

Worcestershire County Council

# Agenda

## Cabinet

**Thursday, 5 January 2023, 10.00 am**  
**County Hall, Worcester**

This document can be made available in other formats (large print, audio tape, computer disk and Braille) on request from Democratic Services on telephone number 01905 843579 or by emailing [democraticservices@worcestershire.gov.uk](mailto:democraticservices@worcestershire.gov.uk)

Find out more online:  
[www.worcestershire.gov.uk](http://www.worcestershire.gov.uk)

## DISCLOSING INTERESTS

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

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

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

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

### WHAT MUST I DO WITH A DPI?

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

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

### WHAT ABOUT 'OTHER DISCLOSABLE INTERESTS'?

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

### WHAT ABOUT MEMBERSHIP OF ANOTHER AUTHORITY OR PUBLIC BODY?

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

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

Not normally. You must withdraw only if it:

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

### DON'T FORGET

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

## Cabinet

**Thursday, 5 January 2023, 10.00 am, County Hall**

**Membership:** Cllr Simon Geraghty (Chairman), Cllr Marc Bayliss, Cllr Adrian Hardman, Cllr Marcus Hart (Vice Chairman), Cllr Adam Kent, Cllr Karen May, Cllr Richard Morris, Cllr Tracey Onslow, Cllr Andy Roberts and Cllr Mike Rouse

## Agenda

Item No	Subject	Page No
1	<b>Apologies and Declarations of Interest</b>	
2	<b>Public Participation</b> 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 Wednesday 4 January 2023). Further details are available on the Council's website. Enquiries can also be made through the telephone number/e-mail address listed on the website and in the agenda.	
3	<b>Confirmation of the Minutes of the previous meeting</b> The Minutes of the meeting of 8 December 2022 have been previously circulated.	
4	<b>2023/24 Draft Budget and Medium Term Financial Plan 2024-2027</b>	1 - 42

### NOTES

- **Webcasting**

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

---

Agenda produced and published by Sheena Jones, Democratic Governance and Scrutiny Manager (Interim Monitoring Officer) County Hall, Spetchley Road, Worcester WR5 2NP

To obtain further information or a copy of this agenda contact Sheena Jones, Democratic Governance and Scrutiny Manager on Worcester (01905) 846011 or email: [DemocraticServices@worcestershire.gov.uk](mailto:DemocraticServices@worcestershire.gov.uk)

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

Date of Issue: Friday 23 December 2022

This page is intentionally left blank

**CABINET**  
**05 JANUARY 2023****2023/24 DRAFT BUDGET AND MEDIUM-TERM FINANCIAL  
PLAN 2024-2027**

---

**Relevant Cabinet Member**

Mr S E Geraghty

**Relevant Officer**

Chief Financial Officer

**1. Recommendations****1.1 The Cabinet Member with Responsibility for Finance (who is also the Leader of the Council) recommends that Cabinet:**

- (a) approves for consultation the draft budget of £400.792 million set out in Appendix 1**
- (b) approves for consultation the draft capital programme of £413.348 million set out in Appendix 2**
- (c) approves for consultation an earmarked reserves schedule set out in Appendix 5**
- (d) agrees that it is minded to recommend to Council in February 2023 an increase in Council Tax precept of 2.94% and in the Adult Social Care Levy by 2.0%.**

**2. Executive Summary**

- 2.1 This draft report provides an update on the Council's financial position for 2022/23, the 2023/24 precept need that will be considered at Full Council on 16 February 2023, and an update on the Medium-Term Financial Plan (MTFP) 2023 to 2027.**
- 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 7 budget monitoring information included in this report shows a current forecast overspend before action of £13.1 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. A review of Period 8 has taken place and there are no material changes to the outturn forecast in Period 7.
- 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 below and in more detail at Section 4 of this report.

**Table 1 – Investment and Pressures faced 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
<b>Total Investment and Pressures</b>	<b>67.9</b>

- 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. It is noted that a number of other grants, such as Public Health are expected to be announced in 2023.

**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
<b>Total Increase / (Decrease) in Funding</b>	<b>26.3</b>

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.

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 £0.2 million was originally planned that is a £5.3 million net increase.

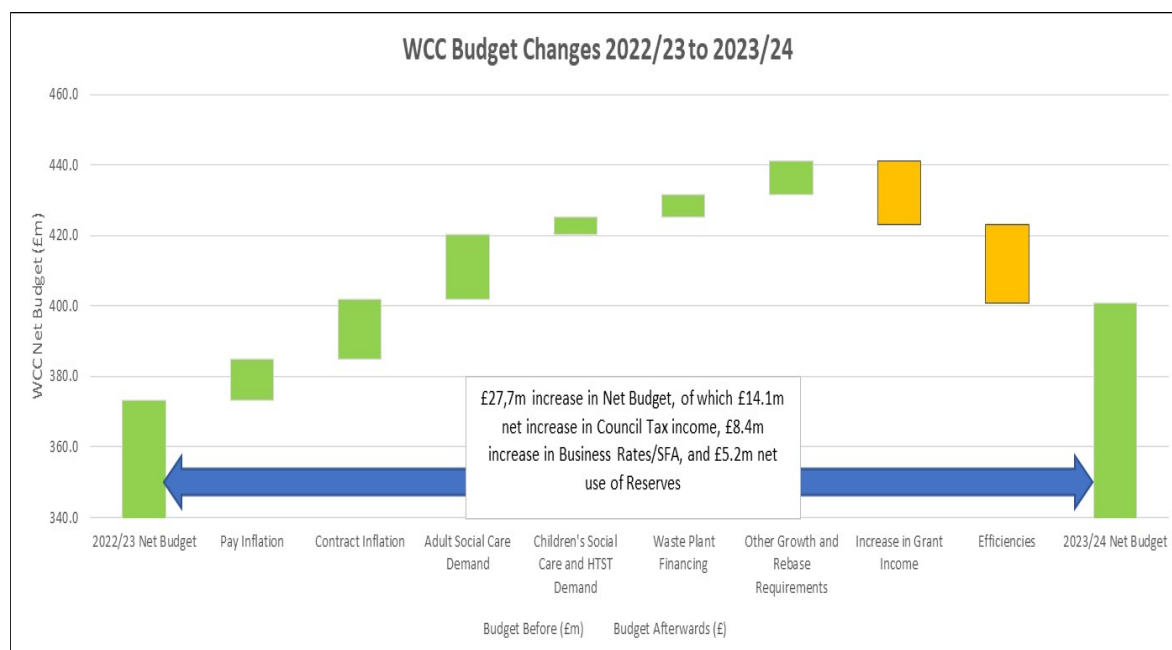
2.9 The net impact of these pressures and funding means the need to find £22.4 million of savings as set out in Table 3 below:

**Table 3 – Net savings requirement 2023/24**

Provisional Budget 2023/24	£m
Investment & Pressures to fund	67.9
<b>Funded from:</b>	
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 and efficiencies 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 The capital programme remains in line with that set by Full Council in February 2022. That programme has increased in cost due to inflation and cost of borrowing by £36.5 million. This includes a further £2.5 million to ensure that the commitment of £4 million and £6 million per annum over recent years and for the next two years to improve footpaths and highways keeps pace with inflation and the level of delivery is unaffected by this. 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 (MTPF) 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 MTPF 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 MTPF 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**

<b>Provisional Budget 2023/24</b>	<b>2023/24 £m</b>	<b>2024/25 £m (estimates )</b>	<b>2025/26 £m (estimates )</b>	<b>2026/27 £m (estimates )</b>
Pressures & Investments – <b>See Section 4</b>	69.940	39.070	26.722	25.988
<b>Funded from:</b>				
Government Funding – <b>See Section 6</b>	-26.294	-9.979	-2.383	-2.454
Council Tax – <b>See Section 10</b>	-15.991	-11.309	-12.490	-12.988
Use of Earmarked Reserves – <b>See Section 8</b>	-5.238	0	5.500	0
Savings, efficiencies & Income – <b>See Section 7</b>	-22.420	-17.779	-17.350	-10.546
Savings, efficiencies and income to find 2024-2027				<b>45.675</b>

2.14 Alongside these savings 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 8 of this report.

**Table 5 – Reserves Forecast 2022-2025**

	<b>Opening Balance (£m)</b>	<b>Forecast Reserve Balance (£m)</b>	<b>Forecast Reserve Balance (£m)</b>	<b>Forecast Reserve Balance (£m)</b>
	<b>At 31/03/2022</b>	<b>At 31/03/2023</b>	<b>At 31/03/2024</b>	<b>At 31/03/2025</b>
Open for Business	18.245	16.442	5.194	1.128
Children & Families	13.194	8.849	4.449	2.449
The Environment	5.371	6.135	2.297	0.297
Health & Wellbeing	35.561	11.546	3.689	0.283
Efficient Council	13.028	10.629	5.532	3.962
Risk	51.087	32.269	28.920	23.020
Capital	8.026	11.564	2.541	0
Unusable	13.168	7.015	3.515	2.515
<b>Total Earmarked Reserves</b>	<b>157.680</b>	<b>104.449</b>	<b>56.137</b>	<b>33.654</b>
Total General Fund Reserves	14.300	14.300	14.300	14.300
<b>Total Reserves</b>	<b>171.980</b>	<b>118.749</b>	<b>70.437</b>	<b>47.954</b>

### 3. 2022/23 Period 7 Budget Monitoring

- 3.1 The latest forecast for the 2022/23 financial year is an overspend of £13.1 million. This comprises £13.3 million overspend in service Directorates, partially mitigated by a £0.2 million underspend in Finance & Corporate Items. This forecast was reported to Cabinet in the detailed budget monitoring report on 8<sup>th</sup> December 2022.
- 3.2 A review of the Period 8 position has shown that there are no material changes to the forecast reported in the Period 7 report.
- 3.3 Table 6 below shows the breakdown of the Period 7 forecast at Directorate level.

**Table 6: Summary Outturn forecast for Services as at Period 7 2022/23**

Service area	Budget £m	Forecast £m	Variance £m
People – Adults	139.369	145.972	6.603
People – Communities	20.601	20.109	-0.492
Children’s Services/WCF	108.648	117.189	8.541
Economy & Infrastructure	59.225	58.534	-0.691
Commercial & Change	7.706	7.087	-0.619
Chief Executive	1.434	1.355	-0.079
Public Health	0.124	0.124	0.000
<b>Total: Service excl. DSG</b>	<b>337.110</b>	<b>350.370</b>	<b>13.263</b>
Finance/Corporate Items	36.589	35.927	-0.662
Non-assigned items	-0.500	0.000	0.500
<b>TOTAL</b>	<b>373.199</b>	<b>386.297</b>	<b>13.101</b>

- 3.4 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.
- 3.5 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 are 1,027 as at P8, compared with 917 in November 2021 – an increase of 12%. For context, the previous year’s change in total placement numbers (November 2020 – November 2021) was 8%.

### 4. 2023/24 Investments and Pressures

- 4.1 As indicated by the in-year forecast outturn reported in Section 3, 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***

- 4.2 Following COVID 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.
- 4.3 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***

- 4.4 The Council has like across the whole country seen a significant rise in the cost of both 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 a further £2.5 million is to be made available to fund additional capital in each of the next two years to meet this promise across footpaths and highways improvement. 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 5.

- ***Investment into Economy & Infrastructure***

- 4.5 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***

- 4.6 Overall, there is a gross forecast pressure of £26.0 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.

4.7 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.

4.8 Details of this and general inflation across Adult Services is detailed as follows:

**Table 7 – Pressures within Adult Social Care 2023/24**

<b>Adult Social Care Net Investment</b>	<b>£m</b>
Additional demand increases along with complexity / acuity for older people	6.3
Growth in number and complexity of care 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
<b>Demand and Growth Increase in Adult Care</b>	<b>18.5</b>
Pay Inflation across Adult Care Services	1.9
General Inflation and price increases across Adult Care Services	5.6
<b>Total Investment into Adult Care including Provider Services</b>	<b>26.0</b>
Savings identified relevant to Adult Care	-9.6
<b>Net Investment into Adult Care including Provider Services</b>	<b>16.4</b>
<b>Funded by</b>	
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
<b>Total Funding</b>	<b>16.4</b>

**- Pressures and Investment within Children Services**

4.9 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.

4.10 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 “new” to due to serious harm and unaccompanied children rising. 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.

4.11 The national challenges seen with the impact of inflation has also led to significant increase in costs for both home to school transport (£3.7m forecast overspend) mentioned in more detail later in the report and children’s placements costs (£4.8m forecast overspend) resulting in an in-year 2022/23 forecast overspend of £8.5m, 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.

- 4.12 The draft budget for 2023/24 includes £2.5m additional for Children’s Social Care placements demand. This is in addition to the £3m for the impact of inflation mentioned later in the report, bringing the total additional funding for Children’s Placements to £5.5m. This is covered by the increase in Social Care Grant as shown in the table below.

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

<b>Children's Services Net Investment</b>	<b>£m</b>
Growth - Demand including Home to School Transport	4.9
Pay Inflation	4.0
Contract inflation including Home to School Transport	4.8
<b>Total Investment into Children's</b>	<b>13.7</b>
Savings Identified relevant to Children's	-3.6
<b>Net Investment into Children's</b>	<b>10.1</b>
<b>Funded by</b>	
Social Care Grant	9.3
Council tax funding for Home to School Transport Pressures	0.8
<b>Total Funding</b>	<b>10.1</b>

- 4.13 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 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.
- 4.14 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**

- 4.15 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 £5.5m impact for the Council, which when compared to the £1.5m allocated for pay inflation in the last budget setting cycle, results in a recurrent gap of £4m that needs to be closed.

4.16 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. Table 9 below 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
<b>Total</b>	<b>11.6</b>

- **Non-pay inflation pressures**

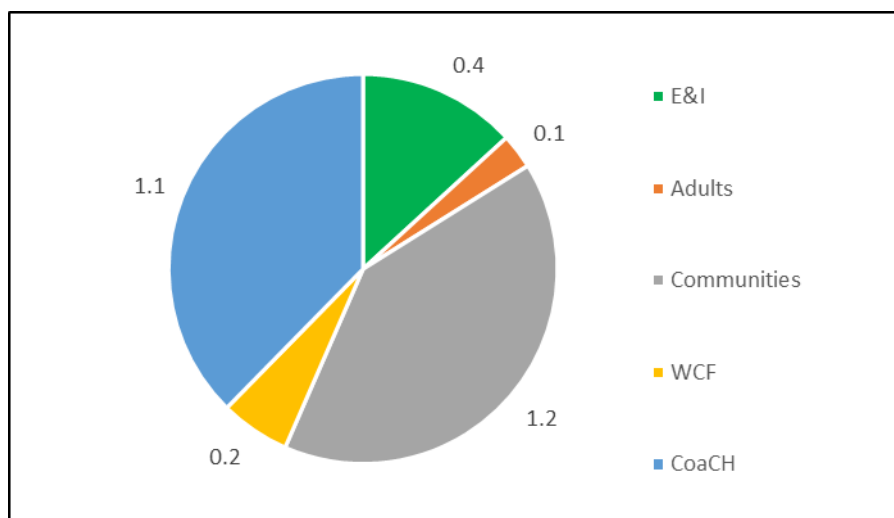
4.17 There are general underlying inflationary pressures in most Council services, driven by the surge in energy prices and third-party provider increases, which during 2022/23 have begun to be reflected in supplier contracts and the general cost of services. A number of inflationary assumptions have been built into the 2023/24 draft budget, which are outlined in Table 10 below.

**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
<b>Total</b>	<b>17.0</b>

4.18 Energy costs are a significant area of non-pay inflationary pressure, with current estimates resulting in a £2.9m 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 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 below shows the energy pressures that have been built into the draft budget by directorate

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



**- Home to School Transport pressures**

- 4.19 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.
- 4.20 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.
- 4.21 The draft 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**

- 4.22 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**

4.23 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 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**

4.24 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.

4.25 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 delivery, working in partnership with service managers. This has been included as a "rebase" budget.

4.26 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 draft budget.

4.27 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.

4.28 In total, the Pressures and Investments built into the draft budget for 2023/24 amount to £67.9m, as shown in Table 11 below. Appendix 1 shows this detail by service.



**Table 11 – 2023/24 Pressures and Investments**

<b>Estimated Pressures 2023/24</b>	<b>Latest Estimate £m</b>
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
<b>Total Investment and Pressures</b>	<b>67.9</b>

## **5. Capital and Treasury Management**

- 5.1 Cabinet's proposed capital programme for 2023/24 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 £413.3 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.
- 5.2 Overall 2023/24 will see an increase in the programme of some £36.5 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 £2.5 million of 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.
- 5.2 This maintains a capital programme in the region of £113.9 million for 2023/24, as detailed in Appendix 2.
- 5.3 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 an update provided to Cabinet and Council in February 2023. 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.

5.4 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. Changes to Grant Funding

6.1 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)**

6.2 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.

6.3 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 the following table.

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

<b>Grant</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>Change in years £m</b>
Settlement Funding Assessment	63.5	65.9	+2.4
Business Rates	6.5	11.2	+4.7
<b>Total</b>	<b>70.0</b>	<b>77.1</b>	<b>+7.1</b>

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

### - **Other Government Grants**

6.5 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	0	2.7	+2.7
Market Sustainability	1.6	5.6	+4.0
Social Care Support Grant	21.8	34.6	+12.8
<b>Total</b>	<b>23.4</b>	<b>42.9</b>	<b>+19.5</b>

**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)
<b>Total</b>	<b>4.5</b>	<b>2.9</b>	<b>(1.6)</b>

6.6 The gross gap in Adult Social Care is in excess of £26.0 million and even with funding and savings 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.

6.7 Table 15 below 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
<b>Total Increase / (Decrease) in Grant Funding</b>	<b>17.9</b>

## 7 Savings, Efficiency and Income Proposals

- 7.1 The Council's draft 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 Table 16 is shown below.
- 7.2 The proposed savings and income have been identified, evaluated and assessed through an internal process. These savings 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 is reported, and will continue to be, in the regular Budget Monitoring reports to SLT and Cabinet.
- 7.3 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
- 7.4 The Council remains prudent and an element of provision for non-delivery of savings, particularly where there may be a part-year impact of implementation. As such £3 million of reserves have been provided for in the projected use of Reserves discussed in more detail in the Reserves section of this report.
- 7.5 The savings 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.
- 7.6 The total £22.4 million savings 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 will be reported as part of regular budget monitoring.

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

Directorate	£m
People - Adults	9.6
People - Communities	1.7
Public Health	0.2
Worcestershire Children First	3.6
Economy & Infrastructure	1.4
Commercial & Change	2.6
Chief Executive	0.4
Finance & Corporate	2.8
<b>Total Proposed Savings and Reforms</b>	<b>22.4</b>

## 8 Movement in Use of Reserves

- 8.1 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 3, are forecast to remain at this level at 31<sup>st</sup> March 2023, it is expected that at least £8 million of earmarked reserves will be needed to deliver a balanced budget.
- 8.2 The General Fund reserve must not fall below this level, therefore it is imperative that savings are achieved and that reserves are used only where there is no alternative funding. Table 17 below shows the projected balance for the General Fund to March 2025

**Table 17: General fund risk assessment summary**

<b>Year ended 31st March</b>	<b>2020 (£m)</b>	<b>2021 (£m)</b>	<b>2022 (£m)</b>	<b>2023 (£m)</b>	<b>2024 (£m)</b>	<b>2025 (£m)</b>
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	✓	✓	✓	✓	✓	✓

- 8.2 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.
- 8.3 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.
- 8.4 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 draft 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. This 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
<b>Total</b>	<b>14.4</b>	<b>-7.2</b>	<b>7.2</b>

8.5 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 £48.312 million. 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	16.442	5.194	1.128
Children & Families	13.194	8.849	4.449	2.449
The Environment	5.371	6.135	2.297	0.297
Health & Wellbeing	35.561	11.546	3.689	0.283
Efficient Council	13.028	10.629	5.532	3.962
Risk	51.087	32.269	28.920	23.020
Capital	8.026	11.564	2.541	0
Unusable	13.168	7.015	3.515	2.515
<b>Total</b>	<b>157.680</b>	<b>104.449</b>	<b>56.137</b>	<b>33.654</b>

## 9 Dedicated Schools Grant (DSG)

- 9.1 The Education and Skills Funding Agency announced the provisional settlement on 16 December 2022. The provisional allocation for Worcestershire is broken down as follows:

**Table 20 – DSG Allocations 2023/24**

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

- 9.2 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.
- 9.3 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
- 9.4 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 £2.3bn in 2023/24 and a further £2.3bn 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, £2bn greater than published at Spending Review 2021.
- 9.5 In the High Needs block, nationally funding is continuing to increase which was expected, the Autumn Statement committed further additional funding of £400m 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 £78.3m 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.

- 9.6 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, and the 2023/24 allocation is a £3.3 million, a very minor increase from 2022/23
- 9.7 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***

- 9.8 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.
- 9.9 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.
- 9.10 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.
- 9.11 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, however 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.
- 9.12 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 £20m. 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.
- 9.13 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.



- 9.14 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 £1.0m for Worcestershire (this is not to be used to pay off the deficit).
- 9.15 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.
- 9.16 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.

## **10 Council Tax**

- 10.1 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
- 10.2 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.
- 10.3 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.
- 10.4 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.

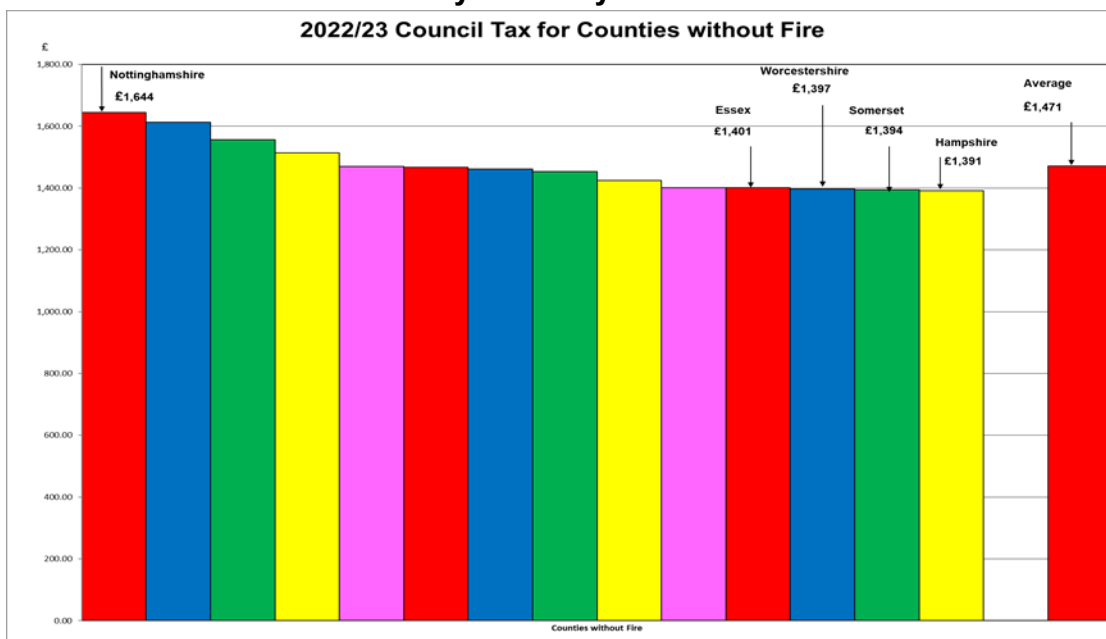
- 10.5 The proposed 4.94% Council Tax increase would put Band D Council Tax at £1,465.78 for Worcestershire residents, that is a £69 increase for a Band D property on 2022/23 or £1.33 per week. Across all bandings, the increase equates to the following:

**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 4 below shows the 2022/23 Worcestershire figure as the 3<sup>rd</sup>-lowest of all County Councils without Fire in the data set (excludes unitary authorities).

**Chart 4 – 2022/23 Council Tax by Authority**



- 10.6 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.

- 10.7 At the proposed level of increase, the total Council Tax income for Worcestershire is expected to increase by £15.991m – from the current £301.346m to £317.337m. This includes the £1.053m buoyancy, as shown in Table 22 below.

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

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

- 10.8 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 £26.0 million in Adult Social Care
- 10.9 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 £2.9m budgeted for in 2022/23.

## 11. Overall Funding 2023/24

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

**Table 23 – 2023/24 Summary position**

	£m	£m
Worcestershire Net Budget 2022/23		<b>373.199</b>
<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	
<b>Total Investment and Pressures</b>		<b>67.9</b>
<b>Net Spending Requirement before funding</b>		<b>441.1</b>
<i>Mitigated by:</i>		
Increased Grant Funding - see Section 6	-17.9	
Savings, efficiencies and income - see Section 7	-22.4	
<b>Total Savings and Grant Changes</b>		<b>-40.3</b>
<b>Net Budget Requirement</b>		<b>400.8</b>
<i>Financed by:</i>		
Business Rates Retention/SFA	77.1	
Use of Reserves	5.5	
Collection Fund Surplus	0.9	
Subtotal		83.5
<b>Amount to be collected from Collection Fund via Council Tax and ASC Levy</b>		<b>317.3</b>

## 12 Legal Implications

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

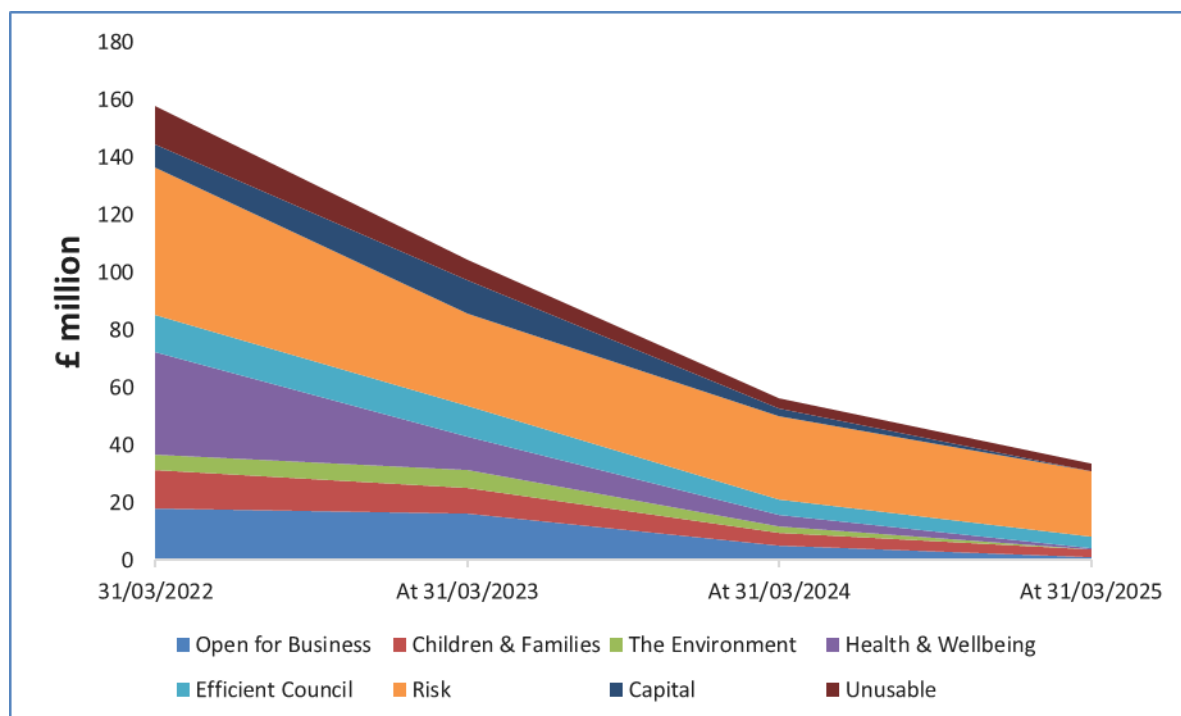
## 13 Financial Implications

13.1 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.

13.2 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 Cabinet report highlights forecast variances arising from current financial performance and the possible impact of existing pressures on future expenditure so that appropriate action may be taken.

- 13.3 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.
- 13.4 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. It is suggested that is in the region of £5 million of need from the Financial Risk Reserve.
- 13.5 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 in both adults and childrens 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.
- 13.6 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.
- 13.7 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.
- 13.8 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 5, in the expected levels over the next three years that needs close monitoring and assessment against known data as it arises.

**Chart 5 – Reserves 2021-2025**



13.9 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.

13.10 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.

#### **14. HR Implications**

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

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

#### **15. Equality Duty Considerations**

15.1 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.

## **16. Risk Implications**

- 16.1 The Cabinet report includes recommendations regarding the Council's forecast financial position for 2022/23 and the use of earmarked reserves and unspent grants.
- 16.2 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.

## **17. Privacy and Public Health Impact Assessment**

- 17.1 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.
- 17.2 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.
- 17.3 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 Cabinet report.
- 17.4 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, Reforms and Efficiencies**

**Appendix 4 – Medium-Term financial Plan**

**Appendix 5 – Earmarked Reserves plans**

## **Contact Points**

County Council Contact Points

County Council: 01905 763763

Specific Contact Points for this Report

Michael Hudson, Chief Financial Officer, 01905 845560, [mhudson@worcestershire.gov.uk](mailto:mhudson@worcestershire.gov.uk)

Stephanie Simcox, Deputy Chief Financial Officer, 01905 846342  
[ssimcox@worcestershire.gov.uk](mailto:ssimcox@worcestershire.gov.uk)

Chris Bird, Chief Accountant, 01905 846994, [CBird1@worcestershire.gov.uk](mailto:CBird1@worcestershire.gov.uk)

## **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 Report

This page is intentionally left blank



## 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	-3,611	0	111,105
E&I	56,339	0	0	1,299	4,321	753	434	-1,404	7,408	69,151
COaCH	15,326	-17	0	1,184	1,402	0	500	-2,613	721	16,504
Chief Executive	3,311	17	0	453	112	0	0	-444	0	3,449
Finance & Corporate	38,523	0	1,130	474	7	5,500	0	-5,533	521	40,622
Non-Assigned	-2,789	0	0	0	0	0	0	2,689	0	-100
<b>WCC Total</b>	<b>373,199</b>	<b>0</b>	<b>-17,873</b>	<b>11,624</b>	<b>16,998</b>	<b>6,253</b>	<b>24,334</b>	<b>-22,420</b>	<b>8,676</b>	<b>400,792</b>

## 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
<b>PEOPLE SERVICES</b>										
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	375	8,615
Strategic Libraries	2,833	0	0	290	420	0	0	-475	0	3,068
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
<b>Total People Services</b>	<b>153,591</b>	<b>-707</b>	<b>-10,414</b>	<b>4,195</b>	<b>6,374</b>	<b>0</b>	<b>18,500</b>	<b>-11,503</b>	<b>25</b>	<b>160,061</b>

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	-3,611	0	111,105

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
<b>E &amp; I</b>										
Business Management	724	93	0	38	0	0	0	-29	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	6,916	0	0	99	1,255	253	0	-102	0	8,422
Infrastructure Asset Management	0	0	0	0	0	0	0	0	0	0
Operations, Highways and PROW	6,908	-120	0	256	775	500	0	-212	0	8,106
Passenger Transport Operations	9,686	0	0	384	580	0	0	-65	0	10,585
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	1,302	0	0	216	79	0	0	-727	0	870
<b>Total E &amp; I</b>	<b>56,339</b>	<b>0</b>	<b>0</b>	<b>1,299</b>	<b>4,321</b>	<b>753</b>	<b>434</b>	<b>-1,404</b>	<b>7,408</b>	<b>69,151</b>

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
<b>COaCH</b>										
COaCH Management	334	3	0	7	23	0	0	-42	0	325
Legal & Democratic Services	2,500	88	0	229	111	0	500	-146	0	3,282
Commercial, Management Information & Consumer Relations	2,447	-108	0	287	0	0	0	-439	0	2,187
Property Services	4,943	0	0	221	1,124	0	0	-1,096	0	5,192
Digital, IT and Customer Services	5,143	0	0	422	145	0	0	-654	130	5,186
Programme Office	-41	0	0	18	0	0	0	-236	591	333
<b>Total COaCH</b>	<b>15,326</b>	<b>-17</b>	<b>0</b>	<b>1,184</b>	<b>1,402</b>	<b>0</b>	<b>500</b>	<b>-2,613</b>	<b>721</b>	<b>16,504</b>

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 £000
<b>CHIEF EXECUTIVE</b>										
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	-319	0	2,600
Chief Executive	279	5	0	9	1	0	0	-13	0	280
<b>Total Chief Executive</b>	<b>3,311</b>	<b>17</b>	<b>0</b>	<b>453</b>	<b>112</b>	<b>0</b>	<b>0</b>	<b>-444</b>	<b>0</b>	<b>3,449</b>

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
<b>FINANCE &amp; CORPORATE</b>										
Financial Services	3,861	0	0	474	7	0	0	-719	519	4,142
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	2	520
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
<b>Total Finance &amp; Corporate</b>	<b>38,523</b>	<b>0</b>	<b>1,130</b>	<b>474</b>	<b>7</b>	<b>5,500</b>	<b>0</b>	<b>-5,533</b>	<b>521</b>	<b>40,622</b>

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
<b>NON-ASSIGNED</b>										
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
<b>Total Non-assigned</b>	<b>-2,789</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,689</b>	<b>0</b>	<b>-100</b>

Updated 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	174,444	76,525	55,096	42,823	174,444
Children and Families	113,850	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
<b>TOTAL</b>	<b>413,349</b>	<b>178,752</b>	<b>113,913</b>	<b>120,683</b>	<b>413,348</b>

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	204,260	76,565	57,379	70,317	204,260
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
<b>TOTAL</b>	<b>413,348</b>	<b>178,752</b>	<b>113,913</b>	<b>120,683</b>	<b>413,348</b>

<b>Shortfall</b>		<b>0</b>	<b>-0</b>	<b>0</b>	<b>0</b>
------------------	--	----------	-----------	----------	----------

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
<b>TOTAL</b>	<b>103,787</b>	<b>34,857</b>	<b>30,296</b>	<b>38,633</b>	<b>103,787</b>

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	90,941	35,341	33,800	21,800	90,941
Pavement Improvement Programme	12,273	4,273	4,000	4,000	12,273
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
<b>TOTAL</b>	<b>174,444</b>	<b>76,525</b>	<b>55,096</b>	<b>42,823</b>	<b>174,444</b>
	<b>278,232</b>	<b>111,382</b>	<b>85,392</b>	<b>81,456</b>	<b>278,230</b>

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
	<b>113,850</b>	<b>56,998</b>	<b>23,550</b>	<b>33,303</b>	<b>113,851</b>

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
	<b>17,792</b>	<b>6,897</b>	<b>4,971</b>	<b>5,924</b>	<b>17,792</b>

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
<b>Composite Sums:</b>					
- Libraries Minor Works	378	378			378
- Adult Services Minor Works	275	275			275
	<b>3,475</b>	<b>3,475</b>	<b>0</b>	<b>0</b>	<b>3,475</b>

This page is intentionally left blank



### Appendix 3 - Savings, Reforms and Efficiencies 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	5,949,000
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

**22,422,704**

This page is intentionally left blank

## Appendix 4 - MTFP

**Financial Plan Update 2023/24**

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Funding</b>						
Council Tax	301,346	317,337	328,647	341,136	354,125	
Collection Fund (Deficit)/Surplus	2,904	851	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	
	<b>375,399</b>	<b>395,294</b>	<b>408,066</b>	<b>422,939</b>	<b>438,381</b>	
<b>Expenditure</b>						
Base budget	355,532	373,199	400,792	413,566	422,939	
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	
	<b>381,168</b>	<b>423,212</b>	<b>431,346</b>	<b>440,289</b>	<b>448,927</b>	
Efficiencies	-7,969	-22,420	0	0	0	
<b>Net Expenditure Budgets</b>	<b>373,199</b>	<b>400,792</b>	<b>431,346</b>	<b>440,289</b>	<b>448,927</b>	
Funding Gap	0	0	-17,779	-17,350	-10,546	-45,675
Transfer (from)/to Earmarked Reserves	2,200	-5,500	-5,500	0	0	-8,800
<b>Funding Requirement</b>	<b>375,399</b>	<b>395,294</b>	<b>408,066</b>	<b>422,939</b>	<b>438,381</b>	

This page is intentionally left blank

Directorate	Detail	Opening Balance 31/03/2022 £m	Forecast Reserve Balance At 31/03/2023 £m	Forecast Reserve Balance At 31/03/2024 £m	Forecast 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 Projects	0.997	1.304	0.604	0.200
E&I	Network Management	0.189	0.189	0.000	0.000
E&I	LABGI - Funding Match to ERDF Schemes	0.497	0.497	0.497	0.497
E&I	Mineral/Waste local plan	0.401	2.101	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	ERDF Match Funding to Support Businesses	0.431	0.431	0.431	0.431
E&I	Shrub Hill	0.099	0.000	0.000	0.000
		<b>18.245</b>	<b>16.442</b>	<b>5.194</b>	<b>1.128</b>
	<b>Children &amp; Families</b>				
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
		<b>13.194</b>	<b>8.849</b>	<b>4.449</b>	<b>2.449</b>
	<b>The Environment</b>				
E&I	Whittington Footbridge Reserve	0.500	0.500	0.500	0.000
E&I	Wildmoor Landfill Deposit	0.035	0.035	0.035	0.035
E&I	Waste Transformation Reserve	0.979	0.000	0.000	0.000
Finance	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
Finance	Public Transport	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
		<b>5.371</b>	<b>6.135</b>	<b>2.297</b>	<b>0.297</b>
	<b>Health and Wellbeing</b>				
Public Health	Public Health Grant	9.739	6.771	1.314	0.283
Adults	Adult Social Care Revenue Grants	8.231	4.742	2.342	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
		<b>35.561</b>	<b>11.546</b>	<b>3.689</b>	<b>0.283</b>
	<b>Efficient Council</b>				
COaCH	Corporate Services Earmarked	0.263	0.000	0.000	0.000
COaCH	LAA General	0.164	0.115	0.000	0.000
COaCH	Transformation Reserve	2.012	0.460	0.403	0.403
Finance	HR Restructuring Specific Reserve	0.066	1.000	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	0.392
COaCH	Broadband	3.925	3.156	2.156	1.156
COaCH	Councillors Divisional Fund	1.222	0.652	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
		<b>13.028</b>	<b>10.629</b>	<b>5.532</b>	<b>3.962</b>
	<b>Reserves Maintained for Risk</b>				
COaCH	Council Elections	0.176	0.288	0.400	0.000
Communities	Coroners Major Inquests	0.528	0.528	0.528	0.528
Finance	Financial Services	1.551	1.551	1.551	1.551
COaCH	Wildwood Sinking Fund and One Public Estate	1.049	1.001	1.001	1.001
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	2.604	2.516	2.516
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	11.575	8.202	2.702
		<b>51.087</b>	<b>32.269</b>	<b>28.920</b>	<b>23.020</b>
	<b>Reserve Committed for Capital</b>				
Finance	Future Capital Investment	8.026	11.564	2.541	0.000
		<b>8.026</b>	<b>11.564</b>	<b>2.541</b>	<b>0.000</b>
	<b>Other - Unusable</b>				
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	1.425	1.425	1.425
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
		<b>13.168</b>	<b>7.015</b>	<b>3.515</b>	<b>2.515</b>
	<b>Total</b>	<b>157.680</b>	<b>104.449</b>	<b>56.137</b>	<b>33.654</b>

This page is intentionally left blank