



Worcestershire County Council

Efficiency Plan

2016/17 to 2019/20

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## **1 Introduction**

- 1.1 This Efficiency Plan sets out the County Council's intentions on how to address the challenge of financial stability over the medium term to 2019/20 balancing the need to manage rising demand for services, protecting some of the most vulnerable in society, driving economic growth and prosperity whilst facing unprecedented reductions in Central Government funding.
- 1.2 Like other local councils we are receiving less money from Central Government but we are confident that the measures that are being taken through this Efficiency Plan will reduce the impact on front line services. The County Council recognises that demand for our services is increasing over time and we anticipate that changing demographics and legislation mean that this trend is likely to continue whereby the financial pressures on our services will require ongoing efficiencies, savings and additional income to be generated to ensure the delivery of a balance budget over the medium term.
- 1.3 The opportunity now to secure the certainty of a four year funding deal from Central Government with regard to the Revenue Support Grant will enable the County Council to move forward with some more confidence. However, the County Council will still be dependent on the following material elements of income that still carry with them a level of uncertainty at this stage:
- a) In 2019/20, approximately £64 million in income from Business Rates that is subject to Central Government reform has not been confirmed. Up until 2016/17, a substantial element of this, around £50 million was fixed and indexed based on the case in the Retail Prices Index. However, within the 2016/17 Financial Settlement, a new reduction of £0.75 million was included against a previously fixed element of funding. Whilst this negative adjustment was removed for Local Authorities where this was added in 2017/18 and 2018/19, the removal of this adjustment is still awaited for 2019/20; and
  - b) The County Council received in 2016/17 over £100 million of Section 31 grants for delivery of specific responsibilities on behalf of Central Government. This continues at this time to be confirmed through an annual financial settlement process.
- 1.4 For the County Council to plan with increased certainty over the medium term, it is vital that Central Government extend to these areas of funding the level of certainty now offered around the Revenue Support Grant. This will support the County Council to implement improvements and efficiencies in a measured manner over the medium term ensuring the best possible outcomes for service users, residents and businesses.

## **2 The Story so Far – 2012 to 2016**

2.1 The period of time between 2012 and 2016 has been one of significant change across Worcestershire and despite facing financial challenges; the County Council continues to provide quality outcomes for residents. We are proud of our achievements across both the Council and the County, in responding to the challenges we have faced and we feel confident that we are prepared for a successful 2016/17 and beyond.

2.2 The County Council's staff deliver a huge amount across the county, including:

- Shaping the economy and environment to drive prosperity through increasing GVA to £11.9bn and supporting our progress towards the creation of an additional 25,000 jobs by 2025;
- Enabling our growing population of elderly residents to live independently (Worcestershire's population of over 85 year olds is 2.8% compared to an average across England of 2.3%);
- Working with families to develop and embed a whole-system response in overcoming challenges that prevent and/or delay positive outcomes for children, families and vulnerable individuals - including turning around the lives of 3,200 families as part of our contribution to the national Troubled Families programme;
- Making decisions about how best to safeguard children with the aim of reducing our 700+ Looked After Children by providing support at the lowest level of intervention to meet their needs;
- Supporting nearly 2,500 residents with disabilities to live independently where possible;
- Developing proposals about how best to improve the infrastructure around our county – we are now spending more in this area than at any time over the last three decades;
- Managing our contracts, worth over £270m annually, to ensure we get maximum value; and
- Working with partners around the county, regionally and nationally to ensure we are making best use of the Worcestershire pound; the £3bn+ spent across the public sector in Worcestershire.

## **3 Financial Context**

3.1 The County Council receives around 17% of its Net Revenue Budget funding through Central Government's Revenue Support Grant (RSG). The Comprehensive Spending Review, published on 25 November 2015 included Central Government's intention to reduce RSG by 56% over the term of the parliament across the sector and for the County Council this will mean no Revenue Support Grant being received after 2019/20.

3.2 The RSG, instead of being based on the needs of Worcestershire's residents has now been used by Central Government as the 'balancing item' to ensure a council's Core Spending Power (itself a new measure) is similar when viewed over a number of years. This has had a potentially significant impact on the County Council as included for the first time in 'Core Spending Power' is an ability (not whether this has actually happened)

to raise income through Council Tax. As a result, urgent and intensive work to review financial plans for 2016/17 and across the medium term was undertaken.

- 3.3 The County Council fully accepts the need for Central Government to make difficult decisions to reduce the size of the national deficit and that Local Government needs to play its part in that. This County Council in particular has played its part by delivering in excess of £100 million of budget reductions since 2010/11 and currently has plans, approved in February 2015, to continue to deliver £25 million per year of further budget reductions, efficiencies and income generation through to 2019/20. At the same time, the County Council is transforming to become more commercial, agile and focused on place shaping supporting a Worcestershire economy that is now the third fastest growing economy in the country.
- 3.4 The delivery of a balanced budget for 2016/17 is supported by approximately £4.4 million of one off resources. The County Council is confident that the measures that are proposed will mitigate the impact on front line services for 2016/17. The County Council has taken this approach in utilising one off resources to ensure that appropriate time is taken to consider how budget reductions, efficiencies and income generation schemes can be developed to replace this one off financial support and minimise any impact on front line services for 2016/17.
- 3.5 These one off resources include the utilisation of District Council Collection Fund surpluses and allow the County Council time to properly consider how these can be replaced by budget reductions, efficiencies and income generation in 2017/18 once appropriate consultation has occurred on any proposals. In addition, additional resources that will benefit year on year have been identified as follows:
- District Council's Buoyancy (increases in Council Tax Yield through housing growth);
  - Release of Financial Planning contingencies contained within the Draft Budget;
  - Deferral of some planned expenditure until future years; and
  - Some additional budget reductions, efficiencies and income generation opportunities on a pro-rated basis across Directorates which can be achieved without further impact on front line services.
- 3.6 The key message over the medium term is that the requirement to achieve an average annual level of budget reductions, efficiencies and income generation opportunities of £25 million remains. However, due to the profile of Central Government's proposals for the reductions in RSG there will be an increased level of budget reductions, efficiencies and income generation required in the 2017/18 financial year.

## 4 Corporate Plan Priorities

- 4.1 Following extensive public engagement, the current **Corporate Plan, 'Worcestershire FutureFit: 2013-2017'**, was launched in 2012 and comprised four key focus areas:
- **Open for Business** – the economic vitality of Worcestershire and the success of our businesses are fundamental factors in shaping the quality of life and prosperity of local residents;
  - **Children and Families** – we recognise that we have a vital role to play in supporting children and families; from ensuring that safeguarding mechanisms are in place, to raising educational achievement in schools;

- **The Environment** – the quality of the environment is a major factor in attracting and retaining businesses and employees; and
  - **Health and Well-Being** – we live in a relatively healthy county and we know that maintaining prosperity is a big factor in promoting people's health.
- 4.2 The County Council has received a consistent message from our residents over the last six years in terms of the areas that they consider the priorities for the Council. These are:-
- Maintenance of the highways;
  - Protecting vulnerable older people, particularly those with physical, learning and mental health difficulties; and
  - Protecting vulnerable young people, particularly those in or leaving care to ensure they are safe and can make the most of the opportunities they have.
- 4.3 The majority of residents, 82%, are satisfied with their local area as a place to live, compared to only 9% who were dissatisfied. This year, as last, 72% of residents overall felt they belong to their neighbourhood.
- 4.4 The overall satisfaction rating for Worcestershire County Council is 52% this year, lower than 56% seen in 2015 but significantly above the values seen in the early years of Worcestershire Viewpoint. Overall satisfaction ratings for District Councils have seen similar trends. Female residents and those in older age groups are more likely than males and younger people to be satisfied with the way the council runs things.
- 4.5 While the County Council does not have directly comparable figures to benchmark satisfaction, evidence from other authorities and national polling suggest that the current drop in satisfaction is consistent with wider trends.
- 4.6 Health services, followed by the level of crime, are the most important factors in making somewhere a good place to live. Meanwhile road and pavement repairs, traffic congestion, and public transport were selected as the top things that need improving most in Worcestershire. Priorities have remained broadly the same over a number of years.
- 4.7 Set out below are some key achievements related to our focus areas:

#### **Open for Business:**

- 4.8 Worcestershire has established itself as one of the fastest-growing economies in England and Worcestershire, as a LEP area, is 2nd for productivity growth based on the latest ONS data (2009 to 2014).
- 4.9 A 2015 survey of 1,265 local businesses identified that generally businesses are confident that turnover and profitability will improve. Businesses identified their top three economic priorities for Worcestershire to focus on. These were: supporting the growth of existing businesses; providing direct support, particularly to start-up businesses, to help them survive and then grow; and improving skill levels in the county and supporting the development of a skilled workforce.

- 4.10 As one of the fastest growing areas Worcestershire has an excellent track record when it comes to start-ups. Business survival rates in Worcestershire are good with 94.3% of businesses set up in 2013 surviving into 2014 (latest available data).
- 4.11 In the longer-term, 45.4% of businesses set up in 2009 survived to 2014, which is significantly better than the 41.5% average for the West Midlands region.
- 4.12 Councils, working together with the Worcestershire LEP, the University of Worcester, the Chamber of Commerce and the National Cyber Skills Training Centre, are delivering a number of business support programmes funded through the European Regional Development Fund.
- 4.13 These programmes are creating new jobs and growing the local economy.
- 4.14 All Worcestershire secondary schools have signed up to our **Connecting Schools and Businesses** programme. This is a school-to-business web portal to enable work placements.
- 4.15 There is an online skills competency tool to enable students to manage skills and career development as well as a coordinated, online approach to the management of work placements to all 29 secondary schools in Worcestershire. This is fundamental to the way that we are ensuring that we teach the skills our businesses really need.
- 4.16 Since launch in September 2014, 150 businesses have offered over 1,000 work placements to students across Worcestershire secondary schools and more than 2,500 students have registered to use the portal. For more info visit <http://www.worcestershireskillscentral.co.uk>

#### **Children and Families:**

- 4.17 The county has a motivated, highly skilled and healthy workforce who benefit from fantastic schools and colleges.
- 4.18 On inspection, nine out of ten schools in Worcestershire have been rated as 'good' or 'outstanding' by Ofsted.
- 4.19 In terms of academic attainment, Worcestershire outperforms the West Midlands region with nearly one third of residents qualified to Level 4 (or above). Apprenticeship rates in the county are growing at twice the national rate. The University of Worcester is amongst the fastest growing higher education institutions in the UK.
- 4.20 **STEM sectors** (science, technology, engineering and mathematics) are key, and already account for 20% of the county's economy. With an ageing manufacturing workforce, improving STEM skills amongst the younger population is a priority. Our plans and **formal application for a University Technical College (UTC)** in Worcestershire reflect this.
- 4.21 **Worcestershire Careers Central** was launched in July 2015. The portal, which is the first of its kind in the UK, provides information to young people, parents/guardians and carers to map out the career pathways in Worcestershire and understand the educational expectations. It is focused on Worcestershire's key growth sectors (taken from WLEP's Strategic Economic Plan) and highlights the qualifications, work experience and the skills required to enter a specific sector at a particular level.
- 4.22 Since its launch the portal has been visited by thousands of unique visitors. For more info visit <http://www.worcestershireskillscentral.co.uk>

- 4.23 Worcester City centre library, **The Hive**, is the result of a unique partnership model between the County Council and the University of Worcester, to develop a joint library for Worcester. Opened in 2012, it now attracts one million visitors a year and is in the top two lending libraries in the UK.
- 4.24 Building on the learning from our work with Troubled Families we are using Transformation Challenge Award funds to develop and embed a whole-system response to overcome challenges that prevent and/or delay positive outcomes for children, families and vulnerable individuals. We're calling this **Connecting Families**.
- 4.25 This work is vital in tackling the complex issues that struggling families and individuals face. We are aiming to implement a solution that enables collective public sector ownership. This early adopter work will roll out during 2016.
- 4.26 We recognised the need to do more in terms of getting to grips with our numbers of children in care. We have set up a **Family Front Door** to integrate a number of existing functions into a single contact route that provides targeted support services for children and families. It works with key partners to share information at the earliest opportunity and in the most effective way (Multi-Agency Safeguarding Hub). We also do more 'upfront' work with children and families before entry into social care (brief assessment, targeted prevention support, virtual info, advice, guidance).

**The Environment:**

- 4.27 EnviRecover, the Council's new **Energy from Waste plant**, is being constructed in partnership with Herefordshire Council, by our Private Finance Initiative contractor.
- 4.28 It is located on the Hartlebury Trading Estate towards the north of Worcestershire.
- 4.29 It is designed to process 200,000 tonnes per annum of Local Authority Collected waste that cannot be reused, recycled or composted. The plant will generate approximately 15.5 Megawatts of electricity by way of a steam turbine and is contracted to be fully operational by the end of February 2017.
- 4.30 Along with District Council partners, we have committed a combined investment of over £5m in projects to improve our town centres. The Cathedral Square development in Worcester city is one example of this work.
- 4.31 These **Public Realm improvement schemes** have been carried out or will be carried out in Redditch, Droitwich, Bromsgrove, Kidderminster and Worcester.
- 4.32 We want to maintain our position as a leading Highways Authority with a continued commitment to high quality roads and highways. This is a priority for our residents.
- 4.33 Our **Driving Home programme** is about improving roads in the communities in and around where people live. The Council has agreed to provide an additional £12m of capital funding over the next 2 years (2016/17 – 2017/18). This is in addition to the committed Department for Transport (DfT) funds for the maintenance and improvement of the County's local highways network.
- 4.34 We have embedded and developed our role as **Lead Local Flood Authority**. This includes the production of a ground-breaking assessment of flooding in the county in the 'Worcestershire Surface Water Management Plan'. The plan has provided the key evidence base for the statutory 'Worcestershire Local Flood Risk Management Strategy 2016-21'.



4.35 We have continued to reduce the likelihood and impact of flooding to a significant number of properties, businesses and infrastructure by investing heavily in a programme of highway drainage improvement schemes, securing external funding to match this investment for further **flood alleviation schemes** and increasing community resilience to flooding. In addition, the excellent partnership which has been developed with local communities and other Risk Management Authorities has led to an effective response to frequent river and surface water flood events across the county.

**Health and Well-Being:**

4.36 The health and well-being of our population is generally good and we are well placed to address the challenges that face us in terms of future-proofing services in this area.

4.37 In common with other Local Authorities we must maintain our focus on reducing health inequalities, particularly in disadvantaged areas where the life expectancy of residents is 8 years less than the county average. We are designing our services to take into account the impact of changes in age profile across the Worcestershire, where the expectation is that the numbers of over 65s will increase by more than 45% in the next 20 years to 183,000.

4.38 Changes in the age profile could potentially result in greater demand for social care services. The budget for Adult Social Care is the largest of the Council's budgets and needs to be managed carefully to deal with the upcoming pressures.

4.39 The Council recognised in 2012 the need to reduce the numbers of people requiring long term intensive care and the numbers of those going into care homes and recognises the need to support people to live independently for as long as possible. **Future Lives- Pathways to Independence** was the concept strategy accepted by Cabinet and Council, which started our major change programme in adult social care.

4.40 Future Lives was initially made up of three major projects:-

- **Keeping Well**, which looked at how we enable self-management and how we identify needs that might benefit from early help – such as loneliness, risk from falls and cold weather. It also looked at how we signpost to support, and how we ensure that support is available through communities and in neighbourhoods.
- The **Integrated Recovery for Worcestershire** project looks at how we can return people to full independence after episodes of ill health – for example after hospital admission.
- **New Models of Care** has helped us to review our approach to assessing, arranging and providing adult social care. It has improved the timeliness and quality of assessments, promoted choice and improved the quality and productivity of front line staff and managers.

4.41 The Government introduced **The Better Care Fund** to financially support changes in social care through the integration of services.

4.42 One example of this work in Worcestershire is our work with partners in the health economy to ensure people who receive urgent care are returned to independent living as soon as possible.

- 4.43 The discharge to assess at home model allows people to move into a home-based rehabilitation programme for up to 6 weeks. Between April 2015 and February 2016, over 1,000 people successfully completed this programme.
- 4.44 Another example is in the local delivery changes for social work practice. Our community social work services for older people and people with long term conditions are currently restructuring to be better aligned with primary care localities to ensure an integrated approach.
- 4.45 Our strong performance in the national adult social care outcome framework (81% for 14/15 of indicators are in the top two quartiles) is also reflected in our CIPFA family position. This means that we are confident that from this base we can introduce change without detrimentally impacting on our residents.

We have agreed a population based, whole system approach to health inequalities and prevention, based on the findings of the Marmot review including the principle of progressive universalism. For example, we have **re-shaped our 0-19s prevention service offer** to invest most heavily in areas of greatest disadvantage.

- 4.47 A key factor for us to consider is long term promotion of independence. We sometimes face challenges in reaching our rural population so we are leading development of front-line staff across the system. Last year for example we trained over 200 staff to be able to deliver brief interventions on lifestyle change. This year we have invested in our new website **Your Life Your Choice** and delivered, with partners, a suite of digital inclusion initiatives, creating new chances for our rural populations to access advice and information online.
- 4.48 In our work on professional culture we are leading a new approach to the social work conversation which focusses on strengths and assets so as to build resilience in the longer term. Induction training and new assessment tools have been introduced this year to drive this approach.
- 4.49 In terms of older people, we have a whole-system approach which includes work across all tiers of intervention. We are, for example, leading "dementia friends" training for Worcestershire (over 10,000 friends are now registered in the county). Our work on the health and well-being priorities of alcohol abuse, physical activity and mental health will further promote good health into old age. In terms of secondary prevention we are working well with partners in the health economy to ensure people who receive urgent care are returned to independent living as soon as possible.

## **5 Our approach to priorities and the delivery of efficiencies and savings**

- 5.1 Our overall priority setting is reviewed regularly, through corporate strategy planning sessions, involving both the political and the managerial leadership of the Council. The wider members of staff are consulted during the year including staff roadshows which are led by the Leader and the Chief Executive and by quarterly Leadership Exchange events which provide opportunities for the senior management of the organisation to share best practice and innovative ideas.
- 5.2 The County Council's corporate strategy planning process is data-driven, evidence-based and utilises a wide variety of inputs, including local intelligence and research. It also draws on independent external expertise as required.

- 5.3 Each year we review the assumptions that have been made in the Medium Term Financial Plan (MTFP). The MTFP covers the current year as well as the following three financial years to ensure that the organisation considers decisions over the medium term in both the service and financial context.
- 5.4 The MTFP is reviewed formally at two points in the year to support the strategic planning process. The Strategic Leadership Team begins the review of the medium term early in January alongside the organisation's Wider Leadership Team (WLT). These processes are brought together with a planning session with Cabinet in March. A series of detailed business cases are to be developed and considered at further Corporate Strategy Planning sessions, scheduled for July and September each year, which will be followed by consultation both through the normal budget process over November to February and in further detail as appropriate on a case by case basis.

## **6 Reserves & Contingencies**

- 6.1 To provide capacity to manage financial risks, the County Council holds contingency sums in its Earmarked Reserves which are risk assessed and reviewed annually. These are held for a variety of reasons: unspent grant monies from Central Government, monies held for known commitments or known risks, insurance reserves, monies held on behalf of third parties and held for general service risk. These totalled £94 million at the end of 2015/16 although this is expected to be reduced over the medium term.
- 6.2 In addition to this, the Council held £13 million in its General Balances at the start of 2016/17.

## **7 Governance arrangements**

- 7.1 Worcestershire has clear and effective joint working between its political and managerial leadership and a number of existing mechanisms have been strengthened to further increase the effectiveness of this leadership.
- 7.2 Over the last two years this has been improved through the creation of a monthly **Corporate Business Board (CBB)**. Here, Cabinet members and the Strategic Leadership Team of Chief Officers meet as a board to discuss both standing items, e.g. finance, performance, reputation and draft reports to Cabinet, along with special strategic items as needed to help shape and develop policy items.
- 7.3 CBB allows the joint leadership team to discuss more formal matters and also informally explore options in terms of political direction and managerial delivery, as well as having regular progress checks on the FutureFit transformation programme.
- 7.4 In addition, weekly **Star Chamber** meetings allow a smaller joint group to focus on 'deep-diving' into particular FutureFit programmes and projects. This group consists of the Leader, Deputy Leader, the Cabinet Member for Transformation and Commissioning, the Chief Executive and the Director of Commercial and Change. Additional Cabinet Members and officers are called-in on an ad-hoc basis.
- 7.5 **Corporate Strategy Planning (CSP)** has evolved from a one-off annual financial planning event to a continual process throughout the year, engaging the political and managerial leadership. There are now a series of events reflecting on the delivery of the vision and how this can be best led over the coming year. This is underpinned by the robustness of programme and financial management.

- 7.6 Addressing the financial challenges and options for the forthcoming budget-setting is of course an important aspect but is no longer the sole driver of the planning. For example during 2016, the process will encompass three specific phases of CSP in the Spring, Summer and Autumn, to allow sufficient thinking space and time for planning in light of the challenge as emerging ideas and initiatives evolve.
- 7.7 This new, more continuous process ensures the political leadership is at the forefront of the development of plans and it avoids a significant amount of potentially abortive work.
- 7.8 Heads of Service and other key 2nd tier officers now meet in a more formalised body - the Wider Leadership Team. WLT meet on a fortnightly basis to focus on key, cross-cutting delivery challenges; e.g. commissioning, transparency of support costs, programme delivery, etc.
- 7.9 Through the Balanced Scorecard, ownership of the authority's performance measures now sits with the Cabinet Members. These are held to account through CBB as well as the formal mechanisms of the Overview and Scrutiny Panels.
- 7.10 There is a strong cross-council and partnership ethos to organisational leadership. Other mechanisms utilised to strengthen the effectiveness of Council's political and managerial leadership include:
- **Staff Roadshows** – led by the Leader and Chief Executive, held regularly during the year to engage with staff, communicate key messages and update staff on topical issues and on the direction of travel.
  - **FutureFit / Directorate Briefings** – led by Directors, these are regular forums for meeting and communicating with staff. They are an opportunity to update staff on specific Directorate activity and key messages from Directorate Leadership Team meetings and / or to feedback on key points following the monthly FutureFit Programme Board meetings covered at CBB.
  - **Chief Executive / Director Newsletters** – frequent e-communications to staff updating on key messages from SLT and/or WLT meetings.
  - **ViewPoint with Chief Executive and Leader** – an online forum for staff to pose questions anonymously to the Leader and/or CEO on any work-related issues, with responses provided for all staff to view.
  - **Chief Executive Podcasts** – Short 3-4 minute podcast videos from the CEO summarising key points of Council/Cabinet meetings and posted immediately after the respective meetings.
  - **Leadership Exchange** – quarterly events which provide an opportunity for the senior management of the organisation to come together to share best practice and ideas.
  - **Wider Leadership Team** – fortnightly meetings for Heads of Service, which increases the resilience of leadership at the top of the organisation and engenders a more sustainable cross-organisational approach to the delivery of the strategic priorities across the Council.
  - **Staff Survey** – an annual survey which provides an opportunity for staff to comment, feedback and to highlight their concerns. It also enables management to monitor trends and address any areas of concern.

## 8 Risks to delivery

- 8.1 The extent of risks and sensitivities that may have a significant impact on the MTFP have increased in this planning round given the significant changes proposed by Central Government for funding over the medium term.
- 8.2 Set out below are those areas that remain under review but where the financial effect cannot be reasonably estimated at this stage.
- 8.3 The intention, in particular around some of the more significant risks, is that Cabinet will consider the approach to take over the medium term and engage transparently with all stakeholders on those planning assumptions that will be used to support the work to identify budget reductions, efficiencies and income generation opportunities in a systematic and planned way for 2017/18 and the medium term.

- Central Government Funding

The MTFP reflects a best estimate of the reductions in Central Government support in accordance with the latest spending review covering the period to 2019/20. Further detail is not available on new changes that have been introduced to Central Government Funding on 17 December 2015. This includes key new income streams such as the Improved Better Care Fund as well as clarity around RSG and the County Council's Business Rate Top-Up grant. Work continues with the aim of capturing and understanding the detailed arrangements that Central Government intend to put into place and assess whether changes need to occur on the MTFP 'base case'.

- Looked after Children's Placements

The County Council has experienced significant growth in recent years on both the numbers of Looked after Children and the associated expenditure. Whilst there are signs that the recovery plan, overseen by the Director of Childrens, Families and Communities is beginning to gain traction, there remains a risk that the plans do not deliver the requirement improvements in outcomes and reductions in costs as envisaged over the medium term financial plan.

- Demographic Growth and demand pressures

A number of the County Council budgets continue to be demand led, for example where they are dependent on changes in the service users who are eligible for County Council Adult Social Care services or where activity is driven by residents' behaviours such as the costs of waste disposal. A judgement has been made to cater for the current forecasts in demographic growth and growth in the volumes of waste disposed of and its impact on service provision. These will need to be reviewed in the new financial year and any consideration will need to be given to vary the MTFP for any change in the impact demographic growth over and above that currently included in the MTFP.

- Medium Term implications of the Care Act

Whilst Phase 2 of the Care Act has been deferred, Phase 1 is being fully implemented. The Council has already seen some additional demand as a result of the new legislation and additional demand arising out of its implementation may not have fully come through to the County Council at this stage. The impact of the Care Act will continue to be monitored and full funding from Central Government

will be pursued based on the New Burden's regulations. The implications of Phase 2, whilst deferred until 2019/20 still requires further consideration.

- Inflation

The MTFP includes a pay increase for staff as well as forecast rates of inflation for services where the additional cost is unavoidable. Views on inflation, including the impact of National Living Wage increases and other factors that affect the County Council's budgets will be kept under constant review and the MTFP will be updated accordingly.

- The current Business Rates Retention Scheme

A 50% share of risk of negative changes in existing business rates has now been transferred to local authorities. Central Government provides a financial safety net for reductions of more than 7.5% from a baseline calculation. Growth in business rates within Worcestershire, which is significantly influenced by the economic development policies of the County and District Councils, can now benefit local authorities directly. Under current arrangements local authorities can keep 50% of their business rates growth locally as long as this increase is not disproportionate to the size of their revenue budgets. The impact of future growth plans is kept under constant review and once reliable financial trends are apparent these will be included in the MTFP alongside the risk of significant appeals.

- Reform to the Business Rates Retention Scheme

Central Government is currently considering its plans for the full devolution of Business Rates income to local Councils from 2018/19. Whilst good news for the sector, there is a potential for risk in the system as the County Council alongside its District Council partners will be taking full risks on the success of appeals and challenges. In addition, Central Government has indicated that it will be considering new services that will be devolved to the County Council to support the 'new' funding that will be made available. A key risk is that these new services will not be adequately funded at the point of transfer under Central Government's New Burden's initiative. The County Council will continue with the Society of County Treasurers to ensure any new responsibilities are fully funded.

- New Homes Bonus

Central Government are currently consulting on plans for significant revisions to how the New Homes Bonus is operated. The MTFP has been revised to accommodate the preferred approach outlined in Central Government's consultation. The outcome of the consultation, due in 2016/17, will be considered to assess whether there is any further impact for the County Council from changes in this income stream.

- Pensions

The current MTFP includes a provision for increases in the employer contributions towards the Local Government Pension Scheme as a result of the recent actuarial valuation. The next valuation will take place in 2016 and at this stage in overall terms this is not expected to place any more pressure on the MTFP.

8.4 Delivering the savings required will be difficult in terms of capacity particularly as the plans are more complex and ambitious. Whilst funding available to the Council from

Revenue Support Grant, Transitional Grant and Business Rate top up may be fixed over the next four years, income from Council Tax and local business rates may fluctuate. The impact of an economic downturn and/or changes in government policy could have an impact on the projections for these income streams.

## 9 Medium Term Financial Plan

9.1 The Council's Medium Term Financial Plan is as follows:

**Table 1: Medium Term Financial Plan**

£m	2016/17	2017/18	2018/19	2019/20
Total funding available	356.4	348.2	356.1	365.3
Less service costs based on budget 2013/14	381.2	384.2	380.2	387.0
Less transfer from Earmarked Reserves	0.0	1.9	0.0	0.0
Sub-Total	-24.8	-34.1	-24.1	-21.7
Less budget reductions, efficiencies and income generation opportunities to be identified	24.8	13.4	7.0	2.5
Shortfall in funding still to be addressed	0.0	20.7	17.1	19.2

9.2 It can be seen that the shortfall in funding still to be address when the MTFP was approved in February 2016 totals £57 million. Work is in hand to address this funding gap and further updates will be taken through the 2017/18 budget process for scrutiny and consultation as appropriate.

9.3 At this stage, it is not possible to be precise about how the shortfall in funding will be addressed. This will be the subject of future work, decision making and consultation exercises. Nevertheless an indication by theme is provided below of a possible outcome:

**Table 2: Emerging Plan to address the emerging Financial Gap**

£m	2016/17	2017/18	2018/19	2019/20
Shortfall in funding still to be addressed	-	20.7	17.1	19.2
Self-Sustaining Council	-	3.6	3.0	9.6
Demand Management	-	6.7	5.5	18.7
Commissioning	-	3.7	3.1	9.8
The way we work	-	6.7	5.5	18.7

## **10 Summary of Efficiencies and Savings**

10.1 A summary and list of the planned and approved efficiencies and savings over the medium term is set out on the following pages.



**Table 3: Summary of approved plans**

£000	2016/17	2017/18	2018/19	2019/20	2020/21	Total
<b>New Models of Care:</b> Review and streamline workforce in line with new approaches to care and the introduction of new technologies and different approaches to care provision	2000	100				2100
<b>Integrated Recovery for Worcestershire:</b> Partnership working with NHS to develop and consolidate residential and supported living provision	100					100
<b>Commissioning:</b> Market Shaping and contract reviews/ re-negotiations to reduce current costs of external expenditure	3510	1000	4000			8510
<b>Future Lives Monitoring:</b> Review of Learning Difficulties care package assessments with a focus to enable service users to move successfully to supported living environments.	100	2560				2660
<b>Respite:</b> Review of Respite for Direct Payments and short term prevention investments	1646	490				2136
<b>New Technologies in Care:</b> Using technology to improve the lives of service users, carers and self funders in the home, hospital, care setting or where appropriate and reduce cost of care provision	1900					1900

£000	2016/17	2017/18	2018/19	2019/20	2020/21	Total
<b>Adult Provider Services:</b> Review of Support Services and Internal Provider Service provision	800	40				840
<b>Promoting Improved Educational Outcomes:</b> Commissioning of education support services undertaken by the Local Authority to an external 3rd party provider. Greater focus on championing the most vulnerable individuals and targeted support for groups and organisations who are not achieving their full potential on their own.	1495	376				1871
<b>Promoting Improved Educational Outcomes:</b> Special Education Needs Services currently delivered by the Local Authority are transferred to the above provider with an aim of delivering an effective service with a reduced budget		100				100
<b>Other Children, Families and Communities:</b> Transfer of hosting of the West Mercia Youth Offender Service from Worcestershire County Council to the Office of the Police and Crime Commissioner	41					41
<b>Other Children, Families and Communities:</b> Reduction in staffing of support services in line with external commissioning of Children, Families and Communities services	70	70				140

£000	2016/17	2017/18	2018/19	2019/20	2020/21	Total
<b>Other Children, Families and Communities:</b> Amalgamation of Strategic Commissioning Posts once contracts have been put in place and settled			100			100
<b>Early Help and Partnerships:</b> Commissioning of early help services to external provider and implement services transition from universal to targeted provision ensuring those most vulnerable families are supported	1175	370				1545
<b>Early Help and Partnerships:</b> Commissioning review of those health services under scope of local authority commissioning to rationalise spend and look for efficiencies where possible	365	110				475
<b>Early Help and Partnerships:</b> Future commissioning intentions for Positive Activities, aiming to ensure the provision is as cost neutral as possible for the local authority to deliver	1000					1000
<b>Early Help and Partnerships:</b> Commissioning review and revised pathway for housing support, bringing together	100					100

£000	2016/17	2017/18	2018/19	2019/20	2020/21	Total
separate budgets and delivery to improve services and make efficiencies in external contracts						
<b>Early Help and Partnerships:</b> Countywide roll-out of the Connecting Families programme which brings together agencies (internal and external partners) to improve services for young people and reduce duplication and ineffective interventions	1500					1500
<b>Early Help and Partnerships:</b> Amalgamation of early help services provided by external providers with Public Health services as they move within scope of local authorities delivery		1000				1000
<b>Early Help and Partnerships:</b> The Family Front Door's primary focus will be to deliver timely services and intervention to children and families, in line with the revised threshold of need, and improving the quantity, quality and accessibility of information and advice available for service users, professionals and practitioners to help them make	50					50

£000	2016/17	2017/18	2018/19	2019/20	2020/21	Total
positive choices.						
<b>Children's Social Care:</b> An amalgamation of services providing family support/contact to complex families with children in/on the edge of care and rationalising the approach with a reduction in budget	624					624
<b>Children's Social Care:</b> Administrative efficiencies	90					90
<b>Children's Social Care:</b> Combination of recruiting and retaining a stable workforce, reducing demand into social care and better managing the remaining demand through more effective and efficient practices moving children to permanency quicker and more cost effective placements where required.		515	750	750		2015
<b>Communities:</b> Continue to review the models of delivery across cultural and community services; utilising key principles of Act Local and managing relationships with partners	939	575	25			1539
<b>Drive Efficiencies through Shared Services (Self-Financing):</b> Optimise co-located teams and reviewing availability of grant funding direct from WCC.	100	100				200
<b>Act Local:</b> Act Local focuses on promoting local people and communities to have ownership of local services – covering	500					500

£000	2016/17	2017/18	2018/19	2019/20	2020/21	Total
what and how services are delivered and when it happens in their local area. This will also involve working under a partnership approach with District and Parish Councils.						
<b>Other Economy &amp; Infrastructure service savings:</b> Review and streamline processes for services delivered in-house in order to deliver outcomes and reduce cost. Where services are delivered with external partners / contractors, deliver the outcomes through effective commissioning and contract management.	678	3250				3928
<b>The Open Road:</b> Review and streamline processes in network control, alongside the incorporation of the Highways Permit Scheme, to ensure greater control of works on the highways network.	98					98
<b>Transport Operations &amp; Fleet:</b> Continue delivery of existing transport strategies that have been put into place, adopting new approaches to commissioning and the development of new strategies; to manage existing demand and projected growth.	192	700				892
<b>Smarter Working:</b> Review management roles ensuring quality of service is maintained.	162					162
<b>New Models of Delivery for Cultural Services:</b> Following an initial investment for an expansion of existing practices, it aims	50					50

£000	2016/17	2017/18	2018/19	2019/20	2020/21	Total
to deliver the statutory archive services and facilitate the ability to maximise the value of statutory and non-statutory services.						
<b>Economy &amp; Infrastructure Monitoring:</b> Review and streamline processes in order to deliver outcomes and reduce cost.	243					243
<b>Active Alliances:</b> The public sector has a c.£3.4bn spend across Worcestershire and diminishing budgets in most individual organisations. 2015 – 2020 is an opportunity to focus our 'partnership' working on a small number of active alliances within which we share risk and reward in order to better outcomes and reduce cost.	50	100	100	150		350
<b>Better use of Property:</b> Rationalise and reduce property asset base through a centralised admin building model. Reduce spend on property maintenance through improved commissioning and delivery of a cross public sector Public Sector Private Property Organisation	1098	140				1238
<b>Modernising HR:</b> Centralise and streamline HR resource through introduction of generic and standard policies, procedures and approaches and by procuring an HR transformation partner to deliver and transform end to end transactional processes and solutions	186	170				356
<b>Digital Strategy:</b> Reduce spend on technology through application rationalisation and procurement of Information and Communications Technology (ICT) infrastructure and business	356	367				723

£000	2016/17	2017/18	2018/19	2019/20	2020/21	Total
solution partners.						
<b>Customer Access:</b> Commission private partner to provide and transform customer access provision and enable end to end customer access processes and solutions	191	90				281
<b>Modernising Legal and &amp; Democratic Services:</b> Introduce streamlined and technology enabled processes whilst supporting self service	117	35				152
<b>Commercial and Performance:</b> Develop a corporate approach to commissioning that delivers best outcomes for the Council and service areas including negotiation of best deals with current and new suppliers	562	885	500	500	650	3097
<b>Commercial and Performance services:</b> Review and rationalise the Council's service model	-103	62	750	750		1459
<b>Modernising Financial Services:</b> A programme to upskill and align financial services to support the Council's future service model. This will include establishing manager self service and adopting a modern commercial approach to financial advice.	321	94				415
<b>Self-Sufficient Council:</b> This programme will increase the Council's ability to be self-sufficient, moving further away from reliance on Central Government funding. This will include a range of outcomes: Optimising Council Tax and Business Rate Income, Optimising Sales, Fees and Charges, Introducing a	2510	50	750	400		3710



£000	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Revolving Door Capital Investment Fund and Maximising Value from Investment of the Council's Asset Base						
<b>TOTAL</b>	<b>24,816</b>	<b>13,349</b>	<b>6,975</b>	<b>2,550</b>	<b>650</b>	<b>48,340</b>