



9 NOVEMBER 2017

REPORT OF THE LEADER OF THE COUNCIL

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

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

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

Open for Business

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

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

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

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

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

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

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

Children and Families

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

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

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

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

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

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

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

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

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

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

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

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

Environment

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

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

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

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

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

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

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

Health and Wellbeing

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

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

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

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

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

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

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

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

Addressing our Financial Challenge

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

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

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

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

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

An Enabling Council

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

The Way We Work

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

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

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

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

Pension Fund

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

Conclusion

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

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

Simon Geraghty
Leader of the Council
November 2017