

Agenda

Cabinet

Thursday, 5 February 2015, 10.00 am
County Hall, Worcester

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كوردی سۆزانی، ننگیر ناتوانی تێبگدی له ناوهرۆکی نهم بێلگهیه و دهستت به هیچ کس نایگات که و ههیهگهیریتنوه بۆت، تکلیه تملظون بکه بۆ ژماره‌ی 01905 765765 و داوای رینۆینی بکه. (Kurdish)

ਪੰਜਾਬੀ। ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਮਸ਼ਹੂਰ ਸਮਝ ਨਹੀਂ ਸਕਦੇ ਅਤੇ ਕਿਸੇ ਅਜਿਹੇ ਵਿਅਕਤੀ ਤੱਕ ਪਹੁੰਚ ਨਹੀਂ ਹੈ, ਜੋ ਇਸਦਾ ਤੁਹਾਡੇ ਲਈ ਅਨੁਵਾਦ ਕਰ ਸਕੇ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਮਦਦ ਲਈ 01905 765765 'ਤੇ ਫ਼ੋਨ ਕਰੋ। (Punjabi)

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, 5 February 2015, 10.00 am, County Hall, Worcester

Membership: Mr A I Hardman (Chairman), Mr A N Blagg, Mrs S L Blagg, Mr J P Campion, Mrs E A Eyre, Mr S E Geraghty, Mr M J Hart, Mrs L C Hodgson and Mr J H Smith

Agenda

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1	Apologies and Declarations of Interest	
2	Public Participation Members of the public wishing to take part should notify the Head of Legal and Democratic Services in writing or by e-mail indicating both the nature and content of their proposed participation no later than 9.00am on the working day before the meeting (in this case Wednesday 4 February 2015). 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 meeting held on 18 December 2014 The Minutes of the meeting held on 18 December 2014 have been previously circulated.	
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5	Implementation of the Care Act 2014	89 - 108
6	Superfast Extension Programme - Appointing a Preferred Supplier for a County-wide Broadband Infrastructure Partner	109 - 118
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All the above reports and supporting information can be accessed via the Council's website.

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NOTES

- **Webcasting**

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

Cabinet
5 February 2015**4. BUDGET 2015/16****Relevant Cabinet Member**

Mr A I Hardman

Relevant Officer

Chief Financial Officer

Recommendation

1. **The Cabinet Member with Responsibility for Finance (and the Leader of the Council) recommends that Cabinet agrees the following recommendations to Full Council:**
- (a) **the conclusions concerning revenue budget monitoring, as set out in paragraphs 18 to 22, up to 31 December 2014 be endorsed;**
 - (b) **the virement and transfers to Earmarked Reserves as detailed in paragraph 23 are approved;**
 - (c) **cash limits for 2014/15 are updated to reflect use of an additional grant of £0.520 million to support earlier discharges from Acute Hospitals to social care services;**
 - (d) **the budget requirement for 2015/16 be approved at £327,057,543;**
 - (e) **the Council Tax band D equivalent for 2015/16 be set at £1,079.77 and the Council Tax Requirement (precept) be set at £212,083,547;**
 - (f) **consistent with the provisional Local Government Finance Settlement that revenue cash limits be set for each**

Directorate	£m
(i) Adult Services and Health	132.901
(ii) Children's Services	77.388
(iii) Business, Environment and Community Services	72.971
(iv) Commercial and Change / Finance	42.317
	<u>325.577</u>
 - recognising that £1.481 million will be transferred to earmarked reserves;**
 - (g) **delegated authority is given to the Leader of the Council to recommend to Full Council, in consultation with the Chief Financial Officer, any further adjustments to the revenue cash limits in (f) as a result of Central Government confirming the final Local Government Finance Settlement for 2015/16 as set out in paragraph 7;**
 - (h) **the A440 Worcester Southern Link Dualling Phase 3 scheme is added to the Capital Programme and that cash limits are updated accordingly as set out in paragraphs 95 to 98 subject to agreement with developers on the amount of contributions that will be provided to support the financing of the scheme as well as the indemnity or surety to confirm the certainty of this income that results in the scheme not requiring any net prudential borrowing from**

Introduction

- the Council other than for the purpose of financing cash flow requirements, and on condition that there is no increased cost to the Council beyond that set out in paragraphs 95 to 98;
- (i) the County Council continues to engage with residents and businesses in shaping the Corporate Plan and spending profile in line with their priorities;
 - (j) Members' Allowances are frozen for the seventh year in a row for 2015/16 as set out in paragraph 79;
 - (k) the Council's Pay Policy Statement is recommended for Approval as set out in Appendix 8;
 - (l) the conclusions concerning capital budget monitoring, as set out in paragraphs 99 and 100 , up to 31 December 2014 be endorsed;
 - (m) the Capital Programme as set out in Appendix 9 be approved;
 - (n) the Medium Term Financial Plan as set out in Appendix 10 be approved;
 - (o) the Treasury Management Strategy set out in Appendix 11 be adopted; and
 - (p) the Statement of Prudential Indicators and Minimum Revenue Statement as set out in Appendix 12 be approved.

2. This report represents the penultimate stage in the formal process to determine the County Council's budget and precept levels for 2015/16. If approved, the report will form the basis for proposals to Full Council approval on 12 February 2015. The approach to preparing the budget is in accordance with the Budget and Policy Framework Rules and reflects the County Council's Corporate Plan and Medium Term Financial Plan (MTFP).

3. The Cabinet received the draft budget for 2015/16 at its meeting on 18 December 2014 and:

- a) approved for consultation the draft budget set out at Appendix 2, which includes budget reductions that are currently being consulted upon arising from the FutureFit programme set out in Appendix 4, a number of which have already been subject to detailed Cabinet and Scrutiny reports;
- b) endorsed the plan to address a further savings requirement of £9.8 million as a result of updating the Medium Term Financial Plan to take account of the anticipated provisional Local Government Finance Settlement to be progressed and presented for approval within the February 2015 Cabinet and Full Council Cabinet Report;
- c) endorsed the view that the County Council will need to plan for annual savings on average over the life of the Medium Term Financial Plan of around £25 million per annum, and £26.2 million for 2015/16 as set out in paragraph 127; and
- d) endorsed the recommendation that Cabinet are minded to consider recommending to Full Council in February 2015 an increase in Council Tax Precept by 1.94% to provide financial support for the increased costs for services for Looked After Children, forecast to be £4 million in 2015/16 as set out in

**Budget Summary:
A budget that
supports the
delivery of the
County Council's
Corporate Plan –
FutureFit**

paragraph 75.

4. This report provides recommendations to allow the determination by Full Council of the budget and precept level for 2015/16. This will enable the County Council to remain ambitious around what is important to local people and the four priorities contained in the County Council's Corporate Plan – FutureFit. It brings together:

- A budget summary setting out the significant highlights of this budget
- the latest revenue forecast outturn for 2014/15
- the results of the budget consultation process
- the latest position on funding for 2015/16
- developments in income and expenditure budgets for 2015/16 from the plan presented to the December 2014 Cabinet, and
- the Council Tax tax-base changes and Collection Fund surplus.

5. This report then considers the effect of those changes on the budget and the provisional financial planning gap of £2.4 million for 2015/16 included in the December 2014 Cabinet report.

6. At the time of writing there are two income forecasts that have yet to be confirmed. Central Government have yet to issue the final figures for the Local Government Finance Settlement, and District Councils have yet to confirm their Business Rate income. A verbal update will be provided at the Cabinet meeting. Within this report forecasts relevant to these two items have been reviewed and refined based on the latest information that is available.

7. Delegated authority is requested in this report to be given to the Leader of the Council, in consultation with the Chief Financial Officer, to make any final adjustments to cash limits once these two remaining items are resolved.

8. The County Council remains ambitious and the budget for 2015/16 supports the County Council's refreshed Corporate Plan – FutureFit which looks forward to 2017. This budget confirms the initiatives that were set out in the Draft Budget report to the December 2014 Cabinet and supports the delivery of the four Corporate Plan focus areas and were developed within the context of a significant reduction in funding from Central Government.

9. The Corporate Plan focus areas are informed by extensive engagement over the last three years with residents and businesses.

Confirmed areas of key investment around the four Corporate focus areas

- Open for Business

The MTFP confirms the continuation of allocations to support the costs of prudential borrowing to fund new capital expenditure to drive the Council's Open for Business priority. This will continue to drive and facilitate others to increase the economic prosperity of business and residents in Worcestershire. This includes providing the appropriate match funding to Central Government's Local Growth Plan funding, to deliver major

schemes that include the development of Phase 4 at the Malvern Hills Science Park, the Worcestershire Parkway Regional Interchange railway station, key development site opportunities at the Worcester Technology Park as well as continuing investment at Bromsgrove Railway Station and the new Hoobrook Link Road in Kidderminster.

- Children and Families

The budget confirms the strengthening of the Children's Social Care budget through the allocation of £4.0 million to support the increasing number and costs of looked after children placements that result from the increased demand from services. Within this, it recognises that previously planned savings initiatives are now unlikely to be delivered due to service pressures in this area.

- Health & Wellbeing

The budget confirms the strengthening of the Adult Social Care budget through the allocation of £2 million in response to the demographic growth and increasing complexity of supporting vulnerable older people and adults with disabilities. The Better Care Fund has been agreed to facilitate integration of adult social care and health services. The Council will also be investing a £3.4 million grant from Central Government into delivering the Care Act.

- The Environment

The budget confirms the strengthening of the waste disposal budget through the allocation of £0.6 million to deal with a significant increase in the amount of waste disposed of by households as the economy recovers. This is alongside work to reduce waste through the 'Love Food, Hate Waste Campaign' and continued work with District Councils to minimise waste arising.

The budget confirms £3.6 million is being committed over the life of the MTFP from the New Homes Bonus on strategic flood alleviation schemes across Worcestershire.

In addition, the County Council will be making available £2.0 million from the New Homes Bonus to match a potential successful bid to the Department of Transport for Highways Challenge Funding. This supports residents' clear priority to invest in the county's roads. The intention is to combine this with increased revenue and capital allocations for highways and footways to create a total matched contribution of £4.0 million capital and £0.9 million revenue with the intention of attracting an additional £6.0 million through the Highways Challenge Fund.

10. The budget also allocates monies set aside in the draft budget for Strategic Initiatives in relation to highways, footways and a scheme designed to continue the local welfare assistance scheme for 2015/16 only.

Summarising our work on closing the provisional financial gap

11. The financial context in the medium term is that the County Council will continue to target the achievement of around £25 million per year whilst focusing on what is important to local people and delivering the Corporate Plan - FutureFit's four areas of focus.

12. The County Council has planned for continuing austerity and has managed its finances prudently in the past to ensure that sufficient reserves have been retained to support the organisation at this time of significant financial challenge. Plans have already been presented that potentially deliver £23.8 million of savings and efficiencies in 2015/16.

13. A residual financial planning gap of £2.4 million was presented within the December 2014 Cabinet Report. During January 2015, District Councils have confirmed to the County Council increases in the tax base forecast for 2015/16 as well as the surplus from their Collection Fund in 2014/15. Provisional forecasts for income from Business Rates and Business Rate Buoyancy have been refined as well as a review of initiatives funded through the New Homes Bonus.

14. Overall, the effect of the work undertaken in January 2015 has been to close the initial financial planning gap of £2.4 million in full. For one year only, it is proposed that £0.6 million of the one off Collection Fund surpluses from District Councils is used to balance the Revenue Budget with the intention that this is replaced by savings in 2016/17 that will be delivered year on year.

15. In addition to presenting a balanced budget for approval, it is recommended to allocate the remaining £1.5 million surplus from District Council Collection Funds into two earmarked reserves, summarised as follows:

- £1.0 million Change and Transformation Fund

The proposal is to add to the existing change and transformation fund for future allocation to support BOLD savings and transformation programmes.

- £0.5 million Self Financing Capital Investment Fund

The proposal is to create a fund to develop a framework for making capital investment into projects that both support the Corporate Plan – FutureFit priorities as well as creating an income stream for the purpose of reinvesting into further capital projects. This is particularly important as the County Council starts to look at transport and infrastructure priorities beyond 2018.

Council Tax Referendum Limit

16. Central Government has set a limit for Council Tax increases for 2015/16 of 2%. Any increase above this must be subject to a binding local referendum.

17. Contained within the December 2014 Cabinet Report was a proposal to increase Council Tax by 1.94%, within the 2% limit. This budget confirms that intention. The intention is to apply the income generated from a proposed uplift in Council Tax income to the increased costs for Looked after Children of a similar amount.

Outturn forecast as at the end of December 2014

18. The County Council's outturn forecast at Month 9 to 31 December 2014 indicates that the budget will break even by the end of the financial year. This represents a reduction from a forecast of a £0.5 million deficit reported within the December Cabinet Report.

19. The improvement is due to the re-profiling of increases that were planned in the County Council's draw down of debt from the Public Works and Loans Board to replace internal borrowing. This activity can now be delayed into the 2015/16 financial year due to continued low UK Gilt Yields which influence the interest rates charged by the Public Works and Loans Board together with forecasts that those rates will remain low for longer than previously anticipated.

20. There still remains however a significant adverse variance with regard to Children's Social Care Placements. In common with a number of other local authorities there are significant increases in demand and costs with regard to Children's Social Care. The County Council's Children's Services placement budget is currently forecast to overspend by around £5.1 million. The overspend position is subject to the implementation of the remaining £0.6 million in-year operational action plan which targets specific children's plans including the reduction in placement costs and moving children through the system quicker.

21. The BOLD transformational savings programme continues to make good progress and the 2014/15 target of £30.5 million is forecast to be achieved in the main. There are a small number of schemes where slippage in implementation has meant that savings on a recurring basis will not be delivered until April 2016. Any shortfall in 2014/15 is due to be covered by one off means and all plans remain on track for implementation. This includes reductions in the use of agency staff, better use of technology and improvements to the process for obtaining legal assurance.

22. The 2014/15 budget that was set by the County Council in February 2014 forecast to maintain General Balances at £13 million. Based on the outturn forecast at December 2014 it is likely that this will not change. General Balances are therefore likely to remain at £13 million at the end of the 2014/15 financial year.

Transfers to Reserves

23. The Cabinet Member with Responsibility for Finance recommends that Cabinet approves the following virement and transfer to earmarked reserves as part of the December 2014 forecast reporting. This does not require alteration of the net cash limits approved by Full Council. Virement can be made within the breakeven forecast described within paragraph 22.

- £0.6 million Councillor's Divisional Funds Scheme

As included in the December 2014 Cabinet budget report this confirms the proposal to transfer £0.6 million from the Financing Transactions budget for 14/15 to earmarked reserves to fund an additional one year's extension of the scheme for 2016/17.

Budget 2015/16

Budget 2015/16 consultation

24. Approximately 49,000 responses have been received as part of the County Council's approach to communications and engagement since 2010. This continues to rise as there is an active roll out of viewpoint surveys, focus groups and public road shows. Residents have consistently and clearly indicated their top

three priorities are:

- Maintenance of the Highway
- Protecting vulnerable young people, and
- Protecting vulnerable older people.

25. The FutureFit Corporate Plan and resultant transformation programmes reflect these priorities.

26. Residents' satisfaction with the local area is still high (84%), with areas in most need of improvement remaining similar to previous years:

- Road and Pavement Repairs
- Traffic Congestion
- Activities for Teenagers
- Public Transport, and
- Job Prospects.

27. From this top five, Road and Pavement Repairs has increased with Traffic Congestion remaining constant and the others decreasing.

28. Residents' satisfaction with the County Council decreased to 53% from the highest point in 2012 of 59%. To find out what is driving the satisfaction focus groups were held in the summer of 2014. These concluded the main factor behind satisfaction was how the County Council responds to issues and explains its actions.

29. Residents felt extremely positive about certain services, for example, the Hive and Registrar services but less so about areas such as Highway repairs even in light of the County Council's continued investment into its roads infrastructure as well as Worcestershire's roads being recognised as one of the best conditioned when compared with other counties across England.

30. In response to this feedback the County Council will continue and amplify communications to residents about services through further public roadshows, local media briefings and for example use of social media.

31. Importantly, the percentage of residents who feel Job Prospects need improving has dropped from 36% (November 2013) to 25% (June 2014). The number of jobseekers is now at the same level as the 2007 pre-recession average. This aligns with the Open for Business corporate priority to maximise opportunities for Worcestershire residents.

32. Over the Autumn the County Council engaged with both residents, staff and the Voluntary Sector through a number of channels including:

- Public and staff road shows involving the Leader of the Council and the Chief Executive
- Voluntary and community sector event
- Press Briefing, and
- Social Media.

33. Since the December Cabinet meeting, consultation has taken place with the following organisations:

- Parish and Town Councils
- Staff associations, School governors and head teachers
- Business Community
- National Non Domestic Ratepayers
- Voluntary and Community organisations
- Employee representatives including Unions, and
- Partners including health service organisations.

34. The draft budget proposals and feedback from the consultation events have been considered by the Overview and Scrutiny Performance Board on 29 January 2015 following the work of the Budget Scrutiny Task Group. The Board's response is set out in Appendix 1 (to follow).

The budget requirement and the funding position

35. The December 2014 Cabinet report set out a budget requirement of £330.7 million against funding from Central Government and Council Tax of £320.9 million leaving an initial funding gap of £9.8 million. The County Council has developed BOLD schemes to the value of £7.4 million that left an initial financial planning gap of £2.4 million at the time of the December 2014 Cabinet Report. This is summarised in the following table:

Table 1: Initial Funding Gap – December 2014

	£m
Revised estimate of 2015/16 budget requirement	330.7
Less provisional Revenue Support Grant funding from Central Government	-53.6
Less estimated funding from Business Rates Retention Scheme	-58.1
Less provisional funding received from Council Tax	-209.2
Initial funding gap	9.8
BOLD Savings and transformational programmes	-7.4
Initial Financial Planning Gap	2.4

Developments since the last Cabinet report

36. The Cabinet Member with Responsibility for Finance responded to Central Government's Local Government Finance Settlement on 15 January 2015. The response raised concerns in the following areas:

- Whilst the County Council continues to be supportive of Central Government's plans to help businesses through reduced

business rates, it is important that Central Government fully funds the County Council for the forgone income on a recurrent basis

- The way Central Government refers to a "spending power" increase of 0.9% of £3.6 million for the County Council significantly misrepresents the most significant reduction made by Central Government to Worcestershire's Revenue Support Grant since 2010/11 of £19.4 million or 26%
- The way Central Government has made a hypothetical calculation implying that the County Council has funding to continue the Local Welfare Provision Grant from within its financial settlement for 2015/16 is unhelpful when in fact this funding has been removed, and
- The permanent locking in of the County Council's funding level from the 4-block model which does not include Area Cost adjustment.

37. A copy of the full response is provided in Appendix 2.

38. Central Government are yet to confirm the outcome of the consultation on the Local Government Finance Settlement. Central Government's intention, at the time of drafting this report, is to debate the proposed response to the Consultation in Parliament during the first week of February 2015. Therefore, a verbal update will be provided at the February Cabinet to provide an update on whether the final response from Central Government changes any of the content of this budget report.

39. The provisional settlement published on 18 December 2014 indicated a £0.2 million reduction in the County Council's funding compared with what was forecast in the December 2014 Cabinet report. This comprises an increase of £0.3 million in Revenue Support Grant and a decrease of £0.5 million in business rates. This shortfall has been offset by increased levels of Council Tax Buoyancy notified by District Councils in January 2015.

40. This next section summarises this and other developments in the funding of the revenue budget since the proposals reported to Cabinet in December 2014. Since the last Cabinet report forecasts in the following areas have been refined based on new information:

- Business Rate Retention Scheme
- Revenue Support Grant
- Specific Revenue Grants
- Council Tax Base and Collection Fund performance, and
- Expenditure budgets.

Local Business Rate Retention Scheme

41. The income that the County Council forecast to receive in 2015/16 within the December 2014 Cabinet report through the Business Rates Retention Scheme is based on a prudent assessment undertaken by the District Councils. This takes into account forecast collection rates, changes to the number of businesses paying rates and the likely impact of successful appeals.

42. Central Government have indicated continued support for businesses by way of various business rate reliefs, and offers compensation to the County Council for loss of income through the allocation of business rate support grants. The grants provide valued and significant support to Worcestershire businesses as the economic recovery starts to take hold. The grants reimburse the County Council for income forgone in relation to the following initiatives:

- Ensuring that inflation in Business Rates (the multiplier) is capped at 2%
- Doubling of the Business Rate relief for Small Businesses, and
- Providing a £1,500 reduction for all retail businesses.

43. The grants are required to be set aside in an earmarked reserve to offset deficits that will then occur on District Council Collection Funds as a result. The indicative level of these deficits have been provided by District Councils and it can be confirmed that the County Council has sufficient earmarked reserves set aside in 2014/15 to offset in full these deficits. The grants receivable from Central Government for 2015/16 will again be set aside for this purpose.

44. District Councils are not required to formally confirm their forecasts for business rates collectable in 2015/16 until the end of January 2015. Therefore, at the time of drafting this report the indicative forecasts for growth in Business Rates for the County Council in 2015/16 is around £1.3 million. An adjustment to the budget has therefore been made to reflect this growth forecast by District Councils which in itself is a good indicator of recovering economic prosperity.

45. When the County Council approved the 2013/14 budget in February 2013 an allocation of New Homes Bonus was made to support revenue budgets aligned to economic development, including for example the well-received Worcestershire Business Central service. The intent at the time was to phase this allocation out of the revenue budget over a period of time recognising that the New Homes Bonus was not a recurring funding stream for the County Council. The forecast business rates growth of £1.3 million provides the County Council with this opportunity and this budget reflects that phasing out effective from 1 April 2015. This will provide an opportunity to consider the reallocation of this New Homes Bonus to other investment opportunities and further detail is provided later in this report.

Central Government's Funding Assessment

46. Central Government's Funding assessment includes funding received by the County Council by way of a block allocation for Business Rates as well as the Revenue Support Grant.

47. The draft Local Government Finance Settlement indicated a small change from the forecast included in the December Cabinet Report of £0.2 million. This comprised of a £0.5 million reduction in the Business Rates element and an increase of £0.3 million in the Revenue Support Grant element. The shortfall of £0.2 million will be

offset by an increase in Council Tax buoyancy over the forecast included in the December 2014 Cabinet Report.

48. Whilst the level of Revenue Support Grant has confirmed the accuracy of forecasts, the reduction of £19.4 million or 26% from the level received in 2013/14 still represents the most significant reduction in the Revenue Support Grant since the 2010/11 financial year.

49. The Local Government Finance Settlement did include a clear indication that the County Council is required to continue expenditure in relation to the Local Welfare Scheme, transferred with funding from the Department of Works and Pensions at the start of the 2013/14 financial year. However, whilst Central Government has indicated an amount that it expects the County Council to allocate to this scheme, Central Government has removed the funding of £1.1 million per year previously provided to the County Council as a specific grant.

50. Central Government has not provided any new Revenue Support Grant to replace the specific grant. Such a move by Central Government is deeply unhelpful and potentially misrepresents the fact that Central Government has actually cut the County Council's funding for this scheme in full. The potential to continue this scheme in 2015/16 is considered later in this report, despite the funding for it being removed by Central Government.

Specific Revenue Grants

51. Central Government are in the process of confirming specific grants for 2015/16. In order to provide a sense of the potential scale of specific grants Appendix 3 details the 2014/15 grants. A full listing of confirmed specific grants for 2015/16 will be published in the annual budget book in March 2015.

Dedicated Schools Grant

52. The 2015-16 provisional Dedicated Schools Grant (DSG) allocation prior to the recruitment deduction for Academies is set out in the following table:

Table 2: Provisional Dedicated Schools Grant Settlement

DSG Allocations (£m)	Pupil Numbers	2015/16
Schools Block	69,121	298.7
+ Holy Trinity Free School		1.6
Total Schools Block		300.3
Early Years Block	5,100	16.5
+ Early Years Pupil Premium		0.4
Total Early Years Block		16.9
High Needs Block (Provisional)		44.0
Other Adjustments:		
Early Years 2 Year Olds (Est)		5.5
Newly Qualified Teachers		0.1
Total Other Adjustments		5.6
Total Dedicated Schools Grant		366.8

53. The preceding table illustrates that in overall terms the indicative DSG allocation for Worcestershire is £366.8 million. This allocation will reduce as the funding for academies and free schools will be provided direct to each academy from the Education Funding Agency. The estimated amount that the Council will receive following recoupment of academy funding is £214 million.

54. The Early Years 2 year old funding has not yet been announced. The 2015-16 allocations are forecast to be based on actual pupil numbers. Initial calculations indicate that the amount receivable will be £5.5 million, £0.3 million less than the 2014/15 allocation.

55. In terms of pupil numbers there is an overall net increase in pupil numbers between October 2013 and October 2014, which is shown in Table 3. Within this overall increase, there is an increase in primary and a reduction in secondary school pupils. The overall split of children across primary and secondary education remains consistent at 60:40.

56. Within the sectors there were also some significant variations, with increases and decreases for individual schools when comparing October 2013 and October 2014. This will create some budgetary impact for some schools.

57. The pupil numbers are reduced for the purpose of the Special Educational Needs adjustment to reflect those pupils in Special Units in Mainstream Schools where place funding of £10,000 is allocated.

Table 3: Pupil Numbers according to Census data

Phase	2014/15	2015/16	Change
Primary	41,301	41,951	+650
Secondary	27,829	27,418	-411
SEN Units Reduction	-241	-248	-7
Total	68,889	69,121	+232

58. The DSG Guaranteed Unit of Funding (GUF) for the *Schools Block* has increased from £4,231.27 in 2014-15 to £4,320.84 in 2015/16 as a consequence of the County Council share of the additional Schools Block DSG of £390 million for 2015/16. This is net of Carbon Reduction Commitment (CRC) top slice for all local authorities of £7.51 per pupil in 2015-16 providing an increase of 2.1%.

59. Worcestershire now has a Mainstream Free School (The Holy Trinity Academy Trust Free School). The funding for this school has to be included in the DSG from September 2015. As a consequence, the DSG has increased by £1.6 million to account for the change.

60. The *Early Years Block* for 3 and 4 year olds DSG Guaranteed Unit of Funding (GUF) of £3,229.56 for 2015-16 is the same as 2014/15 i.e. cash flat per pupil and is based upon the January 2014 census Early Years pupil numbers. These numbers will be updated during 2015/16 for the January 2015 and January 2016 census returns. There is also an allocation of £0.4 million to support the Early Years Pupil Premium. The Early Years 2 year old funding will be allocated on participation and will be confirmed in June 2015 initially based on the January 2015 census and updated from the January 2016 census. The hourly rate for Worcestershire set by the Department for Education (DfE) has been confirmed at £4.85.

61. The provisional *High Needs Block* allocation is cash flat for high needs in schools. This includes each local authority's share of the national grant paid direct to Non-Maintained Special Schools (NMSS) before 2013/14. It also includes post school funding for High Needs. This amount will be adjusted for growth in 2014/15 places and additional top up funding for 2015/16 as a consequence of the exceptional case process managed by the DfE. The High Needs block is further split between schools and post 16 and will not be confirmed until the DfE have assessed the impact of the academic year place review they have undertaken for 2015/16.

62. The DSG Additions and Deductions include the addition for early education places for 2 year olds from lower income households (estimated £5.5 million) and an addition for the costs of monitoring and quality assuring Newly Qualified Teachers induction (+£0.1 million). The deduction from DSG as result of schools no longer being part of the CRC Energy Efficiency Scheme has been consolidated into the Mainstream GUF at -£7.51 per pupil. There will also be an adjustment for each local authority's share of the cost of national copyright licenses (this is yet to be notified).

63. As previously reported to Cabinet, the national Pupil Premium Grant rates are set out in the following table:

Table 4: Pupil Premium Grant Funding Rates

Phase/Type (£)	2014/15	2015/16
Primary	1,300	1,320
Secondary	935	935
Looked After Children	1,900	1,900
Service Children	300	300

64. The Pupil Premium will be extended in 2015/16 from April 2015 into the Early Years phase. There is a national Early Years Pupil Premium allocation of £50 million. This equates to a rate of £0.53 per hour, equating to £300 in a full year based on 15 hours for 38 weeks for eligible children.

Education Service Grant

65. The Education Services Grant (ESG) General Funding Rate for Local Authorities in 2015/16 is £87 per pupil in mainstream schools and £326.25 and £369.75 per place in Pupil Referral Units (PRUs) and special schools respectively. This represents a reduction of 30% from the funding rates in 2014/15.

66. Central Government has removed the ESG top up from academies (£27 for a mainstream academy in 2014/15) but has put a system of protections in place to restrict the total loss of funding to academies to between 1% and 3%. This does not affect the amount transferred from local authorities or the amount paid back to local authorities through the ESG.

67. The ESG Retained Duties Funding Rate for local authorities is a flat rate of £15 per pupil. The provisional allocation to Worcestershire in 2015/16 is £4.7 million, but will change in year depending on further academy conversions, or any delays in the current proposed conversion dates.

Better Care Fund

68. Details of the Better Care Fund for 2015/16 were provided in the Cabinet report on the 18 December 2014. The total of the Better Care Fund plan for 2015/16 is £37.2 million. This comprises £33.5 million revenue expenditure and £3.7 million capital expenditure. A capital allocation of £0.6 million was approved by Cabinet at its November 2014 meeting towards extension works at the Timberdine facility.

69. Final plans, which require collective agreement between Health and Social Care via the Health and Well-being Board, were submitted to NHS England in September 2014 and were subject to a national approval process. Worcestershire was only one of six local authorities in the country whose plan was approved with no conditions or support.

Public Health Grant

70. The grant for 2015/16 is £26.5 million which is the same amount as last year 2014/15. Included within the budget are proposals for further use of the grant from 2015/16 to fund £2.5 million of services previously funded from the base budget in 2015/16.

71. This is possible as the proposed use of funding for prevention and early help is consistent with the terms attached to the grant. Although there is some flexibility in the use of the grant, Public Health England is auditing local authorities to ensure that the grant is being spent appropriately.

72. Central Government has also announced that there will be a "Health Premium Incentive" pilot scheme, where an additional £5 million has been allocated nationally for local authorities that demonstrate improvements on two public health indicators. It aims to reward local authorities by offering additional financial incentive for improving the health of local populations and tackling health inequalities. Payments will be made in 2015/16 for improvements achieved in 2014/15.

Adult Social Care Funding to Support Earlier Discharges from Hospitals

73. The County Council was notified on the 19 January 2015 that it will receive a new grant of £0.520 million in the current financial year from the Department for Health to provide funding for social care to support earlier discharges from Acute Hospitals to aid the Health economy through this extremely challenging winter period. Discussions are being held with Health partners as to the best use of these monies and it is proposed that details of the expenditure be included in future budget monitoring reports to Cabinet. It is recommended that cash limits are updated accordingly.

Council Tax

74. District Councils have confirmed increases to the Council Tax Base of £4.1 million (2%) for 2015/16. In addition to this there is an overall surplus in the District Council's Collection Funds of £2.1 million. The total additional income is as follows:

Table 5: Council Tax Income

	£m
Bromsgrove District Council	0.8
Malvern Hills District Council	0.8
Redditch Borough Council	0.2
Worcester City Council	0.4
Wychavon District Council	1.0
Wyre Forest District Council	0.9
Total additional income from an increase in Council Tax recurrent income as a result of buoyancy and District Council's support schemes changes	4.1
One off 2014/15 Collection Fund Surpluses	2.1

75. The table above demonstrates that income for 2015/16 to the value of £4.1 million has been identified from information submitted by the District Councils. £2.8 million of the increase confirmed by District Councils is in addition to what was included in the December 2014 Cabinet report.

76. The additional Council Tax Buoyancy is sufficient to fund the £2.4 million funding gap as detailed in the December 2014 Cabinet report, and will provide funding to support the net reduction of £0.2 million in funding as a result of the provisional Local Government Finance Settlement.

77. The gap between the original shortfall in Council Tax Income created by Central Government's localisation of Council Tax Support and the schemes implemented by District Councils for 2015/16 is now closed. The only District Council to not have implemented reforms to Council Tax support prior to 1 April 2014, Bromsgrove District Council, have now approved changes to their scheme that fully close the initial financial gap in funding created by Central Government when the responsibilities for Council Tax support were localised in April 2013.

78. A detailed calculation of the Council Tax together with precept requirements for each District Council and the precept payment dates are set out in Appendix 4(a) and 4(b).

Expenditure budgets

79. The County Council's expenditure budgets have been increased by 0.7% or £2.3 million since the December 2014 Cabinet report. Whilst minor when compared with the County Council's overall budget, these include:

- **£1.3 million** to remove the reliance on New Homes Bonus income to support wider economic development activities in the existing revenue budget. This adjustment to expenditure is fully

offset by the growth in business rate income described earlier in this report and has no net impact on the indicative funding gap

- **£0.6 million** to support the increase in the levels of reimbursement to bus operators for the increased use of concessionary travel passes
- **£0.3 million** to refine income and expenditure budgets following further appraisal of forecast costs by budget holders with support from Finance Managers;
- **£0.1 million** to uplift Landfill Tax inflation in response to Central Government locking in an RPI increase to £82.60 per tonne earlier in the year before the recent fall in inflation rates
- Small changes due to rounding, and
- Removal of an inflationary increase for Members Allowances.

It is recommended that for the seventh year in a row that Members' Allowances are frozen at 1 April 2008 levels and no inflationary uplift taken. This measure will reduce the need for the County Council to find recurrent savings as an increase was previously included in the MTFP. The County Council has previously agreed that Members' travel and subsistence allowances will mirror officers 'eco' rates which currently are not expected to increase from the 2012/13 rates.

80. As referenced above, District Councils indicated during January 2015 that the County Council will receive a £2.1 million surplus on 2014/15 Council Tax Collection Funds. The County Council requires approximately £0.6 million of this surplus to be used to balance the proposed revenue budget for 2015/16. This one off funding will need to be replaced by recurrent cost reductions or increases in income from 2016/17. The remainder of the 2014/15 Collect Fund surplus is recommended to be allocated in the following ways:

- £1.0 million Change and Transformation Fund

The proposal is to add to the existing change and transformation fund for future allocation to support BOLD savings and transformation programmes

- £0.5 million Self Financing Capital Investment Fund

The proposal is to create a fund to develop a framework for making capital investment into projects that both support the Corporate Plan – FutureFit priorities as well as creating an income stream for the purpose of reinvesting into further capital projects.

81. The Cabinet Member for Finance recommends that the £2 million set aside within the draft budget presented to Cabinet in December 2014 for Strategic Initiatives is allocated as follows:

- **£0.5 million** - Continued investment in improving Highways

A £0.5 million allocation to support a continuation of the County Council's investment into the county's roads. This will be continuing the County Council's recent investment year on year into the budget made available to support improvements in the county's roads infrastructure that has resulted in an uplift of £1.5 million in the Council's annual revenue budget for roads since

2013/14.

- **£0.4 million** – Investment into improving Footways

Cabinet will recall a discussion at the Full Council January 2015 meeting concerning whether the revenue budget for footways improvements could be increased. Following an intensive exercise to determine the benefits of an increase in the annual revenue budget for Footways an increase of £0.4 million to this budget from £0.8 million to £1.2 million is proposed with the intention of maintaining or improving an additional 3.5 to 5 kilometres of Footways across Worcestershire each year.

- **£0.2 million** – Local highways improvements

The capital financing budget is increased by £0.2 million to support the revenue impact of a £2 million capital allocation to local highways improvements. The highways improvements will be allocated to each ward on an equitable basis for development in consultation with each local member in alignment with the potential Highways Challenge Fund.

- **£0.4 million** – Local Welfare Assistance

The County Council has been working with District Councils to agree a funding package that supports the continuation of schemes into 2015/16.

An allocation for 2015/16 is recommended to support the continuation of funding for one year to District Councils in respect of the valued Local Welfare Assistance schemes. This allocation will only be made on the basis that the funding is matched by each District Council and can be combined with any underspends in 2013/14 and 2014/15. This allocation follows the cessation by Central Government of the Section 31 Grant received by the County Council in 2013/14 and 2014/15. The Cabinet Member for Finance recommends that delegation is provided to the Chief Financial Officer, consistent with the approved recommendation from the October 2014 Cabinet Resources Report, to agree the provision of this funding to each District Council together with the use of any underspends and will be reviewed on the basis of the finalisation of the Local Government Finance Settlement.

- **£0.1 million** – to fund the development of Public Realm improvements in Redditch

An allocation for 2015/16 to support the District Council to develop a scheme to improve the public realm in Redditch. Similar contributions to improve the Public Realm in the other town centres within Worcestershire have been well received in the last few years and it is hoped a scheme can be developed to benefit residents who visit Redditch Town Centre already and promote greater visits in the future.

- **£0.4 million** – to fund key strategic capital scheme developments

An allocation for 2015/16 to support the development of key infrastructure schemes such as improvements to the A38 and the potential for the widening of the Carrington Bridge. The County Council was successful in 2014/15 in obtaining £47

million of investment across the county from Central Government as part of the Local Growth Deal. This allocation will ensure that the County Council is best placed to take advantage of any further allocations that Central Government may make in the near future as the County Council competes with other areas to attract investment from Central Government.

82. A summary and detail of budget variations is provided in Appendices 5, 6 and 14. The list of BOLD savings is provided at Appendix 7.

Closing the Provisional Funding Gap 2015/16

83. The above changes in Council Tax, Business Rates Income, and expenditure budgets have enabled the provisional funding gap of £2.4 million referred to in the December 2014 Cabinet Report to be fully recovered. The following table summarises progress made since the December 2014 Cabinet Report to close the financial gap for 2015/16.

Table 6: Summary of changes since December 2014 Cabinet

£m	December	February	Change
Council Tax	209.2	212.1	2.9
Collection Fund Surplus	0.0	2.1	2.1
Revenue Support Grant	53.6	53.9	0.3
Business Rates Retention	58.1	59.0	0.9
Better Care Fund	33.5	33.5	0.0
Total Funding Available	354.4	360.6	6.2
Total Net Expenditure	380.6	382.9	2.3
Future Fit Programme	-23.8	-23.8	0.0
Earmarked Reserves Contribution	0.0	1.5	1.5
Funding Shortfall	2.4	0.0	-2.4

84. General Balances can be retained at their planned level of £13.0 million for 2015/16 and future years. This represents around 3.6% of net revenue expenditure and is above the minimum level of General Balances typically referred to by external audit of £10 million for an organisation of this size.

85. The spending requirements set out in Appendix 4 are proposed to become cash limits for each Directorate in 2015/16. These are set out in summary within the following table.

2014/15 Cash Limits

Pay Policy Statement

New Homes Bonus and the Highways Challenge Fund bidding process

Table 7: 2015/16 Directorate Cash Limits

	£m
Adult Services and Health	132.901
Children's Services	77.388
Business, Environment and Community Services	72.971
Commercial and Change / Finance	42.317
Total	325.577

86. The Localism Act 2011 requires the Council to approve a pay policy statement for each financial year. The Statement specifies its policies relating to pay of its workforce including 'chief officer related' positions and its lowest paid employees. The Statement must be published on the Council's public website by 31 March each year. The Council's (revised and proposed) Pay Policy Statement is at Appendix 8.

87. In developing its Pay Policy Statement the Council has had regard to the recommendations of the guidance on Openness and Accountability in Local Pay.

88. Cabinet is asked to recommend the Pay Policy Statement included in full in Appendix 8 for approval by County Council or consider any amendments to be recommended to County Council.

89. The December 2014 Cabinet Budget Report confirmed the following allocations of the County Council's New Homes Bonus:

- **£3.6 million** - to supporting the development of additional flood prevention measures within Worcestershire to safeguard homes and create an environment where businesses can relocate with more confidence
- **£0.4 million** – in support of strategic transport planning across the County, and
- **£0.4 million** – public realm improvements in Worcester in support of generating future business growth

90. As referenced earlier in this report, the County Council is now able to replace the £1.3 million New Homes Bonus that was planned to support revenue and capital economic development initiatives over the medium term with forecast growth from Business Rates. As this support was included across the MTFP, this now releases New Homes Bonus to the value of £2.0 million.

91. Earlier in the 2014/15 financial year, the County Council successfully achieved the highest award per kilometre of road from the Pot Hole Challenge Fund, a Central Government fund to improve the condition of local roads. The award was due to the quality of the bid submitted from Worcestershire. Central Government has indicated that a similar Highways Challenge Fund will be launched in 2015/16 and has invited local authorities to bid against the £100 million available nationally. Central Government require any successful award to be match funded by local

**Capital
Programme,
2014/15 to 2017/18**

government.

92. The County Council ensures that any allocation of New Homes Bonus supports key strategic initiatives across the County Council and has previously indicated the high value it places on maintaining and improving the County Council's roads infrastructure.

93. For this reason, the Cabinet Member with Responsibility for Finance recommends that the £2.0 million referenced in paragraph 90 is earmarked as a contribution towards the match fund offered by the County Council to support the bid for a £6 million allocation from Central Government's Highways Challenge Fund.

94. The intent is to combine this allocation with the £2 million Local Member Highways Capital Allocation and the £0.5 million increase in the Highways Revenue Budget over the four year MTFP period to demonstrate to Central Government that the County Council can provide a match of the £6.0 million bid from within its own resources. If successful, this would create a £12 million investment into improving the Worcestershire's roads infrastructure in addition to the significant investment already underway.

A440 Worcester Southern Link Dualling Phase 3

95. The County Council remains fully committed to support the A440 Worcester Southern Link Dualling Phase 3 scheme as detailed in the September 2014 Cabinet report. Included within the December 2014 Cabinet Report was a summary of progress made on the scheme. The total estimated scheme cost is £33.2 million. Of this, just over £12 million has been secured through the Local Growth Fund, £4.4 million through Local Transport Board Funding and £0.5 million from within the County Council's Capital Programme funded through existing S.106 contributions, local transport plan and approved revenue budget contribution.

96. The balance of £16.3 million is intended to be received through developer contributions arising from the potential adjacent housing development as part of the South Worcester Urban Extension.

97. It is recommended that, subject to the County Council's financing of the scheme being no greater than what is indicated in this report, that Full Council is recommended to formally add this scheme to the Capital Programme subject to the outstanding planning and financing issues being resolved and to update the cash limits accordingly alongside any surety from developers to guarantee contributions, and on condition that there is no increased cost to the Council beyond that set out above.

98. For clarification, should there be a potential increase in costs to the County Council, this will be subject to a further Cabinet report before financial commitments are made.

Delivery in 2014/15 and confirmation of the existing plan

99. The County Council's Capital Budget for 2014/15 totals £153.7 million. Capital expenditure as at Month 9 (31 December 2013) is £85.4 million or 56% of budget.

100. Expenditure to date for this period last year represented 52%

of the budget. The Medium Term Capital Programme has been revised to recognise the movement of remaining unspent budget for 2014/15 into future financial years. All schemes approved by the Cabinet and Full Council in February 2014 remain within the programme.

Major areas of Capital Grant funding

101. The County Council expects to receive Local Transport Plan (LTP) funding of around £100 million over the future years to 2020/21, this includes notional allocations of £12m per year from 2018/19 totalling £36 million.

102. With regard to the Capital Programme for schools, to date, the County Council has only been notified of the confirmed amount for the basic need grant for 2015/16 and 2016/17 which will be £8.3 million and £8.7 million respectively. Councils are awaiting notification of any allocations for capital maintenance and devolved formula capital and will confirm to Cabinet when these figures are known.

103. The Director of Children's Services, in conjunction with the Cabinet Member with Responsibility for Children and Families, will continue the normal process of allocation to specific schemes. Should additional grant be awarded an update will be given to a future Cabinet meeting.

Universal infant free school meals: capital funding allocations

104. One of Worcestershire's voluntary aided schools, Wolverley Sebright VA Primary School in Wyre Forest, has been successful in securing additional capital funding, following the local authority universal infant free school meals capital bidding round, which was launched on 16 October 2014.

105. Funding will be allocated within Central Government's February 2015 payments. The process was competitive and funding has been allocated to the projects which demonstrated a clear need for capital to achieve the policy aims, particularly to those in schools which are currently unable to provide hot meals. This funding is a demonstration of Central Government's continued commitment to universal infant free school meals and will help to provide children with the best possible start in life, making sure every infant pupil can have a healthy meal on each school day.

106. In order that recipient schools are not compromised in their ability to achieve value for money in negotiations with suppliers, the EFA will not be publishing the funding amounts per school until July 2015. The County Council will be providing appropriate support in the school in their procurement if requested.

The Medium Term Capital Plan

107. The emphasis for determining Capital Investment is based on how proposed schemes support the Corporate Plan – FutureFit with a particular focus on the Open for Business priority.

108. Work has also been undertaken on the financial provision within the MTFP for additional prudential borrowing of £5 million per year.

109. There has been two significant allocations from the

Medium Term Financial Plan

unallocated capital funding headroom as follows:-

- **£0.150 million** – A contribution towards refurbishment and development of Hartlebury Castle as match funding towards a Heritage Lottery Fund allocation
- **£0.305 million** – Wythall Library Services. As part of the libraries service re-modelling programme, Wythall library will relocate to a newly built community hub based at Woodrush school. This scheme will be financial by a capital receipt from the sale of the existing building at open market value. Should the capital receipt fall below this value, a maximum of £0.055 million will be met through prudential borrowing.

110. There is currently £9.5 million unallocated capital funding over the period to 2018/19 and work is in hand to review potential new capital expenditure schemes that would meet the corporate plan objectives and in particular the Open of Business priority.

111. The Capital Programme includes the Energy from Waste plant at a total cost of £121.4 million in line with the Cabinet approval in December 2013.

112. As recommended by Cabinet in December 2014, £22 million has been added to the Capital Programme for Worcestershire Parkway Regional Interchange railway station on the basis of:

- receipt of £7.5 million grant from the Local Growth Fund; and
- the repayment of any prudential borrowing by Fare Box and Car Parking Revenues through the life of the project.

113. As a result of the updates above, forecast capital investment over the period 2014/15 to 2017/18 is £491 million. This makes the County Council one of the largest investors in capital within Worcestershire.

114. Around £80 million will be invested in improving schools and £250 million in business, environmental and cultural schemes. The Cabinet Member with Responsibility for Finance recommends the changes outlined within the Medium Term Capital Programme 2014/15 to 2017/18, provided in detail in Appendix 9 are approved.

115. The MTFP remains largely unchanged from that presented at the December 2014 Cabinet after allowing for the outcome of closing the financial planning gap. The MTFP for approval is provided in the following table with further detail provided in Appendix 10:

Table 9: The Medium Term Financial Plan

£m	2015/16	2016/17	2017/18	2018/19
Total funding available	360.6	357.6	359.6	362.3
Less service costs based on budget 2013/14	382.9	384.5	384.0	387.3
Sub-Total	-22.3	-26.9	-24.4	-25.0
Less savings expected from the continuation of the BOLD programme	23.8	19.9	12.7	2.5
Add transfer to Earmarked Reserves	1.5	0.0	0.0	0.0
Shortfall in funding still to be addressed	0.0	7.0	11.7	22.5

116. The total savings requirement over the period 2015/16 to 2018/19 is £100.1 million, of which £58.9 million FutureFit savings have been identified.

117. There is risk that the current projections in relation to Central Government funding into the future could reduce further following the General Election. The next Corporate Strategy event is scheduled for September 2015 where the remaining shortfall over the Medium Term and updates to this position will be considered. Work is already underway in preparation for this.

118. In this analysis and consistent with the information presented in the December 2014 Cabinet report a further year has been added to the MTFP and the reductions required over the extended planning period 2014/15 to 2018/19 are estimated to be an average of £25 million each year, with a requirement for £23.8 million in 2015/16. Central Government have yet to publish any funding allocations to the County Council for 2016/17 and later years.

119. There are a number of risks and sensitivities that may have a significant impact on the MTFP but cannot be reasonably estimated at this stage. These are explained in brief below. Officers will continue to monitor developments in these areas and update members appropriately in the 2015/16 financial year to confirm any impact on the MTFP.

- Looked after Children's Placements

The County Council has experienced significant growth in both the numbers of Looked After Children and the associated expenditure of these placements in the last two financial years. Whilst the budget in this area has been strengthened this will remain an area needing close attention.

- Demographic Growth

Risks and Sensitivities over the Medium Term

A number of the County Council budgets continue to be demand-led, for example dependent on changes in the service users who are eligible for County Council Adult Social Care services. A judgement has been made to cater for the current forecasts in demographic growth and its impact on service provision. These will need to be reviewed in the new financial year and any consideration will need to be given to vary the MTFP for any change in the impact demographic growth over and above that currently included in the MTFP.

- Medium Term implications of the Care Act

Taking account of the implications of the Care Act of future services and medium term financing.

- Inflation

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

- Funding from Central Government

The MTFP reflects reductions in Central Government support in accordance with the last spending round covering the period to 2015/16. Thereafter a 10% reduction in Revenue Support Grant has been assumed. Although spending reductions are widely expected to continue for a number of years, Central Government have yet to issue detailed funding levels from 2016/17 and beyond.

- Business Rates

The risk of negative changes in business rates has now been transferred to local authorities away from Central Government from 2013/14 onwards as a result of the implementation of the Business Rates Retention Scheme, Central Government does provide a financial safety net for reductions of more than 7.5% from a baseline calculation. Growth in business rates within Worcestershire, which is significantly influenced by the economic development policies of the County and District Councils, can now benefit local authorities directly. Under current arrangements local authorities can keep 50% of their business rates growth locally as long as this increase is not disproportionate to the size of their revenue budgets. The impact of future growth plans is kept under constant review and once reliable financial trends are apparent these will be included in the MTFP.

- Pensions

The current MTFP includes a provision for increases in the employer contributions towards the Local Government Pension Scheme as a result of the recent actuarial valuation. The next valuation will take place in 2016 and may result in further increases in the required employer contribution rates that may place more pressure on the MTFP.

- New Homes Bonus

The County Council will continue to receive a specific New

Alternative Budget proposals

Homes Bonus grant which will be directed towards activities that support economic growth and the development of Worcestershire's infrastructure. Whilst the pace of new homes building in Worcestershire is equal or greater than the national average, the County Council will continue to gain from increases in the New Homes Bonus grant.

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

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

122. In the circumstances alternative budget and council tax proposals should be lodged with the Chief Financial Officer by 10.00 am on Monday 2 February 2015 to ensure the obligations of Section 25 are met. Members retain the right to put forward amendments to the budget resolutions placed before the County Council but where these amendments are proposed on the day of the Full Council meeting the Chief Financial Officer is still bound by the requirements of Section 25.

Treasury Management Strategy

123. The County Council is required to review its treasury management strategy on an annual basis and the proposed strategy for 2015/16 is set out in Appendix 11.

124. The strategy for 2015/16 is not fundamentally changed since last year, although it has been updated to include how the current forecast for interest rates will affect borrowing and lending transactions.

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

126. The borrowing strategy will be to borrow to protect the County Council's cash flows, and to borrow to replenish some of the internal cash balances that have been temporarily used to fund recent years' capital expenditure. It is anticipated that the new borrowing could occur in two stages, at the beginning and towards the end of the next financial year, however this will have to take into account prevailing medium and long-term borrowing rate forecasts and actual timing of any borrowing will be undertaken when it is financially prudent to do so.

127. The Treasury Management Strategy includes the borrowing needed to support the Energy from Waste Contract Variation approved by Full Council on 16 January 2014.

128. It is important to remember that real value is being achieved through Treasury Management by utilising internal cash balances to temporarily support the Capital Programme. This avoids the

The Prudential Code for Capital Finance in Local Authorities

The County Council's Public Sector Equality Duty in relation to setting the budget

OSPB Views

Budget Calculation Statutory Duties

need to borrow at the prevailing Public Works and Loans Board Rate, currently around 3% to 3.5%.

129. The County Council is required to set specific parameters each year to control the extent of its borrowing. The essential purpose of this requirement is to ensure that the County Council always has the means to repay and does not borrow beyond its ability to service associated debts.

130. The statement for 2015/16 is set out in Appendix 12.

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

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

132. An overarching strategic equality relevance assessment has been undertaken in respect of budget proposals for key transformational change programmes which is detailed at Appendix 13. The assessment quantifies the levels of Due Regard to the aims of the duty for each programme and provides a broad overview on the potential cumulative impact for the most relevant of the Protected Characteristics.

133. As many programmes are as yet at an early stage of development it is not yet possible to carry out more detailed equality impact analysis. Where necessary equality analysis will be undertaken and findings reported to Cabinet where key decisions are required.

134. The Overview and Scrutiny Performance Board (OSPB) met on 29 January 2015 and its comments will be available after the publication of this report. A summary and OSPB view and the feedback from Consultation Events will follow in a separate attachment.

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

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

- some of the County Council's services are essentially demand-

led

- inflation
- interest rate volatility, and
- unforeseen emergencies e.g. flooding.

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

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

- the County Council's Corporate Plan and budget policy
- the need to protect the County Council's financial standing and manage risk
- the estimated financial position at the end of 2014/15
- the financial policies of the Government as they impact upon the County Council
- the capital programme set out in Appendix 9
- the County Council's MTFP set out in Appendix 10
- treasury management policy set out in Appendix 11
- the prudential indicators set out in Appendix 12
- the strength of the County Council's financial control procedures including audit considerations, and
- the extent of the County Council's General Balance and earmarked reserve.

139. The total budget requirement will be reflected in Directorate revenue budgets to be presented to Full Council on 12 February 2015 and the Annual Budget book for 2015/16 will be published by 31 March 2015.

Supporting Information

- **Appendix 1 Key Messages from Overview and Scrutiny (to follow)**
- **Appendix 2 Local Government Finance Settlement 2015/16 Consultation Response**
- **Appendix 3 Specific Revenue Grants 2014/15**
- **Appendix 4 (a) Council Tax Calculation and (b) Precept**
- **Appendix 5 Budget summary**
- **Appendix 6 Budget Variation Analysis**
- **Appendix 7 BOLD Savings Projects**
- **Appendix 8 Pay Policy Statement**
- **Appendix 9 Capital Programme**
- **Appendix 10 Medium Term Financial Plan**
- **Appendix 11 Treasury Management Strategy**

Contact Points

- **Appendix 12 Statement of Prudential Indicators and Minimum Revenue Provision Statement**
- **Appendix 13 Assessment of the County Council's Equalities Duty in relation to the setting of the Budget**
- **Appendix 14 Directorate Budgets 2015/16**

County Council Contact Points

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Specific Contact Points for this Report

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Sue Alexander, Head of Finance and Business Support (Adult & Community Services), 01905 766942, salexander@worcestershires.gov.uk

Stephanie Simcox, Head of Finance & Resources (Children's Services), 01905 766342, ssimcox@worcestershires.gov.uk

Elaine Chandler, Head of Human Resources & Organisational Development, 01905 766218, echandler@worcestershires.gov.uk

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:

1. DCLG, Proposed Financial Settlement for Local Government 15/16
2. Annual Financial Statements for 2013/14
3. Budget Book 2014/15
4. Cabinet reports during 2014/15
5. Agenda papers and minutes of the meeting of the Overview and Scrutiny Performance Board held on 29 January 2015
6. Section 25 of the Local Government Act 2003.

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Shafi Khan
Department for Communities and Local Government
2 Marsham Street
LONDON
SW1P 4DF

15 January 2015

Dear Shafi

Worcestershire County Council response – Provisional Local Government Finance Settlement 2015/16

Worcestershire County Council welcomes the opportunity to respond to the provisional Local Government Finance Settlement (the Settlement) announced on 18 December 2014. The County Council has answered the questions as part of the consultation process below, and in addition wishes to make a number of further comments for consideration as part of this covering letter.

The County Council continues to be supportive of Central Government's plans to help businesses through reduced business rates subject to the Treasury keeping to its commitment to fully fund the County Council for the forgone business rates. This compensation, by way of a Section 31 Grant, continues to be based on an annual allocation by Central Government to Local Government, but it will need to be permanent if this is not to adversely affect County Council funding in the future.

The County Council shares the concerns of the Society of County Treasurers (SCT) at the way the Settlement is presented to the general public. In particular, for 2015/16 it is unhelpful for Central Government to continue to use "spending power" figures and the narrative accompanying the Settlement from Central Government is deeply misleading. The County Council has made these points before and so will not rehearse them again. However Central Government's narrative of an increase in Spending Power of 0.9% or £3.6 million hides the most significant reduction made by Central Government to Worcestershire's Revenue Support Grant since 2010/11 of £19.4 million or 26%. This, together with £6.6 million of forecast increased demand for the County Council's services as well as inflation on pay and prices, requires the County Council to develop, consult and introduce savings and efficiency plans of over £26 million for 2015/16. Since 2011/12 the County Council will have delivered savings of just under £100 million.

The County Council would like to provide some specific feedback on two matters of concern with particular reference to Worcestershire. Those being:

- the decision by Central Government, following a short consultation in the autumn of 2014, to hypothecate an allocation of funding for the Local Welfare Provision Scheme to the Revenue Support Grant within the County Council's 2014/15 and 2015/16 Settlement Funding Assessment but without actually increasing cash funding; and
- the permanent locking in of the County Council's funding level from the 4-block model which still dampens its needs based funding by £7 million.

Local Welfare Provision Grant

The County Council does not agree with the approach taken by Central Government on the Local Welfare Provision Grant and alongside the Local Government Association and SCT strongly opposes the premise on which Central Government have made a hypothetical allocation to the County Council within its re-casted 2014/15 Settlement Funding Assessment with the only purpose of allowing it to be taken away in 2015/16.

Sean Pearce
Chief Financial Officer

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The County Council has worked proactively with its District Council partners, since Central Government passed the responsibility for the delivery of services from the Department of Work and Pensions in 2013. Together, local schemes have been developed to support some of Worcestershire's most vulnerable residents in times of significant crisis or critical need. The County Council delegated all of the £1.1 million of Local Welfare Provision Grant in 2013/14 and 2014/15 to District Council partners which have allowed innovative partnerships to develop with voluntary and community organisations to design and deliver local solutions. This funding has been making a significant impact on people's lives and has reduced the potential for those residents to require much more intensive and costly services from the NHS and Local Government organisations across Worcestershire as their need becomes more acute.

This funding reduction has been made after the summer 2014 technical consultation on the Settlement and it is deeply confusing not only for the County Council, but also its partners, in this case the District Council, voluntary organisations that support the delivery of local schemes, residents and service users. The County Council finds it difficult to believe that any respondents to the recent consultation indicated a preference for this option and would welcome transparency on the consultation responses.

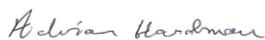
The County Council is concerned that this may set a precedent for the way in which Central Government ask local government to accept transfers of services delivered by others in the future. It certainly is not helpful in developing constructive relationships with Local Government, who have delivered a significant part and more than its fair share of cuts in support of Central Government's austerity agenda. It is deeply unhelpful to pass services to the County Council, creating an expectation of local delivery, state that the County Council has funding to deliver the service when in fact it is required to deliver the service after the funding previously received has been cut.

In this instance, the County Council requests that Central Government add £129.6 million nationally, which includes £0.9 million for Worcestershire County Council, to Revenue Support Grant in order to not actually cut the County Council funding previously received to be able to support vulnerable people in genuine need. If Central Government decides not to provide the County Council with the funding that it previously received and instead continues to cut this funding, it should not be presented as a hypothecated amount in the 2014/15 settlement (only to be taken away); the line should be removed from the settlement funding assessment and Central Government should make it clear this funding has not been continued.

Continued Settlement Funding Assessment that does not reflect Central Government's own assessment of need

The County Council wishes to express its continued disappointment over the use of baselines underlying the funding distribution system. The County Council continues to receive £7 million less than Central Government's own assessment of funding required to meet need due to the locking in of dampening prior to the move to the new Business Rates Retention system. The County Council requests that dampening is removed in full and therefore the County Council receives funding that Central Government itself has assessed as required to meet need.

Kind Regards



Adrian Hardman
Leader of the Council



Sean Pearce
Chief Financial Officer

Local Government Finance Settlement 2015/16 – Consultation

December 2014

Question 1: Do you agree with the Government's proposal that local welfare provision funding of £129.6m should be identified within the settlement by creating a new element distributed in line with local welfare provision funding in 2014-15?

No.

The County Council does not agree with this proposal and is deeply disappointed that the Local Welfare Provision Grant has been discontinued resulting in a funding cut for 2015/16 as part of the Government's deficit programme.

The County Council requests that Central Government add £129.6m to Revenue Support Grant, in order to not actually cut the County Council funding previously received to be able to support vulnerable people in genuine need. If Central Government decides not to provide the County Council with the funding that it previously received and instead continues to cut this funding, it should not be presented as a hypothecated amount in the 2014/15 settlement (only to be taken away); the line should be removed from the settlement funding assessment and Central Government should make it clear this funding has not been continued.

The identification of an amount relating to welfare provision in the general grant creates an expectation on spending levels without the provision of additional funding. This will also increase the confusion over who makes the choices on how the general grant to local authorities is spent.

The County Council alongside local partners has created some innovative schemes delivering real outcomes on the ground since taking the services on from the Department of Work and Pensions. Key features include:

- Enabling the organisations across Worcestershire to take a flexible approach to tailor support appropriately for each individual, and also to try to help with the root cause of the problem, rather than just the presenting demands.
- Closer working relationships between the front line contact centres, revenues, benefits and housing staff have greatly increased the ability to take a systematic approach to provide the emergency support to meet customers' needs.
- Specific funding has been allocated to Areas of Highest Need projects which has resulted in health improvement outcomes, including funding healthy meals for children and community food initiatives.
- There is evidence that those who have received emergency support through the welfare provision schemes have not turned to social care services as a result.
- The South Worcestershire Scheme has been commended by the Department of Work and Pensions and has been highlighted as a centre of good practice.

Specific local examples of where the funding from the Section 31 Grant that is now proposed to be removed include:

- **Extending the NewStarts project**, a community project, located next to the most deprived area of Bromsgrove and Redditch. Core activities have included: collecting unwanted re-usable furniture, providing free household goods to people in genuine need, an emergency 'food bank', and financial/budget management training for individuals. The service has also provided 13 new volunteer opportunities. In all cases of those receiving emergency food

reported that the immediate crises were alleviated. The majority of those receiving debt and financial advice reported a significant positive change in their debt and financial position.

- **Bromsgrove Basement Project**, a Drop In Centre and Outreach Support for young people in and around North Worcestershire who are homeless or facing homelessness. Basement has seen 220 young people over the last financial year which consisted of 1156 visits. They have given out 336 food parcels.
- **Food Banks** set up in partnership with local churches have been supported, meaning opening hours have been extended and given opportunities for delivering food to those in need. Individuals helped have reported that their personal situations have improved at a time of desperation.
- **Access to Housing recipients of household items** providing them with the "step up" that they needed and enabled them to access housing or maintain tenancies. A man leaving prison with no furniture for a property was helped, reported that following assistance he was encouraged to take his life forward and has recently secured employment.

Feedback on all District schemes has been excellent, concluding that the schemes have made a positive difference to people's lives – not only through the provision of financial support but also through the holistic approach to try and resolve underlying problems.

Following on from the Local Government Finance Settlement Conference call, specific case studies have been provided to Kris Hopkins MP that provide some more detail on how individual lives have been impacted on the ground through these schemes and outcomes for residents have been improved.

Question 2: Do you agree with the Government's proposal that the funding for the Improvement and Development Agency for Local Government for services to local government should be £23.4 million in 2015-16?

The County Council agrees that the funding for the Improvement and Development Agency should be reduced but note that this reduction is less than that suffered by local government.

Question 3: Do you agree with the Government's proposal to reduce the New Homes Bonus holdback from £1bn to £950m?

The County Council agrees with this proposal to reduce the New Homes Bonus (NHB) holdback but considers it unfair that upper tier authorities are disadvantaged by the mechanics of the NHB. This inequity arises because a greater proportion of upper tier authorities' RSG is removed to fund the NHB than received back from the NHB grant.

Question 4 Do you agree with the Government's proposal to increase the rural funding element from £11.5m, as previously proposed, to £15.5m?

The County Council agrees that there should be recognition for the additional costs of providing costs in rural areas and is supportive of the RSN SPARSE response to this consultation.

Question 5: Do you agree with the Government's proposal to reduce the fire funding element of Revenue Support Grant for each fire and rescue authority, by an amount equal to 0.24% of the total pensionable pay for that authority?

Although not directly affected by this proposal, the County Council is opposed to the decrease in funding relating to specific policy changes such as pensionable pay and also the Carbon Reduction scheme particularly after indicative figures have been announced.

Question 6: Do you agree with the Government's proposal to compensate local authorities for the cap on the multiplier in 2015-16, calculated on the same basis as in 2014-15?

The County Council agrees with this proposal. It would be useful to know how the compensation has been calculated and also receive some assurance that it will continue after 2015/16.

Question 7: Do you have any comments on the impact of the 2015-16 settlement on persons who share a protected characteristic, and on the draft Equality Statement?

Other than the impact of the Local Welfare Provision Grant ceasing, there are no other comments that the County Council would wish to make.

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Specific Revenue and Capital Grants 2014/15

	2014/15 £000
<u>Specific Revenue Grants</u>	
Adult Services & Health	39,020
Children's Services - Dedicated Schools Grant	232,040
Children's Services - Pupil Premium Grant	11,776
Children's Services	16,921
Business, Environment & Community	12,440
Resources	3,065
Total Specific Revenue Grants	<u>315,262</u>
<u>Capital Grants</u>	
Adult Services & Health	1,308
Children's Services	10,239
Business, Environment & Community	26,471
Chief Executive	3,350
Total Capital Grants	<u>41,368</u>
Total Specific Revenue and Capital Grants	<u><u>356,630</u></u>
Total Revenue Grants	315,262
Less grants passported to Schools:	
Dedicated Schools Grant	-232,040
Pupil Premium Grant	-11,776
	<u>71,446</u>

Specific Revenue and Capital Grants 2014/15

Appendix 3

	2014/15 £000
<u>Specific Revenue Grants:</u>	
<u>Adult Services & Health</u>	
Public Health Grant	26,528
NHS Funding to Support Social Care and Benefit Health	10,930
Local Welfare Provision Grant	1,131
Local Reform and Community Voices DH Reform	431
	<hr/>
	39,020
Children's Services - Dedicated Schools Grant	232,040
Children's Services - Pupil Premium Grant	11,776
<u>Children's Services</u>	
Post 16 Funding (YPLA)	4,682
Education Services Grant	6,632
Bromsgrove Schools PFI Grant	4,695
Extended Rights to Free Travel	406
Stronger Families	340
Statutory Assessment	29
Secure Accommodation	92
Milk Grant	45
	<hr/>
	16,921
<u>Business, Environment & Community</u>	
Waste Services PFI	4,144
Redditch CHYM	549
Lead Local Flood Authorities	117
Bikeability Grant	100
DEFRA - Environmental Stewardship	93
DEFRA - Malvern Hills AONB	184
DEFRA - Countryside Admin OH for Malvern Hills AONB	9
ERDF - Proof of Concept	386
ERDF - Leader Project	162
ERDF - Enterprising Worcestershire Project	727
ERDF - Resource and Efficiency Project	208
ERDF - Loan Fund	624
ERDF - Cyberbid Project	176
ERDF - Graduate Bid Project	221
The Hive - PFI Grant	3,381
Formal First Step	201
Personal and Community Development Learning	120
Wider Family Learning	48
Family, English, Maths, Language	168
Community Learning Fund	200
Manorial Documents Register Project	34
Music	588
	<hr/>
	12,440

Appendix 3

	2014/15 £000
<u>Resources</u>	
New Homes Bonus	1,919
Settlement Funding Assessment: Adjustment	600
Community Right to Challenge	9
Police & Crime Panel Grant	69
Local Enterprise Partnerships Core Funding Grant	250
Local Enterprise Partnerships Capacity Fund	26
New Homes Bonus Returned Funding	192
	<u>3,065</u>
Total Specific Revenue Grants	<u><u>315,262</u></u>
<u>Capital Grants:</u>	
<u>Adult Services & Health</u>	
Developing Community Capacity	1,308
<u>Children's Services</u>	
Capital Maintenance Grant	5,174
Basic Need Grant	2,960
Schools Formula Capital Grant	1,074
Universal Infant Schools Meals Initiative	1,031
	<u>10,239</u>
<u>Business, Environment & Community</u>	
LTP Structural Maintenance Grant	12,036
LTP Integrated Transport Grant	4,328
Hoo Brook Link Road (Pinch Point Grant)	2,475
Choose How You Move Grant	105
Worcester Transport Strategy	7,527
	<u>26,471</u>
<u>Chief Executive</u>	
Local Broadband BDUK Grant	3,350
Total Capital Grants	<u><u>41,368</u></u>
Total Specific Revenue and Capital Grants	<u><u><u>356,630</u></u></u>

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CALCULATION OF COUNCIL TAX (BAND D) 2015/2016
BASED ON PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2015/2016

	2014/2015		2015/2016		Inc. over 2014/2015 Band D Equivalent %
	£	£	£	£	
Budget requirement before adjustments		332,061,000		325,577,000	
Addition to (+) or use of (-)					
Earmarked Reserves		2,331,510		1,480,543	
General Balances		<u>0</u>		<u>0</u>	
Budget requirement		334,392,510		327,057,543	
Less: Local Share of Business Rates	16,563,993		18,261,502		
Top Up Grant	<u>39,978,988</u>		<u>40,742,918</u>		
Total Business Rates Retention System	56,542,981		59,004,420		
 Revenue Support Grant	 <u>72,097,733</u>		 <u>53,856,739</u>		
		<u>128,640,714</u>		<u>112,861,159</u>	
		205,751,796		214,196,384	
Less: Surplus on collection fund		<u>-1,829,685</u>		<u>-2,112,837</u>	
Council Taxpayer		<u>203,922,111</u>		<u>212,083,547</u>	
Council Tax Base		192,521		196,416	
Band D Equivalent		1,059.22		1,079.77	1.94%

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PAYMENTS OF PRECEPTS BY BILLING AUTHORITIES

	Tax Base (Band D Equiv.)	Council Tax Requirement 2015/2016 £	Surplus(-)/Deficit on Collection Fund at 31/03/2015 £	Net Yield from 2015/2016 Council Tax £
Bromsgrove	34,907.84	38,300,446	-608,018	37,692,428
Malvern Hills	28,939.72	31,248,233	0	31,248,233
Redditch	24,846.71	27,102,267	-273,543	26,828,724
Worcester	30,023.00	32,632,371	-214,446	32,417,925
Wychavon	45,884.27	50,193,686	-649,242	49,544,444
Wyre Forest	31,814.00	34,719,381	-367,588	34,351,793
	196,415.54	214,196,384	-2,112,837	212,083,547

<u>Council Tax</u>		<u>Precept Payment Dates</u>
<u>Valuation Band</u>	<u>Amount (£)</u>	
A	719.85	15th April 2015
B	839.82	22nd May 2015
C	959.80	30th June 2015
D	1,079.77	5th August 2015
E	1,319.72	11th September 2015
F	1,559.67	19th October 2015
G	1,799.62	24th November 2015
H	2,159.54	4th January 2016
		9th February 2016
		16th March 2016

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Budget Summary 2015/16 - Including Recharges

	Original estimate 2014/15 £m	Variation £m	Revised estimate 2014/15 £m	Variation (including recharges) £m	Original estimate 2015/16 £m
Adult Services & Health	137.7	(3.8)	133.9	(1.0)	132.9
Children's Services	59.1	(1.2)	57.9	19.5	77.4
Business, Environment & Community	85.0	(1.4)	83.6	(10.6)	73.0
Commercial and Change / Finance	50.2	6.4	56.6	(14.3)	42.3
Net expenditure	332.0	0.0	332.0	(6.4)	325.6
Contribution from balances	0.0		0.0	0.0	0.0
Contribution to reserves	2.3		2.3	(0.8)	1.5
Budget requirement	334.3	0.0	334.3	(7.2)	327.1
Funding sources					
Council tax	205.7		205.7	8.5	214.2
Revenue support grant	72.1		72.1	(18.2)	53.9
Business rates retention scheme	56.5		56.5	2.5	59.0
	334.3	0.0	334.3	(7.2)	327.1
Funding shortfall					0.0
General Balances					
Opening Balances	13.0		13.0	0.0	13.0
Planned contribution from/to general balances	0.0		0.0		0.0
Closing Balances	13.0		13.0	0.0	13.0

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**Analysis of Variations 2014/15 to 2015/16
- Including Recharges**

Appendix 6

	DASH	ChS	BEC	COaCH	Total
	£m	£m	£m	£m	£m
Base Budget 2014/15	137.7	59.1	85.0	50.2	332.0
Recurring virements	-3.8	-1.5	-1.2	6.5	0.0
Inflation					
Pension increases	0.1	0.1	0.1	0.1	0.4
Landfill Tax			0.4		0.4
Utilities			0.1		0.1
General Inflation	2.2	0.1	0.8	0.2	3.3
Pay award	0.4	0.3	0.3	0.3	1.3
	2.7	0.5	1.7	0.6	5.5
Growth					
Adult Social Care	2.0				2.0
Children's Social Care		4.0			4.0
Capital Financing				0.2	0.2
Investment in Road Maintenance			0.5		0.5
Investment in Footways			0.4		0.4
Welfare Assistance Scheme				0.4	0.4
Waste Disposal Costs			0.6		0.6
Education Services Grant		1.7			1.7
New Homes Bonus Grant				1.3	1.3
Other growth pressures and funding reductions		-0.6	1.3	0.1	0.8
	2.0	5.1	2.8	2.0	11.9
Central and Transport Recharges	6.9	16.3	-9.3	-13.9	0.0
BOLD Savings	-12.6	-2.1	-6.0	-3.1	-23.8
Total	132.9	77.4	73.0	42.3	325.6

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BOLD Programme - Financial Information

	2015/16	2016/17	2017/18	Total	Current Savings Programme*	Total and Current Savings Programme	2014/15 Budget
	£000	£000	£000	£000	£000	£000	£000
Children and Families							
Developing a Core Service (Phase 2 - Commissioning of Learning & Achievement)	450	-	376	826	1,629	2,455	6,508
Early Help Services including Connecting Families (Redditch Pilot)			570	570	1,555	2,125	5,630
Community Health Services		200	110	310	660	970	2,736
Positive Activities		500		500	500	1,000	1,100
Performance and Development Team	28	- 28	85	85	54	139	623
Review of Business Systems			70	70	108	178	460
Workforce Strategy		375	515	890	743	1,633	5,500
Modernising Children's Services Finance	34		34	68	48	116	568
Commissioning of Services for Young People		100		100	-	100	911
Looked After Children (LAC) Strategy		1,000	1,000	2,000	-	2,000	24,500
Workforce Development Administration	90			90	-	90	163
Open for Business							
Act Local		500		500	-	500	
Transport Operations and Fleet Programme	911		700	1,611	1,738	3,349	22,389
Economic Development	200	100	100	400	-	400	1,446
County Enterprises	150		-	150	-	150	150
Health and Wellbeing							
Maintaining a sustainable market for adult social care			1,500	1,500	-	1,500	75,000
Adult Services and Health			2,000	2,000	2,500	4,500	10,900
Use of Public Health Ring Fenced Grant	2,500			2,500	-	2,500	26,500
Further review of Back Office Functions			400	400	-	400	400
Review of capacity required to provide New Models of Care		500		500	-	500	900
Commissioning of in house Adult Social Care Provider Services		300		300	3,450	3,750	8,600
Drugs and Alcohol Services	300			300	-	300	4,000
Finance and Business Support	50			50	267	317	2,296
Adult Social Care	350	- 350		-			75,000
The Environment							
Waste Management	220	- 220	250	250	369	619	26,400
Street Lighting	100	-		100	-	100	4,400
Business, Environment and Communities (BEC) Management Restructure	100	100		200	108	308	1,800
Waste Contract Variation			3,000	3,000	-	3,000	26,400
Public Rights of Way	50	50		100	51	151	700
Libraries and Learning	50	400	550	1,000	300	1,300	5,696
Business Administration & Systems Support	50	50		100	-	100	427
Culture and Countryside	50	50		100	102	202	1,000
Highways Structures & Winter Maintenance	300			300	-	300	2,200
Customer and Community Service Restructure of Highway Liaison Officers	100			100	281	381	1,181
Worcestershire Regulatory Services (WRS)		-185		-185	800	615	1,065
Self Financing of Discretionary Services	100			100	180	280	1,300
Councillor Forum budget for highways	50			50	281	331	1,200
In-house Ecologist and Archaeologists	25			25	91	116	600
Cross Council							
Better Use of Property	230	300	290	820	1,908	2,728	6,500
Modernising Financial Services	34	25		59	263	322	1,700
Modernising Financial Services - Debt Financing	60	65	60	185	-	185	30,400
Modernising HR	195	100	190	485	347	832	3,200
ICT Volumetric Reductions		61	82	143	-	143	3,036
ICT Network Update	59			59	125	184	426
Worcestershire Hub	110	30	90	230	504	734	1,400
Modernising Legal and Democratic Services	20	30	50	100	144	244	1,300
Accelerating the Digital Council	125	135	50	310		578	N/A
Customer Access	142			142		142	N/A
Systems and Customer Access Operating Model			235	235	-	235	5,950

BOLD Programme - Financial Information							
	2015/16	2016/17	2017/18	Total	Current Savings Programme*	Total and Current Savings Programme	2014/15 Budget
	£000	£000	£000	£000	£000	£000	£000
Reducing SAP support costs	6	110		116	-	116	818
Resources - Other Service Efficiencies	32		37	69	-	69	470
Future Operating Model Change	135	12	25	172	-	172	1,400
Operating Model - Support to Commissioners	50	50	300	400	-	400	5,100
Total	7,456	4,360	12,669	24,485	19,374	43,859	
Previously Approved**	16,346	15,551		31,897			
	23,802	19,911	12,669	56,382			
* Current Savings Programme refers to existing savings attributable to these FFN projects only.							
** The total of the existing saving programme							

Pay Policy Statement

Introduction and Purpose

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

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

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

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

Legislative Framework

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

Pay Structure

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

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

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

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

Senior Management Remuneration

For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 1st April 2013. Salaries quoted are based on the full time equivalent (FTE) of 37 hours per week. The Council since April 2011 has adopted a maximum of 35 hours per week for new appointments and corresponding salaries are shown in brackets. Currently 12 of the chief officers are employed on a 35 hour per week contract. Table 1 lists the 29 chief officer posts that make up 0.60% of the 4805 people employed by the County Council (excluding schools).

Table 1: Chief Officer posts

Title	Grade	Pay range minimum	Pay range maximum	Incremental points
Chief Executive (35 hours per week)	Chief Executive	(£151,000)	(£170,000)	4
Director of Children's Services; Director of Adult Services and Health (DASH); Director of Business, Environment & Community (BEC); Director of Commercial and Change (COaCH)	Director (4 posts)	£112,998 (£106,884)	£124,296 (£117,571)	6
Head of Community & Environment; Head of Adult Social Care; Head of Integrated Commissioning Unit (ICU); Strategic Commissioner - Education Services; Head of Children's Social Care; Head of Legal & Democratic Services; Head of Strategic Infrastructure & Economy; Strategic Commissioner – Early Help and Partnerships; Strategic Commissioner - Major Projects; Chief Financial Officer	Head of Service 1 (10 posts)	£80,937 (£76,558)	£89,149 (£84,326)	6
Highways & Rights of Way Operations Manager; Head of Human Resources &	Head of Service 2 (6 posts)	£76,020 (£71,907)	£84,222 (£79,665)	6

Organisational Development; Head of Systems & Customer Access Head of Property Services; Head of Finance & Resources (Children's Services); Head of Finance & Business Support (DASH)				
Head of Public Health & Senior Consultant	Public Health Band 9 (1 post)	£77,850	£98,453	6
Public Health Consultant	Public Health Band 9 (3 posts)	£77,850	£98,453	6
Director of Improvement and Efficiency West Midlands	Director of IEWM (1 post)	£77,417	£77,417	n/a
Commercial Manager (Commercial and Change)	PO7 (1 post)	£57,619 (£54,501)	£61,145 (£57,837)	4
Business Administration & Systems Manager (BEC)	PO3 (1 post)	£36,571 (£34,592)	£39,267 (£37,142)	4
Marketing & Research Manager	PO7 (1 post)	£57,619 (£54,501)	£61,145 (£57,837)	4

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

Recruitment of Chief Officers

The Council's policy and procedures with regard to recruitment of chief officers is set out within the Constitution which can be accessed at [insert link to Constitution](#). When recruiting to all posts the Council will take full and proper account of its own policies and procedures. The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies. At this time there are no market forces supplements paid to any Chief Officers.

Where the Council remains unable to recruit chief officers under a contract of service, or there is a need for interim support to provide cover for a vacant substantive chief officer post, the Council will, where necessary, consider engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. Currently the Council has engaged one interim chief officer under such arrangements who reports immediately to the Director of Children's Services.

Additions to Salary of Chief Officers

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

In addition to basic salary, the Council may pay other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfillment of duties, which could include returning officer fees or responsibility allowances. This

list is not exhaustive. The Council currently pays one additional responsibility allowance to the Chief Financial Officer.

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

Payments on Termination

The Council's approach to discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Regulations 12 and 13 of the Local Government Pension Scheme (LGPS) (Administration) Regulations 2008 (as amended) and Regulation 30 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.

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

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

Publication

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

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

Lowest Paid Employees

The Council since April 2011 has adopted a maximum of 35 hours per week for new appointments. The lowest paid persons employed under a contract of employment with the Council are employed on 35 hour per week in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1st April 2015 this is £13,120 per annum and is three points higher than the National pay spine minimum. Please note that this will be two points higher when spinal column point (scp) 5 is removed from the national pay spine from October 2015. The Council employs Apprentices who are not included within the definition of 'lowest paid employees' as the terms and conditions are determined by the National Apprenticeship Service.

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

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

The current pay levels within the Council define the multiple between the lowest paid (35 hours per week) employee and the Chief Executive (35 hours per week) as 1:11.51 and; between the lowest paid employee (35 hours per week) and average chief officer as 1:6.47. The multiple between the median (average) full time equivalent earnings and the Chief Executive (35 hours per week) is 1:7.13 and; between the median (average) full time equivalent earnings and average chief officer is 1:4.01.

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

Re-engagement and Re-employment of former Chief Officers

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

Accountability and Decision Making

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

FOR OFFICE USE ONLY

Res/HR/BAC: Prepared 25 January 2012

Approved by Council 16 February 2012

Res/HR/BAC: Updated 17 January 2013

Approved by Council 14 February 2013

Res/HR/BAC: Updated 29 January 2014

Approved by Council 13 February 2014

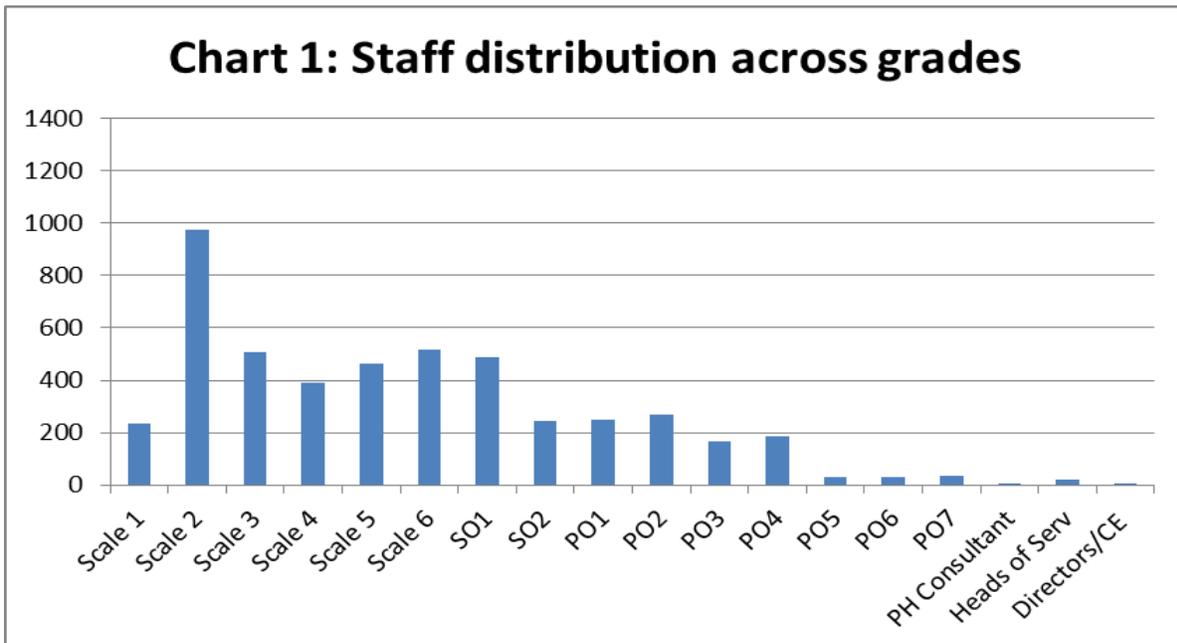
COaCH/HR/BAC: Updated 20 January 2015

To be approved by Council 12 February 2015

Appendix to Pay Policy Statement

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

Grade	Pay range minimum	Pay range maximum	National Pay spine Points
Scale 1	£13,871 (£13,120)	£14,075 (£13,313)	8 - 9
Scale 2	£14,338 (£13,562)	£15,941 (£15,078)	10 - 13
Scale 3	£16,231 (£15,352)	£17,372 (£16,432)	14 - 17
Scale 4	£17,714 (£16,755)	£19,742 (£18,674)	18 - 21
Scale 5	£20,253 (£19,157)	£22,212 (£21,010)	22 - 25
Scale 6	£22,937 (£21,696)	£24,472 (£23,148)	26 - 28
SO1	£25,440 (£24,063)	£27,123 (£25,655)	29 - 31
SO2	£27,924 (£26,413)	£29,558 (£27,958)	32 - 34
PO1	£29,558 (£27,958)	£31,846 (£30,123)	34 - 37
PO2	£32,778 (£31,004)	£35,662 (£33,732)	38 - 41
PO3	£36,571 (£34,592)	£39,267 (£37,142)	42 - 45
PO4	£41,823 (£39,560)	£45,104 (£42,663)	46 - 49
PO5	£46,505 (£43,989)	£49,448 (£46,772)	50 - 53
PO6	£51,880 (£49,073)	£54,970 (£51,996)	54 - 57
PO7	£57,619 (£54,501)	£61,145 (£57,837)	58 - 61



Capital Programme 2014/15 to 2017/18 Onwards

TOTAL EXPENDITURE	LATEST FORECAST 2014/15 £000	LATEST FORECAST 2015/16 £000	LATEST FORECAST 2016/17 £000	LATEST FORECAST 2017/18 and Beyond £000	TOTAL FORECAST £000
CHILDREN'S SERVICES DIRECTORATE	39,789	20,131	11,663	8,002	79,585
BUSINESS, ENVIRONMENT AND COMMUNITY DIRECTORATE	97,080	108,511	93,681	74,268	373,540
DIRECTORATE OF ADULT SOCIAL CARE AND HEALTH	728	4,154	2,491	100	7,473
COaCH DIRECTORATE	8,364	11,718	686	483	21,251
FINANCE	1,250	2,087	1,140	5,000	9,477
GRAND TOTAL	147,211	146,601	109,661	87,853	491,326

TOTAL FUNDING	LATEST FORECAST 2014/15 £000	LATEST FORECAST 2015/16 £000	LATEST FORECAST 2016/17 £000	LATEST FORECAST 2017/18 and Beyond £000	TOTAL FORECAST £000
TEMPORARY AND LONG TERM BORROWING	63,624	77,008	59,267	-154	199,745
CAPITAL RECEIPTS	4,689	9,096	1,732		15,517
GOVERNMENT GRANTS	63,393	54,792	47,988	71,687	237,860
CAPITAL RESERVE	3,383	379			3,762
THIRD PARTY CONTRIBUTIONS	7,674	4,611	599	16,270	29,154
REVENUE BUDGETS	4,448	715	75	50	5,288
GRAND TOTAL	147,211	146,601	109,661	87,853	491,326

CHILDREN'S SERVICES DIRECTORATE

	LATEST FORECAST 2014/15	LATEST FORECAST 2015/16	LATEST FORECAST 2016/17	LATEST FORECAST 2017/18 and Beyond £000	TOTAL FORECAST £000
Major Schemes:					
- Special School (Haberley Learning Campus)	13,630	827	113		14,570
- Short Breaks for Disabled Children (AHDC)	279	70			349
- Purchase of Property for Looked After Children Placements	391	20			411
- EBD Units	433				433
- Stourport Burlish Park - New School (all CM grant funded)	2,927	2,515	108		5,550
- Bewdley High Science Block (all CM grant funded)	1,751	1,037	56		2,844
- Bengeworth 1st	250	1,698	50		1,998
- Redditch S.77 Projects		1,538	862		2,400
- Worcester St Joseph's	2,000	457			2,457
- Nunnery Wood Primary 2 Form Entry	1,107	26			1,133
- Evesham St Andrews	115	1,244	882	60	2,301
- Blackwell 1st School	124	1,142	25		1,291
- Major Schemes - Residual	500				500
Composite Sums:					
- Capital Maintenance	4,861	4,373	2,084		11,318
- Early Education for 2 Year Olds	743	26			769
- Basic Need	6,856	2,490	7,483	7,942	24,771
- School Managed Schemes (Inc. Universal Infant School meals and Devolved Formula Capital)	3,081	2,668			5,749
- Composite Sums - Residual	741				741
	39,789	20,131	11,663	8,002	79,585

BUSINESS, ENVIRONMENT AND COMMUNITY DIRECTORATE

	LATEST FORECAST 2014/15	LATEST FORECAST 2015/16	LATEST FORECAST 2016/17	LATEST FORECAST 2017/18 and Beyond £000	TOTAL FORECAST £000
Local Transport Plan:					
- Structural Carriageway/Bridgeworks	13,652	14,947	13,758	49,569	91,926
- Integrated Transport	936	2,405	2,405	2,405	8,151
Major Schemes:					
- Energy from Waste	32,900	41,800	46,700		121,400
- Southern Link Dualling Phase 2 Ketch Roundabout and A440 Towards Norton	300				300
- Southern Link Dualling Phase 3	2,465	8,290	3,931	18,522	33,208
- Worcester Parkway Regional Interchange	1,879	4,709	15,720	142	22,450
- Green Deal Communities	3,521				3,521
- Pothole Projects	3,343				3,343
- Kidderminster Public Realm Works		1,500			1,500
- Members Highways Schemes		2,000			2,000
- Highway Flood Mitigation Measures	1,256	2,200	3,650	2,500	9,606
- Highways and Footways Improvements	1,254				1,254
- Waste Infrastructure	1,837				1,837
- Abbey Bridge	1,360	60			1,420
- Worcester Transport Strategy	10,694	3,500			14,194
- Hoobrook Link Road - Pinch Points	3,578	7,086	599		11,263
- Worcester Technology Park	450	5,172	4,750		10,372
- Bromsgrove Rail Station	4,000	486			4,486
- Malvern Hills Science Park Scheme	3,500				3,500
- Worcester Library and History Centre (Non - PFI capital costs)	826				826
- Stourport Library/ Coroners Relocation to Civic Centre	1,344				1,344
- Street Lighting Energy Saving Project	333				333
- CH Car Park	663				663
- Lower Smite Extra Gypsy Site Plots	190				190
- Wythall Library		305			305
- Hartlebury Museum		150			150
- Local Broadband Plan Phase 1	4,044	7,906	1,038		12,988
- Local Broadband Plan Phase 2		4,800			4,800
- Completion of Residual Schemes	248	65			313
Composite Sums:					
- Vehicle Replacement Programme	844	480	480	480	2,284
- Street Column Replacement Programme	350	350	350	350	1,400
- Highways Minor Works		200	200	200	600
- Choose How You Move	547				547
- Investment Initiatives to Support Business and /or Green Technology	470				470
- Libraries Minor Works	296	100	100	100	596
	97,080	108,511	93,681	74,268	373,540

DIRECTORATE OF ADULT SOCIAL CARE AND HEALTH

	LATEST FORECAST 2014/15	LATEST FORECAST 2015/16	LATEST FORECAST 2016/17	LATEST FORECAST 2017/18 and Beyond	TOTAL FORECAST
	£000	£000	£000	£000	£000
Major Schemes:					
- Capital Investment in Community Capacity/ Specialised Housing	150	2,500	2,391		5,041
- Timberdine Nursing and Rehabilitation Unit		620			620
- Transforming Care	60				60
- Social Care Reform	370				370
- Completion of Residual Schemes	48				48
Composite Sums:					
- A&CS Minor Works	100	1,034	100	100	1,334
	728	4,154	2,491	100	7,473

COaCH DIRECTORATE

	LATEST FORECAST 2014/15	LATEST FORECAST 2015/16	LATEST FORECAST 2016/17	LATEST FORECAST 2017/18 and Beyond	TOTAL FORECAST
	£000	£000	£000	£000	£000
Major Schemes:					
- Digital Strategy and Customer Access	2,705	7,085	61	33	9,884
- Repair and Maintenance of a Longer Term Benefit (And BUoP)	700	669	480	450	2,299
- Energy Efficiency - Spend to Save	696	562			1,258
- Land Assembly Opportunity Fund	6	634			640
- Parkside Redevelopment	4,018	2,295	120		6,433
- Bonds Agency Investment	20	30	25		75
- Meeting Disabled Access Requirements		190			190
- Completion of Residual Schemes	219	253			472
	8,364	11,718	686	483	21,251

FINANCE

	LATEST FORECAST 2014/15	LATEST FORECAST 2015/16	LATEST FORECAST 2016/17	LATEST FORECAST 2017/18 and Beyond	TOTAL FORECAST
	£000	£000	£000	£000	£000
Major Schemes:					
- Capacity for New Starts (Borrowing)		923	1,140	5,000	7,063
- Capacity for New Starts (Cap Receipts)	1,250	1,164			2,414
	1,250	2,087	1,140	5,000	9,477

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Version 4 Provisional Local Government Settlement / February Cabinet

	2014/15	2015/16	2016/17	2017/18	2018/19
	£m	£m	£m	£m	£m
Forecast of Funding Available					
Revenue Support Grant	72.1	53.9	46.5	41.8	37.7
Business Rates Retention Scheme	56.5	59.0	60.2	61.4	62.6
Council Tax Income	203.9	212.1	217.4	222.9	228.5
Collection Fund Surplus / Deficit (-)	1.8	2.1			
Better Care Fund *	9.4	33.5	33.5	33.5	33.5
Total Funding Available	343.7	360.6	357.6	359.6	362.3
Forecast Expenditure					
Gross Budget	345.6	341.4	359.1	357.6	359.6
Council Tax Freeze Grant 2013/14 (moved to RSG in 14/15)	2.2				
Council Tax Transition Support Grant - One Year Only	0.7				
Better Care Fund (excl. £1m in base budget)	1.9	24.1			
Base Budget	350.4	365.5	359.1	357.6	359.6
Inflation					
Pension increases	0.8	0.4	1.0	1.1	1.2
Landfill Tax	1.1	0.4	0.4		
Utilities	0.2	0.1	0.3	0.3	0.3
General Inflation	4.1	3.3	3.0	2.9	2.9
National Insurance			2.8		
Pay Inflation from April 2013	1.6	1.3	2.4	2.4	2.4
Growth					
Adult Social Care	3.0	2.0	3.0	3.0	3.0
Children's Social Care	3.5	4.0			
Capital Financing		0.2	0.4	0.7	0.5
Care Bill			5.8	1.2	
Investment in Road Maintenance	0.5	0.5			
Investment in Footways		0.4			
Welfare Assistance Scheme		0.4	-0.4		
Headroom for new strategic initiatives		0.0	2.9	2.0	2.0
Waste Disposal Costs	0.8	0.6	0.5	0.5	0.5
Energy from Waste Agreed PFI Contract Variation			1.0	5.0	0.0
Education Services Grant	0.6	1.7	0.5	0.4	0.4
New Homes Bonus grant		1.3			
Other growth pressures and funding reductions	-0.3	0.8	1.8	6.9	14.5
	366.3	382.9	384.5	384.0	387.3
Less - BOLD Programme	24.9	23.8	19.9	12.7	2.5
- Recurrent Savings To Be Identified		0.0	7.0	11.7	22.5
	341.4	359.1	357.6	359.6	362.3
Contribution to Earmarked Reserves	-2.3	-1.5			
Gross funding requirement	343.7	360.6	357.6	359.6	362.3
General Reserve					
Opening balance on General Reserve	13.0	13.0	13.0	13.0	13.0
Planned addition (+) or used (-)	0.0	0.0	0.0	0.0	0.0
Closing balance on General Reserve	13.0	13.0	13.0	13.0	13.0

* Better Care Fund 15/16 comprises £33.5m revenue and £3.7m capital, a total of £37.2m

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Treasury Management Strategy 2015/16

Background

In accordance with the Council's Treasury Management Practices (TMPs) and The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services: Code of Practice the Council is required to approve the Treasury Management Strategy and Annual Investment Strategy for 2015/16. The Treasury Management Strategy is reflected in the Personal Assurance Statement given by the Chief Financial Officer concerning the 2015/16 budget calculations.

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

In addition the Council employs Treasury Management advisors, Arlingclose, who provide information and advice on interest rate movements which is used to inform borrowing and investment decisions. The advisors have been engaged on a fixed term basis after a tendering procedure completed in July 2013.

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

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

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

During 2014/15 the County Council has invested its surplus cash with selected UK Banks, selected Money Market Funds, the UK Debt Management Office and with other local authorities.

Economic Commentary

There is momentum in the UK economy, with a continued period of growth through domestically-driven activity and strong household consumption. There are signs that growth is becoming more balanced. The greater contribution from business investment should support continued, albeit slower, expansion of GDP. However, inflationary pressure is benign and is likely to remain low in the short-term. There have been large falls in unemployment but levels of part-time working, self-employment and underemployment are significant and nominal earnings growth remains weak and below inflation.

The Bank of England Monetary Policy Committee's (MPC) focus is on both the degree of spare capacity in the economy and the rate at which this will be used up, factors prompting some debate on the Committee. Despite two MPC members having voted for a 0.25% increase in rates at each of the meetings August 2014

onwards, some Committee members have become more concerned that the economic outlook is less optimistic than at the time of the August Inflation Report. The UK bank base rate has remained at the historically low level of 0.5% throughout the year. The Bank's own forecasts suggest that the base rate should not increase until Q3 2015,

The Council's Treasury Management Advisors, Arlingclose agree with the Bank of England's (BoE) forecasts for the base rate to remain at 0.5% until August 2015. They have stated there are downside risks to this forecast, if the Eurozone weakness and deflation threat becomes more entrenched, the BoE are more likely to defer the increase in rates. Upside risks are less material and more of a threat in later years.

In November 2012, the PWLB launched the new "Certainty rate", which in exchange for summary information of the council's medium-term borrowing plans being submitted to HM Treasury, has given the council access to borrowing rates of 0.2% below those which would otherwise be available over all maturity periods. Rates applicable to early repayment of debt remain the same with the difference between these two sets of rates such that opportunities to reschedule debt are considerably limited.

Treasury Management Strategy

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

Borrowing Strategy

The outlook for borrowing rates is currently difficult to predict. Fixed interest borrowing rates are based on UK gilt yields. Gilt yields have been volatile but generally depressed in recent months, due to global uncertainty and Eurozone weakness in particular. Arlingclose expect yields to remain flat over the short term, but do expect the trend to be upwards over the medium and longer-term however. Rates on loans of 5 years are expected to be around 2.80%, while rates on longer term loans are expected to be around 3.80% by the end of 2015/16. As with the Base rate, the balance of risks to Gilt yields is biased to the downside, since continued International uncertainty would keep them depressed for a longer period. The Council has prudently assumed a borrowing rate for 2015/16 of 4.01% in setting the budget. For medium-term planning purposes the Council has assumed borrowing rates of 4.45% in 2016/17 and 4.90% in subsequent years. This is in-line with Arlingclose's most pessimistic forecasts for borrowing rates during the 3rd Quarter of each of those years.

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

The strategy will be to borrow in order to replenish a proportion of the reserves and cash balances used to support capital expenditure since October 2008. This will mitigate any interest rate risk in that borrowing and will be taken before borrowing rates increase significantly. The timing of the borrowing will depend on cashflow requirements and forecast future developments and on interest rate movements and the forecast for those future movements. A mixture of shorter and longer-term loans will be taken in order to fit with the Council's debt maturity profile.

Interest rates will be monitored but as forecasts stand it is likely that borrowing will be undertaken towards the final third of the financial year.

The gross capital borrowing requirement for 2015/16 is estimated to be £64.7 million. After the use of the minimum revenue provision to repay debt of £16.1 million, the net capital borrowing requirement is estimated to be £48.6 million.

The management of the Council's debt will be exercised in the most efficient manner taking into account maturing debt. The opportunity will be taken to reschedule any outstanding debt if rates are favourable, and make savings in the revenue budget. The cost of external interest of maintaining the council debt is estimated to be £15.9 million in 2015/16.

In addition to its usual borrowing activity, the Council will be undertaking a project with Mercia Waste, to provide finance for the construction of an Energy Plant. Further details are given below in the paragraph titled "Energy from Waste".

Annual Investments Strategy

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

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

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

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

A Specified Investment offers high security and high liquidity, must be in sterling and have a maturity date of less than a year. Any Specified Investment must be with the United Kingdom Government, a local authority in England or Wales or a similar body in Scotland or Northern Ireland, a parish or community council, a AAA rated

Moneymarket Fund, a bank which is part-owned by the UK Government, or with a body of high credit quality. The Council defines a body of high credit quality as counterparties who achieve ratings with all three rating agencies as described below (using the lowest rating of the three):

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

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

- For term deposits between 2 and 364 days, the council defines a body of high credit quality as having the below Long-term ratings, in addition to the above Short-term ratings:

Agency:	Long-Term rating:
Fitch	AA
Moodys	Aa2
Standard and Poors	AA

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

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

- Equity shares in the municipal bonds agency (Local Capital Finance Company Ltd). The primary purpose of this investment is to support the Council's priorities, rather than to speculate on the capital sum invested. Only up to £0.075 million will be invested in this category.
- A routine term deposit with a counterparty as described above for Specified Investments, for a period of more than 1 year. This type of investment will be considered when rates are favourable and cash balances allow. The Council's prudential indicators allow no more than £10 million to be invested in this category.

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

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

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

Pension Fund

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

West Mercia Energy

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

Energy from Waste

In partnership with Herefordshire Council, the Council is providing finance to Mercia Waste for the building of an Energy from Waste Plant, which they will then operate for a period determined by the existing PFI contract. At the end of the contract, the ownership of the plant will revert to the Councils. This scheme was approved by Full Council on the 16th January 2014.

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

It is anticipated that the loans to Mercia Waste, from the Council will be given as follows and reflect the Council's agreed shares in the scheme:

Year:	Amount:
2014/15	£32.9m
2015/16	£41.8m
2016/17	£46.7m

Herefordshire Council shall, with an identical timetable and under identical arrangements, lend Mercia Waste amounts proportional to their share in the scheme.

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Statement of Prudential Indicators

1. Introduction

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

2. Prudential Indicators

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

Gross Debt and the Capital Financing Requirement

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

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

- 2.1.2. The Director of Resources reports that the County Council had no difficulty meeting this requirement for 2013/14, nor are any difficulties envisaged for the current or future years. This view takes into account all plans and commitments included in the 2015/16 budget policy.

Capital Expenditure

- 2.1.3. The actual amount of capital expenditure that was incurred during 2013/14, and the estimates of capital expenditure to be incurred for the current and future years that are proposed in the 2015/16 budget policy are as follows:

Capital Expenditure

	2013/14 Actual £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 & Beyond Estimate £m
Total Capital Expenditure	59.9	147.2	146.6	109.7	87.9

Ratio of Financing Costs to Net Revenue Stream

- 2.1.4. Financing Costs include the amount of interest payable in respect of borrowing or other long term liabilities and the amount the County Council is required to set aside to repay debt, less interest and investments income.
- 2.1.5. The actual Net Revenue Stream is the total of revenue support grant, business rate and council tax income.
- 2.1.6. The prediction of the Net Revenue Stream in this Prudential Indicator for future years assumes decreases in the County Council's funding from government and the local taxpayer consistent with expectations in the Medium Term Financial Plan. This is indicative only and in no way meant to influence the actual future years funding or in particular the funding from Council Tax.
- 2.1.7. The estimates of the ratio of financing costs to net revenue stream are as follows:

Ratio of Financing Costs to Net Revenue Stream

	2013/14 Actual £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
Financing Costs	28.2	27.6	31.8	34.0	35.7
Net Revenue Stream	334.8	334.4	320.9	320.1	322.2
Ratio	8.4%	8.3%	9.9%	10.6%	11.1%

Capital Financing Requirement

- 2.1.8. The capital financing requirement is a measure of the extent to which the County Council needs to borrow to support capital expenditure. It does not necessarily relate to the actual amount of borrowing at any one point in time. The County Council has an integrated treasury management strategy where there is no distinction between revenue and capital cash flows and the day-to-day position of external borrowing and investments can change constantly.
- 2.1.9. The capital financing requirement concerns only those transactions arising from capital spending, whereas the amount of external borrowing is a consequence of all revenue and capital cash transactions combined together following recommended treasury management practice.

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

Capital Financing Requirement

	2013/14 Actual £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
Capital Financing Requirement at 31 March	398.5	446.6	507.5	545.5	523.4

Authorised Limit

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

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

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

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

Authorised Limit for External Debt

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
External Borrowing	470.0	530.0	580.0	580.0
Other Long Term Liabilities	13.0	13.0	13.0	13.0
Total Authorised limit	483.0	543.0	593.0	593.0

Operational Boundary

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

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

2.1.17. Occasionally, the Operational Boundary may be exceeded (but still not breach the Authorised Limit) following variations in cash flow. Such an occurrence would follow controlled treasury management action and may not have a significant impact on the prudential indicators when viewed all together.

- 2.1.18. Consistent with the Authorised Limit, the Director of Resources has delegated authority, within the Total Operational Boundary, to effect movement between the separately identified and agreed figures for External Borrowing and Other Long Term Liabilities. Any such changes will be reported to the next Cabinet meeting following the change.
- 2.1.19. Both the Authorised Limit and the Operational Boundary include an element relating to debt restructuring where, for the short term only, external borrowing may be made in advance of the repayment of loans. In this circumstance External Borrowing is increased temporarily until the replaced loans are repaid. The converse can also apply where loans are repaid in advance of borrowings.
- 2.1.20. The following limits for each year's Operational Boundary, excluding temporary investments are recommended:

Operational Boundary for External Debt

	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m
External Borrowing	450.0	510.0	560.0	560.0
Other Long Term Liabilities	10.0	10.0	10.0	10.0
Total Operational Boundary	460.0	520.0	570.0	570.0

Actual External Debt

- 2.1.21. The County Council's actual external debt as at 31/03/14 was £239.6 million, comprising £239.6 million External Borrowing and £0 (zero) Other Long Term Liabilities.
- 2.1.22. The proportion of the capital financing requirement met by external borrowing will remain at similar levels over the short term until the relationship between short term rates and long term rates changes.

The Incremental Impact of Capital Investment Decisions on the Council Tax

- 2.1.23. This indicator identifies specifically the additional cost to the taxpayer of the new capital investment decisions proposed in the 2015/16 – 2017/18 Capital Programme.
- 2.1.24. The incremental impact identifies transactions that will occur over and above what has already been provided for in the 2014/15 revenue budget and assumes the funding available in 2014/15 will be carried forward in the future year's base budgets.
- 2.1.25. The incremental impact has been calculated using forward estimates of funding consistent with expectations in the Medium Term Financial Plan.
- 2.1.26. The impact on the revenue budget, and therefore the Council Tax, is felt by a combination of the following: debt costs of the new borrowing, the amount set aside from revenue to repay the principal element of external borrowing (Minimum Revenue Provision), the revenue impact of a capital project (e.g. running costs or savings of a new asset) and general Revenue Contributions to Capital Outlay (RCCO's).
- 2.1.27. Capital expenditure that is financed by RCCO is incurred only on the basis that the RCCO can be made during the year. The amount of RCCO for future years depends upon the revenue budget that is agreed each year.
- 2.1.28. It should be noted that borrowing itself does not fund capital expenditure since the loans have to be repaid eventually. The actual funding comes from the Minimum Revenue Provision that is statutorily charged to revenue each year.

2.1.29. The estimate of the incremental impact on the Council Tax of the change in the proposed capital programme 2015/16 to 2017/18 compared with the previous programme is shown below.

Incremental impact of capital investment decisions on the Council Tax

	2015/16	2016/17	2017/18
Incremental Impact on Band D Council Tax	3.77	10.82	11.84

3. PRUDENTIAL INDICATORS FOR TREASURY MANAGEMENT

3.1. The following prudential indicators have been taken into account in the 2015/16 Treasury Management Strategy.

Treasury Management Code of Practice

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

Fixed Interest Rate Exposures

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

Upper limits for net principal sums outstanding at fixed rates

	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m
Net Principal sums Outstanding at Fixed Rates	483.0	543.0	593.0	593.0

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

Variable Interest Rate Exposures

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

Upper limits for net principal sums outstanding at variable rates

	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m
Net Principal sums Outstanding at Variable Rates	144.9	162.9	177.9	177.9

3.1.5. This is the maximum external borrowing judged prudent by the Director of Resources that the council should expose to variable rates.

Maturity Structure of Borrowing

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

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

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

Investments for longer than 364 days

- 3.1.7. It is recommended that the County Council sets an upper limit of total principal sums invested for periods longer than 364 days of £10 million for 2015/16, 2016/17 and 2017/18.

4. ANNUAL MINIMUM REVENUE PROVISION (MRP) STATEMENT

Introduction

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

Meaning of "Prudent Provision"

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

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

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

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

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

- 4.7.1. Options 1 and 2 may only be used in relation to capital expenditure incurred before 1 April 2008 and capital expenditure incurred on or after that date which forms part of supported capital expenditure.
- 4.7.2. For unsupported capital expenditure incurred on or after 1 April 2008 Options 3 and 4 apply and can be applied to all capital expenditure, whether or not supported and whenever incurred.

MRP Policy relating to capital expenditure financed from borrowing

- 4.8. Taking into account the need to make prudent provision the Director of Resources recommends the following options for the calculation of MRP in 2014/15:
 - Option 1 for all capital expenditure incurred before 1 April 2008 and capital expenditure on or after 1 April 2008 that forms part of the Authority's Supported Capital Expenditure for Revenue Support Grant purposes.
 - Option 3 for all capital expenditure incurred on or after 1 April 2008 that will be financed by new borrowing under the Prudential system for which no Government support is being given.

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

Background

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

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

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

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

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

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

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

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

Many of the programmes will already be part-way through implementation and will have been assessed for equality relevance as part of the 2014-2015 budget report. Equality scores and comments have been updated to reflect developments during the past year.

Programme	Directorate	Budget 15/16 (net of savings proposal) £m	Savings proposals 15/16 £m	Budget 14/15 (net of savings proposal) £m	Savings proposals 14/15 £m	Degree of potential impact 1=Low 5=High	Numbers potentially affected 1=Low 5=High	Total	Comments
New Models of Care	ASH	£119.7m	£9.1m	£125.3m	£4.1m	5	5	25	<p>This is the most significant of the County Council programmes in terms of impact for adult service users and carers. It seeks to address both demographic pressures and the requirements of the Care act. It will revolutionise the ways in which we support service users. Access to information and advice, assessment of need and the purchase of appropriate support will all be impacted. The programme will have substantial positive impacts in terms of choice and control for the majority of Service users and carers, but some of the changes could have a negative impact for those who need additional support in exercising independent choice and control. Appropriate support is being developed to mitigate potential negative impact for them. This includes:</p> <ul style="list-style-type: none"> • Carrying out equality impact assessment for revised approach for needs assessment • Ensuring the accessibility of the "Your Life, Your Choice" website • Working with key partners in respect of Digital Inclusion • Consultation with service users, carers and our own staff <p>The scope and speed of existing and proposed change can prove challenging for some clients who belong to one or more of the Protected Groups.</p>
Digital Council and Customer Access	COaCH	£0.9m	£1.1m	£5.7m	£0.6m	4	5	20	<p>While technology can be used to empower vulnerable groups and provide methods that enhance service access, due regard will need to be exercised to make sure that an emphasis on access via the Internet and other channels does not disadvantage Protected Groups who may find it difficult or may be unable to access our preferred channels. The County Council is working in partnership with statutory and voluntary sector colleagues to promote and support digital inclusion among disadvantaged groups (many of whom will have one or more of the Protected Characteristics).</p>
Keeping Well	ASH	£0.6m	£0.7m	£8.2m	£5.6m	3	5	15	<p>There are two parts to this programme. The changes to funding for Prevention and Support services have already reduced non FACS eligible funding. This will continue to have a potentially negative impact for vulnerable residents (for example, support for those facing Domestic Abuse or homelessness). However, the re-commissioning of some services in innovative ways should see improvements in some areas and will have a positive impact for recipients. The second part of the project concerns the improvement of provision of information and advice and access to volunteer support. Where this is successful it has potential for positive impact both for volunteers and recipients of their support.</p>
Integrated Recovery for Worcestershire	ASH	£2.2m	£2.7m	£5.8m	£1.0m	5	3	15	<p>This project is about changing the way we provide rehabilitation and recovery services in Worcestershire and moving away from a bed based service and in to a more home based service. Those receiving the service should see a positive impact both in respect of the service they receive and their health outcomes.</p>

Programme	Directorate	Budget 15/16 (net of savings proposal) £m	Savings proposals 15/16 £m	Budget 14/15 (net of savings proposal) £m	Savings proposals 14/15 £m	Degree of potential impact 1=Low 5=High	Numbers potentially affected 1=Low 5=High	Total	Comments
Transport Operations and Fleet	BEC	£22.5m	£2.8m	£22.6m	£2.0m	5	3	15	Access to both public and tailored transport is key to advancing equality of opportunity (one of the three aims of the Equality Duty). The beneficiaries of the transport which the Council provides, commissions and subsidises will generally be older people, children or those who have a disability. Change proposals to the ways in which service users' transport needs are met will be rigorously assessed for both potential positive and negative equality impact.
Transforming Early Help Services	Children's	£9.5m	£1.3m	£7.0m	£1.7m	5	3	15	Many of the parents (as well as the children) who will benefit from this programme will have one or more of the Protected Characteristics. While transformation will improve outcomes for many children and their families, some projects (such as changes to the Portage service) will require careful equality impact assessment.
Promoting Improved Educational Outcomes	Children's	£3.6m	£0.6m	£7.2m	£1.7m	5	3	15	Some of the projects contained in this programme merit a higher level of Due Regard than others. Where focus is on narrowing the attainment gap for children who have one or more of the protected characteristics (Black and Minority Ethnic and/or disabled children, for example) diligence in assessing the potential impact for them is required.
Commercial Approach for a Commissioning Organisation	Chief Executive	-	-	-	-	5	3	15	Equality of outcome for many people who have one or more of the Protected Characteristics will be impacted by the effectiveness of this approach. Inclusive design, delivery and monitoring of commissioned services are all key to equality of outcome.
Safeguarding Services	Children's	£0.7m	-	£42.0m	£0.1m	5	2	10	Many of the parents and children who will benefit from this programme will have one or more of the Protected Characteristics. Due regard to Equality will be given as the Council focuses on increased service effectiveness and efficiency.
Jointly Commissioned Children's Services	Children's	-	-	£5.0m	£0.2m	5	2	10	Although the numbers potentially affected are modest the impact of proposed change for them could be considerable.
Open Road	BEC	£22.0m	£1.4m	£19.3m	£1.8m	2	5	10	All change in terms of reporting of concerns, highway and pavement maintenance and improvements (such as dropped kerbs) will potentially impact on the ability of older and disabled people to get out and about and to participate in their local community.
Act Local In Worcestershire	BEC	£2.1m	£0.2m	£5.9m	£1.0m	3	3	9	Of relevance to all Protected Groups both when receiving support and participating in their local community as volunteers. Where the County Council ceases funding for non-statutory support services, the general health and well-being of some of those who have Protected Characteristics could be adversely impacted unless those services can continue to be delivered by volunteers. The success of the Act Local programme therefore has considerable equality relevance.
BEC Other	BEC	£36.4m	£1.2m	£30.0m	£1.6m	3	3	9	Some services (Libraries and Learning, Trading Standards, Registration and County Enterprises) are of equality relevance. Other service areas (such as Waste Management) are of little such relevance. The level of Equality Duty Due Regard in respect of each project will be proportionate.

Programme	Directorate	Budget 15/16 (net of savings proposal) £m	Savings proposals 15/16 £m	Budget 14/15 (net of savings proposal) £m	Savings proposals 14/15 £m	Degree of potential impact 1=Low 5=High	Numbers potentially affected 1=Low 5=High	Total	Comments
Self-Financing Discretionary Services	BEC	£1.5m	£0.5m	£1.8m	£0.3m	3	3	9	The range of projects within this programme means that individual assessment will be required and that a higher level of Due Regard will be required for some of the projects.
Open for Business	BEC	-	-	-	-	2	4	8	Although a large number of residents could be impacted by this programme the likelihood of disproportionate impact is modest.
Better Use of Property	COaCH	£5.1m	£1.5m	£5.6m	£1.1m	2	4	8	It is standard practice for refurbishment to comply with disability access requirements. This, together with co location of services, will often benefit service users.
Other Children's Services	Children's	£1.7m	£0.2m	£3.3m	£1.0m	2	3	6	Many of these projects relate to service administration. However young people who have one or more of the protected characteristics could be affected, in particular, by plans regarding Young Offender Services, so that care must be taken to exercise sufficient Due Regard.
Smarter Working	COaCH	£41.9m	£0.5m	£14.6m	£1.4m	2	1	2	Of little equality relevance, though equality impact for older or disabled employees should be considered.

Key	
15-25	Substantial level of Due Regard
9-14	Moderate level of Due Regard
1-8	Low level of Due Regard

The level of Due Regard required will also be influenced by the potential cumulative impact of Council programmes for Protected Groups. As programmes progress to detailed implementation their potential cumulative impact will become clearer. An initial assessment of those programmes and protected groups where this impact is already apparent is set out in the following table.

Heads of Service will, in due course, jointly assess further potential cumulative impact.

Programme	Directorate	Older People	Children/Young people	Disability	Gender	Race	Sexual Orientation
Keeping Well	ASH	X		X	X	X	X
Integrated Recovery for Worcestershire	ASH	X		X			
New Models of Care	ASH	X		X		X	
Act Local in Worcestershire	BEC	X	X	X	X	X	X
Transport Commissioning and Fleet	BEC	X	X	X			
BEC Other	BEC	X	X	X	X	X	
Promoting Improved Educational Outcomes	ChS		X	X	X	X	X
Transforming Early Help Services	ChS		X	X			
Safeguarding Services	ChS		X	X	X	X	X
Commercial Approach for a Commissioning Organisation	COaCH	X	X	X	X	X	X
Digital Council and Customer Access	COaCH	X		X	X	X	

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CORPORATE PLAN AREA:**HEALTH AND WELLBEING**

SERVICE NET EXPENDITURE SUMMARY	Original Estimate 2014/15				Estimate 2015/16				Staff (FTE) No.
	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	
ADULTS SERVICES									
OLDER PEOPLE (Head of Service Anne Clarke)									
Health-commissioned Community Services	2,370	2,370	0	0	25,432	25,432	0	0	0
Older People Recovery Services	12,456	7,304	0	5,152	11,653	9,204	0	2,449	232
Adult Social Care and Case Management - Older People	10,723	1,733	0	8,990	9,595	1,510	0	8,085	275
Carers' Services	1,693	821	0	872	1,603	1,421	0	182	8
Central and Support Recharges	5,581	0	0	5,581	4,611	0	0	4,611	0
FACS eligible services - Older People									
Residential and Nursing	38,818	15,243	0	23,575	38,948	15,216	0	23,732	0
Homecare	13,214	4,496	0	8,718	12,281	1,850	0	10,431	0
Day Care (External)	751	319	0	432	682	320	0	362	0
Day Care and Respite (Internal)	1,009	0	0	1,009	80	0	0	80	0
Transport	723	0	0	723	205	0	0	205	0
Assistive Technology	248	40	0	208	41	40	0	1	0
Direct Payments	3,450	468	0	2,982	3,576	391	0	3,185	0
Extra Care and Sheltered Housing	1,384	38	250	1,096	1,347	39	0	1,308	0
Internal Homecare Provider Services	3,371	486	0	2,885	2,856	486	0	2,370	121
Other FACS eligible OP services	914	1	0	913	883	0	0	883	25
Total Older People	96,705	33,319	250	63,136	113,793	55,909	0	57,884	661
PHYSICAL DISABILITY (Head of Service Anne Clarke)									
Adult Social Care and Case Management - Physical Disability	635	0	0	635	455	0	0	455	18
Central and Support Recharges	481	0	0	481	371	0	0	371	0
FACS eligible services - Physical Disability									
Residential and Nursing	4,470	577	0	3,893	4,035	627	0	3,408	0
Homecare	3,725	341	0	3,384	3,389	341	0	3,048	0
Day Care and Transport	232	22	0	210	112	22	0	90	0
Direct Payments	4,473	142	0	4,331	4,753	142	0	4,611	0
Total Physical Disability	14,016	1,082	0	12,934	13,115	1,132	0	11,983	18
LEARNING DISABILITIES (Head of Service Anne Clarke)									
Learning Disability Integrated Teams	1,653	40	0	1,613	1,587	58	0	1,529	54
Central and Support Recharges	2,324	0	0	2,324	2,040	0	0	2,040	0
FACS eligible services - Learning Disabilities									
Residential and Nursing	26,720	2,180	0	24,540	25,695	2,259	0	23,436	54
Homecare	4,634	205	0	4,429	4,849	237	0	4,612	0
Day Care	4,657	708	0	3,949	4,562	710	0	3,852	121
Transport	1,278	0	0	1,278	1,229	0	0	1,229	0
Supported Employment	875	596	0	279	172	19	0	153	8
Direct Payments	5,172	235	0	4,937	5,429	221	0	5,208	0
Supported Living	7,930	414	0	7,516	7,991	384	0	7,607	10
Shared Lives	1,647	190	0	1,457	1,703	203	0	1,500	0
Other	596	59	0	537	548	76	0	472	0
Total Learning Disabilities	57,486	4,627	0	52,859	55,805	4,167	0	51,638	247
MENTAL HEALTH (Head of Service Mark Dickens WHACT)									
Mental Health Integrated Teams	3,623	946	0	2,677	3,447	853	0	2,594	53
Mental Health Collaborative Payments	559	55	0	504	62	55	0	7	0
Central and Support Recharges	489	0	0	489	524	0	0	524	0
FACS eligible services - Mental Health									
Residential and Nursing	5,367	1,804	0	3,563	5,458	1,811	0	3,647	0
Homecare	1,007	331	0	676	861	215	0	646	0
Transport	27	0	0	27	21	0	0	21	0
Direct Payments	382	81	0	301	652	140	0	512	0
Other	151	39	0	112	228	40	0	188	4
Total Mental Health	11,605	3,256	0	8,349	11,253	3,114	0	8,139	57
PREVENTION (Head of Service Frances Howie)									

CORPORATE PLAN AREA:**HEALTH AND WELLBEING**

	Original Estimate 2014/15				Estimate 2015/16				Staff (FTE) No.
	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	
	SERVICE NET EXPENDITURE SUMMARY								
Prevention - Adults (Targeted)	8,292	8,292	0	0	12,797	12,550	0	247	
Prevention - Adults (Universal)	17,841	12,336	0	5,505	10,374	10,353	0	21	
Community Health and Social Care services - children	997	997	0	0	997	997	0	0	
Prevention - Children and Young People	2,859	2,859	0	0	2,811	2,811	0	0	
	29,989	24,484	0	5,505	26,979	26,711	0	268	0
STRATEGIC AND SUPPORT FUNCTIONS - Social Care (Head of Service Anne Clarke)									
Adults' Safeguarding	903	202	0	701	967	583	0	384	18
Older People Central Management costs	665	18	0	647	589	18	0	571	7
PD Grants to Voluntary Orgs	335	77	0	258	83	77	0	6	
	1,903	297	0	1,606	1,639	678	0	961	25
STRATEGIC AND SUPPORT FUNCTIONS - ICU (Head of Service Richard Keble/ Frances Martin)									
Integrated Commissioning Unit	3,400	1,045	114	2,241	2,775	673	669	1,433	61
Directorate Support Services Recharge		1,595		-1,595		1,433		-1,433	
	3,400	2,640	114	646	2,775	2,106	669	0	61
STRATEGIC AND SUPPORT FUNCTIONS - Public Health (Head of Service Frances Howie)									
Public Health - including health protection, leadership and population healthcare	2,311	1,592	173	546	1,753	1,753	0	0	30
Medicines management	101	101	0	0	101	101	0	0	
Children's Safeguarding	86	86	0	0	86	86	0	0	
Voluntary and Community Sector	207	110		97	226	226		0	2
Emergency Planning	290	46		244	273	45		228	6
Healthwatch	413	366		47	413	366		47	
Central and Support Recharges	555	0		555	528	262		266	
	3,963	2,301	173	1,489	3,380	2,839	0	541	38
TOTAL ADULTS SERVICES & HEALTH	219,067	72,006	537	146,524	228,739	96,656	669	131,414	1,107
SUPPORT SERVICES (Head of Service Sue Alexander)									
Business Support	2,275	153	0	2,122	1,645	129	0	1,516	60
Directorate	500	67	0	433	487	0	0	487	
Use of reserves	0	0	1,393	-1,393	1,000	0		1,000	
	2,775	220	1,393	1,162	3,132	129	0	3,003	60
Directorate and Corporate Support Services Recharge	204	2,326		-2,122	205	1,721		-1,516	
TOTAL SUPPORT SERVICES	2,979	2,546	1,393	-960	3,337	1,850	0	1,487	60
TOTAL DIRECTORATE NET EXPENDITURE	222,046	74,552	1,930	145,564	232,076	98,506	669	132,901	1,167

Contact Officers: Richard Harling, Director of Adult Services & Health
 Rob Wilson, Senior Finance Manager - Adult Services and Health
[Sheila Blagg, Cabinet Member](#)

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 (01905 766908)

CHILDREN'S SERVICES DIRECTORATE

CORPORATE PLAN AREA:

CHILDREN AND FAMILIES

	Original Estimate 2014/15				Estimate 2015/16				Staff (FTE) No.
	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	
<u>SERVICE NET EXPENDITURE SUMMARY</u>									
SCHOOLS BUDGET (Head of Service - John Edwards and Stephanie Simcox)									
Mainstream School and Early Years Formula	206,516	16,458		190,058	190,893	16,458		174,435	4,540
High Needs Pupils	37,680	1,218		36,462	35,652	1,092		34,560	529
Early years	672			672	90			90	2
Statutory Duties and Historic Commitments	4,467	379		4,088	4,435			4,435	25
De-Delegated Services	832	72		760	806	39		767	8
	250,167	18,127	0	232,040	231,876	17,589	0	214,287	5,104
DEDICATED SCHOOLS GRANT (DSG)				-232,040				-214,287	
				0				0	5,104
CHILDREN'S SERVICES BUDGETS									
Children's Social Care (Head of Service - Siobhan Williams)									
Assessment and Intervention	11,174	33		11,141	10,294	39		10,255	236
Placements and Provision	19,889	1,121		18,768	21,881	1,117		20,764	0
*Children's Social Care (Head of Service - Keith Francis)									
Transformation and Provider Services	13,869	252		13,617	14,300	154		14,146	273
Education Services (Head of Service - John Edwards)									
Learning and Achievement	8,885	4,881		4,004	7,958	3,833		4,125	168
Home to School and College Transport	12,274	423		11,851	10,714	338		10,376	0
Early Help and Partnerships (Head of Service - Hannah Needham)									
Early Help and Partnerships	36,374	23,325		13,049	31,257	18,617		12,640	58
Worcestershire Safeguarding Children Board	273	150		123	273	150		123	5
Finance and Resources (Head of Service - Stephanie Simcox)									
Finance and Resources	18,422	14,508	104	3,810	16,510	12,109	104	4,297	102
WCC Contribution to West Mercia Youth Offending Service	701			701	662			662	0
	121,861	44,693	104	77,064	113,849	36,357	104	77,388	842
TOTAL DIRECTORATE NET EXPENDITURE				77,064				77,388	5,946

Contact Officers:

Gail Quinton, Director of Children's Services

(01905 766303)

Stephanie Simcox, Head of Finance and Resources

(01905 766342)

[Elizabeth Eyre - Cabinet member with responsibility for Children and Families](#)

*Cllr John Campion is providing additional Cabinet Member steer and support in this area

CORPORATE PLAN AREA:

THE ENVIRONMENT, OPEN FOR BUSINESS

	Original Estimate 2014/15				Estimate 2015/16				Staff (FTE) No.
	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	
<u>SERVICE NET EXPENDITURE SUMMARY</u>									
<u>STRATEGIC INFRASTRUCTURE & ECONOMY (Head of Service: Nigel Hudson)</u>									
Strategic Sites Investment	147	0	0	147	183	0	0	183	1
Network Control	2,415	1,371	0	1,044	2,391	1,507	0	884	36
Transport Planning	1,620	939	0	681	1,806	398	225	1,183	30
Strategic Planning & Environmental Policy	642	146	0	496	583	136	0	447	9
Planning Development Control	344	49	0	295	368	50	0	318	5
Minerals & Waste Policy	339	0	117	222	239	64	1	174	2
	5,507	2,505	117	2,885	5,570	2,155	226	3,189	83
<u>STRATEGIC COMMISSIONING - Major Projects (Head of Service: Rachel Hill)</u>									
Waste Services	41,716	15,000	0	26,716	43,031	12,822	2,358	27,851	7
Economic Development	6,568	4,242	786	1,540	5,415	3,639	485	1,291	31
Highways Contracts and Programme	8,970	50	0	8,920	8,820	51	0	8,769	23
Regulatory Services	1,105	40	0	1,065	851	40	0	811	0
	58,359	19,332	786	38,241	58,117	16,552	2,843	38,722	61
<u>COMMUNITY & ENVIRONMENT (Head of Service: Neil Anderson)</u>									
Customer and Community	1,940	128	0	1,812	1,501	129	0	1,372	33
Flood Risk & Gypsy Service	917	569	0	348	735	512	0	223	7
Transport Operations	17,358	8,557	0	8,801	13,368	4,870	0	8,498	97
Public Analyst and Scientific Adviser	1,738	1,217	0	521	1,730	1,260	0	470	23
Sustainability	757	447	0	310	626	331	28	267	8
Registration, Coroner Services and CIMU	2,442	1,412	0	1,030	2,206	1,388	0	818	31
Strategic Libraries and Learning	13,449	6,192	0	7,257	12,793	6,132	29	6,632	152
Worcestershire Archive and Archaeology	1,852	1,135	0	717	1,888	1,288	0	600	50
Museum Service	1,234	712	0	522	1,329	789	0	540	32
Strategic Music Education	2,097	2,051	0	46	2,030	2,030	0	0	21
Countryside Greenspace	720	305	0	415	730	288	0	442	14
Bishop's Wood Visitor Centre	536	536	0	0	365	340	25	0	10
	45,040	23,261	0	21,779	39,301	19,357	82	19,862	478
<u>HIGHWAYS & RIGHTS OF WAY (Head of Service: Ian Bamforth)</u>									
Countryside Access	697	37	0	660	670	29	0	641	15
Highway Maintenance - Design & Build	2,774	0	0	2,774	2,339	0	0	2,339	13
Highways Maintenance - Routine & Cyclic	7,708	0	0	7,708	8,020	0	0	8,020	33
	11,179	37	0	11,142	11,029	29	0	11,000	61
<u>BUSINESS ADMINISTRATION & SYSTEMS (Director: John Hobbs)</u>									
Net Expenditure before Directorate Recharges	1,589	82	0	1,507	1,567	95	0	1,472	27
Directorate Recharge		1,526	0	-1,526		1,274	0	-1,274	
	1,589	1,608	0	-19	1,567	1,369	0	198	27
TOTAL DIRECTORATE NET EXPENDITURE	121,674	46,743	903	74,028	115,584	39,462	3,151	72,971	710

Contact Officers:

John Hobbs, Director of Business, Environment and Community Services

Sean Pearce, Chief Financial Officer and Section 151 Lead

[John Smith, Cabinet Member with Responsibility for Highways](#)

[Simon Geraghty, Deputy Leader and Cabinet Member for Economic Skills and Infrastructure](#)

[Lucy Hodgson, Cabinet Member with Responsibility for Localism and Communities](#)

[Anthony Blagg, Cabinet Member with Responsibility for Environment](#)

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COMMERCIAL & CHANGE DIRECTORATE / CHIEF EXECUTIVE / FINANCE

CORPORATE PLAN AREA: CROSS CUTTING

	Original Estimate 2014/15				Estimate 2015/16				Staff (FTE)
	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	No.
<u>SERVICE NET EXPENDITURE SUMMARY</u>									
<u>PROPERTY SERVICES (Head of Service: Peter Parkes)</u>									
Property Services Division	5,805	5,432		373	4,102	4,045		57	85
Facilities Management	5,143	4,668	-40	515	4,684	4,211	-40	513	19
Maintenance & Minor Works	2,382	2,382		0	2,322	2,322		0	
Property Other Services	190	31		159	280	31		249	
Smallholdings Estates & Woodlands	220	311		-91	200	311		-111	
Better Use of Property - Cross Organisational	-250			-250	-434			-434	
	13,490	12,824	-40	706	11,154	10,920	-40	274	104
<u>SYSTEMS & CUSTOMER ACCESS (Head of Service: Peter Bishop)</u>									
ICT Service Division	5,207	4,853	109	245	5,058	5,026		32	47
Customer Services	2,951	2,653		298	1,927	2,202		-275	61
Schools - Internal Trading Unit	2,734	2,920		-186	8	107		-99	0
Telecommunications - Internal Trading Unit	442	472		-30	0	0		0	0
	11,334	10,898	109	327	6,993	7,335	0	-342	108
<u>HUMAN RESOURCES & ORGANISATIONAL DEVELOPMENT (Head of Service: Elaine Chandler)</u>									
Human Resources	5,545	5,291		254	5,380	5,420		-40	130
Learning and Development	2,111	2,024		87	1,630	1,630		0	37
	7,656	7,315	0	341	7,010	7,050	0	-40	167
<u>LEGAL & DEMOCRATIC SERVICES (Head of Service: Simon Mallinson)</u>									
Legal Services	1,868	1,708		160	1,700	1,693		7	30
Committee and Appellate	335	197		138	321	197		124	5
Overview and Scrutiny	298			298	285			285	6
Allowance & Expenses	950		0	950	950		0	950	0
Councillors Divisional Fund	570		570	0	570		570	0	0
Business & Member Support (L & D Services)	1,139	164		975	1,420	278		1,142	8
County Council Elections	109			109	109			109	0
	5,269	2,069	570	2,630	5,355	2,168	570	2,617	49
<u>BUSINESS PLANNING & PERFORMANCE (Head of Service: Lisa Peaty)</u>									
Performance Management	0	0		0	199	171	28	0	4
Consumer Relations Unit	228	214		14	216	216		0	5
	228	214	0	14	415	387	28	0	9
<u>COMMERCIAL TEAM (Head of Service: Joanna Charles)</u>									
Commercial Team	0	0		0	287	0	307	-20	5
Strategic Procurement	155	146		9	147	147		0	3
	155	146	0	9	434	147	307	-20	8
<u>RESEARCH & MARKETING (Head of Service: Katharine Clough)</u>									
Corporate Programme Management	1,542	179	1,363	0	1,587	89	1,498	0	17
Equality and Diversity	90	86		4	80	77	3	0	1
Research & Marketing Unit	1,181	1,116		65	987	989		-2	21
Business Support Unit	206	122		84	79	0		79	2
Local Strategic Partnership	61	42		19	49	43		6	1
	3,080	1,545	1,363	172	2,782	1,198	1,501	83	42
<u>COMMERCIAL & CHANGE - MANAGEMENT (Sander Kristel)</u>									
Commercial and Change Management	757	332		425	819	376		443	3
Corporate Subscriptions	144			144	147			147	0
	901	332	0	569	966	376	0	590	3
TOTAL COMMERCIAL & CHANGE	42,113	35,345	2,002	4,768	35,109	29,581	2,366	3,162	490

COMMERCIAL & CHANGE DIRECTORATE / CHIEF EXECUTIVE / FINANCE

CORPORATE PLAN AREA: CROSS CUTTING

	Original Estimate 2014/15				Estimate 2015/16				Staff (FTE)
	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	No.
CHIEF EXECUTIVE (Clare Marchant)									
Chief Executive	438	5		433	344	5		339	2
FINANCIAL SERVICES & WHOLE ORGANISATION (Head of Service: Sean Pearce)									
Corporate Financial Strategy Group	3,291	2,748		543	3,115	2,825		290	50
Financing Transactions	30,611	211		30,400	29,904	271		29,633	
Contributions & Precepts	216			216	232			232	
Pensions Back Funding Liabilities	0			0	7,696			7,696	
Miscellaneous Services	695	1,650		-955	2,215	1,454	-204	965	
	34,813	4,609	0	30,204	43,162	4,550	-204	38,816	50
TOTAL CHIEF EXECUTIVE & FINANCE	35,251	4,614	0	30,637	43,506	4,555	-204	39,155	52
TOTAL DIRECTORATE NET EXPENDITURE	77,364	39,957	2,002	35,405	78,615	34,136	2,162	42,317	542

Additional Information

The above estimates are net of Central Support Services recharges to other Service Directorates of £13,931 million for 2015/16. The gross Commercial and Change Directorate and Chief Executive / Finance budget before these costs are recharged is £56,248 million.

Contact Officers: Clare Marchant, Chief Executive (01950 822893)
 Sander Kristel, Director of Commercial and Change (01905 766200)
 Sean Pearce, Chief Financial Officer and Section 151 Lead (01905 766268)
[John Campion, Cabinet Member with Responsibility for Transformation and Change](#)
[Adrian Hardman, Leader of the Council with Responsibility for Finance](#)

Cabinet
5 February 2015**5. IMPLEMENTATION OF THE CARE ACT 2014****Relevant Cabinet Member**

Mrs S L Blagg

Relevant Officer

Director of Adult Services and Health

Recommendation

- 1. The Cabinet Member with Responsibility for Adult Social Care recommends that Cabinet:**
 - (a) notes the new duties required under the Care Act and accompanying Regulations and Statutory Guidance, and the state of readiness for implementation as set out in paragraphs 46 to 50;**
 - (b) notes the requirement under the Care Act in respect of prevention as set out in paragraphs 5 to 8 and 51 to 54, and authorises the Director of Adult Services and Health to consolidate existing policies and practice into an appropriate single policy and action plan by 31 March 2015;**
 - (c) confirms that the Council will apply the new national criteria and threshold to determine adults' eligibility for local authority funded care and support (including carers), as set out in paragraphs 17 to 18 and 55 to 58, and authorises the Director of Adult Services and Health to finalise and update the relevant policies and procedures accordingly;**
 - (d) confirms that the Council will continue to charge for care and support for service users in line with its powers under the Care Act and existing policy, as set out in paragraphs 21 to 26 and 59 to 64, and authorises the Director of Adult Services and Health to finalise and update the relevant policies and procedures accordingly;**
 - (e) confirms that the Council will apply the approach to charging carers as set out in paragraph 64 and will not charge for support to carers where this involves services that they receive directly,**

and authorises the Director of Adult Services and Health to reflect this position in the relevant policies and procedures;

(f) notes the requirement to update the Council's Deferred Payments Agreement scheme in line with the Care Act, as set out in paragraphs 27 to 30 and 65 to 67, and authorises the Director of Adult Services and Health to update the relevant policies and procedures accordingly in accordance with those paragraphs;

(g) notes the requirements of the Care Act in respect of advocacy, as set out in paragraphs 68 to 72 and authorises the Director of Adult Services and Health to proceed to implement these through revision of the existing contract and re-commissioning of new services; and

(h) authorises the Director of Adult Services and Health to take all appropriate steps to implement the provisions of the Care Act.

Introduction

2. The Care Act received Royal Assent in May 2014. Regulations and statutory guidance were published on 23 October 2014. The Care Act fundamentally reforms Adult Social Care: it repeals all current legislation dating back to 1948, and sets out a series of new duties and powers for local authorities. These fall into two categories: 'reform of duties in respect of adult social care and support', which comes into force from April 2015; and 'reform of adult social care funding', which is about changes to the eligibility for social care funding and reforming the way in which people pay for care, which come into force from April 2016.

3. The Care Act is to be implemented in the context of substantial existing local change to adult services, with the Council aiming to keep people healthy and independent for as long as possible and reduce the need for adult social care; give service users greater choice over the services they use and greater control over their lives; make sure that services are safe and effective; and achieve substantial savings as the integration work with the NHS progresses and services are aligned by use of the Better Care Fund. Reforms under the Care Act will be managed alongside these other changes under the Future Lives programme.

Reform of duties in respect of adult social care and support

4. The main new duties are:

Prevention and Well-being

5. The Care Act gives local authorities duties to promote

well-being and independence and to prevent or delay the development of need for care and support. This applies to all adults i.e. those without current needs for care and support, those with needs (whether eligible for local authority support or not), and to carers (including those about to take on a caring role, those without current needs for support and those with needs for support).

6. Local authorities must promote well-being when preventing or delaying the development of need, and when making decisions about meeting individuals' needs for care and support. This duty applies to adults and to carers. It also applies to children, their carers and young carers when they are going through the process of transition from Children's Services. The Care Act places a number of general duties on local authorities and in the context of promoting well-being Section 2 of the Act describes this as relating to any of the following:

- (a) Personal dignity
- (b) Physical and mental health and emotional well-being
- (c) Protection from abuse and neglect
- (d) Control by the individual over day to day life (including over care and support, or support, provided to the individual and the way in which it is provided)
- (e) Participation in work, education, training or recreation
- (f) Social and economic well-being
- (g) Domestic, family and personal relationships
- (h) Suitability of living accommodation
- (i) The individual's contribution to society.

7. The Care Act categorises prevention into three general approaches:

- Primary prevention/promotion of wellbeing for those with no current care and support needs
- Secondary prevention/early intervention aimed at those with increased risk of developing needs where services may help slow down or reduce further deterioration, and
- Tertiary interventions aimed at minimising the effect of disability or deterioration for people with complex needs.

8. The Council already has duties for prevention arising from the Health and Social Care Act 2012 and the Crime and Disorder Act, and there are a range of strategies, policies and services in place, including the Joint Health and Well-being and associated Strategies and Plans, with progress monitored by the Health and Well-being Board and its sub-groups.

Information and Advice

9. The Care Act gives local authorities a duty to take an active role in providing information and advice stating that they must "*establish and maintain a service for people in its area with information and advice relating to care and support for adults and support for carers*". The accompanying guidance recognises the importance of information and advice in promoting people's well-being by enabling them to exercise choice and control and contributing to preventing or delaying the need for care and support. There is a new duty on local authorities to have regard to identifying people that contact it who may benefit from financial information and advice independent of the local authority and to facilitate access to this – including signposting access to regulated financial advice to anyone considering a deferred payment but falls short of the local authority making direct referrals.

10. The Council is in the process of developing a new website, 'Your Life, Your Choice' that will include comprehensive information for people about how to stay healthy and independent, as well as details about where they can find independent financial advice on matters relevant to meeting of needs for care and support.

Market Shaping

11. The Care Act gives new duties to local authorities to facilitate and shape the market for care and support for the benefit of local people and communities. The accompanying guidance outlines the ambition for local authorities to create a sustainable and diverse range of providers, continuously improving quality and choice. There are also new duties for local authorities to intervene if a provider of care and support is unable to continue because of business failure.

12. Worcestershire has 6,200 Council funded service users and there are a larger number of self-funders. There are hundreds of providers in the local care market. The Council already works closely with current and prospective providers to develop a mutual understanding of the type and volume of services that users are likely to need, and is in the process of developing a Market Position Statement that will set this out. We are also working with providers to help them understand the implications of greater personalisation under which Council funded service users will be in charge of their own budgets. The objective is to have an increased number of providers for people to choose from.

Needs Assessment and Carer's Assessment

13. The Care Act gives local authorities a duty to undertake a Needs Assessment for any adult with an appearance of need for care and support, regardless of whether or not they have eligible needs or their financial situation to pay for care and support. The Needs Assessment will determine whether people's needs and financial circumstances are such that they are eligible for local authority funded care and support.

14. This duty extends to those who are detained or residing in a custodial setting as they are to be treated as ordinarily resident in the area in which the custodial setting is located. Note that Worcestershire has two prisons, Hewell and Long Lartin. There is ongoing work to identify the demand for social care services and the potential consequences for the Council as a result of this new duty.

15. The Care Act gives local authorities a new duty to carry out a Carer's Assessment where an individual provides or intends to provide care for another adult and it appears that the carer may have any level of need for support. The Act enables local authorities to combine an assessment of the adult in need of care and support and the carer. This supports the principle of whole family approach to assessment so that it is possible to identify how the adult's need for care and support impacts on other family members. However, should any individual object to a combined assessment, separate assessments will be necessary.

16. The Council already undertakes personal assessments through its community social work teams. We typically carry out around 5,900 assessments for people and 3,600 assessments for carers annually. 65% approximately meet the eligibility criteria based on the outcome of assessments for Local Authority funded care and support.

New national eligibility criteria for local authority funded care and support

17. The Care Act introduces new national eligibility criteria and a minimum threshold to ensure that there is transparency and clarity about who is eligible for local authority funded care and support and that there is consistency in decision-making. These are set out in the Care and Support (Eligibility Criteria) Regulations 2014, and are based on how a person's needs affect their ability to achieve relevant outcomes and how this impacts on their well-being. The Regulations also set out new national

criteria for carers to determine eligibility for local authority funded support, which are based on the impact that a carer's needs have on their well-being.

18. The Council currently works to criteria to determine eligibility for funded care and support. Local authorities are able to set their own threshold for the level of needs they are prepared to meet: 'Critical', 'Substantial', 'Moderate' or 'Low'. Worcestershire County Council continues to meet needs assessed as 'Substantial' and 'Critical', in common with the vast majority of local authorities.

Personal Budgets and Care and Support Plans

19. The Care Act introduces the concept of personal budgets into primary legislation for the first time – both for people in need of care and support and for carers. In future everyone whose needs are met by a local authority must receive a personal budget as part of their care and support plan (or in the case of a carer a support plan). The individual (or their representative) must be informed of the personal budget, which will be used as the basis for support planning to enable the person to exercise choice and control in how it will be used to meet their needs. People could then take their personal budget as a direct payment. The accompanying Guidance details the way in which people must be involved in their own support planning, steps to be taken where a person lacks capacity to do so and the responsibilities of the local authority for sign off and assurance.

20. The Council already allocates resources by way of a personal budget. 91% of service users have a personal budget and 28% take this as a direct payment. With greater personalisation we are looking to increase the numbers of people in control of their own budgets by taking a Direct Payment.

New Charging Framework

21. The Care Act gives local authorities the power to charge for services for care and support and replaces existing provisions.

22. The overarching principle is that people should only be required to pay what they can afford. People will be entitled to funding from their local authority based on a means-test and some will be entitled to free care. The accompanying guidance includes the principles to be adopted by local authorities when deciding when to charge, the requirements for appropriate information and advice and the financial assessment process.

23. Current legislation places a duty on local authorities to charge for Residential accommodation by virtue of Section 22 of the National Assistance Act 1948. Anyone with assessed eligible need for residential accommodation has a financial assessment to calculate how much they are able to contribute towards the cost of their care in accordance with their means.

24. The mechanism for assessing the charge people are able to pay was set out in the National Assistance (Assessment of Resources) Regulations 1992 and statutory Guidance subsequently issued by the Department of Health (DoH) namely the "Charging for Residential Accommodation Guide" (CRAG) which is used to assess a resident's capital and income and what contribution they should make toward the cost of their accommodation.

25. Charging for non-residential services under current legislation is discretionary. There is no statutorily defined procedure for assessing non-residential charges. The power to charge is derived from Section 17 of the Health and Social Services and Social Security Adjudications Act 1983 (HASSASSAA), which gives local authorities the power to recover any charges for a service that they considered reasonable. Charging under Section 17 HASSASSAA is subject to means-testing, having regard to statutory guidance. Where a person is able to satisfy the local authority that their means were insufficient, local authorities should not require them to pay more than a reasonable amount.

26. The Council currently follows the CRAG guidance when assessing charges for residential and nursing care, and a local 'Fairer Charging' policy for non-residential services. The Council collected income of around £13m in 2013/14 for residential and nursing care, and £5.3m for non-residential services. People only pay that which they have been assessed as able to afford.

National Deferred Payment Agreement

27. The Care Act introduces a national Deferred Payment Agreement scheme across England (replacing local schemes) and local authorities are required to offer a deferred payment to people who meet specified criteria.

28. Deferred Payment Agreements offer flexibility for when and how someone pays for their care and support such that the costs can be deferred until death. It is designed to avoid people being forced to sell their home during their lifetime, however many people choose to enter into an Agreement

to give them the time and flexibility to sell their home when they choose.

29. Where an Agreement is taken out, a legal charge is placed on the individual's property to secure the debt. When the local authority is reimbursed for the accrued fees, the legal charge is lifted. The accompanying guidance sets out the details including the circumstances in which a Deferred Payment Agreement can be considered or refused and how adequate security must be put in place.

30. Under current legislation, local authorities have the power to offer Deferred Payment Agreements. The Council has offered a Deferred Payment Agreement scheme for a number of years, and policies and procedures are currently in place.

Safeguarding

31. Local authorities have new safeguarding duties in respect of adults who:

- Have needs for care and support (whether or not the local authority is meeting those needs)
- Are experiencing, or at risk of abuse or neglect, and
- As a result of their care and support needs is unable to protect themselves from abuse or neglect.

32. The Act gives local authorities new duties to make enquiries or cause another agency to do so whenever abuse or neglect is suspected and for determining what further action is necessary.

33. The Act requires each local authority to establish a Safeguarding Adults Board (SAB) which will have a strategic role across the authority to oversee and lead adult safeguarding. The Act gives the SAB three core duties:

- To publish an annual strategic plan
- To publish an annual report
- To conduct a Safeguarding Adults Review under Section 44 of the Act (where an adult has died as a result of abuse or neglect - known or suspected – or it is suspected that they have experienced abuse or neglect and there is concern that partner agencies could have worked more effectively to protect them).

34. The Council has existing safeguarding duties. We typically carry out around 1,400 adult protection investigations annually. The Worcestershire Safeguarding Adults Board is in the process of reviewing its constitution and developing a Strategy in order to meet the requirements of the Care Act.

"Reform of adult social care funding"

35. The "reform of adult social care funding" (which is about changes to the eligibility for social care funding and reforming the way in which people pay for care) is effective from April 2016. Regulations and guidance are expected to be launched for consultation in Spring 2015.

36. The main changes are:

Raising the capital threshold for care and support

37. The overarching principle is that people should only be required to pay what they can afford. People will be entitled to financial support based on a means-test and some will be entitled to free care. The accompanying guidance includes the principles to be adopted by local authorities when deciding when to charge, the requirements for appropriate information and advice and the financial assessment process.

38. For people with assessed eligible needs, the amount of funding they are entitled to from their local authority is means tested. Most people pay something towards the cost of their care and support and many people pay the full costs. Under current legislation, those with assets over £14,250 can be required to make a contribution towards the costs of their care and support, and those with assets over £23,250 can be required to meet the full costs. Under the Care Act, from April 2016, these figures will rise, with the upper capital threshold limit expected to be set at the £118,000 for people in residential and nursing care. This means that more people will be entitled to a greater proportion of their funding from their local authority.

The new cap on care costs

39. From 1 April 2016 there will be a limit on the cumulative total that people pay for their care and support. This limit is called the care cap. Once the cap is reached, the local authority will then pay for an individual's care and support.

40. The care cap amount has not yet been finalised by the Government. However, there are likely to be different caps:

- for young adults that need care and support from their 18th birthday
- for working age adults, and
- and for adults aged 65 years and over - the Government has suggested the cap for this group should be set at £72,000.

Independent Personal Budgets and Care Accounts

41. For those people making a contribution to the costs of

Assurance on state of readiness for implementation

their own care and support but yet to reach the cap, the Care Act introduces Independent Personal Budgets and maintenance of Care Accounts.

42. The Independent Personal Budget is an amount of money that has been identified, relating to an individual following a social care assessment of need. This budget will determine the reasonable costs that can be counted towards the care cap and then count the cumulative costs of care and support to monitor progress and determine when the cap has been reached. We will keep track on how people progress towards the care cap through individual "care accounts".

43. Reasonable costs will be determined following a social care assessment, and are the minimum that the local authority would have to pay if it were meeting the full costs of someone's care and support i.e. if an individual has chosen to spend extra then this will not count towards the cap. For those in nursing or residential care it includes only the costs of care and support and does not include "general living costs" (i.e. the amount that someone would have to pay for accommodation, utilities and food if they were living in their own home.) This is expected to be set at around £12,000 per year.

44. It is anticipated that these changes will result in the numbers of people coming forward for an assessment of eligible need increasing in 2015/16 as people will wish to ensure that their Care Account is set up.

New rules on appealing decisions

45. Section 72 of the Act makes provision for Regulations to set out a process for appeal against decisions made by a local authority when exercising its duties under the Act. The Department of Health consultation on draft regulations will commence in early 2015.

46. Of the new duties in the Care Act:

- Some are new in law and practice;
- Some are new in law but not new in policy; and
- Some modernise existing law (see attached Appendix).

47. Where work is required to implement new duties this will be led through the Future Lives programme. The Directorate of Adult Services and Health has completed two national stocktakes to assess the Council's progress with implementation of the Care Act. The stocktakes have been thorough and have demonstrated that progress is in line with how other local authorities are implementing the new

responsibilities.

48. The Directorate of Adult Services and Health has subsequently reviewed every clause in the Care Act and every requirement set out in the accompanying regulations and guidance to determine whether:

- Any actions are required to implement new duties – for example revision to policies, procedures and/or training for staff;
- If so whether the actions are underway or planned; and
- What additional actions are required

49. Where actions are underway or planned, or additional actions are required, these will be completed by 1 April 2015. Further assurance on progress will be sought through the Future Lives Programme Board with updates to the Cabinet Member with Responsibility for Adult Social Care. Briefings for all Councillors have been arranged.

50. The review of clauses in the Care Act has also identified what decisions need to be made in order to introduce new or amend existing Council policy and/or to change practice and these are set out below.

Prevention policy

51. The Act introduces new duties for prevention and outlines three approaches as outlined in paragraph 7. Officers are confident that existing prevention strategies, policies and activities already meet the requirements of the Care Act 2014 and therefore implementation will focus on making sure that these are properly understood.

52. The recommendation therefore is that existing policies and practice are consolidated into a single policy and action plan, in readiness for April 2015 describing the approach of the Council and its partners, in line with the principles set in the Joint Health and Well-being Strategy:

- Partnership
- Empowerment
- Local action
- Rigour
- Involvement
- Transparency.

53. Prevention will include enabling people to help themselves and their families by using information and advice, self-help and self-care, and opportunities in local communities. All of this will be available on-line and the Digital Inclusion Strategy will ensure that it is available to everyone.

54. Prevention will also include working with communities,

Eligibility for care and support

partners and the voluntary sector to expand the range of local support. In addition it will include commissioning of a range of universal and targeted prevention services designed to improve health and independence and support those people with increased risk of developing needs in order to slow down or reduce further deterioration.

55. The Care and Support (Eligibility) Regulations 2014 have been subject to consultation and amendment. The consultation raised concerns from many local authorities that the draft minimum threshold would expand eligibility for local authority funded care and support and increase costs. The Regulations were therefore revised and the response to consultation sets out the way in which they have been amended to avoid this. The intention of the Government is that threshold for eligibility for local authority funded care and support continues to meet needs similar to 'Substantial' and 'Critical' levels.

56. The recommendation is that the Council applies the new national criteria and threshold to determine adults' eligibility for local authority funded care and support and does not exercise its power to meet lower level needs. The expectation is that this will neither significantly increase nor decrease the numbers of people eligible for Council-funded care and this will be closely monitored. New referrals will be assessed against the Care Act criteria to determine whether they have eligible needs. Existing service users will be reviewed against the Care Act criteria at their next review to determine whether they remain eligible and to check that they have appropriate personal budgets – although this is not anticipated to change significantly in the majority of cases.

57. The current legislation under which support for carers of adults is provided will be repealed. From 1 April 2015 local authorities will work to the national eligibility criteria for carers of adults in need of care and support as set out in the Care and Support (Eligibility) Regulations 2014.

58. The recommendation is that the Council applies the new national criteria to determine carers' eligibility for local authority funded care and support and does not exercise its power to meet lower level needs. The expectation is that this will increase the numbers of carers eligible for Council-funded care and support, and this will be closely monitored to ensure that demand can be met within resources.

Charging for care and support

59. Under the Care Act, local authorities will not have a duty to charge for residential and nursing care, but will have the power to charge for residential, nursing and non-residential services.

60. The accompanying guidance includes the principles to be adopted by local authorities when deciding when to charge:

- After charging, a person must be left with the minimum income guarantee, equivalent to income support plus a buffer of 25%. In addition, the charging should ensure that service users keep enough money to cover the cost of meeting disability related costs
- Local authorities should consider whether it is appropriate to set a maximum percentage of disposable income (over and above the guaranteed minimum income) that may be taken into account in charges, and whether a maximum charge is appropriate.

61. A legal assessment has been made of the Council's Fairer Charging policy in relation to the guidance. The conclusion is that these charging principles are implicit and that the current policy is broadly Care Act compliant and could be extended to include residential and nursing care.

62. The recommendation is that the Council continues to charge for care and support for service users, in line with its powers under the Care Act and existing policy. This will require an updating of all relevant policies and procedures to reflect the new legislation. It is not expected that charges for individuals will change as a result of the Care Act. The Council will continue to financially assess individuals to ensure that they only pay that which they have been assessed as able to afford.

63. The Care Act also gives local authorities the power to charge for services to carers. The accompanying guidance states that when deciding whether to charge, and in determining what an appropriate charge is, "*a local authority should consider how it wishes to express the way it values carers within its local community as partners in care, and recognise the significant contribution carers make*".

64. The recommendation is that the Council does **not** charge for support to carers where this involves services that they receive directly, following a Carer's assessment. For example, should Carers receive a direct payment to support them in their caring role, this would not be subject to charging. This reflects the value that the Council places on the contribution of local carers. The Council will continue to charge for respite care provided to service users, as with the current policy.

Deferred Payments

65. An assessment has been made of the Council's current scheme in relation to the new national Deferred Payment Agreement scheme. The conclusion is that the current scheme is broadly Care Act compliant but needs revision.

66. The recommendation is therefore that the current scheme be updated. The most significant change will be to the Agreement and its procedure, and the timing of initiation of interest charges. The Care Act gives local authorities the power to charge interest against any amount deferred, including administration charges, and to start charging interest from day one of the Deferred Payment Agreement. This compares to the current scheme in which interest is only charged against the costs of care and starts 57 days after death. This will only apply to new applicants.

67. The maximum interest rate that local authorities are able to charge will be set by the Government and is based on the cost of Government borrowing. The accompanying guidance sets out the maximum interest rate chargeable, which is derived from the 15-year average gilt yield, as set out by the Office for Budget Responsibility (OBR) twice a year in their Economic and Fiscal Outlook report. On the basis of the current gilt rate (2.5%), the interest rate applicable from the scheme's inception on 1 April 2015 to 30 June 2015 will be 2.65%. It is recommended that the Council charges interest from day 1 of the Deferred Payment Agreement, at the interest rate set by Government.

Advocacy

68. The Council currently has a contract for advocacy services for around 610 people and 16,000 hours amount of activity. The contract is due to end on 31 March 2015.

69. The Care Act describes the role of independent advocates to facilitate the involvement of a person in their assessment, the preparation of their care and support plan, and their review, as well as in safeguarding enquiries and Safeguarding Adult Reviews.

70. Under the Care Act local authorities must arrange an independent advocate if two conditions are met:

- That if an advocate were not provided the person would have substantial difficulty in being fully involved in these processes, and
- There is no appropriate individual available to support and represent the person's wishes who is not paid or professionally engaged in providing care and support to the person or their carer.

71. The Council will need to commission a new

Financial implications

independent advocacy service from 1 April 2015 to meet the requirements of the Care Act.

72. This is a new statutory duty which will potentially increase demand. The recommendation is that the existing contract is reviewed, revised and refined to prioritise people eligible for advocacy under the Care Act, and that new services are commissioned.

73. The Council has received a grant of £125,000 in 2014/15 to assist with the Care Act implementation. However, additional costs will be incurred in 2015/16. The current estimate of the additional costs associated with the Care Act in 2015/16 is £5.3m. Additional funding has been confirmed from Government: £3.4m funding by way of a grant, and £1.3m included within the Better Care Fund. This excludes additional costs as a result of the new responsibilities for people in prison, which are to be estimated following analysis of information from the Ministry of Justice, and for which additional funding of £0.3m has been allocated by Government. Additional costs arising from the Care Act will be monitored carefully to ascertain the net cost pressure on the Council.

74. The current estimates of the additional costs in subsequent years (excluding prisons) are £11.1m in 2016/17, rising to £12.9m in 2018/19. These estimates are subject to uncertainty as the additional demand arising from the Care Act is difficult to predict, and will therefore be refined during 2015/16. The additional costs arise principally from increased demand for:

- advice and support
- assessments for people who currently fund their own care
- carers assessments
- financial assessments
- care due to changes in thresholds
- deferred payments
- new responsibility for people in prison.

75. The Government has not confirmed any additional funding to support implementation of the Care Act beyond 2015/16. This therefore leaves a potential shortfall and a cost pressure for the Council of £12.9m by 2018/19. The Council will continue to press government to fully fund the Care Act under the 'new burdens' agreement.

HR implications

76. Current primary legislation and statutory guidance relating to adult social care in England will be repealed, cancelled or revoked as a result of the Care Act. All staff in the Directorate of Adult Services and Health and staff seconded to Worcestershire Health and Care Trust are

Equality and Diversity

being prepared for the implementation of the new legislation by ensuring that they understand the principles and intentions of the reform and are able to navigate the new legislation and guidance.

77. Key aspects of social work practice with adults will change on 1 April 2015 in order to meet the new statutory requirements. Social workers and social work managers will be required to complete a two day face to face programme supplemented by E-learning material. This programme draws on the material commissioned by the Department of Health and the Association of Directors of Adult Social Services. It will also include additional locally developed material which will reflect and support new customer pathways and other changes which have been presented to staff in a series of workshops and have been subject to consultation. Further one day sessions on specialist topics are being planned.

78. The Council is mindful of its duties under the Public Sector Equality Duty, which members will recall have been set out in previous reports. Clearly the changes introduced by the Care Act may have a potential impact upon those with protected characteristics, and the Department of Health has produced an Impact Assessment of the implementation of Part 1 of the Act in 2015/16 (accessible through the background papers) incorporating a detailed equality analysis at its Annex A, which considers the impact on equalities and those with protected characteristics arising from the law reform as a whole. The Department of Health has confirmed that it will continue to review and update this equality analysis in order to identify and mitigate any adverse impacts in relation to the implementation of the new legal framework.

79. The Council is of course required to comply with the new legislation and does not intend to duplicate this DoH analysis but will be informed by it and undertake additional Equality Impact Screening Exercises or full Assessments as necessary to establish the impact on people with protected characteristics of the implementation of:

- Updated charging policies
- Updated Deferred Payments Agreement scheme in line with the Care Act
- Commissioned advocacy services.

Communications and Engagement

80. There will be a national public campaign starting in February 2015 to raise awareness about the changes in the Care Act. The Council is developing a local communication campaign to ensure that residents understand their eligibility. This will be in context of the Future Lives programme so that people can understand how the Council

intends to meet their entitlements.

81. Councillor briefings have been organised, the first in July 2014 pre the closure of consultation and the second on 26 January 2015. Further briefings will be scheduled once consultation opens on the 2016 reforms.

82. Communication briefings with health partners have taken place to explain the new duties on local authorities and raise awareness of any impact on health services. The Council has also held Care Act briefings for other partners and external providers.

83. The Council is continuing to provide Care Act briefings and training for staff. As at the end of November, 500 employees had received Care Act briefings and there were a further 28 sessions planned running until the end of March. The Learning and Development team have tendered for Care Act training and up to 3 days training is available for Social Workers, scheduled to be run from January to March.

- Appendix – Care Act Summary and Prioritisation Table

Supporting Information

Contact Points

County Council Contact Points

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Background Papers

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

The Care Act 2014

National Impact Assessment

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Appendix – Care Act Summary and Prioritisation Table.

This Appendix provides a comprehensive impact analysis of clauses 1-78. Section 4 also provides a table (adapted from an LGA table) which provides an overview of the clauses and prioritises the clauses in terms of urgency.

Section No	CARE ACT SECTION	NEW IN LAW & PRACTICE	NEW IN LAW BUT NOT NEW IN POLICY	MODERNISES EXISTING LAW
1	Wellbeing principle		x	
2	Prevention		x	
3	Integration		x	
4	Information and advice			x
5	Market Shaping		x	
6-7	Cooperation general			x
8	How to meet needs			x
9-11	Assessment		x	
12	Assessment regulations		x	
10	Carers assessment	x		
13	Eligibility	x		
14	Charging			x
15-16	Cap on Care Costs	x		
17	Financial assessment			x
18	Duty to meet needs			x
19	Power to meet needs			x
20	Duty to meet carers' needs	x		
21	Exception for immigration			x
22	Exception for NHS			x
23	Exception for housing			x
24	Steps to take		x	
25	Care and support plans		x	
26	Personal budget		x	
27	Review of Care and Support Plan		x	
25	Independent Personal Budget	x		
29	Care account	x		
30	Choice of accommodation		x	
31-33	Direct payments			x
34-36	Deferred payments	x		
37-38	Continuity of care	x		

Section No	CARE ACT SECTION	NEW IN LAW & PRACTICE	NEW IN LAW BUT NOT NEW IN POLICY	MODERNISES EXISTING LAW
39-41	Ordinary residence	x		
42-47	Adult safeguarding		x	
48-52	Provider Failure		x	
53-57	Market Oversight	x		
58-66	Transition to Adult Social Care		x	
67-68	Advocacy		x	
69-70	Recovery of charges, Transfer of assets			x
71	Five-yearly review			
72	Appeals	<i>2016 implementation</i>		
73	Human Rights Act			
74	Delayed discharges			x
75	Mental health after-care			x
76	Prisoners	x		
77	Registers			x
78	Guidance			x
79	Delegation	x		
S1	Cross border placements S1	x		

Cabinet
5 February 2015**6. SUPERFAST EXTENSION PROGRAMME – APPOINTING A
PREFERRED SUPPLIER FOR A COUNTYWIDE
BROADBAND INFRASTRUCTURE PARTNER**

Relevant Cabinet Member	Mr S E Geraghty, Mr J P Campion
Relevant Officers	Director of Commercial and Change and Director of Business, Environment and Community
Recommendation	<ol style="list-style-type: none">1. The Cabinet Member with Responsibility for Economy, Skills and Infrastructure and the Cabinet Member with Responsibility for Transformation and Commissioning recommends that Cabinet:<ol style="list-style-type: none">(a) notes the significant progress to date on the Broadband programme, in particular the 'Superfast Worcestershire' partnership;(b) authorises the Director of Commercial and Change in consultation with the Cabinet Member with Responsibility for Economy, Skills and Infrastructure and the Director of Business, Environment and Community (DBEC) to complete the evaluation of tenders, undertake contract finalisation and to execute the contract;(c) subject to satisfactory completion of this finalisation process, authorises the Director of Commercial and Change in consultation with DBEC to award a contract to a preferred partner and supplier for the delivery of Worcestershire's Superfast Extension Programme; and(d) further authorises the Director of Commercial and Change, in consultation with the above Cabinet Members with Responsibility and DBEC to approve future change controls to both the Superfast Worcestershire Contract (signed 5 August 2013) and the Superfast Extension Programme to ensure programme pace is maintained following contract award of the Superfast Extension Programme projected for April 2015.
Background Information	<ol style="list-style-type: none">2. The details and recommendations from previous Cabinet

papers are included within the 'Background Papers' section to this report.

3. In line with Worcestershire County Council's vision of creating a prosperous and 'World Class Worcestershire', the delivery of Worcestershire's Local Broadband Plan 'Connecting Worcestershire' commenced with the signing of two broadband infrastructure contracts during July 2013, both of which are detailed below. The largest of these, 'Superfast Worcestershire' - a £20 million partnership with BT to improve fibre broadband speeds and coverage, is anticipated to facilitate a drive in economic growth; improve the quality of life for our residents and businesses and support our Digital Council transformation over the next decade.

4. As reported and evidenced at previous Cabinet meetings, local demand for improved broadband speeds amongst both businesses and residents is high. When surveyed, 95% of businesses, who responded, said faster Broadband would help their business grow in 2-5 years. Of the 95%, 75% said it would allow them to increase turnover.¹ This would indicate that the businesses themselves recognise the importance of improving fibre infrastructure to ensure the county is and remains 'Open for Business'.

5. This demand has since been further illustrated through the number of contacts from residents, businesses, elected members and local MPs who find parts of their area in the 5-10% of premises not in the current 90% of residential and business premises in the current deployment plan.

6. From the outset the Council recognised that despite the significant investment of public money, it would not be possible to achieve 100% coverage of the county. In the 2013 Spending Review, the Government announced a further allocation of broadband funding under the Broadband Delivery UK (BDUK) Superfast Phase 2 Programme, with the aim of increasing coverage across the UK to 95% by 2017, allocating potential funding to make this a reality.

7. Despite overmatching in the original contract with up to £8.5 million made available locally, the Council were advised local 'match' funding would again be required for the BDUK Phase 2 'Superfast Extension Programme'. It was re-iterated to BDUK that no further Council funding would be available to invest in to the Superfast Extension Programme. The 'Financial information' section below provides detail on the proposed Superfast Extension Programme funding arrangements.

¹ Figures are based upon demand registered by businesses as part of the Local Body's Broadband Business Survey as at 31/01/14

Benefits of Faster Broadband

8. The continued investment in broadband is vital to Worcestershire's residents and businesses alike as there are both economic and social benefits associated with faster broadband.

9. For businesses faster Broadband speeds are essential to access new technologies, ensuring Worcestershire's companies can compete in national and international markets.

10. Home working opportunities will make it easier for people to have an improved quality of life, with greater control over where and when they choose to work with home broadband connections as powerful as in a city office. The benefits also extend to the employer, reducing office management costs, desk space, utility bills; the reduction in travel will also have environmental benefits. Supporting sustainable working practices supports the Council's environmental policy of reducing the carbon footprint.

11. The Council are seeking to make the web and the internet core to how we operate, deliver our services and communicate with citizens and businesses in the future. The aim is to make the web and other digital channels our customers' channel of choice to access Council services and information. Our ambition is that 100% of services are available on line. A clear underlying assumption to this theme is that every citizen – tax payer, business, social care user, family, and child – who can, will meaningfully integrate the internet into their daily lives. Faster and more reliable connections are key to enabling and encouraging residents and businesses to choose the 'digital channel'.

12. There is further evidence to suggest children in rural areas can be disadvantaged because they do not have access to fast broadband speeds at home. This impacts both their ability to do homework and learn independently, but also deprives them of the social networking world that young people rely upon. The same issues can be applied to adult and vocational training, in order to fulfil the objective of a highly skilled knowledge economy it is important that the workforce has the qualifications and skills required by employers. Availability of Superfast Broadband could increase the amount of online distance learning and qualifications available to adult learners.

13. Broadband services are anticipated to play an increasingly important role in supporting older people by providing access to on-line services, shopping, banking etc. It could also enable people to stay in touch with family and friends and support people to stay at home for longer, by supporting the introduction of new health and Social Care services, such as assistive technology e.g. tele-medicine and tele-care.

Update on success within Superfast Worcestershire & Broadband Community Pathfinder Project

14. The current Superfast Worcestershire Programme is expected to enable around 55,000 premises access to 'Next Generation Access' (NGA) infrastructure by June 2016. NGA is defined as premises being able to connect to fibre based broadband technology (should they choose to do so). The programme commenced deployment two months earlier than schedule in May 2014 and has continued at pace throughout the year. Planning and surveying activities are currently over 3 months ahead of schedule.

15. Without Superfast Worcestershire, commercial broadband providers were only expected to reach 73% of Worcestershire with fibre. Superfast Worcestershire is expected to increase this coverage above 90%. In addition, business coverage following commercial activity was around only around 41% across the county; impressively the programme is expected to increase this to 90%.

16. To date **85** green broadband cabinets have been fibre enabled, totalling **15014** premises that are now able to 'sign-up' with their preferred internet service provider to improved broadband speeds. Whilst it is clearly good news that the deployment continues ahead of schedule the partnership are not resting on their laurels. The graph below illustrates the sheer number of premises involved in this large scale engineering programme and it is acknowledged that further challenges are expected ahead.²

Graph illustrating the actual number of premises that can access improved broadband as a result of the programme against the contractual milestones.



17. Since contract signature there have been further successes including enabling nearly 2,000 more homes and businesses to be added to the deployment plan, partly as a result of securing further external funding of £1.1m.

18. Moving into 2015 the current deployment will continue and further marketing and promotional activities will take

² Graph and figures accurate as of 29 December 2014

place to raise awareness on the benefits and availability of faster broadband speeds in the county, to drive the take-up rate in the programme area beyond the 10% recorded at the end of December 2014. Following deployment if this figure is above 20% the partnership would trigger a clause in the contract to enable re-investment from both parties into the programmes fund to extend coverage further still.

19. The importance of a successful Demand Stimulation campaign cannot be underestimated in order to recognise the benefits of the broadband programme and to trigger the potential financial claw back if take-up exceeds 20%.

20. Indications to date suggest that further significant efforts will need to be made locally to ensure residents and businesses are both aware of when fibre arrives in their community and the fact that they will need to 'sign-up' with their chosen supplier in order to receive the service. Premises will not be automatically connected to the new infrastructure.

21. Whilst a number of residents and businesses 'demanded faster broadband' during the procurement of the first contract the programme will continue to invest in effective communication of the benefits of fibre broadband and stimulate demand.

22. Locally small amounts of funding have already been secured to develop initial training opportunities for small and medium sized businesses to ensure they are ready to take advantage of the new infrastructure when it is deployed. These projects have been developed by Worcestershire Business Central and are currently in delivery.

23. The challenge facing the local programme is ensuring appropriate levels of revenue funding to enable this work to be fully effective and maximise the return on the initial investment of the £8.5 million capital money that Worcestershire have already committed and the additional funds secured from public sources.

Broadband Community Pathfinder Project

24. Having worked with local communities the county procured a supplier for 'enhanced basic broadband'. The preferred supplier for the infrastructure was Airband. The communities were split into three distinct project areas covering circa 2,200 premises.

25. The successful delivery of Airband's faster broadband infrastructure was completed in the Summer of 2013 and is now available to residential and business premises in Little Witley Parish; the North-West Malvern Consortium comprising the parishes of Bockleton, Kyre, Hanley, Rochford, Eastham, Lindridge, Mamble and Bayton; and the

Redditch Travel Arc Consortium comprising the parishes of: Tibberton, Crowle, part of Hanbury, Stock and Bradley and Feckenham.

26. The coverage provided from the Airband infrastructure is in addition to the 90% business and residential target within Superfast Worcestershire. A 'customer satisfaction' survey in the 2014 showed that 80% of respondents were either 'satisfied' or 'very satisfied' with the service provided. The current take-up of the Airband service is positive at 24% of all premises across the project area³.

27. The areas and communities that make up the 'Broadband Community Pathfinder' project have not been removed from the 'intervention area' (area in which public money can be spent) for the Superfast Extension Programme. This means they remain eligible to benefit from further funding and may form part of the solution provided for the Superfast Extension Programme.

28. Cabinet is asked to note that for both the current 'Superfast Worcestershire' contract and the proposed 'Superfast Extension Programme' the 'intervention areas' are set using recognised premise data available prior to the release of the invitation to tender. Therefore, the Council is only able to include premises that exist at that time; it does not include planned developments that exist within local development plans. Therefore, when the respective programmes are complete the 'new build' premises are not included in the coverage figures.

29. The risk this presents is that all planned and many newly built homes and business premises are not eligible in their own right to receive public funding. It should not be assumed that all developments will be fibre enabled by commercial providers. The emphasis is on the 'developer' to ensure they engage with communications infrastructure providers to discuss the payment for and provision of fibre infrastructure.

30. To mitigate the risk of developers not understanding their responsibility, guidance has been provided in the documentation of local development plans. The partnership is also facilitating contacts between developers and broadband infrastructure providers when requested. Further work is needed in this area to educate developers and potential buyers of new builds to understand the current situation.

31. The total amount of funding available for the Superfast Extension Programme is £4.78 million, comprising £2.39 million grant funding each from the Broadband Delivery UK (BDUK) fund and the Local Growth Fund (LGF) from the

New Build Developments

Financial information for the Superfast Extension Programme

³ Figures accurate as at 1 December 2014

Development of Superfast Extension Programme

Business Improvement and Skills Department (BIS). There is no financial commitment for the Council other than the revenue costs of managing the contract and stimulating demand.

32. The LGF grant funding has not yet been formally confirmed as having been allocated, although indicative notice has been given and the Council have secured assurances from Sir Bob Kerlake, Permanent Secretary for the DCLG, that the money will be available.

33. Although unlikely, in the event of this funding not being received, the Council will need to consider alternative sources of funding, such as prudential borrowing, and this will be detailed in a further report to Cabinet if required.

34. The LGF grant allocation indicated that the funding is required to be used by March 2016 and that all other schemes financed by the total allocation will need to deliver in order for the Broadband funds to be released. The Council will have flexibility to re-direct LGF funding from other schemes to the Superfast Extension Programme if delivery of these is not fully achieved to mitigate the risk of non-delivery. The March 2016 date is likely to be more challenging given the contract timings and we will need to pursue options around either extending this cut-off date or early draw down of funds with BIS once the formal grant allocation is received.

35. The BDUK allocation has an end date of December 2017 which, although still challenging, is likely to be more in line with the timing of the contract. We are also aware from the current Broadband contract and discussions with the Department for Culture, Media and Sport that there is likely to be flexibility around extending this date in order to deliver the ambitions of the programme.

36. Having identified the availability of funding for the Superfast Extension Programme from BDUK and the LGF and in order to ensure Worcestershire is amongst the most 'connected counties' in the UK the county's main ambition for the Superfast Extension Programme contract is:

- 95% of all premises to have access to superfast broadband speeds (residential and business premises).

37. Cabinet is asked to note that percentages are based upon 264,313 premises within the county at the time of setting the intervention area.

38. On 5 December 2014 the Council released their Invitation to Tender for the Superfast Extension Programme. Cabinet approval of the recommendations in this report will enable the programme to finalise contracts before April 2015, following successful evaluation of the bids returned.

Proposals for Evaluation of Tender and Contract Finalisation

Summary of Risks

39. The additional coverage enabled will be communicated to key stakeholders, residents and businesses following contract signature through the established communications channels.

40. As with the initial evaluation, a cross-organisational tender scoring and evaluation team, including officers from Systems and Customer Access, Strategic Procurement, Finance, Research and Marketing, Legal Services and the Corporate Programme Team will be involved in the review, scoring, evaluation and challenge of tenders.

41. Cabinet approval is therefore being sought to ensure that Council officers can undertake this evaluation, appoint a preferred supplier and progress through contract finalisation and BDUK's final assurance gateway C "ready to contract" in line with the current timeline, mitigating any potential delays.

42. The high level risks associated with the final stages of the procurement and deployment have been identified in the paragraphs below.

43. Dependency on the delivery of 'Superfast Worcestershire' contract – prior to commencing an extension programme the deployment of the first contract should be complete, this is currently scheduled to end in June 2016. This is continuing to be mitigated through dedicated programme and project management and the support of other officers including finance and legal.

44. Funding – there remains a risk as the LGF funding has not been formally confirmed. Secondly the funding identified by the LGF and BDUK both contain restrictions that they must be spent by March 2016 and December 2017 respectively. Details of the current position can be found in the Financial Information section to this report.

45. Delays to procurement process beyond June 2015 – should the Council not contract a preferred supplier by the end of June 2015 the national programme's State Aid umbrella arrangement will expire and the Council will be unable to contract the allocated funds. This risk is being mitigated through dialogue with BDUK and supplier(s).

46. Achieving 95% 'Superfast' coverage – having undertaken statistical analysis of the revised 'intervention area' Council officers recognise that including further 'local requirements' for the supplier to include is unlikely to return a compliant response to the ITT.

47. Implementation of a Highways Permit Scheme – during Supplier Engagement it has been made clear to the Council

that should the county introduce a Highways Permit Scheme prior to or during deployment it is likely to have a negative impact on the numbers of premises able to be reached and an extension of the deployment end-date. Investigations are ongoing to establish the extent of the impact this risk could have on the programme.

Next Steps

48. Should Cabinet approve the recommendations of this report the next steps will be as follows, noting anticipated dates are subject to change based on the level of clarification required from tenders:

- a) Open and evaluate tenders – w/c 2 March 2015
- b) Appoint preferred Supplier – w/c 16 March 2015
- c) Progress with Contract Finalisation – w/c 16 March 2015
- d) Submit State Aid Part 2 forms to BDUK and other required documentation – w/c 16 March 2015
- e) Submit remaining documentation to BDUK in order to progress through Checkpoint C. – w/c 16 March 2015
- f) Following State Aid Approval and notification the checkpoint has been passed, the contract will be awarded – w/c 23 / 30 March 2015
- g) Commence with necessary 'Change controls' to original 'Superfast Worcestershire Contract – w/c 16 March 2015
- h) The Superfast Extension Programme is expected to commence following the successful deployment of the 'Superfast Worcestershire' contract - 2016
- i) An anticipated deployment outline plan of the Superfast Extension Programme will be made available in the weeks following contract signature with detailed plans to be available when the 'mobilisation phase' is complete – 2015 / 2016.

Supporting Information

[Worcestershire's Local Broadband Plan 'Connecting Worcestershire'](#)

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Background Papers

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

Agenda and background papers for the meetings of Cabinet

held on [24 November 2011](#), [24 May 2012](#), [8 November 2012](#), [18 July 2013](#).

Cabinet
5 February 2015**7. INCREASING THE NUMBER OF SCHOOL PLACES
AVAILABLE IN MALVERN****Relevant Cabinet
Member**

Mrs E A Eyre

Relevant Officer

Director of Children's Services

Local Members

Prof J R Raine, Mr P A Tuthill, Mr T A L Wells

Recommendation

1. **The Cabinet Member with Responsibility for Children and Families recommends that:**
 - (a) **the results of the consultation held between 3 November 2014 and 12 December 2014 be noted;**
 - (b) **the increase in Published Admission Number for Callow End CE Primary School from 12 to 15 is approved subject to the necessary capital funding being approved under the 2015/16 Capital Programme;**
 - (c) **the option to increase the Published Admission Number for Leigh and Bransford Primary School from 15 to 30 is approved subject to notice, planning and to the necessary capital funding being approved under the 2015/16 Capital Programme;**
 - (d) **the option to expand Northleigh CE Primary School on its existing site is not pursued; and**
 - (e) **further discussions take place with both Northleigh CE Primary and Somers Park schools, local County Councillors and Malvern Hills District Council to identify whether the option on Malvern Vale is progressed as set out in paragraph 57, and without prejudice to the future, request the Directors of Somers Park take a 'bulge' year for the academic year September 2016 should the Director of Children's Services believe this is required as indicated in paragraph 49.**

Background Information

2. **The County Council has a statutory duty to provide sufficient school places for all children resident in the county**

who want one. As part of the annual school place planning and monitoring exercise, officers identified a need to provide additional primary school places in Malvern to cover the 2015 and 2016 Reception intakes. Latest data from the Health Authority on known pre-school numbers suggests that the pressure on places is short-term, with numbers declining slightly after the September 2016 cohort.

3. The emerging South Worcestershire Development Plan (SWDP) allocates a number of sites for housing development in and around Malvern over the next 10-15 years. Timelines on the occupation of the proposed developments are only generally known and are subject to fluctuations in the housing market and future shifts in Government policy.

4. In 2006 the County Council entered into a Section 106 Agreement with Persimmon Homes to set aside a piece of land as part of the redevelopment of the ex-M.O.D. North Site off Leigh Sinton Road, now known as Malvern Vale. The agreement stated that the land would be reserved for the County Council to construct a new school, if needed, within a set period of time from commencement of the development. The County Council has 3 years remaining in which to gain planning permission for a school on the site.

5. As more schools convert to academies and move outside of County Council control the way in which additional school places are delivered has changed to reflect this new relationship. The County Council is now the commissioner of school places; setting out the scope of the need and evaluating proposals put forward to meet that need.

6. Pupil number forecasts were shared at a meeting with head teachers and governors of Malvern schools in September 2014. Schools were asked to consider the information and make a written expression of interest to the County Council if the governing body of any of the schools was interested in offering additional places. In light of the expected housing growth, the Council let it be known that it was prepared to consider proposals for permanent expansions which might provide additional capacity to manage any future growth in numbers as well as meet the immediate need.

7. Four schools expressed an interest in expanding to meet this demand. All of the options require additional accommodation for the proposed increase.

8. The Director of Children's Services, following discussion with the Cabinet Member with Responsibility, approved consultation on the following expansion options:

- Callow End CE Primary - increase Published Admission Number (PAN) from 12 to 15
- Leigh and Bransford Primary - increase PAN from 15 to 20 or 30
- Northleigh CE Primary - increase PAN from 45 to 60
- Somers Park - increase PAN from 58 to 90. (This option included the use of land available to the County Council on the Malvern Vale development.)

Current Malvern Primary Schools

9. There are currently 16 primary schools in the Malvern area. This includes 8 schools associated with the town itself and a further 8 village schools in the surrounding rural area. The table at Appendix 1 summarises their current size and status.

10. The majority of primary schools in Malvern are graded 'Good' or 'Outstanding' by Ofsted. Where expansions are being considered, the Council looks to provide places in schools that are delivering good quality education as this will enable more children to benefit and indicates the capacity of the school leadership team to manage the expansion.

11. Twelve of the sixteen primary schools in Malvern are 1 Form Entry (FE) or smaller; taking in no more than 30 children each year. Although smaller schools are often popular with parents there can be issues with financial viability and the range of opportunities smaller schools can offer for pupils and staff. Options to expand successful small schools are therefore considered positively as this can improve the long-term viability of the school.

12. The table at Appendix 1 also gives the number of first preference applications and total applications for each school. These figures give a snapshot of the current level of parental demand for each of the schools.

Identified Need for Places

13. The latest data on numbers of pre-school children shows an increase in the number of children living in the Malvern area due to be admitted to primary school in September 2015 and 2016. The Council recognises that not all children living in the area will attend state-funded schools and some children will attend schools outside the Malvern area due to parental preference. The term state-funded schools covers all schools funded through central Government including academies and free schools.

14. By monitoring the number of known children due to start school year on year it is possible to understand the general trend in intake rates and project this forward as an indicator for future years. This is referred to as the cohort progression rate.

15. Taking all these factors into account we can produce an estimate of the demand for school places. To allow a

degree of flexibility for parental preference and for children seeking school places outside the usual admission round it is desirable to maintain a 5% surplus above this level.

16. The projected number of places required is set out in the table below showing the minimum number needed to deliver sufficient places and the desirable number with 5% surplus.

	Admission to school September			
	2015	2016	2017	2018
Places currently available	438	438	438	438
Forecast pupil numbers	439	452	405	416
Additional places needed against forecast	1	14	0	0
Additional places needed to deliver 5% buffer	23	37	0	0

17. Based on this information the identified need is for between 14 and 37 additional places by September 2016.

18. Primary school catchment areas in Malvern are complex, with many parts of the town falling in the catchment area for more than one school. Whilst this allows flexibility for parents when deciding which schools to apply for, it makes analysis of pressure points difficult. The table at Appendix 2 shows the flows of pupils on roll in the 2013/14 academic year based on the catchment area they were living in and the school they were actually attending. The numbers of pupils attending a school for which they are not in the catchment area indicate a high degree of mobility within sections of the population in Malvern.

19. Analysis of pre-school numbers shows that the growth is spread across the town but particularly in the north, including the Malvern Vale development, and in some of the villages to the north of Malvern. Expansion options in these areas are therefore of particular interest.

20. Data from the Council's Corporate Research Team projects that following a number of years of increases, the birth rate will stabilise and the number of children being born in Malvern Hills District Council area will decline slightly. These projections are based upon existing population figures modified with births data, deaths data and net migration, and do not account fully for the potential impact of future housing developments.

Longer Term Trends and Housing Growth

Key Parameters and Criteria for Assessing Options

21. Data also shows that over the last decade the proportion of the pre-school population of Malvern Hills District resident within the town of Malvern itself has increased. Projecting this trend forwards suggests there will be a rise of pre-school age children in the Malvern town area, despite the reduction in the district overall. There would appear therefore to be a distinct urban/rural split which would support the provision of additional primary school places in or near to the town of Malvern.

22. The emerging South Worcestershire Development Plan allocates land at Newland, north-east of Malvern for an urban extension of around 800 dwellings. This is the largest single allocation for Malvern. The Council has indicated that it may seek provision of a new primary school on this site but detailed discussions are yet to take place.

23. Land at the Qinetiq site in the south of Malvern is allocated to deliver a mixed use development including approximately 300 dwellings.

24. The remainder of development in Malvern is proposed to comprise approximately 500 dwellings spread across the town in some 15 or more allocated sites.

25. Taken together these 1600 homes would be expected to generate around 46 additional pupils per year group when fully occupied. As the South Worcestershire Development Plan covers the period to 2030, delivery of the sites allocated in the Plan will take time and the rate of occupation will be influenced by any changes in the housing market, wider economy and Government policy.

26. Due to the combination of short-term pressure and potential longer term growth resulting from planned housing, permanent increases in school capacity are being considered providing these demonstrate good value for money.

27. Where schools already have sufficient physical capacity to admit the increased pupil numbers there is no requirement to undertake consultation and the increase in the Published Admission Number (PAN) can simply be implemented as part of the admission arrangements for the school.

28. The Council aims to work with existing schools where scope exists for expansions. The creation of new schools will only be considered where there are no suitable expansion options, or where the total number of places required is significantly greater and cannot be accommodated cost effectively.

29. If a new school is required the Council would have to undertake a commissioning process, set out by the

Public Consultation Process

Department for Education (DfE), to select a new academy or free school.

30. Each option is considered against the following criteria:

- The quality of current education provision at the school
- How the proposed expansion might improve quality at the school
- Demand for places at the school or in the local area
- The cost and feasibility of required building works
- The response to the public consultation.

31. The Public Consultation ran from 3 November 2014 to 12 December 2014. The consultation followed the relevant guidance from the DfE and met all statutory requirements. Consultation documents were made available online with hard copies available on request. Letters were sent out to parents, local residents and other interested parties advertising the consultation. A public notice was placed in the local newspaper and a press release was issued.

32. The option at Callow End CE Primary is a small expansion and can be accommodated through modification of existing internal areas. Under current regulations public consultation is not a statutory requirement for an increase of this size. The option was included in the consultation document to provide context and clarity but a consultation meeting was not held.

33. A public consultation meeting was held at each of the schools requiring significant additional accommodation with officers present to lead the meeting and answer questions. Notes of the meetings, comments and questions raised are available on the County Council's website.

34. Outline feasibility option appraisal studies were carried out to ensure that the schools included in the consultation had sufficient space to allow construction of the additional accommodation required. The results of these indicative, desk top studies were shared at the meetings. A much more detailed feasibility exercise would need to be carried out if any of the options are taken forward to the next stage.

35. An analysis of responses to the consultation is attached as Appendix 3. Copies of all responses are available on the County Council's website.

Consultation with Children and Young People

36. Each school was asked to engage with its pupils through their representatives on the School Council. Leigh and Bransford Primary reported that pupils were excited about the potential growth of the school and were positive about the feasibility study which had been undertaken to illustrate potential new accommodation. Somers Park also reported that their pupils were generally positive about the

Options Presented in Consultation Document

Callow End CE Primary School

potential for the school to grow.

37. The paragraphs below set out the detail of each option proposed, including estimated costs, the main issues raised during the consultation and the analysis of the option against the key criteria set out in paragraph 30 above.

38. An initial feasibility option appraisal has been carried out and permits the works to be contained within the curtilage of the existing building and therefore no new build is necessary. This option has been discussed in outline with the school governors who are comfortable that this will allow them to take the additional proposed 3 children per year group if approved. The cost of the option is estimated at £94,000 including for all fees and charges. The works involved can easily be delivered with minimal disruption to the school.

39. Whilst the location of this school is considered on the border of the area of review as it is in one of the outlying villages, the places:

- will be in a good school, popular with parents
- support the Council in addressing needs within the locality
- increase the size and potentially secures the future viability of the school
- represent good value for money (£4, 500 per place).

It is therefore recommended that this option to increase the PAN from 12 to 15 is approved.

Leigh and Bransford Primary School

40. Outline feasibility appraisal work has been undertaken to look at increasing this school to a PAN 20, but also to increase to a PAN 30. The school has quite recently purchased additional land which means they have more than sufficient external space to take the increase(s) proposed. Construction of an extension would have minimal disruption to the school as this is mainly contained to one area of the existing main building. The responses from the public consultation to increase the school to a PAN 30 were generally supportive. The main reservation was traffic flow with a request that an alternative access be provided off the main Bransford Road (A4103) which would in turn relieve current pressure on Hoopers Close; the only current access to the school.

41. Initial conversations with Highways officers in Business, Environment and Community suggest an option off the main road would be considered favourably. It would be restricted to the provision of some staff parking rather than a drop-off/collection zone, but would then allow modification to the arrangements at the front of the school relieving current pressure. The costs of the main accommodation works proposed have been confirmed in the region of:

- £674,000 for an increase to a PAN 20, and
- £1,085,500 for an increase to a PAN 30.

The cost of providing a permanent access with staff parking and alterations to the arrangements for 'drop-off' purposes as 'in and 'out' arrangements is estimated to add a further £200,000 to each of the above options.

42. The performance of the school is currently outstanding as judged by Ofsted. The growth whilst significant will move this school to a full 1 FE school, providing a more secure financial and educational basis. The school is very close to Malvern and is already very attractive to parents from the town. There is expected housing growth in the village and surrounding villages during the period of the SWDP which supports the provision of additional places. At a cost of £12,300 per place including the works for new parking this offers a value for money option in line with Government targets.

Officers would recommend the option to expand the school to a PAN 30 as the best outcome and that this option is approved.

Northleigh CE Primary

43. This is a very restricted site in a busy residential area and at the public consultation there was a clear message of concern for the potential over-development of the site which would encroach on the schools available hard-play space, but also making the traffic situation worse. Some parents said the proposal would have an impact on the quality of education at the school, and loss of hard play on site would compromise the facilities available to the children.

Following the consultation meeting the governors of the school met to consider the comments and subsequently wrote to say they formally withdrew the offer to expand the school on the existing site but indicated a desire to work with the Council on an alternative option to expand using the Malvern Vale site. The suggestion is for the infant facility (Reception to Year 2) to be provided on the Malvern Vale site, with the Junior department (Years 3 to 6) using accommodation on the current school site. In addition the governors suggested increasing the PAN to 90.

44. Without the support of the governing body there is no wish on the part of the Council to continue to explore the option to expand on the current site. The cost put forward from the feasibility study at £1,396,490 inclusive of fees and charges represents a higher cost per place (£13,300) for the number of additional places than other options.

45. The new option presented by the governors of Northleigh has not been discussed in detail to understand how it could be managed effectively. Initial consideration of the land available at Malvern Vale is that it would be

insufficient to accommodate a 3 FE infant department. Also, there is no strong evidence that an additional 1.5 forms of entry are required to meet the longer term demands.

It is not recommended to proceed with expansion of Northleigh CE Primary on the existing site.

Somers Park

46. Included in the public consultation was an option to expand this school by an additional one form of entry from a PAN of 58 to 90, using the site at Malvern Vale to allow a split-site arrangement whereby the Early Years was based as a satellite to the school, and the remaining pupils would be retained on the current site. This required the provision of 3 Reception classes, relocation of the Nursery and Pre-school to the new site.

47. Parents at the meeting questioned how the school would manage an option on a split site, with children in a family potentially attending both sites. Residents were very concerned about added pressure on traffic. The walking distance has been estimated at approximately 15 minutes between sites. The extra children would add to the existing congestion unless the school operate staggered start and finish times during the normal day.

48. Following the consultation meeting the Directors on the Academy Board and governors of the school met to consider the comments and subsequently wrote to say they formally withdrew the offer to expand the school by creating an Early Years and Foundation Stage on the Malvern Vale site but indicated a desire to work with the Council to consider another option for expansion using the Malvern Vale site. This would be to build a 1 FE Primary school on Malvern Vale as an all-through school, either sponsored by Somers Park or as an extension to the existing school. In effect there would be a 2 FE, as is now, on the current site but a further 1 FE managed by Somers Park on the other site.

49. This would take time to progress, and challenges the deadline for the Council in meeting the need for additional places, although the school has offered to take a 'bulge' year in September 2016 if the Council were minded to consider this option.

In light of the withdrawal of support from the Directors of the Academy Trust the original option will no longer be pursued.

Alternative Options Proposed

St Joseph's Catholic Primary

50. A number of alternative options were put forward during the consultation. These options are appraised below.

51. St Joseph's Catholic Primary School currently has some surplus capacity and expressed an interest in taking additional pupils for the 2016 academic year which would

address the initial shortfall identified. As there is surplus capacity, the school can increase their PAN without any formal consultation. The Council would not object to this initial one year, additional form of entry, but would not see this as a longer term option whilst the school is in a category of 'Requires Improvement'. It would be down to parental preference as to whether the places were filled.

New School Option

52. From the public consultation a number of responses suggested that the Council should consider the option to provide a school on the Malvern Vale site. The land available is sufficient to accommodate a 1 FE Primary School. In order to deliver this option, as a stand-alone school, this would require a commissioning process and the timescales for this mean that the places could not be provided before September 2017 at the earliest. It has been estimated the school would cost in the region of £4.6 million.

Response of Cabinet Member

53. There is a clear short-term demand with a longer term potential demand. The two developments at Callow End CE Primary and Leigh & Bransford Primary will go some way to meet the short-term demand and these modest expansions will meet local pressures in the future. If St Joseph's Catholic Primary also feel they wish to offer more places in 2016 that is an option for the governors to determine.

54. The Cabinet Member has sympathy with the residents of the Malvern Vale development as the Council's securing of a site for a school in 2006 would have been a strong indicator of intent. However, the Council has a responsibility to ensure the resources available are spent wisely. Over the last seven years there has been no clear indication that more places were needed and the existing schools have been sufficient for the needs of the area. With more pre-school aged children and housing developments proposed there is a need to review the new school option.

55. Developing a new school on Malvern Vale would provide more places than the Council currently needs for September 2016, but provides longer term security for the Malvern area with the pending housing development in the Newland area.

56. The Council would not be looking to build two, 1 FE primary schools at Malvern Vale and Newland given the forecast pupil numbers even taking into account the housing. The Council has the option on the piece of land at Malvern Vale following the Section 106 agreement signed in connection with the development of the ex- M.O.D. North Site for housing. The Council has recently secured the option to develop education provision on the site and has 3 years to progress to construction otherwise the land will revert back to Persimmon Homes for alternative usage. Any housing development at Newland will be subject to

Legal, Financial, HR and Equality Implications

discussion and agreement with the County Council on the educational impact.

57. Both Northleigh CE Primary and Somers Park have indicated their willingness to support the County Council in developing the Malvern Vale site. Further discussions are needed to explore the viability and costs of the options. These can be compared with the latest pupil number forecasts and final decisions on the South Worcestershire Development Plan. As an academy, Somers Park may have access to capital resources from the Government as a good and successful school reducing the financial burden on the County Council whilst still providing more places.

58. New Regulations governing School Organisation were introduced in January 2014, accompanied by statutory guidance. The changes brought in by these Regulations have been taken into account when undertaking consultation on this issue.

59. Capital investment will be required to deliver the additional accommodation needed. Funds to meet these costs would be met from the Basic Need allocation for 2015/16 and are being included in the draft Capital Programme.

60. Temporary revenue support will be required for the schools during the transition to higher numbers, following which permanent funding will be allocated based on the actual numbers on roll each year via the Dedicated Schools Grant (DSG). There are no revenue implications for the Council as the temporary revenue costs are expected to be met from the annual DSG set aside by the Local Authority (Pupil Growth Fund) and will be administered through the specific allocation mechanism which is annually agreed by the Schools' Forum. This follows the DfE's guidance, which states that Local Authorities should "...topslice the DSG in order to create a Growth Fund to support schools which are required to provide extra places in order to meet basic need within the authority, including pre-opening and reorganisation costs" (DfE 2013).

61. Expanding schools should bring new job and career development opportunities. There are no HR implications.

62. An Equality Impact screening exercise has determined that there are no equality implications relating to these proposals.

Supporting Information

- Appendix 1 - Current Malvern primary schools
- Appendix 2 - Pupil flows 2013/14
- Appendix 3 - General Analysis of Consultation Responses
- Copies of all consultation responses, feasibility studies and notes of public consultation meetings are available

on the County Council website at
www.worcestershire.gov.uk/schoolconsultations

Contact Points

County Council Contact Points

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E-mail: jedwards@worcestershire.gov.uk

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Admissions (01905) 766394
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Background Papers

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

Officer Executive Decision ref 11/2014

Consultation documents of Autumn 2014

Equality Relevance Screening

Appendix 1: Current Malvern Primary Schools

Notes:

- a) Ofsted Gradings are latest published as at December 2014.
- b) Preference data is as at closing date on 15 January 2014.

School	2015 PAN	Ofsted Grading	Category	First Preferences Received for September 2014 admission	Total Preferences Received for September 2014 admission
<i>Town Schools</i>					
Great Malvern Primary	48	Good	Academy	43	57
Grove Primary	45	Requires Improvement	Community	20	55
Malvern Parish CE Primary	30	Good	Voluntary Aided	34	79
Northleigh CE Primary	45	Good	Voluntary Controlled	41	86
Somers Park	58	Outstanding	Academy	63	100
St Joseph's Catholic Primary	30	Requires Improvement	Voluntary Aided	14	35
St Matthias' CE Primary	30	Good	Academy	27	48
Wyche CE Primary	20	Outstanding	Voluntary Controlled	31	72

School	2015 PAN	Ofsted Grading	Category	First Preferences Received for September 2014 admission	Total Preferences Received for September 2014 admission
<i>Village Schools</i>					
Callow End CE Primary	12	Good	Voluntary Controlled	10	21
Leigh and Bransford Primary	15	Outstanding	Community	20	36
Madresfield CE Primary	15	Good	Voluntary Aided	25	59
Malvern Wells CE Primary	15	Good	Voluntary Aided	14	35
Powick CE Primary	28	Outstanding	Voluntary Controlled	20	43
Rushwick CE Primary	20	Good	Voluntary Controlled	24	53
St James' CE Primary	15	Outstanding	Voluntary Aided	22	34
Suckley	12	Outstanding	Academy	10	19

Appendix 2: Analysis of pupil flows in 2013/14 academic year

Table A below shows the number of pupils resident in each primary catchment area in the town of Malvern and how many of those are attending one of the catchment schools for that area. Data is based on the October 2013 School Census. Pupil attending 'Other' schools will include those attending schools that do not use catchment area as a primary admission criterion such as St Joseph's Catholic Primary.

Catchment Area	Number of Pupils Attending Catchment Schools	Number of Pupils Attending Other Schools	Total Pupils in the Catchment
Grove sole catchment	30	116	146
Malvern Parish sole catchment	44	35	79
Northleigh sole catchment	33	26	59
Shared Great Malvern / Malvern Parish	331	295	626
Shared Grove / Malvern Parish	52	104	156
Shared Grove / St Matthias	1	6	7
Shared Grove, Northleigh & Malvern Parish	13	6	19
Shared Northleigh / Grove Primary	13	17	30
Shared Northleigh / Malvern Parish	2	2	4
Shared Northleigh / St Matthias	148	165	313
Shared Somers Park / St Matthias	324	188	512
Shared Wyche / Malvern Parish	37	18	55
Wyche CE Primary sole catchment	47	9	56

Table B below shows the number of pupils resident in each primary catchment area in the town of Malvern, broken down by school attended. Figures less than 10 are suppressed.

Catchment Area	School Attended														Total
	Great Malvern	Grove	Leigh and Bransford	Madresfield CE	Malvern Parish CE	Malvern Wells	Northleigh CE	Powick	St James' CE	St Joseph's Catholic	St Matthias CE	Somers Park	Wyche CE	Others	
Grove sole catchment	11	30	<10	16	<10	<10	<10	<10	<10	<10	23	25		10	146
Malvern Parish sole catchment	<10			<10	44	<10	<10		<10	<10	<10	<10	<10	<10	79
Northleigh sole catchment					<10	<10	33		<10	12		<10		<10	59
Shared Great Malvern / Malvern Parish	219	89	<10	31	112	16	13	10	<10	22	40	20	11	27	626
Shared Grove / Malvern Parish	44	46	<10	10	<10	<10	<10	<10	<10	<10	<10	<10	<10	<10	156
Shared Grove / St Matthias			<10				<10			<10	<10	<10			7
Shared Grove, Northleigh & Malvern Parish					<10	<10	<10			<10			<10		19
Shared Northleigh / Grove Primary		<10			<10		12		<10	<10	<10	<10			30

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Appendix 3: General Analysis of Consultation Responses

Number of responses by category of respondent and associated school

School Associated With	Total responses	Breakdown of respondents (respondents may be in more than one category)					
		Parents of school age children	Parents of pre-school children	School staff	Governors	Neighbours	Other
Callow End CE Primary	0	0	0	0	0	0	0
Leigh and Bransford Primary School	35	25	5	1	1	8	5
Northleigh C E Primary School	18	12	1	0	0	6	0
Somers Park School	11	7	5	0	0	5	3
St Joseph's Catholic Primary	2	2	0	0	1	0	1
Somers Park School and St Matthias	1	1	1	0	0	0	0
Total	67	47	12	1	2	19	9

Support for or opposition so options by associated school of respondent

School Associated With	Options Supported / Opposed											
	Callow End			Leigh and Bransford			Northleigh			Somers Park		
	Yes	No	No Response	Yes	No	No Response	Yes	No	No Response	Yes	No	No Response
Callow End CE Primary	0	0	0	0	0	0	0	0	0	0	0	0
Leigh and Bransford Primary School	3	1	31	24	10	1	4	0	31	4	0	31
Northleigh C E Primary School	0	3	15	1	2	15	0	17	1	4	2	12
Somers Park School	2	0	9	1	2	8	1	2	8	0	9	2
St Joseph's Catholic Primary	1	1	0	1	1	0	0	2	0	0	2	0
Somers Park School and St Matthias	1	0	0	1	0	0	0	1	0	0	1	0
Total	7	5	55	28	15	24	5	22	40	8	14	45

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Cabinet
5 February 2015**8. SCRUTINY REPORT: DIGITAL INCLUSION****Relevant Cabinet Member**

Mr J P Champion, Mrs S L Blagg

Relevant Officer

Director of Commercial and Change

Recommendation

- 1. The Cabinet Member with Responsibility for Transformation and Change and the Cabinet Member with Responsibility for Adult Social Care recommend that the Cabinet:**
 - (a) receives the Scrutiny Report on Digital Inclusion, together with the response from the Cabinet Members with Responsibility for Transformation and Change and for Adult Social Care; and**
 - (b) notes the Scrutiny Report's conclusions and adopts the response of the Cabinet Members with Responsibility as the way forward.**

Background Information

2. The Council's Digital Strategy is being developed to reflect changes in technology and customer expectations, the Council's aim to be a 24/7 organisation, the need to find substantial cost savings enabled by technology, and to support the move to becoming an excellent commissioning authority. The aim is to put 100% of Council Services online. In February 2014 Cabinet approved an indicative allocation of £6.4 million investment to support the Council's Digital Strategy and Customer Access.
3. Members raised concerns about how Council services and information would be accessed by residents in Worcestershire, particularly vulnerable residents and those without access to computers. Members of the Adult Care and Well-Being Overview & Scrutiny Panel also had concerns about how residents would be able to access services, in particular in relation to the development of the e-marketplace, which will allow residents to check availability in care homes, check user feedback and allow online purchasing of care and automated payment to providers.
4. Digital Inclusion was subsequently suggested as a

scrutiny topic for 2014/15 and on 9 April 2014 the Overview and Scrutiny Performance Board (OSPB) agreed that a Scrutiny Task Group should be set up, led by the Chairman of Resources Overview and Scrutiny Panel, to include members from both Resources and the Adult Care and Well-Being Overview & Scrutiny Panels.

Purpose of Report

5. The scrutiny examined how the Council can make sure that all Worcestershire residents benefit from the opportunities offered by its Digital Strategy and aimed to identify possible risks and how these can be mitigated.

6. The Task Group recognised that there could be widespread anxiety that the digitally excluded could be neglected by the Council in its enthusiasm for going over to online services and aimed to seek assurances that face to face and phone contact will be maintained for those who need it.

Scrutiny Conclusions

7. The Task Group heard concerns that the strategy was unclear – is it to save money or is it to increase the number of people who are digitally included?

8. Members welcomed the fact that the Digital Inclusion Strategy was being developed in partnership with key groups. It will be essential that the Council works together with residents to "co-produce" digital inclusion and communicates effectively with groups about the aims of the strategy and what is being put in place.

9. There must be a clear message that face to face and phone contact would be available for those with complex needs. Sufficient resourcing for these alternative channels must also be kept in place.

10. The OSPB have agreed that members should monitor implementation of the Digital Strategy going forward; and as part of this, review the quality, availability and take up of adult education courses on IT literacy. In addition, the Adult Care and Well-being Overview and Scrutiny Panel should be given the opportunity to view and comment on the e-marketplace before it goes live.

11. The OSPB endorsed the scrutiny report on 4 December 2014. The report has been circulated separately.

Response of the Cabinet Members

12. The scrutiny process provides for the relevant Cabinet Members with Responsibility to submit to the Cabinet a response to the scrutiny report's conclusions to be considered alongside the Scrutiny Report.

13. A copy of the response from the Cabinet Member with

Supporting Information

Responsibility for Transformation and Change and the Cabinet Member with Responsibility for Adult Social Care is attached as an Appendix.

- Appendix - Response of the Cabinet Members with Responsibility for Transformation and Change and for Adult Social Care

Digital Inclusion Scrutiny Report – previously circulated and is available in the Member Support area, at County Hall Reception and on the Council's website:

http://www.worcestershire.gov.uk/downloads/file/4753/digital_inclusion

Contact Points

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Background Papers

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

Agenda and Minutes of

- Cabinet – 6 February 2014
- Overview and Scrutiny Performance Board – September 2013 and 4 December 2014
- Resources Overview and Scrutiny Panel - 25 September, 20 November 2013 and 17 January 2014

All of which are available on the Council's website at

<http://www.worcestershire.gov.uk/cms/democratic-services/minutes-and-agendas.aspx>

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Scrutiny Report: Digital Inclusion

Response from Councillor John Campion, Cabinet Member with Responsibility for Transformation and Change and Councillor Sheila Blagg, Cabinet Member with Responsibility for Adult Social Care

Introduction

The Cabinet Members note the report of the Overview and Scrutiny Task Group and in particular the focus on Digital Inclusion at a time when rapid changes are being made in the way the Council reaches its residents. In responding to the Scrutiny Report, we note that the Task Group did not make any specific recommendations. The Group sought assurance, and in this response we provide further assurance on the specific points raised by the Scrutiny Report.

Digital Strategy and the Principles of Customer Access

1. In common with declining demand and the consumerisation of technology the Council are adapting to and encouraging online access to services.
2. This is based on re-designing how services are accessed "end to end" in line with the evidence of customer insight (what we know about the customer who accesses those services) so that we design the "right channel, for the right service for the right price"
3. In this way we maximise our resources to those who need it most.
4. It is not the intention of this re-design to stop face to face or telephone contact but to make sure those who can access services online can do so at a time and place that suits them and those who cannot are not excluded.
5. Face to face services are still provided via District Councils, Libraries and the Worcestershire Hub Shared Services. There is no intention to close traditional face to face centres. However, the Council will continue to look for multi-partner access points to maximise access while minimising costs. The Hive and the Library at Malvern are clear examples.
6. We continue to maintain our adults' and children's social work teams to response to people in need. One of the benefits of offering online access as an option is that we will be able to protect the time of our social workers so that they can continue to help the most vulnerable.
7. As the report has noted there are significant cost savings required by the Council and using technology more effectively is playing a significant part in achieving those savings. As to the Scrutiny question over the purpose of the digital strategy, saving money or increasing those who are digital included, these are not mutually exclusive and both outcomes are part of the Council's Digital Strategy and how it is responding to and driving how customers access services. It is not in anybody's interests to force access to specific channels because this creates additional costs and customer service issues in other areas e.g. an overflow of customer demand in libraries.

Digital Inclusion

7. Although the task group heard concerns that the strategy was unclear as to whether its aim was to save money or to increase the number of people who are digitally included, the Digital Inclusion Partnership has a clear aim 'to make Worcestershire a place where everyone has the opportunity and support to go confidently online.' Savings will be made through channel shift, but this benefit will be compromised if new inequalities develop, creating new vulnerabilities. Therefore, the Digital Inclusion Strategy is focusing on making sure that everyone is able to access the new opportunities afforded by the internet.

8. The Council has taken a leading role in developing the Partnership, and many of our partners are already working closely with residents on co-production. For example, our partners in social housing and voluntary organisations such as Age Concern have long experience of empowering residents and service users and the Council is building on this in developing its coordinated work.

9. Those with complex needs will continue to have access to non-digital options and this will be made clear in forthcoming communications about the implementation of the Care Act and the Future Lives Programme in Adult Services and Health. We will also be mindful that accessing the internet can bring new opportunities to those with complex needs and we will seek to maximise these.

10. The uptake of basic on-line skills training provided through the Libraries and Learning Service is already monitored. The Digital Inclusion Partnership is also mapping provision of on-line skills training by other providers, and will be monitoring uptake more widely. Members of the Adult Care and Well-being Overview and Scrutiny Panel will be given the opportunity to view and comment on the new website before it goes live.