

Agenda

Council

Thursday, 16 February 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 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.

Thursday, 16 February 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, 15 February). 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 12 January 2023 (previously circulated electronically).

4 Chairman's Announcements

To receive any announcements to be made by the Chairman.

5 Reports of Cabinet 1 - 92

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

- a) Reports of Cabinet – Matters which require a decision; and
- b) Report of Cabinet – Summary of decisions taken.

6 Notices of Motion 93 - 100

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 7 February 2023.

7 Report of the Cabinet Member with Responsibility 101 - 106

To receive the report of the Cabinet Member with Responsibility for Adult Social Care on current issues and proposed developments within his area of responsibility and to receive answers to any questions on the report.

8 Question Time 107 - 108

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 7 February 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 109 - 110

To consider the report of the Planning and Regulatory Committee and to receive answers to any questions asked on that report.

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.

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

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

Date of Issue: Wednesday, 8 February 2023

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COUNCIL
16 FEBRUARY 2023
2023/24 PROPOSED BUDGET AND MEDIUM-TERM FINANCIAL PLAN 2024/25 to 2026/27

Relevant Cabinet Member
 Councillor S E Geraghty

Relevant Officer
 Chief Financial Officer

1. Recommendation
1.1 The Leader and Cabinet recommends that Council approves:

- (a) The budget of £400.813 million as set out in Appendix 1;
- (b) The capital programme of £432.720 million as set out in Appendix 2;
- (c) The Earmarked Reserves Schedule as set out in Appendix 5;
- (d) That the Council Tax Band D equivalent for 2023/24 be set at £1,465.78 which includes £197.40 relating to the ring-fenced Adult Social Care precept, and the Council Tax Requirement be set at £317.337 million, which will increase the Council Tax Precept by 4.94% in relation to two parts:
 - 2.94% to provide financial support for the delivery of outcomes in line with the Corporate Plan 'Shaping Worcestershire's Future' and the priorities identified by the public and business community; and
 - 2.00% Adult Social Care Precept ring-fenced for Adult Social Care services, in order to contribute to existing cost pressures due to Worcestershire's ageing population;
- (e) The Treasury Management Strategy and Prudential Indicators as set out at Appendix 6; and
- (f) The Pay Policy as set out at Appendix 7.

2. Executive Summary

- 2.1 This report provides an update on the Council's financial position for 2022/23, the 2023/24 precept need that is being considered at Full Council on 16 February 2023, and an update on the Medium-Term Financial Plan (MTFP) 2024/25 to 2026/27.

- 2.2 Overall the Provisional Settlement from the Government alongside additional funding for adult and children's social care is welcomed, with an additional £26.3 million of grant in 2023/24. This is needed given the significant demand and inflation the Council is facing at present, with a need identified of £67.9 million. The Council's Corporate Plan priorities remain to champion Open for Business, support Children & Families, protect The Environment and promote Health & Wellbeing. To that end to ensure we can continue to maintain our current services and commitments the Council is also proposing a 2.94% uplift in Council Tax, plus a 2% uplift in our Adult Social Care levy. This will also mean that alongside investment in Children's & Adults social care to protect the most vulnerable, the Council can maintain its capital commitments to invest in the economy, environment, highways and extra school places as well as enabling an extra £5.5 million to ensure that the recent cost of inflation does not affect the level of deliverability of the Capital programme.
- 2.3 The 2022/23 Period 9 (Quarter 3) budget monitoring information included in this report shows a current forecast overspend before action of £12.6 million for the financial year. There are emerging pressures across many service areas relating to both demand and inflation, in particular home to school transport, which are driving the current forecast overspend for 2022/23 and the majority of funding increases required for 2023/24. This will in part be balanced through the use of reserves.
- 2.4 Looking forward to 2023/24 the Council is facing £67.9 million of investment and pressures, including pay and non-pay inflation. Demand for services continues to increase, in particular across Adults and Children's Social Care. Growth figures obtained from the services total £39.3 million budget additions required, split across Demand, Investment and Rebasing to remove one-off funding sources, as shown in Table 1 and in more detail at Section 5 of this report.

Table 1 – Investment and Pressures faced in 2023/24

Estimated Pressures 2023/24	Latest projections £m
Pay Inflation as set nationally	11.6
Inflation relating to third party contracts	17.0
Rebase Budget to reflect full costs of Waste Plant financing	6.1
Rebase Budget to remove use last year of one-offs & reserves	2.6
Demand Growth - Adult Social Care	18.5
Demand Growth - Children's Social Care	2.5
Demand Growth - Home to School Transport	2.4
Demand Growth - Legal Services	0.5
Demand Growth - Waste Services	0.4
Delivery of existing Capital Programme	5.5
Investment in Highways and Tree maintenance	0.5
Investment in other services	0.3
Total Investment and Pressures	67.9

- 2.5 The Council is also proposing to invest £3.5 million from Earmarked Reserves in 2023/24 to support Public Transport as it recovers from the pandemic. This is on top of the £1.5 million commitment made in 2022/23. Further work will be carried out over the next 15 months to explore how this can also be met with greater community transport options, such as exist in Bromsgrove and Malvern. The proposals also see a continuation of the capital programme set by Council last February as well as new Government funded schemes, such as the A38 Bromsgrove.

- 2.6 Turning to funding, the Government’s provisional Settlement was published 19 December 2022. Overall, we saw an increase in our funding of £26.3 million, with a 12.3% increase in our Settlement Funding Assessment (SFA), and an extra £19.5 million specific grant investment in Adult and Children’s social care. Since the January report was considered by Cabinet, the Government announced that the value of the increase in the core schools’ budget is expected to be c£14 million, which is welcomed. It is however noted that at the time of writing this report, a number of other grants, such as the Public Health Ring-Fenced Grant had not yet been confirmed. If information is received in advance of the February meeting, a verbal update will be provided. The Final Settlement was received on 6 February and is in line with the Provisional Settlement.

Table 2 - Overall Forecast Funding changes 2023/24

Funding Stream 2023/24	£m
Settlement Funding Assessment (SFA)	8.4
Increased Better Care Fund	0.0
Increase to Social Care Grant	15.7
Adult Social Care Discharge Funding	2.7
Reduction in Services Grant	-0.5
Removal of Independent Living Fund Grant	-2.8
Reduction in New Homes Bonus Grant	-1.1
New ASC Market Sustainability and Improvement	4.0
Total Increase / (Decrease) in Funding	26.3

- 2.7 It is proposed that to meet this exceptional year Worcestershire’s Council Tax be increased by 4.94%:

- 2% for the Adult Social Care Levy, and
- 2.94% for other Council Services.

This along with a small projected increase from Council Tax buoyancy would result in £15.991 million increased Council Tax income, although there is a deficit of £2 million on the Collection Fund arising from the three-year offset arising out of the pandemic which will mean a net £14 million additional income.

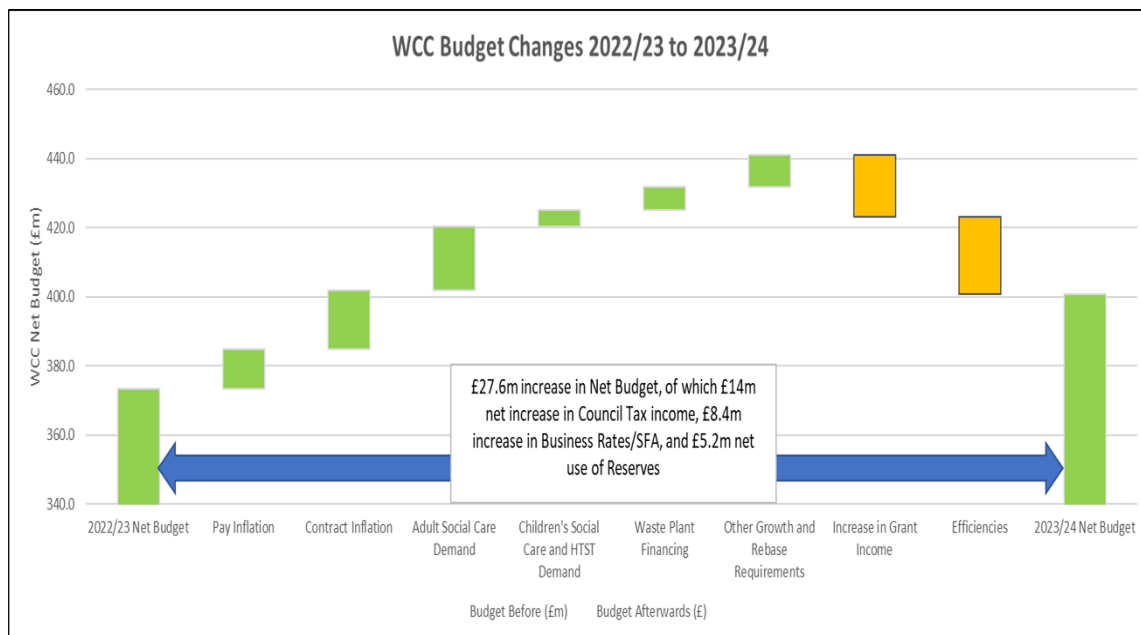
- 2.8 One-off reserves have been identified which will support the overall expenditure position for 2023/24. It is proposed that £5.5 million of earmarked reserves will be used to fund pressures arising from areas such as Waste disposal. Noting £0.3 million was originally planned, giving a £5.2 million net increase.
- 2.9 The net impact of these pressures and funding means the need to find £22.4 million of savings, efficiencies and additional income as set out in Table 3:

Table 3 – Net savings, efficiencies and income requirement 2023/24

Provisional Budget 2023/24	£m
Investment & Pressures to fund	67.9
Funded from:	
Government Funding	-26.3
Council Tax	-14.0
Increase in use of Earmarked Reserves above MTFP	-5.2
Savings, efficiencies, and additional income required	-22.4

- 2.10 The total proposed savings, efficiencies and additional income generation that have been identified, and which are considered to be achievable in 2023/24, total £22.4 million. Chart 1 shows the budget changes from 2022/23 to 2023/24.

Chart 1 – Summarised Budget Changes 2022/23 to 2023/24



- 2.11 The provisional Dedicated Schools grant for Worcestershire for 2023/24 has been confirmed as £532.6 million. The DSG area of the budget is ring-fenced and does not impact on the Council's net budget or Council Tax requirement.
- 2.12 Since the publication of the draft capital programme in January, officers have estimated the impact of the increase in cost due to inflation relating to the investment in highways and footways. The three-year programme has been increased by £19.4 million to ensure that the improvements in footpaths and highways keeps pace with inflation and the level of delivery is unaffected by the impact of inflation. Other schemes which have been agreed during the year such as Redditch Station and the A38 Bromsgrove Route Enhanced Programme (BREP), are also included in the programme. The overall impact of this and the continued capitalisation of highways is a net £5.5 million cost of capital. This has been factored into the pressures and investment noted above and set out in more detail at Sections 4 and 5 of this report.
- 2.13 The Council's Medium Term Financial Plan (MTFP) suggests a shortfall in future years. We understand that Council tax for 2024/25 will follow the limits set in 2023/24 (i.e., 3% General and 2% Adult Social Care levy). At this stage only 3% has been factored in, this alongside an expected increase in Government funding for adult social care will leave a gap across the remainder of the MTFP of £45.7 million, as shown in Table 4. Although noting this is heavily caveated due to the high level of uncertainty over the future costs, demand and macroeconomic outlook. The MTFP assumes that there will be use of £5.5m Reserves in both 2023/24 and 2024/25 to fund the overall net budget requirement. This will need to be replaced by savings, efficiencies and/or income from 2025/26.

Table 4 – Medium Term Financial Plan projections

Provisional Budget 2023/24	2023/24 £m	2024/25 £m (estimates)	2025/26 £m (estimates)	2026/27 £m (estimates)
Pressures & Investments – See Section 5	69.940	39.071	26.722	25.989
Funded from:				
Government Funding – See Section 7	-26.294	-9.979	-2.383	-2.454
Council Tax – See Section 11	-15.991	-11.310	-12.488	-12.989
Use of Earmarked Reserves – See Section 9	-5.238	0.003	5.521	0
Savings, efficiencies & Income – See Section 8	-22.398	-17.779	-17.372	-10.546
Savings, efficiencies and income to find 2024-2027				45.697

- 2.14 Alongside these savings, efficiencies and income generation and delivering the budgets in year the Council needs to keep ensuring that it has sufficient reserves to maintain its financial stability. A review of reserves has identified that there are plans and commitments in place to deliver programmes funded from the Earmarked reserves. When these are considered alongside the General Reserves it is projected that total reserves going in to 2025/26 will be 11% of the net spend. As such continued careful monitoring and use of reserves is needed. This is set out in more detail at Section 9 of this report.

Table 5 – Reserves Forecast 2022-2025

	Opening Balance (£m)	Forecast Reserve Balance (£m)	Forecast Reserve Balance (£m)	Forecast Reserve Balance (£m)
	31/03/2022	At 31/03/2023	At 31/03/2024	At 31/03/2025
Open for Business	18.245	16.742	5.194	1.128
Children & Families	13.194	8.849	4.449	2.449
The Environment	5.371	6.754	2.916	0.297
Health & Wellbeing	35.561	9.546	3.089	0.283
Efficient Council	13.028	10.994	5.250	3.288
Risk	51.087	31.582	27.116	20.868
Capital	8.026	11.529	2.541	0
Unusable	13.168	6.910	3.410	2.410
Total Earmarked Reserves	157.680	102.906	53.965	30.723
General Fund Reserves	14.300	14.300	14.300	14.300
Total Reserves	171.980	117.206	68.265	45.023

- 2.15 As part of our ongoing financial management and stewardship the Council follows CIPFA guidance and regulations relating to its investment of monies and borrowing requirements with full sight and planning of its cash balances. That stewardship and governance is managed through the Council's Treasury Management Strategy. The Council has reviewed its Strategy as part of proposing this year's budget and there are no proposed changes. The Council has however, continued to improve its reporting of its treasury management activity and will be introducing new measures proposed by CIPFA in 2023 (including a new prudential indicator relating to the Liability Benchmark and a new requirement to clarify reporting requirements for service and commercial investment) as set out in the Strategy. Council is asked to consider and approve the Strategy set out at Appendix 6.
- 2.16 The Council annually adopts a pay policy within which it operates to organise and pay its employees, as part of this year's budget setting Council is asked to consider and approve the Strategy set out at Appendix 7.

3. Outcome of engagement on the draft budget throughout January 2023

- 3.1 Cabinet considered and proposed the draft budget on 5 January 2023. Since that meeting the budget has been the subject of significant engagement with a wide range of stakeholders, including the Council's Scrutiny Panels, Schools Forum, Trade Unions, local businesses, Parish and Town Councils as well as other partners, stakeholders and voluntary bodies. The comments from the Overview and Scrutiny Board meeting are enclosed at appendix 8. These were considered when the budget proposals were discussed at the Cabinet meeting on 2 February. The Cabinet member for Communities also reported that consultation had taken place with Parish Councils and the additional investment in the Parish Lengthsmen scheme was welcomed. The Leader also confirmed that consultation had taken place with representatives from the business community and trade unions.
- 3.2 At the time of upload no major Central Government announcements on other funding streams had been received, apart from the indicative allocation of a £14 million increase in funding for schools which was announced on 13 January 2023, including academies, this is on top of the £406 million for schools highlighted in paragraph 10.1. On 2 February 2023 the Government responded to the Independent Review of Social Care which recommended additional funding of £2.6bn over 4 years. The Government plan highlights additional funding of £200m over 2 years. The Government's Plan, entitled 'Children's social care: Stable Homes, Built on Love', is a consultation which runs until 11 May 2023 it is too early to say how much funding will be allocated to Worcestershire.
- 3.3 As a result there are no changes from engagement to the draft proposals presented on 5 January. However, further clarity can now be given on the administration's intention to fund inflationary pressures in the capital programme in particular maintaining the Council's commitment on highways and footways. As a result, £19.4 million has been added to the capital programme at Appendix 2. This will be funded within the £5.5 million additional borrowing as noted in the January budget report and thus no change to the revenue borrowing position.
- 3.4 In September 2022 Cabinet approved a total of £0.360 million from reserves to match fund the development of the Outline Business Cases for the North West Worcestershire Corridor (NWWC) and the A44, both of which are major road network (MRN) improvements. Cabinet has approved a change in use of this funding. Based on updated scheme assessments, it is forecast that the A44 corridor is likely to be able to

be fully funded by developer contributions. As such, the total of the £0.360 million is being allocated to the NWWC. Subject to major road network (MRN) funding being available this will allow the Council to secure further funding to develop the Outline Business Case for this priority scheme, and in the longer-term secure funding for delivery. As such there is no overall change in the total level of funding or impact on reserves and Cabinet has confirmed this approach. Should funding be required in the future relating to the A44, a further report will be considered by Cabinet.

- 3.5 The Legal Services Debt team was set up in January 2021 to support the Council in the recovery of outstanding debts, particularly relating to complex Adult Social Care debts. Between January 2021 and June 2022, the team received 640 new instructions and recovered £2.8 million in unpaid debt. The team is now at full capacity and in order to meet existing and projected demand and continue the current improvement in the rate of recovery of sums owing to the Council there is a need for capacity within the team. A total of £0.180 million p.a. is being allocated from the Finance Risk Reserve to fund additional capacity over the next three financial years.
- 3.6 Cabinet has also agreed a £0.25 million one off allocation from the Business Rates Reserve to support financing the replacement of the kitchen facilities at Malvern Outdoor centre to enable the centre to offer a safe and inclusive site for delivery of 16,000 meals served to the 5,000 children who visit each year. The site also provides free places for over 500 children a year who are in receipt of free school meals.
- 3.7 A £0.05 million one off allocation from the Business Rates Reserve has been agreed to support the promotion of events and activities relating to the King's Coronation, including an amount to support waiving the costs relevant to road closures to support street parties and other community events.
- 3.8 The reserves information detailed in Sections 9 and 11 of this report has been updated to take account of these proposals and is also reflective of the position as at the end of Quarter 3.

4. 2022/23 Period 9 (Quarter 3) Budget Monitoring

- 4.1 The latest forecast for the 2022/23 financial year is an overspend of £12.6 million. This comprises £12.8 million overspend in service directorates, partially mitigated by a £0.2 million underspend in Finance & Corporate Items.
- 4.2 Table 6 shows the breakdown of the Period 9 (Quarter 3) forecast at Directorate level.

Table 6: Summary Outturn forecast for Services as at Period 9 2022/23

Service area	Budget £m	Forecast £m	Variance £m
People – Adults	138.909	145.176	6.267
People – Communities	20.601	20.114	-0.487
Children's Services/WCF	109.108	117.502	8.394
Economy & Infrastructure	59.225	58.543	-0.682
Commercial & Change	7.686	7.068	-0.618
Chief Executive	1.434	1.374	-0.060
Public Health	0.124	0.124	0.000
Total: Service excl. DSG	337.087	349.901	12.814
Finance/Corporate Items	36.612	35.930	-0.682
Non-assigned items	-0.500	0.000	0.500
TOTAL	373.199	385.831	12.632

- 4.3 The forecast overspend in the People Directorate relates to pressures in Adults Services, and the reported position in Table 6 is net of additional Continuing Healthcare income relating to the Fair and Transparent Funding project. Adult Services are reporting that numbers of clients presenting across Learning Disability, Physical Disability, and Mental Health services are above 2022/23 budget-setting expectations, although Older People client numbers are broadly in line with expectations. In addition to this, increased care package complexity, and market forces resulting from the various cost pressures being experienced by care providers (such as National Minimum Wage increase, fuel costs etc.) have contributed to the current forecast overspend position.
- 4.4 In Children's Services, the current forecast overspend includes £3.7 million increased costs for Home to School Transport, attributed to increased fuel and staffing costs for Transport Providers. The remainder of the overspend is within Placements for Looked After Children. Total Placement numbers were 1,026 as at P9, compared with 919 in December 2021 – an increase of 12%. For context, the previous year's change in total placement numbers was an increase of 8%, this rise is consistent with pressures in Children's Services across the country.

5. 2023/24 Investments and Pressures

- 5.1 As indicated by the in-year forecast outturn reported in Section 4, there are a number of underlying pressures to Council services that require additional funding for the 2023/24 budget. Service requests for growth have been challenged by Finance in the first instance, and by Senior Leadership Team and Cabinet Members. The growth requirements laid out in this section of the report reflect the latest estimates and information available.

- Investment in Public Transport

- 5.2 Following the ongoing impact of the pandemic, in 2022/23 the Council committed to support key bus routes around the County, recognising that it is likely to take some time to recover numbers pre pandemic. The Council is committed to this in 2023/24 with £3.5 million being invested in Worcestershire's Public Transport across the entire County for the next 12 months. At the same time the Cabinet will work with officers, residents and partners to assess the alternatives available to see both a return to passenger numbers pre pandemic and more targeted solutions such as community travel schemes.
- 5.3 The Council has already been piloting a number of schemes across the County in places such as Malvern and Bromsgrove. There is likely to be a recurrent revenue cost in such schemes but at this point this is unknown.

- Investment in the Capital Programme

- 5.4 The Council has, like across the whole country, seen a significant rise in the cost of its capital schemes as well as the cost to fund the programme due to higher interest rates. The overall additional cost forecast to deliver the programme has increased by £36.5 million since the middle of 2022, and the cost to fund that by 50%. However, the Council is committed to undertaking all schemes within the Capital Programme approved by Full Council in February 2022, as well as new schemes such the A38 Bromsgrove Route Enhancement Programme (BREP). This includes ensuring that the previous agreements to fund £4 million of extra footpath improvement work each year since 2020 until 2025, and £6 million per year over the same period for highway improvement, are maintained. The Administration recognise though that the recent cost of inflation, especially in the construction industry, means that further funding is needed to ensure the planned level of commitment is maintained at the intended level, as such further borrowing is to be made available to fund additional capital to meet this promise across footpaths and highways

improvement. A total increase in the capital programme of £19.4 million has been included in the revised programme at Appendix 2. The Council will continue to monitor the programmes and its treasury management across the next three to four years to ensure this remains affordable. This is discussed later on in this report at Section 6.

- **Investment into Economy & Infrastructure**

5.5 The Cabinet are proposing to invest a further £0.5 million into highways and environmental services in order to enhance the level of service undertaken to maintain the highways across the County. Specifically, more work will be undertaken to ensure trees around our highways are pruned and safely maintained. In addition, more will be invested in highways minor works to respond to member requests.

- **Investment into Adult Services**

5.6 Overall, there is a gross forecast pressure of £26 million relating to Adult Social Care. This pressure includes the impact of increasing demand, complexity of care and price inflation. These inflationary and demand related pressures have been seen to significantly increase since 2021/22 and the expectation is that this will continue in the coming years due to our ageing population and increasing costs of care. The 2022/23 budget is expected to overspend by c£13.4 million prior to mitigation, and the impact into 2023/24 is expected to be significantly higher due to the full year effect of clients entering the care system this year, forecast future demand growth and the increasing costs of care.

5.7 The forecast has been based on numbers in care continuing to rise at a similar rate to the increases being seen in 2022/23 along with the impact of the current increase in unit costs being paid to providers. This is a national issue being seen by councils across the country, following the effect of the pandemic and increases in unit costs due to the increases in utility, food, transport and wage costs. Demand is, on average, growing by 4% per year and price inflation by at least 5% in some areas, with significantly higher increases being seen in nursing care and supported living packages.

5.8 Details of this and general inflation across Adult Services is detailed in Table 7.

Table 7 – Pressures within Adult Social Care 2023/24

Adult Social Care Net Investment	£m
Additional demand increases along with complexity / acuity for older people	6.3
Growth in number and complexity of packages for Adults with a Learning Disability	5.8
Increase in number of mental health packages of care	4.0
Growth in number and complexity of care packages for Adults with a Physical Disability including those transitioning from Children’s Services	2.4
Demand and Growth Increase in Adult Care	18.5
Pay Inflation across Adult Care Services	1.9
General Inflation and price increases across Adult Care Services	5.6
Total Investment into Adult Care	26.0
Savings, efficiencies and income generation identified relevant to Adult Care	-9.6
Net Investment into Adult Care	16.4
Funded by:	
Discharge Funding Allocation	2.7
Increase in ASC Market Sustainability & Improvement Fund	4.0
Increase in Social Care Grant (with remaining funding Children's Services)	2.5
ASC Equalisation Grant	1.2
2% Adult Social Care Levy	6.0
Total Funding	16.4

- **Pressures and Investment within Children Services**

- 5.9 Our Children’s Services are delivered by our wholly owned company Worcestershire Children First (WCF) and we continue to be pleased with the significant progress in performance that has been made across Worcestershire which has been recognised by the DfE. WCF has been in operation for over 3 years and there continues to be strong relationships and collective ownership between the council and the company in improving outcomes for children and young people across the county.
- 5.10 In financial terms, general inflation and placement availability are the source of the challenge regarding WCF’s ability to manage within financial constraints of the existing contract. We have seen an increase in the number of children in care and although our care prevention continues to be successful where we can safely manage risk within families, we have seen increases due to serious harm and numbers of unaccompanied children. Unaccompanied Asylum-Seeking Children (UASC) in particular has risen from 35 in quarter 2 in 2021/22 to 75 by quarter 2 of 2022/23.
- 5.11 The national challenges seen with the impact of inflation has also led to significant increase in costs for both home to school transport (£3.7 million forecast overspend) mentioned in more detail later in the report and children’s placements costs (£4.7 million forecast overspend) resulting in an in-year 2022/23 forecast overspend of £8.4 million, with these pressures continuing into the new financial year. This trend is not unique to Worcestershire as this position has been seen across the country.
- 5.12 The proposed budget for 2023/24 includes £2.5 million additional for Children’s Social Care placements demand. This is in addition to the £3 million for the impact of inflation mentioned later in the report, bringing the total additional funding for Children’s Placements to £5.5 million. This is covered by the increase in Social Care Grant as shown in Table 8.

Table 8 – Pressures within Children’s Services 2023/24

Children's Services Net Investment	£m
Growth - Demand including Home to School Transport	4.9
Pay Inflation	4.0
Contract inflation including Home to School Transport	4.8
Total Investment into Children's	13.7
Savings, efficiencies and income generation identified relevant to Children's	-3.6
Net Investment into Children's	10.1
Funded by	
Social Care Grant	9.3
Council tax funding for Home to School Transport Pressures	0.8
Total Funding	10.1

- 5.13 A further £2 million of one-off funding has been set aside as an earmarked reserve for potential placement pressures that could arise in 2023/24 to mitigate potential increases in demand. This will replenish the safeguarding reserve that will be used in 2022/23. This is the first time we have utilised this reserve, as this has not been required for the last three financial years due to the strong leadership, good practice careful financial management in the service, however 2022/23 has been unprecedented. This strategic approach has served us well over the last 3 years due to the mature relationship between Council and Company.

5.14 As part of the ongoing budget management WCF have made savings during 2022/23 and these will be re-invested in the All-Age Disability Service to add resource to continue to improve the Council's offer to children with SEND alongside participation of the Delivering Better Value in SEND, which is mentioned later in the section around the Dedicated Schools Grant.

- **Pay Inflation pressures**

5.15 When setting the 2023/24 budget, pay inflation can be considered in two parts. The first is the 'catch-up' in terms of funding the 2022/23 pay award, which National Employers agreed with Trade Unions at £1,925 per full-time employee. As previously reported to Cabinet, this had a £5.5 million impact for the Council, which when compared to the £1.5 million allocated for pay inflation in the last budget setting cycle, results in a recurrent gap of £4 million that needs to be closed.

5.16 In addition to this, there must be an assumption for a 2023/24 pay award. Detailed proposals for this are not yet available, however what is known is that the Chancellor confirmed in his Autumn Statement on 17 November that the NLW rate on 1 April 2023 will be £10.42, an increase of 92p (9.7%) from its current £9.50. It is also known that national employer discussions on the 2023/24 pay award with Trade Unions will take place against a backdrop of high inflation and significant cost of living pressures. The proposed budget assumes a pay award for 2023/24 is likely to be in the region of 4%, giving a total figure for Pay Inflation of £11.6 million when combined with the 2022/23 award impact. This is relevant to all staff employed by the Council and WCF. Table 9 shows this impact across salaries and oncosts.

Table 9 – Pay Inflation Breakdown 2023/24

Description	Total £m
Salaries	8.5
Employer's National Insurance (NI) and other costs	1.5
Employer's Pension Costs	1.6
Total	11.6

- **Non-pay inflation pressures**

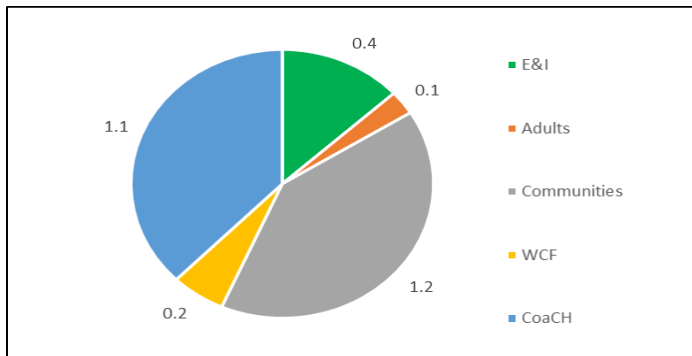
5.17 There are general underlying inflationary pressures in most Council services, driven by the surge in energy prices and third-party provider increases, which during 2022/23 have begun to be reflected in supplier contracts and the general cost of services. A number of inflationary assumptions have been built into the 2023/24 proposed budget and are outlined in Table 10. The other contract inflation includes an uplift of 5% on the amount allocated to the Parish Lengthsmen Scheme.

Table 10 – Non-pay inflation breakdown 2023/24

Inflationary Area 2023/24	Latest Estimate £m
Energy & Premises Costs	2.9
Waste	1.5
Adult Social Care	5.5
Home to School Transport	1.6
Children's Social Care	3.0
Other Contract Inflation	2.5
Total	17.0

5.18 Energy costs are a significant area of non-pay inflationary pressure, with current estimates resulting in a £2.9 million budget increase required. This is based on an assumption of 100% increase in electricity prices for 2023/24, as indicated by our suppliers. The biggest direct impact on Council Services are in the Commercial & Change (COaCH) and Communities Directorates, due to the higher number of premises in those directorates, for example County Hall and libraries respectively. Chart 2 shows the energy pressures that have been built into the proposed budget by directorate.

Chart 2 – 2023/24 Energy Pressures by Directorate (£ millions)



- Home to School Transport pressures

5.19 There are significant pressures in mainstream home to school transport and Special Educational Needs (SEN) transport services which are not unique to Worcestershire. Costs have continued to rise driven mainly by increasing numbers of children with Special Educational Needs that require transport, but also due to difficulties in the market with a shortage of providers / drivers, particularly since Covid.

5.20 A recent report by the County Council’s Network (CCN) (March 2022) highlighted the challenges of Home to School Transport in county council areas. The report referenced the long-term increases in demand for SEND transport, a sharp rise in numbers of pupils with complex needs, and how fuel and wage inflation are all putting considerable strain on local authority budgets. The war in Ukraine, driver shortages across public transport operators, cost of living increases, and rising UK inflation have all become more significant since the report was published which is impacting on all County Councils.

5.21 The proposed budget recognises these challenges and provides a further £2.4 million of funding to keep pace with the increased demand in addition to the £1.6 million inflation stated earlier in the report bring the additional investment to £4 million.

- Legal Services pressures

5.22 There has been a growth in the number of childcare cases requiring support from legal services, both for pre-proceeding work and to support court cases. The service has been funded by one-off resources for the last two years, however the ongoing nature of this demand has demonstrated a requirement to permanently increase the base budget in this area. Court processes have also been more complex overall requiring a much higher degree of preparation, greater length and complexity of hearings meaning a much greater use of external barristers. The increase in budget is requested to employ permanent members of the team to reduce the over-reliance on more expensive locum resources.

- **Waste Services pressures**

- 5.23 The operation of the waste contract has previously been funded by a mixture of sources, namely a recurrent base budget, allocation of PFI grants, use of Covid funding and via the use of an earmarked waste reserve. During 2023/24 the PFI grant will cease, and the waste reserve will be fully depleted. Alongside this, demand increases for the past 2 years have been funded by one off sources, including reserves and covid grants, therefore the recurrent impact is required to be funded by a permanent increase in the base budget (rebase budget). Alongside this reduction in available funding, an element of growth in tonnage is expected due to continued increases in volume of domestic waste relating to people working more from home and increases in domestic dwellings (growth demand) along with an inflationary increase in the contract sum which has been included in the contract inflation calculation.

- **Other Service pressures**

- 5.24 As detailed within the section relating to Capital, revenue investment of £5.5 million is required to fund the additional borrowing costs relating to increased interest rates and the cost of inflation within the capital programme.
- 5.25 The operation of the Council's Transformation and Change team has previously been funded from capitalisation, use of covid grants or use of reserves. Due to the changes in capitalisation regulations and reduction in time limited funding, permanent funding will be required to continue funding these teams. As such an increase to the base budget of £0.6 million is requested in order to continue the operation of these teams. The teams will be responsible for ensuring the delivery of change management activities and savings, efficiencies and income generation delivery, working in partnership with service managers. This has been included as a "rebase" budget.
- 5.26 There has been a gradual increase in the number of statutory enquiries over the past two years. The increase in costs have been funded by time limited resources, however there is now a need to identify a permanent recurrent base budget to continue to meet the statutory deadlines for completion, and a rebase budget of £0.13 million has been included in the proposed budget.
- 5.27 Investment in E&I is required due to the reduction in income generation abilities within traded areas and the rebase within Finance and Corporate is due to increases in external audit fees and an investment in debt collection services which are expected to be required for the foreseeable future.
- 5.28 In total, the Pressures and Investments built into the proposed budget for 2023/24 amount to £67.9 million, as shown in Table 11, and Appendix 1 shows this detail by service.

Table 11 – 2023/24 Pressures and Investments

Estimated Pressures 2023/24	Latest Estimate £m
Pay Inflation	11.6
Contract Inflation	17.0
Rebase Budget to reflect full costs of Waste PFI	6.1
Rebase Budget to remove use of one-offs and reserves	2.6
Demand Growth - Adult Social Care	18.5
Demand Growth - Children's Social Care	2.5
Demand Growth - Home to School Transport	2.4
Demand Growth - Legal Services	0.5
Demand Growth - Waste Services	0.4
Investment in Capital Programme	5.5
Investment in Highways and Tree Pruning	0.5
Reduction in traded income	0.3
Total Investment and Pressures	67.9

6. Capital and Treasury Management

- 6.1 Cabinet's proposed capital programme for 2022/23 to 2026/27 is recognised in the following paragraphs along with the indicative sources of funding available. The programme proposes a continuation of all of the previous commitments and investments in the County. A total value of £432.7 million of works is identified as needing to be driven to improve our economy and environment, as well as school places and life chances for our residents in the coming years.
- 6.2 Overall 2023/24 will see an increase in the programme of some £46.5 million due to the increase in cost of schemes arising from recent inflationary pressures and the cost of capital with increased borrowing rates. This includes the cost of highways, walking and cycling routes and major infrastructure projects. In particular, one area previously agreed to direct funding of footpaths and highway improvement has faced significant inflation and as such additional capital resources will be made available over the coming years, in each year, to fund that increase in order to ensure that the original planned level of works can be maintained and delivered.
- 6.3 A capital programme in the region of £119.9 million is forecast for 2023/24, as detailed in Appendix 2.
- 6.4 It is noted that a large number of externally funded grants have yet to be identified and as such a full capital programme will evolve and a verbal update will be provided to Council should further detail be received. Therefore, grant allocations, particularly for education have been based on estimates which will need to be adjusted once grant levels are announced. Additionally, other sums may become available during the year from a variety of sources which can be added to the programme during the quarterly reporting of the capital programme in 2023/24.
- 6.5 In addition to Government grants, additional sums in the form of capital receipts from sales of assets and borrowing are able to be added to the programme. Capital receipts and long-term assume a total of £57.4 million in 2023/24 received to fund part of the planned expenditure. This has assumed that all known receipts are achieved and applied to the current capital programme.

6.6 The Council has set out a Treasury Management Strategy in line with CIPFA guidance and regulatory compliance at Appendix 6.

7. Changes to Grant Funding

7.1 The Council's funding comes from a range of Government grant sources – the Settlement Funding Assessment, which is the general grant; and specific grants which are ring fenced for set purposes such as adult care. This section lays out the provisional settlement proposed for these grants for 2023/24. Overall, the level of Government grant awarded has been higher in 2023/24 than any year in the last 15 years, and this recognition of the work and pressures faced by county councils is to be welcomed.

- **Settlement Funding Assessment (SFA)**

7.2 In 2010, the Government simplified the funding for local authorities to one main funding stream – the SFA, and nine separate core grants. At the same time, it announced a review of the funding formula and system with the aim of introducing a more transparent and simplified scheme that also supports the localism agenda. These changes took effect from 2013/14. The SFA is split into two parts: The Baseline Funding, and the Business Rates Retention Scheme (BRRS). Revenue Support Grant is now nil, meaning that Business Rates Retention forms the second-largest element of Council funding, after Council Tax.

7.3 The announcement of Worcestershire's latest allocation of the Provisional Settlement has been included in this budget report. The Council's budget set against these assumptions is reported in Table 12.

Table 12: Business Rates and SFA 2022/23 to 2023/24

Grant	2022/23 £m	2023/24 £m	Change in years £m
Settlement Funding Assessment	63.5	65.9	+2.4
Business Rates	5.2	11.2	+6.0
Total	68.7	77.1	+8.4

7.4 Going forward there are plans to radically overhaul this grant funding, this has however been deferred and is now not likely until 2025/26.

7.5 The final settlement was announced on 6 February and was in line with the provisional settlement.

- **Other Government Grants**

7.6 Other Government grants for social care were declared at the Chancellor's Statement on 17 November 2022 and affirmed in the Provisional Settlement on 19 December 2022. Current changes to allocations have increased the total grant income to the Council by a net £17.9 million. This is broken down to the various component grants in Tables 13 and 14.

Table 13 – Changes to Social Care Grant Funding 2023/24

Grant	2022/23 £m	2023/24 £m	Change in years £m
Adult Social Care Discharge Fund	-	2.7	+2.7
Market Sustainability	1.6	5.6	+4.0
Social Care Support Grant	21.8	34.6	+12.8
Total	23.4	42.9	+19.5

Table 14 – Changes to Other Grant Funding 2023/24

Budgeted Grant Income	2022/23 £m	2023/24 £m	Change in Funding £m
Services Grant	3.0	2.5	(0.5)
New Homes Bonus	1.5	0.4	(1.1)
Total	4.5	2.9	(1.6)

- 7.7 The gross gap in Adult Social Care is in excess of £26 million and even with funding and savings, efficiencies and income generation, there is still a gap. The majority of the pressures faced are around managing the provider workforce retention and recruitment. To ensure a long-term sustainable care market, meet the demand in order to enable hospital discharge and to support improvements in individual's health through reablement and rehabilitation we need to increase the Adult Social Care Levy by 2%. In addition, the Council will continue joint working with NHS colleagues through the Integrated Care Service to continue to develop local pathway solutions alongside national transformation plans.
- 7.8 Table 15 shows the utilisation of this additional grant funding, per directorate. The grants are awarded with specific terms and conditions relating to use. This usually determines the Directorate in which the grants are deployed.

Table 15 – Changes in Grant Funding (by Directorate)

Directorate	Increase / (Decrease) in Funding £m
People - Adults	10.4
People - Communities	0.0
Public Health	0.0
Worcestershire Children First	8.6
Economy & Infrastructure	0.0
Commercial & Change	0.0
Chief Executive	0.0
Finance & Corporate	-1.1
Total Increase / (Decrease) in Grant Funding	17.9

8 Savings, Efficiency and Income Proposals

- 8.1 The Council's proposed budget includes £22.4 million of proposals to reduce the 2023/24 budget gap. A full list of these is included as Appendix 3 to this report, and a summary of which is detailed in Table 16.

Table 16 – Summary of Savings, Efficiencies and Income Proposals by Directorate

Directorate	£m
People - Adults	9.4
People - Communities	1.5
Public Health	0.2
Worcestershire Children First	3.1
Economy & Infrastructure	1.2
Commercial & Change	2.5
Chief Executive	0.4
Finance & Corporate	1.1
Reduced Employers Pension charges	5.9
Removal of 2022/23 savings not achieved	-2.8
Total Proposed Savings, Efficiencies and Income Generation	22.4

- 8.2 The proposed savings, efficiencies and income proposals have been identified, evaluated and assessed through an internal process. These are considered to be realisable, although there may be further movement in some as work progresses, resulting in small elements needing to be found from elsewhere, or from reserves. Achievement of savings, efficiencies and income proposals are reported, and will continue to be, in the regular Budget Monitoring reports to the Strategic Leadership Team and Cabinet.
- 8.3 Where there are proposed efficiencies relating to pay, every effort will be made to first remove vacant posts and assess the ability to redeploy staff. This both supports employment and reduces any costs of redundancies
- 8.4 The Council remains prudent and an element of provision for non-delivery of savings, efficiencies and income generation particularly where there may be a part-year impact of implementation. As such £5 million of reserves have been provided for in the projected use of reserves discussed in more detail in the Reserves section of this report.
- 8.5 The savings, efficiencies and income generation figures include £5.9 million attributed to reduced Pension costs for the Council. This is the recommendation of a September 2022 Actuarial review of the Pension Fund, in which the performance of investments within the fund have resulted in an improved funding position. As such for 2023/24, the Council can lower employer contributions from the current 18.6% to 17.3% and remove the budget for back funding expenditure. There will always be a potential risk for future years, including the MTFP period, that employer contributions will need to be increased again, should the performance of the Pension Fund investments deteriorate. Individual Pension Fund members are not impacted.
- 8.6 The total £22.4 million savings, efficiencies and income generation includes £5.3 million for standardising a 'vacancy factor' in all staffing budgets at 6.5%. This can be achieved by holding vacancies in 2023/24 wherever possible, although services with low levels of staff turnover will find this more challenging. Achievement of this and all 2023/24 savings, efficiencies and income generation will be reported as part of regular budget monitoring.

9 Movement in Use of Reserves

- 9.1 The Council's General Fund reserves are currently at £14.3 million (3.8% of net spend), and whilst at the current projected overspend position reported in Section 4, are forecast to remain at this level at 31st March 2023, it is expected that at least £8 million of earmarked reserves will be needed to deliver a balanced budget.
- 9.2 The General Fund reserve must not fall below this level, therefore it is imperative that savings, efficiencies and income generation are achieved and that reserves are used only where there is no alternative funding. Table 17 shows the projected balance for the General Fund to March 2025

Table 17: General fund risk assessment summary

Year ended 31st March	2020 (£m)	2021 (£m)	2022 (£m)	2023 (£m)	2024 (£m)	2025 (£m)
General Fund Reserve risk assessment	12.217	12.217	12.217	14.217	14.300	14.300
Current Projections	12.217	12.217	14.300	14.300	14.300	14.300
General Fund Reserves sufficient	✓	✓	✓	✓	✓	✓

- 9.3 As part of setting the MTFP and assessing the Council's financial stability under s25 Local Government Act responsibilities, earmarked reserves (EMRs) have been fully appraised, and services challenged on future need as well as fit with the Corporate Plan. These reserves include a number of items that are not available to the Council such as schools and PFI which are fully committed. The proposed planned use of reserves that supports both the Corporate Plan and the change programme is included in Appendix 5 to this report.
- 9.4 The Council has had for many years a Strategic Risk Register and has developed a Risk Framework to identify and monitor risks going forward. This register has continued to be updated during 2022/23 and has formed the platform in preparing the Section 151 Officer's assessment of risk.
- 9.5 Within services – where budgeted reserve utilisation is generally limited to ring-fenced grants and other earmarked reserves - efforts are being made to reduce the use of reserves, and this is reflected in the proposed 2023/24 budget. There is challenge to expenditure in the first instance, coupled with a move to 'rebase' budgets to remove reliance on reserves, in instances where expenditure is considered to be necessary. Table 18 shows how the planned budgeted use of reserves within Directorates has fallen from £14.4 million in 2022/23 to £7.2 million in 2023/24, which is a reduction of 50%.

Table 18 – Budgeted use of Reserves by Directorates

Directorate	Budgeted use of Reserves 22/23 (£m)	Year on Year Change (£m)	Budgeted use of Reserves 23/24 (£m)
People - Adults	0.0	0.0	0.0
People - Communities	0.1	0.2	0.3
People - Public Health	3.9	1.3	5.2
Worcestershire Children First	0.6	0.0	0.6
Economy & Infrastructure	7.3	-6.9	0.4
Commercial & Change	2.3	-1.7	0.6
Chief Executive	0.0	0.0	0.0
Finance & Corporate	0.1	-0.1	0.0
Total	14.4	-7.2	7.2

- 9.6 The 2023/24 budget as presented assumes a further £5.5 million use of reserves corporately to close the gap for the bottom line. This is not shown in Table 18, as it is not to support specific service delivery. Current projections for 2023/24 and beyond are that Council reserves will continue to be utilised. Table 19 shows the projection for total reserves (excluding General Fund). Full detail is set out at Appendix 5. Note the current forecast reduction in reserves from March 2023 to March 2024 is £48.941 million. The rest is for planned projects for which reserves have been set aside and for risk. This includes the £7.2 million within services as per Table 18, the £5.5 million identified to close/reduce the Council budget gap, forecast use of capital reserves that do not form part of the revenue budget, and prudent assumptions on potential use of various risk reserves.

Table 19 – Reserves Projection to 31 March 2025

	Opening Balance (£m)	Forecast Reserve Balance (£m)	Forecast Reserve Balance (£m)	Forecast Reserve Balance (£m)
	31/03/2022	At 31/03/2023	At 31/03/2024	At 31/03/2025
Open for Business	18.245	16.742	5.194	1.128
Children & Families	13.194	8.849	4.449	2.449
The Environment	5.371	6.754	2.916	0.297
Health & Wellbeing	35.561	9.546	3.089	0.283
Efficient Council	13.028	10.994	5.25	3.288
Risk	51.087	31.582	27.116	20.868
Capital	8.026	11.529	2.541	0
Unusable	13.168	6.91	3.410	2.410
Total Earmarked Reserves	157.680	102.906	53.965	30.723

10 Dedicated Schools Grant (DSG)

- 10.1 The Education and Skills Funding Agency announced the provisional settlement on 16 December 2022, with the provisional allocation for Worcestershire detailed in Table 20.

Table 20 – DSG Allocations 2023/24

DSG Block	Provisional Allocation (£m)
Schools	405.862
Early Years	37.326
High Needs	86.087
Central Services	3.332
Total	532.608

- 10.2 The Schools block allocation is comprised of the Primary and Secondary Sector National Funding Formula (NFF) units of funding for Worcestershire, set by the DfE as confirmed in July 2022, and applied to the October 2022 pupil census. This is then delegated to all mainstream schools - both academies and maintained – through Worcestershire’s Local Schools Funding Formula (LSFF). The Schools Block also includes an allocation from the national Pupil Growth Fund, based upon the new national DfE formula, for designated and approved pupil growth to support basic need revenue cost requirements.
- 10.3 The 2022-23 Schools Supplementary Grant has been rolled into the Schools block NFF. This ensures that this additional funding forms part of schools’ core budgets and will continue to be provided
- 10.4 In the November 2022 Autumn Statement, the Chancellor outlined the Government’s spending plans for each central government department. The Government announced that the core schools’ budget will increase by £2.3 billion in 2023/24 and a further £2.3 billion in 2024-25. This is after adjusting Spending Review 2021 budgets down to account for the removal of the compensation for employer costs of the Health and Social Care Levy and brings the core schools budget to a total of £58.8 billion in 2024/25, £1.451 billion greater than published at Spending Review 2021. Since the publication of the January budget report, the indicative allocations for each council have been published, and for Worcestershire schools (including academies) this equates to an additional £14 million which is not in the DSG figures above. This is very much welcomed, but there are still financial pressures within schools which will be closely monitored during the 2023/24 financial year and lobbying of central government will continue in order to highlight the funding pressures within schools.
- 10.5 In the High Needs block, nationally funding is continuing to increase which was expected, the Autumn Statement committed further additional funding of £400 million nationally for this area of spend which is under severe pressure. The Worcestershire High Needs Block allocation of £86.1 million is 9.91% higher than the £78.3 million for 2022/23. However, this area of the DSG budget is currently forecast to overspend in 2022/23 by £5.1 million due to increased demand and complexity of need. Therefore, the additional funds allocated to this block are likely to cover existing overspends only, rather than address new pressures that may emerge.
- 10.6 The Central School Services Block comprises a NFF formulaic element for ongoing responsibilities for statutory services provided by the County Council on behalf of all maintained schools and academies, and a sum for continuing historic commitments. Current DfE policy is to reduce the historic commitments element of the allocation year-on-year. The 2023/24 allocation is a £3.3 million, increase from 2022/23
- 10.7 The Early Years block provides funding for 2 year-olds (targeted support only), as well as the universal and extended entitlements for 3 and 4 year-olds. The allocation is

based on the January 2022 census data, which is the first since COVID for Early Years, and there will be an in-year adjustment to the Worcestershire allocation following the January 2023 census. The current 2023/24 allocation is £3.7 million higher than 2022/23.

- ***The Dedicated Schools Grant Deficit and the Impact on Reserves***

- 10.8 A key consideration in assessing the council's overall financial health is the risk associated with the deficits on its Dedicated Schools Grant (DSG) with specific reference to the High Needs budget.
- 10.9 These growing deficits are considered a direct consequence of the 2014 Children and Families Act, which increased the age range of children and young people with Special Educational Needs and Disabilities (SEND) that councils are required to support as well as significantly raising the expectations of parents across all age ranges without providing the necessary financial support.
- 10.10 Currently the council is not required to set aside any of its own resources, for example as an earmarked reserve, to specifically offset this accumulating deficit. This position is based on the CIPFA bulletin for the closure of the 2019/20 financial statements which stipulated that the reserve did not need to be in place from the 1 April 2020 onwards. This position was reinforced by a Department for Education statutory instrument which became law at the end of November 2020.
- 10.11 On the 12 December 2022 the Government announced its intention to extend the statutory override for the Dedicated Schools Grant for the next 3 years from 2023-24 to 2025-26, which is welcome in the short term, and this essentially defers the problem of funding and how to solve the historical deficit for SEND and High Needs to the end of March 2026.
- 10.12 The deficit will continue to be held as an unusable reserve where it will sit as though it did not exist, at the end of March 2024 this is forecast to be around £20 million. This does mean that the council is required to cash flow the deficit and continue to prioritise the work needed to reduce the deficit through the Delivering Better Value (DBV) in Send programme.
- 10.13 High Needs funding and the impact of the deficit is a national issue and to address the future sustainability the DfE has invested a one off £85 million over three years in the Delivering Better Value in SEND (DBV) programme. This will support the 55 local authorities with deficits to reform their high needs systems, addressing the underlying issues that lead to increased pressure, and putting them on a more sustainable footing. Worcestershire is one of the 55 Local Authorities and is participating in the programme which is being supported by Newton Europe and CIPFA who we have previously worked alongside in Social Care and through the Society of County Treasurers. For information Authorities with the highest deficits participate in the safety valve intervention programme.
- 10.14 Worcestershire is confirmed in Tranche 2 of the DBV Programme, which starts in January to June 2023, and we met with the DfE throughout the Autumn and have submitted our financial and operational data for the last 5 years on 9 December 2022 which supports the diagnostic for the programme. It has now been confirmed that we will receive one off grant funding of £1 million for Worcestershire (this is not to be used to pay off the deficit).

10.15 In Tranche 2 there are 20 Local Authorities, which are split into 3 waves geographically. Each wave will be going through the diagnostic concurrently, allowing Local Authorities to learn from and support each other. We are in a group with Gloucestershire, Wiltshire, West Sussex, Rutland and Swindon.

10.16 However, this does not address the historical deficit, and this will be considered in detailed review of the council's reserves alongside the Chief Finance Officer's (CFO's) assessment of the adequacy of the Council's reserves as part of the budget process and statutory declarations.

11 Council Tax

11.1 The Local Government Finance Act 1992 (as amended by the 2003 Act) sets out the powers and the duties of the Council in setting the annual Council Tax. The key requirements under Part IV of the 1972 Act are that:

- Council Tax is set at Full Council – Section 33.
- Council Tax is set at a sufficient level to meet its proposed budget requirements for the ensuing year – Sections 32 and 33.
- The level of Council Tax is set before 11th March to enable circulation of Council Tax bills to enable people to pay on and after 1st April- Section 30(6).
- The Chief Finance Officer must report on the robustness of estimates and the proposed adequacy of reserves – Section 25

11.2 In the Autumn Statement of November 2022, the Chancellor confirmed that Councils were able to increase Council Tax up to 5% without a referendum – 3% for general services, and 2% for local authorities with a responsibility for Social Care.

11.3 The level of Council Tax collected in 2022/23 and 2023/24 may be impacted by wider economic factors, with OBR forecasts at the Autumn Statement indicating that the UK economy would shrink by 1.4% in 2023. However, current data received from our district council partners indicates a small (0.35%) increase in properties. This would generate around £1.053 million additional Council Tax income for Worcestershire.

11.4 Taking into account the growth in demand for services, inflationary factors, changes in grants and the reduced flexibility of reserves as detailed in this report, the proposed increase in Council Tax for Worcestershire for 2023/24 is 4.94% - 2.94% for general services, and 2% for Adult Social Care.

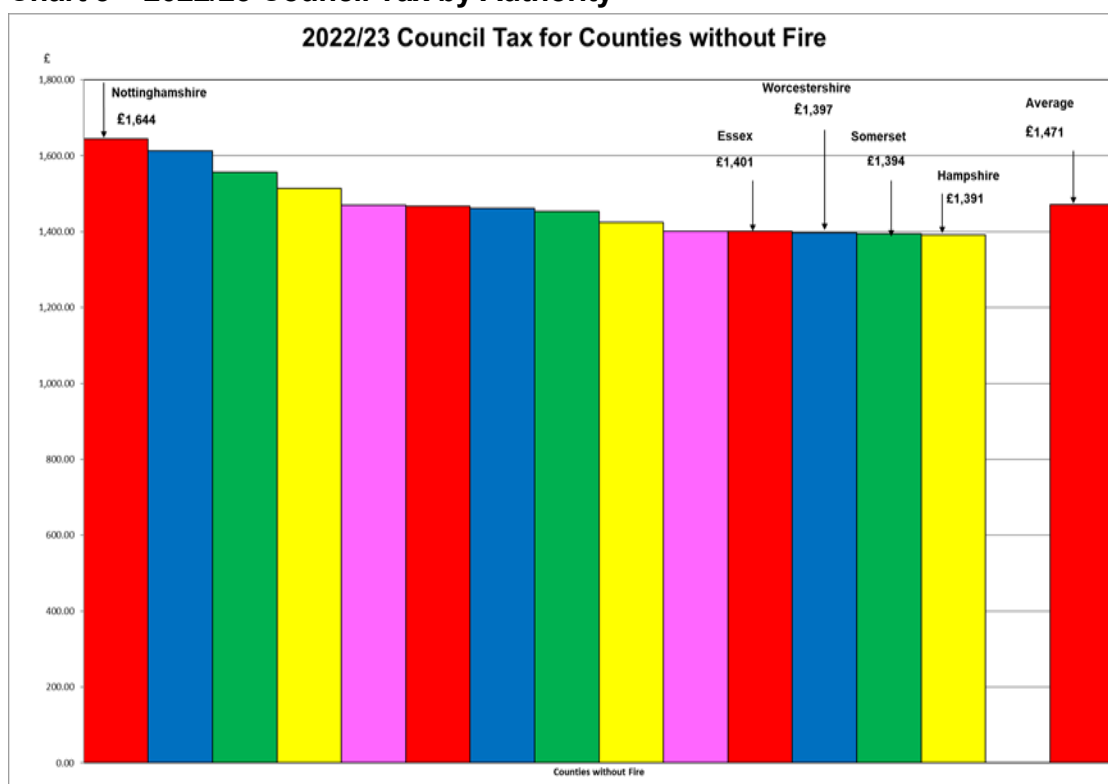
11.5 The proposed 4.94% Council Tax increase would put Band D Council Tax at £1,465.78 for Worcestershire residents, that is a £69 increase for a Band D property on 2022/23 or £1.33 per week. Across all bandings, the increase equates to the following:

Table 21 – Proposed Council Tax Bandings 2023/24

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£	£	£	£	£	£	£	£
977.19	1,140.05	1,302.92	1,465.78	1,791.51	2,117.24	2,442.97	2,931.56

Worcestershire's Council Tax is at the lower level of County Councils without Fire. Chart 3 shows the 2022/23 Worcestershire figure as the 3rd-lowest of all County Councils without Fire in the data set (excludes unitary authorities).

Chart 3 – 2022/23 Council Tax by Authority



- 11.6 The Treasury predicts that most Councils are expected to increase Council tax by the maximum 5% permitted without a referendum, which would mean that Worcestershire would continue to operate within the lowest quartile of comparative County Councils.
- 11.7 At the proposed level of increase, the total Council Tax income for Worcestershire is expected to increase by £15.991 million – from the current £301.346 million to £317.337 million. This includes the £1.053 million buoyancy, as shown in Table 22.

Table 22 – Worcestershire Council Tax changes 2022/23 to 2023/24

Council Tax element	£m increase / (decrease)
ASC Precept Increase	6.049
Basic Increase	8.889
Tax base Buoyancy	1.053
Total	15.991

- 11.8 The proposed increase of 4.94% reduces the current gap in the 2023/24 budget by £14.938 million and specifically contributes £6.049 million to the growth pressures of £26 million in Adult Social Care
- 11.9 The Council is required to set a Council Tax sufficient to balance the Collection Fund account. The latest information from the District Councils is that the Collection Fund remains in surplus, although there are deficit spreading adjustments in place following the COVID impact of 2020/21. Data on the collection fund surplus/deficit for 2022/23 is not yet finalised, however early indications are that this could be less than the £2.9 million budgeted for in 2022/23.

12. Overall Funding 2023/24

12.1 The overall position for the Council 2023/24 budget is presented in Table 23.

Table 23 – 2023/24 Summary position

	£m	£m
Worcestershire Net Budget 2022/23		373.2
<i>Plus: demand and inflation - see Section 4 of this report</i>		
Pay Inflation	11.6	
Contract Inflation	17.0	
Rebasing to remove use of one-offs and reserves	8.7	
Demand Growth (all services)	24.3	
Investment in Capital Programme	5.5	
Investment in Highways and Tree Pruning	0.5	
Investment in other services	0.3	
Total Investment and Pressures		67.9
Net Spending Requirement before funding		441.1
<i>Mitigated by:</i>		
Increased Grant Funding - see Section 6	-17.9	
Savings, efficiencies and income - see Section 7	-22.4	
Total Savings and Grant Changes		-40.3
Net Budget Requirement 2023/24		400.8
<i>Financed by:</i>		
Business Rates Retention/SFA	77.1	
Use of Reserves	5.5	
Collection Fund Surplus	0.9	
		83.5
Amount to be collected from Collection Fund via Council Tax and ASC Levy		317.3

13 Legal Implications

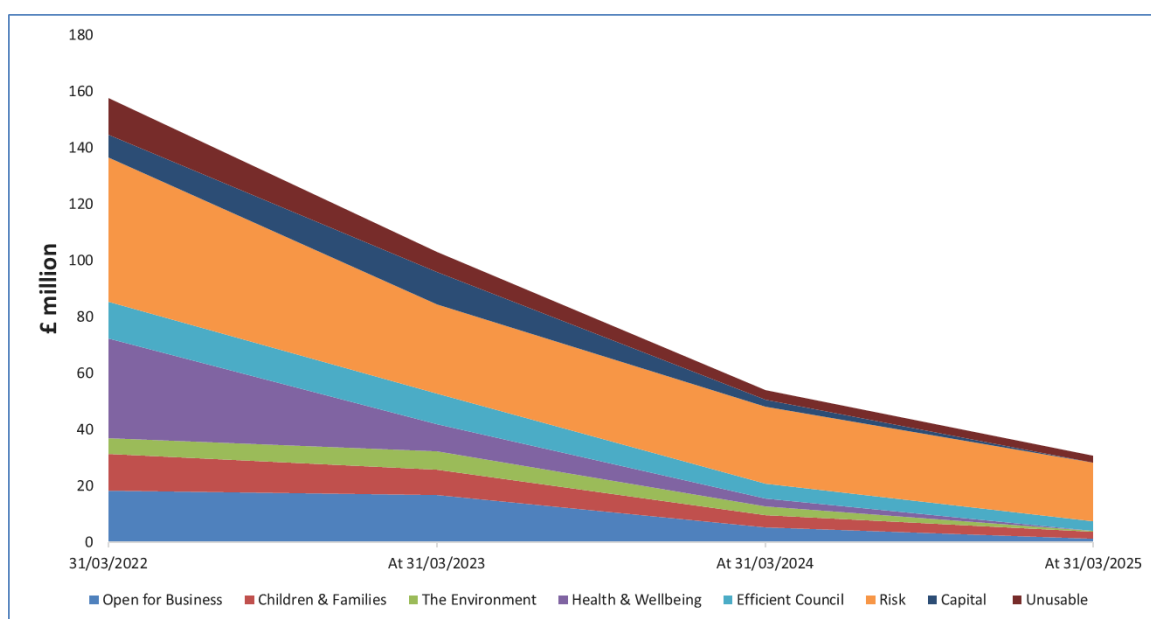
- 13.1 Legal advice will be provided to support any changes in service delivery in accordance with the requirements of the Council's policies and procedures.
- 13.2 This report fulfils the legal and constitutional requirements for the preparation and recommendation of a budget and Council Tax for 2023/24 for consideration by Council before the statutory time limit of 11 March.

14 Financial Implications

- 14.1 Members are required under Section 25 of the Local Government Act 2003 to have regard to the Chief Financial Officer's report when making decisions about the budget calculations for each financial year. This is undertaken through the approval of the annual budget in February each year.
- 14.2 Section 25 of the Act also covers budget monitoring, and this process monitors the robustness of budgets, adequacy of reserves and the management of financial risk throughout the year. This report highlights forecast variances arising from current financial performance and the possible impact of existing pressures on future expenditure so that appropriate action may be taken.

- 14.3 An overall review of the current financial year has identified that there will be a circa £8 million draw down from reserves in 2022/23 to achieve a year end balanced position.
- 14.4 A review of the savings, efficiency and income proposals has identified that all proposals are deliverable, however prior year performance and the scope of the vacancy factor proposal will require a risk reserve to cover the potential for non-delivery of savings, efficiencies and income generation. It is suggested that is in the region of £5 million of need from the Financial Risk Reserve.
- 14.5 A review of the pressures faced across the various directorates has found that the forecast demand and price increases are in line with trend activity data, although a review of Home to School Transport in 2022/23 suggests that 2023/24 needs to have a degree of sensitivity applied to those forecasts that could see a higher cost. In addition, social care services for both adults and children are always subject to need for close monitoring in year to spot any unusual and emerging spend change risks. It is also noted that final price uplifts with care providers are still to be finalised in a number of areas.
- 14.6 It is noted that in 2022/23 the reserves provision for unexpected changes in children care numbers is likely to be drawn down and consideration has been given in the reserves assessment to the need to replenish this in future years risk assessments.
- 14.7 Finally, whilst the High Needs deficit has seen an extension to the statutory override for a further three years there is a need to recognise that work with DfE expected in early 2023 will lead to a further transformation call to address the year on year overspends going forward.
- 14.8 Overall, therefore the projections of income and spend are robust, but there is a need to assess and ensure the Council's reserves are sufficient to meet the ongoing pressures and potential for changes to assumptions. A detailed review of the commitments and forecasts for the Council's earmarked reserves is attached at Appendix 5. This identifies that reserves are sufficient at this point, though there is a considerable downturn, as noted in Chart 4, in the expected levels over the next three years that needs close monitoring and assessment against known data as it arises.

Chart 4 – Reserves 2021-2025



- 14.9 In discharging governance and monitoring roles, Members are asked to consider the issues arising and the potential impact on the budget as well as the financial risks arising.
- 14.10 The Council's procedures for budget monitoring is reinforced through close financial support to managers and services on an ongoing basis to ensure processes and controls are in place to enable tight financial control.

15. HR Implications

- 15.1 A number of existing savings, efficiencies and income generation may impact on staff roles and responsibilities and where appropriate senior officers take advice from the Council's Human Resources team.
- 15.2 This will include undertaking consultations with staff, trade unions and any other affected body as appropriate.

16. Equality Duty Considerations

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

17. Risk Implications

- 17.1 The report includes recommendations regarding the Council's forecast financial position for 2022/23 and the use of earmarked reserves and unspent grants.
- 17.2 If approved, there are normal risks regarding ensuring that appropriate qualifying expenditure is incurred, and that spending is within the cash limited for budgets. These risks are mitigated through the regular budget monitoring process.

18. Privacy and Public Health Impact Assessment

- 18.1 A Health Impact Assessment has been undertaken with regard to this report and recommendations relating to new spending decisions to understand the potential impact they can have on Public Health outcomes across the county area.
- 18.2 This report is mainly about confirming the forecast financial position at this stage of the year reflecting existing Cabinet decisions and policies, and where appropriate utilising specific grant monies with spending restrictions associate with these grants.
- 18.3 Taking this into account, it has been concluded that there are no other specific health impacts as a result of new decisions arising from this report.
- 18.4 A similar assessment has been undertaken with regard to privacy/data protection and has confirmed that there is no impact anticipated as a result of this report. #

Supporting Information

Appendix 1 – 2022/23 to 2023/24 Budget Changes by Directorate

Appendix 2 – 2023/24 Capital Programme

Appendix 3 – 2023/24 Savings, Efficiencies and Income Generation

Appendix 4 – Medium-Term Financial Plan

Appendix 5 – Earmarked Reserves plans

Appendix 6 – Annual Treasury Management Strategy

Appendix 7 – Pay Policy Statement 2023/24

Appendix 8 – Budget Scrutiny Comments from Overview and Scrutiny Performance Board

Contact Points

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Background Papers

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

Previous Cabinet Resources Reports & 2022/23 Full Council Reports:

[Browse Meetings, 2000 - Worcestershire County Council \(moderngov.co.uk\)](https://www.moderngov.co.uk)

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Appendix 1 - Budget Changes 2022/23 to 2023/24 by Directorate and Service Heading

Overall Summary

SERVICE	Revised Budget 2022/23 £000	Directorate Virements £000	Changes in Grants & Funding £000	Pay Inflation £000	Contract Inflation £000	Growth (Investment) £000	Growth (Demand) £000	Savings £000	Rebase Budgets £000	Net Budget 2023/24 £000
People Services	153,591	-707	-10,414	4,195	6,374	0	18,500	-11,503	25	160,061
WCF Contract	108,898	707	-8,589	4,018	4,782	0	4,900	-3,603	0	111,113
E&I	56,339	0	0	1,299	4,321	753	434	-1,400	7,408	69,155
COaCH	15,326	-17	0	1,184	1,402	0	500	-2,609	663	16,449
Chief Executive	3,311	17	0	453	112	0	0	-442	0	3,451
Finance & Corporate	38,523	0	1,130	474	7	5,500	0	-5,529	579	40,684
Non-Assigned	-2,789	0	0	0	0	0	0	2,689	0	-100
WCC Total	373,199	0	-17,873	11,624	16,998	6,253	24,334	-22,398	8,676	400,813

Service Level Summary

SERVICE	Revised Budget 2022/23 £000	Directorate Virements £000	Changes in Grants & Funding £000	Pay Inflation £000	Contract Inflation £000	Growth (Investment) £000	Growth (Demand) £000	Savings £000	Rebase Budgets £000	Net Budget 2023/24 £000
PEOPLE SERVICES										
Older People	70,525	0	0	986	1,933	0	6,274	-5,665	0	74,053
Learning Disabilities	65,024	-707	1,902	183	3,131	0	5,828	-1,010	0	74,350
Mental Health	18,398	0	0	233	326	0	3,966	-277	0	22,646
Physical Disabilities	16,200	0	898	0	195	0	2,433	-236	0	19,489
Adults Commissioning Unit	3,339	0	0	534	0	0	0	-1,996	0	1,877
Support Services	-163	0	0	-9	0	0	0	-427	0	-598
IBCF	-19,024	0	0	0	0	0	0	0	0	-19,024
Social Care Grant	-17,169	0	-13,214	0	0	0	0	0	0	-30,383
Adult Provider Services	7,762	0	0	953	127	0	0	-602	360	8,600
Strategic Libraries	2,833	0	0	290	420	0	0	-475	15	3,083
Museum Services	574	0	0	27	48	0	0	-17	0	631
Archives & Archaeology	1,341	0	0	179	12	0	0	-92	-96	1,345
Greenspace & Gypsy Services	110	0	0	90	34	0	0	-53	0	181
Community Services Leadership Team	332	0	0	5	0	0	0	-164	0	173
Skills & Inv inc. Adult Learning	134	0	0	269	28	0	0	-126	-254	51
Severn Arts Music	0	0	0	0	0	0	0	0	0	0
SENDIASS	31	0	0	19	0	0	0	-12	0	38
Chs Comm & Partnership	684	0	0	113	0	0	0	-55	0	741
Buildings & Pension (Chs)	120	0	0	3	92	0	0	-21	0	193
Children's S75	2,096	0	0	0	4	0	0	0	0	2,100
Registration & Coroner	394	0	0	103	21	0	0	-117	0	401
Public Analyst & Scientific Ad	2	-2	0	0	0	0	0	0	0	0
Trading Standards	50	2	0	88	2	0	0	-27	0	115
Public Health Grant Funded Services	0	0	0	130	0	0	0	-130	0	0
Total People Services	153,591	-707	-10,414	4,195	6,374	0	18,500	-11,503	25	160,061

SERVICE	Revised Budget 2022/23 £000	Directorate Virements £000	Changes in Grants & Funding £000	Pay Inflation £000	Contract Inflation £000	Growth (Investment) £000	Growth (Demand) £000	Savings £000	Rebase Budgets £000	Net Budget 2023/24 £000
WCF Contract	108,898	707	-8,589	4,018	4,782	0	4,900	-3,603	0	111,113

SERVICE	Revised Budget 2022/23 £000	Directorate Virements £000	Changes in Grants & Funding £000	Pay Inflation £000	Contract Inflation £000	Growth (Investment) £000	Growth (Demand) £000	Savings £000	Rebase Budgets £000	Net Budget 2023/24 £000
E & I										
Business Management	724	93	0	38	0	0	0	-28	0	827
Economy & Sustainability	1,023	-100	0	111	29	0	0	-141	0	922
Waste Management	29,408	0	0	36	1,567	0	434	-22	7,408	38,831
Major Projects	1,056	0	0	109	16	753	0	-105	0	1,830
Infrastructure & Contracts	1,139	0	0	30	62	0	0	-8	0	1,224
Highways Operations & PROW	8,103	-120	0	258	904	0	0	-211	0	8,934
Passenger Transport Operations	9,686	0	0	384	580	0	0	-64	0	10,586
Planning & Regulation	342	127	0	110	2	0	0	-73	0	508
Development Management	29	0	0	51	34	0	0	-33	0	81
Network Management	91	0	0	153	63	0	0	-701	0	-394
Road Lighting	4,736	0	0	21	1,063	0	0	-14	0	5,807
Total E & I	56,339	0	0	1,299	4,321	753	434	-1,400	7,408	69,155

SERVICE	Revised Budget 2022/23 £000	Directorate Virements £000	Changes in Grants & Funding £000	Pay Inflation £000	Contract Inflation £000	Growth (Investment) £000	Growth (Demand) £000	Savings £000	Rebase Budgets £000	Net Budget 2023/24 £000
COaCH										
COaCH Management	334	3	0	7	23	0	0	-41	0	325
Legal & Democratic Services	2,500	88	0	229	111	0	500	-170	0	3,258
Commercial, Management Information & Consumer Relations	2,447	-108	0	287	0	0	0	-550	-23	2,054
Property Services	4,943	0	0	221	1,124	0	0	-1,145	-58	5,085
Digital, IT and Customer Services	5,143	0	0	422	145	0	0	-703	130	5,137
Programme Office	-41	0	0	18	0	0	0	0	614	591
Total COaCH	15,326	-17	0	1,184	1,402	0	500	-2,609	663	16,449

SERVICE	Revised Budget 2022/23 £000	Directorate Virements £000	Changes in Grants & Funding £000	Pay Inflation £000	Contract Inflation £000	Growth (Investment) £000	Growth (Demand) £000	Savings £000	Rebase Budgets £000	Net Budget 2023/24 £000
CHIEF EXECUTIVE										
Engagement & Communications	453	-15	0	92	1	0	0	-99	0	432
Health and Safety	116	0	0	24	11	0	0	-13	0	138
HR, OD & Engagement	2,463	27	0	329	100	0	0	-318	0	2,601
Chief Executive	279	5	0	9	1	0	0	-13	0	280
Total Chief Executive	3,311	17	0	453	112	0	0	-442	0	3,451

SERVICE	Revised Budget 2022/23 £000	Directorate Virements £000	Changes in Grants & Funding £000	Pay Inflation £000	Contract Inflation £000	Growth (Investment) £000	Growth (Demand) £000	Savings £000	Rebase Budgets £000	Net Budget 2023/24 £000
FINANCE & CORPORATE										
Financial Services	3,861	0	0	474	7	0	0	-715	328	3,954
Financing Transactions	19,678	0	0	0	0	3,150	0	0	0	22,828
MRP	11,098	0	0	0	0	2,350	0	-200	0	13,248
Contributions & Precepts	267	0	0	0	0	0	0	0	0	267
Pension Fund Backfunding	4,464	0	0	0	0	0	0	-4,464	0	0
Misc. Whole Org. Services	668	0	0	0	0	0	0	-150	252	770
New Homes Bonus Grant Income	-1,513	0	1,130	0	0	0	0	0	0	-383
COVID-19	0	0	0	0	0	0	0	0	0	0
Whole Organisation - Contingency	0	0	0	0	0	0	0	0	0	0
Total Finance & Corporate	38,523	0	1,130	474	7	5,500	0	-5,529	579	40,684

SERVICE	Revised Budget 2022/23 £000	Directorate Virements £000	Changes in Grants & Funding £000	Pay Inflation £000	Contract Inflation £000	Growth (Investment) £000	Growth (Demand) £000	Savings £000	Rebase Budgets £000	Net Budget 2023/24 £000
NON-ASSIGNED										
Cross-Council Initiatives	-2,789	0	0	0	0	0	0	2,689	0	-100
Strategic Initiatives	0	0	0	0	0	0	0	0	0	0
Total Non-assigned	-2,789	0	0	0	0	0	0	2,689	0	-100

Appendix 2 - Capital Programme - 2022/23 onwards.

Total Expenditure	Revised Capital Programme 2022/23 + £000	2022/23 Forecast £000	2023/24 Forecast £000	2024/25 + Forecast £000	Total 2022/23 + Forecast £000
Open For Business	103,787	34,857	30,296	38,633	103,787
The Environment	193,816	81,031	61,099	51,686	193,816
Children and Families	113,851	56,998	23,550	33,303	113,851
Health and Well-Being	3,475	3,475	0	0	3,475
Efficiency and Transformation	17,792	6,897	4,971	5,924	17,792
TOTAL	432,720	183,258	119,916	129,546	432,720

Total Funding	Revised Capital Programme 2022/23 + £000	2022/23 Forecast £000	2023/24 Forecast £000	2024/25 + Forecast £000	Total 2022/23 + Forecast £000
TEMPORARY AND LONG TERM BORROWING & CAPITAL RECEIPTS	223,632	81,071	63,382	79,180	223,632
GOVERNMENT GRANTS	167,701	66,160	51,174	50,366	167,701
THIRD PARTY CONTRIBUTIONS	19,518	19,418	100	0	19,518
CAPITAL RESERVE	20,900	15,640	5,260	0	20,900
REVENUE BUDGET	969	969	0	0	969
TOTAL	432,720	183,258	119,916	129,546	432,720

Open For Business	Revised Capital Programme 2022/23 +	2022/23 Forecast	2023/24 Forecast	2024/25 + Forecast	Total 2022/23 + Forecast
	£000	£000	£000	£000	£000
Open for Business	6,242	3,742	2,500	0	6,242
Railway Station Upgrades	3,235	671	2,364	200	3,235
Worcester to Malvern Active Travel Corridor (ATC)	150	50	100	0	150
Infrastructure Improvements	1,500	400	600	500	1,500
A44 Crown East Roundabout	64	64	0	0	64
Southern Link Dualling Phase 3 a,b & c	1,373	1,373	0	0	1,373
Broomhall Way Footbridge	205	105	100	0	205
Worcester Southern Link Road dualling Phase 4	14,463	14,463	0	0	14,463
Kidderminster Rail Station Enhancement	129	129	0	0	129
Pershore Infrastructure Improvements	3,900	3,900	0	0	3,900
Rantan Roundabout Study	197	50	50	97	197
Evesham Transport	2	2	0	0	2
Churchfields Kidderminster	5	5	0	0	5
Public Realm - Worcester Future High Street Fund	919	919	0	0	919
Public Realm - Malvern Town Centre	39	39	0	0	39
Public Realm - Redditch Phase 3	105	105	0	0	105
Vehicle Purchase	10	10	0	0	10
Local Broadband Plan Phase 1	3,309	809	2,500	0	3,309
Local Broadband Plan Phase 3	962	961	0	0	961
Malvern Technology Park	2,619	1,515	0	1,104	2,619
Construction & Automotive Skills Centre	423	423	0	0	423
Redditch Rail Quarter	15,038	531	2,870	11,637	15,038
Worcester Parkway Regional Interchange	813	813	0	0	813
Worcestershire Parkway (WLEP match funding walk/cycle route)	60	60	0	0	60
Rail Investment Strategy	503	75	200	228	503
Worcester Shrub Hill Industrial estate	165	165	0	0	165
Shrub Hill Quarter Brownfield Land Fund - Shrub Hill	964	255	709	0	964
Shrub Hill Quarter Worcester City Towns Fund	39	39	0	0	39
Shrub Hill Quarter - Station Frontage	1,800	1,235	0	565	1,800
A38 Bromsgrove Phase 1	127	127	0	0	127
A38 Bromsgrove Phases 2 to 6	43,739	1,573	17,863	24,303	43,739
Start Up & High Growth Start Up	117	50	67	0	117
SME Growth Programme	573	200	373	0	573
TOTAL	103,787	34,857	30,296	38,633	103,787

The Environment	Revised Capital Programme 2022/23 +	2022/23 Forecast	2023/24 Forecast	2024/25 + Forecast	Total 2022/23 + Forecast
	£000	£000	£000	£000	£000
Structural Carriageway / Bridgeworks Programme	105,913	38,887	38,331	28,695	105,913
Pavement Improvement Programme	16,673	5,233	5,472	5,968	16,673
Integrated Transport Block	9,562	5,416	2,073	2,073	9,562
Highway Flood Mitigation Measures	3,773	1,773	1,000	1,000	3,773
Toronto Close EA Flood Alleviation scheme	758	758	0	0	758
Natural Networks (Love Your River)	867	867	0	0	867
Street Column Replacement Programme	2,664	1,800	864	0	2,664
Street Lighting LED conversions	6,000	4,800	1,200	0	6,000
Public Rights of Way	52	52	0	0	52
Public Rights of Way - Project Funding	564	564	0	0	564
Local Members Highways Fund	5,011	1,250	1,261	2,500	5,011
Traffic Signals Maintenance Specific Grant	493	493	0	0	493
Infrastructure and Highways Spend - Capitalised Revenue	4,500	2,000	2,000	500	4,500
Small Works Package	379	79	150	150	379
South Littleton to Blackminster Cycleway / pedestrian scheme.	191	191	0	0	191
Walking and Cycling - Kepax Bridge	13,524	7,016	6,508	0	13,524
Walking and Cycling - Sabrina Bridge	56	56	0	0	56
Hampton Bridge, Evesham	11,900	1,000	500	10,400	11,900
Hoobrook Link Road - Pinch Points	1	1	0	0	1
Cutting Congestion Programme	1,104	1,104	0	0	1,104
Cutting Congestion Worcester NPIF	44	44	0	0	44
Cutting Congestion Bromsgrove NPIF	216	216	0	0	216
Cutting Congestion - A456 Stourport Road Junction	480	480	0	0	480
Cutting Congestion - A38 Upton crossroads Proposed	4,037	4,037	0	0	4,037
Cutting Congestion - Bromsgrove Town Junction eff	280	280	0	0	280
Road Safety Improvements	1,339	539	400	400	1,339
Traffic Management Capital - formerly revenue funded.	21	21	0	0	21
Covid19 Emergency Active Travel Fund	79	79	0	0	79
Highways Strategic Investment Fund	100	100	0	0	100
Worcester Transport Strategy	279	279	0	0	279
Green Deal Communities	3	3	0	0	3
Investment Initiatives to Support Business and /or Green Technology	323	223	100	0	323
Energy Efficiency Spend to Save	462	231	231	0	462
Business Energy Efficiency Programme - 2	450	450	0	0	450
Warm Homes Fund	56	56	0	0	56
Public Sector Decarbonisation	554	554	0	0	554
Vehicle Replacement Programme	1,109	100	1,009	0	1,109
TOTAL	193,816	81,031	61,099	51,686	193,816

Children and Families	Revised Capital Programme 2022/23 +	2022/23 Forecast	2023/24 Forecast	2024/25 + Forecast	Total 2022/23 + Forecast
	£000	£000	£000	£000	£000
- Nunnery Wood High School Expansion	1,374	1,374			1,374
- Rushwick Primary School Expansion	68	68			68
- Bengeworth 1st	111	111			111
- Social Care Projects	37	37			37
- Social Care Projects 17/18	3,323	3,323			3,323
- Evesham St Andrews	122	122			122
- Leigh and Bransford	165	165			165
- Holyoaks Field 1st School	3,560	3,560			3,560
- Specific School Expansion Activity	3,000	3,000			3,000
- Other School Expansion Activity	1,000	1,000			1,000
- New Worcester Secondary School	50,000	11,000	11,000	28,000	50,000
- Capitalised Revenue funded from capital receipts	0				0
- Flexible use of Capital Receipts	133	133			133
- Major Schemes - Residual	54	54			54
- Capital Maintenance	8,597	8,597			8,597
- Basic Need	23,095	10,664	7,128	5,303	23,095
- Schools Condition Allocation	4,081	4,081			4,081
- Devolved Formula Capital	703	703			703
- EFA Extension of Provision (Early Years)	259	259			259
- Schools Nurseries capital (SNCF)	201	201			201
- DfE One Bedroom Res Childrens Home Project	193	193			193
- Higher Level Need Grant	12,245	6,823	5,422		12,245
- Special Provision	1,387	1,387			1,387
- Composite Sums - Residual	142	142			142
	113,850	56,998	23,550	33,303	113,851

Efficiency and Transformation	Revised Capital Programme 2022/23 +	2022/23 Forecast	2023/24 Forecast	2024/25 + Forecast	Total 2022/23 + Forecast
	£000	£000	£000	£000	£000
Repair and Maintenance - Property Costs	5,816	2,215	2,101	1,500	5,816
Emergency Contingency Element	464	100	110	254	464
Brownfield Land Release Grant - Kidderminster	400	400	0	0	400
Future Technology Transformation Programme	6,861	2,401	1,832	2,628	6,861
Digital Transformation	1,841	578	518	745	1,841
Non Programme IT capital purchases	1,000	250	250	500	1,000
Councillor ICT Hardware	87	10	10	67	87
Corporate Information Governance Paper Audit	205	205	0	0	205
WCF Tech Roadmap	555	175	150	230	555
Social Care Performance IT Enhancement	563	563	0	0	563
	17,792	6,897	4,971	5,924	17,792

Health and Well-Being	Revised Capital Programme 2022/23 +	2022/23 Forecast	2023/24 Forecast	2024/25 + Forecast	Total 2022/23 + Forecast
	£000	£000	£000	£000	£000
- Capital Investment in Community Capacity/ Specialised Housing	2,503	2,503			2,503
- Worcester Library and History Centre (Non - PFI capital costs)	122	122			122
- Redditch Library	119	119			119
- Kidderminster Library	78	78			78
Composite Sums:					
- Libraries Minor Works	378	378			378
- Adult Services Minor Works	275	275			275
	3,475	3,475	0	0	3,475

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Appendix 3 - Savings, Efficiencies and Additional Income Generation 2023/24

Title	Directorate	Description	One Off / Recurring	TOTAL 2023/24 Savings £
Employer Pension Contributions	Corporate	Performance of Fund Investments allows Employer rate to be decreased from 18.6% to 17.3%	Recurring	5,925,000
Vacancy Management Control	Corporate	Vacancy Management - implementation of a 6.5% vacancy management factor across the council and WCF	Recurring	5,287,704
Recurrent use of Better Care Fund (BCF) growth	People	Income from Better Care Fund agreed with health partners to be used recurrently from 22/23 for expenditure relating to home care which supports hospital discharge	Recurring	2,500,000
Use of Public Health Ring-Fenced Grant (PHRG) Funding	People	Eligible use of Public Health Ring-Fenced Grant funding to further support prevention and demand reduction within adults (23/24 only)	one off	1,600,000
Forecast Increase in Continuing Health Care (CHC) Income	People	Additional income generated via Continuing Health Care reviews	Recurring	1,000,000
Use of Liberty Protection Safeguard (LPS) growth funding	People	Delay in implementation of Liberty Protection Safeguard Legislation meaning that the growth awarded to the service will not be required until the legislation is implemented	one off	1,000,000
Maximise Income from County Hall	COaCH	Maximise income generation across the County Hall Campus	Recurring	800,000
Finance Team savings	Finance	Posts reduced via retirement & redeployment as a result of workflow / automation (e.g. income and Financial Assessments, plus grant funding for Brokerage).	Recurring	705,000
Adults Social Care Staffing Savings	People	Deletion, or active vacancy management, of vacant posts across all areas of Adult Services and Commissioning	Recurring	661,000
E&I Streetworks Income	E&I	Increase in the income receivable relating to streetworks	Recurring	567,000
Savings across COACH	COaCH	Full year effect of savings delivered in 2022/23 including deletion of vacant posts, reduction in spend on non-essential contracts and services across the whole of COACH. This is not expected to reduce the current level of operation within the directorate	Recurring	517,000
Domiciliary Care	People	Consult on fee proposals which would include a reduction in cost for home care provision	Recurring	500,000
Reducing Direct Payment Contingency Period	People	Reduce the Direct Payment Contingency period clients are allowed to maintain from 6 weeks to 4 weeks	one off	400,000
Software Saving	COaCH	Software Savings including Skype and the removal / reduction of existing contracts including Printing, Microsoft Authenticator Migration, FortiProxy Migration Server Hardware Support and the JADU licence	Recurring	366,000
Day Services Transport	People	Services which were recommissioned in 2022/23 require less transport - this is the full year effect of 2022/23 saving	Recurring	300,000
Early Help Family Support	WCF	Remove long term managed vacant posts in service to complete the Early Help transformation, this will still retain 60fte Early Help workers across Worcestershire	Recurring	280,000
Extra Care review	People	Delivery of Extra Care support from alternative providers	Recurring	277,000
Virtual School Funding	WCF	Virtual School Team to be funded by Virtual Schools Grant with no impact on service delivery	Recurring	250,000
Libraries Unlocked	People	Roll out the Libraries Unlocked technology across a wider group of Libraries (excluding the Hive) in line with Libraries Strategy and a review of print solutions	Recurring	225,000
Education and Early Years Review	WCF	Following development of All Age Disability Service there will be a restructure of Education and Early Years to review roles, functions and management responsibilities across the service to release efficiencies without direct impact on overall service delivery	Recurring	220,000
Day Services	People	Recommissioning of day services delivered in 2022/23 has led to a reduction in spend - this is the full year effect of 2022/23 saving	Recurring	204,000
Change in charging policy and implement charging for double handed care	People	Change in charging policy to cover the full cost of care for clients receiving support from more than one care worker	Recurring	200,000
HR, OD and Engagement - Savings Proposals	HR	Savings to be achieved across all areas of HR, OD and Engagement. This will include deletion of some vacancies, system efficiencies and redesign of current provision	Recurring	184,000
Review of all budgets within communities to deliver 1% budget savings	People	Full year effect of in year savings from review of all budgets within Community Services	Recurring	169,000
Property Management Review	COaCH	Property Services restructure and reduction in two posts with additional external expertise	Recurring	150,000
Financial assistance to families	WCF	Following the review of one-off spend on essential items for families, it has been established that this budget can be reduced without impact as there are other opportunities to deliver support to vulnerable families	Recurring	125,000
Severn Arts Contract	People	Eligible use of Public Health Ring-fenced Grant to maximise the role of arts in keeping people healthy and well.	Recurring	113,000
Removal of Change Management and Business Project Development Posts	WCF	Following the review of Resources within 2022/23 and changes in the management structure, a full year effect of savings will be delivered recurrently from 2023/24 onwards - WCF change programmes will be delivered within the roles of existing service managers in the company	Recurring	109,000
Christmas Leave Purchase Scheme	Corporate	Buy one get one free Christmas leave purchase scheme - the saving is made by employees choosing to purchase leave	one off	100,000
Resources Review and budget opportunities	WCF	Full year effect of the review of WCF resources management which has identified savings and opportunities for WCC/WCF working together efficiently and effectively	Recurring	100,000
Home to School Transport (HTST) – Inflation increase	E&I	Increase Bus Pass Costs by 10% in line with inflation with consideration being given to low income families.	Recurring	100,000
Schools Improvement Service	WCF	Restructure within the non-statutory service which supports schools whilst ensuring the service contributes to the overall savings target for WCF	Recurring	100,000
Housing Support Pathway Worker Grant	WCF	Change in the way Housing support is delivered in conjunction with District Councils	Recurring	70,000
Ceremony income	People	Additional income generation relating to ceremonies	Recurring	50,000
Stationary Centralisation	COaCH	Indefinite freeze and centralisation of stationery budgets	Recurring	30,000
Removal of 2022/23 Savings not achieved	Corporate	Net of the impact of 2022/23 Top-down savings achieved non-recurrently in 2022/23, therefore needed to be achieved recurrently from 2023/24	Recurring	-2,786,000

22,398,704

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Appendix 4 - MTFP

Appendix 4 - Medium Term Financial Plan

	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
Funding					
Council Tax	301,346	317,337	328,647	341,136	354,125
Collection Fund (Deficit)/Surplus	2,904	852	0	0	0
Business Rates Reserve Release	0	0	0	0	0
Reserves & Grants used to Support Funding	2,462	0	0	0	0
Business Rates Retention Funding	68,686	77,107	79,420	81,802	84,256
	375,399	395,295	408,067	422,938	438,381
Expenditure					
Base budget	355,532	373,199	400,813	413,558	422,938
Change in Service Income & Grants	-12,602	-17,873	-7,666	0	0
Rebase Budgets	0	8,676	3,100	0	0
Pay Inflation	6,171	11,624	5,606	2,948	3,007
Contract Inflation	3,961	16,998	14,904	11,477	11,191
Growth - Demand & Pressures	28,107	24,334	10,400	10,400	10,400
Growth - Investment	0	6,253	4,210	1,897	1,391
	381,168	423,212	431,367	440,310	448,927
Efficiencies	-7,969	-22,398	0	0	0
Net Expenditure Budgets	373,199	400,813	431,367	440,310	448,927
Funding Gap	0	0	-17,779	-17,372	-10,546
Transfer (from)/to Earmarked Reserves	2,200	-5,518	-5,521	0	0
Funding Requirement	375,399	395,295	408,067	422,938	438,381

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Appendix 5 - Reserves

Directorate	Detail	31/03/2022	Forecast	Forecast	Forecast
		£m	Reserve Balance At 31/03/2023 £m	Reserve Balance At 31/03/2024 £m	Reserve Balance At 31/03/2025 £m
Finance	Revolving Investment Fund	7.573	0.000	0.000	0.000
E&I	Open for Business	5.236	9.969	1.337	0.000
E&I	Economic Development Strategic Project	0.997	1.304	0.604	0.200
E&I	Network Management	0.189	0.189	0.000	0.000
E&I	LABGI	0.497	0.497	0.497	0.497
E&I	Mineral/Waste local plan	0.401	2.401	1.101	0.000
WLEP	LEP Reserve	0.909	0.409	0.000	0.000
WLEP	Growing Places	1.837	1.466	1.224	0.000
WLEP	Apprenticeship	0.076	0.076	0.000	0.000
E&I	Loans Fund Legacy	0.431	0.431	0.431	0.431
E&I	Shrub Hill	0.099	0.000	0.000	0.000
		18.245	16.742	5.194	1.128
	Children & Families				
WCF	Safeguarding	1.900	0.000	0.000	0.000
WCF	Children's Revenue Grants	8.449	6.449	4.449	2.449
WCF	SEND Transport Risk Reserve	0.445	0.000	0.000	0.000
WCF	Education and High Needs	2.400	2.400	0.000	0.000
		13.194	8.849	4.449	2.449
	The Environment				
E&I	Whittington Footbridge Reserve	0.500	0.500	0.500	0.000
E&I	Wildmr Landfill Deposit	0.035	0.035	0.035	0.035
E&I	Waste Transformation Reserve	0.979	0.619	0.619	0.000
E&I	Infrastructure Project Support	2.000	0.277	0.000	0.000
E&I	E&I Revenue Grants	0.380	0.228	0.228	0.228
E&I	Concessionary Fares	0.061	5.061	1.500	0.000
E&I	Other Revenue Grants Unapplied	0.034	0.034	0.034	0.034
E&I	E&I General	1.382	0.000	0.000	0.000
		5.371	6.754	2.916	0.297
	Health and Wellbeing				
Public Health	Public Health Grant	9.739	6.771	1.314	0.283
Adults	Adult Social Care Revenue Grants	8.231	2.742	1.742	0.000
Communities	The Hive	0.033	0.033	0.033	0.000
Finance	Health and Wellbeing Reserve	17.558	0.000	0.000	0.000
		35.561	9.546	3.089	0.283
	Efficient Council				
COaCH	Corporate Services Earmarked	0.263	0.000	0.000	0.000
COaCH	LAA General	0.164	0.018	0.018	0.018
COaCH	Transformation Reserve	2.012	0.360	0.103	0.103
Finance	HR Restructuring Specific Reserve	0.066	1.074	0.000	0.000
Communities	Schools Library Services	0.003	0.003	0.003	0.003
WCF	Children's Other Reserves	0.008	0.008	0.008	0.008
COaCH	Digital Reserve	3.282	3.152	0.392	0.000

E&I	Broadband Programme	3.925	3.156	2.156	1.156
COaCH	Councillors Divisional Fund	1.222	1.140	0.570	0.000
E&I	Fleet Surplus	0.083	0.083	0.000	0.000
Finance	Smarter Ways of Working	2.000	2.000	2.000	2.000
		13.028	10.994	5.250	3.288
	Reserves Maintained for Risk				
COaCH	Council Elections	0.176	0.262	0.374	0.000
Communities	Coroners Major Inquests	0.528	0.396	0.396	0.396
Finance	Financial Services	1.551	1.551	1.551	1.551
COaCH	Wildwood Sinking Fund and OPE	1.049	0.543	0.000	0.000
Finance	WCC Fire Insurance Fund	1.432	1.432	1.432	1.432
Finance	WCC Liability Insurance	5.535	5.535	5.535	5.535
Finance	Schools Self Insurance	2.141	2.141	2.141	2.141
Finance	Business Rates Pool Risk Reserve	26.295	2.702	2.358	2.314
Finance	High Needs Transformation	0.000	5.000	5.000	5.000
WCF	Children's Placements	0.614	0.614	0.614	0.614
Finance	Financial Risk Reserve	11.766	11.406	7.715	1.885
		51.087	31.582	27.116	20.868
	Reserve Committed for Capital				
Finance	Future Capital Investment	8.026	11.529	2.541	0.000
		8.026	11.529	2.541	0.000
	Other - Unusable				
WCF	Schools Balances	5.409	3.000	2.000	1.000
WCF	Schools ICT-PFI Reserve	0.090	0.090	0.090	0.090
WCF	Bromsgrove High School PFI Adv	1.425	1.320	1.320	1.320
WCF	Dedicated Schools Grant	0.000	0.000	0.000	0.000
E&I	Waste Contract PFI Grant	6.244	2.500	0.000	0.000
		13.168	6.910	3.410	2.410
	Total	157.680	102.906	53.965	30.723

Treasury Management Strategy 2023/24

1. Background

In accordance with the County Council's Treasury Management Practices (TMPs) and The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services: Code of Practice the County Council is required to approve the Treasury Management Strategy and Annual Investment Strategy for 2023/24. The Treasury Management Strategy is reflected in the Personal Assurance Statement given by the Chief Financial Officer concerning the 2023/24 budget calculations.

- **Managing cashflow**

The County Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash spent in that period. Thus, the first aim of the function of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed; and to ensure that surplus monies are invested in assessed risk counterparties or instruments commensurate with the County Council's risk appetite, providing adequate liquidity initially before considering investment return.

The Chief Financial Officer reports that the County Council had no difficulty meeting this requirement for 2022/23, nor, despite the inflationary challenges we face, are any difficulties envisaged for the current or future years. This view considers all plans and commitments included in the 2023/24 budget policy.

- **Managing capital financing**

The second main function of the treasury management service is the funding of the County Council's capital plans. These capital plans provide a guide to the borrowing need of the County Council, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

The contribution the treasury management function makes to the County Council is critical, as the balance of debt and investment operations ensure liquidity, or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

- **Maintaining professional advice**

Treasury management is undertaken by a small team of professionally qualified staff within financial services. In addition, the County Council uses Link Group, Link Treasury Services Limited as its external treasury management advisors.

The County Council recognises that responsibility for treasury management decisions always remains with the organisation and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisor's advice.

The County Council also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The County

Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. The advisors have been engaged on a fixed term basis after a tendering procedure completed in August 2020. The contract is due for renewal in August 2023.

Relevant information is also obtained from other financial commentators, the press and seminars arranged by other organisations, for example CIPFA and the Local Government Association. Information received from these different sources is compared to ensure all views are considered and there are no significant differences or omissions from information given by the County Council's advisors.

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

- **Investments over 2022/23**

During 2022/23 the County Council has invested its surplus cash with selected Banks, AAA-rated Money market and cash-plus funds, the UK Debt Management Office and with other local authorities.

Treasury Management Strategy for 2023/24

The strategy for 2023/24 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators
- the Minimum Revenue Provision (MRP) policy

Treasury management issues

- the current treasury position
- treasury indicators which limit the treasury risk and activities of the County Council
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy; and
- the policy on use of external service providers

These elements cover the requirements of the Local Government Act 2003, The Department of Levelling Up, Housing and Communities (DLUHC) Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. CIPFA's required changes, to be implemented in 2023/24, which were announced in 2021, can be seen in Appendix 1. They have all been incorporated within this and/or other relevant reports.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

Reporting Requirements

• Treasury Management Reporting

The County Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- I. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers: -
 - the capital plans, (including prudential indicators)
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time)
 - the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an Annual Investment Strategy, (the parameters on how investments are to be managed)
- II. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- III. **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

• Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Full County Council. This role is undertaken by the Cabinet.

• Quarterly reports

In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/September/December) is also required. However, these additional reports do not have to be reported to Full County Council but do require to be adequately scrutinised. This role is undertaken by the Cabinet. (The reports, specifically, should comprise updated Treasury/Prudential Indicators.)

• Training

The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance, and decision making.

The scale and nature of this will depend on the size and complexity of the organisation’s treasury management needs. Organisations should consider how to assess whether treasury management staff and board/ County Council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and board/County Council members.
- Require treasury management officers and board/County Council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- Have regular communication with officers and board/County Council members, encouraging them to highlight training needs on an ongoing basis.”

In further support of the revised training requirements, CIPFA’s Better Governance Forum and Treasury Management Network have produced a ‘self-assessment by members responsible for the scrutiny of treasury management’, which is available from the CIPFA website to download.

Training will be arranged for Spring / early Summer for members.

The training needs of treasury management officers are periodically reviewed as part of the Finance Workforce Strategy, with investment identified in 2022/23 that will roll forward to 2023-25.

A formal record of the training received by officers central to the Treasury function will be maintained by the Treasury Manager. Similarly, a formal record of the treasury management/capital finance training received by members will also be maintained by the Treasury Manager.

Economic Commentary

Against a backdrop of inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, UK and other countries interest rates have been volatile, from Bank Rate through to 50-year gilt yields, for all of 2022.

The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

Dec 2022	UK	Eurozone	US
Bank Rate	3.5%	2.0%	4.25%-4.50%
GDP	-0.2%q/q Q3 (2.4%/y/y)	+0.2%q/q Q3 (2.1%/y/y)	2.6% Q3 Annualised
Inflation	10.7%/y/y (Nov)	10.1%/y/y (Nov)	7.1%/y/y (Nov)
Unemployment Rate	3.7% (Oct)	6.5% (Oct)	3.7% (Nov)

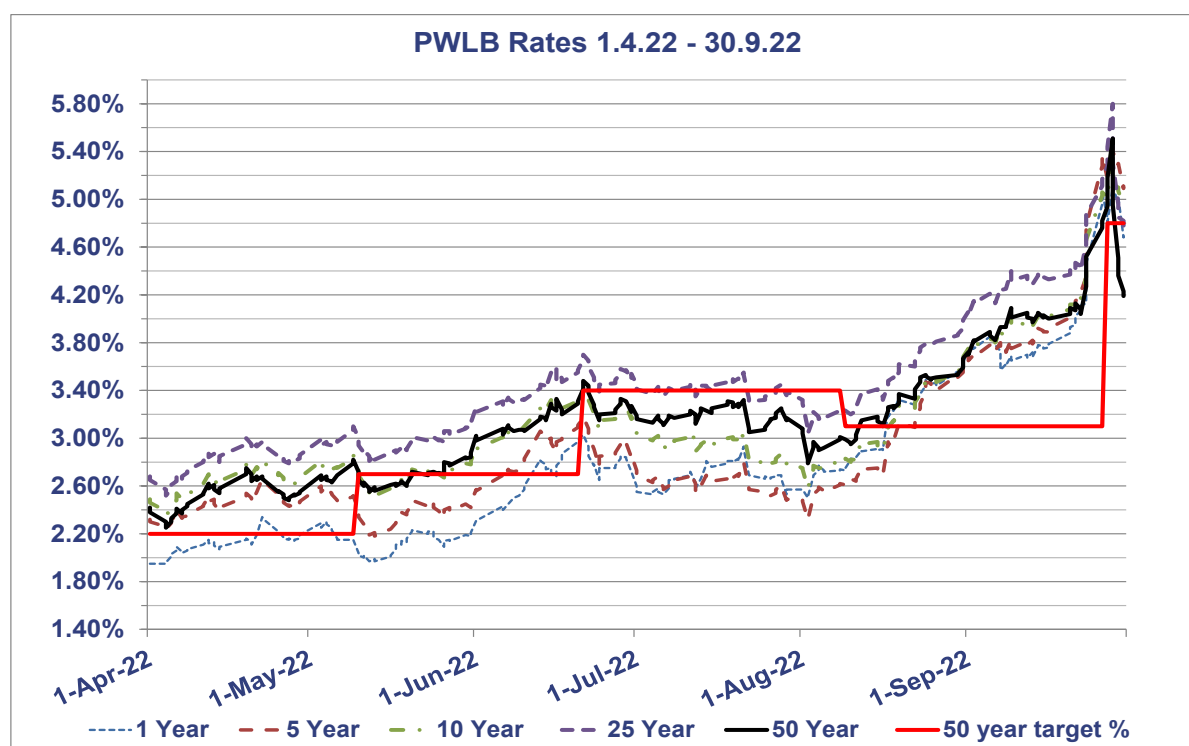
Quarter 2 of 2022 saw UK GDP revised upwards to +0.2%, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen’s passing. Nevertheless, CPI inflation has picked up to what should be a peak reading of 11.1% in October, although with further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will spike higher again before dropping back slowly through 2023.

Throughout Quarter 3 of 2022 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Quarter 4 has seen rates rise to 3.5% in December and the market forecasts Bank Rate to hit 4.5% by May 2023.

Globally, though, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one, if not more, quarters of Gross Domestic Product (GDP) contraction. In November, the Monetary Policy Committee (MPC) projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank.

The Pound has strengthened of late. Notwithstanding the Pounds better run of late, 2023 is likely to see a housing correction as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

As a consequence of this economic position the cost of borrowing and investment is likely to see a change across the coming months. In the table below, the rise in gilt yields, and therein PWLB rates, through the first half of 2022/23 is clear to see.



However, the peak in rates on 28th September as illustrated in the table covering April to September 2022 below, has been followed by the whole curve shifting lower.

PWLB rates at the front end of the curve are generally over 1% lower now whilst the 50 years is over 1.75% lower. The following table highlights the volatility if the lowest and highest rates are compared.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.35%	5.80%	5.51%
Date	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
Average	2.81%	2.92%	3.13%	3.44%	3.17%
Spread	3.16%	3.26%	2.99%	3.28%	3.26%

Prospects for Interest Rate.

The County Council has appointed Link Group as its treasury advisor and part of their service is to assist the County Council to formulate a view on interest rates. Link provided the following forecasts on 19 December 2022. These are forecasts for certainty rates, (gilt yields plus 80 bps).

Link Group Interest Rate View	19.12.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

Our central forecast for interest rates was updated on 19 December and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. Bank Rate stands at 3.5% currently but is expected to reach a peak of 4.5% in the first half of 2023.

Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The CPI measure of inflation looks to have peaked at 11.1% in Q4 2022 (currently 10.7%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.

Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started and will focus on the short, medium, and longer end of the curve in equal measure now that the short-lived effects of the 2022 fiscal event are firmly in the rear-view mirror.

In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

PWLB RATES

The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.10% to 4.80%.

We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

The balance of risks to the UK economy: -

The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

Labour and supply shortages prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).

The Bank of England acts too quickly, or too far, over the next year to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.

UK / EU trade arrangements – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.

Geopolitical risks, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project or even necessitates a further series of increases in Bank Rate.

The Government acts too quickly to cut taxes and/or increases expenditure considering the cost-of-living squeeze.

The pound weakens because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.

Longer term US treasury yields rise strongly and pull gilt yields up higher than currently forecast. Projected gilt issuance, inclusive of natural maturities and Quantitative Tightening, could be too much for the markets to comfortably digest without higher yields consequently.

2. THE CAPITAL PRUDENTIAL INDICATORS 2023/24 – 2025/26

The County Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans. The following paragraphs / sections summarises Worcestershire County Council's forecasts for the coming years against those indicators.

• Capital Expenditure and Financing

This prudential indicator is a summary of the County Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts: -

Capital expenditure £m	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25+ Estimate
Total	110.6	178.8	113.9	120.7

Other long-term liabilities - the above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments. The levels in later years are lower due to the lack of certainty over funding and schemes and is likely to change in due course.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure £m	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25+ Estimate
Capital receipts	1.5	0	0	0
Capital grants	53.0	66.2	51.1	50.4
Capital reserves	0.5	15.6	5.3	0
Third Party Contribution	4.9	19.4	0.1	0
Revenue	0	1.0	0	0
Total non-borrowing	59.9	102.2	56.5	50.4
Net financing need for the year	50.7	76.6	57.4	70.3
Total Capital Expenditure	110.6	178.8	113.9	120.7

- **The County Council's Borrowing Need (the Capital Financing Requirement - CFR)**

The second prudential indicator is the County Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the County Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases). Whilst these increase the CFR, and therefore the County Council's borrowing requirement, these types of schemes include a borrowing facility by the PFI, PPP lease provider and so the County Council is not required to separately borrow for these schemes. The County Council currently has £155m of such schemes within the CFR. It is customary to deduct the PFI schemes from the County Councils CFR to give the underlying need to borrow, the underlying need to borrow is used for the remainder of this report.

The County Council is asked to approve the following CFR projections:

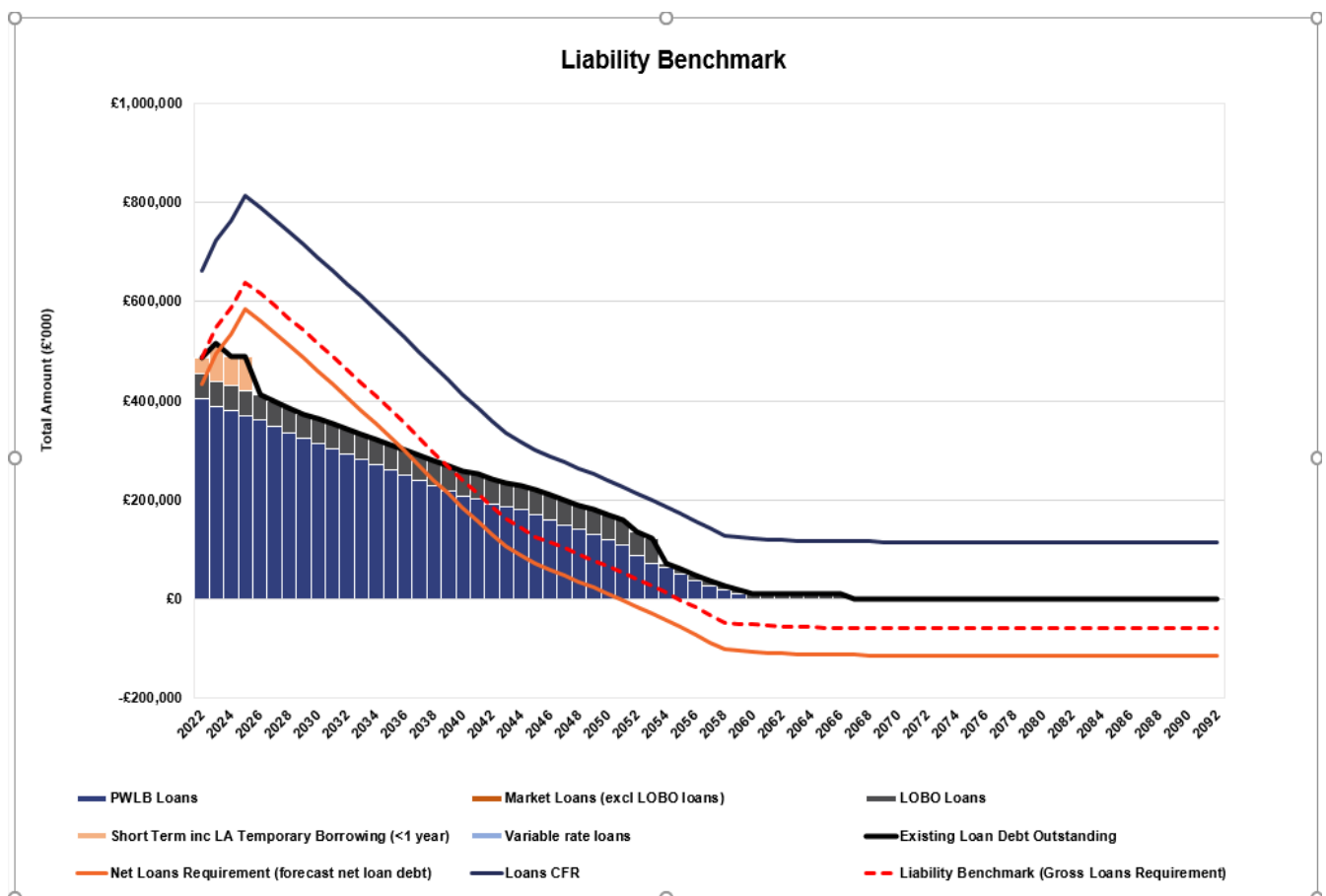
£m	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25+ Estimate
Capital Financing Requirement				
Total CFR	661.1	723.0	762.6	812.7
Movement in CFR	37.1	61.9	39.6	50.1
Movement in CFR represented by				
Net financing need for the year (above)	50.7	76.6	57.4	70.3
Less MRP/VRP and other financing movements	-13.6	-14.7	-17.7	-20.2
Movement in CFR	37.1	61.9	39.7	50.1

- **Liability Benchmark**

A third and new prudential indicator for 2023/24 is the Liability Benchmark (LB). The County Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum. However, CIPFA recommends that a minimum of 10 years is covered. Whilst this is beyond the time limits of this report, it does give a better feel for the direction of travel of the County Councils borrowing needs.

There are four components to the LB: -

- **Existing loan debt outstanding:** the County Council's existing loans that are still outstanding in future years.
- **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP. It should be noted that only approved borrowing is included. This practice will mean that the County Councils loan CFR will peak during the next 4 years. This is an anomaly, as all other inputs are estimated for 50 years+. It should also be noted that estimates beyond the next 4 years are subject to annual change.
- **Net loans requirement:** this will show the County Council's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
- **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.



CIPFA notes on page 13 of the 2021 TM Code: “The liability benchmark should be analysed as part of the annual treasury management strategy, and any substantial mismatches between actual loan debt outstanding and the liability benchmark should be explained.”

The above graph shows that Existing Loan Debt Outstanding (bold black line) is below the Liability Benchmark (dotted red line), which indicates a borrowing need. This borrowing need has been factored into the Treasury Management Strategy.

It is not until about 2039 (which is outside CIPFA’s 10-year minimum requirement), that the outstanding debt figure meets the Liability Benchmark, which is an indicator of an overborrowed County Council. It would therefore be prudent to ensure any new debt matures prior to that date, to avoid any debt repayment penalties. Prior to 2039 the County Council is forecast to remain significantly under borrowed, as a means of minimising debt interest costs.

However, as previously stated any estimate beyond the term covered by the current TMSS is subject to many changes.

- Core Funds and Expected Investment Balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

Detailed next are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances: -

Year End Resources £m	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Fund balances / reserves	172	155	141	128
Capital receipts	3	0	0	0
Provisions	-24	-20	-20	-20
Other	64	57	52	46
Total core funds	215	193	173	155
Working capital	1	1	1	1
Under/over borrowing	175	191	194	196
Expected investments	54	3	-20	-41

Note: whilst the strategy of being under borrowed will minimise debt interest costs, what the above table shows is that the current levels of under borrowing cannot be sustained beyond next year. At some point during 2023/24 a proportion of the under borrowing will need to be externalised, to replenish the cash currently being used to support the position.

- Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the County Council’s overall finances. The County Council is asked to approve the following indicators: -

Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

%	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Total	28.8	29.6	34.2	36.4

The estimates of financing costs include current commitments and the proposals in this budget report.

Maturity Structure of Borrowing

Maturity structure of borrowing. These gross limits are set to reduce the County Council's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits. The actual percentages and amounts outstanding as at 31/12/22 have been added to the table to show that we are currently well within all the limits.

The County Council is asked to approve the following treasury indicators and limits: -

Maturity structure of fixed interest rate borrowing 2023/24

	Lower	Upper	Actuals %	Actuals £m
Under 12 months	0%	25%	9.33%	51
12 months to 2 years	0%	25%	3.66%	20
2 years to 5 years	0%	50%	7.98%	44
5 years to 10 years	0%	75%	5.29%	29
10 years to 50+ years	25%	100%	73.74%	403
Total			100%	547

3. BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the County Council. The treasury management function ensures that the County Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the County Council's Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the Annual Investment Strategy.

- Current Portfolio Position

The overall treasury management portfolio as at 31 March 2022 and for the position as at 31 December 2022 are shown in the following table for both borrowing and investments.

	TREASURY PORTFOLIO			
	actual	actual	current	current
	31.3.22	31.3.22	31.12.22	31.12.22
Treasury investments	£000	%	£000	%
Banks		0%	5,000	16%
Building societies - unrated		0%		0%
Building societies - rated		0%		0%
Local authorities	8,000	15%		0%
DMADF (H.M.Treasury)		0%	14,050	44%
Money Market Funds	29,950	56%	2,950	9%
Certificates of Deposit		0%		0%
Total managed in house	37,950	70%	22,000	69%
Bond Funds	16,000	30%	10,000	31%
Property Funds		0%		0%
Total managed externally	16,000	30%	10,000	31%
Total treasury investments	53,950	100%	32,000	100%
Treasury external borrowing				
Local Authorities	32,500	6%	71,766	14%
PWLB	421,611	84%	389,540	76%
LOBOs	50,000	10%	50,000	10%
Total external borrowing	504,111	100%	511,306	100%
Net treasury investments / (borrowing)	-450,161	0	-479,306	0

The County Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
External Debt				
Debt at 1 April	527.8	486.2	532.2	568.5
Expected change in Debt	-41.6	46.0	36.3	46.8
Actual gross debt at 31 March	486.2	532.2	568.5	615.3
The Capital Financing Requirement	661.1	723.0	762.6	812.7
Under / (over) borrowing	174.9	190.8	194.1	197.4

Within the range of prudential indicators there are several key indicators to ensure that the County Council operates its activities within well-defined limits. One of these is that the County Council needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Chief Financial Officer reports that the County Council complied with this prudential indicator in the current year and, being significantly under borrowed, does not envisage difficulties for the future. This view takes account of current commitments, existing plans, and the proposals in this budget report.

Treasury Indicators: Limits to Borrowing Activity

- The Operational Boundary.

This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational Boundary £m	2021/22 Actuals	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Debt	525.0	585.0	625.0	675.0
Other long-term liabilities	155.0	155.0	155.0	155.0
Total	680.0	740.0	780.0	830.0

- The Authorised Limit for external debt.

This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full County Council. It reflects the level of external debt which, while not desired, could be afforded in the short-term, but is not sustainable in the longer-term.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all local County Council plans, or those of a specific County Council, although this power has not yet been exercised.

The County Council is asked to approve the following Authorised Limit:

Authorised Limit £m	2021/22 Actuals	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Debt	660.0	660.0	660.0	700.00
Other long-term liabilities	158.0	158.0	158.0	158.0
Total	818.0	818.0	818.0	858.0

Link Borrowing advice:

Our long-term (beyond 10 years) forecast for Bank Rate stands at 2.5%. As all PWLB certainty rates are currently above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

Borrowing Strategy

The County Council is currently maintaining an under-borrowed position. This means that the underlying borrowing need, (the Capital Financing Requirement), has not been fully funded with external loan debt as cash supporting the County Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate increases over the remainder of 2022 and the first half of 2023.

Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Chief Financial Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances: The opportunity may be taken to reschedule any outstanding debt, if rates become favourable to delivering savings in the revenue budget. The cost of external interest of maintaining the County Council debt is estimated to be £18.6 million in 2023/24.

Policy on Borrowing in Advance of Need

The County Council will not borrow more than or in advance of its needs purely to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the County Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a large difference between premature redemption rates and new borrowing rates. If rescheduling is to be undertaken, it will be reported to the Cabinet, at the earliest meeting following its action.

Financial Institutions as a Source of Borrowing and / or Types of Borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

Local authorities (primarily shorter dated maturities out to 3 years or so – generally still cheaper than the Certainty Rate).

Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

Approved Sources of Long and Short-term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
UK Municipal Bond Agency	●	●
Local Authorities	●	●
Banks	●	●
Pension Funds	●	●
Insurance Companies	●	●
UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Local Temporary	●	●
Overdraft		●
Internal (capital receipts & revenue balances)	●	●
Finance Leases	●	●

4. ANNUAL INVESTMENT STRATEGY

Investment Policy – Management of Risk

DLUHC – (this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, (a separate report).

The County Council’s investment policy has regard to the following: -

DLUHC’s Guidance on Local Government Investments (“the Guidance”)
CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”)
CIPFA Treasury Management Guidance Notes 2021

The policy objective for the County Council is the prudent investment of its cash balances. The investment priorities are firstly the security of capital (protecting sums from capital loss) and secondly the liquidity of investments (ensuring cash is available when required). Only when these two priorities are met will the third of achieving the optimum return on investments, be considered. These objectives have driven our risk and credit view set out below.

The County Council will not borrow money purely to invest. The County Council will only borrow up to 2 years in advance of cash being required to fund its capital expenditure and the amount borrowed will not exceed the annual borrowing requirement.

The investments, which the County Council can use for the prudent management of cash balances are categorised as ‘Specified Investments’ and ‘Non-Specified Investments’.

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

For overnight investments, or money placed in instant access accounts and Notice Accounts, the County Council defines a body of high credit quality as firstly having the below Short-Term ratings:

Agency:	Short-Term rating:
Fitch	F1
Moody’s	P-1
Standard and Poor’s	A-1

For **unsecured** term deposits between 2 and 364 days, the County Council will firstly define a body of high credit quality as having the below Long-term ratings:

Agency:	Long-Term rating:
Fitch	A+
Moody’s	A1
Standard and Poor’s	A+

The County Council will undertake continued due diligence and will not automatically lend to Counterparties that merely satisfy the above criteria. As additional consideration, the County Council will assess for each:

- Environmental, Social & Governance (ESG) considerations.
- Input from Treasury Advisors.
- Other market data from a reputable source.
- Press coverage.
- Market presence by the Counterparty.
- Availability of suitable products from the Counterparty.
- Ease of execution with the Counterparty.
- Level of Customer service from the Counterparty.

The above list is not exhaustive, the County Council may at any time exclude a Counterparty should it perceive any reasonable doubt concerning its Creditworthiness; the 2011 Code and subsequent revisions advise that subjective criteria may be used, in line with the County Council's risk appetite.

Environmental, Social & Governance (ESG) Considerations

This topic is becoming a more commonplace discussion within the wider investment community, including Local Authorities. While around two thirds of County Councils have declared a “climate emergency” to date, this has not translated into the incorporation of something more formal within their treasury-related Annual Investment Strategy.

Following changes to the CIPFA TM Code 2021 the County Council has incorporated ESG considerations into Treasury Management Practice 1 (page 24 below).

For **secured** term deposits, the County Council defines high credit quality as an **instrument** that has the above ratings with every agency that rates it.

Enhanced Money Market funds or Cash Plus funds, which carry a AAA-rating from at least one rating agency.

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

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

A routine term deposit with a counterparty as described above for Specified Investments, for a period of more than 1 year. This type of investment will be considered when rates are favourable and cash balances allow. The County Council's prudential indicators allow no more than £10 million to be invested in this category.

Investments in Pooled Property Funds, these will be considered as having a 5 to 10-year term.

The credit ratings of Fitch, Moody's and Standard and Poor's are monitored at least weekly, ratings-watches and downgrades are acted upon immediately. Any other information that is deemed relevant to the creditworthiness of any Counterparty will be acted upon, in line with the 2009 code revision.

The County Council may hold cash within its current account overnight as a transactional control to mitigate the risk of going overdrawn and incurring penalty and interest charges. The County

Council may also leave funds in this account when it is impractical and/or not economically feasible to invest elsewhere. These balances are considered as cash or cash equivalents and not investments.

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

Changes in risk management policy from last year.

The above criteria are unchanged from last year.

Investment Performance / Risk Benchmarking

This County Council will use an investment benchmark to assess the investment performance of its investment portfolio of 7-day Sterling Overnight Index Average (SONIA).

End of Year Investment Report

At the end of the financial year, the County Council will report on its investment activity as part of its Annual Treasury Report.

Markets in Financial Instruments Directive (MIFID II)

The County Council has elected to opt-up to Professional Client status for most of its Counterparties, on the grounds of the typical size of its investment portfolio and the volume of transactions on the relevant market. This was primarily concerned with maintaining access to the financial instruments used. A few selected Counterparties indicated that the County Council would not need to opt-up to Professional Client status to continue service.

A schedule of the County Council's status with its Counterparties (Retail or Professional) is maintained as part of the Treasury Management Practices and will be reviewed annually and/or when a counterparty is added or removed.

Non-Treasury Investments

The County Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

The County Council will ensure that all the organisation's investments are covered in the capital strategy, investment strategy or equivalent, and will set out, where relevant, the County Council's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management. For instance, liquidity shall ordinarily not be a consideration for such investments, since the monies invested are pursuant to a service outcome and yield may comprise intangible elements such as Economic and Social Development and expansion of the tax base.

The County Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures, and liabilities including financial guarantees and the organisation's risk exposure.

Below is a schedule for current approved non-treasury investments, other than Energy from waste, which is discussed later in this document:

Borrower	Amount	Date Lent	Terms
Malvern Hills SciencePark	£4.4m at cost. Carried at £3.0m Fair Value.	Various tranches 29/10/1998 to 15/10/2014	Preference Shares, with a semi-annual coupon based on cost, as follows: £944k at 3% £3,500k at 6.37% Note: As these shares carry no voting rights, this holding does not constitute a joint venture or subsidiary.

In managing these Investments, the Chief Financial Officer shall be responsible for:

- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments, and treasury management, with a long-term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable, and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the County Council
- ensure that the County Council has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the County Council does not undertake a level of investing which exposes the County Council to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans, and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by the County Council
- ensuring that the County Council has adequate expertise, either in house or externally provided, to carry out the above

West Mercia Energy

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

In partnership with Herefordshire County Council, the County Council provided finance to Mercia Waste for the building of an Energy from Waste Plant, which they are operating for a period determined by the existing PFI contract. At the end of the contract, the ownership of the plant will revert to the County Councils. The construction phase commenced on the 21st May 2014;

Mercia took control of the plant from the contractor at the beginning of March 2017.

Worcestershire County and Herefordshire County Councils provided the finance on a 758:252 split, by granting loans on a commercial basis, in accordance with the agreed timetable. Loans

granted to Mercia Waste for this purpose will be considered separately to normal Treasury Management investment activity. All costs and income related to this scheme shall be ringfenced for budget monitoring purposes and the loans granted are being considered as Capital Expenditure under the 2003 Regulations and is carried at Amortised cost.

As at the 31 March 2022, the carrying value of the loan to Mercia Waste was £106m, repayments of Principal and Interest to date have proceeded to schedule.

Extension of Mercia Loan facility

WCC and HC have agreed, a proposal from Mercia to extend the current waste management services arrangements by 5 years (to expire on 11th January 2029) on the following terms:

WCC and HC have agreed in principle, a proposal from Mercia to extend the current waste management services arrangements by 5 years (to expire on 11th January 2029) on the following terms:

WMSC term extended by 5 years but with a reduction in the unitary payment by WCC and HC by the following amounts:

- £2.5m on the date of signature of the extension
- £4.5m per calendar year, from 1st January 2022 to 31 December 2023.
- £6m per annum, from 1st January 2024 to the end of extension period (i.e. + 5 years) which together are referred to as "M" in the proposal.

The impact of extending the WMSC will be that repayment of Facility B will also be extended by 5 years as it is linked to the Expiry Date of the WMSC. However, Mercia proposes that the bullet payment amounts due from Mercia under the Funding Agreements and from the WCC and HC under the WMSC are reduced to £106m. It is understood that this is to reflect a reduction in the projected value of the EfW facility at the end of the extended period. Mercia will pay to the County Council a level of principal payments on Facility B, equivalent to the balance in the proposed reduction to the bullet payment amounts i.e. £22m.

5. ANNUAL MINIMUM REVENUE PROVISION (MRP) STATEMENT

Introduction

On the 28 February 2008 the Department for Communities and Local Government issued statutory guidance under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 that came into force on 31 March 2008.

The statutory guidance recommends that before the start of each financial year a local County Council prepares a statement of its policy on making MRP in respect of that financial year and submits it to full County Council. The statement should indicate how it is proposed to discharge the duty to make prudent MRP in the financial year.

The MRP is an amount of revenue money set aside each year for the repayment of external borrowing required to finance capital expenditure.

Capital expenditure incurred during 2022/23 will not be subject to an MRP charge until 2023/24, or in the year after the asset becomes operational

MRP in respect of assets acquired under Finance Leases or PFI will be charged at an amount equal to the principal element of the annual repayment;

For capital expenditure on loans to third parties where the principal element of the loan is being repaid in annual instalments, the capital receipts arising from the principal loan repayments will be used to reduce the CFR instead of MRP.

Where no principal repayment is made in a given year, MRP will be charged at a rate in line with the life of the assets funded by the loan.

The regulations include a change to the way MRP is calculated by replacing the detailed formulae for calculating MRP with a duty to make an amount of MRP which the County Council considers "prudent".

Meaning of "Prudent Provision"

The broad aim of prudent provision is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits or, in the case of borrowing supported by Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The guidance specifies four options as methods of making prudent provision as follows:

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

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

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

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

Options 1 and 2 may only be used in relation to capital expenditure incurred before 1 April 2008 and capital expenditure incurred on or after that date which forms part of supported capital expenditure.

For unsupported capital expenditure incurred on or after 1 April 2008 Options 3 and 4 apply and can be applied to all capital expenditure, whether or not supported and whenever incurred.

MRP Policy relating to capital expenditure financed from borrowing

Taking into the need to make prudent provision the Chief Financial Officer recommends that Option 3 is used for all capital expenditure financed by borrowing for the calculation of MRP commencing from 1 April 2017. The calculation is to be made using the annuity method. This is the Option currently applied.

MRP Overpayments - Under the MRP guidance, any charges made in excess of the statutory MRP can be made, known as voluntary revenue provision (VRP).

VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

Cumulative VRP overpayments made to date are £0.

Minimum Revenue Provision (MRP) consultation

In addition, the DLUHC is currently conducting a consultation on amending the MRP rules for England that will also come into effect, if agreed, on the 1 April 2023. Members will be briefed on the outcome of this consultation, but it could have a negative revenue impact for capital loans to third parties. At this stage our view is that the guidelines will be tightened to ensure that Authorities are charging MRP on all debt, which should reduce the more speculative borrowing to invest schemes, however, this isn't an area that this Authority has been, or plans to be active in, so there should be no impact on us.

6. TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

Based on the current economic view and budget setting assessment the Council's Section 151 Officer suggests no changes to the policy and as such the following paragraphs set out that management of credit risk.

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable. (Non-specified investments which would be specified investments apart from originally being for a period longer than 12 months, will be classified as being specified once the remaining period to maturity falls to under twelve months.)

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria. A maximum of £10 million will be held in aggregate in non-specified investment.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

This County Council applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's, and Standard & Poor's.

The credit ratings of counterparties are supplemented with the following overlays: -

- "watches" and "outlooks" from credit rating agencies.
- CDS spreads that may give early warning of changes in credit ratings.
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned Watches and Outlooks, in a weighted scoring system which is then combined with an overlay of CDS spreads. The end-product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Authority to determine the suggested duration for investments. The Authority will, therefore, use counterparties within the following durational bands: -

Yellow	5 years *
Dark pink	5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
Light pink	5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
Purple	2 years
Blue	1 year (only applies to nationalised or semi nationalised UK Banks)
Orange	1 year
Red	6 months
Green	100 days
No colour	not to be used

The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the Authority uses will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A+. There may be occasions when the

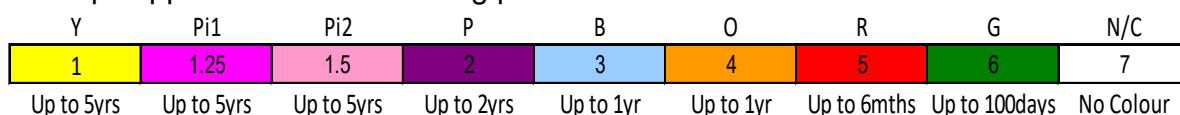
counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly. The Authority is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

if a downgrade results in the counterparty / investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately. In addition to the use of credit ratings the Authority will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Senior Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link.

Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list.

Sole reliance will not be placed on the use of this external service. In addition, this Authority will also use market data and market information, as well as information on any external support for banks to help support its decision-making process.



The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	** Max % of total investments / £ limit per institution	Max. maturity period
DMADF – UK Government	Yellow	100%	6 months (max. is set by the DMO*)
UK Gilts	Yellow		5 years
UK Treasury Bills	Yellow		364 days (max. is set by the DMO*)
Bonds issued by multilateral development banks	Yellow		5 years
Money Market Funds CNAV	AAA	100%	Liquid
Money Market Funds LNAV	AAA		Liquid
Money Market Funds VNAV	AAA		Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	100%	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	100%	Liquid

Local Authorities	Yellow	100%	5 years
Term Deposits with Housing Associations	Blue Orange Red Green No Colour		12 months 12 months 6 months 100 days Not for use
Term Deposits with Banks and Building Societies	Blue Orange Red Green No Colour		12 months 12 months 6 months 100 days Not for use
CDs or Corporate Bonds with Banks and Building Societies	Blue Orange Red Green No Colour		12 months 12 months 6 months 100 days Not for use
Gilt Funds	UK sovereign rating		

* DMO – is the Debt Management Office of HM Treasury

APPENDIX I

Changes to Codes of Practice and Minimum Revenue Provision Consultation

2021 revised CIPFA Treasury Management Code and Prudential Code – changes which will impact on future TMSS/AIS reports and the risk management framework

CIPFA published the revised codes on 20th December 2021 and has stated that formal adoption is not required until the 2023/24 financial year. The paper presented seeks to implement these changes.

The revised codes will have the following implications:

- a requirement for the County Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement.
- clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a proportionate approach to commercial and service capital investment.
- address Environmental, Social and Governance (ESG) issues within the Capital Strategy.
- require implementation of a policy to review commercial property.
- create new Investment Practices to manage risks associated with non-treasury investment (like the current Treasury Management Practices).
- ensure that any long-term treasury investment is supported by a business model.
- amendment to Treasury Management Practice Statement 1 to address ESG policy within the treasury management risk framework.
- amendment to the knowledge and skills register for individuals involved in the treasury management function.
- a new requirement to clarify reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage).

In addition, all investments and investment income must be attributed to one of the following three purposes: -

Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration, and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a County Council's financial capacity – i.e., that 'losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

As this Treasury Management Strategy Statement and Annual Investment Strategy deals solely with treasury management investments, the categories of service delivery and commercial investments will be dealt with as part of the Capital Strategy report.

Members will be updated during the next financial year on how all these changes will impact our current approach and any changes required will be formally adopted within the 2023/24 Treasury Management Strategy report.

Minimum Revenue Provision (MRP) consultation

In addition, the DLUHC is currently conducting a consultation on amending the MRP rules for England that will also come into effect, if agreed, on the 1st April 2023. Members will be briefed on the outcome of this consultation, but it could have a negative revenue impact for capital loans to third parties, thus making it more restrictive.

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Pay Policy Statement

Introduction and Purpose

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

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

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

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

Legislative Framework

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

Pay Structure

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

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

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

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

Senior Management Remuneration

For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 1st April 2023¹. Salaries quoted are based on the full time equivalent (FTE) of 37 hours per week. The Council since April 2011 has adopted a maximum of 35 hours per week for new appointments and corresponding salaries are shown in brackets. Currently 25 of the chief officers as defined within S43 of the Localism Act are employed on a 35 hour per week contract. Table 1 lists the 34 chief officer posts as defined within S43 of the Localism Act that make up 1.23% of the 2758² people employed by the County Council (excluding schools).

Table 1: Chief Officer posts

Title	Grade	Pay range minimum	Pay range maximum	Incremental points
Chief Executive (35 hours per week)	Chief Executive	(£167,138)	(£188,171)	4
Director of Childrens Service & Chief Executive for Worcestershire Children First (Functional) ³ (includes a retention payment)	WCF Chief Executive	(£130,138)	(£141,961)	6
Strategic Director of Economy & Infrastructure Strategic Director of Commercial and Change Strategic Director for People	Director (3 posts)	£127,003 (£120,138)	£139,505 (£131,964)	6
Chief Financial Officer (s151) (Includes a Pay Supplement of 15%)	Assistant Director 1	£107,302 (£101,502)	£117,963 (£111,586)	6
Director of Public Health (Includes a responsibility allowance of 18%)	Assistant Director 1	£110,101 (£104,150)	£121,040 (£114,498)	6
Assistant Director for Legal & Governance (Includes a responsibility allowance of 10%)	Assistant Director 1	£102,637 (£97,089)	£112,834 (£106,735)	6
Assistant Director for Adult Social Care Assistant Director for Communities Assistant Director for IT & Digital	Assistant Director 1 (8 posts)	£93,306 (£88,262)	£102,576 (£97,032)	6

¹ Data to populate this was run on 1st December 2022 based on Chief Officers in post and expected to be in post with effect from 1st April 2023

² Refers to the staffing count as at 1st December 2022 which includes all permanent, temporary and relief/casual/sessional employees (as/when required) excluding Schools. The 2023 NJC award is currently being negotiated. The rates above are those effective from 1st April 2022

³ The Strategic Director for Children's Services is an employee of Worcestershire Children First. They are not included in any of the calculations.

Assistant Director for Major Projects & Waste Assistant Director for Highways, Transport & Operations Assistant Director for Human Resources, Organisational Development & Engagement Assistant Director for People Commissioning Assistant Director for Integration & Service Development				
Deputy Chief Finance Officer Assistant Director for Economy Assistant Director for Transformation and Commercial	Assistant Director 2 (3 posts)	£87,749 (£83,006)	£97,010 (£91,767)	6
Public Health Consultant* (Includes a Market Forces Supplement)	PO7 + MFS (5 posts)	£78,699 (£74,445)	£82,611 (£78,146)	4
Head of Human Resources Operations and Employee Relations* (includes Market Forces Supplement)	PO7 + MFS (1 post)	(£72,302)	(£76,001)	
Chief Accountant* (includes Market Forces Supplement)	PO7 + MFS (1 post)	(£71,928)	(£75,628)	
Head of Communications and Engagement* Head of Pensions Administration* Head of Financial Operational Services* Head of Service for Safer Communities*	PO7 (4 posts)	£65,861 (£62,301)	£69,773 (£66,001)	4
Finance Manager - Pensions Treasury & Capital* Head of Learning & Development*	PO6 (2 posts)	£59,494 (£56,278)	£62,920 (£59,519)	4
Public Health Service Manager*	PO5	£53,529 (£50,635)	£56,795 (£53,725)	4
Audit and Compliance Manager* (includes a Responsibility Allowance)	PO4	£53,803 (£51,191)	£57,442 (£54,632)	4

*These posts are not Chief Officer posts as defined by the County Council's constitution but meet the definition of S43 Localism Act.

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

Recruitment of Chief Officer Related Posts

The Council's policy and procedures with regard to recruitment of chief officer related posts is set out within the Constitution which can be accessed at

http://www.worcestershire.gov.uk/info/20088/about_your_council/83/the_councils_constitution.

When recruiting to all posts the Council will take full and proper account of its own policies and procedures. The determination of the remuneration to be offered to any newly appointed chief officer related position will be in accordance with the pay structure and relevant policies in place at the time of recruitment. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies. Currently we have 1 post (5 post holders) receiving a market forces supplement.

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

Additions to Salary of Chief Officer Related Posts

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

In addition to basic salary, the Council may pay other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties, which could include returning officer fees or responsibility allowances. This list is not exhaustive. The Council currently pays three additional responsibility allowances, one of which is paid to the Chief Financial Officer, one to the Director of Public Health and one to the Assistant Director for Legal & Governance.

Payments on Termination

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

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

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

Publication

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

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

Lowest Paid Employees

The Council since April 2011 has adopted a maximum of 35 hours per week for new appointments. The lowest paid persons employed under a contract of employment with the Council are employed on 35 hour per week in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1st April 2022³ this is £18,586 per annum. The Council employs Apprentices who are not included within the definition of 'lowest paid employees' as the terms and conditions are determined by the National Apprenticeship Service.

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

³ Refers to pay structure at 1st December 2022. The 2023 NJC award is currently being negotiated. The rates above are those effective from 1st April 2022

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

The current pay levels within the Council define the multiple between the lowest paid (35 hours per week) employee and the Chief Executive (35 hour per week) as 1:10.12 and; between the lowest paid employee (35 hours per week) and average chief officer as 1:4.55. The multiple between the median (average) full time equivalent earnings and the Chief Executive (35 hours per week) is 1:7.06 and; between the median (average) full time equivalent earnings and average chief officer is 1:3.17.

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

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

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

Accountability and Decision Making

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

FOR OFFICE USE ONLY

Res/HR/BAC: Prepared 25 January 2012

Approved by Council 16 February 2012

Res/HR/BAC: Updated 17 January 2013

Approved by Council 14 February 2013

Res/HR/BAC: Updated 29 January 2014

Approved by Council 13 February 2014

COaCH/HR/BAC: Updated 20 January 2015

Approved by Council 12 February 2015

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COaCH/HR/BAC: Updated 13 January 2017

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COaCH/HR/BAC: Updated 25th January 2018

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COaCH/HR/BAC: Updated 14 January 2019

Approved by Council 14 February 2019

CEU/HR/BAC: Updated 16 January 2020

Approved by Council 13 February 2020

CEU/HR/SH: Updated 4 January 2021

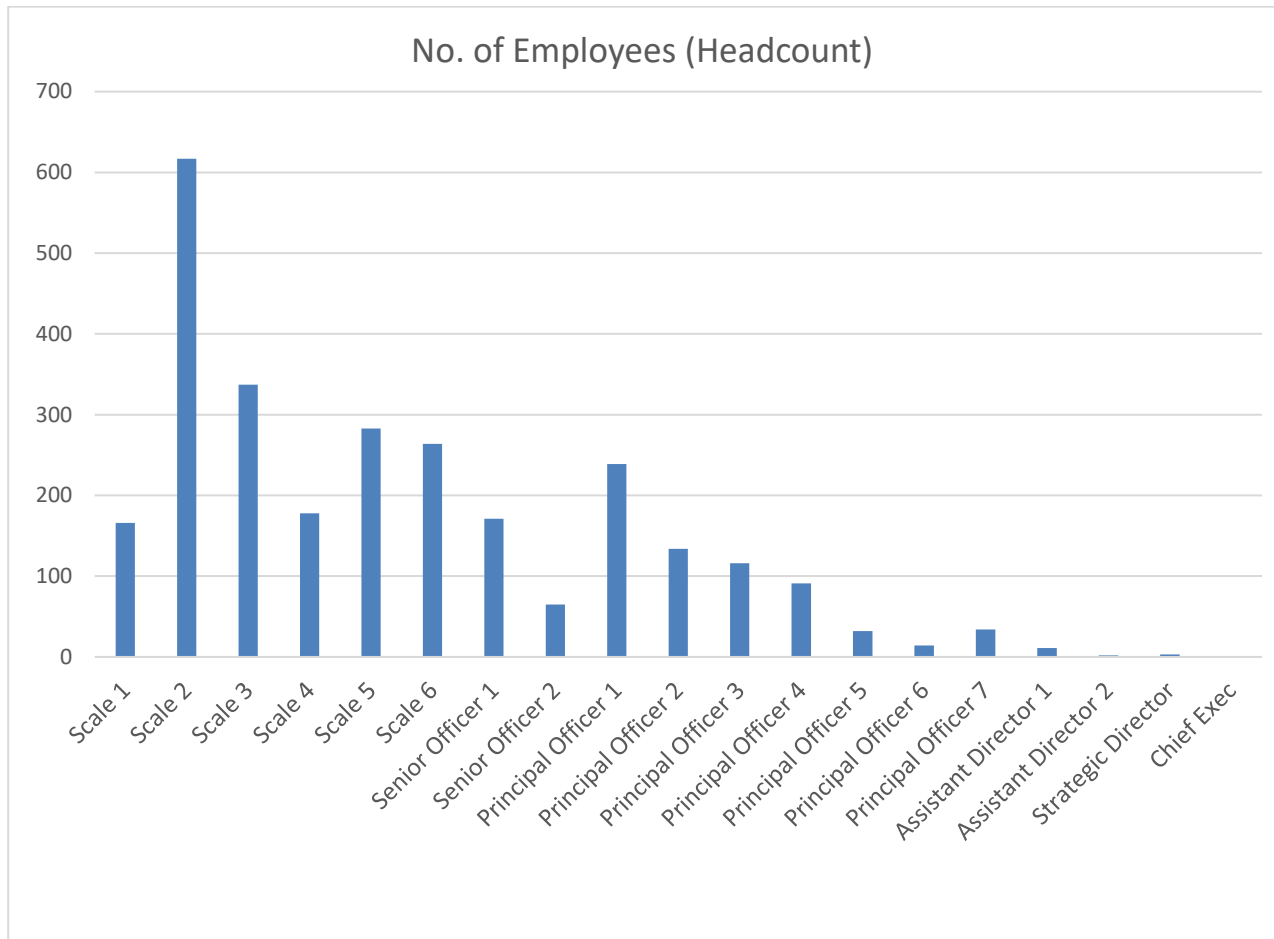
*Approved by Council 18 February 2021
CEU/HR/JL: Updated 4 January 2022
Approved by Council: 17 February 2022
CEU/HR/GL: Updated 13 January 2023
Approved by Council*

Appendix

Table 2: Other main salary grades from April 2022* based on 37-hour full time equivalent (35-hour full time equivalent shown in brackets)

Grade	Pay range minimum	Pay range maximum	National Pay spine Points
Scale 1	£20,258 (£19,163)	£20,441 (£19,337)	1 – 2
Scale 2	£20,812 (£19,687)	£21,189 (£20,044)	3 – 4
Scale 3	£21,575 (£20,409)	£21,968 (£20,780)	5 – 6
Scale 4	£22,369 (£21,159)	£24,054 (£22,753)	7 – 11
Scale 5	£24,496 (£23,172)	£26,845 (£25,394)	12 – 17
Scale 6	£27,344 (£25,866)	£29,439 (£27,848)	18 – 22
Senior Officer 1	£30,151 (£28,522)	£32,020 (£30,289)	23 – 25
Senior Officer 2	£32,909 (£31,130)	£34,723 (£32,846)	26 – 28
Principal Officer 1	£34,723 (£32,846)	£37,261 (£35,247)	28 – 31
Principal Officer 2	£38,296 (£36,226)	£41,496 (£39,253)	32 – 35
Principal Officer 3	£42,503 (£40,205)	£45,495 (£43,036)	36 – 39
Principal Officer 4	£48,333 (£45,721)	£51,972 (£49,162)	40 – 43
Principal Officer 5	£53,529 (£50,635)	£56,795 (£53,725)	44 – 47
Principal Officer 6	£53,725 (£56,278)	£62,920 (£59,519)	48 – 51
Principal Officer 7	£65,861 (£62,301)	£69,773 (£66,001)	52 – 55

Chart 1: Staff Distribution Across Grades



Notes:

Chart 1 above refers to the staffing count as at 1st December 2022 which includes all permanent, temporary and relief/casual/sessional (as/when required) employees excluding maintained Schools. Table 3 overleaf shows a breakdown of the staffing numbers with percentages per grade.

Table 3: Staff distribution across grades⁴

Grade	No. of Employees (Headcount)	Percentage (%)
Scale 1	166	6.02%
Scale 2	617	22.37%
Scale 3	337	12.22%
Scale 4	178	6.45%
Scale 5	283	10.26%
Scale 6	264	9.57%
Senior Officer 1	171	6.20%
Senior Officer 2	65	2.36%
Principal Officer 1	239	8.67%
Principal Officer 2	134	4.86%
Principal Officer 3	116	4.21%
Principal Officer 4	91	3.30%
Principal Officer 5	32	1.16%
Principal Officer 6	14	0.51%
Principal Officer 7	34	1.23%
Assistant Director 1	11	0.40%
Assistant Director 2	2	0.07%
Strategic Director	3	0.11%
Chief Exec	1	0.04%
Grand Total	2758	100%

⁴ Refers to the staffing count as at 1 December 2022 which includes all permanent, temporary and relief/casual/sessional (as/when required) employees excluding Schools

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Report from Overview and Scrutiny Performance Board to Cabinet on 2 February 2023 - Budget Scrutiny 2023/24 Comments

The Overview and Scrutiny Performance Board considered the comments from the January Scrutiny meetings on the draft budget approved for consultation by Cabinet on 5 January 2022.

The comments came from a rigorous scrutiny process, in particular of the revenue budget, and the Board is grateful to the officers and witnesses who enabled this scrutiny to take place in a tight timescale.

The Chairman of the Board raised an issue, which the Leader agreed to look into about providing home to school transport for Ukrainian children where they are not eligible and the host family placement is in jeopardy. Currently, it falls to the host families to take the children to school if they are not eligible for home to school transport, which it was suggested could result in the breakdown of host families who were not aware of this obligation when the Homes for Ukraine Scheme was set up. The Chairman suggested that consideration should be given to providing this transport where appropriate to help to avoid host family breakdowns.

Members of the Board were keen to emphasise the policy development role of Scrutiny and for 2024/25 would like the opportunity to feed into the Corporate Strategy Planning process in September 2023 and would therefore wish to get involved in the budget setting process earlier in the year in order to have a more meaningful role.

The Comments from the Scrutiny meetings are:

Adult Care and Well Being Overview and Scrutiny Panel (23 January 2023)

The Adult Care and Well Being Overview and Scrutiny Panel received the draft Council Budget for 2023/24 and budget information specific to Adult Social Care. As part of the discussion, the following comments were made:

- The service demand for Adult Social Care for 2023/24 was budgeted at £18.5m, with a £16.4m net investment into Adult Social Care including Provider Services, funded by the 2% Adult Social Care Levy, other funding streams and savings identified relevant to Adult Social Care.
- Members welcomed the 2% Adult Social Care Levy for 2023/24 and were pleased to hear that the Cabinet Member and Officers took every opportunity to lobby Government for fair funding.
- The Panel was keen to know how Worcestershire spend in Adult Social Care compared to that of other local authorities. It was agreed to provide benchmarking information to Members.
- The Council's assumption for inflation was 5%, however, there were some contracts, mainly in highways and transport, where inflation was much higher. In Adult Social Care, inflation was difficult to forecast as a number of contracts had zero uplift and would require renegotiation and also the retail price index (RPI) changed monthly.
- In terms of how the Council mitigated if inflation rates remained high, the Panel was advised that there was a balance to be achieved and that most contracts had inflation built in. However, spot contracts (care purchased at the time of need) were negotiated at the time of need. There was currently around a 20% vacancy rate in Care Homes. Costs for spot purchase beds would vary

depending on supply at the time and client need, however, block purchased beds would likely be more economical if fully occupied, however, when not used, would still be charged for. Members were reminded that the Council had statutory duties to meet. In addition, patient choice was a huge and important factor for anyone requiring a Care Home placement, either on a short or long term basis.

- The Council had set a savings target of 6.5% across the organisation for vacancy management, enabling savings to be achieved between an employee leaving and their successor starting. It was acknowledged that this target will not be achievable for some areas of the Council and reserves of £5m had been earmarked to mitigate for this.
- In addition, the People Directorate had a savings target of £661,000 for the delay in recruitment to vacant posts. The Strategic Director assured the Panel that recruitment was a priority and that posts were not left unfilled to make savings. Overall, there had been an underspend by the Directorate in this area this year and it was therefore prudent to account for this.
- Recruitment was of ongoing concern in health and social care. The Council could advertise posts with salaries which could include Market Forces supplements, however, the pool of applicants was in short supply across the sector and neighbouring authorities were equally able to increase a pay offer, if that was a prominent factor for a job seeker. The Council was looking at innovative ideas to attract people to work in Worcestershire which included the overall job package not just pay.
- The Panel agreed that care work as a career could make a huge difference to people's lives and the Council and its Members could do more to share some of the positives. A video had recently been produced to promote working in Social Care in Worcestershire which would be shared with Panel Members to enable further promotion in their communities.
- Members asked how the Council and its Members could help in slowing down the demand for adult social care. In response, one suggestion was that Members could promote and support the local community provision, such as Dementia Cafes and Clubs aimed at combatting loneliness. The Panel agreed that Members had a duty to advertise local provision to residents and where possible it was suggested that Councillors could use their Divisional Fund to support and develop community assets.
- Clarity was given that the newly announced Government Discharge Fund, allocated to support people being discharged from hospital into social care, was not a Grant, rather monies which Integrated Care Boards could claim and in the case of Herefordshire and Worcestershire, was capped at £2.6m from a national fund of £200m.

Health Overview and Scrutiny Committee (HOSC) (13 January 2023)

The HOSC considered an update on the Public Health Ring-fenced Grant and identified the following points to be highlighted to the OSPB and to Cabinet. HOSC's comments are made in the knowledge that use of the Public Health Ring-Fenced Grant (PHRFG) is ring-fenced for use on public health functions, and that at the time of the discussion, allocation for 2023/24 had not yet been confirmed.

- It is positive that historically the PHRFG allocation to Worcestershire has been favourable compared to other councils, however HOSC members are concerned about the amount received for public health, since the budget allocated by

Government has remained at a similar level over several years, therefore has not kept pace with inflationary increases.

- HOSC members are keen to see the PHRFG fully made use of and are therefore pleased that there is a 3 year plan in place for the use of the reserves which had been paused during the COVID pandemic. This will include directing funds towards health and wellbeing, health inequalities and the impact of Covid.
- In respect of feedback from a HOSC member that crime against sex workers has increased significantly, reassurances have been sought that the level of funding and support will be sufficient to provide for sex workers' health.
- It has been clarified that a one-off use of £0.8m PHRFG underspend towards corporate savings for 2022/23 is entirely within the remit of the PHRFG and that the underspend was partly due to services needing to stall during Covid rather than any withdrawal of public health services.
- Other areas discussed as part of the PHRFG update included availability and access to Sexual Health Services including emergency contraception following changes during the pandemic, NHS health checks for those aged 40-74, national screening programmes and falls prevention work.

HOSC members are fully supportive of the preventative focus of the public health function and are keen to maintain awareness of use of learning during Covid on how to work with hard to reach groups and tackle health inequalities made worse by the pandemic.

Children and Families Overview and Scrutiny Panel (17 January 2023)

The Panel was advised that the 2023/24 Budget for Worcestershire Children First (WCF) was £147m gross, of this £111.105m related to the Council's net base budget and the balance towards the overall running costs of WCF. The £32.825m funding mainly related to specific grants for example the Social Care Grant £15.3m, DSG £6.5m, other specific grants. WCF also receive income of £3.06m related to non-County Council sales, fees and charges.

The main budget pressures related to the 'demand led' placements which is consistent with other upper tier authorities and pressure on home to school transport budgets. It was highlighted that there was a risk that the placements budget for 2023/24 could exceed the budget by £2-3m, although this would be mitigated by the £2m risk reserve and close monitoring during the year with prompt action taken if required. This approach had been taken and worked well over the last 3 years.

It was outlined that £13.7m gross investment into Children's Services for 2023/24 (net £10.1m), was largely funded by the additional Social Care Grant (£9.3m). Savings of £3.6m had been identified, which included a reduction of the employer pension fund rate from 18.6% to 17.1% which saves £0.6m, an increased vacancy factor from 2.5% to 6.5% equating to savings of £1.7m and savings proposals of £1.3m required by WCF, which were outlined in Appendix 3 of the Cabinet Report.

In relation to the provisional Dedicated Schools Grant (DSG), the Council had been notified that an extra grant of £14m, as part of the additional funding outlined in the Autumn Statement, was to be made available for schools (including academies), this is in addition to the £406m for the schools block highlighted in the report. The Panel was informed that the Government had also announced its intention to extend the statutory override for the DSG for the next 3 years to 2025/26. This was welcomed in the short term but in effect deferred the problem of funding the historical deficit for SEND and High

Needs to March 2026. The Council continued to lobby on this issue and to prioritise work to reduce the deficit through the DFE programme Delivering Better Value (DBV) in SEND which has commenced and which will influence and shape future national government policy in this complex and challenging area of activity.

During the discussion the following main points were discussed:

- A number of issues were raised about the funding of Home to School Transport (HTST) including ensuring value for money for the Council, the rising costs for providers, extending use of greener vehicles and seeking to gain an understanding of the breakdown of figures for areas of spend and types of vehicles used. The Panel was informed that a deep dive review was taking place on all aspects of the Home to School Transport system. £2.4m of additional funding had been allocated for HTST to keep pace with the additional demand. With an additional £1.6m for inflation, this brings the overall additional investment to £4m for 2023/24 which increases the budget from £18.4m to £22.4m.
- The impact of the increased vacancy factor was raised. With some key vacancies already difficult to recruit to, concern was expressed that this would have a negative impact on the recruitment of key staff, and thereby the quality of service provided to children and young people. Assurance was provided that this requirement would be safely managed to ensure that there was no impact on recruitment to social worker posts. The delivery of this would be monitored carefully across the Council and WCF during 2023/24 - with a provision set aside as a contingency.
- The Panel questioned what measures were in place to address the High Needs Block funding deficit. The Panel was informed that £5m had been allocated in this year's budget for this purpose to start to provide for the historical deficit which would need to be addressed over the next 3 years. They were advised that the DBV in SEND programme would be the key route to deliver a sustainable plan and inform future policy alongside the other 54 authorities included in the programme.

Corporate and Communities Overview and Scrutiny Panel (19 January 2023)

The Panel was advised that there had been a £27.7m increase in the Council's net budget of which, £14.1m related to the increase from Council Tax income, £8.4m from the increase in Business Rates/SFA and £5.2m net use of reserves.

The budget pressures relating to Communities were c£2m due to pay and contract inflation which would be offset by £1.64m of savings resulting in a net investment of c.£0.3m.

The Corporate areas had total revenue investment and inflation of c£10.8m, revenue savings, efficiencies and income generation of £8.6m resulting in an overall net investment of £2.2m.

During the discussion, the following points were noted:

Corporate areas

- The £0.5m increase in investment for Legal Services was to support the continuing demand for childcare cases. Previously, efficiencies had been used to

offset demands in the Legal Team, but this was no longer possible with the scale of increased demand within these services.

- In terms of helping to prevent the legal demand, it was confirmed that Worcestershire Children First (WCF) continued to work on early intervention and prevention and no reductions were anticipated in this area. It was likely that the Public Health Ring Fenced Grant (when received) would increase by the rate of inflation and there would be further investment into front line services for adults and children's care.
- As a result of successful investment performance of the Pension Fund, the Council's contribution had reduced from 22.3% to 19.4%, resulting in a significant saving of £4.464m for the Council.
- In relation to the proposed move to introduce a standardising 'vacancy factor' (ie holding vacancies wherever possible) of 6.5% for all staffing budgets there is a savings target of £184,000 for CoaCh. It was however noted that this would be challenging for some areas.
- The Strategic Director for CoaCh confirmed that the revenue savings and income generation targets for CoaCh were achievable.
- There was a £800k target to maximise income generation across the County Hall Campus which would be achieved by leasing parts of County Hall.

Communities

- It was confirmed that every library (except the Hive) was being considered as part of the roll out of libraries unlocked, although it may not be appropriate for every library. The savings target for this initiative was £225k. The proposals relating to Redditch Library were not detailed in this Budget Report due to the funding being provided by external funds and also the consultation had not yet closed.

The Panel was keen to look at the individual budgets within its remit and to scrutinise through Quarterly Budget Monitoring during the 2023/2024 year with a view to feeding into the 2024/2025 budget process starting in September 2023.

Economy Overview and Scrutiny Panel (20 January 2023)

- The Panel would like to understand why a council tax increase totalling 4.94% is being proposed, as opposed to 4.96% or 4.97%.
- In terms of validating how the Council benchmarks against other areas on its proposed total increase in council tax, the Panel was reassured that the latest data is used, produced annually by the Government and that local authorities of a similar nature and function were used for comparison.
- A question was asked about how the Council's total expenditure for 2023/24 was split across the district areas. The Officers advised that this was a difficult question to answer mainly because so much of the Council's activity was cross-county, and dependent on needs at a particular time, for example major infrastructure projects.
- The Panel asked how the additional funds for adult social care were being directed to address known pressures on health and social care for example delays in patients being able to leave acute hospitals and were very pleased to hear that one of the grants is specifically for this purpose and will be directed to areas such as social workers in hospitals, capacity within the market, reablement, homecare and assistive technology.

- In relation to the proposed move to introduce a standardising 'vacancy factor' at 6.5% in all staffing budgets, to formalise the fact that in general there is a gap of several months in filling staff vacancies (projected at £419,000 for staffing areas related to the Economy Panel remit), it was explained that this was to budget for what tended to happen and was in no way budgeting for less staff. Vacancy gaps would be risk assessed and would not be appropriate for some areas such as highways, therefore there was a council fund to ensure service delivery continued.
- The Panel asked to what degree the predicted reduction in inflation would alleviate pressures on council budgets and were advised that this would vary according to the dates of contracts and loans.
- It was clarified that the £253,000 revenue increase due to the reduction in income generation abilities within traded areas related to services such as County Enterprises or renting out Council buildings.
- The funds for the Redditch Rail Quarter were warmly welcomed, and it was confirmed that the £15.038m funding contained an element of protection against likely inflationary cost increases.
- Regarding opportunities for trading with other local authorities, the Panel was advised that the Council worked closely with other councils and provided some services, however this was mainly around efficiency and economies of scale, and that most staff teams would not have that level of capacity. Tourism and events played a part.
- In relation to Malvern Technology Park, it was learned that the Council is investing in enabling infrastructure along with work being done to adapt the Park after the pandemic – the Panel has suggested occupancy could be offered to a broader range of businesses whilst retaining the technology theme.
- A Member queried how it was possible to identify specific active travel schemes from the budget detail provided and it was explained that the detail of smaller individual schemes was not included in the draft budget as the information provided was at a higher level and such schemes may be funded from a number of sources. The Local Transport Plan (LTP) would include the detail of specific schemes and work on LTP5 was due to commence later in the year.
- In general terms, Panel members are keen for the Council to encourage new businesses, for example by ensuring available small units on flexible terms and were advised that this aim was fully supported by the Cabinet Member with Responsibility for Economy, Infrastructure and Skills.

Environment Overview and Scrutiny Panel (18 January 2023)

In summary, Members were advised that the proposed 2023/24 net revenue budget for areas within the remit of the Environment O&S Panel is £53,759m. This includes the following areas of investment:

- £500k revenue increase to maintain highways and tree pruning
- £434k increase relating to waste demand
- £519k for pay inflation
- £3.631m for contract inflation (including waste), and
- £7.4m to rebase budgets to reflect the full cost of Waste PFI financing and remove the use of one-off funding.

This is offset by £981k to cover income generation from increases in fees and charges for street works and a proportion of savings related to vacancy management. There has also been a transfer of services to areas within the remit of the Economy Overview and

Scrutiny Panel totalling £120k. Overall, therefore, a net investment of £11.4m is proposed.

In addition, the currently approved Capital Investment programme totals £174m alongside £104m for Open for Business. This includes investment of £5.5m in the overall programme to ensure the cost of inflation does not affect deliverability, including £2.5m relating to highways and footways.

The Panel felt that this was a good budget for the environment and for Worcestershire and welcomed the unexpected additional grant funding from central Government. Members also welcomed the Cabinet's continued commitment to funding the Pavement Improvement Programme, flood mitigation measures and LED street lighting.

However, concerns remained about particular service areas which the Panel had identified through its quarterly monitoring of performance information, including Public Rights of Way and the backlog of Definitive Map Modification Orders (DMMOs), and issues relating to Section 278s.

Overall, the Panel welcomed the budget proposals. Looking forward to 2023/24 budget scrutiny, the Chairman requested that a budget task group be set up to allow more in-depth consideration of proposed budgets. The Chairman thanked the Cabinet Members and Officers for their help and assistance.

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COUNCIL

16 FEBRUARY 2023

REPORT OF CABINET - SUMMARY OF DECISIONS TAKEN

Request to Consult in Relation to Care and Support

1. The Council's local charging policy for adults receiving care and support was updated and implemented in April 2015 in line with the Care Act 2014. Some aspects of the policy were mirrored from the pre-Care Act Regulations, to ensure continuity for our adult service users.
2. Cabinet has considered a report reviewing how the Council purchases and assesses charges for replacement care, especially in relation to Direct Payments. This is because service users in receipt of a Direct Payment exercise choice and control to decide on the timing and frequency of the replacement care according to their support plan and there is no onus on the service user to let the Council know when this is arranged.
3. To ensure that the Council is fair and consistent in its approach and in line with most other local authorities, it is proposed that all clients in receipt of replacement care services are assessed under the non-residential provisions of the Council's charging policy.
4. Current custom and practice is that the Council only charge a service user for one care caller, even if two carers are required from a service delivery requirement. Cabinet is minded to change this approach in the Council's charging policy to enable charging for both carers.
5. Care Support Statutory Guidance provide principles that local authorities should consider when making decisions on charging. These include applying the charging rules equally so those with similar needs or services are treated the same. Councils should also minimise anomalies between different care settings. The proposal to charge all services users in receipt of replacement care, whether they are in receipt of a Direct Payment or not, under the non-residential charging regime will ensure continuity in approach and minimise any potential anomalies.
6. Cabinet has authorised the Strategic Director for People to carry out a public consultation on the proposals and he will bring forward a final recommendation at the conclusion of the consultation.

Education Sufficiency Annual Update

7. The Cabinet has considered the updated annual sufficiency information for all areas of education to ensure the Council's five-year strategic School Organisation Plan, which provides an overview of school place planning from 2019-24, is revised in order that the

Council can meet its statutory duty and strategic aims to provide a sufficiency of school places for children in Worcestershire.

8. As part of this, Cabinet also considered an update report on progress with delivering the new secondary school in Worcester.

9. Cabinet has:

- noted the updated sufficiency information for mainstream school age and specialist education provision;
- noted the pressure on mainstream and specialist education provision, and sufficiency duties highlighted in the reports;
- approved the publication of the sufficiency report as updates to the School Organisation Plan 2019-2024;
- noted progress on the updated Early Years and Childcare Sufficiency annual report and Post 16 education sufficiency assessment; and
- noted progress update on the delivery of the Worcester City Secondary School.

Digital Infrastructure and Connectivity

10. Cabinet has considered a report updating it on the accomplishments of the Superfast Worcestershire Programme and associated projects to improve digital connectivity within the county. The report also set out the proposed expansion of the digital infrastructure and connectivity agenda to deliver the availability of gigabit capable broadband infrastructure to reach 90% of the county's premises during 2027, and work to further improve the experience of voice and data services for mobile telephone users in Worcestershire.

11. In broadband, there is a planned retirement of the copper network, with some services supported by the old 'analogue switches' already being ceased. Equally, in mobile, 3G services are already being switched off, planned to be completely switched off by 2025 and 2G services are set to follow. Continuing to improve digital infrastructure across Worcestershire will allow business competitiveness and social benefits to be maximised.

12. Cabinet has confirmed the ongoing commitment to delegate authority to the Strategic Director of Economy and Infrastructure in consultation with the Cabinet Member with Responsibility for Economy, Infrastructure and Skills for reinvestment of underspend and up to £4m of Gainshare from Superfast Worcestershire Phase 1 and Phase 2.

13. In addition, Cabinet has approved the expansion of the scope of the digital infrastructure and connectivity agenda to deliver the availability of gigabit capable broadband infrastructure to reach 90% of the county's premises during 2027, and work to further improve the experience of voice and data services for mobile telephone users in Worcestershire.

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 and background papers for the meeting of the Cabinet held on 2 February 2022:

[Agenda for Cabinet on Thursday, 2nd February, 2023, 10.00 am - Worcestershire County Council \(moderngov.co.uk\)](#)

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COUNCIL
16 FEBRUARY 2023
NOTICES OF MOTION

(a) NOTICES OF MOTION TO CHANGE THE CONSTITUTION – PROCESS FOR AMENDMENTS AND REMOVAL OF TIME LIMITS AT THE MEETING
Recommendations

1. **The Democratic Governance and Scrutiny Manager (Interim Monitoring Officer) recommends that the Council considers the report as part of debating the Notices of Motion relating to:**
 - a) **removing the time limit for considering Notices of Motion, CMR reports, and Questions, and**
 - b) **the process for Amendments to Motions,**

noting the advice about validity set out in the report, and
2. **If the Council decides to amend the constitution, the Monitoring Officer is authorised to update the Constitution accordingly.**

Background

3. As required by paragraph 29.3 in Appendix 2 of the Constitution (Procedural Standing Orders), any proposal to alter or amend the Procedure Rules is, once proposed and seconded, adjourned to the next meeting of the Council to receive a report from the Monitoring Officer. This Monitoring Officer report covers two Notices of Motion deferred from the Council meeting on 12 January 2023 which propose changes to the following Procedure Rules:

Notice of Motion 1

- a) 16.1 – Questions Upon Reports – proposal to remove the current time limit of 30 minutes for questions and answers on a report from a Cabinet Member with Responsibility;
- b) 16.2.1 - Question Time – proposal to remove the time limit of 30 minutes set aside for formal questions from Councillors; and
- c) 17.2 – Notices of Motion – proposal to remove the time limit of 90 minutes for discussion of Notices of Motion on the agenda for a Council meeting.

Notice of Motion 2

This proposes to amend PSO 17, Notices of Motion, by adding a requirement for dealing with amendments as follows:

- a) Any amendments to a Notice of Motion on a Council agenda must be submitted by noon on the Monday prior to the Council meeting on the Thursday;
- b) The Assistant Director for Legal and Governance or their nominee must approve a written amendment to a Notice of Motion 3 days prior to the Council meeting, and
- c) The amendment should then be made available to group leaders and the proposer and seconder of the original notice of motion.

4. Both Motions are set out below in full for ease of reference. If adopted by the Council, the changes would come into force at the next meeting of the Council on 18 May.

Notice of Motion 1 - Removal of Time Limit for Notices of Motion, CMR Reports and Questions

5. At the Council meeting on 12 January the following Notice of Motion was proposed and seconded.

“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.”

6. As was indicated in the Notice of Motion, Council last reviewed the procedure rules for Council meetings via a small councillor working group which reported to Council on 17 May 2018. The report of the Working Group which accompanied the item set out the reasons for the proposals at that time to introduce a time limit for Notices of Motion and questions and answers at Council meetings : [Agenda for Council on Thursday, 17th May, 2018, 10.00 am - Worcestershire County Council \(modern.gov.co.uk\)](#)

7. If the current Notice of Motion is approved in part or in full, there would be minimal changes to the relevant procedure rules, as it would involve removal of the time limits. Currently there is a closure procedure if consideration of Notices of Motion reaches the 90-minute limit, and this would also be removed.

Notice of Motion 2 - Process for Amendments to Motions

8. The Notice of Motion proposed and seconded at the Council meeting on 12 January was:

“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.”

9. The current arrangements for dealing with amendments to Notices of Motion at Council, by circulating paper copies of amendments, have evolved through custom and practice. Under the current procedure rules, an amendment to a motion can be made verbally, but the Chairman may require it ‘to be put into writing.’ This was varied by agreement during the pandemic when meetings were online and there was no ability to circulate amendments on paper on the day.

10. The only variation to this currently is the process for debating proposals for the budget, which is set out in the Policy and Budget framework. This requires amendments to be put into writing and circulated prior to the meeting because of the time critical and detailed nature of the item being debated.

11. Whilst the proposed Procedure rule can be adopted, there are some practical issues that may arise which need to be considered:

- a) The Rules of Debate require one amendment to be considered at a time. If more than one amendment is received by noon on the Monday (proposed and seconded) they would need to be considered at the meeting in order of receipt; and
- b) There is a risk that the timescales and requirement for an amendment to be in writing would constrain the ability of the Council to reach a decision on a Notice of Motion at the meeting. The rules of debate enable further amendments to be moved to a Motion during a debate, and there are likely to be occasions where a change to wording proposed on the day will enable consensus to be reached.

If adopted by the Council, I advise that there would still need to be the ability to propose further amendments at the meeting. Council could mirror the exception in the current Budget framework procedure rule where the admittance of further amendments at the

meeting is at the discretion of the Chairman. This enables each case to be considered on its merits.

12. If approved by Council, the process set out as proposed in the Motion would be added into the Procedure Rules in the section dealing with Notices of Motion. However, the ability to move further amendments would remain and how these are handled would be at the discretion of the Chairman on a case-by-case basis.

13. The Rules of Debate in paragraph 19 of the Procedure Rules would remain unchanged. This section, which deals with motions and amendments, would still apply to the debate, the other items on the Council agenda and to meetings of Committees and Scrutiny Panels etc.

(b) NOTICES OF MOTION

Notices of Motion Received

14. The Democratic Governance and Scrutiny manager reports that she has received the following Notice 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.

15. 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 3 – Cycling facilities

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

17. Notice of Motion standing in the names of Cllr Beverley Nielsen, Cllr Matt Jenkins, and Cllr Tom Wells:

“By facilitating cycle integration with train travel through enhanced cycle parking facilities at stations, we as County Councillors will, in turn, drive modal shift and accelerate our county’s move from a zero active mobility rating to the targeted next level 1 rating and help to improve congestion as well as health and well-being in Worcestershire

Having audited the stations in Worcestershire for quality of bicycle parking and the Train Operating Companies (TOCs) for bicycle carrying services, Council calls on the Cabinet Member with Responsibility to investigate and bring a report to Cabinet about the following:

- How County Councillors can support improvements to cycle facilities at railway stations, including potential use of their Divisional and Highways funding, and the potential for this to be matched by county council or other grant funding

- How the funding raised could be used to provide enhanced cycle parking facilities, working with partners and other organisations and to meet relevant legal and standards requirements

Information so far gathered on the facilities can be reviewed at this link ([here](#) and attached as an appendix) and we ask that this is fully reviewed and updated as background to the Cabinet report.”

Contact Points

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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 background papers relating to the subject matter of this report:

Procedural Rules in the Council Constitution:

[APPENDIX 2 January 2020 vf Procedural SOs.pdf \(moderngov.co.uk\)](#)

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Railway station	Sheltered storage	Storage Spaces	Details
Worcester Foregate	No	36	
Worcestershire Parkway	Yes	52	Two-tier racks: 32 spaces. Stands: 20 spaces.
Worcester Shrub Hill	No	0	
Hartlebury		0	
Droitwich Spa	No	48	Stands
Pershore	No	9	5 hoops and 4 key operated cycle lockers.
Malvern Link	Yes	12	Stands
Malvern Link	No	25	Stands
Barnt Green	No	10	
Kidderminster	Yes	64	Stands
Alvechurch		0	
Bromsgrove	Yes	29	18 spaces are covered and 11 uncovered
Evesham	No	8	Sheffield hoops and 6 key operated, secure cycle lockers. Keys obtainable from station staff for small fee
Great Malvern	Yes		four hoops and 6 lock ups
Great Malvern	No	14	Stands
Honeybourne	No	18	Stands
Blakedown		0	
Wythall	No	6	Stands
Redditch	No	18	Stands
Hagley	No	16	Stands



Great Western Railways

Require you to make a booking for your bike two hours ahead of train journey; only two bikes are allowed on a train at one time.

West Midlands Trains

Do not need to book your cycle, but bikes compete for space with pushchairs and other passengers

Cross Country Trains

Don't need to book, but they will only allow two bikes on board. If there are already two bikes on board then have to wait until a train arrives with capacity to take bike in light of the two bike limit.

On the ground data
Network Rail online data

COUNCIL
16 FEBRUARY 2023**REPORTS OF CABINET MEMBERS WITH RESPONSIBILITY**
– CABINET MEMBER WITH RESPONSIBILITY FOR ADULT
SOCIAL CARE

Introduction

1. It gives me great pleasure to be able to bring my report to Council. It continues to be my aim to build on the vision as set out in our refreshed Corporate Plan, which underpins everything we do. *“It is our priority, working with partners, to ensure Worcestershire residents are healthier, live longer, have a better quality of life and remain independent for as long as possible.*
2. We continue to work with partners to provide the framework, support, and guidance to enable more adults to live healthy, independent lives and be active for as long as possible, while also ensuring we can provide the best support that people need in times of crisis. Adult Services in Worcestershire is on a transformation journey to ensure the best outcomes for our residents, in line with our core adult social care functions and ensuring best value.
3. We continued to see challenges through 2022, including increasing demand from our communities, which is intensified further by the continued pressure and demand through Worcestershire’s NHS, including primary and acute care, in particular the services we provide to support people leaving hospital to be rehabilitated and supported to return home.
4. The over 70 population in Worcestershire is estimated from the 2021 census to be around 102,400, up from 76,000 from the previous census in 2011.
5. The increase is largely due to an increase in those in the 70-74 age group due to the ageing of the baby boom cohort, but there have been increases in all older age groups as people in Worcestershire are generally living longer, with the 90-plus age group growing by over 1,300. The number of people in the oldest 75+ age group is projected to increase by almost 17% up to 2025, and by over 30% by 2031. People in the oldest age group are likely to have higher needs associated with frailty, comorbidity and living alone. Overall, almost 23% of the Worcestershire population are now aged 65 and over, representing over 138,000 people.
6. Our vision and strategy will continue to focus on ensuring as many of our vulnerable residents remain independent, for as long as possible. We are now continuing our transformation journey and are building on our learning from the pandemic and working with partners to develop a more integrated way of working.
7. We remain flexible in the types of support we provide and work with people intensively if they are in a crisis to help them regain control of their life, and, wherever possible. Supporting them to return to independent living.

8. Our approach promotes “strength based” social work and focuses on listening and connecting with people to understand their needs. In doing so, we can reduce the long-term care costs for individuals and reduce the numbers of people entering long term care homes or having very expensive services at home.

9. We continue to work with our trusted service providers to ensure that we can offer the right services, in the right place, at the right time, which deliver quality outcomes and value for money for our residents and users.

10. I must again pay tribute to our carers, there are approximately 81,000 carers, including 66,250 voluntary carers in Worcestershire. It is important to recognise and value carers’ vital role in society. Carers form a key link within our communities and are vital in enabling the growth of community capacity and resilience to support independent living.

11. The Council's main support for carers is delivered by Worcestershire Association of Carers (WAC) – which receives around £1.6m to carry out their essential role in assessing carers, supporting individuals and advocating for carers as an invaluable group.

12. Our People Strategy focuses on supporting people to stay safe and remain independent for as long as possible. Protecting people from the experience or risk of abuse or neglect is a key element in achieving this. In 2021/22 there were 3310 safeguarding concerns started of which around 33.3% of these were converted to Section 42 and other discretionary enquiries (*this data relates to concerns that were started in 2021/22 and have subsequently concluded all relevant activity*). The three priorities of Worcestershire Safeguarding Adults Board (WSAB) for 2023/24 are:

- I. Further development of the Safeguarding Adult Review (SAR) and Rapid Review process following the recommendations from the assessment currently being undertaken, including:
 - a) Clarity on how we engage people with lived experience in the process
 - b) Development of a shared learning framework for dissemination of learning and good practice from the SARs
 - c) Implementing any required changes to policies and strategies
 - d) Development of an assurance approach which links into the learning framework
- II. Further development and embedding of the CARM (Complex Adults Risk Management (CARM) framework*.
- III. Implementation of the Exploitation Strategy*
**both of the above should include recommendations on managing the manifestation and impact of domestic abuse*

Key Areas of Success

13. Adult Social Care have continued on their journey of transformation, during and since the pandemic, which is a credit to the new Strategic Director for People, his management team and the staff across the service. Over the last 12 months we have:

- Reviewed and refreshed the provision of **Day Opportunities** services across Worcestershire, enabling people to become more independent and receive modern services to support their ongoing independence and life skills – whilst significantly reducing the cost of the provision for those with Learning Disabilities.

- Commenced our transformation of the **Adults Front Door** through:
 - Introduction of self-service for referrals from professionals, through digital enhancements with effect from 30 January 2023.
 - Development and training of staff at the front door, with the key skills to have appropriate conversations with residents. This is helping to reduce demand into social work teams
 - Refreshed the Adults Social Care presence on the Council's website, which will be live in February, with support from Healthwatch who have mystery shopped and help us re-shape our on-line presence.

- Contracts have been issued with domiciliary care providers for the delivery of an **outcomes focused Domiciliary Care service**. The county has been divided into 10 zones, each with a primary and 2 secondary providers for each zone. Some providers will work across more than one zone and commissioners are currently seeking tenders for the small outstanding number of contracts available. The providers will work closely with Adult Social Care's Reablement Service and social work teams to support people to remain at home for as long as possible. The focus of the service will be to support people to achieve outcomes. The Council will be commissioning additional providers for South and West Worcestershire in the final quarter of 2023/24.

- Continued to show a move to **more independent living** for the people we support, which is demonstrated by comparing performance from December 2021 with December 2022:
 - 2% reduction in those living in long term residential and nursing care
 - 5% increase in those living in Supported Living
 - 3% increase in people living in Extra Care
 - 7% increase in those supported to remain at home through domiciliary care support
 - 17% increase in those supported to remain independent through the use of Assistive Technology

- Completed our internal self-assessment against our **readiness for CQC Inspection** and prioritised areas for improvement which will be delivered, ahead of the new national inspection regime commencing in October 2023

Looking Ahead

14. Looking ahead we are preparing for the Government's new CQC Inspection Regime of Adults Social Care and have a comprehensive improvement plan now in delivery. We are also preparing for the implementation of Liberty Protection Safeguards (LPS) which will replace the Deprivation of Liberty Safeguards (DoLS).

15. We recognise that we need to continue to deliver high quality, person-centred services. Given the pressures we are facing, our ways of working need to continue to evolve.

16. We have partnered with Newton Europe to work collaboratively with staff and understand the challenges we face and future opportunities across Adults Social Care.

17. They are taking an evidence-based approach to identify what we need to change and we will work with them to develop a refreshed transformation plan to deliver this change.

18. We have refreshed our People Strategy and our priorities for 2023/24 are to:

- **Collaborate with our system partners** (health, primary care, community, voluntary, businesses and education) to ensure people who use our services and their carers experience seamless, high-quality care and support which meets individual need.
- **Work with care provider organisations** to deliver good quality and accessible services, which present good value for money and provide stability for people
- **Continuing to increase people's independence** and expand the opportunities for them to support and promote their wellbeing and help prevent, delay or reduce the need for ongoing support - to improve the outcomes for individuals in line with Worcestershire's Health and Wellbeing Strategy.
- **Ensuring effective engagement and collaboration** with people, who use our services and their carers/advocates/residents to help shape, develop and deliver services across Worcestershire
- **Work with partners** including those across Herefordshire and Worcestershire Integrated Care System (ICS) to ensure people and communities can access services and receive appropriate support to improve their independence and wellbeing
- **Work with our Communities and voluntary sector** to maximise opportunities for residents of Worcestershire and ensure an appropriate range of community services are available to enrich the lives of Worcestershire's residents.
- **Support high quality care and support** and meaningful engagement through the promotion of personalised budgets
- **Increase the availability and range of accommodation** for people with care and support needs to meet the changing and complex needs of individuals
- **Encourage and develop further social enterprise** through voluntary groups, local businesses and communities
- **Use technology to help to continue to reshape our 'front door'**, provide joined up and personalised care, which enables people to maximise their independence.
- **Provide more accessible and inclusive information** which is communicated more effectively
- **Ensure good budget management** to work within available resources without compromising the quality of care and support

Looking Forward to a Few Strategic Priorities Over the Next Two Years

19. There is general consensus that the only viable solution to the rising demands for care must be a national funding solution and we continue to lobby Government in this regard. Whilst acknowledging a more favourable than expected settlement from Government, for 2023/24 along with the delay in implementing wider reforms – despite this we must continue with our move towards a Fair Cost of Care which will bring further significant challenges and implications for our care providers and the County Council.

21. I would just like to thank all our staff for their help and support over the year. I would also like to recognise the support from others across our Cabinet portfolios, in particular

the corporate support that continues to help us with our transformation journey, from our colleagues in Digital, Transformation and Change and wider.

Adrian Hardman

Cabinet Member with Responsibility for Adult Social Care

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COUNCIL
16 FEBRUARY 2023**QUESTION TIME**

Question 1 – Kinship Carers

1. Cllr Richard Udall will ask the Cabinet Member with Responsibility for Children and Families:

"According to the Kinship Charity, Worcester City has 297 children in Kinship care, saving this local authority £11.88m in paying for looked after care. Is he aware that in a survey for the charity, 35% of Worcester Kinship Carers say they are worried about support they receive and claim they may have to stop caring for their child. 70% of Worcester Kinship Carers feel they do not get the support they need from their local authority. 58% are struggling to meet their Child's need due to the current financial pressures. Does he recognise these figures and statistics?"

Question 2 – Cycle Routes

2. Cllr Beverley Nielsen will ask the Cabinet Member with Responsibility for Highways and Transport:

"Could the Cabinet member for Highways and Transport produce the latest cycle routes across Worcestershire with timetables for implementation and proposed sources of funding? If priorities are allocated to certain routes can this also be provided so we know which routes are due for early development?"

Question 3 – EV charge points on the highway

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

"What is the County Council's strategy for rolling out EV charge points on the highway?"

Question 4 – Assistance for teachers and pastoral staff in the education of Ukrainian children and young people

4. Cllr Natalie McVey will ask the Cabinet Member with Responsibility for Education:

"Can the Cabinet Member with Responsibility tell me whether there is a forum, or any support network, to assist teachers and pastoral staff in their education of Ukrainian children and young people in Worcestershire schools?"

Question 5 – New school in Worcester – Access to information

5. Cllr Dan Boatright will ask the Cabinet Member with Responsibility for Corporate Services and Communication:

"I have recently requested information on the various bids for the new school in Worcester. I was informed this was commercially confidential. It would be very easy to release the information without names and institutions. Given this is taxpayers money, a publicly owned school and in the public interest, why is there no mechanism to allow public scrutiny?"

Question 6 – NHS Patient Payments

6. Cllr Richard Udall will ask the Cabinet Member with Responsibility for Health and Well-being:

"A Worcestershire MP, who also happens to be a former Health Secretary, has suggested the introduction of payments for patients attending GP appointments and for making a trip to A&E. Does she share my view that this would be an extremely bad idea and would further damage relationships between Doctors and their patients and could increase health inequalities in Worcestershire, will she join me in calling upon all Worcestershire Members of Parliament to oppose such a suggestion?"

Contact Points

Contact Points for this report
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Email: 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
16 FEBRUARY 2023**REPORTS OF COMMITTEES****SUMMARY OF DECISIONS TAKEN BY THE PLANNING AND
REGULATORY COMMITTEE**

Applications

1. The Committee approved the following application subject to detailed conditions:
 - Proposed retention of existing facilities, operations and access; the installation of a wash plant and associated infrastructure for the processing of inert materials, to produce recovered aggregate and soils; the relocation of the waste sorting shed, workshop permitted under planning permission ref: 18/000048/CM, and provision of a new site office at Long Marston Works, Long Marston Road, Long Marston, near Stratford- Upon-Avon.
2. Details of the above application can be found in the agenda papers for the Committee meeting held on 7 February 2023.

Cllr Ian Hardiman
Chairman

Contact Points

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

Background Papers

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

Agenda papers for the meeting of the Planning and Regulatory Committee held on 7 February 2023.

[Agenda for Planning and Regulatory Committee on Tuesday, 7th February, 2023, 10.00 am - Worcestershire County Council \(moderngov.co.uk\)](#)

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