

Worcestershire County Council

Agenda

Cabinet

Thursday, 27 September 2018, 10.00 am
County Hall, Worcester

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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, 27 September 2018, 10.00 am, County Hall,
Worcester

Membership: Mr S E Geraghty (Chairman), Mr A T Amos, Mr A I Hardman,
Mr M J Hart, Mrs L C Hodgson, Ms K J May, Mr A P Miller,
Dr K A Pollock, Mr A C Roberts and Mr J H Smith

Agenda

Item No	Subject	Page No
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 26 September 2018). 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 12 July 2018 have been previously circulated.	
4	A38 Bromsgrove Major Scheme - Package 1	1 - 10
5	Balanced Scorecard and Corporate Risk Update	11 - 28
6	Compliance With Well Managed Highway Infrastructure Code of Practice	29 - 32
7	Resources Report	33 - 78

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.

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

To obtain further information or a copy of this agenda contact Nichola Garner, Committee & Appellate Officer on Worcester (01905) 843579 or email: ngarner2@worcestershire.gov.uk

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

Date of Issue: Wednesday 19 September

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CABINET
27 SEPTEMBER 2018**A38 BROMSGROVE MAJOR SCHEME - PACKAGE 1**

Relevant Cabinet Member

Dr K A Pollock

Relevant Officer

Director of Economy and Infrastructure

Package 1 Local Members

Mrs R Dent

Mr P McDonald

Mrs S Webb

Recommendation

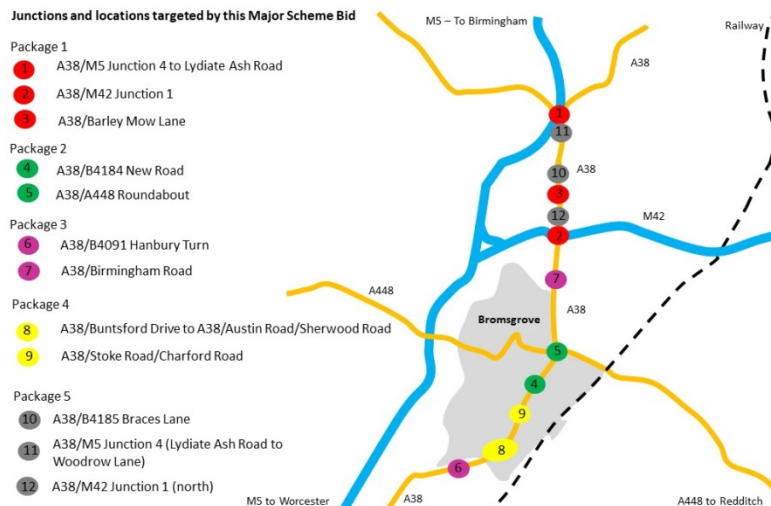
- 1. The Cabinet Member with Responsibility for Economy and Infrastructure recommends that Cabinet:**
 - (a) approves the implementation of the A38 Bromsgrove Major Scheme - Package 1 in accordance with this report, the Conditional Approval Business Case (CABC) and as shown in the attached plans (*Appendix A*) subject to the approved design and certainty of funding;**
 - (b) delegates authority to the Director of Economy and Infrastructure, in consultation with the Cabinet Member with Responsibility for Economy and Infrastructure, to finalise and award the contract and other necessary agreements to deliver the Package 1 project;**
 - (c) approves the Director of Economy and Infrastructure entering into such delegation agreements with Highways England as are required in order to enable the Council to exercise Highways England's powers of land acquisition in relation to Package 1;**
 - (d) approves the acquisition of land required for elements of Package 1, as indicated on the red line plans (*Appendix B*), and delegates authority to the Director of Commercial and Commissioning, in consultation with the Cabinet Member with Responsibility for Economy and Infrastructure, to agree any necessary changes to the red line, land or rights to be acquired including additional land and/or rights;**
 - (e) should it not be possible to acquire all the land by negotiation, Cabinet authorises acquisition of necessary land and rights over land through the making of Compulsory Purchase Orders (CPO) and authorises the Director of Commercial and Commissioning, in consultation with the Cabinet Member with Responsibility for Economy and Infrastructure, to finalise the**

details and make such a CPO including any compulsory acquisition of rights required for the scheme, and authorises the Director of Commercial and Commissioning to approve any Statement of Reasons in relation to the land, that must accompany any CPO submitted for the confirmation to the Secretary of State for Transport, and notes that this will be approved prior to making of the CPO;

- (f) recommends to Council the addition of £6.3m to the Capital Programme for Package 1 on the understanding that this is fully funded by external funding sources, namely Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP), Highways England's Growth and Housing Fund (GHF) and developer contributions through Section 106 contributions, with the Worcestershire Local Enterprise Partnership (WLEP) contribution of £1.3m having already been included in the approved Capital Programme;
- (g) delegates authority to the Director of Economy and Infrastructure to enter into grant funding contracts and related agreements with GBSLEP, WLEP and Highways England and/or their successor bodies to facilitate delivery and funding of Package 1 as may be amended;
- (h) approves the need for forward funding of developer Section 106 contributions; and
- (i) supports the commencement of public engagement and stakeholder management exercises with Highways England and other organisations as required.

Why is this decision important?

2. In July 2018 Cabinet considered a report on the A38 Major Scheme proposal. This covered the strategic rationale for the scheme, the emerging funding strategy and the delivery plan based on phasing the construction of the scheme over 5 packages, shown on the map below, with the potential to complete the scheme by mid-2021. This report seeks a commitment to Package 1 in line with the recommendations from the July 2018 report.



3. Package 1 of the overall A38 Bromsgrove Major Scheme works is critical in supporting the objectives of the Bromsgrove Development Plan (BDP), the Redditch Local Plan, Worcestershire’s Local Transport Plan 4 (LTP4) and both the Worcestershire and Greater Birmingham and Solihull Strategic Economic Plans (SEP) prepared by the relevant Local Enterprise Partnerships. (Links to third party documents have been provided in the Supporting Information section of this report).

4. Package 1 will assist in unlocking development sites in Bromsgrove and would support Worcestershire County Council (WCC) in meeting their commitments set out in developer S106 agreements.

5. This decision is required now to ensure the programme established with Highways England can be adhered to and to demonstrate the WCC commitment to the delivery of the scheme. Delays in approval of Package 1 will impact on the ability to deliver further packages of work by 2021 resulting in potential loss of funds and risks to the ability to mitigate the impact of the Bromsgrove Local Plan.

Background

6. The overall A38 Bromsgrove Major Scheme is a strategically important highway improvement programme supporting growth of Bromsgrove, Redditch and South Birmingham by enhancing the existing A38 Bromsgrove Eastern Bypass. The full scheme comprises junction enhancements on the A38 corridor between its junctions with M5 (Junction 4) to the north and the B4091 in the south.

7. The A38 is an important corridor for traffic travelling between residential areas in Bromsgrove and Redditch and employment areas in South Birmingham. Bromsgrove and Redditch are recognised as important areas of development and economic growth for Worcestershire as a County and for the rest of the West Midlands as a whole.

8. This Major Scheme targets locations where delay and congestion are currently experienced, and where conditions are predicted to deteriorate further without intervention. Importantly the scheme is also part of a wider set of infrastructure required to mitigate the impact of Bromsgrove Local Plan growth. The proposed works differ at each junction but typically include carriageway widening, lengthening of approach lanes,

creation of new lanes for turning traffic, reconfiguration of traffic signals and enhanced pedestrian facilities.

9. It is proposed the junction enhancements in the overall A38 Bromsgrove Major Scheme will be delivered in 5 packages of work. Packaging has been developed based on a combination of the most congested and critical areas, benefits to the users, funding availability and practical implementation of the works.

Package 1

10. Package 1 consists of improvement works at M5 Junction 4, Barley Mow Lane and M42 Junction 1 and has been prioritised:

- (a) due to the key strategic role with the wider network, linking the local road network (A38) and the Strategic Road Network (M42);
- (b) due to the high value for money delivered and benefit to current delays to cars, lorries and public transport services caused by M5 Junction 1; and
- (c) it has an achievable scale and corresponding delivery programme, allowing a start this financial year while matching the specific funding objectives of the Highways England programme.

11. Sections of the improvement works along the A38 originally proposed at both M5 Junction 4 (Lydiate Ash road to Woodrow Lane) and M42 Junction 1 (A38 north) were removed from Package 1 to fit the current funding package. These sections will be completed under latter packages of work.

12. The adopted Bromsgrove Development Plan (BDP) identifies the need for housing and employment growth which will further increase the pressure on the A38 corridor. The scale of growth proposed in Bromsgrove and in the Redditch Local Plan (The Bromsgrove District Plan has allocated a total of 7,000 dwellings and the Redditch Local Plan has allocated 6,400 dwellings) cannot be satisfactorily accommodated on the Strategic Road Network without improvement to M42 Junction 1 and M5 Junction 4. To sustain the level of growth envisaged, additional highway capacity will be required to ensure that the additional economic growth does not lead to deterioration in the functionality of the highway network.

13. Highways England identified that improvements to both M42 Junction 1 and M5 Junction 4 were necessary due to the cumulative traffic impacts of planned development arising. This was accepted at the examination in public of the two Local Plans and the improvement of both M42 Junction 1 and M5 Junction 4 are recorded in the Infrastructure Development Plans (IDP) of both authorities as a key transport infrastructure requirement.

14. Package 1 would indirectly support the delivery of key strategic housing and employment sites in Bromsgrove and Redditch by helping to improve capacity and reliability at key junctions. In combination with other Packages contained in the A38 Bromsgrove Major Scheme, the highway network will be significantly upgraded to accommodate traffic from allocated development sites.

15. The scheme is a key component of the Joint Infrastructure Delivery Plan which recognises that improvements to the A38 will be required to support housing and

employment growth. All of the junctions included in the A38 major scheme are recognised as problem areas in need of intervention and are specifically included within the IDP. The current A38 major scheme therefore has a firm policy basis within the BDP.

16. The overall A38 Bromsgrove Major Scheme aims to address the following objectives:

- (a) Support the delivery of housing and employment growth as outlined in the Bromsgrove Development Plan and the Redditch Local Plan;
- (b) Reduce congestion and transport costs;
- (c) Maximise the efficiency of the road network; and
- (d) Increase journey time reliability.

Funding Strategy

17. Cabinet will be aware that it is intended that the full scheme will be largely externally funded from a variety of sources and more importantly from a variety of funding programmes as they become available. While the packages represent a combination of construction efficiency and value for money, they also allow WCC to reflect different funders' priorities. WCC has a successful track record of securing funding for complex schemes, and there is a reasonable expectation that external funding for the scheme will be secured.

18. The funding for Package 1 for this and subsequent financial years is from three external funding bodies, Highways England Growth and Housing Fund (GHF), Worcestershire Local Enterprise Partnership (WLEP) and Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP), as well as some S106 contributions. It should also be noted that c£0.7m has been funded in 2017/18 relating to feasibility and design works for the A38 Bromsgrove scheme as a whole, which was included in the 2017/18 Approved Capital Programme.

19. A Conditional Approval Business Case (CABC), based on a preliminary design, was approved in May 2018 by the Local Transport Body (LTB) to secure funds from WLEP and GBSLEP. Notification from Highways England and GBSLEP is expected by the end of September 2018.

20. Three development sites in Bromsgrove have submitted their planning applications. However, developer S106 funding contributions would only be secured once planning permission is granted and funding would be received when the development commences, which may not align with Package 1 spend profile.

21. In summary, Package 1 funding bodies and contributions are indicated in the table below:

Funding Bodies	Contributions £ (m)
GHF	2.7
WLEP	1.3
GBSLEP	2.3
S106	1.3
Total	7.6

22. The previously approved Capital Programme for 2018/19 and subsequent years includes the £7.5m WLEP contribution only and covers this and subsequent packages of work, with £1.3m of this being required for Package 1.

23. Whilst recognising the £7.6m funding for Package 1 is to be received from external sources, only £6.3m would need to be added to the Capital Programme, as the £1.3m from WLEP has already been approved.

24. Funding from GHF, GBSLEP and WLEP would be drawn down under the terms of the funding agreements to meet the WCC delivery programme. However, the Section 106 agreement monies would be triggered by development site activity. Based on funding profiles and timing of project delivery, it is expected that grant funding could be used before the need to use S106 funding. As such, the S106 funding is not forecast to be required until 2020/21. However, expenditure on the scheme could still be in advance of the S106 funding being received from the developers. Should this be the case, the Council would need to forward fund the delivery of this element of the programme, and any delay in receipt would give a revenue borrowing cost of c£100k per annum until the funding is received.

Delivery

25. Delivery of Package 1 is dependent upon finalising funding agreements, full business case submissions, technical approval of detailed designs from WCC and Highways England, acquiring land by negotiation, completion of construction within the funding window and access to Highways England network.

26. A parcel of land is required to secure a visibility splay south east of Junction 4 M5. A sale and purchase agreement for the acquisition of relevant land interests is currently being negotiated, and it is reasonable to anticipate that this will be completed by end of 2018. Should the relevant rights not be secured then this element of Package 1 will be delayed to a later package of work while a CPO process is progressed.

27. Based on the environmental Screening Opinion, it has been determined that a planning application is not required for Package 1.

28. The first engagement exercise for Package 1 is aimed to be undertaken in Autumn 2018 and will be designed to inform local communities and others about the scheme.

Procurement

29. WCC would utilise the existing Infrastructure Engineering Term Contract (IETC) to deliver Package 1. The project would be awarded to the IETC contractor under several Individual Project Contracts defined by an Individual Project Template (IPT).

30. The initial IPT will be to provide design services (including preparation of Full Business Case (FBC)) and to provide a target cost price for M5 J4, M42 J1 and Barley Mow Lane. Two further IPT's will be prepared for construction of the works.

31. The contractor would continue to develop the design and target price for M5 J4 and M42 J1 in preparation of the final business case (FBC). The approach allows the contractor to develop the designs in consultation with Highways England reducing the risk to the programme through the technical approvals process. A fully developed design will provide a more accurate cost for inclusion in the FBC and construction target price.

32. The staged FBC submissions provide a more realistic time to acquire land. The contractor has been briefed on the project, programme, technical matters and funding constraints.

Planning

33. The majority of the works within Package 1 are within the highway boundary or are adjacent to the highway boundary with no separation between the works and the boundary. Therefore, under Part 9 of the Town and Country Planning (General Permitted Development) (England) Order 2015 the site would benefit from permitted development rights. However, the Town and Country Planning (Environmental Impact Assessment) Regulations 2017 (hereafter referred to the EIA Regulations) also need to be considered in determining whether the site benefits from permitted development rights.

34. The Development Control team at WCC as planning authority has confirmed that an Environmental impact Assessment (EIA) is not required, that Package 1 benefits from permitted development rights and planning permission is not required.

Legal, Financial and HR Implications

35. A sale and purchase agreement for the acquisition of relevant land interest is currently being progressed by Place Partnership. Should it not be possible to acquire the land for the scheme through negotiation, the Council would have to make a CPO for the Package 1. The current land acquisition requirements are indicated on plans in *Appendix B*.

36. As the scheme progresses it may be necessary to acquire land beyond that shown edged in red and authority is sought for the Director, in consultation with the Cabinet Member with Responsibility for Economy and Infrastructure, to agree any changes to the red line, land or rights to be acquired. Cabinet is also asked to authorise the Director in consultation with the Cabinet Member to finalise the details and make Compulsory Purchase Orders if the acquisition of such additional land cannot be achieved through negotiation.

37. The required funding for 2018/19 onwards is £7.6m; however, £1.3m has already been included in the approved Capital Programme for this element of the scheme. Therefore, Council will be requested to approve an increase to the Capital Programme of £6.3m for Package 1 only which is expected to be funded by external sources. The Council is also likely to need to forward fund c £1.3m of Section 106 from 2020/21 at an annual revenue cost of c£100k until developer funding has been received.

38. It should also be noted that, at the time of the Cabinet report, negotiations of all funding agreements are underway. Construction commitments will reflect confirmed funding.

39. Three separate funding agreements are currently being negotiated and will be need to be completed with each of the funding partners. These will cover draw down of funding, but also the monitoring and evaluation of project outputs and outcomes.

40. In addition to the GHF agreement, a further agreement under Section 6 of the Highways Act 1980 (or an equivalent provision of the Highways Act) is required permitting WCC to carrying out parts of the works that are on the Strategic Road Network.

41. Highways England has confirmed that a Road Order (Section 14 of the Highways Act) may be required at M5 J4. Both the Section 6 and Road Order (if required) would be prepared based on the final design.

Privacy and Public Health Impact Assessments

42. The proposed environmental surveys have been carried out within Package 1 with the exception of the tree and reptile surveys. The tree survey is due to be carried out in September/October 2018. The reptile survey has been suspended temporarily due to warm weather conditions; this will be resumed when the temperature drops. The completed environmental surveys have not identified any environmental issues. Currently, it is not anticipated that any environmental mitigation works will be required in Package 1.

43. Additional Air Quality testing has been requested by Worcestershire Regulatory Services (WRS) at the M42 J1. The output of the testing and assessment submitted on 10 August were reviewed by WRS, who confirmed that the works would not have a negative impact on the local residents or environment.

44. An initial Walking, Cycling and Horse Riding Assessment Report (WCHAR) has been carried out (August 2018) with a further report due to be carried out as part of the detail design. The WCHAR's will identify any opportunities for increased physical activity through cycling and walking and health implications as a result of Package 1 works.

Equality and Diversity Implications

45. An Equality Relevance Screening was undertaken in June 2018 for Package 1 and it concluded that an Equality Impact Assessment (EIA) is not required.

Supporting Information

- Appendix A – Package 1 highway drawings

- Appendix B – Land Acquisition plans (colour copies will be available at the meeting and are included with the agenda on-line)

Bromsgrove District Plan (BDP) -

<http://www.bromsgrove.gov.uk/media/2673698/Adopted-BDP-January-2017.pdf>

Redditch Local Plan -

<http://www.redditchbc.gov.uk/media/2751956/Adopted-BORLP4-low-res-17-02-17.pdf>

Worcestershire's LTP4 -

<http://worcestershire.moderngov.co.uk/documents/s11970/Cab%2020161215%20LTP4-appC.pdf>

Worcestershire Strategic Economic Plans (SEP) -

<https://wlep.co.uk/wp-content/uploads/SEP-Summary-Document-Amended-Version-for-Web.pdf>

Greater Birmingham and Solihull Strategic Economic Plans (SEP) -

<https://gbslep.co.uk/wp-content/uploads/2017/06/SEP-2016-30.pdf>

Joint Infrastructure Delivery Plan -

<http://www.bromsgrove.gov.uk/media/1075168/Infrastructure-Delivery-Plan.pdf>

Contact Points

County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Specific Contact Points for this report

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Rachel Hill, Strategic Commissioner – Major Projects

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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:

Agenda and background papers for the meeting of the Cabinet held on 12 July 2018

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

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CABINET
27 SEPTEMBER 2018**BALANCED SCORECARD PERFORMANCE AND
CORPORATE RISK UPDATE**

Relevant Cabinet Member

Ms K J May

Relevant Officer

Director of Commercial and Commissioning

Recommendation

- 1. The Cabinet Member with Responsibility for Transformation and Commissioning recommends that Cabinet:**
 - (a) receives the latest update of the Corporate Balanced Scorecard for Quarter Four 2017/18, noting the 21 indicators rated as 'green' and considers actions being taken to improve performance for the 4 indicators rated 'red' where there has been an update in Quarter Four 2017/18;**
 - (b) notes the latest refresh of the Corporate Risk Register including actions to mitigate the four risk areas that are rated 'red';**
 - (c) authorises the Director of Commercial and Commissioning to review and rationalise the Balanced Scorecard in consultation with Cabinet Member with Responsibility for Transformation and Commissioning.**

Corporate Balanced Scorecard

2. The Corporate Balanced Scorecard is the means of understanding progress against the Council's Corporate Plan. The Scorecard contains a range of indicators linked to key priorities and themes. Many measures are long-term and may be affected by a wide range of factors, some of which are outside the direct control of the Council.
3. The attached Appendix contains an overview of performance for Quarter Four 2017/18. Currently there are 78 indicators reported in the Scorecard. 21 of these are rated 'green' representing good performance or progress, and 8 are rated as 'red'. Out of the 8 performance indicators that are currently assessed as 'red', 4 have had a performance update in Quarter Four 2017/18, and are detailed within the attached Appendix. The 4 indicators assessed as red following an update this quarter are:
 - Looked After Children
 - Older People Funded in Permanent Care Home placements
 - Condition of unclassified roads

- Sickness Rate.

4. Quarter Four 2017/18 performance information is the latest full update of the Corporate Balanced Scorecard. The newly created Performance Board is currently reviewing the Balanced Scorecard approach including a review of indicators and reporting schedules. Therefore, a Quarter One update is not available at this time. The next performance update from the Balanced Scorecard will follow the end of Quarter Two 2018/19.

5. A number of the indicators in the report are rated as grey, either because the Council cannot directly influence them or, because there is no basis for rating them. The update of the Balanced Scorecard will propose new indicators to address this. Work has already begun to rationalise areas where there are multiple grey indicators relating to a similar theme, or removing and replacing indicators that are not assessed. Overall 18 indicators are due to be removed or combined in 2018/19.

Corporate Risk Register

6. The Corporate Risk Register provides a mechanism for collating and reporting risks that could affect the delivery of corporate objectives. In April 2017 the Council adopted an electronic risk register tool to hold in one place all the major risks identified by individual Directorates and major projects. A scoring system is used to rate individual risks. This allows risks to be ranked and provides a view of the highest risks identified across the organisation. At the end of Quarter Four 2017/18 there were 196 individual risks entered in the risk register of which 17 were identified as high/"red" risks.

7. An overview of risks identified at the end of Quarter Four 2017/18 is provided in the attached Appendix. Individual risks have been grouped for the purposes of reporting here. The seventeen highest risks can be grouped into four risk areas:

- Children's Services – vulnerable children – primarily risks around safeguarding children which are being addressed by the Council's Improvement Plan
- Adult Social Care – risks around increasing demand and related pressures in the overall health and social care system
- Financial pressures
- Staffing – recruitment/retention/capacity – an issue across the Council but with specific "hotspots".

8. The Appendix provides more detail about these risks and details of the steps in place to mitigate them.

Legal, Financial and HR Implications

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

Privacy and Public Health Impact Assessments

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

Equality and Diversity Implications

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

Supporting Information

- Appendix - Quarter Four 2017/18 Balanced Scorecard Performance Summary Dashboard Report and Corporate Risk Dashboard

County Council Contact Points

County Council (01905) 763763
Worcestershire Hub (01905) 765765

Specific Contact Points for this report

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Background Papers

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

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CABINET BALANCED SCORECARD FUTURE FIT UPDATE Q4 2017/18*

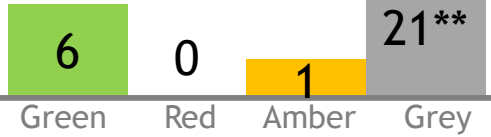
* Grey represents indicators that do not have a Red, Amber, Green (RAG) assessment due to no target having been set.

** Following a review of BSC indicators, 18 grey indicators have been removed or combined in the 2018/19 scorecard.

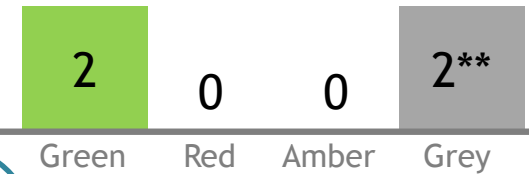
Shaping
Worcestershire's
Future



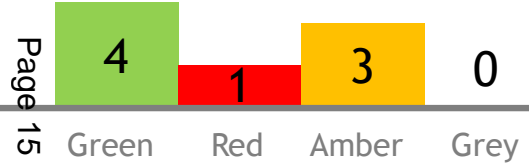
Open for Business



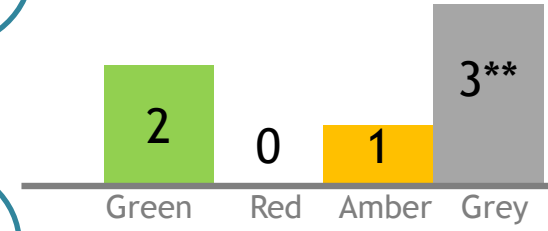
Our Customer



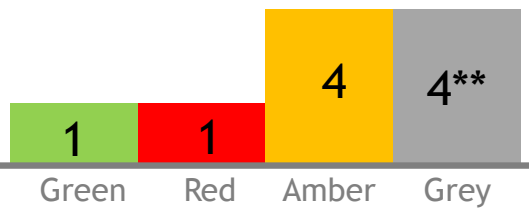
Children & Families



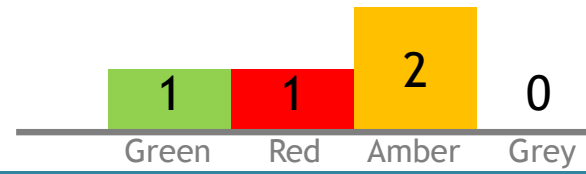
Our Finance



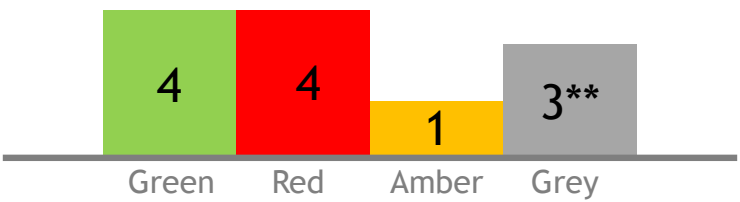
Health & Wellbeing



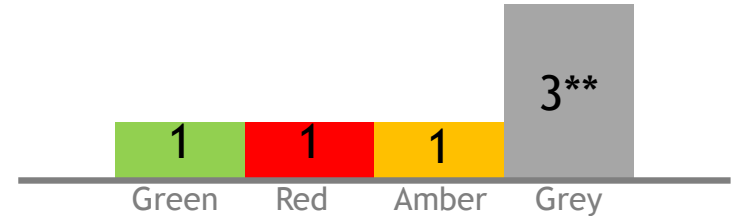
Learning & Growth











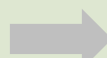


The Environment













Internal Business











OVERVIEW: Q4 2017/18 GREEN INDICATORS

Area of Focus / Perspective	Corporate Performance Indicator	Movement from previous rating
Open For business Page 16	16-24 year old Job Seekers Allowance claimants	
	Economic growth - Gross Value Added (Local target)	
	Economic growth - Gross Value Added (National comparator)	
	Working age adults in employment	
	All premises connected to fibre	
	Council spend in local economy	
Children and Families	16-17 year olds who are not in education, employment or training (NEET)	
	Choice of school Primary	
	Choice of school Secondary	
	Children with a child protection plan	
Health and Wellbeing	Residents aged 65 or more receiving a social care service	

Q4 2017/18 GREEN INDICATORS CONTINUED

Area of Focus/ Perspective	Corporate Performance Indicator	Movement from previous rating
The Environment	Condition of footways	
	Municipal waste landfilled	
	Household waste sent for reuse, recycling or composting	
	Condition of Non-Principal (B- and C-class) roads (Coarse Visual Inspection)	
Page 17 Our Customer	Residents who say they can influence decisions	
	Satisfaction with County Council as measured through Viewpoint survey	
Our Finance	Council Tax	
	Creditor days	
Learning & Growth	Your Voice staff survey response rate	
Internal Business	Employees - Actual Full Time Equivalents	

OVERVIEW: Q4 2017/18 RED INDICATORS

Area of Focus / Perspective	Corporate Performance Indicator	Updated in Q4 2017/18	Movement from previous rating
The Environment	<u>Satisfaction with the local area as a place to live</u>	No	
	<u>Household waste collected per head (kg/h)</u>	No	
	<u>Satisfaction with the condition of roads</u>	No	
	<u>Condition of unclassified roads</u>	Yes	
Children and Families	<u>Looked After Children</u>	Yes	
Health and Wellbeing	<u>Older people funded in permanent care home placements</u>	Yes	
Internal Business	<u>Sickness rate</u>	Yes	
Learning and Growth	<u>Staff who feel that the County Council has a clear vision for the future</u>	No	

INDICATORS TO WATCH



Out of the 8 performance indicators that are assessed as RED (detailed on the previous page), 4 have had a performance update in Q4 2017/18. The performance updates for these 4 indicators are detailed over the next few pages.



CHILDREN AND FAMILIES

Looked After Children

(previously Amber)



HEALTH AND WELLBEING

Older People Funded in Permanent Care Home placements

(previously Red)



THE ENVIRONMENT

Condition of unclassified roads

(previously Amber)



INTERNAL BUSINESS

Sickness Rate

(previously Red)



CHILDREN & FAMILIES

LOOKED AFTER CHILDREN

LOWER = BETTER

Children looked after at quarter end rate per 10,000 population (under 18 Worcestershire population)

Q4

2017/18

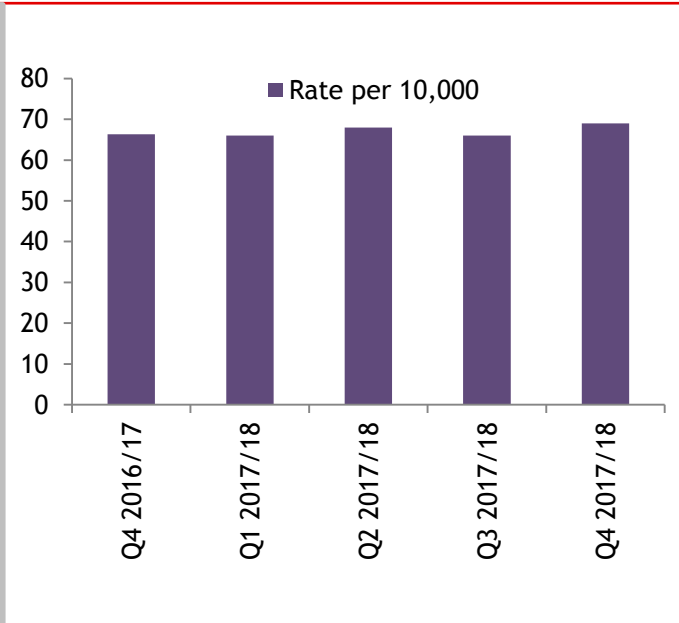
69 per
10,000



Direction of travel:
Deteriorating

PERFORMANCE DETAILS

- In total 269 children have been received into care this year which is 53 less than the previous year. Duration shows that children are achieving permanency in a more timely way, with 48% leaving care within 12 months of entering compared with only 35% in 2016/17.
- Our total number remains higher than our statistical neighbours and National average (62 per 10,000 at 31/03/2017). For this reason, the indicator has been assessed as Red.
- The increase in children who become Looked After reflects post Ofsted work where action was taken on poor quality assessments and drift and delay in case work. On average 23% of children ceasing to be on a Child Protection Plan became Looked After.



CURRENT ACTIVITY

- We have established an Edge of Care Panel which is proving effective. Parents and their children attend Panel meetings to explore what additional support is available to maintain the children within the family unit where it is safe to do so.
- The number of children accommodated under a voluntary s20 arrangement continues to reduce and is now at its lowest (23%) and this evidences that Children in Care are those that need our protection having met the Care Proceedings Threshold.
- Stability of care placements for children is showing an improved upward trend and evidences our work to prevent placement breakdowns.

FUTURE ACTIVITY?

- We are still having to place too many children out of county and with external care providers as our local and internal resource cannot match need. Preventing children coming into care where it is safe to do so is an important part of our work and involves the role of the Edge of Care Panel and Targeted Early Help.
- Whilst the numbers of children and young people participating in their Reviews has improved, their attendance at Reviews is still low and needs to improve.
- Work will take place through the Corporate Parenting Board to prioritise the commissioning of suitable accommodation for Care Leavers.

OLDER PEOPLE FUNDED IN PERMANENT CARE HOME PLACEMENTS

LOWER = BETTER

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

Q4
2017/18

1315

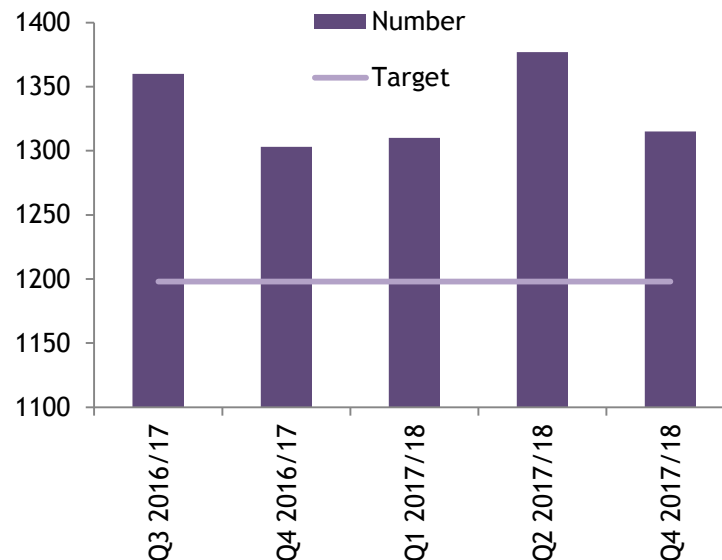


PERFORMANCE DETAILS

- The number of older people in permanent placements has reduced significantly since Q2. At the end of Q4 there are 1315 placements, 62 less than in Q2.
- This shows we are moving in the right direction but still considerably off target, with this indicator remaining Red.

Page 21

Direction of travel:
Improving



CURRENT ACTIVITY

- Improved performance has been achieved through close scrutiny of Continuing Health Care pick-ups, the use of the Discharge to Assess model for acute hospital discharges - ensuring plans are not made in a crisis and the use of the Three Conversation Model in some locality teams - where even more focus is put on community support and promoting independence in peoples own homes.

FUTURE ACTIVITY?

- Further improvement will be achieved by continuing to monitor this progress to develop an understanding of what has had the largest impact on this change; use of the Three Conversation Model across all locality teams and further work on embedding Extra Care.



CONDITION OF UNCLASSIFIED ROADS

LOWER = BETTER

The % of unclassified roads that are deemed to require major maintenance following the annual Coarse Visual Inspection survey.

2017/18

19.8%

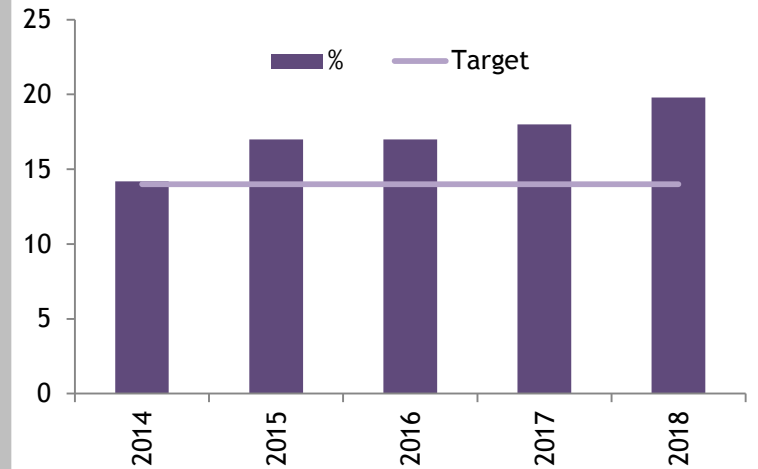


Direction of travel:
Deteriorating

Page 22

PERFORMANCE DETAILS

- Trend analysis, from the annual Coarse Visual Inspection survey, shows a gradual decline in the Condition of the Unclassified roads since 2010.
- The recent winter weather has affected the condition of the roads causing further damage.



CURRENT ACTIVITY

- Additional funding has been made available as part of the "Driving Home" initiative to undertake improvement works on unclassified roads.

FUTURE ACTIVITY?

- To produce an ongoing programme of works on the Unclassified roads that not only supports Top Quartile standing in terms of National Road Condition reporting, but also offers highway users in Worcestershire a safe and serviceable network of roads that connect local communities.
- Major programmes of work for 2018 include:
 - Highways surfacing works - there are a large number of surfacing schemes across the County, where Highways will be completing works at various locations
 - Surface dressing (SD) programme - a large SD programme will be undertaken across the County including over 300 roads which will be completed between mid-April and Autumn.

SICKNESS RATES

Average days sickness per person [FTE].

LOWER = BETTER

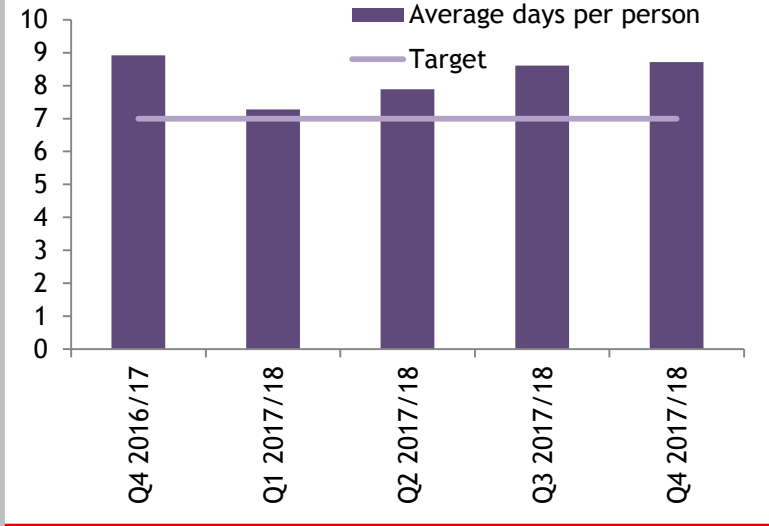
Q4
2017/18
8.71 Days



PERFORMANCE DETAILS

- At the end of Q24 2017/18 there was an average of 8.71 days sickness per person.
- The indicator is assessed as Red because performance is above the target for 2017/18 (7 days).
- The Directorate with the highest levels of sickness was Adult Services, with 14.43 average days sickness per person. In Children's, Families and Communities the average days sickness per person is 8.08.

Direction of travel:
No noticeable change



CURRENT ACTIVITY

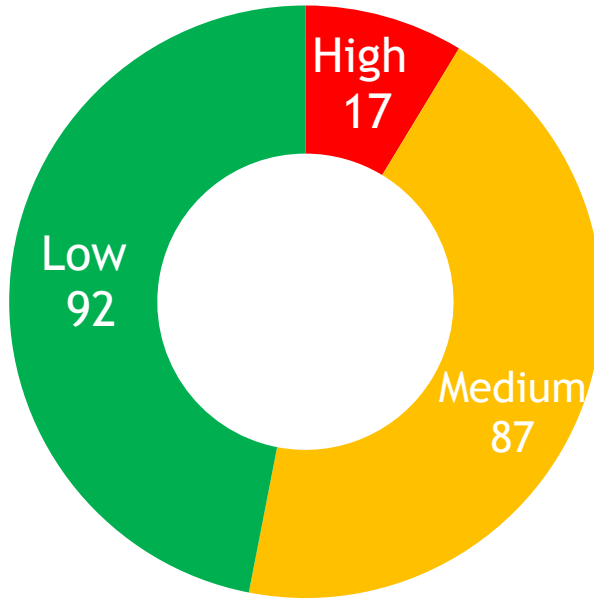
- HR have improved the sickness absence report and are challenging managers earlier to take action. This focus will continue.
- We are engaging with our occupational health provider to improve the service to support managers more effectively.
- We have been targeting support to managers in areas of the business with highest levels of sickness absence.
- We are undertaking a review of absence trends in order to target specific support in hot spot areas.
- We are reviewing our policy and process for return to work meetings and formal interventions.

FUTURE ACTIVITY?

- HR are delivering training to managers via lunch and learn forums to upskill and provide proactive support to managers.
- Over the first few quarters of 2018/19, HR will put more focus on reviewing short term absence.

CORPORATE RISK PROFILE

The Council's Risk Register is designed to provide an overview of all major risks across the organisation. The chart below give a snapshot as at the end of Quarter Four - 2017/18.



High Risks by Directorate

Children, Families and Communities	8
Adult Services	5
Public Health	2
Economy and Infrastructure	1
Chief Executive	1

CORPORATE RISK AREAS

CHILDREN'S SERVICES - VULNERABLE CHILDREN

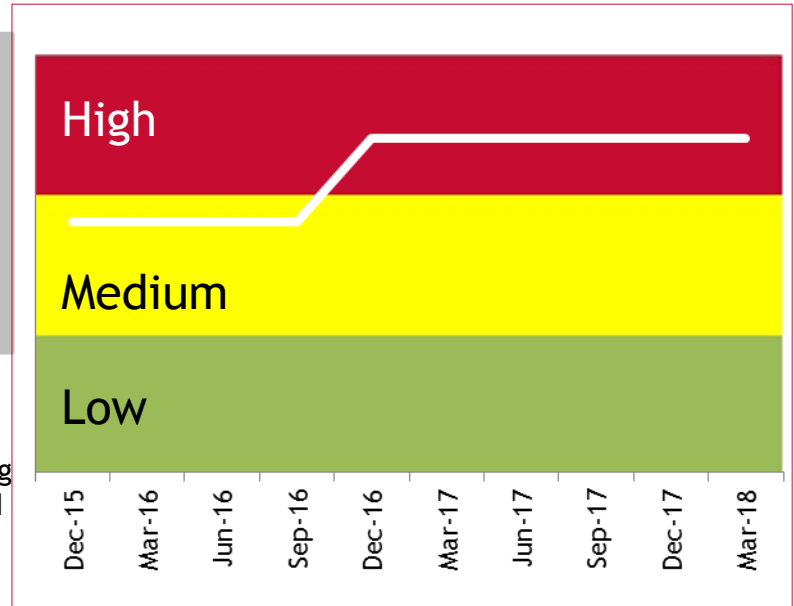
Q4 2017/18

WHY IS THIS AREA OF RISK RED?

- This area of risk is rated Red primarily due to issues identified around safeguarding children which are being addressed by the Council's Service Improvement Plan

MITIGATING ACTIONS

- The Council has revised its Social Work Services Improvement Plan - this is developed within six work streams for 2018/19. A Worcestershire Safeguarding Children Board annual business plan is also in place. Both plans are monitored regularly.
- Work is continuing with Essex County Council as our Improvement Partner. A programme of diagnostic and "deep dive" exercises have taken place, with Quarterly Performance Reviews providing challenge to social care managers and senior managers across the Council.
- Additional financial investment has been agreed which has provided for additional capacity at social work / managerial levels and the service has restructured to create circumstances for best practice.
- Significant development has been undertaken and continues in Quality Assurance and Performance information enabling the service to know itself well. Good progress has been recognised by Ofsted monitoring visits.
- The Council's corporate parenting framework has been improved and was recognised as a strength in the latest Ofsted monitoring report.
- Work continues on the Council's recruitment campaign and to give Worcestershire a better visibility in the job market.
- An inspection of the Council's services for children with Special Educational Needs and Disabilities (SEND) took place in March 2018. Issues identified will be addressed through a joint action plan agreed with partners locally.



WHAT NEXT?

Maintain focus on six workstreams for children's social care:

- Support and develop our workforce
- Promote social care best practice
- Build our quality assurance processes
- Listen to the voice of the child
- Enhance multi-agency partnerships
- Deliver effective Through-Care

Execute agreed action plan following inspection of SEND services

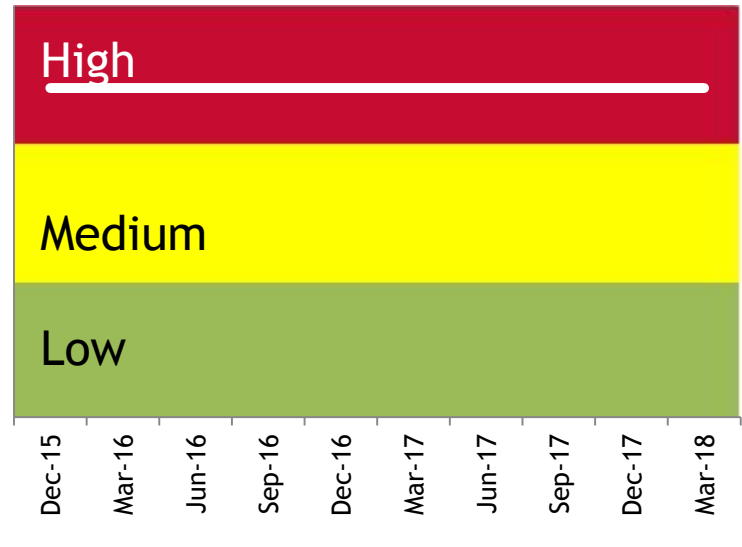
CORPORATE RISK AREAS

ADULT SOCIAL CARE - DEMAND AND RELATED PRESSURES

Q4 2017/18

WHY IS THIS AREA OF RISK RED?

- This area of risk is rated Red due to the challenges of an ageing population and increasing numbers of people with severe levels of disability, delays in hospital discharges, lack of affordable capacity in residential and nursing homes in Worcestershire, and resulting pressures on services



MITIGATING ACTIONS

Page 26

- The Three Conversations model introduced by Adult Social Care has been extended further, with additional input being provided by occupational therapists. This way of working is designed to use community assets to help individuals achieve greater independence, rather than immediately resorting to paid for packages of care.
- Use of block contracts for residential/nursing care is being monitored closely with outcomes used to inform future commissioning. Financial status of care home providers is being reviewed to identify high risk areas. Workforce availability is being monitored.

WHAT NEXT?

- Further consolidation of Three Conversation model, and refinement of performance data
- Continuing work with NHS partners to support acute and community hospitals
- Exploration of options for nursing block contracting / establishing purchasing groups for care providers
- Working with health colleagues to improve pathway 1 discharge rates (reablement, intermediate care), thus preventing demand for residential care

CORPORATE RISK AREAS

FINANCIAL PRESSURES

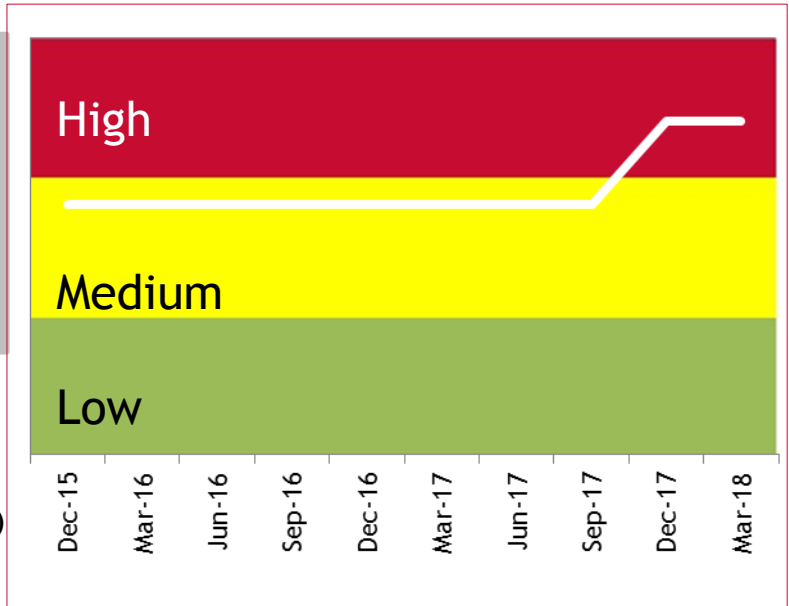
Q4 2017/18

WHY IS THIS AREA OF RISK RED?

- Each of the main Directorates has identified financial pressures as a major risk to the services provided by them and the Council as a whole

MITIGATING ACTIONS

- The Council has achieved a balanced budget for 2017/18 through active management of its resources during the year and use of reserves.
- Good progress has been made on completing the Statement of Accounts (SoAs) and these remain on track.
- The first budget monitoring for 2018/19 Financial year will take place shortly, following closedown of 2017/18 SoAs which remain on track. Any gaps in budgets to forecast at that stage will need to identify compensating savings for discussion / approval.
- A review of reserves and financial standing has been undertaken by the Director of Finance and will continue to be reviewed.
- A paper is being drafted to look at the timetable and approach for 2019-22 budget setting.
- The Council's new financial and budget monitoring system was not fully operational during the year, with the result that Directorates put in place additional steps to ensure that they could monitor income and expenditure. A timetable is in place for the roll out of this in 2018/19.



WHAT NEXT?

A Finance Improvement Programme is underway to strengthen controls and skills.

Regular monitoring reports will be brought to Cabinet during 2018/19, with recommendations for actions to address any forecasts as appropriate.

A timetable is in place to deliver a budget for consideration at Full Council 14th February 2019.

CORPORATE RISK AREAS

STAFFING - RECRUITMENT/RETENTION/CAPACITY

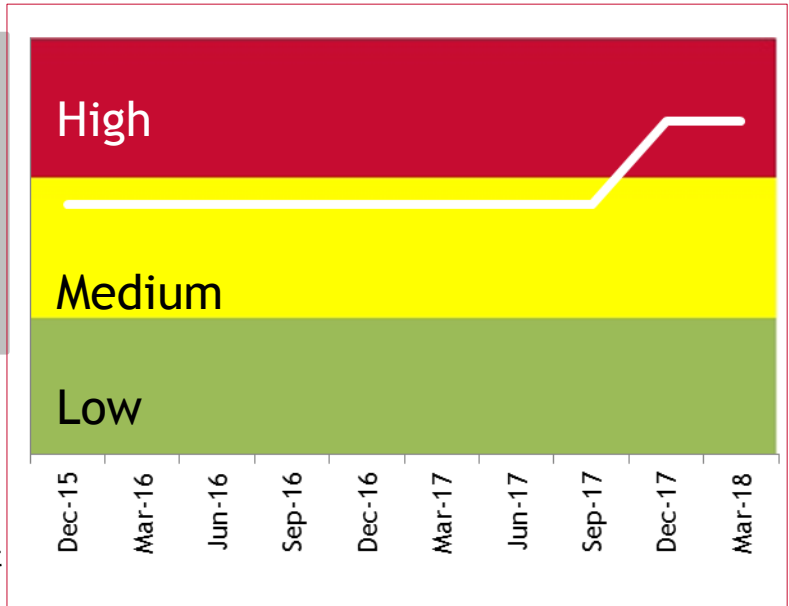
Q4 2017/18

WHY IS THIS AREA OF RISK RED?

- This is an area of risk across the Council with specific “hotspots” including turnover in senior management posts and recruitment to key frontline social worker posts

MITIGATING ACTIONS

- The Council has successfully recruited to key senior management posts. The new Chief Executive, Chief Financial Officer and Director of Commercial and Commissioning are now in post.
- A dedicated social work recruitment team, based in the Council, is in place. It covers both adult and children’s social work and other adult social care posts. Initiatives have included working with operational services to recruit at job fairs and target newly qualified workers
- A new “Leave the Bid City behind” campaign has been launched. This aims to promote the benefits of living and working in Worcestershire, and makes use of social media to raise the profile of the County.
- Apprenticeship and graduate recruitment schemes have continued with a view to developing potential permanent employees
- Business continuity plans identify the steps that will be taken to maintain critical services when there are staffing shortages .



WHAT NEXT?

- Review the approach being taken to key “hotspots” where recruitment and retention are particularly difficult

CABINET
27 SEPTEMBER 2018**MEETING THE REQUIREMENTS OF THE CODE OF
PRACTICE FOR WELL-MANAGED HIGHWAY
INFRASTRUCTURE**

Relevant Cabinet Member

Mr A T Amos

Relevant Officer

Director of Economy and Infrastructure

Recommendation

- 1. The Cabinet Member with Responsibility for Highways recommends that Cabinet:**
 - (a) notes the review as set out in the document called "A review and response to the Well-Managed Highway Infrastructure Code of Practice"; and**
 - (b) adopts the Well-Managed Highway Infrastructure Code of Practice including its 36 recommendations.**

Introduction

2. The purpose of this report is to advise Cabinet of the implications relating to the necessary adoption of the new Code of Practice: Well Managed Highway Infrastructure, and provide recommendations to Cabinet in relation to its adoption in October 2018.

Background to the Well-Managed Highway Infrastructure Code of Practice

3. The Department for Transport provides national guidance in relation to the management of the highway network in England. This is through a series of Codes of Practice called; Well-maintained Highways, Well-lit Highways, and Management of Highway Structures. These will be superseded in October 2018 by a combined new Code of Practice called "Well-Managed Highway Infrastructure."

4. The original Code of Practice called Well-Maintained Highways has formed the basis of the Council's approach to its highway maintenance practice and delivery for the last 13 years, covering key areas such as safety inspections, management of trees and winter service provision, amongst many other areas of highway maintenance.

5. The new Code of Practice provides Highway Authorities with guidance and recommendations on highway management across a range of service provision. In many ways, the new combined Code of Practice replicates the original guidance and the

County Council, as the highways authority, is well placed to adopt the new Code of Practice with some minor amendments to existing practices.

6. The new code contains 36 key recommendations covering, for example; asset management, network planning, structures, severe weather and resilience. For this reason, the Council has followed a methodology of reviewing each of the recommendations against current practices to identify if there are any further appropriate actions required. These are detailed in the document called 'A review and response to the Well-Managed Highway Infrastructure Code of Practice'.

7. Adopting the new Code of Practice will ensure the Council, as the Highway Authority for Worcestershire, is well placed to continue to manage the Worcestershire highway network effectively through a risk-based approach. In addition, this will also ensure the Council complies with the Government's Department for Transport's guidance and recommendations.

Legal, Financial and HR Implications

8. The adoption of the new Code of Practice is not expected to have any impact on the current revenue or capital budgets associated with the management of the highways network.

9. There are no significant implications in relation to legal and HR matters.

Privacy and Public Health Impact Assessments

10. There are no specific health impacts as a result of new decisions arising from this Cabinet report. There are no privacy impacts.

Equality and Diversity Implications

11. 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.

Supporting Information

- Appendix: A Review and Response to the Code of Practice: Well-Managed Highway Infrastructure

Contact Points

County Council Contact Points
County Council: 01905 763763

Specific Contact Points for this report
Ian Bamforth, Highways & PROW Operations Manager
Tel: 01905 846076 or 01905 846845
Email: lbamforth@worcestershire.gov.uk

Background Papers

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

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CABINET
27 SEPTEMBER 2018**RESOURCES REPORT**

Relevant Cabinet Member

Mr S E Geraghty

Relevant Officer

Chief Financial Officer

Recommendation

1. **The Cabinet Member with Responsibility for Finance (who is also the Leader of the Council) recommends that Cabinet:**
 - (a) **endorses his conclusions concerning revenue budget monitoring up to 31 July 2018;**
 - (b) **notes the current progress regarding savings plans approved by Council in February 2018;**
 - (c) **notes the additional management savings measures outlined in Appendix 9 to address the forecast position;**
 - (d) **notes that the Schools Forum is considering actions to recover the overspend position on the Dedicated Schools Grant (DSG) High Needs Block and recommends that Cabinet considers their responses in December, noting the financial position of the Council to Schools Forum;**
 - (e) **approves the budget virement amendments to the Capital Programme from the Capital Contingency for land purchase and works at Malvern Hills Science Park of £2.1 million, noting financial contributions from the Worcestershire Local Enterprise Partnership and Malvern Hills District Council to this scheme;**
 - (f) **recommends that Council approves the updated Capital Programme at Appendix 7, including the capitalisation of items under the additional saving proposals totalling £2.250 million, as set out at Appendix 9; and**
 - (g) **notes the report on borrowing and lending transactions during 2017/18 detailed in paragraphs 75 to 76 and Appendix 8.**

Introduction

2. This report details the 2018/19 outturn forecast for the Council's £324 million net revenue budget as at Month 4 (31 July 2018) and progress to date on the savings and reforms programme.

3. The Council continues to deliver statutory services and deliver against its Corporate Plan. However, the report identifies a forecast overspend of £14.234 million if no management action were to be taken. Management have been working to address this and as such a number of additional proposals have been brought forward to address the potential position, reducing the forecast overspend to £5.215 million (this time last year the 2017/18 Period 4 report to Cabinet reported a £7.5 million forecast position after management actions). The majority of management actions are tightening of controls and good housekeeping, and there will need to remain a further focus to return a balanced budget for 2018/19. This report identifies those management actions.

4. A recommendation is being made for Cabinet to approve revisions and updates to the Capital Programme, including an allocation to support land purchase and works at Malvern Hills Science Park. The report also provides details of the 2017/18 treasury management activity.

5. The report also details an update on a second bid for a Business Rates Retention pilot with Districts being submitted to MHCLG by 25 September 2018.

Summary Revenue Budget Monitoring 2018/19 Forecast at Month 4 (31 July 2018)

6. The County Council's net budget of £324 million was set by Full Council in February 2018.

7. This report covers the forecast financial position for 2018/19 to the end of Month 4 (31 July 2018).

8. The overall outturn forecast, as set out in Table 1, at Month 4 is for a net overspend, before management actions, of £14.2 million at the end of 2018/19. This includes a £17.9 million forecast overspend on services. The majority of the services forecast overspend arises on Adult Services which totals £15.2 million, £8.3 million of which is as a result of savings targets not being considered achievable this year. The causes of these forecast variations are summarised in the following section at paragraphs 19 to 43, and variances by individual service area greater than £0.250 million are set out in more detail in Appendix 2.

9. Part of the projected overspend relates to non-delivery of 2018/19 saving targets set by Council in February 2018. To date it is forecast that 62.3% (£23.299 million) will be delivered, with a further 6.6% (£2.471 million) classed as amber, and thus 31.1% (£11.662 million) as red. More detail is set out in the following sections and in detail as paragraphs 44 to 49, with details also set out of the RAG status for each proposal at Appendices 5 and 6.

10. The service forecast (£17.9 million) can be partly offset by a £3.7 million underspend for finance/corporate items, this is projected based on:

- A one off saving of £3.1 million on Financing Transactions from deferring the need to take planned external borrowing
- A one off saving of £0.625 million by withholding expenditure from the £0.750 million corporate contingency.

Table 1: Summary Outturn Forecast, Before Management Action, as at Month 4 2018/19

P4 - 2018/19 SLT Revenue Budget Monitoring Forecast by Service					a	b	c	d	a+b+c+d = e		
Service	2018/19 Net Budget	Gross Forecast	Less Budgeted Grants	Less Budgeted Reserve Mvts	Variance Before One-Off's	Less - Capitalisation	Less - Use of Grants	Transfer to / (from) Reserves	Variance After Adjustments	Variance After Adjs	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	%
Dedicated Schools Grant (DSG)	0	6,802	0	0	6,802	0	0	(6,802)	0	-	
CFC (Excl DSG)	96,361	114,705	(15,071)	(1,623)	1,650	0	0	0	1,650	1.7%	
E&I	63,544	75,606	(6,102)	(5,476)	484	0	0	0	484	0.8%	
COACH	8,047	9,043	(189)	(188)	619	0	0	0	619	7.7%	
Chief Executive	532	533	0	0	1	0	0	0	1	0.2%	
DAS	125,396	176,302	(33,394)	0	17,512	(834)	(1,490)	0	15,188	12.1%	
Public Health	(831)	27,574	(28,437)	0	(32)	0	0	0	(32)	3.9%	
Total : Services (Excl DSG)	293,049	403,763	(83,193)	(7,287)	20,234	(834)	(1,490)	0	17,910	6.1%	
Finance / Corporate Items	31,143	22,755	(2,636)	0	(11,024)	(155)	0	7,503	(3,676)	-11.8%	
Funding - Transfer From Reserves	0	0	0	0	0	0	0	0	0	-	
Total (Excl DSG)	324,192	426,518	(85,829)	(7,287)	9,210	(989)	(1,490)	7,503	14,234	4.4%	
Total - Funding	(324,192)	(324,192)	0	0	0	0	0	0	0	0.0%	
Grand Total - Services and Funding (Excl DSG)	0	102,326	(85,829)	(7,287)	9,210	(989)	(1,490)	7,503	14,234		
Dedicated Schools Grant (DSG)	0	6,802	0	0	6,802	0	0	(6,802)	0		
Total	0	109,128	(85,829)	(7,287)	16,012	(989)	(1,490)	701	14,234	4.4%	

11. Further proposals to reduce this further are set out then in following paragraphs.

12. A range of alternative actions and savings have been, and continue to be, implemented to offset the overspend as follows:

- Review specific grant income to maximise where this money can be used to fund existing base budget expenditure whilst remaining within the grant conditions
- Review Better Care Fund and Improved Better Care Fund agreements and allocations between the County Council and Health
- Stop, or defer for a period, discretionary expenditure / projects; including tightening controls over spending such as removal of procurement cards and reducing the number of staff who are approved to commit monies.
- Increase Fees and Charges mid-year where we can
- Implement a vacancy management process to delay recruitment whilst we review non-critical or change dependent areas or other staffing measures. This will seek where appropriate to remove vacant posts permanently to give rise to recurring savings.

13. In summary, senior leadership has identified £12.7 million (£3.7 million of corporate items and £9 million of service savings) of additional savings proposals. The majority of these (£6.759 million) are management actions, however where appropriate this report is requesting Cabinet approval to progress £2.250 million of proposals as set out in recommendations contained within this report.

14. If fully implemented these could, as shown in Table 2, reduce the services overspend forecast to £5.2 million (£7.5 million reported at the same period 2017/18). A full list of new saving proposals is set out at Appendix 9.

Table 2: Month 4 Forecast Overspend by Service area with Management Action identified to date

P4 - 2018/19 Forecast Overspend, one off and recurring savings					
Service	2018/19 Net Budget	Savings Not Considered Achievable This Year	New Pressures	Forecast	Variance
	£000	£000	£000	£000	£000
CFC	96,361	250	1,400	98,011	1,650
E&I	63,544	345	139	64,028	484
COACH	8,047	400	219	8,666	619
Chief Executive	532	0	1	533	1
DAS	125,396	8,300	6,888	140,584	15,188
Public Health	(831)	0	(32)	(863)	(32)
Total : Services	293,049	9,295	8,615	310,959	17,910
Finance / Corporate Items (One off saving)	31,143		(3,676)	27,467	(3,676)
Total Net Expenditure (Excl DSG)	324,192	9,295	4,939	338,426	14,234
Further Savings being implemented for 18/19 delivery:					
DAS					(1,183)
CFC					(2,000)
E&I					(3,025)
COACH					(1,086)
Finance / Corporate Items					(625)
Cross Cutting					(1,100)
Total if all Finance / Corporate Items Delivered					5,215

15. These tables indicates that the services overspend forecast of £17.9 million could be reduced to £5.2 million.

16. Whilst progress is being made, as the forecast is still reporting an overspend more action is required to balance the 2018/19 budget without significant draw down from corporate reserves. Further work on this and the additional management proposals, as well as managing cost pressures is a key priority for senior management and Cabinet members, and a further update will be provided to Cabinet in November 2018.

17. Any remaining overspend for 2018/19 could be funded by drawing down resources from Earmarked Reserves. As our external auditors (Grant Thornton) identified in their value for money opinion the Council must look closely at its use of reserves to secure financial sustainability. A factor that is being raised on a national level. As such the focus is to identify savings that will reduce any need to draw further from these reserves, and on recurring proposals as opposed to one-off savings. Further comment on the reserves position is set out at paragraphs 60 to 65.

18. There are a number of significant cost pressures arising across services at Month 4 and these are outlined below in more detail.

Children, Families and Communities – Forecast £1.650 million overspend before management action

19. The Directorate is forecast to overspend, before management action, its £96.4 million budget by £1.650 million at the end of the financial year.

20. The forecast overspend includes £0.8 million relating to children's social care placements. When the budget was set, a judgement was made to cater for current forecasts in demographic growth. It was acknowledged in the budget report that this assumption would need to be reviewed in the new financial year.

21. The number of looked after children and children in agency placements has increased significantly in the first 6 months of the calendar year which has contributed to the pressure experienced on the placement budget. There are currently (as at 16 August 2018) 819 children looked after by the authority. In January 2018 there were 767.

22. There are currently 77 children in high cost residential care. This is an increase from January 2018 when there were 63 children receiving these services.

23. A number of actions are being taken with the aim to bring the projected overspend down, including a panel review of top up payments made for residential care. However, it should be noted that there is a risk the overspend will increase - the number of children in high cost agency placements continues to rise despite concerted effort to mitigate this risk. As such a focus remains on managing this area of spend, and management is seeking to reduce this pressure by at least £0.3 million, as reflected in Appendix 9.

24. The Special Educational Need and Disabilities (SEND) Transport budget for 2018/19 is £6.9 million which includes growth of £0.4 million approved by Full Council in February 2018. The budget is forecast to overspend by £0.6 million based on the costs and activities within the Council's transport database. Assumptions have been made regarding new starters and the pressure on placements. The forecast is being refined as more data is available and the new school term has started.

25. There are sensitivities within this forecast as it is based on a number of children who have yet to have a statement of their needs completed and the outcome of this could affect the forecast.

26. The projected overspend on the High Needs Block of the Dedicated Schools Grant (DSG) has continued this month and is currently projected at £6.8 million. There is a significant risk that this forecast will deteriorate further if demand increases and further detailed work is being undertaken by the SEND team to assess this. At the start of the year there was £5.2 million in DSG reserves, although this was not all earmarked for high needs activity. The pressures on this area were reported to the Schools Forum meetings in July and September. The SEND service, with Schools Forum, is currently preparing a longer term recovery plan. The Council's Financial Regulations identify the scope for overspend deficits to be carried forward and recovered from future years. The Council will need to assess and review this position with Schools Forum in the coming months based on the assessment of options and risk. As such an update is recommended to come back to Cabinet in December to inform budget monitoring and setting.

27. The pressure on the High Needs block is a national issue. There is growth in the number of children with Statements of Special Educational Needs and Disability (SEND) or Education Health and Care Plans (EHCP), coupled with the extended period over which Councils have been made responsible for the education of children with SEND to 25 years old, which was unfunded, this adds considerably to the pressures in Children's services. The LGA has estimated that there will be a £2bn shortfall in the national funding for Children's services by 2020, across education and social care.

28. The Strategic Libraries and Communities is forecasting a £0.250 million overspend arising from the need to identify expenditure that could be capitalised. The service is continuing to work on this as a priority.

29. The Directorate has identified £2 million of savings as part of a plan to deliver a £0.3 million underspend by 31st March 2019. Full details of these proposals are set out at Appendix 9. The majority are housekeeping measures to tighten controls on spending.

Adult Services – *Forecast £15.188 million overspend before management action*

30. The Adult Social Care budget is forecast to overspend, before management action, its £125.4 million net budget by £15.2 million. This overspend has arisen due to a combination of:

- Accumulated transformation targets which are no longer felt to be achievable in 2018/19. The base budget for the service included total savings to be achieved in 2018/19 of £14.9 million, including savings carried forward from 2017/18, and an additional adjustment of £4.2 million to reflect opportunities to maximise the benefit of specific grant income (e.g. Better Care Fund). Following a detailed review, £3.2 million of this programme has been identified as undeliverable with a further £5.1 million re-profiled to later years. The current forecast now reflects anticipated delivery of £6.1 million savings in 2018/19, thus placing a significant pressure on 2018/19
- The Directorate used reserves and one off grants in previous years to mitigate overspends and demand pressures, however all of these were fully utilised in 2017/18.

31. The causes of variations by specific services arising from changes in saving profiles and demand pressures are as follows:

- Key pressure in Learning Disabilities Residential and Nursing which equates to a forecast £3.7 million overspend. This is mainly due to a delay in achieving savings targets during 2018/19, resulting in an overspend of £1.9 million, and a budget transfer of £0.2 million to in-house Residential Homes to fund increased staffing. The remaining overspend is due to clients joining the service from CHC, hospital placements funded by Health, and other sources
- Learning Disabilities Supported Living is forecast to overspend by £1.7 million. This is mainly due to clients entering the service from Continuing Health Care (CHC), in-house services, previous clients re-entering the service and clients previously only in receipt of replacement care but now requiring ongoing support, particularly as a result of parents/carers getting older
- Older People Home Care overspend of £1.4 million, this is due to non-achievement of savings and an increase in client numbers from when the budget was approved
- Mental Health Residential, Nursing and Supported Living are forecast to overspend by £0.9 million due to an increase in client numbers from when the budget was approved.

32. The above pressures have partly been mitigated in part by:

- Adult Social Care & Case Management service is forecasting an underspend of £0.3 million due to a number of vacancies that are currently being held within the teams, and
- Older People Internal Homecare Service is showing an underspend projection of £0.4 million due to a large number of vacancies in this team.

Additional proposals are set out in Appendix 9.

Public Health – *Forecast £0.032 million underspend before management action*

33. The Public Health Service manages a c.£30 million specific grant and a core County Council budget of £0.1 million.

34. The Public Health directorate is forecast to break even at this stage.

35. During 2018/19 the service have continued to review existing contracts in order to maximise effective use of the PHRFG with savings of £1.04 million forecast to be achieved in line with budget. This has allowed the service to increase investment in grant eligible services within other council function including Trading Standards and Family Support (Children's). In total around £5.6 million of the Public Health specific grant is being invested directly in eligible functions that sit in other services of the Council, in addition to the wider benefit to the Council through the ongoing commissioning of preventative public health services.

36. The Council currently holds earmarked reserves totalling £5.76 million of accumulated Public Health Grant for which there are plans for a significant reduction over the next 3 years to manage the overall reduction in the grant payment smoothly.

Economy and Infrastructure – Forecast £0.484 million overspend before management action

37. It is forecast, before management action, that at the end of the financial year 2018/19 the Economy and Infrastructure Directorate will overspend its £63.5 million budget by £0.484 million.

38. It is currently estimated that waste services could overspend against its £30 million budget by around £0.3 million (1%), however an analysis is being undertaken by Worcestershire and Herefordshire Waste Services to understand current tonnages activity levels and ways to mitigate this position.

Commercial and Change – Forecast £0.619 million overspend before management action

39. It is forecast that at the end of the financial year 2018/19 the Commercial and Change (COaCH) Directorate will overspend, before management action, its £8 million budget by £0.6 million.

40. The budget for Property Services was reduced by £0.5 million to £5 million in 2018/19 to take account of the impact of property sales expected. A number of these sales have not been achieved within indicative timescales and there is also a forecast overspend against the Place Partnership property services budget based on the 2017/18 outturn reflecting increases in reactive maintenance and other unplanned events. This overall position has been partially mitigated to £0.4 million by vacancy management savings of £0.1 million within the Commercial teams and work is continuing alongside Place Partnership management to improve controls in order to mitigate this overspend further.

41. The budget for Systems and Customer Access was reduced by £0.25 million following the decision to commence the insourcing of the DxC contract. This activity has been delayed to take account of more realistic and achievable timescales, thereby putting the achievement of this budget reduction at risk of non-delivery. Work continues to identify solutions to mitigate this potential overspend position.

Finance / Corporate Items – Forecast £3.676 million underspend

42. The Financial Services budget includes corporate items such as Debt Interest.

The £31.5 million budget for Finance / Corporate Items is forecast to underspend in total by £3.676 million as follows:-

- £3.051 million underspend - Financing Transactions Borrowing Costs. An initial forecast for the deferment of borrowing on the assumption that cash balances are maintained across the County Council and that there is no forecast for rises in borrowing interest rates
- £625k underspend - Corporate Contingency. A £750k corporate contingency is maintained for 2018/19, against which spending allocations of £125k have been approved. The balance is uncommitted and therefore it is proposed that this contingency will not be used for new spending but will reported as an underspend to address the current forecast overspend elsewhere across the Council's services.

43. Details of variations for each Directorate are included in Appendices 1 to 4.

Savings Update

44. The transformation savings target for 2018/19 has been increased by £1.4 million to reflect an update to the carry forward of unachieved savings targets from last financial year. The revised savings target is now £37.432 million. This comprises £31.579 million that was originally planned for 2018/19 and £5.853 million of projects carried forward from previous financial years.

45. Compared with the target of £37.432 million, £23.299 million will be delivered, with a further £2.471 million classed as amber and £11.662 million as red. £8.690 million is scheduled to be either carried forward to future years or unachievable.

46. Given the Council's limited usable and unspent Earmarked Reserves, discussed later in this report, this forecast position with regard to savings being supplemented by use of reserves is unsustainable.

47. The following table shows the current savings programme, carry forwards from 2017/18 and RAG status for 2018/19.

Table 3: Summary RAG Assessment at Period 4 of the 2018/19 Savings

	17/18	18/19 Cabinet	18/19 Revised	C/fwd to	18/19	18/19	18/19	18/19	18/19
	C/wd	Approved	Target	19/20	Total	Delivered	On Target	Amber	Red
Directorate	£000	£000	£000	£000	£000	£000	£000	£000	£000
DAS	5,416	9,479	14,895	8,690	6,205	2,927	1,477	1,731	70
PH	0	1,040	1,040	0	1,040	0	0	0	1,040
CFC	337	885	1,222	0	1,222	469	451	250	52
E&I	0	1,900	1,900	0	1,900	0	0	300	1,600
COACH	0	1,100	1,100	0	1,100	100	600	190	210
Finance	100	1,475	1,575	0	1,575	1,525	50	0	0
Accounting Adj	0	15,700	15,700	0	15,700	9,000	6,700	0	0
	5,853	31,579	37,432	8,690	28,742	14,021	9,278	2,471	2,972
		% of Revised Target	100.0%	23.2%	76.8%	37.5%	24.8%	6.6%	7.9%

48. The entire £8.690 million of savings carried forward to 2019/20 related to DAS, and this covers 23.2% of the Savings Programme.

49. The full programme with RAG status for each project is included at Appendices 5 and 6.

Additional Savings Proposals

50. The whole purpose of budget monitoring is to enable early identification of issues in order to take action promptly to manage the situation. In line with best practice, senior officers have received monthly financial monitoring information and the forecast potential overspend has been a focus of management.

51. As part of this work, a review was urgently undertaken relating to all savings plans, for all years, to establish a current realistic view on risk, together with clear milestones for achievement to identify in what financial year savings are likely to be achieved. For savings deemed not to be achievable, these were reported back to the Senior Leadership Team (SLT) for discussion and actions agreed around their continuation, any changes to savings targets or the need to replace with new savings plans. SLT also looked at the savings that could be achieved earlier and at what cost/risk.

52. As a result, management are implementing £12.7 million of new saving proposals focused on:

- a) Management of long term borrowing. Following an active Treasury Management Strategy, taking advantage of the future forecast for borrowing interest rate rises, together with a forecast of working capital cash balances that the Council has (the difference between cash income and cash expenditure plus the cash impact of holding unspent grants, reserves and balances), we plan to defer taking long term borrowing in 2018/19 as much as we can. The resulting one off saving of £3.1 million in the financing transactions budget will be utilised to support cost pressures across the Council.

However, it is noted that there is a risk that this one off saving for 2018/19 could reduce in later years if the national economic position worsens and the forecast for rates or actual borrowing rates rise or that Central Government intervenes with imposed increases in borrowing rates through the Public Works Loans Board.

- b) Capitalise £2.250 million of appropriate expenditure across service consistent with best practice, for example highways maintenance.
- c) Increased cost control activity and stopping or reducing expenditure whilst maintaining existing service delivery. This will include reducing the use of procurement cards and removing delegations for committing and approving spend.
- d) Reviewing contract terms and re-negotiating services that the Council commissions.
- e) Optimising staffing structures, including tighter recruitment controls and reduced use of agency staff, whilst minimising the impact on service delivery to vulnerable children and adults, as well as any other essential statutory service wherever possible.
- f) Making best use of commercial payment terms agreed with suppliers.
- g) Releasing £0.625 million of contingency set aside in the 2018/19 setting of the base budget to cover non delivery of savings.

53. A full list of saving proposals is set out at Appendix 9. These are largely management actions, such as vacancy control for low risk service areas. However the following actions are brought to Cabinet's attention:

- a) Capitalisation of £2.250 million of transformation activity:
 - This includes £1.5 million further highways Type 1 defects and staffing capitalisations. Cabinet will recall that Council approved £5 million of such capitalisation in the February Council which set the budget.
 - £0.750 million of capitalisation to facilitate transformation in Adult and Children's care provision.
- b) Proposed changes to some areas of the Service Specification within the Highways Maintenance Service Contract (HMSC) without compromising core safety or safety critical defects to the highway network.
- c) The Care Act allows a self-funder to request the council to source a package of domiciliary care on their behalf, it also allows the Council to charge them for this service based on the actual cost of negotiating or managing the contract with the provider and administrative costs incurred. It is now proposed to introduce a charge of £81 per search which is estimated to raise £0.01 million in 2018/19.

Balance Sheet Payment and Income measures

54. It is important for the Council to manage how fast it collects its debts and pays its creditors in order to maximise the amount of working capital available. The following two measures indicate the current position, and senior officers are working on improvements to speed up debt collection and ensure creditor payment terms are optimised.

- **Debtor Days:** the average number of days for debtor income to be collected. The 2018/19 quarter 1 position was 36.5 days which is an improved position in relation to 2017/18 quarter 4 when it was 40 days. This is against a target of 35 days for 2018/19.
- **Creditor Days:** the average number of days for payment to be made to a supplier. The 2018/19 quarter 1 position was 5 days (2017/18 quarter 4 was 5 days) against a target of 20 days. The County Council currently pays authorised invoices immediately after receipt rather than to payment terms and performance is therefore as expected. The payment processes managed through a service contract with the Council's HR and Transactional Finance service provider Liberata and will be reviewed in light of best practice.

Corporate Income – Council Tax, Business Rates, Revenue Support Grant

55. The Council's overall budget is funded by a number of corporate income streams, the forecast being shown in the Table 4. At this stage the corporate income is forecast to achieve the budget.

Table 4: Summary of outturn forecast for Corporate Income 2018/19

P4 - 2018/19 SLT Revenue Budget Monitoring Forecast by Service				
Service	2018/19 Net Budget	Gross Forecast	Variance After Adjustments	Variance After Adjs
	£000	£000	£000	%
Revenue Support Grant	(9,436)	(9,436)	0	0.0%
Business Rates Retention Scheme	(61,136)	(61,136)	0	0.0%
Council Tax Income	(251,536)	(251,536)	0	0.0%
Collection Fund (Surplus) / Deficit	(2,084)	(2,084)	0	0.0%
Total - Funding	(324,192)	(324,192)	0	0.0%

56. Government issued a consultation inviting bids to be pilots for 2019/20 Business Rates Retention scheme at 75%. Councillors will recall that for 2018/19 the County and Districts were unsuccessful at a bid for the then 100% pilots, but all Councils expressed an interest to bid again if an opportunity arose. In response therefore to the consultation, Leaders and senior officers have been discussing around a bid that would see all funds retained by the County Council to invest in preventative measures around care (adults and children's). A bid will be submitted by the deadline, 25 September 2018, and a further update provided at future meetings.

General Balances

57. The County Council's General Balances are a contingency sum available to pay for unforeseen or exceptional circumstances. External auditors often refer to the level of general balances when considering an organisation's financial health.

58. Worcestershire's General Fund Balance stand at £12.2 million, or 3.8% of net expenditure. There is no defined minimum balance. It is the responsibility of the Section 151 Officer to advise the Council of that level based on an assessment of risk. At this stage a fuller review is underway against the current forecast the use of Minimum Revenue Provision (MRP) release, and how committed the earmarked reserves are. A further update will be provided to Cabinet in December 2018 and February 2019.

59. Given the County Council's drawdown of Earmarked Reserves in recent financial years it is important to ensure that General Fund Balances are maintained at least at the current level to support the County Council's financial resilience as it continues to balance the need to deliver services within a challenging medium term cash limit. This was identified by our external auditors in the 2017/18 statutory accounts opinion, and is an issue the Council is keen to address.

Earmarked Reserves

60. All earmarked reserves are retained either under the delegated authority given to Chief Officers in the Financial Regulations or by Cabinet / Cabinet Member approval, this is subject to recommendations jointly by a Chief Officer in agreement with the Chief Financial Officer for carry forward each year.

61. Given that the County Council is forecasting an overspend, this must be a first call on Earmarked Reserves once all options to reduce expenditure during 2018/19 have been exhausted.

62. This will enable the budget to be balanced at the year-end but would require a review of Earmarked Reserves. Management are reviewing earmarked reserves in light of this possibility and this will be included in future Resources reports to establish the extent to which they already have spending commitments and whether these commitments could be stopped, and to review where reserves are maintained for risk whether they could be prudently reduced.

63. It is important to recognise that to some extent these earmarked reserves are already committed as a result of the forecast overspend.

64. Following a review of the Minimum Revenue Provision (MRP) charge for 2018/19, a recurring (but time limited) saving of £7.5 million will be added to a financial risk reserve as approved as part of the 2018/19 February Cabinet budget report. This forecast arises from full implementation of last year's policy change after taking account of expected residual consultation outcomes from Ministry of Housing, Communities and Local Government. This forecast is subject to the professional judgement by the S.151 Officer with regard to making a 'prudent provision' in the accounts in consideration of future capital expenditure plans.

65. Looking forward, the County Council's ability to manage the in-year financial risk is challenging. It is vital that the Council delivers services within cash limits on a recurrent basis and that transformation savings are also achieved in full recurrently and not by one off actions.

Capital Programme

66. The timing of capital expenditure over the current and future years has been reviewed and an updated profile is provided at Appendix 7.

67. The revised profile has taken account of the roll forward of capital schemes from last financial year and the impact that has on the current years profile of expenditure and estimate for future years, along with re-profiling across financial years based on current best information available.

68. The Capital Programme has also been updated to include the £2.250 million of new savings proposals for capitalisation of expenditure. It is intended that this expenditure is funded by re-profiling existing expenditure to later years, at this stage the capital programme will reflect this as a new expenditure item to be funded from borrowing until the specific re-profiling activity is known.

69. There have been changes to values of capital schemes due to increases in external income expected, and reallocations between schemes to take account of more realistic planning which are also shown in Appendix 7. Key amendments are:

- Capital grant totalling £1.2 million has been received from the Department for Transport (DfT) relating to the Flood Resilience Fund which will be utilised on Highways Flood Mitigation projects in 2018/19 and 2019/20.
- Capital grant totalling £3.8 million has also been received from the DfT relating to Structural Maintenance of Highways of which £1.2 million relates specifically to the "Pot Hole Action Fund"
- The total project cost for Kidderminster Rail Station is forecast to be £5.3 million. Of this, £0.8 million has been funded in previous years with £3.4 million expected to be incurred in 2018/19 and £1.1 million in 2019/20. This is an increase to the approved Capital Programme of £0.9 million. Additional funding is anticipated from Greater Birmingham and Solihull LEP (GBSLEP) of £0.6 million, along with £75k from Wyre Forest District Council and a £0.2 million contribution from the Worcestershire Local Enterprise Partnership (WLEP) Growth Fund

- An increase to the Capital Programme of £1 million is requested to be approved for the Kidderminster Town Centre Public Realm scheme. £0.5 million additional funding is expected from GBSLEP, along with a further £0.25 million from Wyre Forest District Council and a £0.25 million allocation by the County Council. Re-profiling and additional income receivable indicates a revised Capital Programme Provision of £0.6 million in 2018/19 and £1.3 million in 2019/20
- The Council has been successful in securing additional grants from the European Regional Development Fund (ERDF) to support business growth, energy efficiency, developing low carbon awareness, cyber security and for investment into environmental schemes for schemes. A total increase to the Capital Programme of £3.6 million is required to take account of these capital grants phased over the current and next two financial years
- The following allocations have been made from Highways Infrastructure Improvement Fund (HIIF) consistent with what was approved by Cabinet in February 2018:-
 - 2018/19 - £1.8 million to the Street Lighting Column Replacement and LED Programme and £7.8 million to the Structural Carriageway / Bridgeworks Programme, leaving £0.75 million remaining for allocation.
 - 2019/20 - £2 million to the Street Column Lighting Replacement and LED Programme, £8 million to the Structural Carriageway / Bridgeworks Programme, and £0.75 million for Highway Flood Mitigation, leaving £0.75 million remaining for allocation.
 - 2020/21- £8 million to the Structural Carriageway / Bridgeworks Programme and £0.75 million for Highway Flood Mitigation, leaving £0.67 million remaining for allocation.

70. The revised Capital Budget for 2018/19 totals £153 million.

71. In addition to this, elsewhere on this agenda is a report entitled "A38 Bromsgrove Major Scheme - Package 1" which is requesting a variation to the Capital Programme of £6.3 million, to be funded by external sources. Should this be approved, it will also be added to the Capital Programme.

New Capital Investment – Malvern Hills Science Park

72. Cabinet are requested to approve the amendments to the capital programme scheme entitled QinetiQ Land Purchase for the land purchase and infrastructure works relating to the 4.5 hectares of development land at Malvern Hills Science Park (MHSP)

73. As part of the Council's Open for Business agenda, it is planned, alongside Malvern Hills District Council and Worcestershire Local Economic Partnership (WLEP), to develop it into serviced land to enable the commercial opportunity for HQ, Research and Development facilities and the opportunity to expand. The infrastructure works will include the creation of new accesses for vehicles, pedestrian, cycles, car and parking and provision of sustainable drainage measures.

74. The Capital Programme approved in December 2017 had a value of £1.2 million allocated which accounted for the WLEP contribution; however, the total scheme cost is estimated to be £4.2 million. A £0.9 million contribution has been received from Malvern Hills District Council and a £2.1 million reallocation is required from the previously approved capital contingency provision for new starts which was included in the 2018/19 approved capital programme.

Borrowing and Lending Transactions 2017/18

75. In accordance with Financial Regulations and the County Council's Treasury Management Policy Statement, the Chief Financial Officer is required to report annually on the activities of the Treasury Management operation. This report is set out at Appendix 8.

76. The key highlights of this report are:-

- The Council's treasury activities were managed successfully within the approved Prudential Indicator limits
- Base Rate was cut to 0.25% in August 2016 and remained at this level during 2017/18. It was increased to 0.5% in November 2017
- Investments prudently made to the UK Debt Management Office, other local authorities, Money Market Funds and Ultra-Short duration Bond Funds are in line with the existing County Council Treasury Management Policy
- £22 million of existing loans have been repaid during the year
- New loans of £103 million have been taken out during 2017/18 at an average rate of 1.55%. This was planned activity and all of this was raised to support the Capital Programme and manage interest rate risk
- Total debt outstanding is within plan and stood at £444.1 million at 31 March 2018, at an average rate of 3.07% (3.83% for 2016/17).

Legal Implications

77. Legal advice will be provided to support any changes in service delivery in accordance with the requirements of the council's policies and procedures.

Financial Implications

78. Members are required under Section 25 of the Local Government Act 2003 to have regard to the Chief Financial Officer's report when making decisions about the budget calculations for each financial year. Specifically this is undertaken through the approval of the annual budget in February each year.

79. Section 25 of the Act also covers budget monitoring and this process monitors the robustness of budgets, adequacy of reserves and the management of financial risk throughout the year. This Cabinet report highlights forecast variances arising from current financial performance and the possible impact of existing pressures on future expenditure so that appropriate action may be taken.

80. In discharging governance and monitoring roles, Members are asked to consider the issues arising and the potential impact on the budget as well as the financial risks arising.

81. The Council's procedures for budget monitoring is reinforced through close financial support to managers and services on an ongoing basis to ensure processes and controls are in place to enable tight financial control.

HR Implications

82. A number of existing and new proposed savings may impact on staff roles and responsibilities and where appropriate senior officers take advice from the Council's Human Resources team.

83. This will include undertaking consultations with staff, trade unions and any other affected body as appropriate.

Environmental and Climate Change Implications

84. There are no significant environment and climate change implications arising from this report.

Equality Duty Considerations

85. The Council will continue to have due regard to proactively addressing the three elements of the Public Sector Equality Duty in all relevant areas – in particular the planning and delivery of our services. The Council will continue to assess the equality impact of all relevant transformational change programmes and will ensure that Full Council has sufficient equalities assessment information to enable it to have due regard to the three elements of the Equality Duty when considering and changes to the budget for 2018/19. The Council will continue to ensure best practice is followed with regard to these requirements.

Health Impact Assessment

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

87. This report is mainly about confirming the forecast outturn financial position for the end of the financial year reflecting existing Cabinet decisions and policies, and requesting approval for a land purchase at Malvern Hills Science Park.

88. 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** Budget Monitoring Outturn Forecast for Month 4 - 31 July 2018
- **Appendix 2** Budget variances greater than £0.250 million
- **Appendix 3** Capitalisation
- **Appendix 4** Use of Grants
- **Appendix 5** Savings RAG Summary 2018/19
- **Appendix 6** List of Savings – Agreed Budget Plan 2018/19
- **Appendix 7** Capital Programme
- **Appendix 8** Borrowing and Lending Transactions 2017/18
- **Appendix 9** Additional Saving Proposals

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Background Papers

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

- Previous Cabinet Resources Reports

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P4 - 2018/19 SLT Revenue Budget Monitoring Forecast by Service

Dir.	Service	a b c d														f	
		2017/18 Actual Before One Offs	2018/19 Forecast	Variance	2018/19 Net Budget	Gross Forecast	Less Budgeted Grants	Less Budgeted Reserve Mvts	Variance Before One-Offs	Less - Capitalisation	Less - Use of Grants	Transfer to / (from) Reserves	Variance After Adjustments	Variance After Adjs	Variance Last Period	Change Since Last Period	
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	%	£000	£000	
CFC	DSG - School Formula Budgets	165,584	173,219	7,635	173,219	173,219	0	0	0	0	0	0	0.0%	0	0		
CFC	DSG - High Needs Pupils	42,361	46,163	3,802	39,400	46,163	0	0	6,763	0	(6,763)	0	0.0%	0	0		
CFC	DSG - Early Years	552	767	215	728	767	0	0	39	0	(39)	0	0.0%	0	0		
CFC	DSG - Statutory Duties / Historic Commitments	4,423	4,766	343	4,766	4,766	0	0	0	0	0	0	0.0%	0	0		
CFC	DSG - De-Delegated Services	547	602	55	602	602	0	0	0	0	0	0	0.0%	0	0		
CFC	DSG - Sub Total	213,467	225,517	12,050	218,715	225,517	0	0	6,802	0	(6,802)	0	0.0%	0	0		
CFC	DSG - Dedicated Schools Grant	(209,813)	(218,715)	(8,902)	(218,715)	(218,715)	0	0	0	0	0	0	0.0%	0	0		
CFC	Dedicated Schools Grant (DSG)	3,654	6,802	3,148	0	6,802	0	0	6,802	0	(6,802)	0	-	0	0		
CFC	CSC Safeguarding Locality Teams	11,796	10,880	(916)	10,482	10,880	(163)	(235)	0	0	0	0	0.0%	0	0		
CFC	CSC Through Care Locally based Hubs				3,338	3,688		(350)	0	0	0	0	0.0%	0	0		
CFC	CSC Family Front Door	4,208	3,911	(297)	3,717	3,911		(194)	0	0	0	0	0.0%	0	0		
CFC	CSC Targeted Family Support	123	1,544	1,421	1,544	1,544	0	0	0	0	0	0	0.0%	0	0		
CFC	CSC Safeguarding and Quality Assurance	43,084	1,830	(41,254)	1,739	1,830		(91)	0	0	0	0	0.0%	0	0		
CFC	CSC Placements & Provision	3,825	44,583	40,758	43,616	44,583	(37)	(130)	800	0	0	800	1.8%	800	0		
CFC	Worcestershire Safeguarding Children Board	12,575	138	(12,437)	138	138			0	0	0	0	0.0%	0	0		
CFC	Education & Skills	5,407	11,026	5,619	4,336	11,026	(6,253)	(437)	0	0	0	0	0.0%	0	0		
CFC	Home to School & College Transport	392	14,598	14,206	13,692	14,598	(306)		600	0	0	600	4.4%	600	0		
CFC	Early Help & Partnerships	3,650	5,829	2,179	4,697	5,829	(1,132)		0	0	0	0	0.0%	0	0		
CFC	WCC Contribution to West Mercia Youth Offending Service	0	552	552	552	552			0	0	0	0	0.0%	0	0		
CFC	Finance & Resources	3,421	3,241	(180)	3,006	3,241	(81)	(154)	0	0	0	0	0.0%	0	0		
CFC	Alternative Delivery Model	1,242	2,826	1,584	0	2,826	(2,826)		0	0	0	0	-	0	0		
CFC	Strategic Libraries and Learning(Including The Hive)	288	7,848	7,560	4,185	7,848	(3,381)	(32)	250	0	0	250	6.0%	250	0		
CFC	Support for the Arts	136	122	(14)	122	122			0	0	0	0	0.0%	0	0		
CFC	Joint Museum Service	313	372	59	372	372			0	0	0	0	0.0%	0	0		
CFC	WCC Museum	213	222	9	222	222			0	0	0	0	0.0%	0	0		
CFC	Countryside Greenspace and Gypsies	419	765	346	603	765	(162)		0	0	0	0	0.0%	0	0		
CFC	Strategic Music Education	(122)	730	852	0	730	(730)		0	0	0	0	-	0	0		
CFC	CFC (Excl DSG)	90,970	111,017	20,047	96,361	114,705	(15,071)	(1,623)	1,650	0	0	1,650	1.7%	1,650	0		
E&I	Strategic Infrastructure & Economy	6,181	10,368	4,187	6,046	10,368	(3,764)	(603)	(45)	0	0	(45)	-0.7%	(48)	3		
E&I	Highways Contracts, Winter Service and Projects	9,179	8,096	(1,083)	8,065	8,096			31	0	0	31	0.4%	368	(337)		
E&I	Waste Services	34,493	37,496	3,003	30,460	37,496	(1,818)	(4,873)	345	0	0	345	1.1%	450	(105)		
E&I	Operations, Highways and PROW	13,142	7,783	(5,359)	7,783	7,783			0	0	0	0	0.0%	(76)	76		
E&I	Transport Operations	9,362	11,795	2,433	11,080	11,795	(520)		195	0	0	195	1.8%	100	95		
E&I	Business, Administration & Systems	317	68	(249)	110	68			(42)	0	0	(42)	-38.2%	6	(48)		
E&I	E&I	72,674	75,606	2,932	63,544	75,606	(6,102)	(5,476)	484	0	0	484	0.8%	800	(316)		
COACH	Legal and Democratic Services	3,776	4,780	1,004	4,141	4,780	(69)	(570)	0	0	0	0	0.0%	0	0		
COACH	Commercial Team	1,446	2,450	1,004	2,701	2,450	(60)	191	(120)	0	0	(120)	-4.4%	(89)	(31)		
COACH	Property Services	1,446	5,493	4,047	5,124	5,493	(60)	191	500	0	0	500	9.8%	469	31		
COACH	HR	(421)	3,358	3,779	3,358	3,358			0	0	0	0	0.0%	0	0		
COACH	Service Transformation (Customer Servs,ICT)	1,754	6,103	4,349	5,853	6,103			250	0	0	250	4.3%	250	0		
COACH	Content and Communications	21	537	516	537	537			0	0	0	0	0.0%	0	0		
COACH	COACH - Management	587	426	(161)	437	426			(11)	0	0	(11)	-2.5%	0	(11)		
COACH	Directorate Recharges				(14,104)	(14,104)			0	0	0	0	0.0%	0	0		
COACH	Directorate 2% Reserve	0	0	0	0	0			0	0	0	0	-	0	0		
COACH	COACH	8,609	23,147	14,538	8,047	9,043	(189)	(188)	619	0	0	619	7.7%	630	(11)		
CEX	Chief Executive	474	533	59	532	533			1	0	0	1	0.2%	1	0		
CEX	Chief Executive	474	533	59	532	533	0	0	1	0	0	1	0.2%	1	0		
DAS	Older People	63,537	70,122	6,585	63,541	70,122	(5,291)	0	1,290	(440)	0	850	1.3%	843	7		
DAS	Physical Disabilities	13,553	14,635	1,082	11,860	14,635	(1,004)	0	1,771	0	0	1,771	14.9%	982	789		
DAS	Learning Disabilities	61,115	63,976	2,861	55,079	63,976	(2,762)	0	6,135	0	0	6,135	11.1%	6,000	135		
DAS	Mental Health	11,055	10,634	(421)	9,678	10,634	0	0	956	0	0	956	9.9%	983	(27)		
DAS	Support Services	(312)	(43)	269	(5,008)	(43)	0	0	4,965	(1,490)	0	3,475	-69.4%	3,403	72		
DAS	Integrated Commissioning Unit	(14)	1,343	1,357	919	1,343	0	0	424	(394)	0	30	3.3%	29	1		
DAS	BCF (excluding Health)	12,809	12,347	(462)	451	12,347	(10,937)	0	959	0	0	959	212.6%	791	168		
DAS	IBCF	0	3,288	3,288	(11,124)	3,288	(13,400)	0	1,012	0	0	1,012	-9.1%	1,530	(518)		
DAS	DAS	161,743	176,302	14,559	125,396	176,302	(33,394)	0	17,512	(834)	(1,490)	15,188	12.1%	14,561	627		
PH	Public Health	28,921	27,574	(1,347)	(831)	27,574	(28,437)	0	(32)	0	0	(32)	3.9%	(32)	0		
PH	Public Health	28,921	27,574	(1,347)	(831)	27,574	(28,437)	0	(32)	0	0	(32)	3.9%	(32)	0		
Serv	Total : Services (Excl DSG)	28,921	27,574	(1,347)	293,049	403,763	(83,193)	(7,287)	20,234	(834)	(1,490)	0	17,910	6.1%	17,610	300	
FIN	Financial Services	(59)	496	555	496	496			0	0	0	0	0.0%	0	0		
FIN	PMO Office - Central	1,096	155	(941)	0	155			155	(155)	0	0	-	0	0		
FIN	Financing Transactions (Borrowing and Investments)	10,816	12,342	1,526	15,393	12,342			(3,051)	0	0	(3,051)	-19.8%	(2,905)	(146)		
FIN	MRP	724	3,279	2,555	10,782	3,279			(7,503)	0	0	7,503	0.0%	0	0		
FIN	Contributions and Precepts	240	245	5	245	245			0	0	0	0	0.0%	0	0		
FIN	Insurance	0	0	0	0	0			0	0	0	0	-	0	0		
FIN	Pension Fund Backfunding Liabilities	5,418	5,767	349	5,767	5,767			0	0	0	0	0.0%	0	0		
FIN	Miscellaneous Whole Organisation Services	444	346	(98)	346	346			0	0	0	0	0.0%	1	(1)		
FIN	New Homes Bonus Grant Income	(3,275)	0	3,275	(2,636)	0	(2,636)		0	0	0	0	0.0%	0	0		
FIN	Whole Organisation - Contingency	0	125	125	750	125			(625)	0	0	(625)	-83.3%	(625)	0		
FIN	Finance / Corporate Items	15,404	22,755	7,351	31,143	22,755	(2,636)	0	(11,024)	(155)	0	7,503	-11.8%	(3,529)	(147)		
TRF	Transfer from Reserves (Per MTFP Feb 2017)	0	0	0	0	0			0	0	0	0	-	0	0		
TRF	Funding - Transfer From Reserves	0	0	0	0	0	0	0	0	0	0	0	-	0	0		
Total	Total (Excl DSG)	378,795	436,934	58,139	324,192	426,518	(85,829)	(7,287)	9,210	(989)	(1,490)	7,503	14,234	4.4%	14,081	153	
Funding	Revenue Support Grant	(19,897)	(9,436)	10,461	(9,436)	(9,436)			0	0	0	0	0.0%	0	0		
Funding	Business Rates Retention Scheme	(62,344)	(61,136)	1,208	(61,136)	(61,136)			0	0	0	0	0.0%	0	0		
Funding	Council Tax Income	(236,204)	(251,536)	(15,332)	(251,536)	(251,536)			0	0	0	0	0.				

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P4 - 2018/19 SLT Revenue Budget Monitoring Forecast by Service	Directorate Variances over £250,000
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Dir.	Service	Budget £000	Projection £000	Variance £000	Variance %	Reason (provide if variance is +/- £250k)
CFC	Children's Social Care Placements & Provision	43,616	44,416	800	1.8%	The forecast is based on an estimated new demand requirement and the assumption that savings can be achieved. A number of actions are being taken forward to bring the projected overspend down, including a panel review of top up payments and the edge of care strategy. However, it should be noted that there is a risk that the overspend will increase, as the number of children in high cost agency placements has risen again this month to 77. At the time the budget was set there were 63. In addition to this, there are currently 2 children in secure placements, at the time the budget was set there were no children in secure placements.
CFC	Home to School Transport	13,692	14,292	600	4.4%	The overspend for Home to School Transport is still forecast to be £600k. This is based on the costs and activities data within the transport database (Routewise) and SEND One System. However, sensitivities still exist within the overall forecast. A number of the children expected within the forecast have not had a statement of their needs completed yet. There is also a risk that this will have an impact on the number of escorts needed.
CFC	Communities - Strategic Libraries and Learning	4,307	4,557	250	5.8%	Relates risk of non delivery of savings regarding capitalisation within this area of CFC, however, alternative areas for potential capitalisation is being reviewed which could partially mitigate this position
FIN	Financing Transactions (Borrowing and Investments)	15,393	12,342	-3,051	-19.8%	Defer planned external borrowing whilst cash balances are strong and no significant forecast for interest rate rises.
FIN	MRP	10,782	7,070	-3,712	-34.4%	18/19 MRP Saving from policy change (subject to external audit verification and S.151 'Prudent Amount' assessment)
FIN	MRP	10,782	6,991	-3,791	-35.2%	18/19 MRP - PFI Saving from policy change (subject to external audit verification and S.151 'Prudent Amount' assessment)
FIN	Whole Organisation - Contingency	750	125	-625	-83.3%	Residual Amount not allocated from Corporate Contingency
E&I	Waste Services	30,084	30,431	347	1.2%	£3m saving target identified for 2018/19 with c £2.5m achieved however £0.3 million currently remains at risk at this point in the year - changes in tonnages disposed of over the rest of the year may impact on this position
COaCH	Service Transformation (Customer Servs,ICT) - Managed Service Contract	2,115	2,365	250	11.8%	The budget was reduced relating to the insourcing of the DxC contract. Saving has been delayed to take account of more realistic and achievable timescales. Work continues to identify solutions to mitigate this potential overspend position
COaCH	Commercial Team - Repair and Maintenance Budget	754	1,254	500	66.3%	Budget reduced by £0.5 million to take account of the impact of property sales expected. A number of these sales have not been achieved within indicative timescales and there is also a forecast overspend against the Place Partnership property services budget based on the 2017/18 outturn reflecting increases in reactive maintenance and other unplanned events.
DAS	Older People	63,541	64,383	842	1.3%	The Older People's service is currently forecast to overspend by £0.8m due to savings not achieved in year (£2.3m), partially mitigated by underspends in staffing areas. The service is forecast to deliver savings during the year of £2.9m relating to CHC eligibility management and the implementation of the 3 Conversation Model for Social Care, but savings totalling £2.3m in respect of New Technologies in Care, Extra Care, and Outcomes-based Commissioning have now been identified as unachievable, or rephased to later years. The number of Older People requiring ongoing services, is currently consistent with expectations at budget setting.
DAS	Physical Disabilities	11,860	12,842	982	8.3%	Physical Disabilities is currently forecast to overspend by £1m. £0.4m of this overspend is due to non-achievement of savings in 2018/19 relating to New Technologies in Care and Block-contracting of Domiciliary Care. In addition, there has been a significant increase in client numbers, particularly in Extra Care, as well as several high-cost clients joining the service.

P4 - 2018/19 SLT Revenue Budget Monitoring Forecast by Service	Directorate Variances over £250,000
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Dir.	Service	Budget £000	Projection £000	Variance £000	Variance %	Reason (provide if variance is +/- £250k)
DAS	Learning Disabilities	55,079	61,079	6,000	10.9%	The Learning Disabilities service is currently forecast to overspend by £6.0m. The service has a savings target of £4.2m for 2018/19, of which £1.6m is expected to be achieved. This £1.6m relates to care package reviews, Supported Living moves, commissioning changes to Residential Care, and a review of LD Day Services. The remaining £2.6m of savings are not forecast to be achieved in 2018/19. Client numbers in Learning Disabilities continue to rise, with increases in Residential placements, Supported Living packages and Direct Payments.
DAS	Mental Health	9,678	10,661	983	10.2%	Mental Health Services are forecast to overspend by £1m. Client numbers in the service have increased from 327 (Sept 2017) to 367 (June 2018) - an increase of 12% in numbers over 9 months, which has resulted in the budget pressure currently reported.
DAS	Support Services	-5,008	-1,605	3,403	-68.0%	£5.5m of Future Fit savings relating to CHC Holistic Review, Contracts and Commissioning not forecast to be achieved have been partly mitigated by the Adult Social Care Grant income, which was not budgeted as it was confirmed late in the year.
DAS	BCF (excluding Health)	451	1,242	791	175.4%	The Better Care Fund is currently forecast to overspend due to high demand for Pathway 3 Placements, which facilitate discharges from the Acute Setting. The forecast overspend has been split 50/50 between WCC and the CCGs.
DAS	IBCF	-11,124	-9,594	1,530	-13.8%	Currently forecasting for a call on iBCF to fund sleep-in and fee uplift pressures in Learning Disabilities.

P4 - 2018/19 SLT Revenue Budget Monitoring Forecast by Service**Capitalisation**

Dir.	Service	Capitalisation - Detail	£000
FIN	Strategic Change Team	PMO Central Team Agreed costs to be capitalised and funded from Capital Receipts - Approved February 2018 Cabinet Budget Report	155
COACH	Strategic Change Team	PMO Team Agreed costs to be capitalised and funded from Capital Receipts - Approved February 2018 Cabinet Budget Report	328
CFC	Strategic Change Team	PMO Team Agreed costs to be capitalised and funded from Capital Receipts - Approved February 2018 Cabinet Budget Report	494
DAS	Strategic Change Team	PMO Team Agreed costs to be capitalised and funded from Capital Receipts - Approved February 2018 Cabinet Budget Report	397
DAS	Integrated Commissioning Unit	Positive Living Options Team and Commissioning Support for Investment in Community Capacity. Capitalised as in previous years and coded to Investment in Community Capacity Scheme. Current forecast matches last year's actuals.	394
DAS	Older People	Capitalisation of equipment purchases.	440
Total			2,208

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P4 - 2018/19 SLT Revenue Budget Monitoring Forecast by Service			Use of Grants
Dir.	Service	Use of Grants - Detail	£000
DAS	iBCF	Use of Improved Better Care Fund	13,400
DAS	Older People	Public Health RFG to support Extra Care Core payments	692
DAS	Older People	Local Reform and Community Voices - VGIP	12
DAS	Physical Disabilities	ILF Grant	1,004
DAS	Learning Disabilities	ILF Grant	1,958
DAS	Support Services	Adult Social Care Grant	1,490
DAS	BCF	Better Care Fund (income funding from CCG's)	16,328
PH	Public Health	Public Health RFG	28,437
Total			63,321

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Transformation / Savings Programme - 2018/19 Summary

Directorate	17/18	18/19	18/19	C/fwd to 19/20	18/19	18/19	18/19	18/19	18/19
	C/wd £000	Cabinet Approved £000	Revised Target £000		Total £000	Delivered £000	On Target £000	Amber £000	Red £000
DAS	5,416	9,479	14,895	8,690	6,205	2,927	1,477	1,731	70
PH	0	1,040	1,040	0	1,040	0	0	0	1,040
CFC	337	885	1,222	0	1,222	469	451	250	52
E&I	0	1,900	1,900	0	1,900	0	0	300	1,600
COACH	0	1,100	1,100	0	1,100	100	600	190	210
Finance	100	1,475	1,575	0	1,575	1,525	50	0	0
Accounting Adj	0	15,700	15,700	0	15,700	9,000	6,700	0	0
	5,853	31,579	37,432	8,690	28,742	14,021	9,278	2,471	2,972
	% of Revised Target		100.0%	23.2%	76.8%	37.5%	24.8%	6.6%	7.9%

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Transformation Reforms - Agreed Budget Plan			2018-19						
		DIR	17/18 c/fwd £'000	18/19 Projected Savings £'000s	Savings c/f 19/20 £'000s	18/19 Delivered £'000s	18/19 On Target £'000s	18/19 Amber £'000s	18/19 Red £'000s
1	Conversion of Highways Revenue Maintenance costs from the revenue to capital budget, no reduction in actual spend	ACCT ADJ		5,000	0		5,000		
2	Capitalisation of Maintenance Revenue Costs - A full analysis of existing revenue property maintenance budgets will take place during 2017/18 to identify spend which can be capitalised. The work will also identify a programme of condition surveys and the associated costs. The information collected as part of this exercise will support the development of an updated maintenance programme which will cover a three to five year period	COaCH		100	0				100
3	Capitalisation - Along with other areas within the Council, use of capital funding is being investigated in order to release revenue budgets with the expectation that reductions of £300,000 could be made.	CFC		300	0		50	250	
4	Reprioritisation Following confirmation of Public Health Ring Fenced Grant (PHRFG) - Existing plans are based on cautious estimates of assumed grant levels from 2018. Further reprioritisation of spend will follow confirmation of the grant at the end of 2017.	PH		500	0				500
5	Optimising the use of specific grant income eg Better Care Fund	ACCT ADJ		4,200	0	4,200			
6	Review of the Minimum Revenue Provision Policy, to align the period over which long term borrowing is repaid with the asset lives that are being financed.	ACCT ADJ		4,800	0	4,800			
7	Pension Fund - Prepayment of the Employer Contributions	FIN		400	0	400			
8	Revolving Investment Fund (RIF) - Investing projects which will yield income.	FIN		125	0	125			
9	Review of the expenditure and income budgets across Environmental and Infrastructure services, to include waste services and street lighting	E&I		1,900	0			300	1,600
10	E&I - Review of the expenditure and income budgets across Environmental and Infrastructure services, to include waste services and street lighting	ACCT ADJ		1,700	0		1,700		
11	Libraries - Through a combination of property remodelling, looking at innovative ways to deliver the service, reduction in costs as well as generating income, efficiencies are expected to be made over the 3 years totalling £1m in future years, in consultation with the public, a new model for library services will be investigated.	CFC		200	0	132	68		
12	Income Generation - Review of income generation opportunities across the directorate. Feasibility studies will be necessary - the target is therefore set for future years.	CFC		0	0				

Transformation Reforms - Agreed Budget Plan			2018-19							
			18/19 Projected Savings £'000s	Savings c/f 19/20 £'000s	18/19 Delivered £'000s	18/19 On Target £'000s	18/19 Amber £'000s	18/19 Red £'000s		
		DIR								
13	Education Services - A review of the internal and contracted services relating to provision of education and skills will be undertaken to reduce expenditure in the region of £280,000 over the 3 year period.	CFC	210	0		158				52
14	Staffing savings - Through a mix of reorganisation to ensure we have the most effective staffing structure in place to integrate work flow and contract efficiencies a budget reduction of approximately £155,000 is forecast over the medium term.	CFC	105	0		105				
15	Adoption - Adoption Services are currently moving towards a new model of delivery by transferring to the Adoption Central England (ACE) Regional Adoption Agency in February 2018. This, together with a reorganisation of the services and associated staff that are out of scope for the transfer could generate a saving of £346,000 over the 3 year period.	CFC	70	0		70				
16	Workforce Spend Review - Phase 1,2 and 3 The Council spends circa £90m per year on it's workforce. This spend aligns with three key overarching areas which are governance, management best practice and terms and conditions. It is therefore proposed that a review is carried out of all associated workforce spend around these three key areas, as identified above. The first step is to understand the workforce spend in each of these areas, followed by the identification of next steps which will then need to be negotiated with the relevant Unions. This will be completed early in 2018/19.	COaCH	600	0		600				
17	IT Technical Support to Worcestershire County Council - ICT Managed Service Contract was let in December 2014 with an operational start date of February 2018. The contract covered computers, mobile phones, telephony servers, storage, wireless access points and audio visual equipment and equipment support (eg council chamber webcast). As the contract has progressed it is becoming increasing clear that the IT landscape around which the contract was awarded has changed and it is expected that this will continue to evolve. The proposal is for the support to the items outline above is delivered through a WCC based team. This would enable the Council to have greater control and increased responsiveness to emerging IT demand, whilst being able to access specialist IT expertise when required. This work stream would be delivered during 2018	COaCH	250	0				190		60

Transformation Reforms - Agreed Budget Plan		DIR	17/18 c/fwd £'000
18	Review of Learning Disability (LD) Day services/12 week Connect Service - Review of in House Day Services, including reduction/ceasing non-statutory 12 week preventative service. The re-configuration, development and maximising use of the remaining in House Day Opportunities Provision (Resource Centres) and the exploration of the feasibility of externally commissioning the In House Day Opportunities Provision (Connect Centres)	DAS	
19	Maximising Benefits to Service Additional Income - Working in partnership with DWP/Voluntary sector partners to support people to maximise their entitlement to benefits; to help promote health and wellbeing whilst aiding independent living. This will also increase the amount that people can contribute to their care.	DAS	6
20	Review of Replacement Care (LD) - Review the current replacement care service ensuring we reduce placements that currently remain empty. This will include reviewing externally commissioned capacity.	DAS	
21	Advocacy Joint Commissioning - Work with neighbouring Councils to aim for a joint service and/or contract which delivers efficiencies for all partners.	DAS	
22	Transport Provision - As part of the ongoing reviews of care packages transport provision and spend will be reviewed to ensure most effective allocation of resources.	DAS	
23	External Provider Training - Full Cost Recovery - Ensuring external Adult Social Care providers fully fund their own training provided by Worcestershire County Council as historically this has been subsidised by Adult Services.	DAS	
24	Housing Support (Mental Health) - implementation of previously agreed changes to housing related support, in line with Cabinet Decision in 2015.	DAS	
25	Operational Budget Review - Efficiency savings through staffing, non-pay reviews and debt restructuring	FIN	
26	Treasury Management - Further iterations on the Treasury Management Strategy will be considered - the incorporation of property funds and other investment vehicles	FIN	
27	Contract Reviews - There are a number of contracts where strictly the statutory duties sit with housing, police and NHS, and the County Council has a duty to cooperate. We would be looking to have strategic discussions with relevant partners and authorities with a view to developing proposals for redesign and potential joint commissioning by October 2018.	PH	

2018-19					
18/19 Projected Savings £'000s	Savings c/f 19/20 £'000s	18/19 Delivered £'000s	18/19 On Target £'000s	18/19 Amber £'000s	18/19 Red £'000s
0	261				
171	85	171			
100	15		100		
50	0	50			
0	180				
90	0		90		
288	0	288			
125	0	125			
50	0		50		
0	0				

Transformation Reforms - Agreed Budget Plan		DIR	17/18 c/fwd £'000
28	Housing Extra Care - The current Service consists of lower level health and well-being support, but this is not a strongly evidence based service. Savings should be made by practice change and developing effective partnerships with VCS and local communities, with limited risk to residents. Working with extra care settings, to support the development of health promoting environments could be more productive and at a reduced cost to WCC.	PH	
29	Board have established a work stream to identify improvements in systems operating between Housing, Health and Adult Social Care and to review services that assist people to live independently at home and reduce pressures on hospital services and social care. This will include considering opportunities to improve joint commissioning of relevant services between the key agencies and where service contracts could be more joined up. IN that context this would include a review of the Home Improvement Agency contract, which is jointly commissioned by the six District Councils and WCC and delivers a range of services to maintain people's independence at home, including the provision of Disabled Facilities Grant. The current contract will operate until March 2019.	PH	
30	Lifestyle Services - We shall review the provision and design of available lifestyles services to complement and support and improve the Health Check programmed and the National Diabetes Prevention programme. It is anticipated this will release £100k in 19/20 through greater integration of provision and targeting services.	PH	
31	Review of Mandated Areas - All of mandated services have been reshaped to include a renewed focus on prevention. It is anticipated that by 19/20 this may result in reduction in activity releasing £150k (1%) and enabling further service redesign to recommission at that level.	PH	
32	Innovation through Systems and Technology	DAS	700
33	Learning Disability Review of Care: work stream to review all Learning Disability Services, exploring options for re-design and re-commissioning to ensure best use of resources coupled with best outcomes for people using services	DAS	1,167
34	Market Transformation: work stream to look at Commissioning activity, reviewing and maximising the best use of contracts and care packages	DAS	379
35	Outcomes based commissioning	DAS	1,471
36	Other Adult Services savings	DAS	1,693
37	Public Health: Use of Public Health Ring Fenced Grant	PH	

2018-19					
18/19 Projected Savings £'000s	Savings c/f 19/20 £'000s	18/19 Delivered £'000s	18/19 On Target £'000s	18/19 Amber £'000s	18/19 Red £'000s
0	0				
0	0				
0	0				
0	0				
490	1,160		115	375	
1,440	1,657	271	793	376	
1,936	943	647	379	910	
1,500	2,836	1,500			
140	1,553			70	70
500	0				500

Transformation Reforms - Agreed Budget Plan		DIR	17/18 c/fwd £'000
38	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.	PH	
39	Better Use of Property: Potential acquisition of sites and associated Property Savings £50k, £100k target achieved though alternative savings on the Councils pensions back funding budget	COaCH	
40	COaCH Operating Model	COaCH	
41	Libraries Remodelling (16/17 & 17/18 cfd)	CFC	281
42	Communities Gap (16/17)	CFC	56
43	Self Sufficient Council: Original target optimising income generation including traded services to other organisations and fees and charges - alternative savings delivered through lower pensions back funding costs	FIN	100
44	Self Sufficient Council: This programmed 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, Introducing a Revolving Door Capital Investment Fund and Maximising Value from Investment of the Council's Asset Base.	FIN	
			5,853

2018-19					
18/19 Projected Savings £'000s	Savings c/f 19/20 £'000s	18/19 Delivered £'000s	18/19 On Target £'000s	18/19 Amber £'000s	18/19 Red £'000s
40	0				40
150	0	100			50
0	0				0
281	0	281	0		
56	0	56	0		
300	0	300			
575	0	575			
28,742	8,690	14,021	9,278	2,471	2,972
37,432		28,742			

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Capital Programme 2017/18 to 2020/21 Onwards

TOTAL EXPENDITURE	Actual 2017/18 £000	LATEST FORECAST 2018/19 £000	LATEST FORECAST 2019/20 £000	LATEST FORECAST 2020/21 and Beyond £000	TOTAL FORECAST £000
CHILDREN, FAMILIES & COMMUNITIES DIRECTORATE	16,618	31,067	10,283	3,416	61,384
ECONOMY & INFRASTRUCTURE DIRECTORATE	65,030	107,491	67,997	69,171	309,689
ADULT SERVICES DIRECTORATE	1,138	7,517	2,733	508	11,896
COMMERCIAL & CHANGE/ FINANCE DIRECTORATE	4,012	6,606	4,990	4,904	20,512
GRAND TOTAL	86,798	152,681	86,003	77,999	403,481

TOTAL FUNDING					
TEMPORARY AND LONG TERM BORROWING	24,805	57,832	21,406	16,431	120,474
CAPITAL RECEIPTS	2,382	15,722	4,903	1,100	24,107
GOVERNMENT GRANTS	51,274	69,273	56,959	54,311	231,817
CAPITAL RESERVE	1,433	1,251			2,684
THIRD PARTY CONTRIBUTIONS	5,471	5,678	2,735	6,157	20,041
REVENUE BUDGETS	1,433	2,925			4,358
GRAND TOTAL	86,798	152,681	86,003	77,999	403,481

CHILDREN, FAMILIES & COMMUNITIES DIRECTORATE

	Actual 2017/18 £000	LATEST FORECAST 2018/19 £000	LATEST FORECAST 2019/20 £000	LATEST FORECAST 2020/21 and Beyond £000	TOTAL FORECAST £000
Major Schemes:					
- Somers Park Primary School Expansion	2,375	712			3,087
- The Chantry High School Expansion	757	1,493			2,250
- Nunnery Wood High School Expansion	829	1,621			2,450
- Christopher Whitehead High School Expansion	865	120			985
- Tudor Grange School Expansion	1,745	485			2,230
- Rushwick Primary School Expansion	776	139			915
- Redhill Primary School Expansion	869	1,752			2,621
- Stourport Burlish Park - New School (all CM grant funded)	93	-93			
- Bengeworth 1st	38	157			195
- Social Care Projects	16	1,314			1,330
- Social Care Projects 17/18	639	2,961	500		4,100
- Redditch S.77 Projects	623	109			732
- Evesham St Andrews	3	162			165
- Leigh and Bransford	8	138			146
- Holyoaks Field 1st School	16	2,721	3,179		5,916
- Worcester Library and History Centre (Non - PFI capital costs)	92	307			399
- Redditch Library	258	440			698
- Kidderminster Library	176	196			372
- Capitalised Transformation Costs		494	530	216	1,240
- Capitalisation of Revenue Costs		300			300
- Flexible use of Capital Receipts		500			500
- Major Schemes - Residual	14	324			338
Composite Sums:					
- Capital Maintenance	1,554	6,038	307		7,899
- Basic Need	1,357	6,416	5,667	3,100	16,540
- School Managed Schemes (Inc. Universal Infant School meals and Devolved Formula Capital)	2,606	1,694			4,300
- EFA Extension of Provision (Early Years)	602	259			861
- Libraries Minor Works	74	166	100	100	440
- Composite Sums - Residual	233	142			375
	16,618	31,067	10,283	3,416	61,384

ECONOMY & INFRASTRUCTURE DIRECTORATE

	Actual 2017/18 £000	LATEST FORECAST 2018/19 £000	LATEST FORECAST 2019/20 £000	LATEST FORECAST 2020/21 and Beyond £000	TOTAL FORECAST £000
Local Transport Plan:					
- Structural Carriageway/Bridgeworks	18,919	24,059	18,776	20,076	81,830
- Integrated Transport	1,152	1,608	2,376	2,405	7,541
Major Schemes:					
- Worcestershire Intelligent Transport Systems	80	220			300
- Capitalised Revenue 17/18 - POST PROG ALLOCATION	5,061				5,061
- A4440 WSLR Phase 4	1,873	8,475	22,422	29,231	62,001
- A38 Bromsgrove	672	1,028	750	5,750	8,200
- Kidderminster Churchfields	357	232	2,500	2,611	5,700
- HIIIF Pershore Northern Infrastructure	338	1,582	3,503	6,220	11,643
- HIIIF Projects		750	750	671	2,171
- Capital Skills Programme		1,805	1,982	222	4,009
- Southern Link Dualling Phase 3	5,319	9,600	2,189		17,108
- Worcester Parkway Regional Interchange	5,188	16,861			22,049
- Driving Home Programme	3,551				3,551
- Kidderminster Rail Station Enhancement	457	3,437	1,070		4,964
- Green Deal Communities	-44	470			426
- Eastham Bridge	470	126			596
- Worcestershire Growth Fund	836	141			977
- Herefordshire Training Group	426				426
- Boiler on Prescription	151	53			204
- Agritech	382				382
- Skills Based Centre	79	-8			71
- Skills Capital Fund - Engineering Facility	600				600
- META Project	313				313
- The Kiln		195			195
- QinetiQ Land Purchase		4,180			4,180
- Pavement Improvement Programme	1,490	4,510			6,000
- Cutting Congestion Programme	198	5,290	6,303		11,791
- Kidderminster Public Realm Works	114				114
- Kidderminster Town Centre Phase 2	83	649	1,253		1,985
- Droitwich High Street	678	68			746
- Redditch Town Centre	784	85			869
- Worcester City Centre	63	1,233			1,296
- Tenbury Public Realm	660	30			690
- Malvern Public Realm	13	12			25
- Members Highways Schemes	14				14
- Highway Flood Mitigation Measures	3,224	3,346	750	750	8,070
- Abbey Bridge	1,308				1,308
- Worcester Transport Strategy	336	1,201			1,537
- Hoobrook Link Road - Pinch Points	336	298			634
- Worcester Technology Park	359	9			368
- Cathedral Square	1,201				1,201
- Malvern Hills Science Park Scheme	2,470	830			3,300
- Street Lighting Energy Saving Project	3				3
- Public Rights of Way	208	150			358
- A4440Toucan to W6	4	197			201
- Local Broadband Plan Phase 1	86	3,834			3,920
- Local Broadband Plan Phase 2	3,873	-23			3,850
- Local Broadband Plan Re-investment		3,250			3,250
- ERDF Capital Projects		2,074	1,035	455	3,564
- Highways Revenue Maintenance Costs		1,000			1,000
- Capitalisation of staff costs		500			500
- Completion of Residual Schemes	14	183			197
Composite Sums:					
- Vehicle Replacement Programme	158	908	480	480	2,026
- Street Column Replacement Programme	1,173	2,392	1,658	100	5,323
- Highways Minor Works			200	200	400
- Investment Initiatives to Support Business and /or Green Technology		651			651
	65,030	107,491	67,997	69,171	309,689

ADULT SERVICES DIRECTORATE

	Actual 2017/18 £000	LATEST FORECAST 2018/19 £000	LATEST FORECAST 2019/20 £000	LATEST FORECAST 2020/21 and Beyond £000	TOTAL FORECAST £000
Major Schemes:					
- Capital Investment in Community Capacity/ Specialised Housing	394	3,112	980		4,486
- Investment in New Technologies in Care	33	1,967			2,000
- Timberdine Nursing and Rehabilitation Unit	20				20
- IT personalisation	497				497
- Care Act Capital		165			165
- Social Care Reform					
- ICES equipment purchase		440			440
- Social Care Case Management System Replacement		1,000	1,000		2,000
- Capitalised Transformation Costs		397	403	408	1,208
- Capital funding utilisation		250	250		500
- Completion of Residual Schemes					
Composite Sums:					
- A&CS Minor Works	194	186	100	100	580
	1,138	7,517	2,733	508	11,896

COMMERCIAL & CHANGE/ FINANCE DIRECTORATE

	Actual 2017/18 £000	LATEST FORECAST 2018/19 £000	LATEST FORECAST 2019/20 £000	LATEST FORECAST 2020/21 and Beyond £000	TOTAL FORECAST £000
Major Schemes:					
- Digital Strategy and Customer Access	2,460	1,129	678	528	4,795
- Repair and Maintenance of a Longer Term Benefit (And BUoP)	767	2,005	900	900	4,572
- Energy Efficiency - Spend to Save	414	848			1,262
- Social Care Performance IT Enhancement	211	789			1,000
- County Hall Fire Safety Compliance Project		350	50		400
- Parkside Redevelopment	129	-129			
- Police Houses, Spetchley Road	49	-49			
- Stourport Library/ Coroners Relocation to Civic Centre	-18	18			
- Capitalised Transformation Costs		483	470	476	1,429
- Revenue Maintenance Costs		100	100		200
- Capacity for New Starts		952	2,792	3,000	6,744
- Completion of Residual Schemes		110			110
	4,012	6,606	4,990	4,904	20,512

BORROWING AND LENDING TRANSACTIONS 2017/2018

1. In accordance with Financial Regulations and the Council's Treasury Management Policy Statement, the Chief Financial Officer is required to report annually on the activities of the Treasury Management operation.

2. This report details the borrowing and lending transactions undertaken by the Council for the 2017/18 financial year. Long term borrowing is used to fund Capital Projects and to replace principal sums repaid during the year. Lending transactions comprise instant access deposits, short-term investments on the London Money Markets, Ultra Short duration Bond Funds and with the Debt Management Office's deposit facility, held at the Bank of England.

Background

3. The Bank base rate was increased to 0.50% in November 2017. In line with the Treasury Management strategy approved by Council investments have been made with the UK Debt Management Office, other Local Authorities, selected banks, Short Bond Funds and Money Market funds.

Borrowing

4. The borrowing transactions and debt outstanding for the Council in 2017/18 are summarised as follows:

Statement of Borrowing Transactions for the year ended 31 March 2018

	Short Term		Longer Term			Total Debt £'000
	Local Deposit Loans	Short Term Temporary Loans	PWLB Loans	Money Market Loans	Total Longer Term	
	£'000	£'000	£'000	£'000	£'000	
Debt Outstanding at 1 April 2017	278	0	312,905	50,000	362,905	363,183
Loans Raised	131	0	102,683	0	102,683	102,814
Loans Repaid	(30)	(0)	(21,825)	(0)	(21,825)	(21,855)
Net Borrowing	101	0	80,858	0	80,858	80,959
Debt Outstanding at 31 March 2018	379	0	393,763	50,000	443,763	444,142

5. Total debt outstanding increased from £363.2 million to £444.1 million during the year. This increase comprises of £102.8 million of new debt, a repayment of a £5 million loan which matured in February 2018 and repayment of £16.8 million annuity loans. All of the new debt is to support the financing of the approved capital programme and to mitigate interest rate risk. This level of debt is

within the Capital Financing Requirement for 2017/18 (£559.8m) and also meets the Prudential Indicators for the authorised limit for external debt (£593.0m) and the operational boundary (£570.0m). All debt is fixed rate and meets the Council's limits on the type of debt it holds (fixed and variable).

6. The Public Works Loans Board (PWLB) is the main source of longer-term borrowing for the Council £40 million of the borrowing was to support the Capital Programme. The remaining £62.683m was taken to mitigate the interest rate risk in financing the prepayment of Pension Contributions, by temporarily utilising the Council's internal borrowing position.

Amount (£m)	Date Taken	Maturity Date	Rate (fixed to maturity)
14.692	28/04/2017	28/04/2018	0.82
23.384	28/04/2017	28/04/2019	0.84
24.607	28/04/2017	28/04/2020	0.87
5.000	05/10/2017	02/08/2036	2.72
5.000	05/10/2017	02/08/2037	2.74
10.000	05/10/2017	02/08/2044	2.78
5.000	29/03/2018	02/08/2038	2.57
5.000	29/03/2018	02/08/2039	2.57
10.000	29/03/2018	02/08/2046	2.56
102.683			1.55%

7. The total debt consists of longer and short-term debt. The longer-term debt of £443.8 million falls due for repayment as follows:

Within	£m	% of Total Debt
1 year	77.558	17.5
1 – 2 years	37.219	8.4
2 – 5 years	34.446	7.8
5 – 10 years	53.655	12.1
10 years and over	240.885	54.2
	443.763	100.0

8. Total debt outstanding is within plan and stands at £444.1 million at 31 March 2018, at an average rate of 3.07% (3.83% for 2016/17).

9. The short-term debt consists of local deposit loans repayable at seven days' notice which total £0.379 million on 31st March 2018. This has increased by £0.101m compared with March 2017.

Lending

10. The temporary lending transactions for 2017/18 of the Council's cash balances are summarised as follows:

	£m	£m
Balance at 01/04/2017		39
Investments made during the year (287)	799	

Less

Investments recalled during the year (322)	(795)	4
Balance at 31/03/2018		43

11. All investments are made in accordance with the Council's Treasury Management Policy and to institutions that satisfy the criteria in the Council's Treasury Management Practices.
12. The average rate earned on investments during 2017/18 was 0.28%. The net interest earned on investments totalled £0.078 million.
13. The Chief Financial Officer concludes that the management of debt and short-term investments continues to be cost effective.

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2018/19 Additional Proposed Savings

Title	DIR	18/19 Savings Identified (£'000)	2018/19 £000 Green Delivered	2018/19 £000 Green On Target	2018/19 £000 Amber
All non contracted spend (tail end) is to be reviewed to assess the statutory requirement and processes for committing items. As a result a restriction on spend and buyers will be rolled out that will include a significant reduction in methods of payment such as Procurement Cards and imprest accounts, as well as reviews of expenses and items such as external hire, subscriptions, etc.	All	500			500
As well as reviews in services, a further challenge of structures and vacant posts will be carried out centrally to seek greater control of vacancy management	All	500			500
A review of all agency annual placements / contracts will challenge the spend, as well as looking at options such as requiring agency staff to take leave at points in the year. There will also be a review of the staff annual leave purchase scheme	All	500			500
Payment Terms - A review of contract terms and payment schedules will be carried out to direct which payments need to be applied in order to identify the potential to make savings through securing potential discounts for early payment. This will seek to protect small local suppliers.	All	400			400
The Care Act allows a self-funder to request the council to source a package of domiciliary care on their behalf, it also allows the Council to charge them for this service <u>and it is now proposed to introduce this charge.</u>	DAS	10		10	
Cost Control Activities - Management are taking actions to reduce and manage agency/vacancies, removing delegated decision making and holding weekly performance management panels to review spend commitments to reduce the forecast overspend	DAS	465		465	
Further staff are required to implement the new social care system replacement than was forecast, it is proposed these costs will be funded from capital for the next 18 months of the project	DAS	250		250	
Reduced Commissioning Unit, already secured from 1st July 2018, due to deletion of vacancies.	DAS	106	106		
Further review of staffing structures related to integrated teams, and a review of the joint agreements with health to secure savings. The review has commenced and a conservative estimate of recovery is included.	DAS	60			60
Undertake a review of provision and seek to secure savings from underutilisation and under occupancy	DAS	87			87
The current savings plan includes a review of the scope of Care Packages. This project suggests that further savings can be achieved above the original target by increasing the scope of review to include all adult services. This will help either reduce costs or manage down projected potential increases	DAS	200		200	
Libraries and Learning vacancy management will be extended and non staff expenditure not committed will be reviewed.	CFC	160	160		
Children's social care placements will be subject to panel review of the need and provision to ensure that demand and budget forecasts are being challenged and managed to seek to avoid £300k of cost included in the current forecast	CFC	300			300

2018/19 Additional Proposed Savings

Title	DIR	18/19 Savings Identified (£'000)	2018/19 £000 Green Delivered	2018/19 £000 Green On Target	2018/19 £000 Amber
Targeted Family Support – contract variation bringing staff back in house – this is likely to be a one off saving.	CFC	100	100		
Positive Activities Recommissioning - an agreement that Public Health will recommission Positive Activities as part of the broader 0-19 offer. As part of that offer Public Health will fund in 2018/19	CFC	400	400		
There will be a moratorium on spend from the Training Budget until the end of the year and an assessment of the needs going forward.	CFC	50	50		
It is proposed that transformation activity across the directorate will be funded from capital, in line with the Government's Flexible use of capital receipts rules.	CFC	500	250		250
All non contracted spend (tail end) is to be reviewed to assess the statutory requirement and processes for committing items. As a result a restriction on spend and buyers will be rolled out that will include a significant reduction in methods of payment. Expenses and items such as external hire, subscriptions, etc... are to be challenged and reduced	CFC	430			430
Lead Commissioner (Education and Skills Post) will be held vacant for the remainder of the financial year	CFC	60	60		
The planned recruitment to the graduate and apprentice programmes have been scaled back significantly (proceed with only 1 out of 6 graduates and 3 out of 10 apprentices) for the remainder of the financial year and will be reassessed for 2019/20.	C&C	200	200		
Partial mitigation of delay in the DXC Insource programme	C&C	125			125
Human Resources & Organisational Development vacancies will be held for the remainder of the financial year and reviewed for 2019/20	C&C	175	175		
Maintain vacant posts within Research Team for the remainder of the financial year	C&C	23	23		
Maintain vacant posts within Communications for the remainder of the financial year	C&C	23	23		
Vacancy Management within the Commercial Teams for the remainder of the financial year	C&C	120	120		
Proposed changes to some areas of the Service Specification within the Highways Maintenance Service Contract (HMSC) without compromising core safety or safety critical defects to the highway network	E&I	500			500
Council has already approved £5 million of capitalisation, following a review of works and the programme slippage a further capitalisation of £1 million of highways and structures works is felt possible.	E&I	1,000	772	228	
A review of staff time and projects has identified a further potential for capitalisation of staff costs	E&I	500			500
A review of staff time and projects has identified a further potential for funding staff costs from grants	E&I	200			200

2018/19 Additional Proposed Savings

Title	DIR	18/19 Savings Identified (£'000)	2018/19 £000 Green Delivered	2018/19 £000 Green On Target	2018/19 £000 Amber
All non contracted spend (tail end) is to be reviewed to assess the statutory requirement and processes for committing items. As a result a restriction on discretionary spend and buyers will be rolled out that will include a significant reduction in methods of payment. Expenses and items such as external hire, subscriptions, etc... are to be challenged and reduced	E&I	200			200
Revised savings expected in year due to service efficiencies and reduced cost / volume fluctuations relating to concessionary travel	E&I	100	100		
Additional income from Driver Training has been identified as deliverable.	E&I	150	150		
The Finance Service will hold all vacancies for the remainder of the financial year and a review of structures carried out to assess long term need.	Finance	100			100
A review of the Insurance provisions and amounts carried in earmarked reserves for insurance risk has identified that due to time lapsed a one off release from reserves can be made of £0.5 million	Finance	500	500		
Internal Audit is to be brought back in-house, as a result the contracted to actual costs is expected to yield a small saving in 2018/19	Finance	25	25		
Total		9,019	3,214	1,153	4,652

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