

Agenda

Cabinet

Thursday, 17 December 2015, 10.30 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, 17 December 2015, 10.30 am, County Hall, Worcester

Membership: Mr A I Hardman (Chairman), Mr M L Bayliss, Mr A N Blagg, Mrs S L Blagg, Mr J P Campion, Mr S E Geraghty, Mr M J Hart, Mrs L C Hodgson and Mr J H Smith

Agenda

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1	Apologies and Declarations of Interest	
2	Public Participation Members of the public wishing to take part should notify the Head of Legal and Democratic Services in writing or by e-mail indicating both the nature and content of their proposed participation no later than 9.00am on the working day before the meeting (in this case Wednesday 16 December 2015). 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 19 November 2015 have been previously circulated.	
4	2016/17 Budget and Council Tax	1 - 42
5	Resources Report	43 - 46
6	Formal Proposal to Cease the Nursery Plus Provision at Franche Community Primary School	47 - 56
7	Balanced Scorecard - FutureFit Performance and Corporate Risk Update	57 - 74

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

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

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through the Council's Website. Members of the public are informed that if they attend this meeting their images and speech may be captured by the recording equipment used for the Webcast and may also be stored electronically and accessible through the Council's Website.

CABINET
17 DECEMBER 2015**2016-17 BUDGET AND COUNCIL TAX**

Relevant Cabinet Member

Mr A I Hardman

Relevant Officer

Chief Financial Officer

Recommendation

1. **The Leader of the Council (and Cabinet Member with Responsibility for Finance) recommends that Cabinet:**
 - (a) **approves for consultation the draft budget set out at Appendix 2, which includes budget reductions that are currently being consulted upon arising from the FutureFit programme set out in Appendix 4, a number of which have already been subject to detailed Cabinet and Scrutiny reports;**
 - (b) **endorses the plan to address a savings requirement of £2 million as a result of updating the Medium Term Financial Plan (MTFP) taking account central government's Spending Review announcement to be presented for approval within the February 2016 Cabinet and Full Council reports;**
 - (c) **endorses an investment of £0.5 million each year for road maintenance and £12 million over two years for the Driving Home highways infrastructure improvement programme following residents feedback on the importance of the County's roads and in support of the Council's Open for Business priority;**
 - (d) **notes that the full detail of the provisional local government Finance Settlement is expected to be released in late December 2015 and that, if required, any significant updates will be presented at the February Cabinet meeting;**
 - (e) **endorses the view that the Council's planning assumptions remain consistent, with a need to plan for annual savings on average over the life of the MTFP of around £25 million per annum, and £24.6 million for 2016/17;**
 - (f) **agrees that it is minded to recommend to Full Council in February 2016 an increase in Council Tax Precept by 3.94% in relation to two parts:-**
 - **1.94% to provide financial support for the increased costs for services for Looked after Children, forecast to be £5.8 million in 2016/17;**
 - **2% ring-fenced for Adult Social Care services as allowed by the Spending Review, in order to contribute to existing cost pressures in 2015/16 that are being presently funded by one off grant income or reserves that will not be available from 2016/17; and**

(g) recommends Council to approve a £4 million addition to the Capital Programme for Malvern Hills Science Park Phase 5 to be fully funded by the Worcestershire Local Enterprise Partnership Growth Deal grant allocation and the cash limits are updated accordingly.

2. This report seeks Cabinet approval to consult on the draft budget for next financial year 2016/17. It brings together a number of related financial matters; the results of the Council's strategic financial planning, the detailed budget preparation work taking account of the latest inflation and demographic pressures, the estimated overall funding position from central government and, finally, the overall impact of the MTFP.
3. The Council is five years into a programme to transform itself into an innovative organisation that puts residents' priorities at the heart of the decisions that it makes. New ways of working have been introduced and the Council is now more agile and more responsive to residents' priorities whilst facing the challenges of maintaining a balanced budget.
4. The Council delivers high quality services to its customers at the same time as the Council has delivered more than £105 million in savings in the past 5 years and:
 - Worcestershire has the third fastest growing economy in the country
 - Nine out of ten schools in Worcestershire are rated as good or outstanding by Ofsted
 - More money is being invested in highways and improvement projects in Worcestershire now than at any time in the last three decades.
5. Each year we spend around £330 million which, together with the receipt of non-schools grants, means that we spend more than £1 million every single day to deliver outcomes for our residents.

Engagement and communication

6. After the annual Corporate Strategy Planning (CSP) session held in September 2015 the Council initiated an engagement process to inform the budget setting for next financial year 2016/17.
7. Information was sent to elected members and partners such as the District Councils, Voluntary Sector, Police, Fire and Healthcare providers during November 2015 to provide all with an opportunity to review in detail the outputs of CSP and ask questions about specific proposals and the impact of them. Information was also provided through the members' portal and ongoing delivery picked up through individual Cabinet Member with Responsibility briefings.
8. A media briefing was held on 10 November 2015 after the Cabinet papers were published online. This session was attended by the local media; ensuring residents were informed of the CSP work. This year's public roadshows took place during the summer of 2015 to feed into the CSP planning process.
9. In 2015, the Worcestershire Viewpoint and focus groups were run asking residents views and deep diving into areas such as the drivers of satisfaction and what underpins the perception of highways conditions.
10. Local residents have told us that:

- Satisfaction levels in the County Council have increased compared to a year ago (54% compared with 52%);
 - More people in Worcestershire agree that the County Council provides value for money (44% from 38% in 2014); and
 - 82% of residents are satisfied with their area as a place to live.
11. These improvements in satisfaction levels are important but there is still more work to do. For example:
- People are more satisfied this year that we are keeping Worcestershire's roads in a reasonable condition. However, residents continue to tell us that 'road and pavement repairs' and 'the level of traffic congestion' are both areas that still need to be improved.
12. A survey of over 1,200 local businesses conducted in the spring identified that generally businesses are confident that turnover and profitability will improve in the next twelve months.
13. The Council is also listening to its staff through interactive briefing sessions, including a live webcast, which have been taking place throughout November 2015 and December 2015. These happen approximately every six months and give employees the opportunity to learn about key developments taking place across the County Council as well as having the opportunity to ask questions of the Chief Executive and the Leader of the Council.

Budget Consultation

14. To build on the wider engagement a number of consultation sessions are being held in December 2015 and will be run in January 2016 for parish and town councils, voluntary and community organisations, businesses, school governors, head teachers, partners and staff associations.
15. The outcomes of both the quantitative and qualitative consultation running from November 2015 to January 2016 across all stakeholders will inform the budget setting process.
16. The Council has delivered on a number of its investment commitments outlined in the budget for 2015/16. These are in line with the three priorities identified by the public:
- Maintenance of the highway
 - Protecting vulnerable older people, particularly those with physical, learning and mental health difficulties, and
 - Protecting vulnerable young people, particularly those in or leaving care to ensure they are safe and can make the most of the opportunities they have.
17. The Council and its partners have enabled significant investment to be made in a number of infrastructure schemes which are either nearing completion or well progressed. These include Kidderminster Hoobrook Link Road, Bromsgrove Railway Station Relocation and investment in Malvern Hills Science Park.
18. Further improvements are well underway on the Worcester Southern Link Road which will greatly improve traffic flow and the new Worcester Six development that will lever in more significant investment from the Private Sector and drive business growth and job creation. Work to support the new Worcestershire Parkway Regional Interchange railway station is progressing and remains a vital part of delivering the Strategic Economic Plan for the county area.

19. The Council's Open for Business investments in road and rail infrastructure, and support for business parks are clearly showing signs of contributing to economic growth across the County.
20. The most recent statistics are showing Worcestershire as having the third fastest growing economy in recent years (Office for National Statistics, GVA for Local Enterprise Partnerships, 1997-2013) with business productivity growing by 2.7%, the fastest rate in England (Office for National Statistics, Regional Economic Analysis, Sub-regional productivity, March 2014). The proposed budget seeks to improve on this pace of economic growth and contains a number of initiatives to support the Council's Open for Business ambitions.
21. Central Government's joint Autumn Statement and Spending Review announcement on 25 November 2015 confirms at a headline level however that there will be significant financial reductions in funding from central government for local government over the next four years. Whilst we had already planned for this, the Council faces an extremely difficult challenge to both enable and improve quality services for residents and service users, whilst increasing financial prosperity.
22. One of the most significant financial challenges comes from increasing demand for Council services. Whilst this has for many years revolved around an ageing population, over recent years significant demand pressures have been experienced with the Council's services for Looked after Children (LAC). Nationally, demand pressures within services for LAC remains high with a significant number of local authorities experiencing increasing demand and additional financial pressure in this area. The rate of Looked after Children (number of LAC per 10,000 children) for Worcestershire has increased by 18% since 2011, whilst the costs associated with this have increased by 48% over the same period.
23. The recent Spending Review announcement has confirmed the Council's existing expectations of a continued challenging financial environment over the next four years and the need to plan for around £25 million savings each year.
24. It remains vitally important for the Council to work with communities; partners and suppliers to manage increasing demand and ensure services are provided in the most effective and cost efficient way. Around £3.5 billion is spent across the Worcestershire area on public services and the Council maintains its commitment to work with key partners to ensure that this money is aligned in the best possible way to achieve the best outcomes for residents and service users.
25. Health and Social Care senior managers continue to work together positively and the intention is for the 2016/17 Better Care Fund to be approved by the Health and Well-Being Board early in 2016.
26. Consistently residents tell us that their top priorities are maintaining the highway, and protecting vulnerable adults and younger people. These have been considered in the budget proposals and whilst the Council appreciates the sensitivity within which any increase in Council Tax is viewed, these services are facing significant demand and financial pressures over and above existing cash budgets and it is proposed that additional funding raised through an increase in Council Tax will be used to support these priorities.
27. To support demand pressures in Children's Services a 1.94% increase in Council Tax Precept was made in 2015/16 and it is proposed that this will continue in

2016/17, raising an additional £4 million of funding that will be available to support vulnerable children. This will support the financial recovery plan within this service and secure better outcomes for Children and Families in the future and is in full anticipation of the reform that we have begun to see in Children's social care starting to deliver in 2016 and as a consequence relieve some of this pressure in future years.

28. The Cabinet has considered very carefully central government's announcement in the Spending Review that Local Authorities could consider raising council tax by an additional 2%, ring fenced to support Adult Social Care. The Council has a range of cost pressures in adult social care, including Care Act changes from April 2015, and cost pressures in the adult social care market. These have been met by one off funding in 2015/16 that will not be available recurrently, and by limited use of reserves. Further cost pressures are anticipated from the introduction of the National Living Wage. Therefore it is proposed that the 2% increase will be applied for 2016/17 and be specifically ring-fenced to support existing and anticipated cost pressures within services for vulnerable adults and older people as we forecast increasing demand for these services. This remains subject to consultation and is not an indication of future year's council tax decisions.
29. In response to resident's feedback regarding the importance of the County's roads, an investment of £0.5 million each year for road maintenance and a one off investment of £12 million over two years for the Driving Home highways infrastructure improvement programme is being proposed. This investment supports the Council's Open for Business priority.
30. Looking forward, the Spending Review announcement offers both great opportunities for local government but also sets out significant financial challenges. Whilst there remains much detail to be confirmed, at a headline level this is consistent with our planning assumptions. This draft budget sets out the Council's interpretation of the Spending Review impact on 2016/17 and the medium term. It will take some time to work through all the implications, and most significantly the provisional local government Finance Settlement is not expected to be announced until late December 2015 which will provide further specific detail on the financial impact for the Council.
31. Notwithstanding this, the Council will need to ensure that it can carry on delivering services within an expected tight financial settlement. The requirement for savings and efficiencies has remained stable at around £25 million per year. For 2016/17, £18.1 million of savings has been previously approved, and a further £4.5 million new savings plans were presented as part of the November 2015 Delivering the Corporate Plan Cabinet report. There remains a £2 million planning gap which the Council is working to resolve and the budget consultation through the work of scrutiny, public roadshows and partner briefings would seek views on how this gap could be closed as well as feedback on the budget proposals.
32. The medium term savings and efficiencies requirement is approximately £25 million per year through to the end of the 2019/20 financial year. Over the medium term to the end of 2019/20 the Council has identified savings and efficiencies of approximately £46.3 million. The Council intends to develop plans and address potential budget shortfalls to the end of 2017/18 in 2016 and will consider the savings and efficiencies required in 2018/19 and 2019/20 following consideration of the budget proposals by Full Council in February 2016.

33. The draft budget includes significant plans for revenue and capital investment including the strengthening of adult social care, children's social care and waste disposal budgets.
34. The Council commenced budget consultation and engagement on savings proposals as part of the November 2015 Delivering the Corporate Plan Cabinet report and has included presentations to the members Budget Scrutiny Task group and scrutiny panels, as well as road shows and other consultation events. This draft budget forms part of that consultation and the results of all consultation and engagement work will be presented to the February Cabinet and Full Council meetings in February 2016. Any updates as a result of the provisional local government Finance Settlement will be presented to the January 2016 Cabinet and will be included in the budget consultation.

A budget that supports the delivery of the County Council's Corporate Plan, FutureFit

35. The draft budget for 2016/17 provides for a number of initiatives that support the delivery of the Council's Corporate Plan FutureFit priorities within the context of a significant reduction in funding from central government. Set out below is a clear commitment to support investment in key areas of service whilst maintaining a focus on the transformation of the Council to deliver and improve the services that residents have said they value and support.

- **Open for Business**

The MTFP continues to include a new allocation to support the costs of prudential borrowing to fund new capital expenditure to drive the Council's Open for Business priority consistent with the Strategic Economic Plan and supporting the implementation of the Worcestershire's £54 million Local Growth Fund Deal with central government. The Council is providing financial support to enable the on site development of the Worcester Six scheme. These investments will continue to drive and facilitate others to increase the economic prosperity of businesses and residents in Worcestershire.

- **Children and Families**

The budget for Children's Social Care has been strengthened by £5 million to support the increasing number and costs of Looked after Children placements that result from an increased demand in services. The additional £5 million comprises £3 million of recurrent funding to support a more sustainable service with better outcomes for Children and £2 million to support the successful delivery of the financial recovery plan. The recovery plan includes strengthening social care practice with enhanced training, development and clear measures for success alongside targeted interventions to reduce costs. These include the continued development of internal supported living, short breaks units and fostering services at lower unit costs than those in the independent sector, alongside a detailed review of all external residential placements. A further £0.6 million has been provided for Positive Activities as approved at the 15 October Cabinet meeting.

- **Health & Well-being**

The budget for Adult Social Care has been strengthened by £3 million in response to the demographic growth and increasing complexity of supporting

vulnerable older people and adults with disabilities. This is in addition to the 2% Council Tax social care precept.

- The Environment

The Council's budget has been strengthened by £0.5 million to support an increase in the amount of waste disposed of by households whilst the Council still promotes residents to reduce or recycle where they can. A budget increase of £0.5 million is also proposed to support continued investment in road maintenance.

Outcomes delivered

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

37. The Council's continued investment, through its open for business priority and supported by the Strategic Economic Plan, will deliver a number of benefits to Worcestershire, including:

- Worcester Six – the Council's investment of £5 million has directly levered in a £15 million investment from an American fund and will deliver the first occupied buildings by the end of 2016. This investment should act as a catalyst for more private sector investment on this site as supporting infrastructure is completed and businesses move onto site;
- Malvern Hills Science Park – the Council's investment of £4 million has been integral in attracting UTC (the world's largest defence contractor) to locate their new facility in Malvern; and
- Hoobrook Link Road – the Council's commitment to the Link Road has been an important factor in Amtek's decision to invest in a new facility in Kidderminster, which will see foundry working return to the town.

Introduction to the draft budget for consultation and how the indicative financial planning gap for 2016/17 has changed

38. This report represents the first stage in the formal process to determine the Council's budget and precept level for 2016/17. If approved, this report will form the basis of consultation which will take place during the next few weeks, returning to Cabinet on 4 February 2016 and leading to Council decision on 11 February 2016.

39. The process to review and amend the MTFP is now complete and the financial planning gap for 2016/17 is £2 million.

40. Set out in the table below is a summary of how the February 2015 financial planning gap of £7.0 million has been reduced to £2 million within this draft budget presented to Cabinet.

Table 1: 2016/17 Funding Gap Update

£m	
7.0	Funding gap for 2016/17 as at February 2015
3.5	Forecast change in Revenue Support Grant

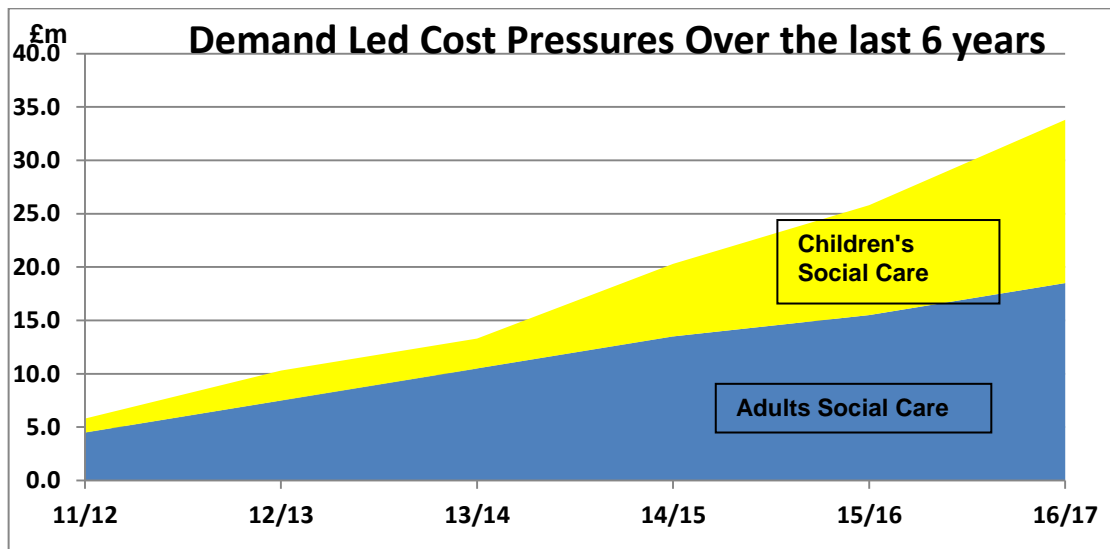
£m	
1.3	Forecast change in Business Rates
-1.8	Forecast change in Council Tax buoyancy rate
-2.5	Reduction in pay, national insurance pensions increases
5.0	Children's Social Care Looked after Children
-5.8	Removal of Care Act cost pressure – carried forward to 2020
-1.0	Carry forward planned growth for Energy from Waste PFI contract variation from 2016/17 to 2017/18
1.8	Change in timing of existing savings programme
-1.0	Other adjustments
-4.5	New savings proposals
2.0	Revised funding gap for 2016/17

41. This report includes headline interpretations of central government's plans announced as part of the Spending Review on 25 November 2015. The draft budget presented is dependent upon the publication of the provisional local government financial settlement which is expected in late December 2015.
42. The approach to preparing the budget is in accordance with the Budget and Policy Framework Rules and reflects the Council's Corporate Plan (FutureFit) and the MTFP.

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

43. Whilst the Council is keen to set a budget that supports real growth pressures, work is underway to ensure that the increases in demand that are currently being experienced for Council services are understood and, where they can be, managed

Figure 1: The effect of social care demand on Council budgets



44. Included within this draft budget is £8 million of growth resulting from forecast demand increases in social care for 2016/17. For future years this is expected to reduce to around £3 million per year once the financial recovery plan for Looked after Children has been addressed. The Council has planned in the past for the impact of demographic changes in Worcestershire's population and the resulting increase for Adult Social Care services. The most significant addition over recent years however, relates to the budget for Looked after Children. The Council takes great care to ensure that it safeguards the most vulnerable children in Worcestershire and this investment in services will secure a sustainable budget.

The County Council's starting position: reserves and balances

- 45. A summary of the Council's reserves is attached at Appendix 1. This represents money that is available to be spent on service delivery and totals £130 million.
- 46. This includes £13 million held as General Balances and less than £5 million for service based risk. The balance is held either on behalf of other organisations or specifically set aside to cover known expenditure commitments and comprises £29.3 million for schools / DSG balances, £20.1 million PFI reserves, £19.4 million grant income where we have carried forward funding in advance of planned cash expenditure, which we will have to return to central government if it is not spent, and £43.5 million held for other specific commitments.
- 47. The 2015/16 budget assumed no change in the level of General Balances.
- 48. The strength of the Council's financial health is often expressed as the amount of retained General Balances in proportion to the budget. The external auditor has used a benchmark minimum of £10 million. The Council's planned level of General Balances based on financial performance to the end of December 2015 indicates that this level of General Balances will remain at £13 million or 3.7% at the end of the financial year.
- 49. It is important to note that, in accordance with the Council's strategy for treasury management, cash from all the reserves is currently used to pay for capital investment since borrowing costs are in the region of 3.5% and surplus cash which is invested earn only around 0.4%. It is estimated that the Council will save around £3 million in 2015/16 by following this strategy. Any use of the balances

will mean that the cash spent will subsequently need to be replaced by borrowing from the money market as and when required.

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

50. Since agreeing the MTFP in February 2015, inflationary pressures have continued to ease and are currently lower than the national target of 2%. The latest Consumer Prices Index (CPI) data published for October 2015 reported that CPI was -0.1% compared with 1.3% in October 2014.
51. The rate has been close to zero since early 2015. Nationally it is anticipated that inflation will remain below the 2% target in the near term, rising gradually back to the target over a number of years.
52. The interest on the Council's debt remains fairly constant due to the long-term nature of our borrowings. The average rate for interest on debt is around 4%.
53. Income receipts from the Council's short-term investments are significantly influenced by the interest rates set by the Bank of England. This base interest rate has remained at a historic low of 0.5%. An increase is looking unlikely before the middle of 2016, and thereafter only a gradual rise is expected over the next few years.

The County Council's starting position: financial performance in 2015/16

54. After seven months of the 2015/16 financial year, the forecast outturn indicates a cost pressure of £2.7 million against authorised cash limits or 0.8% of the overall budget. It is anticipated that this variance is reduced through to the end of the financial year so that the Council delivers services within its cash limited budget.
55. The most significant area of financial risk in common with a number of other local authorities with responsibility for Children's Social Care concerns the Children's Services placement budget which is currently forecast to overspend by around £5.8 million. The overspend position is subject to the successful implementation of an in-year operational action plan totalling £1.8 million, which targets specific children's plans including the reduction in placement costs and moving children through the system quicker.
56. It is expected that most of this demand pressure will continue into next financial year. Whilst the 2016/17 budget proposal includes an increase to support these financial pressures, there remains a need for additional action plans and savings targets in order to restrain rising costs.
57. This adverse variance is largely offset by a forecast reduction in future borrowing costs following careful review of future interest rates which, together with its current strong cash balances, allow a deferral in the need to take external borrowing.

Income review: funding streams

58. The Council's net revenue budget is funded primarily by Council Tax, Business Rates and Revenue Support Grant (RSG).
59. The following table below illustrates how the proportion of funding is likely to change looking forward; taking account of central government's intentions alluded to in the Spending Review.

Table 2: County Council funding of the Net Revenue Budget

	2016/17 Estimate		2019/20 Estimate	
RSG	£43.5m	13%	£10.9m	3%
Business Rates	£58.9m	18%	£63.0m	20%
Council Tax	£223.4m	69%	£245.6m	77%
Total	£325.8m	100%	£319.5m	100%

60. The above table excludes NHS specific grant funding for social care
61. Table 2 above illustrates the intention of central government to remove RSG by 2020/21. Revenue Support Grant is estimated to reduce evenly over this period and the £10.9 million income for 2019/20 is expected to be reduced to nil for 2020/21.
62. The headline message from the Spending Review is that in overall terms, local government funding will remain broadly the same from 2015/16 to 2019/20 in cash terms. However, this includes a 56% reduction in general and specific grants offset by increases forecast by central government in Council Tax and Business Rates income. There are a number of important points that need much further consideration prior to the finalisation of the budget:
- there appears to be no account taken of increases for the costs of inflation and demographic changes over this period;
 - a number of new responsibilities will transfer to local government but the financial and other consequences still need to be established and new burden funding made adequately available;
 - clarification on central government's assumptions for council tax and business rate income increases over this period; and
 - the local impact for Worcestershire, compared with other parts of local government.
63. Further detail regarding central government's plans to enable 100% local government business rates retention, with support for Councils facing significant reductions in this funding is not yet published. It is expected that some further detail regarding these arrangements will be included as part of the provisional local government Finance Settlement and when this is known the Council will update its MTFP accordingly.
64. Excluding these funding changes, Business Rates are expected to rise in accordance with the increase in the Retail Price Index (RPI) each year but the extent of successful appeals is currently offsetting any growth in business rates income across the county.
65. The Council continues to lobby central government with regard to the impact of successful business rates appeals, especially where central government received the reward of business rate income. For example, the cost to the County and District Councils of appeals relating to back dated payments for purpose built GP surgeries is £6.4 million.

66. For last financial year 2014/15, national business rates income fell by £0.8 billion as a result of successful appeals. This trend looks to continue as central government's own forecasts for business rates has fallen by up to £0.4 billion since their summer estimates, and by 2019/20 expects income to have fallen by 1% from this year's levels. Our challenge in Worcestershire is to defy these predictions through our targeted Open for Business investments.
67. Although central government capped the increase in Business Rates for 2015/16 at 2% and provided funding to local government through a specific grant for the difference between the cap and RPI, at this stage there is no information about this specific grant from 2016/17.
68. Income from Council Tax will gradually fund a greater proportion of the Council's budget in the future excluding any further transfers in business rates income. The increase is influenced by growth in domestic property, local decision making concerning any percentage increase in Council Tax from year to year, and the annually decided percentage by which central government state would trigger a local referendum to agree the increase.
69. The Council collects approximately £67 million from sales, fees and charges. A report to Cabinet in September 2015 agreed charging principles which have been included in this draft budget. Of that total income, around £21 million relates to statutory charges covering areas such as contributions to adult social care costs which are means tested to ensure service users only contribute what is affordable based on their own financial circumstances. This income is specifically excluded from the new charging principles. The remaining income is subject to these principles:
- apply the mandatory fee and charging structure in line with national guidelines;
 - identify legal or statutory reasons permitting or affecting the levy of charges;
 - do not charge where the costs incurred as a result of collecting a charge would be greater than the income generated;
 - conduct Equality Impact Assessments where charging increases may have a disproportionate impact on particular groups of service users;
 - optimise the balance between service provision and revenue, and recover the full cost of services where this is permitted by law;
 - ensure equality of access to residents and service users by deciding when and how much to charge for services;
 - charges to be, at a minimum, reviewed annually as an integral part of the financial planning process, to include a minimum assumption of RPI plus 2%;
 - regularly review new areas to generate income for consideration; and
 - only depart from these principles in exceptional cases to be agreed between the relevant Director and the Chief Financial Officer.

Income: the financial impact of the provisional local government Finance Settlement on County Council funding

70. The provisional local government Finance Settlement for 2016/17 will be announced in late December 2015. If possible a verbal update will be provided at the Cabinet meeting on 17 December 2015. Otherwise any further impact will be

communicated within the final budget paper in February 2016 or if the impact is significant then use will be made of a provisional Cabinet meeting currently planned for 7 January 2016.

71. The funding received from central government in cash terms through the RSG and the Business Rates Retention System for the current financial year 2015/16 is £113.4 million, a reduction of £15.2 million or 12% reduction from 2014/15.
72. At this stage the MTFP reflects the headline assumptions arising out of the Spending Review, although given that the Council has yet to receive precise details of funding for future years it is likely that some further refinement will be necessary.
73. It would appear that there are to be significant reductions in specific and general grant (RSG) funding which will largely be offset by central government's forecast for increases in business rates and Council Tax income. Some of this detail will be available later in December 2015 and some will be subject to future consultation.
74. Taking all this into account, the illustrative allocation for 2016/17 already included in the MTFP is £102.4 million, a 10% reduction from 2015/16.

Income: Business Rates Retention Scheme

75. Approximately £59 million of the Council's funding for 2016/17 will be received from Business Rates.
76. The Council continues through the Hereford and Worcester Treasurers Association to refine forecasts for locally generated business rates. Future growth in income will be reset at 2020 as central government will review levels of income relative to other local authorities at this time and adjust baselines.
77. The Spending Review confirmed previous announcements with regard to a proposed move to 100% local retention of business rates. This will be the subject of a consultation during 2016 which will include proposals regarding the transfer of new responsibilities. It is expected that any transfer in income will be largely offset by a transfer in new responsibilities as the levels of specific grant funding will fall to compensate.

Income: District Council's Council Tax Support Schemes

78. The Council welcomed and responded positively to the recent proposals for Wyre Forest District Council to review the discretionary elements of their Council Tax Support Scheme and has offered to support the transition through increased support for their Hardship Fund. The Council will continue to work with all districts to establish a model of support to target improvements in the collection rate and anti-fraud initiatives.

Income: specific grants

79. The Council receives income from a range of specific grants from a number of different spending departments of central government. For 2015/16 this was estimated at £92.3 million. National spending limits and policy dictate the level of specific grants that the Council receives to fund central government initiatives.
80. Details of how this specific grant funding continues will be confirmed in time for their inclusion in the February 2016 Budget Report. It is anticipated that a number of specific grants will be rolled into the system for business rates retention. The

specific grants for 2015/16 are provided in Appendix 8 for information purposes only.

Revenue expenditure: the net expenditure budget for 2016/17

81. The net expenditure budget for 2016/17 has been prepared on the basis of reviewing all existing policies prevailing in 2015/16 and making additional provision for demographic, income and price changes.
82. The net expenditure budgets are set out at Appendix 2 and summarised in the following table. This sets out a provisional budget requirement of £327.8 million for 2016/17 against which the Council estimated income through RSG, Business Rates Retention Scheme and Council Tax to be £325.8 million.
83. A variation analysis by Directorate is set out in Appendix 3.

Table 3: Summarised budget setting exercise

Area	£m	£m
<u>Initial Gross Budget Requirement</u>		
2015/16 Budget*	418.4	
- 2015/16 Specific Grants	-92.3	326.1
<u>Add Proposed Inflation</u>		
Pay and pensions	3.8	
Non Pay inflation Increases	3.4	7.2
<u>Add Proposed Growth:</u>		
Children's Social Care	5.0	
Adult Social Care	3.0	
Headroom for Strategic Initiatives	0.7	
Capital Financing	1.4	
Investment in Road Maintenance	0.5	
Investment in Positive Activities	0.6	
Education Services Grant	0.5	
Waste Disposal tonnage growth	0.5	
Other base budget revisions	4.9	17.1
Less Existing FutureFit Savings		-18.1
Less New Proposed Savings		-4.5
2016/17 provisional budget requirement		327.8
- Revenue Support Grant (Forecast)	43.5	
- Business Rates Retention Scheme	58.9	
- Council Tax income	223.4	325.8
Indicative Funding Gap		2.0

* The 2015/16 budget includes specific grants and Better Care Fund but excludes Dedicated Schools Grant

84. Table 3 shows that the indicative funding gap for 2016/17 is £2.0 million.

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

- £5.0 million – Looked after Children

An increase in the Children's Social Care placements budget due to the costs of services for Looked after Children £3.0 million – Supporting older people and people with disabilities

Increase in the Adult Social Care budget to cater for the increased cost of demographic growth and the increasing complexity of supporting vulnerable older people and adults with disabilities

- £1.0 million – Driving Home Programme

A £1 million increase to the capital financing budget to fund the borrowing costs associated with the £12 million Driving Home highways capital investment programme. An allocation of £2 million from uncommitted New Homes Bonus is also proposed to complete the funding package for this programme of works

- £0.7 million – Strategic Initiatives

Headroom for Strategic Initiatives to be confirmed at the February 2016 Cabinet meeting

- £0.5 million – Education Services Grant

An increase in base budget to take account of the reduction in funding expected to be received by the Council in relation to schools which have converted and those expected to convert to academy during 2016/17. As most of these services involve fixed costs, and the reductions to date have been significantly higher than the amounts the Council spends, the Council cannot reduce expenditure in the majority of these areas. In some cases, following efficiencies and savings generated through FutureFit savings the Council has demonstrated that it currently spends less than central government indicate should be spent on the relevant service and is already, therefore, providing these services more efficiently than central government expects. With the recent announcement indicating the significant reduction in this grant, the amount the Council receives from 2017/18 is expected to be considerably reduced, following a detailed national consultation in 2016. Initial expectations are that this grant will be reduced to the amount required to fulfil its statutory duties only and that Education Support Services will be expected to be procured and / or delivered by schools rather than the Council.

- £0.5 million Waste Disposal

An increase in the costs of waste disposal as more waste is disposed of by Worcestershire households than the previous year

- £0.5 million Road Maintenance

An increase in investment in road maintenance

Addressing the indicative funding gap

86. Following the December 2015 Cabinet, the impact of the provisional local government Finance Settlement will be worked into the draft budget and presented at the February 2016 Cabinet meeting.

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

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

88. The intention is for the indicative financial planning gap will be closed in time for the February 2016 budget approval by Cabinet and Full Council taking full account of consultation responses and any updates regarding the above.

Dedicated Schools Grant and Schools grant funding

89. The Department for Education (DfE) has announced that the core schools budget will be protected in real terms. For Worcestershire this means that the Guaranteed Unit of Funding (GUF) will be £4,318.28 per pupil, which is a reduction of £2.56 from the 2015/16 GUF, reflecting the consolidation of the allocation for Holy Trinity Free School into our per pupil rate. The DSG allocation is expected to be unchanged before adjustment for pupil numbers. The DSG will be reduced to reflect the individual schools that have converted to become academies. A change in the way the DSG is allocated after 2016/17 is expected as part of the National Fair Funding Formula, consultation on which is expected during 2016. The new formula will be introduced from 2017/18.

90. In addition to DSG, central government has made a number of announcements in relation to other grant funding for schools including that 2016/17 rates for Pupil Premium will be protected at the current rates as shown in the table below.

Table 4: Pupil Premium Rates 2016/17

£	2015/16 and 2016/17
Early Years	300
Primary	1,320
Secondary	935
LAC	1,900
Service children	300

91. The Spending Review announced a doubling of the free childcare entitlement from 15 hours to 30 hours a week for working families with three and four year olds from September 2017, worth up to £5,000 per child. Central government has also committed to a review of the cost of childcare provision and investment to enable an increase the average hourly rate childcare providers receive from 2017/18.
92. The Council awaits further grant based announcements over the next few months and will ensure a full update on all funding for schools is provided in the February 2016 budget report to Cabinet and Full Council.

Health and Social Care Better Care Fund

93. The Spending Review has announced a £1.5 billion increase from £3.8 billion to £5.3 billion by 2020 in the national funding for the Better Care Fund. This will occur between 2017 and 2020.
94. It is not yet certain at this stage however, the extent of any additional requirements that will have to be met before any increases will apply locally, and further work will be required to understand what opportunities are available. All areas are required to have a plan for integration of health and social care by 2017, to be implemented by 2020.

Public Health

95. Public Health responsibilities transferred from NHS Worcestershire to the County Council on 1 April 2013. The Council receives a Public Health ring-fenced grant to support delivery of these responsibilities. The grant is required to fund mandated functions (sexual health services, Health Checks, the National Childhood Measurement Programme, health protection and the NHS "Core Offer" of population healthcare support). It also funds a range of non-mandated services including smoking cessation, drugs and alcohol services, school nursing and falls prevention.
96. The grant for 2015/16 is £28 million, a £1.9 million reduction (6.2%) on the 2014/15 level. The grant has already been used to achieve savings by funding prevention and early help services in order to mitigate reductions in the Council's base budget.
97. Early indications regarding 2016/17 public health funding for local authorities are for an average annual reduction of 3.9% over the next five years. This is anticipated to generate a total savings requirement of £9.4 million. Savings of

£7.4 million have been approved by Cabinet, with the remaining £2 million required in 2019/20.

Local Welfare Grant

98. For 2015/16, the Council has agreed to forward £0.9 million grant funding for one year explicitly received from central government to District Councils in order to fund valued Local Welfare Assistance schemes. Of this amount, £0.5 million was received explicitly from central government with the balance of £0.4 million being funded by the County Council. District Councils are able to use this funding across more than one financial year.
99. The Council is currently awaiting details with regard to 2016/17 and therefore is not yet in a position to consider whether central government funding support for this will continue, or whether funding will have been allocated directly to District Councils.

Independent Living Fund

100. The funding and administration of the Independent Living Fund (ILF) was transferred from the Department of Work and Pensions (DWP) to the Council in 2015/16. The ILF makes cash payments to disabled people enabling them to purchase care and support services. There is a wide variation in the level of needs met through the fund and the ILF closed to new applications in 2010.
101. The Council has made payments since 1 July 2015 to those currently eligible for funding. The Council received £2.5 million in grant to match its expenditure for the 9 months covered.
102. Responsibilities for the scheme remain with the Council but we are awaiting confirmation of the 2016/17 allocation.

Worcestershire Councillors' Divisional Fund Scheme

103. The Councillors' Divisional Fund Scheme is currently funded for the 2016/17 financial year. It is proposed that the scheme is once again extended for a further year to 2017/18 with funding to be confirmed in the February 2016 Cabinet report.

Capital Programme: Key achievements and approvals in 2015/16

104. In recent years the Council has spent on average around £80 million on capital annually with a peak in the 2011/12 financial year of just under £99 million excluding the Energy from Waste financing scheme. The majority of this programme has been funded by grants from central government with borrowing, capital receipts and revenue contributions to capital making up the difference.
105. The major areas of capital expenditure relate to Schools, the Local Transport Plan and other Business, Environment and Community Directorate activities. A full analysis of previous capital expenditure by Directorate is set out in Appendix 5.
106. There have been updates approved by Full Council during the 2015/16 financial year, and these are included in the latest Capital Programme shown in Appendix 6. Significant schemes approvals include:
- Kidderminster Hoobrook Link Road;
 - Children's Services Post 16 Supported Living Accommodation;
 - Energy Efficiency Spend to Save schemes;

- Worcester Cathedral Square;
- Kidderminster Railway Station; and
- Additional funding for Bromsgrove Railway Station relocation.

Capital Programme Addition: Malvern Hills Science Park Phase 5

107. The Council is supporting the development of Malvern Hills Science Park Phase 5 with an additional investment of £4 million for demolition, site clearance of existing building and the subsequent construction of Phase 5. As a Game Changer site, the development of Malvern Hills Science Park is a strategic priority identified through the Strategic Economic Plan (SEP) and Corporate Plan. The project has been promoted in partnership with MHSP Ltd and Worcestershire Local Enterprise Partnership (WLEP) and will be fully funded by the WLEP Growth Deal grant allocation with no impact on the Council's long term borrowing.
108. Full Council is recommended to add this scheme to the Capital Programme and update the cash limits accordingly.

Driving Home Programme

109. The Council is dedicated to improving the level of condition of the roads across the County. Indeed it believes Worcestershire should maintain its position as a leading Highway Authority with continued commitment to high quality roads and highway asset management. This programme is about improving roads in the communities in and around where people live and work.
110. With this in mind we believe it is vital over the next two years that we provide complimentary additional capital funding over and above the committed Department for Transport funds for the cost effective maintenance and improvement of the Counties Highways network.
111. This will be achieved by investing an additional £12 million of capital monies over the next two years on a blend of rural and urban roads across the county. This project will focus on improving the condition of urban unclassified and local village roads while maintaining the current condition of our A, B and C classification road network. It will be achieved by providing a broad blend of works across the rural and urban network, including full surfacing, patching and surface dressing to improve and extend the lifespan of Worcestershire's highways network. Works will be based on sound asset management planning focused on road condition and proactive preventative maintenance.
112. It is proposed that the £12 million investment will be funded £10 million from prudential borrowing (funded by a £1 million allocation from the Council's Strategic initiatives monies) and a £2 million allocation of existing uncommitted New Homes Bonus monies.

Capital Programme: Future funding overview

113. The financing of the Capital Programme has been reviewed at a strategic level including the forecast receipt of central government grants, capital receipts and directorate contributions from revenue budgets.
114. As part of rolling forward the MTFP to 2019/20, additional capital expenditure headroom has been provided for in 2018/19. The final stage of the current process to allocate schemes to available headroom is underway. An update will be presented to Cabinet in the form of a revised Capital Programme in the February 2016 Cabinet Report.

Capital: Investing our New Homes Bonus

115. Details of reforms to the New Homes Bonus will be released as part of the provisional local government finance settlement which is expected to include a review of the share of funding between County and District Councils from the current 20/80 ratio which may deliver an opportunity for the Council however this would need to be set against proposals to reduce the length of bonus payments from 6 to 4 years.
116. The Council has prudently considered this income as temporary and therefore not included it in the recurrent budget.
117. To date, the Council has used this funding to support important investments in strategic flood alleviation schemes, to support strategic planning and improvements in the public realm and this budget proposes a £2 million allocation towards the highways Driving Home Programme.

The Impact on the MTFP

118. The MTFP approved at the February 2015 Full Council meeting has been updated. The MTFP has been updated and extended to include the current financial year and the next four financial years. The main increases in pressure relate to service pressures in services for Looked after Children and waste disposal as previously described, with compensating decreases in pay inflation.
119. The economic environment has led the Council to make preparations for a continuation of the financial challenge over the medium term. This has included confirming the existing savings plans which in many cases have already been considered through the Cabinet and Scrutiny process. Plans have also been developed to cater for additional financial pressures and these are now being refined in light of confirmation within the provisional local government Finance Settlement of reductions in funding levels.
120. The MTFP is provisionally set out in the following table with more detail provided within Appendix 7.

Table 5: Indicative MTFP

£m	2016/17	2017/18	2018/19	2019/20
Total Funding Available	325.8	323.9	321.5	319.5
Service costs based on provisional 2016/17 budget	-350.4	-349.2	-347.9	-345.3
Sub-Total	-24.6	-25.3	-26.4	-25.8
Savings and efficiency plans developed	22.6	14.2	7.0	2.5
Remaining gap from shortfall in funding	2.0	11.1	19.4	23.3

121. The County Council's MTFP has been extended by one year to 2019/20 which will cover the period of the Spending Review issued by central government and consequently this will have a significant impact on our Plan. The MTFP forecast for central government funding reductions needs to be treated with considerable

caution as there is only limited information about financial allocations to the County Council from 2017/18 onwards. The current indications suggest a continued need for spending reductions at least to the level of reductions the County Council is dealing with in the current Comprehensive Spending Review period. Particular known areas of uncertainty include:

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

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

123. Table 5 illustrates that over the life of the MTFP there is an overall savings requirement of £102.1 million. Of that, £46.3 million has been identified through the development of savings and efficiency plans with a remaining gap to find of £55.8 million.

124. As would be expected, the indicative funding gap of £2 million for 2016/17 forms a relatively small part of this overall gap as plans are significantly advanced.

Budget calculation – statutory duties

125. Section 25 of the local government Act 2003 requires the Chief Financial Officer as Section 151 officer to report to the County Council when it is setting the budget and the precept. The report must deal with the robustness of the estimates included in the budget and the adequacy of reserves.

126. The budget currently provides for the financial implications of the County Council's policies to the extent that these are known or can be reasonably assessed. However, there are a number of risks which are beyond the County Council's control and for which it is not possible to be precise:

- The County Council's demand-led services;
- Inflation and interest rate volatility; and
- Unforeseen emergencies, for example flooding.

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

Scrutiny

128. Scrutiny of the 2016/17 budget proposals is being undertaken by the Budget Scrutiny Task Group which is meeting with key senior officers, the Chief Executive and Leader of the Council to complement the work already being undertaken by individual scrutiny panels. The conclusion of this work together with the individual views of the scrutiny panels will inform the Overview and Scrutiny Performance Board which will be meeting on 28 January 2016 to consider what comments it wishes to make to Cabinet as part of the budget consultation.

Fulfilling the Public Sector Equality Duty requirements

129. The County Council will continue to have due regard to proactively addressing the three elements of the Public Sector Equality Duty in all relevant areas – in particular the planning and delivery of our services. The Council will continue to

assess the equality impact of all relevant transformational change programmes and will ensure that Full Council has sufficient equalities assessment information to enable it to have due regard to the three elements of the Equality Duty when considering the budget for 2016/17. The Council will continue to ensure best practice is followed with regard to these requirements.

Guidance on excessive Council Tax increases and Localism Act

130. The Localism Act gives local communities the power to approve or veto excessive rises in Council Tax. The Secretary of State will determine a limit for Council Tax increase as part of the annual local government Finance Settlement that has to be approved by the House of Commons. If an authority wishes to set a Council Tax above this level then a binding referendum must be held. For 2015/16 this limit was 2%, and the Council is anticipating this be rolled forward for 2016/17.

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

Supporting Information

Appendix 1 – Review of Earmarked Reserves and General Balances

Appendix 2 – Revenue Budget Summary 2016/17

Appendix 3 – Analysis of Variations 2015/16 to 2016/17

Appendix 4 – FutureFit programme list of new proposed projects

Appendix 5 – Capital Expenditure previous years

Appendix 6 – Capital Programme 2015/16 to 2018/19 onwards

Appendix 7 – Provisional MTFP

Appendix 8 – 2015/16 Estimated Specific Grants

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Background Papers

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

Agenda and background papers for the meetings of Cabinet held on 24 September 2015, 15 October 2015 and 19 November 2015

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Review of Earmarked Reserves and General Balances

Introduction

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

	Value at 31/03/15 £m
General Balances	13.0
Earmarked Reserves – Directorate c/fwd's	97.6
Revenue Grants unapplied	19.4
	<u>130.0</u>

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

General Balances

4. The Council's General Balances are a contingency sum available to pay for unforeseen or exceptional circumstances. External auditors often refer to the level of general balances when considering an organisation's financial health.
5. General Balances were £13.0m at 31 March 2015 and the same at 31 March 2014.

Earmarked Reserves

6. All earmarked reserves are retained either under the delegated authority given to Chief Officers in the Financial Regulations or by Cabinet or Cabinet Member approval and at 31 March 2015 were as follows:

	Value at 31/03/15 £m
Schools delegated reserves	16.8
Dedicated Schools Grant carried forward	12.5
Future Capital Investment reserve	5.3
Waste PFI reserve	16.2
Other PFI reserves	3.9
Insurance reserves	6.7
Health and Pool Budgets	2.8
Growing Places	3.3
Directorate Revenue Reserves	9.7
Future Fit	4.7
Councillors' Divisional Fund	1.2
Other Reserves	14.5

7. Schools balances are controlled by the schools and their Governing Bodies and any surplus or deficit may be carried forward in accordance with the Council's scheme for financing schools.
8. Reserves for future capital investment and PFI schemes have been earmarked for use over the medium term.
9. The insurance reserve will be used to meet liabilities not covered by insurance policies. The level of the reserve is kept under constant review and to inform this judgement the Council seeks independent advice periodically.
10. The Council's Financial Regulations gives authority for each Chief Officer to jointly approve with the Chief Financial Officer the carry forward of up to 2% of their budget to the following financial year. There is also an additional flexibility limited to £100,000 for particular value for money initiatives.
11. Revenue grants with no attached conditions unused at year end are held in the revenue grants unapplied earmarked reserve and totalled £19.4 million at 31 March 2015.
12. The Earmarked Reserves are committed to be spent over the short to medium term.
13. The Chief Financial Officer considers the value of reserves to be adequate to support strategic financial planning.

Budget Summary 2016/17 - Before Recharges

	Original estimate 2015/16 £m	Variation £m	Revised estimate 2015/16 £m	Variation £m	Original estimate 2016/17 £m
<u>Controllable budgets</u>					
Adult Services & Health	125.3	(0.2)	125.1	(3.4)	121.7
Children's Services	60.6	(0.1)	60.5	0.2	60.7
Business, Environment & Community	82.1	(0.2)	81.9	(0.2)	81.7
COaCH / Finance	58.1	0.5	58.6	5.1	63.7
Net expenditure	326.1	0.0	326.1	1.7	327.8
Contribution from balances	0.0		0.0	0.0	0.0
Contribution to / (from) reserves	1.5		1.5	(1.5)	0.0
Budget requirement	327.6	0.0	327.6	0.2	327.8
<u>Funding sources</u>					
Council tax	214.2		214.2	9.2	223.4
Revenue support grant	54.4		54.4	(10.9)	43.5
Business rates retention scheme	59.0		59.0	(0.1)	58.9
	327.6	0.0	327.6	(1.8)	325.8
Funding shortfall					<u><u>(2.0)</u></u>
<u>General Balances</u>					
Opening Balances	13.0		13.0	0.0	13.0
Planned contribution from/to general balances	0.0		0.0		0.0
Closing Balances	13.0		13.0	0.0	13.0

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**Analysis of Variations 2015/16 to 2016/17
- Before Recharges**

Appendix 3

	DASH	ChS	BEC	COaCH / FIN	Total
	£m	£m	£m	£m	£m
Original Estimate 2015/16	125.3	60.6	82.1	58.1	326.1
Variations	-0.3	-0.6	-0.4	1.3	0.0
Inflation					
Pay award	0.4	0.2	0.3	0.2	1.1
Employers pensions contributions	0.2	0.1	0.1	0.2	0.6
National Insurance	0.6	0.6	0.5	0.4	2.1
Waste and landfill tax			0.6		0.6
Contractual Provisions	2.2		0.6	0.2	3.0
Income	-0.1		-0.2		-0.3
General inflation			0.0	0.1	0.1
Growth					
Children's' Social Care		5.0			5.0
Adult Social Care	3.0				3.0
Headroom for Strategic Initiatives				0.7	0.7
Capital Financing				1.4	1.4
Investment in Road Maintenance			0.5		0.5
Investment in Positive Activities		0.6			0.6
Education Services Grant		0.5			0.5
Waste Disposal tonnage growth			0.5		0.5
Other base budget revisions			-0.5	5.4	4.9
Total Inflation and Growth	6.3	7.0	2.4	8.6	24.3
Current FutureFit Programme	-9.1	-4.8	-2.3	-1.9	-18.1
	122.2	62.2	81.8	66.1	332.3
Future Fit Savings - Proposed	-0.5	-1.5	-0.1	-2.4	-4.5
Original Estimate 2016/17	121.7	60.7	81.7	63.7	327.8

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Future Fit - Savings, Efficiencies and Transformation	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000	Current Savings Programme* £000	Total £000	2015/16 Budget £000
Recovery Services for Older People	100					100	2,500	2,600	8,799
Discharge Liaison Nurse Funding	100					100		100	250
Targeted Prevention - Learning Disabilities employment services	150					150		150	150
Learning Disabilities savings - Review of care packages	150	260				410	3,511	3,921	50,300
Side by Side		40				40	300	340	2,235
Adult social work/social care training		400				400		400	1,186
Commissioning of Arts Service		25	25			50		50	100
Demand Management - connecting families			750	750		1,500		1,500	
Demand Management - corporate approach to prevention - ChS early help	1,500					1,500		1,500	
ChS early help and partnerships		1,000				1,000		1,000	
Management efficiencies between children with disabilities and Young Adults team	50					50		50	678
Increased integration of ICU for Early help and education & skills			100			100		100	1,778
Demand Management of Special Educational Needs (SEN) pre-contract		100				100	2,455	2,555	5,900
Self-sufficient Council - commercial income - West Mercia Energy	100	50	50			200		200	
Self-sufficient Council -Sales, Fees & Charges	50					50		50	
Self-sufficient Council - Establishing a Revolving Door fund			500			500		500	
Self-sufficient Council - Estate / Balance Sheet - capital receipts	400		200	400		1,000		1,000	
Self-sufficient Council - Estate / Balance Sheet - align asset life with asset financing	1,250					1,250		1,250	16,100
Commissioning	500	500	500	500	650	2,650		2,650	
Active Alliances - Shared Management and Leadership	50					50		50	
Active Alliances - 1) Shared Management and Leadership, 2) Further exploration of Shared Services and Systems, 3) Strategic Alliances - Public Sector Reform and Devolution		100	100	150		350		350	
Operating Model - Workforce and Grading			625	625		1,250		1,250	
Operating Model - Systems, Processes and Spaces			125	125		250		250	
Modernising HR and Organisational Development Proposals	30	70				100	718	818	
						-		-	
						-		-	
Total	4,430	2,545	2,975	2,550	650	13,150	9,484	22,634	
Previously Approved**	18,136	11,569	4,000			33,705			
	22,566	14,114	6,975	2,550	650	46,855			

* Current Savings Programme refers to existing savings attributable to these FFN projects only.

** The total of the existing saving programme

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Analysis of Actual Capital Expenditure and Financing by Year from 2008/09 to 2014/15

DIRECTORATE	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Total £000
CAPITAL EXPENDITURE								
Children's Services Directorate	47,232	42,738	47,556	48,903	26,227	22,784	36,527	271,967
Business, Environment & Community Directorate	0	0	0	0	0	32,575	76,995	109,570
Adult Services & Health Directorate	0	0	0	0	0	430	472	902
Commercial & Change Directorate	0	0	0	0	0	0	7,244	7,244
Resources Directorate	0	0	2,807	751	1,547	3,735	0	8,840
Chief Executive	0	0	0	0	185	411	0	596
Environmental Services Directorate	33,663	28,674	37,904	37,253	29,852	0	0	167,346
Adult & Community Services Directorate	7,176	4,649	1,162	10,572	696	0	0	24,255
Corporate Services Directorate	4,148	2,946	0	0	0	0	0	7,094
Planning Efficiency & Performance Directorate	294	210	394	1,375	0	0	0	2,273
Financial Services Directorate (inc. LPSA)	1,036	620	0	0	0	0	0	1,656
Total Capital Expenditure	93,549	79,837	89,823	98,854	58,507	59,935	121,238	601,743
SOURCES OF FINANCE								
Borrowing	50,092	39,229	25,959	34,117	14,902	10,939	38,490	213,728
Government Grants	19,554	27,456	48,144	43,493	32,774	36,679	56,203	264,303
Capital Receipts	6,562	5,876	7,818	1,595	2,519	1,661	11,545	37,576
Third Party Contributions	4,545	1,991	1,393	10,542	1,798	3,952	6,993	31,214
Revenue Contributions to Capital Expenditure	9,027	4,543	5,399	9,029	1,363	2,457	4,798	36,616
Capital Reserve	3,769	742	1,110	78	5,151	4,247	3,209	18,306
Total Finance	93,549	79,837	89,823	98,854	58,507	59,935	121,238	601,743

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Capital Programme 2015/16 to 2018/19 Onwards

TOTAL EXPENDITURE	LATEST FORECAST	LATEST FORECAST	LATEST FORECAST	LATEST FORECAST	TOTAL FORECAST
	2015/16	2016/17	2017/18	2018/19 and Beyond	FORECAST
	£000	£000	£000	£000	£000
CHILDREN'S SERVICES DIRECTORATE	27,026	19,087	5,304	375	51,792
BUSINESS, ENVIRONMENT AND COMMUNITY DIRECTORATE	141,993	91,469	80,003	3,703	317,168
DIRECTORATE OF ADULT SOCIAL CARE AND HEALTH	2,375	5,353	100		7,828
COaCH DIRECTORATE	11,323	1,560	1,347		14,230
FINANCE			4,967	5,000	9,967
GRAND TOTAL	182,717	117,469	91,721	9,078	400,985

TOTAL FUNDING					
TEMPORARY AND LONG TERM BORROWING	102,776	40,322	9,338	5,000	157,436
CAPITAL RECEIPTS	7,830	5,012	270		13,112
GOVERNMENT GRANTS	59,958	64,423	64,643	4,078	193,102
CAPITAL RESERVE	3,620		131		3,751
THIRD PARTY CONTRIBUTIONS	5,333	7,662	17,289		30,284
REVENUE BUDGETS	3,200	50	50		3,300
GRAND TOTAL	182,717	117,469	91,721	9,078	400,985

CHILDREN'S SERVICES DIRECTORATE

	LATEST FORECAST 2015/16	LATEST FORECAST 2016/17	LATEST FORECAST 20117/18	LATEST FORECAST 2018/19 and Beyond £000	TOTAL FORECAST £000
Major Schemes:					
- Special School (Haberley Learning Campus)	450	113			563
- Short Breaks for Disabled Children (AHDC)	128				128
- Purchase of Property for Looked After Children Placements	293				293
- Stourport Burlish Park - New School (all CM grant funded)	3,181	108			3,289
- Bewdley High Science Block (all CM grant funded)	1,728	56			1,784
- Post 16 Supported Living	1,000				1,000
- Bengeworth 1st	1,634	36			1,670
- Redditch S.77 Projects	700	1,578	120		2,398
- Evesham St Andrews	1,288	882	60		2,230
- Leigh and Bransford	511	787	26		1,324
- Holyoaks Field 1st School	450	2,600	2,586	250	5,886
- Blackwell 1st School	1,176	25			1,201
- Major Schemes - Residual	480				480
Composite Sums:					
- Capital Maintenance	5,821	808	260		6,889
- Early Education for 2 Year Olds	427				427
- Basic Need	4,709	10,211	2,252	125	17,297
- School Managed Schemes (Inc. Universal Infant School meals and Devolved Formula Capital)	2,469	1,883			4,352
- Composite Sums - Residual	581				581
	27,026	19,087	5,304	375	51,792

BUSINESS, ENVIRONMENT AND COMMUNITY DIRECTORATE

	LATEST FORECAST 2015/16	LATEST FORECAST 2016/17	LATEST FORECAST 20117/18	LATEST FORECAST 2018/19 and Beyond £000	TOTAL FORECAST £000
Local Transport Plan:					
- Structural Carriageway/Bridgeworks	14,468	13,758	49,569		77,795
- Integrated Transport	3,123	2,405	2,405		7,933
Major Schemes:					
- Energy from Waste	69,022	30,390			99,412
- Southern Link Dualling Phase 3	7,202	7,684	12,504	3,703	31,093
- Worcester Parkway Regional Interchange	1,492	9,369	8,953		19,814
- Kidderminster Rail Station Enhancement	2,500	1,800			4,300
- Green Deal Communities	3,475				3,475
- Kidderminster Public Realm Works	1,500				1,500
- Members Highways Schemes	550	1,795			2,345
- Highway Flood Mitigation Measures	1,962	3,650	2,500		8,112
- Abbey Bridge	865				865
- Worcester Transport Strategy	5,978				5,978
- Hoobrook Link Road - Pinch Points	7,500	5,789			13,289
- Worcester Technology Park	5,000	5,053			10,053
- Bromsgrove Rail Station	1,332	1,200			2,532
- Cathedral Square	769		1,150		1,919
- Tenbury Wells Waste Site	2,000				2,000
- Malvern Hills Science Park Scheme	200				200
- Worcester Library and History Centre (Non - PFI capital costs)	498				498
- Stourport Library/ Coroners Relocation to Civic Centre	203				203
- Street Lighting Energy Saving Project	229				229
- Wythall Library	305				305
- Vehicle Charging Points	450				450
- Hartlebury Museum	2	150			152
- Local Broadband Plan Phase 1	8,794	1,038			9,832
- Local Broadband Plan Phase 2		3,008	1,792		4,800
- Local Broadband Plan Re-investment		3,250			3,250
- Completion of Residual Schemes	228				228
Composite Sums:					
- Vehicle Replacement Programme	708	480	480		1,668
- Street Column Replacement Programme	675	350	350		1,375
- Highways Minor Works	200	200	200		600
- Investment Initiatives to Support Business and /or Green Technology	468				468
- Libraries Minor Works	295	100	100		495
	141,993	91,469	80,003	3,703	317,168

DIRECTORATE OF ADULT SOCIAL CARE AND HEALTH

	LATEST FORECAST 2015/16 £000	LATEST FORECAST 2016/17 £000	LATEST FORECAST 20117/18 £000	LATEST FORECAST 2018/19 and Beyond £000	TOTAL FORECAST £000
Major Schemes:					
- Capital Investment in Community Capacity/ Specialised Housing	250	4,695			4,945
- Timberdine Nursing and Rehabilitation Unit	765				765
- Social Care Capital	158				158
- Care Act Capital	200	300			500
- Transforming Care	60				60
- Social Care Reform	228				228
- Autism Project	19				19
- Completion of Residual Schemes	13				13
Composite Sums:					
- A&CS Minor Works	682	358	100		1,140
	2,375	5,353	100		7,828

COaCH DIRECTORATE

	LATEST FORECAST 2015/16 £000	LATEST FORECAST 2016/17 £000	LATEST FORECAST 20117/18 £000	LATEST FORECAST 2018/19 and Beyond £000	TOTAL FORECAST £000
Major Schemes:					
- Digital Strategy and Customer Access	5,552	430	367		6,349
- WIN System	325				325
- Repair and Maintenance of a Longer Term Benefit (And BUoP)	512	630	600		1,742
- Energy Efficiency - Spend to Save	607	300	300		1,207
- Land Assembly Opportunity Fund	622				622
- Parkside Redevelopment	2,970	120			3,090
- Police Houses, Spetchley Road	400				400
- Meeting Disabled Access Requirements	22	80	80		182
- Completion of Residual Schemes	313				313
	11,323	1,560	1,347		14,230

FINANCE

	LATEST FORECAST 2015/16 £000	LATEST FORECAST 2016/17 £000	LATEST FORECAST 20117/18 £000	LATEST FORECAST 2018/19 and Beyond £000	TOTAL FORECAST £000
Major Schemes:					
- Capacity for New Starts (Borrowing)			4,967	5,000	9,967
			4,967	5,000	9,967

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	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m
<u>Forecast of Funding Available</u>					
Revenue Support Grant	54.4	43.5	32.6	21.8	10.9
Business Rates Retention Scheme	59.0	58.9	60.5	61.6	63.0
Council Tax Income	212.1	223.4	230.8	238.1	245.6
Collection Fund Surplus / Deficit (-)	2.1				
Better Care Fund *	33.5	33.5	33.5	33.5	33.5
Total Funding Available	361.1	359.3	357.4	355.0	353.0
<u>Forecast Expenditure</u>					
Gross Budget	341.4	359.6	359.3	357.4	355.0
Council Tax Freeze Grant 2013/14 (moved to RSG in 14/15)					
Council Tax Transition Support Grant - One Year Only					
Better Care Fund (excl. £1m in base budget)	24.1				
Base Budget	365.5	359.6	359.3	357.4	355.0
Inflation					
Pension increases	0.4	0.6	1.1	1.2	1.3
Landfill Tax	0.4	0.2	0.2	0.2	0.2
Utilities	0.1	0.1	0.3	0.3	0.3
General Inflation	3.3	3.1	2.7	2.7	2.7
National Insurance		2.1			
Pay Inflation from April 2013	1.3	1.1	1.1	1.1	1.2
Growth					
Adult Social Care	2.0	3.0	3.0	3.0	3.0
Children's Social Care	4.0	5.0	-2.0		
Capital Financing	0.2	1.4	0.7	0.5	
Investment in Road Maintenance	0.5	0.5			
Investment in Footways	0.4				
Investment in Positive Activities		0.6	-0.1	-0.1	
Redditch Public Realm improvements	0.1	-0.1			
Key Strategic Capital Scheme Developments	0.4	-0.4			
Welfare Assistance Scheme	0.9	-0.9			
Headroom for new strategic initiatives		0.7	2.1	2.0	2.0
Waste Disposal Costs	0.6	0.5	0.5	0.5	0.5
Energy from Waste Agreed PFI Contract Variation			6.0		
Education Services Grant	1.7	0.5	3.1		
New Homes Bonus grant	1.3				
Other growth pressures and funding reductions	0.3	6.3	4.7	12.6	12.6
	383.4	383.9	382.7	381.4	378.8
Less - Future Fit Programme	23.8	18.1	11.6	4.0	0.0
- New Themes	0.0	4.5	2.6	3.0	2.5
- Recurrent Savings To Be Identified	0.0	2.0	11.1	19.4	23.3
	359.6	359.3	357.4	355.0	353.0
Contribution to Earmarked Reserves	-1.5				
Gross funding requirement	361.1	359.3	357.4	355.0	353.0
<u>General Reserve</u>					
Opening balance on General Reserve	13.0	13.0	13.0	13.0	13.0
Planned addition (+) or used (-)	0.0	0.0	0.0	0.0	0.0
Closing balance on General Reserve	13.0	13.0	13.0	13.0	13.0

* Better Care Fund 15/16 comprises £33.5m revenue and £3.7m capital, a total of £37.2m

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Specific Revenue Grants 2015/16

Appendix 8

2015/16
£000

Specific Revenue Grants (excl Schools Budgets):

Adult Services & Health	67,401
Children's Services	11,209
Business, Environment & Community	10,037
COaCH / Finance	3,653
Total Specific Revenue Grants (excl. Schools budgets)	<u>92,300</u>

Adult Services & Health

Public Health Grant	26,528
Better Care Fund	37,193
Adult Social Care New Burdens	3,680
	<u>67,401</u>

Children's Services

Education Services Grant	4,732
Bromsgrove Schools PFI Grant	4,695
Extended Rights to Free Travel	338
Unaccompanied Asylum Seeking Children	1,000
Care Leavers	25
Special Education Needs and Disabilities Reform	299
Statutory Assessment	29
Secure Accommodation	91
	<u>11,209</u>

Business, Environment & Community

Waste Services PFI	1,818
Bus Service Operators Grant	25
Lead Local Flood Authorities	78
Bikeability Grant	100
DEFRA - Environmental Stewardship	42
DEFRA - Malvern Hills AONB	184
DEFRA - Countryside Admin OH for Malvern Hills AONB	9
DCLG - Proof of Concept	256
DCLG - Leader Project	189
DCLG - Enterprising Worcestershire Project	499
ERDF - Resource and Efficiency Project	161
DCLG - Cyberbid Project	89
DCLG - Graduate Bid Project	233
DCLG Grant - Inward Investment	112
DCLG Grant - LRF - Delivery ONA's	1,159
DCLG Grant - Enterprise Employment Skills Core	70
DCLG Grant - Sustainable Development Manager	12
DCLG Grant - Business Hub Core	13
The Hive - PFI Grant	3,381
Formal First Step	201
Personal and Community Development Learning	120
Wider Family Learning	48
Cataloguing - CIMU	49
Family, English, Maths, Language	168
Community Learning Fund	200
Manorial Documents Register Project	34
Wellcome Foundation	32
HLF WW1	16
Music	739
	<u>10,037</u>

COaCH / Finance - Revenue Grants

New Homes Bonus	2,556
Settlement Funding Assessment: Adjustment	840
Police & Crime Panel Grant	69
New Homes Bonus Returned Funding	188
	<u>3,653</u>

CABINET
17 DECEMBER 2015**RESOURCES REPORT**

Relevant Cabinet Member

Mr A I Hardman

Relevant Officer

Chief Financial Officer

Recommendation

1. **The Cabinet Member with Responsibility for Finance recommends that:**
 - (a) **Council be recommended to approve the Minimum Revenue Provision (MRP) policy with regard to pre-2008 long-term borrowing detailed at paragraph 18; and**
 - (b) **the work to consider the MRP for post-2008 long-term borrowing is endorsed.**

Introduction and Summary

2. The County Council is required, under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, to make a Minimum Revenue Provision (MRP) charge to the revenue account in relation to capital expenditure financed from borrowing or credit arrangements. This is the annual amount charged to the budget each year to repay the principal element of long-term borrowing and is based on a system of self-regulation informed by our professional judgement of 'prudent provision'.
3. The Guidance states that "the broad aim of prudent provision is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits".
4. The Council uses long-term borrowing as part of an overall financing strategy to fund long-term capital investment in projects such as road construction and school improvements and it is sensible to ensure assets are paid for over their useful life.
5. This Cabinet report recommends Council approval of a change to the existing MRP policy that will match debt financing to the useful life of the assets being financed and achieve cost reductions over the medium term.

Guidance and Regulations

6. The current regulations were implemented in 2007 and allow for different treatment of long-term borrowing incurred pre and post 2008. The regulations require regular review of the policy and we have taken this opportunity to:

- (a) better align debt repayments to the asset lives; and
- (b) ensure the policy is prudent without being overly prudent.

The Existing Policy

7. Under the existing policy the Council's forecast MRP charge for 2015/16 is £16.1 million, with £11.0 million relating to pre-2008 long-term borrowing and £5.1 million to post-2008.

8. The policy has been in place since 2007/08 and is approved each year as part of the budget setting process Statement of Prudential Indicators.

9. The financial climate over recent years has prompted a number of local authorities to review their own MRP policies to ensure the best method for repaying long-term borrowing is being applied, and to inform our own review the Council has taken advice from PriceWaterhouseCoopers LLP, and obtained valuable feedback from our external auditors Grant Thornton LLP that they are content with the overall principles of our approach.

Pre-2008 MRP

10. The MRP charge for pre-2008 long-term borrowing currently results in a payment that is much higher than what an average payment based on actual asset lives would suggest. We are therefore currently paying off debt faster than which we receive the benefits.

11. The review proposes that it would be appropriate, affordable and reasonable to match the period of debt repayments to the average life of the assets being financed. Following in-depth work across the Council's fixed assets the average life has been professionally assessed as being 43 years.

12. It is important to understand that the total debt repayment under this proposal will still remain the same.

13. The impact of the change is:

- (a) a reduction of the MRP charge for 2015/16 of £4.6 million;
- (b) a reduction of the MRP charge for the period of the 4-year MTFP of £14.2 million;
- (c) lower levels of MRP charge for the next 14 years;
- (d) an increase in the MRP charge for the accounting periods between year 15 and 43 above the level previously forecast before dropping under the current method thereafter;
- (e) no MRP charge after year 43 (where previously we would have been paying off debt indefinitely).

14. In order to protect revenue budgets from volatility and to deliver a consistent saving of £2 million per year between years 1 to 14, it is proposed that the Council makes a voluntary additional MRP payment in years 1 to 6 of £9.2 million to smooth the net impact of the change.

15. This proposal reduces the call on the general fund over the life of the MTFP and delivers a consistent saving to support the County Council's FutureFit intentions without incurring any significant real term future costs for future generations, taking account of the time value of money.

Post-2008 MRP

16. The post-2008 MRP will require further additional work to understand the age and funding profile of the assets and the capital investment schemes and business cases that underpin them.

17. It is therefore proposed that the post-2008 MRP policy will be kept under continual review with any proposals brought to future Cabinet meetings. This will ensure changing organisational requirements are best reflected in debt financing.

MRP Policy

18. It is recommended that Full Council approves the MRP Policy for long-term borrowing pre 1 April 2008 to be based on matching the debt repayments to the average asset lives being 43 years.

Contact Points

County Council Contact Points

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Specific Contact Points for this Report

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Mark Sanders, Senior Finance Manager, 01905 766519, mssanders@worcestershire.gov.uk

Background Papers

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

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CABINET
17 DECEMBER 2015**FORMAL PROPOSAL TO CEASE THE NURSERY PLUS
PROVISION AT FRANCHE COMMUNITY PRIMARY SCHOOL**

Relevant Cabinet Member

Mr J P Champion

Relevant Officer

Director of Children's Services

Local Member

Mrs A T Hingley

Recommendation

- 1. The Cabinet Member with Responsibility for Children and Families recommends that Cabinet:**
 - (a) notes the responses to the consultation on the proposal to cease the Nursery Plus provision at Franche Community Primary School;**
 - (b) approves the publication of a Public Notice to cease the Nursery Plus provision at Franche Community Primary School from 1 April 2016;**
 - (c) authorises:**
 - (i) the Director of Children's Services to approve the proposal in respect of which no objections to the Public Notice are received; or**
 - (ii) the Cabinet Member with Responsibility for Children and Families to decide the proposal in respect of which objections to the Public Notice are received; and**
 - (d) notes the plan to re-tender for countywide Early Years Specialist Language providers in February 2016, in time for implementation by September 2016.**

Background

- 2. In November 2012, Cabinet approved a review of Specialist pre-school provision in Worcestershire including Early Years Language and Nursery Plus classes. This review agreed the needs and key priorities across the county for this provision going forward.**
- 3. Franche Nursery Plus is one of three Nursery Plus provisions in Worcestershire. Nursery Plus provision is for children between the ages of 2-5, with a range of additional needs, who require a specialist input.**

4. In March 2014, Cabinet approved a move away from Nursery Plus provision as Speech, Language and Communication needs in pre-school age children were evident as the dominant demand. Cabinet agreed to move towards countywide district provision to ensure that specialist Early Years bases are available locally for the children that require them. Cabinet agreed to commission one specialist Early Years base in each Worcestershire district (excluding Special School Nurseries and Nursery Assessment centres) with a focus primarily on Speech & Language and to be commissioned in line with the work of the Council for High Needs provision from September 2015. Cabinet also agreed to retain Franche specialist provision, in addition to a speech and language base in Wyre Forest, on a time limited basis until 31 August 2015 when the new Wyre Forest School is open and able to accommodate additional pre-school aged children.

5. In January – February 2015, the Council invited bids from organisations to deliver Early Years Specialist Language provision in each district including the Wyre Forest. Franche Community Primary School did not bid (tender) to become an Early Years Language provider. An alternative Early Years Specialist Language provider was identified in Wyre Forest and has signed and agreed to the Service Level Agreement for the period September 2015 – August 2016. Early Years Specialist Language providers will be re-commissioned from September 2016.

6. From September 2015 the Wyre Forest Early Years Specialist Language provider and the new Wyre Forest Special School were both able to accommodate additional children, primarily those who would have previously been referred to Franche Nursery Plus.

7. The following table details the number of pre-school age children accommodated at Franche Nursery Plus between 2009 and 2014 by area of need:

Area of Need	2009/10	2010/11	2011/12	2012/13	2013/14	Totals
Communication and Interaction	3	7	3	1	1	15
Cognition and Learning	3	7	3	1	0	14
Sensory, Physical and Medical	3	2	1	4	3	13
Behaviour, Emotional and Social	2	1	3	6	5	17
Yearly totals	11	17	10	12	9	59

Consultation Period

8. A public consultation ran from 21 September to 16 October 2015. The link to the online survey or hardcopy survey was made available to all parents/carers, staff and Governors of Franche Community Primary School. In addition, other relevant stakeholders, including local and elected members, finance, Early Years providers, Schools, Special Educational Needs (SEN) services were notified of the consultation. The consultation was also advertised in the local newspaper.

9. A decision was taken not to hold a public meeting as no pupils were in attendance in the Nursery Plus, therefore it was unlikely that any such meeting would be well attended.

Consultation Responses

10. Three consultation responses were received, one from a parent/carer, one from a Trade Union and one from a member of 'Our Voice' (a forum for parents/carers of children and young people with disabilities and additional needs).

11. One of the respondents supported the closure as they felt it would give wider choice to parents. The other two respondents did not support the proposed closure because of the risk to jobs and services and also because they believe that schools do not offer sufficient flexibility for children with SEN.

Responses to the Issues Raised

12. The closure of this provision will not lead to any job losses. The proposal to move away from Nursery Plus provision is to focus on Speech, Language and Communication as the area of greatest need in Pre-School Age children identified with SEN. The change will ensure that children in any part of the county can have **access to suitable provision in their own locality, to ensure appropriate and timely interventions.** All children with special educational needs and disabilities have a minimum entitlement to Ordinarily Available provision, regardless of which setting they attend as set out in the Worcestershire County Council 'Ordinarily Available in Worcestershire Early Years Settings' document which is part of Worcestershire's Local Offer. Early Years settings can decide how the funding is spent (e.g. staffing, resources, SENCo non-contact time) and they will be closely monitored on the impact of their support to the child or children.

Legal, Financial and HR Implications

13. Special Educational Needs & Disability (SEND) provision is currently undergoing a major review in light of the legislative changes which came into force in September 2014, including the conversion of statements of SEN into Education, Health and Care Plans.

14. Franche Community Primary School have received £80,000 to provide the Nursery Plus. This was funded through the High Needs place funding. The place funding will be re-commissioned as Early Years Language Specialist provision from September 2016.

15. Franche Community Primary School are able to re-deploy all of the Nursery Plus staff within the school, therefore there is no risk of staff being made redundant due to the closure of the Nursery Plus provision.

Privacy Impact Assessment

16. A Privacy Impact Screening has been completed and no risks were identified for this proposal.

Equality and Diversity Implications

17. As part of the 'School Organisation (Maintained Schools) Annex B - Guidance for Decision Makers (January 2014)', any changes to provision reserved for pupils with SEN is subject to the SEN Improvement Test. The proposed alternative arrangements should lead to improvements in the standard, quality and/or range of educational provision for those children. Decision-makers should make clear how they are satisfied that this SEN improvement test has been met, including how they have taken account of parental or independent representations which question the proposer's assessment. The re-commissioning of Early Years Specialist Language provision will focus on provision within each district of Worcestershire. Currently the districts of Bromsgrove, Wychavon and Malvern do not have this specialist provision. Pre-school age children in Wyre Forest have access to an Early Years Specialist Language provision and Wyre Forest Special School.

18. A full Equality Impact Assessment (EIA) has been carried out in respect of the recommendations. This identified a positive impact for pre-school age children identified with a SEN. The recommended proposal will allow the funding to be re-distributed in the short-term to alternative provision reserved for pre-school age children with SEN and in the longer term to improve access to provision for pre-school age children with SEND in a range of educational provision with Service Level Agreements in place. Mitigating action will therefore be the re-distribution of the funding. Relevant findings will contribute to future service commissioning. The full EIA is attached as an Appendix.

Supporting Information

- Appendix – Equality Impact Assessment

Contact Points

County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Email: worcestershirehub@worcestershire.gov.uk

Specific Contact Points for this report

Robert Williams, Provision Planning Manager

Tel: 01905 766249

Email: rjwilliams@worcestershire.gov.uk

Background Papers

In the opinion of the proper officer (in this case the Director of Children's Services) the following are the background papers relating to the subject matter of this report:

- Agenda and background papers for the meetings of the [Cabinet](#) held on 8 November 2012 and 6 March 2014

WORCESTERSHIRE COUNTY COUNCIL EQUALITY IMPACT ASSESSMENT TEMPLATE

Please read the brief guidance which provides essential information for anyone who is unfamiliar with the County Council Equality Impact Assessment process.

Background information:

Name:	Rachel Kiernan
Job Title:	Provision Planning Project Manager
Service area:	Provision Planning & Accommodation
Directorate:	CHS
Telephone:	01905 765890
Email address:	rkiernan@worcestershire.gov.uk
Date assessment commenced:	21/10/2015
Date assessment completed:	04/11/2015

Function, strategy, project, policy or procedure being assessed:

Name of the function, strategy, project, policy or procedure being assessed:	Project = Review of Pre-School Specialist Provision Proposal = Formal Proposal to cease the Nursery Plus provision at Franche Community Primary School
Is this a new or an amended policy?	Amended
Does the policy form part of a wider programme which has already been screened for equality relevance?	Yes

Stage 1 - Please summarise the main objectives, aims and intended outcomes of this policy

Aims/Objectives:	To review the specialist provision for pre-school aged children with special educational needs in Worcestershire. This provision has evolved over time. Generally it was felt the current provision no longer reflected the priority needs and did not provide equitable cover across the county. A significant majority of respondents supported: <ul style="list-style-type: none"> • District based provision; • Pre-school and statutory school aged bases for targeted specialist support should be co-located to provide a continuum of provision; • Provision should be modelled in school based classes.
Intended outcomes:	To move away from Nursery Plus provision/bases and therefore focus on Early Years Language provision.
Please summarise how these outcomes will be achieved?	To commission one specialist Early Years base in each Worcestershire district (excluding Special School Nurseries and



	Nursery Assessment centres) with a focus primarily on Speech & Language and to be commissioned in line with the work of the Council for High Needs provision from September 2016.
Where an existing policy is to be amended please summarise principle differences between the existing and proposed policies?	

Stage 2 - Information gathering/consultation

Please give details of data and research which you will use when carrying out this assessment:	Pre-School Forum referral data & information. Placement & waiting list data. Information from current specialist providers. Known pre-school age data from Health.
Please give details of any consultation findings you will use when carrying out this assessment:	Only three responses were received during the consultation. One of the respondents supported the closure as they felt it would give wider choice to parents. The other two respondents did not support the proposed closure because of the risk to jobs and services and also because they believe that schools do not offer sufficient flexibility for children with Special Educational Needs.
Do you consider these sources to be sufficient?	Yes
If this data is insufficient, please give details of further research/consultation you will carry out:	
Please summarise relevant findings from your research/consultation:	There is not sufficient opposition to suggest this proposal should not go ahead.

Stage 3 - Assessing the equality impact of the policy

Based on your findings, please indicate using the table below whether the policy could have an adverse, neutral or positive impact for any of the protected groups:

Protected characteristic	Adverse	Positive	Neutral
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Marriage and civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>



Race	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Religion and belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sex	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Please provide details of all positive and adverse impact you have identified:

The positive impact will be for pre-school age children with SEND who are referred for Specialist Early Years provision throughout the County. The review will ensure that children in any part of the county can have their needs identified and met by Education, Health and Care professionals, to ensure appropriate and timely interventions.

Where possible please include numbers likely to be affected:

The following details the number of children who have attended Franche Nursery Plus on a part time basis term time only over the last few years:

Number of children attending Franche Nursery Plus

Area of Need	2009/1	2010/1	2011/1	2012/1	2013/1	Totals
Communication and Interaction	3	7	3	1	1	15
Cognition and Learning	3	7	3	1	0	14
Sensory, Physical and Medical	3	2	1	4	3	13
Behaviour, Emotional and Social	2	1	3	6	5	17
Yearly totals	11	17	10	12	9	59

Where potential adverse impact has been identified, can continuation of the proposed policy be justified?

Choose an item.

If yes, please explain your reasons:

Do you consider that this policy will contribute to the achievement

Please indicate which of these aims is achieved through this policy:
Please explain how the policy contributes to achievement of any aims you have selected: To enhance equality of opportunity by providing provision in each district.



nt of the
three aims
of the
[Public
Sector
Equality
Duty?](#)

The Public Sector Equality Duty has the following three aims:

1. To eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
2. To advance equality of opportunity between persons who share a relevant [Protected Characteristic](#) and persons who do not share it.
3. To foster good relations between persons who share a relevant [Protected Characteristic](#) and persons who do not share it.

Stage 4 - Action planning and time frames

Please list any actions you will take to mitigate any adverse impact you have identified:

Planned action	By who	By when	How will this be monitored

Please indicate how these actions will be taken forward as part of your team/service/directorate planning:

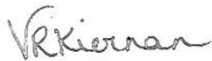

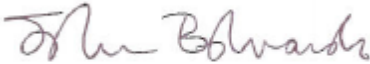
The aims and objectives fit with the Council's Future Fit Corporate Plan, therefore highlight and stage reports will include evidence of progress / change at team level / service level and directorate level.

Stage 5 - Monitoring & Review

How frequently will proposed action be monitored?	Monthly at Project Board. When required by Leadership Team and Cabinet.
How frequently will intended outcomes be evaluated?	At Key Milestones, end of stages, and exception points.
Who will be responsible for monitoring and evaluation?	Project group, Project Board, and others if required.
How will you use the monitoring and evaluation results?	To reflect on progress and make amendments where necessary.

Stage 6 - Publication

Worcestershire County Council requires all assessments to be published on our website. Please send a copy of this assessment to the Corporate Equality and Diversity Team for publication.

	Signature	Date
Completing Officer:		04/11/2015
Lead Officer:		18/11/2015
Service Manager:		23/11/2015

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CABINET
17 DECEMBER 2015**BALANCED SCORECARD – FUTUREFIT PERFORMANCE
AND CORPORATE RISK UPDATE**

Relevant Cabinet Member

Mr M L Bayliss

Relevant Officer

Director of Commercial and Change

Recommendation

- 1. The Cabinet Member with Responsibility for Transformation and Commissioning recommends that Cabinet:**
 - (a) notes the latest update of the Corporate Balanced Scorecard for Quarter Two 2015/16, and considers actions being taken to improve performance for the four indicators rated 'red' and where performance has deteriorated;**
 - (b) notes the latest refresh of the Corporate Risk Register including actions to mitigate the risk that is rated 'red'; and**
 - (c) notes the intention to review the approach taken to managing risk.**

Background

2. The Corporate Balanced Scorecard is the means of understanding progress against the Council's "FutureFit" Corporate Plan. The Scorecard contains a range of indicators linked to key priorities and themes. Many measures are long-term and may be affected by a wide range of factors, some of which are outside the direct control of the Council.

3. The attached Appendix contains an overview of performance for Quarter Two 2015/16. Currently there are 46 indicators reported in the Scorecard. 17 of these are rated 'green' representing good performance or progress, and 11 are rated as 'red'. Of the 'red' indicators, performance on four has deteriorated during the quarter:

- children with a child protection plan
- the proportion of looked after children
- 16-18 year olds who are not in education, employment or training
- older people funded in permanent care home placements.

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

4. The Corporate Risk Register provides a mechanism for collating and reporting strategic risks that could affect the delivery of corporate objectives. Each risk listed on the Corporate Risk Register is monitored by Directorates and reported through

the corporate process to provide assurance on the adequacy of arrangements to mitigate the risks.

5. The Appendix provides an overview of the Corporate Risk Register for Quarter Two 2015/16 including the status of individual risks. Transformational risks which were previously included in this report are now presented to the Corporate Business Board on a monthly basis. One risk is rated as 'red':

- demographic changes lead to changed demand for services.

Detail about the actions to address this risk is contained in the Appendix.

6. As the Council embeds its new Operating Model, it is an appropriate point to review how well current risk management processes are aligned with this. The outcome and any proposals will be reported back as part of the Quarter 4 update.

Legal, Financial and HR Implications

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

Privacy Impact Assessment

8. There are no Privacy implications from this report.

Equality and Diversity Implications

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

Supporting Information

- Appendix - Quarter Two 2015/16 Balanced Scorecard Performance Summary Dashboard Report and Corporate Risk Dashboard

Contact Points

County Council Contact Points

County Council: 01905 763763
Worcestershire Hub: 01905 765765
Email: worcestershirehub@worcestershire.gov.uk

Specific Contact Points for this report

Sander Kristel, Director of Commercial and Change
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(01905) 728591
Email: tleak@worcestershire.gov.uk

Background Papers

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

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CABINET BALANCED SCORECARD FUTUREFIT UPDATE

Highlights from the last quarter

Q2 2015/16

4 performance indicators have seen a change of RAG (Red, Amber, Green) assessment since last quarter.



1
Now
Green

- The number of children who are adopted within 18 months has improved from red to green. Children have a right to a family life, and are best prepared for adulthood by experiencing it. This also has a positive impact on Council finances.



3
Now
Red












- The indicator for the number of 16-18 year olds who are not in education, employment or training is red this quarter. This was expected because of seasonal factors and performance overall is significantly better than it was this time last year. With the continued improvement, the Council is fully expecting to hit its target by the end of the year.
- Children under a child protection plan has gone red as a result of the council tightening up on its safeguarding practice. This is an expected consequence of the Back to Basics programme which is designed to ensure that there is more consistency in social work practice, particularly in managing workflow, the timeliness and the quality of assessments and reviews, having good plans and listening to the voice of the child at every stage.
- The number of older people funded in permanent care home placements is stable rather than decreasing. There is ongoing work with the NHS to promote rehabilitation and alternatives to nursing and residential home placement at the point of hospital discharge. We are continuing to develop Extra Care Housing as an alternative to residential care. A review of the market is ongoing to identify if there is more that we could do to shape it.






41
No
change

- 41 performance indicators have not changed since last quarter.

OVERVIEW: Q2 2015/16 GREEN INDICATORS

Area of Focus	Corporate Performance Indicator	Movement from previous figure
Open For business Page 62	People on out of work benefits- percentage of residents aged 16-64 on out of work benefits in Worcestershire	
	Condition of roads	
	Economic growth- Worcestershire Gross Value Added (GVA) (local target)	
	Economic growth- Percentage of England GVA contributed by Worcestershire (National comparator indicator)	
	16-24 year old Job Seekers Allowance claimants	
	Percentage of working age adults in employment	
Children and Families	Children Adopted within 18 months (<i>previously red</i>)	
Health and Wellbeing	Residents aged 65 of more receiving a social care services	
	Service users who say they have control over their lives	
	Service users who say services have made them feel safe and secure	
Finance	Council Tax- Below the average Band D Council Tax	
	Creditor days- Average number of days to pay suppliers invoices	
	Debtor days- Average number of days to receive payments from customers from the date of the debtor	
	The ratio of debt financing costs to the Council's net budget	

Q2 2015/16 GREEN INDICATORS CONTINUED

Area of Focus	Corporate Performance Indicator	Movement from previous figure
Internal Business	People on out of work benefits- percentage of residents aged 16-64 on out of work benefits in Worcestershire	
Customer	Residents aged 65 of more receiving a social care services	
	Service users who say they have control over their lives	



Children Adopted within 18 months

HIGHER = BETTER

This indicator measures the percentage of children being adopted within 18 months between entering care and moving in with their adoptive family. The target was increased to 75% in 2015/16.

Q1 2015/16

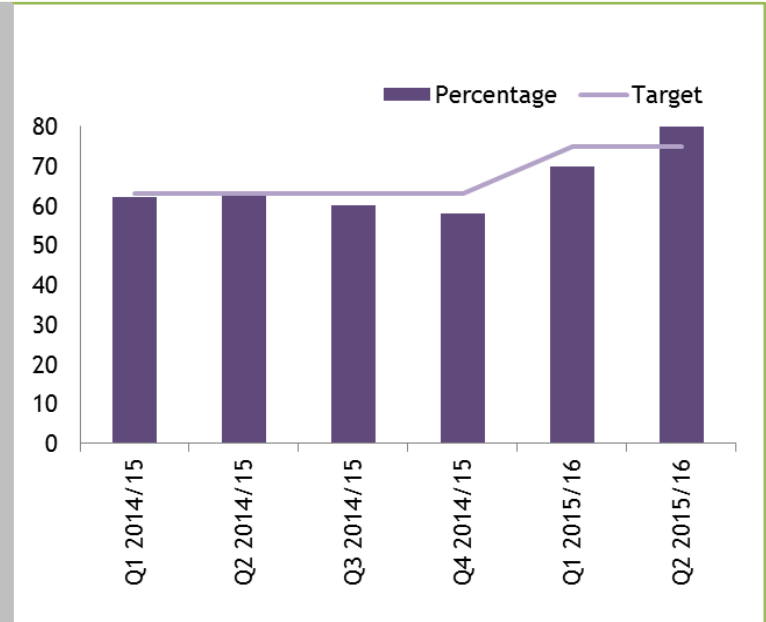
80%

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WHY HAS PERFORMANCE IMPROVED?

- The percentage of children being adopted within 18 months (between entering care and moving in with their adoptive family) has increased by 10.0% points from Q1 to 80.0% in Q2 15/16.
- From Q1 15/16 the definition of this indicator was tightened to measure those adopted within 18 months instead of 20 months as in 14/15.














SUCCESS FACTORS

- The 2015/16 Adoption Leadership Board target is 548 days. Last quarter the all England average was 522 days, the West Midlands average 540 days, and Worcestershire's average was 460 days.
- Underlying performance is better than this. A small group of harder to place children have been successfully placed, but as they had been waiting longer, this skews the data.

FUTURE ACTIVITY

- The DfE Regionalisation Agenda is driving change. We are developing more collaborative working with Herefordshire, and looking at better ways of working with a number of Voluntary Adoption Agencies.
- The Adoption Panel became paperless in December 2015, using a Modern.gov solution

OVERVIEW: Q2 2015/16 RED INDICATORS

Area of Focus	Corporate Performance Indicator	Movement from previous figure
Open for Business	Satisfaction with condition of roads	
	Reduce household waste collected per head	
	New businesses surviving for 3 years or more - Percentage point difference Worcestershire compared to England (National comparator indicator)	
	Percentage of businesses surviving for three years or more in Worcestershire (local target)	
Children and Families	Children with a child protection plan (<i>previously green</i>)	
	The proportion of Looked After Children per 10,000	
	16-18 year olds who are Not in Education, Employment or Training (<i>previously green</i>)	
The Environment	Satisfaction with the local area as a place to live	
Health and Wellbeing	Older people funded in permanent care home placements (<i>previously green</i>)	
Customer	Level of satisfaction- customer services	
Internal Growth	% of Staff Appraisals completed (SRDs)	

INDICATORS TO WATCH



The following indicators are reported by exception in Q2 2015/16 because performance is RED (below target) and deteriorating.

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CHILDREN AND FAMILIES

Children with a child protection plan



CHILDREN AND FAMILIES

The proportion of Looked After Children per 10,000



CHILDREN AND FAMILIES

16-18 year olds who are Not in Education, Employment or Training



HEALTH AND WELLBEING

Older people funded in permanent care home placements



CHILDREN & FAMILIES

CHILDREN WITH A CHILD PROTECTION PLAN

LOWER = BETTER

Children subject to a Child Protection Plan as a rate per 10,000

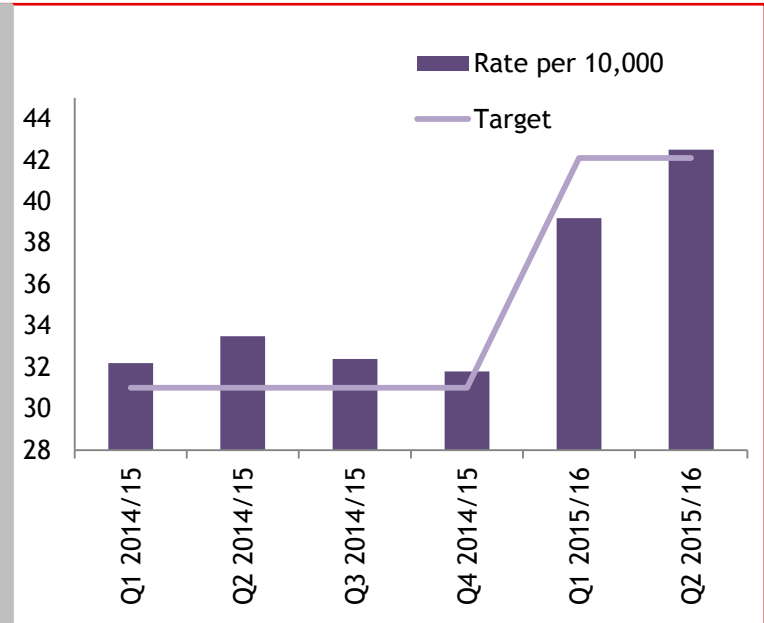
Q2 2015/16

42.5 per 10,000



WHY HAS PERFORMANCE DETERIORATED?

- The rate per 10,000 of children on a Child Protection Plan has increased from 39.2 at Q1 15/16 to 42.5 at Q2 15/16.
- This is a direct result of the activity within the Back to Basics Improvement Plan. It was expected that as safeguarding practice improved there would be a short term increase.
- The target for 15/16 has changed to reflect the national average figure.



MITIGATING ACTIONS

- A new Child Protection Conference Model is being embedded. Audit activity is being undertaken to ensure that Child Protection thresholds are being appropriately applied and challenged at Initial Child Protection Conferences.

WHAT NEXT?

- Children with a Child Protection Plan will be subject to robust review within the new Child Protection Conference Model to ensure that the plan is having a positive impact for the child and that this is clearly measured and evidenced.



THE PROPORTION OF LOOKED AFTER CHILDREN per 10,000

LOWER = BETTER

The number of children defined as looked after as a rate (per 10,000) of the population aged 18 years old and under.

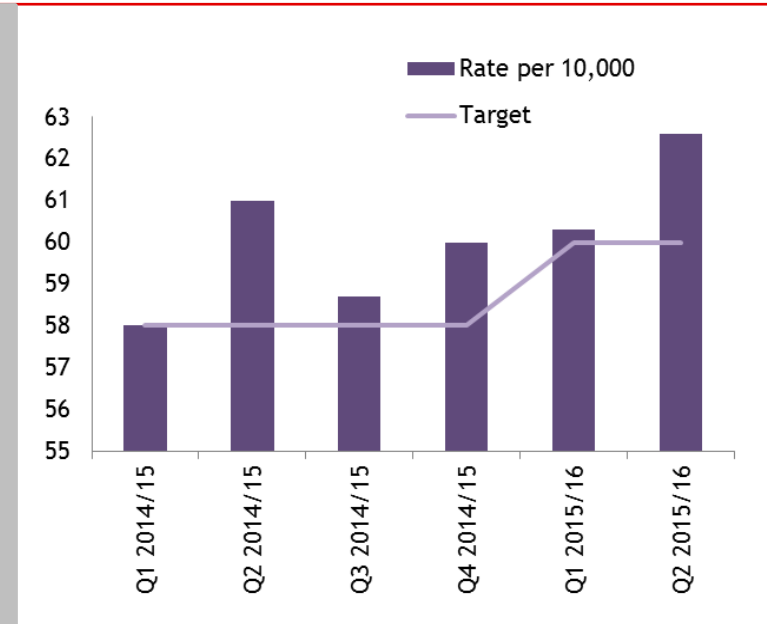
Q2 2015/16

62.6 per 10,000



WHY HAS PERFORMANCE DETERIORATED?

- High number of referrals to Social Care in Q1 15/16 led to an increase in the number of children becoming Looked After Children. The rate per 10,000 has increased from 60.3 in Q1 15/16 to 62.6 Q2 15/16.
- Increased numbers with a Child Protection Plan and children transferring in have also led to an increase.
- The target for 15/16 has changed to reflect the national average figure.



MITIGATING ACTIONS

- The Edge of Care Service has been developed as a way of intervening earlier to allow children to remain with their families. Support has been strengthened for children returning home where it is safe to do so through a reunification programme.
- A preventative housing pathway has been implemented in response to young people who present as homeless.

WHAT NEXT?

- Best practice around long term care planning is continuing to be developed.
- The Family Front Door is being developed to strengthen help available to families earlier, at the point of need as opposed to point of crisis.



CHILDREN & FAMILIES

16-18 YEAR OLDS WHO ARE NOT IN EDUCATION, EMPLOYMENT OR TRAINING

The percentage of 16-18 year olds who are not in education, employment or training

LOWER = BETTER

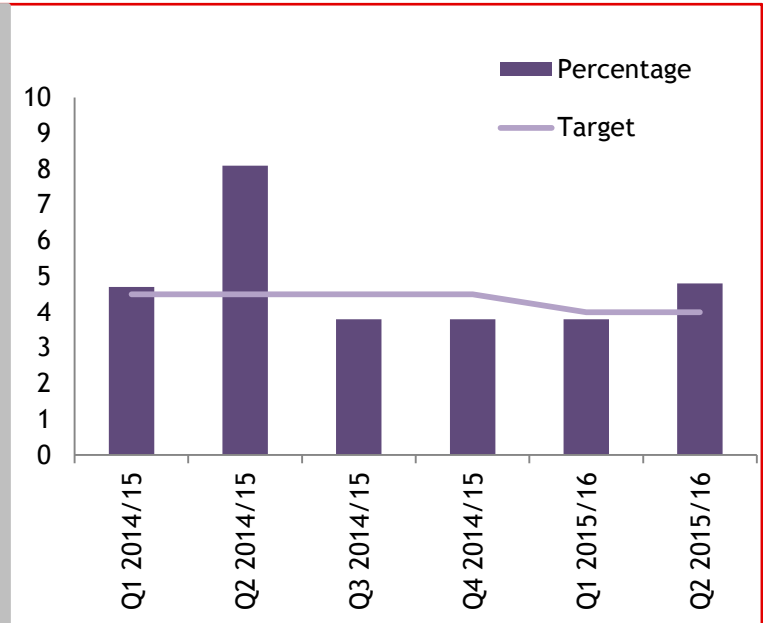
Q2 2015/16

4.8 %



WHY HAS PERFORMANCE DETERIORATED?

- The percentage of those aged 16-18 years old that are not in education, employment or training has increased from 3.8% at Q1 15/16 to 4.8% at Q2 15/16.
- The Not in Education, Employment or Training figure always increases in September at the start of the academic year. We are expecting to reach the 15/16 target.
- The 15/16 target was revised locally and signed off by the Head of Service.



MITIGATING ACTIONS

- The rise in Not in Education, Employment or Training figures occurs annually due to the movement of young people in education and learning at the start of the academic year in September and the lag in information from schools and colleges that temporarily skews the data.
- Data analysis will be carried out to create a list of young people who can be prioritised for support and routed into suitable provision through the Post 16 Engage and Early Help Not in Education, Employment or Training Prevention teams.

WHAT NEXT?

- This indicator is expected to return to around 4.0% during Q3 15/16 as activity is focussed on quickly identifying young people who do not start on their planned courses and finding suitable alternatives, whilst continuing to work with those young people already in the Not in Education, Employment or Training group.

OLDER PEOPLE FUNDED IN PERMANENT CARE HOME PLACEMENTS

LOWER = BETTER

People with a permanent care home placement funded by the Council from its older people budget.

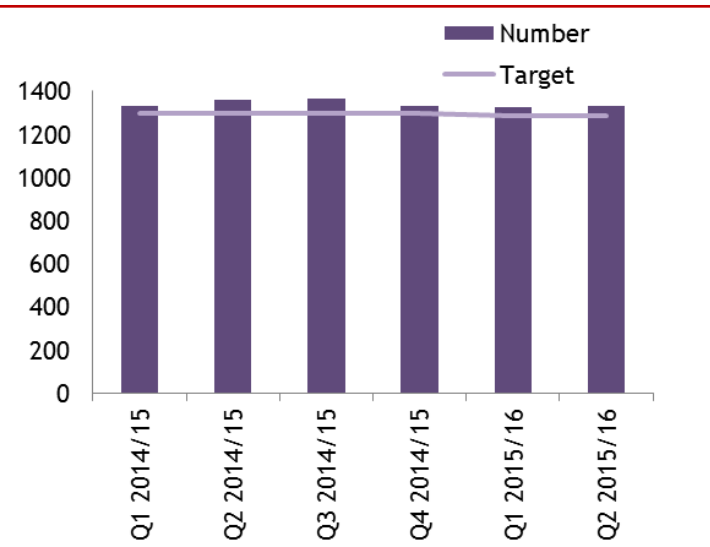
Q2 2015/16

1330

WHY HAS PERFORMANCE DETERIORATED?

- The number of older people funded in permanent care home placements has decreased by only 3 from 1333 at Q4 14/15 to 1330 at Q2 15/16.
- This is against a target reduction of 50 placements during 2015/16.
- The main challenge is pressures in the health and care system leading to discharge from hospital into care homes.

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MITIGATING ACTIONS

- Ongoing work with the NHS to promote rehabilitation and alternatives to nursing and residential home placement at the point of hospital discharge.
- Ongoing gatekeeping of WCC funded placements from the community into nursing and residential homes to ensure that these are only used when no other options are available.
- Further development of Extra Care Housing as an alternative to residential care: in 2015/16 the following new ECH schemes have opened: Yates Court (extension) in Evesham, Meadow Court in Worcester, Nobel House in Worcester, Dorothy Terry House in Redditch.

WHAT NEXT?

- Oxford Brookes University have been commissioned to review our local care home and home care to identify if there is more that we could do to shape it.
- The Your Life Your Choice website will increase awareness of alternatives to residential care for those making and funding their own arrangements.

Overview of Risk Status:

- The status of risks in the Corporate Risk Register has not changed between May and October
- Risks are actively managed and action to mitigate all corporate risks is reviewed regularly
- One risk remains rated as red - “demographic changes lead to changed demand for services” There are significant pressures on Council services because of demographic factors such as the ageing population. Work is underway to increase capability to predict and model these pressures, as part of the Council’s overall demand management workstream.

CORPORATE RISK PROFILE

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



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

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



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



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



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

CORPORATE RISK PROFILE

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



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



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

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



Corporate Risk 9: Ineffective Emergency Response arrangements



Corporate Risk 10: Ineffective Business Continuity arrangements

DEMOGRAPHIC CHANGES LEAD TO CHANGED DEMAND FOR SERVICES

Q2 2015/16

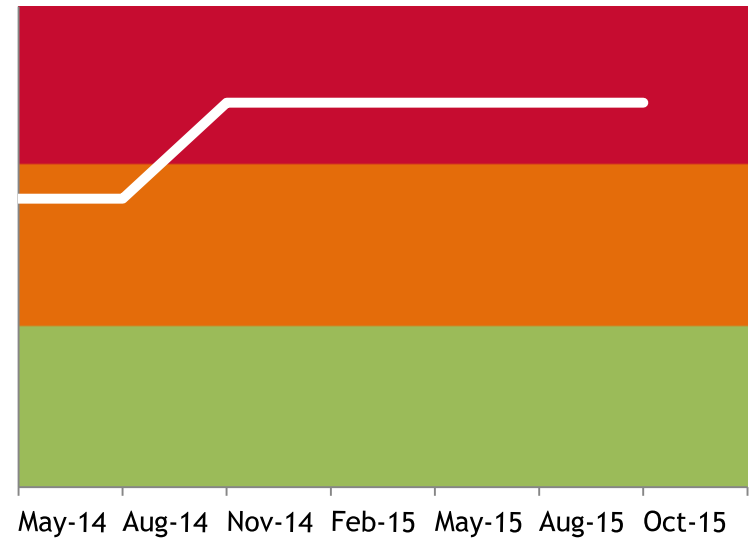
WHY IS THE RISK RED?

- There is a need to better understand the future demand for services from a changing demographic profile such as an ageing population or changes to the needs of children and families. Additional work is underway but not yet completed.

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MITIGATING ACTIONS

- Forecasting work to identify and understand future pressures
- Directorate level work to mitigate pressures and look at internal allocation of resources
- Statistical forecasts used to predict demand and to design and commission services
- Council level work on overall allocation of resources
- Digital Strategy implementation to help manage demand.



WHAT NEXT?

- Work underway as part of Corporate Demand Management 2020 Theme
- Research focused on forecasting and demand management to better understand future requirements
- Strategic planning reviews aligned to a robust infrastructure development plan.