

Agenda

Cabinet

Thursday, 15 December 2016, 10.30 am
County Hall, Worcester

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اردو۔ اگر آپ اس دستاویز کی مشمولات کو سمجھنے سے قاصر ہیں اور کسی ایسے شخص تک آپ کی رسائی نہیں ہے جو آپ کے لئے اس کا ترجمہ کر سکے تو، براہ کرم مدد کے لئے 01905 765765 پر رابطہ کریں۔ (Urdu)

کوردی سۆزانی، ننگیر ناتوانی تێبگی له ناوهرۆکی نهم بێلگه و دستت به ههچ کس ناگت که و ههنگه یه تهره بۆت، تکلیه تهلخون بکه بۆ ژماره 01905 765765 و داوای رینۆینی بکه. (Kurdish)

ਪੰਜਾਬੀ। ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਮਸ਼ਹੂਰ ਸਮਝ ਨਹੀਂ ਸਕਦੇ ਅਤੇ ਕਿਸੇ ਅਜਿਹੇ ਵਿਅਕਤੀ ਤੱਕ ਪਹੁੰਚ ਨਹੀਂ ਹੋਂ, ਜੋ ਇਸਦਾ ਤਰਜਮਾ ਲਈ ਅਨੁਭਵ ਵਰ 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, 15 December 2016, 10.30 am, County Hall, Worcester

Membership: Mr S E Geraghty (Chairman), Mr M L Bayliss, Mr A N Blagg, Mrs S L Blagg, Mr M J Hart, Mrs L C Hodgson, Dr K A Pollock, Mr A C Roberts 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 14 December 2016). Further details are available on the Council's website. Enquiries can also be made through the telephone number/e-mail address listed below.	
3	Confirmation of the Minutes of the previous meeting The Minutes of the meeting of 17 November 2016 have been previously circulated	
4	2017/18 Budget and Council Tax	1 - 46
5	Disbanding of South Worcestershire Shared Service Joint Committee Arrangements	47 - 50
6	Local Transport Plan 4	51 - 54
7	Balanced Scorecard - FutureFit Performance and Corporate Risk Update	55 - 78

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To obtain further information or a copy of this agenda contact Nichola Garner, Committee & Appellate Officer on Worcester (01905) 766626 or Kidderminster (01562) 822511 (Ext 6626) or minicom: Worcester (01905) 766399 email: ngarner2@worcestershire.gov.uk

All the above reports and supporting information can be accessed via the Council's website.

Date of Issue: Tuesday, 6 December 2016

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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
15 DECEMBER 2016**2017-18 BUDGET AND COUNCIL TAX**

Relevant Cabinet Member

Mr S E Geraghty

Relevant Officer

Chief Financial Officer

Recommendation

1. **The Leader of the Council (and Cabinet Member with Responsibility for Finance) recommends that Cabinet:**
 - (a) **approves for consultation the draft budget set out at Appendix 3, which includes proposed changes for income generation and expenditure budgets that are currently being consulted upon arising from the FutureFit programme set out in Appendix 5, a number of which have already been subject to detailed Cabinet and Scrutiny reports;**
 - (b) **endorses the plan to address a forecast savings requirement of £2.9 million as a result of updating the Medium Term Financial Plan (MTFP) taking account of Central Government's Autumn Statement to be presented for approval within the February 2017 Cabinet and Full Council reports;**
 - (c) **endorses an investment of £1 million in the Road Maintenance budget, £6 million over two years for Pavement Improvements, £5 million for Cutting Congestion and a £2 million extension to the existing Town Centre Improvements programme following residents feedback on the importance of improving roads, pavements and tackling congestion in support of the Council's Open for Business priority;**
 - (d) **notes that whilst the full detail of the provisional Local Government Finance Settlement is expected to be released in late December 2016 which will include the multi-year financial settlement deal agreed with Central Government, that the County Council is still likely to be awaiting confirmation of around £90 million of specific grant income and any significant updates will be presented at the February 2017 Cabinet meeting;**
 - (e) **endorses the view that the County Council will continue to address financial challenges in future years; and**
 - (f) **agrees that it is minded to recommend to Full Council in February 2017 an increase in Council Tax Precept by 2.94% in relation to two parts:**
 - **0.94% to provide financial support for the delivery of outcomes in line with the Corporate Plan Shaping Worcestershire's Future and the priorities identified by the public and business community**

- **2% Adult Social Care Precept ring-fenced for Adult Social Care services in order to contribute to existing cost pressures in 2016/17 due to Worcestershire's ageing population.**

2. This report seeks Cabinet approval to consult on the draft budget for next financial year 2017/18. It brings together a number of related financial matters; the results of the County Council's strategic financial planning, the detailed budget preparation work taking account of the latest inflation and demographic pressures, the estimated overall funding position from Central Government and finally, the overall impact of the MTFP. These estimates will continue to be kept under review pending the preparation of the Final Budget Report to Cabinet in February 2017. This may include taking into account further Central Government announcements as well as service flexibilities and pressures. As such these estimates may change within the consultation period with any changes being reported within the February 2017 Final Budget Report.

3. The County Council's ambition to become more self-sufficient and rely less on the receipt of grant funding from Central Government continues to be reflected in the MTFP and through these budget proposals. Looking forward the County Council will have an opportunity to have much more influence and control over its funding as the ability to keep within Worcestershire a greater share of the income from business rates to support services for local residents, service users and businesses becomes a reality through the implementation of Central Government's Business Rates Retention reforms. A strong and successful economy producing the income, through Council Tax and Business Rates, will enable the County Council to sustain the services and investments that Worcestershire residents want to see.

4. Through consultation responses and working with Central Government, the County Council is seeking new responsibilities to drive and support economic prosperity across Worcestershire. This is reflected in the new plan for the County - *Shaping Worcestershire's Future (2017-2022)* which sets out a direction of travel for the County Council that builds on the successes achieved and progress made in embedding an excellent commissioning-based authority approach.

5. The County Council has retained the four key priorities of *Open for Business, Children and Families, Health and Well-Being* and *The Environment* and will continue with its existing programme that puts residents' priorities at the heart of the decisions that it makes.

6. The County Council delivers high quality services to its residents and service users whilst having an excellent track record in transforming services within a background of reduced funding from Central Government as well as significant increases in demand for County Council services. The County Council is a Council that achieves:

- Worcestershire has one of the fastest growing economies in the country
- Nine out of ten schools in Worcestershire are rated as good or outstanding by Ofsted
- Worcestershire schools are in the top third nationally for pupils receiving A-C grades
- GCSE results are above national figures and those of our statistical neighbours with 70% of pupils achieving 5 or more good GCSE's

- More money is being invested in highways and improvement projects in Worcestershire now than at any time in the last three decades.
 - Almost £6 out of every £10 spent by the County Council is spent on social care for the county's older population, our children and for those who are most vulnerable in our society
 - There has been a reduction in 16-24 year olds who are claiming job seekers allowance 1.1% down from 3.4% in 2013/14
 - 16,000 new Apprenticeships created between 2012 and 2015
 - Over 10,000 Dementia Friends have been trained across the county to raise awareness and help create dementia friendly communities
 - 308 additional Extra Care units created with partners to enable people to live independently for longer
 - Delivered a range of enabling technologies to improve how we work and interact with residents making it easier to consume services when residents want it rather than when we can provide it.
7. Each year we spend more than £1 million every single day to deliver outcomes for our residents, services users and businesses across the county area from our net revenue budget, specific grants and other income.
8. In February 2016 the County Council anticipated the financial challenge in 2017/18 to be the biggest one year financial change it has ever faced at £34 million.
9. The County Council has worked hard over this year to establish a plan to bring the forecast financial planning gap down to £2.9 million at this stage.
10. The County Council will receive a one off transition grant of £5 million to enable plans for generating income, better utilising assets to be realised and delivering reform over the medium term, and the work alongside District Councils to optimise income is estimated to bring in £2 million.
11. Existing reform plans of £13 million are already in place and this 2017/18 provisional budget anticipates £6.8 million of new plans.
12. The County Council welcomes all comments on these proposals.

Engagement and Communication

13. The County Council continually undertakes a strategic financial planning process and an update of this work was included in the 'FutureFit – Proposals for Change and Reform to Support the Medium Term Financial Plan' report presented to Cabinet in November 2016.
14. Information will be sent to elected members and partners such as the District Councils, Voluntary Sector, Police, Fire and Healthcare providers over November 2016 to January 2017 and this will provide for an opportunity to review in detail the proposals and ask questions about specific proposals and the impact of them. Information was also provided through the members' portal and ongoing delivery picked up through individual Cabinet Member with Responsibility briefings.
15. The normal budget consultation period takes place over the December and January months to coincide with the provisional Local Government Finance Settlement announcements by Central Government. In order to provide increased transparency and to encourage earlier feedback the County Council published a

number of proposals one month earlier in November 2016. A media briefing was held on 11 November 2016 to ensure residents were informed. Additionally webcasts were provided for employees and members and this year's public roadshows took place during the summer of 2016 to feed into the corporate strategic planning process.

16. The 2016 Worcestershire Viewpoint Survey, commissioned by the County Council, together with public sector partners from across the county, received over 2,500 responses. When asked, people said that health services, low crime rates and good education were all important to make Worcestershire a good place to be. More than seven out of ten people said that they also felt that they belonged to their local area.

17. More than half of residents who responded to the survey in Worcestershire (52%) say that they are satisfied with the County Council. Satisfaction levels are nine percentage points higher than they were when the survey was first launched in 2009. More people believe that the County Council is providing value for money in 2016 (42%) compared with the 31% back in 2009.

18. In light of the funding pressures on local government, more than 1,000 respondents from a series of roadshows held across Worcestershire were asked which County Council services they feel should be protected. Highways came out on top, with more than half of those strongly agreeing that the County Council should continue to invest in the county's roads and footpaths. The results also tell us that protecting vulnerable children and adults are amongst our residents' top priorities. We will continue to shape our decisions around those areas that residents tell us are most important to them and those they say most need improving.

19. The County Council is also listening to its staff through interactive briefing sessions, including a live webcast, which have been taking place throughout November and December 2016. These corporate briefings happen approximately every six months in addition to Directorate briefings and give employees the opportunity to learn about key developments taking place across the County Council as well as having the opportunity to ask questions of the Chief Executive and the Leader of the Council.

Budget Consultation

20. To build on the wider engagement a number of consultation sessions are being held in December 2016 and will be run in January 2017 for parish and town councils, voluntary and community organisations, businesses, school governors, head teachers, partners and staff associations. We are also talking to more than 1,200 businesses across Worcestershire and responses to this and all other consultation activity will be incorporated into the February 2017 Cabinet budget report.

21. This work is in the context of the three priorities identified by the public:

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

Priority Investments

22. The County Council and its partners have enabled significant investment to be made in a number of infrastructure schemes which are either well progressed or have now opened. These include Kidderminster Hoobrook Link Road, Bromsgrove Railway Station Relocation, Worcester Six development, investment in Malvern Hills Science Park and major infrastructure improvement on the Worcester Southern Link Road.

23. The County Council is also progressing the new Worcestershire Parkway Regional Interchange railway station which remains a vital part of delivering the Strategic Economic Plan for the County area.

24. The County Council's Open for Business investments in road and rail infrastructure, and support for business parks are clearly showing signs of contributing to economic growth across the county.

25. The latest statistics released by the Office of National Statistics have shown that the County's productivity between 2009 and 2014 grew on average by 3.1% in terms of GVA per hour worked, second of all 39 LEP areas. The economy has also grown on average by 4.5% over the same period putting Worcestershire amongst the fastest growing economies in the country. Worcestershire has a vibrant mix of home-grown and international companies that have created a diverse and fertile business environment where ideas and innovations flourish. The proposed budget aims to sustain the pace of economic growth and contains a number of initiatives to support the County Council's Corporate Plan Priorities.

26. The County Council is proposing a £1 million (10%) permanent increase to the Road Maintenance budget to support the Corporate Plan's aims of upper quartile performance and a number of other large scale infrastructure investments including £6 million for improving pavements over the next two years and £5 million to reducing congestion through improvements to local pinch points and installing smarter traffic signalling equipment to reduce journey times. Additionally, a £2 million extension to the existing Town Centre improvements programme is proposed to create more vibrant social spaces improving the heart of the local economic centres.

27. The County Council will also continue to focus on securing funding for improvements to the A38 corridor in Bromsgrove and the dualling of the Worcester Southern Link Road including Carrington Bridge. Planning and other preparation work will continue to be progressed to build a strong case to Central Government to support these vital infrastructure projects.

28. Central Government's Autumn Statement announcement on 23 November 2016 broadly confirms the funding assumptions that were already included in the MTFP approved in February 2016.

29. One of the most significant financial challenges comes from increasing demand for County Council services. Whilst this has for many years revolved around an ageing population, more recently the County Council has invested £11 million over the last three years to support the demand pressures of services for Children Looked After to ensure that a sustainable budget can be maintained. The County Council continues to anticipate future demand for services and prepare appropriate strategies for mitigating demand and focussing resources on those with the highest need.

30. It remains vitally important for the County Council to work with communities; partners and suppliers to manage increasing demand and ensure services are

provided in the most effective and cost efficient way. Around £3.5 billion is spent across the Worcestershire area on public services, with the County Council managing around £0.9 billion of gross revenue and capital expenditure each year whilst maintaining its commitment to work with key partners in areas such as health and social care, education, driving economic development growth alongside the Worcestershire Local Enterprise Partnership, working with District Council partners on aligned policies and plans and work in support of the Police and Crime Commissioner to ensure that public money is used to most benefit for residents, businesses and services users. Additionally the County Council is able to deliver key infrastructure improvements such as roads, pavements, measures to reduce road congestion and to enable superfast broadband connectivity.

31. Consistently residents tell us that their top priorities are maintaining the highway, safeguarding younger people and protecting vulnerable adults. These have been considered in the budget proposals and whilst the County Council appreciates the sensitivity within which any increase in Council Tax is viewed, these services are facing significant demand and financial pressures over and above existing cash budgets and it is proposed that additional funding raised through an increase in Council Tax will be used to support these priorities.

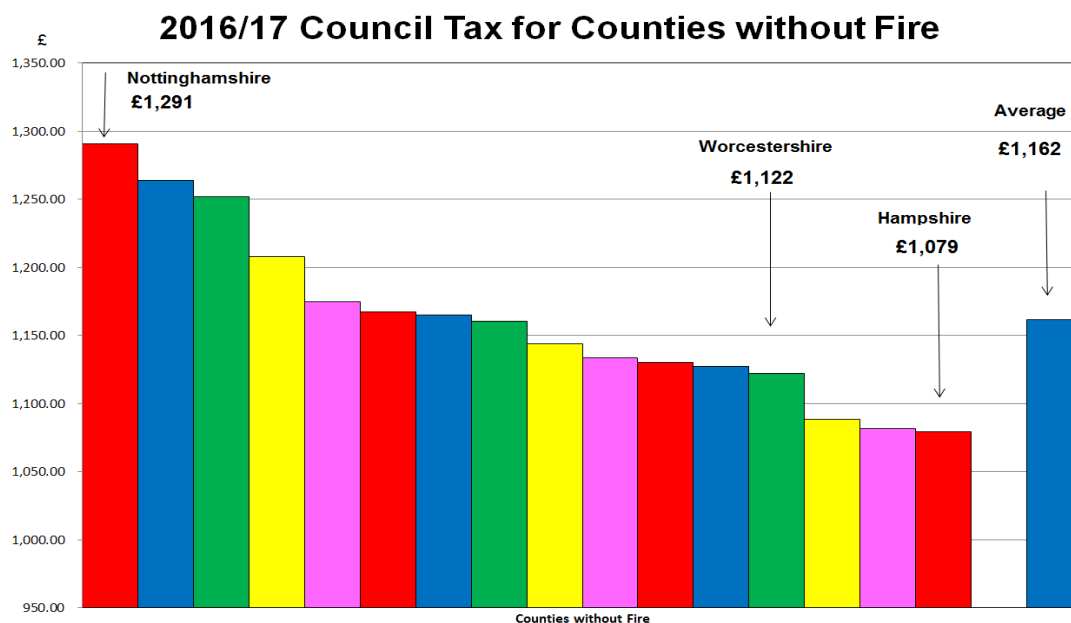
32. The County Council continues to take positive action to mitigate cost pressures and demand for services in order to reduce the need to raise income from Council Tax. Taking all services into account, setting demographic and other demand pressures for County Council services against the ability to achieve reforms that reflect service user's and residents' needs, there remains a need to increase the Council Tax Precept by 0.94% for 2017/18, an increase below the prevailing Retail Prices Index.

33. Careful consideration has been given to Central Government's expectation that the County Council will make use of Central Government's flexibility to allow increases of 2% in Council Tax to specifically support Adult Social Care. This flexibility forms, together with an Improved Better Care Fund that will not be received by the County Council in any substantial way until 2018/19, the most significant part of Central Government's funding solution to a Local Government Association estimated £3.5 billion funding gap in Adult Social Care. The proposed Adult Social Care precept will raise approximately £4 million and will be used to support, in part, the forecast £8 million that will need to be provided to Adult Social Care services to cover current cost pressures.

34. The County Council continues to lobby Central Government on fully recognising and funding significant pressures in Adult Social Care as demand for services increases. Taking all this into account it is therefore proposed that the 2% increase will be applied for 2017/18 and be specifically ring-fenced to support existing and anticipated increases in the numbers of people receiving services, and the additional costs arising as people are living longer with more complex needs.

35. In considering the overall increase in Council Tax, it is important to recognise that the County Council anticipates that it will continue to have one of the lowest tax bills for comparable local authorities. The 2016/17 position is shown in Figure 1 below:

Figure 1: 2016/17 Band D Council Tax – Shire Counties without Fire Authority responsibilities



36. As previously reported to Cabinet in November 2016, the County Council has accepted a multi-year financial settlement deal from Central Government and a confirmation letter has now been received which is included at Appendix 1.

37. The deal secures the receipt of Revenue Support Grant of £19.9 million in 2017/18 and £9.4 million in 2018/19. We have planned for this reducing profile of income within the MTFP approved in February 2016.

38. Notwithstanding this, the County Council will still need to ensure that it can carry on delivering services within an expected tight financial settlement. Looking forward the County Council will be more self-sufficient as reliance on Central Government for funding will reduce. This will provide a greater opportunity to control funding and therefore support the ability to pay for vital services but there will be significant challenges along the way. Taking this into account, the requirement for reforms whilst broadly remains on average £25 million per year, rises to £34 million in 2017/18 and £31 million 2018/19.

39. For 2017/18, £13 million of reforms have previously been approved, and a further £8.8 million (£2 million of this is optimising income) were presented as part of the November 2016 'FutureFit Proposals for Change and Reform' Cabinet report. There remains a £2.9 million planning gap which the County Council is working to resolve and the budget consultation through the work of scrutiny and partner briefings would seek views on how this gap could be closed as well as feedback on the budget proposals.

40. Around £1.2 million of previously approved reform requirements have been reassessed and will not be delivered in 2017/18. These comprise £0.6 million Home to School Transport and £0.1m street lighting which will both be deferred to at least

2018/19, and £0.5 million for Libraries and The Hive which will no longer be delivered.

41. From the current financial year 2017/18 to the end of 2020/21 the County Council has identified reforms of £22.6 million. The Council intends to develop plans and address potential budget gaps to the end of 2018/19 during 2017 and will consider the reforms required in 2019/20 and 2020/21 following consideration of the budget proposals by Full Council in February 2017.

42. The draft budget includes significant plans for revenue and capital investment including the strengthening of adult social care, children's safeguarding, highways and waste disposal budgets.

43. The County Council commenced budget consultation and engagement on reform proposals as part of the November 2016 'FutureFit – Proposals For Change And Reform To Support The Medium Term Financial Plan' Cabinet report and has included presentations to the Members Budget Scrutiny Task group and scrutiny panels, as well as other consultation events. This draft budget forms part of that consultation and the results of all consultation and engagement work will be presented to the February Cabinet and Full Council meetings in February 2017.

44. As the County Council has agreed a four year financial settlement with Central Government for Revenue Support Grant, it is not expected that the provisional Local Government Finance Settlement announcement will contain any significant changes to what is already included in this draft budget. There are, however, around £90 million of specific grant income where the amounts are still to be confirmed which includes significant grants such as Education Services Grant and Better Care Fund as well as significant highways infrastructure allocations from the third round of the Local Growth Fund process. The County Council is asking Central Government to bring forward the allocation of the improved Better Care Fund allocations to next financial year. A verbal update will be provided to Cabinet and a briefing provided for scrutiny panels should this change.

A budget that supports the delivery of the new Corporate Plan, Shaping Worcestershire's Future

45. The draft budget for 2017/18 provides for a number of initiatives that support the delivery of the County Council's Corporate Plan priorities which set out the aspirations for the Worcestershire area within the context of the funding available. Set out below is a clear commitment to support investment in key areas of service whilst maintaining a focus on the transformation of the County Council to deliver and improve the services that residents have said they value and support.

- **Open for Business**

The MTFP includes new allocations of £5 million to support Cutting Congestion and £2 million for town centre improvements, as well as the costs of prudential borrowing to fund new capital expenditure to drive the County Council's Open for Business priority consistent with the Strategic Economic Plan and supporting the implementation of Worcestershire's £54 million Local Growth Fund Deal with Central Government with a further allocation anticipated as part of the third round of the Local Growth Fund announcement made in the Autumn Statement 2016. The County Council is providing financial support to enable the on-site development of the Worcester Six Business Park development. These investments will continue

to drive and facilitate others to increase the economic prosperity of businesses and residents in Worcestershire.

- Children and Families

The budget for Children's Social Care has been maintained in accordance with the successful recovery plan to enable the service to have a sustainable budget. Financial monitoring during the current financial year 2016/17 confirms this plan is on track.

With regard to Children's Safeguarding, it is proposed that the budget will be strengthened by £0.7 million. At its meeting on 17 November 2016 Cabinet discussed and approved recommendations from Derek Benson, the Independent Chairman of the Local Safeguarding Children's Board. Mr Benson advised that the Board could not be assured of the effectiveness and robustness of the child protection system. He noted that the approach being taken by the Council was right and there were improvements in some areas but that this had not been at the pace expected. He noted that there was more to do in relation to reducing staff turnover, improving the ratio of experienced to newly qualified staff and embedding the positive progress seen since the summer in establishing the Family Front Door. The Leader confirmed his commitment to support the progress and in order to increase the pace of positive change has recommended as part of the budget setting process to allocate an additional £0.7 million per annum. It is proposed this will be allocated to support additional capacity at the front door, increase management support for social workers and focus on achieving appropriate caseloads for staff.

- Health & Well-being

The net budget for Adult Social Care has been strengthened by £2 million in response to the demographic growth and increasing complexity of supporting vulnerable older people and adults with disabilities. This is in addition to the 2% adult social care Council Tax Precept that Central Government has anticipated in their assessment of the County Council's Spending Power. The County Council continues to work with Health colleagues to develop their NHS five year Sustainability and Transformation Plan (STP) covering Herefordshire and Worcestershire for NHS services, Public Health, Social Care and other local government services. The aim of the NHS plan is to ensure local services become sustainable as our population grows and people live longer with long-term health conditions. A first draft is available online and for public comments at www.yourconversationhw.nhs.uk.

- The Environment

The County Council's net budget has been strengthened by £3 million to support the provision of the Energy from Waste Facility and £0.4 million to support an increase in the amount of waste disposed of by households and an increased number of households. Each additional tonne of waste costs the County Council approximately £100 to dispose of and therefore it is vital that the County Council works together with residents to reduce or recycle waste where this can be done. Additionally the road maintenance budget has been strengthened by £1 million each year and a £6 million programme of capital investment over a two year period for improving pavements is proposed.

Outcomes delivered

46. The County Council has demonstrated through its FutureFit programme to date a good track record of delivering better outcomes within a reduced level of budget. The work so far has led to many creative new approaches.

47. The County Council's continued investment, through its Open for Business priority and supported by the Strategic Economic Plan, will help to create thousands of new jobs and deliver a number of additional benefits to Worcestershire, including so far:

- 16,000 new Apprenticeship starts between 2012 and 2015
- The economic “game changer” programme including development of key sites in the county:
 - Worcester Growth Corridor
 - Malvern Hills Science Park
 - South Kidderminster Enterprise Park
 - Redditch Eastern Gateway
- Significant investment in broadband network, more than doubling business access to fibre broadband (from 43% to over 90%)
- Highways improvements and infrastructure enabling works at Worcester Six Business Park, which will provide up to 70 hectares of employment land
- Redevelopment of Bromsgrove Railway Station
- Southern Link Road (A4440) improvements – Phases 1 and 2 delivered and Phase 3 underway
- Hoobrook Link Road built in Kidderminster
- Expansion of Malvern Hills Science Park Phase 5 and beyond.

Introduction to the draft budget for consultation and how the indicative financial planning gap for 2017/18 has changed

48. This report represents the first stage in the formal process to determine the County Council's budget and precept level for 2017/18. If approved, this report will form the basis of consultation which will take place during the next few weeks, returning to Cabinet on 2 February 2017 and leading to Full Council decision on 9 February 2017.

49. The process to review and amend the MTFP for 2017/18 is complete and for future years will be refined for the February 2017 budget report taking account of the Autumn Statement 2016 announcement, the provisional Local Government Finance Settlement and any further allocations from the Local Growth Fund, together with any emerging feedback from consultation.

50. Set out in the table below is a summary of how the February 2016 forecast financial planning gap of £34.1 million has been reduced to £2.9 million within this draft budget presented to Cabinet.

Table 1: 2017/18 Forecast Financial Planning Gap Update

£m	
34.1	Forecast financial planning gap for 2017/18 as at February 2016
1.2	Current high risk reform plans that have been reassessed
-5.0	Government Transitional Support (one-off)
-2.0	Potential Growth in income savings from joint work with District Councils
-5.6	Potential reduction in growth and contingencies
-13.0	Existing Future Fit Programme previously approved through Cabinet / Council
9.7	Financial planning gap where new plans need to be established
-6.8	Potential new reform plans proposals
2.9	Remaining forecast financial planning gap for 2017/18

51. This report includes headline interpretations of Central Government's Spending Review from November 2015 and the more recent Autumn Statement in November 2016. The draft budget presented is dependent upon the publication of the provisional local government financial settlement which is expected in late December 2016.

52. The approach to preparing the budget is in accordance with the Budget and Policy Framework Rules and reflects the County Council's Corporate Plan Shaping Worcestershire's Future and the MTFP.

53. In addition to the items included in the 'FutureFit – Proposals for Change and Reform to Support the Medium Term Financial Plan' November 2016 Cabinet report, a further £1 million is proposed from the review of workforce initiatives, including reviewing external agency budgets and the assumptions on vacancy rates as they fall across Directorates. The proposed reduction in budgets has been included in a new proposal referred to as The Way We Work.

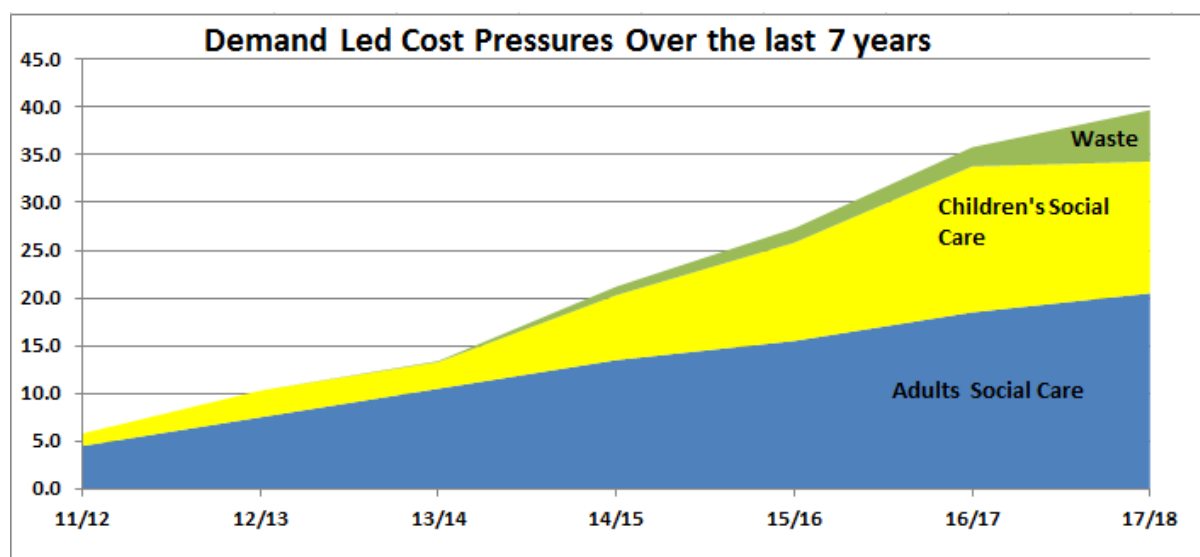
54. Developing our workforce and ensuring it as efficient, effective and agile as possible continues to be a key focus for the authority and therefore a robust approach to development of a medium/long-term workforce strategy has been put in place which is shaping how we acquire, develop and retain an effective and dynamic workforce fit for 2020 and beyond.

The County Council's need to influence increasing demand in social care

55. Whilst the County Council is keen to set a budget that supports real growth pressures, there is continued work to ensure that the increases in demand that are being experienced for County Council services are understood and, where they can be, managed. The overall financial planning gap arises from a combination of a reduction in Central Government funding, demand for services and increases in

inflation. The proportion that relates to demand for services is reflected in Figure 2 below.

Figure 2: The effect of social care and waste disposal demand on County Council budgets £m



56. Included within this draft budget is investment of £8 million to support adult social care which includes cost pressures resulting from forecast demand increases in adult social care for 2017/18. The County Council has planned in the past for the impact of demographic changes in Worcestershire's population and the resulting increase for Adult Social Care services. The most significant addition over recent years however, has related to the budget for Children Looked After. The County Council takes great care to ensure that it safeguards the most vulnerable in Worcestershire and the investment in services over recent years coupled with focussed activity has worked to secure a sustainable budget for the future.

57. The chart above also shows the effect of increases in both the amount of waste disposed by households, and the impact from increases in the people living in Worcestershire. Additionally it includes for 2017/18 a £3 million investment in the new Energy from Waste facility at Hartlebury in anticipation of the plant being successfully commissioned in early 2017

The County Council's starting position: reserves and balances

58. A summary of the County Council's reserves is attached at Appendix 2. This represents money that is available to be spent on service delivery and totals £122 million.

59. This includes £13 million held as General Balances and less than £5 million for service based risk. The balance is held either on behalf of other organisations or specifically set aside to cover known expenditure commitments and comprises £28.0 million for schools/Dedicated Schools Grant balances, £15.7 million PFI reserves, £15.0 million grant income where we have carried forward funding in advance of planned cash expenditure, which we will have to return to Central Government if it is not spent, and £45 million held for other specific future commitments such as:

- £6.1 million Insurance Reserves
- £3.7 million Public Health

- £3.2 million Growing Places
- £2.4 million Health and Social Care Pooled Budgets
- £1.6 million New Homes Bonus, and
- £1.3 million Schools' Self Insurance.

60. Whilst the 2016/17 budget approved in February 2016 assumed no change in the level of General Balances, the County Council has since agreed to withdraw £1 million to support the costs of rebuilding Eastham Bridge, Tenbury. General Balances are therefore planned to be reduced from £13 million to £12 million.

61. The strength of the County Council's financial health is often expressed as the amount of retained General Balances in proportion to the budget. The County Council's risk assessed minimum level for financial planning purposes is a benchmark minimum of £10 million.

62. It is important to note that, in accordance with the County Council's strategy for treasury management, cash from all the reserves is currently used to pay for capital investment since borrowing costs are in the region of 3% and surplus cash which is invested earn only around 0.4%. It is estimated that the County Council will save around £2.5 million in 2016/17 by following this strategy. Any use of the balances will mean that the cash spent will subsequently need to be replaced by borrowing from the money market as and when required.

The County Council's starting position: considering the national context

63. Since agreeing the MTFP in February 2016, inflationary pressures have increased slightly. Nationally it is anticipated that CPI inflation will remain below the 2% target in the near term before rising back to the target. The interest on the County Council's debt remains fairly constant due to the long-term nature of our borrowings. The average rate for interest on debt is just under 4%.

64. Income receipts from the County Council's short-term investments are significantly influenced by the interest rates set by the Bank of England. This base interest rate has fallen from 0.5% to 0.25%, an historic low. At this time an increase is looking unlikely until 2019, and thereafter only a gradual rise is expected.

The County Council's starting position: financial performance in 2016/17

65. After seven months of the 2016/17 financial year, the forecast outturn indicates a net cost pressure of £0.3 million against authorised cash limits or 0.1% of the overall budget. Whilst at this stage it is anticipated that this variance is reduced through to the end of the financial year so that the County Council delivers services within its cash limited budget, there are several cost pressures that continue to emerge around primarily demand-led services that are being actively managed. The most significant financial pressures are £1.3 million Adult Social Care Residential and Nursing Placements. There are currently further anticipated cost pressures of around £0.7 million with regard to Children's Special Education Needs and Disability transport costs where demand for services is greater than anticipated. This will be further reviewed ahead of the February 2017 Cabinet Report.

66. These cost pressures are partially offset by gains on the financing transactions budget as the County Council continues to defer the need to increase its borrowing from external resources given continued strong cash balances and prevailing low interest rates, and by making use of other financial resources including the use of one-off reserves.

67. Funding of £0.2 million has been set aside within the 2016/17 outturn forecast to support additional expenditure in response to the recommendations of the Local Safeguarding Children's Board report in November 2016 to include additional staffing capacity.

68. There are a number of other smaller areas of cost pressure across the County Council's budgets which are being closely managed and it is anticipated that forecast costs will be kept within the budget by the end of the financial year.

Income review: funding streams

69. The County Council's net revenue budget is funded primarily by Council Tax, Business Rates and Revenue Support Grant (RSG).

70. The following table below illustrates how the proportion of funding is likely to change looking forward; taking account of the County Council's four year financial settlement deal:

Table 2: County Council funding of the Net Revenue Budget

	2017/18 Estimate		2020/21 Estimate	
Council Tax	£237.0m	75%	£266.2m	81%
Business Rates	£59.9m	19%	£63.6m	19%
RSG	£19.9m	6%	£0.0m	0%
Total	£316.8m	100%	£329.8m	100%

71. The above table excludes NHS specific grant funding for social care. The table above includes Central Government removing RSG by 2019/20. RSG is estimated to reduce over this period and is consistent with the 4 Year Deal.

72. The headline message from the Autumn Statement in November 2016 is that in overall terms, local government funding will fall at least in accordance with previous estimates. Central Government will continue to implement Business Rate Retention reforms which is consistent with the County Council's aspirations for self-sufficiency however the Autumn Statement did not suggest any increased funding for adult social care or provide details regarding Education Services Grant or New Homes Bonus grant funding both of which we are awaiting consultation outcomes to be published which will confirm changes in funding. There are a number of important points that need much further consideration for the medium term:

- We are still awaiting precise details of how the extension from 50% to 100% local retention of business rates will affect the County Council and how needs are identified and funded
- There is an opportunity to have greater control over the issues that affect Worcestershire as a number of new responsibilities will transfer to local government. The financial and other consequences still need to be established and new burden funding made adequately available
- clarification on Central Government's assumptions for Council Tax and business rate income increases over this period, and
- the local impact for Worcestershire, compared with other parts of local government.

73. Excluding these funding changes, Business Rates are expected to rise in accordance with the increase in the Small Business Non-Domestic Rating Multiplier each year and whilst there is growth in business rates income expected across the county area this is, to a large extent, offset by potential successful appeals of valuations set by Central Government's Valuation Office Agency.

74. The County Council, together with District Council partners continue to lobby Central Government with regard to the impact of successful business rates appeals, especially where Central Government received the reward of business rate income.

75. Although Central Government capped the increase in Business Rates for 2015/16 at 2% and provided funding to local government through a specific grant for the difference between the cap and the income that would otherwise have been received, at this stage there is no information about this specific grant from 2017/18.

76. Income from Council Tax will gradually fund a greater proportion of the County Council's budget in the future excluding any further transfers in business rates income. The increase is influenced by growth in domestic property, local decision making concerning any percentage increase in Council Tax from year to year, and the annually decided percentage by which Central Government state would trigger a local referendum to agree the increase.

Income: the financial impact of the provisional Local Government Finance Settlement on County Council funding

77. The provisional Local Government Finance Settlement for 2017/18 will be announced in late December 2016. A verbal update will be provided at the Cabinet meeting on 15 December 2016. Otherwise any further impact will be communicated within the final budget paper in February 2017.

78. At this stage the MTFP reflects the headline assumptions arising out of the last Spending Review in 2015 and includes the four year financial settlement deal agreed with Central Government.

79. Taking all this into account, the illustrative allocation for 2017/18 already included in the MTFP is £79.8 million, a 15% reduction from 2016/17.

Income: Business Rates Retention Scheme

80. Approximately £60 million of the County Council's funding for 2017/18 will be received from Business Rates.

81. Central Government are to implement a revaluation review. The change in individual valuations is expected to be offset by a change in the Central Government set multiplier and therefore at a national level this is designed to be cost neutral. There may be a risk or opportunity depending on how the impact across Worcestershire compares with the rest of the country and this will be analysed when more detail is known.

82. The County Council continues through the Hereford and Worcester Treasurers Association to refine forecasts for locally generated business rates. Future growth in income will be reset at 2020 as Central Government will review levels of income relative to other local authorities at this time and adjust baselines.

83. Central Government has been consulting on the proposed move to 100% local retention of business rates and the County Council's responses were included in the October 2016 Cabinet report. It is expected that any transfer in income will be largely offset by a transfer in new responsibilities as the levels of specific grant funding will fall to compensate.

Income: District Council's Council Tax Support Schemes

84. The County Council welcomed and responded positively to the recent proposals for Wyre Forest District Council to review further the discretionary elements of their Council Tax Support Scheme and has offered to support the transition through increased support for their Hardship Fund. The County Council has established a model with all Districts to support their Hardship Funds and is working to support target improvements in the collection rate and anti-fraud initiatives.

Income: specific grants

85. The County Council receives income from a range of specific grants from a number of different spending departments of Central Government. For 2016/17 this was estimated at £93.8 million. National spending limits and policy dictate the level of specific grants that the County Council receives to fund Central Government initiatives. The most significant grants are Public Health and Better Care Fund and the County Council continues to lobby Central Government to confirm these and all specific grant amounts as soon as possible.

86. Details of how this specific grant funding continues will be confirmed in time for their inclusion in the February 2017 Budget Report. In the future it is anticipated that a number of specific grants will be rolled into the system for business rates retention. The current specific grants for 2016/17 are provided in Appendix 9 to provide context.

Revenue expenditure: the net expenditure budget for 2017/18

87. The net expenditure budget for 2017/18 has been prepared on the basis of reviewing all existing policies prevailing in 2016/17 and making additional provision for demographic, income and price changes.

88. The net expenditure budgets are set out at Appendix 3 and summarised in the following table. This sets out a provisional budget requirement of £319.7 million for 2017/18 against which the County Council estimated income through RSG, Business Rates Retention Scheme and Council Tax to be £316.8 million.

89. A variation analysis by Directorate is set out in Appendices 3 and 4.

Table 3: Summarised budget setting exercise

Area	£m	£m
<u>Initial Gross Budget Requirement</u>		
2016/17 Budget*	416.3	
- 2016/17 Specific Grants	-93.8	322.5
<u>Add Proposed Inflation</u>		
Pay and pensions	2.1	
Other Non-Pay inflation Increases	3.1	5.2
<u>Add Proposed Growth:</u>		
Children's Social Care Placements	-1.5	
Adult Social Care	2.0	
Children's Safeguarding	0.7	
Investment in Road Maintenance	1.0	

Area	£m	£m
Headroom for Strategic Initiatives	0.8	
Capital Financing (includes £1 million to fund the borrowing costs of Improving Pavements, Cutting Congestion and Town Centre improvements)	1.5	
Education Services Grant	1.8	
Waste Disposal	6.7	
Children's SEND Transport	0.7	
Other base budget revisions	3.8	17.5
Less Existing FutureFit Programme Reforms		-13.0
Add Potential High Risk plans that cannot be achieved		1.2
Less New Proposed Reforms		-6.8
Withdrawal from Earmarked Reserves		-1.9
Transition Grant Funding		-5.0
2017/18 provisional budget requirement		319.7
Revenue Support Grant		19.9
Business Rates Retention Scheme		
Top Up Grant	41.9	
Local Share	<u>18.0</u>	59.9
Council Tax		237.0
2017/18 Provisional Funding		316.8
Emerging forecast financial planning gap for 2017/18		2.9

* The 2016/17 budget includes specific grants and Better Care Fund but excludes Dedicated Schools Grant

90. Table 3 shows that the indicative funding gap for 2017/18 is £2.9 million.

91. The County Council has invested £12.5 million over the last three year into strengthening the budget for Children Looked After placements. The intention has always been to recognise that some of this investment was time limited as system reforms reduced the ongoing cost of placements over the medium term whilst improving outcomes. Therefore, the planned reduction of £1.5 million for Children's Social Care Placements in 2017/18 confirms the removal of the element of investment that was time limited and ensure a net investment of £11 million over this time to arrive at a sustainable budget for Children Looked After Placements.

92. Included in this budget are a series of proposals to strengthen the base budget. The most significant areas are explained below:

- £8.0 million – Adult Social Care
This represents an increase in the Adult Social Care budget to support inflationary costs and demographic growth and the increasing complexity of supporting vulnerable older people and adults with disabilities. The gross increase before taking account of service reforms is £8 million.
- £0.7 million – Children's Safeguarding
A proposed increase to support the recommendations of the Local Safeguarding Children's Board from the Cabinet report 17 November 2016 (paragraph 45 above)
- £1.0 million – Investment in Road Maintenance
A 10% increase in the road maintenance budget to support the Corporate Plan aims of upper quartile performance
- £0.8 million – Strategic Initiatives
Headroom for Strategic Initiatives to be confirmed at the February 2017 Cabinet meeting
- £1.0 million – Capital Financing - Improving Pavements, Cutting Congestion and Town Centre Improvements
A £1 million increase to the capital financing budget to fund the borrowing costs associated with a £6 million Improving Pavements programme, a £5 million Cutting Congestion investment and a £2 million extension of the existing programme for town centre improvements
- £0.5 million – Capital Financing
A planned £0.5 million increase to support the borrowing costs to finance the approved Capital Programme
- £1.8 million – Education Services Grant
An increase in base budget that is needed to be funded locally to take account of the reduction in grant funding for general statutory duties relating to maintained schools. As most of these services involve fixed costs expenditure cannot be reduced in the majority of these areas. We are awaiting further details from Central Government with regard to this grant but our planning assumption is that this funding will reduce significantly
- £6.7 million Waste Disposal - EfW
A £6 million planned increase in the base budget to support the Energy from Waste facility that has been previously approved by Full Council. This cost can be offset by a £3 million saving (included in the Existing FutureFit reforms total of £13 million shown in the table above) arising from the loan transactions and there is therefore a net budget increase of £3 million. A £0.4 million increase in the costs of waste disposal as more waste is disposed of per household and an increase in the number of houses in Worcestershire and £0.3 million to support service cost increases
- £0.7 million Children's Special Education Needs and Disability (SEND) Transport Costs
The County Council is experiencing additional demand in pupils requiring SEND transport which has been exacerbated by the impact of the national

changes relating to SEND Reforms, meaning that local authorities are required to fund eligible transport relevant to those young people with SEND who can now stay in education until age 25 and the increase in demand for assessments for Education Health and Care Plans (EHCPs) with the requests for Statutory Needs Assessment up by over 250% since 2012/13

- £3.8 million Other base budget revisions

A planned assessment of the potential impact of the National Living Wage and Apprenticeship Levy as well as risk on general services.

Addressing the indicative financial planning gap

93. Following the December 2016 Cabinet, the impact of the provisional Local Government Finance Settlement will be worked into the draft budget and presented at the February 2017 Cabinet meeting.

94. Any significant updates will be included in that report but in the meantime work will be undertaken and consideration given alongside the outcomes of consultation to close the indicative financial planning gap through the following means:

- An assessment of growth in Band D Equivalent properties leading to buoyancy in the Council Tax Base and the use of any surplus or deficit arising on District Councils' collection funds in excess of planning assumptions
- An assessment of any updates regarding business rates income in excess of planning assumptions
- A review of any inflation awards that remain at the discretion of the County Council
- An assessment on whether further reforms can be found, and
- Consideration of whether funding from the release of Earmarked Reserves no longer required (one year only) or General Balances (one year only) can be provided.

95. The intention is that the forecast financial planning gap will be closed in time for the February 2017 budget approval by Cabinet and Full Council taking full account of consultation responses and any updates regarding the above.

Dedicated Schools Grant and Schools grant funding

96. The Department for Education (DfE) has announced that no local authority will see a reduction from their 2016/17 funding (adjusted to reflect local authorities' most recent spending patterns) on the schools block of the dedicated schools grant (DSG). The Guaranteed Unit of Funding (GUF) for 2017/18 has been confirmed as part of the Secretary of State announcement on 21 July 2016. The way that DSG is allocated to Local Authorities and the existing local funding model will remain for a further year. It is expected that this will be replaced by a National Fair Funding Formula in 2018/19.

97. In 2017/18, all large public or private sector employers defined as those with an annual wage bill exceeding £3 million will be subject to Central Government's apprenticeship levy. It is anticipated that all maintained schools will be subject to the levy because their wage bill forms part of the wider County Council wage bill. Academies with wage bills above the threshold will also be subject to the levy.

Schools subject to the levy will need to budget for this additional cost through their delegated budget.

98. In addition to DSG, Pupil Premium grants will continue for another year and are expected to be protected at the current rates as shown in the table below:

Table 4: Pupil Premium Rates 2017/18

£	2017/18
Early Years	300
Primary	1,320
Secondary	935
Children Looked After (including associated funding for adopted children)	1,900
Funding for children of armed forces service personnel	300

99. Free childcare entitlement will increase from 15 hours to 30 hours to be taken over a 38 week year for eligible working families with three and four year olds from September 2017. This is expected to be worth up to £5,000 per child. Central Government has also committed to a review of the cost of childcare provision and investment to enable an increase in the average hourly rate childcare providers receive from 2017/18.

100. The County Council awaits further grant based announcements for the DSG, ESG and other funding streams. The County Council has raised concerns on the DfE proposal for their saving to the general duties ESG but it is anticipated this will proceed and as such provides a significant risk to County Council services provided on behalf of maintained schools. The County Council ensure a full update on all funding for schools is provided in the February 2017 budget report to Cabinet and Full Council.

Better Care Fund

101. The publication of the Better Care Fund (BCF) planning guidance is due early December 2016 and is likely to confirm that a two year plan must be submitted, to align with NHS operational planning and contracting. Scheme evaluation forms have been distributed to commissioners in order to inform decisions around 2017/18 budgets. The forecast increase in BCF is estimated to be approximately 2% (£0.6m) on the 2017/18 revenue allocation. Looking forward the County Council would anticipate receiving at least half of any increases for investment in vital services to support the Health and Social Care economy.

Public Health

102. The Public Health grant is required to fund mandated functions: sexual health services, Health Checks, the National Childhood Measurement Programme, Healthy Child Programme, health protection and the NHS "Core Offer" of population healthcare support, and to deliver the statutory duty of population health improvement with regard to narrowing health inequalities. It also funds a range of non-mandated services including drugs and alcohol services, school nursing and falls prevention.

103. The grant for 2016/17 is £30.7 million. The estimated grant for 2017/18 is estimated to be £29.9 million and is likely to be reduced further in future years. The grant has already been used innovatively to improve outcomes across all areas of County Council services.

104. Further reform targets are proposed of £1 million in 2017/18 and £0.5 million in 2018/19 and work is being undertaken to identify areas of County Council base budget expenditure where public health impact could be maximised through use of the Grant.

Independent Living Fund

105. The funding and administration of the Independent Living Fund (ILF) was transferred from the Department of Work and Pensions (DWP) to the County Council in 2015/16. The ILF makes cash payments to disabled people enabling them to purchase care and support services.

106. The County Council received £3.1 million in grant in 2016/17 but there is expected to be an attrition rate applied of approximately 5% in 2017/18 with an estimated grant settlement of £2.9 million. The reduction in funding will need to be managed within the overall 2017/18 Adult Services budget.

Worcestershire Councillors' Divisional Fund Scheme

107. The Councillors' Divisional Fund Scheme is currently funded for the 2017/18 financial year. It is proposed that the scheme is once again extended for a further year to 2018/19 with funding to be confirmed in the February 2017 Cabinet report.

Capital Programme: Key achievements and approvals in 2016/17

108. In recent years the County Council has spent on average around £80 million on capital annually excluding the Energy from Waste financing scheme. The majority of this programme has been funded by grants from Central Government with borrowing, capital receipts and revenue contributions to capital making up the difference.

109. The major areas of capital expenditure relate to Schools, the Local Transport Plan and other Economy and Infrastructure Directorate activities. A full analysis of previous capital expenditure by Directorate is set out in Appendix 6.

110. There have been updates approved by Full Council during the 2016/17 financial year, and these are included in the latest Capital Programme shown in Appendix 7. Significant schemes approvals include:

- Pothole Action Fund
- Highways Maintenance Schemes including the Driving Home programme to improve roads close to where people live
- School Improvements
- Energy Efficiency Spend to Save
- Children's Services Post 16 Supported Living Accommodation
- Eastham Bridge Tenbury permanent replacement.

Capital Programme: Future funding overview

111. The financing of the Capital Programme has been reviewed at a strategic level including the forecast receipt of Central Government grants, capital receipts and directorate contributions from revenue budgets.

112. As part of rolling forward the MTFP to 2020/21, additional capital expenditure headroom has been provided for the medium term and a process is underway to consider any allocations of part of the headroom for 2017/18. An update will be presented to Cabinet in the form of a revised Capital Programme in the February 2017 Cabinet Report.

Capital: Investing our New Homes Bonus

113. Details of the reforms to the New Homes Bonus are expected to be announced as part of the provisional Local Government Finance Settlement later in December 2016. It is expected to include a review of the share of funding between County and District Councils from the current 20/80 ratio which may deliver an opportunity for the County Council. However, this would need to be set against proposals to reduce the length of bonus payments from 6 to 4 years.

114. The County Council has prudently considered this income as a bonus to be used to support growth in housing development and therefore not included it in the recurrent budget.

115. To date, the County Council has used this funding to support investments in:-

- strategic flood alleviation schemes
- strategic planning and improvements in the public realm
- infrastructure improvements such as Whittington Roundabout, Worcester
- £2 million allocation towards the highways Driving Home Programme.

116. Further allocations, which will be subject to confirmation of the future income to be received, may be prioritised to support the A38 Corridor in Bromsgrove and Worcester Southern Link and Carrington Bridge dualling. An update will be provided at the February 2017 Cabinet meeting.

The Impact on the MTFP

117. The MTFP approved at the February 2016 Full Council meeting has been updated and extended to include the current and next four financial years. The main increases in pressure relate to social care demographic and cost increase and waste disposal with refinements to inflation forecasts.

118. The funding environment for the County Council has led to the need to make preparations for a continuation of the financial challenge over the medium term. This has included confirming the existing reform plans which in many cases have already been considered through the Cabinet and Scrutiny process. Plans have also been developed to cater for additional financial pressures and these are now being refined in light of confirmation within the provisional Local Government Finance Settlement of reductions in funding levels.

119. The MTFP is provisionally set out in the following table with more detail provided within Appendix 8.

Table 5: Indicative MTFP

£m	2017/18	2018/19	2019/20	2020/21
Total Funding Available	316.8	318.1	321.1	329.8
Service costs based on provisional 2017/18 budget	-345.2	-348.9	-342.7	-351.8
Sub-Total	-28.4	-30.8	-21.6	-22.0
Withdrawal from Earmarked Reserves	6.9	0.0	0.0	0.0
Reform plans developed	18.6	12.3	2.5	0.6
Remaining gap from shortfall in funding	2.9	18.5	19.1	21.4

120. It is important to consider that total funding available is still forecast to rise despite Central Government funding reductions although this needs to be treated with considerable caution as there is only limited information about the impact of extending local business rates retention from 50% to 100%. The current indications suggest a continued need for spending reductions at least to the level of reductions the County Council is currently dealing with. Particular known areas of uncertainty include:

- The extent of demand for service as a result of the future implementation of the Care Act 2014, and
- How the move for increased local retention of business rates income compares with any transfers of new responsibilities and changes to specific grant funding.

121. Areas of uncertainty and risk will be kept under review as more detail becomes available.

122. As would be expected, the forecast financial planning gap of £2.9 million for 2017/18 forms a relatively small part of this overall gap as plans are significantly advanced and represents less than 1% of the provisional budget for next financial year.

Budget calculation – statutory duties

123. 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 reserves.

124. 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:

- The County Council's demand-led services
- Inflation and interest rate volatility, and

- Unforeseen emergencies, for example flooding.

125. It is for this reason that an adequate level of reserves must be maintained.

126. Members will also recall our obligations as a Best Value authority to make arrangements to secure continuous improvement in the way in which our functions are exercised, having regard to a combination of economy, efficiency and effectiveness, including consultation with tax payers and users as appropriate.

127. These obligations are addressed in our medium term financial planning and brought together as part of the annual budget process in this report and the February 2017 Cabinet budget report. This is supplemented by additional cabinet reports throughout the year with regard to the approval of significant investments and reforms.

Scrutiny

128. Scrutiny of the 2017/18 budget proposals is being undertaken by the Budget Scrutiny Task Group which is meeting with key senior officers, the Chief Executive and Leader of the Council to complement the work already being undertaken by individual scrutiny panels. The conclusion of this work together with the individual views of the scrutiny panels will inform the Overview and Scrutiny Performance Board which will be meeting on 26 January 2017 to consider what comments it wishes to make to Cabinet as part of the budget consultation.

Fulfilling the Public Sector Equality Duty requirements

129. The County Council will continue to have due regard to proactively addressing the three elements of the Public Sector Equality Duty in all relevant areas – in particular the planning and delivery of our services. The County Council will continue to assess the equality impact of all relevant transformational change programmes and will ensure that Full Council has sufficient equalities assessment information to enable it to have due regard to the three elements of the Equality Duty when considering the budget for 2017/18. The County Council will continue to ensure best practice is followed with regard to these requirements.

Guidance on excessive Council Tax increases and Localism Act

130. The Localism Act gives local communities the power to approve or veto excessive rises in Council Tax. The Secretary of State will determine a limit for Council Tax increase as part of the annual Local Government Finance Settlement that has to be approved by the House of Commons. If an authority wishes to set a Council Tax above this level then a binding referendum must be held. For 2016/17 this limit was 2%, and the County Council is anticipating this be rolled forward for 2017/18.

131. In addition to this, Central Government announced as part of the Spending Review 2015 the ability for local authorities with adult social care responsibilities to raise a 2% Adult Social Care precept, ring fenced to support adult social care costs to help address longer term financial pressures for these services.

Health Impact Assessment

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

133. This report concerns consulting on the provisional budget for 2017/18 and associated updates to the Medium Term Financial Plan in advance of approval by Full Council in February 2017. Any specific public health considerations will be included in that report and where appropriate be subject to separate and further detailed consultation.

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

Supporting Information

Appendix 1 – Multi-Year Financial Settlement acceptance letter from Central Government

Appendix 2 – Review of Earmarked Reserves and General Balances

Appendix 3 – Revenue Budget Summary 2017/18

Appendix 4 – Analysis of Variations 2016/17 to 2017/18

Appendix 5 – FutureFit programme list of existing and new proposed projects

Appendix 6 – Capital Expenditure previous years

Appendix 7 – Capital Programme 2016/17 to 2019/20 onwards

Appendix 8 – Provisional Medium Term Financial Plan

Appendix 9 – 2016/17 Estimated Specific Grants

Contact Points

County Council Contact Points

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Specific Contact Points for this Report

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Background Papers

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

Agenda and background papers for the meeting of the Cabinet held on 17 November 2016

Budget Health Screening document

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Department for
Communities and
Local Government

Councillor S E Geraghty
Worcestershire County Council
35 Fern Road
WORCESTER
Worcestershire
WR2 6HJ

Marcus Jones MP
Minister for Local Government
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16 November 2016

Dear Cllr. Simon Geraghty

CONFIRMATION OF THE MULTI-YEAR SETTLEMENT OFFER

Thank you for accepting the multi-year settlement offer, and for publishing your efficiency plan or other supporting documents.

This letter confirms that your authority is now formally on the multi-year settlement. You can expect to receive the allocations published as part of the 2016-17 local government finance settlement in 2017-18, 2018-19 and 2019-20. The Government will also need to take account of future events such as the transfer of functions to local government, transfers of responsibility for functions between local authorities, mergers between authorities and any other unforeseen events. However, barring exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement, the Government expects these to be the amounts presented to Parliament each year.

97% of councils applied, showing the understandable need for the sector to secure greater certainty at a time of significant reform. I am interested in the progress you make so please continue to feedback thoughts on how the process of applying for the offer went, how you intend to use your efficiency plan in the future, achievements you make in delivering your plan, or any barriers you face to implementation.

But this is all just the first step as we move towards a self-sufficient local government. There are still significant decisions to be made on how we transition to this new system. We will only be able to achieve this by working with you, and I hope you will continue to engage in future consultations on the settlement, the Fair Funding Review and 100% business rates retention.

MARCUS JONES MP

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Review of Earmarked Reserves and General Balances

Introduction

1. There are two types of reserves included on the Council's balance sheet:

	Value at 31/03/16 £m
General Balances	13.0
Earmarked Reserves – Directorate c/fwd's	94.0
Revenue Grants unapplied	15.0
	<u>122.0</u>

2. Reserves can be considered to be cash in the bank. They are not annual budgets; they represent a sum of money that can only be spent once.
3. Members will be aware that there is a statutory obligation on the Chief Financial Officer to report on the adequacy of reserves when the County Council approves the budget and level of council tax.

General Balances

4. The Council's General Balances are a contingency sum available to pay for unforeseen or exceptional circumstances. External auditors often refer to the level of general balances when considering an organisation's financial health.
5. General Balances were £13.0m at 31 March 2016 and the same at 31 March 2015.

Earmarked Reserves

6. All earmarked reserves are retained either under the delegated authority given to Chief Officers in the Financial Regulations or by Cabinet or Cabinet Member approval and at 31 March 2016 were as follows:

	Value at 31/03/16 £m
Schools delegated reserves	18.1
Dedicated Schools Grant carried forward	9.9
Future Capital Investment reserve	5.1
Waste PFI reserve	12.5
Other PFI reserves	3.2
Insurance reserves	7.4
Health and Pool Budgets	2.4
Growing Places	3.2
Directorate Revenue Reserves	7.0
Future Fit	4.3
Councillors' Divisional Fund	1.2
Other Reserves	19.7

7. Schools balances are controlled by the schools and their Governing Bodies and any surplus or deficit may be carried forward in accordance with the Council's scheme for financing schools.
8. Reserves for future capital investment and PFI schemes have been earmarked for use over the medium term.
9. The insurance reserve will be used to meet liabilities not covered by insurance policies. The level of the reserve is kept under constant review and to inform this judgement the Council seeks independent advice periodically.
10. The Council's Financial Regulations gives authority for each Chief Officer to jointly approve with the Chief Financial Officer the carry forward of up to 2% of their budget to the following financial year. There is also an additional flexibility limited to £100,000 for particular value for money initiatives.
11. Revenue grants with no attached conditions unused at year end are held in the revenue grants unapplied earmarked reserve and totalled £15.0 million at 31 March 2016.
12. The Earmarked Reserves are committed to be spent over the short to medium term.
13. The Chief Financial Officer considers the value of reserves to be adequate to support strategic financial planning.

Budget Summary 2017/18 - Before Recharges

	Original estimate 2016/17 £m	Variation (incl restructure) £m	Revised estimate 2016/17 £m	Variation £m	Original estimate 2017/18 £m
<u>Controllable budgets</u>					
Adult Services	125.4	0.0	125.4	1.5	126.9
Public Health	0.1		0.1	(0.9)	(0.8)
Children, Families and Communities	66.0	(1.6)	64.4	(1.8)	62.6
Economy and Infrastructure	75.2	0.4	75.6	3.6	79.2
COaCH / Finance	55.8	1.2	57.0	1.7	58.7
Net expenditure	322.5	0.0	322.5	4.1	326.6
Contribution from balances	0.0		0.0	0.0	0.0
Contribution to / (from) reserves	0.0		0.0	(6.9)	(6.9)
Budget requirement	322.5	0.0	322.5	(2.8)	319.7
<u>Funding sources</u>					
Council tax	225.0		225.0	12.0	237.0
Council tax collection fund	3.1		3.1	(3.1)	0.0
Revenue support grant	36.3		36.3	(16.4)	19.9
Business rates retention scheme	58.1		58.1	1.8	59.9
	322.5	0.0	322.5	(5.7)	316.8
Funding shortfall					(2.9)
<u>General Balances</u>					
Opening Balances	13.0		13.0	(1.0)	12.0
Planned contribution from/to general balances	0.0	(1.0)	(1.0)		0.0
Closing Balances	13.0	(1.0)	12.0	(1.0)	12.0

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Analysis of Variations 2016/17 to 2017/18 - Before Recharges

Appendix 4

	ASC £m	PH	CFC £m	E&I £m	COaCH / FIN £m	Total £m
Original Estimate 2016/17	125.4	0.1	66.0	75.2	55.8	322.5
Variations	0.0	0.0	-1.2	0.0	1.2	0.0
Inflation						
Pay award, incl contingency	0.3		0.4	0.2	0.2	1.1
Employers pensions contributions	0.2		0.2	0.2	0.2	0.8
National Insurance	0.0		0.1	0.1	0.0	0.2
Contractual Provisions	1.6		0.0	0.7	0.6	2.9
Income			-0.1	-0.1		-0.2
General inflation					0.4	0.4
Growth						
Children's Social Care			-1.5			-1.5
Adult Social Care	2.0					2.0
Children's Safeguarding			0.7			0.7
Headroom for new Strategic Initiatives					0.8	0.8
Capital Financing					1.5	1.5
Education Services Grant			1.8			1.8
Road Maintenance				1.0		1.0
Waste Disposal - Tonnages				0.4		0.4
Waste Disposal - EfW				6.0		6.0
Waste Disposal - Service Costs				0.3		0.3
Children's Transport				0.7		0.7
Other base budget revisions	3.7		-0.1	-0.4	0.6	3.8
Total Inflation and Growth	7.8		1.5	9.1	4.3	22.7
Existing FutureFit Reforms	-4.2		-3.1	-4.0	-1.7	-13.0
Potential high risk plans that cannot be achieved			0.5	0.7		1.2
	129.0	0.1	63.7	81.0	59.6	333.4
New Proposed Reforms	-2.1	-0.9	-1.1	-1.8	-0.9	-6.8
Original Estimate 2017/18	126.9	-0.8	62.6	79.2	58.7	326.6
Withdrawal from Earmarked Reserves						-1.9
Transition Grant Funding						-5.0
Total 2017/18						319.7

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Future Fit Reforms - list of existing and new proposed projects

Appendix 5

	2016/17		2017/18		2018/19		2019/20		2020/21		Total 16/17 to 20/21	
	Existing £000	New £000	Existing £000	New £000	Existing £000	New £000	Existing £000	New £000	Existing £000	New £000	Existing £000	New £000
New Models of Care: Review and streamline workforce in line with new approaches to care and the introduction of new technologies and different approaches to care provision	2,000		100								2,100	-
Integrated Recovery for Worcestershire: Partnership working with NHS to develop and consolidate residential and supported living provision	100										100	-
Commissioning: Market Shaping and contract reviews/ re-negotiations to reduce current costs of external expenditure	3,510		1,000		4,000	2,000					8,510	2,000
Future Lives Monitoring: Review of Learning Difficulties care package assessments with a focus to enable service users to move successfully to supported living environments.	100		2,560								2,660	-
Market Transformation: Home Care Outcome-based contract for all home care and other community based support for older people to be considered following the modelling in a test area, making sure that the true needs of the population are considered and opportunities for joint commissioning with Health fully explored. Business cases developed under the Holistic Housing Approach for development of Extra Care schemes in line with existing strategy and deployment of technology in block contracted care homes.						2,000					-	2,000
Adult Services: Demand Management - Learning Disabilities Transforming/consolidating internally provided services to people with a Learning Disability, recommissioning and introduction of fixed banded rates for residential care, a review of the joint arrangements with the Health and Care Trust, and continuing the movement of individuals from residential into supported living accommodation.							2,000				-	2,000
Respite: Review of Respite for Direct Payments and short term prevention investments	1,646		490								2,136	-
New Technologies in Care: Using technology to improve the lives of service users, carers and self funders in the home, hospital, care setting or where appropriate and reduce cost of care provision	1,900										1,900	-
Adult Provider Services: Review of Support Services and Internal Provider Service provision	800		40								840	-
Public Health: Use of Public Health Ring Fenced Grant				1,000		500					-	1,500
Promoting Improved Educational Outcomes: Commissioning of education support services undertaken by the Local Authority to an external 3rd party provider. Greater focus on championing the most vulnerable individuals and targeted support for groups and organisations who are not achieving their full potential on their own.	1,495		376								1,871	-
Promoting Improved Educational Outcomes: Special Education Needs Services currently delivered by the Local Authority are transferred to the above provider with an aim of delivering an effective service with a reduced budget			100								100	-
Other Children, Families and Communities: Transfer of hosting of the West Mercia Youth Offender Service from Worcestershire County Council to the Office of the Police and Crime Commissioner	41										41	-
Other Children, Families and Communities: Reduction in staffing of support services in line with external commissioning of Children, Families and Communities services	70		70								140	-
Other Children, Families and Communities: Amalgamation of Strategic Commissioning Posts once contracts have been put in place and settled					100						100	-
Early Help and Partnerships: Commissioning of early help services to external provider and implement services transition from universal to targeted provision ensuring those most vulnerable families are supported	1,175		370								1,545	-
Early Help and Partnerships: Commissioning review of those health services under scope of local authority commissioning to rationalise spend and look for efficiencies where possible	365		110								475	-
Early Help and Partnerships: Future commissioning intentions for Positive Activities, aiming to ensure the provision is as cost neutral as possible for the local authority to deliver	1,000										1,000	-

Future Fit Reforms - list of existing and new proposed projects

Appendix 5

	2016/17		2017/18		2018/19		2019/20		2020/21		Total 16/17 to 20/21	
	Existing £000	New £000	Existing £000	New £000	Existing £000	New £000	Existing £000	New £000	Existing £000	New £000	Existing £000	New £000
Early Help and Partnerships: Commissioning review and revised pathway for housing support, bringing together separate budgets and delivery to improve services and make efficiencies in external contracts	100										100	-
Early Help and Partnerships: Countywide roll-out of the Connecting Families programme which brings together agencies (internal and external partners) to improve services for young people and reduce duplication and ineffective interventions	1,500										1,500	-
Early Help and Partnerships: Amalgamation of early help services provided by external providers with Public Health services as they move within scope of local authorities delivery			1,000								1,000	-
Early Help and Partnerships: The Family Front Door's primary focus will be to deliver timely services and intervention to children and families, in line with the revised threshold of need, and improving the quantity, quality and accessibility of information and advice available for service users, professionals and practitioners to help them make positive choices.	50										50	-
Children's Social Care: An amalgamation of services providing family support/contact to complex families with children in/on the edge of care and rationalising the approach with a reduction in budget	624										624	-
Children's Social Care: Administrative efficiencies	90										90	-
Children's Social Care: Combination of recruiting and retaining a stable workforce, reducing demand into social care and better managing the remaining demand through more effective and efficient practices moving children to permanency quicker and more cost effective placements where required.			515		750		750				2,015	-
Children's Social Care: Placements - This is an extension to the existing plans to reduce the cost of children's placements by a further £1m new savings by implementing a number of workstreams to reduce the overall costs of children in care,				1,000							-	1,000
Communities: Continue to review the models of delivery across cultural and community services; utilising key principles of Act Local and managing relationships with partners	939		575		25						1,539	-
Drive Efficiencies through Shared Services (Self-Financing): Optimise co-located teams and reviewing availability of grant funding direct from WCC.	100		100								200	-
Act Local: Act Local focuses on promoting local people and communities to have ownership of local services – covering what and how services are delivered and when it happens in their local area. This will also involve working under a partnership approach with District and Parish Councils.	500										500	-
Other Economy & Infrastructure service savings: Review and streamline processes for services delivered in-house in order to deliver outcomes and reduce cost. Where services are delivered with external partners / contractors, deliver the outcomes through effective commissioning and contract management.	678		3,250								3,928	-
The Open Road: Review and streamline processes in network control, alongside the incorporation of the Highways Permit Scheme, to ensure greater control of works on the highways network.	98										98	-
Transport Operations & Fleet: Continue delivery of existing transport strategies that have been put into place, adopting new approaches to commissioning and the development of new strategies; to manage existing demand and projected growth.	192		700								892	-
Smarter Working: Review management roles ensuring quality of service is maintained.	162										162	-
New Models of Delivery for Cultural Services: Following an initial investment for an expansion of existing practices, it aims to deliver the statutory archive services and facilitate the ability to maximise the value of statutory and non-statutory services.	50										50	-
Economy & Infrastructure Monitoring: Review and streamline processes in order to deliver outcomes and reduce cost.	243										243	-

	2016/17		2017/18		2018/19		2019/20		2020/21		Total 16/17 to 20/21	
	Existing £000	New £000	Existing £000	New £000	Existing £000	New £000	Existing £000	New £000	Existing £000	New £000	Existing £000	New £000
Waste Management: Working to reduce the Waste Management budget, taking account of the impact of planned housing growth. N.B. Other Waste Management Savings are included in 'Other Economy & Infrastructure service savings'				1,700							-	1,700
Active Alliances: The public sector has a c.£3.4bn spend across Worcestershire and diminishing budgets in most individual organisations. 2015 – 2020 is an opportunity to focus our 'partnership' working on a small number of active alliances within which we share risk and reward in order to better outcomes and reduce cost.	50		100		100		150				400	-
Better use of Property: Rationalise and reduce property asset base through a centralised admin building model. Reduce spend on property maintenance through improved commissioning and delivery of a cross public sector Public Sector Private Property Organisation	1,098		140								1,238	-
Better Use of Property: Potential acquisition of sites and associated Property Savings				150		150		50			-	350
Modernising HR: Centralise and streamline HR resource through introduction of generic and standard policies, procedures and approaches and by procuring an HR transformation partner to deliver and transform end to end transactional processes and solutions	186		170								356	-
Digital Strategy: Reduce spend on technology through application rationalisation and procurement of Information and Communications Technology (ICT) infrastructure and business solution partners.	356		367								723	-
Customer Access: Commission private partner to provide and transform customer access provision and enable end to end customer access processes and solutions	191		90								281	-
Modernising Legal and & Democratic Services: Introduce streamlined and technology enabled processes whilst supporting self service	117		35								152	-
Commercial and Performance: Develop a corporate approach to commissioning that delivers best outcomes for the Council and service areas including negotiation of best deals with current and new suppliers	562		585	500	500		500		650		2,797	500
Commercial and Performance services: Review and rationalise the Council's service model	-	103	62		750		750				1,459	-
The Way we Work: Organisational Workforce Review				1,000							-	1,000
Modernising Financial Services: A programme to upskill and align financial services to support the Council's future service model. This will include establishing manager self service and adopting a modern commercial approach to financial advice.	321		94								415	-
Self-Sufficient Council: This programme will increase the Council's ability to be self-sufficient, moving further away from reliance on Central Government funding. This will include a range of outcomes: Optimising Council Tax and Business Rate Income, Optimising Sales, Fees and Charges, Introducing a Revolving Door Capital Investment Fund and Maximising Value from Investment of the Council's Asset Base	2,510		50		750		400				3,710	-
Self-Sufficient Council: Income Generation				200		500					-	700
SubTotal	24,816	-	13,049	7,550	6,975	5,150	2,550	50	650	-	48,040	12,750
Potential high Risk plans that cannot be achieved:												
Hive and Libraries			-	502							-	502
Street Lighting and Transport deferred into 2018/19.			-	720		720					-	-
Sub Total	24,816	-	11,827	7,550	7,695	5,150	2,550	50	650	-	47,538	12,750
Planning Contingency		-		755		515		5		-		1,275
Total	24,816	-	11,827	6,795	7,695	4,635	2,550	45	650	-	47,538	11,475

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Analysis of Actual Capital Expenditure and Financing by Year from 2008/09 to 2015/16

DIRECTORATE	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
CAPITAL EXPENDITURE									
Children's Services Directorate	47,232	42,738	47,556	48,903	26,227	22,784	36,527	0	271,967
Children, Families and Communities Directorate	0	0	0	0	0	0	0	20,957	20,957
Business, Environment & Community Directorate	0	0	0	0	0	32,575	55,007	0	87,582
Economy & Infrastructure Directorate	0	0	0	0	0	0	0	55,335	55,335
Energy from Waste Project							21,988	54,511	76,499
Adult Services Directorate	7,176	4,649	1,162	10,572	696	430	472	1,330	26,487
Commercial & Change Directorate	0	0	0	0	0	0	7,244	9,527	16,771
Resources Directorate	0	0	2,807	751	1,547	3,735	0	0	8,840
Chief Executive	0	0	0	0	185	411	0	0	596
Environmental Services Directorate	33,663	28,674	37,904	37,253	29,852	0	0	0	167,346
Corporate Services Directorate	4,148	2,946	0	0	0	0	0	0	7,094
Planning, Economy & Performance Directorate	294	210	394	1,375	0	0	0	0	2,273
Financial Services Directorate (inc. LPSA)	1,036	620	0	0	0	0	0	0	1,656
Total Capital Expenditure	93,549	79,837	89,823	98,854	58,507	59,935	121,238	141,660	743,403
SOURCES OF FINANCE									
Borrowing	50,092	39,229	25,959	34,117	14,902	10,939	38,490	76,010	289,738
Government Grants	19,554	27,456	48,144	43,493	32,774	36,679	56,203	47,255	311,558
Capital Receipts	6,562	5,876	7,818	1,595	2,519	1,661	11,545	3,704	41,280
Third Party Contributions	4,545	1,991	1,393	10,542	1,798	3,952	6,993	8,567	39,781
Revenue Contributions to Capital Expenditure	9,027	4,543	5,399	9,029	1,363	2,457	4,798	4,739	41,355
Capital Reserve	3,769	742	1,110	78	5,151	4,247	3,209	1,385	19,691
Total Finance	93,549	79,837	89,823	98,854	58,507	59,935	121,238	141,660	743,403

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Capital Programme 2016/17 to 2019/20 Onwards

	LATEST FORECAST 2016/17	LATEST FORECAST 2017/18	LATEST FORECAST 2018/19	LATEST FORECAST 2019/20 and Beyond £000	TOTAL FORECAST £000
TOTAL EXPENDITURE					
CHILDREN, FAMILIES & COMMUNITIES DIRECTORATE	18,195	19,618	375		38,188
ECONOMY & INFRASTRUCTURE DIRECTORATE	126,192	56,390	48,737		231,319
ADULT SERVICES DIRECTORATE	3,918	4,580			8,498
COMMERCIAL & CHANGE/ FINANCE DIRECTORATE	5,709	3,901	5,480	5,000	20,090
GRAND TOTAL EXPENDITURE	154,014	84,489	54,592	5,000	298,095
TOTAL FUNDING					
TEMPORARY AND LONG TERM BORROWING	74,238	21,581	6,395	5,000	107,214
CAPITAL RECEIPTS	5,929	325	538		6,792
GOVERNMENT GRANTS	61,865	51,684	47,659		161,208
CAPITAL RESERVE	1,659	530			2,189
THIRD PARTY CONTRIBUTIONS	6,384	8,619			15,003
REVENUE BUDGETS	3,939	1,750			5,689
GRAND TOTAL FUNDING	154,014	84,489	54,592	5,000	298,095

CHILDREN, FAMILIES & COMMUNITIES DIRECTORATE**Major Schemes:**

- Special School (Habberley Learning Campus)	214				214
- Stourport Burlish Park - New School (all CM grant funded)	195				195
- Bengeworth 1st	208				208
- Redditch S.77 Projects	1,500	175			1,675
- Evesham St Andrews	1,074	60			1,134
- Leigh and Bransford	1,186	26			1,212
- Holyoaks Field 1st School	450	5,090	250		5,790
- Worcester Library and History Centre (Non - PFI capital costs)	446				446
- Hartlebury Museum	149				149
- Major Schemes - Residual	541				541
Composite Sums:					
- Capital Maintenance	3,339	3,622			6,961
- Basic Need	6,982	8,353	125		15,460
- School Managed Schemes (Inc. Universal Infant School meals and Devolved Formula Capital)	1,604	1,483			3,087
- Libraries Minor Works	147	330			477
- Composite Sums - Residual	160	479			639
Total Children, Families & Communities Directorate	18,195	19,618	375		38,188

	FORECAST 2016/17	LATEST FORECAST 2017/18	LATEST FORECAST 2018/19	LATEST FORECAST 2019/20 and Beyond £000	TOTAL FORECAST £000
<u>ECONOMY & INFRASTRUCTURE DIRECTORATE</u>					
Local Transport Plan:					
- Structural Carriageway/Bridgeworks	15,502	13,341	36,228		65,071
- Integrated Transport	4,847	2,405	7,215		14,467
Major Schemes:					
- Energy from Waste	44,901				44,901
- Southern Link Dualling Phase 3	12,967	10,031	5,294		28,292
- Worcester Parkway Regional Interchange	3,358	14,922			18,280
- Driving Home Programme	7,045	3,200			10,245
- Kidderminster Rail Station Enhancement	250	4,050			4,300
- Green Deal Communities	2,432				2,432
- Kidderminster Public Realm Works	613				613
- Kidderminster Town Centre Phase 2	250	250			500
- Droitwich High Street	250	250			500
- Redditch Town Centre	250	250			500
- Worcester City Centre	250	250			500
- Members Highways Schemes	1,818				1,818
- Highway Flood Mitigation Measures	3,986	2,500			6,486
- Abbey Bridge	717				717
- Worcester Transport Strategy	2,001				2,001
- Hoobrook Link Road - Pinch Points	4,160				4,160
- Worcester Technology Park	4,202	1,500			5,702
- Bromsgrove Rail Station	571				571
- Cathedral Square	89	619			708
- Tenbury Wells Waste Site	297				297
- Malvern Hills Science Park Scheme	3,740				3,740
- Street Lighting Energy Saving Project	182				182
- Public Rights of Way	162				162
- Local Broadband Plan Phase 1	3,188				3,188
- Local Broadband Plan Phase 2	3,008	1,792			4,800
- Local Broadband Plan Re-investment	3,250				3,250
- Completion of Residual Schemes	144				144
Composite Sums:					
- Vehicle Replacement Programme	503	480			983
- Street Column Replacement Programme	760	350			1,110
- Highways Minor Works		200			200
- Investment Initiatives to Support Business and /or Green Technology	499				499
Total Economy & Infrastructure Directorate	126,192	56,390	48,737		231,319
<u>ADULT SERVICES DIRECTORATE</u>					
Major Schemes:					
- Capital Investment in Community Capacity/ Specialised Housing	1,961	2,780			4,741
- Investment in New Technologies in Care	300	1,700			2,000
- Timberdine Nursing and Rehabilitation Unit	337				337
- Care Act Capital	437				437
- Social Care Reform	128				128
- Completion of Residual Schemes	165				165
Composite Sums:					
- A&CS Minor Works	590	100			690
Total Adult Services Directorate	3,918	4,580			8,498
<u>COMMERCIAL & CHANGE/ FINANCE DIRECTORATE</u>					
Major Schemes:					
- Digital Strategy and Customer Access	2,669	895	538		4,102
- WIN System	106				106
- Repair and Maintenance of a Longer Term Benefit (And BUoP)	796	600			1,396
- Energy Efficiency - Spend to Save	998	300			1,298
- Land Assembly Opportunity Fund		221	400		621
- Parkside Redevelopment	698				698
- Stourport Library/ Coroners Relocation to Civic Centre	122				122
- Meeting Disabled Access Requirements	13	80	80		173
- Capacity for New Starts		1,805	4,462	5,000	11,267
- Completion of Residual Schemes	307				307
Total Commercial & Change / Finance Directorate	5,709	3,901	5,480	5,000	20,090

	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m
<u>Forecast of Funding Available</u>					
Revenue Support Grant	36.3	19.9	9.5	0.0	0.0
Business Rates Retention Scheme	58.1	59.9	61.0	62.4	63.6
Council Tax Income	225.0	237.0	247.6	258.7	266.2
Collection Fund Surplus / Deficit (-)	3.1				
Better Care Fund	33.9	33.9	40.5	46.7	46.7
Total Funding Available	356.4	350.7	358.6	367.8	376.5
<u>Forecast Expenditure</u>					
Gross Budget	359.6	356.4	357.6	358.6	367.8
Better Care Fund (excl. £1m in base budget)	0.4	0.0	3.3	3.1	0.0
Base Budget	360.0	356.4	360.9	361.7	367.8
Inflation					
Pension increases	0.6	1.1	1.2	1.3	1.4
Landfill Tax	0.2	0.2	0.2	0.2	0.2
Utilities	0.1	0.3	0.3	0.3	0.3
General Inflation	3.1	2.3	2.7	2.7	2.9
National Insurance	2.1				
Pay Inflation from April 2013	1.1	1.1	1.2	1.2	1.0
Growth					
Adult Social Care	3.0	2.0	3.0	3.0	3.0
Children's Social Care	5.0	-1.5			
Children's Safeguarding		0.7			
Capital Financing	0.9	1.5	1.0		
Care Act				2.0	
Investment in Road Maintenance	0.5	1.0			
Investment in Footways	0.3	-0.3			
Investment in Positive Activities	0.6	-0.1	-0.1		
Redditch Public Realm improvements	-0.1				
Key Strategic Capital Scheme Developments	-0.2	-0.2			
Welfare Assistance Scheme	-0.9				
Headroom for new strategic initiatives		0.8	2.0	2.0	2.0
Waste Disposal Costs	0.5	0.4	0.4	0.4	0.4
Energy from Waste Agreed PFI Contract Variation		6.0			
Education Services Grant	0.5	1.8	1.3		
Other growth pressures and funding reductions	3.9	5.6	15.3	14.6	19.5
	381.2	379.1	389.4	389.4	398.5
Less - Future Fit Reforms	24.8	11.8	7.7	2.5	0.6
- New Proposed Reforms	0.0	6.8	4.6	0.0	0.0
- Recurrent Reforms To Be Identified	0.0	2.9	18.5	19.1	21.4
	356.4	357.6	358.6	367.8	376.5
Contribution to(-) / from Earmarked Reserves	0.0	6.9	0.0	0.0	0.0
Gross funding requirement	356.4	350.7	358.6	367.8	376.5
<u>General Reserve</u>					
Opening balance on General Reserve	13.0	12.0	12.0	12.0	12.0
Planned addition (+) or used (-)	-1.0	0.0	0.0	0.0	0.0
Closing balance on General Reserve	12.0	12.0	12.0	12.0	12.0

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Specific Revenue Grants 2016/17*

*Extract from Budget Book 2016/17 (information correct at 01.04.16)

Appendix 9

	2016/17
	£000
<u>Specific Revenue Grants Total</u>	<u>93,771</u>
<u>Adult Social Care</u>	
Better Care Fund	33,907
Better Care Fund - Disabled Facilities Capital Grant	4,235
Independent Living Fund	3,115
Local Reform & Community Voices Grant	321
Care Act Prisons Funding	243
	<u>41,821</u>
<u>Public Health</u>	
Public Health Grant	30,654
	<u>30,654</u>
<u>Children, Families & Communities</u>	
Education Services Grant	4,232
Bromsgrove Schools PFI Grant	4,695
Extended Rights to Free Travel	338
Unaccompanied Asylum Seeking Children	406
Secure Accommodation	41
DEFRA - Environmental Stewardship	42
DEFRA - Countryside Admin OH for Malvern Hills AONB	9
The Hive - PFI Grant	3,381
Formal First Step	123
Personal and Community Development Learning	147
Wider Family Learning	50
Family, English, Maths, Language	168
Community Learning Fund	249
Music	739
County Enterprises	120
	<u>14,740</u>
<u>Economy & Infrastructure</u>	
Waste Services PFI	1,818
Bus Service Operators Grant	495
Bus Service Operators Grant - Section 19	25
Bikeability Grant	91
DCLG - Leader Project	62
National Energy Action Grant - Boiler Programme	325
HLF WW1	17
Henry Moore Foundation	10
Pilgrim Trust	21
National Manuscript	10
DEFRA - Malvern Hills AONB	188
Heritage Lottery - Three Counties Traditional Orchards	21
	<u>3,083</u>
<u>COACH / Finance</u>	
New Homes Bonus	3,404
Police & Crime Panel Grant	69
	<u>3,473</u>

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CABINET
15 DECEMBER 2016**DISBANDING OF SOUTH WORCESTERSHIRE SHARED SERVICE JOINT COMMITTEE ARRANGEMENTS**

Relevant Cabinet Member

Mr A C Roberts

Relevant Officer

Interim Director of Commercial and Change

Recommendation

1. **The Cabinet Member with Responsibility for Transformation and Commissioning recommends that Cabinet:**
 - (a) **endorses the recommendation from the South Worcestershire Joint Committee to dissolve the South Worcestershire Shared Services Joint Committee ("Joint Committee") by 31 March 2017;**
 - (b) **delegates authority to the Interim Director of Commercial and Change, in consultation with the Cabinet Member with Responsibility for Transformation and Commissioning, to conclude arrangements relating to services currently delegated to the Joint Committee;**
 - (c) **delegates authority to the Director of Commercial and Change, in consultation with the Cabinet Member with Responsibility for Transformation and Commissioning, to finalise the detail of future governance arrangements with partners of the Worcestershire Hub Shared Service (WHSS) whilst maintaining member engagement as set out in the report; and**
 - (d) **delegates authority to the Director of Commercial and Change, in consultation with the Cabinet Member with Responsibility for Transformation and Commissioning, to conclude a revised legal agreement with the partners of the WHSS and authorises the Head of Legal and Democratic Services to execute this agreement as necessary.**

Current Governance Arrangements

2. **The Joint Committee was established on 31 March 2009 and comprises elected representatives with appropriate responsibility for each of the shared service functions within the South Worcestershire districts including the Worcestershire Hub Shared Service (WHSS) which the County Council is a partner to. It meets four times in each civic year.**

3. The Joint Committee is supported by the host council's S151 Officer, Monitoring Officer and Committee Administration. The host council arrangements rotate between partners, with Worcester City Council being the current incumbent.
4. The Joint Committee is responsible for approving an annual business plan which covers a 3 year period and includes business and financial objectives, efficiency targets, business continuity planning, risk management, indicative staffing levels and performance improvement targets. The Joint Committee is also responsible for preparing annual capital, revenue and staffing budgets which are approved by individual authorities through their annual budget setting cycle.
5. The Joint Committee was also responsible for approving the draft Annual Statement of Accounts for the shared services and subsequently the final Annual Statement of Accounts and associated External Auditors Report and Letter of Representation. However, this requirement was discontinued from the 2015/16 financial year as there is no longer a requirement to produce an Annual Statement for joint committees.
6. The Joint Committee is responsible for the following services:
 - South Worcestershire Revenues and Benefits Shared Service
 - Worcestershire Hub Shared Services (WHSS)
 - South Worcestershire Building Control Shared Service
 - South Worcestershire ICT Shared Service.
7. Partners for each of the shared services include Malvern Hills District Council, Worcester City Council and Wychavon District Council with the exception of the Worcestershire Hub Shared Service which includes the County Council but does not include Wychavon District Council.
8. Since the Joint Committee was established the Revenues and Benefits and WHSS functions have been commissioned to a managed service provider Civica UK Ltd.
9. Contract Management Boards now exists for these shared services and include Civica representatives. However, the Worcestershire Hub does also have a Joint Customer Services Management Board (JCSMB) which sits between the Joint Committee and the Contract Management Board.
10. The JCSMB comprises the relevant District Portfolio Holder (for Malvern Hills District Council and Worcester City Council) and the Cabinet Member (for the County Council) that has responsibility for Customer Services. It also includes the senior officer lead for each partner authority. It has a strategic customer services role with a focus on improving the customer experience, analysing customer feedback and securing the most appropriate channels for customer contact through a development plan.
11. It is recognised that the current arrangements for the Joint Committee were an effective means of delegating and organising shared service functions when they were originally set up. During the early years these arrangements were effective, valuable and instrumental in establishing the successful shared service functions we have in place today.

12. However, with significant changes to the operating models of the shared services, the Joint Committee's responsibilities have reduced and partnership working has changed and improved, including the commissioning to a third party provider. Consequently, alternative governance arrangements already exist to provide both the operational and strategic direction for the shared services and the Joint Committee adds a layer of unnecessary duplication as well as absorbing time and resources in preparing for it.

Review of Governance Arrangements and Recommendation

13. At its meeting on the 3 June 2016, the Joint Committee requested that officers undertake a review of the Terms of Reference and role and responsibilities of the Joint Committee and its associated governance arrangements in accordance with each shared service.

14. The review was intended to clarify whether the current arrangements are the best way of governing the shared services activities.

15. A recommendation was made to the Joint Committee at its meeting on the 16 September 2016 following this review period which stated:

That the Joint Committee recommends to partners that the Joint Committee is dissolved at the 2016/17 financial year end, and thereafter the partners adopt the governance arrangements set out in this report for the South Worcestershire Shared Services.

16. The governance arrangements set out within the report are that "*the strategic management of the shared services are reconstituted, in slightly different ways to reflect the requirement to delegate functions for 'in-house' provision, and undertake contract management for outsourced provision*".

17. Members of the Joint Committee voted unanimously to accept the findings of the review and asked for its functions to be dissolved and for new arrangements to be put in place by each of the partner Councils by 1 April 2017.

Summary

18. The decision to dissolve the Joint Committee is one that will need to be endorsed by each of the partners of the shared services. Therefore, each partner authority will need to seek endorsement through their respective Cabinets or Full Councils and reports for each have been prepared for forthcoming meetings. This Joint Committee was created by Worcestershire County Council Cabinet and so it is for Cabinet to dissolve it.

19. On the endorsement of the disbanding arrangements, the Joint Committee will then cease to exist from 1 April 2017 and no further meetings will be held. A review of the WHSS legal agreement will also be necessary to reflect the change in governance arrangements.

20. Specifically, the Civica contract for the WHSS will continue to be managed through existing monitoring arrangements. These include through the JCSMB

(referred to in paragraph 10) that is represented by the relevant Cabinet/Portfolio Members with Responsibility and through the Corporate Balanced Scorecard which is updated quarterly with results against the contractual Key Performance Indicators. These mechanisms will provide an effective way of ensuring that strategic and operational decision making is sustained.

21. Giving consideration to the existing monitoring arrangements, which includes member involvement, it is therefore recommended that the Council supports the recommendations from the Joint Committee.

Legal, Financial and HR Implications

22. There are no other Legal, Financial and HR implications that will occur as a result of endorsing the recommendations in this report.

Privacy and Public Health Impact Assessments

23. There are no Privacy and Public Health Impact Assessment implications that will occur as a result of endorsing the recommendations in this report.

Equality and Diversity Implications

24. An Equality Relevance Screening has been completed in respect of these recommendations. The screening did not identify any potential Equality considerations requiring further consideration during implementation.

Contact Points

County Council Contact Points

County Council: 01905 763763

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Specific Contact Points for this report

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Background Papers

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

South Worcestershire Shared Services Joint Committee – Review of governance arrangements – 16 September 2016

<http://committee.cityofworcester.gov.uk/ieListDocuments.aspx?MId=3921&x=1>

CABINET
15 DECEMBER 2016**LOCAL TRANSPORT PLAN 4**

Relevant Cabinet Member

Dr K A Pollock

Relevant Officer

Director of Economy and Infrastructure

Recommendation

- 1. The Cabinet Member with Responsibility for Economy, Skills and Infrastructure recommends that Cabinet:**
 - (a) agrees to undertake a public consultation of 12 weeks on the draft Local Transport Plan 4 (LTP4) 2017-2030 for Worcestershire; and**
 - (b) receives a further report for consideration having regard to the outcomes of that consultation.**

Background

2. The County Council is required to produce a Local Transport Plan (LTP) under the Transport Act 2000. Originally, Local Transport Authorities were required to produce a valid LTP every five years, involving close liaison with the Department for Transport.
3. This requirement was revised under the Local Transport Act 2008, which both enabled local authorities to set the length of their LTP periods, and reduced the involvement of the Department for Transport in the development and delivery process.
4. The LTP sets the strategic vision and direction of highways and transportation services. The availability of reliable and efficient transport networks plays a major role in the effectiveness of the Worcestershire economy. Evidence has shown that a good transport network is important in sustaining economic success in modern economies. Where investment in transport infrastructure and services has been inadequate, this has been shown to adversely impact on future growth and competitiveness
5. Worcestershire has had three previous LTPs: LTP1 (2001 to 2006), LTP2 (2006 – 2011) and LTP3 (2011 to date). Since the LTP3 was put together, funding mechanisms, socio-economic aspirations, development growth and the level of evidence available to support investment in schemes have changed. Additionally, many schemes included in the LTP3 have now been delivered or developed since their conception. It is now proposed to revise the LTP3 into the LTP4, to take account of these major changes.
6. The current LTP3 is made up of a series of detailed policy documents and an overall strategy which includes projects and/or schemes for proposed delivery.

7. The policy documents have been extensively reviewed, leading to the production of a tighter and more up to date policy compendium. These will be available for the start of the public consultation.

8. The main LTP4 strategy document (see Appendix A) has been revised, removing any schemes that have been implemented since LTP3 adoption. It also proposes new and emergent schemes, reflecting the Infrastructure Delivery Plans (IDPs) within the county as well as schemes that may have been suggested by key stakeholders during a pre-consultation exercise period (July 2016). The main document sets out an outline delivery programme, which is split into three area-based transport strategies:

- The North East Worcestershire Transport Strategy (Bromsgrove and Redditch)
- The Wyre Forest Transport Strategy
- The South Worcestershire Transport Strategy (Malvern Hills, Wychavon and Worcester).

9. It is proposed to also consult on an Environmental Impact Assessment and a Habitats Regulation Assessment. A Health Impact Assessment and an Equality Impact Assessment will be produced, but these will not need to be subjected to a public consultation.

10. Full details of the consultation exercise are included in the Consultation Plan (Appendix B) and a draft public consultation document is also available to view (Appendix C). In essence, the consultation will run for 12 weeks from 22 December 2016 to 17 March 2017, with the draft documents being amended to reflect any comments received as appropriate. It is proposed that the revised documentation will then be re-submitted to the Cabinet and following this to full Council for final adoption in summer 2017.

Legal, Financial and HR Implications

11. There is a legal requirement to consult on an LTP prior to final adoption by full Council.

Privacy and Public Health Impact Assessments

12. The draft LTP4 documents will be subject to a Health Impact Assessment. This assessment is currently being prepared and its development, including a consultation with health colleagues, will run in tandem with the LTP4 public consultation (Dec 2016 - March 2017). It is proposed to submit the health impact assessment to Cabinet when the LTP4 is re-submitted for adoption in summer 2017.

Equality and Diversity Implications

13. An Equality screening exercise has been carried out to identify which of the policies and strategies comprising the LTP are of particular relevance in the lives of people who have one or more relevant Protected Characteristics (such as Age and Disability). This assessment will identify the potential negative impacts on any of the protected groups affected to inform the decision-making and so that any mitigating actions can be taken.

14. Equality impact analysis will be carried out for each of the areas where equality relevance has been rated as either Amber or Red.

15. We will ensure that the consultation in respect of the Plan is inclusive and that findings contribute to Equality analysis and any resulting action to mitigate negative impact of proposals. The findings of the Equality analyses will be summarised in the consequent Cabinet report and completed Equality Assessments will be appended to that report.

Supporting Information

The following supporting information is available electronically. Hard copies will also be made available in the Members' area and in County Hall Reception.

- Appendix A: LTP4 Strategy Document
- Appendix B: Consultation Plan
- Appendix C: Draft Public Consultation document

Contact Points

County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

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Specific Contact Points for this report

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Background Papers

In the opinion of the proper officer (in this case the Director of Economy and Infrastructure) there are no background papers relating to the subject matter of this report.

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CABINET
15 DECEMBER 2016**BALANCED SCORECARD – FUTUREFIT PERFORMANCE
AND CORPORATE RISK UPDATE**

Relevant Cabinet Member

Mr A C Roberts

Relevant Officer

Director of Commercial and Change

Recommendation

- 1. The Cabinet Member with Responsibility for Transformation and Commissioning recommends that Cabinet:**
 - (a) receives the latest update of the Corporate Balanced Scorecard for Quarter Two 2016/17, noting the 20 indicators rated as 'green' and considers actions being taken to improve performance for the 7 indicators rated 'red' where there has been an update in Quarter Two 2016/17;**
 - (b) notes the latest refresh of the Corporate Risk Register including actions to mitigate the two risks that are rated 'red'; and**
 - (c) authorises the Chief Executive in consultation with the Leader of the Council to refresh the indicators that sit on the Corporate level Balanced Scorecard to reflect the new 2017-2022 Corporate Plan with effect from 1 April 2017.**

Corporate Balanced Scorecard

- 2. The Corporate Balanced Scorecard is the means of understanding progress against the Council's "FutureFit" Corporate Plan. The Scorecard contains a range of indicators linked to key priorities and themes. Many measures are long-term and may be affected by a wide range of factors, some of which are outside the direct control of the Council.**
- 3. The attached Appendix contains an overview of performance for Quarter Two 2016/17. Currently there are 45 indicators reported in the Scorecard. 20 of these are rated 'green' representing good performance or progress, and 9 are rated as 'red'.**
- 4. Out of the 9 performance indicators that are currently assessed as 'red', 7 have had a performance update in Quarter Two 2016/17 (and are detailed within the attached Appendix). The 7 indicators and the actions that are being taken to address their performance are listed below:**

- **Looked After Children**
 - In July, we implemented a new service to support families more effectively when concerns are first raised (Family Front Door). The service aims to support families to look after their own children safely, and make better timely decisions when children have to come into care
 - Close monitoring is taking place of children subject to the formal legal process (Public Law Outline) for deciding if children should be removed from parents to ensure that care is provided for children at risk
 - Processes are being developed to have improved senior managerial oversight and decision making for children coming into the care system and children becoming subject to care proceedings. A weekly resource panel is in place for monitoring effective use of resources allocated.

- **Older People Funded in Permanent Care Home placements**
 - Extra care schemes continue to be explored as an alternative to residential care to enable people to live more independently. The housing benefits cap has made these schemes more challenging to deliver but there continues to be good progress on Supported Living schemes for people with learning disabilities
 - Rigorous gatekeeping of placements made from the community into particularly residential care to ensure placements are the most appropriate for people's needs
 - Research into admissions to residential care highlighted self-funding pickups, Continuing Health Care pickups, hospital discharges and some Out of County admissions, which the Council has limited ability to influence
 - Continuing the development of services to support discharge from hospital to home to improve people's wellbeing and independence rather than using short term residential placements
 - Ensure short-term placements made in response to a crisis situation are reviewed quickly and that options to return home are fully explored
 - Ensure that we do not plan long-term in a crisis to ensure we help people choose the best option.

- **Satisfaction with Condition of Roads**
 - We are implementing key initiatives and work streams, by the end of March 2017, as part of our Term Service Contract with Ringway
 - Lining – completion of a large scale programme of lining improvement works throughout the county
 - Clean signing – cleaning on all A and B roads throughout the county, followed by C roads
 - County boundaries – a programme of improvement works to ensure signing, lining, grass cutting and vegetation works are carried out to an enhanced standard
 - Over the next two years, the Driving Home Programme will provide £12 million of investment in the county's roads infrastructure, in addition to the continuing commitment of £10 million assigned to main roads. The Council plans to award the contract for dualling the A4440 between the Ketch/Powick Hams junctions (including Carrington Bridge) in early 2017
 - The latest National Highways and Transport Network survey will be available shortly, enabling comparisons to regional/national data
 - A key issue that was identified related to traffic congestion. It needs to be recognised that with a growing local economy there are inevitably impacts to

the highway network in light of increased activity, with new housing and commercial developments, major projects and highway improvement works that are being completed to enable the economy in the county to continue to grow. The Council is actively looking at congestion management and associated traffic management options to alleviate some of the resulting congestion where practicable.

- **Household Waste Collected per head**

- We continue to subsidise the provision of compost bins for composting at home. The dedicated waste and recycling website (LetsWasteLess.com) promotes initiatives and suggestions for residents to reduce, reuse, recycle, and recover household waste
- All Household Recycling Centres have reuse containers into which unwanted household items can be placed for reuse by local charities and organisations
- Love Food Hate Waste promotes ways of reducing food waste and at the same time saving money on food shopping
- The main reason for increased waste appears to be housing growth. Data from both Worcestershire County Council and Herefordshire Council shows that housing growth in the two counties is increasing year on year at approximately 1% per year and is forecast to rise to 1.5% by 2018/2019 before falling back a little in the following years.

- **Satisfaction with the Local Area as a place to live**

- Seasonal roadshows have been replaced by ongoing engagement activity to reach audiences across the county and of all ages
- Additional social media channels are being launched and used to connect with residents including Instagram and new Twitter accounts
- A more proactive approach to media relations is leading to the publication of more positive stories
- We are reviewing County Council branding with the objective of raising the profile of the services that we provide.

- **Staff Appraisals completed (SRDs)**

- Managers are being tasked to complete all outstanding SRD's by the end of December. Any not completed will be subject to performance management
- It is recognised that a robust process for staff appraisals is required. The current process will be replaced by the end of this financial year
- HR advice is being targeted in the Children, Families & Communities Directorate to support completion of outstanding SRDs in parallel with developing readiness for 2016/17 year end SRD and Talent Reviews.

- **Sickness Rates**

- HR have improved the sickness absence report and are challenging managers earlier to take action. 68% of long-term sickness cases were closed in the last quarter which is a marked improvement. This focus will continue
- We are engaging with our occupational health provider to improve the service to support managers more effectively
- We have reviewed the Sickness Absence Policy and will begin consultation with our trade unions and managers in the coming weeks
- We are providing employment law training to our HR advisors to ensure that the advice and support provided to managers is pragmatic, best practice and focussed on reaching outcomes as quickly as possible

- More detailed management information is being developed for managers about the true cost and impact of sickness absence in their areas of the business and to better inform future policy and practice
- Over the next quarter, we will put more focus on reviewing short-term absence so that we can make even greater improvements in the next quarter.

Corporate Risk Register

5. The Corporate Risk Register provides a mechanism for collating and reporting strategic risks that could affect the delivery of corporate objectives. Each risk listed on the Corporate Risk Register is monitored by Directorates and reported through the corporate process to provide assurance on the adequacy of arrangements to mitigate the risks.

6. The Appendix provides an overview of the Corporate Risk Register for Quarter Two 2016/17 including the status of individual risks. Two risks are rated as 'red':

- Failure to maintain business as usual/appropriate levels of service at the same time as transformation
- Demographic changes lead to changed demand for services.

Detail about the actions to address these risks is contained in the Appendix.

Legal, Financial and HR Implications

7. Any Legal, Financial or HR implications arising from the performance reported here will be addressed as part of the programme of work on those specific areas. The Council's risk management processes include a focus on specific Legal, Financial and HR risks arising from its work. These risks and the action to address them are detailed in risk registers held across the organisation.

Privacy and Public Health Impact Assessments

8. There are no Privacy or Public Health implications from this report. Where performance data indicates there may be Public Health implications these will be reviewed as part of the performance monitoring cycle.

Equality and Diversity Implications

9. Any Equality and Diversity implications arising from the performance reported here will be addressed as part of the programme of work on those specific areas.

Supporting Information

- Appendix - Quarter Two 2016/17 Balanced Scorecard Performance Summary Dashboard Report and Corporate Risk Dashboard

Contact Points

County Council Contact Points

County Council: 01905 763763

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Specific Contact Points for this report

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Background Papers

In the opinion of the proper officer (in this case the Director of Commercial and Change) there are no background papers relating to the subject matter of this report.

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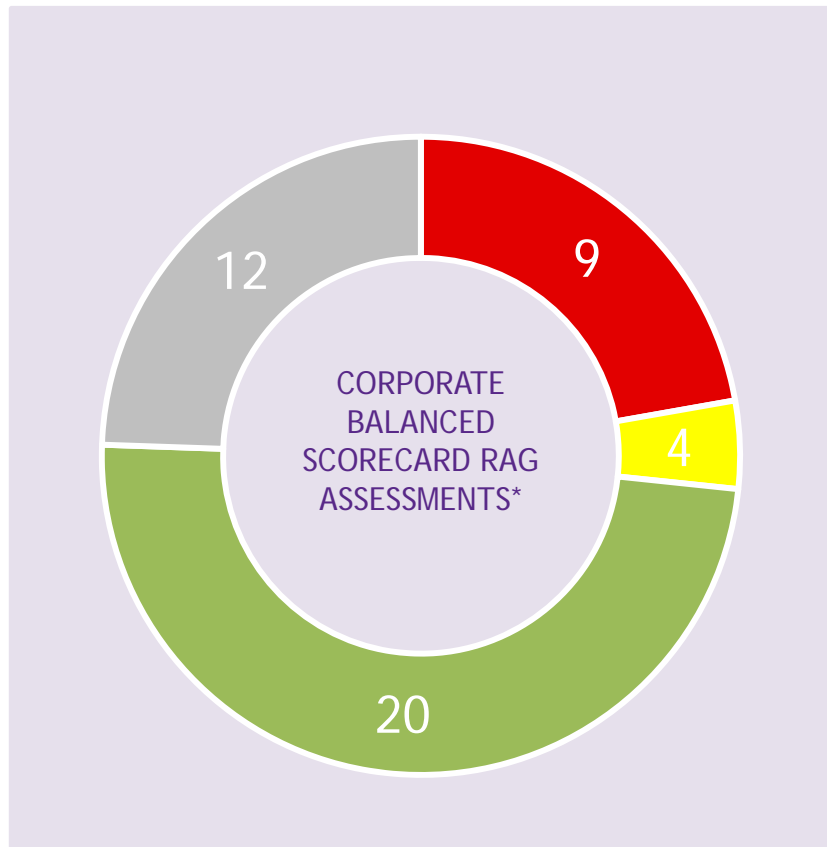
CABINET BALANCED SCORECARD FUTURE FIT UPDATE

Performance Summary

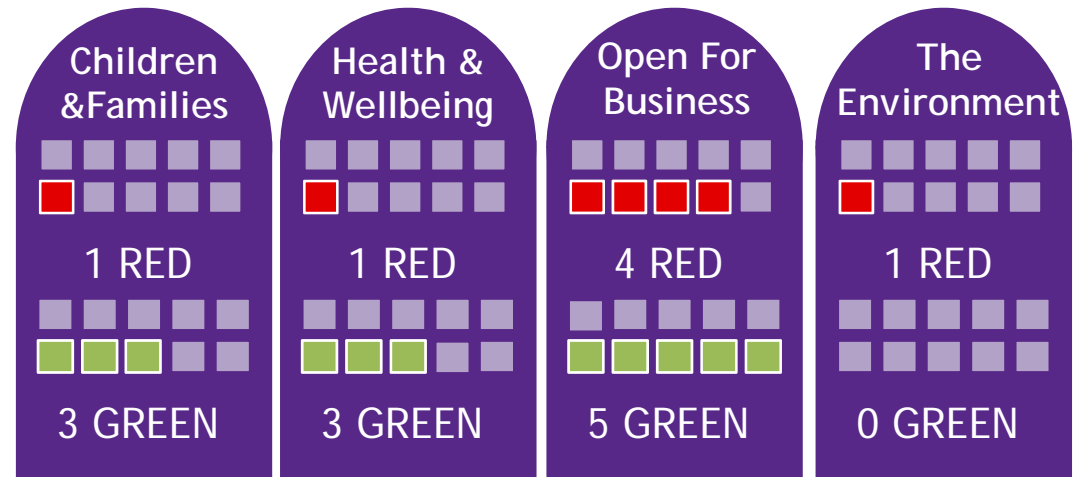
Q2 2016/17

From April 2017, the performance indicators within the Balanced Scorecard will be refreshed to align it to the new 2017-2022 Corporate Plan.

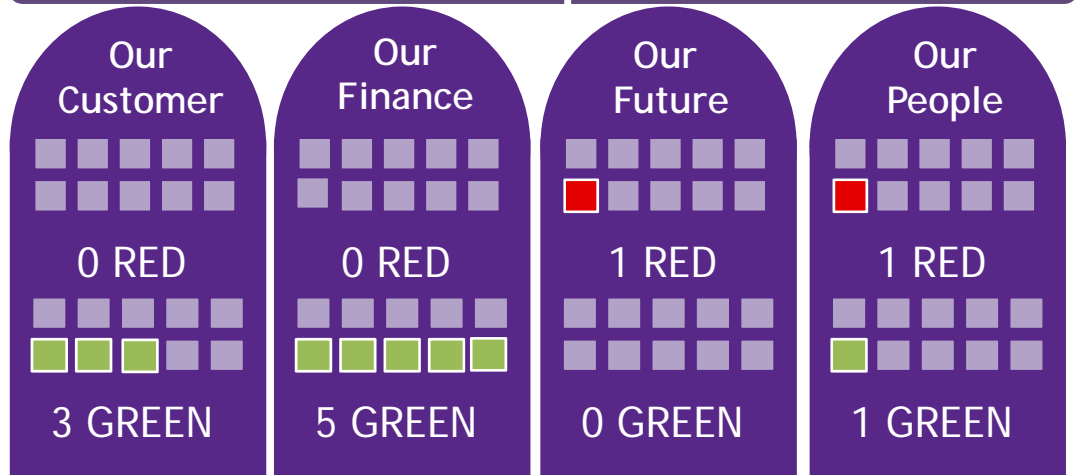
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Area of Focus



Our Perspective












* Grey represents indicators that do not have a RAG assessment due to no target having been set.










OVERVIEW: Q2 2016/17 GREEN INDICATORS

Area of Focus / Perspective	Corporate Performance Indicator	Movement from previous rating
Open For business	People on out of work benefits- percentage of residents aged 16-64 on out of work benefits in Worcestershire	
	Economic growth- Worcestershire Gross Value Added (GVA) (local target)	
	Economic growth- Percentage of England GVA contributed by Worcestershire (National comparator indicator)	
	16-24 year old Job Seekers Allowance claimants	
	Working age adults in employment	
Children and Families	Children who wait less than 14 months between entering care and moving in with their adoptive family	
	Children with a child protection plan	
	16-17 year olds who are NEET	
Health and Wellbeing	Social care services making people feel safe and secure	
	Residents aged 65 or more receiving a social care service	
	Users saying they have control over their lives	

Q2 2016/17 GREEN INDICATORS CONTINUED

Area of Focus/ Perspective	Corporate Performance Indicator	Movement from previous rating
Our Finance	Ratio of debt financing costs to the Council's net budget	
	Expected budget position at end of financial year - Forecast Outturn (April to March) (Revenue)	
	Council Tax- Below the average Band D Council Tax	
	Creditor days- Average number of days to pay suppliers invoices	
	Debtor Days - Average number of days to receive payments from customers from the date of the debtor account <i>(previously red)</i>	
Our People	Employees - Actual Full Time Equivalentents (FTE)	
Our Customer	The % of information based services that are available end-to-end	
	Residents who say they can influence decisions	
	Satisfaction with County Council as measured through Viewpoint survey	

OVERVIEW: Q2 2016/17 RED INDICATORS

Area of Focus / Perspective	Corporate Performance Indicator	Updated in Q2 2016/17	Movement from previous rating
Open for Business	<u>Satisfaction with condition of roads</u> - Residents' satisfaction fell from 35.4% in 2015 to 32% in 2016.	Yes	
	<u>Reduce household waste collected per head</u> - Levels of waste collected are still above the long-term low in 2011/12.	Yes	
	<u>New businesses surviving for 3 years or more - Percentage point difference Worcestershire compared to England (National comparator indicator)</u> - Performance has remained steady and above the national average but as the England rate has improved the gap has narrowed.	No	
	<u>Percentage of businesses surviving for three years or more in Worcestershire (local target)</u> - The latest available four year average is 61.2%.	No	
Children and Families	<u>Looked After Children</u> - The rate of looked after children has remained at the same level as Q1 2016/17.	Yes	
The Environment	<u>Satisfaction with the local area as a place to live</u> - Since 2010, there has been a reduction from 85% satisfaction to 82.2% satisfaction.	Yes	
Health and Wellbeing	<u>Older people funded in permanent care home placements</u> - The target is for a reduction by year end, but numbers have increased slightly.	Yes	
Our Future	<u>% of Staff Appraisals completed (SRDs)</u> - Latest figure is 48%.	Yes	
Our People	<u>Sickness Rates</u> - The current year end prediction is 9.32 average days per person.	Yes	

INDICATORS TO WATCH



Out of the 9 performance indicators that are assessed as RED (detailed on the previous page), 7 have had a performance update in Q2 2016/17. The performance updates for these 7 indicators are detailed over the next few pages.



CHILDREN AND FAMILIES

Looked After Children

(previously Red)



HEALTH AND WELLBEING

Older People Funded in Permanent Care Home placements

(previously Red)



OPEN FOR BUSINESS

Satisfaction with condition of roads

(previously Red)



OPEN FOR BUSINESS

Household waste collected per head

(previously Red)



THE ENVIRONMENT

Satisfaction with the local area as a place to live

(previously Red)



OUR FUTURE

Staff Appraisals completed (SRDs)

(previously Red)



OUR PEOPLE

Sickness Rates

(previously Red)



CHILDREN & FAMILIES

LOOKED AFTER CHILDREN

LOWER = BETTER

Children looked after at quarter end rate per 10,000 population (under 18 Worcestershire population) to be no more than 60 per 10,000

Q2

2016/17

60.6 per 10,000



PERFORMANCE DETAILS

- The rate of looked after children is fluctuating at around 61 per 10,000 children.
- The majority of children (circa 70%) are being looked after as a result of child protection concerns.
- We are just above the national average which is 60 per 10,000. For this reason, the indicator has been assessed as Red.



CURRENT ACTIVITY

- In July, we implemented a new service to support families more effectively when concerns are first raised (Family Front Door). The service aims to support families to look after their own children safely, and make better timely decisions when children have to come into care.
- Close monitoring is taking place of children subject to the formal legal process (Public Law Outline) for deciding if children should be removed from parents to ensure that care is provided for children at risk.

FUTURE ACTIVITY?

- Processes are being developed to have improved senior managerial oversight and decision making for Children coming into the care system and Children becoming subject to care proceedings. Weekly resource panel in place for monitoring effective use of resources allocated.

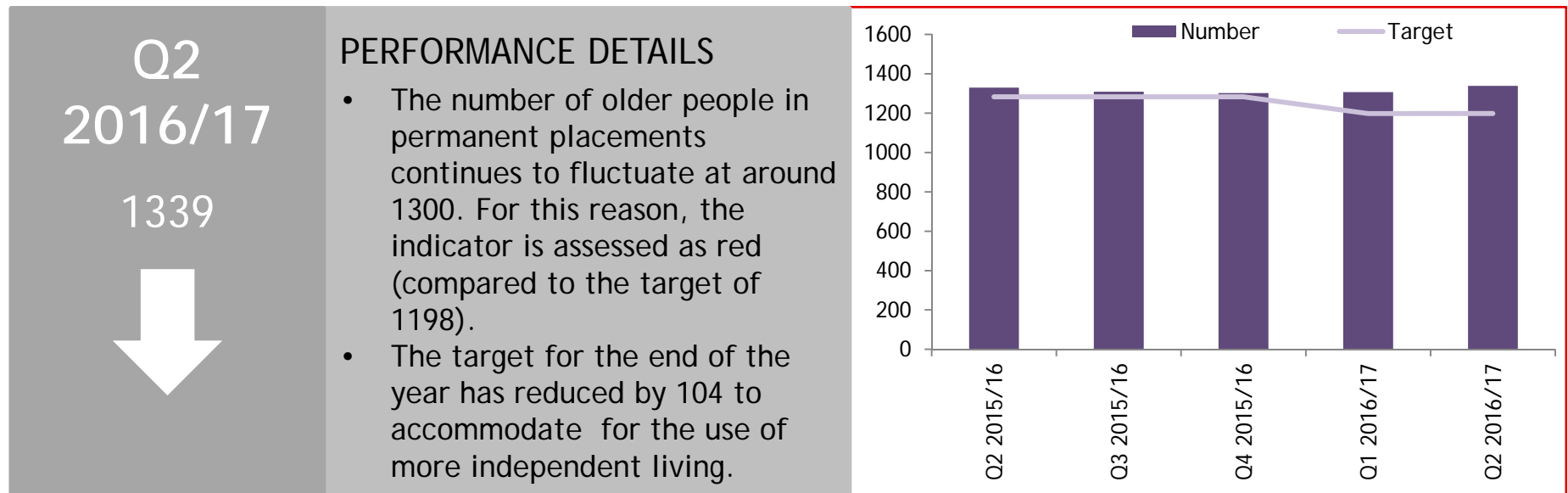
HEALTH AND WELLBEING

OLDER PEOPLE FUNDED IN PERMANENT CARE HOME PLACEMENTS

LOWER = BETTER

Older people with a permanent care home placement funded by the Council from the relevant older people budget.

Page 67



CURRENT ACTIVITY

- Extra care schemes are continued to be explored as an alternative to residential care to enable people to live more independently. The housing benefits cap has made these schemes more challenging to deliver but there continues to be good progress on Supported Living schemes for people with learning Disabilities.
- Rigorous gatekeeping of placements made from the community into particularly residential care to ensure placements are the most appropriate for people's needs.
- Research into admissions to residential care highlighted self-funding pickups, Continuing Health Care pickups, hospital discharges and some Out of County admissions, which the Council has limited ability to influence.

FUTURE ACTIVITY?

- Continuing the development of services to support discharge from hospital to home to improve people's wellbeing and independence rather than using short term residential placements.
- Ensure short term placements made in response to a crisis situation are reviewed quickly and that options to return home are fully explored.
- Ensure that we don't plan long term in a crisis to ensure we help people choose the best option.

OPEN FOR BUSINESS

SATISFACTION WITH CONDITION OF ROADS

HIGHER = BETTER

Percentage of Viewpoint respondents who answered very/fairly satisfied to the question "How satisfied or dissatisfied are you with the following services provided by the District or Worcestershire County Council? - Keeping public roads in a reasonable condition."

2015/16

32%



PERFORMANCE DETAILS

- Residents' satisfaction fell from 35.4% in 2015 to 32% in 2016. The assessment of red is based on the target of 42.2% not being achieved.
- The 2016 out-turn remains above the level attained in 2014 (30%), a decline from 42.2% having occurred in the 2012, 2013, and 2014 surveys.
- Following a focus group of local residents in 2014, further analysis has been completed to identify key issues that residents felt impacted their satisfaction. The key issues raised centred around condition of the highway, poor lining, clean signing, grass cutting and vegetation clearance amongst other items.



CURRENT ACTIVITY

We are implementing key initiatives and work streams, by the end of March 2017, as part of our Term Service Contract with Ringway:

- Lining - Completion of a large scale programme of lining improvement works throughout the county.
- Clean signing - cleaning on all A and B roads throughout the county, followed by C roads.
- County boundaries - a programme of improvement works to ensure signing, lining, grass cutting and vegetation works are carried out to an enhanced standard.
- Over the next two years, the Driving Home Programme will provide £12 million of investment in the county's roads infrastructure, in addition to the continuing commitment of £10 million assigned to main roads. The Council plans to award the contract for dualling the A4440 between the Ketch/Powick Hams junctions (including Carrington Bridge) in early 2017.

FUTURE ACTIVITY?

- The latest National Highways and Transport Network survey will be available shortly, enabling comparisons to regional/national data.
- A key issue that was identified related to traffic congestion. It needs to be recognised that with a growing local economy there are inevitably impacts to the highway network in light of increased activity with new housing and commercial developments, major projects and highway improvement works that are being completed to enable the economy in the county to continue to grow. The Council is actively looking at congestion management and associated traffic management options to alleviate some of the resulting congestion where practicable.

OPEN FOR BUSINESS

HOUSEHOLD WASTE COLLECTED PER HEAD

LOWER = BETTER

Kilograms of Household Waste / Population of Worcestershire. The figure is from the verified tonnage data calculated using Household Waste from NI192 and Population from C206 from the Waste Data Flow system.

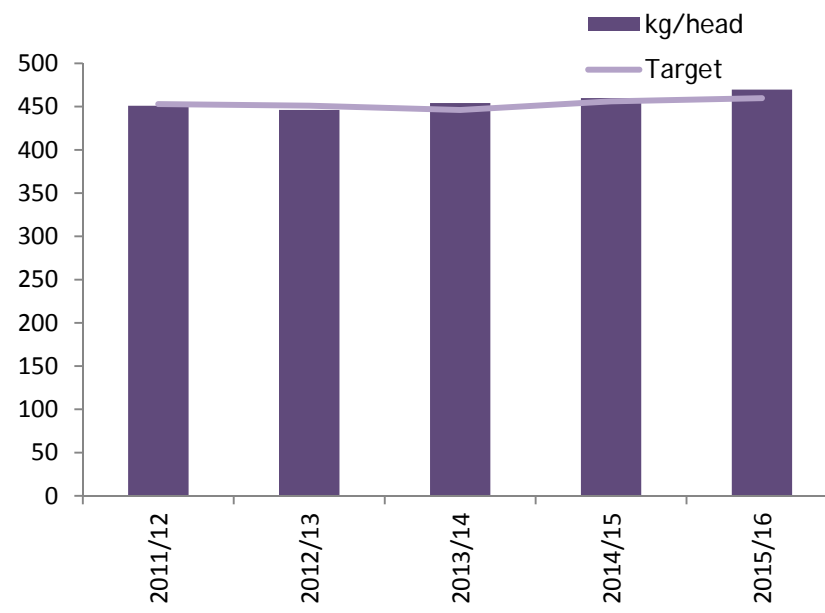
Q4
2015/16

469.66
Kg/head



PERFORMANCE DETAILS

- This is an annual indicator that is reported a year in arrears.
- Household waste collected has increased from 459.8 kg/head in 2014/2015 to 469.66 kg/head in 2015/2016 and is therefore assessed as red.
- The waste generated per household has remained quite stable at approximately 1.1 tonnes per household.



CURRENT ACTIVITY

- We continue to subsidise the provision of compost bins for composting at home. The dedicated waste and recycling website (LetsWasteLess.com) promotes initiatives and suggestions for residents to reduce, reuse, recycle, and recover household waste.
- All Household Recycling Centres have reuse containers, into which unwanted household items can be placed for reuse by local charities and organisations.
- Love Food Hate Waste promotes ways of reducing food waste and at the same time saving money on food shopping.

FUTURE ACTIVITY?

- The main reason for increased waste appears to be housing growth. Data from both Worcestershire County Council and Herefordshire Council shows that housing growth in the two counties is increasing year on year at approximately 1% per year and is forecast to rise to 1.5% by 2018/2019 before falling back a little in the following years.



THE ENVIRONMENT

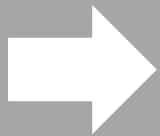
SATISFACTION WITH THE LOCAL AREA AS A PLACE TO LIVE

HIGHER = BETTER

Overall perception measure of residents' quality of life which is influenced by a range of factors including perceived quality of local services and the quality of the local environment measured through Worcestershire Viewpoint Survey.

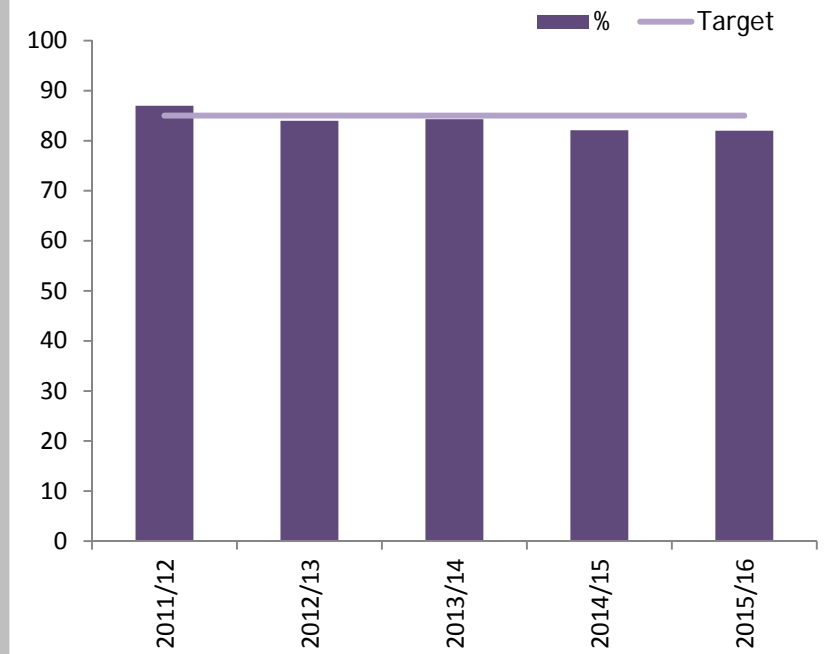
2015/16

82.2%



PERFORMANCE DETAILS

- While residents' satisfaction is unchanged in 2016 compared with 2015, the trend over the past few years has been one of a gradual decline.
- The current satisfaction level of 82.2% is approximately 6 percentage points lower than the 2011 result in which satisfaction with the area was at its peak at 88.3%.
- The indicator has been assessed as red because performance is below the target of 85%.



CURRENT ACTIVITY

- Seasonal roadshows have been replaced by ongoing engagement activity to reach audiences across the county and of all ages.
- Additional social media channels are being launched and used to connect with residents including Instagram and new Twitter accounts.

FUTURE ACTIVITY?

- A more proactive approach to media relations is leading to the publication of more positive stories.
- We are reviewing County Council branding with the objective of raising the profile of the services that we provide.



OUR FUTURE

STAFF APPRAISALS COMPLETED (SRDS)

HIGHER = BETTER

Percentage of staff appraisals (SRDs) where Part A (Objectives) is completed (excludes staff who have been absent for the whole period and reliefs/casuals/sessionals).

Q2
2016/17

47.76%



PERFORMANCE DETAILS

- Out of 2814 eligible employees, 1344 SRD's have been recorded during 2016 so far, giving an overall rate of 47.76% for the Council. There has been an improvement in performance from last quarter (12.46%).
- There has been a deterioration in performance from the same period last year (September 2015) when the SRD rate was at 71.12%.
- The indicator has been assessed as red based on a target of 100%.



CURRENT ACTIVITY

- Adult Services and Public Health have both recorded similar numbers of SRD's as this time last year (67.14% and 90.63%).
- Public Health have achieved the highest SRD compliance rate of all the directorates to date.
- The compliance rate for Commercial and Change is 73.37%, demonstrating an improvement since last quarter.
- There has been a minimal increase in SRD compliance in Children's, Families and Communities, Economy and Infrastructure and Finance since last quarter.

FUTURE ACTIVITY?

- Managers are being tasked to complete all outstanding SRD's by the end of December. Any not completed will be subject to performance management.
- It is recognised that a robust process for staff appraisals is required. The current process will be replaced by the end of this Financial year.
- HR advice is being targeted in Children's, Families & Communities to support completion of outstanding SRDs, in parallel with developing readiness for 2016/17 year end SRD and Talent Reviews.



OUR PEOPLE

SICKNESS RATES

Average days sick per person [FTE], Year-end prediction based on activity to date.

LOWER = BETTER

Q2

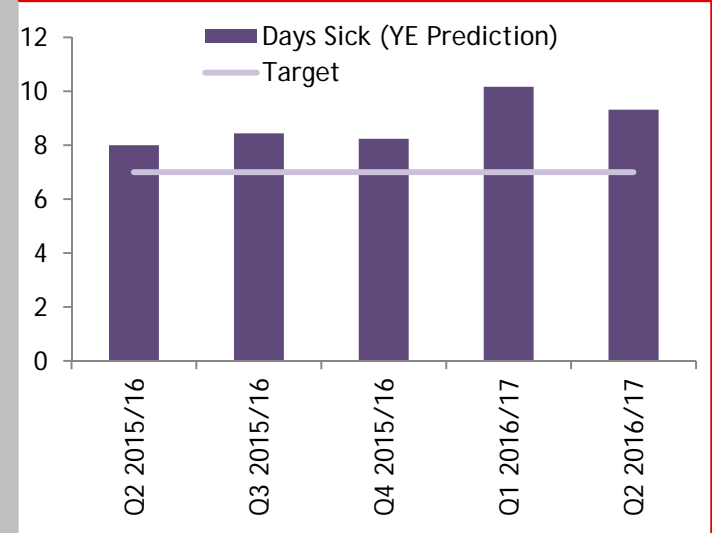
2016/17

9.32 Days



PERFORMANCE DETAILS

- At the end of Q2 2016/17 there was an average of 4.66 days sick per person. The Year End Prediction is 9.32 days. However the year end target is 7 days and it is currently predicted this will not be achieved and is therefore assessed as red.
- The direction of travel shows improvement from the previous quarter, (10.17 days). The Directorate with the highest levels of sickness was Adult Services, predicted to end the year with 14.26 average days sick per person.



CURRENT ACTIVITY

- HR have improved the sickness absence report and are challenging managers earlier to take action. 68% of long term sickness cases were closed in the last quarter which is a marked improvement. This focus will continue.
- We are engaging with our occupational health provider to improve the service to support managers more effectively.

FUTURE ACTIVITY?

- We have reviewed the Sickness Absence Policy and will begin consultation with our trade unions and managers in the coming weeks.
- We are providing employment law training to our HR advisors to ensure that the advice and support provided to managers is pragmatic, best practice and focussed on reaching outcomes as quickly as possible.
- More detailed management information is being developed for managers about the true cost and impact of sickness absence in their areas of the business and to better inform future policy and practice.
- Over the next quarter, we will put more focus on reviewing short term absence so that we can make even greater improvements in the next quarter.

Overview of Risk Status:

- One risk in the Corporate Risk Register has increased to 'red' since April 2016 - "Failure to maintain business as usual / appropriate levels of service at the same time as transformation". This reflects difficulties in recruitment which are delaying the restructure of adult social care services in the south of the county. A dedicated social work recruitment team is being established.
- One risk continues to be rated as red - "demographic changes lead to changed demand for services". There are significant pressures on Council services because of demographic factors such as the ageing population. Demand Management (e.g. prevention services) has been agreed as a major area of focus for the Council and a number of strategies are being put in place.

CORPORATE RISK PROFILE

A Corporate Risk is a risk that has an impact across all areas of the Council such that it could prevent the Council delivering its corporate priorities. There are currently ten Corporate Risks - eight are RAG-rated as amber and two are RAG-rated as red.



Corporate Risk 1: Failure to maintain business as usual / appropriate levels of service at the same time as transformation



Corporate Risk 2: Failure to deliver financial savings identified in Medium Term Financial Plan



Corporate Risk 3: Failure to deliver a major project leading to increased costs, reputational damage to the Council and/or failure to realise savings



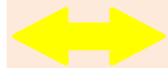
Corporate Risk 4: Serious harm or death due to a failure on the part of the Council



Corporate Risk 5: Failure to comply with legislation and statutory duties

CORPORATE RISK PROFILE

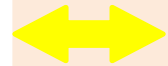
A Corporate Risk is a risk that has an impact across all areas of the Council such that it could prevent the Council delivering its corporate priorities. There are currently ten Corporate Risks - nine are RAG-rated as amber and one is RAG-rated as red.



Corporate Risk 6: Failure to effectively store, manage and process information and maintain the security of the personal data we hold, (or our partner agencies and commissioned providers hold on our behalf) in compliance with the Data Protection Act



Corporate Risk 7: Demographic changes lead to changed demand for services



Corporate Risk 8: Failure to effectively manage the Council's premises



Corporate Risk 9: Ineffective Emergency Response arrangements



Corporate Risk 10: Ineffective Business Continuity arrangements

CORPORATE RISK

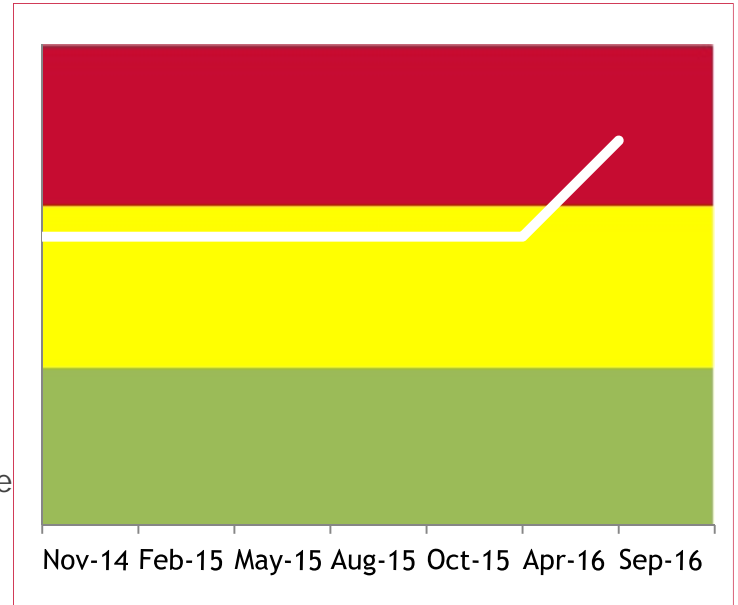
INCREASED TO RED SINCE LAST REPORT

FAILURE TO MAINTAIN BUSINESS AS USUAL / APPROPRIATE LEVELS OF SERVICE AT THE SAME TIME AS TRANSFORMATION

Q2 2016/17

WHY IS THE RISK RED?

- This risk has been rated as Red by the Directorate of Adult Services because of issues in restructuring the social work service in the South of the County. This is due to difficulties in recruiting social work managers, with an impact on service delivery and likely impact on achievement of planned savings.



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MITIGATING ACTIONS

- The risk to business as usual is being mitigated (short term) through the use of agency managers to cover some of the current vacancies. This is leading to additional costs.
- Options to create development opportunities for new managers are under development.
- Setting up of a dedicated Social Work Recruitment Team in Nov 2016 which will focus on all qualified social worker vacancies with a view to:
 - Improving the candidate experience in terms of quality but also with the aim of reducing the time taken from advert being placed to offer
 - Work with different agencies and regional groups to look at how vacancies can be advertised to maximum effect and on an ongoing basis versus ad hoc
 - Creation of a 'pool' of social workers
 - Utilise social media including Yammer, Facebook etc
 - Creation of a bespoke 'adults' microsite for all vacancies

WHAT NEXT?

- Set up SW Recruitment Team
- Advertise 5 locality manager posts
- Advertise 14 Social Work vacancies
- Human Resources Business Partner to report back to Directorate Leadership Team at 3, 6, 9 and 12 months on successes of recruitment team to monitor progress

CORPORATE RISK

REMAINS RED SINCE LAST REPORT

DEMOGRAPHIC CHANGES LEAD TO CHANGED DEMAND FOR SERVICES

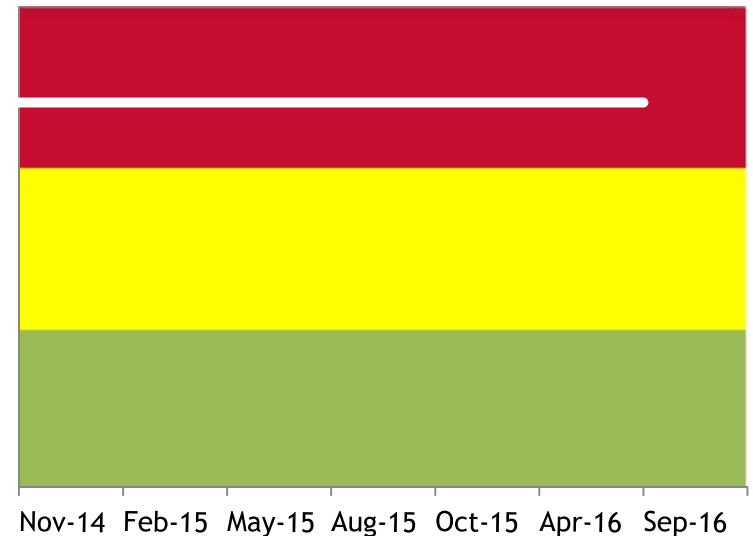
Q2 2016/17

WHY IS THE RISK RED?

- The changing demographic profile including an ageing population and changes to the needs of children and families is a challenge to the resources available to the Council. Work is underway but at the moment the risk remains rated as 'red'.

MITIGATING ACTIONS

- Demand management has been identified as a major theme for the Council and has been endorsed by a recent Peer Challenge.
- Work to create a locally driven model for predicting demographic changes is nearing completion. Phase 2 will use this model and apply it to sub-groups of the population.
- Work is being led at Directorate level to mitigate pressures.
- Examples specific to Adult Services include social impact bond for loneliness. There is also Council agreement to implement the Government driven 2% Council Tax precept for adult social care.
- Examples specific to Children and Families include the Family Front Door and Connecting Families.
- Cross-cutting workstreams are in place e.g. enabling communities.
- Behavioral insight 'nudge' techniques are being developed to test from January 2017.
- Digital Strategy implementation to help manage demand e.g. Your Life Your Choice.



WHAT NEXT?

- Undertake detailed modelling for high demand areas.
- Implementation of future/ adjustment of current demand management projects e.g. Family Front Door.
- Continue to raise profile of volunteering e.g. planned events.
- Increase scope and usage of Your Life Your Choice site.

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