

15 January 2015

6. REPORTS OF CABINET

(b) SUMMARY OF DECISIONS TAKEN

2015-16 Budget and Council Tax

1. The Cabinet has considered proposals for the 2015/16 Budget and Council Tax. The draft budget proposals had been made in the context of significant financial challenge for the increasing demand for Council services in a number of areas. The draft budget identified the savings and efficiencies needed but still included significant plans for revenue and capital investment including the strengthening of flood defences and alleviation measures as well as strengthening the adult social care, children's social care and waste disposal budgets.
2. The net expenditure budget for 2015/16 set out a provisional budget requirement of £330.7m and an indicative financial planning gap of £9.8m. Proposals to strengthen the base budget have been put forward together with schemes to address the indicative funding gap. The intention is to close this gap in time for the February 2015 approval of the budget by Council. Future funding streams indicate that the proportion of Revenue Support Grant funding from the Government is forecast to nearly halve over the next five years, Business Rates are predicted to rise and income from Council Tax will gradually fund a greater proportion of the Council's budget in the future.
3. The Cabinet has approved the draft budget, which included budget reductions that were currently being consulted upon arising out of the FutureFit programme, a number of which had already been subject to detailed Cabinet and Scrutiny reports. It has also endorsed the plan to address a further savings requirement of £9.8m as a result of updating the Medium Term Financial Plan (MTFP) to take account of the anticipated provisional Local Government Finance Settlement which will be progressed and presented for approval as part of the February 2015 Cabinet papers and the subsequent report to Council. The Cabinet has endorsed the view that the Council will need to plan for annual savings on average over the life of the MTFP of around £25m per annum and £26.2m for 2015/16. It is also minded to consider recommending to Council in February 2015 an increase in Council Tax Precept of 1.94% to provide financial support for the increased costs for services for Looked After Children, forecast to be £4m in 2015/16.

Formation of a Unique Joint Property Vehicle: Full Business Case

4. Further to the report to Council in May 2014, the Cabinet has considered the Full Business Case (FBC) for the formation of a Joint Property Vehicle (JPV) to bring together a range of partners into a formal arrangement to help drive the better use of public sector assets. The JPV has attracted funding and support from a range of organisations including the Department for Communities and Local Government, the Local Government Association and the Worcestershire Partnership. A number of services are to be delivered by the JPV including strategic asset management, asset data management, hard and soft facilities management, energy management and the Building Energy Management System.
5. The potential opportunities and benefits to be offered by the JPV are wide-ranging and extensive. Examples include, wider service integration, an extension of the "One Town" or "One Locality" reviews to deliver enhanced, more integrated and "end-to-end" services and regeneration and growth by creating opportunities for private sector investment across the wider region. Potential gross cash savings over a 10-year period total £14.76m. A proposed governance model for the JPV has three basic levels of governance: partners, shareholders and a Board of Directors and a fourth operational level. Each partner will retain "their" sovereignty over property they own or lease and also have a single, equal share in the JPV.
6. The Cabinet has approved the FBC for the JPV and the formation of a new company for the JPV, limited by shares, and that the County Council becomes a shareholder in that company holding one share, along with all other consenting partners who will also hold one share each. The Head of Legal and Democratic Services has been given authority to agree and execute with consenting partners the formal Shareholder Agreement and Articles of Association required to form such a company. The Cabinet has agreed the transfer of relevant employees to the new JPV and authorised the commencement of formal consultation with Trade Unions and staff on the proposals. The Chief Executive has been given authority to work with all consenting parties to jointly nominate a Managing Director of the new company. The Cabinet has further noted that the work of the JPV will offer the opportunity for much wider service integration across a range of different services and the benefits this can bring to local communities and has noted the overall programme for implementation.
7. The Cabinet has considered proposals for the commissioning of the operational element of the Worcestershire Hub Shared Service (WHSS) through a private sector service provider. The Council is committed to becoming an excellent commissioning authority and its

Commissioning of the Worcestershire Hub Shared Service

vision as a Digital Council is that the Council will become an organisation that can be accessed 24 hours a day, 7 days a week enabling customers to access what they need to, when they need to, wherever they are. Combining the principles of the future delivery of customer services with commissioning of the WHSS will help overcome a number of current challenges. The case for change is primarily in response to the development of customer self-service and the need to replace the current technology platform for WHSS which is near the end of its life and expensive to maintain. The service needs to be able to respond to this challenge and support an organisation with greater operational resilience, increased capacity and delivered at a lower price point than the current level through increased efficiencies.

8. Following consideration of the business case options by the South Worcestershire Shared Services Joint Committee (SWSSJC), who govern the WHSS, the recommended option was to commission WHSS telephony and face-to-face contact handling to Civica UK Ltd through South Worcestershire Procurement Framework. The Civica proposal offers the participating authorities of the WHSS a number of benefits including a minimum saving of over £1.8m and a maximum of over £2.6m against a recommended 8.5-year term.

9. The Cabinet has approved the commissioning of the operational element of WHSS through Civica UK Ltd as part of the South Worcestershire Procurement Framework created on 1 October 2014 and authorised the Head of Systems and Customer Access to undertake any work necessary to negotiate and prepare the final details of the contract. The Cabinet has also delegated authority to the Director of Business, Environment and Community, in consultation with the Cabinet Member with Responsibility for Transformation and Commissioning, to approve the final contract and the subsequent appointment of Civica UK Ltd as the new provider for the WHSS and to take all necessary steps to put those decisions into effect, including amending the current WHSS agreement. The planned service commencement date is 1 April 2015.

10. The Cabinet has considered the Scrutiny Report on Food Banks produced following a Notice of Motion to Council in January 2014 calling upon the Overview and Scrutiny Performance Board to investigate how the Council could help to support, co-ordinate and nurture the growing numbers of volunteers helping with the provision of food banks. The findings of the scrutiny showed that food bank usage in the county had increased significantly in recent years and the reasons for the increase. The Task Group established to consider the issue had made a number of recommendations which included awareness raising and other practical help the Council could offer.

Scrutiny Reports: Food Banks

The Future of In-House Fleet Services

Formal Proposal to Cease the Mainstream Autism Base at Sutton Park Community Primary School

11. The Cabinet has received the Scrutiny Report and welcomed its recommendations. It has agreed to adopt the Cabinet Member with Responsibility for Health and Well-being's response to the recommendations as the way forward.

12. The Council's direction of travel is predominantly as a strategic commissioner of services operating within an environment where there is increasing choice, control and flexibility for service users and a need to achieve substantial savings. The fleet earmarked for commissioning primarily relates to the minibus fleet currently used to deliver a range of transport contracts for Children's Services and Adult Services. Seven options for the future delivery of these services together with the Council's courier services were considered. An information sharing event was also held which demonstrated there were providers interested in delivering local transport services. Option appraisals were also carried out for each service.

13. The Cabinet has agreed to retain the internal fleet provision for Special Educational Needs (SEN) Transport and make arrangements to continue to tender via the standard procurement route for contracts to be delivered by external providers, pending the outcome of a review of policy and procedures for SEN travel support. The Cabinet has recognised the significance of system change for SEN, the aspiration for greater choice and control and the need to develop more personalised approaches to meet the health, education and care needs of children and young people with SEN and authorised the Director of Children's Services to carry out the SEN review and commence consultation and engagement in relation to it. A further report will be brought to Cabinet in Summer 2015 on SEN transport and whether to proceed to tender for Children's Services Transport in light of the above review.

14. In relation to Adult Services, the Cabinet has agreed to retain the internal fleet provision until 2016, whilst reducing provision as appropriate, with transport from 2016 onwards being in line with a greater number of service users using their own transport. The Cabinet has also given the Director of Business, Environment and Community authority to proceed via a procurement route for the courier service and award the contract to the successful provider.

15. The Cabinet has considered a report on a proposal to cease provision at the Mainstream Autism Base (MAB) at Sutton Park Community Primary School, Kidderminster and the development of an all-age Autism Strategy. Following a review of the Sutton Park MAB the conclusion was that in its existing state it was too restrictive and inflexible to meet identified needs and the costs of making suitable changes

would be prohibitive. A statutory public consultation to cease provision at the MAB was carried out. There were no responses received to it. The proposal is that, with parental support, pupils in the base will transfer into the mainstream school with the necessary individual support to meet their needs through to transition to secondary provision. This will be funded through mainstream education funding topped up from the Higher Needs Block.

16. An all-age Autism Strategy is being developed to ensure that those within autism spectrum conditions have access to appropriate support. The Strategy will include the pathway for diagnosis and support, awareness raising and training, improved access to provision, employment and services, and improved planning to inform future commissioning arrangements.

17. The Cabinet has noted the responses to the consultation on the proposal to cease provision at the MAB at Sutton Park Community School. It has approved the publication of a Public Notice to cease the MAB from 2015. The Director of Children's Services has been authorised to approve the proposal where no objections to the Public Notice are received. Should objections be received, the Cabinet Member with Responsibility for Children and Families will decide the proposal. The Cabinet has also noted the development of an all-age Autism Strategy which will be considered by the Health and Well-being Board in January 2015.

Corporate Risk Report

18. The Cabinet has considered the latest refresh of the Corporate Risk Register (CRR). A review of organisational risk was carried out in early 2014. This has resulted in a number of fundamental changes to the way risks are managed and reported. The Red, Amber, Green (RAG) status of the Shared Risks (those shared by the CRR and the Transformation Risk Register) and an indication of their direction of travel since each risk was last reported have been considered by the Cabinet. The risk relating to the financial savings required to meet the Medium Term Financial Plan has reduced from red to amber due to strategies implemented to meet the current financial challenges.

19. In terms of the Corporate Risks, out of the six risks, two are assessed as red, namely that relating to how the Council manages information in respect of the Data Protection Act and the risk relating to potential demographic changes that could increase the demand for Council services. Work is being undertaken either to reduce or manage these risks.

20. The Cabinet has endorsed the latest refresh of the CRR and noted the risks and mitigating actions being taken.

Balanced Scorecard - FutureFit Performance Update

21. The Cabinet has considered an update on the Corporate Balanced Scorecard Performance for Quarter Two 2014/15 (i.e. 1 July to 30 September 2014) which shows that for the 43 corporate indicators, 9 are Red/Below Target, 5 Borderline/Amber, 18 Green/On Target and 11 have No Status. Details of the latest overall position for the Corporate Plan Key Areas of Focus: Open for Business; Children and Families; The Environment and Health and Well-being have been provided to the Cabinet together with the actions being taken to address their performance. The Cabinet has also considered the latest position for indicators measured this Quarter with the four Balanced Scorecard Perspectives of Financial, Customer, Internal Business Process and Learning and Growth Perspective.

22. The Cabinet has noted the good progress in performance of the 18 Balanced Scorecard Indicators that are RAG-rated green. It has also endorsed the performance report for the nine Balanced Scorecard indicators that are RAG-rated red in Quarter Two 2014/15 and the actions that are being taken to address their performance. The Cabinet has agreed the proposed reporting schedules for Quarters Three and Four for 2014/15.

Resources Report

Revenue Budget Monitoring 2014/15 Outturn Forecast as at 30 September 2014

23. The County Council's £332m revenue budget is forecast to overspend by £0.5m (0.2% of budget) at the end of the financial year. The most significant area of financial risk common with a number of other local authorities with responsibility for Children's Social Care is the Children's Services placement budget (currently forecast to overspend by £4.5m). The overspend position is subject to the successful implementation of an in-year operational action plan totalling £1.7m which targets specific children's plans including the reduction in placement costs and moving children through the system quicker. The Council is also continuing to forecast a reduction in future borrowing costs which has allowed a deferral in the need to take external borrowing resulting in a one-off gain of around £2.3m.

FutureFit Programme Update

24. The BOLD savings programme target for 2014/15 is £30.5m which is forecast to be achieved with risks arising on £1.4m of projects. Whilst the County Council has a good track record of delivery, savings and efficiencies are becoming more difficult to achieve as opportunities to make services more efficient are reducing as it moves into the fifth year of the BOLD programme.

Capital Programme Budget Monitoring: 2014/15 Actual

Expenditure as at 30 September 2014

25. Following the Council's approval to update the expenditure profile of the Capital Programme, the Capital Budget for 2014/15 has decreased from £164m to £154m. Set against this revised budget, the actual capital expenditure as at 30 September 2014 is £58m or 38% of budget which is as expected with no significant issues arising.

Treasury Management - Half Year Progress

26. In terms of Treasury Management activity for the first half of the year, the Council's long-term debt which has funded historic capital expenditure stood at £251m at 30 September which is well within the Council's authorised limit of £483m. The Council has continued to place investments in accordance with its Treasury Management Policy and earned a rate of 0.36% on its investments at a time when the base rate has remained at 0.5%.

Mr A I Hardman
Chairman

Contact Points

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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 and background papers for the meetings of the Cabinet held on 20 November 2014 and 18 December 2014.