

# Agenda

## Council

**Thursday, 12 January 2023, 10.00 am**  
**County Hall, Worcester**

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## DISCLOSING INTERESTS

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

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

- Any **employment**, office, trade or vocation carried on for profit or gain
- **Sponsorship** by a 3<sup>rd</sup> 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.

**Thursday, 12 January 2023, 10.00 am, County Hall, Worcester**

## **Agenda and Summons**

**Councillors:** Cllr Chris Rogers (Chairman), Cllr Alastair Adams, Cllr Salman Akbar, Cllr Mel Allcott, Cllr Martin Allen, Cllr Alan Amos, Cllr Marc Bayliss, Cllr Dan Boatright, Cllr Bob Brookes, Cllr David Chambers, Cllr Brandon Clayton, Cllr Kyle Daisley, Cllr Lynn Denham, Cllr Nathan Desmond, Cllr Allah Ditta, Cllr Matt Dormer, Cllr Elizabeth Eyre, Cllr Andy Fry, Cllr Simon Geraghty, Cllr Laura Gretton, Cllr Peter Griffiths, Cllr Karen Hanks, Cllr Ian Hardiman, Cllr Adrian Hardman, Cllr Paul Harrison, Cllr Marcus Hart, Cllr Bill Hopkins, Cllr Matt Jenkins, Cllr Adam Kent, Cllr Adrian Kriss, Cllr Aled Luckman, Cllr Steve Mackay, Cllr Luke Mallett, Cllr Emma Marshall, Cllr Karen May, Cllr Natalie McVey, Cllr Tony Miller, Cllr Jo Monk, Cllr Dan Morehead, Cllr Richard Morris, Cllr Tony Muir, Cllr Beverley Nielsen, Cllr Tracey Onslow, Cllr Scott Richardson Brown, Cllr Andy Roberts, Cllr Josh Robinson, Cllr Linda Robinson, Cllr David Ross, Cllr Mike Rouse, Cllr Jack Satterthwaite, Cllr James Stanley, Cllr Emma Stokes, Cllr Kit Taylor, Cllr Richard Udall, Cllr Craig Warhurst, Cllr Shirley Webb and Cllr Tom Wells

### **1 Apologies and Declaration of Interests**

To receive apologies and invite any councillor to declare any interest in any of the items on the agenda.

### **2 Public Participation**

To allow a member of the public to present a petition, or ask a question relating to the functions of the Council, or to make a comment on any matter on the agenda.

*Members of the public wishing to take part should notify the Democratic Governance and Scrutiny Manager 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 11 January 2023). Further details are available on the Council's website. Enquiries can also be made through the telephone number/e-mail address listed in this agenda and on the website.*

### **3 Minutes**

To approve as a correct record and authorise the signing of the Minutes of the meeting held on 10 November 2022 (previously circulated electronically).

### **4 Chairman's Announcements**

To receive any announcements to be made by the Chairman.

## **5 Reports of Cabinet 1 - 4**

To consider the reports of the Cabinet and to receive answers to any questions asked on the report of Cabinet – Summary of decisions taken.

## **6 Constitutional Matters 5 - 6**

To consider a report on the appointment of a Vice-Chairman of the Health Overview and Scrutiny Committee.

## **7 Notices of Motion 7 - 10**

To receive the report of the Democratic Governance and Scrutiny Manager on any Notices of Motion received by her.

Councillors are asked to note that any Notices of Motion must be received by the Democratic Governance and Scrutiny Manager no later than noon on 3 January 2023.

## **8 Question Time 11 - 12**

To receive answers to any questions asked by Councillors.

*(Members are reminded of the timescale adopted by Council for notice of questions. A Councillor may only ask a question if:*

- *It is delivered in writing to the Democratic Governance and Scrutiny Manager by noon on 3 January 2023 or*
- *If it relates to urgent business, the Democratic Governance and Scrutiny Manager is notified at least half an hour before the start of the meeting and the Chairman agrees the matter is urgent'.*)

## **9 Reports of Committees 13 - 24**

To consider the reports of Committees and to receive answers to any questions asked on those reports as follows:

- a) Audit and Governance Committee; and
- b) Pensions Committee.

## **NOTES**

### **• Webcasting**

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

### **• Catering Arrangements**

Lunch will be available for all councillors at 1.00pm or thereabouts in the Lakeview Room.

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Agenda produced and published by Sheena Jones, Democratic Governance and Scrutiny Manager, County Hall, Spetchley Road, Worcester WR5 2NP. The above reports and supporting information can be accessed via the Council's website at: [www.worcestershire.gov.uk](http://www.worcestershire.gov.uk)

To obtain further information or a paper copy of this agenda please contact Simon Lewis, Committee Officer by telephone on Worcester (01905) 846621 or [slewis@worcestershire.gov.uk](mailto:slewis@worcestershire.gov.uk)

Date of Issue: Wednesday, 4 January 2023

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**COUNCIL**  
**12 JANUARY 2023****REPORT OF CABINET - SUMMARY OF DECISIONS TAKEN**

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**A38 Bromsgrove Route Enhancement Programme (BREP)**

1. Cabinet has received an update on progress with the Bromsgrove Route Enhancement Programme (BREP) which was originally identified in Local Transport Plan 4 to relieve existing traffic congestion and to support the sustainable growth of Bromsgrove identified in the adopted Bromsgrove District Plan.
2. The scheme is being delivered in Phases, with Phases 1 and 2 already complete and funded. The Council developed and submitted a Strategic Outline Business Case (SOBC) to the DfT in summer 2019. Following more detailed development work the Outline Business Case (OBC) was submitted to DfT and approved in August 2022. 85% funding for the scheme was allocated from the MRN programme (DfT) totalling £43.17 million, on the understanding that there would be local contributions of 15%.
3. Work has continued to refine the proposals with the Full Business Case (FBC) timetabled to be submitted to DfT in late 2022/23. Rising inflation since the submission of the OBC has significantly impacted the costs of the BREP proposals resulting in the cost estimate for delivery of the total package now being in excess of the funding available.
4. Additional funding is not available from the DfT to assist with addressing the impact of inflation and their contribution is fixed at the £43.17 million set out in the agreed OBC. The Council has maximised developer contributions for the scheme and no further funding is currently available from other sources either internally or externally.
5. To address the additional costs of the scheme and move to delivery with the secured DfT funding allocation, Cabinet has endorsed a phased approach to the delivery of the A38 BREP proposals aligned to the current availability of funding. As such, the remaining schemes have been prioritised into two further phases – Phase 3 and Phase 4. This approach has been taken to ensure that the economic and housing growth proposed in Local Plans can still be supported and that the investment of £50 million in the corridor can be secured.
6. Cabinet has delegated approval of the final wording of the FBC to the Strategic Director of Economy and Infrastructure in consultation with the Cabinet Member with Responsibility for Economy, Infrastructure and Skills and supported ongoing stakeholder engagement and management exercises with National Highways, DfT and statutory stakeholders as required to finalise the Full Business Case.

## **Fair Funding For Schools 2023-24 – National And Local Funding Arrangements For Schools**

7. The Council receives funding for schools and designated central services through the Dedicated School Grant (DSG). This is a ring-fenced grant and is allocated by the Department for Education (DfE) in 4 blocks – Schools, Central School Services, High Needs and Early Years. This is based on the DfE's National Funding Formula (NFF) arrangements.

8. For the 5-year period 2018-19 to 2022-23, the Government introduced their National Funding Formula (NFF) arrangements for the DSG. Within this period Local Authorities (LA's) were still able to set a local LSFF or consider moving to the NFF parameters. Following a detailed consultation and correspondence with schools in the Autumn Terms, Cabinet in meetings each December 2017 - 2021 approved the LSFF, to be based as far as practicable and affordable upon the DfE NFF parameters.

9. It was anticipated that a fully DfE prescribed NFF i.e., a 'hard' formula for schools would be in place for 2023-24. However, the DfE has stated that 2023-24 will be the first year of transition to the NFF with the end point being a system in which, to ensure full fairness and consistency in funding, every mainstream school in England is funded through the same national formula without adjustment through local funding formulae.

10. Cabinet has approved the Local Schools Funding Formula for Worcestershire mainstream schools from April 2023 to apply for 2023-24 and other detailed matters to include the DfE Minimum Funding Levels (MFL's) for Primary, Key Stages 3, 4 and Secondary. In doing so, Cabinet had regard to feedback from schools and the views of the Worcestershire Schools Forum, to be based as far as is practicable and affordable upon the Department for Education (DfE) National Funding Formula (NFF) parameters.

11. The Director of Children's Services in consultation with the Cabinet Member with Responsibility for Education has been authorised to make the required submission to the national executive body, the Education and Skills Funding Agency.

### **Resources Report – Revenue Budget Monitoring – Month 7 (31 October) 2022/23**

12. Cabinet has noted the forecast budget position at 31 October 2022; the actions being taken by directorates to mitigate expenditure where possible to support the current forecast overspend position; the current position relating to the capital programme and the current forecast spend relating to Covid related grants, including the extension to the Household Support Fund. Cabinet has also approved the use of reserves and transfers between reserves to help mitigate in-year pressures.

13. The Council's 2022/23 forecast position as at Month 7 is a forecast £13.1 million overspend. This is net of all current planned savings, in-year spending reductions, and use of one-off income and reserves.

14. The drivers for the current forecast overspend position are predominantly related to demand, demographics and market forces in Adult Social Care, Home to School Transport, and Children's Social Care. There are also underlying pressures in areas of Economy and Infrastructure due to inflationary pressures (including the cost of energy



and transport) and in Legal Services, which have been mitigated by one-off sources of funding for this financial year.

15. As part of addressing the forecast overspend, directorates have been requested to identify further savings to support the council's overall financial position. This includes the demand related services relating to adults and children looking at ways to avoid any increase in, and the potential to reduce, their current forecast overspends. Additional savings are being requested by scrutinising vacant posts prior to being advertised, reducing or ceasing non-essential spend, for example purchase of stationery, attendance at training events, and looking at further income generating opportunities

16. The report was used at the Overview and Scrutiny Performance Board meeting on 7 December 2022 as the context for consideration of the Council's financial position as we enter into the preparation of the draft budget for 2023-24.

## **Contact Points**

### Specific Contact Points for this report

Sheena Jones, Democratic Governance and Scrutiny Manager

Tel: 01905 846011

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## **Background Papers**

In the opinion of the proper officer (in this case the Democratic Governance and Scrutiny Manager) the following are the background papers relating to the subject matter of this report:

Agenda and background papers for the meeting of the Cabinet held on 8 December 2022:

[Agenda for Cabinet on Thursday, 8th December, 2022, 10.00 am - Worcestershire County Council \(moderngov.co.uk\)](#)

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**COUNCIL**  
**12 JANUARY 2023****CONSTITUTIONAL MATTERS – VICE-CHAIRMANSHIP OF  
HEALTH OVERVIEW AND SCRUTINY COMMITTEE**

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**Recommendation**

- 1. The Democratic Governance and Scrutiny Manager (Interim Monitoring Officer) recommends that the nominee of the Health Overview and Scrutiny Committee (HOSC), Cllr Frances Smith, be appointed as Vice Chairman of the HOSC.**
2. The Council from time to time appoints Chairmen and Vice Chairmen of member bodies to fill certain positions within its constitutional structures.
3. The Council is asked on an annual basis to agree the appointment of a Vice Chairman of the Health Overview and Scrutiny Committee when the nomination of the District Councils has been made.
4. The Council's Constitution states that the Vice Chairman of the Health Overview and Scrutiny Committee is to be selected by and from the District representatives on that Committee. The nomination from the District representatives made at the Health Overview and Scrutiny Committee on 1 December 2022 was Cllr Frances Smith, representing Wychavon District Council.

**Contact Points**

Samantha Morris, Overview and Scrutiny Manager  
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Email: [sjmorris@worcestershire.gov.uk](mailto:sjmorris@worcestershire.gov.uk)

Sheena Jones, Democratic Governance and Scrutiny Manager  
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In the opinion of the proper officer (in this case the Democratic Governance and Scrutiny Manager) the following are background papers relating to the subject matter of this report:

[Agenda for Health Overview and Scrutiny Committee on Thursday, 1st December, 2022, 10.00 am - Worcestershire County Council \(moderngov.co.uk\)](#)

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## COUNCIL

### 12 JANUARY 2023

## NOTICES OF MOTION

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### Notices of Motion Received

1. The Assistant Director for Legal and Governance reports that he has received the following 3 Notices of Motion. The Constitution provides that any submitted motion must be moved and seconded at the meeting. Otherwise, unless postponed with the consent of the Council, it will be treated as withdrawn.
2. If a motion is in relation to the exercise of an executive function it will be referred to the Cabinet for decision (if applicable this will be indicated below). Otherwise the Council may decide itself to determine the Motion, or refer it to the Cabinet or another appropriate Committee for advice before determining it at the next available meeting.

#### **Notice of Motion 1 – Amendment to the Constitution – Removal of Time Limit for Notices of Motion**

3. **This motion is not in relation to the exercise of an executive function but in accordance with Procedural Standing Order no. 29.3, once moved and seconded will stand referred to the meeting of Council on 16 February pending a report by the Monitoring Officer.**
4. Notice of Motion standing in the names of Cllr Mel Allcott, Cllr Andy Fry, Cllr Jack Satterthwaite, Cllr Luke Mallett, Cllr Lynn Denham, and Cllr Richard Udall:

"The First Principle of Public Life, Selflessness.

The seven principles of public life include selflessness, holders of public office should act solely in terms of the public interest.

In 2018 an amendment to the constitution was approved part based on a Councillor survey in 2016 which indicated many felt meetings were too long. Restrictions on democratic debate were introduced including:

- A 90 minute total time limit for all discussions on Notices of Motion;
- A 30 minute maximum time limit permitted for questions and answers on Cabinet Member with Responsibility (CMR) reports.
- A pre-existing restriction providing 30 minutes to be set aside for dealing with formal written questions submitted by councillors was not amended.

By limiting Council debate on Notices of Motions, CMR reports and questions, councillors are allowing the first principle of public life, selflessness, to be ignored.

The constitution to be amended to no time limit on discussions on Notice of Motions, no time limit for permitted questions and answers on CMR reports plus no time limit for formal questions.”

### **Notice of Motion 2 – BBC**

**5. This motion is not in relation to the exercise of an executive function and the Council may decide to determine the Motion.**

6. Notice of Motion standing in the names of Cllr Richard Udall, Cllr Dan Boatright, Cllr Luke Mallett, Cllr Lynn Denham, and Cllr Mel Allcott:

“Council recognises and values the contribution to Worcestershire life and society made by BBC local radio stations, such as BBC Hereford and Worcester. Council views with deep concern the possible impact of the government decision to freeze and then abolish the TV License Fee and the consequences it could have on future funding for local radio. The use of BBC local radio is an important and vital part of the council’s ability to communicate with local residents at times of emergency or natural disaster. Council calls upon the Secretary of State to secure future funding for BBC local radio in Worcestershire which would prevent any proposed cuts in programming, scheduling, reporting or broadcast quality”.

### **Notice of Motion 3 – Amendment to the Constitution – Submission of Amendments to Notices of Motion**

**7. This motion is not in relation to the exercise of an executive function but in accordance with Procedural Standing Order no. 29.3, once moved and seconded will stand referred to the meeting of Council on 16 February pending a report by the Monitoring Officer.**

8. Notice of Motion standing in the names of Cllr Matt Jenkins, Cllr Beverley Nielsen, Cllr Natalie McVey, Cllr Tom Wells, and Cllr Martin Allen:

“We understand that during the debate of a notice of motion a minor amendment to a motion may be made. However, in all other cases, to ensure that an amendment is acceptable and does not negate the motion, it needs to be checked by the Assistant Director for Legal and Governance or their nominee prior to the full council meeting.

We propose an amendment is made to the constitution such that any written amendment to a notice of motion must be approved by the Assistant Director for Legal and Governance or their nominee as acceptable three days prior to the full council. Any amendments should be submitted by noon on Monday prior to the full council meeting on Thursday. The amendment should then be made available to group leaders and the proposer and seconder of the original notice of motion.”

### **Contact Points**

#### Contact Points for this report

Simon Lewis, Committee Officer

Tel: 01905 846621

Email: [slewis@worcestershire.gov.uk](mailto:slewis@worcestershire.gov.uk)

**Background Papers**

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

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**COUNCIL**  
**12 JANUARY 2023****QUESTION TIME**

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**Question 1 – Promotion and exhibition of local artists’ work in libraries**

1. Cllr Richard Udall will ask the Cabinet Member with Responsibility for Communities:

"Local Worcestershire artists have been struggling since Covid lockdowns and some have been unable to promote and sell their work. Will he consider allowing a rolling programme, throughout 2023 of supporting and encouraging local artists by allowing individuals to have a month of free access to local libraries, to promote and exhibit their work and to promote local art; it would allow artists to place their skills on show throughout the county. Libraires are more than just a place to borrow books, such a scheme would increase footfall into our libraires and could be showcase for the service, a dedicated and organised campaign to support local artists would be appreciated?"

**Question 2 – Leader’s Christmas message**

2. Cllr Lynn Denham will ask the Leader of the Council:

"I am grateful to the Council’s communication department for sharing the Leader’s Christmas message reflecting on ‘another exceptional year’. That means it has been an unusual year and the Leader seems to believe the Council has done rather well in 2022. Parents who struggling to get an Education Health Care Plan for their child and those waiting for home assessment of their care needs may disagree.

The Leader states that the ‘local economy is on course to grow by a third by 2025 from 2015 levels’. What measures is he relying on for this prediction? How are they likely to be affected by the increase in energy costs and inflation?"

**Question 3 – Improvements to the junction of Bilford Road and Astwood Road, Worcester**

3. Cllr Matt Jenkins will ask the Cabinet Member with Responsibility for Highways and Transport:

"Can the Cabinet Member with Responsibility for Highways and Transport give me an update on the progress of improving the junction of Bilford Road and Astwood Road, to both reduce congestion and improve the safety for pedestrians?"

#### **Question 4 – Worcestershire Iranian community**

4. Cllr Richard Udall will ask the Cabinet Member with Responsibility for Communities:

"Is the Cabinet Member with Responsibility aware that according to the 2011 census, over 200 Worcestershire residents were born in Iran, even more are descended from or have Iranian heritage. Will he agree to consider how to celebrate the growing Iranian community in Worcestershire by celebrating Iranian culture, food and history and the close historic ties between Worcestershire and Iran. Many Worcestershire Iranians are currently very concerned about the current problems in Iran, which includes mass arrests, torture and extensive use of the death penalty for those who are protesting against the current government of Iran; many local Iranians have been unable to contact their friends or family for months and are worried about their safety and welfare. Will he agree that by celebrating our support for the Worcestershire Iranian community, at this difficult time for Iran, it would help to offer our solidarity and sympathy with Worcestershire Iranians and would help them at this difficult time?"

#### **Question 5 – Bus stop on Brickfields Road, Worcester**

5. Cllr Lynn Denham will ask the Cabinet Member with Responsibility for Highways and Transport:

"I have been on the case of the Brickfields Road disappearing bus stop since I was elected to this chamber in May 2021. Various explanations have been offered by officers but there has been no progress on delivering the promise made to my predecessor. Installation of the zebra crossing was to include relocation of the bus stop. In response to a Worcester News journalist at the beginning of December 2022, the Cabinet Member with Responsibility said he was 'confident a solution can be found'. So am I. What do we have to do to get a solution in place?"

#### **Contact Points**

Contact Points for this report  
Simon Lewis, Committee Officer  
Tel: 01905 846621  
Email: [slewis@worcestershire.gov.uk](mailto:slewis@worcestershire.gov.uk)

#### **Background Papers**

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

**COUNCIL**  
**12 JANUARY 2023****REPORTS OF COMMITTEES****(a) SUMMARY OF DECISIONS TAKEN BY THE AUDIT AND GOVERNANCE COMMITTEE**

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**Statutory Accounts and Pension Fund 2021/2022 - External Audit Findings Report**

1. Mark Stocks, Key Audit Partner and Terry Tobin, Senior Audit Manager from Grant Thornton, the Council's external auditor, presented the External Audit – Findings Report for the Worcestershire County Council Statutory Accounts 2021/22 and Worcestershire County Council Pension Fund Accounts 2020/21. Grant Thornton has concluded that subject to the resolution of some outstanding queries, they anticipated issuing an unqualified audit opinion for both sets of accounts.
2. The Committee has noted the Audit Findings Report 2021/22 for Worcestershire County Council and Worcestershire Pension Fund. The Committee has asked for a report to be brought to its meeting on 10 March 2023 providing an update on the progress being made on the development of IT systems to improve the management control mechanisms over journals.

**Annual Statutory Financial Statements for the year ended 31 March 2022**

2. The Draft Accounts were presented to the Committee in July 2022. The external audit has resulted in a number of changes to the draft accounts and these were outlined to the Committee. Due to the expected December date of the Statutory override for infrastructure assets valuation, and the resulting changes to the CIPFA code, it is anticipated that the final sign off and publication of Audited Accounts will not take place until early January 2023 – beyond the statutory deadline of 30 November. This will apply to all upper tier authorities.
3. The Committee has noted the latest draft of the Final Accounts Pack, including the Statement of Accounts for the financial year ended 31 March 2022 and the listed amendments from the Draft Accounts Pack published in July 2022.
4. The Committee has authorised the Chairman, in consultation with the Vice-Chairman of the Committee to approve the Final Accounts Pack, including the Statement of Accounts for the financial year ended 31 March 2022, at a later date subject to receipt of the Audit Opinion. If this cannot be followed through then the Committee has agreed that instead a special meeting of the Committee be convened to sign off the Statement of Accounts. The Committee has authorised the Chief Financial Officer to sign the Letters of Representation on behalf of the County Council.

## **Annual Governance Statement**

5. The Council is required, as part of its ongoing review of the effectiveness of its governance arrangements, to produce an Annual Governance Statement (AGS) for 2021/22. The AGS forms part of the Annual Statement of Accounts. There have been no alterations made to the draft Annual Governance Statement noted by the Committee in July 2022, and published as part of the unaudited Statement of Accounts.

6. A detailed action plan to ensure that work is undertaken to deliver the areas where it is recognised that governance arrangements could be strengthened will be developed. Progress against the plan will be reported to the Committee on a quarterly basis. The governance of the Council will continue to be monitored by Cabinet, the Audit and Governance Committee and other councillor committees, and the Council's Strategic and Wider Leadership Teams. Grant Thornton, the Council's external auditors, have considered the AGS as part of their external audit, with the aim of confirming that it is consistent with their knowledge of our organisation and the financial statements.

7. The Committee has authorised the Chief Financial Officer to arrange for the Annual Governance Statement 2021/22 to be formally signed by the Chief Executive and Leader of the Council subject to the approval of the Worcestershire County Council Statutory Accounts 2021/22 and Worcestershire County Council Pension Fund Accounts 2021/22 by the Chairman in consultation with the Vice-Chairman. If this cannot be followed then consideration of the Annual Governance Statement 2021/22 will be deferred to a special meeting of the Committee.

## **Appointment of External Auditors Update**

8. Under the Local Audit and Accountability Act 2014, the Council is required to appoint an auditor to audit its Statement of Accounts each financial year. The Council's current external auditor is Grant Thornton UK LLP and this appointment covers the period up to and including the audit of the 2022/23 accounts.

9. In December 2021, the Council opted into the Public Sector Audit Appointments (PSAA) arrangements for procurement covering audits for 2023/24 to 2027/28. In October 2022, PSAA advised the Council (through the Chief Finance Officer) that Grant Thornton were the proposed appointment for external auditors to both Worcestershire County Council and the Worcestershire Pension Fund for the period 2023/24 to 2027/28. Following conversation with key stakeholders including the Leader of the Council, the Chief Financial Officer has sent acceptance of this proposal to PSAA.

10. Local Authorities have been advised that audit fees for the period will be significantly increased, due to the increased scope and complexity of audits, and to ensure capacity and sustainability in the local audit market. For Worcestershire, current assumptions are for additional costs in the region of £0.2m.

11. The Committee has noted the appointment of Grant Thornton as the auditor of Worcestershire County Council and Worcestershire Pension Fund for five years from 2023/24.

## **Annual Governance Update**

12. The Committee has received an update on the actions set out in the Annual Governance Statement 2021/22 Action Plan originally reported to Committee at its meeting in July 2022. It showed that overall, the actions are on time and being progressed. There has been some delay arising from the recent departure of the Monitoring Officer but the delay should not have an impact on the work associated with the constitutional changes. This will be picked up by the Interim and new Monitoring Officer. The Committee has noted the Annual Governance update and requested that an update be brought to the meetings of the Committee on 10 March and 21 July 2023.

## **Internal Audit Progress Report**

13. Internal Audit are working closely with operational service managers to ensure that audit actions are undertaken. For actions relating to limited assurance audits where a follow up audit is planned, actions are transferred to the new audit. For Schools where outstanding actions have reached 3-6 months, there is agreement with the Schools Support Forum that a Letter of Concern will be issued. Where there remains an inaction a 2nd Letter of Concern will be issued, addressed to the Chair of Governors. Due to two schools not responding in full to the first Letter of Concern, Internal Audit are in the process of liaising with the Schools Support Forum to issue a second Letter of Concern to the two Schools.

14. Internal Audit are undertaking a risk assessment of the maintained Schools to determine which schools are to be included in the audit plan for the year. The assessment takes into account the budget of the school, procurement card expenditure, number of transactions, staff turnover and how long ago the school was last audited.

15. Since the last report to Committee, Internal Audit has received 8 notifications/inquiries regarding potentially fraudulent activity that have necessitated further inquiries. 4 are now closed after confirming no fraudulent activities. 4 cases remain open and under investigation while the appropriate inquiries and liaison is made with the relevant parties.

16. The National Fraud Initiative (NFI) is a data matching exercise within and between public and private sector bodies to help prevent and detect fraudulent activity. The Council has submitted all the required reports to the NFI team. The results of the process highlighting any matches will be sent to the Council in January 2023 for investigation.

17. A review has been ongoing to assess the option to pursue a partnership agreement with Worcestershire Internal Audit Shared Services (WIASS) that would form a cross public sector Internal Audit team in Worcestershire (local government, fire and police). Whilst awaiting the outcome of this review and business case, the Chief Financial Officer has decided to not recruit to the vacant Chief Internal Auditor (CIA) role and instead seek support from the WIASS CIA. Unfortunately, it has recently become apparent due to differences in terms and conditions across the County and proposed partners, that as part of that assessment the option of a shared service including the County Council will not be capable of being implemented. As such this option has now fallen away. The Committee has noted the Internal Audit progress report.

## **Finance Improvement Programme**

18. The Finance Improvement Programme includes six projects aimed at releasing efficiencies in both Finance and other service areas, and facilitating 'self-serve' and 'automation': Accounts Payable; Income & Accounts Receivable; E5 and collaborative Planning; Financial Regulations; Revenue Budget Monitoring; and People. In addition, there is a seventh project that is part of a wider resources programme to review and improve the Council's Intranet as a single point of access and learning tool for users and managers.

19. The key actions expected in the last two quarters since the last report to Committee were in relation to: E5 upgrade; draft Financial Regulations; continued improvement in budget monitoring; accounts payable developments in supplier management open banking; and workforce planning. The Committee received detailed updates on the work being undertaken on all these projects. The Committee has noted the report and that further updates are brought to the Committee in July 2023.

## **People Directorate – Debt Position Statement**

20. The total debt outstanding for the People Directorate as of 31 October 2022, was £18.83 million (an increase of £88k on the July 2022 figure) of which 59.2% (60.7% in July 2022) was aged more than four months old. However, while the overall debt has increased marginally, the figure for Adults Social Care (ASC) has increased by £696k and Public Health has decreased by £680k. The upward trend in the value of Adult Social Care Debt has continued since July with debt increasing by a further 5% (to £15.9 million) in the last 3 months, whilst other service areas have reduced by 21% (to £2.9 million) as of 31 October 2022.

21. Finance Operational Services (FOS) Debt and Legal Teams continue to chase debts outstanding. Given the scale of the task and the resource available, this is likely to take some considerable time. The Team continues to review the resourcing of this activity and whether external collection provision should or could be used. However, such a move could attract negative publicity, particularly during the "cost of living" crisis. There has been increased pressure in Court of Protection client debt and a dedicated resource is now in place to manage this. It should also be noted that while over £4.5m is owed by clients who are still in receipt of service, the Council is not legally permitted to withdraw its provision to these individuals. The Council continue to explore how best to secure payments from such individuals.

22. Considering the increasing debt levels, FOS teams are considering a number of initiatives to improve client engagement and increase payment levels. The Committee received details of the specific projects and developments as well as legal action being undertaken.

23. In addition to the ASC invoiced debt noted above, the Council has a longer-term debt that it recognises of £2.6 million (as at October 22) relating to Deferred Payment Agreements. In these cases, eligible service users enter into a legal agreement whereby a charge is placed against property by the Land Registry to secure the Council's debt. The Council currently has 76 Deferred Payment Agreements in place.

24. At the request of the Committee, the Strategic Director for People attended the meeting and answered questions. The Committee has noted the Debt Position Statement for the People Directorate. The Committee has requested that an update be brought to the Committee meeting of the Committee on 21 July 2023. In particular, it was requested that the report set out details of progress of the plans in place to prevent social care debt accumulating from the initial point of contact at which the client received the care.

### **Work Programme**

25. The Committee has noted its work programme.

**Cllr Nathan Desmond**  
**Chairman**

### **Contact Points**

#### Specific Contact Points for this report

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### **Background Papers**

In the opinion of the proper officer (in this case the Democratic Governance and Scrutiny Manager), the following are the background papers relating to the subject matter of this report:

Agenda papers for the meeting of the Audit and Governance Committee held on 30 November 2022

[Agenda for Audit and Governance Committee on Wednesday, 30th November, 2022, 2.00 pm - Worcestershire County Council \(moderngov.co.uk\)](#)

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## **COUNCIL**

### **12 JANUARY 2023**

## **REPORTS OF COMMITTEES**

### **(b) SUMMARY OF DECISIONS TAKEN BY THE PENSIONS COMMITTEE**

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#### **Pension Board and Pension Investment Sub-Committee (PISC) Minutes**

1. As set out in the Terms of Reference of the PISC, all decisions taken, and recommendations will be reported back to the next available ordinary meeting of the Pensions Committee in the form of the minutes of the PISC. In addition, the Pension Board has requested that their deliberations be reported to the Committee. The Committee noted the minutes of the PISC meeting on 24 November and the Board meeting on 22 November 2022.

#### **LGPS Central update**

2. The Committee received a presentation from representatives of LGPS Central (LGPSC) which covered key areas of focus; key performance indicators; investment performance; holding managers to account; LGPSC Private market capabilities; and Responsible Investment and Engagement.

3. The Fund transferred its Active Emerging Market funds into the LGPSC Global Active Emerging Market managed mandate in July 2019. This is now subject to a 3-year review which is being conducted by LGPSC. This Fund's performance has not been particularly good since inception being -1.3% which is 5.00% below its target as at the end of September 2022 and the review findings and recommendations are awaited.

4. LGPSC have managed to recruit to their key posts although it remains a highly competitive recruitment market with principle candidate concerns around Remuneration and benefits packages and Location and flexible working. Discussions have begun on the LGPSC Strategic Business Plan and Budget for 2022/23 and this is due to be approved at the company meeting in February 2023. Further updates will be provided as to the progress at future meetings. The Committee has noted the LGPSC update and presentation.

#### **Pension Investment Update**

2. The Committee has received and noted an update on Fund performance and market background from the Fund's Independent Investment Adviser. The Committee has noted the update on the investment managers placed 'on watch' by the Pension Investment Sub-Committee.

3. As at the end of October 2022, the estimated funding level for the Fund was 93%. The Fund is anticipating that the pension increase next year will be 10.1% (based on the published CPI increase for September). This large increase in pension payments will be managed by the internal team at the Fund through appropriate cash flow planning. Over the longer term the investment strategy of the Fund is designed to ensure that the ability to pay pensions in the short, medium and long term is fully maintained. The Fund invests in a diversified range of assets that over time is anticipated to increase in value and to provide a secure flow of income to pay those pensions. The Fund has noted the funding position compared to the investment performance.

4. The Fund took the opportunity to exit the equity protection given the continued downward trend in market valuations at the time. This was fully exited from Schroders early November and the £231m was then reinvested back into the passive equity market cap funds on the 10 November 2022. Although the Fund has exited the Equity Protection, the Fund still has the ability to put the equity protection back on if the opportunity arises as it is part of the Fund's overall investment strategy. The Committee has noted the update on the current Equity Protection Strategy.

5. Overall investment in equities is 69.8% (71.4% as at June 2022) (including the equity protection) compared to the revised strategic asset allocation target of 70%. The Property and Infrastructure investments target of 20% is slightly overweight at 22.1% with the Fixed Income slightly underweight at 8.1% compared to a 10% target. The impact of inflation and the Ukraine / Russia conflict is continuing to see a lot of market volatility which has seen equity market valuations decrease recently compared to the existing Property and Infrastructure investments.

6. The Committee has noted the updates on Responsible Investment activities, Local Authorities Pension Fund Forum (LAPFF), Stewardship investment pooling, and the LGPSC report on the voting undertaken on the Fund's behalf. The Fund has noted the update on Taskforce for Climate-related Financial Disclosures (TCFD) Consultation.

## **Business Plan**

7. The Business Plan is reviewed and updated quarterly to deliver an extra management / governance tool to: help officers to manage the Fund's activities; and assist the Pensions Committee to ensure the ongoing management and development of the Fund is in line with longer term policy, objectives, and strategy.

8. The restructure of the Pensions Administration function has been implemented as of 1 November 2022. There are 13 vacancies across the service, and recruitment process is underway to fill these vacancies. The Fund has noted the Worcestershire Pension Fund (WPF) Business Plan.

## **Pension Fund Annual Report for the year ended 31 March 2022**

9. The annual report is a key communications channel between the Fund and a wide variety of stakeholders. The report contains information relating to the Pension Fund's audited annual accounts including the fund investments, administration, governance, valuations, accounts and membership. The statutory publication deadline for the Pension Fund annual report is December 2022. The Fund's external auditors have indicated that they are satisfied with the annual report and will provide a separate opinion before the statutory deadline.

10. The Committee received a report on the unaudited Pension Fund annual accounts for 2021/22 at the June 2022 meeting detailing some of the key highlights. The accounts have now been audited and were amended for a few minor points around presentation and await approval under the delegation approved by the Audit and Governance Committee. The Committee has approved the Pension Fund Annual Report for the year ended the 31 March 2022.

### **Risk Register**

11. There have been no increases or increases to risk scores resulting from the latest review of the Risk Register. In order to offer reassurances around Risk WPF 28 relating to Cyber security, the Fund has received the Heywoods Cyber Security Review 2022 summary and a bulletin from Heywoods highlighting the heightened security threat following the Ukraine/Russia conflict and the actions taken to assure the system is compliant. The Committee has noted the October 2022 WPF Risk Register.

### **Actuarial Valuation and Funding Strategy Statement Update**

12. Every three years, in line with legislation, the Fund Actuary, Mercer, carries out a full Actuarial Valuation of the Fund to calculate how much the employers in the Scheme need to contribute going forward to ensure that its liabilities, the pensions due to current and future pensioners, will be paid as they fall due.

13. Alongside the Valuation, the Fund provides a Funding Strategy Statement (“FSS”) which looks to set out a clear and transparent funding strategy that will identify how each Fund employer’s pension liabilities are to be met going forward. The LGPS Regulations require each administering authority to prepare and publish an FSS. The draft FSS has been produced for consultation with employers. It incorporates the initial proposals on the funding strategy. The draft FSS is based on preliminary information so will need to be finalised once the valuation analysis is complete. The consultation with employers will take place over December and January and the final FSS will be brought back to the March 2023 Committee for final approval. .

14. The Fund's funding level has increased from 91% funded at 31 March 2019 to 100% at 31 March 2022. This has been updated for employers’ actual member data, demographic and mortality sensitivities and inflation and discount rate (Funds rate of investment return) sensitivities. These are only preliminary results and the Funding level and forecast contributions will vary per employee. The reduced discount rate option is the main proposal for the scheme and other options are being explored particularly the moderate stagflation option as a potential alternative, dependant on employer’s circumstances. The Fund is really mindful of the inflation issue and the potential cashflow increases this will make on the Fund. This is where the Investment Strategy will look to take on the implications of the Funding strategy when it is reviewed over the next 3 months. The Committee has noted the update on the preliminary 2022 Actuarial Valuation

15. The draft FSS is based on preliminary valuation information and incorporates the key updates in relation to the CPI inflation assumption, the discount rate (average expected return) basis for past service liabilities (funding target), the discount rate (average expected return) basis for future service liabilities, Pay growth assumption (including increments), demographic assumptions, Recovery periods (surplus and

deficit), the McCloud Judgment and a climate change funding level scenario analysis. The Committee has approved the proposed key actuarial assumptions and funding parameters, in paragraphs 15 to 29 of the Committee report which will be incorporated into the Funding Strategy Statement.

16. The Committee has approved the draft Funding Strategy Statement (noting some information can only be included when the actuarial valuation is complete) and noting the provisional results as set out below. The final actuarial outcome will be reported to Committee at its March 2023 meeting, however preliminary whole Fund results (based on the proposed assumptions in the draft FSS) are a funding level of 100%, a surplus of £14m and a future service contribution rate of 18.8% of pay. The equivalent 2019 valuation results were a funding level of 90%, a deficit of £324m and average future service rate of 17.5% of pay. Overall, the theoretical total average employer contributions are expected to fall at this valuation due to the improved funding position despite an increase in the future service rate. The outcomes will vary materially between employers although the major councils will broadly follow the total Fund.

17. The Committee has granted delegated authority to the Chief Financial Officer to refine and finalise the draft FSS, following formal consultation with employers, having regard to the advice of the Fund Actuary.

### **Governance update**

18. . The Fund produces a quarterly Good Governance Position Statement to summarise progress on how the LGPS Scheme Advisory Board's (SAB) Good Governance workstream is taken forward in preparation for draft statutory guidance being issued. One of our key focuses is to review the Fund's KPI reporting using Altair Insights. A training session has been arranged with Heywoods specifically on how to utilise Insights for improved KPI reporting. The Committee has noted the Governance Update

### **Training update**

19. The Fund's training programme is being reviewed and a training matrix will be built in to assess knowledge. This will ensure that the most appropriate training sessions are identified and then scheduled going forward. The Committee has noted the training update.

### **Forward Plan**

25. The Committee has approved the Forward Plan.

### **Strategic Asset Allocation Review Update December 2022 (exempt item)**

26. The Committee has noted the Strategic Asset Allocation Review update.

**Cllr Elizabeth Eyre**  
**Chairman**

## Contact Points

### Specific Contact Points for this report

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## Background Papers

In the opinion of the proper officer (in this case the Democratic Governance and Scrutiny Manager) the following are the background papers relating to the subject matter of this report:

Agenda papers for the meeting of the Pensions Committee held on 13 December 2022:

[Agenda for Pensions Committee on Tuesday, 13th December, 2022, 2.00 pm - Worcestershire County Council \(moderngov.co.uk\)](#)

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