

15 January 2015

## 6. REPORTS OF CABINET

### (a) MATTERS WHICH REQUIRE A DECISION BY COUNCIL

#### **Increasing Capacity at Timberdine Nursing and Rehabilitation Unit, Worcester**

#### **Recommendation**

1. **The Cabinet recommends that, following its agreement to invest £620,000 capital from the Better Care Fund for the building works required to create an additional 11 beds at the Timberdine Nursing and Rehabilitation Unit, the Capital Programme be amended accordingly.**
2. Worcestershire is committed to greater integration of adult social care and health services and this is reflected in the Joint Health and Well-being Strategy and the five-year Strategy for Health and Care, being implemented through *Well Connected* and its associated change programmes. Worcestershire has secured national Pioneer status for its achievements so far and ambition to go further, and is one of only six areas to have our Better Care Fund plan fully approved by the Government.
3. Timberdine is a short-stay specialist residential and nursing rehabilitation unit based in Worcester City. It is commissioned jointly by the County Council and the Clinical Commissioning Groups (CCGs) and provided by the Council. Timberdine is an excellent example of integration of adult social care and health services and one of the county's flagship units. It offers re-ablement and rehabilitation services and contributes to preventing emergency hospital admissions, allowing early discharge, and avoiding long-term adult social care placements. Timberdine includes:
  - 28 general re-ablement and rehabilitation beds, used by approximately 465 people annually. These are commissioned jointly by the Council and the three CCGs with £1.805m funding from the Better Care Fund, and
  - 8 specialist stroke rehabilitation beds, used by approximately 90 people annually. These are commissioned by South Worcestershire CCG with

£1m funding from their base budget.

4. Timberdine is currently provided by the Council, has an income of £2.805m and expenditure of £2.805m. The Council employs 99 staff (77 FTE) and owns the building. The Council does not however commission or fund Timberdine from the Council's own base budget.
5. In line with the Council's ambition to be an excellent commissioning authority, the Cabinet in July 2014 considered the future of its in-house adult social care services. It authorised the Cabinet Member with Responsibility for Health and Well-being, in consultation with the Director of Adult Services and Health, to proceed to discussions with South Worcestershire CCG as the lead NHS commissioner to determine the capacity required and the most appropriate option for procurement of Timberdine residential and nursing rehabilitation unit, bearing in mind the need to integrate services with the local NHS. Authority was also given to then to proceed to procurement and award of contract to a new provider.
6. The CCG plan is to commission an additional 11 beds at Timberdine starting from April 2015 which will require investment of £620,000 capital for building works to allow the provision of the additional beds. Capital investment would be drawn from the £828,000 of social care capital funding in the 2015/16 Better Care Fund. The CCG Accountable Officers, on behalf of the CCGs as co-commissioners, are in agreement with this use of the Better Care Fund. As this capital investment is wholly funded by external grant it would have no impact on the Council's prudential borrowing requirements and therefore cash limits would not need to change.
7. A total of £650,000 revenue funding will be required to support the increased capacity. This would come from South Worcestershire CCG and the revenue cost to the Council would be zero. The income would be spent on the extra staff and consumables required to expand the service from 36 to 47 beds. Taken over a five-year period, investment of £620,000 capital would yield a revenue saving of approximately £1m across the adult social care and health system, a return of just less than 2:1.
8. In addition to the rehabilitation services commissioned from Timberdine and the Council, South Worcestershire CCG also commissions a range of rehabilitation services from other units and providers. Acknowledging the current contract with the Council for Timberdine is due to end in July 2016, South Worcestershire CCG have indicated that they would like to work with the Council to procure a single integrated provider of inpatient rehabilitation services from

April 2016. It is expected that the plan to commission a single integrated service from April 2016 would create savings of about £200,000. This would be reinvested in community health services, contributing to the further integration of adult social care and health as well as preventing emergency hospital admissions, allowing early discharge, and avoiding long-term adult social care placements.

9. The Cabinet has given authority for the necessary arrangements to expand the service from April 2016 in line with the commissioning intentions of South Worcestershire CCG. It is likely that a requirement of the tender process would be that any new provider maintained services on the Timberdine site, thus guaranteeing the future of the Unit. The Council would negotiate with the new provider about sale or lease of buildings. The £620,000 capital investment would be expected to increase the value of the asset for the Council and this would be reflected in these negotiations.

## **Worcestershire Parkway Regional Interchange**

### **Recommendation**

**10. The Cabinet recommends:**

- (a) the spending of the £7.5m provisionally allocated to the County Council via the Local Growth Fund (SEP/LEP) for the purpose of completing the Worcestershire Parkway Regional Interchange scheme once it is confirmed and that the Capital Programme be updated accordingly; and**
- (b) the allocation of the balance of the circa £14.4m (including a contingency sum) required to complete the scheme, possibly through a loan from the Public Works Loan Board, and that the Council's Capital Programme, Treasury Management Policy and Prudential Indicators be updated accordingly, as part of the normal budgeting cycle.**

11. Further to the report to Council in November 2014, members will be aware that the Council is committed to the delivery of a Parkway Station in the triangle of land formed by the intersection of the Cotswold and Birmingham to Bristol railway lines and the B4084 near Norton by May 2017 at the latest. The scheme is aligned with agreed priorities, in particular in terms of economic growth in Worcestershire, and is included in the Strategic Economic Plan (SEP), which is supported by all the local authorities in Worcestershire, local Members of Parliament and other partners, the adopted Local Transport Plan (LTP3), and the Worcester Transport Strategy (WTS). Once delivered the scheme will increase accessibility to markets and

employment, encouraging inward investment and economic growth in Worcestershire, improve access to the Cotswold Line and Cross Country Line rail services and supports the major growth in rail patronage.

12. The rail infrastructure proposals have been submitted to Network Rail for approval. The non-rail elements have been developed to establish the extent of land required for acquisition and planning purposes. A strong Business Case has been reviewed by the DfT and categorised as "low risk". A public engagement exercise has indicated overwhelming support for the proposals with 93% of respondents supporting or strongly supporting the scheme.

13. The Cabinet has considered and approved in principle the implementation of the Worcestershire Parkway Regional Interchange station. In order to deliver the scheme it is necessary to acquire an area of land. The Cabinet has therefore approved the submission of a full planning application for the scheme. Additionally, it has authorised the making of a Compulsory Purchase Order to acquire land should it not be possible to acquire it through negotiation.

14. The intention is for the project to be fully financed by the recovery of income over a 25 year period in relation to Station Access Charges – a share of the 'Fare Box' from the Train Operating Company and car parking revenue. Station Access Fees account for around 90% of this income and will be subject to a commercial negotiation involving Network Rail and the existing Train Operating Companies for revenue to 2020 and then the Department for Transport for the period 2020 onwards. Given their prominence, the ability of the project to meet its project costs through revenues generated are critically dependent on Station Access Fees.

15. Given the difference between the timings of costs and income, the County Council will be providing cash flow financing that will be repayable over a 25 year period to finance the construction and early operational costs. The intention is for the costs of this cash flow finance to be fully repaid to the Council over the project period.

16. A key financial design principle is therefore that the cost of building Worcester Parkway does not require revenue budget funding from the County Council when considered over a 25 year period.

17. A financial summary of the project is provided in the table below.

Table 1. Financial summary of the project

	£m
<b>Total net Construction Cost</b>	<b>21.9</b>
Financing costs	10.3
Lifecycle and maintenance costs	15.1
<b>Total costs over project life</b>	<b>47.3</b>
<b>Funded by:</b>	
Strategic Economic Plan (SEP) Local Growth Fund Grant	7.5
Forecast Car Parking Revenue	4.0
Forecast Train Operator Station Access Fees (Fare Box)	35.8
<b>Net cost to the County Council</b>	<b>0</b>

18. Based on current forecasts the project is forecast to break-even over a 25 year period. Over the last 5 years of this project, a prudent assumption has been made that station access fees from the Train Operator and car park revenues are forecast to only cover the debt repayment.

19. However, this remains significantly dependent on Station Access Charge negotiations that have yet to take place. Whilst the estimates currently included within the financial model are based on actual and recently negotiated positions, such as Worcestershire and CENTRO's investment into the relocation of Bromsgrove Rail Station, there are two key differences between that scheme and Worcester Parkway as set out below:

- A significant percentage of Station Access Charge (Fare Box) revenues were under the control and influence of the County Council's key partner, CENTRO, on the Bromsgrove scheme meaning that the large majority of Fare Box revenue was able to be allocated to the financing of that project, and
- The Department for Transport underwrote or indemnified CENTRO and the County Council with regard to a base level of Fare Box income to ensure that the ability of the project to generate revenues to repay the project cost was more assured.

20. In addition, the Fare Box share post 2020 will be dependent on a negotiation with the Department for

Transport for the period 2020 to 2041.

21. Therefore, the viability of the project to recover all of its costs through generating revenue will be crucially dependent on this negotiation. Should negotiations not secure the required level of Station Access Fees to support the repayment of the Council's prudentially borrowed cash flow financing, a further report may be required to consider whether actual revenue budget funding should be allocated to the project to maintain its viability.

22. Cabinet therefore request that Full Council approves the ability for the County Council to raise circa £14.4m from the Public Works Loans Board to support the cash flow financing of the Worcester Parkway Project on the basis that all project costs are recovered by forecast income and that Full Council also makes the required changes to the Council's Treasury Management Policy and Prudential Indicators that would be required as part of the normal annual budget-setting cycle. A further report would be returned to Cabinet where negotiations with the Train Operating Companies do not achieve the level of income required to achieve payback on the project over a 25 year period to consider whether the Council should support the project through an actual net call on its budget over the project period.

## **Early Years Pupil Premium Grant - 2015/16**

### **Recommendation**

**23. The Cabinet recommends that the new Early Years Pupil Premium Grant funding for 2015/16 onwards be noted and the revenue cash limits updated accordingly.**

24. Schools, nurseries and child minders within Worcestershire will be given up to £300 for every three and four year old from a low-income family to help prevent them falling behind before they have even started school. The Early Years Pupil Premium, totalling £50 million nationally, is designed to narrow the attainment gap between young children from low income families and their peers.

25. Nurseries will have the freedom to decide how to use this new money to help three and four year olds to learn and develop. The initial allocation for Worcestershire in 2015/16 is £383,962 which is based on 1,333 eligible children. Over the Autumn of 2015 the Government will undertake a mid-year survey to assess take up and will make adjustments to the amounts allocated as appropriate. Guidance on administration and eligibility criteria will be published by the Government later this year.

## Contact Points

## County Council Contact Points

Worcester (01905) 763763 or Minicom: Worcester (01905) 766399

### Specific Contact Points for this report

Nichola Garner, Committee and Appellate Officer  
Tel: 01905 766626  
Email: [ngarner2@worcestershire.gov.uk](mailto:ngarner2@worcestershire.gov.uk)

## Background Papers

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) the following are the background papers relating to the subject matter of this item:

Agenda papers and background documents relating to the meetings of the Cabinet held on 20 November and 18 December 2014.