

Agenda

Cabinet

Date: **Thursday 23 November 2023**

Time: **2.30 pm**

Place: **Herefordshire Council Offices, Plough Lane, Hereford,
HR4 0LE**

Notes: Please note the time, date and venue of the meeting.

For any further information please contact:

Samantha Walmsley, Democratic Services Officer

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If you would like help to understand this document, or would like it in another format, please call Samantha Walmsley, Democratic Services Officer on (01432) 260176 or e-mail samantha.walmsley2@herefordshire.gov.uk in advance of the meeting.

Agenda for the meeting of Cabinet

Membership

Chairperson Councillor Jonathan Lester, Leader of the Council
Vice-Chairperson Councillor Elissa Swinglehurst, Deputy Leader of the Council

Councillor Graham Biggs
Councillor Harry Bramer
Councillor Barry Durkin
Councillor Carole Gandy
Councillor Ivan Powell
Councillor Philip Price
Councillor Pete Stoddart

Agenda

Pages

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

To receive declarations of interests in respect of Schedule 1, Schedule 2 or Other Interests from members of the committee in respect of items on the agenda.

3. MINUTES

To approve and sign the minutes of the meeting held on 5 and 26 October 2023.

The minutes are to follow.

HOW TO SUBMIT QUESTIONS

The deadline for submission of questions for this meeting is:

9:30am on Monday 20 November 2023.

Questions must be submitted to councillorservices@herefordshire.gov.uk. Questions sent to any other address may not be accepted.

Accepted questions and the response to them will be published as a supplement to the agenda papers prior to the meeting. Further information and guidance is available at <https://www.herefordshire.gov.uk/getinvolved>

4. QUESTIONS FROM MEMBERS OF THE PUBLIC

To receive questions from members of the public.

5. QUESTIONS FROM COUNCILLORS

To receive questions from councillors.

6. REPORTS FROM SCRUTINY COMMITTEES

To receive reports from the Council's scrutiny committees on any recommendations to the Cabinet arising from recent scrutiny committee meetings.

Reports from Connected Communities Scrutiny Committee:

- a) Local Transport Plan
- b) Local Cycling and Walking Infrastructure Plan

7. REPORT TO IDENTIFY OPTIONS TO DELIVER REGISTERED RESIDENTIAL CHILDREN HOME PROVISION IN COUNTY FOR CHILDREN AND YOUNG PEOPLE AGED 11-18

To agree the option to commission a single Supplier, through a

11 - 26

27 - 80

	competitive tender exercise, to deliver two, two bedded children's residential homes within Herefordshire to increase local sufficiency in line with Herefordshire Council's Placement Sufficiency Strategy for Children and Young people.	
8.	Q2 BUDGET REPORT	81 - 114
	To report the forecast position for 2023/24, including explanation and analysis of the drivers for the material budget variances, and outline current and planned recovery activity to reduce the forecast overspend.	
	To provide assurance that progress has been made towards delivery of the agreed revenue budget and service delivery targets, and that the reasons for major variances are understood and are being addressed to the cabinet's satisfaction.	
9.	DELIVERY PLAN 2023/24	115 - 130
	To approve the proposals for the Delivery Plan for 2023/24. Each year Cabinet is required to produce a delivery plan which sets out how the strategic ambitions for the year will be achieved.	
10.	CAPITAL PROGRAMME REVIEW AND UPDATE	131 - 142
	To recommend to Council for approval the revised cabinet proposals for the proposed capital investment budget for 2023/24 onwards.	

The Public's Rights to Information and Attendance at Meetings

Please take time to read the latest guidance on the council website by following the link at www.herefordshire.gov.uk/meetings and support us in promoting a safe environment for everyone. If you have any queries please contact the Governance Support Team on 01432 261699 or at governancesupportteam@herefordshire.gov.uk

You have a right to:

- Attend all Council, Cabinet, Committee and Sub-Committee meetings unless the business to be transacted would disclose 'confidential' or 'exempt' information.
- Inspect agenda and public reports at least five clear days before the date of the meeting. Agenda and reports (relating to items to be considered in public) are available at www.herefordshire.gov.uk/meetings
- Inspect minutes of the Council and all committees and sub-committees and written statements of decisions taken by the Cabinet or individual Cabinet Members for up to six years following a meeting.
- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
- Access to a public register stating the names, addresses and wards of all Councillors with details of the membership of Cabinet and of all Committees and Sub-Committees. Information about councillors is available at www.herefordshire.gov.uk/councillors
- Have access to a list specifying those powers on which the Council have delegated decision making to their officers identifying the officers concerned by title. Information about councillors is available at www.herefordshire.gov.uk/councillors
- Copy any of the documents mentioned above to which you have a right of access, subject to a reasonable charge (20p per sheet subject to a maximum of £5.00 per agenda plus a nominal fee of £1.50 for postage).
- Access to this summary of your rights as members of the public to attend meetings of the Council, Cabinet, Committees and Sub-Committees and to inspect and copy documents.

Recording of meetings

Please note that filming, photography and recording of this meeting is permitted provided that it does not disrupt the business of the meeting.

Members of the public are advised that if you do not wish to be filmed or photographed you should let the governance services team know before the meeting starts so that anyone who intends filming or photographing the meeting can be made aware.

The reporting of meetings is subject to the law and it is the responsibility of those doing the reporting to ensure that they comply.

The council may make a recording of this public meeting or stream it live to the council's website. Such recordings form part of the record of the meeting and are made available for members of the public via the council's web-site.

Public transport links

The Herefordshire Council office at Plough Lane is located off Whitecross Road in Hereford, approximately 1 kilometre from the City Bus Station.

The location of the office and details of city bus services can be viewed at:

<http://www.herefordshire.gov.uk/downloads/file/1597/hereford-city-bus-map-local-services->

Guide to Cabinet

The Executive or Cabinet of the Herefordshire Council consists of a Leader and Deputy Leader and seven other Cabinet Members each with their own individual programme area responsibilities. The current Cabinet membership is:

Cllr Jonathan Lester (Leader)	Corporate Strategy and Budget
Cllr Elissa Swinglehurst (Deputy Leader)	Environment
Cllr Ivan Powell	Children and Young People
Cllr Harry Bramer	Community Services and Assets
Cllr Pete Stoddart	Finance and Corporate Services
Cllr Carole Gandy	Adults, Health and Wellbeing
Cllr Graham Biggs	Economy and Growth
Cllr Barry Durkin	Roads and Regulatory Services
Cllr Philip Price	Transport and Infrastructure

The Cabinet's roles are:

- To consider the overall management and direction of the Council. Directed by the Leader of the Council, it will work with senior managers to ensure the policies of Herefordshire are clear and carried through effectively;
- To propose to Council a strategic policy framework and individual strategic policies;
- To identify priorities and recommend them to Council;
- To propose to Council the Council's budget and levels of Council Tax;
- To give guidance in relation to: policy co-ordination; implementation of policy; management of the Council; senior employees in relation to day to day implementation issues;
- To receive reports from Cabinet Members on significant matters requiring consideration and proposals for new or amended policies and initiatives;
- To consider and determine policy issues within the policy framework covering more than one programme area and issues relating to the implementation of the outcomes of monitoring reviews.

Who attends cabinet meetings?

- Members of the cabinet, including the leader of the council and deputy leader – these are the decision makers, only members of the cabinet can vote on recommendations put to the meeting.
- Officers of the council – attend to present reports and give technical advice to cabinet members
- Chairpersons of scrutiny committees – attend to present the views of their committee if it has considered the item under discussion
- Political group leaders attend to present the views of their political group on the item under discussion. Other councillors may also attend as observers but are not entitled to take part in the discussion.

**The Seven Principles of Public Life
(Nolan Principles)**

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.



Findings of the Connected Communities Scrutiny Committee: New Herefordshire Local Transport Plan

Meeting: Cabinet

Meeting date: 23 November 2023

Report by: Democratic Services

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose:

The purpose of this report is to notify the Cabinet of the findings and recommendations from the Connected Communities Scrutiny Committee scrutiny of the work underway to produce Herefordshire Council's Local Transport Plan.

Recommendations

- a) That the recommendations on the Local Transport Plan, made by the Connected Communities Scrutiny Committee at its meeting on 8 November 2023 be noted.
- b) That an Executive Response to the scrutiny recommendations be prepared for consideration by the Cabinet or an individual Cabinet Member as appropriate, within two months.

Alternative options

None proposed; it is a statutory requirement for the Cabinet to be notified and consider reports and recommendations made by a scrutiny committee.

Key considerations

Scrutiny committees have statutory powers to make recommendations to the Executive, and the Executive (Cabinet) has a statutory duty to respond. They may also make reports and recommendations to external decision making bodies.

Scrutiny recommendations are addressed to the Cabinet, as the main Executive decision making body of the council (or, where appropriate, an external agency).

Cabinet is being asked to note the scrutiny report / recommendations and that an Executive Response to the scrutiny recommendations be prepared for consideration by the Cabinet within two months.

The minutes of the meeting of the scrutiny committee provide the record of the scrutiny committee's consideration of the issue and the scrutiny recommendations made during the meeting.

The scrutiny committee will be notified of the Executive Response made in respect to the scrutiny recommendations and may track the implementation of the Cabinet decisions and any actions agreed. This enables the scrutiny committee to track whether their recommendations have been agreed, what actually was agreed (if different) and review any outcomes arising.

Local Transport Plan Background

Local Transport Plans are a statutory requirement under the Transport Act 2000 and will be the key strategy document to access transport funding for the county. Herefordshire's plan will set out long term proposals for transport investment in order to achieve economic, environmental, health and social ambitions of the Council.

To achieve this, the plan will establish the Council's policy and strategy framework for local transport and travel, providing plans for the progression, development, management and maintenance of the county's highway and transport systems.

The resulting implementation plan will contain a short-, medium-, and long-term costed programme. Measures could include a wide range of transport improvements, from new highway infrastructure to support growth or tackle safety problems, to improvements to local bus services or pedestrian facilities.

LTPs have, for many years, been the primary document for setting out transport investment plans for the Council. Annual capital settlements usually have four elements: the maintenance block, the integrated transport block, the maintenance incentive fund and, more recently, potholes funding. The current plan was adopted in 2016 and has a lifespan to 2031, but has not been fully reviewed since.

The DfT has indicated that future local transport funding settlements will be dependent on performance against targets set in the LTP. This is likely to require the Council to demonstrate reductions in transport carbon emissions and progress in the areas of active travel (walking and cycling), the use of public transport and the roll out of infrastructure to support electric vehicles (EV). This anticipated emphasis on performance-related settlements suggests that LTPs and their targets are to become much more relevant to funding levels than they have been in recent years.

It is also expected that successful bids for transport funding for individual projects and programmes will be dependent on those proposals forming an integral part of the LTP. This is likely to be the case, whatever the source of the funding. Access to funding sources such as the Large Local Majors Fund, the Levelling Up Fund or Active Travel England funds may fail if the projects being bid for do not feature in the LTP. It is therefore essential that the LTP is an

all-encompassing plan that covers every aspect of Herefordshire's transport ambitions, from major road proposals to local traffic management plans.

DfT guidance for the preparation of new LTPs and the associated Quantifiable Carbon Reduction (QCR) had been expected in the autumn of 2022. The DfT has been unable to commit to a date for the release of either guidance, and has relaxed its previous LTP submission deadline from March 2024 to a much looser "summer" 2024. Future years' funding is still expected to depend on performance against the plan's outcomes.

Scrutiny Review of the Local Transport Plan

On 8 November 2022 the Connected Communities Scrutiny Committee considered an update on development of the new plan. Its recommendations stemming from this work are attached as Appendix 1 to this report.

Procedure for Recommendations from scrutiny committees

Where scrutiny committees make reports or recommendations to the Cabinet, as soon as this has been confirmed, these will be referred to the Cabinet requesting an executive response. This will instigate the preparation of a report to Cabinet and the necessary consideration of the response, the technical feasibility, financial implications, legal implications and equalities implications etc.

Where scrutiny committees make reports or recommendations to full Council (e.g. in the case of policy and budgetary decisions), the same process will be followed, with a report to Cabinet to agree its executive response, and thereafter, a report will be prepared for Council for consideration of the scrutiny report and recommendations along with the Cabinet's response.

Where scrutiny committees have powers under their terms of reference to make reports or recommendations to external decision makers (e.g. NHS bodies), where they do this, the relevant external decision maker shall be notified in writing, providing them with a copy of the committee's report and recommendations, and requesting a response.

Once the executive response has been agreed, the scrutiny committee shall receive a report to receive the response and the committee may review implementation of the executive's decisions after such a period as these may reasonably be implemented (review date).

Community Impact

In accordance with the adopted code of corporate governance, the council is committed to promoting a positive working culture that accepts, and encourages constructive challenge, and recognises that a culture and structure for scrutiny are key elements for accountable decision making, policy development and review. Topics selected for scrutiny should have regard to what matters to residents. There has been a drive to improve the scrutiny function at Herefordshire, further to the Rethinking Governance review undertaken in 2021-2022.

Environmental Impact

There are no direct environmental impacts connected with this report or the outcomes it seeks to deliver. However any executive response to the recommendations are likely to the

recommendations, which should be considered by Cabinet when they consider the executive responses to the recommendations.

Equality Duty

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services

The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

As a request to consider recommendations, this will not have an impact on our equality duty.

Resource Implications

This report provides notification to Cabinet on the scrutiny report and recommendations, which have been referred to the Executive (Cabinet) for an Executive Response.

The Cabinet is requested to provide an Executive Response within two months, at which stage, in considering its response, a full assessment of resource implications should be undertaken.

Legal Implications

Section 9F (2) (b) of the Local Government Act 2000 provides that a scrutiny committee can make reports and recommendation to the Executive with respect to the discharge of any functions which are the responsibility of the Executive.

Section 9F (2) (e) of the Local Government Act 2000 provides that a scrutiny committee can make reports or recommendations to the Executive on matters which affect the authority's area or the inhabitants of that area.

The scrutiny report provides the scrutiny recommendations of the committee to be made to the Executive (Cabinet).

The Cabinet is requested to provide an Executive Response within two months, at which stage, in considering its response, a full assessment of legal implications should be undertaken.

Risk management

Risk / opportunity	Mitigation
There is a reputational risk to the council if the scrutiny function does not operate effectively.	The arrangements for the notification of recommendations from the scrutiny committees and agreement of an Executive Response should help mitigate this risk.

Cabinet is requested to provide an executive response within two months, at which stage, in considering its response, a full assessment of risk implications should be undertaken.

The executive will then need to assess the risks arising from any executive decisions made in respect of the scrutiny committee's recommendations.

Appendices

Appendix 1: Recommendations – Local Transport Plan

Background papers

[Local Transport Plan report](#)

Appendix 1

Connected Communities Scrutiny Committee

Local Transport Plan – recommendations

1. Publish in full all background materials, including but not limited to the carbon modelling exercise.
2. Address the inconsistency in the way that carbon emissions are presented (by mixing territorial and consumption); publish both consumption and territorial emissions for both overall emissions and journey length (if possible); and address the issue that this report underplays the importance of modal shift for short journeys.
3. Engage immediately and closely with the Transport subgroup of the HCNPB as well as other key stakeholders, including National Grid
4. Engage ASAP with a wide range of stakeholders to collect data as well as consult on emerging priorities
5. Consider the following suggested objectives:
 - a. Improved road safety
 - b. Improved residents health
 - c. Improved range of transport choices including active travel and public transport, demand-responsive transport and reliable public EV charging infrastructure
 - d. Improved access to services
 - e. Carbon reduction (embodied and operational)
 - f. Nature protection
 - g. Supporting a sustainably thriving and prosperous economy.

Findings of the Connected Communities Scrutiny Committee: Local Cycling and Walking Infrastructure Plan

Meeting: Cabinet

Meeting date: 23 November 2023

Report by: Democratic Services

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose:

The purpose of this report is to notify the Cabinet of the findings and recommendations from the Connected Communities Scrutiny Committee scrutiny of the current Local Cycling and Walking Infrastructure Plan.

Recommendations

- a) That the recommendations on the Local Cycling and Walking Infrastructure Plan, made by the Connected Communities Scrutiny Committee at its meeting on 8 November 2023 be noted.
- b) That an Executive Response to the scrutiny recommendations be prepared for consideration by the Cabinet or an individual Cabinet Member as appropriate, within two months.

Alternative options

None proposed; it is a statutory requirement for the Cabinet to be notified and consider reports and recommendations made by a scrutiny committee.

Key considerations

Scrutiny committees have statutory powers to make recommendations to the Executive, and the Executive (Cabinet) has a statutory duty to respond. They may also make reports and recommendations to external decision making bodies.

Scrutiny recommendations are addressed to the Cabinet, as the main Executive decision making body of the council (or, where appropriate, an external agency).

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Local Cycling and Walking Infrastructure Plan Background

In 2017, the Department for Transport (DfT) published guidance on the development of Local Cycling and Walking Infrastructure Plans (LCWIPs). LCWIPs, as set out in the Government's Cycling and Walking Investment Strategy, are a strategic approach to identifying cycling and walking improvements required at the local level. An LCWIP will provide the council with a prioritised list of active travel schemes that can be delivered over a three, five and 10 year period, as and when future funding opportunities arise.

Although LCWIPs are non-mandatory, the DfT has made it clear that local authorities without an LCWIP will either not be eligible to apply for future active travel funding, or will score badly in funding bid evaluations, and hence are unlikely to be successful for funding.

The creation of this county-wide LCWIP is closely aligned with the concepts presented in the city LCWIP. It aims to not only build upon its proposals, but seeks to expand and extend its impact by evaluating additional strategic routes for walking and cycling throughout the county. This approach acknowledges the significance of promoting walking and cycling beyond the boundaries of the city centre, reflecting a holistic and logical approach for Herefordshire. The project will continue to take full consideration of the proposals outlined within the city-wide LCWIP, creating a well-rounded plan for cycling and walking across the county.

Scrutiny Review of the Local Cycling and Walking Infrastructure Plan

On 8 November 2022 the Connected Communities Scrutiny Committee considered an update on development of the current plan. Its recommendations stemming from this work are attached as Appendix 1 to this report.

Procedure for Recommendations from scrutiny committees

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Environmental Impact

There are no direct environmental impacts connected with this report or the outcomes it seeks to deliver. However any executive response to the recommendations are likely to the recommendations, which should be considered by Cabinet when they consider the executive responses to the recommendations.

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Cabinet is requested to provide an executive response within two months, at which stage, in considering its response, a full assessment of risk implications should be undertaken.

The executive will then need to assess the risks arising from any executive decisions made in respect of the scrutiny committee's recommendations.

Appendices

Appendix 1: Recommendations – Local Cycling and Walking Infrastructure Plan

Background papers

[Local Cycling and Walking Infrastructure Plan report](#)

Appendix 1

Connected Communities Scrutiny Committee

Local Cycling and Walking Infrastructure Plan (LCWIP) – recommendations

1. That more and better secondary data be used, particularly that data beyond Strava is used for leisure, and that the LCWIP states and mitigates biases in that data.
2. That public consultation be done, including but not limited to city, town and parish councils, walking and cycling groups, key local institutions and employers, in line with DfT LCWIP engagement guidance;
 - a. that significant funds be allocated to do this (noting that there is potentially £43k already available for this exercise);
 - b. that this is done ASAP and certainly commenced before the end of this calendar year; that such consultation is done on a standalone basis without waiting for LTP and Local plan consultation;
 - c. that such consultation acknowledges that in many cases there may be synergies between LCWIP and wider highway maintenance and improvements.
3. That consultation is done on the LCWIP elements of the Hereford City Masterplan ASAP.
4. That Herefordshire Council coordinates with neighbouring local authorities sooner rather than later both in terms of information gathering and consultation on potential routes.
5. That potential long distance routes including greenways are included in the LCWIP consultation and development process.
6. That the cycle network plan and walking network plan be published to scrutiny ASAP.
7. That a breakdown of the spending with PJA be provided.



Title of report: Report to seek decision on recommended route to deliver registered residential children home provision in county for children and young people 11-18

Meeting:	Cabinet
Meeting date:	Thursday 23 November 2023
Cabinet member:	Ivan Powell, Children and Young People
Report by:	Corporate Director, Children and Young People
Report author:	Senior Commissioning Officer, Integrated and Direct Care Services

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Further information on the subject of this report is available from Zoe Richards, Senior Commissioning Officer, zoe.richards@herefordshire.gov.uk

Purpose

The purpose of the report is to agree the option to commission a single Supplier, through a competitive tender exercise, to deliver two, two bedded children's residential homes within Herefordshire to increase local sufficiency in line with Herefordshire Council's Placement Sufficiency Strategy for Children and Young people.

Recommendation(s)

That Cabinet:

- a) Approve the commissioning of two, two bedroomed children's residential homes within Herefordshire, through a procurement exercise up the maximum projected value of £1.3 million annually and £6.3million over a maximum of five years (3yrs with potential extension of 1 year + 1 year) which will provide local placements to four children aged 11-18);**
- b) Delegate authority to the Corporate Director - Children and Young People to approve all tender documentation;**
- c) Delegate authority to the Corporate Director – Children and Young People, in consultation with the Cabinet Member Children and Young People, to enter into a contract with the preferred Supplier following the tender exercise;**
- d) Following Political Group Consultation, approve officers to undertake work to also consider the option to develop an in house provision to further increase local sufficiency for children's placements. This will require sourcing accommodation via a capital bid, a report will come back to Cabinet at a later date.**

Alternative options

1. Do nothing. This is not recommended as it fails to address the identified need to manage arrangements more effectively and to meet the sufficiency requirements.
2. Ongoing work with Suppliers is considered business as usual and does not require specific action. There is no reasonable expectation from other Local Authorities to undertake work within our borders within the required timescale.
3. Options to purchase properties and run a Council owned Children's Residential Home, manage the market through local engagement or work in partnership with neighbouring LA were considered. At this stage, these options are not recommended as being viable or sufficiently impactful and use of capital funds will delay implementation. As per Councillor political briefing and CLT feedback phase 1 should focus solely on procurement and consideration as to capital projects should follow as phase 2.

Key considerations

4. As part of the ongoing working group, operational managers have consistently stated that in their experience the potential to match children and meet their complex needs is best undertaken within a smaller home. As part of ongoing market engagement all seven of the Suppliers asked indicated a strong preference for either a two or three bedroomed home. This model allows for consistency of staffing across the working week, for children to build relationships and to mirror

as closely as is possible a family based experience. Options to expand the contract and build additional capacity or deliver in-house provision will be explored as part of ongoing review of this contract and sufficiency.

- 5. A recent needs analysis undertaken for the period December 2022 to June 2023, indicated the demand residential placements for Looked after Children had declined from 14.9% to 10.9% however, the number of bed nights required has remained stable. Refreshed analysis undertaken October 2023 (Sufficiency report template Q2) reports both a reduction in residential placements made and % of placements made over 20 miles.

	Total number of children in care	Total number of residential placements recorded	Total number of placements over 20 miles	% of residential placements over 20 miles
Q1 2023/24	411	49 (11.9%)	33	67%
Q2 2023/24	412	44 (10.6%)	27	61%

- 6. In understanding this further, it is necessary to determine the location of homes and the purpose for placement. It is recognised that some children and young people need to be placed in specialist provision that may only be available out of area. For others there are sufficient local homes supporting disabled children. The demand for homes with a remit to support complex emotional, social needs and trauma will always be smaller than the total and will flex according to both individual need and market conditions. Therefore when considering the demand for residential placements it is also important to consider the type of placement required to meet the needs of the individual child. Whilst the aim would be for children to be as close to home as possible, this may not always be achievable in order to meet individual needs.

- 7. Herefordshire Council’s Placement Sufficiency Strategy outlines plans to also increase sufficiency through foster care and other family based arrangements, it is therefore envisaged that children will increasingly be placed with either their family networks or within alternative family based arrangements. As local sufficiency for foster care and short breaks increases the demand for residential may reduce, this will reduce the demand for residential placements. Therefore the recommendation is to procure two 2x beds with flexibility within the contract to expand provision if needed. This approach will mitigate risks of voids and allow sufficient flexibility should strategic plans not deliver current expectations. The potential to build foster care capacity is particularly challenged by recruitment and retention issues locally, regionally and nationally.

Delivery of two x two bed homes is considered to be the most viable size to deliver occupancy at over 80%. Effective matching of children living in the home is essential to ensure the best outcomes for the children and achieve maximum occupancy of the properties. The children who will live in these homes may have needs that are hard to match such as risks of sexual exploitation and the complexity of matching increases with increased numbers of children to be placed. Thus, it is likely that if a third bed was available this could be routinely empty, incurring additional cost as full staffing will need to be in place at all times. Herefordshire Council are also seeking to normalise the experience of accommodation and are specifying that homes will look like any other in the community, to ensure that children have as close to a family environment as possible.

Senior operational staff have committed to the delivery of robust oversight of care planning to reduce any avoidable vacancies, with an emphasis on good care planning and effective matching. Once live this project will be reviewed routinely within existing care planning meetings led by the Service Director Safeguarding and Families and within contract monitoring.

8. The provision within county is expected to deliver improved outcomes, promote placement stability through effective matching, control costs and allow for effective collaborative working across partner agencies. As such, the recommendations deliver provision in the most advantageous manner.

Background

9. The regional hub reports that in 2021 Herefordshire had within the county 21 Ofsted registered Suppliers totalling 116 beds including Autistic Spectrum Disorder/Learning Disability (ASD/LD) capability. Ofsted reports that the North West of England accounted for the highest number of newly registered children's homes in 2020/21. The number of new registrations (199) and closures (67) within W Midlands indicates the lack of stability for children placed even when well matched. Members of the West Midland region Regional Authorities also report an increase in demand for bespoke packages for children and young people to include same day emergency placements, solo placements for complex cases, and children and young people subject to Deprivation of Liberty Safeguards orders.
10. The options report attached as appendix 1 relies on historical regional data but this is considered sufficient to indicate a direction of travel for further review. A detailed analysis was developed with partners alongside regional and national data sets and indicates a clear current need for residential Social, Emotional & Mental Health (SEMH) provision in area. Demand will be impacted by strategic plans to promote family based care and effective transition planning into adulthood. Review of progress and demand over the next five years will inform future requirements.
11. Commissioners have undertaken a range of market engagement activities, this has allowed the Authority to gain a clear picture of the market position and articulate to the market Herefordshire Council's vision for placement sufficiency. The aims of the market engagement have been;
 - a. To ensure Suppliers have a shared value of children being at the heart of all we do especially when it comes to placement decisions and good permanency planning
 - b. To ensure the market is clear that the Council wish to ensure residential provision is utilised effectively and that it supports appropriate care planning and supports reunification plans where appropriate
 - c. To ensure strong partnership and trust can be developed through the early conversations at engagement sessions
 - d. To assess current market conditions, the quality and sustainability of the market and explore the appetite of Suppliers to bid for a block contract with the Authority
 - e. To understand the budget envelope that provides value for money whilst reflecting market conditions.
12. Further to the request by CLT (Corporate Leadership Team) to undertake further market engagement and test the viability of our working assumptions, an open invite to engage in 1:1 conversations was published on the procurement portal. Meetings were set up with all interested parties (9) and a series of questions were provided. Questions covered implementation, expectations around costing, length of contract, barriers to effective procurement and appetite to work with Herefordshire. Feedback from 7 Suppliers who attended meetings can be seen in Appendix 3.

13. All Suppliers were asked to comment on their experience of managing block contracts for residential homes. All had experience and most stated that costs would be lower than spots. Potential weekly cost for 1:1 ranged from circa £4,500 to £7,000 but all stressed the need to clarify our expectations within the specification for training, experience, therapeutic intervention etc. to ensure comparing like for like. Suppliers indicated that this may bring down the costs. The Supplier quoting £7,000 said this was spot and couldn't comment on what reduction could be achieved. Most proposals were in the £4,500-£6,000 range.
14. Any procurement process undertaken will be in accordance with the council's contract procedure rules. The following timeline is indicative and aligns to both the market engagement feedback and officer guidance. Considerable work has been undertaken to draft the specification, however the indicative timeline is subject to the ongoing engagement work on the service specification.

Indicative Tender period	Early December 2023-Mid-January 2024 -6 weeks
Evaluation	Mid-January 2024-Mid-February 2024- 4 weeks
Intention to award and standstill	Mid-February –End of March 2024 -2 weeks
Award and contract signature	March 2024
Mobilisation	April 2024-March 2025 allowing a maximum of 12 month to first placement

Community Impact

15. Options explored within both the initial document and the subsequent business case indicate that the preferred recommendation is for the development of 2x2 bed homes in Herefordshire through a procurement process. The specification will be developed in collaboration with key partners include police, youth justice, public health, Integrated Commissioning Board (ICB) and education.
16. The homes will ideally be located near to public transport to facilitate access to school, family time and for other appointments.
17. The procurement exercise will explore options for social value and will seek to maximise the potential to engage with community networks. A key deliverable for this project will be that children see this as their home and invest energy into making it a safe and positive space whilst they live there.

Environmental Impact

18. The environmental impact of this proposal will be considered through the service specification, which includes appropriate requirements on the contractor/delivery partner to minimise waste, reduce energy and carbon emissions and to consider opportunities to enhance biodiversity. This will be managed and reported through the ongoing contract management.
19. The specification will reflect Herefordshire commitment as outlined within the environmental policy.

Equality duty

20. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it

21. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Our Suppliers will be made aware of their contractual requirements in regards to equality legislation.
22. The Equality Act 2010 established a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have 'due regard' to the public sector equality duty when taking any decisions on service changes.
23. An Equality Impact Assessment has been prepared which is attached at appendix 2.

Resource implications

24. The Authority is already paying significant costs for a range of placements from various Suppliers, purchasing either through the Regional framework or on a spot basis. The recommended option gives the Authority the opportunity to develop an exclusive arrangement with a Supplier and control cost through the life of the contract. The option provides four placement opportunities meaning the Authority will not have to purchase these placements through other means. The budget for the contract will be funded from existing budgets. The aim is to achieve cost avoidance from the current spend incurred.
25. In order to provide assurance as to the viability of this project and specifically the potential to achieve occupancy at 80% or above and to achieve cost avoidance a review of young people requiring provision has been undertaken using the data as of 24/10/23.
26. The cohort who would be placed are more closely aligned to those featuring on the high cost log. Using the current spend profile of children within high cost residential provision, the Service Director undertook a point in time review and considered whether any child or young person aged 11+ could have been placed in the proposed provision had it been available and the potential to match between this cohort. From these findings the potential cost avoidance based on a projected bed charge of £6,000 against current spend was extrapolated. Appendix 4.

27. Having undertaken this review the following analysis and recommendations can be made.

- The specific children identified come up with the average weekly cost of £7,500 which on the basis of a £6,000 block bed price would mean a breakeven point of 79.6% occupancy.
- If the cap price within tender was reduced to £5,500 this would mean a breakeven point of 73% occupancy.
- Indirect costs associated with travel to include officer time, mileage, family time costs and transport costs to and from school are also higher when a child is placed out of county. Reduced costs will achieve further cost avoidance and mitigate existing budget pressures.

Modelling of costs associated with block arrangements at £6,000 and £5,500 per bed per week against an average current spend of £7,500 per bed per week indicate the potential efficiencies and risks associated with occupancy levels at 100% through 50%.

Occupancy	Cost at current rate (£7,500 per bed per week)	Cost at proposed rate (£6,000 per bed per week)	Annual Savings (Loss) (per bed per year)	Total Savings (Loss) (4 beds per year)
100%	£392,000	£312,000	£80,000	£320,000
80%	£313,000	£312,000	£1,000 (near breakeven point)	£6,000
50%	£196,000	£312,000	(£116,000)	(£464,000)

Occupancy	Cost at current rate (£7,500 per bed per week)	Cost at proposed rate (£5,500 per bed per week)	Annual Savings (Loss) (per bed per year)	Total Savings (Loss) (4 beds per year)
100%	£392,000	£286,000	£106,000	£424,000
80%	£313,000	£286,000	£27,000	£108,000
50%	£196,000	£286,000	(£90,000)	(£360,000)

28. Therefore using a bed price per week of £6,000 cost avoidance against average current spot price will be achieved at 100% through to 79.6% at which point costs are incurred. At 50% occupancy the cost to Herefordshire Council would be a total of £465,000 per annum.

29. Using a bed price per week of £5,500 cost avoidance against an average current spot price will be achieved at 100% through to 73% at which point costs are incurred. At 50% occupancy the cost to Herefordshire Council would be a total of £360,000 per annum.

30. Modelling of occupancy at 50% highlights a potential risk however this can be mitigated by having control over referrals through effective care planning, robust communication and risk management alongside robust contract management. This resource should not be used as a one-bed unit unless in extremis as this would be a false economy.
31. Financial analysis of the impact of sourcing 2x 3 beds indicates that the average cost to social care only across 9 children is £7,500 per week. If £6,000 per bed per week is block funded (£36,000) this equates to a breakeven point if we place at an occupancy of 79.6%
32. Modelling of travel costs associated with social care placements has not been available at point of writing however initial analysis of spend associated with SEND travel costs indicates that average costs for out of county commissioned placements are £7,500 annually against £5,000 for in county. Routes to out of county settings account for 24% of the service's current spend on third party Supplier. This is despite only 9% of CYP using SEN transport attending these settings. (PWC analysis in April 2023). One setting costs the Council £226k per annum for 8 students to be transported, averaging £28,250 per rider. For transparency this is a LD/ASD autism setting and students would not be suitable for the proposed provision, it does however evidence the potential financial risk associated with out of county arrangements. It is expected that the cost per out of county child will rise by the end of this year.
33. Opportunities exist to review current mechanisms for booking/commissioning of transport which may further reduce in county costs. Ongoing SEND sufficiency planning should allow children to be offered a school place locally, where this meets their needs, which in turn promotes outcomes and reduces spend. However, for out of county placements especially those commissioned with social care as 38/52 weeks where there is a requirement to transport children to school and for family time the potential to control cost is vastly reduced.
34. Where children are able to remain within a Herefordshire based school their EHC plan is retained and this ensures improved oversight through statutory meetings and routine engagement with schools. The potential to review need and ensure transition back into mainstream provision for children who have more complex SEMH needs is improved. SEND officers are actively engaged in the proposed project to deliver a residential home in county and will review any bid to ensure that the model delivers in line with statutory guidance and the SEN sufficiency plan.
35. Officer capacity will be required to undertake the initial procurement and ongoing monitoring.
36. Funds in the region of £500 will be required to support engagement of young people during initial procurement and ongoing oversight should this be approved.
37. The tender exercise will ensure that the best value for money solution is put in place. This will focus on the most effective model to block contract four residential placements to meet the needs of cared for children. The final financial implications will only be evident when the tender is complete and comparison to the reduced use of the external agency market is clear.

Legal implications

38. The Council needs to ensure that there is sufficient accommodation for looked after children and young people. This is delivered in the Council's [Sufficiency Strategy](#).
39. The duty on the Council under s22G of the Children Act 1989 is to take steps to secure, as far as reasonably practicable, sufficient accommodation within the authority's area.
40. The outcomes described in this report aims to deliver to those duties and the Strategy.

Risk management

41. This project depends on the:
- Appetite of Council and Members to support this project.
 - Availability of suitable houses and the local property market
 - Planning permissions if required.
 - Involvement of partners agencies
 - Experience and expertise to undertake required procurement and/or delivery
 - Occupancy levels being achieved
42. The risks associated with moving forward are well understood in terms of delay in achieving appropriate accommodation, achieving stable competent workforce, management of voids, procurement etc. However, the risk of not doing anything and being dependant on a chaotic market that benefits suppliers and is volatile are equally understood. It should be noted that any financial risk will sit with the Council if the breakeven occupancy is not achieved. Further detail and mitigation can be found in Appendix 5.
43. Currently children are being placed into accommodation that does not fully meet their needs and is often out of area. Placement stability is fragile and matching cannot be managed fully. Costs are rising and quality cannot always be guaranteed. Placing children out of county creates challenges for maintaining family contact, local networks and disrupts education.
44. Developing our own block arrangement will mitigate many of these risks however officer capacity and arrangements to monitor spend and outcomes for children will be needed.
45. Opportunities to reduce time and money spent on travelling to see children will mean better use of financial resources and officer time.
46. If approved, the Programme Board with identified Senior Responsible Officer (SRO) will continue to monitor the progress of any option selected and review identified risks.

Consultees

47. Engagement with young people has not been undertaken locally however the lead for corporate parenting has been able to reflect the feedback made available throughout consultation and engagement events. National feedback from Children in Care has been reviewed and is reflected in the core documents.
48. Further engagement is planned to seek out children and young people 11+ to work with officers to inform the following:
- 1) Development of specification to include staffing, training, physical requirements, performance indicators and programmes to support preparation for next steps
 - 2) Development of Invitation to Tender (ITT) questions to help shape our understanding of the proposal
 - 3) Interview – panel membership with support and preparation
 - 4) Engagement in ongoing review and monitoring

5) Young people who are offered a home within the provision will be enabled to be part of ongoing `home` management and will be encouraged to develop protocols for living within the home. It is expected that young people will be engaged to furnish their rooms and communal areas.

49. As part of the proposed procurement, officers would seek engagement from relevant local community networks and the police to inform any specification and location. Questions within ITT will seek to explore considerations for neighbourhood engagement, environmental impact and social value.

50. Political group consultation was undertaken on 5 September 2023. Members wanted to strengthen text describing the negative effects of placement out of area such as isolation and the potential for Herefordshire, as the corporate parent to raise standards for our children. Members suggested that a further option for consideration would be delivery of in in-house provision with Herefordshire owned property and our own employees as stage two. Members wanted to explore opportunities for capital funding 2024-25 and agreed that this should be a separate and distinct business case. They supported progression with a procured option via business case to Cabinet in the first instance to avoid delay.

51. The full list of consultees is included in Appendix 6.

Appendices

Appendix 1 Options Appraisal

Appendix 2 Supplementary Market Engagement October 2023

Appendix 3 Equality Impact Assessment

Appendix 4 Point in Time Review 24th October 2023

Appendix 5 Risk

Appendix 6 Stakeholders

Background papers

None identified.

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	John Coleman	Date 27/10/2023
Finance	Sue Alexander	Date 25/10/2023
Legal	Sean O'Connor	Date 16/10/2023
Communications	Luenne Featherstone	Date 19/10/2023
Equality Duty	Harriet Yellin	Date 19/10/2023
Procurement	Lee Robertson	Date 13/10/2023
Risk	Chris Jones	Date 11/10/2023

Approved by

Darryl Freeman

Date 10/11/2023

Appendix 1
Children's Residential Homes
Options Appraisal

Date: February 2023

Key Details

Senior Responsible Officer:	Service Director Improvement/Service Director All Age Commissioning
Author:	Senior Commissioning Officer
Service Lead:	Head of Service for Corporate Parenting
Finance Lead:	Management Accountant

Version Control

Version	Date	Summary of Change	Author
1.0	12/12/22	First draft	Senior Commissioning Officer
2.0	13/03/23	Input from neighbouring authorities	Senior Commissioning Officer
2.1	13/03/23	Input from strategic housing and finance	Senior Commissioning Officer
3.0	24/03/23	Working draft reviewed by internal stakeholders	Senior Commissioning Officer
4.0	18/04/23	First draft taken to Project Board	Senior Commissioning Officer

PROJECT DESCRIPTION

1.0 To consider the demand for residential provision alongside alternative placement options and to review mechanisms for delivery in order to develop services that both promote outcomes and achieve best value.

In line with the recent needs analysis undertaken during December 2022 it is understood that whilst both the volume of placements made within residential provision and specifically those made out of area has increased since 2019 this does not directly evidence the need for additional provision to be sourced. There may be considerable scope to improve the market share of local provision and to build capacity within family based care whether that be fostering, staying put, shared lives or supported lodging. This options appraisal, seeks to review demand and the likely impact of aligned strategies to improve sufficiency alongside social care activity to both reduce levels of accommodation and support re-unification via early help and edge of care interventions. Such activity is however, limited by data challenges. Consideration is also given to the market and challenges experienced nationally. Options considered include:

1. Do nothing
2. Manage demand for residential provision through market engagement with existing providers –improved utilisation of existing capacity/improved conversion of referrals into placement/ increased volume on offer

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3. Promote increased sufficiency within area through procurement of both new accommodation and care arrangements
4. Promote increased sufficiency within area through procurement of new arrangements for care whilst utilising HCC property
5. Promote increased sufficiency within area through development of in-house offer using existing/leased premises and HCC staff
6. Promote increased sufficiency within region through procurement of new block arrangements for care via collaborative approaches.

Decision sought

2.0 To approve the recommended options to develop a full business case for option 3, 4 and 5 whilst continuing activity described within option 2 and 6 as business as usual in line with the following statements:

- That the demand for residential care will always need to flex in line with the assessed need of children and young people.
- That there will always need to be a residential offer for young people with specific care needs and for whom a family based offer is not in their immediate care plan. This may be from a specialist out of area provider and local placement may not be required.
- That demand for residential placements is likely to reduce as in-house foster carers are recruited and upskilled to manage complex behaviours alongside a wraparound offer from partner agencies. Progress will however, be challenging due to national recruitment issues and increased footprint of IFA.
- That there is an opportunity to utilise local provision more effectively however challenges across price, matching and stability need to be considered. As such risk sharing across authorities and against a larger block may be beneficial.
- That in-house provision may offer improved stability of placement through enhanced control of matching
- In the absence of any testing to date, the impact of proposed market engagement, work to become the referrer of choice and growth in foster care capacity is unknown. Thus, any decision to commit to block or in-house provisions should be managed alongside further analysis of need and access to local provision.

2.0 STRATEGIC CASE

Herefordshire County Plan 2020-24 states:

"We intend to invest in new models of care, housing and accommodation to maximise the levels of personal independence these vulnerable people are able to attain while remaining in their communities. This might include new care homes, care villages, technology or specialist accommodation for vulnerable children and young people."

Our Sufficiency Strategy 2019-2024 states that:

"All children in care should be placed within 20 miles of their home when it is in their best interests to do so."

Herefordshire Improvement Plan for Children and Families 2021 highlights that our role as Corporate Parent is a priority area of focus and promotes the following outcomes:

"Children and young people are central to decision making and planning within the council. They trust that the council has their best interest at heart and will prioritise resources to meet their needs."

"Increased choice of placement to meet the needs of children in our care."

"Matching of placement will be available to ensure needs are met and reduction in short term placements."

Ofsted inspection of Children Services 2022 highlighted a number of concerns around the sufficiency of placements.

The refreshed needs analysis of December 2022 recognised that in order to fully articulate the level of demand and any gaps in provision, a number of remedial actions were required.

Project aims and objectives

2.1

- To understand the demand across a mix of accommodation types that is required to meet the assessed needs of children and young people allowing for timely movement between placement types as appropriate.
- To develop the capacity for the Council to be able to place children 11-18 years in residential care locally (within 20 miles of home) when this is in the child's or young person's best interests to do so.
- To utilise the range of commissioning tools available to promote safe arrangements for children.
- To promote quality and cost effective provision that meets assessed need and promotes improved outcomes for children and young people accommodated (CLA).

Strategic Drivers

2.2 National

Throughout 2022 and 2023 a raft of documents have highlighted the challenges being faced within the residential placement market. The Competition and Markets Authority review highlighted that we are not doing a good enough job of ensuring the right homes are in the right places for children who come into care and that many providers were focused on profit. Prices are rising, staff recruitment is impacting vacancy rates and demand is outstripping availability meaning that children with the most complex needs are struggling to be placed in homes that meet their needs. In response the Government has published Stable Homes, Built on Love: Implementation Strategy and Consultation Children's Social Care Reform 2023 with a range of proposals seeking to rebalance children's social care away from costly crisis intervention to more meaningful and effective help for families stating that "The way we currently plan, commission and provide homes for children in care is not working. This

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means too often children are living far from where they would call home or in the wrong type of home for what they need.”

As such, any commissioning to deliver residential provision needs to be undertaken taking into account the impact of social care practice aimed at building resilience, effective care planning and enhanced capacity for foster care placements.

<http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3>.

Key proposals include

- Deliver a fostering recruitment and retention programme so foster care is available for more children who need it, investing over £27 million over the next two years.
- Introduce a financial oversight regime to increase the transparency of provider finances and reduce risks of sudden market exit.
- Pilot Regional Care Cooperatives (RCCs) to plan, commission and deliver care places ensuring analysis of when children will enter care in the future, where they will come into care and with what needs at scale.
- Boost the number of the right homes in the right places available for children as a matter of urgency.
- Financially oversee independent private and voluntary providers of foster homes and children's homes and deliver national support with forecasting, procurement and market shaping to local authorities.
- Work with local authorities to develop a regional model of planning, commissioning and providing homes for children in care.
- Working with DLUHC in order to assist local authorities when they are considering planning applications for new homes for children.
- Continuing with the Children's Home Capital Programme, which has seen £259 million of capital funding invested to increase provision in local authority

2.3 In response, the LGA (2.2.23) stated that the children's social care system is in crisis now and most of the changes signalled in this strategy will not deliver results quickly. Inflation and pressures on council budgets will only compound the difficulties facing services, while the impact of the pandemic and the cost-of-living crisis is increasing children's need for support every day. They highlighted that one of the barriers to developing new children's homes is their perceived role as an “option of last resort”. If we are to ensure that we have the right homes for all children who need to come into care, we must ensure that a range of options is available.

As such, when considering options for delivery of residential care Herefordshire should balance the cost of delivery alongside potential opportunities to promote improved outcomes for children and young people. A flexible approach towards meeting need is required with sufficient capacity to avoid delay in achieving placement and pathways to transition as required. Analysis of demand needs to be understood in relation to the growth in the number of children accommodated despite admission avoidance programmes and the reduction in foster care placements available both nationally and locally. Opportunities to collaborate regionally will be undertaken in parallel across all options.

2.4 Achieving residential sufficiency correct is important for the following reasons:

1. Local authorities have a general duty to provide accommodation that is within the local authorities' area that meets the needs of the child and allows the child to live

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near their home. Nationally, 56% of all CLA placements were made inside the LA boundary, down from 57% last year and 59% in 2018. Using national figures 22% of children and young people placed in residential settings and 25% of those in residential schools live within the county boundary. Using Herefordshire figures pertaining to distance from home 34 of the 46-recorded placements (74%) were placed more than 20 miles (Dec 22). Given the rural nature of the county and location of provision, this is not unexpected however; it provides a pointer for future commissioning and market engagement.

2. New entrants to care nationally have risen across all age groups other than those aged 1-4 years. Growth in entry to care from the 10-15 year old cohorts represents a significant risk in terms of demand for foster care and likely placement in residential provision. This cohort often experience more lengthy placements and reduced opportunity to return home. Thus consideration needs to be given to early preparation for `living alone`, priority for staying local, staying close arrangements and transition into independent living. Arrangements to keep young people local, minimising disruption to education, training or employment and maintaining contact with family and community is key. Young people aged 16-18 who are not living in family based care often require the level of care and support offered by a registered provider. The assumption should not be that supported accommodation is the correct placement for all 16 year olds.
3. CLA whose first placement in the year was in 'Other residential settings' (including care homes, schools or custody) experienced the highest proportion of instability at 23%, down from 26% last year. They are vulnerable to the effects of a volatile market and threats of movement due to Ofsted oversight (risk of restrictions being imposed or closure) and price management.

2.4 Regional

Currently Herefordshire, alongside all West Midland partner local authorities is struggling to access residential provision that is local, cost effective and of a good standard. The regional hub is experiencing unparalleled requests for uplift in excess of 20% for both new and existing placements, with several providers choosing to exit the frameworks. Some providers are closing beds due to staffing pressures and others are securing placements from other regions who are willing to pay more.

Herefordshire is not perceived as a referrer of choice. Multiple system improvements are taking place to ensure providers have effective points of contact, receive payment on time and that referrals are managed effectively and in a timely manner. This is having some impact but needs to be maintained for long-term impact. Ongoing communication and clear engagement protocols will be key to sustained improvement.

The Hub reports that in 2021 Herefordshire had 21 Ofsted registered providers totalling 116 beds including ASD/LD and of these 12 were framework registered with 58 beds. Ofsted reports that the North West accounted for the highest number of newly registered children's homes 2020/21 (75 homes, 25%), and places (199, 21%). The churn in new registrations (199) and closures (67) within W Midlands indicates the lack of stability for children placed even when well matched. Regional Authorities also report an increase in demand for bespoke packages for children and young people with Learning Disability diagnoses; parent

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and child residential units; same day emergency placements; solo placements for complex cases; and children and young people subject to Deprivation of Liberty Safeguards orders.

- When reviewing residential placement by type across the 14 framework partners residential placement for parent/child have increased by 25%, secure has increased by 108%, unregulated crisis by 94% and other by 156%. Again, this suggests a significant challenge to quality and cost; requiring capacity to source, support matching and quality assurance.
- During 2021-22, 1044 residential placements were made across the West Midlands of which 451 were off framework, 531 were spot and the remaining 62 were internal or block. This represents a total increase of 60 and an increase in spots of 15% against the previous year.

2.5 Local

- The use of residential provision for Herefordshire children when measured by bed nights has increased by 1725 (11%) since 2020/21.
- Using Hub data it is apparent that whilst the average increase in residential placements made across the years 2020 and 2021 was 7% Herefordshire had a growth from 35 to 60, 71%.
- As of Q2 2022-23 47 children and young people from Herefordshire were recorded as being placed within residential children homes provision. Of the 47, 9% are of primary school age, 53% under 16 and 38% are 16+. Of the 16+ cohort, five have a disability that may or may not require special education. The average duration of placement is 5.35 years with the longest being a 16 year old who has been accommodated for 13 years. This young person is 67 miles from home and has been in placement for 43 months.
- The total projected spend 2022-23 across 65 lines of activity is £15,527,412 with an average of £238,883 per year (£4594 per week) per child.
- Of the 65 placements, four are from the CWD team and these are all CNS funded. The total annual projected spend is £1,674,625 with an average of £418,656 per year per child.
- There are 45 different providers being used by Herefordshire across the UK. The providers most frequently used are Cambian (5), Keys (6) and Bryn Melyn, Flourish and Unique (3).

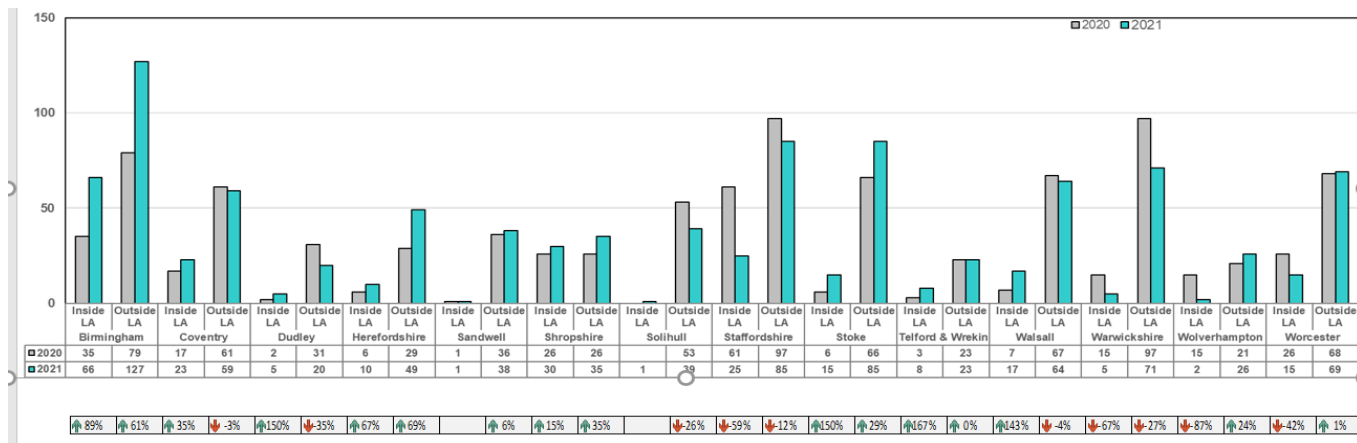
3.0 Location of placement

Analysis undertaken by the regional hub indicates a steady use of out of area residential with only 20% of placements made within county boundaries despite there being significant beds available. Providers evidence a rise in requests for placement from Local Authorities out of region and considerable competition for each bed. Other frameworks are offering higher prices.

Herefordshire's use of both in area and out of area residential have increased by circa 67% between 2020 and 2021 with in area placements representing approximately 20% of all placements made.

Placements made outside LA				
Year	Inside LA	% Change	Outside LA	% Change
2020	220		754	
2021	223	↑ 1%	790	↑ 5%

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3.1 Using the Herefordshire out of county placement report published 6.3.23, of the total 133 children placed outside of Herefordshire, 101 had a recorded placement type and of these 34% were placed in residential. It must be noted that for some young people a move from stable placement would not be in their interest and for others the correct placement is within a specialist unit. Thus, placement out of county is not always negative or an example of poor sufficiency.

As of February 2023, Herefordshire are experiencing a challenging market with a pattern towards use of spot placements and high inflationary uplifts

- 3.2 A deep dive review of placements made February/March 2023 confirms interim findings that of the 44 children and young people currently placed within residential homes;
- 1) Some children are placed out of area in appropriate specialist provision
 - 2) 10 children are placed within 20 miles of their family home, of which 5 have a disability. This links to the strong local presence of providers offering LD/ASD offer.
 - 3) Of the remaining 34 children placed out of county most are in the West Midlands, North West or Wales.
 - 4) Five young people could step down into foster care placements if they were available and may have been placed in residential because of the absence of a foster care placement.
 - 5) There are opportunities to move children into local provision if it were available and there is a confidence that through effective care planning placements would be filled appropriately.
 - 6) Small units of three or four beds –modelled with occupancy of three filled places with staffing of two-three staff is the desired model.
 - 7) That most children and young people could be placed locally subject to matching
 - 8) 18 young people are 16 years or older and may thus not want to move into a local provision that requires a further transition at 18.

3.3 Whilst placement patterns will only ever be indicative and will be impacted by the individual needs of children requiring care a significant growth in 2020, 21 and 22 is evident. When determining need for local residential provision consideration should be given to current referrals, potential to place within home based foster care, socio-economic changes and the impact of social care strategies.

Year	2018	2019	2020	2021	2022	2023
Res Placements made	1	4	9	9	13	2

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Using these figures it can be hypothesised that once any children/young people needing an immediate move are supported to do so the number of new placements needed will be small and issues of matching will affect occupancy rates. This presents a risk to provision accessed solely by Herefordshire unless sale of beds were to be considered.

4.0 Cost

Local Authority	2020				2021			
	Inside		Outside		Inside LA		Outside LA	
	No of Placements	Avg Std Wk Fee	No of Placements	Avg Std Wk Fee	No of Placements	Avg Std Wk Fee	No of Placements	Avg Std Wk Fee
Birmingham	35	3829	79	4508	66	3518	127	4798
Coventry	17	3047	61	5190	23	3149	59	5868
Dudley	2	3000	31	3976	5	3656	20	4104
Herefordshire	6	4366	29	5086	10	4153	49	5219
Sandwell	1	3750	36	4575	1	7056	38	5028
Shropshire	26	4395	26	4561	30	4996	35	4979
Solihull			53	5390	1	5100	39	4825
Staffordshire	61	3594	97	4436	25	5013	85	4742
Stoke-on-Trent	6	3956	66	3855	15	3839	85	3864
Telford & Wrekin	3	2961	23	4296	8	3302	23	4451

Review of contract types indicate controlled price management with the exception of internal where increases for 2020-21 totalled 16%; however these did have a lower baseline and this may be reasonable to promote recruitment/retention.

4.1 When comparing weekly costs across the region Herefordshire rates 2020 are high. This does not mean we are getting worse rates, simply that costs in area are higher however further analysis is needed to establish this. However when analysing out of area costs 2020 Herefordshire costs are in the highest quartile suggesting poorer negotiation and/or higher levels of complexity. The position for in area 2021 is slightly improved benchmarked against other Authority experience however, out of area, rates remain high in comparison.

Costs by age group rose by 27% for young people 11-15 years 2020-21 but remained largely stable for other cohorts.

It is proposed that a full review of costs and comparison across type will be undertaken for agreed options as part of the business case. This will utilise data available post ongoing cleanse activity and will therefore provide greater assurance.

5.0 Potential to grow in-house fostering and/or access local IFA

The rationale for desired growth within foster care as described within the 2019 strategy was that many young people placed in residential could and should be living within a family based environment. In-house carers were considered more able to manage complex care needs as they can access enhanced training and discretionary support from the council. In the context of current difficulties with framework arrangements, uplift requests and perceived matching/regulatory challenges the requirement to build quality and cost effective Herefordshire carer capacity is clear. In theory, robust oversight of referrals in and matching alongside effective support should enable those children and young people requiring family based care, in area to be placed.

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5.1 However, in practice this is difficult to achieve and is not a local issue. Nationally, the percentage of children placed in foster care has reduced to 70% and of these 15% are placed with friends and family. There has been a 5% reduction in foster care beds nationally over the last 12 months and a reduction in vacant beds of 23% meaning opportunities to match need and location are reduced. Use of IFA beds has risen and they now account for 45% of all foster care placements in 2022.

5.2 As of October 2022, there has been a net loss of HCC carer households with 6 approvals and 17 resignations however; there has been a recent shift in trajectory away from resignations largely due to enhanced management oversight. The age profile of carers remains a concern alongside capacity to recruit and train.

5.3 Despite this challenging context Herefordshire is actively working to recruit and retain staff and carers. Allowance rates are being reviewed and training is prioritised. It is expected that over the course of the next 12 months gross numbers of local carers and bed nights will be increased offering a realistic alternative for some young people to residential care.

5.4 Analysis of total bed nights available through in house foster care arrangements indicate a projected fall of 6449 (15%) since 2020/21. Analysis of foster care across in-house and IFA indicate a balance of 100 and 95 placements within Q2 2022/23 respectively.

It is therefore reasonable to assume that whilst the necessary growth in home based offers is developed there will be an ongoing need for residential placements. What cannot be known is how long it will take to generate sufficient placements that meet assessed need negating the requirement for residential offer other than for specialist placements. Should Herefordshire develop their own in-house residential offer there may be a risk that over time it is not needed.

6.0 Opportunities to manage the market and become a referrer of choice

Soft market engagement has been undertaken in order to build relationships with providers and to establish feedback about opportunities to work more closely with Herefordshire. A number of provider complaints have been resolved and more vacancies have been offered to Herefordshire as a result. Payment concerns are being addressed and uplifts are managed through regional processes where appropriate. With the development of the new Children quality assurance team, visits have been scheduled to both manage individual concerns and to support providers in building levels of assurance. Protocols for accreditation of spot providers are being developed alongside regional partners. However, in order, to respond positively with providers who may be facing challenges through registration/ inspection and manage relationships it will be necessary to formulate a shared understanding about how we wish to engage in improvement work for those deemed temporarily inadequate and how we move past historic views of providers.

6.1 In January 2023, a review was undertaken of all young people living within a residential care home who were known to have a disability. Care records were reviewed and SW contacted to establish whether a planned move to a new 4-bed registered home within

Herefordshire could be undertaken. The outcome of this review was that no referrals were considered appropriate and the beds will be filled from other LA.

7.0 Background and Rationale in Project Mandate

In 2019, the Director for Children and Families took the decision to tender an initial contract to reserve two to four local residential beds within-in existing local children's homes; however, the procurement exercise attracted no bidders.

Market engagement occurred with eight providers who operate in the area. Options to Market feedback as to the reasons for not bidding included preferences not to enter into block contracts for those providers already operating in Herefordshire, while those that may have wished to bid for a contract did not have readily available children's homes in the county.

Feedback from providers contacted over the last few months suggest there is an appetite to work in partnership via a block however, confidence should be tempered by the experience of regional partners managing uplifts and recent market engagement carried out elsewhere.

Procurement options include calling off capacity from the framework or an open tender. Options to provide accommodation directly and specify only for care and maintenance or care only appear to be the most likely to attract positive responses. Providers are reporting an interest in developing regional/county wide arrangements where close working relationships negate some of the impact that experience of managing more complex relationships.

There is a strong operational desire to manage a provision in-house both to improve quality, stability and access. Evidence to support the financial viability in terms of both utilisation and unit costing of doing this requires further modelling.

8.0 Scope

In-Scope

Options available to promote local quality and cost effective provision for young people who require registered residential care excluding 52-week educational provision and/or tier 4 care.

8.1 Out of Scope

- Provision for fostering placements.
- Supported accommodation for 16+
- Secure accommodation.
- Residential short breaks and respite for children and young people with disabilities including shared care
- Tier 4

9.0 Benefits

The anticipated benefits of the proposed project are:

- Increased local options improving choice and matching
- Retention of local connection with family/community and access to services within adult social care and housing
- Improved outcomes for children and recognition of the need to maintain trusted relationships
- Increased access to local education and health services avoiding delay in assessment/ support
- Improved engagement with providers mitigating breakdown, complaints and reputational risk
- Improved referral uptake leading to effective care planning with timely step up/down
- Reduced number of placement moves experienced by children and young people

9.1 Cashable benefits

In a previous business case written in 2019 to ascertain the potential for developing block residential provision within Herefordshire it was believed that 9 of the 36 children placed out of area could be moved back and matched. Modelling will be refreshed to use current figures and inform future business cases.

- Using average costs of all residential placements funded it was estimated that 9 beds would cost £2.6m annually
- Using average costs of framework residential placements it was estimated that 9 beds would cost £2m annually
- Using estimates of salary and on costs it was estimated that 9 beds developed as an in- house provision would cost £2.3m.

9.2 Costs across the framework vary according to the size of home and the model of staffing used. As such, it is not possible to state that framework costs are always, lower than spot. In addition, many providers are seeking to exit framework arrangements and are requesting large uplifts to avoid notice being given. Government proposals seek to promote a regional/national approach towards pricing and quality assurance and recommend regional approaches in the interim. The LGA are sceptical about whether this approach will mitigate market challenges and highlight immediate difficulties. Many placements also attract additional costs in terms of staffing, therapy and education. As such, price is rarely stable.

Opportunities to achieve cost avoidance exist within the potential to negotiate strongly, to place locally accessing services that do not require additional funding, and to reduce travel charges and in reducing officer time in travel. Ensuring that young people are supported to move into family based settings/or return home will achieve considerable efficiencies.

Previous assumptions about the potential to move children back to Herefordshire must be moderated, understanding their complex needs and the length of stay may negate the benefits of a move. Any new arrangement needs to have an appropriate model of care. The primary opportunity is to avoid placement in residential if possible and to build local capacity for where such placement is required.

Thus, the primary objective of this project is to improve outcomes for young people and deliver safe arrangements that meet need. Opportunities to avoid additional costs and

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reduce SW time spent in non-direct activities exist however; the core cost of delivery is unlikely to achieve savings. Too many variable factors are involved to accurately project any efficiencies however monitoring will measure impact including unit costs benchmarked against framework and spot arrangements.

9.3 Non-cashable benefits

The key drivers are to ensure children and young people are placed in safe and local placements that meet their needs, ensuring timely transition through to other arrangements as needed.

Ensuring children do not experience drift and remain unnecessarily within residential placements will best serve to promote cost avoidance and ensure that:

- We exercise our Corporate Parenting responsibility.
- More cared for children and young people in Herefordshire can remain close to family, friends, schools and local community, enabling them to maintain positive links.
- Improve contact with trusted individuals.
- Improve partner relationships facilitating placement stability for the child or young person in care
- Improve outcomes for the child or young person in care.
- Reduce Social Worker’s time spent travelling and increased direct work with children and young people.

9.4 Dis-benefits

The current proposal to build engagement and source an additional share of provision from the market will require time and officer engagement. There are no guarantees that such activity will achieve desired aims however parallel planning and engagement with strategic housing whilst considering options for delivery of an in-house provision and undertaking market engagement, can be undertaken. Testing out the impact of this approach will evidence the need, or otherwise for future procurement or service development without causing delay.

The council will need to review processes across social care, housing and finance to improve its reputation and build a more responsive presence within the market.

10.0 Risks

Risk	Mitigation
Herefordshire is unable to improve its reputation and fails to secure local provision when required	Designated capacity to promote market engagement has been identified A programme of market engagement has been started. Systems to manage payments including uplifts are reviewed and fully resourced Key leads for regional engagement are identified.

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Data reporting is inaccurate leading to unclear demand analysis	Ongoing work to review recording and improve training Child level review of current children within placements is underway to inform demand
Effective care planning to ensure step up/down is undertaken and vacancies are managed in a planned way.	All children that may move into foster care are identified and focused searches/recruitment is undertaken Providers with vacancies are supported to take Herefordshire children
Existing providers are unable to develop new homes within Herefordshire	Soft market engagement has indicated that several providers wish to work directly with Herefordshire and are open to referrals for existing/future vacancies. Ongoing work to review collaborative approaches across the region
Opportunities to source accommodation for use alongside provider do not materialise	There is potential to source accommodation however capital bid timelines will delay implementation. The requirement to generate `income` may negate access.
Processes to source accommodation via capital funding will build delay into the programme	Engagement of finance colleagues to manage request as Adhoc (full council) request
Capacity to deliver programme management, legal, technical, contract management and procurement support as required is not available	The full business case will articulate the requirement.
Financial affordability and viability	Ongoing work with finance to model costs and efficiencies
current demand for specialist education placements exceeds current capacity and so this places the proposal at some risk	We have a capital investment strategy but developing education provision in a short timescale is not realistic prospect, a new school build even were capital available, is 5 years to opening. There is an active review of sufficiency and capital investment for specialist educational provision, which will consider some creative solutions with a faster delivery potential, but the cohort you are considering needs detailing to him and our reality needs to be taken into account.

11.0 Constraints and Dependencies

This project depends on the:

- Appetite of Council and Members to support this project.

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- Availability of suitable houses and the local property market via lease by Herefordshire or a successful provider.
- Planning permissions if required.
- Involvement of partners agencies
- Experience and expertise to undertake required procurement and/or delivery
- Capital programme timescales

SEND feedback

We think it's a great idea and one I have been advocating for years, but needs to be considered systemically. Our current demand for specialist education placements exceeds current capacity and so this places the proposal at some risk.

- Our major concern is that we have more youngsters than placements for youngsters for whom the preference is specialist education placement- for example our SEMH special school is full to its safe limit (primary and secondary) this means that we are having to look at independent schools outside the local area. We have a capital investment strategy but developing education provision in a short timescale is not realistic prospect, a new school build even were capital available , is 5 years to opening. Please ensure that you are liaising with Les Knight who is leading on sufficiency and capital investment for specialist educational provision. He is looking at some creative solutions with a faster delivery potential, but the cohort you are considering needs detailing to him and our reality needs to be taken into account. We have no capacity in the PRU for children without an EHCP. We sometimes ask the special school and PRU in Worcester but they are also full with no spaces
- In the event that we have to look at independent education (and that is getting harder to find) , we are unlikely to have a local option- travel and fees will be higher cost than current educational placements for the cohort you have in mind, we are already in deficit position with high needs funding , additional pressures will need to be sighted by the DLT
- From a commissioning point of view, please note that If we did grow capacity in our schools we would not be able to 'reserve' them for Herefordshire CLA returning and any other local authority placing a child in Herefordshire or willing to transport a child to Herefordshire could take those spaces, this means early planning is essential –at least a year, not months.
- Please establish a clear process for early discussion and planning for youngsters with EHCP– this will need to include an early annual review, a formal consultation process and amendment of the EHCP – even if smooth which has the caveat above- this is a process that in itself will take a number of months. It will be important to be clear which LA maintains the youngster's EHCP
- In the event that the EHCP is maintained by another LA -we would request that the VS Education would ideally act as the liaison between the existing school the SEN Teams in both authorities and the receiving school to ensure a transition

12.0 Stakeholders

- Our cared for children and young people/ care experienced individuals
- Children in Care Council
- Local residents/community
- Local Ward Members
- Strategic housing
- Education
- Planning
- Commissioning
- Finance
- Procurement
- Partners – Police, CAMHS, Schools, CCG
- Children services
- All Officers and Councillor as Corporate Parents
- Legal
- Communication and engagement

ECONOMIC CASE

13.0 This project has been undertaken in order to develop local sufficiency for residential provision alongside other complementary arrangements. Residential care is an essential element within the raft of provision type required to meet the needs of our children.

Herefordshire seeks to understand the most effective mechanism for delivery of services. A collaborative approach towards reviewing care plans and building processes that support referral, matching and placement will be undertaken for approved options via full business case analysis. Only, at this point will it be possible to fully ascertain whether additional provision is required under block, through in-house delivery or an alternative model.

Undertaking the extensive work plan within fostering and avoidance of residential placements will generate cost efficiencies. Undertaking market engagement is expected to be cost neutral or to provide limited savings; however for the young people placed this is essential in meeting our responsibilities as corporate parent.

In light of the current challenges, articulated by Ofsted, and those faced by regional collaborative networks it is probable that sufficient progress will not be made by improving systems alone. Thus, the necessity of developing a local block arrangement via procurement of care or development of an in-house service will likely be evidenced.

14.0 Critical success factors

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- Accurate data to inform modelling
- Review of needs and projected demand to inform specification
- Designated point of contact for market engagement and positive response
- System wide oversight of arrangements i.e. for payment and quality assurance
- Finance support to model costs and savings generated across options
- Engagement across the system including strategic housing to scope opportunities and progress in timely manner

15.0 Options

1. Do nothing
2. Manage demand for residential provision through market engagement with existing providers –improved utilisation of existing capacity/improved conversion of referrals into placement/ increased volume on offer
3. Promote increased sufficiency within area through procurement of **both** new accommodation and care arrangements and maintenance/management- a Herefordshire specific tender. This may be replicated as future phased development.
4. Promote increased sufficiency within area through procurement of new arrangements for care, maintenance/management whilst utilising HCC property. This may be replicated as future phased development.
5. Promote increased sufficiency within area through development of in-house offer using existing/leased premises and HCC staff and maintenance/management.
6. Develop regional block approaches for care and/ or accommodation/ maintenance/ management

Option 1 – Do nothing	
Cost	No cost although spend will continue in line with market costs
Benefits	None
Deliverability	Doing nothing is achievable but will affect quality, spend and reputation requiring extensive future mitigating activity to negate impact.
Pros	None
Cons	Current analysis indicates that HCC struggle to access local, quality, registered provision for young people with EBD needs. Access to provision through the framework appears proportionally lower than our counterparts other than Birmingham meaning that we use more spot providers and are at risk of uplift challenge, variable quality and are required to manage contract and quality assurance in isolation. 75% of residential placements made Jan 20-Dec 21 were out of county and in excess of 20 miles from home. Reputational risks continue that negate take up of referrals. Despite a strategic goal to improve sufficiency of local in-house foster care placements there has been no growth 2022-23 and targets are for stability rather than growth 2023-24. Maintaining the current approach towards sourcing residential placements as needed is therefore not recommended. A raft of measures are required to enable us to become a referrer of choice and to build a mixed economy of provision.

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Observations	There is currently a lack of confidence in existing systems and processes. Soft market engagement indicates potential to build improved relationships and access local, quality, cost effective provision. The brokerage function delivered by the Home Finding Team has potential to build stronger and more consistent approaches towards negotiation, providing commercial acumen to the process. Points of contact will improve communication and support active referral management.
Recommendation	This is not the preferred option

Option 2 – Manage demand for residential provision through market engagement with existing providers, improved utilisation of existing capacity, improved conversion of referrals into placement and increased market share	
Cost	<p>It is reasonable to hypothesise that through effective working with providers costs associated with notice; retainer and additional support may be reduced via negotiation and/or active review and shared risk management approaches. Providers have indicated a willingness to work with Herefordshire and have appreciated the approach taken towards recognition of challenges and mitigation of provider concerns to include timely payment and improved communication. Ongoing data cleanse and partnership working with finance is promoting a more accurate projection of spend and cost avoidance.</p> <p>Analysis shows that the current market is challenged by inflationary uplifts, staffing retention and demand. Thus, providers are able to charge high unit costs and cherry pick between referrals. Regional approaches toward framework management are attempting to control such rises and build improved access.</p>
Benefits	<p>Effective care planning and phased placement into known vacancies will reduce officer time spent sourcing options.</p> <p>Phased step down and supported placement in foster care or with birth family will avoid drift.</p> <p>This allows social care to use residential only as needed and to flex use in line with growth of foster care capacity without financial risk.</p> <p>Using the sufficiency available within area across 21 Ofsted regulated providers (116 beds) allows matching to be undertaken and a flexible response to need at any given time to be achieved. HCC currently access 20 beds from 8 providers, which indicates significant potential for improved access.</p>
Deliverability	<p>Recent communication indicates an appetite from providers to engage positively however historic response has been poor. Engagement with social care colleagues indicates positive approach to this work</p> <p>Joint working with the Children QA team is promoting interest from providers who see a shared vision of improvement and resilience from HCC.</p> <p>There is a lack of confidence from Children social care colleagues in some local providers and some historic concerns.</p> <p>Challenges remain in relation to payment systems, recording and uplift management. If these are resolved proactively there is potential</p>

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	to build incremental growth in access to local arrangements whilst foster care capacity is achieved although in isolation this is unlikely to mitigate risks in the short term.
Pros	<ol style="list-style-type: none"> 1. The provider market has the skills and experience to deliver quality provision 2. Providers are keen to work with us 3. Improvements in our systems will promote communication and staff well-being 4. Improved choice will benefit children and keep them local where safe to do so 5. Improved access to framework providers will support contract and quality assurance.
Cons	<ol style="list-style-type: none"> 1. The current market is challenging and traditional approaches e.g. framework are being declined by some providers in order to achieve greater independence and financial gain 2. It is impossible to test impact without trying however parallel planning alongside development of procured options and/or in – house delivery can be undertaken avoiding drift or delay.
Observations	<p>Whilst the work proposed is necessary and will undoubtedly support the development of sufficiency there are risks in terms of deliverability to include prioritisation of staff time in light of other priorities and work to embed agreed processes. Measuring impact in the short term will be problematic given the lack of an agreed benchmark.</p> <p>The impact of effective utilisation of current arrangements via a fully staffed Home Finding Team and revised commercial brokerage function are not yet evidenced as such this should be progressed in parallel with chosen options.</p>
Recommendation	Progress as business as usual alongside fully worked up business case for options 3, 4 and 5.

<p>Option 3 – Promote increased sufficiency within area through procurement of both accommodation and care arrangements together with maintenance and management</p>	
Cost	<p>Procurement capacity Co-production and engagement costs Risk of voids if block undertaken</p>
Benefits	<p>The council would have full control of how the service was developed and delivered via specification The council would manage referrals into the service and support conversations around matching, managing risk and avoid placement of non-Herefordshire children. However, the provider would have the potential to veto subject to certain conditions i.e. safeguarding risk. Risks associated with sourcing property, maintenance and management would be shared</p>
Deliverability	<p>The Council could run procurement that delivers agreed capacity in area as required to meet assessed need. Despite previous failed attempts at procurement, providers are indicating an appetite to work with HCC although price sensitivity may be challenged. Clarity of specification, purpose and interface will require engagement with key stakeholders. Initial market testing suggests that the requirement to have access to property may generate less interest however; we also understand that providers have mothballed provision due to staffing</p>

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	<p>issues and they may be interested in re-opening beds /complete homes under contractual arrangements. One provider (off framework) has an empty 4-bed home (no staff or registered manager) in Herefordshire and may be interested in bidding for a block.</p> <p>Initial conversation around routes to market indicate opportunities to call off framework or tender. With some providers leaving the framework, open tender would potentially generate more interest. (Thresholds are likely to exceed £500,000 over the contract length negating options for direct award)</p>
Pros	<p>Opportunities may exist to develop improved outcomes for young people including local placement, family time and access to local services</p> <p>Opportunities may exist to procure services and achieve cost avoidance.</p> <p>Timescales for delivery may be quicker than using a capital bid model –approximately 15 months to registration from decision point.</p> <p>All of the advantages of option 2 apply</p>
Cons	<p>Current activity to identify demand has not yet concluded and opportunities to develop foster care capacity have not been exhausted although growth is not expected in house during 2023-24. Thus, the volume and type of provision required longer term cannot be evidenced.</p> <p>Void payments will be chargeable.</p> <p>Should the contract end or be terminated the provider would retain the property and staffing, potentially requiring children to be moved from their home.</p>
Observations	<p>Market engagement can begin in order to scope out preferred methods and opportunities. The appetite from providers is likely to be lower than options where accommodation is sourced by HCC and costs will be higher to mitigate risk of purchase and associated activity.</p>
Recommendation	<p>This is not the preferred option however timescales/complexities in getting capital funding makes this viable in terms of timescale and deliverability and therefore should progress to business case</p>

<p>Option 4 Promote increased sufficiency within area through procurement of new arrangements for care and maintenance only whilst utilising HCC property</p>	
Cost	<p>Costs will be payable even if beds not utilised. Price increase and uplift requests will be managed locally and volatility in the market can be mitigated.</p> <p>Modelling undertaken for a previous business case 2021 can be used as an indicative position to consider the potential of this approach as an option. This analysis indicated that over 2020/21 within a 3 bed home the average weekly cost of an EBD bed through the framework was £3,547, the average cost of a bed sourced by HCC across framework and spot (non-specific as to size or registration type) was £5,558 and the projected cost of in-house provision was £5,396.</p>

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	<p>Framework costs for 2022/23 indicate a range of £3,200-8,800 per week for an EBD bed with an average of £4,652 per week.</p> <p>It is recommended however that this modelling be revised in light of current challenges faced by the market where we are experiencing significant uplift requests 10-50%, providers leaving frameworks in favour of spot delivery and challenges in accessing local, quality provision.</p> <p>Costs associated with purchase, planning, refurbishment, maintenance and repayment of capital monies need to be factored in</p>
Benefits	<p>Sole use of provision Control of location/size/standards Likely to appeal to providers – ensuring competitive tender /call off Local provision will reduce officer time and associated travel costs for SW/family Promote access to local school and health services including CAMHS promoting outcomes including management of EHCP HCC are not committed to continue post contract if demand changes in light of fostering numbers/edge of care success If provider changes the home will remain with TUPE staff maintaining consistency for children placed</p>
Deliverability	<p>Initial conversations with colleagues from strategic housing services indicate that sourcing property/properties locally is viable. This will provide a level of consistency and control over location, quality of provision and accessibility not previously experienced.</p> <p>Initial soft market engagement indicates an interest in such partnership working between care providers and HCC. Provision of accommodation is seen as a bonus.</p> <p>However, current expectations for capital costs to be repayable over 40 years through income generation rather than spend avoidance is problematic. Young people under 18 are ineligible for any benefits and therefore no income can be derived from this provision. Current capital requests are currently facing significant scrutiny in this regard.</p> <p>Current processes to bid for capital will require a request to be submitted July 2223 for allocation from February 2024 although an option to apply for a bespoke award via full council circa August 2023 is available. Assuming council approval, 6m for purchase, further 6m for selection of contractor and refurbishment and then registration with Ofsted the earliest date for placement will be autumn 2024.</p> <p>Key to delivery and successful implementation will be engagement in the development of specification, management of procurement and ongoing contract oversight. Current challenges within Children Social Care may require prioritisation of other activity.</p> <p>There is currently significant appetite within social care to deliver an in-house offer and this is believed by them to be the most viable option to deliver local, quality and cost effective provision</p>

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Pros	<p>Most providers have access to maintenance arrangements/contracts and this could be built into any specification.</p> <p>Quality assurance Financial control Recruitment will be managed by the provider Engagement with strategic housing is in place Finance support re capital bids is in place</p>
Cons	<p>Potential increased unit cost Potential challenge for recruitment Potential underutilisation Complicated capital process and risks re T&C for agreement Extended timescales for implementation Final say re matching and placement sits with provider</p>
Observations	<p>Revised modelling in line with recent challenges to market management at a regional level should be undertaken to give a more accurate cost/benefit projection.</p> <p>There is an appetite to run this service in-house however; other priorities may mean that this could be delayed.</p> <p>Opportunities to develop a local collaborative approach towards residential capacity are not fully explored.</p>
Recommendation	Progression to business case alongside options 2 and 5

<p>Option 5- Promote increased sufficiency within area through development of in-house offer whilst utilising HCC property</p>											
Cost	<p>Costs will be payable even if beds not utilised. Price increase and uplift requests will be managed locally and volatility in the market can be mitigated. Modelling undertaken for a previous business case 2021 can be used as an indicative position to consider the potential of this approach as an option. See option 4 for detail</p> <p>Updated analysis of actual costs in light of the market, recruitment challenges and increased demand and economic challenges will be undertaken within the business case if this option is approved.</p> <p>Modelling of expected in house provision minus accommodation purchase costs using an average staffing model of 1:1 based on 2021 costs.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Size of home</th> <th>Total annual</th> <th>Total staffing</th> <th>Annual bed price</th> <th>Weekly bed price</th> </tr> </thead> <tbody> <tr> <td>3</td> <td>£841,795</td> <td>£705,203</td> <td>£280,598</td> <td>£5,396.12</td> </tr> </tbody> </table>	Size of home	Total annual	Total staffing	Annual bed price	Weekly bed price	3	£841,795	£705,203	£280,598	£5,396.12
Size of home	Total annual	Total staffing	Annual bed price	Weekly bed price							
3	£841,795	£705,203	£280,598	£5,396.12							
Benefits	<p>Herefordshire will control use, matching and referral ensuring most effective use of capacity and will manage in flex required in occupancy. Issue of notice will be reduced, improving stability. Retainer costs will be negated through effective care planning. HCC will manage quality assurance to include training and safer recruitment.</p>										

Children's Residential Homes
Options Appraisal

	<p>Opportunities to engage key stakeholders such as CAMHS and the virtual school will be enhanced</p> <p>Staff time taken to travel out of area will be reduced ensuring more staff time is undertaken working directly with children, young people and their families.</p> <p>Family time will be enhanced and connectivity with home network/localities will be enhanced.</p>
Deliverability	<p>All of the points made in option 4 apply to option 5 re access to capital</p> <p>Feedback from Warwickshire highlights (option **) the need for extensive support to deliver a new residential offer and mitigate risks. HCC will need to commit to a full review of costs and capacity across service areas required to deliver an in house provision.</p>
Pros	<ol style="list-style-type: none"> 1. Risk of notice will be mitigated promoting stability and outcomes. 2. Retainer costs will be negated. 3. Un-registered provision will be avoided – Herefordshire can manage risk through additional offer as required 4. Capacity can be flexed to meet need/matching 5. This will buffer HCC from experiencing the challenging market for residential provision as clearly articulated in recent research and government consultation. 6. This will provide consistent care and improve opportunities to plan and support transition locally
Cons	<ol style="list-style-type: none"> 1. High staff turnover within the council and the registered residential sector, may affect the council's ability to operate and sustain a service. 2. Demand is unclear and such an arrangement would risk void rates in the short, medium and long term. 3. Numbers of young people requiring residential at any point are low and matching may be difficult 4. Initial modelling (20/21) indicates higher costs than could be sourced from the framework/spot providers. Indirect costs associated with implementation and delivery will need to be modelled. 5. Maintenance would need to be prioritised to maintain standards for registration and a mechanism for sourcing established. Options are being considered within the wider estate. 6. Current mechanisms for capital bids (see option 4) would cause delay and applications may face challenge 7. Current reputational issues will need to be factored in to the risk log with mitigations in place to secure recruitment of skilled staff and effective oversight.
Observations	<p>Option 5 requires capital to buy/ rent property.</p> <p>All of the comments for option 4 apply</p>
Recommendation	<p>Progression to business case alongside options 2 and 4 subject to the strategic capacity within Childrens services to fully engage in the specification, delivery, implementation and management of the provision.</p>

Option 6- Develop increased sufficiency within area through development of block arrangements with partner local authorities

Children's Residential Homes
Options Appraisal

Cost	Shared activity and costs across commissioning and market engagement, procurement, planning, and refurbishment, and recruitment, legal and technical advice.
Benefits	<p>Shared risks Choice of lead authority to maximise most efficient system Increased pool for matching Experience of other authorities</p>
Deliverability	<p>Ongoing conversation suggests an appetite for joint working tempered with some caution about the current market and appetite of providers to engage in block arrangements.</p> <p>Current concern raised by HCC Children services as to level of control available in block arrangements, voids and matching.</p> <p><u>Case study 1</u> within appendix A indicates that within Warwickshire a mixed model across in house and procurement is currently being developed. Future activity likely to prioritise in-house provision. Review of their progress provides considerable learning.</p> <p>Overall, the feedback is to take time modelling what is needed in terms of location, property, staffing and ensure there is a strong programme team to deliver across all service areas, avoiding cutting corners. Financial modelling should include all in direct costs and savings should not be assumed. Avoidance of unregistered placements and high cost bespoke solo/DoLS will however, deliver improved financial and child specific outcomes. Engagement with Ofsted will negate issues down the line i.e. size of office. A two to three year implementation plan is likely.</p> <p><u>Case study 2</u>: Prior to 2020, Dudley and Staffordshire worked up a contract for a block-booking contract including going as far as market engagement, creating a pricing structure and a spec. Covid and lockdown then happened and it was deferred. Further conversation happened and 2 other authorities showed interest early 2022 but again strategic visions did not align. There is currently an appetite to reconsider options for joint procurement and documents are ready for review however, concern remain as to whether a block will appeal to providers with the market so weighted towards providers currently.</p> <p>Previous market engagement undertaken by Staffordshire 2021, given that they have the highest number of residential beds based within their LA boundaries across the whole of England, did not produce significant results.</p> <p><u>Case study 3</u>: Worcestershire have moved away from in-house children's homes, they just have the short breaks homes now for CWD and there doesn't seem to be an appetite to change this. WCF have expanded their own supported accommodation provision</p>

Children's Residential Homes
Options Appraisal

Pros	The opportunity to collaborate and deliver a larger number of beds, sharing access across a bigger pool of children should improve usage. Financial risks will be shared Capacity to deliver will be increased
Cons	Homes will not all be within Herefordshire Use will need to be negotiated across authorities Strategic vision will need to align and there will need to be political agreement
Observations	Attempts to go forward collaboratively have been tried before but not progressed. The market is currently volatile and there may be limited appetite for block arrangements but this has not been evidenced 2023. Recent government consultation proposes that regional approaches towards market management should be promoted as the most effective mechanism to manage cost and quality.
Recommendation	It is recommended that HCC continue to engage neighbouring authorities and explore options however, option 3, 4 and 5 are likely to offer more realistic delivery within timescales.

16.0 The preferred option/s

The recommendation of this options appraisal is that whilst ongoing provider engagement alongside service development (option 2) should be promoted and regional dialogue (option 6) should be ongoing the most viable options to deliver increased local registered, residential provision will be options 3,4 and 5.

Should potential problems associated with capital bids be negated then options 4 and 5 should be progressed with consideration of the timescales attached.

However, if a capital bid cannot be achieved without repayment clauses ad/or timescales for delivery are considered unreasonably long then option 3 remains the only viable route to achieving desired outcomes.

A full business should consider the viability of option 3, 4 and 5.

Appendix –Case study Warwickshire

- Analysis 2018 indicated that they faced challenges accessing local available provision with only 10% of placements being made in area thus facing similar access challenges to Herefordshire. Demand for LD/ASD placements going down and MH going up. Many big national players are located in county. Framework perceived as having less relevance as providers operate nationally and do not need contracts.
- There was a strong appetite for a mixed model of procured and in-house provision.
- Ofsted support was available for 3m via consultant.

Procured arrangements

Children's Residential Homes
Options Appraisal

- 2018 undertook market engagement for three lots across with 34 EOI that eventually generated two bids (Lot 1x1) (Lot 2 x1) (Lot 3 x0). Established two arrangements through tender in 2019. Lot 1 = 4 beds EBD under block and Lot 2 with one provider offering preferential access and rate.
- At point of procurement in 2019 they had 33 children in residential-

Lot 1 has capped rates but has had to uplift annually. Expect significant increase if renewed in 2024. Occupancy good other than one period.

Warwickshire are likely to extend contract duration but not capacity from four despite residential rates growing by 100% because most need is for higher-level complexity/MH and matching is problematic. They expect significant rise in costs.

Lot 2 – has capped rates. Not working well as provider declines referrals and is unable to meet need. Provider cannot recruit. Provider has recently left the framework and is operating as spot outside of Lot 2.

Feedback:

- The original specifications and modelling were effective, the market has changed and there is no appetite from Lot 2 provider to engage. Lots of effort for little benefit
- Need arrangements that are more flexible across cohorts and location. Current procurement is for care providers who can operate across settings to include family home or residential care home. Unclear as to number of providers who can **operate as registered providers**
- Primary challenge is working with Ofsted and registration and accessing priority application

Delivery of in house arrangements

- Capital bid for 5 Lots –process started 2021
- Lot 1 residential for younger children –step down to FC or home –open March 23.
- Lot 2 14+ due Sept 23
- Lot 3 MH – due 12m
- Lot 4 LD –due 12m

Feedback:

- Primary driver of in-house option to control cost and quality and to respond to unplanned endings, avoiding unregistered placements. Significant levels of engagement at all levels

Children's Residential Homes
Options Appraisal

- Historic reputational issues affected how communication with public was managed. Need to mitigate concerns re competency to deliver. Legal opinion sourced as part of decision to go in-house or via long arm arrangements. Query potential for tax breaks.
- Delivery in-house is risky as they will have same problems of recruitment, registration and matching but procurement is also felt to be risky as may not generate interest and it is a providers market.
- Delivery in-house is not a quick win and should be phased to manage demands across the system
- Key risk is not having sufficient support across finance, programme management, housing, legal, HR and Comms to manage complexity of work
- Councillor support critical to manage community engagement/concerns/planning. Always use own properties if possible as neighbours are used to council activity
- DfE bid for capital failed to progress due to lack of programme oversight and clear plan
- Current progress only available because they used existing property assets and capital bids for refurbishment were prioritised. Pay back arrangements modelled on 7 years but new lots will be 10 years.
- Purchase and refurbishment costs have risen since initial business case so recommend some discretion being built in to early business case. Social value considered as key feature of activity and mitigates financial concerns.
- Registered Manager appointed well in advance- full staff team in place 8m prior to opening. Need to cost in these costs although staff utilised elsewhere i.e. assessment/contact/family support in interim. Careful grading of roles required to deliver effective recruitment
- Careful objective analysis of experience/capacity to deliver in-house and mitigate reputational/financial risks is needed.
- All properties suitable for four young people but costed at 75% occupancy to allow for matching.
- Maintenance work is done via existing providers (property framework)
- QA support to develop effective baseline for registration is crucial

Appendix 2 - Supplementary Market Engagement October 2023

Further to the request by CLT (Corporate Leadership Team) to undertake further market engagement and test the viability of our working assumptions, an open invite to engage in 1:1 conversations was published on the procurement portal. Meetings were set up with all interested parties (9) and a series of questions were provided. Questions covered implementation, expectations around costing, length of contract, barriers to effective procurement and appetite to work with Herefordshire. Feedback from 7 Suppliers who attended meetings below: -

- That they were impressed by the clarity of our vision and the partnership approach being taken. Suppliers were keen to develop a partnership approach from day 1.
- That they were actively targeting Herefordshire as it either complimented their current business portfolio or they had a local connection.
- That they shared our ethos and values and that this would encourage them to bid
- That their biggest concern was having conflict over referrals and being required to accept them. All wanted a robust approach towards risk management.
- That effective communication, named contacts, regular meetings and detailed planning for any referral in/transition out is the difference between a successful contract and failure
- They were confident that they could source properties, undertake refurbishment, recruit staff and register in a timescale of approximately 9-12 months from award however delays with Ofsted were muted as the biggest risk
- Suppliers were comfortable in principle to model having 1 registered manager across both homes subject to homes being in close proximity
- Whilst happy to provide 2 bed homes, Suppliers supported the model of 3 bed homes and felt that this offered both better value for money but also increased potential for matching. This does not align to Operational feedback. Further modelling will be undertaken to establish need, risk and opportunity.
- Suppliers were confident to meet a minimum occupancy of 80% in a two bed home and potentially more in a 3 bed home
- Suppliers were comfortable with a 3+1+1 contract length as they would keep ownership of the property at the end. They would consider longer i.e. 5+1+1 but all mentioned the requirement to add in uplifts
- Suppliers had a mixed view of waking night/sleep in but no firm views. They requested some guidance as to what needs a child or young person may have so they could tailor their model accordingly. This will be provided within tender guidance documents
- Most Suppliers supported a core price with additional costs for staffing that exceeded 1:1. Some Suppliers had options for therapeutic support that could be costed as core or additional. This will be managed through the specification and ITT questions.
- Most Suppliers felt that implementation costs could either be modelled and charged for a period prior to the first child moving in or added into the core cost. Preference was for the former as it was more transparent and staff could be used to support preparation and engagement. Proposed period for payment ranged from 6 months to 2 months.
- Barriers to procurement included tenders that required excessive and repetitive detail and specifications that were not outcome focused. Some suppliers also said that they would write their own bid and felt they were disadvantaged against national organisations.

The market engagement feedback indicated that Suppliers felt that a period of 9-12 months for mobilisation was reasonable, from contract award date, however unknowns include delay in purchase of properties, identification of registered managers and Ofsted registration. All Suppliers will submit a detailed project plan as part of their bid and will be required to engage in regular meetings to report progress. Herefordshire Council intend to support the successful Supplier and have a strong working group to include strategic housing within its membership. Many Suppliers evidenced robust approaches towards implementation and were highly experienced at mitigating delay. Given the small home size it is expected that there will only be a small delay between the first and second child moving in circa two weeks. Timely preparation of young people will ensure that they are identified and supported to move avoiding delay.

Appendix 3 - Equality Impact Assessment (EIA) Form

Please read EIA guidelines when completing this form

1. Name of Service Area/Directorate

Name of Head of Service for area being assessed: Darryl Freeman (Corporate Director)
Directorate: Children and Young People
Individual(s) completing this assessment: Zoe Richards
Date assessment completed 30/08/23

2. What is being assessed

Activity being assessed (eg. policy, procedure, document, service redesign, strategy etc.)

Options to meet assessed need for residential care home provision in county for children and young people aged 11-18 and to explore options for delivery.

What is the aim, purpose and/or intended outcomes of this activity?

To ensure that we meet our statutory duties and have available sufficient capacity and placement options to meet the assessed needs of children within our care.

To ensure that no child should be placed out of area unless it is specified within their care plan and that any home offered should proactively meet their needs, working towards reunification or alternative family based care when safe to do so.

Name of lead for activity

Zoe Richards

Who will be affected by the development and implementation of this activity?

- Service users
- Patients
- Carers
- Visitors
- Staff
- Communities
- Other:

Is this:

- Review of an existing activity/policy
- New activity/policy
- Planning to withdraw or reduce a service, activity or presence?

What information and evidence have you reviewed to help inform this assessment? (name your sources, eg. demographic information for services/staff groups affected, complaints etc.)

The options appraisal and business case have been developed over the last six months and have been worked up via a group of professionals across finance, housing children social care and commissioning.

Costs associated with purchasing/ renting properties, maintenance and refurbishment were projected using live data. Costs associated with staffing were developed by finance using current staffing costs and were benchmarked against external recruitment adverts.

Demand for provision of residential homes has been projected from published data, spend analysis, and has been ratified through operational deep dive activity by senior operational managers. The aim of this intensive child level review was to understand how permanency could best be achieved and what placement arrangements would be needed to achieve the care plans in place. Significant progress is being made to ensure that all children who can be within their family network or within permanent family based homes are on a pathway to achieve this. For some young people however, this is not yet in their best interest and a quality residential home is what they need. As such operational managers have confirmed the need for a small number of homes that can work collaboratively with local services to promote outcomes in line with Herefordshire`s commitments and duties.

National and regional data was used to benchmark our understanding of sufficiency and to inform options appraisal including risks and opportunities.

Market engagement was undertaken at local and regional level to explore the appetite for procurement and to gain insight into challenges that providers faced.

Summary of engagement or consultation undertaken (eg. who and how have you engaged with, or why do you believe this is not required)

Engagement with young people has not been undertaken locally however the lead for corporate parenting has been able to reflect the feedback made available throughout consultation and engagement events.

If elected members are minded to approve any of the options to deliver new residential home we intend to seek out children and young people 11+ to work with us and inform the following:

- 1) Development of specification to include staffing, training, physical requirements, performance indicators and programmes to support preparation for next steps
- 2) Development of ITT questions to help shape our understanding of the proposal
- 3) Interview – panel membership with support and preparation
- 4) Engagement in ongoing review and monitoring
- 5) Young people who are offered a home within the provision will be enabled to be part of ongoing `home` management and will be encouraged to develop protocols for living within the home. It is expected that young people will be engaged to furnish their rooms and communal areas.

As part of the proposed procurement we would seek engagement from relevant local community networks and the police to inform any specification and location. Questions within ITT will seek to explore considerations for neighbourhood engagement, environmental impact and social value.

Summary of relevant findings

Data reports from Mosaic 1st April-30th June 2023 reported a total of 45 children and young people 11-17 (10.9% of the total CLA) were placed within residential provision. This is a reduction of 25% from 1 July -30 Sept 2022. This number includes disabled children, many of whom are placed in county following a successful engagement campaign with local providers. Other children may be placed in specialist homes out of county due to their specific care needs and would not be a suitable match for the proposed arrangements.

The options appraisal and subsequent business case indicate a need to develop in-house residential care homes for children with social and emotional needs. This would meet the need for some children to live in county, access schools and maintain family ties whilst benefitting from specialist support.

There is a projected need for children with complex trauma, to include multiple placement breakdowns, who cannot yet live in a family home. It is believed that developing an arrangement either as in –house or block procured will enable Children Services to work more effectively, promote outcomes and deliver better value for money.

Despite there being multiple providers in area, Herefordshire have struggled to place children as vacancies arise due to historic reputational concerns, timing of referrals to vacancies and the challenging market position that means authorities across the UK are competing for beds and are willing to pay whatever is asked. As such, prices are sharply increasing, providers are often refusing children with more complex needs and the quality of experience across care, education and health is reduced.

It is recommended that 2x2 bed homes are developed under one provider to offer maximum value and achieve maximum occupancy. Matching becomes more complicated the larger a home is and as such smaller homes are recommended. Modelling has assumed 80% occupancy allowing for effective planning and preparation to take place in order to achieve stability and avoid placement breakdown.

3. The impact of this activity

Please consider the potential impact of this activity (during development and implementation) on each of the equality groups outlined below. **Please tick one or more impact box below for each Equality Group and explain your rationale.** Please note it is possible for the potential impact to be both positive and negative within the same equality group and this should be recorded. Remember to consider the impact on staff, public, patients, carers, partner organisations, etc. in these equality groups.

Equality Group	Potential <u>positive</u> impact	Potential <u>neutral</u> impact	Potential <u>negative</u> impact	Please explain your reasons for any potential positive, neutral or negative impact identified
Age	X			Children and young people aged 11-18 will have increased options available to them if their assessed need is for residential care. Their education will be less disrupted and they will maintain local connection to access services such as housing post 18. Living locally will maintain friendship group and contact with family where appropriate.

Equality Group	Potential <u>positive</u> impact	Potential <u>neutral</u> impact	Potential <u>negative</u> impact	Please explain your reasons for any potential positive, neutral or negative impact identified
Disability		X		Analysis has indicated that there is no requirement to source additional residential care for disabled children and young people, as there is sufficient provision of quality and value locally.
Gender Reassignment	X			Recent permanency work has identified a number of children who are identifying as gay, lesbian, non-binary or transgender. As such, this provision would enable Herefordshire to meet their needs and provide support more effectively through clear expectations, specification and monitoring. We will ensure that all documentation is developed appropriately and training is in place.
Marriage & Civil Partnerships		X		This is for single children and young people under 18
Pregnancy & Maternity		X		This is for single children and young people under 18. Should any young person become pregnant or become a parent their needs would be assessed and appropriate support be given.
Race (including Travelling Communities and people of other nationalities)	X			This proposal seeks to develop sufficient provision in area to meet the assessed needs of children and young people who are in care. As such, this provision would enable Herefordshire to meet need and provide support more effectively through clear expectations, specification and monitoring. We will ensure that all documentation is developed appropriately and training is in place to reflect cultural and religious diversity. Provision will allow transition into, through and between services according to care plans.
Religion & Belief	X			This proposal seeks to develop sufficient provision in area to meet the assessed needs of children and young people who are in care. As such, this provision would enable Herefordshire to meet need and provide support more effectively through clear expectations, specification and monitoring. We will ensure that all documentation is developed appropriately and training is in place to reflect cultural and religious diversity. Provision will allow transition into, through and between services according to care plans.
Sex (including issues of safety and sexual violence)	X			This proposal seeks to develop sufficient provision in area to meet the assessed needs of children and young people who are in care. As such, this provision would enable Herefordshire to meet need and provide support more effectively through clear expectations, specification and monitoring. We will ensure that all documentation is developed appropriately and training is in place to reflect cultural and religious diversity. Provision will allow transition into,

Equality Group	Potential <u>positive</u> impact	Potential <u>neutral</u> impact	Potential <u>negative</u> impact	Please explain your reasons for any potential positive, neutral or negative impact identified
				through and between services according to care plans.
Sexual Orientation	X			This proposal seeks to develop sufficient provision in area to meet the assessed needs of children and young people who are in care. As such, this provision would enable Herefordshire to meet need and provide support more effectively through clear expectations, specification and monitoring. We will ensure that all documentation is developed appropriately and training is in place to reflect cultural and religious diversity. Provision will allow transition into, through and between services according to care plans.
Other Vulnerable and Disadvantaged Groups (eg. carers, care leavers, homeless, social/ economic deprivation, etc)	X			This strategy seeks to develop sufficient provision in area (where this is appropriate) to meet the assessed needs of children and young people who are in care or care leavers. Provision will allow transition into, through and between services according to care plans.
Health Inequalities (any preventable, unfair & unjust differences in health status between groups, populations or individuals that arise from the unequal distribution of social, environmental & economic conditions within societies)	X			<p>This strategy seeks to develop sufficient provision in area (where this is appropriate) to meet the assessed needs of children and young people who are in care or care leavers. Provision will allow transition into, through and between services according to care plans.</p> <p>Provision of support in area will enable young people to access consistent support i.e. from CAMHS avoiding cross boundary challenges.</p> <p>Children with EHCP will have oversight locally and will be able to access the range of educational arrangements including additional resource provision where appropriate.</p>

What actions will you take to mitigate any potential negative impacts?

Potential negative impact	Actions required to reduce/ eliminate negative impact	Who will lead on action?	Timeframe
NA			

Where an impact on any of the Equality Groups is realised after the implementation of the project/service/policy, the commissioners and/or providers of the project/service/policy will seek to minimise the impact and carry out a full review of this EIA.

4. Monitoring and review

How will you monitor these actions?

Ongoing monitoring of the service will be undertaken across Commissioning and Operational managers. KPI will be established and will inform improvement plans and the wider sufficiency report.

When will you review this EIA? (eg in a service redesign, this EIA should be revisited regularly throughout the design & implementation)

In line with any future procurement or contract extension

5. Equality Statement

- All public bodies have a statutory duty under the Equality Act 2010 to set out arrangements to assess and consult on how their policies and functions impact on the nine protected characteristics.
- Herefordshire Council will challenge discrimination, promote equality, respect human rights, and design and implement services, policies and measures that meet the diverse needs of our service, and population, ensuring that none are placed at a disadvantage over others.
- All staff are expected to deliver services and provide services and care in a manner which respects the individuality of service users, patients, carers etc, and as such treat them and members of the workforce respectfully, paying due regard to the 9 protected characteristics.

Signature of person completing EIA

Zoe Richards

Date signed

30/8/23

Appendix 4 - Point in time review 24th October 2023

- Nine young people aged 11-17 were identified who could have been appropriately placed within the proposed provision. The average cost currently of services being commissioned is £7,500 and the range of weekly charges is from £4,800 to £11,900. Note this is social care contribution only and one placement is currently tripartite funded at £19,500 per week.
- None of these children/young people have Child Sexual Exploitation risks that would prevent matching however some individuals have some level of sexually harmful behaviour. It is felt reasonable to suggest that robust risk assessment, commissioned intervention and support could enable placement and potentially matching within the proposed provision. These children need more local provision.
- It is believed probable that had these children/young people been placed in the proposed provision within county the Local Authority some would have had been able to manage a phased return home or into foster care avoiding delay and lengthy stays in residential provision. This would be possible due to enhanced oversight, improved relationships, access to consistent therapeutic and educational support and bespoke wrap around support. Having a robust escalation policy to challenge any refusal of placement would support a shared understanding and model of support. The Supplier must have experience and confidence in meeting the needs of children/young people who challenge through behaviours deemed risky.

Appendix 5 – Risk

Risk	Mitigation
Capacity to deliver programme management, legal, technical, contract management and procurement support as required	Legal/commercial/finance support has been requested in advance. Development of procurement paperwork has started at the request of Cllr Powell
Financial affordability and viability - Financial risk will sit with the Council if breakeven occupancy is not achieved	<p>Ongoing work with finance to model costs and potential cost avoidance using current figures.</p> <p>Efficiencies in line with reduced travel costs and time will be modelled.</p> <p>Modelled uplift within contract will limit the impact of annual spot purchase uplifts and allow for financial planning</p>
<p>If a decision to progress is delayed and tender is not published December 2023 the Council will continue to be subject to the volatile market with high cost and low control over quality. Children and young people with SEMH needs will continue to be placed out of area, losing contact with communities, families, friends and school.</p> <p>Costs associated with travel and family time will continue. Officers will spend time traveling across the country.</p> <p>The Council will face reputational damage with Suppliers who have engaged with us</p>	<p>Work to develop tender documentation and ensure we are ready to publish at the earliest point has been undertaken.</p> <p>A strong working group is in place to manage the tender, implementation and ongoing monitoring.</p> <p>Ongoing engagement with local Suppliers will continue however this is not expected to deliver sufficient new capacity and will not allow for the planning required to support moves from out of county.</p>

Appendix 6 – Stakeholders

The full list of stakeholders consulted will include:

- Our cared for children and young people/ care experienced individuals
- Local residents/community
- Local Ward Members
- Strategic housing
- Education
- Planning
- Commissioning
- Finance
- Procurement
- Suppliers of residential provision –two market engagement events and bespoke conversation
- Partners – Police, Children and Adolescent Mental Health Services (CAMHS), Schools, Clinical Commissioning Group (CCG)
- Children services
- All Officers and Councillor as Corporate Parents
- Legal
- Communication and engagement



Title of report: Quarter 2 Budget Report

Meeting: Cabinet

Meeting date: Thursday 23 November 2023

Cabinet member: Peter Stoddart, finance and corporate services

Report by: S151 officer

Report Author: Head of Strategic Finance (deputy S151)

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose

To report the forecast position for 2023/24, including explanation and analysis of the drivers for the material budget variances, and outline current and planned recovery activity to reduce the forecast overspend.

To provide assurance that progress has been made towards delivery of the agreed revenue budget and service delivery targets, and that the reasons for major variances are understood and are being addressed to the cabinet's satisfaction.

The forecast 2023/24 outturn shows a net overspend of £13.8 million at Quarter 2.

Recommendation(s)

That: Cabinet

- a) review the financial forecast for 2023/24, as set out in the appendices A-D, and identifies any additional actions to be considered to achieve future improvements;
- b) Note the forecast revenue outturn position at Quarter 2 2023/24 of a £13.8 million overspend, before management action, and the potential impact of this overspend on the council's reserves;
- c) Note the impact of the 2023/24 forecast outturn on the 2024/25 budget requirement and the future financial sustainability of the council;
- d) Request that Scrutiny Management Board reviews the budget monitoring position and that relevant Cabinet Members provide explanation for key variances and actions identified to address key pressures; and

- e) **Agree the continuation and strengthening of management actions to reduce the forecast overspend as identified in this report.**

Alternative options

1. Cabinet may choose to review financial, delivery and operational performance more or less frequently; or request alternative actions to address any identified areas of under-performance, including referral to the relevant scrutiny committee.

Key considerations

Revenue Forecast Outturn

2. This report presents the Quarter 2 revenue forecast outturn position for 2023/24 and highlights the continuing impact of increasing demand for adult and children's social care and the challenging national and global economic environment. Detailed explanations for variances from budget are set out in Appendix A by Directorate and Service Area.
3. The council's approved net revenue budget for 2023/24 is £193.3 million which includes planned savings of £20.0 million comprising £14.1 million of Directorate savings and £5.9 million of Central budget savings.
4. **The Quarter 2 revenue outturn forecast for 2023/24 shows an overspend of £13.8 million** before management action, including £6.8m of Directorate savings and £0.8m of Central savings assessed as at risk at Quarter 2. This represents a variance of 7.0% against budget with the most significant forecast overspend in Children & Young People (£11.8 million).
5. The forecast revenue outturn position at Quarter 2 by Corporate Director portfolio is shown in Table 2 below. The £4.0 million All Ages Social Care budget has been applied to Directorate budgets in 2023/24 to meet additional demand and cost pressures in Community Wellbeing (£2.6 million) and the Children & Young People (£1.4 million).

Table 1: Quarter 2 Forecast revenue position 2023/24 before management recovery action

2023/24 Forecast Revenue Outturn at Quarter 2 (September 2023)			
	Revenue Budget £m	Forecast Outturn £m	Forecast Variance £m
Community Wellbeing	70.7	71.2	0.5
Children & Young People	52.2	64.0	11.8
Economy & Environment	27.7	28.3	0.6
Corporate Services	26.0	28.0	2.0
All Ages Social Care			
Directorate Total	176.6	191.5	14.9
Central	16.7	15.6	(1.1)
Total	193.3	207.1	13.8

Management Activity and Further Recovery Actions

6. Initial management activity already underway is expected to reduce this forecast overspend to £10.5 million, as set out in Table 2 below, and each Directorate will continue to identify **further recovery action and options to mitigate at risk savings targets** to respond to the significant financial challenges the council is facing and ensure recurrent spending is sustainable within the resources available. Corporate Directors will continue to develop Directorate recovery plans to manage in year delivery of services within the approved budget.
7. As a proactive measure to address the current year overspend, each Directorate will implement additional expenditure controls to support existing recovery activity in 2023/24. Directorate panels will review expenditure on goods and services as well as changes in staffing arrangements to provide increased rigour and challenge over expenditure for the remainder of the financial year. These controls will continue, as part of Directorate financial management, as required in 2024/25.

Table 2: Updated forecast revenue position 2023/24

Updated 2023/24 Forecast Revenue Outturn at Quarter 2 (September 2023)					
	Revenue Budget £m	Forecast Outturn £m	Forecast Variance £m	Management Action £m	Revised Forecast £m
Community Wellbeing	70.7	71.2	0.5	(0.5)	0.0
Children & Young People	52.2	64.0	11.8	(0.3)	11.5
Economy & Environment	27.7	28.3	0.6	(0.6)	0.0
Corporate Services	26.0	28.0	2.0	(1.6)	0.4
Directorate Total	176.6	191.5	14.9	(3.0)	11.9
Central	16.7	15.6	(1.1)	(0.3)	(1.4)
Total	193.3	207.1	13.8	(3.3)	10.5

Savings

8. Council approved a total of £14.1 million Directorate Savings for 2023/24. A review of the delivery and status of the 2023/24 approved savings has been undertaken informed by planned and actual activity in the year to date to determine savings targets at risk of in-year delivery. This review **identifies £6.8 million of this target at risk of delivery** at Quarter 2.
9. The **delivery of savings in full and on time is critical** to ensure the 2023/24 revenue outturn position is balanced and to prevent further pressure on future years' budgets. Progress on delivery of savings and mitigations will continue to be monitored and reported in the next budget monitoring report to Cabinet.
10. A breakdown, by Directorate, of the savings at risk of delivery in 2023/24 is shown in Table 3 below. Explanations for under/non-delivery and planned mitigations, identified as part of Directorate recovery plans, are set out in Appendix D.

Table 3: Assessment of Delivery of Savings at Quarter 2

	Target £m	At Risk £m	In Progress £m	On Target £m	Delivered £m
Community & Wellbeing	6.1	1.1	2.2	0.4	2.4
Children & Young People	4.5	4.5	-	-	-
Economy & Environment	2.2	0.9	-	0.5	0.8
Corporate Services	1.3	0.3	0.6	0.1	0.3
Total	14.1	6.8	2.8	1.0	3.5

Capital Budget

11. The 2023/24 approved capital budget of £140.3 million has been revised to £89.7 million. The revised capital budget includes £18.8m of unspent project budgets brought forward from 2022/23, approved movements of (£0.6m) and £10.2m of additional grants. Capital budgets have been reprofiled in line with expected delivery Appendix B Table c, this has reduced 23/24 budget by £78.9m and this has been reallocated this across the following three years. A summary breakdown is shown in the Table below.

	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total
February 2023 Council Approved Budget	140,283	103,771	52,177	6,270	302,501
Budget Reprofile	(78,948)	45,527	25,424	7,997	-
Other approved movements	(573)	(3,000)	(9,000)	(1,400)	(13,973)
22/23 Carry Forwards	18,790	-	-	-	18,790
Additional Grants	10,156	9,140	300	400	19,996
Revised Capital Budget	89,708	155,438	68,901	13,267	327,314

12. The forecast spend position is £64.2 million which represents an under spend of £25.5 million against a budget of £89.7 million. Full details for each project are in Appendix B, Table a. This underspend consists of £2.1 million projects that have delivered below the project budget and a further £23.4 million of budgets where the projects are on hold awaiting successful grant bids or review before any continuation. This forecast under spend position may change if any project delivery are further delayed or the review of the capital programme changes any project budgets. The full capital programme analysed by project for current and future years can be seen in detail by Appendix B Table b.

Community impact

13. In accordance with the accepted code of corporate governance, the council must ensure that it has an effective financial control framework to support delivery of services within the agreed budget. The council is accountable for how it uses the resources under its stewardship, including accountability for outputs and outcomes achieved. In addition the council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies.

Further information on the subject of this report is available from
Rachael Hart, Tel. 01432 383775, email Rachael.Hart@herefordshire.gov.uk

Environmental Impact

14. The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
15. This report is to review the financial forecast at Quarter 2 of 2023/24 so will have minimal environmental impacts, however consideration has been made to minimise waste and resource use in line with the council's Environmental Policy.

Equality duty

16. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

 - a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
17. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Whilst this paper is not seeking any project specific decisions, in determining the council's budget allocation, the council is working towards its equality objectives (found here). In addition, projects identified within the delivery plan, where relevant, will be subject to an Equality Impact Assessment to ensure appropriate attention is given to our Equality Duty.
18. These recommendations have no direct financial implications, however cabinet may wish to consider how money is utilised in order to meet the council's objectives.

Legal implications

19. There are no direct legal implications arising from this report.

Risk management

20. The risks associated with the council's business are recorded on the relevant service risk register and escalated in accordance with the council's Performance Management Framework and Risk Management Plan. The highest risks, i.e. those scoring greater than 16 after controls, are escalated to the council's Corporate Risk Register.

Resource Implications

21. These recommendations have no direct financial implications, however cabinet may wish to consider how money is utilised in order to meet the council's objectives.

Consultees

22. None in relation to this report.

Appendices

Appendix A - Revenue forecast

Appendix B – Capital forecast

Appendix C - Treasury management forecast

Appendix D - Savings delivery

Background papers

None Identified

Appendix A: 2023/24 Revenue Outturn Quarter 2 (September 2023)

2023/24 Forecast Revenue Outturn at Quarter 2 (September 2023)			
	2023/24 Revenue Budget £m	Q2 Forecast Outturn £m	Q2 Forecast Variance £m
Community Wellbeing	70.7	71.2	0.5
Children & Young People	52.2	64.0	11.8
Economy & Environment	27.7	28.3	0.6
Corporate Services	26.0	28.0	2.0
All Ages Social Care			
Directorate Total	176.6	191.5	14.9
Central	16.7	15.6	(1.1)
Total	193.3	207.1	13.8

Community Wellbeing	2023/24 Approved Revenue Budget £'000	Q2 Forecast Outturn £'000	Q2 Forecast Variance £'000
Learning Disabilities	24,779	24,912	133
Memory & Cognition	2,402	2,601	199
Mental Health	3,918	3,621	(297)
Physical Support	34,009	34,706	697
Sensory Support	410	341	(69)
All Ages Social Care	2,368	-	(2,368)
Client sub-total	67,886	66,181	(1,705)
All Ages Commissioning	2,713	2,887	174
Care Operations	6,815	7,162	347
Commissioned Services	5,527	6,489	962
Transformation and Improvement	1,083	968	(115)
Housing	1,137	1,382	245
Prevention and Support	1,774	1,476	(298)
Talk Community Programme	1,775	1,682	(93)
Director and Management	(20,599)	(19,608)	991
Public Health	100	100	0
Non-client sub-total	325	2,538	2,213
Adults, Health and Wellbeing Portfolio	68,211	68,719	508
Cultural Services	2,145	2,104	(41)
Community Services and Assets Portfolio	2,145	2,104	(41)
Strategic Housing	359	351	(8)
Economy and Growth Portfolio	359	351	(8)
Directorate Total	70,715	71,174	459

Key variances from budget (> £250k) at Q2:

£0.7m overspend (Learning Disability) due to a combination of cost pressures resulting from increased complexity in care needs as well as demand pressures within Residential Care.

£1.6m overspend (Physical Support) due to both cost and demand pressures in Residential care, cost pressures in Nursing care and demand pressures in Homecare.

£0.5m overspend (Care Operations and All Ages Commissioning) due to agency/interim cost pressures.

Children & Young People	2023/24 Approved Revenue Budget £'000	Q2 Forecast Outturn £'000	Q2 Forecast Variance £'000
Children's Commissioning	461	479	18
Director's Office	870	1,414	544
Total Improvement	5,882	3,322	(2,560)
Total Youth Offending	197	190	(7)
Total Children's Directorate Costs	7,410	5,405	(2,005)
Additional Needs	6,049	8,438	2,389
Commissioning Management	873	763	(110)
Development and Sufficiency	516	405	(111)
Early Years	90	152	62
Education Improvement	470	514	44
Total Education and Commissioning	7,998	10,272	2,274
Total Children in Need	5,072	7,283	2,211
Total Early Help	2,022	2,401	379
Total Looked After Children	26,617	34,649	8,032
Total Safeguarding and Early Help	1,313	1,911	598
Total Safeguarding and Review	1,167	1,452	285
Total Safeguarding and Development	618	668	50
Total Safeguarding and Family Support	36,809	48,364	11,555
Directorate Total	52,217	64,041	11,824

Key variances from budget (> £250k) at Q2:

£0.2m underspend representing reduced costs in respect of Looked After Children

£0.2m total underspends across various Directorate budgets

£4.5m overspend representing Savings Targets 'At Risk'

£3.0m cost pressures in respect of Agency Staff

£2.0m overspend representing additional demand in SEN Transport

£0.7m overspend in Agency Fostering

£0.6m overspend due to additional demand in Complex Needs

£0.5m overspend re additional expenditure to support Practice Improvement

£0.5m overspend due to cost pressures in respect of In-House Fostering

£0.4m overspend to support UASC

Economy & Environment	2023/24 Approved Revenue Budget £'000	Q2 Forecast Outturn £'000	Q2 Forecast Variance £'000
Management	(218)	627	845
Economy and Growth	1,347	2,795	1,448
Environment, Highways and Waste	26,606	24,925	(1,681)
Directorate Total	27,735	28,347	612

Key variances from budget (> £250k) at Q2:

£0.4m underspend in Energy costs representing £0.7m of reduced Electricity costs offset by £0.3m increase in Gas costs
£0.4m net underspend in respect of Concessionary Travel
£0.4m net underspend in respect of Employees and Consultants
£0.2m additional income for Trade Waste
£0.2m total underspends across various Directorate budgets
£0.9m overspend representing Savings Targets 'At Risk'
£1.3m reduced income for Development Planning and Building Control

Corporate Services	2023/24 Approved Revenue Budget £'000	Q2 Forecast Outturn £'000	Q2 Forecast Variance £'000
Chief Executive's Office	1,069	1,488	419
Corporate Support Services	4,157	4,240	83
Governance and Legal Services	5,823	5,429	(394)
HR and Organisational Development	1,779	1,838	59
Strategic Assets	2,747	2,811	64
Strategic Finance	7,225	7,303	78
Transformation, PMO and Performance	3,141	4,853	1,712
Directorate Total	25,941	27,962	2,021

Key variances from budget (> £250k) at Q2:

£0.4m overspend (Public Relations Office) due to staffing and agency cost pressures
£0.4m underspend (Governance & Legal) representing staff vacancy savings
£0.3m overspend (Strategic Assets) representing savings targets at risk – this is partially offset by increase rental income
£1.0m overspend (Transformation Programme) in respect of Thrive Transformation costs
£1.2m overspend (Programme Management Office) arising due to staffing cost pressures – this is partially offset by an underspend of £0.4m in the Special Projects budget.

Central	2023/24 Approved Revenue Budget £'000	Q2 Forecast Outturn £'000	Q2 Forecast Variance £'000
Total	16,697	15,587	(1,110)

Key variances from budget (> £250k) at Q2:

£0.8m overspend (Thrive) as a result of savings assessed as at risk in 2023/24; delivery expected in 2024/25.
£1.9m underspend (Treasury Management - Interest receiveable) representing additional income in 2023/24.

Appendix B

Table A - 2023/24 Capital Programme Forecast
Position September 2023

					2023/24			
Adjustments include 22/23 carry forwards and additional grants allocations	2023/24 Original Budgets £000s	Adjustments in Year £000s			Current Capital Budget £000s	Q2 Forecast £000s	Forecast Variance to Current Budget £000s	Reason for Forecast Variance to Current Capital Budget
		2022/23 C/Fwd	Reprofile Table C	Grant & Other changes Table B				
Disabled facilities grant	2,540	1,223		467	4,229	4,229	0	
Super Hubs	2,000	0		0	2,000	0	-2,000	The scheme is currently under review and subject to the capital review, therefore no spend is expected in this financial year.
Total Community Wellbeing Delivery Board	4,540	1,223	0	467	6,229	4,229	-2,000	
Hillside	0	121		0	121	121	0	
Empty Property Investment & Development	900	19		0	919	919	0	
Gypsy & Traveller Pitch development	1,092	4	-1,046	0	50	50	0	
Single Homelessness Accommodation Programme (SHAP)				455	455	455	0	
Strategic Housing Development	6,200	1,180		0	7,380	52	-7,328	Acquisitions did not go ahead as anticipated and therefore no building works have commenced.
Private sector housing improvements	0	111		0	111	111	0	

Total Housing & Accommodation Delivery Board	8,192	1,435	-1,046	455	9,036	1,708	-7,328	
Electronic Document Management Storage	0	12		0	12	0	-12	Project has completed under budget
Capital Development Fund	500	500		0	1,000	0	-1,000	No projects have been approved to use this funding.
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)	0	412		0	412	412	0	
HARC SAN Lifecycle Replacement	372	0	-370	0	2	2	0	
Data Centre Equipment Lifecycle Replacement	329	0		0	329	329	0	
Windows Server Upgrades	330	0		0	330	330	0	
Backup Storage	82	0		0	82	52	-30	Project has completed under budget
Device and Ancillary kit replacement programme	365	0	-100	0	265	265	0	
M365 E5 Implementation	300	0		0	300	300	0	
Primary Data Storage Area Network (Plough Lane)	0	63		0	63	11	-52	Project has completed under budget
Total IT Services Partnership Board	2,278	987	-470	0	2,795	1,701	-1,094	
Flexible Futures	0	582		0	582	582	0	
My Account	130	302		0	432	7	-425	Phase 1 was completed under budget
Total Corporate Transformation Delivery Board	130	883	0	0	1,013	589	-425	

Schools Capital Maintenance Grant	3,908	1,751	-2,707	33	2,986	2,986	0
Peterchurch Area School Investment	7,350	96	-7,416	0	30	30	0
Brookfield School Improvements	3,654	177	-3,080	0	750	750	0
High Needs Grant	1,077	223	-1,150	0	150	150	0
Basic Needs Funding	7,496	178	-7,474	0	200	200	0
Preliminary works to inform key investment need throughout the county	0	303	-23	0	280	280	0
School Accessibility Works	1,000	3	-672	0	331	331	0
Estates Capital Programme 2019/22	1,810	511	-1,656	0	666	666	0
Residual property works identified in the 2019 condition reports	193	1,159	-650	0	701	701	0
Estates Building Improvement Programme 22-25	1,414	1,155	-871	0	1,698	1,698	0
Estates Building Improvement Programme 2023-25	2,460	0	-1,500	-180	780	780	0
Fly-Tipping Intervention Scheme	0	0		30	30	30	0
Upgrade of Hereford CCTV Cameras	0	4		0	4	4	0
Changing Places	0	0		287	287	287	0
Hereford Library	200	0	-200		0	0	0

Total Asset Management Delivery Board	30,562	5,560	-27,399	170	8,893	8,893	0	
E & E's S106	3,703	855	-2,578	0	1,979	1,979	0	
C & F's S106	1,017	359	-516	0	860	860	0	
Total Planning Delivery Board	4,720	1,213	-3,094	0	2,839	2,839	0	
Local Transport Plan (LTP)	15,466	0		0	15,466	15,466	0	
Priority Flood Repair Works	0	1,159		0	1,159	347	-812	Works will complete under budget and not use the contingency.
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	392	16	-151	0	256	94	-163	Some areas will be delivered under budget but some budget will carry forward for delivery of equipment.
Public Realm Maintenance - Mitigating Risk on the Network	2,475	1,374	-193	0	3,656	3,656	0	
Highways Maintenance and pot hole repairing 2023/24	0	0		2,558	2,558	2,558	0	
Winter Resilience	145	532	-450	0	227	227	0	
Highways Equipment	0	507		0	507	507	0	
Natural Flood Management	234	255	-269	0	220	220	0	
Highways Infrastructure Investment	4,085	0	-2,750	0	1,335	1,335	0	
Public Realm Improvements for Ash Die Back	315	0		0	315	315	0	
Moving Traffic Enforcement Phase 2	144	0	-119	0	25	25	0	

Masters House	762	0		0	762	0	-762	No grant funding to do these works has been awarded.
Total Highways Maintenance Delivery Board	24,018	3,843	-3,933	2,558	26,486	24,750	-1,737	
Integrated Wetlands	0	-152	-339	900	410	410	0	
Solar Photovoltaic Panels	1,175	97	-1,007	0	265	265	0	
Wye Valley AONB	80	42		34	155	155	0	
SEPUBU Grant	290	54		0	344	17	-327	Not enough schemes have come forward to utilise the grant.
Waste	18,090	0	-18,090	0	0	0	0	
E-Cargo Bike Share	73	0		12	85	85	0	
Herefordshire Retrofit Hub	2,042	0		0	2,042	0	-2,042	No grant funding to do these works has been awarded.
Local Electric Vehicle Infrastructure Capital Fund (LEVI)				124	124	124	0	
Green Homes Grant - Local Authority Delivery	0	293		0	293	209	-84	Not enough schemes have come forward to utilise all the grant.
Home Upgrade Grant	3,098	1,203		0	4,301	3,733	-568	Not enough schemes have come forward to utilise all the grant.
Total Environment & Sustainability Delivery Board	24,848	1,537	-19,436	1,070	8,019	4,998	-3,021	
Hereford Enterprise Zone	200	221		0	421	421	0	
Marches Business Investment Programme	205	340		0	544	486	-58	Not enough schemes have come forward to utilise all the grant.
Employment Land & Incubation Space in Market Towns	3,000	500	-3,400	0	100	100	0	
Leominster Heritage Action Zone	1,833	176	-653	0	1,356	1,356	0	

Safer Streets / CCTV	0	43		0	43	4	-39	Work complete under budget.
Fastershire Broadband	2,767	-1,551	3,024	0	4,240	4,240	0	
Development Partnership activities	1,975	25		0	2,000	0	-2,000	No projects are currently being progressed and this budget is subject to the capital review.
Total Economic Development Delivery Board	9,980	-247	-1,029	0	8,705	6,608	-2,097	
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	10,800	-135	-9,965	0	700	700	0	
Stronger Towns Fund - Greening the City	332	-3	-300	-6	23	23	0	
UK Shared Prosperity Fund	210	81		0	290	290	0	
Rural Prosperity Fund	850			0	850	850	0	
Stronger Towns Fund - Maylord Orchard Redevelopment and Learning Resource Centre	2,732	334	-2,611	0	455	455	0	
Total Major External Funded Delivery Board	14,924	276	-12,876	-6	2,318	2,318	0	
Hereford City Centre Transport Package	4,899	1,356	-4,755	0	1,500	1,500	0	
Hereford City Centre Improvements (HCCI)	1,892	608	-300	0	2,200	2,200	0	
Hereford ATMs and Super Cycle Highway	1,000	0	-650	0	350	350	0	
Emergency Active travel Fund	0	119		0	119	119	0	
Active Travel Fund 4	0	0	-150	306	156	156	0	

LUF - Active Travel Measures (north of river)	0	-1	-525	1,026	500	500	0	
LUF - Active Travel Measures (south of river)	0	-2	-3,286	4,038	750	750	0	
Passenger Transport Fleet (Electric)	7,800	0		0	7,800	0	-7,800	No grant funding to do these works has been awarded.
Total Sustainable Transport & Place Making Delivery Board	15,592	2,080	-9,666	5,370	13,375	5,575	-7,800	

Total	139,783	18,790	-78,948	10,083	89,708	64,207	-25,501	
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Projects likely to be delayed into 23/24, some with no decisions yet made on spend, others with delays in delivery.	0
Projects are on hold awaiting successful grant bids or review before continuation	-23,357
Project to deliver under budget or not spend full grant allocation	-2,144
	-25,501

Table B – Overall Capital Programme position 2023/24

Project Name	Prior Years £000s	2023/24 budget £000s	2024/25 budget £000s	2025/26 budget £000s	2026/27 budget £000s	Total scheme budget £000s
Disabled facilities grant	0	4,229	2,000	0	0	6,229
Super Hubs	0	2,000	0	0	0	2,000
Total Community Wellbeing Delivery Board	0	6,229	2,000	0	0	8,229
Hillside	879	121	0	0	0	1,000
Empty Property Investment & Development	0	919	0	0	0	919
Gypsy & Traveller Pitch development	781	50	1,046	0	0	1,877
Single Homelessness Accommodation Programme (SHAP)	0	455	455	0	0	910
Strategic Housing Development	212	7,380	6,504	5,904	0	20,000
Private sector housing improvements	88	111	0	0	0	199
Total Housing & Accommodation Delivery Board	1,959	9,036	8,005	5,904	0	24,904
Electronic Document Management Storage	303	12	0	0	0	315
Capital Development Fund	0	1,000	0	0	0	1,000
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)	143	412	0	0	0	555
HARC SAN Lifecycle Replacement	0	2	370	0	0	372
Data Centre Equipment Lifecycle Replacement	0	329	0	0	0	329
Windows Server Upgrades	0	330	0	0	0	330
Backup Storage	0	82	0	0	0	82
Device and Ancillary kit replacement programme	0	265	365	415	548	1,593
M365 E5 Implementation	0	300	150	0	0	450
Primary Data Storage Area Network (Plough Lane)	272	63	0	0	0	335
Total IT Services Partnership Board	718	2,795	885	415	548	5,361
Flexible Futures	268	582	0	0	0	850

My Account	11	432	0	0	0	443
Total Corporate Transformation Delivery Board	280	1,013	0	0	0	1,293
Schools Capital Maintenance Grant	0	2,986	3,902	0	0	6,888
Peterchurch Area School Investment	232	30	3,175	5,716	1,700	10,853
Brookfield School Improvements	375	750	3,875	0	0	5,000
High Needs Grant	77	150	3,328	500	0	4,055
Basic Needs Funding	0	200	5,000	5,000	6,084	16,284
Preliminary works to inform key investment need throughout the county	213	280	23	0	0	516
School Accessibility Works	0	331	672	0	0	1,003
Estates Capital Programme 2019/22	3,760	666	1,656	0	0	6,082
Residual property works identified in the 2019 condition reports	40	701	650	0	0	1,392
Estates Building Improvement Programme 22-25	174	1,698	1,135	0	0	3,007
Estates Building Improvement Programme 2023-25	0	780	2,747	0	0	3,527
Fly-Tipping Intervention Scheme	0	30	0	0	0	30
Upgrade of Hereford CCTV Cameras	38	4	0	0	0	42
Changing Places	0	287	0	0	0	287
Hereford Library	145	0	200	0	0	345
Total Asset Management Delivery Board	5,055	8,893	26,362	11,216	7,784	59,310
E & E's S106	0	1,979	4,045	1,548	0	7,572
C & F's S106	0	860	1,047	2,084	0	3,992
Total Planning Delivery Board	0	2,839	5,092	3,632	0	11,563
Local Transport Plan (LTP)	0	15,466	15,466	0	0	30,932
Priority Flood Repair Works	2,868	1,159	0	0	0	4,027
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	1,891	256	151	0	0	2,299
Public Realm Maintenance - Mitigating Risk on the Network	1,101	3,656	193	0	0	4,950
Highways Maintenance and pot hole repairing 2023/24	0	2,558	0	0	0	2,558

Winter Resilience	0	227	740	435	0	1,402
Highways Equipment	41	507	0	0	0	548
Natural Flood Management	97	220	337	336	284	1,274
Highways Infrastructure Investment	0	1,335	6,835	3,985	3,885	16,040
Public Realm Improvements for Ash Die Back	0	315	367	367	367	1,416
Moving Traffic Enforcement Phase 2	0	25	119	0	0	144
Masters House	0	762	0	0	0	762
Total Highways Maintenance Delivery Board	5,998	26,486	24,209	5,123	4,536	66,352
Integrated Wetlands	2,252	748	0	0	0	3,000
Solar Photovoltaic Panels	862	1,272	0	0	0	2,134
Wye Valley AONB	55	155	116	0	0	326
SEPUBU Grant	88	344	0	0	0	432
Waste	0	18,090	0	0	0	18,090
E-Cargo Bike Share	0	85	0	0	0	85
Herefordshire Retrofit Hub	0	2,042	0	0	0	2,042
Local Electric Vehicle Infrastructure Capital Fund (LEVI)	0	124	300	300	400	1,124
Green Homes Grant - Local Authority Delivery	526	293	0	0	0	819
Home Upgrade Grant	522	4,301	4,646	0	0	9,469
Total Environment & Sustainability Delivery Board	4,304	27,455	5,063	300	400	37,521
Hereford Enterprise Zone	14,526	421	0	0	0	14,947
Marches Business Investment Programme	2,884	544	0	0	0	3,428
Employment Land & Incubation Space in Market Towns	341	100	10,000	10,260	0	20,701
Leominster Heritage Action Zone	1,095	1,356	653	0	0	3,104
Safer Streets / CCTV	340	43	0	0	0	383
Fastershire Broadband	26,990	4,240	4,508	0	0	35,738
Development Partnership activities	10,415	2,000	3,000	5,185	0	20,600
Total Economic Development Delivery Board	56,591	8,705	18,161	15,445	0	98,901
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	1,535	700	7,000	8,765	0	18,000

Stronger Towns Fund - Greening the City	81	23	300	0	0	404
UK Shared Prosperity Fund	0	290	845	0	0	1,135
Rural Prosperity Fund	0	850	856	0	0	1,706
Stronger Towns Fund - Maylord Orchard Redevelopment and Learning Resource Centre	434	455	2,611	0	0	3,500
Total Major External Funded Delivery Board	2,050	2,318	11,611	8,765	0	24,744
Hereford City Centre Transport Package	37,224	1,500	5,755	2,500	0	46,979
Hereford City Centre Improvements (HCCI)	3500	2,200	300	0	0	6,000
Hereford ATMs and Super Cycle Highway	0	350	650	0	0	1,000
Emergency Active travel Fund	0	119	0	0	0	119
Active Travel Fund 4	0	156	150	0	0	306
LUF - Active Travel Measures (north of river)	251	500	3,715	0	0	4,466
LUF - Active Travel Measures (south of river)	2	750	8,445	0	0	9,197
Passenger Transport Fleet (Electric)	0	7,800	15,600	15,600	0	39,000
Total Sustainable Transport & Place Making Delivery Board	40,976	13,375	34,615	18,100	0	107,066
Total	117,931	109,143	136,002	68,901	13,267	445,245

	2023/24 Budget £000s	2024/25 Budget £000s	2025/26 Budget £000s	2026/27 Budget £000s	Total
February 2023 Council Approved Budget	140,283	103,771	52,177	6,270	302,501
Reprofile Budget	-78,948	45,527	25,424	7,997	0
Other approved Movements	-573	-3,000	-9,000	-1,400	-13,973
22/23 Carry Forwards	18,790	-	-	-	18,790
Additional Grants	10,156	9,140	300	400	19,996
Revised Capital Budget	89,708	155,438	68,901	13,267	327,314

Grant Additions since February Council

	2023/24	2024/25	2025/26	2026/27	£000s
Levelling up fund for North and South ATMs	5,064	8,349			13,412
Integrated Wetlands - NHB	900				900
Changing Places	287				287
Highways Maintenance and pot hole repairing 2023/24	2,558				2,558
Active Travel Fund 4	306				306
DfE increase to schools maintenance grant 23/24	33				33
Fly-Tipping Intervention Grant	30				30
23/24 DFG additional grant	467				467
Wye Valley AONB additional grant	34	36			70
eCargo Bike Grant	85				85
Greening the City Adjustment for Grant Award	(6)				(6)
Remove LTA Grant assumption	(180)				(180)
Single Homelessness Accommodation Programme (SHAP)	455	455			910
Local Electric Vehicle Infrastructure Capital Grant	124	300	300	400	1,124
	10,156	9,140	300	400	19,996
Other Movements	2023/24	2024/25	2025/26	2026/27	£000s
Remove Care Home project	(500)	(3,000)	(9,000)	-1400	(13,900)
Remove eCargo Bike borrowing requirement	(73)				(73)
	(573)	(3,000)	(9,000)	(1,400)	(13,973)
Total Grants and other movements	9,583	6,140	-8,700	-1,000	6,023

Table C – Reprofiled budget details

Project Name	2023/24 Budgets Adj £000s	2024/25 Budgets Adj £000s	2025/26 Budgets Adj £000s	2026/27 Budgets Adj £000s	Reason
Schools Capital Maintenance Grant	-2,707	2,707	0	0	Phasing delays to some major projects as well as issues around ecology. Ring-fenced grant so has to be carried forward.
Peterchurch Area School Investment	-7,416	0	5,716	1,700	Procurement taking place later than anticipated, due to timeframe will slip into 24/25.
Brookfield School Improvements	-3,080	3,080	0	0	Delays due to agreement on the finance arrangements and transfer of the trust.
High Needs Grant	-1,150	650	500	0	Decision on which projects to progress was later than planned which delayed delivery.
Basic Needs Funding	-7,474	-3,610	5,000	6,084	Kingstone expansion has not progressed, therefore delayed while the decision to expand Aylestone was taken. Ring-fenced grant so has to be carried forward.
Preliminary works to inform key investment need	-23	23	0	0	
School Accessibility Works	-672	672	0	0	Due to some works requiring longer holidays these works will complete next financial year.
Estates Capital Programme 2019/22	-1,656	1,656	0	0	The under spend is mainly due to the Shirehall budget that has been held until a decision on the future use of the site was taken.
Residual property works identified in the 2019 condition reports	-650	650	0	0	Due to some none tender returns and delays to procurement, these works are expected to deliver later than originally planned.
Estates Building Improvement Programme 22-25	-871	871	0	0	
Estates Building Improvement Programme 2023-25	-1,500	1,500	0	0	
Hereford Library	-200	200	0	0	Project on hold until the works begin on the Broad St building.
Total Asset Management Delivery Board	-27,399	8,399	11,216	7,784	
HARC SAN Lifecycle Replacement	-370	370	0	0	Project is still being scoped and therefore delivery delayed.
Device and Ancillary kit replacement programme	-100	0	0	100	Equipment prices have been lower than expected.

Total IT Services Partnership Board	-470	370	0	100	
Gypsy & Traveller Pitch development	-1,046	1,046	0	0	Planning wasn't approved and therefore the project is delayed.
Total Housing & Accommodation Delivery Board	-1,046	1,046	0	0	
E & E's S106	-2,578	2,953	-374	0	Delay to the appointment of professional services.
C & F's S106	-516	696	-181	0	Some school led projects are expected to deliver later than originally anticipated.
Total Planning Delivery Board	-3,094	3,649	-555	0	
Hereford City Centre Transport Package	-4,755	2,255	2,500	0	Construction will be later than planned while waiting for land negotiations and planning.
Hereford City Centre Improvements (HCCI)	-300	300	0	0	Shop Front Grants have an extension from LEP due to slower take up by businesses.
Hereford ATMs and Super Cycle Highway	-650	650	0	0	Procurement of the design consultant for all LUF projects took longer than expected and therefore they are all delayed, including the match funding.
Active Travel Fund 4	-150	150	0	0	
LUF - Active Travel Measures (north of river)	-525	525	0	0	
LUF - Active Travel Measures (south of river)	-3,286	3,286	0	0	
Sustainable Transport & Place Making Delivery Board	-9,666	7,166	2,500	0	
Integrated Wetlands	-339	339	0	0	Development has been paused while awaiting government announcement on housing.
Solar Photovoltaic Panels	-1,007	1,007	0	0	Delays to planned works due to ecology issues and lack of suitable sites.
Waste	-18,090	18,090	0	0	Due to the delivery timescale, any new purchases of vehicles and equipment would arrive next financial year.
Total Environment & Sustainability Delivery Board	-19,436	19,436	0	0	
Employment Land & Incubation Space in Market Towns	-3,400	0	3,400	0	No decisions have yet been taken on how to utilise this budget.
Leominster Heritage Action Zone	-653	653	0	0	Public Realm works are starting later than planned so will complete the following year.

Fastershire Broadband	3,024	-3,024	0	0	Budget has been brought forward with the work planned to be delivered this year.
Total Economic Development Delivery Board	-1,029	-2,371	3,400	0	
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	-151	151	0	0	Gritter to arrive next financial year
Public Realm Maintenance - Mitigating Risk on the Network	-193	193	0	0	Some work will be completed in the following year due to time needed to scope works.
Winter Resilience	-450	450	0	0	Gritter to arrive next financial year
Natural Flood Management	-269	59	97	113	Delay to the start of awarding grants.
Highways Infrastructure Investment	-2,750	2,750	0	0	Awaiting the decision to spend and due to time of year will not deliver this year.
Moving Traffic Enforcement Phase 2	-119	119	0	0	On hold while project reviewed which will delay delivery.
Total Highways Maintenance Delivery Board	-3,933	3,722	97	113	
Stronger Towns Fund - Hereford Museum & Art Gallery	-9,965	1,200	8,765	0	Commencement of construction is going to be later than planned.
Stronger Towns Fund - Greening the City	-300	300	0	0	Still awaiting the design before delivery can commence.
Stronger Towns Fund - Maylord Orchard Redevelopment and LRC	-2,611	2,611	0	0	Delayed while an alternative was reviewed.
Major External Funded Delivery Board	-12,876	4,111	8,765	0	
Total	-78,948	45,527	25,424	7,997	

Budgets are reprofiled in quarter 2 as recommended by External Audit to ensure finance reporting against a more deliverable capital programme. Explanations for reprofiling of the budget are given in the table above.

Appendix C Treasury Management Interim Quarter 2 Update Report (30 September 2023)

This report ensures the council demonstrates best practice in accordance with CIPFA's recommendations in their Code of Practice for Treasury Management, by keeping members informed of treasury management activity.

1. The UK Economy

- The Bank of England's Monetary Policy Committee (MPC) maintained the Bank Rate of 5.25% at its meeting of 20 September 2023, ending a run of 14 consecutive increases. This was a close vote with a 5-4 majority.
- The MPC is expecting inflation to fall significantly during the course of the year, despite the renewed upward pressure from oil prices as further declines in food and core goods inflation is anticipated. Inflation in terms of services is projected to remain broadly unchanged in the near term, with some potential month-to-month volatility.

2. The Council's Investments

2.1 At 30 September 2023 the council held the following investments:

Investment	Term	Maturity Date	Interest Rate	Amount invested
				£m
<u>Instant Access Money Market Funds:</u>				
Federated	N/A	N/A	5.35%	10.00
Aberdeen Standard	N/A	N/A	5.29%	10.00
Insight	N/A	N/A	5.25%	5.55
Morgan Stanley	N/A	N/A	5.27%	9.82
Invesco	N/A	N/A	5.33%	7.00
<u>95 Day Notice Bank Accounts:</u>				
Barclays*	N/A	N/A	5.30%	5.00
<u>Fixed Term Deposits:</u>				
DMADF	31 days	23/10/23	5.17%	5.00
Lloyds	183 days	09/02/24	5.77%	5.00
Standard Chartered*	183 days	04/10/23	4.65%	5.00
Suffolk County Council	102 days	06/10/23	5.15%	5.00
Goldman Sachs	184 days	10/11/23	4.89%	5.00
Total			5.24%	72.37
* ESG 'green' deposits				

2.2 The council continues to select counterparties suitable for investment based on the credit worthiness service provided by their treasury advisors, Link Asset Services. The service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies. The modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system to which Capita Asset Services allocate a series of colour coded bands with suggested maximum durations for investments. These limits are detailed in the Treasury Management Strategy for 2023/24 that was approved at budget setting by Council in February 2023. All treasury management transactions for the quarter to 30th September 2023 have complied with the limits and Prudential and Treasury Indicators as set out in the Treasury Management Strategy.

2.3 The council has earned interest on its investments as follows:

Month	Average amount invested £m	Average rate of interest earned %	Amount of interest earned £000
Apr-23	71.8	4.15	245
May-23	78.6	4.34	290
Jun-23	76.2	4.51	282
Jul-23	86.6	4.84	356
Aug-23	85.6	5.10	371
Sep-23	85.5	5.18	381
Oct-23	-	-	-
Nov-23	-	-	-
Dec-23	-	-	-
Jan-24	-	-	-
Feb-24	-	-	-
Mar-24	-	-	-
Total			1,925

2.4 In addition to investment income the council earns interest on the provision of loan finance to the waste disposal PFI provider, this is expected to generate loan interest payable to us of £1.9m in 2023/24 and will be credited to the Waste Reserve.

3. The Council's Borrowing

Short-term borrowing

3.1 The council is continuing its policy of using short-term borrowing (if required) from other local authorities for short-term liquidity needs. These short-term interest rates are significantly below levels available from other sources avoiding a large cost of carry when comparing fixed interest debt to current (variable) investment rates.

3.2 The council can only borrow up to its Authorised Borrowing Limit which represents the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements. The Authorised Borrowing Limit for borrowing for 2023/24 is £350m which was approved in the Treasury Management Strategy.

3.3 At the end of September 2023 there were no short-term loans outstanding.

Long-term borrowing

- 3.4 At 30 September 2023 the council held long-term borrowing of £121.2m, no new long-term borrowing has been secured. Rates are monitored and discussed with our treasury advisors to determine the optimum timing of securing any new long-term borrowing. The Council's Capital Financing Requirement at 1st April 2023 is £304.4m, which demonstrates that the Council has significant internal borrowing when compared to the actual long-term borrowing of £121.2m.
- 3.5 The Chief Finance Officer in conjunction with our treasury advisors is currently reviewing our cash flow forecast, use of reserves and internal borrowing capacity. Following this review there may be a recommendation to undertaken new long-term borrowing. Given that the forecast is for interest rates to increase further this may allow the Council to lock into lower interest rates before any further increases.
- 3.6 The current capital financing budget position is summarised below:

Summary of Borrowing Budget	Budget	Forecast	(Surplus) /Deficit
	£m	£m	£m
Minimum revenue provision	9.9	9.9	-
Interest payable on all loans	5.6	4.8	(0.8)
Total	15.5	14.7	(0.8)

4. Summary of forecast outturn

- 4.1 The current net treasury forecast outturn is expected to be a surplus (underspend). This is due to the interest earnings on short-term investments.

Appendix D: Progress against 2023/24 approved Savings as at 30 September 2023 (Quarter 2)

Directorate Savings of £14.1m for 2023/24 were approved by Council on 10 February 2023.

The status of the delivery of approved savings at 30 September 2023 (Quarter 2) is noted below:

Directorate	Approved Savings	Delivered	Forecast	At Risk
	£'000	£'000	£'000	£'000
Community Wellbeing (S1 to S17)	6,105	2,360	2,676	1,069
Children & Young People (S18 to S19)	4,500	0	0	4,500
Economy & Environment (S20 to S28)	2,200	812	483	905
Corporate Services (S29 to S36)	1,330	350	680	300
Total Savings	14,135	3,522	3,839	6,774
		25%	27%	48%

At 30 September 2023 (Quarter 2), £3.5 million (6%) of the £14.1 million savings for 2023/24 have been delivered with a further £3.8 million forecast to be delivered in year.

The status of individual Directorate savings as per Appendix B of the Council Report approved on 10 February 2023, are shown in Annex 1 below.

Annex 1: Status of delivery of approved savings at 30 September 2023 (Quarter 2)

Directorate	Target £'000	At Risk £'000	In Progress £'000	On Target £'000	Delivered £'000
Community & Wellbeing					
S1 Stable Engaged Workforce	710		500		210
S2 Edge of Care and Prevention	300				300
S3 New Integrated Models of Care	550		550		
S4 Occupational Therapy Delivery Model	100				100
S5 Digital and Technology	500		500		
S6 Respite Provision	300	300			
S7 Process Efficiency - Block Bed Contracts	300		300		
S8 Telecare Charges	150			50	100
S9 Process Efficiency - Business Support	100			50	50
S10 Process Efficiency - Income Collection & Debt Management	600				600
S11 Process Efficiency - Repairs and Maintenance	100		100		
S12 Process Efficiency - Brokerage	100	100			
S13 All Age Commissioning	600	300	300		
S14 Social Care Delivery	750				750
S15 Public Health	326			326	
S16 Supported Living	369	369			
S17 Care and Funding Pathway	250				250
Total Community & Wellbeing	6,105	1,069	2,250	426	2,360
Children & Young People					
S18 Place Management balance	466	466			
S18 (i) UASC Expenditure Offset by Increased Claims	108	108			
S18 (ii) Reduction In Proportion Of Residential Placements	624	624			
S18 (iii) Discharge of Placement with Parents Orders	50	50			
S18 (iv) Review of Staying-Put Payments and Allowances	TBC	TBC			
S18 (v) Edge of Care Re-unification	234	234			
S18 (vi) Targeted Cohort Step Downs Q1	768	768			
S18 (vii) Increased Contributions for Complex Needs	100	100			
S18 (viii) Reduced Costs of Parent & Baby Placements	150	150			
S18 (ix) School Transport Savings	0	0			
S19 Recruitment and Retention	2,000	2,000			
Total Children & Young People	4,500	4,500	-	-	-

Directorate	Target £'000	At Risk £'000	In Progress £'000	On Target £'000	Delivered £'000
Economy & Environment					
S20 BBLP Annual Plan Revision	350			350	
S21 Waste Collections	80				80
S22 Parking Income	450				450
S23 Fees & Charges	300	85		133	82
S24 Fixed Penalty Notice Pilot	50	50			
S25 Transformation Planning & Regulatory Services	350	350			
S26 Economic Development: Vacancy Management	50				50
S27 Enterprise Zone Running Costs	150				150
S28 Directorate Transformation Programme:					
S28 (i) Demand Management	150	150			
S28 (ii) Partnership Opportunities	225	225			
S28 (iii) Commercial Opportunities	225	225			
Public Realm FOM Project costs	(180)	(180)			
Total Economy & Environment	2,200	905	-	483	812
Corporate Services					
S29 Exit From Inefficient Properties	300	300			
S30 Increase in Rental Income	170		170		
S31 Financial Payment Process Efficiencies	100			50	50
S32 Mobile Phones	20			20	
S33 Herefordshire Now	100				100
S34 Children's Services Legal Support	200				200
S35 Transformation of Legal Support	140		140		
S36 Transformation of Programme Management (PMO)	300		300		
Total Corporate Services	1,330	300	610	70	350
TOTAL DIRECTORATE SAVINGS	14,135	6,774	2,860	979	3,522

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RAG Rating – to show confidence in delivery of savings

Red	Delivery in 2023/24 at risk. Recovery action to identify mitigations required.
Amber	Activity to deliver savings in 2023/24 is in progress.
Green	Activity to deliver savings expected to be delivered in 2023/24 is on target.
Blue	Savings achieved in 2023/24.



Title of report: Delivery Plan 2023/24

Meeting: Cabinet Feeder Briefing

Meeting date: Thursday 12 October 2023

Cabinet Member: Peter Stoddart, finance and corporate services

Report by: Director of Strategy and Performance

Report author: Director of Strategy and Performance

Classification

Open

Decision type

Key

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

To approve the proposals for the Delivery Plan for 2023/24. Each year Cabinet is required to produce a delivery plan which sets out how the strategic ambitions for the year will be achieved.

Recommendation(s)

That:

- a) **Cabinet approves the Delivery Plan 2023/24, as set out in appendix A.**

Alternative options

1. There are no alternative options as the Delivery Plan is required to be produced on an annual basis. Cabinet may choose to make amendments to the proposals and it is open to Cabinet to

recommend alternatives to the projects, initiatives and deliverables that have been identified in the delivery plan.

Key considerations

2. The County Plan 2020-24, alongside the Medium Term Financial Strategy, provides the overarching framework within which decisions will be taken and resources across the Council will be allocated to meet the ambitions of the plan.
3. The County Plan was approved by full Council on 14 February 2020 which sets out the key strategic ambitions for the county, success measures and deliverables during this timeframe and was developed during the previous Cabinet administration.
4. Following the elections and change in administration, the Cabinet have reviewed the County Plan and deliverables to achieve the ambitions. A process was undertaken to consider whether they should continue, have met the expected outcomes and where appropriate include new deliverables to meet the County Plan's aims and objectives.
5. The Delivery Plan, at appendix A, identifies the key programmes of work that the administration will progress during 2023/24, under the three ambitions of the current County Plan - Economy, Community and Environment. Each of the projects and deliverables contributes to one, if not more of the objectives set in the County Plan as well as to outcomes and outputs during the year. The plan includes the deliverables that will be continuing from last year and any updated ones set out for this year.
6. The Delivery Plan includes the continuation of some key deliverables of note, including:
 - a. Improvement of Children's Services
 - b. River Quality – Securing a partnership approach to achieve river restoration
 - c. Waste Strategy – moving further up the waste hierarchy
 - d. Development of a new library and museum
 - e. Deliver the Hereford Transport Strategy and City Centre Masterplan
 - f. Employment Land – develop out first phase employment sites
 - g. Investment in Infrastructure

Measuring success

7. As laid out in the Delivery Plan it focusses on the key transformational pieces of work for the council. Underpinning the council's Delivery Plan, council services are required to produce service business plans. These service business plans include a range of additional service improvements which will be undertaken during the 2023/24 year.
8. The delivery plan will form the basis of performance reporting into the Corporate Leadership Team on a monthly basis and each quarter to Cabinet, alongside financial and risk reporting.
9. The objectives below in the Delivery Plan 2022/23 that will be continuing to be monitored within operational services:
 - Deliver schools investment programme (supporting objective CO1)

- School Improvement to support young people to learn (supporting objective CO1)
- Management of the council's assets to maximise their use (supporting objective CO0)
- Deliver broadband coverage via Fastershire whilst addressing the barriers for people going online (supporting objective EC4)
- Support Tourism and Cultural Sector in the county (supporting objective EC5)

Community impact

9. The new County Plan is now in development. It will reflect the aims and ambitions of the Council. The plan will focus on improving the County's infrastructure, protecting the environment and putting the needs of our residents first. We want economic growth, better paid jobs, improved air quality, and a council that will thrive and demonstrate great value for money.
10. The Cabinet have reviewed the existing County Plan along with the priorities and deliverables to ensure alignment and meeting the future ambitions. The deliverables have been reviewed and updated with officers to consider against plans previously agreed and future plans.
11. The improvement of Children's service is a continued priority for the Cabinet and within the delivery plan, the plan clearly identifies areas of focus and improvements to ensure the improvement journey continues.

Environmental Impact

12. One of the three ambitions within the delivery plan is to protect and enhance our environment and keep Herefordshire a great place to live. With some clearly identified ambitions including:
 - River quality – securing a clear and transparent partnership approach to achieve river restoration
 - Waste strategy – Moving further up the waste hierarchy
 - Climate Emergency – accelerating a reduction of emissions across the county by aspiring to be carbon neutral
 - Review and development of the Local Plan
13. At the full Council meeting in July a motion was unanimously supported by councillors that every decision made by Herefordshire Council will now consider the impact on the environment and climate change. Each individual project within the delivery plan will consider the environment and climate change impact as part of the decision papers.
14. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.

15. Individual projects within the delivery plan are all subject to individual decisions, meaning that the environmental impact will be considered in all work.

Equality duty

16. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
16. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.
 17. Each project within the Delivery Plan will consider the equality impacts as part of their own decision papers and reporting. The Delivery Plan will ensure that it looks to improve the lives of residents and the protected characteristics, where possible, with each initiative considering the impact on an individual project basis.

Resource implications

18. The recommendation of this report has no direct financial implications. Each individual project will detail the budget available as part of their individual decision papers, which will include the resource to deliver the schemes and any impact on the future revenue budget where capital schemes are delivered and details in the plan are built in to the 2023/24 budget.

Legal implications

19. There are no direct legal implications arising from the recommendation set out in this report. The legal implications of any decisions to be taken in implementing the Delivery Plan will be detailed and considered in each separate decision report for individual projects.

Risk management

20. The County Plan 2020-24 and associated Delivery Plan are integral elements of the council's performance management framework. Risks associated with objectives and projects are entered onto the relevant project and/or service risk registers and escalated as appropriate.

The corporate risk register is a living document and reviewed regularly by Corporate Leadership Team, Cabinet and Audit and Governance Committee

Consultees

21. The Political Group Consultation was undertaken with views from across all of the parties. The process of the Delivery Plan development and the future priorities were highlighted. However further detail on the Delivery Plan was requested to show the areas that were not being included in the 2023/24 Delivery Plan, which is highlighted above.
22. Whilst this Delivery Plan has not been subject to consultation as the plan is setting out how the County Plan 2020-24 ambitions, which have been consulted on, will be delivered and the budget for 2023/24 has also been subject to consultation. The projects identified within the Delivery Plan will be subject to their own decision making processes which may require consultation.

Appendices

Appendix A – Delivery Plan 2023/24

Background papers

None identified

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	John Coleman	Date 11/09/2023
Finance	Rachael Hart	Date 11/09/2023
Legal	Emma-Jane Brewerton	Date 08/09/2023
Communications	Luenne Featherstone	Date 11/09/2023
Equality Duty	Harriet Yellin	Date 11/09/2023
Procurement	Lee Robertson	Date 08/09/2023
Risk	Kevin Lloyd	Date 10/09/2023
Approved by	Amy Pitt	Date 15/11/2023

[Note: Please remember to overwrite or delete the guidance highlighted in grey]

Please include a glossary of terms, abbreviations and acronyms used in this report.

Delivery Plan 2023/24

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Foreword from the Leader of the Council

Welcome to Herefordshire Council's delivery plan 2023/24. Our plan focuses on the outcomes that are important for you, the people of Herefordshire. Our priorities are to:

- Continue investing in children's services and achieve the very best for our young people and their families.
- Ensure that residents are enabled to live healthy lives within their communities and to provide support at the right time in the right place.

- Protect our environment through innovation and best practice and promote initiatives that address the environmental challenges we face.
- Maintain our highway network and plan for the necessary transport infrastructure that we need.
- Invest in our economy, create jobs and provide opportunities that will enable businesses to grow and our communities to thrive.
- Recognise and value the role of our employees by attracting and retaining a skilled and committed workforce, whilst working in collaboration with residents, communities and partners to provide the best possible life in Herefordshire.

- Secure the Council's future sustainability by transforming the way we do things to become innovative and efficient in our delivery model.

We want this plan to continue to make a difference to people's lives and give them the services they need.

Herefordshire is a very special place and we are focused on making things better for everyone.

Councillor Jonathan Lester

County Plan **Community** Ambition

We want to strengthen communities to ensure that everyone lives well and safely together. Our ambition is to make wellbeing inevitable here in Herefordshire by putting physical and mental health at the heart of everything we do. We will ensure that residents of all ages have the opportunity to connect to their communities and receive the right help at the right time.

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Objectives	Deliverables
Improvement of Children’s Services	<ul style="list-style-type: none"> • To further develop and embed our restorative practice model focussed on working with families • To implement a service re-design intended to reduce the number of changes in case holding worker experienced by some families • To further develop our Engagement and Participation Strategy to ensure children and young people’s views, wishes and feelings are taken into account and remain at the heart of decision making and service delivery
Implement the council led Stronger Towns funded projects including the Library, Museum and Greening the City	<ul style="list-style-type: none"> • Progress the design and build of a new world class museum in Broad Street • Progress design and delivery of new library in Hereford City • Progress implementation of Hereford City Community Greening grants, sedum roofed top bus stops and active travel measures
Workforce Recruitment and Retention – to ensure Herefordshire Council becomes an employer of choice with a skilled and stable workforce where staff are proud to work.	<ul style="list-style-type: none"> • To launch a new ‘Spirit of Herefordshire’ recruitment programme to promote opportunities for council staff • To increase the stability of the children’s social worker workforce by recruiting and converting more permanent social workers • To retain social workers by creating the optimum conditions within which they can develop their careers in Herefordshire

Objectives	Deliverables
<p>Commissioning and Resources – to secure enough of the right accommodation and services, in the right places, to effectively support Herefordshire’s children, young people and families</p>	<ul style="list-style-type: none"> • To refresh and relaunch the Children’s Sufficiency Strategy to increase the number and choice of placements and resources to meet local children’s needs. Children’s Sufficiency Strategy not mentioned in DP 2023 • To build capacity within the Fostering Service to launch the Foster Carer Recruitment Campaign to increase the number and choice of local foster carers to care for our children in care • To undertake further work to develop short breaks offer for families that need care • Improve the way we use our data to deliver and monitor the council’s performance
<p>Herefordshire Safeguarding Children’s Partnership – to ensure there is a ‘shared and equal’ duty to coordinate local services, provide strategic leadership and implement learning to safeguard children and promote their welfare</p>	<ul style="list-style-type: none"> • To work together with partners to apply existing thresholds to safeguard vulnerable children and young people and protect those suffering significant harm as a result of abuse and/or neglect • To implement the refreshed Neglect Strategy and promote the partnership’s use of the Graded Care Profile to a strengths-based approach to identifying and measuring the quality of care children receive and the support they require • To launch and implement the new partnership strategy for protecting children and young people at risk of exploitation. Partnership on risk of exploitation not mentioned in DP 2023
<p>Corporate Parenting Board – to be effective corporate parents and ensure the best quality care and outcomes for all of our children in care and care leavers</p>	<ul style="list-style-type: none"> • To develop and launch an updated Corporate Parenting Strategy so all corporate parents are clear about the priorities and what need to do to deliver consistently good and better services and resources. Corporate Parenting Strategy not mentioned in DP 2023. • To refresh the Care Leaver’s Offer so that care experienced young people are supported and equipped to become successful young adults capable of living independently • To engage children in care and care experienced young people so their voices are heard and they are able to participate in decision making and planning about matters that affect them
<p>Children and Young People’s Partnership – to promote the best interests of all local children through early intervention and preventative services that avoid problems occurring or escalating and build on family and community resources and resilience</p>	<ul style="list-style-type: none"> • To further develop the Early Intervention and Prevention Strategy that delivers help at the earliest point possible via a well-coordinated network of local support and provision so children, young people and their families receive the right help at the right time • To identify and grow existing community assets that capitalise on available family and neighbourhood strengths, support and resources • To develop the next iteration of children and young people’s quality of life survey to ensure that the views and lived experience of children and young people inform strategic intent and service delivery

Objectives	Deliverables
Special Educational Needs and/or Disabilities (SEND) – to ensure education, health and care services work collaboratively and supportively with families to ensure children and young people with special education needs and/or disabilities achieve their full potential	<ul style="list-style-type: none"> • To further develop the work and impact of the new Special Educational Needs and Disabilities Strategic Board to agree strategic priorities and drive improvements • To work collaboratively with children and young people with Special Educational Needs and Disabilities and their parents and carers to co-produce • To ensure Education, Health and Care Plans are completed in a timely manner and are of consistently good quality to deliver improved outcomes with children, young people and their parents/carers
Roll out delivery of the ambitions of the Herefordshire Joint Local Health and Wellbeing Strategy 2023-2033	<ul style="list-style-type: none"> • Deliver 22-23 Food Alliance action plan to focus on key areas such as food procurement • Support implementation of system health inequalities plan; strengthening provision & uptake of health literacy training • Complete review of community based support roles with partners • Coproduce with communities and the community and voluntary sector the future strategy for Talk Community, aligned with the community paradigm approach and strengthening the early help offer
Support and enable adults to lead healthy, independent and fulfilled lives	<ul style="list-style-type: none"> • Ensure that the council is ‘inspection ready’ for the Care Quality Commission assurance of local authority adult social care services • Complete the roll out of the five technology pilots within the ‘proactive and preventative’ care model • Deliver the Hillside Independent living demonstration centre • Support the delivery of at least 250 affordable properties in the county, through registered providers and developers • Complete business case in relation to investing in, and building, the council’s own care facility
Securing the Council’s future sustainability by transforming	<ul style="list-style-type: none"> • Continue to develop the “spirit of Herefordshire” approach to attracting and retaining workforce through celebrating the positives of the county • Develop the Thrive transformation programme to deliver a digitally enhanced operating model

County Plan **Environment** Ambition

We want to protect and enhance our environment and maintain Herefordshire as a great place to live and work. The council recognises that healthy, connected and vibrant ecosystems strongly support the local economy, improve health and wellbeing and make the county an attractive place to live and to visit. It is essential that we protect and enhance the natural environment and be proud to pass it on to future generations.

Objectives	Deliverables
River Quality - Securing a partnership approach to achieve river restoration	<ul style="list-style-type: none"> • Following the cabinet decision in March 2023 to commissioning river restoration, to review the proposed mitigation strategy to address housing backlog and proposed growth in the Lugg catchment • Continue to work with the Nutrient Management Board and all partners to deliver improved river quality
Waste strategy - Moving further up the waste hierarchy	<ul style="list-style-type: none"> • Procure the new waste collection contract and realign to the Government priorities on waste • Encourage use of re-usable nappies through development of permanent incentive scheme
Environment – Continue to lead a local response, aspiring for the county to become carbon neutral by 2030	<ul style="list-style-type: none"> • Continued delivery of the Citizens Climate Assembly programme (multiyear programme) • Expansion of the electric vehicles charging network in council owned cars parks and additional points through the LEVI funded project • Support residents with home energy efficiency measures • Development of a new Climate Adaptation and Resilience Strategy
Update planning policy for the council – change to the review and development of the Local Plan	<ul style="list-style-type: none"> • Draft Local Plan 2021-2041 consultation (Reg18) • Adoption of the Minerals and Waste Local Plan • Integrate the Environmental Building Standards and Agricultural draft planning documents into the policies of the Local Plan 2021-2041 and the mandatory Herefordshire Design Code

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County Plan **Economy** Ambition

We need a local economy that will build on the county’s strengths and resources.

We want to achieve a thriving and prosperous economy that will provide sustainable, well-paid and rewarding job opportunities. We will strive for a vibrant local economy that improves quality of life for everyone and also generates the economic growth that will bring prosperity and enable the Council to provide local services.

Objectives	Deliverables
Deliver the Herefordshire Transport Strategy	<ul style="list-style-type: none"> Progressing the initial stages of the Local Transport Plan to deliver a document for adoption by Council prior to submission
Investment in infrastructure	<ul style="list-style-type: none"> Develop a framework for future investment in infrastructure Delivery of the £2.5m pothole funding received from Government
Employment Land - Develop employment sites and identify way forward for wider sites to enable growth	<p>Hereford Enterprise Zone</p> <ul style="list-style-type: none"> Continue the sales of development ready plots such as the North Magazine <p>Other Employment</p> <ul style="list-style-type: none"> Implement programme to bring forward critical employment land space within Hereford and Market Towns (as per the Market Town Investment Plans) Develop up to 3 full business cases for any Council intervention required to progress chosen priority projects
Review priorities on Major infrastructure	<ul style="list-style-type: none"> Receive and consider the strategic outline business case for the Eastern River Crossing Consider alternative investment strategies to support the initiatives in the County Plan
Deliver improvements to the infrastructure of public realm	<ul style="list-style-type: none"> Deliver improvements to: <ul style="list-style-type: none"> ✓ Structures – to include for the repair of the Wilton rock face ✓ Parish Safety Schemes ✓ Drainage and street lighting ✓ Work to appoint contractor to commence construction of the new Transport Hub at Hereford Station, subject to planning approval ✓ PROW Structures ✓ Using the £2.585m of the Highway Infrastructure Fund allocated for this financial year

Objectives	Deliverables
Implementation of the Hereford City Levelling up funding	<ul style="list-style-type: none"> • Continue to work with designers to progress and deliver community led designs for school streets • Continue design and delivery of cycle routes and quiet streets in the north and south of the city • To progress with work on Blue School Street and Commercial Street to improve bus and cycle connectivity
Implement the Big Economic Plan	<ul style="list-style-type: none"> • Form an economy and place partnership board • Board to develop an initial 5 year delivery plan
Support economic opportunity through business support	<ul style="list-style-type: none"> • Transfer of Marches Local Enterprise Partnership led services to the council • Develop a Marketing/Inward Investment Strategy • Implement the UK Shared Prosperity Fund and Rural Prosperity Fund grant schemes • Launch start up programme to support businesses to become enterprise ready • Develop and hold business engagement events, enabling businesses to access council
Work with partners to increase the Skills and Workforce in the county	<ul style="list-style-type: none"> • Develop a Herefordshire Skills Forum • Hold a skills provider/ employer engagement event, with a focus on workforce planning • Support the development and delivery of the Marches local skills investment plan • Establish a Herefordshire Employment Forum • Invest UKSPF/Multiply funding to support skills development • Continue to support the development of skills provision to meet the needs of the economy • Work in partnership with Wye Valley Trust with a view to developing a new Education Centre at Hereford County Hospital • Explore options of a strategic investment partnership with Herefordshire and Worcestershire Group Training Association to establish a new centre of excellence at Skylon Park

Future Planning and Delivery

The activities detailed in this plan will be delivered and includes the financial period 2023/24 and are aligned to the themes of the current County Plan 2020-2024, which are Community, Environment and Economy.

The new County Plan is now in development and will reflect the aims and ambitions of the Council. The plan will focus on improving the County's infrastructure, protecting the environment and putting the needs of our residents first. We want economic growth, better paid jobs, improved air quality, and a council that will thrive and demonstrate great value for money.

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Title of report: Capital Programme Review and Update

Meeting:	Cabinet
Meeting date:	Thursday 23 November 2023
Cabinet Member:	Peter Stoddart, Finance and Corporate Services
Report by:	Director of Resources and Assurance
Report author:	Strategic Capital Finance Manager

Classification

Open

Decision type

Budget and policy framework

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

To recommend to Council for approval the revised cabinet proposals for the proposed capital investment budget for 2023/24 onwards.

Recommendation(s)

That: the following be recommended to Council

- a) To approve the revised capital programme for 2023/24 attached at appendix C.**

Alternative options

1. It is open to Cabinet to recommend alternative capital investment options to Council. As an amendment to proposals put forward by Cabinet, any amendment would either require the consent of the Leader of the Council or further consideration by Cabinet, before a decision could be taken in accordance with budget and policy framework rules.

Further information on the subject of this report is available from
Karen Morris, Tel: 01432 261865, email: karen.morris1@herefordshire.gov.uk

Key considerations

2. The capital programme reflects capital investment generating benefit to the county for a period in excess of one year.
3. The programme was approved by Council in February 2023 having followed budget and policy framework rules. Cabinet proposed a revised capital programme at their meeting on 5 October 2023, this report is to revise those proposals for in year changes to the approved programme.
4. The current approved capital programme and forecast outturn is provided at appendix B. The profiling of the capital spend was carried out in quarter 2 in line with external audit recommendations and reported separately to cabinet in a separate item on the agenda today.
5. A number of informal reviews were carried out to ensure all funding requests were manageable within the current borrowing limits in the medium term financial strategy and the available balance of the capital receipts reserve. These proposals allocate the balance available in the capital receipts reserve and reallocates all the corporate funded borrowing released from the removal of some projects.
6. The changes from the October meeting are: a new line has been added for a Community Capital Grants Scheme of £2.0m to support the valuable work our community organisations support the council with. This is funded by reducing the £12.3m previously proposed for the Southern Link Road by a corresponding £2.0m to £10.3m. Appendix A has been updated for the revised changes and appendix C includes these amendments into the revised capital programme to be recommended to Council.
7. Approval of inclusion in the capital programme is not approval to proceed. Each project will be subject to its own governance, a full business case will be presented for approval where required and comply with the council's contract procedure rules as applicable.

Community impact

8. In accordance with the adopted code of corporate governance, Herefordshire Council achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Determining the right mix of these is an important strategic choice to make to ensure intended outcomes are achieved. The council needs robust decision making mechanisms to ensure our outcomes can be achieved in a way that provides the best use of resources while still enabling efficient and effective operations.
9. The capital investment proposals support the overall delivery plan and service delivery strategies in place. The overall aim of capital expenditure is to benefit the community through improved facilities and by promoting economic growth. A specific community impact assessment, including any health and safety implications or corporate parenting responsibilities, will be included in the decision report required for any new capital scheme commencing and incurring spend.

Environmental Impact

10. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
11. Whilst this overarching budget setting document will not detail specific environmental impacts, consideration is always made to minimising waste and resources use in line with the council's

Environmental Policy. A specific environmental impact assessment for the service specific budget proposals will be considered as appropriate to seek to minimise any adverse environmental impact and actively seek opportunities to improve and enhance environmental performance. An initial environmental assessment has been included in the outline business cases that were reviewed at Scrutiny and these will be developed and scoped for each project when they seek approval to spend and a separate governance decision.

Equality duty

12. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
13. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. An equality impact assessment (EIA) will be carried out prior to any new scheme commencing and will form part of the approval process, required ahead of incurring capital spend.

Resource implications

16. The proposed revisions at appendix A, include the new £2.0m community capital grants scheme and reduced southern link road budget of £2.0m to ensure the revised capital programme is fully funded within current reserves and borrowing limits available.

Legal implications

17. In year changes to the capital programme must be approved by Council unless certain circumstances in the constitution apply, which do not apply in these cases.
18. Section 106 of the Local Government Finance Act 1992 precludes a councillor from voting on the Council's budget if he or she has an outstanding council tax debt of over two months. If a councillor who is precluded from voting is present at any meeting at which relevant matters are discussed, he or she must disclose that section 106 applies and may not vote. Failure to comply is a criminal offence.

Risk management

19. For all capital projects monthly budget control meetings give assurance on the robustness of budget control and monitoring, to highlight key risks and to identify any mitigation to reduce the

impact of pressures on the council's overall position for example through phasing of spend, identifying and securing scheme changes or alternative funding sources.

20. Capital projects inherently give rise to risks in their delivery, both in time and budget. Individual scheme reporting and associated project boards exist to mitigate these risks. Furthermore slower delivery than forecast can mean the strategic ambitions are not being met as planned. All projects are expected to be managed through the programme management office once resources are in place, so further mitigating the risk of overspend or delays.
21. The proposed additions have been reviewed in relation to risks, both in deliverability, costs, impact and associated scheme interdependencies. The individual scheme detail of the risks will be provided as individual schemes progress to approval to deliver.

Consultees

22. Since the last cabinet meeting there have been many discussions regarding the capital programme and as a result of this cabinet have included these revisions.
23. Political Group consultation is not required for budget and policy framework but they can make recommendations on the proposals being recommended to council, to cabinet during the meeting for them to consider.

Appendices

Appendix A - Proposed capital investment revisions from 2023/24

Appendix B - Current status of approved capital programme

Appendix C - Total proposed capital programme

Background papers

None

Glossary of Terms

Capital Grant Funding – External income from another organisation

Redirected Funding – Use of revenue reserves to fund capital

Capital Receipt Funding – Use of the capital receipts reserve generated from sale of land, buildings and other assets of the council

Funded by Return on Investment – this is where there is a return on investment to repay the borrowing costs, such as increased income or savings on the current budget by reducing on going costs

Corporate funding by Prudential Borrowing – this is where prudential borrowing is repaid from the corporate revenue budget

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	John Coleman	Date 14/11/2023
Finance	Rachael Hart	Date 14/11/2023
Legal	Emma-Jane Brewerton	Date 14/11/2023
Communications	Luenne Featherstone	Date 14/11/2023
Equality Duty	Click or tap here to enter text.	Date Click or tap to enter a date.
Procurement	Lee Robertson	Date 14/11/2023
Risk	Click or tap here to enter text.	Date Click or tap to enter a date.
Approved by	Andrew Lovegrove	Date 14/11/2023

Scheme	Current Capital Programme £000	Total 23/24 £000	Total 24/25 £000	Total 25/26 £000	Total 26/27 £000	Capital Grant funding £000	Redirected funding £000	Capital receipt funding £000	Funded by ROI £000	Corporate Funded PB £000	Total Request £000
Unfunded Projects											
Passenger Transport Fleet (Electric)		-7,800.0	-15,600.0	-15,600.0	0.0	-35,000.0	0.0	0.0	-4,000.0	0.0	-39,000.0
Masters House		-762.0	0.0	0.0	0.0	-762.0	0.0	0.0	0.0	0.0	-762.0
Herefordshire Retrofit Hub		-2,042.2	0.0	0.0	0.0	-2,042.2	0.0	0.0	0.0	0.0	-2,042.2
Total Unfunded Projects	0.0	-10,604.2	-15,600.0	-15,600.0	0.0	-37,804.2	0.0	0.0	-4,000.0	0.0	-41,804.2
Community:- Build communities to ensure everyone lives well and safely together											
Super Hubs (removal)		-2,000.0	0.0	0.0	0.0	0.0	0.0	-2,000.0	0.0	0.0	-2,000.0
Community Capital Grants Scheme		200.0	1,800.0	0.0	0.0	0.0	0.0	2,000.0	0.0	0.0	2,000.0
Strategic Housing Development (removal)		-7,300.0	-6,504.2	-5,904.2	0.0	0.0	0.0	0.0	-19,708.4	0.0	-19,708.4
Total Community	0.0	-9,100.0	-4,704.2	-5,904.2	0.0	0.0	0.0	0.0	-19,708.4	0.0	-19,708.4
Economy:- Support an economy which builds on the county's strengths and resources											
Development Partnership activities (removal)		-1,999.9	-3,000.2	-5,185.0	0.0	0.0	0.0	-139.6	0.0	-10,045.5	-10,185.0
My Account (removal)		-425.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-425.0	-425.0
Fastershire (reduction & use of Clawback)		0.0	-2,000.0	0.0	0.0	3,014.0	0.0	0.0	0.0	-5,014.0	-2,000.0
Resurfacing Herefordshire Highways		0.0	5,000.0	5,000.0	0.0	0.0	0.0	815.5	0.0	9,184.5	10,000.0
Southern Link Road		800.0	2,200.0	2,000.0	5,300.0	0.0	0.0	5,000.0	0.0	5,300.0	10,300.0
Stronger Towns Library & Learning Centre relocation to Shirehall		394.7	2,610.7	0.0	0.0	2,610.7	0.0	394.7	0.0	0.0	3,005.4
Work to Shirehall Annex (Care Leavers Base)		100.0	0.0	0.0	0.0	0.0	0.0	100.0	0.0	0.0	100.0
Shirehall Improvement Works		0.0	3,000.0	0.0	0.0	0.0	0.0	2,000.0	0.0	1,000.0	3,000.0
Wye Valley Trust - Education Centre Investment		0.0	6,000.0	0.0	0.0	0.0	0.0	0.0	6,000.0	0.0	6,000.0
HWGTA - Development of Vocational Work Based Skills Investment		0.0	2,000.0	0.0	0.0	0.0	0.0	0.0	2,000.0	0.0	2,000.0
Investment in Employment Land in Herefordshire (adjustment)		0.0	0.0	0.0	0.0	0.0	0.0	4,786.0	-4,786.0	0.0	0.0
Total Economy	0.0	-1,130.2	15,810.6	1,815.0	5,300.0	5,624.7	0.0	12,956.6	3,214.0	0.0	21,795.3
Total	0.0	-20,834.4	-4,493.6	-19,689.2	5,300.0	-32,179.5	0.0	12,956.6	-20,494.4	0.0	-39,717.2
Annual Funding Limit										26,800.0	
Allocated Previously										- 26,800.0	
Total Funding Available										-	
Funding Variance										-0.0	

Scheme Name	2023/24		2023/24 Forecast		2024/25 Total Budget £000	2025/26 Total Budget £000	2026/27 Total Budget £000	Total Scheme Budget £000	Capital receipts £000	Grant & funding cont £000	Prudential borrowing £000	Total £000	Prior Years £000	Total Funding £000
	Prior Years £000	Total Budget £000	Forecast Q2 £000	Variance to Budget £000										
Hereford City Centre Transport Package	37,224	6,255	1,500	(4,755)	3,500	0	0	46,979	6,081	3,674	9,755	37,224	46,979	
Hereford City Centre Improvements (HCCI)	3,500	2,500	2,050	(450)	0	0	0	6,000		2,500	2,500	3,500	6,000	
Hereford ATMs and Super Cycle Highway	1,000	1,000	500	(500)	0	0	0	1,000		1,000	1,000	0	1,000	
Emergency Active travel Fund		119	119	0	0	0	0	119		119	119	0	119	
Active Travel Fund 4		306	156	(150)	0	0	0	306		306	306	0	306	
LUF - Active Travel Measures (north of river)	251	1,025	500	(525)	3,190	0	0	4,466		4,215	4,215	251	4,466	
LUF - Active Travel Measures (south of river)	2	4,036	750	(3,286)	5,159	0	0	9,197		9,194	9,194	2	9,197	
Passenger Transport Fleet (Electric)		7,800	0	(7,800)	15,600	15,600	0	39,000		35,000	4,000	39,000	0	39,000
Sustainable Transport & Place Making Delivery Board	40,976	23,041	5,575	(17,466)	27,449	15,600	0	107,066	0	54,915	11,175	66,090	40,976	107,066
Local Transport Plan (LTP)		15,466	15,466	0	15,466	0	0	30,932		30,932	30,932	0	30,932	
Priority Flood Repair Works	2,868	1,159	347	(812)	0	0	0	4,027		1,159	1,159	2,868	4,027	
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	1,891	408	94	(314)	0	0	0	2,299		408	408	1,891	2,299	
Public Realm Maintenance - Mitigating Risk on the Network	1,101	3,849	3,656	(193)	0	0	0	4,950		3,849	3,849	1,101	4,950	
Highways Maintenance and pot hole repairing 2023/24		2,558	2,558	0	0	0	0	2,558		2,558	2,558	0	2,558	
Winter Resilience		677	227	(450)	290	435	0	1,402		1,402	1,402	0	1,402	
Highways Equipment	41	507	507	0	0	0	0	548		507	507	41	548	
Natural Flood Management	97	489	220	(269)	279	239	170	1,274		1,176	1,176	97	1,274	
Highways Infrastructure Investment		4,085	1,335	(2,750)	4,085	3,985	3,885	16,040		14,460	16,040	0	16,040	
Public Realm Improvements for Ash Die Back		315	315	0	367	367	367	1,416		1,416	1,416	0	1,416	
Moving Traffic Enforcement Phase 2		144	25	(119)	0	0	0	144		144	144	0	144	
Masters House		762	0	(762)	0	0	0	762		762	762	0	762	
Highways Maintenance Delivery Board	5,998	30,419	24,750	(5,669)	20,487	5,026	4,422	66,352	0	37,008	23,345	60,354	5,998	66,352
E & E's S106		4,558	1,979	(2,579)	1,092	1,922	0	7,572		7,572	7,572	0	7,572	
C & F's S106		1,376	860	(516)	351	2,265	0	3,992		3,992	3,992	0	3,992	
Planning Delivery Board	0	5,933	2,839	(3,094)	1,443	4,187	0	11,563	-	11,563	0	11,563	0	11,563
Integrated Wetlands	2,252	748	410	(339)	0	0	0	3,000		748	748	2,252	3,000	
Solar Photovoltaic Panels	862	1,272	265	(1,007)	0	0	0	2,134		1,272	1,272	862	2,134	
Wye Valley AONB	55	155	155	0	116	0	0	326		272	272	55	326	
SEPubU Grant	88	344	17	(327)	0	0	0	432		344	344	88	432	
Waste		18,090	0	(18,090)	0	0	0	18,090		5,800	12,290	18,090	0	18,090
E-Cargo Bike Share		85	85	0	0	0	0	85		85	0	85	0	85
Local Electric Vehicle Infrastructure Capital Fund (LEVI)		124	124	0	300	300	400	1,124		1,124	1,124	0	1,124	
Herefordshire Retrofit Hub		2,042	0	(2,042)	0	0	0	2,042		2,042	2,042	0	2,042	
Green Homes Grant - Local Authority Delivery		526	293	(233)	0	0	0	819		293	293	526	819	
Home Upgrade Grant		522	4,301	3,773	(568)	4,646	0	9,469		8,947	8,947	522	9,469	
Environment & Sustainability Delivery Board	4,304	27,455	4,998	(22,457)	5,063	300	400	37,521	0	19,655	13,562	33,217	4,304	37,521
Hereford Enterprise Zone	14,526	421	421	(0)	0	0	0	14,947		421	421	14,526	14,947	
Marches Business Investment Programme	2,884	544	486	(58)	0	0	0	3,428		544	544	2,884	3,428	
Employment Land & Incubation Space in Market Towns	341	3,500	100	(3,400)	10,000	6,860	0	20,701		7,214	2,053	11,093	20,701	
Leominster Heritage Action Zone	1,095	2,009	1,356	(653)	0	0	0	3,104		1,623	386	2,009	1,095	3,104
Safer Streets / CCTV	340	43	4	(336)	0	0	0	383		43	43	340	383	
Fastershire Broadband	26,990	1,216	4,240	3,024	7,532	0	0	35,738		839	7,909	8,748	26,990	35,738
Development Partnership activities	10,415	2,000	0	(2,000)	3,000	5,185	0	20,600		140	10,045	10,185	10,415	20,600
Economic Development Delivery Board	56,591	9,734	6,608	(3,126)	20,532	12,045	0	98,901	9,398	3,865	29,048	42,310	56,591	98,901
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	1,535	10,665	700	(9,965)	5,800	0	0	18,000		7,946	8,519	16,465	1,535	18,000
Stronger Towns Fund - Greening the City	81	323	23	(300)	0	0	0	404		323	323	81	404	
UK Shared Prosperity Fund		290	290	0	845	0	0	1,135		1,135	1,135	0	1,135	
Rural Prosperity Fund		850	850	0	856	0	0	1,706		1,706	1,706	0	1,706	
Stronger Towns Fund - Maylord Orchard Redevelopment and Learning Resource Centre	434	3,066	455	(2,611)	0	0	0	3,500		395	2,671	3,066	434	3,500
Major External Funded Delivery Board	2,050	15,194	2,318	(12,876)	7,500	0	0	24,744	8,341	14,354	0	22,694	2,050	24,744
Electronic Document Management Storage	303	42	0	(42)	0	0	0	315			12	12	303	315
Capital Development Fund		1,000	0	(1,000)	0	0	0	1,000		1,000	1,000	0	1,000	
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)	143	412	412	0	0	0	0	555		412	412	143	555	
HARC SAN Lifecycle Replacement		372	2	(370)	0	0	0	372		372	372	0	372	
Data Centre Equipment Lifecycle Replacement		329	329	0	0	0	0	329		329	329	0	329	
Windows Server Upgrades		330	330	0	0	0	0	330		330	330	0	330	
Backup Storage		82	52	(30)	0	0	0	82		82	82	0	82	
Device and Ancillary kit replacement programme		365	265	(100)	365	415	448	1,593		1,593	1,593	0	1,593	
M365 E5 Implementation		300	300	0	150	0	0	450		450	450	0	450	
Primary Data Storage Area Network (Plough Lane)		272	63	(111)	0	0	0	335		63	63	272	335	
IT Services Partnership Board	718	3,265	1,701	(1,564)	515	415	448	5,361	0	1,000	3,643	4,643	718	5,361
Flexible Futures	268	582	582	0	0	0	0	850			582	582	268	850
My Account	11	432	7	(425)	0	0	0	443			432	432	11	443
Corporate Transformation Delivery Board	280	1,013	589	(425)	0	0	0	1,293	0	0	1,013	1,013	280	1,293
Schools Capital Maintenance Grant		5,693	2,986	(2,707)	1,195	0	0	6,888		4,181	2,707	6,888	0	6,888
Peterchurch Area School Investment	232	7,446	30	(7,416)	3,175	0	0	10,853		5,433	5,188	10,621	232	10,853
Brookfield School Improvements	375	3,830	750	(3,080)	795	0	0	5,000		919	3,706	4,625	375	5,000
High Needs Grant	77	1,300	150	(1,150)	2,678	0	0	4,055		3,978	3,978	77	4,055	
Basic Needs Funding		7,674	200	(7,474)	8,610	0	0	16,284		16,033	251	16,284	0	16,284
Preliminary works to inform key investment need throughout the county	213	303	280	(23)	0	0	0	516			303	303	213	516
School Accessibility Works		1,003	331	(672)	0	0	0	1,003		1,003	1,003	0	1,003	
Estates Capital Programme 2019/22	3,760	2,322	666	(1,656)	0	0	0	6,082			2,322	2,322	3,760	6,082
Residual property works identified in the 2019 condition reports	40	1,351	701	(650)	0	0	0	1,392			1,351	1,351	40	1,392
Estates Building Improvement Programme 22-25	174	2,569	1,698	(871)	264	0	0	3,007			2,833	2,833	174	3,007
Estates Building Improvement Programme 2023-25		2,280	780	(1,500)	1,247	0	0	3,527		1,285	2,242	3,527	0	3,527
Fly-Tipping Intervention Scheme		30	30	0	0	0	0	30		30	30	0	30	
Upgrade of Hereford CCTV Cameras	38	4	4	0	0	0	0	42		4	4	38	42	
Changing Places		287	287	0	0	0	0	287		287	287	0	287	
Hereford Library		145	200	(200)	0	0	0	345			200	200	145	345
Asset Management Delivery Board	5,055	36,292	8,893	(27,398)	17,963	0	0	59,310	6,352	29,504	18,399	54,255	5,055	59,310
Disabled facilities grant		4,229	4,229	(0)	2,000	0	0	6,229			6,229	0	6,229	
Super Hubs		2,000	0	(2,000)	0	0	0	2,000		2,000	2,000	0	2,000	
Community Wellbeing Delivery Board	0	6,229	4,229	(2,000)	2,000	0	0	8,229	2					

Reserve to be topped back up by future receipts

Approved at February 2022 Council	98,060	140,283	103,771	52,177	6,270	400,561
Reprofile Budget		0	0	0	0	0
Grant/Funding Movement		10,156	9,140	300	400	19,996
22/23 Carry Forward		18,790				18,790
Remove Care Home project		(500)	(3,000)	(9,000)	(1,400)	(13,900)
Remove eCargo Bike borrowing requirement		(73)				(73)
Budget not carried forward for projects completed	(4,269)					(4,269)
Use of Reserves						0
Prior Year Spend adj (closed projects and 22/23 one off grant excluded)	24,140					24,140

Change in Capital Programme	0	10,083	9,140	300	400	19,923
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Note 1

Overall Change Financed By

	£000	£000	£000		£000	£000
Prudential Borrowing		(73)				(73)
Grant and funding contributions (Inc Reserves)		10,156	9,140	300	400	19,996
Capital receipts						0
	0	10,083	9,140	300	400	19,923

Note 1

Grant Amendments since February Council

	£000
Levelling up fund for North and South ATMs	13,412
Integrated Wetlands - NHB	900
Changing Places	287
Highways Maintenance and pot hole repairing 2023/24	2,558
Active Travel Fund 4	306
DfE increase to schools maintenance grant 23/24	33
Fly-Tipping Intervention Grant	30
23/24 DFG additional grant	467
Wye Valley AONB additional grant	70
eCargo Bike Grant	85
Greening the City Adjustment for Grant Award	-6
Remove LTA Grant assumption	-180
Single Homelessness Accommodation Programme (SHAP)	910
Local Electric Vehicle Infrastructure Capital Grant	1,124
	19,996

Scheme Name	Spend in					Total Scheme Budget £000	Grant & Prudential					
	Prior Years £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000		Capital receipts £000	funding cont £000	Prudential borrowing £000	Total £000	Prior Years £000	Total Funding £000
Hereford City Centre Transport Package	37,224	6,255	3,500	0	0	46,979		6,081	3,674	9,755	37,224	46,979
Hereford City Centre Improvements (HCCI)	3,500	2,500	0	0	0	6,000			2,500	2,500	3,500	6,000
Southern Link Road		800	2,200	2,000	5,300	10,300	5,000		5,300	10,300	0	10,300
Hereford ATMs and Super Cycle Highway		1,000	0	0	0	1,000			1,000	1,000	0	1,000
Emergency Active travel Fund		119	0	0	0	119		119		119	0	119
Active Travel Fund 4		306	0	0	0	306		306		306	0	306
LUF - Active Travel Measures (north of river)	251	1,025	3,190	0	0	4,466		4,215		4,215	251	4,466
LUF - Active Travel Measures (south of river)	2	4,036	5,159	0	0	9,197		9,194		9,194	2	9,197
Sustainable Transport & Place Making Delivery Board	40,976	16,041	14,049	2,000	5,300	78,366	5,000	19,915	12,475	37,390	40,976	78,366
Local Transport Plan (LTP)		15,466	15,466	0	0	30,932				30,932	0	30,932
Priority Flood Repair Works	2,868	1,159	0	0	0	4,027			1,159	1,159	2,868	4,027
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	1,891	408	0	0	0	2,299			408	408	1,891	2,299
Public Realm Maintenance - Mitigating Risk on the Network	1,101	3,849	0	0	0	4,950			3,849	3,849	1,101	4,950
Highways Maintenance and pot hole repairing 2023/24		2,558	0	0	0	2,558			2,558	2,558	0	2,558
Resurfacing Herefordshire Highways		0	5,000	5,000	0	10,000	816	9,185		10,000	0	10,000
Winter Resilience		677	290	435	0	1,402			1,402	1,402	0	1,402
Highways Equipment	41	507	0	0	0	548			507	507	41	548
Natural Flood Management	97	489	279	239	170	1,274		1,176		1,176	97	1,274
Highways Infrastructure Investment		4,085	4,085	3,985	3,885	16,040		1,580	14,460	16,040	0	16,040
Public Realm Improvements for Ash Die Back		315	367	367	367	1,416			1,416	1,416	0	1,416
Moving Traffic Enforcement Phase 2		144	0	0	0	144			144	144	0	144
Highways Maintenance Delivery Board	5,998	29,657	25,487	10,026	4,422	75,590	816	45,431	23,345	69,592	5,998	75,590
E & E's S106		4,558	1,092	1,922	0	7,572				7,572	0	7,572
C & F's S106		1,376	351	2,265	0	3,992				3,992	0	3,992
Planning Delivery Board	0	5,933	1,443	4,187	0	11,563	-	11,563	0	11,563	0	11,563
Integrated Wetlands	2,252	748	0	0	0	3,000				748	2,252	3,000
Solar Photovoltaic Panels	862	1,272	0	0	0	2,134			1,272	1,272	862	2,134
Wye Valley AONB	55	155	116	0	0	326			272	272	55	326
SEPUBU Grant	88	344	0	0	0	432			344	344	88	432
Waste		18,090	0	0	0	18,090		5,800	12,290	18,090	0	18,090
E-Cargo Bike Share		85	0	0	0	85			85	85	0	85
Local Electric Vehicle Infrastructure Capital Fund (LEVI)		124	300	300	400	1,124		1,124		1,124	0	1,124
Green Homes Grant - Local Authority Delivery	526	293	0	0	0	819			293	293	526	819
Home Upgrade Grant	522	4,301	4,646	0	0	9,469			8,947	8,947	522	9,469
Environment & Sustainability Delivery Board	4,304	25,413	5,063	300	400	35,479	0	17,613	13,562	31,175	4,304	35,479
Hereford Enterprise Zone	14,526	421	0	0	0	14,947		421		421	14,526	14,947
Marches Business Investment Programme	2,884	544	0	0	0	3,428			544	544	2,884	3,428
Investment in Employment Land in Herefordshire	341	3,500	10,000	6,860	0	20,701	12,000	2,053	6,307	20,360	341	20,701
Leominster Heritage Action Zone	1,095	2,009	0	0	0	3,104	1,623	386		2,009	1,095	3,104
Safer Streets / CCTV	340	43	0	0	0	383			43	43	340	383
Fastershire Broadband	26,990	1,216	5,532	0	0	33,738		3,853	2,895	6,748	26,990	33,738
Economic Development Delivery Board	46,176	7,734	15,532	6,860	0	76,301	14,044	6,879	9,202	30,125	46,176	76,301
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	1,535	10,665	5,800	0	0	18,000	7,946	8,519		16,465	1,535	18,000
Stronger Towns Fund - Greening the City	81	323	0	0	0	404		323		323	81	404
UK Shared Prosperity Fund		290	845	0	0	1,135		1,135		1,135	0	1,135
Rural Prosperity Fund		850	856	0	0	1,706		1,706		1,706	0	1,706
Stronger Towns Library & Learning Centre relocation to Shirehall		395	2,611	0	0	3,005		395	2,611	3,005	0	3,005
Stronger Towns Fund - Maylord Orchard Redevelopment and Learning Resource Centre	434	3,066	0	0	0	3,500		395	2,671	3,066	434	3,500
Major External Funded Delivery Board	2,050	15,589	10,111	0	0	27,750	8,735	16,964	0	25,700	2,050	27,750
Electronic Document Management Storage	303	12	0	0	0	315			12	12	303	315
Capital Development Fund		1,000	0	0	0	1,000			1,000	1,000	0	1,000
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)	143	412	0	0	0	555			412	412	143	555
HARC SAN Lifecycle Replacement		372	0	0	0	372			372	372	0	372
Data Centre Equipment Lifecycle Replacement		329	0	0	0	329			329	329	0	329
Windows Server Upgrades		330	0	0	0	330			330	330	0	330
Backup Storage		82	0	0	0	82			82	82	0	82
Device and Ancillary kit replacement programme		365	365	415	448	1,593			1,593	1,593	0	1,593
M365 E5 Implementation		300	150	0	0	450			450	450	0	450
Primary Data Storage Area Network (Plough Lane)	272	63	0	0	0	335			63	63	272	335
IT Services Partnership Board	718	3,265	515	415	448	5,361	0	1,000	3,643	4,643	718	5,361
Flexible Futures	268	582	0	0	0	850			582	582	268	850
Wye Valley Trust - Education Centre Investment	0	0	6,000	0	0	6,000			6,000	6,000	0	6,000
HWGTA - Development of Vocational Work Based Skills Inv	0	0	2,000	0	0	2,000			2,000	2,000	0	2,000
My Account		7	0	0	0	7			7	7	0	7
Corporate Transformation Delivery Board	268	588	8,000	0	0	8,857	0	0	8,588	8,588	268	8,857
Schools Capital Maintenance Grant		5,693	1,195	0	0	6,888		4,181	2,707	6,888	0	6,888
Peterchurch Area School Investment	232	7,446	3,175	0	0	10,853	5,433	3,706	5,188	10,621	232	10,853
Brookfield School Improvements	375	3,830	795	0	0	5,000	919	3,978		4,625	375	5,000
High Needs Grant	77	1,300	2,678	0	0	4,055			3,978	3,978	77	4,055
Basic Needs Funding		7,674	8,610	0	0	16,284			16,033	251	16,284	16,284
Preliminary works to inform key investment need throughout the county	213	303	0	0	0	516			303	303	213	516
School Accessibility Works		1,003	0	0	0	1,003			1,003	1,003	0	1,003
Estates Capital Programme 2019/22	3,760	2,322	0	0	0	6,082			2,322	2,322	3,760	6,082
Work to Shirehall Annex (Care Leavers Base)		100	0	0	0	100	100			100	0	100
Shirehall Building Improvements		0	3,000	0	0	3,000	2,000		1,000	3,000	0	3,000
Residual property works identified in the 2019 condition reports	40	1,351	0	0	0	1,392			1,351	1,351	40	1,392
Estates Building Improvement Programme 22-25	174	2,569	264	0	0	3,007			2,833	2,833	174	3,007
Estates Building Improvement Programme 2023-25		2,280	1,247	0	0	3,527		1,285	2,242	3,527	0	3,527
Fly-Tipping Intervention Scheme		30	0	0	0	30			30	30	0	30
Upgrade of Hereford CCTV Cameras	38	4	0	0	0	42			4	4	38	42
Changing Places		287	0	0	0	287			287	287	0	287
Hereford Library	145	200	0	0	0	345			200	200	145	345
Asset Management Delivery Board	5,055	36,392	20,963	0	0	62,410	8,452	29,504	19,399	57,355	5,055	62,410

Disabled facilities grant	4,229	2,000	0	0	6,229	6,229	6,229	0	6,229
Community Capital Grants Scheme	200	1,800	0	0	2,000	2,000	2,000	0	2,000
Community Wellbeing Delivery Board	0	4,429	3,800	0	8,229	2,000	6,229	0	8,229
Hillside	879	121	0	0	1,000	121	121	879	1,000
Empty Property Investment & Development		919	0	0	919		919	0	919
Gypsy & Traveller Pitch development	781	1,096	0	0	1,877		1,096	781	1,877
Single Homelessness Accommodation Programme (SHAP)		455	455	0	910	910	910	0	910
Strategic Housing Development		80	0	0	80		80	0	80
Private sector housing improvements (Demo Centre)	88	111	0	0	199	111	111	88	199
Housing & Accommodation Delivery Board	1,747	2,781	455	0	4,984	232	910	2,094	3,236
Total Capital Programme	107,293	147,821	105,417	23,788	10,570	39,280	156,009	92,308	287,596

Key:

Revenue Funded Borrowing	
Reserve to be topped back up by future receipts	

Current 2023/24 Programme Budget 117,931 168,656 109,911 43,477 5,270 445,245

Change in Capital Programme (10,638) (20,834) (4,494) (19,689) 5,300 (50,355)

Overall Change Financed By

	£000	£000	£000	£000	£000	£000
Prudential Borrowing		(9,585)	(8,120)	(8,089)	5,300	(20,494)
Grant and funding contributions (Inc Reserves)		(10,604)	(7,975)	(13,600)		(32,180)
Capital receipts		(645)	11,602	2,000		12,957
	0	(20,834)	(4,494)	(19,689)	5,300	(39,717)