

COUNCIL
10 NOVEMBER 2016**REPORTS OF CABINET****(a) MATTERS WHICH REQUIRE A DECISION BY COUNCIL**

Corporate Plan Refresh - 'Shaping Worcestershire's Future' (2017-2022)**Recommendation**

- 1. The Cabinet recommends that the refreshed Corporate Plan - 'Shaping Worcestershire's Future (2017 – 2022)' be approved and adopted from 1 January 2017.**
2. The Council's current Corporate Plan Worcestershire: FutureFit (2013-17) was adopted by Council in January 2013.
3. The current Corporate Plan period is set to expire in 2017 and acknowledging the changing national and local landscape in which the Council is operating, the Plan has been refreshed to ensure the content continues to be relevant over the next five years through to 2022. The draft refreshed Plan is attached at Appendix 1.

Building on the Council's track record

4. The refreshed Plan, 'Shaping Worcestershire's Future (2017-2022)', is a continuation of the journey started out under the current Plan and sets out a direction of travel for the Council which builds on the successes achieved and progress made in embedding the Council's excellent commissioning-based authority approach.
5. The proposed vision and ambition for Worcestershire seeks to shape the "place" as well as the services the Council provides and seeks to change the relationship of the Council with the individuals, families and communities of Worcestershire, in order to grow a greater level of community capacity across the county.
6. This has been verified independently, as recently as April 2016, when the Council hosted a Local Government Association (LGA) Peer Challenge event in which a number of senior leaders from the public and private sector visited the Council to assess performance and capability/capacity in a range of areas including financial viability, leadership and management, and leadership of place, amongst others.
7. The four key priorities of *Open for Business, Children and Families, Health and Well-Being* and *The Environment* are to be retained, recognising the significant traction they have had in delivering positive outcomes for key stakeholders including residents, businesses, staff, partners, and the Voluntary and Community Sector (VCS).

8. The LGA feedback stated that there had been an evident 'change of gear' and increased pace of change across the organisation and an acknowledgement that the Council has a firm grasp on the scale of the future financial challenge. The political and managerial leadership of the Council were noted as well respected, both internally by staff and externally by a range of partners and stakeholders.

9. The LGA feedback also noted that there is a recognition and support for the Council's ambitious and aspirational vision and it was clear that there is drive and energy to work with partners to develop a 'World Class Worcestershire' but also to make the Council a great organisation as an employer and partner.

10. There were a number of challenges identified by the LGA as well. Given that some of the ideas, proposals and plans of the Council, (for example, improving economic prosperity, promoting health and well-being and striving for self-sufficiency are longer term in regard to return on investment) it was recommended that they would need regular review and refinement to ensure there is an appropriate balance and emphasis across the transformation programme.

11. Linked to this, there was a recommendation to be mindful that there is already a lot of change and transformation taking place across the organisation. Therefore, a confidence and a willingness to de-commission and de-prioritise where necessary will be required, as will ensuring there is a consistent and communicated narrative for change.

12. Consistent feedback from the LGA acknowledged that the Council was developing a clear track record of delivery against priorities, most noticeably in Open for Business, with a plethora of successful initiatives and the realisation of several major infrastructure projects.

13. Examples of successes and achievements delivered by this Council under the current plan period include (not an exhaustive list):

- Open for Business
 - o Worcestershire is one of the fastest growing local economies in the country based on all Local Enterprise Partnership (LEP) areas
 - o Strong partnership working with the LEP – attracting over £57m capital funding from central Government via the Local Growth Deal from 2015/16
 - o The economic “game changer” programme including development of key sites in the county:
 - Worcester Growth Corridor
 - Malvern Hills Science Park
 - South Kidderminster Enterprise Park
 - Redditch Eastern Gateway
 - o Significant investment in broadband network, more than doubling business access to fibre broadband (from 43% to over 90%)
 - o Highways improvements and infrastructure enabling works at Worcester Six Business Park, which will provide up to 70 hectares of employment land
 - o Redevelopment of Bromsgrove Railway Station
 - o Southern Link Road (A4440) improvements – Phases 1 and 2 delivered and Phase 3 underway

- o Hoobrook Link Road built in Kidderminster
- o Phase 4 expansion of Malvern Hills Science Park to create an additional 26,000 sq ft of office space.
- Children and Families
 - o 16,000 new apprenticeship starts between 2012 and 2015
 - o 9 out of 10 schools classed as good or outstanding by Ofsted
 - o Reduced the number of NEETs from 5% to 3%
 - o 18% rise in number of children adopted in 2015/16 compared to 2014/15
 - o Continual improvement in GCSE outcomes for the last four years.
- Health and Well-Being
 - o 308 additional units of 'extra care' accommodation have been created – enabling more people to live independently for longer
 - o Over 10,000 dementia friends trained across the county – raising awareness and helping to create dementia-friendly communities
 - o 577 people in 2015/16 successfully rehabilitated in their own home
 - o Reduction in the number of alcohol-related admissions for under-18s
 - o Reduction in the number of teenage pregnancies
 - o Increase in the number of mothers breastfeeding their babies.
- The Environment
 - o Since 2013, over 300 flood alleviation schemes completed in Worcestershire – reducing the flood risk for over 1,500 residential properties and businesses
 - o Road & pavement investment – e.g. £12m Driving Home
 - o Public realm improvements in Bromsgrove, Worcester and Kidderminster
 - o The annual value of the county's tourism economy is now over £850m per annum
 - o There has been an 18.6% reduction in greenhouse emissions across the county since 2005
 - o Investment in the Energy from Waste plant.

14. Each of the four key priorities interlink with one another to underpin the overarching vision of a 'Prosperous Worcestershire'. *Open for Business* outlines the ambition to support and grow the local economy to increase prosperity, enabling self-sufficiency and generating income so the Council can invest in those areas that residents say are the most important to them.

15. This links to *Children and Families* by ensuring the Council is giving children the best possible start in life and ensuring a good quality education, supporting attainment to progress ultimately into employment with good prospects and higher paid jobs – the Council's commitment to growing a world-class workforce of the future.

16. Our county's environment provides easy access to the countryside and a wealth of stunning scenery and is a real Unique Selling Proposition (USP). *The Environment* celebrates the recreational, cultural and heritage offer, which is worth over £850m per annum to a highly successful tourism economy, as well as acknowledging that Worcestershire provides an attractive location to invest in a new business or to grow an existing one.

17. The Council's country parks, open spaces and woodlands provide great walking and cycling opportunities which in turn support its *Health and Well-Being* vision to

promote healthy, active lifestyles for all. *Health and Well-Being* also outlines the Council's encouragement for people to take more responsibility for their own health and support them to live independently for as long as possible. It includes a commitment to partnership working with the Health economy in ensuring effective public health and social care services.

An 'Enabling Council' vision

18. As the title of the refreshed Plan suggests, 'Shaping Worcestershire's Future (2017-2022)' is broader than simply the operations undertaken by the Council, and paints a really ambitious vision for the county.

19. The refresh recognises that the Council cannot deliver this Plan in isolation and will need to work with individuals, families, communities and partners to realise the vision of Worcestershire as a thriving, prosperous county which is a great place to live, work, visit and invest in. This is reflected in *Open for Business* and *The Environment* themes.

20. The Council's Children and Families and Health and Well-Being priorities reflect the work being done to help people get the best start in life, achieve their full potential and live active and independent lives. It also underlines the Council's commitment to continue to be there for the most vulnerable people in society who need it most.

21. The refreshed Plan clearly outlines the direction of travel to become an 'Enabling Council', one which supports communities, families and individuals to do more for themselves, wherever possible, and to broker solutions.

22. By working with communities the Council will enable self-reliance, resilience and unlock a greater level of community capacity to sustain those things that we all wish to see continue, but which the public sector alone cannot achieve.

23. The Council recognises the important role that voluntary and community groups perform and the Council will work with them to further strengthen our communities.

24. The Council also continues to work closely with the Health economy to develop a shared vision of the challenges and priorities for the future in health and social care.

Personal and Collective Responsibility and Collaboration

25. In promoting *Health and Well-Being*, the refreshed Plan emphasises the importance of us as individuals and communities in making responsible choices when planning our lives, so as to significantly increase our chances of improved outcomes and longevity.

26. By being proactive about improving our own health, we will be better positioned to control our own destiny, rather than expecting others to decide and provide services on our behalf to fix the effects of unhealthy lifestyles.

What does this mean for the Council?

Innovation and Approach to Risk

27. To deliver this ambitious vision for Worcestershire, the Council acknowledges it will

need to recalibrate its approach to taking risks. There is an understanding that the Council will need to be more innovative, be creative and take some considered risks in its approach to service delivery and delivering outcomes.

28. We are keen to create an environment within the Council and with partners, where boundaries can be pushed and new concepts, ideas and different ways of working tried out. This means a willingness to accept some things won't always work perfectly first time but the learning gained will be used to adjust and refine the Council's approach.

Improving our insight into future demand for services

29. A key focus of the Council, in fact part of its DNA moving forward, will be to proactively develop successful strategies to better manage demand for services. This will require a holistic approach, working with partners to deliver success.

30. The Council will develop its workforce with the skills to effectively manage demand on its high cost services, including how it approaches and measures the impact of prevention. These skills will complement those commissioning and commercial skills which have developed and matured over the past 18-24 months, recognising they will continue to remain a key part of the operating model area under the refreshed Plan.

Becoming financially self-sufficient

31. The refreshed Plan outlines a positive outlook with an ambition for the Council to become more self-sufficient over the lifetime of the Plan.

32. The Council will move further away from reliance on central Government funding and become more focused on how it generates income locally, seeking to control its own destiny.

33. Self-sufficiency will support how it uses the substantial assets of the Public Sector in Worcestershire to best effect. This will reduce the burden on the County Council's revenue budgets to support new investment.

34. This strategic investment will yield a return over time by unlocking housing and employment growth which in turn will generate greater council tax and business rates income in the county, which will enable the Council to reinvest in those priorities which residents tell us are most important to them. This presents the Council with a very real opportunity to empower itself through a more positive self-sufficient approach.

35. By the end of this refreshed Plan, it is anticipated that the Council will remain a significant player in the local economy, and one of the largest employers in the county, overseeing a total revenue and capital spend (including schools) of over £800 million per annum.

36. The Council will continue to secure maximum value from the Worcestershire pound, delivering a positive impact on the Worcestershire economy whilst enabling positive outcomes for the individuals, families and communities of Worcestershire.

How Will We Judge Progress?

37. To ensure progress can be measured in the delivery of 'Shaping Worcestershire's

Future (2017-2022)', each of the four priority areas identify a handful of key progress measures which represent success. These represent a mix of what the Council can directly control together with outcome measures which it will seek to influence as they are important to residents and businesses.

38. These measures will be agreed as part of a refresh of the Council's Corporate Balanced Scorecard and reported on a quarterly basis with clear lines of accountability identifying the responsible officer within the Strategic Leadership Team through to the Cabinet Member with Responsibility. The Balanced Scorecard will be accessible through the public-facing website.

Consultation and Engagement

39. Since 2010, the Council has spoken to and surveyed over 55,000 people about its services. In 2016 alone, councillors and senior officers have talked to more than 1,000 residents at public roadshows held across the county. The Council engages with residents every day on social media platforms, including Facebook, Twitter, Instagram and LinkedIn. The Worcestershire County Council website is visited by around 130,000 users a month and the Council will continue to drive other innovative ways to engage residents, businesses and service users.

40. A wide range of consultation and engagement activities have been undertaken and utilised to inform the development of this refreshed Plan. The 2016 Annual ViewPoint survey results have been considered; public roadshows with residents have been facilitated across the county during the summer 2016 and have helped to inform priorities.

41. The highest priorities according to feedback from the public roadshows (which is consistent with feedback over the last 5 years) are:

- Safeguarding vulnerable children
- Protecting vulnerable adults
- Maintaining roads & highways.

42. Business consultations have also taken place and a strategic business event was held in June 2016 to seek input on a range of issues relevant to local business.

43. Additionally, a round of stakeholder engagement with key partners is underway to share the emerging vision and priorities and to seek feedback. This programme of engagement will include the Herefordshire & Worcestershire Chamber of Commerce, Worcestershire Local Enterprise Partnership, District Council Leaders and Chief Executives, the Local Nature Partnership, Schools representatives, Youth Cabinet, Worcestershire Voices (VCS) and the Health and Well-Being Board.

44. The Council's Overview & Scrutiny Performance Board (OSPB), at their meeting on 12 October, received a presentation from the Leader and Chief Executive on the refreshed Corporate Plan and was invited to provide comments and feedback. Appendix 2 sets out the Board's feedback. After reviewing and considering the feedback from the OSPB meeting on 12 October, the Cabinet delegated responsibility to the Leader to finalise the refreshed draft Plan in the light of Cabinet and OSPB feedback ahead of its submission to Council. Appendix 3 summarises further feedback received by the Leader and changes that have been made to the Plan as a result.

Integrated Business and Financial Planning

45. Council will be deciding the 2017/18 budget at the meeting on 9 February 2017. The refresh of the Corporate Plan reflects local priorities and the known and forecast implications of the central Government funding provision.

46. The financial challenge the Council faces continues to increase through increasing demand on many services together with reductions in central Government funding. The refresh has been undertaken in line with the Council's annual business planning process and in conjunction with updating the Council's Medium Term Financial Plan.

Legal, Financial and HR Implications

47. Currently, the Council directly employs over 2,500 Full Time Equivalent (FTE) staff, excluding those staff who work in schools. Salaries account for about one third of all Council spend and so it is critical that not only does it have a highly skilled and agile workforce but it continues to reform the way it works.

48. By 2022, the Council still expects to be one of the biggest employers in the county. However, by then it is anticipated that many more roles will be shared with other organisations (e.g. NHS, Police, Fire and Rescue), making most use of the Worcestershire pound and moving further towards a 'One Worcestershire' approach.

49. This will require major investment in skills as well as changes to the way roles are recruited and approaches to career planning. This work has already commenced with the Council's Investing in the Future workforce development programme.

50. Delivery of the Corporate Plan priorities will be achieved through service delivery and/or specific programmes/projects, each of which will be responsible for ensuring due consideration to legal, financial and HR implications in their planning and implementation.

Public Health Impact Assessments

51. A Public Health Impact Assessment has been carried out in respect of these recommendations. It identified that the realisation of the vision and successful implementation of the priority areas outlined within the Corporate Plan refresh will positively impact on social and economic factors, physical health, mental health and well-being and access to services.

52. Delivery of the Corporate Plan priorities will be achieved through service delivery and/or specific programmes/projects, each of which will be responsible for ensuring due consideration to public health impact in their planning and implementation, in particular addressing inequalities.

Equality and Diversity Implications

53. An Equality Relevance Screening has been carried out in respect of these recommendations. It identified that any Equality and Diversity implications arising from the implementation of the Corporate Plan will be addressed as part of specific service delivery arrangements, and/or the implementation of programmes or projects related to

the objectives within the Corporate Plan.

Energy Efficiency Spend to Save Fund

Recommendation

54. The Cabinet recommends that the Energy Efficiency Spend to Save Fund increase to the Capital Programme be approved and the capital budget cash limits be updated accordingly.

55. In September 2015, the Council approved an increase of £0.6 million to the Energy Efficiency Spend to Save Fund thereby increasing the fund to £2.3 million. The programme of energy efficiency works has been very successful; the scheme is self-financing with savings in energy budgets funding the cost of borrowing. To date, a total of 93 Spend to Save projects had been completed with annual cost savings of £0.25 million, saving 847 tonnes of carbon dioxide per year with an average 7.5 year payback.

56. An additional allocation to the Energy Efficiency Spend to Save Scheme of £0.7 million is requested, taking the total investment since 2010 to £3 million. This will enable further capital investment in energy efficiency projects including lighting, insulation and the installation of renewable technology across the Council's property estate and street lighting portfolio.

57. Electricity prices are expected to rise by between 40% – 60% over the next 10 years and the ability to fund energy saving projects will become an increasingly important issue. The payback periods and energy savings associated with projects will also become more favourable as energy prices rise.

58. Central Government confirmed in the Budget on 16 March 2016 that the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme will continue until March 2019 and then be replaced with increasing the Climate Change Levy (CCL) where a new reporting mechanism will be developed. Any action that the Council takes now to reduce energy and carbon will stand it in good stead looking forward.

Phase 2 of the development of In-house Post-16 Supported Living Accommodation and Residential Facilities within Children's Services

Recommendation

59. The Cabinet recommends that the addition of £2 million to the Capital Programme for Phase 2 of the development of in-house Post-16 Supported Living Accommodation and residential facilities within Children's Services be approved to be funded by revenue savings from the projects.

60. The Council's aspiration for children and young people in Worcestershire is for them to grow up and thrive within the county. It is therefore vitally important children and young people are supported within the county wherever it is safe to do so; and where children or young people have needed to move out of county for a period that the Council facilitates a move back to Worcestershire as soon as possible.

61. The development of in-house services allows the Council to do this and is also more cost effective than the external market. This development is a key part of the Children's

Social Care Financial Recovery Plan in response to the increasing financial demand which is being placed on the Children's Placement Budget. The majority of savings will be generated from 2017/18 onwards based on the need to source properties, develop them to meet the specific needs of the children and young people and recruit additional staff.

62. Summarised in the table below are a series of investments that are proposed to support the Financial Recovery Plan in Children's Services. Each area of investment is supported by way of a short explanation below this table.

Table [1]: Summary of Children Services Investment Proposals

Scheme £ million	Investment	Annual Forecast Savings	Payback period (years)
Supported Living – Phase 2	0.6	0.25	2.4
Supported Living – Complex Needs	0.6	0.35	1.7
Change of Use Short Breaks and Residential Services and additional in-house Residential	0.8	0.1	8
Total	2.0	0.7	2.9

63. In addition to the forecast revenue savings, whilst not accounted for in the business case, the Council is forecast to benefit from the capital appreciation of the assets proposed for purchase.

64. The cost of capital investment, and increase requested in the Capital Programme, will be funded by a revenue contribution from the savings achieved by the projects and therefore there are no net additional revenue implications of the proposal to increase the Capital Programme by £2 million.

Supported Living – Phase 2

65. In June 2015, Cabinet approved the further development of 17 in-house supported living units for young people to increase the internal capacity to 23 with four places already being available for children with complex needs at Cheltenham Road, Evesham and two units at Downsell Road, Redditch. The investment of £1 million is on target to meet the annual net savings of approximately £0.3 million in 2016/17 as all the properties are now occupied.

66. The demand for supported living is increasing due to a range of factors. A business case and needs assessment has been developed to extend this programme of work, known as Phase 2. Phase 2 includes the addition of a further 11 in-house 24/7 supported living facilities for 16 and 17 year olds in order to support their move to more independent living. The anticipated savings forecast after taking into account the need to recruit additional outreach support workers is £0.25 million per year from a capital outlay of around

£0.6 million for the relevant properties.

67. This investment is intended to provide a payback of less than 3 years and will allow young people to be based in a community which meets their education, vocation or social needs. The staff will be employed by the Council and will work with the young people to ready them for independence, giving them CV writing and interview skills, employment and housing advice as well as support with budgeting and living independently.

Supported Living – Complex Needs

68. There are an increasing number of young people with complex needs requiring supported living as an alternative to residential care as a step down before independence. A business case and needs assessment has been developed to invest in a further unit similar to existing services. The capital cost of the site is estimated to be around £0.6 million and the cost of this capital investment will be offset by the savings generated from stepping children down from more expensive placements.

69. Annual savings are forecast to be £0.35 million for 2017/18 as more expensive placements are replaced by this more appropriate facility which will also provide them with the skills required to live independently. The payback period is less than 2 years.

Transfer of services between Orchardene, Pershore Short Breaks Unit and Hill View Residential Facility Malvern, conversion of space within Oak House, Worcester and Old Hollow West Malvern to provide additional residential accommodation and the purchase of an additional in-house residential facility

70. A number of properties within the Council portfolio are operating below capacity due to the configuration of rooms and communal spaces.

71. A business case has been developed to convert Hill View from a 6-bed residential facility which is operating at below capacity due to difficulties in matching 6 children to occupy the home at one time into a 6 bed short break unit. This will provide additional respite accommodation for up to 15 children as an alternative to a permanent placement or for children currently under the care of the Council as well as the potential to increase the ability for these properties to accommodate more young people.

72. This will support cost avoidance as it is expected that this will delay or avoid a number of children coming into care or the cost of external respite required due to a placement breakdown. With average costs of £42,000 per annum per looked after child, total cost avoidance in one year could be up to £0.6 million assuming full occupancy.

73. Orchardene will then become a 4-bed residential unit and an additional room at both Oak House and Old Hollow can be created by reconfiguring communal and garage facilities. The costs of conversion are estimated at £50,000 for each of the 4 units.

74. Connected to the proposed redesigns described above, a business case has been developed to purchase a further in-house unit as an alternative to agency residential care. The capital cost of the site is estimated to be £0.6 million.

75. The savings are forecast to reach £0.1 million per annum, and more importantly a number of children will then be able to be placed in Worcestershire, close to their communities and families, and to reduce the time and associated costs of social work visits

and contact by family. The payback period for this is 8 years.

76. The overall impact of these changes will be to increase the provision of short breaks beds by 2 and in-house residential by 4.

Eastham Bridge, Tenbury Wells

Recommendation

77. The Cabinet recommends that the addition to the Capital Programme of the Eastham Bridge scheme be approved and that the capital cash limits be updated accordingly.

78. The Council is now at a stage to move forward with the replacement of Eastham Bridge, Tenbury Wells which collapsed earlier in the year. Initially costs of at least £1 million were anticipated for this financial year. Since that time further due diligence has been undertaken which has included the need to move to a permanent solution for the bridge sooner than first anticipated. Consequently, the costs of the permanent replacement and associated recovery and investigation fees will be up to £2 million, and be supported by an appropriate business case.

79. Works will begin in October this year and it is anticipated the new bridge will be open for use in Spring 2017. The Council plans to fund these works by the withdrawal of £1 million from its £13 million General balances reserve, with the remainder being found by a reallocation of Earmarked Reserves.

80. The Cabinet has delegated authority to the Director of Economy and Infrastructure, in consultation with the Cabinet Member with Responsibility for Highways and the Chief Financial Officer, to establish the funding of this scheme in total.

Acquisition of Wildwood Office, Worcester

Recommendation

81. The Cabinet recommends that the addition to the Capital Programme of the scheme to acquire Wildwood Office, Worcester, as set out in the exempt finance report at Appendix 4, be approved and that the capital cash limits are updated accordingly in due course to reflect the actual cost of acquisition.

82. In March 2016 the Cabinet approved a report which detailed the new Property Asset Strategy promoting ways to exploit opportunities to provide the best value from the Council's assets and reduce costs to the taxpayer. Acting on this strategy and the Council's drive towards self-sufficiency, discussions have been opened with the owners of Wildwood office on the Council's interest in negotiating a purchase of the freehold interest.

83. In September 2004 the Council took a 30 year lease of the newly completed Wildwood office complex which consists of approximately 5990sqm (64,500sqft) of office space on the ground and first floor with 155 parking spaces. The decision was made to provide a single site solution near to County Hall to reduce the number of costly city centre sites and the travelling time and staff costs incurred travelling to and from County Hall. The extra office space also helped relieve the increasing pressure experienced at

the time for additional staff accommodation at County Hall.

84. Last year the freeholder of Wildwood, The Trustees of the Merchant Place Property Syndicate 35, offered the Council the opportunity to purchase the freehold. 'Sales details' were prepared for the Council but the Council's advisors report that the property has not been widely advertised on the open market. The property is offered for sale as an investment opportunity seeking offers based on an acquisition price of £10,700,000 for the freehold. In addition to the purchase price, acquisition would incur Stamp Duty Land Tax at 4% plus professional and other associated fees, raising the total cost to approximately £11,290,000 based on this asking price. Although there is flexibility on the purchase price to be negotiated there needs to be a commitment from the Council that it is seriously interested before these negotiations can be developed to a conclusion.

85. The Council holds a lease on this property with a further 18 years to run. The lease does not contain a break clause so the Council is locked into this arrangement for the full period. The current rent is £678,845 per annum, with upwards only rent reviews every 5 years based on comparable market values. The next rent review is due in November 2019. In addition to this, the Council has to meet all other premises-related outgoings.

86. The lease contains a restrictive alienation clause that requires specific landlord approval to any arrangement involving sub-letting parts of the building and is subject to strict conditions and will only permit two sub-leases. The landlord's consent is also required for arrangements where employees from other organisations join county staff in collaborative working initiatives based in this property. Getting Landlord's approval requires the Council to meet the landlord's fees and is time consuming. The Council's Directorate of Adult Services and Children, Families & Community teams occupy space on the ground and first floors and there is a Multi-Agency Shared Hub operating from the building. The Council has also sub-let the west wing of the ground floor to NHS Worcestershire for their Patient Flow Centre.

87. The lease also requires the Council to fully maintain the property to a specified standard and the Council has created and maintained a reserve from its corporate maintenance budget enabling it to meet these commitments.

Financial and Non-Financial Benefits

88. A detailed financial appraisal of this proposal is contained in the exempt finance report at Appendix 4. The first method compares both the long-term position of either continuing to rent for the period of the lease or acquiring the freehold of the property and then disposing of the freehold at year 19 which would be the end of the notional lease term (i.e. today's cost of the property over the same time period in both scenarios). Secondly it demonstrates the practical impact on the Council's budget year on year over a 25 year loan period if the Council were to borrow to purchase the freehold of the property.

89. The financial appraisal is based on a recent independent valuation reflecting the RICS valuation standards (Red Book), noting that this valuation is below the owner's valuation set out in paragraph 84. The appraisal demonstrates in both methods of assessment that to purchase the freehold at this value presents the preferred option in the long-term as it provides a saving as opposed to the cost of leasing. It also shows

that the loan payments each year can be managed within the current budget allocated for the annual rental payment, so requiring no further pressure to increase the existing budget.

90. The cost benefits are based on the Council retaining ownership for at least the period of the unexpired lease term. However, the initial asking price is higher than the valuation provided by the Council's professional advisors set out in the exempt finance report at Appendix 4 and at the asking price the impact on actual cash flow through the Council's accounts would exceed existing budget provision beyond the length of the unexpired lease term. **It is not, therefore, considered to be financially feasible or value for money to acquire the property at the asking price but it is justified at the value within the financial appraisal.**

91. There are also operational and management benefits associated with ownership rather than continuing to lease this property and if acquired at the right price this would provide significant advantages. Ownership of the property would remove the restrictions on the number of sub-lettings and the Council will have the freedom to arrange any number of sub-leases and flexible joint services based in the building. This would remove the need, time and costs of obtaining landlord's consent and improve the Council's ability to increase flexibility of use and potential income from this property.

92. Ownership would remove the existing maintenance commitment under the lease which dictates when certain maintenance has to be carried out and so would enable a more flexible maintenance regime to be adopted. It would also eliminate any final claim from the landlord for dilapidations at the end of the lease term.

93. The way the public sector works now is significantly different to when the lease was originally signed and will continue to change over years to come. The Wildwood building demonstrates some great examples of where different public sector organisations work closely together for the benefit of residents. The Council's property portfolio needs to reflect such a resident centric, "whole system" approach to delivering outcomes by being flexible. Dependent on price, this potential sale provides such an opportunity.

Legal, Financial and HR Implications

94. Authority to negotiate the final contract and subsequent purchase within the limits of this report and Appendix 4 has been delegated to the Interim Director of Commercial and Change in consultation with the Cabinet Member with Responsibility for Transformation and Commissioning, and in consultation with the Chief Finance Officer. This proposal will only be effected where there is no detrimental impact on the Council's revenue budget cash limits as the loan payments to finance the purchase will be funded from the existing budget for rent payments which will no longer be required.

95. The scale and strategic nature of this proposal is a key decision hence Cabinet approval was sought to both the principle of acquisition and to the financial limits within which negotiations can be conducted. With Cabinet agreement to seek to acquire the freehold of the property, full Council is now asked to agree to amend the Capital Programme to make financial provision to enable such a decision to be enacted.

96. It should be noted that the valuation of the property may be affected should the transaction be achieved given that the existing leasehold would be extinguished

following the purchase. This is fully considered within the exempt finance report at Appendix 4.

97. All financial implications are covered in detail in the exempt finance report at Appendix 4 and there are no HR implications.

Privacy and Public Health Impact Assessments

98. There are no privacy or public health implications associated with this matter.

Equality and Diversity Implications

99. There are no equality and diversity implications associated with this decision.

Supporting Information

- Appendix 1 – DRAFT Corporate Plan: 'Shaping Worcestershire's Future (2017-2022)' – *to follow*
- Appendix 2 – Overview and Scrutiny Performance Board Feedback
- Appendix 3 – Further feedback received by the Leader and changes to the Plan as a result – *to follow*
- Appendix 4 – Exempt Finance report for Council members only. (This Appendix is NOT FOR PUBLICATION as supporting information as it discloses information in relation to the financial or business affairs of any particular person (including the local authority holding that information) and the public interest is better met by its non-disclosure as it contains commercially confidential information relating to the financial aspect of this proposal).

Contact Points

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Background Papers

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) the following are the background papers relating to the subject matter of this report:

Agenda and background papers relating to the meetings of the Cabinet held on 29 September 2016 and 13 October 2016.