

Cabinet
16 April 2015**5. RESOURCES REPORT****Relevant Cabinet Member**

Mr A I Hardman

Relevant Officer

Chief Financial Officer

Recommendation

- 1. The Cabinet Member with Responsibility for Finance recommends to Cabinet that:**
 - (a) his conclusions concerning revenue budget monitoring up to 28 February 2015 be endorsed;**
 - (b) the current progress regarding the FutureFit programme be endorsed;**
 - (c) Council be recommended to approve the use of the Deprivation of Liberty Standards Grant for 2015/16 and the additional Delayed Transfers of Care monies, and updates the revenue budget cash limits accordingly;**
 - (d) his conclusions concerning capital budget monitoring up to 28 February 2015 be endorsed;**
 - (e) Cabinet notes and endorses the virement of £0.5m for enabling works recently committed by the Director to ensure the progression of the Hoobrook Link Road scheme and approves:**
 - a) an additional £3.5 million facility is set aside in the Capital Programme for the Hoobrook Link Road scheme; and**
 - b) such facility be covered by a virement of £3.5 million from the existing Capital Programme unallocated contingency;**
 - (f) the Director of Business, Environment and Community be authorised to take all necessary steps in consultation with the Cabinet Member with Responsibility for Economy, Skills and Infrastructure and the Cabinet Member with Responsibility for Finance to complete the Hoobrook Link Road scheme within the approved financial parameters;**
 - (g) information in relation to 2015/16 Children's revenue and capital grants is noted, and updates the revenue budget**

cash limits and Capital Programme accordingly, and delegation is provided to the Director of Children's Services, in consultation with the Cabinet Member with Responsibility for Children and Families, to allocate the capital grants to specific schemes; and

(h) the Tenbury Household Recycling Centre be relocated as set out in this report and full Council be recommended to approve the planned use of the PFI reserve for this relocation and to update the Capital Programme accordingly.

Introduction

2. This report identifies a forecast year-end financial position for 2014/15 of breakeven on the Council's £332 million revenue budget. The most significant financial challenge for 2014/15 continues to be Children's Services placements, however, the financial forecast has stabilised over the last quarter.

3. An update provided on the current financial year's forecast BOLD savings programme confirms £30.5 million is expected to be achieved this year, with risks arising on £0.2 million of projects. These risks are being robustly managed by the Corporate Business Board.

4. The re-profiling of capital expenditure was reported to Cabinet in February 2015 and remains generally in line with forecast expenditure profiles.

5. A number of new revenue and capital grants have been received and this report recommends their acceptance.

6. An update is provided with regard to the Local Enterprise Partnership's Hoobrook Link Road Scheme and a recommendation is made to include within the Capital Programme, as previously planned, improvements to the Household Waste Site at Tenbury Wells of £1.5 million.

Revenue Budget Monitoring 2014/15 Outturn Forecast as at 28 February 2015

7. Set out below is the financial performance for the first eleven months of the year up to 28 February 2015. The County Council's £332 million revenue budget is forecast to breakeven at the end of the financial year.

8. The most significant area of financial risk concerns the Children's Services placement budget. The forecast financial pressure for 2014/15 has stabilised over the last quarter at £5.2 million, consistent with the financial outturn forecast reported to Cabinet at the end of January 2015.

9. It should be noted that the service has successfully delivered an action plan to date in 2014/15 that has reduced the potential overspend by £4.3million. Continued work is required to ensure that the service is able to maintain expenditure within the forecast of a £5.2 million overspend by the end of the financial year. The financial position of this service area has been and will continue to

FutureFit Programme Update

Deprivation of Liberty Safeguards (DoLS) Grant 2015/16

be monitored on a weekly basis to ensure all actions are being delivered to reduce the financial pressure in this area.

10. As a result of the financial pressures described above all other areas of the Council have been reviewed to determine the extent to which these pressures can be supported corporately for the remainder of the financial year to enable the Council to operate within its cash limits for 2014/15.

11. To date, the work has identified further savings in Financial Services that can mitigate all risks in 2014/15. Mitigating savings continue to be found through reducing the forecast for borrowing costs in 2014/15. This follows careful consideration of current and future interest rates together with a continuation of strong cash balances allowing a deferral of the need to take external borrowing. Further work is underway to identify further opportunities to mitigate this financial pressure both within Children's Services as well as all other parts of the Council.

12. The BOLD savings programme target for 2014/15 is £30.5 million which is forecast to be achieved. This includes £2.6 million of projects carried forward from previous financial years.

13. Key areas of savings delivered in 2014/15 include:

- £7.7m "Keeping Well" in Adults Social Care and Health;
- £1.9m "The Open Road" – street lighting and highways commissioning
- £2.5m "Early Help" – commissioning efficiencies
- £1.8m "Improving Educational Outcomes" – establishment of core Learning and Achievement Service.
- £0.6m "Better Use of Property" – rationalising the property estate

14. There is a risk to the delivery of £0.2 million of savings. All projects and risks are robustly managed through the FutureFit Programme Board.

15. Deprivation of Liberty Safeguards (DoLS) are part of the Mental Capacity Act 2005 and aim to make sure that people in care homes, hospitals and supported living are looked after in a way that does not inappropriately restrict their freedom.

16. The safeguards should ensure that a care home, hospital, or supported living arrangement only deprives someone of their liberty in a safe and correct way, and that this is only done when it is in the best interests of the person and there is no other way to look after them.

17. There is a requirement under DoLS that deprivation of liberty should be authorised before it can go ahead. There has been a significant increase in DoLS applications over the last year and the

Delayed Transfers of Care Grant

Government has recently announced that nationally £25 million would be made available to local authorities to support the additional work. This will be paid in the form of a non-recurrent "one off" grant in 2015/16. Worcestershire's grant will be £254,360 and will be paid on condition of receipt of a return detailing how additional funds will be spent.

18. The Department of Health has made available a new ring-fenced grant to help support local authorities in reducing the number of recorded Delayed Transfers of Care (DTOC) attributable to social care. Worcestershire was awarded £520,000 for 2014/15. The spending of the monies has been tracked by the Department of Health on a monthly basis.

19. A recent announcement has confirmed an extension to the grant for April 2015. This additional money is to support the continuing efforts to reduce DTOC attributable to social care and to aid the transition into delivery of the Better Care Fund plan. Worcestershire has been awarded an additional £170,000, bringing the total allocation to £690,000.

Children's Services - Additional Revenue Grants

Supporting the implementation of the early years pupil premium (EYPP) and Integrated Review Readiness Grant

20. New government funding has been allocated to all councils to help prepare for the introduction of the early years pupil premium (EYPP). As previously reported to Cabinet, the EYPP worth £50 million in 2015/16, will be given to early years providers who are delivering the funding entitlement for 3- and 4-year-olds. The funding equates to up to £300 extra per year for each disadvantaged child who meets the eligibility criteria.

21. The Department for Education (DfE) is now giving councils an additional £1.5 million to help make these preparations. It means that each council with eligible children will receive £10,000 to support the introduction of the EYPP. The intention is that these monies will be allocated to raising awareness for parents as well as implementation of the scheme.

22. The grant determination letter also included £15,384 for integrated working which is intended to provide support to local settings as they set up and deliver integrated working on 2 year old assessment with health practitioners and other key partners such as children's centres.

Improving Early Years Outcomes for Children in Disadvantaged Areas

23. The Council has also been successful in securing a further £10,000 to take part in the DfE's Improving Early Years Outcomes for Children in Disadvantaged Areas project. The funding will be used to support the opening of a new nursery to provide additional provision for 2 year olds. The proposed provider is based in Malvern and its services are directed towards families from a

disadvantaged background. The funding will be used for training staff, marketing and promotion for parents, and parenting sessions.

SEND Preparation for Employment Grant

24. Worcestershire has received a further £35,040 as a one off grant to promote supported internships and other preparation for employment activity for young people with special educational needs and disabilities (SEND), which is a critical aspect of the SEND reforms.

Staying Put Implementation Grant

25. The Children and Families Act 2014 introduced a new duty on local authorities to support young people to continue to live with their former foster carers once they turn 18 (the 'Staying Put' duty). This duty came into force on 13 May 2014.

26. The purpose of the grant is to provide support to local authorities for expenditure in respect of a young person aged 18 and their former foster carer who wish to continue to live together in a 'Staying Put' arrangement. This supported arrangement can continue until the young person's 21st birthday. Supporting care leavers to stay with their former foster carers will allow them to leave stable and secure homes when they are ready and able to make the transition to independence. It will also help them enter adult life with the same opportunities and life prospects as their peers.

27. The funding amount for 2015/16 is £14.8million nationally and Worcestershire will receive £157,783. Information regarding funding amounts for 2016/17 will be made in February 2016.

28. The Council's Capital Budget for 2014/15 totals £147.2 million. The actual capital expenditure as at Month 11 (28 February 2015) is £95.2 million or 65% of the budget which is as expected with no significant issues arising. The rate of capital expenditure incurred in year is generally in line with expectations.

29. In 2013 Cabinet authorised the Hoobrook Link Road scheme which is to be funded through contributions from Worcestershire County Council, the Department for Transport (Pinch Point), and through Central Government's approved Growth Deals with the Worcestershire Local Enterprise Partnership (LEP) and Greater Birmingham and Solihull LEP. All Growth Deal funding is subject to successful Assurance Framework due diligence undertaken by each LEP.

30. Due to market demand inflation, some scheme design changes and rising land acquisition costs, the estimated cost of the scheme has increased by around £3.5 million to just over £16 million, this increase includes a contingency of c.£1 million.

**Capital Programme
Budget Monitoring:
2014/15 Actual
Expenditure as at 31
August 2014**

Hoobrook Link Road

Children's Services - Education Capital Grants

31. In order to achieve the best value for money given these changes in design and cost, and to maintain the programme, it was necessary to move forward with enabling works as soon as possible and the Director of Business Economy and Community in consultation with the Cabinet Member with Responsibility for Economy, Skills and Infrastructure have approved, within their existing authorisation limit, a £0.5 million virement from unallocated highways capital budgets to progress this scheme.

32. The project team are working with the Council's "Civil Engineering Term Contractor" to reduce the target cost of the construction work and are approaching the two Local Enterprise Partnerships (Greater Birmingham and Solihull LEP and Worcestershire LEP) for additional funding contributions.

33. Notwithstanding this, the Cabinet Member with Responsibility for Finance recommends that Cabinet approves:

- a) an additional £3.5 million facility is set aside in the Capital Programme for this scheme. This will enable the Council as accountable body to the LEP to commit to this scheme now and maintain the current programme whilst continuing negotiations with the Local Enterprise Partnerships; and
- b) a virement of £3.5 million to cover this facility is made from the Capital Programme unallocated contingency.

34. The Cabinet Member with Responsibility for Finance recommends that the Director of Business, Environment and Community be authorised to take all necessary steps in consultation with the Cabinet Member with Responsibility for Economy, Skills and Infrastructure and the Cabinet Member with Responsibility for Finance to complete the Hoobrook Link Road scheme within the approved financial parameters.

35. Cabinet have previously been informed of the capital basic need grant for schools for 2015/16 and 2016/17 and set out below is confirmation that the following amounts will be received by the Council for allocation to Worcestershire schools.

£	2015/16	2016/17	2017/18
Basic Need	8,297,145	8,712,002	8,276,886
Capital Maintenance	4,154,561	4,154,561*	4,154,561*
Devolved Formula Capital (Maintained schools)	1,064,820	1,064,820*	1,064,820*
Devolved Formula Capital (VA schools)	204,473	204,473*	204,473*
Locally Co-ordinated Voluntary Aided Programme (VA schools)	1,283,016	1,283,016	1,283,016

*Current estimates

**Addition to the
Capital Programme:
Tenbury Wells
Household
Recycling Centre**

36. Included in the 2017/18 value for Basic Need is £568,592 relevant to new primary schools which have opened or whole primary school expansions of 7 year groups in 2013/14.

37. The funding will be allocated to projects that are identified as priorities against the approved 2015/16 Children's Services Local Investment Plan. This Plan reflects the Government priorities of addressing Basic Need issues.

38. The Capital Maintenance grant is to be targeted at those schools where the building stock requires maintenance, replacement or refurbishment. Schools across the whole county will benefit from this funding based on their Asset Management Plan data.

39. The Director of Children's Services, in consultation with the Cabinet Member with Responsibility for Children and Families, will continue the normal process of allocation to specific schemes. Should additional grant be awarded over and above the estimated levels in the table above and an update will be given to a future Cabinet meeting.

40. The planned relocation of Tenbury Household Recycling Centre (HRC) was included within the Waste Management Service Contract (WMSC) when it was signed in 1998. The relocation was proposed in order to increase recycling, divert material away from landfill and improve the safety for site users.

41. The Council's Contractor, Mercia Waste Management, applied for planning permission to relocate the facility to the Bromyard Road Business Park in Tenbury, however this application was refused on 20 July 2001. Since 2010 there has been growing support for the relocation of this facility to the Bromyard Road Business Park in Tenbury, which culminated in planning permission being granted on 6 November 2014.

42. The intention has always been to deliver a Contract Variation for the relocation as intended in the 1998 WMSC. It is proposed to use £2 million of the existing Waste Management Private Finance Initiative (PFI) reserve in order to fund the capital element of this development. This will save the Council money on charges that would be applied under the WMSC and deliver real improvements in recycling rates across this part of the county.

43. The main benefits resulting from a relocation of the HRC are:

- a) An increase in the number of materials that the public will be able to separate for recycling at the facility, this will increase the recycling rate from the current level of approximately 37% to in excess of 70%. This significantly reduces the amount of waste landfilled from this facility and also the associated disposal cost.

- b) Once relocated this facility would open for an extra day a week, opening 3 days a week (Thursday, Saturday and Sunday).
- c) The number of materials that the public would be able to separate for recycling at the facility would be increased from 6 to more than 20.

44. Relocating the facility would free up space at the location of the existing Tenbury HRC at Palmers Meadow for its original purpose, which was as a car park, allowing an increased number of car parking spaces for the town centre.

45. The new facility would be a modern, custom built, split-level site enabling easier access for the public to deposit their recycling and improving safety for site users.

46. There would be a visual impact improvement on the entrance to Tenbury along the B4204 arising from the relocation, because the site would be moved from this route and placed on a business park off one of the other main access routes to the town.

47. The PFI Reserve, following this planned allocation of £2 million will still be sufficient to maintain the set aside for risk as set out in the December 2013 Cabinet report on the Energy from Waste Contract Variation.

48. The total capital cost of £2 million will cover:

- a) £1.4m construction; and
- b) £0.6m planning, design, tendering, project management as well as project contingency.

49. The value for money of the construction cost has been benchmarked against similar projects undertaken by other local authorities. The procurement will be undertaken in accordance with the provisions set out in the WMSC. The construction work will be subject to a competitive tender process which is being managed by our contractor under the WMSC. As a variation to the WMSC our contractor has the responsibility to deliver the new facility with the Council role being one of oversight.

50. The Council has agreed with the contractor that should this project go ahead then the Council will pay the actual capital costs, therefore benefiting for any reduction in the construction costs following the tender process.

51. The running costs of the facility will be picked up in the monthly charges made by the Contractor under the WMSC and will be contained within current revenue forecasts.

52. The Cabinet Member with Responsibility for Finance recommends to Cabinet that it approves the relocation of Tenbury

Household Recycling Centre and recommends that Council approves the use of £2 million of the PFI reserve for the relocation and updates the Capital Programme.

Contact Points

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Background Papers

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

Previous Cabinet Resources reports

12 December 2013 Cabinet report on Hoo Brook link road

12 December 2013 Cabinet report on the Energy from Waste Contract Variation