Worcestershire County Council

Agenda

Cabinet

Thursday, 2 February 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

worcestershire county council

DISCLOSING INTERESTS

There are now 2 types of interests:
<u>'Disclosable pecuniary interests'</u> and <u>'other disclosable interests'</u>

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

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

NB Your DPIs include the interests of your <u>spouse/partner</u> as well as you

WHAT MUST I DO WITH A DPI?

- **Register** it within 28 days <u>and</u>
- **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.

worcestershire
countycouncil

Cabinet
Thursday, 2 February 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	**Apologies and Declarations of Interest**	
2	**Public Participation** Members of the public wishing to take part should notify the Assistant Director for Legal and Governance 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 1 February). 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	**Confirmation of the Minutes of the previous meeting** The Minutes of the meeting of 5 January 2023 have been previously circulated.	
4	**2023/24 Proposed Budget and Medium Term Financial Plan 2024/25 to 2026/27**	1 - 80
5	**Request to Consult in Relation to Charging for Care and Support**	81 - 86
6	**Education Sufficiency Annual Update**	87 - 102
7	**Digital Infrastructure and Connectivity, Approval for Investment**	103 - 110

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

Item No	Subject	Page No

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.

worcestershire
countycouncil

CABINET
02 FEBRUARY 2023

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

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 recommends to Full Council on 16 February for approval the:**

(a) budget of £400.813 million set out in Appendix 1;

(b) capital programme of £432.720 million set out in Appendix 2;

(c) Earmarked Reserves Schedule set out in Appendix 5;

(d) Council Tax Band D equivalent for 2022/23 be set at £1,465.78 which includes £197.40 relating to the ring-fenced Adult Social Care precept, and the Council Tax Requirement be set at £317.337 million, which will increase the Council Tax Precept by 4.94% in relation to two parts:

- **2.94% to provide financial support for the delivery of outcomes in line with the Corporate Plan 'Shaping Worcestershire's Future' and the priorities identified by the public and business community; and**

- **2.00% Adult Social Care Precept ring-fenced for Adult Social Care services, in order to contribute to existing cost pressures due to Worcestershire's ageing population;**

(e) Treasury Management Strategy set out at Appendix 6; and

(f) The Pay Policy set out at Appendix 7.

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

(a) **gives delegated authority to the Leader of the Council to recommend to Full Council, in consultation with the Chief Financial Officer, any further adjustments to the revenue cash limits as a result of Central Government confirming the final Local Government Finance Settlement, Council Tax and Business Rates Income, and associated Specific Grants and income for 2023/24; and**

(b) **authorises the Strategic Director for People and the Director of Children's Services in consultation with relevant Cabinet Members with Responsibilities, to approve the agreement for the use of resources between the Council and the Clinical Commissioning Groups under Section 75 of the NHS Act 2006 (the Section 75 Agreement) for 2023/24.**

(c) **approves changes in the forecast use of reserves as set out at paragraphs 3.4 to 3.7 of this report**

(d) **notes the Medium Term Financial Plan set out in Appendix 4**

2. Executive Summary

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

2.2 Overall the Provisional Settlement from the Government alongside additional funding for adult and children's social care is welcomed, with an additional £26.3 million of grant in 2023/24. This is needed given the significant demand and inflation the Council is facing at present, with a need identified of £67.9 million. The Council's Corporate Plan priorities remain to champion Open for Business, support Children & Families, protect The Environment and promote Health & Wellbeing. To that end to ensure we can continue to maintain our current services and commitments the Council is also proposing a 2.94% uplift in Council Tax, plus a 2% uplift in our Adult Social Care levy. This will also mean that alongside investment in Children's & Adults social care to protect the most vulnerable, the Council can maintain its capital commitments to invest in the economy, environment, highways and extra school places as well as enabling an extra £5.5 million to ensure that the recent cost of inflation does not affect the level of deliverability of the Capital programme.

2.3 The 2022/23 Period 9 (Quarter 3) budget monitoring information included in this report shows a current forecast overspend before action of £12.6 million for the financial year. There are emerging pressures across many service areas relating to both demand and inflation, in particular home to school transport, which are driving the current forecast overspend for 2022/23 and the majority of funding increases required for 2023/24. This will in part be balanced through the use of reserves.

2.4 Looking forward to 2023/24 the Council is facing £67.9 million of investment and pressures, including pay and non-pay inflation. Demand for services continues to increase, in particular across Adults and Children's Social Care. Growth figures obtained from the services total £39.3 million budget additions required, split across Demand, Investment and Rebasing to remove one-off funding sources, as shown in Table 1 and in more detail at Section 5 of this report.

Table 1 – Investment and Pressures faced in 2023/24

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

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

2.6 Turning to funding, the Government's provisional Settlement was published 19 December 2022. Overall, we saw an increase in our funding of £26.3 million, with a 12.3% increase in our Settlement Funding Assessment (SFA), and an extra £19.5 million specific grant investment in Adult and Children's social care. Since the January report was considered by Cabinet, the Government announced that the value of the increase in the core schools' budget is expected to be c£14 million, which is welcomed. It is however noted that at the time of writing this report, a number of other grants, such as the Public Health Ring-Fenced Grant had not yet been confirmed. If information is received in advance of the February meeting, a verbal update will be provided. The Final Settlement is expected during February 2023, after the upload of this report. From discussions with Government and other bodies we do not expect there to be any changes from the Provisional Settlement.

Table 2 - Overall Forecast Funding changes 2023/24

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

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

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

This along with a small projected increase from Council Tax buoyancy would result in £15.991 million increased Council Tax income, although there is a deficit of £2.0 million on the Collection Fund arising from the three year offset arising out of the pandemic which will mean a net £14.0 million additional income.

2.8 One-off reserves have been identified which will support the overall expenditure position for 2023/24. It is proposed that £5.5 million of earmarked reserves will be used to fund pressures arising from areas such as Waste disposal. Noting £0.3 million was originally planned, giving a £5.2 million net increase.

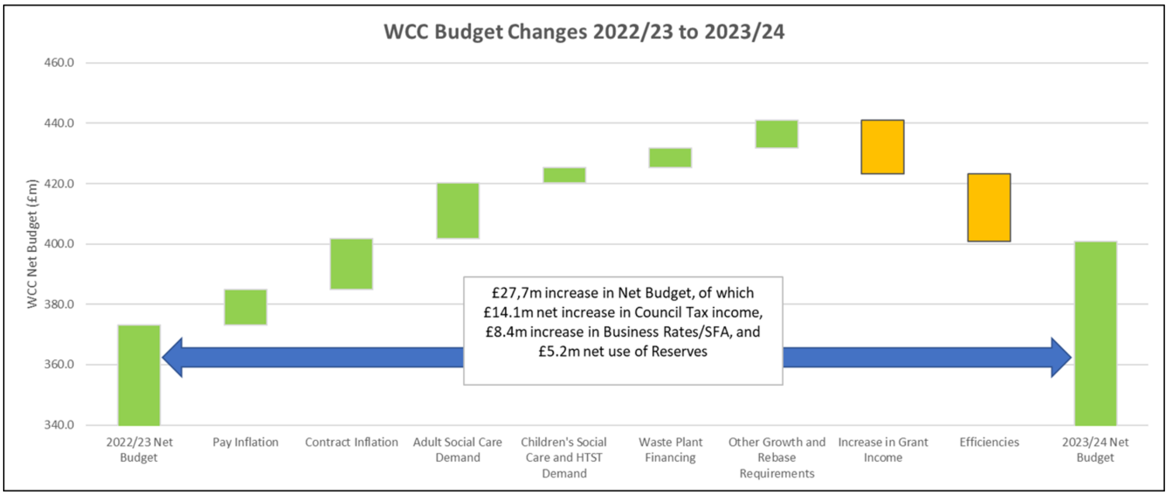
2.9 The net impact of these pressures and funding means the need to find £22.4 million of savings, efficiencies and additional income as set out in Table 3:

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

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

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

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



2.11 The provisional Dedicated Schools grant for Worcestershire for 2023/24 has been confirmed as £532.6 million. The DSG area of the budget is ring-fenced and does not impact on the Council's net budget or Council Tax requirement.

2.12 Since the publication of the draft capital programme in January, officers have estimated the impact of the increase in cost due to inflation relating to the investment in highways and footways. The three-year programme has been increased by £19.4 million to ensure that the improvements in footpaths and highways keeps pace with inflation and the level of delivery is unaffected by the impact of inflation. Other schemes which have been agreed during the year such as Redditch Station and the A38 Bromsgrove Route Enhanced Programme (BREP), are also included in the programme. The overall impact of this and the continued capitalisation of highways is a net £5.5 million cost of capital. This has been factored into the pressures and investment noted above and set out in more detail at Sections 4 and 5 of this report.

2.13 The Councils Medium Term Financial Plan (MTFP) suggests a shortfall in future years. We understand that Council tax for 2024/25 will follow the limits set in 2023/24 (i.e., 3% General and 2% Adult Social Care levy). At this stage only 3% has been factored in, this alongside an expected increase in Government funding for adult social care will leave a gap across the remainder of the MTFP of £45.7 million, as shown in Table 4. Although noting this is heavily caveated due to the high level of uncertainty over the future costs, demand and macroeconomic outlook. The MTFP assumes that there will be use of £5.5m Reserves in both 2023/24 and 2024/25 to fund the overall net budget requirement. This will need to be replaced by savings, efficiencies and/or income from 2025/26.

Table 4 – Medium Term Financial Plan projections

Provisional Budget 2023/24	**2023/24 £m**	**2024/25 £m (estimates)**	**2025/26 £m (estimates)**	**2026/27 £m (estimates)**
Pressures & Investments – ***See Section 5***	69.940	39.070	26.722	25.988
Funded from:				
Government Funding – ***See Section 7***	-26.294	-9.979	-2.383	-2.454
Council Tax – ***See Section 11***	-15.991	-11.309	-12.490	-12.988
Use of Earmarked Reserves – ***See Section 9***	-5.238	0	5.500	0
Savings, efficiencies & Income – **See Section 8**	-22.420	-17.779	-17.350	-10.546
Savings, efficiencies and income to find 2024-2027				**45.675**

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

Table 5 – Reserves Forecast 2022-2025

	Opening Balance (£m)	**Forecast Reserve Balance (£m)**	**Forecast Reserve Balance (£m)**	**Forecast Reserve Balance (£m)**
	31/03/2022	**At 31/03/2023**	**At 31/03/2024**	**At 31/03/2025**
Open for Business	18.245	16.742	5.194	1.128
Children & Families	13.194	8.849	4.449	2.449
The Environment	5.371	6.754	2.916	0.297
Health & Wellbeing	35.561	9.546	3.089	0.283
Efficient Council	13.028	10.994	5.25	3.288
Risk	51.087	31.582	27.116	20.868
Capital	8.026	11.529	2.541	0
Unusable	13.168	6.91	3.410	2.410
Total Earmarked Reserves	157.680	102.906	53.965	30.723
General Fund Reserves	14.300	14.300	14.300	14.300
Total Reserves	**171.980**	**117.206**	**68.265**	**45.023**

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

2.16 The Council annually adopts a pay policy within which it operates to organise and pay its employees, as part of this year's budget setting Council is asked to consider and approve the Strategy set out at Appendix 7.

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

3.1 Cabinet considered and proposed the draft budget on 5 January 2023. Since that meeting the budget has been the subject of significant engagement with a wide range of stakeholders, including the Council's Scrutiny Panels, Schools Forum, Trade Unions, local businesses, Parish and Town Councils as well as other partners, stakeholders and voluntary bodies. Minutes of scrutiny panels and other engagement will be uploaded as part of the 16 February 2023 Full Council Papers and a verbal update will be given at Cabinet.

3.2 At the time of upload no further Central Government announcements on other funding streams had been received, apart from the indicative allocation of a £14 million increase in core funding for schools.

3.3 As a result there are no changes from engagement to the draft proposals presented on 5 January. However, further clarity can now be given on the administration's intention to fund inflationary pressures in the capital programme in particular maintaining the Council's commitment on highways and footways. As a result, £19.4 million has been added to the capital programme at Appendix 2. This will be funded within the £5.5 million additional borrowing as noted in the January budget report and thus no change to the revenue borrowing position.

3.4 In September 2022 Cabinet approved a total of £0.360 million from reserves to match fund the development of the Outline Business Cases for the North West Worcestershire Corridor (NWWC) and the A44, both of which are major road network (MRN) improvements. A change in use of this funding is now being recommended. Based on updated scheme assessments, it is forecast that the A44 corridor is likely to be able to be fully funded by developer contributions. As such, it is recommended that the total of the £0.360 million is allocated to the NWWC. Subject to major road network (MRN) funding being available this will allow the Council to secure further funding to develop the Outline Business Case for this priority scheme, and in the longer-term secure funding for delivery. As such there is no overall change in the total level of funding or impact on reserves and Cabinet is asked to confirm this approach. Should funding be required in the future relating to the A44, a further report will be considered by Cabinet.

3.5 The Legal Services Debt team was set up in January 2021 to support the Council in the recovery of outstanding debts, particularly relating to complex Adult Social Care debts. Between January 2021 and June 2022, the team received 640 new instructions and recovered £2.8 million in unpaid debt. The team is now at full capacity and in order to meet existing and projected demand and continue the current improvement in the rate of recovery of sums owing to the Council there is a need for capacity within the team. A total of £0.180 million p.a. is requested from the Finance Risk Reserve to fund additional capacity over the next three financial years.

3.6 A £0.25 million one off allocation from the Business Rates Reserve is being proposed to support financing the replacement of the kitchen facilities at Malvern Outdoor centre to enable the centre to offer a safe and inclusive site for delivery of 16,000 meals served to the 5,000 children who visit each year. The site also provides free places for over 500 children a year who are in receipt of free school meals.

3.7 A £0.05 million one off allocation from the Business Rates Reserve is being proposed to support the promotion of events and activities relating to the King's Coronation, including an amount to support waiving the costs relevant to road closures to support street parties and other community events.

3.8 The reserves information detailed in Sections 9 and 11 of this report has been updated to take account of these proposals and is also reflective of the position as at the end of Quarter 3.

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

4.1 The latest forecast for the 2022/23 financial year is an overspend of £12.6 million. This comprises £12.8 million overspend in service directorates, partially mitigated by a £0.2 million underspend in Finance & Corporate Items.

4.2 Table 6 shows the breakdown of the Period 9 (Quarter 3) forecast at Directorate level.

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

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

4.3 The forecast overspend in the People Directorate relates to pressures in Adults Services, and the reported position in Table 6 is net of additional Continuing Healthcare income relating to the Fair and Transparent Funding project. Adult Services are reporting that numbers of clients presenting across Learning Disability, Physical Disability, and Mental Health services are above 2022/23 budget-setting expectations, although Older People client numbers are broadly in line with expectations. In addition to this, increased care package complexity, and market forces resulting from the various cost pressures being experienced by care providers (such as National Minimum Wage increase, fuel costs etc.) have contributed to the current forecast overspend position.

4.4 In Children's Services, the current forecast overspend includes £3.7 million increased costs for Home to School Transport, attributed to increased fuel and staffing costs for Transport Providers. The remainder of the overspend is within Placements for Looked After Children. Total Placement numbers were 1,026 as at P9, compared with 919 in December 2021 – an increase of 12%. For context, the previous year's change in total placement numbers was an increase of 8%.

5. 2023/24 Investments and Pressures

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

- ***Investment in Public Transport***

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

5.3 The Council has already been piloting a number of schemes across the County in places such as Malvern and Bromsgrove. There is likely to be a recurrent revenue cost in such schemes but at this point this is unknown.

- ***Investment in the Capital Programme***

5.4 The Council has, like across the whole country, seen a significant rise in the cost of its capital schemes as well as the cost to fund the programme due to higher interest rates. The overall additional cost forecast to deliver the programme has increased by £36.5 million since the middle of 2022, and the cost to fund that by 50%. However, the Council is committed to undertaking all schemes within the Capital Programme approved by Full Council in February 2022, as well as new schemes such the A38 Bromsgrove Route Enhancement Programme (BREP). This includes ensuring that the previous agreements to fund £4 million of extra footpath improvement work each year since 2020 until 2025, and £6 million per year over the same period for highway improvement, are maintained. The Administration recognise though that the recent cost of inflation, especially in the construction industry, means that further funding is needed to ensure the planned level of commitment is maintained at the intended level, as such further borrowing is to be made available to fund additional capital to meet this promise across footpaths and highways improvement. A total increase in the capital programme of £19.4 million has been included in the revised programme at Appendix 2. The Council will continue to monitor the programmes and its treasury management across the next three to four years to ensure this remains affordable. This is discussed later on in this report at Section 6.

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

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

- ***Investment into Adult Services***

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

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

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

Table 7 – Pressures within Adult Social Care 2023/24

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

- ***Pressures and Investment within Children Services***

5.9 Our Children's Services are delivered by our wholly owned company Worcestershire Children First (WCF) and we continue to be pleased with the significant progress in performance that has been made across Worcestershire which has been recognised by the DfE. WCF has been in operation for over 3 years and there continues to be strong relationships and collective ownership between the council and the company in improving outcomes for children and young people across the county.

5.10 In financial terms, general inflation and placement availability are the source of the challenge regarding WCF's ability to manage within financial constraints of the existing contract. We have seen an increase in the number of children in care and although our care prevention continues to be successful where we can safely manage risk within families, we have seen increases due to serious harm and numbers of unaccompanied children. Unaccompanied Asylum Seeking Children (UASC) in particular has risen from 35 in quarter 2 in 2021/22 to 75 by quarter 2 of 2022/23.

5.11 The national challenges seen with the impact of inflation has also led to significant increase in costs for both home to school transport (£3.7 million forecast overspend) mentioned in more detail later in the report and children's placements costs (£4.7 million forecast overspend) resulting in an in-year 2022/23 forecast overspend of £8.4 million, with these pressures continuing into the new financial year. This trend is not unique to Worcestershire as this position has been seen across the country.

5.12 The proposed budget for 2023/24 includes £2.5 million additional for Children's Social Care placements demand. This is in addition to the £3 million for the impact of inflation mentioned later in the report, bringing the total additional funding for Children's Placements to £5.5 million. This is covered by the increase in Social Care Grant as shown in Table 8.

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

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

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

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

- ***Pay Inflation pressures***

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

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

Table 9 – Pay Inflation Breakdown 2023/24

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

- ***Non-pay inflation pressures***

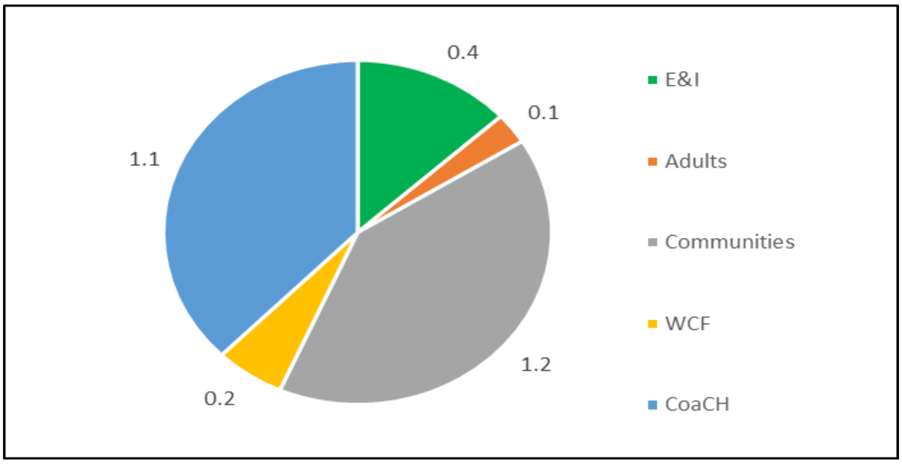
5.17 There are general underlying inflationary pressures in most Council services, driven by the surge in energy prices and third-party provider increases, which during 2022/23 have begun to be reflected in supplier contracts and the general cost of services. A number of inflationary assumptions have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

Table 10 – Non-pay inflation breakdown 2023/24

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

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

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



- ***Home to School Transport pressures***

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

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

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

- ***Legal Services pressures***

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

- ***Waste Services pressures***

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

- **Other Service pressures**

5.24 As detailed within the section relating to Capital, revenue investment of £5.5 million is required to fund the additional borrowing costs relating to increased interest rates and the cost of inflation within the capital programme.

5.25 The operation of the Council's Transformation and Change team has previously been funded from capitalisation, use of covid grants or use of reserves. Due to the changes in capitalisation regulations and reduction in time limited funding, permanent funding will be required to continue funding these teams. As such an increase to the base budget of £0.6 million is requested in order to continue the operation of these teams. The teams will be responsible for ensuring the delivery of change management activities and savings, efficiencies and income generation delivery, working in partnership with service managers. This has been included as a “rebase” budget.

5.26 There has been a gradual increase in the number of statutory enquiries over the past two years. The increase in costs have been funded by time limited resources, however there is now a need to identify a permanent recurrent base budget to continue to meet the statutory deadlines for completion, and a rebase budget of £0.13 million has been included in the proposed budget.

5.27 Investment in E&I is required due to the reduction in income generation abilities within traded areas and the rebase within Finance and Corporate is due to increases in external audit fees and an investment in debt collection services which are expected to be required for the foreseeable future.

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

Table 11 – 2023/24 Pressures and Investments

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

6. Capital and Treasury Management

6.1 Cabinet’s proposed capital programme for 2022/23 to 2026/27 is recognised in the following paragraphs along with the indicative sources of funding available. The programme proposes a continuation of all of the previous commitments and investments in the County. A total value of £432.7 million of works is identified as needing to be driven to improve our economy and environment, as well as school places and life chances for our residents in the coming years.

6.2 Overall 2023/24 will see an increase in the programme of some £46.5 million due to the increase in cost of schemes arising from recent inflationary pressures and the cost of capital with increased borrowing rates. This includes the cost of highways, walking and cycling routes and major infrastructure projects. In particular, one area previously agreed to direct funding of footpaths and highway improvement has faced significant inflation and as such additional capital resources will be made available over the coming years, in each year, to fund that increase in order to ensure that the original planned level of works can be maintained and delivered.

6.3 A capital programme in the region of £119.9 million is forecast for 2023/24, as detailed in Appendix 2.

6.4 It is noted that a large number of externally funded grants have yet to be identified and as such a full capital programme will evolve and a verbal update will be provided to Cabinet and Council should further detail be received. Therefore, grant allocations, particularly for education have been based on estimates which will need to be adjusted once grant levels are announced. Additionally, other sums may become available during the year from a variety of sources which can be added to the programme during the quarterly reporting of the capital programme in 2023/24.

6.5 In addition to Government grants, additional sums in the form of capital receipts from sales of assets and borrowing are able to be added to the programme. Capital receipts and long-term assume a total of £57.4 million in 2023/24 received to fund part of the planned expenditure. This has assumed that all known receipts are achieved and applied to the current capital programme.

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

7. Changes to Grant Funding

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

- ***Settlement Funding Assessment (SFA)***

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

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

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

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

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

7.5 We are expecting the final settlement to be announced early February, however there are no changes expected.

- ***Other Government Grants***

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

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

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

Table 14 – Changes to Other Grant Funding 2023/24

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

7.7 The gross gap in Adult Social Care is in excess of £26 million and even with funding and savings, efficiencies and income generation, there is still a gap. The majority of the pressures faced are around managing the provider workforce retention and recruitment. To ensure a long-term sustainable care market, meet the demand in order to enable hospital discharge and to support improvements in individual's health through reablement and rehabilitation we need to increase the Adult Social Care Levy by 2%. In addition, the Council will continue joint working with NHS colleagues through the Integrated Care Service to continue to develop local pathway solutions alongside national transformation plans.

7.8 Table 15 shows the utilisation of this additional grant funding, per directorate. The grants are awarded with specific terms and conditions relating to use. This usually determines the Directorate in which the grants are deployed.

Table 15 – Changes in Grant Funding (by Directorate)

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

8 Savings, Efficiency and Income Proposals

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

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

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

8.2 The proposed savings, efficiencies and income proposals have been identified, evaluated and assessed through an internal process. These are considered to be realisable, although there may be further movement in some as work progresses, resulting in small elements needing to be found from elsewhere, or from reserves. Achievement of savings, efficiencies and income proposals are reported, and will continue to be, in the regular Budget Monitoring reports to the Strategic Leadership Team and Cabinet.

8.3 Where there are proposed efficiencies relating to pay, every effort will be made to first remove vacant posts and assess the ability to redeploy staff. This both supports employment and reduces any costs of redundancies

8.4 The Council remains prudent and an element of provision for non-delivery of savings, efficiencies and income generation particularly where there may be a part-year impact of implementation. As such £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.

8.5 The savings, efficiencies and income generation figures include £5.9 million attributed to reduced Pension costs for the Council. This is the recommendation of a September 2022 Actuarial review of the Pension Fund, in which the performance of investments within the fund have resulted in an improved funding position. As such for 2023/24, the Council can lower employer contributions from the current 18.6% to 17.3% and remove the budget for back funding expenditure. There will always be a potential risk for future years, including the MTFP period, that employer contributions will need to be increased again, should the performance of the Pension Fund investments deteriorate. Individual Pension Fund members are not impacted.

8.6 The total £22.4 million savings, efficiencies and income generation includes £5.3 million for standardising a 'vacancy factor' in all staffing budgets at 6.5%. This can be achieved by holding vacancies in 2023/24 wherever possible, although services with low levels of staff turnover will find this more challenging. Achievement of this and all 2023/24 savings, efficiencies and income generation will be reported as part of regular budget monitoring.

9 Movement in Use of Reserves

9.1 The Council's General Fund reserves are currently at £14.3 million (3.8% of net spend), and whilst at the current projected overspend position reported in Section 4, are forecast to remain at this level at 31st March 2023, it is expected that at least £8 million of earmarked reserves will be needed to deliver a balanced budget.

9.2 The General Fund reserve must not fall below this level, therefore it is imperative that savings, efficiencies and income generation are achieved and that reserves are used only where there is no alternative funding. Table 17 shows the projected balance for the General Fund to March 2025

Table 17: General fund risk assessment summary

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

9.3 As part of setting the MTFP and assessing the Council's financial stability under s25 Local Government Act responsibilities, earmarked reserves (EMRs) have been fully appraised, and services challenged on future need as well as fit with the Corporate Plan. These reserves include a number of items that are not available to the Council such as schools and PFI which are fully committed. The proposed planned use of reserves that supports both the Corporate Plan and the change programme is included in Appendix 5 to this report.

9.4 The Council has had for many years a Strategic Risk Register and has developed a Risk Framework to identify and monitor risks going forward. This register has continued to be updated during 2022/23 and has formed the platform in preparing the Section 151 Officer's assessment of risk.

9.5 Within services – where budgeted reserve utilisation is generally limited to ring-fenced grants and other earmarked reserves - efforts are being made to reduce the use of reserves, and this is reflected in the proposed 2023/24 budget. There is challenge to expenditure in the first instance, coupled with a move to 'rebase' budgets to remove reliance on reserves, in instances where expenditure is considered to be necessary. Table 18 shows how the planned budgeted use of reserves within Directorates has fallen from £14.4 million in 2022/23 to £7.2 million in 2023/24, which is a reduction of 50%.

Table 18 – Budgeted use of Reserves by Directorates

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

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

Table 19 – Reserves Projection to 31 March 2025

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

10 Dedicated Schools Grant (DSG)

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

Table 20 – DSG Allocations 2023/24

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

10.2 The Schools block allocation is comprised of the Primary and Secondary Sector National Funding Formula (NFF) units of funding for Worcestershire, set by the DfE as confirmed in July 2022, and applied to the October 2022 pupil census. This is then delegated to all mainstream schools - both academies and maintained – through Worcestershire's Local Schools Funding Formula (LSFF). The Schools Block also includes an allocation from the national Pupil Growth Fund, based upon the new national DfE formula, for designated and approved pupil growth to support basic need revenue cost requirements.

10.3 The 2022-23 Schools Supplementary Grant has been rolled into the Schools block NFF. This ensures that this additional funding forms part of schools' core budgets and will continue to be provided

10.4 In the November 2022 Autumn Statement, the Chancellor outlined the Government's spending plans for each central government department. The Government announced that the core schools' budget will increase by £2.3 billion in 2023/24 and a further £2.3

billion in 2024-25. This is after adjusting Spending Review 2021 budgets down to account for the removal of the compensation for employer costs of the Health and Social Care Levy and brings the core schools budget to a total of £58.8 billion in 2024/25, £1.451 billion greater than published at Spending Review 2021. Since the publication of the January budget report, the indicative allocations for each council have been published, and for Worcestershire schools (including academies) this equates to an additional £14 million which is not in the DSG figures above. This is very much welcomed, but there are still financial pressures within schools which will be closely monitored during the 2023/24 financial year and lobbying of central government will continue in order to highlight the funding pressures within schools.

10.5 In the High Needs block, nationally funding is continuing to increase which was expected, the Autumn Statement committed further additional funding of £400 million nationally for this area of spend which is under severe pressure. The Worcestershire High Needs Block allocation of £86.1 million is 9.91% higher than the £78.3 million for 2022/23. However, this area of the DSG budget is currently forecast to overspend in 2022/23 by £5.1 million due to increased demand and complexity of need. Therefore, the additional funds allocated to this block are likely to cover existing overspends only, rather than address new pressures that may emerge.

10.6 The Central School Services Block comprises a NFF formulaic element for ongoing responsibilities for statutory services provided by the County Council on behalf of all maintained schools and academies, and a sum for continuing historic commitments. Current DfE policy is to reduce the historic commitments element of the allocation year-on-year. The 2023/24 allocation is a £3.3 million, increase from 2022/23

10.7 The Early Years block provides funding for 2 year-olds (targeted support only), as well as the universal and extended entitlements for 3 and 4 year-olds. The allocation is based on the January 2022 census data, which is the first since COVID for Early Years, and there will be an in-year adjustment to the Worcestershire allocation following the January 2023 census. The current 2023/24 allocation is £3.7 million higher than 2022/23.

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

10.8 A key consideration in assessing the council's overall financial health is the risk associated with the deficits on its Dedicated Schools Grant (DSG) with specific reference to the High Needs budget.

10.9 These growing deficits are considered a direct consequence of the 2014 Children and Families Act, which increased the age range of children and young people with Special Educational Needs and Disabilities (SEND) that councils are required to support as well as significantly raising the expectations of parents across all age ranges without providing the necessary financial support.

10.10 Currently the council is not required to set aside any of its own resources, for example as an earmarked reserve, to specifically offset this accumulating deficit This position is based on the CIPFA bulletin for the closure of the 2019/20 financial statements which stipulated that the reserve did not need to be in place from the 1 April 2020 onwards. This position was reinforced by a Department for Education statutory instrument which became law at the end of November 2020.

10.11 On the 12 December 2022 the Government announced its intention to extend the statutory override for the Dedicated Schools Grant for the next 3 years from 2023-24 to

2025-26, which is welcome in the short term, and this essentially defers the problem of funding and how to solve the historical deficit for SEND and High Needs to the end of March 2026.

10.12 The deficit will continue to be held as an unusable reserve where it will sit as though it did not exist, at the end of March 2024 this is forecast to be around £20 million. This does mean that the council is required to cash flow the deficit and continue to prioritise the work needed to reduce the deficit through the Delivering Better Value (DBV) in Send programme.

10.13 High Needs funding and the impact of the deficit is a national issue and to address the future sustainability the DfE has invested a one off £85 million over three years in the Delivering Better Value in SEND (DBV) programme. This will support the 55 local authorities with deficits to reform their high needs systems, addressing the underlying issues that lead to increased pressure, and putting them on a more sustainable footing. Worcestershire is one of the 55 Local Authorities and is participating in the programme which is being supported by Newton Europe and CIPFA who we have previously worked alongside in Social Care and through the Society of County Treasurers. For information Authorities with the highest deficits participate in the safety valve intervention programme.

10.14 Worcestershire is confirmed in Tranche 2 of the DBV Programme, which starts in January to June 2023, and we met with the DfE throughout the Autumn and have submitted our financial and operational data for the last 5 years on 9 December 2022 which supports the diagnostic for the programme. It has now been confirmed that we will receive one off grant funding of £1 million for Worcestershire (this is not to be used to pay off the deficit).

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

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

11 Council Tax

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

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

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

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

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

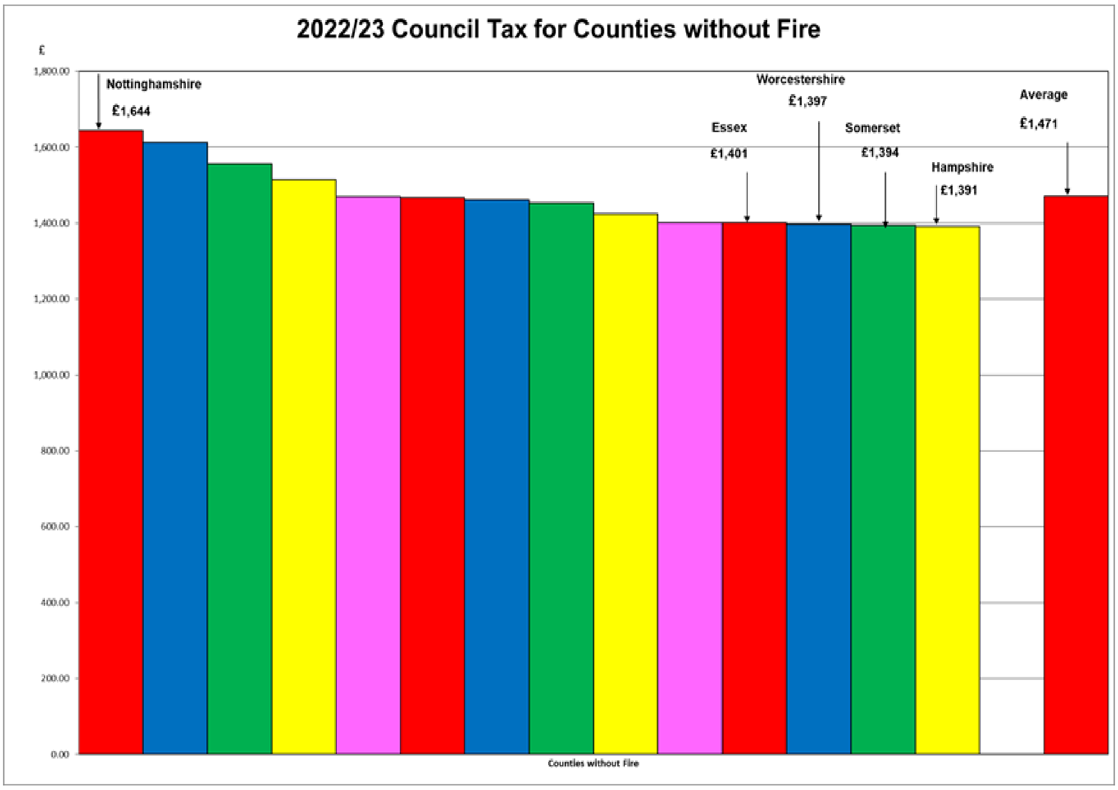
11.5 The proposed 4.94% Council Tax increase would put Band D Council Tax at £1,465.78 for Worcestershire residents, that is a £69 increase for a Band D property on 2022/23 or £1.33 per week. Across all bandings, the increase equates to the following:

Table 21 – Proposed Council Tax Bandings 2023/24

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

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

Chart 3 – 2022/23 Council Tax by Authority



11.6 The Treasury predicts that most Councils are expected to increase Council tax by the maximum 5% permitted without a referendum, which would mean that Worcestershire would continue to operate within the lowest quartile of comparative County Councils.

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

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

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

11.8 The proposed increase of 4.94% reduces the current gap in the 2023/24 budget by £14.938 million and specifically contributes £6.049 million to the growth pressures of £26 million in Adult Social Care

11.9 The Council is required to set a Council Tax sufficient to balance the Collection Fund account. The latest information from the District Councils is that the Collection Fund remains in surplus, although there are deficit spreading adjustments in place following the COVID impact of 2020/21. Data on the collection fund surplus/deficit for 2022/23 is not yet finalised, however early indications are that this could be less than the £2.9 million budgeted for in 2022/23.

12. Overall Funding 2023/24

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

Table 23 – 2023/24 Summary position

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

13 Legal Implications

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

13.2 This report fulfils the legal and constitutional requirements for the preparation and recommendation of a budget and Council Tax for 2023/24 for consideration by Council before the statutory time limit of 11 March.

14 Financial Implications

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

14.2 Section 25 of the Act also covers budget monitoring, and this process monitors the robustness of budgets, adequacy of reserves and the management of financial risk throughout the year. This 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.

14.3 An overall review of the current financial year has identified that there will be a circa £8 million draw down from reserves in 2022/23 to achieve a year end balanced position.

14.4 A review of the savings, efficiency and income proposals has identified that all proposals are deliverable, however prior year performance and the scope of the vacancy factor proposal will require a risk reserve to cover the potential for non-delivery of savings, efficiencies and income generation. It is suggested that is in the region of £5 million of need from the Financial Risk Reserve.

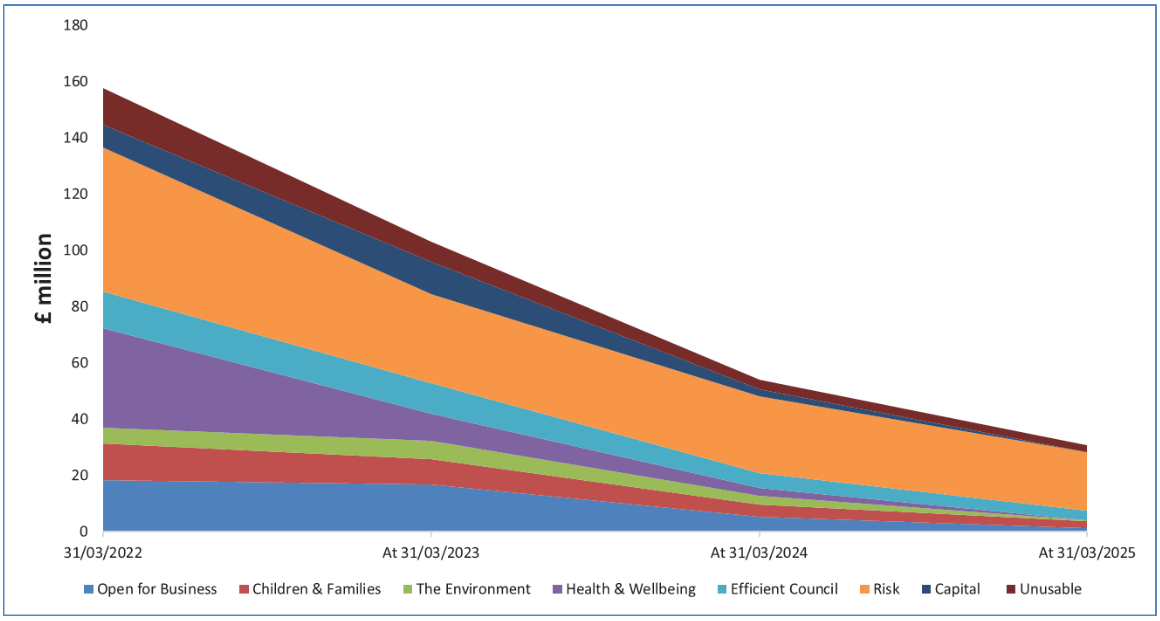
14.5 A review of the pressures faced across the various directorates has found that the forecast demand and price increases are in line with trend activity data, although a review of Home to School Transport in 2022/23 suggests that 2023/24 needs to have a degree of sensitivity applied to those forecasts that could see a higher cost. In addition, social care services for both adults and children are always subject to need for close monitoring in year to spot any unusual and emerging spend change risks. It is also noted that final price uplifts with care providers are still to be finalised in a number of areas.

14.6 It is noted that in 2022/23 the reserves provision for unexpected changes in children care numbers is likely to be drawn down and consideration has been given in the reserves assessment to the need to replenish this in future years risk assessments.

14.7 Finally, whilst the High Needs deficit has seen an extension to the statutory override for a further three years there is a need to recognise that work with DfE expected in early 2023 will lead to a further transformation call to address the year on year overspends going forward.

14.8 Overall, therefore the projections of income and spend are robust, but there is a need to assess and ensure the Council's reserves are sufficient to meet the ongoing pressures and potential for changes to assumptions. A detailed review of the commitments and forecasts for the Council's earmarked reserves is attached at Appendix 5. This identifies that reserves are sufficient at this point, though there is a considerable downturn, as noted in Chart 4, in the expected levels over the next three years that needs close monitoring and assessment against known data as it arises.

Chart 4 – Reserves 2021-2025



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

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

15. HR Implications

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

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

16. Equality Duty Considerations

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

17. Risk Implications

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

17.2 If approved, there are normal risks regarding ensuring that appropriate qualifying expenditure is incurred, and that spending is within the cash limited for budgets. These risks are mitigated through the regular budget monitoring process.

18. Privacy and Public Health Impact Assessment

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

18.2 This report is mainly about confirming the forecast financial position at this stage of the year reflecting existing Cabinet decisions and policies, and where appropriate utilising specific grant monies with spending restrictions associate with these grants.

18.3 Taking this into account, it has been concluded that there are no other specific health impacts as a result of new decisions arising from this Cabinet report.

18.4 A similar assessment has been undertaken with regard to privacy/data protection and has confirmed that there is no impact anticipated as a result of this report.

Supporting Information

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

Appendix 2 – 2023/24 Capital Programme

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

Appendix 4 – Medium-Term Financial Plan

Appendix 5 – Earmarked Reserves plans

Appendix 6 – Annual Treasury Management Strategy

Appendix 7 – Pay Policy Statement 2023/24

Contact Points

County Council Contact Points

County Council: 01905 763763

Specific Contact Points for this Report

Michael Hudson, Chief Financial Officer, 01905 84**5560**, mhudson@worcestershire.gov.uk

Stephanie Simcox, Deputy Chief Financial Officer, 01905 84**6342**
ssimcox@worcestershire.gov.uk

Chris Bird, Chief Accountant, 01905 84**6994**, 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 Reports

Browse Meetings, 2000 - Worcestershire County Council (moderngov.co.uk)

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

Overall Summary

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

Service Level Summary

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

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

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

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

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

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

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

Appendix 2 - Capital Programme - 2022/23 onwards.

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

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

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

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

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

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

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

This page is intentionally left blank

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

Title	Directorate	Description	One Off / Recurring	TOTAL 2023/24 Savings £
Employer Pension Contributions	Corporate	Performance of Fund Investments allows Employer rate to be decreased from 18.6% to 17.3%	Recurring	5,949,000
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 - Medium Term Financial Plan Update

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Funding						
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	
	375,399	**395,294**	**408,066**	**422,939**	**438,381**	
Expenditure						
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	
	381,168	**423,212**	**431,346**	**440,289**	**448,927**	
Efficiencies	-7,969	-22,420	0	0	0	
Net Expenditure Budgets	**373,199**	**400,792**	**431,346**	**440,289**	**448,927**	
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
Funding Requirement	**375,399**	**395,294**	**408,066**	**422,939**	**438,381**	

This page is intentionally left blank

Appendix 5 - Reserves

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

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

Treasury Management Strategy 2023/24

1. Background

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

- **Managing cashflow**

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

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

- **Managing capital financing**

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

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

- **Maintaining professional advice**

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

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

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

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

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

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

- **Investments over 2022/23**

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

Treasury Management Strategy for 2023/24

The strategy for 2023/24 covers two main areas:

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

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

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

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

Reporting Requirements

- **Treasury Management Reporting**

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

I. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers: -
   - the capital plans, (including prudential indicators)
   - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time)
   - the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
   - an Annual Investment Strategy, (the parameters on how investments are to be managed)

II. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

III. **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

- **Scrutiny**

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

- **Quarterly reports**

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

- **Training**

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

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

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

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

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

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

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

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

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

Economic Commentary

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

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

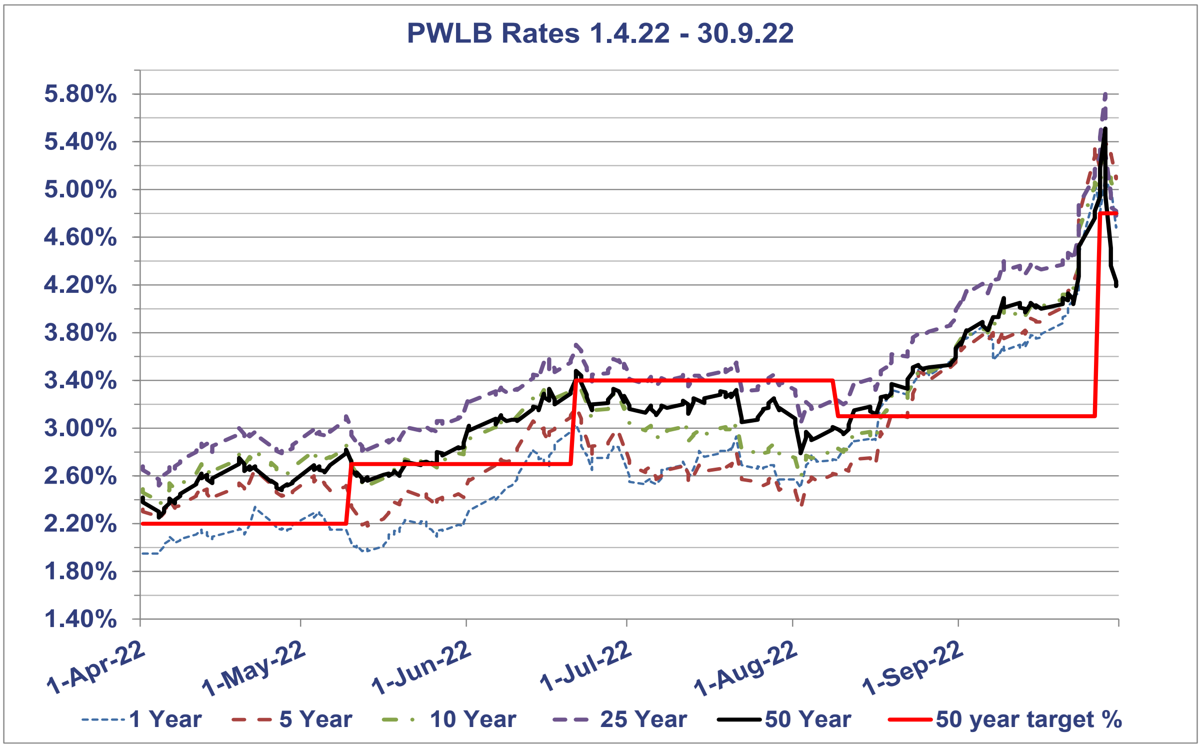
Dec 2022	UK	Eurozone	US
Bank Rate	3.5%	2.0%	4.25%-4.50%
GDP	-0.2%q/q Q3 (2.4%y/y)	+0.2%q/q Q3 (2.1%y/y)	2.6% Q3 Annualised
Inflation	10.7%y/y (Nov)	10.1%y/y (Nov)	7.1%y/y (Nov)
Unemployment Rate	3.7% (Oct)	6.5% (Oct)	3.7% (Nov)

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

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

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

The Pound has strengthened of late. Notwithstanding the Pounds better run of late, 2023 is likely to see a housing correction as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.
As a consequence of this economic position the cost of borrowing and investment is likely to see a change across the coming months. In the table below, the rise in gilt yields, and therein PWLB rates, through the first half of 2022/23 is clear to see.



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

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

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

Prospects for Interest Rate.

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

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

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

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

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

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

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

PWLB RATES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- **Capital Expenditure and Financing**

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

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

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

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

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

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

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

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

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

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

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

- **Liability Benchmark**

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

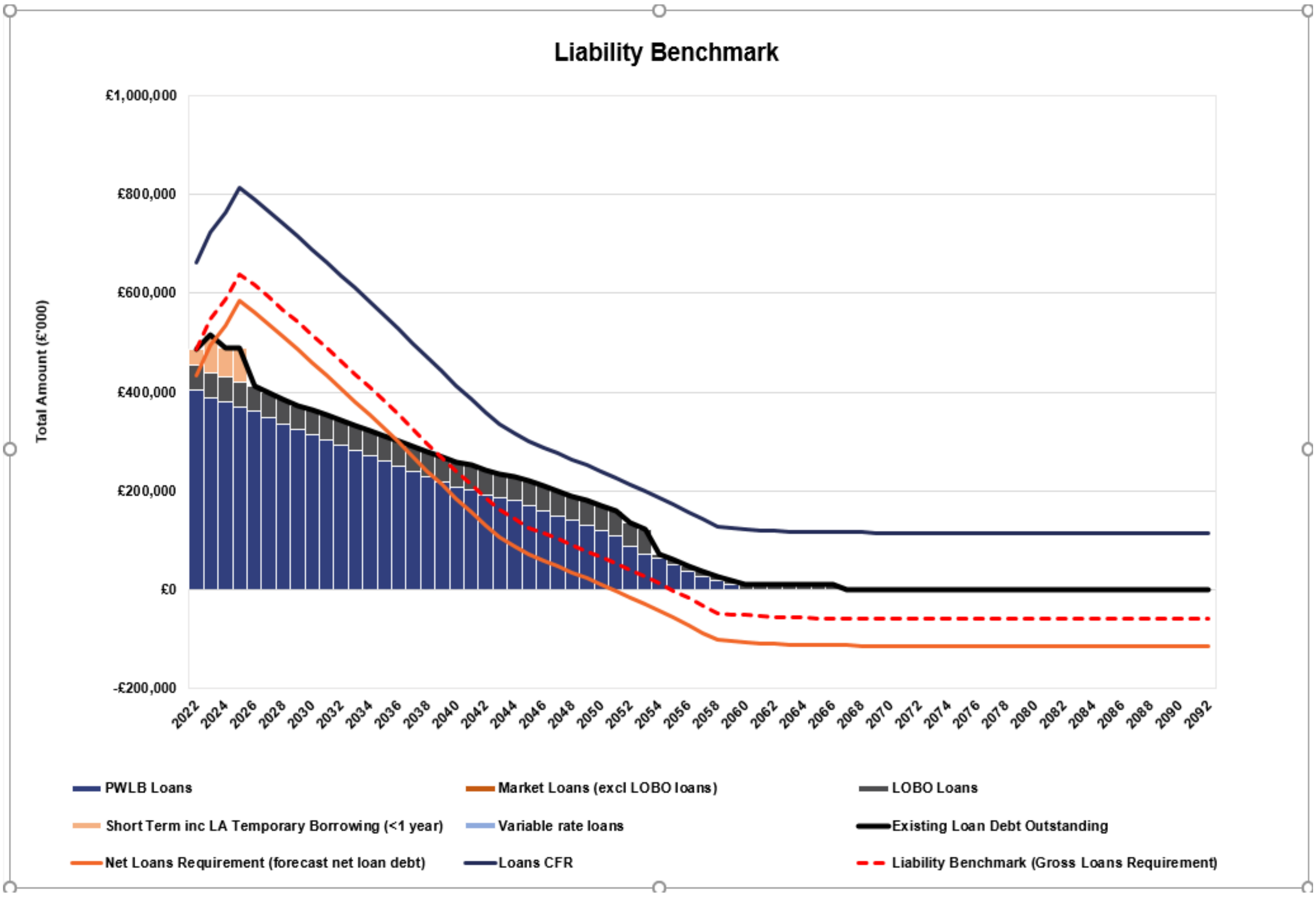
There are four components to the LB: -

- **Existing loan debt outstanding**: the County Council's existing loans that are still outstanding in future years.

- **Loans CFR**: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP. It should be noted that only approved borrowing is included. This practice will mean that the County Councils loan CFR will peak during the next 4 years. This is an anomaly, as all other inputs are estimated for 50 years+. It should also be noted that estimates beyond the next 4 years are subject to annual change.

- **Net loans requirement**: this will show the County Council's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.

- **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



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

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

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

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

- **Core Funds and Expected Investment Balances**

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

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

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

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

- **Affordability Prudential Indicators**

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

Ratio of Financing Costs to Net Revenue Stream

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

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

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

Maturity Structure of Borrowing

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

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

Maturity structure of fixed interest rate borrowing 2023/24

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

3. BORROWING

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

- **Current Portfolio Position**

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

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

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

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

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

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

Treasury Indicators: Limits to Borrowing Activity

- **The Operational Boundary.**

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

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

- **The Authorised Limit for external debt.**

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

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

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

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

Link Borrowing advice:

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

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

Borrowing Strategy

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

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

Policy on Borrowing in Advance of Need

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

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

Rescheduling

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

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

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

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

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

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

Approved Sources of Long and Short-term Borrowing

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

4. ANNUAL INVESTMENT STRATEGY

Investment Policy – Management of Risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Environmental, Social & Governance (ESG) Considerations

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

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

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

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

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

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

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

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

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

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

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

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

Changes in risk management policy from last year.
The above criteria are unchanged from last year.

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

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

Markets in Financial Instruments Directive (MIFID II)

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

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

Non-Treasury Investments

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

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

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

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

Borrower	Amount	Date Lent	Terms
Malvern Hills SciencePark	£4.4m at cost. Carried at £3.0m Fair Value.	Various tranches 29/10/1998 to 15/10/2014	Preference Shares, with a semi-annual coupon basedon cost, as follows: £944k at 3% £3,500k at 6.37% Note: As these shares carryno voting rights, this holding does not constitute a joint venture or subsidiary.

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

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

West Mercia Energy

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

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

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

Worcestershire County and Herefordshire County Councils provided the finance on a 758:252 split, bygranting loans on a commercial basis, in accordance with the agreed timetable. Loans granted to Mercia Waste for this purpose will be considered separately to normal Treasury Management investment activity. All costs and income related to this scheme shall beringfenced for budget monitoring purposes and the loans granted are being considered as Capital Expenditure under the 2003 Regulations and is carried at Amortised cost.

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

Extension of Mercia Loan facility

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

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

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

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

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

5. ANNUAL MINIMUM REVENUE PROVISION (MRP) STATEMENT

Introduction

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

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

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

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

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

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

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

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

Meaning of “Prudent Provision”

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

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

Option 1: Regulatory Method - where debt is supported by Revenue Support Grant, authorities will be able to continue using the current methodology. As a transitional measure this option is also available for all capital expenditure incurred prior to 1 April2008.

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

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

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

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

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

<u>MRP Policy relating to capital expenditure financed from borrowing</u>

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

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

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

Cumulative VRP overpayments made to date are £0.

Minimum Revenue Provision (MRP) consultation

In addition, the DLUHC is currently conducting a consultation on amending the MRP rules for England that will also come into effect, if agreed, on the1 April 2023. Members will be briefed on the outcome of this consultation, but it could have a negative revenue impact for capital loans to third parties. At this stage our view is that the guidelines will be tightened to ensure that Authorities are charging MRP on all debt, which should reduce the more speculative borrowing to invest schemes, however, this isn’t an area that this Authority has been, or plans to be active in, so there should be no impact on us.

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

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

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

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

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

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

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

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

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

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

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

Typically, the minimum credit ratings criteria the Authority uses will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A+. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

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

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

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

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

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

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

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

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

* DMO – is the Debt Management Office of HM Treasury

APPENDIX I

Changes to Codes of Practice and Minimum Revenue Provision Consultation

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

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

The revised codes will have the following implications:

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

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

Treasury management

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

Service delivery

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

Commercial return

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

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

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

Minimum Revenue Provision (MRP) consultation

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

This page is intentionally left blank

worcestershire
countycouncil

Appendix 7

Pay Policy Statement

Introduction and Purpose

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

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

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

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

Legislative Framework

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

Pay Structure

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

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

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

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

Senior Management Remuneration

For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 1st April 2023[1]. Salaries quoted are based on the full time equivalent (FTE) of 37 hours per week. The Council since April 2011 has adopted a maximum of 35 hours per week for new appointments and corresponding salaries are shown in brackets. Currently 25 of the chief officers as defined within S43 of the Localism Act are employed on a 35 hour per week contract. Table 1 lists the 34 chief officer posts as defined within S43 of the Localism Act that make up 1.23% of the 2758[2] people employed by the County Council (excluding schools).

Table 1: Chief Officer posts

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

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

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

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

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

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

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

Recruitment of Chief Officer Related Posts

The Council's policy and procedures with regard to recruitment of chief officer related posts is set out within the Constitution which can be accessed at *http://www.worcestershire.gov.uk/info/20088/about_your_council/83/the_councils_constitution*.
When recruiting to all posts the Council will take full and proper account of its own policies and procedures. The determination of the remuneration to be offered to any newly appointed chief officer related position will be in accordance with the pay structure and relevant policies in place at the time of recruitment. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies. Currently we have 1 post (5 post holders) receiving a market forces supplement.
Where the Council remains unable to recruit to chief officer related posts under a contract of employment, or there is a need for interim support to provide cover for a vacant substantive chief officer related post, the Council will, where necessary, consider engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. Currently the Council has no interim chief officer related positions under such arrangements.

Additions to Salary of Chief Officer Related Posts

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

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

Payments on Termination

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

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

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

Publication

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

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

Lowest Paid Employees

The Council since April 2011 has adopted a maximum of 35 hours per week for new appointments. The lowest paid persons employed under a contract of employment with the Council are employed on 35 hour per week in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1st April 2022[3] this is £18,586 per annum. The Council employs Apprentices who are not included within the definition of 'lowest paid employees' as the terms and conditions are determined by the National Apprenticeship Service.

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

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

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

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

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

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

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

Accountability and Decision Making

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

---

FOR OFFICE USE ONLY

Res/HR/BAC: Prepared 25 January 2012
Approved by Council 16 February 2012
Res/HR/BAC: Updated 17 January 2013
Approved by Council 14 February 2013
Res/HR/BAC: Updated 29 January 2014
Approved by Council 13 February 2014
COaCH/HR/BAC: Updated 20 January 2015
Approved by Council 12 February 2015
COaCH/HR/BAC: Updated 13 January 2016
Approved by Council 11 February 2016
COaCH/HR/BAC: Updated 13 January 2017
Approved by Council 9 February 2017
COaCH/HR/BAC: Updated 25th January 2018
Approved by Council 15 February 2018
COaCH/HR/BAC: Updated 14 January 2019
Approved by Council 14 February 2019
CEU/HR/BAC: Updated 16 January 2020
Approved by Council 13Febraury 2020
CEU/HR/SH: Updated 4 January 2021

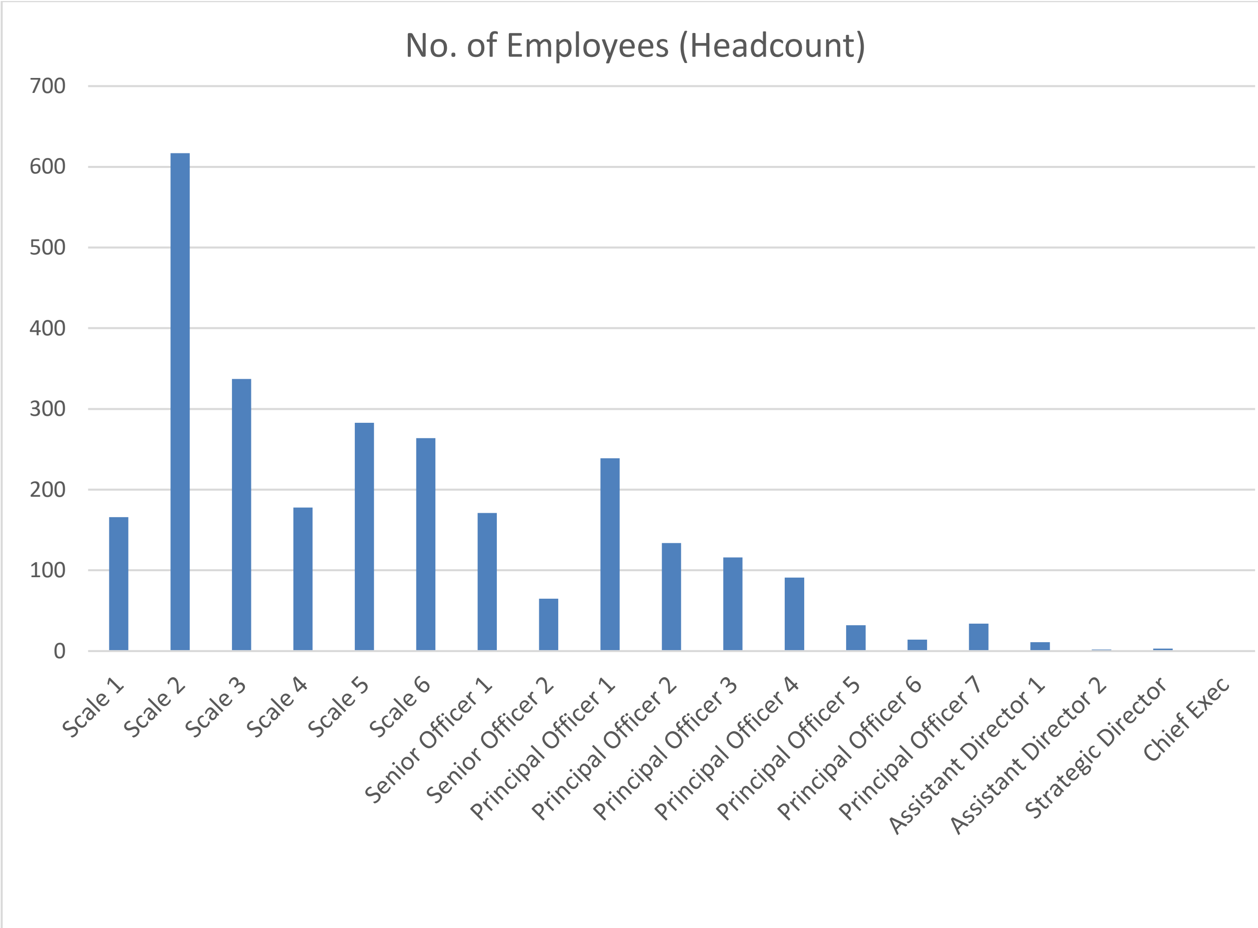
Approved by Council 18 February 2021
CEU/HR/JL: Updated 4 January 2022
Approved by Council: 17 February 2022
CEU/HR/GL: Updated 13 January 2023
Approved by Council

Appendix

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

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

Chart 1: Staff Distribution Across Grades



Notes:

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

Table 3: Staff distribution across grades[4]

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

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

This page is intentionally left blank

worcestershire
countycouncil

CABINET
2 FEBRUARY 2023

REQUEST TO CONSULT IN RELATION TO CHARGING FOR CARE & SUPPORT

Relevant Cabinet Member
Councillor Adrian Hardman

Relevant Chief Officer
Mark Fitton, Strategic Director for People

Local Member(s)
N/A

Recommendations

1. **The Cabinet Member with Responsibility for Adult Social Care recommends that Cabinet:**

   a) **Considers the proposed amendments to the County Council's current charging policy for Adult Social Care Services in the following areas:**

      i) **Changes the financial assessment criteria for Replacement Care from a residential service to a non-residential service and makes the distinction clearer for service users, and**

      ii) **Implements charges for both carers when two carers are required to attend a home care visit (double handed care), and**

   b) **Authorises the Strategic Director for People to carry out a public consultation on the proposals, to bring a further paper to Cabinet reporting on the outcome of the consultation and outline his final recommendation for Cabinet approval once the consultation is completed.**

Charging for Replacement Care

2. Replacement care is defined as short term care to replace care that is usually provided by informal carers and due to either an emergency situation or a planned break from their caring role, where the adult may require additional care and support at home, a day service or a temporary placement in a residential/nursing setting. It can also be paid via a Direct Payment. It has been formerly referred to as 'respite care'.

3. The County Council's local charging policy for adults receiving care and support was updated and implemented in April 2015 in line with the Care Act 2014. Some aspects of the policy were down to local authority discretion, such areas were mirrored from the pre–Care Act Regulations, to ensure continuity for our adult service users.

4. The Council has, for a long time, had challenges with how the Council purchases and assesses charges for replacement care, especially in relation to Direct Payments. This is because service users in receipt of a Direct Payment exercise choice and control to decide on the timing and frequency of the replacement care according to their support plan and there is no onus on the service user to let the Council know when this is arranged.

5. It is recommended that the Council's financial assessment is changed to assess all service users in receipt of replacement care under the Non-Residential provisions of the policy.

Replacement Care

6. Replacement care for a Direct Payment client is purchased as a one-off direct payment to be used to pay for care, when needed. Replacement care is considered as a service delivered to the cared-for person and is therefore a chargeable service. As the Direct Payment is purchased as a payment to be provided to the service user to meet a variety of services identified within their support plan, the council's computerised system does not know whether this has been used for replacement care or other services to meet the service user's eligible needs. Therefore, the financial systems will only apply a non-residential charge for all services purchased via a Direct Payment and not the replacement care/residential charge. Where the service user has services arranged directly by the Council, the charges are applied based on the types of services purchased. This means a different charging policy is being applied to Direct Payment users and non-Direct Payment users who are in receipt of replacement care.

7. To ensure that the Council is fair and consistent in its approach and in line with the majority of other local authorities, it is proposed that all clients in receipt of replacement care services are assessed under the non-residential provisions of the Council's charging policy.

8. No current service users will be financially impacted by this proposed change as they are all currently on maximum assessed charge.

9. If this change was to be agreed and implemented the following benefits would be realised:

- Continuity of assessments as Direct Payment and Non-direct payment clients in receipt of replacement care will be assessed in the same way
- Online Financial Assessments (OFA) will be able to be used for all assessments giving the option for service users to be able to understand their charges earlier in the process
- Reduction in assessments being carried out by the Care Contribution Assessment team generating efficiencies

- Simplifying the process for service users who will have one uplift letter (at present they receive two uplift letters if they have non-residential and replacement care)
- Social workers will not have to request a financial assessment when a client who is already having a non-residential service requires replacement care which again leads to process efficiencies

Charging for Double Handed Care Calls

10. Current custom and practice is that the Council only charge a service user for one care caller, even if two carers were required from a service delivery requirement.

11. The recommendation is to change this approach in the Council's charging policy to enable charging for both carers. This will have a minimal impact on those service users currently assessed for financial assistance towards the cost of their care as most service users are already paying the maximum assessed charge permitted under the Regulations. However, the Council has a number of clients who self-fund their care which the Council has arranged on their behalf, but the full cost to the Council of that care is not being recovered from the self-funder. The proposal would mean that those self-funders who are financially assessed as being able to afford the cost of the double handed care and would be required to pay for it. Those affected fall in to two categories, self-funders with capital on the upper threshold, currently standing at £23,250 and those who have high income and lower packages of care.

12. Based on current data, 20 self-funding service users, who choose to use the Council to broker their care, would be required to pay more for their care. Self-funders would only pay the higher amount if they were assessed to have the financial means to pay, and they would be paying the higher amount if they sourced the care themselves which is shown in the **Table 1**.

Table 1 - No of Cases where 2 carers have been required by self-funders and could have been charged for

Charging Band	No of people affected	Weekly increase in charge
Band 2 - variable	1	£26.01
Band 3 – Full Charge	16	£4,589.22
Band 21 – Non-Disclosure	3	£397.60
TOTAL	**20**	**£5,012.83**

13. Other councils have been canvassed and out of the responses received, all charge the double handed care costs to the service user, again, subject to the means tested financial assessment. Details of the Councils who responded are at **Appendix 1** to this report.

Consultation

14. The consultation is proposed to start following the Cabinet decision and will last for 90 days. Once the results of the consultation have been considered a paper will draft final recommendations and be presented to Cabinet. This is likely to be June 2023 although will depend on the feedback to the consultation.

Legal, Financial and HR Implications

15. Section 14 of the Care Act 2014 gives Local Authorities a discretionary power to charge for meeting an adult's needs under Section 18 of the Act. An adult may be charged for both residential and non-residential services unless it is prohibited by Regulations from doing so. The amount an adult is required to pay is subject to a means test. The Local Authority may make a charge for care and support in accordance with the Care and Support (Assessment of Resources) Regulations 2014 and the Care and Support Statutory Guidance.

16. In terms of whether non-residential financial assessments should be applied to Direct Payment clients only, the Care Support Statutory Guidance provide principles that local authorities should consider when making decisions on charging. One of those principles is to apply the charging rules equally so those with similar needs or services are treated the same. Councils should also minimise anomalies between different care settings (paragraph 8.2 of the Care and Support Statutory Guidance). The proposal to charge all services users in receipt of replacement care, whether they are in receipt of a Direct Payment or not, under the non-residential charging regime will ensure continuity in approach and minimise any potential anomalies.

17. Under s14(4) of the Care Act 2014 "the charge may only cover…. the cost that the local authority incurs in meeting the needs to which the charge applies". If two carers are required to provide double handed care, and the Council is required to pay for two carers, then that would equate to the cost to the Council in meeting the needs, and the cost for two carers could be recovered from the adult, subject to means testing.

18. The implementation of the change in charging policy will have no direct financial implications, however efficiencies in staff time will be generated. With regard to charging for double handed care, additional cost recovery of c£0.2 million is forecast to be achieved.

Risk Implications

19. Should the recommendations not be accepted then:

- There is likely to be a further pressure on Adults Services budgets
- There is an inherent risk in the way the Council currently assesses charges for replacement care and there is a risk of possible challenge as the Council assesses differently for Direct Payment recipients and those not in receipt of a Direct Payment. The proposal addresses this anomaly.
- When the Care Cap comes in to effect, the Council will need to be ready with streamlined processes to minimise the costs and complexity for the Council, Service Users and Carers. Implementing these actions will support efficiencies and more effective use of online assessments.

Joint Equality, Public Health, Data Protection and Sustainability Impact Assessments

20. A joint impact assessment (JIA) screening has been completed which identified the need for a full impact analysis relating to Equality and Public Health, Data Protection Impact Assessment. These have been carried out and are attached at Appendix 2

Supporting Information

- Appendix 1 - Response from National Association of Finance Officers (NAFAO) regarding double up carer calls
- Appendix 2 - Joint Impact Assessment; Equality and Public Health and Data Protection Impact Assessments.

Contact Points

Specific Contact Points for this report
Charles Huntington
Head of Finance Operational Services

Tel: 01905 843564
Email: chuntington@worcestershire.gov.uk

Appendix 1

Response from National Association of Finance Officers (NAFAO) – response to query regarding cost for Double Up Carer Calls

Name of LA	Double costs charged?
Buckinghamshire	Yes
Knowsley	Yes
Wokingham	Yes
Nottinghamshire	Yes
Sandwell	Yes
Bristol	Yes
South Tyneside	Yes
Bury	Yes
Somerset	Yes
York	Yes
Norfolk	Yes
Isle of Wight	Yes
Redcar & Cleveland	Yes
Brighton & Hove	Yes
Thurrock	Yes
Milton Keynes	Yes
Cheshire West & Chester	Yes

worcestershire county council

CABINET
4 FEBRUARY 2023

EDUCATION SUFFICIENCY ANNUAL UPDATE

Relevant Cabinet Member
Councillor Tracey Onslow

Relevant Chief Officer
Director of Children's Services

Recommendation

1. The Cabinet Member with Responsibility for Education and Skills recommends that Cabinet:

(a) notes the updated annual sufficiency information for Mainstream school age and Specialist education provision in line with the Cabinet decision in December 2018;

(b) notes the pressure on Mainstream and Specialist educational provision, and Sufficiency duties highlighted in the reports;

(c) approves the publication of the 2022 Mainstream and Specialist Sufficiency reports as updates to the School Organisation Plan 2019 - 2024;

(d) notes progress on the updated Early Years and Childcare Sufficiency annual report and Post 16 education sufficiency assessment; and

(e) notes progress update on the delivery of the Worcester City Secondary School.

Background

1. The five-year strategic School Organisation Plan[1] "Good Education Places for all Worcestershire Children" was approved by Cabinet in December 2018 and outlines the 5-year programme to meet the Local Authority Statutory duties to ensure a sufficiency of education provision for children in Worcestershire.

2. Worcestershire County Council has a duty (under s13-14 Education Act 1996) to ensure there are sufficient school places to accommodate the children and young people who reside in the county and to ensure these places are of good quality with sufficient capacity to promote parental preference and diversity.

[1] http://www.worcestershire.gov.uk/download/downloads/id/10780/worcestershire_county_council_school_organisation_plan_2019.pdf

3. Section 14 of the Education Act 1996 places a duty on Local authorities (LA's) to secure educational provision made for pupils age 16 to 18 and over 19 years, and those with special educational needs up to age 25 years.

4. Section 6 of the Childcare Act 2006 places a duty on Local Authorities to secure sufficient childcare, so far as is reasonably practicable, for working parents, or parents who are studying or training for employment for children aged 0-14 (or up to 25 for children with special educational needs or disability) and Section 7 (as substituted by section 1 of the Education Act 2011), places a duty on English local authorities to secure early years provision free of charge for eligible 2, 3 and 4 year olds. Section 1 of the Childcare Act 2016 which places a duty on the Secretary of State to secure the equivalent of 30 hours of free childcare over 38 weeks of the year for qualifying children.

5. Along with these statutory duties, the Worcestershire's Education and Skills Strategy 2019-24 was approved by Cabinet in September 2019 and shapes the Worcestershire vision and aims for education provision by 2024. These provide the strategic focus for the work of the Education Sufficiency and Place Planning Team of Worcestershire Children First.

School Organisation Plan

6. The five-year strategic School Organisation Plan is designed to provide an overview of education place planning from 2019-2024. Worcestershire Children First, on behalf of Worcestershire County Council, undertake an annual programme to revise our position to ensure we continue to meet our statutory duties and strategic aims related to the provision of education from ages 0-25. Four sufficiency reports associated with the plan provide the operational direction for the overall strategy, including the:

- Early Years and Childcare sufficiency (update to follow in 2023)
- Mainstream school sufficiency (Appendix 1)
- Specialist SEND sufficiency (Appendix 2) and Special School Sufficiency (Appendix 3)
- Post-16 sufficiency (update to follow in 2023).

The five-year School Organisation Plan 2019-2024 is included as Appendix 4.

7. The reports are updated in the Autumn Term of the academic year and are based on information from the September and January Schools' Census and Early Years Census, Known Children Data shared by the NHS, and other data sources.

8. The forecasts from the reports are used to plan for education provision requirements, shared with schools and other education settings, and form the basis of the School Capacity Report to the DfE that is used to allocate basic need capital grant allocated to each Local Authority to create new school places. The Sufficiency assessments and forecasts are also used to underpin assessments of education infrastructure required as a result of new housing developments. Education Infrastructure contributions are requested for Early Years, mainstream Schools,

Specialist education provision and Post 16 provision where existing provision cannot support the additional demand of pupils from new housing.

Mainstream School Sufficiency

9. September 2016 saw the highest intake of Reception children in the County since 2000 (6536 pupils). This cohort moved into Middle schools (Year 5) in 2021 and will arrive in Secondary Schools (Year 7) in September 2023, forecast to be 6682 pupils.

10. 91% of Primary school children received an offer from one of their three preferences for September 2022, this is lower than in September 2021 for Primary (98%). There was also a small decrease in the percentage of children applying for a Secondary school place receiving an offer from one of their three preferences: 95.1% for September 2022 compared to 95.5% for September 2021.

11. Over the last decade, the number of Primary age children (Reception to Year 6) in Worcestershire has increased by 9%. Over this time, WCF have worked with schools to increase the capacity at several Primary and First Schools across Worcestershire to ensure we are able to meet the demand for places in key pressure areas. Whilst growth has been felt across the County, some urban areas of Worcestershire, namely Bromsgrove, Evesham and Redditch, have experienced a much higher rate than rural areas. Conversely the numbers arriving at Reception classes in Worcester City and Kidderminster were 5% lower in September 2022. Worcestershire has a mix of urban and rural areas with an increasing number of families moving into urban areas, a trend seen nationally. Over the next 5-10 years a number of large housing developments are expected to increase the numbers of families living within some urban areas. At the same time, there is a challenge to ensure small rural village schools remain sustainable.

12. The last 2 years saw the effects of lower birth rates on Worcestershire Primary and First schools, which is expected to continue over the next few years. At the same time, Worcestershire is seeing a significant level of new housing either being built or planned as the popularity of the County grows. As a result, the number of children in Primary year groups in Worcestershire peaked in 2019 at 44,252 and has since stabilized around 44,000. Therefore, as new housing is concentrated in pockets, namely Bromsgrove, Droitwich, Redditch and South Worcester, new schools and additional expansions will be required in certain areas to ensure sufficiency of places. WCF Officers are discussing options with schools in these areas to ascertain viable solutions. The demand for new schools have been agreed with housing developers for Perryfields, Bromsgrove and Foxlydiate, Redditch. In other areas, Bewdley, Evesham, Malvern and Upton there are currently surplus (an oversupply of) places. WCF Officers will work with individual schools to consider reducing Pupil Admission Numbers (PAN) temporarily to support the sustainability and viability of schools. An informal review of education provision in Malvern will begin in the Spring 2023 term to identify options to maintain sufficient viable provision in this area.

13. Pupil numbers in Middle Schools in Bromsgrove, Droitwich, and Redditch, are generally increasing particularly in areas where there is also housing growth. There are insufficient places in Bromsgrove and Redditch Middle Schools. There continues to be an oversupply of places in the Pershore and Evesham Middle Schools. WCF Officers are working with individual schools and property agents to assess options to create additional middle school places in Bromsgrove. Specific Redditch Middle

schools have been identified for expansion or bulge classes and are moving to full feasibility stage.

14. In 2017 and 2018, the number of pupils in Secondary schools began to increase after several years of lower numbers. This is anticipated to continue, which also coincides with an anticipated increase due to housing growth. Over the last several years, WCF have been working with Secondary and High schools in Worcestershire to ensure they are able to sufficiently support higher numbers. Further expansions are required over the coming years to support further growth particularly in Bromsgrove and Kidderminster. An update on the new Worcester City Secondary School progress is provided in this report.

15. Pupil migration between counties has not made significant changes but still a factor that must be considered, particularly for Secondary and High School. In general, outward migration impacts on Birmingham, Dudley, Sandwell and Solihull councils to the north and on Gloucestershire and Warwickshire councils to the east and south. Inward migration into Worcestershire schools is not currently considered a major factor on overall forecasts. In most cases, this is not a concern as school admissions policies tend to give priority to pupils living within the school catchment area.

16. A continual programme of works is required to meet mainstream place requirements over the next five years. The Education Capital programme prioritises basic need requirements to fund expansions to existing schools where possible. The WCF Education Sufficiency and Place Planning team work closely with mainstream schools to identify suitable, feasible and viable schemes to deliver additional places in a timely and value for money way. Where new housing developments make Section 106 Education Infrastructure contributions, this funding is also prioritised to deliver the addition mainstream school places required as a consequence of additional housing.

17. Worcestershire County Council has welcomed news that a further two of the county's schools have been selected to be involved in the Central Government's Schools Rebuilding Programme. Arrow Vale Secondary School and Baxter College (Secondary) have been selected in the most current round of the School Rebuilding Programme which was announced in December 2022. The funding announcement follows on from Pershore High School and Waseley Hills High schools which were selected for the first 50 schools announced in February 2021.

18. Typically, a new first or primary school may be required where a new housing development contributes 300 or more dwellings, or in areas where no potential school expansions can be identified. When a large-scale development in excess of 100 dwellings WCF engage with developers and district councils to allow for appropriate planning and feasibility work to be undertaken. A new secondary school or special school is only likely to be required on very large sites or in an area where there is a significant amount of new housing across several developments.

19. The WCF Education Sufficiency and Place Planning team assess all housing planning applications individually but also holistically to determine what the impact on education provision would be. Developer contributions towards new school places should provide both funding for construction and land where applicable, subject to viability assessment when strategic plans are prepared and using up-to-date cost

information. Central government Basic Need Grant, the DfE free schools programme and other capital funding do not negate housing developers' responsibility to mitigate the impact of their development on education places.

20. There are several strategic housing sites planned in Worcestershire over the next 7 years (before 2030) that are likely to require new First / Primary School to be delivered. These include: Hopfields, South Worcester; Lea Castle, Kidderminster; Kidderminster East; Perryfields, Bromsgrove; Foxlydiate, Redditch; West Worcester; Parkway, Worcester; and Mitton, Wychavon. All of these schools are in the planning phase to determine delivery timescales and costs against the updated housing delivery plans.

21. The majority of new housing planned to be delivered in Worcestershire is set out in the South Worcestershire Development Plan (SWDP) up to 2041. This plan includes a government target for an extra 11,000 new homes on top of the 28,400 homes already planned for up to 2030 in the current SWDP. Most of the new housing will be provided through new settlements, known as strategic sites. These will be located close to existing or new railway links. Development will be completed in phases over time and developers will be asked for payments to support, and where necessary, deliver local infrastructure.

22. The largest strategic site planned is to be built at Worcestershire Parkway (2025 – 2040) includes 5,000 new homes. A further phase of this development is planned from 2041 with a further 5,000 homes. The focus of the new settlement and infrastructure will be on making sure residents' needs are met nearer to where they live including a new town centre, schools, local neighbourhood centres and community facilities. There will be investment in walking and cycling infrastructure to promote sustainability and reduced car use. Current Education requirements for the whole settlement development include up to 8 Primary and Nursery schools, 2 Secondary Schools, a Post 16 education provision and a Special School. These schools will be to meet the demand from the new settlement. Timescales for delivery of the first 5,000 houses are 2025 up to 2041. The developers are expected to provide the land and funding to build the schools. We would not expect the Special School to be delivered before 2041.

Specialist SEND Sufficiency

23. Just under 1.5 million pupils in England have special educational needs. An increase of 77,000 from 2021. The national percentage of pupils with an education, health and care (EHC) plan has increased to 4.0%. The national percentage of pupils with SEN but no EHC plan (SEN support) has increased to 12.6%. Both continue a trend since 2016. The most common type of need nationally for those with an EHC plan is autistic spectrum disorder and for those with SEN support is speech, language and communication needs.

24. In Worcestershire we want all children and young people with special educational needs and / or disabilities to be truly seen and respected as individuals and to be the best they can be. The Local Area Partnership SEND Strategy (2022 – 25) priorities include: Priority 2: There is sufficient and effective SEND provision. The Local Area SEND Re-Visit Inspection in November 2021 found that the concern about lack of suitable specialist provision remained a concern with "too many children being placed in settings outside of Worcestershire and independent settings … and too

many children without a school place". We have developed our plan for specialist provision continuum as part of the Local Offer including the development of provision for autism in mainstream settings. We have 4 workstreams to respond to the Accelerated Progress Plan (DFE). Taking coordinated action to forecast and develop our specialist provision is one workstream of this plan.

25. The provision of appropriate education places for pupils with Special Educational Needs and Disability remains a pressure for Worcestershire and demand for provision that can cater to specialist needs and disabilities is expected to continue to rise.

26. The percentage of children educated in Worcestershire with identified SEND remained around 15% between 2016-2019, however rose to 17.6% in 2021 and is now at 18.9% for 2022.

27. In 2016, there were 1,960 school age children living in Worcestershire with an Education and Health Care Plan, this has increased to 2,960 school age (5-15) children by January 2022. The largest percentage increases are evident within the 16 to 19 age group increasing from 468 in January 2016 to 1044 in January 2022. Figure 1 details the number of pupils with an EHCP by age range recorded on the SEN2 data return each January.

Figure 1: Pupils for whom the local authority maintains a statement of special educational needs or an EHC Plan

	Jan-16	Jan-17	Jan-18	Jan-19	Jan-20	Jan-21	Jan-22
Under 5	61	55	84	83	110	118	138
Age 5 to 10	871	842	908	992	1214	1293	1410
Age 11 to 15	1089	1078	1120	1220	1339	1473	1550
Age 16 to 19	468	628	807	966	959	939	1044
Age 20 to 25	37	89	145	241	431	359	413
Total	2526	2692	3064	3502	4053	4182	4555
Annual % increase		7%	14%	14%	16%	3%	9%

Source – Sen2 DfE LAIT

28. The percentage of children educated in Worcestershire with a Statement of (SEN) or and EHCP (figure 2) has remained fairly consistent (2.9 – 3.6%) over the years and continues to be in line with West Midlands Local Authorities and below Statistical Neighbours and National. January 2022 did see an increase to 3.9% exceeding West Midlands Local Authority average and closer to the national average of 4%.

Figure 2: The percentage of pupils with EHCP

Area	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Change from previous year
Worcestershire	**3.10**	**3.00**	**3.00**	**2.90**	**2.70**	**2.90**	**3.00**	**3.30**	**3.60**	**3.90**	**0.30**
West Midlands	**3.00**	**3.00**	**3.00**	**2.90**	**3.00**	**3.10**	**3.10**	**3.30**	**3.60**	**3.80**	**0.20**
Statistical Neighbours	**2.89**	**2.91**	**2.91**	**2.92**	**2.96**	**3.03**	**3.16**	**3.43**	**3.74**	**4.02**	**0.28**
England	**2.80**	**2.80**	**2.80**	**2.80**	**2.80**	**2.90**	**3.10**	**3.30**	**3.70**	**4.00**	**0.30**

The percentage of pupils with EHCP's educated in the mainstream system increased to 33% in 2021 and retained at 32% in 2022 after several years of decline. Figure 3 shows this continues to be below the national average. The percentage of pupils with EHCP's in maintained special schools has decreased from 36% in 2021 to 35% in 2022, higher than the national average of 30%.

Figure 3: Analysis of attendance type of children and young people with EHCPs in Worcestershire compared to National average

	England						Worcestershire					
EHCPs	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
% mainstream	42%	40%	38%	38%	39%	40%	30%	26%	26%	30%	33%	32%
% independent - out of county	6%	6.0%	6.0%	6.1%	6.1%	6.3%	5.4%	5.7%	6.1%	6.1%	6.9%	7.0%
% state funded special	36%	36%	34%	32%	31%	30%	46%	43%	40%	37%	36%	35%
% FE	11%	15%	16%	17%	17%	16%	16%	21%	22%	20%	19%	19%
% Other	4%	3%	6%	7%	8%	8%	3%	4%	7%	7%	5%	6%

29. The continued rise in the number of children with special educational needs and EHCPs has put pressure on access to Specialist provision for Worcestershire pupils. There is a range of specialist provision available to support children and young people with EHCPs including Special Schools, Mainstream Autism Bases, Language Units, Medical Education provision, Alternative Provision, Specialist Nursery provision and Independent Specialist provision.

30. The primary needs of Moderate Learning Difficulties (MLD), Autism Spectrum Disorder (ASD), Speech, Language & Communication Needs (SLCN) and Social, Emotional & Mental Health (SEMH) difficulties are all on a rising trend since 2017 for the primary school age group and secondary school age children. Another noticeable trend is that the numbers of pupils categorised as "complex SEND" have been rising steadily over the last 10 years. Children may have more complex developmental and sensory needs identified at birth. These children are likely to have severe and complex learning difficulties as well as a physical disability or sensory impairment that affect learning, development and health and are likely to require a high level of special educational provision.

31. Of the 4,555 pupils (January 2022) in Worcestershire with an EHCP, 1,611 were recorded on roll at one of the 9 Worcestershire State funded Special schools. This is an increase from 1589 in January 2021 and 1372 in January 2017. Since 2018, Special Provision Capital Funding and High Needs Provision Capital funding has supported some Worcestershire Special schools (Rigby Hall, Pitcheroak, Kingfisher and Fort Royal) to be able to expand accommodation to admit more pupils.

32. Since 2016/17 academic year all Worcestershire Special Schools have experienced an increase in pupil numbers, some more significantly than others as shown in Figure 4 below. Changes to configuration of schools, expansions and for some schools increasing class sizes has been applied to address these issues. Most Special Schools are now accommodating more pupils into existing classes spaces.

Figure 4: Number of pupils on roll at each Worcestershire Special School each January census

Special School	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Chadsgrove School	132	128	125	126	128	132	137
Fort Royal	193	220	212	208	218	220	241
Kingfisher	68	74	83	92	99	137	135
Pitcheroak	143	146	153	155	151	156	152
Regency	172	178	199	207	233	241	248
Rigby Hall	133	137	134	166	166	196	202
Riversides	62	66	65	63	69	66	69
Vale of Evesham	163	169	189	178	190	177	184
Wyre Forest	238	256	257	261	267	289	323

33. Seven of the nine Special Schools offer post 16 provision. 52% of 16 – 25 year olds with EHCPs attend further education establishments, 18% special schools and 8.5% specialist further education provision. The number of young people aged 20 to 25 with an EHC plan has increased from 145 in January 2018 to 413 in January 2022. 66% of young people aged 20-25 with an EHC plan attend mainstream FE colleges and 21% of young people in this age bracket attend independent specialist post-16 institutions.

34. Some pre-school age children are referred at a young age for Specialist Nursery provision. Most pre-school age children with SEND in Worcestershire are supported in mainstream early years provider settings with funding support through the Graduated Response. The main primary need identified in pre-school age children in Worcestershire is SLCN. There are five Nursery Assessment Unit (NAU)/ Special School Nurseries in Worcestershire. The NAUs assess the longer term educational needs of pre-school age children before they start school in Reception. In January 2022, 122 children were being supporting through Nursery Assessment provision. A review of Nursery Assessment and Specialist Nursery provision is underway, including reviewing the operational model for nursery assessment. Recommendations for future delivery and sufficiency of provision will be made this Spring term.

35. Specialist Early Years Language classes are also delivered in each district of the County, this provides targeted intervention to support identified speech, language and communication needs. 48 full time equivalent places are commissioned by the Local Authority, providing support to approximately 143 three and four year olds each year, who attend the provision on a part time basis.

36. There have been a growing number of Worcestershire residents with an EHCP placed in Out of County and Independent Placements which increased from 186 in August 2017 to 336 in August 2020 and 486 in January 2022. This is in line with National averages and has remained consistent as a percentage of all residents with an EHCP but causes a significant impact on High Needs Budget. The average cost per placement at Independent Special Schools is the highest at circa £51k, followed by Specialist FE placements at £35k compared to the average cost of a Special School placement at £11k. In February 2022, the highest proportion of pupils with an EHCP placed in out of county and independent provision had a primary need of ASD.

37. Proactive measures since 2018 continue to reduce the number of pupils with an EHCP requiring a Special School place. An area of focus for High Needs / Specialist Provision capital investment since 2021 has been the development of new Mainstream Autism Bases in Worcestershire. In 2018, 116 pupils were supported in Mainstream Autism Bases in Worcestershire, this increased to 148 in the 2021/22 academic year. Chaddesley Corbett Primary School opened a new Enhanced MAB in April 2022 with 10 places. WCF have also agreed to proceed with opening an Enhanced MAB at Christopher Whitehead Language College in Worcester with 12 places from September 2023 and are supporting an expansion to Treetops Enhanced MAB in Redditch from 20 to 45 places in the next academic year. These developments will help to reduce the number of pupils currently awaiting a specialist placement or who may have been placed in high cost independent provision.

38. A small proportion of pupils who due to illness or medical needs are unable to access full-time mainstream education provision are supported by the Medical Education Provision in Worcestershire. In 2021/22 academic year, 55 pupils were supported by the Medical Education Team. 81% had psychological health issues and 19% had medical issues. 16% of children attending with psychological health issues also have an Autism diagnosis.

39. A small proportion of pupils attending Alternative Provision or Pupil Referral Units in Worcestershire have SEND and/or EHCPs. The Census and SEN2 return records 30 out of 4,690 pupils in January 2022 with EHCPs.

40. Pupil projections in Worcestershire are increasing in the main due to housing growth. Over the period 2017 to 2022 there were on average 671 new EHCPs agreed per year. By reviewing expected population growth, pupil growth from housing and EHCP growth the following forecast for EHCPs can be made as shown in figure 5 below.

Figure 5: Projected number of EHCPs by age range in Worcestershire for 2022 - 2028

Age Range	2022	2023	2024	2025	2026	2027	2028
Under 5	314	283	246	246	246	246	246
6 - 10	1551	1690	1794	1794	1804	1791	1779
11 – 15	1358	1718	1860	2002	2164	2302	2422
16 – 19	1054	843	953	1120	1118	1445	1533
20 – 25	390	482	493	498	611	373	449
Grand Total	4667	5016	5346	5660	5943	6157	6429
% Requiring maintained Special	35%	34%	33%	32%	31%	30%	29%

41. If existing percentage trends continue reducing year on year by 1%, the predicted number of pupils requiring maintained special school provision can be forecast. 1,159 school age pupils in 2023 rising to 1,230 by 2026. Numbers on roll at Special Schools will exceed this due to pre-school and post 16 pupils on roll.

42. WCF Officers continue to work with all specialist settings in particular Special Schools to review options available to increase pupil numbers, options include re-

configuration of spaces, expansions, or conversion of temporary accommodation to permanent builds. Some schools have limited options for growth against Building Bulletin 104 guidelines, which outlines the standards and guidance on the area of school buildings required for Special and Alternative Provision schools, as the land is not available on the existing sites. An option being considered in some instances is to develop satellite Special School sites run by an existing Worcestershire Special Provision.

43. In Worcestershire we want all children and young people with special educational needs and / or disabilities to be truly seen and respected as individuals and to be the best they can be. The Local Area Partnership SEND Strategy (2022 – 25) priorities include: Priority 2: There is sufficient and effective SEND provision. The Worcestershire SEND Accelerated Progress Plan includes two workstreams i) supporting Mainstream schools to be inclusive and ii) ensuring sufficient specialist provision. The APP priorities focus on:

- Continuing to increase the percentage of children and young people with an EHCP to remain within mainstream settings;
- Reducing the number of low severity placements in special schools to support more pupils to remain in local schools and reduce the reliance on the independent sector;
- Supporting Mainstream Primary schools to be adaptive to children with special education needs in Key Stage 1 and Key Stage 2; and
- Ensuring our school estate is suitable to enable pupils with physical disabilities to remain within mainstream schools whenever possible

44. These reports show that Worcestershire was able to meet its statutory duties relating to the provision of education places in 2021/22. However, the County is facing a number of challenges resulting from a growing population, school organisation challenges, growing pressure on the condition programme, and evolving requirements to meet the needs of children with special educational needs and disabilities (SEND), meaning that a continual programme of works is required to ensure the education estate evolves to meet the needs of Worcestershire families.

45. There is evidence to suggest Special School provision is needed in the Malvern area that would alleviate some of the current pressures on Worcester and Wychavon Special Schools. There is additional demand for more generic special schools places in Worcester City, Bromsgrove, Redditch and Wychavon.

46. WCF and WCC have submitted a bid for a new DfE Wave 120 place ASD Special Free School, for 5 – 19 year olds (Reception to Year 14) to better meet the needs of a cohort of children and young people who have the potential to access the education curriculum and currently receive their education at high cost independent or non-maintained special schools in or out of county.

Worcester City Secondary School – Progress Update

47. In February 2021, the Cabinet agreed for:

- a new Secondary School to be built to address the shortfall in secondary school places in Worcester City;
- delegated authority to the Chief Finance Officer in consultation with the Director of Children's Services to identify funding sources to be able to implement the

recommended actions, to be approved by Council and Cabinet by the funding approval process;

- delegated authority to the Strategic Director for Economy and Infrastructure in consultation with the Director of Children's Services, Chief Finance Officer and Assistant Director for Legal and Governance (Monitoring Officer) where appropriate to enter into a form of Memorandum of Understanding and continue and conclude the negotiation of an option to acquire land to deliver a new Secondary School in the Worcester City District boundary with the intention of presenting this Option for agreement by Cabinet; and
- approved a pre-publication engagement with stakeholders on the proposal for a new Secondary School in Worcester City Council boundary

48. In November 2021 Cabinet received a report with the outcome of the pre-publication engagement undertaken in May/June 2021 and:

- endorsed the proposal to acquire land by private treaty as necessary to deliver the secondary school proposal and authorised the Strategic Director of Commercial and Change in consultation with the s151 and Monitoring Officers, to acquire the land in accordance with the delegated authorities below;
- authorised the consultation on the proposed school specification;
- authorised the Cabinet Member with Responsibility for Education, in consultation with the Director of Children's services, to approve the specification having regard to any representations made during the consultation period;
- recommended that Council increase the Capital Programme by the outline project cost of £44m in order to deliver a new four form entry secondary school; and
- authorised the Director of Children's Services in consultation with the Strategic Director of Commercial and Change, the Chief Finance Officer and the Assistant Director for Legal and Governance to undertake all necessary steps to implement the project within the funding envelope agreed including any regulatory consents and contracts required including the completion of a pre-planning public engagement exercise and the preparation and submission of a Planning Application.

49. A two stage Design and Build procurement strategy was agreed in February 2022 by the Worcester City Secondary School Steering Group. This approach should provide greater transparency and cost certainty as it is an open book iterative process where all risks are jointly assessed prior to signing a fixed price construction contract. This should reduce c variations during the construction stage.

50. The Academy Sponsor Competition to identify a preferred Academy Sponsor to run the new Worcester City Secondary School commenced in March 2022. The process was carried out in line with DfE guidance to ensure a fair and open competition to prospective sponsors. The Local Authority submitted their recommendation in May 2022 but, the decision on the preferred sponsor was made by the DfE in October 2022, the final decision was determined by the Secretary of State, following WCF's recommendation. Oasis Community Learning Multi-Academy Trust were appointed the successful sponsor of the new Worcester City secondary school.

51. In March 2022, WCC alongside Turner and Townsend, commenced a tender process to procure a contractor to deliver the school design work, including submission of the planning application and all preliminary activities. As a result,

Graham Construction Ltd was successfully appointed in August 2022 under the Pre-Construction Services Agreement (PCSA) stage.

52. From early November, Oasis Community Learning have been actively participating in the project development, attending the first Client Engagement Meeting (CEM) in November, alongside a site visit and introduction meeting. The Local Authority continues to build a positive relationship with the Academy Sponsor.

53. In October 2022, Graham Construction have successfully reviewed and completed RIBA stage 1 Preparation and Briefing, to ensure project outcomes. sustainability outcomes, quality aspirations and spatial requirements are still relevant. Subsequently RIBA Stage 2 Concept Design was completed in December 2022 Stage 2 has been undertaken in line with project brief outlining specific strategies and produced design reports to move to stage 3 Plan of Work.

54. The current programme for the delivery of the new Worcester City Secondary is:

- Planning application submission in Q1 2023/24 and approval in Q3 2023/24
- Concluding land purchase in Q3 2023/24
- Award of construction contract in Q3 2023/24
- Ecology mitigation works in Q1 to Q3 2024/25
- Commence work on site Q4 2024/25
- School opening September 2026

Early Years and Post-16

55. Early Years and Post-16 provision are often outside the control of the Council, with provision predominantly managed by the independent, private and voluntary sectors. The sufficiency reports aid the Council and its partners in identifying need and where additional places need to be commissioned or market development requires stimulation or support.

56. The latest updates for Early Years and Childcare Sufficiency and Post 16 Sufficiency will be reported later in 2023.

Legal, Financial and HR Implications

57. A key issue in Worcestershire for school place planning is the mixed education landscape. Worcestershire is unique in the range of education tier structures available to families in the County. In areas which operate a two-tier model, children enter primary school at reception and transfer to a secondary school at the start of Year 7. Other areas operate a three-tier model, where children enter first school at reception, transfer to a middle school at the start of Year 5 or 6, depending on the age range of the middle school, and then transfer to high school at the start of Year 8 or 9, depending on the age range of the high school. Some EPAs operate both two tier (primary and secondary) and three tier (first, middle and high) in the same area, providing families with a choice. This includes some catholic school provision and some other schools that have sought to change their age range.

58. The Local Authority is not the sole proposer and decision make of prescribed alterations / School Organisation changes for schools. Where a school is an

Academy School the Academy Trust can propose changes and the Regional Schools Director is the decision maker. In making proposals, the Department for Education expects schools to work with the Local Authority, and the Local Authority will respond to any formal or informal consultations made by a school or Trust.

59. Previous decisions, where the Local Authority did not support the change, continue to challenge the delivery of sufficient school places in the right place for families and pupils. Pershore Education Planning Area is one example where a mixed tier system has not provided sufficient suitable school places to meet parental demand. Although there continue to be sufficient places for all pupils living in Pershore EPA, parent / carers and most schools responded to a formal consultation to request the whole EPA change age range to primary and secondary provision. Further to Cabinet decision on 27 October 2022, WCF Officers have been working with the DfE, Multi-Academy Trusts and Diocese to support a request to the Treasury to fund the additional provision required at Pershore High School to enable this change to happen. The DfE has submitted a business case to the Treasury to expand the School Rebuilding Programme (SRP) at Pershore High School to fund the additional 192 places needed for all year 7 places to be provided at Pershore High School.

60. If funding is not secured from new housing developments, schools will be unable to accommodate new pupils generated by new housing, impacting on the ability of new and established communities to access education places, raising concerns over the viability and sustainability of such developments. Developers are therefore required to mitigate the cost of the additional need for places. The County Council education capital funds are fully committed and cannot be expanded as borrowing more money creates additional costs. The County Council has significant pressures on revenue and capital funding which has previously required borrowing and impacts the Council's revenue budgets.

61. Increased costs are being seen across all construction works, the value of the capital and Section 106 funding received is not delivering as much as it previously did. The Sufficiency and Place Planning team, seek to keep up with inflationary costs to ensure obligations contributions are as accurate as possible, yet there is always a lag between agreements being made and the delivery of the final scheme.

62. Other significant risks include the additional associated costs and timescales to expand or amend any private finance initiative (PFI) schools in the Bromsgrove area. WCF Officers and the WCC PFI team work collectively with BAM to explain the impact of these delays. Likely mitigation will be required in the form of temporary accommodation as a solution to permanent viable solutions. This will incur additional costs and funding that could have been spent elsewhere to deliver school places.

63. There are a number of financial implications in relation to the delivery of the new Worcester City Secondary School including survey outcomes that may require additional works, inflationary costs and some minor scope changes. As such, the capital programme will need to be updated to take account of such increases which will need to be formally approved by Council.

64. There is a key risk that insufficient special school places will be available for all pupils that should require a place including nursery and Post 16 for September 2023. The Local Authority received £1.5m High Needs Provision Capital (HNPC) from the

DfE in 2021/22 and £10.7m for 2022 – 2024. This funding is to be used by the Local Authority to address local priorities to improve the suitability and sufficiency of high needs provision in Worcestershire over the next three years. Funding beyond 2025 is contingent on the outcomes of the future Spending Reviews. The SEND Provision Plan (appendix 5) details the High Needs Provision Priorities for the next three years. Increasing Specialist Post 16 provision and Special School places are high priorities for WCF to address.

65. Worcestershire County Council is one of the 55 Authorities taking part in the Delivering Better Value (DBV) in SEND – with a High Needs deficit of forecast to be around £20m at the end of 2023/24. The DBV programme aims are to support local authorities to improve delivery of SEND services for children and young people while ensuring services are financially sustainable. We are pleased to be part of the programme which will identify opportunities and create shared learning and understanding of common themes and trends which will inform best practice.

Risk Implications

66. This report has outlined the risk implications to the Local Authority's statutory requirements to provide a sufficiency of school places in mainstream and specialist provision. WCF Officers continue to work closely with WCC Officers, District Council Officers, housing developers and importantly schools and Academy Trusts to identify suitable solutions to deliver sufficient school places at the right time and place for children and young people living in Worcestershire and wanting a state funded school place.

Joint Equality, Public Health, Data Protection and Sustainability Impact Assessments

67. A detailed Joint Impact Assessment for the Worcester City Secondary School was undertaken and considered by Cabinet in November 2021. The WCSS Steering Group review an updated JIA at key milestones in the programme.

Supporting Information

- Appendix 1 – Mainstream Sufficiency Report 2022
- Appendix 2 – Specialist SEND Sufficiency Report 2022
- Appendix 3 – Special School Sufficiency Report 2022
- Appendix 4 – Worcestershire County Council School Organisation Plan 2019-24
- Appendix 5 - SEND Specialist Provision Plan 2022 - 23

Contact Points

<u>Specific Contact Points for this report</u>

Sarah Wilkins, Director of Education and Early Help
Tel: 01905 846082
Email: swilkins@worcschildrenfirst.org.uk

Background Papers

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

December 2018 School Organisation Plan "Good Education Places for all Worcestershire Children" Cabinet Report:
Agenda for Cabinet on Thursday, 13th December, 2018, 10.30 am - Worcestershire County Council (moderngov.co.uk)

September 2019 Worcestershire's Education and Skills Strategy, ensuring a good education for every child in Worcestershire 2019-24:
https://worcestershire.moderngov.co.uk/ieListDocuments.aspx?CId=131&MId=2644&Ver=4

February 2021 Sufficiency and Place Planning Cabinet Report:
Agenda Document for Cabinet, 04/02/2021 10:00 (moderngov.co.uk)

November 2021 Consideration of Specification and Land Acquisition for New Secondary School Cabinet Report:
Agenda Document for Cabinet, 18/11/2021 10:00 (moderngov.co.uk)

October 2022 Pershore Education Planning Area Cabinet Report:
Agenda for Cabinet on Thursday, 27th October, 2022, 10.00 am - Worcestershire County Council (moderngov.co.uk)

This page is intentionally left blank

worcestershire county council

CABINET
2 FEBRUARY 2023

DIGITAL INFRASTRUCTURE AND CONNECTIVITY – APPROVAL FOR REINVESTMENT

Relevant Cabinet Member
Councillor Marc Bayliss (Cabinet Member with Responsibility for Economy, Infrastructure and Skills)

Relevant Chief Officer
John Hobbs (Strategic Director of Economy and Infrastructure)

Local Member(s)
All

Recommendation

1. The Cabinet Member with Responsibility for Economy, Infrastructure and Skills recommends that Cabinet:

a) notes the accomplishments of the Superfast Worcestershire Programme and associated projects to improve digital connectivity within the county, in particular the increased capability to respond to challenges of the Covid 19 pandemic and the potential of 'improved digital connectivity' as an enabler of new services and delivery models, as set out in paragraphs 6 and 13 of the report;

b) confirms the ongoing commitment to decisions at the June 2017 meeting of Cabinet, specifically the delegated authority to the Strategic Director of Economy and Infrastructure in consultation with Cabinet Member with Responsibility for Economy, Infrastructure and Skills for reinvestment of underspend and up to £4m of Gainshare from Superfast Worcestershire Phase 1 and Phase 2;

c) approves that the scope of the digital infrastructure and connectivity agenda has expanded in order to

i. deliver the availability of gigabit capable broadband infrastructure to reach 90% of the county's premises during 2027, and
ii. work to further improve the experience of voice and data services for mobile telephone users in Worcestershire as set out in paragraphs 22 and 23 of the report; and

d) authorises the Strategic Director of Economy and Infrastructure to take all necessary actions to progress the Digital Infrastructure and Connectivity agenda in accordance with the parameters set out in recommendations b) and c) above.

Background

2. Following the completion of the highly successful Superfast Worcestershire Partnership with Openreach where Worcestershire has seen a growth in Superfast broadband (greater than 24Mbps) to 98.2% premises up from c.44% in 2013, Worcestershire County Council is continuing the journey of improving connectivity across Worcestershire. This is in line with the Government's ambition of reaching 85% premises nationwide with gigabit broadband (up to 1000Mbps) by 2025 through 'Project Gigabit' and Worcestershire's ambition of reaching 90% of premises with Gigabit capable broadband in 2027. The current Gigabit Broadband coverage in Worcestershire is 54.6% (Dec 22) and 72.4% in the UK.

3. The purpose of this paper is to reconfirm the Council's ongoing commitment to improving Digital Infrastructure and Connectivity within Worcestershire. Due to the shift in national and local ambition from enabling 'Superfast' speeds to 'Gigabit capable' speeds, an increase in scope to improve the experience of mobile telecommunications and to explore innovative digital connectivity solutions against a fast changing economic and political landscape, Cabinet are being requested to agree a broader scope for delivery. This will be within existing funding and no additional funding is being requested at this stage, beyond the cover of the delegated authority that was provided at Cabinet in June 2017.

4. In order to provide greater background to the Digital Infrastructure and Connectivity programme, the 'Background Papers' contain a reference to the 'Superfast Broadband Annual Update' which includes a summary of progress made on the 'mobile' agenda to date. This was presented at the most recent Economy Overview and Scrutiny Panel on 30 November 2022. Attention is also directed to the June 2017 Cabinet papers.

5. Whilst a focus remains on providing Gigabit capable fixed line broadband, there has been a growing number of concerns raised by residents and businesses alike in respect of mobile telephone performance in the county. A plan is proposed to both understand current coverage and performance of mobile phone services in the county, before adopting a strategy to improve on it.

Why These Decisions are Important

6. It is pertinent to start with the point that without the investment from Central Government and Worcestershire County Council in improved broadband connectivity in 2012, and the subsequent reinvestments since, the majority of rural Worcestershire and even some urban areas would have found it much more difficult to work from home, home school, keep connected with families, keep medical appointments, take part in democratic processes, entertain themselves and stay safe during the Covid-19 pandemic.

7. Digital connectivity has never been more important for our businesses, communities and the way public services are delivered; it remains an important way to meet many of the key challenges we face today. From improving productivity and supporting sustainable growth to managing climate change, reducing carbon emissions and improving overall quality of life; digital services are a key enabler in most if not all sectors.

8. There is still a small number of premises in the county without access to even Superfast Broadband (24Mbps) speeds, as the rest of the UK moves towards Gigabit

capable speeds it is important our hardest to reach areas do not fall further behind. Worcestershire cannot afford to be in a position where acceptable broadband speeds are not available to large swathes of the county. This is why in Shaping Worcestershire's Future 2022-2027 increasing Gigabit broadband coverage to 90% of the County in 2027 is such an important ambition. These decisions will enable the operational activity to support both the commercial and gap funded deployment of 'Gigabit Capable' broadband in the county to continue, with necessary interventions to ensure as many hard-to-reach areas benefit from the infrastructure improvements.

9. In addition to connectivity in our homes and places of work, connectivity on the move is equally important to our businesses, communities and our workforce. Residents and businesses alike tell us that their experience using mobile telephones in the county are lower than they would expect. Activity to understand coverage in the county and efforts to improve services have been successful, but it is a fast-moving sector and we need to maintain a current view. Recent experience suggests we cannot rely on the coverage data provided by Ofcom and the Mobile Network Operators (MNO) alone and that by proactively engaging, we have an increased opportunity to leverage opportunities and developing a strategy to improve mobile performance locally over coming years.

10. It is important to stress that improvements to digital infrastructure are 'not simply a nice to have', there are announced changes to the way digital services are provided, that means investment is required. In broadband, there is a planned retirement of the copper network, with some services supported by the old 'analogue switches' already being ceased. Equally, in mobile, 3G services are already being switched off, planned to be completely switched off by 2025 and 2G services are set to follow.

11. Improving digital infrastructure across Worcestershire will allow business competitiveness to be maximised, by incorporating more businesses around the county. Excellent digital connectivity will be one of the key drivers of economic prosperity and competitiveness going forward, as well as ensuring the county remains a location in which people would aspire to live, work and visit.

12. The social benefits of good connectivity should also be acknowledged. Improved broadband will have significant impact on educational and wider well-being for children in rural communities. There is an increased expectation for students to participate with online educational forums, virtual learning environments and access to course resources and class work, better preparing them for their increasingly digitally connected jobs in the future.

13. Compared with the rest of England, Worcestershire has a relatively elderly age profile. Broadband and mobile services will play an increasingly important role in supporting older and vulnerable people by providing access to online services, shopping, online access to care information and assessments, banking etc. as well as services provided by Worcestershire County Council and other public partners. Improving connectivity will support the further development of assistive technologies and new health and social care services, enabling people to stay in their home for longer, potentially avoid unnecessary hospital admissions and support the earlier discharge from hospital, as the Council and partners explored through the West Mercia Rural 5G project.

Council investments to Date

14. Since the initial £8.5m of local authority funding was allocated by the Council to the Local Broadband Plan in 2012, alongside the first DCMS and private sector investment, the Digital Infrastructure and Connectivity team has been securing other public funds, securing commercial investments and under delegated authority reinvesting underspends and gainshare to improve digital infrastructure in the county. The reinvestments to date have included new phases to the Superfast Worcestershire programme, specific projects and local funds. Of the initial £8.5m, £0.5m was initially committed to support the work of the Programme Management Office.

15. Achieving very positive take up levels – already in excess of 20% in 2015, had enabled the Council to take advantage of an opportunity from BT to re-coup capital investment up to £3.25m to further extend the fibre coverage in the county. This funding was change controlled into 'Phase 2 Contract – Superfast Extension Programme' to further extend superfast coverage beyond the originally anticipated 90%, including the hard-to-reach communities and business premises. Positively for Worcestershire, as a result of updated modelling assumptions (assuming take-up of 50% instead of 20%) the financial models were amended, resulting in a much-increased contribution from BT and a reduced public sector contribution (reduced to £1.2m), than was originally expected, for the agreed additional coverage.

16. In June 2017, Cabinet delegated authority to the Director of Economy and Infrastructure, in consultation with the Cabinet Member with Responsibility for Economy and Infrastructure, to take the necessary decisions to execute and deliver Phase 3 of the Superfast Worcestershire programme. The Council subsequently added £2.6m to the Capital Programme, made up of DCMS funding of £1.5m and European Regional Development funding of £1.1m. Delegated authority was also provided to reinvest the remaining underspend from the previously allocated £8.5m County Council capital funding and up to £4m of Worcestershire County Council's proportion of further claw-back funding if it became available. A summary of the reinvestments made to date and remaining financial cover under delegated authority, in respect of underspend (c£3.8m at the time of the June 2017 decision, reducing to £2.735m at the end of Phase 2) and Gainshare (up to £4m), are included in Appendix A.

Next Steps: Project Gigabit - reaching 90% Gigabit Coverage Within Worcestershire and the Mobile Implementation Plan

17. Project Gigabit - The UK Government has committed £5bn to enable hard-to-reach communities to access gigabit-capable broadband. It anticipates achieving 85% gigabit coverage in the UK by 2025 with plans to go further towards 99% coverage by 2030. Although it is worth noting that the "final 1%" of premises "could be prohibitively expensive to reach" via any programme. 'Gigabit' coverage means providing premises with broadband download speeds of 1,000Mbps.

18. Within Project Gigabit, Worcestershire's Lot 24 procurement operated by BDUK, has already commenced, an invitation to tender (ITT) is expected to be released in early 2023, with contract award estimated by late Summer 2023. It is estimated that c. 16,000

– 18,000 premises will be included in this BDUK operated procurement. It remains important the Council's team continues to support this project and any supporting schemes. The preferred supplier solution is unlikely to be known until Winter 2023.

19. The achievement of the Government's expected target of 85% is very heavily reliant upon the commercial gigabit deployment. Therefore, the Digital Infrastructure and Connectivity team continues to liaise with commercial broadband operators to understand and assist with their commercial deployments and making Worcestershire an easier place to invest. In addition to engaging with the operators, the Digital Infrastructure and Connectivity team works with County and District teams around matters such as ensuring broadband and mobile infrastructure considerations are included in Local Development Plans, that projects are in place to support the adoption of broadband and connectivity into business solutions and coordinating with Highways colleagues to minimise disruption to the Highway and protect Council assets.

20. As part of the Project Gigabit programme, the Government started a new rural focused £210m Gigabit Broadband Voucher Scheme (GBVS), with recently publicised revisions (5 December 2022). Although the new scheme has been launched, the scheme is currently on hold in Worcestershire, due to Building Digital UK's (BDUK) 'Project Gigabit' procurement process. It is currently expected that the new voucher scheme will re-commence in Worcestershire in early 2024, and the team are already putting a plan in place to actively and directly target some of the hardest and most challenging communities in the county to minimise those who are left behind without an acceptable broadband service. There is also an opportunity to agree a small number of Voucher Priority projects prior to Project Gigabit contract award, which is being explored.

21. Whilst Project Gigabit progresses and the commercial builds are underway, there will remain areas with poor connectivity, which the team will look to support. Noting, following both public and commercial investments there will remain gaps in Gigabit coverage. Until the outcomes of these major investments are better understood it is not appropriate to allocate specific funds to given schemes at this time, however we recognise additional local funding will be needed. Early planning will allow the team to put plans and funding in place, including, for example, a new voucher top up opportunity, or 'alternative technologies fund', this will be invaluable for the most challenging premises.

22. In respect of mobile improvements, from available data, contacts with residents and business owners, and more anecdotally, we know that people living and working in Worcestershire do not always receive the mobile connectivity they need. The view of the team is that modelled data available from Ofcom and the MNOs is, at times, overestimated; this view is supported from resident feedback and our own drive trials in 2017 and 2019. Whilst the Connected Nations 2022 report from Ofcom (December 2022) has considered 'performance' it does not give the detail required at a local level.

23. As part of a 'Mobile Implementation Plan' (Appendix B) work is currently underway to determine the best way to understand the current state of mobile connectivity within Worcestershire, through a soft Market Testing event, scheduled on 30 January 2023. Following the event, the Council will progress to procure the right solution(s) to increase the current understanding, suggested methodologies of mobile connectivity across Worcestershire and to create an ongoing and dynamic view (data and voice) in the county. This will allow us to engage with MNOs, Ofcom and DCMS to establish subsequent plans to improve the experience of our residents and businesses.

Implications of not supporting the recommendations within this report

24. Not reinvesting in connectivity would go against the latest iteration of the Corporate Plan – Shaping Worcestershire's Future 2022 – 2027, which explicitly states that the Council will prioritise investment in digital infrastructure to provide gigabit capable broadband connectivity to 90% of our homes and businesses in Worcestershire by 2027, support improvements in mobile telecommunications and continue to explore leading edge digital technologies, such as 5G, for the benefit of the County.

25. Failing to reinvest would raise queries over Worcestershire's commitment to digital infrastructure improvements, likely reducing further investments by BDUK and commercial operators, or willingness to explore new initiatives in the county. Embracing the digital revolution will support Worcestershire's economy for the next generation and maximise opportunities associated with our changing ways of work and life.

26. The Digital Infrastructure and Connectivity team and their budget is entirely funded by reinvestment funding, the team are not funded through core WCC revenue budgets and without additional reinvestment will cease to exist. Without the support of the team not only would local projects cease, but commercial deployments and Project Gigabit would also be negatively impacted, through lack of local support.

27. If the Mobile Implementation Plan is not implemented, this would leave Worcestershire in a disadvantaged position, reliant on national statistics and over simplified reports that do not evidence the local needs appropriately. Without an informed view our case would not stand up to scrutiny and we would be unlikely to be able to leverage the improvements that are required.

Legal, Financial and HR Implications

28. The fact Project Gigabit is being led by DCMS means the legal implications are less than they previously were. However, it is anticipated that occasional support from Legal Services will continue to be required to support local initiatives e.g., commitments to a 'Top Up Voucher Scheme' or resolving issues in deployment. In terms of progressing the Mobile Implementation Plan, Legal Support will be required to contract any services that are procured to 'understand current mobile coverage' and advice will be required, the level of which, determined by the approach taken to address any required improvements, e.g., ensuring compliance with 'Subsidy Control'.

29. The financial implications of progressing the recommendations within this report are entirely covered by existing resources and covered by the delegations previously approved by Cabinet in June 2017. With the approved Capital Programme, £4.27 million is currently available which is made up of an element of both underspend and Gainshare. Within the earmarked Broadband Revenue Reserve c£4 million is available from income received from the Council's Gainshare. This reserve was created to retain, ringfence and support repayments to DCMS for their proportion of Gainshare funding and the proportion relating to the Council. Funding is utilised to manage projected gainshare in future years as required to support the Digital Infrastructure and Connectivity agenda, fund existing commitments and manage risk. Should a requirement for further funding emerge, this will be reported to Cabinet for a future decision.

30. An amount of Underspend will still need to be returned to BDUK. This is currently expected to less than £1 million, and the final amount will be determined on the financial closure of Phase 3, which is currently underway. An element of Gainshare that is returned to the Council by the supplier, will continue to be returned to BDUK in proportion to their investment. The Gainshare from any public funding, other than that from the Council, should be spent on digital connectivity projects to ensure compliance with original grant conditions. Worcestershire County Council Finance will ensure that all statutory accounting requirements are complied with.

31. There are no further immediate HR implications as a result of progressing the recommendations in this report, other than that the Digital Infrastructure and Connectivity team resource will need to be extended to continue to support the delivery and support of Council teams to undertake future actions taken under the delegated authority this report requests. This will be funded from within the 'Gainshare' reinvestments.

Risk Implications

32. The high-level risks associated with both the ambition to reach 90% Gigabit Capable coverage within Worcestershire during 2027, and the Mobile implementation plan are included in Appendix C:

Joint Equality, Public Health, Data Protection and Sustainability Impact Assessments

33. Joint Equality, Public Health, Data Protection and Sustainability Impact Screenings and Assessments will be completed as appropriate on individual projects within the control of the Council and will be considered as part of any Cabinet Member Responsible or Officer Executive decision that is taken under the delegated authority provided in recommendation (b).

Supporting Information

The following Appendices are included below

- Appendix A – Summary of Council Reinvestments Since June 2017
- Appendix B – Mobile Implementation Plan
- Appendix C – Summary of High-Level Risks

Contact Points

Specific Contact Points for this report
Gary Woodman, Interim Assistant Director for Economy
Tel: 01905 643422
Email: gwoodman2@worcestershire.gov.uk

Ste Ashton, Digital Infrastructure and Connectivity Manager
Tel: 01905 845389
Email: sashton@worcestershire.gov.uk

Background Papers:

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

Agenda and Minutes of:

- Cabinet on 29 June 2017, 15 October 2015 and 5 February 2015 Browse meetings - Cabinet - Worcestershire County Council (moderngov.co.uk); and their immediately subsequent Meetings of Council.
- Meeting of Council on 18 February 2021 Browse meetings – Council – Worcestershire County Council (moderngov.co.uk)
- Economy and Environment Overview and Scrutiny Panel on 30 November 2022, 20 September 2021, 19 June 2020, 14 November 2018, 29 November 2017, 10 October 2016 and 30 September 2015 Browse meetings – Economy Overview and Scrutiny Panel – Worcestershire County Council (moderngov.co.uk)
- Economy, Environment and Communities Overview and Scrutiny Panel on 17 September 2014 and 20 May 2015

Record of the following Decisions:

- Officer Executive Decision Broadband and Connectivity Funding 17th December 2021 and the previous decisions referenced in Appendix A for that decision

- Decisions and Reports of the Cabinet Member of Economy and Infrastructure on 31 August 2020 and 7 March 2019