will become live from 1 October 2019. A programme board is in place to ensure a smooth transition.</p>	<p>Worcestershire Children's First (WCF) will provide all aspects of Children's Services for the County Council. Arrangements in place to safeguard vulnerable children are referenced in the risk below. WCF's remit will include ensuring education services for all children in Worcestershire. Control measures in this area include a SEND improvement action plan, High Needs funding review, work with schools in deficit budget positions and the involvement in the Corporate Transport Board.</p>

	Risks relating to the implementation of WCF in 2019/20 have action plans and mitigations attached. Key staff have been appointed to the Company to manage these alongside County Council staff and members.
<p>Serious harm or death of a child or young person Safeguarding risk because of serious harm or death of a child or failure to safeguard children. Reputational risk as a result of poor inspection or service breakdown.</p>	<p>There is a comprehensive improvement plan in place. The creation of a wholly owned Company (Worcestershire Children’s First) will increase the focus on safeguarding issues. A comprehensive social worker training programme is in place. We have also implemented a “signs of safety” social work model.</p> <p>Issues of capacity of social workers are being addressed by improved recruitment and retention measures, including the recruitment and retention of high quality and experienced managers.</p> <p>We are also cross-referencing learning from other regional and national safeguarding case reviews.</p>
<p>Activity exceeds budget allocation Inadequate budgets and / or ineffective financial management will impact on the County Council’s ability to effectively provide services and impair our ability to forward plan. The level of earmarked and general reserves could also be impacted by any unplanned draw down.</p>	<p>Engagement with operational staff to determine required service budgets. Regular budget monitoring and operational challenge is in place. Robust forward planning through the Medium-Term Financial Plan. Redesign work is underway to identify £3 million corporate savings alongside a procurement review to identify £3.5 million.</p>
<p>Serious harm or death of a vulnerable adult A safeguarding risk because of serious harm / death from failure to safeguard a vulnerable adult. We also face reputational risk as a result of service breakdown.</p>	<p>A Safeguarding Adult Board is in place with representation from safeguarding partners.</p> <p>A centralised Adult Safeguarding Team located within the Safeguarding Hub ensures competency of staff, information sharing and consistency in decision making.</p>

	<p>The Adult Safeguarding Team are aligned with the Locality Teams and 3 Conversations processes</p> <p>Staff are assessed against WSAB safeguarding competency framework.</p>
<p>Staff capacity, recruitment and retention Our ability to deliver front line and key services will be impacted unless the County Council adopts a range of strategies to attract and retain a highly skilled and specialised workforce.</p>	<p>There is a dedicated HR team supporting social work recruitment, we are using agency workers to cover specialist and hard to fill roles and considering enhanced payment packages to attract / retain the right staff as part of the Organisational Redesign programme.</p> <p>The development of a workforce strategy to identify future needs and potential gaps is underway. We are also working to develop and train internal resource, including maximisation of internal secondments.</p> <p>Human flu pandemic – PH EP – pan flu scenario BCP exercise to be undertaken in 2019/20</p>

Issues identified for 2019/20

A number of the issues raised above continue to be the key focus for the County Council's leadership:

- Establishment of Worcestershire Children's First
- Safeguarding vulnerable children and adults
- Ensuring a financially sustainable short and medium-term budget
- Monitoring and effective establishment and developing staffing.

A further factor to be managed in 2019/20 is the implementation of a new adult and children's case management system. In October 2019 and February 2020, the County Council's current system (Framework-i) will be replaced for Adult and Children's Services

respectively with Liquidlogic. This process is being managed through project management practices, including regular reporting on progress, and if appropriate escalation of matters, to the County Council's leadership.