

**COUNCIL**  
**12 JANUARY 2017****REPORT OF CABINET - SUMMARY OF DECISIONS TAKEN**

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**FutureFit – Proposals for Change and Reform to support the Medium Term Financial Plan**

1. The Council has an ambitious vision to improve the county as a place to live, work, visit and invest in. It plays a role in supporting the most vulnerable people and in aiming to help residents achieve their full potential to have healthy and independent lives. Against the current financial background the Council sought to improve its income generation, make better use of its assets and make efficiencies and reform to address the budget gap. The Council is six years into a programme to transform itself into an innovative organisation putting residents and business priorities at the heart of the decisions it makes. It continues to deliver high quality services against a background of public sector change, rising customer expectations and budgetary constraints. It has invested in the county's infrastructure (e.g. highways and broadband), children's safeguarding and vulnerable adults whilst managing increasing demand and inflationary pressures.
2. The emerging Corporate Plan "Shaping Worcestershire's Future (2017-2022)" describes a vision of an enabling Council that recognises it cannot deliver in isolation but will need to work with partners to develop strategies to manage the increasing demand for services. The Council will continue to move towards being self-sustaining producing income through Council Tax and Business Rates as well as growing its income base and making the best use of assets to rely less on government funding. It will also build on the excellent commissioning base it has developed. The Council will build on existing plans which are firmly based on resident consultation. The four key priorities of 'Open for Business', 'Children and Families', 'The Environment' and 'Health and Wellbeing' will remain the key planks of the change programme with proposals to innovate and develop further across these priorities.
3. The Cabinet has noted the significant progress of the FutureFit Programme and its achievements over the last 12 months. It has supported, in principle, proposals intended to deliver £8.8m through additional income generation opportunities, better use of assets, efficiencies and reform for 2017/18 and a further £4.6m in 2018/19. The Cabinet has also requested the Strategic Leadership Team to work with Cabinet Members to develop further proposals to close the emerging potential financial gap of up to £2.9m to balance the 2017/18 budget.

**2017-18 Budget and Council Tax**

4. The Cabinet has considered proposals for the 2017-18 Budget and Council Tax. The County Council's ambition to become more self-sufficient and rely less on the receipt of grant funding from central Government continues to be reflected in the

Medium Term Financial Plan (MTFP) and through the budget proposals. Looking forward the Council will have an opportunity to have much more influence and control over its funding as the ability to keep a greater share of the income from business rates within Worcestershire to support services becomes a reality through the implementation of central Government's Business Rates Retention reforms. The Council is seeking new responsibilities to drive and support economic prosperity across the county. This is reflected in the Corporate Plan for the county – "Shaping Worcestershire's Future (2017-2022)" which sets out a direction of travel for the Council building on the successes achieved and progress made in embedding an excellent commission-based approach.

5. The net expenditure budget for 2017-18 set out a provisional budget requirement of £319.7m and an indicative funding gap of £2.9m. Proposals to strengthen the base budget have been put forward. The impact of the provisional Local Government Finance Settlement will be worked into the draft budget with the intention of closing the funding gap in time for the February 2017 approval of the budget by Council. It is anticipated that central Government will remove Revenue Support Grant by 2019-20. Business Rates are expected to rise however this growth is largely offset by potential successful appeals of valuations set by the Valuation Office Agency. Income from Council Tax will gradually fund a greater proportion of the Council's budget in the future.

6. The Cabinet has approved the draft budget for consultation which includes proposed changes for income generation and expenditure budgets that are currently being consulted upon arising from the Council's FutureFit programme, a number of which have already been subject to detailed Cabinet and Scrutiny reports. It has endorsed a plan to address a forecast savings requirement of £2.9m as a result of updating the MTFP taking account of central Government's Autumn Statement to be presented for approval within the February 2017 Cabinet and Full Council reports. The Cabinet has also endorsed an investment of £1m in the Road Maintenance budget, £6m over two years for Pavement Improvements, £5m for cutting Congestion and a £2m extension to the existing Town Centre Improvements programme following residents' feedback on the importance of improving these areas in support of the Council's 'Open for Business' priority.

7. Whilst the full detail of the provisional Local Government Financial Settlement was released in late December 2016, which included the multi-year financial settlement deal agreed with central Government, the Council is still awaiting confirmation of around £90m of specific grant income. Any significant updates will be presented at the February 2017 Cabinet meeting. The Cabinet has agreed that it is minded to recommend to Full Council in February 2017 an increase in Council Tax Precept by 2.94% in relation to: 0.94% to provide financial support for the delivery of outcomes in line with the Corporate Plan and the priorities identified by the public and business community; and 2% Adult Social Care Precept ring-fenced for Adult Social Care services in order to contribute to existing cost pressures in 2016-17 due to Worcestershire's ageing population. The view that the Council will continue to address financial challenges in future years has also been endorsed by the Cabinet.

## **Resources Report**

8. The Cabinet has considered the revenue budget monitoring 2016-17 outturn forecast as at 30 September 2016. The overall financial pressure was £0.3m, a reduction of £0.7m since the previous month. Work will continue to keep the budget within the overall £322m cash limit. The Council's capital expenditure at 30 September

2016 totalled £42m which was as anticipated. The FutureFit savings programme target for 2016/17 is £27m. Whilst 60% of the programme for the financial year has been delivered or is on track, risks to the delivery of the remainder of the programme continue to be monitored. The Cabinet has also noted the Council's acceptance of a four-year financial settlement deal from the Department for Communities and Local Government which will provide financial certainty over the amount of Revenue Support Grant received. It has also endorsed the Leader's conclusions regarding the treasury management half yearly progress report which confirm that the management of debt and short-term investments continues to be cost-effective.

### **Worcestershire Safeguarding Children's Board (WSCB) Annual Report 2015/16**

9. The Independent Chair of the WSCB is responsible for publishing an annual report that provides a public assessment of the effectiveness of child safeguarding arrangements in Worcestershire and also recognises achievements and is realistic about the challenges that remain. The Report has been considered by the Health and Well-Being Board and the Children and Families Overview and Scrutiny Panel.

10. During 2015/16 WSCB had a particular focus on a number of priorities including:

- Implementation of the Board's Child Sexual Exploitation Strategy
- Early Help – the Board has maintained to refresh of the Early Help Strategy "Prevention and Intervention for Children, Young People and Families"
- Integrated Family Front Door (incorporating the Multi-Agency Safeguarding Hub ethos)
- Children's Social Care "Back to Basics" Improvement Programme.

11. The Board concluded that the body of evidence from data, audits, reports and learning during 2015-16 demonstrated that there was a strong commitment to safeguarding children across the Worcestershire partnership and safeguarding arrangements were in place. Demand for services across the whole system continued to increase and whilst strategies were in place to improve frontline practice, the Board could not be assured about the robustness of the child protection system and this remained a risk. Further assurance was required as to the effectiveness of the wider Early Help offer and the impact of the Integrated Family Front Door and the revised Levels of Need guidance would be monitored. The Board recognised that these were challenging times for partner agencies however there was evidence of some partners investing in their safeguarding services indicating a strong commitment to prioritise the protection of children.

12. The Cabinet has reviewed the Worcestershire Safeguarding Children Board Annual Report 2015/16 and noted the progress of the work of the Board. It has also confirmed the Council's commitment to supporting the recommendations in the Report to improve the safeguarding of children.

### **Fair Funding Consultation Outcomes for 2017-18 – National and Local Changes to the Funding Arrangements for Schools**

13. The Government made significant changes to the funding formula factors for schools in April 2013 which have had an impact both for the schools and central local authority services. The national policy direction for the Schools Block Dedicated Schools Grant (DSG) and other funding matters have been confirmed for 2017-18 and

future years by the Department for Education (DfE). The amount per pupil (the Guaranteed Unit of Funding) for Worcestershire for 2017-18 has been confirmed as £4,318.80. Beyond 2017-18 the DfE contend that their policy changes continue to support their national direction of travel towards a National Fair Funding Formula from 2018-19 for local authorities and schools. Final decisions on this are not anticipated until early 2017. Worcestershire's current Local Schools Funding Formula for 2016-17 is based upon stability from the 2015-16 local formula. Worcestershire remains a low funded local authority for Schools Block DSG per pupil amount.

14. In respect of proposed formula development for 2017-18 there was a balance of considerations between the need for stability given the number and scale of changes since 2012-13 and the desire for a local formula which could appropriately serve all schools in Worcestershire. Taking all the considerations into account the Worcestershire Schools Forum's (WSF) recommendation was for stability and no change i.e. to retain the 2015-16 and 2016-17 local formula parameters for 2017-18. A detailed consultation document was circulated to all maintained schools, academies, other providers, members of the County Council, staff associations and the Worcestershire Association of Governors which included details of the recommendation to retain the existing local formula in 2017-18.

15. The Cabinet has considered all the issues including the feedback from the consultation, the involvement of the WSF members and schools during the consultation and the former's views on the Local Schools Funding Formula issues for 2017-18 and other matters. The Cabinet has authorised the Director of Children, Families and Communities to make the required submission to the Education Funding Agency by 20 January 2017 taking account of any impact and change on the approved units of resource as a consequence of the October 2016 census and other 2016 data and any other data changes and the final 2017-18 DSG. The Cabinet has also noted the continuing unfair funding for Worcestershire and its schools and that the Cabinet Member with Responsibility for Children and Families will continue to have dialogue with the Government for Fairer Funding.

#### **Local Transport Plan (LTP4)**

16. The Local Transport Plan sets the strategic vision and direction of highways and transportation services. The availability of reliable and efficient transport networks play a major role in the effectiveness of the Worcestershire economy and is important in sustaining economic success. Since LPT3 was put together, funding mechanisms, socio-economic aspirations, development growth and the level of evidence available to support investment in schemes have changed and therefore LTP3 had needed revising into the LTP4 to take account of these changes.

17. The main LTP4 strategy document has been revised and any schemes implemented since LTP3 adoption removed. It also proposes new and emergent schemes, reflecting the Infrastructure Delivery Plans within the county, as well as schemes that may have been suggested by stakeholders during a pre-consultation exercise period. The main document sets out an outline delivery programme which is split into the three area-based transport strategies in North East Worcestershire, Wyre Forest and South Worcestershire.

18. The Cabinet has agreed that a 12 week public consultation will take place on the draft LTP4 2017-2030 for Worcestershire and that it will receive a further report for

consideration having regard to the outcomes of the consultation. Full Council will then be asked to adopt the final LTP4 in summer 2017.

### **Energy and Carbon Management Plan 2016-2021**

19. The Council has been actively addressing energy use for a number of years in order to save money and reduce carbon emissions arising from its activities and operations. The Council's second Carbon Management Plan 2011-2016 set an aspirational target to reduce CO<sub>2</sub> emissions from Council operations and activities by 30% by the end of March 2016, from a 2009-10 baseline. A number of successful projects have led to a 23% reduction in CO<sub>2</sub> emissions and savings of just under £700,000 per year. The new Energy and Carbon Management Plan 2016-2021 sets out the strategy to further reduce energy costs associated with the Council's operations and activities which in turn will reduce carbon emissions. A CO<sub>2</sub> reduction target of 20% from the 2015-16 baseline by the end of March 2021 is proposed.

20. A number of projects are proposed for implementation. The expected cost savings from the initial projects total approximately £116,000 per year. Projected cost savings that may be achieved through a 20% reduction in CO<sub>2</sub> emissions total approximately £240,000 per year, based on current energy prices. The main funding stream for the plan will be the Council's internal Energy Efficiency Spend to Save programme which has a fund of £3m.

21. The Cabinet has approved implementation of the new Energy and Carbon Management Plan 2016-2021 and the proposed 20% reduction target in CO<sub>2</sub> emissions from the Council's operations and activities for which it is directly responsible from the 2015-16 baseline by the end of March 2021.

### **Disbanding of South Worcestershire Shared Service Joint Committee arrangements**

22. The Joint Committee was established in March 2009 and comprises elected representatives with appropriate responsibility for each of the shared service functions within the South Worcestershire districts including the Worcestershire Hub Shared Service (WHSS) which the County Council is partner to. As well as the WHSS, the Joint Committee is also responsible for South Worcestershire Revenue and Benefits Shared Service, South Worcestershire Building Control Shared Service and South Worcestershire ICT Shared Service.

23. The current arrangements for the Joint Committee were an effective means of delegating and organising shared service functions when they were originally set up. However, with significant changes to the operating models of the shared services, the Joint Committee's responsibilities have reduced and partnership working has changed and improved, including the commissioning to a third party provider. Consequently alternative governance arrangements already exist to provide both the operational and strategic direction for the shared services and the Joint Committee adds a layer of unnecessary duplication as well as absorbing time and resources in preparing for it.

24. The Cabinet has therefore endorsed the recommendation from the South Worcestershire Joint Committee to dissolve the South Worcestershire Shared Services Joint Committee ("Joint Committee") by 31 March 2017. It has delegated authority to the Director of Commercial and Change, in consultation with the Cabinet Member with

Responsibility for Transformation and Commissioning, to conclude arrangements relating to services currently delegated to the Joint Committee. It has also delegated authority to the Director, in consultation with the Cabinet Member, to finalise the detail of the future governance arrangements with partners of the WHSS whilst maintaining member engagement and to conclude a revised legal agreement with those partners. The Head of Legal and Democratic Services has been authorised to execute the legal agreement as necessary.

### **Balanced Scorecard – FutureFit Performance and Corporate Risk Update**

25. The Cabinet has considered an overview of performance for the Corporate Balanced Scorecard for Quarter Two 2016-17. Currently there are 45 indicators reported in the Scorecard. 20 of these are rated "green" representing good performance or progress and 9 are rated as "red". 7 of those performance indicators rated "red" have had a performance update in Quarter Two 2016-17 and actions are being taken to address their performance. The Cabinet has also authorised the Chief Executive in consultation with the Leader of the Council to refresh the indicators that sit on the Corporate level Balanced Scorecard to reflect the new 2017-2022 Corporate Plan with effect from 1 April 2017.

26. The Corporate Risk Register provides a mechanism for collating and reporting strategic risks that could affect the delivery of corporate objectives. The Cabinet has considered an overview of the Register for Quarter Two 2016-17 including the status of individual risks. It has noted the latest refresh of the Corporate Risk Register including actions to mitigate the two risks that are rated "red".

**Mr S E Geraghty**  
**Chairman**

### **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 for the meetings of the Cabinet held on 17 November 2016 and 15 December 2016.