

Agenda

Cabinet

Thursday, 2 February 2017, 10.00 am
County Hall, Worcester

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کوردی سۆزانی، ننگێر ناتوانی تێبگهی له ناوهرۆکی نهم بێلگهی و دهستت به هیچ کس ناگات که و هههنگهه یهه بۆت، تکلیه تملخون بکه بۆ ژمارهی 01905 765765 و داوای رهنۆینی بکه. (Kurdish)

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

DISCLOSING INTERESTS

There are now 2 types of interests:
'Disclosable pecuniary interests' and **'other disclosable interests'**

WHAT IS A 'DISCLOSABLE PECUNIARY INTEREST' (DPI)?

- Any **employment**, office, trade or vocation carried on for profit or gain
- **Sponsorship** by a 3rd party of your member or election expenses
- Any **contract** for goods, services or works between the Council and you, a firm where you are a partner/director, or company in which you hold shares
- Interests in **land** in Worcestershire (including licence to occupy for a month or longer)
- **Shares** etc (with either a total nominal value above £25,000 or 1% of the total issued share capital) in companies with a place of business or land in Worcestershire.

NB Your DPIs include the interests of your spouse/partner as well as you

WHAT MUST I DO WITH A DPI?

- **Register** it within 28 days and
- **Declare** it where you have a DPI in a matter at a particular meeting
 - you must **not participate** and you **must withdraw**.

NB It is a criminal offence to participate in matters in which you have a DPI

WHAT ABOUT 'OTHER DISCLOSABLE INTERESTS'?

- No need to register them but
- You must **declare** them at a particular meeting where:
You/your family/person or body with whom you are associated have a **pecuniary interest** in or **close connection** with the matter under discussion.

WHAT ABOUT MEMBERSHIP OF ANOTHER AUTHORITY OR PUBLIC BODY?

You will not normally even need to declare this as an interest. The only exception is where the conflict of interest is so significant it is seen as likely to prejudice your judgement of the public interest.

DO I HAVE TO WITHDRAW IF I HAVE A DISCLOSABLE INTEREST WHICH ISN'T A DPI?

Not normally. You must withdraw only if it:

- affects your **pecuniary interests OR** relates to a **planning or regulatory** matter
- **AND** it is seen as likely to **prejudice your judgement** of the public interest.

DON'T FORGET

- If you have a disclosable interest at a meeting you must **disclose both its existence and nature** – 'as noted/recorded' is insufficient
- **Declarations must relate to specific business** on the agenda
 - General scattergun declarations are not needed and achieve little
- Breaches of most of the **DPI provisions** are now **criminal offences** which may be referred to the police which can on conviction by a court lead to fines up to £5,000 and disqualification up to 5 years
- Formal **dispensation** in respect of interests can be sought in appropriate cases.

Cabinet

Thursday, 2 February 2017, 10.00 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 1 February 2017). 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 15 December 2016 have been previously circulated.	
4	2017/18 Budget and Council Tax	1 - 88
5	Scrutiny Report: Commissioning: Staff Terms and Conditions	89 - 92
6	Scrutiny Report: Effectiveness of the Prevention and Recovery Drug and Alcohol Misuse Service	93 - 96
7	Update Report of the Footways Overview and Scrutiny Task Group	97 - 100
8	Pilot Intergenerational Project (Homeshare)	101 - 108
9	Outcome from the Ofsted Inspection of Services for Children in need of help and protection, children looked after and care leavers	109 - 118
10	A4440 Worcester Southern Link Road Dualling (SLR Dualling) - Final Phases	119 - 142

Agenda produced and published by the Head of Legal and Democratic Services, County Hall, Spetchley Road, Worcester WR5 2NP

To obtain further information or a copy of this agenda contact Simon Lewis, Committee Officer on Worcester (01905) 766621 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.

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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
2 FEBRUARY 2017**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 agree the following recommendations to Full Council:**
 - a) **the conclusions set out in the report concerning revenue budget monitoring up to 30 November 2016 be endorsed;**
 - b) **the virement and transfers to Earmarked Reserves in paragraph 20 be endorsed;**
 - c) **the budget requirement for 2017/18 be approved at £318.478 million including a transfer from earmarked reserves of £5.185 million;**
 - d) **the Council Tax band D equivalent for 2017/18 be set at £1,155.31 which includes £44.05 relating to the ring-fenced Adult Social Care precept, and the Council Tax Requirement be set at £236.204 million;**
 - e) **consistent with the provisional Local Government Finance Settlement that revenue cash limits be set for each Directorate:**

	£m
Adult Services	130.999
Public Health*	0.101
Children, Families and Communities	82.766
Economy and Infrastructure	67.018
Commercial and Change / Finance	42.779
	<hr/> 323.663 <hr/>

*Public Health services are funded by a £0.1 million budget as above plus a £29.9 million specific grant.

- f) **the Council's Pay Policy Statement is recommended for approval as set out in Appendix 8;**
- g) **the conclusions set out in the report concerning capital budget monitoring up to 30 November 2016 be endorsed;**
- h) **the capital programme as set out in Appendix 9 be approved;**

- i) that £10 million be added to the Capital Programme to support the overall A4440 Worcester Southern Link Road improvements;
 - j) the Medium Term Financial Plan as set out in Appendix 10 be approved;
 - k) the Treasury Management Strategy set out in Appendix 11 be approved; and
 - l) the Statement of Prudential Indicators and Minimum Revenue Statement as set out in Appendix 12 be approved.
2. **The Cabinet Member with Responsibility for Finance (also the Leader of the Council) recommends that Cabinet:**
- m) gives delegated authority to the Leader of the Council to recommend to Full Council, in consultation with the Chief Financial Officer, any further adjustments to the revenue cash limits in (c) and (e) above as a result of Central Government confirming the final Local Government Finance Settlement, Council Tax and Business Rates Income, and associated Specific Grants for 2017/18;
 - n) gives delegated authority to the Cabinet Member for Children and Families, in consultation with the Director of Children's, Families and Communities, to approve the decision on the new Early Years Single Funding Formula (EYSFF) and Early Years provider rate;
 - o) gives delegated authority to the Chief Financial Officer, in consultation with the Leader of the Council, to allocate funding to specific projects within the Revolving Investment Fund (RIF), subject to satisfactory business case completion, financial and operational due diligence advice from the RIF Investment Board. Details of decisions made will be published on the County Council's website as part of the Record of Officer Executive Decision process;
 - p) authorises the Director of Adult Services and the Director of Children, Families and Communities to finalise the details in respect of their Directorates and formally execute the Section 75 agreement for Commissioning arrangements with Health for 2017/18;
 - q) gives delegated authority to the Director of Economy and Infrastructure, in consultation with the Cabinet Member for Economy, Skills and Infrastructure to allocate capital projects within the £2 million Town Centre Improvements programme and the National Productivity Improvement Fund. Details of decisions made will be published on the County Council's website as part of the Record of Officer Executive Decision process; and
 - r) gives delegated authority to the Director of Economy and Infrastructure in consultation with the Cabinet Member for Highways to allocate funding to specific projects with respect to the £5 million Cutting Congestion programme, the £6 million investment into Footpaths and Pavements, and the Pothole Action Fund. Details of decisions made will be published on the County Council's website as part of the Record of Officer Executive Decision process.

Introduction

3. This report represents the penultimate stage in the formal process to determine the County Council's budget and precept levels for 2017/18. If approved, the report will form the basis for proposals to Full Council for approval on 9 February 2017. 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

Medium Term Financial Plan (MTFP). The Cabinet received the draft budget for 2017/18 at its meeting on 15 December 2016 and:

- a) approved for consultation the draft budget, which includes proposed changes to income generation and expenditure budgets that are currently being consulted upon arising from the Service Reform programme, a number of which have already been subject to detailed Cabinet and Scrutiny reports;
- b) endorsed that plan to address a remaining forecast savings requirement of £2.9 million as a result of updating the MTFP taking account of Central Government's Autumn Statement, presented for approval;
- c) endorsed 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) noted that whilst the full detail of the provisional Local Government Finance Settlement included the multi-year financial settlement deal agreed with Central Government, the County Council is still likely to be awaiting confirmation of around £90 million of specific grant income;
- e) endorsed the view that the County Council will continue to address financial challenges in future years; and
- f) agreed 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 2017/18 due to demographic changes and an increased demand for more complex services

4. The County Council continues to listen to the needs and priorities of residents and local business through the annual Viewpoint Surveys, Roadshows, Budget Consultations, public participation in Council meetings and through ad-hoc tailored consultations and surveys. This extensive interaction has made it clear that the three priorities identified by the public are and remain to be:

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

5. This report provides recommendations that would enable the County Council to remain ambitious, continue to deliver what is important to local people and the four priorities contained in 'Shaping Worcestershire's Future' as well as have robust plans for the significant financial challenges of the draft Local Government Finance Settlement.

6. This report brings together:

- a budget summary setting out key aspects of this report;

- the results of the budget consultation and engagement process;
 - confirmation of the areas of investment for residents and the Council;
 - the latest revenue forecast outturn and reserves movement for 2016/17;
 - summary of changes made in relation to the County Council's funding for 2017/18;
 - developments in expenditure budgets for 2017/18 from the plan presented to the December 2016 Cabinet; and
 - the effect of those changes on the budget and the forecast financial planning gap of £2.9 million for 2017/18 included in the December 2016 Cabinet report.
7. At the time of writing there are three income forecasts that have yet to be confirmed:
- Central Government have yet to issue the final figures for the Local Government Finance Settlement;
 - All District Councils have yet to confirm their forecasts for 2017/18 Business Rate income and some for 2017/18 Council Tax income; and
 - there remain a small number of Specific Grants that are yet to be confirmed by the Department for Communities and Local Government (DCLG) and other Government Departments.
8. A verbal update will be provided at Cabinet with regard to any confirmations that have been received. Within this report forecasts relevant to these items have been reviewed and refined based on the latest information that is available.
9. Delegated authority is requested in this report to be given to the Leader of the Council who is also the Cabinet Member with Responsibility for Finance, in consultation with the Chief Financial Officer, to make any final adjustments to the proposed cash limits being recommended to Full Council once these three remaining items are resolved.
10. This report also summarises the work undertaken in the following areas since the draft budget in other areas of financial planning:
- Joint Commissioning arrangements with the NHS, known as Section 75 agreements;
 - the proposed settlement in relation to funding of Worcestershire schools, including Dedicated Schools Grant passed directly to schools and the Education Services Grant that supports the County Council's services to schools;
 - the proposed pay policy for the County Council in 2017/18;
 - confirmation of the forecast New Homes Bonus payments;
 - the County Council's proposed 2017/18 and medium term Capital Programme; and
 - the base assumptions supporting the County Council's MTFP and associated areas of risk that will continue to be kept under review.
11. Finally the report covers these reporting responsibilities that are required to be included in the budget by statute. These include:
- the proposed Treasury Management Strategy;
 - the proposed Prudential Code parameters for the County Council to operate within;
 - consideration of the County Council's Equalities Duty in relation to this budget;

- commentary from the Overview and Scrutiny Board;
- arrangements around the consideration of alternative budget proposals and amendments; and
- statutory duties in relation to calculating the Budget.

Budget 2017/18 Consultation and Engagement

12. This report confirms the initiatives that were set out in the draft budget report to the December 2016 Cabinet and supports the delivery of the four Corporate Plan focus areas.

13. A number of consultation sessions have been held and continue to be run including:-

- Public and staff roadshows involving the Leader of the Council and the Chief Executive
- The 2016 Worcestershire Viewpoint survey
- Worcestershire Businesses survey
- Voluntary and Community sector events
- Press briefings and social media

14. Since the December 2016 Cabinet meeting, budget consultation has taken place with the following organisations:

- Parish and Town Councils;
- Staff associations, School governors and head teachers;
- The local Business Community through the Worcestershire Local Enterprise Partnership (WLEP) Business Board including National Non Domestic Ratepayers;
- Voluntary and Community organisations;
- Employee representatives including Unions; and
- Partners including health service organisations.

15. A verbal update will be provided at Cabinet of the consultation and engagement feedback.

Priority Investments

16. Set out below is confirmation of areas of investment into residents' and the County Council's core priorities and across the MTFP:

- Open for Business

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 and investment in Malvern Hills Science Park.

This budget in addition includes a further allocation towards major infrastructure improvement on the Worcester A4440 Southern Link Road, keeping on track development work on a potential second Carrington bridge crossing in advance of a Central Government decision later in 2017 to support financially this vital piece of infrastructure.

The County Council is also continuing with the delivery of the new Worcestershire Parkway Regional Interchange railway station as a vital part of delivering the Strategic Economic Plan for Worcestershire.

- Children and Families

The budget confirms the strengthening of the Children's Social Care budget through confirmation of the allocation of £0.7 million investment in response to the recommendations within the Local Safeguarding Children's Board. This budget proposes a further £0.8 million of permanent funding to support the Children's Services Social Work Improvement Plan in response to the recommendations within the Children's Services Ofsted report that was published on 24 January 2017. This £1.5 million permanent allocation is planned to be supported by at least £1 million in 2017/18 from the County Council's Transformation Fund through existing delegation arrangements.

Taken together for 2017/18, this £2.5 million revenue funding will support an action plan to address the recommendations and to strengthen social care recruitment and retention as part of the workforce strategy, provide additional support for care leavers and increase administration and management capacity. A further £1 million capital investment is also recommended into Social Care Systems and Information Technology which will support the Children's Services Social Work Improvement Plan.

The budget also includes investment of £1.5 million into Special Education Needs and Disability (SEND) transport due to additional demand and the impact of national changes relation to SEND Reforms. Since implementation of the reforms, requests for a service have increased by over 250%, which has resulted in a significant increase in requirement for transport as the 'acceptance' rate for service provision has remained stable. Many children require specialist provision that is not available within Worcestershire, necessitating significant transport costs. This is an issue that is being experienced across many county areas in addition to Worcestershire and work is underway to examine ways in which mitigation of cost pressures in this area are delivered in partnership with other County areas.

- Health and Wellbeing

The budget confirms the strengthening of the Adult Social Care budget through the allocation of £2 million in response to the demographic growth and increasing complexity of supporting vulnerable older people and adults with disabilities. This forms part of a spending power increase of around £9 million which includes funding for inflation, for pay, pensions and prices, as well as increases in the base budget to support increased demand.

A funding allocation of £2.4 million represents a one off allocation of income from the Adult Services Support Grant made available by Central Government in the draft Local Government Finance Settlement on a one off basis. This income will need to be replaced in 2018/19 through other sources and we continue to lobby Central Government for this funding to be made permanent.

- The Environment

The County Council is proposing a £1 million permanent increase to the Road Maintenance budget to support the Corporate Plan's aims of upper quartile performance. In addition, one off and significant investments remain in the plan that were included in the draft budget, including £6 million for improving pavements over the next two years and £5 million to reduce congestion that include improvements to

local pinch points and installation of smarter traffic signalling equipment with an aim of reductions in journey times.

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.

Building on a solid financial basis – Revenue budget monitoring 2016/17

17. The County Council's outturn forecast at Month 8 indicates a cost pressure of £1 million against authorised cash limits, 0.3% of the overall budget. It is anticipated that this variance will be reduced by mitigation plans through to the end of the financial year so that the County Council delivers services within its cash limited budget alongside further potential flexibility in the County Council's financing transactions budget as interest rates remain at historic lows.

18. The Adult Social Care budget is facing significant pressures in 2016/17 and the latest forecast cost pressure is £2.2 million after taking into account the planned use of earmarked reserves. This has mainly arisen due to the increased complexity of services users in receipt of care over and above that anticipated at the budget planning stage in Older People and Learning Disability services. Flexibility in Directorate reserves will be used to mitigate this forecast overspend in 2016/17, however it is important that ongoing reform plans are delivered as reserves can only be used once.

19. The County Council has experienced significant growth in recent years on both the numbers of Looked after Children and the associated expenditure. Whilst there are signs that the financial recovery plan, overseen by the Director of Children's, Families and Communities is beginning to gain traction with regard to Placement costs, there remains a risk that the plans do not deliver the required improvements in outcomes and reductions in costs as envisaged over the MTFP. Cautiousness in decision making and an increase in referrals following the Ofsted judgement, which has been seen in other local authorities following an Ofsted judgement, may also impact on the achievability of this plan.

Transfers to Earmarked Reserves

20. It is recommended that Cabinet approve the Virement and transfer to earmarked reserves from the Financing Transactions budget of £0.6 million with regard to continuing the Councillors' Divisional Fund scheme by a further year to the end of 2018/19.

21. This will ensure the scheme is funded for the next two financial years and means that each of the 57 County Councillors will be able to authorise up to £10,000 to be spend on locally determined initiatives within their divisions for each year. The scheme has been in operation since 2011/12 and has supported many organisations to deliver community based events and improvements.

22. This proposal does not require alteration of the net cash limits approved by Full Council. Virement can be made within existing 2016/17 directorate budgets from the favourable variance for financing transactions arising as the need for the County Council to take external borrowing is deferred following strong cash balances and no significant rise in borrowing rates expected for the immediate future.

Closing the forecast financial planning gap

23. The December 2016 Cabinet report set out a budget requirement of £319.7 million against funding from Central Government and Council Tax of £316.8 million leaving a forecast financial planning gap of £2.9 million. This is summarised in the following table;

Table 1: Initial Funding Gap – December 2016

	£m
Revised estimate of 2017/18 budget requirement	319.7
Less provisional Revenue Support Grant funding from Central Government	-19.9
Less estimated funding from Business Rates Retention Scheme:	
Top Up Grant	-41.9
Local Share	<u>-18.0</u>
	-59.9
Less provisional funding received from Council Tax	-237.0
Forecast financial planning gap for 2017/18	2.9

24. The Leader of the Council, who is also the Cabinet Member for Finance, responded to Central Government's Provisional Settlement in January 2017. A full copy of the response is provided at Appendix 2. The response raised concerns including:

- whilst the County Council welcomes Central Government's acknowledgement of the growing pressure on Adult Social Care, the transfer of recurrent funding from the New Homes Bonus to create the Adult Social Care Support Grant for what appears to be one year only is of significant concern;
- the new offer to support an increased Adult Social Care Precept of up to 3% per year (but still restricted to the previous limit of 6% over three years) will not address the national funding gap for these services;
- disappointment that Central Government continues to use a distribution system that favours deprivation instead of real cost pressures and age profiles and double counts the impact of considering local tax raising powers;
- in 2019/20 the County Council will not have any Revenue Support Grant (RSG) and, moreover, still faces around £0.7 million reduction in business rates top up grant (previously considered out of scope for reductions) whilst such adjustments for Local Authorities in earlier financial years have been removed; and
- It is not clear why the Provisional Settlement leaves some authorities with significant levels of RSG at 2019/20 and others have none at all, meaning differential levels of Council Tax per household across different parts of the Country financing a similar set of services.

25. It is expected that Central Government will confirm the outcome of the consultation on the Provisional Local Government Finance Settlement during the first week of February 2017. This report has therefore been drafted on the basis of the Provisional Local Government Finance Settlement which is supported by the County Council's acceptance of a multi-year settlement deal.

26. Any potential changes are therefore expected to be minimal but may cover, for example, confirmation of the new Adult Social Care Support Grant. A verbal update will be provided at Cabinet confirming whether more information has been released and if there are any resulting changes to the content of this budget report.

27. The work to close the £2.9 million initial funding gap identified in the December 2016 Cabinet report is outlined in the following table and confirms the proposal to finalise a balanced budget.

Table 2: Closing the Initial Funding Gap

	£m	£m
Initial funding gap – December 2016 Cabinet report		2.9
Changes in income:		
Adult Services Support Grant	(2.4)	
Reduction in Council Tax buoyancy assumption	0.8	
Sub total		(1.6)
Changes in expenditure:		
Further investment towards the Children's Services Social Work Improvement Plan	0.8	
Release of remaining Strategic Initiative funds	(0.8)	
Release of Pay Provision Reserve	(0.3)	
Legal Services Safeguarding case support	0.2	
Further increased recurrent investment in Children's SEND transport	0.7	
Reduction in Education Services Grant greater than anticipated in December 2016 requiring Base Budget increases	0.3	
New / increased service reform and budget adjustment proposals	(2.6)	
Further Increase in Adult Social Care to be applied to existing cost pressures	1.2*	
Collection Fund surplus contribution to support reduction in buoyancy assumption	(0.5)	
Collection Fund Surplus contribution to funding gap	(0.2)	
Other budget adjustments	(0.1)	
Sub total		(1.3)
Proposed Funding gap February 2017		0.0

*The £1.2 million investment represents a recurring additional investment in Adult Social Care services across the period of the Medium Term Financial Plan.

Council Tax

28. 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, and the annually percentage directed by Central Government that would trigger a local referendum to agree the increase.

29. Set out in the Local Government Finance Settlement, as indicated within the Autumn Statement, was an increased set of options that the County Council could choose to make use of, if it chose to utilise the opportunity to raise an Adult Social Care Precept over the next three financial years. Whilst the total maximum increase over three years remained the same at 6%, Central Government provided potential greater flexibility on how that could be applied in each year, as previously the maximum in any one year was set at 2%, that when combined with the general precept raising powers provides a maximum of 5% for 2017/18.

30. Following careful consideration, balancing the needs of Adult Social Care with the ability for residents to support a larger increase in Council Tax for 2017/18, Cabinet are recommending the approach outlined within the December 2016 Draft Budget and therefore are not proposing any further increase in Precept. Therefore, the proposed increase of 2.94% in Council Tax Precept, consistent with the Draft Budget is recommended to provide a total forecast income of approximately £236 million. This increase represents:

- 0.94% to provide financial support for the delivery of outcomes in line with Corporate Plan, resident and business communities' priorities; and
- 2% Adult Social Care Precept ring-fenced for Adult Social Care services in order to contribute to existing cost pressures due to demographic changes and an increased demand for more complex services

31. District Councils have confirmed during January 2017 increases to the Council Tax base of £4.5 million (2%) for 2017/18. This increase in funding is available on an ongoing basis. In addition District Councils have declared an overall surplus in their Collection Funds of £2.5 million. This surplus is available as a one-off income stream for 2017/18. The following table sets out how these increases and surpluses have arisen:

Table 3: Council Tax Income

	£m
Bromsgrove District Council	0.7
Malvern Hills District Council	0.7
Redditch Borough Council	0.4
Worcester City Council	0.6
Wychavon District Council	1.7
Wyre Forest District Council	0.4
Total recurring additional income from an increase in Council Tax recurrent income as a result of buoyancy and District Council's support schemes changes	4.5
One off 2016/17 Collection Fund Surpluses	2.5

32. The one off Collection Fund Surplus is proposed to be utilised in the following ways:

- £1.5 million Worcester A4440 Southern Link Road Phase 4 enabling works
In support of continued revenue expenditure on the proposed second crossing of the River Severn adjacent to the Carrington Bridge in advance of Central Government financial support for its construction;
- £0.5 million in support of Council Tax Reduction Scheme shortfalls
The County Council worked with the six District Councils in 2016 to identify ways in which the Council Tax Reduction Scheme operating across Worcestershire could be harmonised. Whilst changes were approved in most areas, the minimum payment of a certain percentage of Council Tax Bills and/or account being taken of other income remains inconsistent in a small number of areas. For 2016/17, this has resulted in a shortfall in income projections. The County Council will continue to work with all District Councils in support of a harmonised Council Tax Reduction Scheme for 2017/18.
- £0.3 million addition to the Transformation Fund
With the intention to support service reforms through to 2020 as part of Shaping Worcestershire's Future based on proven business cases
- £0.2 million to support general services for one year only in 2017/18
Replacement permanent reform plans will be developed by Directorates for implementation in 2018/19.

33. The County Council has established a model with all Districts to support their Hardship Funds and is working to target improvements in collection rate and anti-fraud initiatives.

Business Rates Retention Scheme

34. Approximately £60 million of the County Council's funding for 2017/18 will be received through the Business Rates Retention system. Around £14.5 million relates to the 'local share' as defined in Central Government existing 50/50 scheme and District Councils are confirming their estimates of this local share amount towards the end of January 2017. The balance represents grant funding from Central Government.

35. The County Council retains a small risk reserve to cover adverse changes in grant funding or falls in the local share of income received. Cabinet are requested to delegate to the Leader of the Council in consultation with the Chief Financial Officer any final adjustments following confirmation of forecast Business Rates funding from District Councils.

36. Central Government has implemented a revaluation review. The change in individual valuations is offset by a change in the Central Government set multiplier and therefore at a national level this is designed to be cost neutral. The impact for the County Council of this change is minimal and has been included in the MTFP.

37. 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. 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.

Specific Revenue Grants

38. The County Council receives a range of specific revenue grants from Central Government spending departments. 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. At the time of drafting this report, Central Government has confirmed around 83% or £77 million of Specific Grants for 2017/18. A verbal update will be provided at Cabinet to confirm the level of specific revenue grants that remain outstanding together with any associated risks.

Adult Social Care Support Grant

39. The Local Government Finance Settlement included a new Specific Grant for one year only, the Adult Social Care Support Grant. Whilst not included in the preceding Autumn Statement, Central Government has utilised some further savings from its reforms to the New Homes Bonus in providing a Specific Grant of £2.4 million to the County Council for 2017/18.

40. The proposal as set out in Table 2 is to utilise this Specific Grant in full during 2017/18 to both provide an increase to the cash resources available for adult social care services for 2017/18 and reduce the need to develop further service reform proposals to meet the £2.9 million forecast financial planning gap set out in the December 2016 draft budget. This will allow the County Council to consider service reforms in a planned and measured way.

41. Whilst welcome, the County Council notes that this Specific Grant is one off and does not represent any new funding for Local Government as it is paid for by permanent reductions in New Homes Bonus through the application of a permanent threshold being applied to New Homes Bonus payments.

42. The reduction for the County Council in New Homes Bonus is £0.2 million. In addition the reduction across Worcestershire's District Councils of £0.75 million is more significant and presents a potential challenge for delivering services in 2017/18. Therefore the County Council will be working with District Council colleagues to request that Central Government provides new funding to Local Government to support Adult Social Care Services rather than recycled monies and retreats from its policy direction of placing an increased burden on local residents through Council Tax to fund pressures in Adult Social Care.

43. In consideration of the national pressures on adult social care services, it is proposed that any additional monies received between the publication of this report and confirmation of the final figures from business rates and council tax income as indicated in paragraph 7 above will be allocated to Adult Social Care.

44. Set out below is a summary of how the Adult Services Support Grant, together with other funding streams has resulted in an increase in spending power of £9.0 million in the Adult Social Care Directorate for 2017/18.

Table 4: Summary of Adult Social Care spending power increase for 2017/18

£m	Total
Adult Social Care Precept	4.6
Adult Services Support Grant	2.4
Council-wide resources	1.9
Improved Better Care Fund	0.1
Total	9.0

45. The table above also highlights that Central Government's contribution towards fully funding the service pressures in Adult Social Care does not meet the needs of the service for 2017/18. The County Council has needed to top-up that funding received for a specific purpose from Central Government with £1.9 million of other Council-wide resources. The £9.0 million increase in funding supports forecast pay and price inflation as well as demand pressures that will be experienced in Adult Services during 2017/18.

46. The County Council continues to actively lobby Central Government to develop a sustainable resolution to funding shortfalls for Adult Social Care rather than one off solutions or moving the funding burden away from raising addition funding from Council Tax.

Section 75 Agreements

47. In order to provide the best and most efficient results for residents' wellbeing the County Council has a history of joint commissioning with the NHS across Adults' and Children's' Services. Section 75 of the NHS Act 2006 empowers the NHS and local government to enter into formal agreements. The overall purpose of the Section 75 agreement is to formalise partnership arrangements designed to jointly improve outcomes for patients and service users.

48. The County Council renews its Section 75 partnership arrangements with Health for the Commissioning of Services on an annual basis. In Worcestershire the Section Agreement incorporates three types of budget management:

- Pooled, includes the Better Care Fund (BCF). Decision making is shared, budgets are managed by the County Council and there are agreed arrangements for risk sharing;
- Delegated, from the Clinical Commissioning Groups (CCG) to be managed by the County Council, with decision making, accountability and risk lying with the CCGs; and
- Aligned, County Council budgets are managed alongside the CCG budgets, with decision making, accountability and risk for County Council budgets remaining with the County Council.

49. A requirement of Central Government is that all plans for the use of the BCF are agreed by the Health and Wellbeing Board, which is responsible for the strategic oversight of the Section 75 arrangements. Headline information on the BCF for future years was provided in the December 2016 Cabinet report. The total BCF revenue budget for 2017/18 is expected to be £33.9 million. The County Council is still awaiting confirmation of the Disabled Facilities Grant.

50. Formal BCF guidance has not yet been received from Central Government. This makes the timeline for formal local agreement very challenging, however draft plans for 2017/18 are being prepared and will be subject to a number of assurance processes through the national framework. Partners are required to establish a Section 75 agreement in order to implement the BCF plan.

51. The formal Section 75 agreement will be a detailed legal agreement, the detail is being currently being finalised. The County Council's MTFP includes an assumption of increased funding through the Improved Better Care Fund and work is underway to agree joint spending plans with NHS colleagues.

52. Cabinet is requested to authorise the Director of Adult Services and the Director of Children, Families and Communities to agree the final details and formally execute the agreement in readiness for the 2017/18 financial year. County Council budgets falling within the proposed Section 75 agreement will only be those agreed as part of the 2017/18 budget approval process.

Further Service Reforms and Budget Adjustments

53. The following table sets out £2.6 million of Service Reforms and Budget Adjustments developed since publication of the Draft Budget in support of delivering a balanced budget for 2017/18.

Table 5: Proposed further Service Reforms and Budget Adjustments

	£m
<u>Internal Transport</u> The Service has developed plans to manage planned financial pressures within its current cash limited budget without a significant impact on service outcomes	0.1
<u>Managing with Directorate Cash Limited Budgets</u> Directorates have established plans to operate services within 99.6% of proposed cash limited budgets without a significant impact on service outcomes. This initiative is already in operation with the Economy and Infrastructure Directorate and is being rolled out across other Directorates	1.2
<u>Inflation allocations</u> Following a review of the impact of the Office for Budget Responsibility Forecast and the Autumn Statement announcements on pay pressures, the inflation allocation could be reduced to take into account small flexibility in these areas	0.3
<u>Financial Services Service Reforms</u> Additional 5% Service Reform programme developed in those services led by the Chief Financial Officer to reduce the need to target further service reforms for 2017/18 to front line services	0.1
<u>Removal of a 10% Planning Contingency on Existing 2017/18 Reform Proposals</u> Planning contingency for new proposals contained within the November 2016 Cabinet Report can be removed as all plans have now been developed further	0.8
<u>Senior Management Restructure</u> Proposal to bring forward savings from the restructure of Senior Management within the County Council planned previously for 2018/19	0.1
Total	2.6

Dedicated Schools Grant and Schools grant funding

54. The 2017/18 provisional allocation is detailed in Appendix 16 under the notional Dedicated Schools Grant (DSG) blocks. This is prior to the recoupment deduction for Academies and non-LA maintained specialist providers. It also compares the provisional allocations to the 2016/17 DSG final settlement.

55. The headline is that DSG overall has increased due to additional pupil numbers giving a higher Schools Block allocation, the additional funding for Early years, and additional information is provided in Appendix 16 with regard to each element of the DSG.

56. In overall terms the indicative DSG allocation for Worcestershire is £386.2 million. This allocation from the Education Funding Agency includes funding for academies and

free schools across the County. The County Council's allocation from this amount will be confirmed by the Education Funding Agency at a later date to reflect the up to date position of the number of academies and free schools.

57. Appendix 16 shows an overall increase in pupil numbers between October 2015 and October 2016 and that the overall split of children across primary and secondary education remains broadly the same.

58. Within the sectors there were also some variations, with increases and decreases for individual schools when comparing October 2015 and October 2016. This will create some budgetary impact for some schools. The pupil numbers are reduced for the purpose of the SEN adjustment to reflect those pupils in Special Units in Mainstream Schools where place funding of £10,000 is allocated.

59. Funding for 3 and 4 year olds and Early Years will change in 2017/18. In August 2016 the Government consulted on changing the way in which the Department for Education (DfE) funds free childcare and Early Years education. The proposals were:

- Introducing a new Early Years DSG national funding formula for 3 and 4 year olds;
- Changing the way local authorities fund the Early Years providers in their area; and
- Making sure that children with special needs or disabilities attract the extra funding they need.

60. On 1 December 2016 the DfE published the consultation response, with further operational guidance published on 6 January 2017. As part of the consultation response the DfE has published an exemplification of the new Early Years DSG for 3 and 4 year olds as shown in Appendix 16. This confirms additional funding due to enhanced hourly rates for 2, 3 and 4 year olds and an estimate of the take up by working parents for the additional 15 hours part year from September 2017.

61. The next steps are that the new national formula for Early Years will commence in April 2017 for the existing universal entitlement for 3 and 4 year olds at the same time as the increase to the average funding rate. The additional 15 hour entitlement for working parents is implemented nationally in September 2017 and will also be subject to new funding rates.

62. The allocations confirmed as part of the new funding settlement are shown in Appendix 16. These reflect the new national DSG for Early Years, the enhanced hourly rates for 2, 3 and 4 year olds and an estimate of the take up by working parents for the additional 15 hours part year from September 2017.

63. Local Authorities are required to introduce a new Early Years Single Funding Formula (EYSFF) by 2019/20 at the latest and sooner if practicable. This must include a basic hourly rate covering all providers, a mandatory deprivation supplement and national restrictions on any centrally retained services. Following discussion at the Worcestershire Schools Forum on 11 January 2017, the Council is currently consulting with providers on their proposed funding approach. Consultation ends in early March 2017. The final decision on the new EYSFF and funding rate rests with the local authority.

64. The High Needs allocation of £48.1 million (£39.6 million net of Education Funding Agency place recoupment) and the pupil premium rates are detailed in Appendix 16.

Education Services Grant (ESG)

65. It has been confirmed that the ESG Retained Duties rate per pupil of £15 cash equivalent per pupil for all state funded schools has been transferred into the Schools Block DSG. The current ESG General Duties rate per pupil £77 per pupil or place for

maintained schools, £288.75 per Pupil Referral Units and £327.75 for special schools will be withdrawn completely from September 2017. This is a direct reduction in funding for Councils without a reduction in duties.

66. As reported in the December 2016 Cabinet report, an increase in base budget is needed to be funded locally to take account of a reduction in grant funding for general statutory duties relating to maintained schools. Whilst there is a transitional protection available to cover the period April – August 2017, this is not at the current rate and as a result the pressure from the withdrawal is estimated to be £2.1 million in 2017/18 and £1.0 million in 2018/19.

67. Work is currently underway on further service reforms with regard to those services that have been funded by ESG and whether these continue to be funded over the medium and long term given the funding reductions imposed by Central Government. Further analysis and mitigations will be provided as part of the 2018/19 draft budget.

68. The Department for Education deducts ESG from the County Council when an academy converts and passes this funding directly to the academy. Some of the services provided by the County Council have a large element of fixed cost associated with them, as such a reduction in grant does not necessarily equal a reduction in spend. However, there will be a review of all spend currently funded by ESG against the statutory regulations, when they are published. The provisional allocation to Worcestershire in 2017/18 is £1.2 million. This will change depending on the number of in year conversions.

Public Health Ring-fenced Grant

69. The specific grant for 2017/18 is £29.9 million, a reduction of £0.8 million from £30.7 million received in 2016/17. Public Health England indicates that further budget reductions and efficiencies will be phased in at 2.6% and flat cash in 2020/21. The changes will also take into account each area's funding position compared to Public Health England's "target" funding and therefore the County Council's reductions may be greater in the future.

70. The County Council has discussed and consulted in some detail with partners plans for 2017/18 as the grant received is in line with expectations. Further reform targets of £1 million in 2017/18 and £0.5 million in 2018/19 have been agreed and work is continuing to identify areas of County Council base budget expenditure where public health impact could be maximised through the use of the Grant.

71. The position as to whether the ring fence will be removed as part of the Business Rates reform work continues to be monitored, but as yet, no such removal has been confirmed.

Independent Living Fund

72. 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.

73. 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.

New Homes Bonus

74. As part of the provisional Local Government Finance Settlement announced in December 2016, Central Government issued a response to the New Homes Bonus consultation that took place at the beginning of 2016. The key outcome of the consultation is that Central Government will implement a reduction in the length of the bonus payments from the current six years to five years in 2017/18 and to four years in 2018/19. Additionally, despite over 80% of respondents rejecting the proposal, Central Government has introduced a growth baseline for 2017/18 of 0.4% beneath which no bonus would be paid, and reserves the right to change the baseline in future years. The bonus will also continue to be paid to Counties and Districts on the existing 20/80 ratio.

75. 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. The consultation response confirms the amount of New Homes Bonus funding for 2017/18 at £3.2 million which will support the existing allocations of investments set out in previous budget reports. This has included:

- strategic flood alleviation schemes;
- previous strategic planning and improvements in the public realm; and
- infrastructure improvements including contributions to the Driving Home Programme.

76. At this stage an estimate can be made of future income based on predicted house building growth across Worcestershire. After taking account of existing commitments this could deliver new funding of over £2 million per year until 2019/20. However this is a reduction from the previous scheme that delivered around £3 million per year. Any application of the remaining headroom in 2017/18 will be brought to future Cabinet meetings for approval.

Capital Programme Financial Position 2016/17

77. The approved Capital Programme for 2016/17 is £157.2 million, which reflects new additions and revised cash flow forecasts approved since October 2016. The latest monitoring position for 31 November 2016 is given in the following table and the variance represents an anticipation for projects to be carried forward to next financial year:

Table 6: Capital Monitoring 2016/17

Directorate £m	Approved Budget	Spend to date	Forecast outturn	Variance
Adult Services	3.9	0.3	3.9	0
Children, Families and Communities	21.4	10.6	18.1	-3.3
Economy and Infrastructure	126.2	51.3	120.6	-5.6
Commercial and Change*	5.7	1.8	5.7	0
Total	157.2	64.0	148.3	-8.9

*Including Financial Services and Chief Executives

Capital Programme: Funding Proposals for 2017/18 and the medium term

78. The Capital Programme has been updated to reflect additions from the December 2016 Cabinet and the latest forecast for existing approved schemes and is attached at Appendix 9. The major areas of capital expenditure relate to Schools, the Local Transport Plan and other Economy and Infrastructure Directorate activities.

79. A further addition to the capital programme of £1 million to support system improvements is proposed. A £1 million investment into Social Care Systems and Information Technology to support the provision of information to Social Work professions to enable a better understanding of the work required to support their caseloads and improve outcomes. This periodic investment into Systems and Information Technology will in particular support the Children's Services Social Work Improvement Plan alongside associated revenue investment highlighted elsewhere in this report.

Confirmation of Schemes outlined in the December Draft budget

80. Cabinet recommends to Full Council the inclusion of the following schemes in the Capital Programme that were set out in the December Draft Budget Report. Delegation to the Director of Economy and Infrastructure is requested to allocate to schemes within these amounts in consultation with the Cabinet Member for Economy, Skills and Infrastructure in respect of a) and the Cabinet Member for Highways for b) and c).

- (a) £2 million Town Centre Improvements to create more vibrant social spaces improving the heart of the local economic. The investment will be allocated across priority schemes in Malvern, Tenbury (Phase 2) and the Shambles, Worcester; and
- (b) £5 million Capital Investment Fund for Cutting Congestion;
- (c) £6 million Capital Investment Fund to support investment into Footpaths and Pavements.

81. The proposed MTFP has been adjusted to incorporate commensurate revenue funding to finance the borrowing required and it can be confirmed that sufficient headroom in the Capital Programme exists to incorporate these proposals.

Strategic Roads Infrastructure Capital Funds

82. The County Council received notification from the Department for Transport on 13 January 2017 of capital allocations to be spent in 2017/18 in relation to the following

- (a) £13.341 million Confirmation of the Highways Maintenance Needs Block;
- (b) £1.169 million A new Pothole Action Fund;
- (c) £2.743 million A new National Productivity Investment Fund.

83. Cabinet Recommends to Full Council the inclusion of b) and c) identified above in the Capital Programme and delegation to the Director of Economy and Infrastructure in consultation with the Cabinet Member for Highways (b) and Cabinet Member for Economy, Skills and Infrastructure (c) to allocate these monies to particular schemes.

84. It should be noted that the National Productivity Investment Fund is a new Fund announced first in the Autumn Statement late in 2016. The County Council's intention is to direct this funding towards strategic infrastructure in support of reducing congestion including for example the Southern Link Road and other Strategic Infrastructure across Worcestershire.

85. It is further proposed that £10 million is allocated in the Capital Programme to support the overall A4440 Worcester Southern Link improvements over the life of the Medium Term Financial Plan.

86. There is a contribution request of £16.3 million towards the cost of Phase 3 of the dualling of the A4440 Worcester Southern Link Road which remains extant in the viability negotiations currently taking place between the Local Planning Authorities who are parties to the South Worcestershire Development Plan and the relevant promoters/landowners. However, until that contribution is secured in an enforceable agreement under section 106 of the Town and Country Planning Act 1990, or some other acceptable security, there is a risk that it is not received. Given the live nature of the current negotiations and market conditions, officers remain confident that the contribution will be made.

Routine Lifecycle Replacement and System Development

87. The approved capital programme already includes an allocation for minor works and other lifecycle replacement for 2017/18 and a review will be undertaken to propose the extent of these allocations for future years and Cabinet will be updated accordingly.

88. Cabinet Recommends to Full Council routine lifecycle replacement Capital budgets as set out in Appendix 9 to this report.

Revolving Investment Fund (RIF)

89. The idea of a Revolving Investment Fund was introduced within a previous budget cycle with the aim of increasing income generation through investment in cash generating assets around Worcestershire. The intention is to make use of income generated from existing 'seed' investments in rail stations, business parks and the Energy from Waste facility and recycle this into further economic development opportunities. The majority of benefit will be delivered by increasing the investments into schemes which themselves generate sufficient income to repay the investment over time and generate a surplus which could either be reinvested into new schemes (the "revolving" element), or used to support the delivery of the County Council's key priorities. In addition, financial modelling has confirmed the opportunity, already included in the MTFP, to provide income to support Council services through a £0.5 million dividend per annum from 2018/19 as well as stretching this target by a further £0.1 million per annum.

90. The accumulated surpluses from these schemes over a 10 year period are forecast to be c. £10 million and it is proposed to ring-fence these, as part of the revised capital programme, for cash backed, rather than investment based on borrowing, future income generating investments. Detailed investment criteria have been developed with the support of an external adviser and it is expected that an Investment Board will be set up to review all of the investment proposals. The Board will be chaired by the Leader of the Council, and will include the Chief Financial Officer, and other key senior advisers with operational and property expertise alongside a representative from the Local Enterprise Partnership.

91. Worcestershire is not unique amongst public sector bodies in pursuing investment in commercial property and various models have been adopted across the country. A minimum financial rate of return of 7% (including the cost of borrowing) will be expected from each of the investments alongside the need to deliver a maximum 10 years cash based payback period, although earlier returns would be preferable.

92. Cabinet are requested to delegate future funding decisions to Chief Financial Officer, in consultation with the Leader of the Council, and following all the relevant due diligence required in order for the County Council to respond appropriately to investment opportunities. Details of decisions made will be published on the County Council's website as part of the Record of Officer Executive Decision process.

The Medium Term Financial Plan (MTFP)

93. The MTFP has been updated to reflect the reductions in funding levels confirmed in the draft Local Government Financial Settlement and revisions to income and expenditure.

94. Notwithstanding the County Council's multi-year financial settlement deal with Central Government, the requirement to support the national deficit recovery remains in place. The implementation of 100% local retention of Business Rates will bring opportunities to take greater control over funding generated across Worcestershire to be retained in the County area, and the County Council is working with Central Government colleagues on modernising funding allocations to ensure service need is supported and that any funding is distributed in a fair and consistent manner across the local government sector.

95. The County Council continues to plan for the financial challenges over the medium term, including confirming existing reform plans which, in many cases, have already been considered through the Cabinet and Scrutiny process. The MTFP is set out in the following table with more detail provided within Appendix 10.

Table 7: Indicative Medium Term Financial Plan

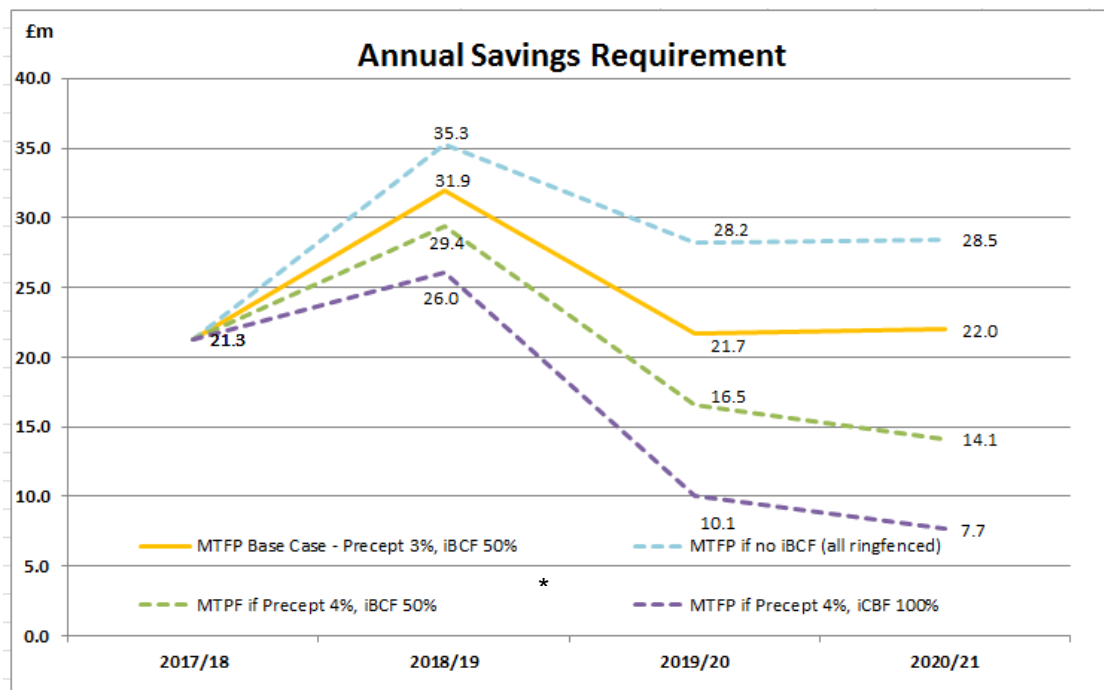
£m	2017/18	2018/19	2019/20	2020/21
Total Funding Available	354.8	357.9	367.5	381.0
Service costs based on provisional 2017/18 budget	(381.3)	(389.8)	(389.2)	(403.0)
Sub-Total	(26.5)	(31.9)	(21.7)	(22.0)
Withdrawal from Earmarked Reserves	5.2	-	-	-
Reform plans developed	21.3	12.7	2.6	0.6
Funding Gap	-	19.2	19.1	21.4
Cumulative Funding Gap	-	19.2	38.3	59.7

96. The above table confirms that £37.2 million reform plans have been identified across the MTFP planning period and are currently being progressed.

97. The cumulative funding gap over the MTFP period is £59.7 million and will be challenging for the County Council to address. Work will continue on confirming implementation of potential future reforms as part of the County Council's ongoing Corporate Strategic Planning process. This work will include critically reviewing income and all opportunities available through Central Government's plans for the full devolution of Business Rates funding to local government.

98. The following chart shows how MTFP reform plans could alter given changes in funding assumptions. Whilst the average annual savings required are consistent with planning assumptions, the profile of budget reductions is higher in 2018/19 and reduces over the following two years.

Figure 1: Potential planning scenario to be considered in the medium term



*3% Base Case incorporates 2% Adult Social Care Precept and 1% non-Adult Social Care Precept

99. In addition to changes in Central Government funding streams, the MTFP contains the following:

- precept assumptions beyond 2017/18 include the 2% Adult Social Care Precept and a 0.94% increase for the non-Adult Social Care Precept. This broad estimate takes into account the future needs of service users and residents of Worcestershire;
- increased in Council Tax yield due to forecast growth in house-building have been updated based on the latest data available from District Councils;
- planning assumptions have been made on the extent to which the Improved Better Care Funding will be available for supporting existing services when received in 2017/18 and future years; and
- planning contingencies have been reviewed in light of the increased uncertainty of future funding and cost pressures as part of the normal review of the MTFP.

100. The County Council will consult with partners, stakeholders, service users and residents during 2017 on these potential changes to inform strategic planning. The remaining shortfall over the MTFP and updates to this position will be considered.

Risks and sensitivities over the Medium Term

101. The extent of risks and sensitivities that may have a significant impact on the MTFP have remained consistent since a year ago taking account of future significant changes proposed by Central Government for funding over the medium term. Set out below are those areas that remain under review but where the financial effect cannot be reasonably estimated at this stage.

- Central Government Funding

The MTFP reflects a best estimate of the reductions in Central Government support, mindful that whilst Revenue Support Grant is set to reduce to zero the County Council nevertheless will be expected to contribute towards national deficit recovery.

- Demographic Growth and demand pressures

A number of the County Council budgets continue to be demand led, for example where they are dependent on changes in the service users who are eligible for County Council Adult Social Care services or where activity is driven by residents' behaviours such as the costs of waste disposal. A judgement has been made to cater for the current forecasts in demographic growth and growth in the volumes of waste disposed of and its impact on service provision. These will need to be reviewed in the new financial year and any consideration will need to be given to vary the MTFP for any change in the impact demographic growth over and above that currently included in the MTFP.

- Safeguarding Improvement Plan and Financial Recovery Plan – Children's Services

All efforts have been made to allocate a prudent level of additional investment into Children's Social Care. However, the impact of the Ofsted judgement and the pace at which improvements are required may impact upon delivery of the financial recovery plan. This will be regularly monitored and reviewed and mitigation actions taken where required.

- Medium Term implications of the Care Act

The County Council will continue to work towards the implementation of the Care Act and manage the implications for service provision.

- Inflation

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

- Brexit

The referendum result of 23 June 2016 set into train a process by which the UK Government are planning to reach an agreement with the European Union to withdraw from European Union Institutions. Whilst the formal process will not commence until the UK Government notify the European Union of its intention to trigger negotiations under Article 50 of the Lisbon Treaty 2007, volatility in the capital markets as well as variations in sentiment amongst industry and partners has been more pronounced.

As at February 2017, there has not been any detrimental effect on the County Council other than the need to seek to secure funding commitments for existing projects funded through European Union Programmes. It is expected that, now following a debate in the House of Commons, the UK Government will seek to commence negotiations no later than the end of March 2017. The risks and opportunities that this may present, including inflationary pressures or access to appropriately skilled workers both within the County Council and through our delivery partners will continue to be monitored and discussed through the Corporate Risk Management Group.

- The current Business Rates Retention Scheme

A 50% share of risk of negative changes in existing business rates has now been transferred to local authorities. Central Government provides a financial safety net for reductions of more than 7.5% from a baseline calculation. Growth in business rates

within Worcestershire, which is significantly influenced by the economic development policies of the County and District Councils, can now benefit local authorities directly. Under current arrangements local authorities can keep 50% of their business rates growth locally as long as this increase is not disproportionate to the size of their revenue budgets. The impact of future growth plans is kept under constant review and updated to the MTFP accordingly.

- **Reform to the Business Rates Retention Scheme**

Central Government is currently considering its plans for the full devolution of Business Rates income to local Councils. Whilst good news for the sector, there is a potential for risk in the system as the County Council alongside its District Council partners will be taking full risks on the success of appeals and challenges. In addition, Central Government has indicated that it will be considering new services that will be devolved to the County Council to support the 'new' funding that will be made available. A key risk is that these new services will not be adequately funded at the point of transfer under Central Government's New Burden's initiative. The County Council will continue with the Society of County Treasurers to ensure any new responsibilities are fully funded.

Alternative Budget Proposals and Amendments

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

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

104. In the circumstances alternative budget and council tax proposals and amendments should to be lodged with the Chief Executive by noon 5 working days prior to the Full Council meeting – in this instance this means noon 2 February 2017, to ensure the obligations of section 25 are met.

Treasury Management Strategy

105. The County Council is required to review its treasury management strategy on an annual basis and the proposed strategy for 2017/18 is set out in Appendix 11. The strategy for 2017/18 is not fundamentally changed since last year, although it has been updated to include how the current forecast for interest rates will affect borrowing and lending transactions.

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

107. The borrowing strategy will be to borrow to protect the County Council's cash flows, and to borrow to replenish some of the internal cash balances that have been temporarily used to fund recent years' capital expenditure. It is anticipated that the new borrowing could occur more towards December 2017, however this will have to take into account prevailing medium and long term borrowing rate forecasts and actual timing of any borrowing will be undertaken when it is financially prudent to do so.

108. It is important to remember that real value is being achieved through Treasury Management by utilising internal cash balances to temporarily support the capital

programme. This avoids the need to borrow at the prevailing Public Works and Loans Board Rate, currently around 3%. The Treasury Management Strategy includes the borrowing needed to support the Energy from Waste Contract Variation approved by Full Council on 16 January 2014.

The Prudential Code for Capital Finance in Local Authorities

109. The County Council is required to set specific parameters each year to control the extent of its borrowing. The essential purpose of this requirement is to ensure that the County Council always has the means to make repayments and doesn't borrow beyond its ability to service associated debts. The statement for 2017/18 is set out in Appendix 12.

Budget calculation – statutory duties

110. 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.

111. 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.

112. It is for this reason that an adequate level of reserves must be maintained and Appendix 15 provides a statement from the Chief Financial Officer considering an appropriate amount to retain in general balance considering risk.

113. 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.

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

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

- the County Council's Corporate Plan and budget policy;
- the need to protect the County Council's financial standing and manage risk;
- the estimated financial position at the end of 2016/17;
- the financial policies of the Government as they impact upon the County Council;
- the capital programme set out in Appendix 9;
- the County Council's MTFP set out in Appendix 10;
- treasury management policy set out in Appendix 11;
- the prudential indicators set out in Appendix 12;

- the strength of the County Council's financial control procedures including audit considerations; and
- the extent of the County Council's General Balances and earmarked reserves.

Scrutiny

116. 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.

117. 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.

118. A copy of the commentary will be made available alongside Cabinet papers (as Appendix 1) in time for the Cabinet meeting on 2 February 2017.

Fulfilling the Public Sector Equality Duty requirements

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

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

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

121. When proposals have been fully developed and are brought to a future Cabinet for decision, these reports will include a more detailed and specific equality impact assessment to ensure the findings are given due regard when any key decisions are made.

Health Impact Assessment

122. 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.

123. This report concerns a number of budget proposals 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 subject to separate and further detailed consultation as appropriate. 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	Key messages form Overview and Scrutiny Board (To follow)
Appendix 2	Local Government Finance Settlement 2017/18 consultation response
Appendix 3	Specific Revenue Grants 2017/18
Appendix 4a	Council Tax calculation
Appendix 4b	Council Tax Precept
Appendix 5	Revenue Budget 2017/18
Appendix 6	Analysis of budget variations
Appendix 7	Future Fit budget reductions, efficiencies and income generation opportunities
Appendix 8	Pay policy statement
Appendix 9	Capital Programme
Appendix 10	Medium Term Financial Plan
Appendix 11	Treasury Management Strategy
Appendix 12	Statement of Prudential Indicators and Minimum Revenue Provision
Appendix 13	Assessment of the County Council's Equalities Duty
Appendix 14	Directorate Revenue Budgets 2017/18
Appendix 15	General Balances Risk Review
Appendix 16	Dedicated Schools Grant

Contact Points

County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Specific Contact Points for this Report

Sean Pearce, Chief Financial Officer, 01905 846268, spearce@worcestershire.gov.uk

Sue Alexander, Head of Financial Management (Adults, Childrens Families and Communities), 01905 846942, salexander@worcestershire.gov.uk

Stephanie Simcox, Head of Strategic Infrastructure Finance and Financial Recovery, 01905 846342 ssimcox@worcestershire.gov.uk

Mark Sanders, Senior Finance Manager, 01905 846519, mssanders@worcestershire.gov.uk

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) there are no background papers relating to the subject matter of this report.

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Charles Coleman
 Department for Communities and Local Government
 2nd Floor, Fry Building
 2 Marsham Street
 London
 SW1P 4DF

13 January 2017

Dear Mr Coleman

Worcestershire County Council response – Provisional 2017/18 local government finance settlement: confirming the offer to councils

Worcestershire County Council welcomes the opportunity to respond to the provisional Local Government Finance Settlement (the settlement) announced on 15 December 2016.

The County Council fully accepts the need for Central Government to make difficult decisions to reduce the size of the national deficit and that Local Government needs to contribute to that aim. This County Council continues to deliver reforms in excess of £30 million for the next two financial years as well as at the same time transforming to become more commercial, agile and focused on place shaping supporting a Worcestershire economy that is now the third fastest growing economy in the country.

Adult Social Care

The County Council welcomes Central Government's acknowledgement of the growing pressure on Adult Social Care (ASC) through the transfer of funding from the New Homes Bonus to create the Adult Social Care Support Grant. However the future of this funding stream is uncertain beyond 2017/18. Investment by Central Government is needed to safeguard some of the most vulnerable people in the community on an ongoing and permanent basis.

Worcestershire has an ageing population, and the rate of increase, consistent with many Shire Counties is one of the fastest in the Country. The latest Mid-Year Estimates for 2014 population figures from the Office for National Statistics show that 22.4% of residents in Worcestershire are aged 65 and over compared to a national average of 17.6%, and 3.0% of residents are aged 85 and over.

The County Council is disappointed that ASC funding continues to be distributed using the 2013/14 ASC Relative Needs Formula (RNF). The current and future cost pressures are more heavily weighted towards age rather than deprivation and the RNF should be updated accordingly and in particular take due account of real cost drivers.

The County Council is concerned that the amount raised by the ASC Precept is included as part of the calculation of how much funding is provided by the Improved Better Care Fund to the County Council. Council Tax levels are subject to debate and decisions on an annual basis made by local councillors. Those areas, which

Tel 01905 766678
www.worcestershire.gov.uk

Simon Geraghty
Leader of the Council

County Hall
 Spetchley Road
 Worcester
 WR5 2NP

Office: 01905 766678
 Mobile: 07789 547589

Home
 35 Fern Road
 Worcester
 WR2 6HJ

Home: 01905 420740

Email: sgeraghty@worcestershire.gov.uk

Electoral Division
 Riverside

have been prepared to pay more to support services, are now being penalised by losing more central support.

Negative Top-Up Adjustment

The County Council continues to express substantial concern with regard to the £0.8 million negative Business Rates Top-Up adjustment in 2019/20. The starting point for the County Council's funding in 2019/20 should exclude this negative Business Rates Top-Up adjustment as previously Central Government had committed that the Business Rates Top-Up would be fixed, indexing upwards only for changes in the Retail Prices Index in order to offer protection to Councils like Worcestershire who have social care responsibilities.

When the Business Rate Retention System was established it was announced that tariffs and top-ups would only change in line with the Retail Price Index. The contradiction of the negative Top-Up adjustment potentially undermines the value in statements on how funding systems will work and the certainty that this can provide for service planning. This then may create the potential need for further reforms in local services with little notice and the potential for the creation of provisions and reserves to cater for unforeseen sudden changes in funding commitments.

Central Government has solved this issue for local authorities affected by negative RSG in 2017/18 and 2018/19. The negative Business Rates Top-Up adjustment should be removed in 2019/20 by adding it back to the local authorities who were notionally allocated it to ensure consistency across all years of this Parliament.

Currently the County Council is funded £7 million less than Central Government's own assessment of the funding the County Council required meeting local need due to the locking in of damping. Central Government's assessment of 'relative need' should be provided to the County Council without dampning. Moving forward, this should be allocated across the Country based on a system of what drives the major areas of cost for local authorities rather than a system based on what authorities are currently spending on services.

The County Council remains committed to work with Government colleagues to support the work to ensure fair and sufficient funding for adult social care services and the ambition of 100% local business rates retention.

Yours sincerely



Simon Geraghty
Leader of the Council



Sean Pearce
Chief Financial Officer

2017/18 Provisional Local Government Finance Settlement - Consultation

Question 1: Do you agree with the methodology of Revenue Support Grant in 2017-18?

No.

The County Council does not agree that the amount raised by Council Tax should be part of the calculation of how much central support is provided to the County Council as reflected in Core Spending Power tables. Whilst taxbase differences should be taken into account, as it has been in previous distribution systems, it is not acceptable that levels of Council Tax should also be part of the calculation.

Council Tax levels are subject to annual debate and decisions made by local councillors. Those areas, which have been prepared to pay more to support services, are now being penalised by losing more central support.

Worcestershire's Revenue Support Grant (RSG) reduces to zero before the end of the Settlement period. The County Council is disappointed that a negative adjustment is still being applied to the Council's Business Rate top-up grant in 2019/20 which recognises reductions that are intended to be made over and above the level of Worcestershire's RSG. This is fundamentally unacceptable and is in stark contrast to the announcements made when the Business Rate Retention System was established saying that tariffs and top-ups would only change in line with the Retail Price Index. This means for Worcestershire that £0.757 million of business rate income collected within Worcestershire is redistributed to other areas of the country.

Question 2: Do you think the Government should consider transitional measures to limit the impact of reforms to the New Homes Bonus?

No.

Given the funding pressures on Adult Social Care the existing proposed transitional measures already provide support for other services.

Question 3: Do you agree with the Government's proposal to fund the New Homes Bonus in 2017-18 with £1.16 billion of funding held back from the settlement, on the basis of the methodology described in paragraph 2.5.8?

No.

The use of a top-slice to fund the New Homes Bonus (NHB) together with its subsequent distribution method results in Worcestershire County Council being adversely affected once more. The reinstatement of the former Department of Communities and Local Government (DCLG) share of NHB funding would help mitigate this situation whilst also protecting District Councils.

Question 4: Do you agree with the proposal to provide £240 million in 2017-18 from additional savings resulting from New Homes Bonus reforms to authorities with adult social care responsibilities allocated using the Relative Needs Formula?

No.

The County Council supports the proposal to use the saving generated through NHB reforms to support adult social care but does not agree that the allocation of the £240 million using the Relative Needs Formula (RNF) is the most appropriate method. The current and future cost pressures are more heavily weighted towards age rather than deprivation and the RNF should be updated accordingly to take account of this and have due regard to cost drivers.

The County Council notes that this grant is for 2017/18 only and is concerned that the NHB funding is reducing over the multi-year settlement period but the grant is only available for one year resulting in an ongoing funding problem. The County Council would like to see this grant made recurrent.

The County Council also recognises that this is not new money but a redistribution of funding already promised to local authorities and therefore it is not a long term solution. The NHB makes up a considerable amount of funding for some local authorities, mainly shire districts. District Councils across Worcestershire have suffered a net reduction of around £1 million in NHB following the reforms.

Question 5: Do you agree with the Government's proposal to hold back £25 million to fund the business rates safety net in 2017-18, on the basis of the methodology described in paragraph 2.8.2?

No.

The design of the Business Rates Retention System meant that levies were designed to cover the cost of safety net payments. In addition the design also meant top-up authorities such as Worcestershire County Council who provide social care were protected from the most severe risks of the business rates volatility and therefore were also excluded from the rewards. Holding back £25 million from the Revenue Support Grant total penalises counties in order to provide support to other types of authorities.

Question 6: Do you agree with the methodology for allocating Transition Grant payments in 2017-18?

The Council does not support the use of this transition grant from one method to another. The proposed methodology should be re-examined and properly consulted upon.

In 2016/17 funding was allocated to authorities depending on Core Spending Power (CSP) which took into account other funding streams such as Council Tax. County Councils tend to be able to raise more income through Council Tax.

When looking at CSP per head of population Worcestershire receives only 72% of the national average. When Council Tax is excluded Worcestershire receives just 45% of the national average.

It would be helpful if DCLG could investigate and provide commentary on these differences in order to support how this position is explained for residents and stakeholders in Worcestershire.

Question 7: Do you agree with the Government's proposed approach in paragraph 2.10.1 of paying £65 million in 2017-18 to the upper quartile of local authorities based on the super-sparsity indicator?

The County Council supports the recognition of higher costs of providing services in rural authorities. However although the Worcestershire area suffers from higher costs of providing services in rural areas there is no recompense for the County Council for these higher costs due to the calculation method. For example a local district council qualifies for this support but Worcestershire County Council receives nothing due to the averaging method used in the calculation. If a district area attracts additional funding due to the rural nature of the area so should the County Council in proportion to that area's budgetary responsibility.

Question 8: Do you have any comments on the impact of the 2017-18 local government finance settlement on those who share a protected characteristic, and on the draft equality statement published alongside this consultation document? Please provide supporting evidence.

The Council does not agree that by moving funding from NHB to the ASC Support Grant that funding is being shifted to areas with high numbers of elderly people. Worcestershire receives just £18.94 per head aged 65 and over from the ASC Support Grant and Improved Better Care Fund compared to the national average figure of £33.90 per head and London of £56.88 per head.

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Specific Revenue Grants 2016/17*

Appendix 3

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

	2016/17
	£000
Specific Revenue Grants Total	93,771

Adult Social Care

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
	41,821

Public Health

Public Health Grant	30,654
	30,654

Children, Families & Communities

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
	14,740

Economy & Infrastructure

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
	3,083

COACH / Finance

New Homes Bonus	3,404
Police & Crime Panel Grant	69
	3,473

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CALCULATION OF COUNCIL TAX (BAND D) 2017/2018
BASED ON PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2017/2018

	2016/2017		2017/2018		Inc. over 2016/2017 Band D Equivalent %
	£	£	£	£	
Budget requirement before adjustments		322,467,589		323,663,000	
Addition to (+) or use of (-)					
Earmarked Reserves		0		-5,184,776	
General Balances		<u>0</u>		<u>0</u>	
Budget requirement		322,467,589		318,478,224	
Less: Local Share of Business Rates	17,017,558		16,009,251		
Top Up Grant	<u>41,082,442</u>		<u>43,810,749</u>		
Total Business Rates Retention System	58,100,000		59,820,000		
Revenue Support Grant	<u>36,346,546</u>		<u>19,897,085</u>		
		<u>94,446,546</u>		<u>79,717,085</u>	
		228,021,043		238,761,139	
Less: Surplus on collection fund		<u>-3,052,772</u>		<u>-2,556,935</u>	
Council Taxpayer		<u>224,968,271</u>		<u>236,204,204</u>	
Council Tax Base		200,451		204,451	
Band D Equivalent		1,122.31		1,155.31	2.94%

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PAYMENTS OF PRECEPTS BY BILLING AUTHORITIES

	Tax Base (Band D Equiv.)	Council Tax Requirement 2017/2018 £	Surplus(-)/Deficit on Collection Fund at 31/03/2017 £	Net Yield from 2017/2018 Council Tax £
Bromsgrove	36,056.65	42,091,442	-434,834	41,656,608
Malvern Hills	30,005.92	34,947,863	-281,724	34,666,139
Redditch	25,509.11	29,508,574	-37,644	29,470,930
Worcester	31,141.00	36,623,850	-646,341	35,977,509
Wychavon	48,704.25	56,992,016	-723,509	56,268,507
Wyre Forest	33,034.00	38,597,394	-432,883	38,164,511
	204,450.93	238,761,139	-2,556,935	236,204,204

<u>Council Tax</u>		<u>Precept Payment Dates</u>
<u>Valuation Band</u>	<u>Amount (£)</u>	
A	770.21	12th April 2017
B	898.57	23rd May 2017
C	1,026.94	29th June 2017
D	1,155.31	4th August 2017
E	1,412.05	12th September 2017
F	1,668.78	18th October 2017
G	1,925.52	23rd November 2017
H	2,310.62	3rd January 2018
		8th February 2018
		16th March 2018

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Budget Summary 2017/18 - Including Recharges

	Original estimate 2016/17 £m	Variation £m	Revised estimate 2016/17 £m	Variation (including recharges) £m	Original estimate 2017/18 £m
Adult Services	132.3	0.0	132.3	(1.3)	131.0
Public Health	0.4		0.4	(0.3)	0.1
Children's, Families and Communities	84.8	(0.3)	84.5	(1.7)	82.8
Economy & Infrastructure	64.5	0.0	64.5	2.5	67.0
Commercial and Change / Finance	40.5	0.3	40.8	2.0	42.8
Net expenditure	322.5	0.0	322.5	1.2	323.7
Contribution from earmarked reserves	0.0		0.0	(6.7)	(6.7)
Contribution to / (from) capital reserves	0.0		0.0	1.5	1.5
Budget requirement	322.5	0.0	322.5	(4.0)	318.5
<u>Funding sources</u>					
Council tax	225.0		225.0	11.2	236.2
Revenue support grant	36.3		36.3	(16.4)	19.9
Business rates retention scheme	58.1		58.1	1.7	59.8
Collection Fund Surplus	3.1		3.1	(0.5)	2.6
	322.5	0.0	322.5	(4.0)	318.5
Funding shortfall					0.0
<u>General Balances</u>					
Opening Balances	13.0		13.0	(1.0)	12.0
Planned contribution from/to general balances	0.0		0.0		0.0
Closing Balances	13.0		13.0	(1.0)	12.0

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**Analysis of Variations 2016/17 to 2017/18
- Including Recharges**

Appendix 6

	ASC £m	PH £m	CFC £m	E&I £m	COaCH / FIN £m	Total £m
Underlying Base Budget 2016/17	125.4	0.1	64.7	75.5	56.8	322.5
Recurring virements			0.1	(0.4)	0.3	0.0
Inflation						
Pay Inflation	0.3		0.4	0.3	0.2	1.2
Employers pensions contributions	0.2		0.2	0.1	0.2	0.7
Landfill Tax				0.2		0.2
Contractual Provisions	1.4			0.9	0.2	2.5
Income			(0.1)	(0.1)		(0.2)
General Inflation			0.1		0.6	0.7
Sub total Inflation	1.9	0.0	0.6	1.4	1.2	5.1
Growth						
Adult Social Care	2.0					2.0
Children's Social Care			(1.5)			(1.5)
Children's Safeguarding			1.5			1.5
Education Services Grant			2.1			2.1
Positive Activities			(0.1)			(0.1)
Children's SEND Transport				1.5		1.5
Further increase to support Adult Social Care costs*	1.2					1.2
Capital Financing					1.5	1.5
Investment in Road Maintenance				1.0		1.0
Footways / Key Strategic Capital Scheme Developments				(0.4)		(0.4)
Waste Disposal Costs				0.4		0.4
Energy from Waste Agreed PFI Contract Variation				6.0		6.0
Other growth pressures and funding reductions	3.9				0.6	4.5
Sub Total Growth	7.1	0.0	2.0	8.5	2.1	19.7
Total Inflation and Growth	9.0	0.0	2.6	9.9	3.3	24.8
Adult Social Care Support Grant Income*	(2.4)					(2.4)
Central and Transport Recharges	6.7	0.0	19.9	(12.2)	(14.4)	0.0
FutureFit Reforms	(7.7)	0.0	(4.5)	(5.8)	(3.2)	(21.2)
Net Expenditure	131.0	0.1	82.8	67.0	42.8	323.7

* Whilst the £2.4 million Adult Social Care grant is one off for 2017/18, there is a £1.2 million recurring additional investment in Adult Social Care services across the period of the Medium Term Financial Plan

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	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total 16/17 to 20/21 £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	6,000			10,510
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
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

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total 16/17 to 20/21 £000
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	800				992
Transport: Potential High Risk plans that are deferred into 2018/19		- 620	620			-
Street Lighting: Potential High Risk plans that are deferred into 2018/20		- 100	100			-
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
Hive and Libraries: Potential High Risk plans that cannot be achieved		- 502				- 502
Economy & Infrastructure Monitoring: Review and streamline processes in order to deliver outcomes and reduce cost.	243					243
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	1,085	500	500	650	3,297
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	219				540
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
Commercial and Change: Closing the gap savings		15				15
Managing within Directorate Cash Limited Budgets		1,270				1,270
Inflation Allocations: Reduced to take into account Autumn Statement announcements on pay pressures		300				300
Total	24,816	21,287	12,745	2,600	650	62,098

Pay Policy Statement

Introduction and Purpose

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

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

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

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

Legislative Framework

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

Pay Structure

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

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

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

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

Senior Management Remuneration

For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 1st April 2017. Salaries quoted are based on the full time equivalent (FTE) of 37 hours per week. The Council since April 2011 has adopted a maximum of 35 hours per week for new appointments and corresponding salaries are shown in brackets. Currently 13 of the chief officers are employed on a 35 hour per week contract. Table 1 lists the 40 chief officer posts that make up 1.08% of the 3719¹ people employed by the County Council (excluding schools).

Table 1: Chief Officer posts

Title	Grade	Pay range minimum	Pay range maximum	Incremental points
Chief Executive (35 hours per week)	Chief Executive	(£154,038)	(£173,421)	4
Director of Children's & Families; Director of Adult Services; Director of Economy & Infrastructure; Director of Commercial and Change.	Director (4 posts)	£115,272 (£109,035)	£126,798 (£119,938)	6
Director of Public Health *Includes a Pay Supplement of 18%	Head of Service 1 (1 post)	*£99,374 *(£93,998)	*£109,457 *(£103,534)	6
Chief Financial Officer *Includes a Pay Supplement of 15%	Head of Service 1 (1 post)	*£96,848 *(£91,608)	*£106,674 *(£100,902)	6
Assistant Director – Safeguarding Services *Includes a Pay Supplement of 12.5%	Head of Service 1 (1 post)	*£94,743 *(£89,616)	*£104,355 *(£98,709)	6
Assistant Director Adult Services *Includes a Pay Supplement of 5%	Head of Service 1 (1 post)	*£88,426 *(£83,642)	*£97,398 *(£92,128)	6
Assistant Director – Provider Services; Strategic Commissioner - Education & Skills;	Head of Service 1 (8 posts)	£ 84,216 (£79,659)	£ 92,760 (£87,741)	6

¹ Refers to the staffing count as at 30 November 2016 which includes all permanent, temporary and relief/casual/sessional employees (as/when required) excluding Schools

Strategic Lead Commissioner; Head of Legal & Democratic Services; Head of Community Services; Head of Strategic Infrastructure & Economy; Assistant Director, Families, Communities and Partnerships Strategic Commissioner - Major Projects.				
Head of Human Resources & Organisational Development; Head of Strategic Infrastructure Finance & Financial Resources; Head of Financial Management; Head of Commercial.	Head of Service 2 (4 posts)	£ 79,098 (£74,818)	£ 87,633 (£82,892)	6
Public Health Consultant	Public Health Band 9 (3 posts)	£78,973	£98,453	6
Director of Improvement and Efficiency West Midlands	Director of IEWM (1 post)	£78,973	£78,973	n/a
Senior Brand Manager *Includes a Market Forces Supplement	PO7+MFS (1 post)	*£73,160 *(£69,980)	*£76,757 *(£73,382)	n/a
Enterprise Applications Manager *Includes a Responsibility Allowance	PO7 (1 post)	*£65,410 *(£62,230)	*£69,006 *(£65,632)	4
Highways Operations and PROW Manager *Includes a Pay Supplement	PO7 (1 post)	*£63,288 *(£60,108)	*£66,885 *(£63,510)	4
IEWM Adults Programme Manager	IEWM Spot Salary	£63,452	£63,452	n/a
Delivery Lead Transport Operations Manager	PO7 (2 posts)	£58,779 (£55,599)	£62,376 (£59,001)	4
IEWM Children's Programme Manager	IEWM Spot Salary	£58,321	£58,321	n/a
Senior Finance Manager (Financial Planning & Reporting); Health & Wellbeing Manager	PO6 (2 posts)	£52,926 (£50,063)	£56,076 (£53,042)	4
Healthy Communities Manager	PO5 (1 post)	£47,442 (£44,875)	£50,445 (£47,716)	4
Emergency Planning Manager *Not including Standby Allowance of £3 per unit with variable units per month	PO4 (1 posts)	£42,666 (£40,358)	£46,011 (£43,522)	4
Finance Manager	PO4 (2 posts)	£42,666 (£40,358)	£46,011 (£43,522)	4
IEWM Programme Manager	IEWM Spot Salary	£46,010	£46,010	n/a
Business Administration & Systems Manager	PO3 (1 post)	£37,306 (£35,288)	£40,057 (£37,890)	4

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

Recruitment of Chief Officer Related Posts

The Council's policy and procedures with regard to recruitment of chief officer related posts is set out within the Constitution which can be accessed at [insert link to Constitution](#). When recruiting to all posts the Council will take full and proper account of its own policies and procedures. The determination of the remuneration to be offered to any newly appointed chief officer related position will be in accordance with the pay structure and relevant policies in place at the time of recruitment. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies. Currently we have one post receiving a market forces supplement.

Where the Council remains unable to recruit to chief officer related posts under a contract of employment, or there is a need for interim support to provide cover for a vacant substantive chief officer related post, the Council will, where necessary, consider engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. Currently the Council has no interim chief officer related positions under such arrangements.

Additions to Salary of Chief Officer Related Posts

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

In addition to basic salary, the Council may pay other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties, which could include returning officer fees or responsibility allowances. This list is not exhaustive. The Council currently pays six additional responsibility allowances, one of which is paid to the Director of Public Health, one is paid to the Chief Financial Officer, one is paid to the Assistant Director – Safeguarding Services, one is paid to Assistant Director Adult Services, one is paid to the Enterprise Applications Manager and one is paid to the Highways Operations and PROW Manager. Additionally the Emergency Planning Manager receives a Standby Allowance.

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

Payments on Termination

The Council's approach to discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended).

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

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

Publication

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

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

Lowest Paid Employees

The Council since April 2011 has adopted a maximum of 35 hours per week for new appointments. The lowest paid persons employed under a contract of employment with the Council are employed on 35 hour per week in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1st April 2017 this is £14,421 per annum and is two points higher than the National pay spine minimum. The Council employs Apprentices who are not included within the definition of 'lowest paid employees' as the terms and conditions are determined by the National Apprenticeship Service.

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

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

The current pay levels within the Council define the multiple between the lowest paid (35 hours per week) employee and the Chief Executive (35 hour per week) as 1:11.58 and; between the lowest paid employee (35 hours per week) and average chief officer as 1:5.4. The multiple between the median (average) full time equivalent earnings and the Chief Executive (35 hours per week) is 1:7.89 and; between the median (average) full time equivalent earnings and average chief officer is 1:3.68.

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

Re-engagement and Re-employment of former Chief Officer Related Posts

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

Accountability and Decision Making

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

FOR OFFICE USE ONLY

Res/HR/BAC: Prepared 25 January 2012

Approved by Council 16 February 2012

Res/HR/BAC: Updated 17 January 2013

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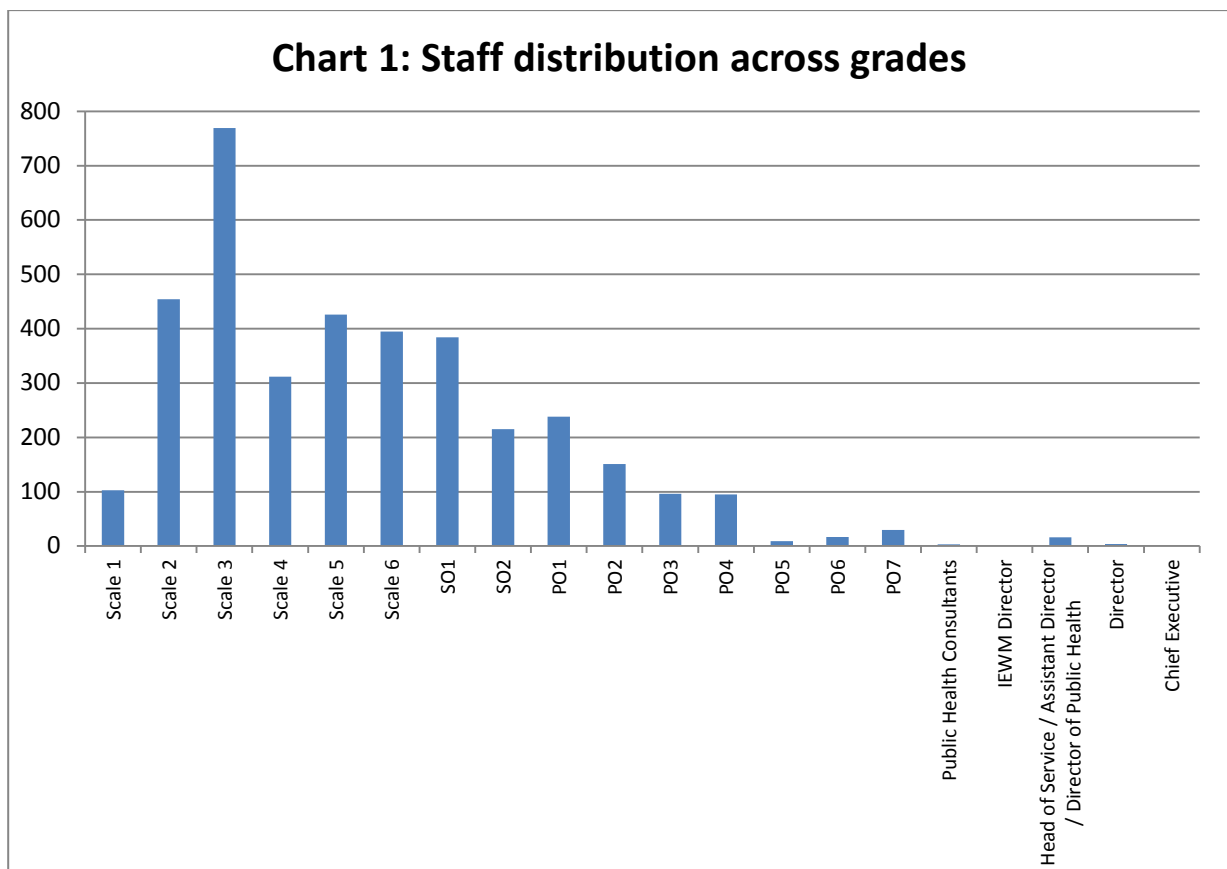
COaCH/HR/BAC: Updated 13 January 2017

To be approved by Council 9 February 2017

Appendix

Table 2: Other main salary grades* from April 2017 based on 37 hour full time equivalent (35 hour full time equivalent shown in brackets)

Grade	Pay range minimum	Pay range maximum	National Pay spine Points
Scale 1	£15,246 (£14,421)	£15,375 (£14,543)	8 - 9
Scale 2	£15,613 (£14,768)	£16,491 (£15,599)	10 - 13
Scale 3	£16,781 (£15,873)	£17,772 (£16,811)	14 - 17
Scale 4	£18,070 (£17,092)	£20,138 (£19,049)	18 - 21
Scale 5	£20,661 (£19,543)	£22,658 (£21,432)	22 - 25
Scale 6	£23,398 (£22,132)	£24,964 (£23,613)	26 - 28
SO1	£25,951 (£24,547)	£27,668 (£26,171)	29 - 31
SO2	£28,485 (£26,944)	£30,153 (£28,522)	32 - 34
PO1	£30,153 (£28,522)	£32,486 (£30,729)	34 - 37
PO2	£33,437 (£31,628)	£36,379 (£34,411)	38 - 41
PO3	£37,306 (£35,288)	£40,057 (£37,890)	42 - 45
PO4	£42,666 (£40,358)	£46,011 (£43,522)	46 - 49
PO5	£47,442 (£44,875)	£50,445 (£47,716)	50 - 53
PO6	£52,926 (£50,063)	£56,076 (£53,042)	54 - 57
PO7	£58,779 (£55,599)	£62,376 (£59,001)	58 - 61



Notes:

Chart 1 above refers to the staffing count as at 30 November 2016 which includes all permanent, temporary and relief/casual/sessional (as/when required) employees excluding Schools
 Table 3 overleaf shows a breakdown of the staffing numbers with percentages per grade.

Table 3: Staff distribution across grades¹

Grade	No. of Employees (Headcount)	Proportion (%)
Scale 1	103	2.77%
Scale 2	454	12.21%
Scale 3	769	20.68%
Scale 4	312	8.39%
Scale 5	426	11.45%
Scale 6	395	10.62%
SO1	384	10.33%
SO2	215	5.78%
PO1	238	6.40%
PO2	151	4.06%
PO3	96	2.58%
PO4	95	2.55%
PO5	9	0.24%
PO6	17	0.46%
PO7	30	0.81%
Public Health Consultants	3	0.08%
IEWM Director	1	0.03%
Head of Service / Assistant Director / Director of Public Health	16	0.43%
Director	4	0.11%
Chief Executive	1	0.03%
Grand Total	3719	

¹ Refers to the staffing count as at 30 November 2016 which includes all permanent, temporary and relief/casual/sessional (as/when required) employees excluding Schools

Capital Programme 2016/17 to 2019/20 Onwards

TOTAL EXPENDITURE	LATEST FORECAST 2016/17 £000	LATEST FORECAST 2017/18 £000	LATEST FORECAST 2018/19 £000	LATEST FORECAST 2019/20 and Beyond £000	TOTAL FORECAST £000
CHILDREN, FAMILIES & COMMUNITIES DIRECTORATE	18,069	25,733	10,925	200	54,927
ECONOMY & INFRASTRUCTURE DIRECTORATE	120,571	84,192	27,855	29,742	262,360
ADULT SERVICES DIRECTORATE	2,890	2,917	2,791	100	8,698
COMMERCIAL & CHANGE/ FINANCE DIRECTORATE	5,709	2,901	4,400	3,920	16,930
GRAND TOTAL EXPENDITURE	147,239	115,743	45,971	33,962	342,915

TOTAL FUNDING

TEMPORARY AND LONG TERM BORROWING	67,209	41,796	16,736	5,000	130,741
CAPITAL RECEIPTS	6,778	233	538		7,549
GOVERNMENT GRANTS	62,574	62,258	28,097	28,962	181,891
CAPITAL RESERVE	2,810	169			2,979
THIRD PARTY CONTRIBUTIONS	4,044	9,211			13,255
REVENUE BUDGETS	3,824	2,076	600		6,500
GRAND TOTAL FUNDING	147,239	115,743	45,971	33,962	342,915

CHILDREN, FAMILIES & COMMUNITIES DIRECTORATE

Major Schemes:

- Special School (Habberley Learning Campus)	260				260
- Somers Park Primary School Expansion	300	3,648	60		4,008
- The Chantry High School Expansion	250	2,000			2,250
- Nunnery Wood High School Expansion	250	2,250			2,500
- Christopher Whitehead High School Expansion	750	1,500			2,250
- Tudor Grange School Expansion	50	2,200			2,250
- Rushwick Primary School Expansion	500	783			1,283
- Redhill Primary School Expansion	13	2,683			2,696
- Social Care Systems and Information Technology		1,000			1,000
- Stourport Burlish Park - New School (all CM grant funded)	150	45			195
- Bengeworth 1st	12	196			208
- Social Care Projects	1,388	700			2,088
- Redditch S.77 Projects	2,000				2,000
- Evesham St Andrews	1,150				1,150
- Leigh and Bransford	1,186	26			1,212
- Holyoaks Field 1st School	1,000	2,179	3,179		6,358
- Worcester Library and History Centre (Non - PFI capital costs)	327	119			446
- Hartlebury Museum	149				149
- Major Schemes - Residual	443				443
Composite Sums:					
- Capital Maintenance	3,093	2,166	1,301	100	6,660
- Basic Need	2,484	1,317	6,285		10,086
- School Managed Schemes (Inc. Universal Infant School meals and Devolved Formula Capit	2,055	2,112			4,167
- Libraries Minor Works	147	330	100	100	677
- Composite Sums - Residual	112	479			591
TOTAL CHILDREN, FAMILIES & COMMUNITIES DIRECTORATE	18,069	25,733	10,925	200	54,927

	LATEST FORECAST 2016/17	LATEST FORECAST 2017/18	LATEST FORECAST 2018/19	LATEST FORECAST 2019/20 and Beyond £000	TOTAL FORECAST £000
ECONOMY & INFRASTRUCTURE DIRECTORATE					
Local Transport Plan:					
- Structural Carriageway/Bridgeworks	15,502	17,253	12,076	24,152	68,983
- Integrated Transport	3,914	2,283	2,315	4,810	13,322
Major Schemes:					
- Energy from Waste	44,901				44,901
- Southern Link Dualling Phase 3	11,354	11,644	5,294		28,292
- Worcester Parkway Regional Interchange	3,358	20,877	890		25,125
- Driving Home Programme	7,045	3,200			10,245
- Kidderminster Rail Station Enhancement	250	4,050			4,300
- Green Deal Communities	2,509				2,509
- Eastham Bridge	1,080	920			2,000
- Worcestershire Growth Fund	1,212				1,212
- Herefordshire Training Group	950				950
- Midland Group Training Services	700				700
- Boiler on Prescription	459				459
- Pavement Improvement Programme		3,000	3,000		6,000
- Cutting Congestion Programme		2,500	2,500		5,000
- Town Centre Improvement Programme		1,000	1,000		2,000
- Kidderminster Public Realm Works	553	60			613
- Kidderminster Town Centre Phase 2	20	480			500
- Droitwich High Street	116	384			500
- Redditch Town Centre	425	250			675
- Worcester City Centre	690	250			940
- Members Highways Schemes	1,818				1,818
- Highway Flood Mitigation Measures	1,986	4,500			6,486
- Abbey Bridge	717				717
- Worcester Transport Strategy	2,001				2,001
- Hoobrook Link Road - Pinch Points	4,328	559			4,887
- Worcester Technology Park	5,702				5,702
- Bromsgrove Rail Station	571				571
- Cathedral Square	89	945			1,034
- Tenbury Wells Waste Site	100				100
- Malvern Hills Science Park Scheme	2,876	864			3,740
- Street Lighting Energy Saving Project	182				182
- Public Rights of Way	162				162
- Local Broadband Plan Phase 1	730	2,458			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	480	480	1,943
- Street Column Replacement Programme	760	350	100	100	1,310
- Highways Minor Works		200	200	200	600
- Investment Initiatives to Support Business and /or Green Technology		499			499
TOTAL ECONOMY & INFRASTRUCTURE DIRECTORATE	120,571	84,192	27,855	29,742	262,360
ADULT SERVICES DIRECTORATE					
Major Schemes:					
- Capital Investment in Community Capacity/ Specialised Housing	1,453	1,308	1,980		4,741
- Investment in New Technologies in Care	300	1,100	600		2,000
- Timberdine Nursing and Rehabilitation Unit	337				337
- Care Act Capital		326	111		437
- Social Care Reform	128				128
- Completion of Residual Schemes	82	83			165
Composite Sums:					
- A&CS Minor Works	590	100	100	100	890
TOTAL ADULT SERVICES DIRECTORATE	2,890	2,917	2,791	100	8,698
COMMERCIAL & CHANGE/ FINANCE DIRECTORATE					
Major Schemes:					
- Digital Strategy and Customer Access	2,669	895	538	528	4,630
- WIN System	106				106
- Repair and Maintenance of a Longer Term Benefit (And BUoP)	796	600	900	900	3,196
- 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		805	2,482	2,492	5,779
- Completion of Residual Schemes	307				307
TOTAL COMMERCIAL & CHANGE/ FINANCE DIRECTORATE	5,709	2,901	4,400	3,920	16,930

	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	236.2	246.9	258.4	270.7
Collection Fund Surplus / Deficit (-)	3.1	2.5			
Adult Social Care Support Grant		2.4			
Better Care Fund	33.9	33.9	40.5	46.7	46.7
Total Funding Available	356.4	354.8	357.9	367.5	381.0
<u>Forecast Expenditure</u>					
Gross Budget	359.6	356.4	360.0	357.9	367.5
Adult Social Care Support - Recurring Investment		1.2			
Better Care Fund	0.4	0.0	3.3	3.1	0.0
Base Budget	360.0	357.6	363.3	361.0	367.5
Inflation					
Pension increases	0.6	0.8	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	2.9	2.7	2.7	2.9
National Insurance	2.1				
Pay Inflation	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 Placements	5.0	-1.5			
Children's Safeguarding		1.5			
Children's Transport		1.5			
Capital Financing	0.9	1.5	1.7		
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			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	2.1	1.0		
Other growth pressures and funding reductions	3.9	4.5	12.9	15.1	24.3
	381.2	381.3	389.8	389.2	403.0
Less - Future Fit Reforms	24.8	21.3	12.7	2.6	0.6
- Recurrent Reforms To Be Identified	0.0	0.0	19.2	19.1	21.4
	356.4	360.0	357.9	367.5	381.0
Contribution to(-) / from Earmarked Reserves	0.0	5.2	0.0	0.0	0.0
Gross funding requirement	356.4	354.8	357.9	367.5	381.0
<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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Treasury Management Strategy 2017/18

Background

In accordance with the Council's Treasury Management Practices (TMPs) and The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services: Code of Practice the Council is required to approve the Treasury Management Strategy and Annual Investment Strategy for 2017/18. The Treasury Management Strategy is reflected in the Personal Assurance Statement given by the Chief Financial Officer concerning the 2017/18 budget calculations.

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

In addition the Council employs Treasury Management advisors, Capita Asset Services, who provide information and advice on interest rate movements which is used to inform borrowing and investment decisions. The advisors have been engaged on a fixed term basis after a tendering procedure completed in August 2016.

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

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

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

During 2016/17 the County Council has invested its surplus cash with selected UK Banks, selected Money Market Funds, the UK Debt Management Office and with other local authorities.

Economic Commentary

The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling since early August. Consequently, Bank Rate was not cut again in November and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth.

During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth

prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Treasury Management Strategy

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

Borrowing Strategy

PWLB rates and gilt yields have been experiencing exceptional levels of volatility that have been highly correlated to geo-political, sovereign debt crisis and emerging market developments. It is likely that these exceptional levels of volatility could continue to occur for the foreseeable future, with the balance of risks more or less neutral; with political turmoil exerting downward pressure, but inflation and debt concerns exerting upward pressure.

The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation. Rates on loans of 5 years are expected to be around 1.70%, while rates on longer term loans are expected to be around 3.00% by the end of 2017/18. The Council has prudently assumed a borrowing rate for 2017/18 of 3.20% in setting the budget, with a working assumption to borrow in Quarter 3. For medium-term planning purposes the Council has assumed borrowing rates of 3.20% in 2017/18, 3.60% in 2018/19 and 4.00% in subsequent years. This is in-line with Capita's forecasts for borrowing rates during Quarter 3 of each of those years plus a margin of 0.20% for 2017/18, 0.50% for 2018/19 and 0.70% for subsequent years for prudence.

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

The strategy will be to borrow in order to replenish a proportion of the reserves and cash balances used to support capital expenditure since October 2008. This will mitigate any interest rate risk in that borrowing and will be taken before borrowing

rates increase significantly. The timing of the borrowing will depend on cashflow requirements and forecast future developments and on interest rate movements and the forecast for those future movements. A mixture of shorter and longer-term loans will be taken in order to fit with the Council's debt maturity profile.

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

The gross capital borrowing requirement for 2017/18 is estimated to be £39.4 million. After the use of the minimum revenue provision to repay debt of £19.5 million, the net capital borrowing requirement is estimated to be £19.9 million.

The management of the Council's debt will be exercised in the most efficient manner taking into account maturing debt. The opportunity may be taken to reschedule any outstanding debt if rates become favourable to delivering savings in the revenue budget. The cost of external interest of maintaining the council debt is estimated to be £14.9 million in 2017/18.

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

Annual Investments Strategy

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

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

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

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

A Specified Investment offers high security and high liquidity, must be in sterling and have a maturity date of less than a year. Any Specified Investment must be with the United Kingdom Government, a local authority in England or Wales or a similar body in Scotland or Northern Ireland, a parish or community council, a AAA-rated Money Market Fund, a bank which is part-owned by the UK Government, or with a body of high credit quality. The Council defines a body of high credit quality as

counterparties who achieve ratings with all three rating agencies as described below (using the lowest rating of the three):

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

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

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

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

- For **secured** term deposits, the council defines high credit quality as an **instrument** that has the above ratings with every agency that rates it.
- Enhanced Money Market funds or Cash Plus funds, which carry a AAA-rating from at least one rating agency.

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

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

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

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

The Council may hold cash within its current account overnight as a transactional control to mitigate the risk of going overdrawn and incurring penalty and interest charges. On limited occasions the Council may also leave funds in this account

when it is impractical and/or not economically feasible to invest elsewhere. These balances are considered as cash or cash equivalents and not investments.

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

Pension Fund

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

West Mercia Energy

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

Energy from Waste

In partnership with Herefordshire Council, the Council is providing finance to Mercia Waste for the building of an Energy from Waste Plant, which they will then operate for a period determined by the existing PFI contract. At the end of the contract, the ownership of the plant will revert to the Councils. The construction phase commenced on the 21st May 2014, construction is due to be completed by the end of February 2017.

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

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

Year:	Amount:
2014/15	£22.0m (actual)
2015/16	£54.5m (actual)
2016/17	£47.4m (forecast)

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

During the operational period of the waste PFI contract, Mercia Waste will repay the Council Capital and Interest on the amortising senior term loan. At the expiration of the PFI contract during 2023/24, the Council shall assume ownership of the plant, which will represent repayment of the bullet loan.

Statement of Prudential Indicators

1. Introduction

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

2. Prudential Indicators

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

Gross Debt and the Capital Financing Requirement

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

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

- 2.1.2. The Chief Financial Officer reports that the County Council had no difficulty meeting this requirement for 2015/16, nor are any difficulties envisaged for the current or future years. This view takes into account all plans and commitments included in the 2017/18 budget policy.

Capital Expenditure

- 2.1.3. The actual amount of capital expenditure that was incurred during 2015/16, and the estimates of capital expenditure to be incurred for the current and future years that are proposed in the 2017/18 budget policy are as follows:

Capital Expenditure

	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 & Beyond Estimate £m
Total Capital Expenditure	141.7	147.2	115.7	46.0	34.0

Ratio of Financing Costs to Net Revenue Stream

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

Ratio of Financing Costs to Net Revenue Stream

	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Financing Costs	29.2	30.8	32.8	33.8	33.7
Net Revenue Stream	327.6	322.5	318.5	317.3	320.8
Ratio	8.92%	9.54%	10.29%	10.66%	10.52%

Capital Financing Requirement

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

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

Capital Financing Requirement

	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Capital Financing Requirement at 31 March	483.7	539.9	559.8	551.6	535.0

Authorised Limit

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

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

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

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

Authorised Limit for External Debt

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
External Borrowing	560.0	580.0	580.0	580.0
Other Long Term Liabilities	13.0	13.0	13.0	13.0
Total Authorised limit	573.0	593.0	593.0	593.0

Operational Boundary

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

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

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

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

Operational Boundary for External Debt

	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
External Borrowing	540.0	560.0	560.0	560.0
Other Long Term Liabilities	10.0	10.0	10.0	10.0
Total Operational Boundary	550.0	570.0	570.0	570.0

Actual External Debt

- 2.1.21. The County Council's actual external debt as at 31/03/16 was £334.5 million, comprising £334.5 million External Borrowing and £0 (zero) Other Long Term Liabilities.
- 2.1.22. The proportion of the capital financing requirement met by external borrowing will remain at similar levels over the short term until the relationship between short term rates and long term rates changes.

The Incremental Impact of Capital Investment Decisions on the Council Tax

- 2.1.23. This indicator identifies specifically the additional cost to the taxpayer of the new capital investment decisions proposed in the 2017/18 – 2019/20 Capital Programme.
- 2.1.24. The incremental impact identifies transactions that will occur over and above what has already been provided for in the 2016/17 revenue budget and assumes the funding available in 2017/18 will be carried forward in the future year's base budgets.
- 2.1.25. The incremental impact has been calculated using forward estimates of funding consistent with expectations in the Medium Term Financial Plan.
- 2.1.26. The impact on the revenue budget, and therefore the Council Tax, is felt by a combination of the following: debt costs of the new borrowing, the amount set aside from revenue to repay the principal element of external borrowing (Minimum Revenue Provision), the revenue impact of a capital project (e.g. running costs or savings of a new asset) and general Revenue Contributions to Capital Outlay (RCCO's).
- 2.1.27. Capital expenditure that is financed by RCCO is incurred only on the basis that the RCCO can be made during the year. The amount of RCCO for future years depends upon the revenue budget that is agreed each year.
- 2.1.28. It should be noted that borrowing itself does not fund capital expenditure since the loans have to be repaid eventually. The actual funding comes from the Minimum Revenue Provision that is statutorily charged to revenue each year.

2.1.29. The estimate of the incremental impact on the Council Tax of the change in the proposed capital programme 2017/18 to 2019/20 compared with the previous programme is shown below.

Incremental impact of capital investment decisions on the Council Tax

	2017/18 £	2018/19 £	2019/20 £
Incremental Impact on Band D Council Tax	-1.17	3.45	4.20

3. PRUDENTIAL INDICATORS FOR TREASURY MANAGEMENT

3.1. The following prudential indicators have been taken into account in the 2017/18 Treasury Management Strategy.

Treasury Management Code of Practice

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

Fixed Interest Rate Exposures

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

Upper limits for net principal sums outstanding at fixed rates

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Net Principal sums Outstanding at Fixed Rates	573.0	593.0	593.0	593.0

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

Variable Interest Rate Exposures

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

Upper limits for net principal sums outstanding at variable rates

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Net Principal sums Outstanding at Variable Rates	171.9	177.9	177.9	177.9

3.1.5. This is the maximum external borrowing judged prudent by the Chief Financial Officer that the council should expose to variable rates.

Maturity Structure of Borrowing

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

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

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

Investments for longer than 364 days

- 3.1.7. It is recommended that the County Council sets an upper limit of total principal sums invested for periods longer than 364 days of £10 million for 2017/18, 2018/19 and 2019/20.

4. ANNUAL MINIMUM REVENUE PROVISION (MRP) STATEMENT

Introduction

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

Meaning of "Prudent Provision"

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

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

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

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

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

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

MRP Policy relating to capital expenditure financed from borrowing

- 4.8. Taking into account the need to make prudent provision the Chief Financial Officer recommends the following options for the calculation of MRP in 2016/17:
 - Option 1 for all capital expenditure incurred before 1 April 2008 and capital expenditure on or after 1 April 2008 that forms part of the Authority's Supported Capital Expenditure for Revenue Support Grant purposes.
 - Option 3 for all capital expenditure incurred on or after 1 April 2008 that will be financed by new borrowing under the Prudential system for which no Government support is being given.

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Assessment of the County Council's Equalities Duty in relation to setting of the 2017/18 budget

Background

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

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

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

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

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

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

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

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

Many of the programmes will already be part-way through implementation and will have been assessed for equality relevance as part of the 2017-2018 budget report. Equality scores and comments have been updated to reflect developments during the past year.

Directorate	Programme	2016/17		2017/18		Degree of potential impact 1=Low, 5=High	Numbers potentially affected 1=Low, 5=High	Total	Comments
		£m	£m	£m	£m				
		Budget (net of savings)	Savings	Budget (net of savings proposal)	Savings proposals				
E&I	Drive Efficiencies through Shared Services (Self-Financing):	0.799	0.100	0.832	0.100	1	3	3	The projects included in this programme will only be of equality relevance where substantial change is proposed to an existing, publicly-accessible, service. If this were the intention the equality impact for Protected Groups would be assessed.
E&I	Act Local:	10.286	0.500	0.000	0.000	5	3	15	Of relevance to all Protected Groups both when receiving support and participating in their local community as volunteers. Where the County Council ceases funding for non-statutory support services, the general health and well-being of some of those who have Protected Characteristics could be adversely impacted unless those services can continue to be delivered by volunteers. The success of the Act Local programme therefore has considerable equality relevance. The expiry of the Changing Futures Fund has provided an opportunity for further consideration of the ways in which the Council can most efficiently and effectively support development of community resilience.
E&I	Other E&I Savings:	28.988	0.046	49.947	5.364	2	2	4	Most of the initiatives included under this heading will be of limited equality relevance. However, screening for potential equality relevance will be required in respect of new and developing proposals.
E&I	The Open Road:	8.560	0.098	0.000	0.000	1	4	4	The programme area of potential equality relevance is street-lighting. This was assessed prior to the commencement of implementation and no significant equality impact was then (or has since been) identified.
Page 74 E&I	Transport Operations & Fleet:	19.400	0.192	13.206	0.180	4	3	12	Access to both public and tailored transport is key to advancing equality of opportunity (one of the three aims of the Equality Duty). The beneficiaries of the transport which the Council provides, commissions and subsidises will generally be older people, children or those who have a disability. Change proposals to the ways in which service users' transport needs are met continue to be carefully assessed to determine both positive and negative potential impact. The Independent Travel Training initiative in Children's Services is an excellent example of positive equality impact.
E&I	E&I Management:	0.000	0.162	0.000	0.000	1	1	1	This programme is of very limited equality relevance.
E&I	New Models of Delivery for Cultural Services:	1.383	0.050	0.000	0.000	2	3	6	Where projects include changes to opening hours and increased use of volunteers there is potential for both enhancing and detracting from equality of opportunity for service users and volunteers. Projects will be assessed for equality relevance/impact and mitigating action taken, where appropriate.
E&I	E&I Monitoring:	1.791	0.243	0.000	0.000	2	3	6	There is no project within this programme which has to date been identified as having particular equality relevance.
E&I	New E&I Savings	0.000	0.632	0.000	0.000	1	4	4	There is no project within this programme which has to date been identified as having particular equality relevance.

Directorate	Programme	2016/17		2017/18		Degree of potential impact 1=Low, 5=High	Numbers potentially affected 1=Low, 5=High	Total	Comments
		£m	£m	£m	£m				
		Budget (net of savings)	Savings	Budget (net of savings proposal)	Savings proposals				
CFC	Promoting Improved Educational Outcomes (PIEO):	2.593	1.495	2.864	0.476	5	3	15	This remains an area of considerable equality relevance. Equality of achievement/outcome (particularly for disadvantaged groups, such as disabled and/or BME young people) will be robustly monitored during the term of the recently implemented contract with Babcock International.
CFC	Other CFC Savings:	0.818	0.111	1.275	0.735	2	3	6	There is no project within this programme which has to date been identified as having particular equality relevance, but screening for equality relevance and, where appropriate, more detailed assessment of potential equality impact will be carried out.
CFC	Early Help & Partnership:	9.450	3.590	5.384	1.480	5	4	20	Ongoing development of The 0-19 service has considerable equality relevance (both for children and young people and their families/carers). The planned redesign of the provision of Short Breaks is of considerable equality relevance.
CFC	Children's Social Care (CSC):	3.237	0.714	35.209	1.515	5	3	15	Changes to these services are focused on improvement of outcomes and life chances for children and young people. Equality of outcome is an integral part of this programme.
CFC	Communities:	3.783	0.939	3.020	0.084	3	4	12	programmes included under this heading are of equality relevance. Any proposals in respect of Libraries are always carefully assessed for equality impact and the return of Regulatory Services to the County Council should maximise their potential to inform and assist vulnerable residents.
DAS	New Models of Care:	13.278	2.000	0.000	0.100	5	3	15	Highly relevant in the lives of older and disabled service users and their carers. Demand management (including ongoing development of the Your Life Your Choice) website, revised assessment processes and service/staff restructure all mitigate potential for potential negative impact for these groups.
DAS	Integrated Recovery:	0.000	0.100	1.004	0.000	5	2	10	This ongoing programme is of considerable relevance in the lives of older and disabled patients/service users. The integrated approach has a very significant impact on the nature and effectiveness of the care and support they receive during their recovery and in planning for the future.
DAS	Market Transformation	23.960	3.310	55.644	3.300	3	3	9	A range of providers from whom services can be commissioned at the cost and to the quality required is key to meeting service users' support needs. Protected characteristics (Sexual Orientation or Disability, for example) will continue to be of relevance in care planning.
DAS	Learning Disability Review of Care	0.000	0.300	51.374	2.560	3	5	15	Changes to available services (including housing) and other aspects of care packages are very relevant to equality of opportunity and outcome for these service users and to their families/carers. Thorough assessment of potential equality relevance (including service user and carer engagement) will be carried out. Co-production in service design has the potential to positively influence future care planning.
DAS	Other DAS	63.344	1.646	0.000	1.260	2	2	4	Equality relevance will be assessed as necessary.

Directorate	Programme	2016/17		2017/18		Degree of potential impact 1=Low, 5=High	Numbers potentially affected 1=Low, 5=High	Total	Comments
		£m	£m	£m	£m				
		Budget (net of savings)	Savings	Budget (net of savings proposal)	Savings proposals				
DAS	New Technology in Care	0.000	1.900	0.000	0.000	3	4	12	This programme will have varied relevance dependent on the nature of the technology and the needs of service users and their environments. Each initiative will be assessed for equality impact and inclusive design which maximises the number of potential beneficiaries. The potential impact of reduced human contact for recipients may also be of relevance.
DAS	Adult Provider Services	0.000	0.800	1.695	0.040	2	2	4	Initiatives will be assessed for equality relevance and impact as necessary
DAS	Future Lives - Monitoring:					4	2	8	A number of the projects included in this programme are substantially complete, though still subject to regular review. Equality implications will have been assessed and mitigated before roll-out. However, one area of particular relevance is Learning Disability employment support where the County Council is actively seeking to identify employment opportunities for service users who have a learning disability.
DPH	Public Health	0.000	0.000	0.101	1.130	5	3	15	Potential positive impact for Protected Groups where funding targeted towards groups which are known to face health inequality. Prevention and promotion activity is often of relevance in advancing equality of opportunity in the lives of people who have one or more of the Protected Characteristics. Equality analysis will form a key part of the review of existing commitments, particularly in respect of areas previously funded through Supporting People (for example, prevention of domestic abuse, drug and alcohol misuse and some advocacy support).
COaCH / FIN	Better Use of Property:	3.751	1.098	1.120	0.290	2	3	6	It is standard practice for refurbishment to comply with disability access requirements. This, together with co location of services, will often benefit service users. Flexible working environments can be challenging for staff (for example those who are deaf, dyslexic or have mental health issues) who benefit from an ordered and consistent work environment.
COaCH / FIN	Modernising HR	3.030	0.186	2.414	0.170	2	2	4	This programme offers opportunities for improving accessibility of HR applications and increasing the amount of relevant equalities data available to us. These considerations are included in service specifications and ongoing discussion with suppliers, as necessary. Organisations with which we contract are required to support equality of opportunity.

Directorate	Programme	2016/17		2017/18		Degree of potential impact 1=Low, 5=High	Numbers potentially affected 1=Low, 5=High	Total	Comments
		£m	£m	£m	£m				
		Budget (net of savings)	Savings	Budget (net of savings proposal)	Savings proposals				
COaCH / FIN	Digital Strategy	4.188	0.356	3.988	0.367	3	4	12	While technology can be used to empower vulnerable groups and provide methods that enhance service access, due regard will need to be exercised to make sure that an emphasis on access via the Internet and other channels does not disadvantage protected groups who may find it difficult or may be unable to access our preferred channels. The County Council continues to work in partnership with statutory and voluntary sector colleagues to promote and support digital inclusion among disadvantaged groups (many of whom will have one or more of the Protected Characteristics). The Council also takes steps to ensure that its own external website is accessible and that information it contains is clearly written and can be provided in alternative formats.
COaCH / FIN	Customer Access Strategy	0.375	0.191	0.343	0.090	3	4	12	Varied, easy-to-use customer access channels advance equality of opportunity. While all of our services should be available online we recognise that some customers will be unable to access services in this way.
COaCH / FIN	Modernising Legal and Democratic Services	2.593	0.117	1.343	0.035	2	2	4	The Equality Act recognises the need to promote participation in public life of Protected Groups whose engagement is disproportionately low. Modernisation can promote greater engagement where processes and applications are accessible and information is presented in ways which can readily be understood.
COaCH / FIN	Modernising Financial Services	31.188	0.321	31.606	0.244	2	2	4	This programme is of limited equality relevance, though processes and applications need to be accessible to users of assistive technologies.
COaCH / FIN	Commercial & Performance	2.056	0.062	1.904	0.085	2	3	6	Much of this programme will have little direct equality relevance. However, the centralisation of the procurement and contracting function has the potential indirectly to influence equality of outcome, as consistent good practice is promoted among commissioners and service managers.
COaCH / FIN	Other COaCH CEX Services (inc Comms)	1.378	-0.103	0.343	0.373	2	1	2	Of no immediate equality relevance, though future change will require assessment for Equality Relevance.
COaCH / FIN	Self Sufficient Council	0.000	2.510	0.000	0.209	1	1	1	Of no direct equality relevance.
COaCH / FIN	Commissioning:	0.000	0.500	0.000	1.000	1	1	1	Of no direct equality relevance.
COaCH / FIN	Active Alliances	0.000	0.050	0.000	0.100	1	1	1	Of no direct equality relevance.
TOTAL		24.216		21.287					

Key:

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

The level of Due Regard required will also be influenced by the potential cumulative impact of Council programmes for Protected Groups. As programmes progress to detailed implementation their potential cumulative impact will become clearer.

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ASC DIRECTORATE

CORPORATE PLAN AREA:**HEALTH AND WELLBEING**

	Original Estimate 2016/17				Estimate 2017/18			
	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000
SERVICE NET EXPENDITURE SUMMARY								
OLDER PEOPLE (Head of Service Anne Clarke)								
Health-commissioned Community Services	23,707	23,415		292	5,134	5,088		46
Older People Recovery Services	15,304	14,541		763	10,664	9,164		1,500
Adult Social Care and Case Management - Older People	9,216	1,805		7,411	9,538	1,616		7,922
Carers' Services	1,553	1,285		268	1,113	1,260		-147
Care Act eligible services - Older People								
Residential and Nursing	42,010	15,203		26,807	44,708	16,451		28,257
Homecare	15,490	3,651		11,839	15,223	3,683		11,540
Day Care (External)	700	319		381	386	40		346
Day Care and Respite (Internal)	0			0	0			0
Transport	215			215	213			213
Assistive Technology	41	40		1	0	0		0
Direct Payments	4,120	380		3,740	3,338	462		2,876
Extra Care and Sheltered Housing	2,194	253		1,941	2,222	211		2,011
Internal Homecare Provider Services	2,970	551		2,419	2,353	406		1,947
Other Care Act eligible OP services	0	0		0	0	0		0
Total Older People	117,520	61,443	0	56,077	94,892	38,381	0	56,511
PHYSICAL DISABILITY (Head of Service: Anne Clarke)								
Adult Social Care and Case Management - Physical Disability	393	0		393	244	0		244
Care Act eligible services - Physical Disability								
Residential and Nursing	3,501	486		3,015	3,767	565		3,202
Homecare	3,185	193		2,992	3,059	269		2,790
Day Care and Transport	147	22		125	146	22		124
Direct Payments	5,208	172		5,036	5,278	516		4,762
Total Physical Disability	12,434	873	0	11,561	12,494	1,372	0	11,122
LEARNING DISABILITIES (Head of Service Anne Clarke)								
Learning Disability Integrated Teams	1,003	2		1,001	1,173	2		1,171
Young Adults team	503			503	489			489
FACS eligible services - Learning Disabilities								
Residential and Nursing	24,899	2,330		22,569	24,602	2,570		22,032
Homecare	3,396	204		3,192	3,510	204		3,306
Day Care	6,117	673		5,444	5,955	401		5,554
Transport	1,257			1,257	1,267			1,267
Supported Employment	96	15		81	80	15		65
Direct Payments	9,465	3,339		6,126	8,802	2,932		5,870
Supported Living	12,436	424		12,012	13,410	543		12,867
Shared Lives	1,762	231		1,531	1,711	229		1,482
Other	574	59		515	580	59		521
Total Learning Disabilities	61,508	7,277	0	54,231	61,579	6,955	0	54,624
MENTAL HEALTH (Head of Service Mark Dickens WHACT)								
Mental Health Integrated Teams	3,753	856		2,897	3,484	592		2,892
Mental Health Collaborative Payments	561	364		197	607	364		243
FACS eligible services - Mental Health								
Residential and Nursing	6,158	2,053		4,105	6,183	2,395		3,788
Homecare and Supported Living	1,278	260		1,018	1,779	572		1,207
Transport	6			6	3			3
Direct Payments	775	160		615	691	150		541
Total Mental Health	12,531	3,693	0	8,838	12,747	4,073	0	8,674
STRATEGIC AND SUPPORT FUNCTIONS - SOCIAL CARE (Head of Service: Anne Clarke)								
Adults' Safeguarding	914	127		787	1,487	346		1,141
Older People Central Management Costs	1,325	0		1,325	865	2,395		-1,530
PD Grants to Voluntary Orgs	182	177		5	181	177		4
Implementation of the Care Act	243	243		0	0	0		0
Total Social Care	2,664	547	0	2,117	2,533	2,918	0	-385
STRATEGIC AND SUPPORT FUNCTIONS - ICU (Head of Service Richard Keble/ Frances Martin)								
Integrated Commissioning Unit	2,187	437	312	1,438	1,834	310	214	1,310
Directorate Support Services Recharge		1,438		-1,438		1,310		-1,310
Total ICU	2,187	1,875	312	0	1,834	1,620	214	0
SUPPORT SERVICES (Head of Service Sue Alexander)								
Business Support	879	830	1,000	-951	35	35	0	0
Directorate	579	73	0	506	520	67	0	453
Total Support Services	1,458	903	1,000	-445	555	102	0	453
TOTAL DIRECTORATE NET EXPENDITURE	210,302	76,611	1,312	132,379	186,634	55,421	214	130,999

Contact Officers: Sander Kristel, Director of Adult Social Care
Rob Wilson, Principal Finance Manager

PUBLIC HEALTH DIRECTORATE

CORPORATE PLAN AREA:

HEALTH AND WELLBEING

	Original Estimate 2016/17				Estimate 2017/18			
	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000
<u>SERVICE NET EXPENDITURE SUMMARY</u>								
<u>PREVENTION (Head of Service Frances Howie)</u>								
Prevention - Adults	7,594	7,512		82	6,737	6,737		0
Prevention - Older Adults	1,679	1,664		15	1,638	1,638		0
Prevention - Other services	7,755	7,691		64	7,026	7,026		0
Prevention - Children and Young People	11,730	11,626		104	10,933	10,933		0
	28,758	28,493	0	265	26,334	26,334	0	0
<u>STRATEGIC AND SUPPORT FUNCTIONS - Public Health (Head of Service Frances Howie)</u>								
Public Health - inc health protection, leadership and population healthcare	2,286	2,196	90	0	3,718	3,628	90	0
Medicines management	65	64		1	0	0		0
Voluntary and Community Sector	54	0		54	54	0		54
Emergency Planning	186	186		0	178	178		0
Healthwatch	412	365		47	321	274		47
	3,003	2,811	90	102	4,271	4,080	90	101
TOTAL DIRECTORATE NET EXPENDITURE								
	31,761	31,304	90	367	30,605	30,414	90	101

Contact Officers:

Frances Howie, Director of Public Health
Rob Wilson, Principal Finance Manager

CHILDREN, FAMILIES AND COMMUNITIES DIRECTORATE

	Original Estimate 2016/17				Estimate 2017/18			
	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000
SERVICE NET EXPENDITURE SUMMARY								
SCHOOLS BUDGET (Head of Service - John Edwards and Stephanie Simcox)								
Mainstream School and Early Years Formula Budgets	175,699	14,785		160,914	202,404	14,487		187,917
High Needs Pupils	36,909	0		36,909	39,083	0		39,083
Early years	358	0		358	508	0		508
Statutory Duties and Historic Commitments	4,355	0		4,355	4,496	0		4,496
De-Delegated Services	695	0		695	672	0		672
	218,016	14,785	0	203,231	247,163	14,487	0	232,676
DEDICATED SCHOOLS GRANT (DSG)				-203,231				-232,676
				0				0
CHILDREN, FAMILIES AND COMMUNITIES BUDGETS								
Children's Social Care (Assistant Director - Tina Russell)								
Safeguarding Services inc Family Front Door	13,772	122		13,650	16,262	1,120		15,142
Worcestershire Safeguarding Children Board	273	150		123	340	217		123
Children's Social Care (Interim Assistant Director - Jake Shaw)								
Placements and Provision	39,247	604		38,643	36,313	168		36,145
Education and Skills (Strategic Commissioner - John Edwards)								
Education and Skills	6,001	3,254		2,747	5,980	2,631		3,349
Home to School and College Transport	12,418	1,788		10,630	14,082	1,734		12,348
Families, Communities and Partnership Services (Assistant Director - Hannah Needham)								
Early Help and Prevention	33,466	26,355		7,111	26,005	20,446		5,559
WCC Contribution to West Mercia Youth Offending Service	547	0		547	552	0		552
Strategic Libraries and Learning	8,238	6,449	30	1,759	8,553	6,468	31	2,054
Libraries Service Improvements	4,492	724		3,768	4,106	813		3,293
Museum Service	1,171	655	0	516	1,204	717	0	487
Countryside Greenspace, Gypsy Service and Road Safety	1,052	766		286	1,430	911		519
Severn Arts	1,942	1,942		0	1,942	1,968		-26
Resources (Head of Strategic Infrastructure Finance and Financial Recovery - Stephanie Simcox)								
Resources	15,473	11,651	104	3,718	14,723	10,813	-106	4,016
Savings to be allocated to above service headings					-795			-795
TOTAL DIRECTORATE NET EXPENDITURE	138,092	54,460	134	83,498	130,697	48,006	-75	82,766

Contact Officers:

Catherine Driscoll, Director of Children's Services
 Sue Alexander, Head of Financial Management (Adults Services, Children, Families and Communities)
 Stephanie Simcox, Head of Strategic Infrastructure Finance and Financial Recovery

ECONOMY and INFRASTRUCTURE

CORPORATE PLAN AREA:

All

	Original Estimate 2016/17				Estimate 2017/18			
	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000	Gross Exp. £000	Gross Income £000	Reserve M'ments £000	Net Exp. £000
SERVICE NET EXPENDITURE SUMMARY								
STRATEGIC INFRASTRUCTURE & ECONOMY (Head of Service: Nigel Hudson)								
Investment and Growth	226	0	0	226	0	0	0	0
Network Control	2,626	1,792	0	834	3,258	2,416	0	842
Transport Planning	1,477	653	0	824	1,208	471	0	737
Worcestershire Archive and Archaeology	2,850	1,330	0	1,520	3,059	1,434	0	1,625
Strategic Planning (inc Environmental Policy, Minerals & Waste)	529	124	0	405	831	124	199	508
Planning Development Control	334	51	0	283	371	51	0	320
Minerals & Waste Policy	330	0	199	131	0	0	0	0
Flood Risk & Highways Drainage	292	0	0	292	345	29	0	316
Sustainability	1,070	788	10	272	1,043	732	23	288
Economic Development	1,199	109	89	1,001	1,711	323	450	938
County Enterprises	668	501	114	53	588	479	0	109
	11,601	5,348	412	5,841	12,414	6,059	672	5,683
STRATEGIC COMMISSIONING - Major Projects (Head of Service: Rachel Hill)								
Highways Contracts, Winter Service and Projects	8,119	53	0	8,066	8,058	54	0	8,004
Waste Services	44,491	13,078	2,358	29,055	48,308	16,495	1,262	30,551
	52,610	13,131	2,358	37,121	56,366	16,549	1,262	38,555
OPERATIONS - HIGHWAY & PROW (Head of Service: Ian Bamforth)								
Highway Maintenance - Design & Build	2,473	0	0	2,473	2,530	0	0	2,530
Highways Maintenance - Routine & Cyclic	8,403	0	0	8,403	9,495	0	0	9,495
Countryside Access	681	17	0	664	691	18	0	673
	11,557	17	0	11,540	12,716	18	0	12,698
OPERATIONS - TRANSPORT LEAD (Head of Service: Ian Bamforth)								
Transport Operations	15,544	5,768	0	9,776	15,251	5,584	0	9,667
Public Analyst and Scientific Adviser	1,776	1,776	0	0	1,807	1,807	0	0
Trading Standards	483	40	0	443	613	72	69	472
	17,803	7,584	0	10,219	17,671	7,463	69	10,139
BUSINESS ADMINISTRATION & SYSTEMS (Director: John Hobbs)								
Net Expenditure before Directorate Recharges	1,020	89	0	931	888	0	0	888
Directorate Recharge		672	0	-672		945	0	-945
	1,020	761	0	259	888	945	0	-57
TOTAL DIRECTORATE NET EXPENDITURE	94,591	26,841	2,770	64,980	100,055	31,034	2,003	67,018

Contact Officers:

John Hobbs, Director of Business, Environment and Community Services
Sean Pearce, Chief Financial Officer and Section 151 Lead

CORPORATE PLAN AREA: CROSS CUTTING

	Original Estimate 2016/17				Estimate 2017/18			
	Gross Exp.	Gross Income	Reserve M'ments	Net Exp.	Gross Exp.	Gross Income	Reserve M'ments	Net Exp.
	£000	£000	£000	£000	£000	£000	£000	£000
SERVICE NET EXPENDITURE SUMMARY								
LEGAL & DEMOCRATIC SERVICES (Head of Service: Simon Mallinson)								
Legal Services	1,669	1,693		-24	1,905	1,705		200
Committee and Appellate	426	199		227	399	199		200
Overview and Scrutiny	211			211	156			156
Allowance & Expenses	981			981	984			984
Councillors Divisional Fund	570		570	0	570		570	0
Business & Member Support (L & D Services)	1,626	266		1,360	1,646	247		1,399
Registration, Coroner Services and CIMU	2,283	1,480		803	2,611	1,834		777
County Council Elections	109			109	109			109
	7,875	3,638	570	3,667	8,380	3,985	570	3,825
COMMERCIAL TEAM (Head of Service: Joanna Charles)								
Commercial Team	645	699	120	-174	901	1,221	0	-320
HR & Finance Transactional Services	2,857	1,709	392	756	3,316	2,916	400	0
Customer Services	1,328	1,660		-332	1,323	1,603		-280
Place Partnership Services	2,315	2,315		0	2,547	2,547		0
Facilities Management	3,881	3,652	-40	269	3,797	3,692	-40	145
Maintenance & Minor Works	939	1,009		-70	1,009	1,009		0
Property Other Services	268	102		166	259	97		162
Smallholdings Estates & Woodlands	194	311		-117	195	311		-116
Performance Management	1,223	1,187	28	8	858	190	0	668
Consumer Relations Unit	225	225		0	216	216		0
Research Unit	537	259	332	-54	593	593	0	0
	14,412	13,128	832	452	15,014	14,395	360	259
HUMAN RESOURCES & ORGANISATIONAL DEVELOPMENT (Head of Service: Elaine Chandler)								
Human Resources	3,788	3,360		428	4,837	4,762		75
Equality and Diversity	70	70		0	71	71		0
Learning and Development	1,573	1,418		155	0	0		0
	5,431	4,848	0	583	4,908	4,833	0	75
SERVICE TRANSFORMATION (Head of Service: Vacant)								
ICT Service Division	4,938	5,389	221	-672	7,101	6,471	221	409
	4,938	5,389	221	-672	7,101	6,471	221	409
MARKETING (Manager: Keith Beech)								
Marketing Unit	867	875		-8	742	632		110
	867	875	0	-8	742	632	0	110
COMMERCIAL & CHANGE - MANAGEMENT (Interim Director: Peter Bishop)								
Commercial and Change Management	1,259	358		901	1,148	1,440		-292
	1,259	358	0	901	1,148	1,440	0	-292
TOTAL COMMERCIAL & CHANGE	34,782	28,236	1,623	4,923	37,293	31,756	1,151	4,386
CHIEF EXECUTIVE (Clare Marchant)								
Chief Executive	368	5		363	284	5		279
FINANCE & WHOLE ORGANISATION (Head of Service: Sean Pearce)								
One Finance	4,145	4,321		-176	3,531	3,611		-80
Strategic Change Team	2,958	261	2,697	0	1,037	11	1,026	0
Financing Transactions	28,128	307		27,821	29,568	307		29,261
Contributions & Precepts	232			232	232			232
Pensions Back Funding Liabilities	7,478			7,478	7,490			7,490
Miscellaneous Services	2,682	3,858	-1,779	603	5,766	3,690	865	1,211
	45,623	8,747	918	35,958	47,624	7,619	1,891	38,114
TOTAL CHIEF EXECUTIVE & FINANCE	45,991	8,752	918	36,321	47,908	7,624	1,891	38,393
TOTAL DIRECTORATE NET EXPENDITURE	80,773	36,988	2,541	41,244	85,201	39,380	3,042	42,779

Additional Information

The above estimates are net of Central Support Services recharges to other Service Directorates of £ 14,596 million for 2017/18. The gross Commercial and Change Directorate and Chief Executive Unit budget before these costs are recharged is £57,717 million.

Contact Officers: Clare Marchant, Chief Executive
Peter Bishop, Interim Director of Commercial and Change

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Chief Financial Officer's Statement on the Soundness of the Budget and the Adequacy of the General Reserve

In considering the Medium Term Financial Plan (MTFP) the Chief Financial Officer needs to consider the level of reserves for which it provides. This will, in part, be governed by known or likely commitments, and, in part, by the appetite for risk.

The County Council as at 31st March 2016 had £13m held as a general reserve, and when compiling the MTFP has taken into account estimates of future expected changes for pay increases, including the national living wage for staff and suppliers.

In setting the level of reserves I would suggest that the following issues should be taken into account:

The possibility of savings targets not being met. I would suggest no provision in reserves for this, but if this approach is taken, it is recognised that any failure to deliver savings will have to be compensated for, potentially, by alternative service reductions.

Possible delays in the delivery of savings. It is recognised that sometimes the delivery of savings are delayed for a variety of reasons. It may be possible to provide cover through withholding expenditure temporarily, from other budgets, although it remains that the savings still need to be delivered, albeit at a later stage.

The County Council's savings profile in the current and future years (including new savings proposed for 17/18 and later years) are rated as follows as at January 2017:-

RAG Rating	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£m	£m	£m	£m	£m	£m
Red	4.9	11.4	11.6	1.9	0.6	30.4
Amber	2.5	2.2	0.7	0.7	0.0	6.1
Green	20.0	5.0	0.1	0.0	0.0	25.1
New reforms closing the gap	-	1.0	0.4	-	-	1.4
Total	27.4	19.6	12.8	2.6	0.6	63.0

A recent review of Future Fit projects indicated that £6.1m of the 2016/17 savings are likely to be covered by directorate reserves or one-off income in year, and, of these, about £1.2m may need further refinement to programme plans to achieve outcomes. This indicates the likely amount of savings that will be undelivered recurrently at the year-end, and therefore need to be rolled forward into the 2017/18 programme. Given the County Council's experience in forward planning and delivery of savings and reforms, it is considered highly likely that the County Council would be able to plan and achieve alternative savings before any significant impact on general balances.

Most likely, therefore, the red and amber savings risk to be carried forward expressed above would be covered firstly from Directorate's Earmarked Reserves, or through active management of other budgets, before the need to provide funding from General Balances.

Nevertheless, if this were not to happen, then there needs to be sufficient cover from General Balances.

It is therefore concluded that holding £6m in General Balances to cover risk of organisational change continues to be robust and adequate cover considering the amount of financial change, resources available and recent operational experience.

There should also be a general contingency provision for other unknown events. Assessing a prudent level for this is not possible with any degree of accuracy, but would be unlikely to exceed 1% of net revenue expenditure, around £3.5m.

The aggregate cost of these elements is around £9.5m.

The County Council does not necessarily have to provide money in reserves for each of these elements individually, as they may not occur at the same time. One contingency can provide for several possible events. However, it does need to give realistic consideration to the likelihood of them occurring during the period covered by the plan, and it does need to provide explicitly for those which are certain to occur. Given the relative low aggregate sum involved, it is recommended that general balances are satisfactory at £12m.

Provided that this sum is available at all times within reserves, I am satisfied that this budget is soundly based and adequately provides for the risks facing the Authority.

This review has been completed recognising all the financial risks identified in the February 2017 Cabinet Budget Report.

Sean Pearce
Chief Financial Officer
February 2017

Appendix 16

Table : Provisional DSG Gross Settlement 2017/18

DSG Allocations (rounded to nearest £0.1 million)	2016/17 £m	2017/18 £m	Pupil Numbers
Total Schools Block	303.72	307.64	71,232
Early Years Block (Universal)	16.95	21.44	8,748
Early Years Block (Extended)	0.00	4.23	1,723
Early Years Block (Nursery School Supplement) and Disability Access Fund	0.00	0.19	
Early Years Pupil Premium	0.26	0.26	
2 Year olds	4.10	4.39	1,482
Total Early Years Block	21.31	30.51	
High Needs Block (Provisional)	44.90	48.08	
Total Dedicated Schools Grant	369.93	386.23	

Table : Pupil Number Variation 2016/17 and 2017/18

Phase	2016/17 October 2015 Census	%	2017/18 October 2016 Census	%	Variance
Primary	42,878	61.0	43,600	61.2	722
Secondary	27,662	39.3	27,864	39.1	202
SEN Units Reduction	-230	-0.3	-232	-0.3	-2
Total	70,310	100	71,232	100	922

Table : High Needs Allocation

	£m
2016/17 Baseline	44.9
Add Historic commitments transfer	1.2
Add Post 16 Budget transfer	1.0

Add Additional High Needs Population Factor	1.0
Total 2017/18	48.1

1. As previously reported to Cabinet, the national Pupil Premium Grant rates have been confirmed as being the same as 2016/17 and are set out in the table below.

Table : Pupil Premium Grant Funding Rates

Phase / Type	2017/18 £
Primary	1,320
Secondary	935
Looked After Children	1,900
Service Children	300
Early Years Pupil Premium based on £0.53 / hour for 15 hours for 38 weeks	300

CABINET
2 FEBRUARY 2017**SCRUTINY REPORT: COMMISSIONING: STAFF TERMS AND
CONDITIONS REPORT**

Relevant Cabinet Member

Mr A C Roberts

Relevant Officer

Director of Commercial and Change

Recommendation

1. **The Leader of the Council and Cabinet Member with Responsibility for Transformation and Commissioning recommend that the Cabinet:**
 - (a) **receives the Scrutiny Report on Commissioning: Staff Terms and Conditions, together with the response from the Leader of the Council and Cabinet Member with Responsibility for Transformation and Commissioning; and**
 - (b) **notes the Scrutiny Report's findings and recommendation and adopts the response of the Cabinet Member with Responsibility as the way forward.**

Background

2. The aim of the scrutiny was to examine what influence the Council has to ensure that those it commissions from are fair employers.
3. In June 2015, the Overview and Scrutiny Performance Board agreed to scrutinise the way the Council commissions services and what influence it has on terms and conditions of staff employed by external providers.
4. The scrutiny was initially prompted by concerns raised about the terms and conditions of some staff employed by the Council's contractors, in particular relating to the minimum wage, travel time, zero hours contracts and access to union representation.
5. It was agreed that the exercise would be led by the Scrutiny Board Member with responsibility for commissioning processes, Councillor Kit Taylor.

Terms of Reference

6. The Terms of Reference for the scrutiny exercise were to examine and make recommendations on:

- What powers or duties the Council has when commissioning providers in relation to staff terms and conditions
- Whether and how the Council monitors contractors' employment conditions
- How the Council evaluates tenders and what account is taken of employee conditions
- How the Council monitors the quality of services provided by contractors which may be affected by staffing quality or turnover
- How the Council ensures that there is a provider market.

Overview and Scrutiny Performance Board (OSPB)

7. The OSPB is considering the Scrutiny Report on 26 January 2017 and if agreed will be despatched following this meeting.

Response of the Cabinet Member

8. The scrutiny process provides for the relevant Cabinet Member with Responsibility to submit to the Cabinet a response to the Scrutiny Report's findings and recommendation to be considered alongside the Scrutiny Report.

9. The response of the Leader of the Council and the Cabinet Member with Responsibility for Transformation and Commissioning on behalf of the Cabinet will be circulated following the meeting of the OSPB.

Supporting Information

- Appendix 1- Scrutiny Report – Commissioning: Staff Terms and Conditions (to follow)
- Appendix 2 - Response from the Leader of the Council and the Cabinet Member with Responsibility for Transformation and Commissioning on behalf of the Cabinet (to follow)

Contact Points

County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Specific Contact Points for this report

Samantha Morris, Overview and Scrutiny Officer, 01905 844963,

scrutiny@worcestershire.gov.uk

Background Papers

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

Agenda and minutes of the OSPB meetings on 8 June 2015, 21 April 2016, 25 May 2016 and 3 June 2016

[All agendas and minutes are available on the Council's website here.](#)

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CABINET
2 FEBRUARY 2017**SCRUTINY REPORT: EFFECTIVENESS OF THE PREVENTION
AND RECOVERY DRUG AND ALCOHOL MISUSE SERVICE**

Relevant Cabinet Members

Mr J H Smith
Mr A C Roberts

Relevant Officer

Director of Public Health

Recommendation

1. **The Leader of the Council and Cabinet Members with Responsibility for Health and Well-being, and Transformation and Commissioning recommend that the Cabinet:**
 - (a) **receives the Scrutiny Report on the effectiveness of the Prevention and Recovery Drug and Alcohol Misuse Service, together with the response from the Leader of the Council and Cabinet Member with Responsibility for Health and Well-Being, in liaison with the Cabinet Member with Responsibility for Transformation and Commissioning; and**
 - (b) **notes the Scrutiny Report's findings and recommendation and adopts the response of the Cabinet Member with Responsibility as the way forward.**

Background

2. At the Annual Crime and Disorder meeting held by the Overview and Scrutiny Performance Board (OSPB) on 7 July 2015, the £4m commissioned treatment and recovery services in respect of drug and alcohol misuse for adults and children and young people was discussed and it was noted that the contract for this Service was re-commissioned from 1 April 2015 with Swanswell Charitable Trust. Swanswell's focus is on prevention and treatment working in conjunction with primary care and specialist services. They also focus on outreach and community-based work which is thought to be more appropriate for rural Worcestershire. The Swanswell Service includes Peer Mentors and Recovery Champions who can present information about their journey in various community settings e.g. schools, colleges and universities.

3. Historically, service performance has been poor under the previous contractor, for which Adult Services and Health was subject to scrutiny during the previous Council. It is anticipated that Swanswell's new integrated recovery service will lead to significant improvement against national performance indicators.

4. The OSPB agreed that this area would benefit from some detailed scrutiny, led by Councillor Chris Bloore, lead member for Crime and Disorder.

5. The OSPB approved the scrutiny proposal on 23 September 2015.

Terms of Reference

6. The Terms of Reference for the scrutiny exercise were to investigate:

- how the County Council, with partners (including the Police) is developing a prevention and recovery approach and an effective service to help reduce drug and alcohol misuse
- how effectively the Council is working with other agencies to improve the help and advice provided to addicts and their families.

Overview and Scrutiny Performance Board

7. The OSPB is considering the Scrutiny Report on 26 January 2017 and if agreed will be despatched following this meeting.

Response of the Cabinet Member

8. The scrutiny process provides for the relevant Cabinet Member with Responsibility to submit to the Cabinet a response to the Scrutiny Report's findings and recommendation to be considered alongside the Scrutiny Report.

9. The response from the Leader of the Council and Cabinet Member with Responsibility for Health and Well-Being, in liaison with the Cabinet Member with Responsibility for Transformation and Commissioning, on behalf of the Cabinet will be circulated following the meeting of the OSPB.

Supporting Information

- Appendix 1- Scrutiny Report – Effectiveness of the Prevention and Recovery Drug and Alcohol Misuse Service (to follow)
- Appendix 2 - Response from the Leader of the Council and Cabinet Member with Responsibility for Health and Well-being, in liaison with the Cabinet Member with Responsibility for Transformation and Commissioning, on behalf of the Cabinet (to follow)

Contact Points

County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Specific Contact Points for this report

Emma James and Jo Weston, Overview and Scrutiny Officers, 01905 844964/844965,
scrutiny@worcestershire.gov.uk

Background Papers

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

Agenda and minutes of the OSPB meetings on 7 July 2015, 23 September 2015 and 26 January 2017

[All agendas and minutes are available on the Council's website here.](#)

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CABINET
2 FEBRUARY 2017**UPDATE REPORT OF THE FOOTWAYS OVERVIEW AND
SCRUTINY TASK GROUP**

Relevant Cabinet Member

Mr M J Hart

Relevant Officer

Director of Economy and Infrastructure

Recommendation

1. **The Leader of the Council and Cabinet Member with Responsibility for Highways recommend that the Cabinet:**
 - (a) **receives the Update Report of the Footways Scrutiny Task Group; and**
 - (b) **notes the Report's findings and recommendation and adopts them as the way forward.**

Background

2. In a Notice of Motion agreed at Council in November 2014, Council recognised the importance of walking as part of a healthy lifestyle and that in addition, safe footways were especially important for the elderly to access local shops and services. At the time there were concerns that the county's footways revenue budget of £800,000 in 2014/15 and beyond would be inadequate to maintain footways and that the inspection criteria was insufficiently rigorous to identify where the surface was unsafe for less able walkers.

3. As a result of the concerns expressed by Council and the Budget Scrutiny Task Group a task group was created to examine in detail the issue of Footways.

4. Unfortunately, due to matters arising, the review has failed to reach a consensus over the content of the final report from the task group. It was therefore agreed that the task group would present this update report (attached as an Appendix) to the Overview and Scrutiny Performance Board (OSPB) at the earliest opportunity.

Overview and Scrutiny Performance Board

5. The OSPB considered the Update Report on 18 January 2017. At that meeting, it was agreed that subject to a minor amendment to draft Recommendation 6, the Report should be forwarded to Cabinet for consideration. The final version is attached as an Appendix.

Supporting Information

- Appendix - Footways Review: Draft Update Report of the Footways Scrutiny Task Group

Contact Points

County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Specific Contact

Samantha Morris, Overview and Scrutiny Officer, 01905 844962/844963,

scrutiny@worcestershire.gov.uk

Background Papers

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

Agenda and minutes of the OSPB meetings on 8 June 2015, 23 September 2015, 2 December 2015, 21 April 2016, 23 June 2016 and 12 October 2016

Agenda and Minutes of the County Council meeting on 13 November 2014

[All agendas and minutes are available on the Council's website here.](#)

Footways Review

Update Report of the Footways Scrutiny Task Group

In a notice of motion agreed at Council in November 2014, Council recognised the importance of walking as part of a healthy lifestyle and that in addition safe footways were especially important for the elderly to access local shops and services. At the time, there were concerns that the county's footways revenue budget of £800,000 in 2014/15 and beyond would be inadequate to maintain footways and that the inspection criteria was insufficiently rigorous to identify where the surface was unsafe for less able walkers.

As a result of the concerns expressed by Council and the Budget Scrutiny Task Group a Task group was created to examine in detail the issue of Footways.

The Scrutiny Task Group as part of its review started to look at existing policy, some best practice approaches and gathered some evidence through interview sessions with officers. In addition, the Task Group looked at a variety of footways in various conditions with officers from Worcestershire County Council.

Unfortunately due to matters arising the review has failed to reach a consensus over the content of the final report from the task group. It has therefore been agreed that the task group will present this update report to OSPB at the earliest opportunity.

The task group set out to review the following areas, but the task remains incomplete:

- The existing and predicted condition of Worcestershire's footways
- The criteria for intervention and whether it is sufficient to make footways safe for less able walkers
- Current spending on footways – how funding is prioritised and allocated
- are current spending plans sufficient to maintain or improve current condition across each category of footway
- Whether increased investment now might lead to savings in the future
- The potential impact of plans for increased integration of Public Rights of Way work with highways work

As a result of the findings of the review the task group wish to make the following recommendations for consideration:

Recommendation 1: The Cabinet should maintain a level of funding to ensure challenging targets to secure an ever reducing percentage of footways requiring treatment are below 25% ensuring continuous improvement.

Recommendation 2: Economy & Environment Scrutiny Panel should consider the Department for Transport Guidance on Well Managed Highways Infrastructure and make any subsequent recommendations to OSPB as soon as possible.

Recommendation 3: An annual indicative programme of footways to be treated should be provided to each local member.

Recommendation 4: An element of budget spends should be piloted to be focused around category 3 'Quiet Urban' footways in discussion with the Local Member and the local Highways Liaison Officer.

Recommendation 5: The Council should exercise its existing policy to impose fines on Utility Companies at every opportunity when they do not repair footways as required within the set timescale.

Recommendation 6: OSPB to consider including Footways on its 2017/18 work programme with a specific purpose of reviewing ways to improve provision of preventative maintenance, increase the overall condition of footways, improve footways for less abled walkers and examine how new technology can be utilized to improve key rural footways identified as agreed with local members, how footways are identified for repair and how the County Council ensures quality assurance and value for money when repairing footways.

CABINET
2 FEBRUARY 2017**PILOT INTERGENERATIONAL PROJECT (HOMESHARE)**

Relevant Cabinet Member

Mr J H Smith

Relevant Officer

Director of Public Health

Recommendation

- 1. The Cabinet Member with Responsibility for Health and Well-Being recommends that Cabinet:**
 - (a) approves the adoption of new policy decision to invest in the 'innovation concept' of the pilot Intergenerational Project Homeshare to reduce loneliness in older people as set out in this report;**
 - (b) supports the Council investing in the partnership with the University of Worcester to enable the development of the above innovation concept;**
 - (c) approves the maximum funding of £167,000 from Public Health Ring Fenced Grant for a period of 4 years in support of it; and**
 - (d) authorises the Director of Public Health to take all appropriate steps to put the above decisions into effect.**

Background

2. Worcestershire has 30,000 older people living alone with 50% of those expected to be isolated. Demographic trends project that the number of older people living alone will increase by 22% between 2012 and 2020 (Projecting Older People Population Information System (POPPI) 2013). People who are socially isolated are more likely to develop depression, dementia and have an unhealthy lifestyle such as not taking regular exercise.
3. Community and home-based health and well-being self-management and building resilience will be required to reduce demand for hospital or social care over the next 15 years (Social Finance, 2013).
4. At the same time the affordability of accommodation for students is a significant issue, exacerbated by the planning regulations in the City of Worcester which restrict the adaptation of housing for student accommodation. The University has a student population of approximately 10,000, with 25% attending health and social care courses. Currently, there are approximately 1,500 accommodation units in halls of residence.

5. It is estimated that chronic loneliness costs health and social care commissioners on average a total of £12,000 per person, of which approximately 40% occurs within the first five years (GP visits, A&E visits, hospital admissions, residential care, some costs associated with depression and diabetes) (Investing to Tackle Loneliness Report, 2015).

6. When compared to people who are never lonely, older people who are lonely on average are:

- 1.8 times more likely to visit their GP
- 1.6 times more likely to visit A&E
- 1.3 times more likely to have emergency admissions
- 3.5 times more likely to enter local authority-funded residential care.

7. In addition to these short-term effects, loneliness also influences the likelihood of developing certain health conditions which will increase service usage in the medium to long-term. When compared to a population of older people who are never lonely, older people who are always or often lonely can be:

- 3.4 times more likely to suffer depression
- 1.9 times more likely to develop dementia in the following 15 years
- Two thirds more likely to be physically inactive, which may lead to 7% increased likelihood of diabetes, 8% increased likelihood of stroke and 14% increased likelihood of coronary heart disease.

Work to date

8. The County Council is committed to reduce loneliness within the county and has formally adopted this strategy over recent years.

9. The Council has driven this agenda through the development of a Social Impact Bond (SIB) working with CCG partners, the Big Lottery Fund and Cabinet Office. The SIB is an innovative outcomes-based payment driven project aimed at supporting the loneliest people within the county and using focussed interventions to reduce loneliness through the use of community organisations and volunteer support. Payments for the delivery of reduced loneliness (the outcome) are then made accordingly.

10. This SIB model puts a large emphasis on provider performance/throughput and generating referrals to ensure that the maximum outcomes (and thus payments) are achieved.

11. The intergenerational project aims to replicate this model through a similar outcomes-based payment mechanism.

The Intergenerational project

12. The University and Vestia commenced discussions about the possibilities of a scheme like this some time ago. Partnership working was already in place between the Council and the University and tackling loneliness had already been identified as a priority of the Council.

13. The proposal put forward is based on a European model called 'Homeshare' which matches older people (and couples) who have a spare room in their house and students who require accommodation whilst studying at University.

14. The matching process of older people and students is rigorous and places a strong emphasis on compatibility/buy in to the project and safeguarding. This includes undertaking DBS checks on both parties involved in the agreement. These arrangements will be formalised by both parties and regular interaction with Vestia Community Trust will take place to ensure that the placement is functioning as intended. There are potential safeguarding implications for this scheme for both students and the older people involved. The measures put in place to mitigate against these are the DBS checks undertaken on both parties, the agreement between the parties and the project and the monitoring and support package put in place as part of the scheme.

15. Vestia Community Trust has entered into a formal partnership with the University of Worcester to identify students who may benefit from this arrangement through both the pure accommodation basis and also as part of their university course (a semi-placement).

16. Students targeted will be those in their 2nd and 3rd year of studies and primarily on social care/health related courses (e.g. Occupational therapy/nursing/social work).

17. Payments for the scheme will be made on a Payments by Results (PbR) basis only. The measurement tools used to assess the outcomes will include the UCLA (University of California, Los Angeles) loneliness scale which is used for the SIB, along with other measures to measure improvement in health, well-being and quality of life.

18. The scheme will aim to support up to 75 placements by the end of 2017.

Benefits of the project

19. The pilot scheme aims to achieve the following:

For the Council:

- Reduced loneliness for older people
- Payment for positive outcomes only
- Improved health and well-being and quality of life for participants
- Supporting University students to become part of the health and social care system
- Potential delay in accessing social care eligible services, such as accommodation of care packages delivered in the home
- Development of an innovative partnership with the University of Worcester to test the application of the Homeshare model in Worcestershire
- Evaluation of the model of to reduce loneliness in Worcestershire.

There may also be a positive impact on CCG-funded provision in particular GP services.

For the older person:

- Social interaction/companionship and reduced loneliness and isolation
- Able to continue living in their own home
- Improved health, well-being and quality of life
- Help with household tasks
- Assurances for families who may live away from the area
- Opportunity to learn new skills, such as digital technologies.

For the student:

- Cost-effective accommodation
- Work experience/enhanced CV, in particular for health and social care students
- Companionship and shared learning opportunities.

20. Target areas for the Council will include:

The scheme will need to identify individuals/families who are likely to derive the greatest benefit and return on investment to the Council. People will be identified through housing partners and existing older people forum networks, health and social care staff. Target groups include:

- Those people currently receiving non-care related home support packages
- Carers of people who are now residing in a care home/extra care scheme.

Engagement with older people

21. Vestia Community Trust has attended the Older People's Consultative Group (OPGC) to discuss the project and feedback was positive.

22. Representatives from the OPGC also committed to cascade the information to their respective forums.

23. Vestia Community Trust has also commissioned a Worcester-based company to undertake research with focus groups into key messages for older people which will underpin the marketing strategy.

Evidence base for project

24. The County Council is committed to driving innovation and this project is seen as an ideal opportunity to both develop the partnership with the University of Worcester and to pilot a concept which is untested in the UK and is consistent with the County's approach to tackling loneliness.

25. Measuring the effectiveness of spend on prevention is complex and does not fit well with simple cost benefit calculations. The return on investment may often be medium to long-term. Also, some of the benefit may accrue to other organisations – notably the local NHS and Acute Services and broader society. However, the evidence base for many services is well developed and the Council is committed to testing all services for effectiveness and value for money.

26. A tangible cost benefit would materialise where social care funded care packages are reduced as a result of older people engaging with the project.

27. Other assessments of the return on investment will be made by measuring the changes in health and well-being, and quality of life using validated measures which have a financial value. It is thought that chronic loneliness costs commissioners on average £12,000 per person of which approximately 40% occurs within the first five years. (Investing to Tackle Loneliness Report, 2015). A proportion of these costs will be to the Council and this will vary on an individual basis. The scheme has the potential to

avert a proportion of these costs. If that averted costs exceed the costs of the scheme (£700 per person) then the scheme will be cost effective.

28. The scheme will contribute to the following outcomes:

- Improved Mental Health
- Reducing falls in people over 65 and over
- Reduced injuries due to falls in people aged 80 and over
- Reduced hip fractures in people aged 65 and over
- Reduced hip fractures in people aged 80 and over
- Reduced social isolation of adult carers
- Reduced fuel poverty
- Increased Physical Activity
- Improved Quality of Life.

Risks

29. As payments will only be made for positive outcomes there is no financial risk to the Council for underperformance of activity.

30. The safeguarding of older people (and students) will form part of the risk assessments and 3 way agreements between all parties (older person/student/Vestia). The safeguarding policy/DBS checks/references/home safety checks (including suitability of appliances) will form part of the inclusion process.

31. The pilot is a pilot and there is scope to change elements of delivery throughout the life of the programme whilst remaining within the financial envelope assigned by the Council.

Legal, Financial and HR Implications

32. The contract will be with the University of Worcester, who is the only provider who has access to the university population and therefore the only partner able to deliver the scheme. The scheme will therefore not be subject to a competitive tender.

33. The University of Worcester will subcontract the management and delivery of the scheme to Vestia Community Trust.

34. The maximum commitment from the Council will be £167,000 over the course of the project (£17,000 year one and up to £50,000/year for the subsequent years).

35. This funding has been identified and secured from the Public Health Ring Fenced Grant.

36. Other funders of the scheme include:

- Students, who will pay a one off fee (£500) to Vestia Community Trust to support the student training, support and set up costs
- Vestia Community Trust who will contribute to management costs of the scheme
- University of Worcester who will contribute finance, staff support and research and evaluation.

37. The Council funding will be paid on a Payment by Results (PbR) basis for the reduction in loneliness in older people after 6 months and 18 months using the UCLA Loneliness Scale, which is validated tool, also used for the Reconnections SIB. Other measures will also be used to measure improvements in health, well-being and Quality of Life. The final details are to be agreed and will be set out in the formal agreement with the University of Worcester.

38. There are no HR implications for the Council.

Privacy and Public Health Impact Assessments

39. Socio economic factors: Positive impact on the students and older people involved in the scheme as they will share the housing costs. The home owner will have a student contributing to the household bills and the student will have access to reduced cost accommodation.

40. Physical Health, Mental Health and Well-being: The scheme is designed to improve the health and well-being of the older person and is likely to have a positive impact on the well-being of the student due to the training they will receive about keeping well and the companionship. The scheme has a system of monitoring and support which will be used to identify if the scheme is having a negative effect on physical or mental and health. Action will be taken on Worcester University and or Vestia to resolve any negative effects.

41. Access to services: The scheme is designed to enable older people involved to have increased access to community-based services that will enhance quality of life and health and well-being. The students involved will have access to training and support.

42. Inequalities: The scheme may have a positive effect on reducing inequalities due to the financial benefits to both students and the older people involved. The small numbers involved mean this will be limited.

Equality and Diversity Implications

43. 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

Worcestershire Hub: 01905 765765

Specific Contact Points for this report

Dr Frances Howie: Director of Public Health

Tel: 01905 845533

Email: fhowie@worcestershire.gov.uk

Background Papers

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

Presentation outlining the project (Vestia Community Trust)

Link to Lyon (France) based model <http://www.expat-agency-lyon.com/english/international-students-lyon/students-accomodation-lyon/intergeneration-home-sharing-in-lyon/>

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CABINET
2 FEBRUARY 2017**OUTCOME FROM THE OFSTED INSPECTION OF SERVICES
FOR CHILDREN IN NEED OF HELP AND PROTECTION,
CHILDREN LOOKED AFTER AND CARE LEAVERS****Relevant Cabinet Member**

Mr M L Bayliss

Relevant Officer

Director of Children, Families and Communities

Recommendation

- 1. The Cabinet Member with Responsibility for Children and Families recommends that Cabinet:**
 - (a) notes the outcome of the Ofsted inspection report;**
 - (b) notes and approves the improvement plan set out as an Appendix to tackle the areas of concern identified by Ofsted; and**
 - (c) notes the key policy development as set out in paragraph 22 of this report and authorises the Cabinet Member with Responsibility for Children and Families to take decisions upon them.**

Background

2. Ofsted carry out inspections of Local Authority services with regard to the help, care and protection of children and young people. The inspections are carried out under the Single Inspection Framework (SIF) which replaced previous children services inspection arrangements. The SIF covers inspection of services for children in need of help and protection, children looked after, care leavers and a review of the Local Safeguarding Children's Board.
3. The current regime has been in operation since the end of November 2013 and to date 116 inspection reports have been published, with a further five awaiting formal publication. The inspections are announced at short notice, take place over a four week period and involve a detailed and forensic analysis of the quality of work with children and the impact made on the outcomes they achieve.
4. The inspection outcome has four possible judgements: inadequate, requires improvement to be good, good and outstanding. The judgements of the 116 Authorities where the results have been published to date show that 73% of authorities are inadequate or require improvement.

5. Worcestershire's inspection took place from 24 October to 17 November 2016. This involved 11 inspectors and 155 meetings with over 200 people as well as the rigorous examination of case files of children.

6. The overall judgement for Worcestershire was 'inadequate' and was published on 24 January 2017. This is a very disappointing judgement for Worcestershire's children and young people, as well as for the committed and hardworking staff within the service. Plans were already in place to deliver service improvement prior to the inspection and this work has continued and been further strengthened to form an improvement plan to cover all recommendations from Ofsted. The Local Children Safeguarding Board judgement was "requires improvement", as was the judgement for adoption. The full judgement is available on the Ofsted website.

Inspection Report

7. Ofsted published the report on their website on 24 January 2017. The Cabinet Member with Responsibility for Children and Families, Chief Executive, Director of Children, Families and Communities and Assistant Director Safeguarding (Children Social Care) carried out a number of interviews, media, member and staff briefings on the day of publication.

8. The report contained fourteen recommendations for the Authority, with its partners, to implement. These are:

- (a)** Ensure that elected members and senior leaders meet their statutory responsibilities and duties to the children of Worcestershire by improving all children's services
- (b)** Implement the workforce strategy as swiftly as possible to improve workforce stability and capacity
- (c)** Ensure that children's services staff and the wider partnership understand and consistently apply the 'level of needs' at every stage of the child's journey, including in the early help pathway
- (d)** Strengthen children's voices by ensuring that children are seen, and seen alone, that their views are fully considered and taken into account, that they are supported to contribute to their plans and that their wishes are acted upon, when appropriate
- (e)** Ensure that the management oversight and performance information relating to children who are at risk or vulnerable to child sexual exploitation and missing are accurate, and lead to improved safeguarding practice
- (f)** Complete a thorough review of all children subject to Section 20 accommodation to ensure that their arrangements are appropriate in all cases
- (g)** The local authority should assure itself that decisions made to close the cases of the cohort of children in need that were recently reviewed are both appropriate and in the children's best interests

- (h) Improve the quality of assessments and plans for all children. Ensure that children progress, including permanence plans, through robust reviews and effective oversight
- (i) Ensure that strategy discussions include all relevant agencies and robust contingency arrangements so that children are safeguarded while child protection enquiries are undertaken
- (j) Improve the timeliness of health assessments for children looked after to ensure that their needs are fully understood and met
- (k) Ensure that social workers and managers fully understand and exercise their responsibilities to unaccompanied asylum seeking children
- (l) Review the response to privately fostered children to ensure that assessments of carers are completed and agreed, and that children are visited within required timescales.

The detailed report is available on the County Council's website.

Worcestershire's Improvement Plan

9. The Council had been aware of shortcomings in services, which had led the Chief Executive to invite the Local Government Association to carry out a peer review of children's services in April 2015. Following the peer review report, which confirmed the challenges within the service, an improvement board and 'back to basics' plan for children's social work were implemented.

10. Ofsted's view was that there was progress since the peer review, although they felt the progress had lacked pace and stability of leadership to have had a clear impact on children's outcomes.

11. However, Ofsted did recognise that some progress had been made in relation to:

- Recruitment of a permanent senior leadership team: the Cabinet Member with Responsibility for Children and Families, Director of Children, Families and Communities, Assistant Director for Safeguarding and Independent Chair of the Local Safeguarding Children's Board have all taken up their roles in the last four to nine months.
- Implementation of the Safeguarding Board's Child Sexual Exploitation Strategy
- Establishing an integrated Family Front Door (incorporating the Multi-Agency Safeguarding Hub ethos) with the publication of revised Threshold of Need Guidance
- Children's Social Care 'Back to Basics' Improvement Programme showing improvements in compliance with key performance standards (for example return interviews for children missing, timeliness for assessment activity and adoption performance amongst others)

12. The improvement plan has been refreshed in the light of the final Ofsted judgement. The plan focuses on 8 major work programmes. These are:

- (a) Workforce strategy
- (b) Ensuring conditions for good practice
- (c) Performance and quality assurance
- (d) Service user feedback
- (e) Thresholds and assessments
- (f) Good outcomes for children in care and care leavers
- (g) Improving the quality of practice for children subject to public law outline and care proceedings
- (h) Targeted early help.

The overarching plan is attached at Appendix 1.

13. The political and managerial commitment to delivering good services to Worcestershire's children and young people has ensured that progress has continued to be made since the inspection. The stability and commitment of current leadership has continued to focus on making improvements since the inspection.

14. A key part of the inspectors' feedback at the end of the inspection was that they had seen evidence of positive change but that it was too early to judge that it had made a real difference to the experience of children. Continuing to deliver and embed the plan is the best way to make this positive difference. It is important that, despite the disappointment about the judgement, all focus and energy is targeted towards delivering the changes that will continue the improvement work and ultimately deliver good outcomes for children and young people.

Worcestershire's Financial Strategy

15. The Council has made significant financial investment in Children's social care placements in recent years (£3m for the 2017/18 financial year) which has allowed services to be available to meet the needs of children requiring intensive support to meet their needs.

16. Cabinet agreed in December 2016 to recommend a further £700,000 per annum to increase safeguarding capacity following the 2015/16 Annual Report of the Local Safeguarding Children's Board which advised that it could not be fully assured that child protection services were effective.

17. In light of the Ofsted judgement, Cabinet are recommending an allocation of additional resource, recognising that the pace of change can be accelerated through the availability of additional funding. Council will be asked to recommend a budget for 2017/18 that adds a further £800,000 per annum on an ongoing basis. In addition, there is a recommendation for a short-term allocation of £1m for 2017/18 and 2018/19 financial years (£2m in total).

18. This would provide an additional £1.5m revenue for children's safeguarding and for services for care leavers on an ongoing basis. It also provides an additional revenue funding of £1m for each of the next two financial years and an addition to the capital programme of £1m to support improvements in social care IT systems to accelerate the pace of change required to ensure that children in Worcestershire in need of help and protection, children in care and care leavers achieve the positive outcomes that they deserve.

Policy Framework

19. There are a number of policies and strategies that are currently in need of refreshing and approving in order to ensure that the framework for the delivery of services is clear, effective and follows current best practice guidelines. Work is already underway to prepare these documents for formal approval by Cabinet later in 2017.

20. The County Council had a Key Issues Debate at its meeting on 12 January 2017 about the role of all Councillors as corporate parents. This was a positive debate that demonstrated strong cross-party commitment to the vital role that Councillors play as corporate parent to children in care and to care leavers.

21. The Corporate Parenting Board, on behalf of the Council, will discuss and approve a revised Corporate Parenting Strategy and a pledge to children in care and care leavers at their meetings in February and April 2017.

22. The Cabinet Member with Responsibility for Children and Families will be asked to approve the following strategies during April 2017:

- (a) Looked After Children Strategy, including the sufficiency plan, permanency plan, placement action plan, Special Guardianship Order (SGO) and Adoption Policy
- (b) Care Leavers' Strategy, including the handbook and action plan, and
- (c) Proposals to review and co-produce with children and parents a transformation plan for services for Children with Disabilities and Special Educational Needs.

23. These strategies will be developed jointly with children and young people to ensure that the outcomes that are important to them drive the strategic direction for the Council. It will also be helpful for Scrutiny to be involved in the oversight of the policies.

Wider partners

24. Cabinet is asked to note that there are key roles for partner organisations across Worcestershire to play in order to ensure that services are playing their full part in improving outcomes for children and families. This includes the full range of public sector organisations, as well as schools, the voluntary and community sector, families and the wider community and of course children and young people themselves.

25. The judgement has been shared widely and the improvement work will continue to be discussed and debated through the range of key strategic forums to ensure that all partners play their full part in keeping children safe, healthy and achieving great outcomes for a positive future. The voice of the child will be at the heart of the improvement work being delivered.

26. There will be a refresh of the Children and Young People Plan and a strengthening of partnership oversight of improving outcomes.

Legal, Financial and HR Implications

27. The financial implications are set out in paragraphs 15 to 18.

28. HR implications are a key part of the workforce strategy. This will include ensuring that the Council becomes an employer of choice for children's social workers and has a structure where staff are enabled and supported to deliver good work for children.

Privacy and Public Health Impact Assessments

29. The improvement plan will be screened for public health impact.

Equality and Diversity Implications

30. The improvement plan will be screened for equality relevance and all areas identified as having such relevance will be subject to more detailed assessment against the 3 aims of the Public Sector Equality Duty. Where any potential inequality is identified for children or young people who belong to one or more Protected Groups (Race or disability, for example) potential mitigating action will be considered and implemented, where appropriate.

Supporting Information

- Improvement Plan attached as an Appendix and available on the Council's website <http://www.worcestershire.gov.uk/ofstedinspection> and County Hall Reception

Website information

- Ofsted - [Ofsted SIF inspection report](#)

Worcestershire County Council – <http://www.worcestershire.gov.uk/ofstedinspection>

Contact Points

County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Specific Contact Points for this report

Catherine Driscoll, Director of Children, Families and Communities

(01905) 846303

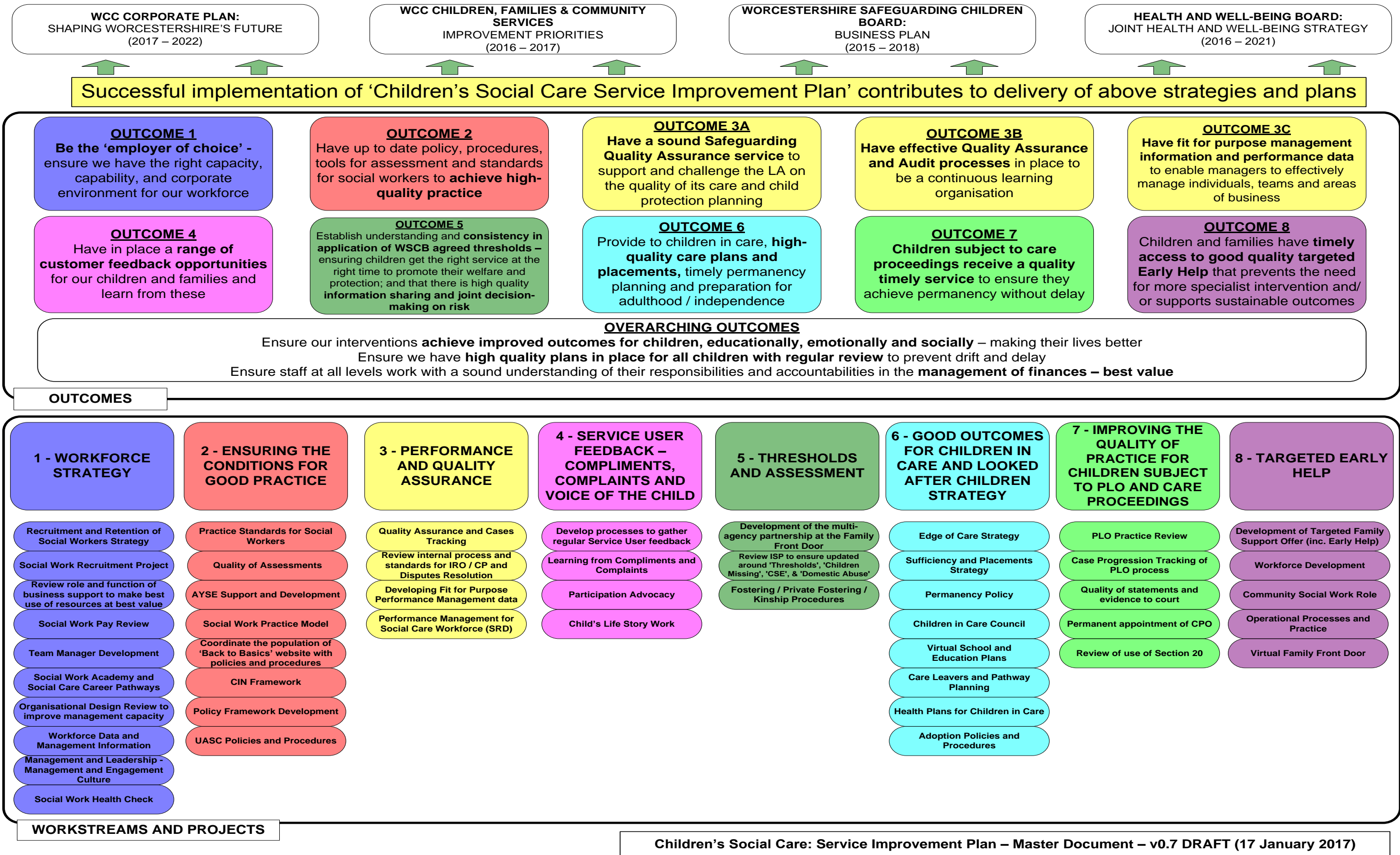
Email: cdriscoll@worcestershire.gov.uk

Background Papers

In the opinion of the proper officer (in this case the Director of Children, Families and Communities) 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 15 December 2016

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CABINET
2 FEBRUARY 2017**A4440 WORCESTER SOUTHERN LINK ROAD DUALLING**
(SLR DUALLING) – FINAL PHASES

Relevant Cabinet Member

Dr Ken Pollock

Relevant Officer

Director of Economy and Infrastructure

Local Members

Mr R C Adams, Mr M L Bayliss, Mr R J Sutton

Recommendation

- 1. The Cabinet Member with Responsibility for Economy, Skills and Infrastructure recommends that Cabinet:**
 - a) Notes the physical progress made on the SLR Dualling to date and the continuing exploratory and preparatory work which is necessary to bring Phase 3c (Whittington to Norton - new railway bridge and new footbridge) and Phase 4 (Ketch to Powick including new bridge parallel to Carrington Bridge) (the Final Phases) of SLR Dualling to implementation;**
 - b) Notes the financial position in the February 2017 Cabinet Budget Report regarding the Final Phases;**
 - c) Approves, subject to the receipt of all necessary consents and approvals the implementation of the Final Phases of SLR Dualling and subject to the approval of funding as noted by recommendation b) above;**
 - d) Delegates the decision to award contracts for the Final Phases of SLR Dualling to the Director of Economy and Infrastructure in consultation with Chief Financial Officer and the Cabinet Member with responsibility for Economy, Skills and Infrastructure;**
 - e) Approves the submission of a planning application for Phase 4 of SLR Dualling and applications for other relevant consents, including those relating to environment, utilities and rail, by the Council or by the relevant successful contractor as agent for the Council as Highway Authority;**
 - f) Authorises the acquisition of the land required for Phase 4 shown coloured pink and the rights over the land coloured blue on the attached plan**

(together the Land) including the making of Compulsory Purchase Orders (CPO) in case it is not possible to acquire the land by negotiation;

g) Authorises the submission of an Outline Business Case (OBC) to the Department for Transport in relation to SLR Phase 4, pursuant to the WEBTAG process for the approval of major highways infrastructure schemes; and

h) Authorises any public engagement necessary to inform residents about the proposals for the Final Phases and to respond to any concerns raised.

Why is this decision important?

2. The Council has deployed the resources available to it, some c£17 million, to make as much progress as it can with Phase 3 of SLR Dualling. The Final Phases require the project team to maintain momentum with the securing of funding, necessary consents, securing possessions (Network Rail) and implementing works. Many of these issues will require the project team to be able to react quickly to a series of intense activities and events in the first 6 months of 2017. A requirement to seek Cabinet approvals on an iterative basis would introduce delays and fetter the project team's ability to manage events in real time. If approved, the recommendations above will enable the project team to make progress to the best advantage of the Council, but with appropriate safeguards in terms of financial control and accountability.

Background

3. The need for SLR Dualling is well rehearsed in previous Cabinet Reports (specifically September 2014) and policies of this Council and in the South Worcestershire Development Plan (SWDP) which has recently been adopted by the constituent Local Planning Authorities. The rationale for SLR dualling is summarised in **Appendix A**, in particular accessibility, housing and economic element that lie at the heart of the case. The consequences of failing to deliver this infrastructure are, clearly, the antitheses of the benefits referred to in those documents as they relate, particularly, to the enabling of house building and employment land, highway capacity, congestion, air quality and various economic factors relevant to growth. The Council also has its own corporate ambitions relating to economic development under the heading of Open for Business. A map showing the phasing of SLR dualling is shown at **Appendix B**.

Progress to date

4. The progress of SLR Dualling to date is shown in **Appendix C**. The most recent event is the confirmation of the CPO relating to Phase 3c following a public local inquiry in September 2016.

Scope, funding and programme for Phase 3c

5. Phase 3c involves the construction of a new railway bridge and a new replacement footbridge to span, and thereby enable the completion of, the dualling of the road beneath. Phase 3 has been predicated upon receipt of £16.3 million in developer contributions to be agreed over the period of the development with the balance from the Council's own funding sources via the Local Growth Fund via the Local Enterprise

Partnership (LEP). Now that the land issues are resolved, the programme for Phase 3c of SLR Dualling is dictated by the window that Network Rail will allow for the possession of the relevant rail infrastructure and consequential suspension of rail services over it. The current offer is for a short possession in May 2018 which means that a contractor will have to have been procured and appointed during the summer of 2017.

Scope, funding and programme for Phase 4

6. Phase 4 involves the completion of SLR Dualling from the Ketch roundabout to Powick roundabout including the construction of a new bridge over the River Severn parallel to the existing Carrington Bridge, major engineering earthworks and other significant structures. The cost of this project is estimated to be c£70 million the majority of which is intended to be funded through the Department for Transport (DfT) local major schemes bid process (WEBTAG). In the meantime, unless or until this project becomes a capital project for accounting purposes, it must be funded from revenue sources. Funding to date has included £1.7million from Worcestershire County Council and a grant of £500k from the DfT recognising its ranking as a fast track project within their approvals process. In order to continue with this progress up to the DfT decision point, a further £1.5 million of revenue will be need to be allocated to this project (covered in the February 2017 Cabinet Budget Paper). If the project becomes a capital project, the opportunity will arise to convert such revenue expenditure to capital retrospectively. The programme for Phase 4 is determined to a large extent by the DfT approvals process which requires the submission of the Outline Business Case (OBC) by March 2017. The project team is in receipt of tenders for the design and construction of Phase 4 works. Upon appointment, the successful contractor will undertake the design and preparatory works necessary for it and/or the project team to obtain planning consents, land acquisition and DfT approvals for a scheme start in early 2019. Completion of construction is anticipated in the spring of 2021.

Legal, Financial and HR Implications

Financial implications

7. The most significant financial implication arises in the event that the Final Phases of SLR become undeliverable due to an inability to secure funding or consents because any revenue monies expended up to that point will be abortive. Assuming that the Final Phases of SLR Dualling are deliverable with funding from from third party sources, the principal financial implications should be cash-flow, particularly relating to phased funding streams, and the financing cost associated with any negative periods in the cash-flow model. This will be dealt with in more detail as the funding arrangements become more certain.

Legal implications

8. The SLR Dualling is being promoted and delivered as a scheme under general powers of wellbeing and promotion of economic prosperity, and statutory obligations under the Transport Act. Delivery will draw on Commons, Planning and Highway and Utilities legislation both for obtaining statutory consents and securing relevant developer contributions to financing.

9. Delivery of the construction activity will involve the County Council entering into a construction contract as employer with properly procured and competent contractors.

WCC's adopted policies provide the relevant framework for procurement and implementation.

10. Land acquisition will be taken forward by negotiation by a WCC nominated advisor at Place Partnership where possible, underpinned by Compulsory Purchase Powers. These processes are well rehearsed and normal for such significant and complex projects. The land requirements are shown at **Appendix D**.

Planning and Consultation

11. The Phase 3 works are being constructed under the Permitted Development Rights as highway authority under Schedule 2 of the Town and Country Planning (General Permitted Development Order 2015, and therefore planning permission is not required. Construction of the new bridleway bridge (for pedestrian, cycle and equestrian users) does require planning permission under the Town and Country Planning Act 1990. This planning permission was granted by Worcestershire County Council on 6th November 2014. Moving forward construction of Phase 4 will be subject to a full planning application supported by an Environmental Impact Assessment (EIA). The technical work is currently underway, and once contracted, the construction contractor will be responsible for submission and management of the planning application process. A formal public engagement and consultation process carried out by the council and the contractor will support the planning application and decision making process.

12. The environmental and social impact assessment required for the planning process are in the early stages of development. Whilst the initial environmental assessment suggests the scheme will result in having slight adverse impacts on noise; water; air quality and green-house gases, the social assessment of the scheme results in having slight beneficial impacts on access to services by public transport and on severance.

Privacy and Public Health Impact Assessments

13. Health implications of transport proposals can be identified by assessing changes in the opportunities for increased physical activity through cycling and walking. The scheme includes provision of a pedestrian/cyclist footbridge on the western side of Powick Roundabout, the upgrade of the grade separated pedestrian route at Ketch roundabout. Whilst these improvements may result in more walking and cycling, increased vehicle speed and flow on the new carriageway as a result of the scheme may also exacerbate fear of accidents for cyclists and pedestrians. In summary, the scheme is likely to have a neutral impact to physical activity.

Equality and Diversity Implications

14. An Equality Impact screening was completed in November 2016 (see **Appendix E**). Based on the screening an Equality Impact Assessment (EIA) is not required for this scheme.

Supporting Information

- Appendix A – Worcester Southern Link Road: Improvements Phase 4

- Appendix B – Map showing phasing
- Appendix C – Progress to date
- Appendix D – Land Requirements
- Appendix E - Equality Impact Screening

Contact Points

County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Specific Contact Points for this report

Rachel Hill – Strategic Commissioner

Tel: (01905) 843539

Email: RJHill@worcestershire.gov.uk

Background Papers

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

- Worcester Transport Strategy and Local Transport Plan 3
- Papers and Minutes of Cabinet held on 25 September 2014

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A4440 Worcester Southern Link Road Improvements Phase 4

1.0 Transport Benefits

1.1 Accessibility

An assessment was undertaken to illustrate the accessibility to the Strategic Road Network (SRN) from Worcestershire. Figure 1 appended to this note illustrates the peak journey times into Worcestershire from the Strategic Highway Network and highlights the constraining nature of the A4440 Worcester SLR between the Ketch and Powick Hams junctions during peak times. The accessibility from the SRN to West of Worcester is notably worse in congested peak conditions, and remains constrained during the inter-peak.

The connectivity assessment shows the location of current employment sites (dark purple triangles), and proposed employment sites (light purple triangles). The connectivity to the SRN from the west is notably poorer in the peak periods, in the Worcester area, due to congestion. This has meant that employment development to the West of Worcester is not attractive. There has been a case where a site allocated for employment use has been developed for residential use due to lack of market interest in employment development to the West of Worcester. Feedback from the business community has shown this is due to connectivity, particularly lack of certainty of travel times to the SRN.

The completion of the dualling of the A4440 SLR also supports the Worcestershire Parkway scheme by improving access from west of Worcester to the location of the new station.

The scheme is the final phase of the four phase programme which upgrades the A4440 SLR to dual carriageway standard. Failure to deliver the SLR4 will adversely impact realisation of benefits of the earlier investment in Phases 1-3. This final phase ensures the route attracts trips currently using the City centre infrastructure to bypass Worcester. It completes a major upgrade to the A4440 SLR, which reinforces the role of the SLR as a strategic East West route, as well as a bypass to the City centre.

1.2 Journey time benefits

In order to understand the impact of the scheme to the vehicles using the A4440 Worcester SLR, journey times from the Worcester Transport Model have also been considered.

The modelled time taken to travel from A44/A4103 Roundabout in the west to Whittington Roundabout (1.2 miles) in the east during the AM peak 2031 Do Minimum forecast year scenario is 12.8 minutes. Under the 2031 Do Something scenario the modelled time taken to travel the same route is 8 minutes, thereby showing a journey time saving of 4.8 minutes (a 38% decrease) compared to the 2031 Do Minimum scenario.

The modelled time taken to travel from Whittington to A44/A4103 Roundabout during the AM peak 2031 Do Minimum forecast year scenario is 17.2 minutes. Under the 2031 Do Something scenario the modelled time taken to travel the same route is 10.5 minutes, thereby showing a journey time saving of 6.7 minutes (a 39% decrease) compared to the 2031 Do Minimum scenario.

Travel times between A44/A4103 and Whittington junction in the PM peak under the Do Something scenario provide similar savings in the PM peak in both directions. Travel times in the eastbound direction drop from 16.3 minutes in the Do Minimum to 10.9 minutes (a 33% decrease) in the Do Something scenario. Similarly, in the westbound direction, they drop from 17.5 minutes in the Do Minimum to 9.7 minutes (a 45% decrease) in the Do Something scenario.

In all cases it is significant that the forecast journey times in 2031 are all lower than the respective base year observed journey times in 2014 thus representing a major improvement in overall journey

time, a reduction in variability and a significant increase in reliability despite the growth in traffic demand of up to 16.3% across the model network.

The modelling work shows the additional highway capacity on the A4440 Worcester SLR in the Do Something scenarios results in additional trips routing via the scheme compared to the Do Minimum scenario.

The A4440 Worcester SLR Improvements Phase 4 scheme, and the additional vehicle trips it attracts, results in a re-distribution of trips compared to the Do Minimum scenario. Therefore, the re-distribution of trips results in a decrease in the number of trips on the radial routes through Worcester city centre and an increase in trips on the SLR.

Due to the significant increase in overall trip growth expected within Worcester and Worcestershire, traffic on the A4440 Worcester SLR with the Phase 4 scheme in place will increase by 60-70%. However, the increase in capacity (nearly double) at the same time is estimated to be more than sufficient to cater to meet the additional traffic.

Dualling the A4440 Worcester SLR between Powick and Ketch and improving the roundabouts at each end will reduce travel times, especially during peak hours, thus commuters will value the savings derived from this road improvement scheme. The benefit is measured as a change in the road user cost due to the time savings for the users pre and post dualling. On a broader scale, the dualling of the A4440 Worcester SLR between Powick and Ketch will impact a wider consumer group through reduced congestion and improved traffic operations. The detailed modelling and analysis work has estimated that the scheme presents "**Very High Value for Money**".

2.0 Economic Development

2.1 Growth Opportunity and related constraint

The Strategic Economic Plan (SEP) for Worcestershire aims to grow the local economy by one third (£2.9bn GVA) creating an extra 25,000 jobs and 21,500 new homes to 2025. The SEP recognises that pinch points to the strategic transport networks are constraining economic growth and that investment in Worcestershire's transport infrastructure and services is essential to provide businesses with improved access to markets and employees and to encourage economic growth.

Worcestershire LEP, in conjunction with Worcestershire County Council, has identified four strategic investment or 'Gamechanger' sites. The work on the Game Changer programme with key sites at Malvern Science and Technology Park, Worcester 6 in the south of the County and Redditch Eastern Gateway and the Kidderminster Enterprise Park to the North is expected to underpin up to 16,000 new jobs over time. The SLR scheme removes barriers to investment in the South of the County, supporting the delivery of related Game Changer sites, and enabling Worcester City to realise its potential and contribute to the sustainable growth of the economy. Emerging plans for the City could see it contributing significant additional jobs over time.

2.2 Wider economic impacts

The Wider Economic Impact assessment work shows that the

- Agglomeration impacts¹) were estimated for 2021 and 2031, profiled across the appraisal period between 2021 and 2081, and then discounted to 2010 prices and values. Overall the agglomeration impacts are estimated to be £49.4m (benefits).
- The value of imperfect competition² impact is estimated at £19.5m (benefits).
- The value of the tax revenues from labour supply effects impact was estimated at £3.4m.

The total wider impacts of the A4440 SLR Phase 4 scheme is forecast to be £72.3m (benefits), which are large.

2.3 Benefits to Worcester City

Worcester is a Cathedral City with real opportunity for additional and exciting growth including significant new employment and potential for additional City centre living. The constraints on the SLR result in trips routing through the City, rather than use the SLR. Worcester's high levels of congestion constrains business growth and regeneration opportunities.

The completion of the dualling of the A4440 SLR will enable the SLR to fulfil its purpose as a strategic by-pass to Worcester City. In turn, this will provide an opportunity to address air quality issues and enhance the environment. The enhanced environment will allow greater priority to be given to pedestrians and cyclists, with the consequential health benefits. The opportunity to reduce the impact of vehicles in the City centre will result in economic and environmental benefits. It will create a more attractive environment for visitors to the City centre which in turn will help encourage growth and maintain the vitality of the City centre.

The delivery of SLR directly releases an additional 15 ha of employment land associated with the road, while the certainty of timely access to the SRN opens up the wider employment land

¹ Agglomeration – By reducing journey times, the relative agglomeration of business in this area will increase. This will have a direct impact on the productivity and GDP of the UK and is a central element to the estimation of Wider Impacts.

² Output change in imperfectly competitive markets – A reduction in the costs of transport allows businesses to operate more efficiently, improves their output and intensity of business practices, and hence allows for benefits

allocations in Malvern and west of Worcester to the National and International Inward Investments markets, potential that is currently frustrated, a principle demonstrated by the number of employment sites outside the 20 minute isochrones in Figure 1. These sites include for example 9ha at Newlands in Malvern, 6ha at West of Worcester and 6ha at University Park Worcester. In addition the scheme also overcomes constraints on existing businesses, for example Joy Mining PLC, Malvern Instruments and Morgan Cars, who as market leaders in respective sector are significant exporters to world markets and who suffer the frustration of absolute and variation in journey times for customers and goods to and from the SRN.

2.4 Network resilience from flooding

Worcester Bridge located within the centre of Worcester on the A44 corridor carries a significant volume of traffic both to and from and through the centre of Worcester. This strategic link is constrained at the point it crosses the River Severn, with its approach/exit roads (Hylton Road, New Road and North Parade) within the flood plain of the River Severn. Hylton Road, New Road and North Parade have been flooded and were impassable during floods in 2003, 2007, 2012 and 2014.

Comprehensive work undertaken by the Worcestershire Partnership on the 2004 flood events in Worcestershire concluded that the economic impact (adverse) on the County was estimated to be **£6.4 million per week**. Completion of the A4440 Worcester SLR programme will give real and perceived benefits to the flood resilience of Worcester City and the County in mitigating the impact of future severe weather events.

In each of these flood events one or all of the roads has had to be closed due to the river levels being high enough to make the roads impassable to traffic. This has the effect of traffic being forced to use one of the two remaining bridges, either the already congested Carrington Bridge located approximately 3 miles to the south of the City resulting in a detour of approximately 6 miles and significant delays, or via the Holt Fleet bridge located 7 miles to the north and a detour of approximately 15 miles.

The closer proximity of the Carrington Bridge and the SLR means that the bulk of the traffic chooses to use the Carrington Bridge, which creates a much higher demand than normal conditions, or alternatively people do not travel into the City centre overall.

Whilst the impact of the flooding tends to be short term and typically only lasts one or two weeks, the long term impact on the Worcester economy is much greater.

3.0 Housing Delivery

The need for housing in Worcestershire, and to the west, results in further pressure on the already constrained infrastructure. The South Worcestershire Development Plan (SWDP), adopted in February 2016, covers the administrative areas of Malvern Hills District Council, Wychavon District Council and Worcester City Council and over the plan period 2006 to 2030 the SWDP makes provision for 28,400 dwellings.

The Hereford Local Plan Core Strategy, adopted in October 2015, covers the plan period 2011 to 2031. Over the period 2011 to 2031 Herefordshire aims to deliver a minimum of 16,500 homes. Hereford is the focus for new housing development to support its role as the main centre in the county. Outside Hereford, new housing development will take place in the market towns of Bromyard, Kington, Ledbury, Leominster and Ross on Wye, on existing or new allocations to enhance their roles as multi-functional centres for their surrounding rural areas. It is notable that Bromyard, Kington and Leominster are on the A44 which directly connects to the A4440 Worcester SLR.

To meet the allocations in these plans, development sites will need to be attractive to secure investment from developers. The poor connectivity is a known issue; this may discourage investment in these areas.

Specifically, the scheme will make development sites, such as Worcester West urban extension and North-East Malvern, more attractive future users. This will ensure the full plan allocations are realised (3,000 dwellings and 15 Hectares of employment land).

Further benefits of the scheme come from two sources. Firstly the unlocking of residential and commercial land around south Worcester. Secondly improving the links between Worcester and Herefordshire.

Aligning with the Worcestershire Strategic Economic Plan (SEP), the completion of the dualling of the A4440 Worcester SLR between M5 and Powick roundabout is to address pinch points on the Worcester SLR which will allow for the early delivery of housing and employment sites, as well as improving links with the wider road network, enhancing user experience by decreasing travel times and increasing reliability.

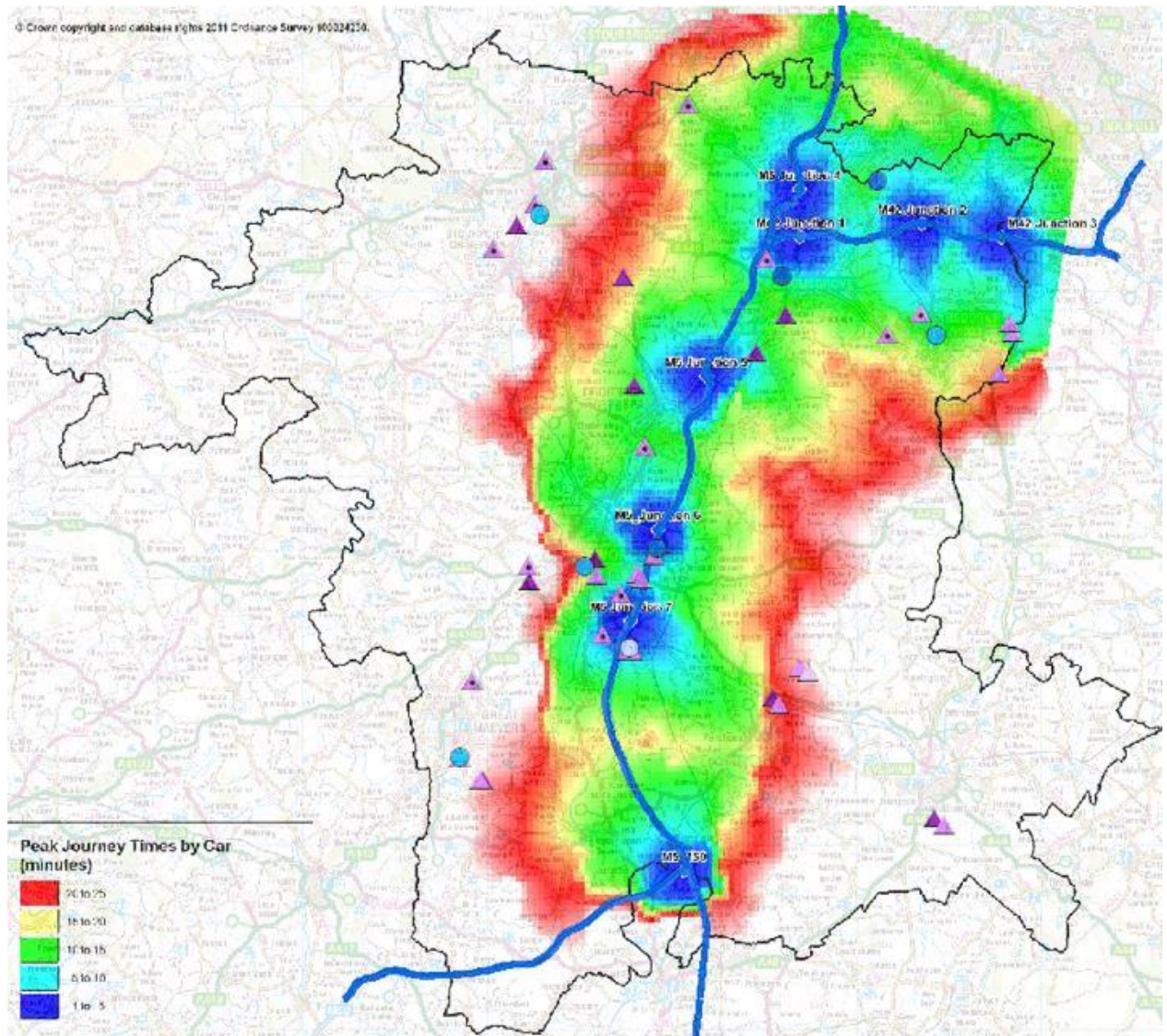
The number of dwellings required to be built under the SWDP has been confirmed at 28,370, to which this scheme will contribute in unlocking. Specifically A4440 Worcester SLR Improvements Phase 4 will aid to unlock up to half of the SWDP allocation, for example The Worcester West Urban extension - 2,150 dwellings, 5Ha of employment land and a range of supporting services and facilities including a neighbourhood centre (Policy SWDP45/2 Temple Laugherne).

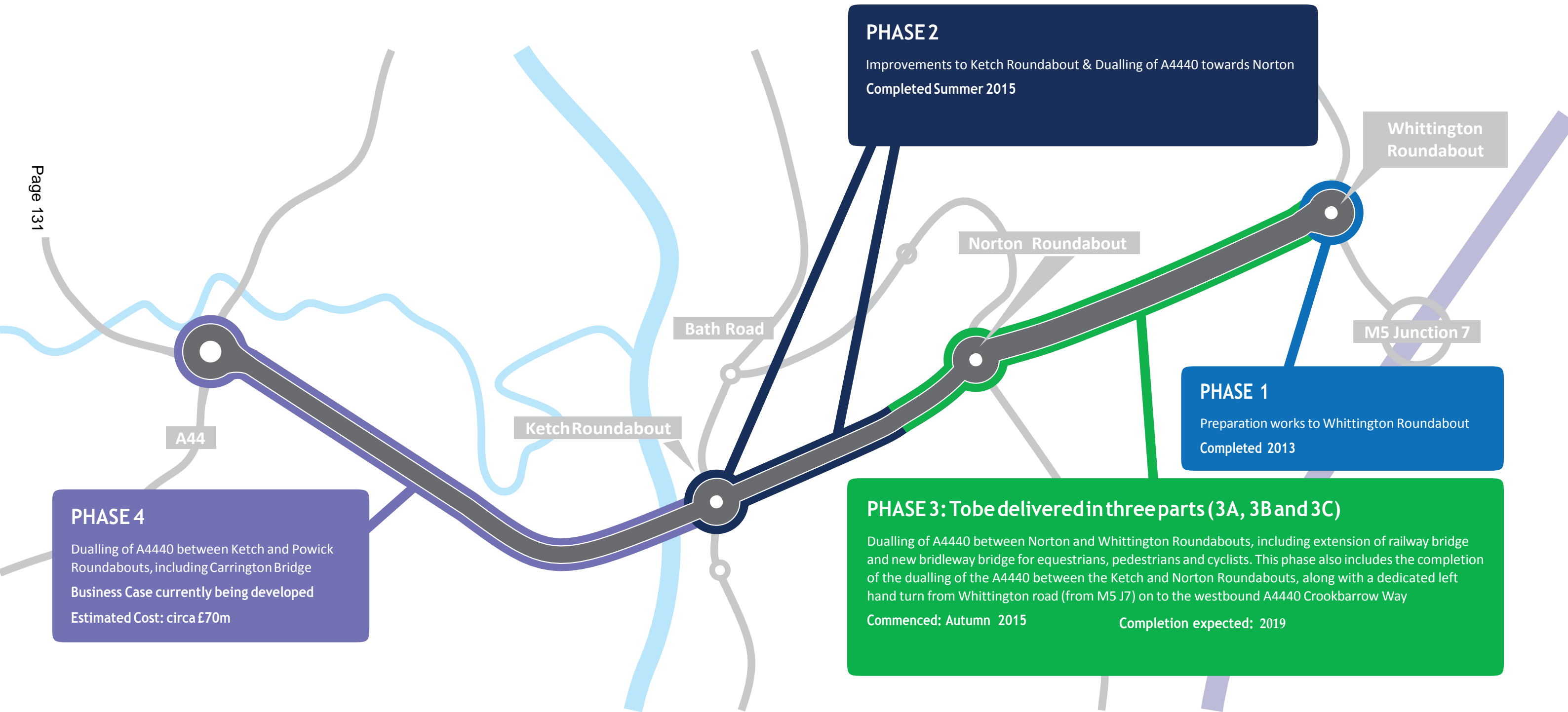
This is in addition to Policy SWDP45/1 Broomhall Community and Norton Barracks Community (Worcester South urban extension) which allocates 2,600 dwellings and 20 Ha employment together with supporting services and facilities will be developed. For the next stage (December 2016) in the business case development, it is possible to estimate the loss in GVA to Worcester if the A4440 Worcester SLR Improvements Phase 4 was not to go ahead and thus the lost opportunity of growth and development. This will be calculated through the lost employment and output from further development and could be included as a monetary benefit for the scheme.

Looking at a wider geography, the SEP outlines a priority to improve the routes linking with Herefordshire in order to create better access and enhance strategic links between the two geographical areas. This aspect is mainly important for businesses trading and/or supplying other businesses or customers within the local geographic area. With enhanced links, trading and deliveries can be made more easily and more reliably. Given the strategic importance of the A4440 Worcester SLR linking Worcester, Worcestershire and Herefordshire with the M5, the benefits would span the West Midlands and beyond.

Appendix

Figure 1: Peak Journey times by car





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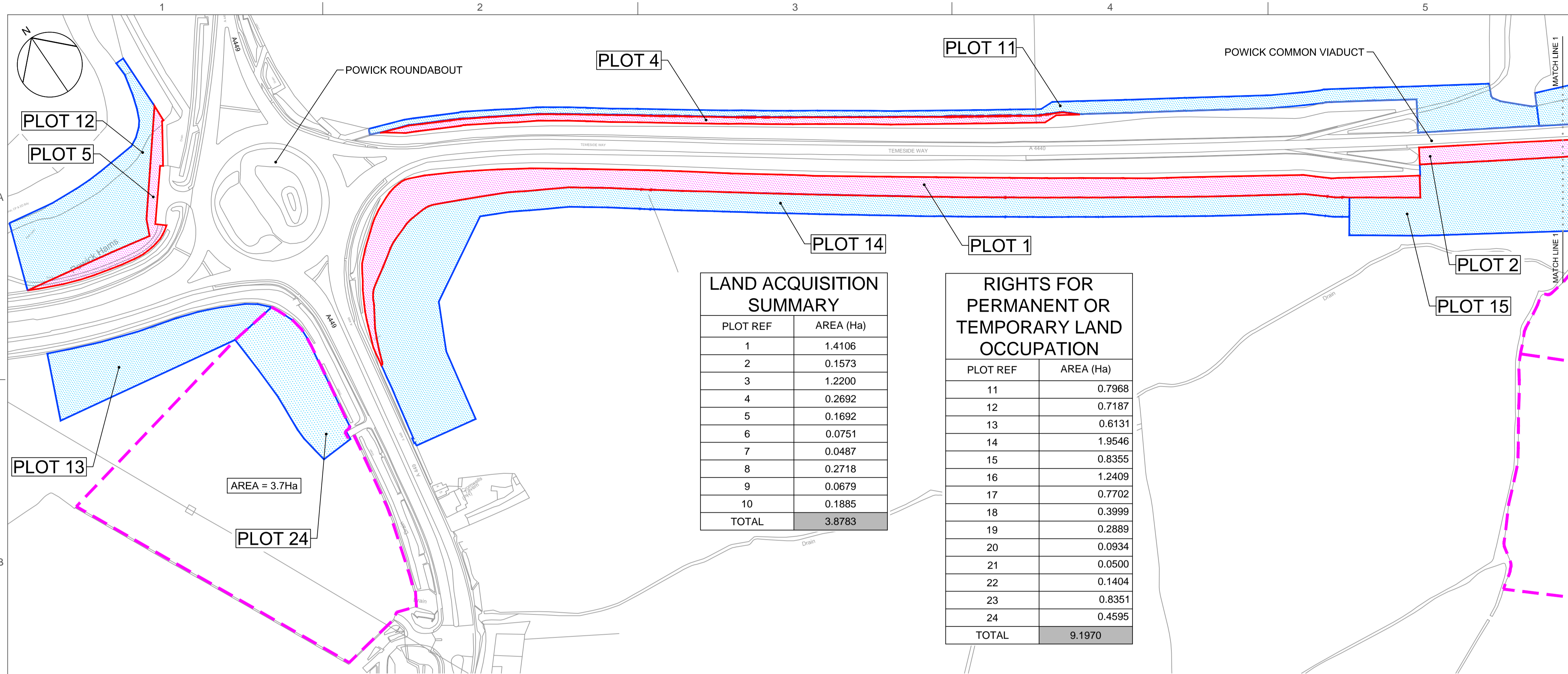
Cabinet Report: 2 Feb 2017
SLR Dualling

Appendix C: Southern Link Road – Phases

Due to the availability and securing of funding, a **phased approach** has been taken to **improve and dual track** the length of road from Whittington (M5 J7) to Powick.

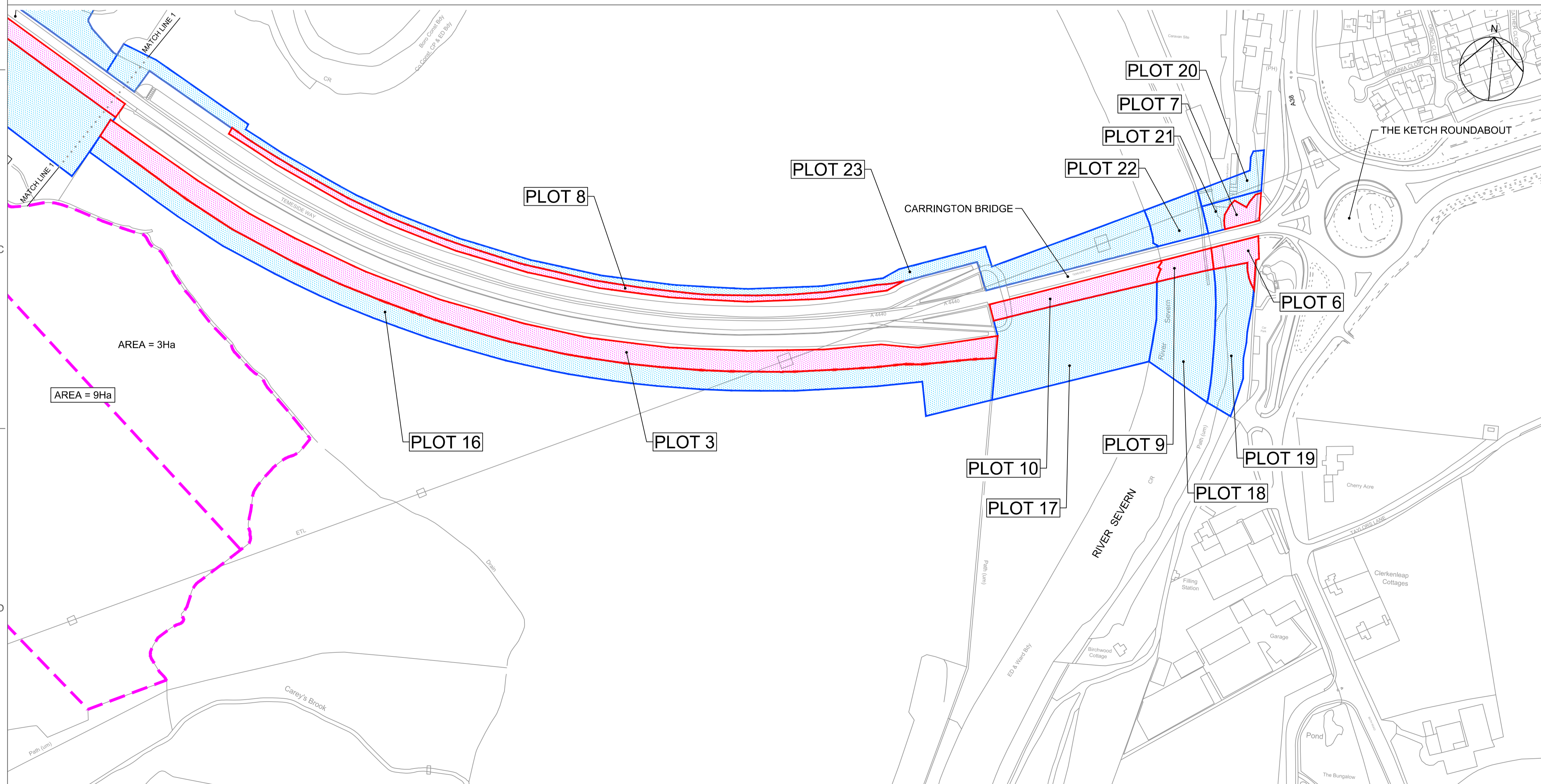
Phase	Description	Status	Cost	Funded
Phase 1	Whittington Roundabout	Completed 2013	c£1.6m	Number of sources
Phase 2	Ketch Roundabout	Completed 2015	c£9m	Largely funded through a successful Major Bid Scheme bid from the Department for Transport
Phase 3	Dualling of the A4440 between Norton and Whittington roundabout. Including improvements to Norton Roundabout, a dedicated left hand turn from Whittington Road (M5 J7) to the A4440 as well as installation of a new railway, bridleway and accommodation bridge. <ul style="list-style-type: none"> This is split into 3 Sub-phases as below. 		c£35m	Funded through Local Growth Fund (current works) and Developer contributions
	Phase 3A: Improvements to Norton Roundabout.	<ul style="list-style-type: none"> Construction work started October 2015 and is well underway with planned completion in 2017 		Funded through Local Growth Fund
	Phase 3B: Works between Whittington and Norton Roundabouts including a dedicated left hand turn from Whittington Road (M5 J7) to the A4440.	<ul style="list-style-type: none"> Construction work started July 2016 and is well underway with planned completion in 2017 		Funded through local Growth Fund
	Phase 3C: Completion of dualling between Whittington and Ketch Roundabouts including installation of a new railway bridge as well as bridleway and accommodation bridge.	<ul style="list-style-type: none"> Construction planned to start Summer 2017 for completion in 2019. Requires a construction contract to be let to deliver 		Funded through Developer contributions

		this. Plan to go to market in early 2017.		
Phase 4	To complete the dualling between the Ketch and Powick junctions including Carrington Bridge.	<ul style="list-style-type: none"> • The scheme is in development. • Outline Business Case to be submitted to DfT in early 2017 • Design and Build contractor to be procured. • Aim to complete in 2021. 	c£70m	<p>Business Case to DfT Local Majors Fund for majority of funding.</p> <p>Some local contribution to scheme development costs and Developer contributions.</p>



LAND ACQUISITION SUMMARY	
PLOT REF	AREA (Ha)
1	1.4106
2	0.1573
3	1.2200
4	0.2692
5	0.1692
6	0.0751
7	0.0487
8	0.2718
9	0.0679
10	0.1885
TOTAL	3.8783

RIGHTS FOR PERMANENT OR TEMPORARY LAND OCCUPATION	
PLOT REF	AREA (Ha)
11	0.7968
12	0.7187
13	0.6131
14	1.9546
15	0.8355
16	1.2409
17	0.7702
18	0.3999
19	0.2889
20	0.0934
21	0.0500
22	0.1404
23	0.8351
24	0.4595
TOTAL	9.1970



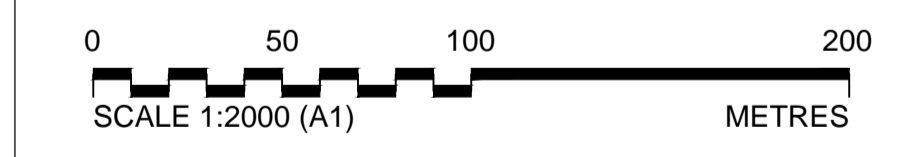
GENERAL NOTES

NOTES

1. THE PROPOSED WORKS SHOWN ARE AT A CONCEPTUAL DESIGN STAGE, AND THE LAND ACQUISITION BOUNDARIES MAY BE SUBJECT TO CHANGE.
2. PRIVATE AND COMMON LAND BOUNDARIES ARE BASED UPON THE PLAN SHOWN ON SHEET 42A AND REGISTER UNIT NO. CL77. IT IS ASSUMED THAT THIS PLAN SUPERSEDES THE PLAN SHOWN ON SHEET 42 AND THE CURRENT INFORMATION HELD ONLINE THROUGH THE PLANNING GIS.
3. LAND BOUNDARIES AND TITLE NUMBERS SHOWN ARE TO BE CHECKED AND VERIFIED BY WORCESTERSHIRE COUNTY COUNCIL

KEY

- LAND ACQUISITION BOUNDARY (OUTSIDE OF HIGHWAY BOUNDARY)
- LAND ACQUISITION
- RIGHTS FOR PERMANENT OR TEMPORARY LAND OCCUPATION
- POSSIBLE AREA OF LAND COMPENSATION (OUTSIDE OF COMMON LAND)



KEY PLAN



RED HILL HOUSE, 227 LONDON ROAD
WORCESTER WR5 2JG (01905 361 361)

worcestershire
county council

COUNTY HALL, SPETCHLEY ROAD
WORCESTER WR5 2NP

A4440 WORCESTER SOUTHERN LINK ROAD IMPROVEMENTS PHASE 4
PROPOSED LAND ACQUISITION

ch2m:

1:2000 @ A1
VERIFY SCALE
BAR IS 25mm ON ORIGINAL DRAWING.
0 25mm

DATE 28/11/2016
PROJ 473946
DWG 06-CI-DR-0050
SHEET 1 of 1

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WORCESTERSHIRE COUNTY COUNCIL EQUALITY IMPACT RELEVANCE SCREENING

This exercise is not an Equality Impact Assessment (EIA). It is a desktop screening exercise designed to establish if you need to carry out an EIA. When completing the screening please use plain English avoiding the use of acronyms or jargon. Any documents referred to should be attached to this screening form.

Remember, throughout this exercise the term 'policy' (or 'policies') is used as shorthand for 'policies, practices, activities, strategies, plans, projects, procedures, functions and protocols'. It therefore needs to be interpreted broadly to embrace the full range of functions, activities, plans and decisions for which the County Council is responsible.

For help completing this screening please refer to the County Council's [EIA Guidance document](#) available on SID.

Part One: basic information needed to identify the policy and prepare for screening

1.1	Directorate and Section/Unit:	WCC Environment and Infrastructure
1.2	Title of the policy being screened:	A4440 Worcester Southern Link Road (SLR) Phase 4
1.3	Screening by:	Derek Carter
1.4	Date of screening:	10/11/2016
1.5	Summary of policy objectives	<p>The A4440 Worcester SLR Dualling Phase 4 scheme, once delivered, will:</p> <ul style="list-style-type: none"> • Unlock the potential of the A4440 Worcester SLR by removing the capacity constraint at Temeside Way; • Support the growth of the economy of Worcestershire and the surrounding area by reducing travel times and costs imposed on businesses, transport operators and other network users by the current and forecast traffic congestion on the A4440 Worcester SLR; • Improve the resilience of the transport network to extreme weather events and unforeseen disruptions, particularly flood incidents; • Support the delivery of the planned growth set out in SWDP up to 2030. This includes development sites, such as Worcester West urban

		<p>extension and North-East Malvern (totaling 3,000 dwellings and 15 hectares of employment land);</p> <ul style="list-style-type: none"> • Improve the performance and attractiveness to users of the A4440 Worcester SLR as a bypass for Worcester City centre, thereby helping to better manage traffic conditions in the constrained central area; • Improve access to the Strategic Road Network from areas to the west and north west of Worcester, including Malvern Hills District, Herefordshire and parts of the Welsh Marches; • Improve access to key hubs, including Birmingham International Airport and Worcestershire Parkway Station (and therefore further improving important links to Manchester, Cross Country the south); and • To reduce transport-related emissions of carbon dioxide and other greenhouse gases in Worcester City centre.
1.6	Related policies/functions:	<i>None</i>
1.7	To which section of the Directorate or Corporate "business/service plan" does this policy relate?	Economy and Infrastructure
1.8	Is this a new or existing policy?	<i>New</i>
1.9	Does the policy affect service users, employees, the wider community, or a combination of these?	<i>Service Users</i>
1.10	Who is formally responsible for the delivery of this policy? If different, who is responsible for leading on the delivery?	<p>Delivery - Rachel Hill (SRO)</p> <p>Leading – Derek Carter (Project Manager)</p>
1.11	What (if any) previous consultation has been carried out for this policy? Who was consulted and when?	<p>Non-motorised Users (NMU) audit undertaken as part of concept design stage and submitted as part of the Road Safety Audit – stage 1</p> <p>Mark Kelly/Martin Rowe (WCC E&I) – pedestrian and cycle facilities including new footbridge. Consultation throughout concept design stage April – Aug</p>

		2016 Sally Everest (WCC Network Control) – junction layout and standard cross section of carriageway. Consultation throughout concept design stage April – Aug 2016.
1.12	Is equality monitoring in place for this policy?	No

Part Two: The purpose of the following exercise is to assess the potential relevance of the policy in the lives of staff and/or residents who have one or more of the following "Protected Characteristics":
Age, Disability, Gender Reassignment, Marriage/Civil Partnership, Pregnancy/maternity, Race, Religion/Belief, Sex and Sexual Orientation.

The questions in this section ask you to consider factors you will need to take into account in assessing the relevance of the policy in the lives of people who have one or more of the Protected Characteristics. The answers you provide will help you determine whether you will need to carry out an Equality Impact Assessment.

		Yes	No	Details and comments
2.1	Could this policy have a significant impact on service delivery or other aspects of daily life for people because they have one or more of the Protected Characteristics listed above?	X		Pedestrians and users of motorised scooters who use footpaths and rely on well-sited pedestrian crossings and footbridges
2.2	Does the policy involve a significant commitment, or reduction, of resources?	X		
2.3	Does the policy relate to an area where inequalities are already known to exist?		X	Much of this development will take place in non-residential areas

2.4 Is there any evidence of potential or actual unplanned variations in the participation levels or use of the policy between different groups (Existing policies only)?

Characteristic	Yes	No	Details, including what information you have based your answer on
Age		X	
Disability		X	
Gender reassignment		X	
Marriage/Civil Partnership		X	
Pregnancy/maternity		X	
Race		X	
Religion or belief		X	
Sexual orientation		X	
Sex		X	

If the answer to question 2.3 is "yes" or "could be yes" then you **must complete an EIA**.

For existing policies, if the answer to question 2.4 is "yes" or "could be yes" then you **must complete an EIA**.

If the answer to questions 2.1 or 2.2 is "yes" or "could be yes" then you may need to complete an EIA. Please refer to Section 3 of the [EIA Guidance document](#) for further clarification on when an EIA should be completed.

2.5 Based on the factors above, is an Equality Impact Assessment required for this policy?

Yes	
No	X

An EIA is not always needed. Where you have decided that an assessment is not required please clearly summarise the reasons for your decision, including any factors you have taken into account, in the box below. Please then ensure this screening form is signed-off by your line manager and sent to the Corporate Equality and Diversity Team for publication.

EIA not required: reasons and additional comments

1. As part of the concept design phase for the scheme an NMU Context Report and audit was undertaken. The audit recommended a number of actions to be considered during the next phase of design including, but not limited to: -
 - The gradients to the underpass beneath Temeside Way at the Ketch roundabout should be reduced and flat landing areas introduced at 10m intervals as per the DfT guidelines.
 - Provision of guardrails on embankment; handrails on the ramps to aid pedestrians as per DfT Inclusive Mobility guidelines.
 - Increase shared footway/cycleway width to a minimum of 3m as per TA 90/05, however, Worcestershire CC Highways Design Guide recommends shared pedestrian/cycleways to be 3.5m wide.
 - Upgrade existing off-road NCN 46 route to minimum standards of 3m as per Sustrans Design Manual guidance, and upgrade existing pelican crossing to a Toucan crossing to create connectivity between northbound and southbound routes.
 - Consideration needs to be given to the provision of a footbridge or underpass across Temeside Way at Powick roundabout to connect Temeside Way and the footway on Malvern Road that will become cut-off under the proposals. The existing footway on Malvern Road (south) should also be tied-in to the proposed design.
2. The assessment and award of the contract for design and construction includes the contractor's response on how their organisation will implement WCC's Corporate Policies and the Public Services (Social Value) Act. Areas for consideration include, but not limited to:
 - Training and Employment Opportunities;
 - Using local supply chain/how much will be sub-contracted?
 - Working with local schools and colleges to provide work experience opportunities and work placements; support for careers days, etc.
 - Opportunities for local community engagement/information.
 - Minimising disruption

3. The scheme will provide improvements to the existing shared cycle/pedestrian footway located on the north embankment of the Southern Link Road. A new footbridge and associated ramps will be provided at Powick roundabout to connect the National Cycle Network (NCN) Route 46 across Malvern Road and Bath Road. All at-grade crossings on Ketch roundabout and Powick roundabout will be considered and improved to meet current standards and design guidance.

Signed (completing Officer/Manager): Date:

Signed (Line Manager): Date: