

MEETING:	CABINET
MEETING DATE:	23 July 2015
TITLE OF REPORT:	End of May corporate performance and budget report 2015/16
REPORT BY:	Assistant director, place based commissioning and director of resources

Classification

Open

Key decision

This is not a key decision.

Wards affected

County-wide

Purpose

To invite cabinet members to consider performance for the first two months of 2015/16 and the projected budget outturn for the year.

Recommendation(s)

THAT:

- (a) Cabinet notes the council is currently projecting an overspend of £0.6m; and**
- (b) Performance for the first two months of 2015/16 is considered.**

Alternative options

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

Reasons for recommendations

2. To provide assurance that progress is being made towards achievement of the agreed outcomes and service delivery targets, and that the reasons for important areas of actual or potential under-performance are understood and are being addressed to the cabinet's satisfaction.

Key Considerations

3. Council approved the corporate plan 2013-15 in November 2012, framed around the key priorities of: enabling residents to be independent and lead fulfilling lives with resources focussed on supporting the most vulnerable; and creating and maintaining a successful economy. The supporting delivery plan for 2015/16 was approved by cabinet in March 2015.
4. Progress is measured through a number of performance measures. These have been selected because they demonstrate progress towards achievement of the council's priorities and also provide an overview of the council's performance from a resident's perspective. The [databooks](#), which are available on the council's website, contain the latest performance outturns available. Where monitoring information is available only on an annual basis, these measures will be reported at the point it becomes available.
5. The projected outturn based on spend to the end of May 2015 is an overspend of £0.6m, 0.4% of net budget. The overspend is in the context of having to achieve significant savings, £10m in 2015/16 on top of £15m delivered in 2014/15. It is anticipated that management action will reduce the overspend during the year. The risk of non-achievement can be mitigated by using reserves set-aside for overall risk mitigation and the corporate contingency to bring overall spending within budget at the year-end. The projected overspend is due to additional placements and continued reliability on agency staff to fill social work posts that were planned to be reduced in children's safeguarding. Moving forward continued efficiencies and service re-design will become harder to deliver. Savings plans are currently being reviewed to meet projected savings required up to 2019/20. As part of this the realism of reductions already set out will be reconsidered, particularly in children's safeguarding.

Projected revenue outturn 2015/16

Service	Budget	May projection	Outturn over/(under)
	£000's	£000's	£000's
Adults' wellbeing	53,546	53,546	0
Children's wellbeing	23,131	24,406	1,275
Economy, communities & corporate	53,060	52,980	(80)
Directorate total	129,737	130,932	1,195
Other budgets and reserves	12,255	11,655	(600)
Total	141,992	142,587	595

Further information on the subject of this report is available from Richard Ball, assistant director place based commissioning on (01432) 260965 and Peter Robinson, director of resources on (01432) 383514

6. Appendix D provides an overview of performance during the first two months of 2015/16. Whilst 74% of performance measures are showing a positive shift in performance, there remain 24% that are currently performing worse than the same period last year, and consideration needs to be given as to required actions to improve performance.
7. A summary of performance and the challenges faced within each directorate is included below in paragraphs 8-35.

Adults' wellbeing

8. The forecast shows an overall balanced budget for adults' wellbeing. There has been higher than expected demand, particularly for domiciliary care during the early part of 2015/16 and it should be noted that client budgets for 2015/16 are over £2.2m lower than they were in 2014/15. This year on year reduction of costs is expected to be achieved through proactive management of placements, financial challenge of all new placements and reviewing all high cost existing packages.
9. The forecast assumes that any further demand pressures will be managed within the operational teams, AWB panel, by senior management and all savings plans identified for delivery during the financial year are implemented on time and deliver expected benefits.
10. Over the last quarter the leadership team have further developed the future strategy for adults' wellbeing. This follows the delivery of the Health and Well Being Strategy and the refresh of Understanding Herefordshire. The high level vision for adult social care has been translated into tangible outcomes that will now be further consulted on with wider stakeholders and our workforce. Key to the change will be the ongoing conversations and engagement we will need with the public, our partners, our communities, our providers and our workforce.
11. A Care Act compliance audit was undertaken by the South West Audit Partnership which found us to be compliant with the new Care Act legislative framework and that appropriate governance has been in place throughout the process. The quarterly national stocktake on progress towards implementation of phase two of the Care Act has been submitted.
12. Implementation of the first quarter of the Better Care Fund plan has seen progress made on the care market project, which seeks across the clinical commissioning unit and the council to address the cost and quality of nursing and residential care. The second project which focuses on health and social care community redesign has not progressed within anticipated timescales and is subject to further management monitoring. The joint commissioning board with the Clinical Commissioning Group and the local authority children's, public health and adult social care commissioning is now in place and is overseeing where both organisations have a contractual interest.

Challenges

13. Whilst some areas of performance around safeguarding have improved, particularly around the initial decision making, some areas still require further improvement:
 - a. Performance of safeguarding enquiry completion within timescales has performed significantly below target levels in the first two months of 2015/16. Current performance is running at 26.4%, against the target of 80%. This

metric is now subject to weekly monitoring to make rapid improvement.

- b. At the initial stage some improvements are noticeable within the safeguarding process, with a smaller proportion of 24.4% of cases progressing to enquiry, down from 45.7% last year, meaning locality teams are only involved with relevant cases. 73% of cases have had their decision taken within 2 working days; again, this is an improvement on last year where 64% of cases met this timescale. However, further progress needs to be made.
- c. In order to improve safeguarding activity across all domains, each locality team has provided an action plan detailing how they are going to target improvements locally and weekly monitoring has been established, with teams expected to feedback on all open cases.

Children's wellbeing

- 14. Herefordshire schools continue to maintain a strong profile in terms of the Ofsted judgements, remaining in the top third nationally for the percentage of children attending good and outstanding schools.
- 15. The number of young people not in education, employment and training (NEETs) has reduced over the last year. This is good news and in addition, the council has made significant strides to ensure that it is aware of what education and employment activity young people are doing between the ages of 16-19. We have developed some innovative work with the police to assist in ensuring that more vulnerable young people are engaging in activities to secure them some kind of training and employment.
- 16. Schools are currently being involved in the development of a capital investment strategy. This is on track for cabinet decision making in September 2015 and will provide a sound basis for future capital investment.

Challenges

- 17. The forecast outturn is an overspend of £1.3m, due to overspends in children's safeguarding. An action plan is currently being worked on to reduce spending in year.
- 18. £1m of the variance relates to placement costs, particularly in fostering where matching carers to the needs of the child have led to the use of external agencies. There is also pressure in both kinship carers and special guardianship allowances. The cost of interim agency staff continues to cause costs pressures; recruitment of high numbers of permanent staff is proving difficult.
- 19. The safeguarding overspend is summarised below:

	£000's	£000's
Placements and allowances:		
Residential and fostering	547	
Kinship carers	190	
Special guardianship allowances	168	
Direct payments	53	959

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Agency Staff:

Children with disabilities	293	
Multi agency safeguarding hub	150	
Children in need	101	
16+ Team	64	
Quality assurance	52	659
Social work academy		142
Total overspend		1,760
Children with disabilities reserve		(200)
Under spends		(200)
Net overspend in safeguarding		1,360

20. Residential and fostering costs £547k

There has been an increase in the number of children placed in external fostering agencies since the 2015/16 budget was set leading to a pressure of £547k. Action is in hand to review placements so as far as possible in-house fostering is used. To reduce the number of children in high need placements there has also been an increase in costs in Kinship care arrangements causing a pressure of £190k this is greater than anticipated in our planning. The special guardianship allowances are forecast as a pressure of £168k, a review of the Council's policy is currently in progress to review allowances and ensure the threshold is fair. We anticipate this will lead to a reduction in costs.

21. Agency staff in teams £659k

The budget was based on an assumption regarding the step down of agency staff from April 2015. However, recruiting permanent members of staff to social workers posts continues to be difficult. We have been able to successfully move staff from the new qualified programme to permanent roles and recruit social workers both local and internationally. However, the ratio of permanent to agency is 55%:45% causing an overall budget pressure of £659k across a number of teams. This forecast is based on current starting dates. Recruitment is reviewed weekly. The overspend has been reduced by using the children's with disabilities reserve which was created to fund agency staff to resolve the backlog of cases and support while service redesign was completed.

22. The Social work academy is overspending by £142k due to an accelerated recruitment of newly qualified social workers, to support further reductions in agency staff in future years.

23. There are some underspends in the early help and family support. In addition there is an underspend in education and commissioning and staff vacancies.

24. Although performance and quality continues to be monitored there are some concerning trends in the Multi Agency and Safeguarding Hub (MASH) and Children in Need teams relating to timeliness, in part this has been caused by the rapid turnover of agency staff, and the higher caseloads. We have action plans in place to mitigate against this. Caseloads, in some teams particularly Children in Need are still too high (in the high 20's) above the target of 16. Here managers are finding it difficult to keep the case loads of senior practitioners lower to enable them to improve the quality of practice and direct work in families. However, when the caseloads are averaged (currently 14.54%) across the directorate this lowers the figure to within the target range.

Economy, communities and corporate

25. The forecast outturn is an underspend of £80k. This reflects pressures for property maintenance of £200k, the impact of inflation on energy costs of £116k, a delay in the restructure of parks and countryside of £85k and an increase in the coroner's external fees of £55k.
26. These pressures have been off-set by the early delivery of savings plans for 2016/17, £170k, Waste Contract £300k and additional Hoople SLA savings of £100k.
27. The General Register Office (GRO), a part of Her Majesty's Passport Office, has given registration services a Good rating.
28. Increased numbers of neighbourhood plans are being submitted, with four at submission stage and 14 at draft stage. A surge is expected following the Inspector's report on the local plan.
29. The enhanced parish lengthsman scheme has been successful, with a high level of sign up from parishes making their own financial contribution.
30. Within customer services, call volumes have reduced to 14,396 from 20,025 during the corresponding period last year; and in person payments at Hereford customer service centre have dropped by over 25%.

Challenges

31. Work is underway to take forward the Hereford city transport package (including City Link Road) and South Wye Transport Package (including Southern Link Road). Delivery of these projects is progressing according to plan.
32. General Vesting Declaration (GVD) notices were issued during May for the acquisition of land for the City Link Road, and Phase 1 demolition works have started with main construction due to commence in January 2016.
33. A planning application for the Southern Link Road was submitted during May. Determination of the planning application is expected in October 2015. Subject to planning permission being granted, detailed design of the scheme and work to prepare for compulsory purchase order process will continue.
34. A Major Infrastructure Delivery Board is in place and meets monthly to exercise project governance and monitoring. The Board draws representation from a range of professional advisors including technical, legal, finance, property and regulatory specialisms. As major infrastructure projects are complex, it will require continued

engagement and commitment from the multi-disciplinary project team, to ensure they remain on track in future.

35. Despite progress on key sites including Plough Lane and Shire Hall, challenges remain within the council's property estate. Condition surveys and health and safety reports have shown that some of our properties are in need of significant investment. A review of corporate accommodation is currently underway that will determine both a medium term strategy – plan for office accommodation over the next five years and immediate actions over the next 12 months that will fit into this strategy.

Other budgets and reserves

36. The forecast outturn is an underspend of £600k. The underspend is in two areas: managing change is expected to underspend by £100k based on current redundancy estimates; and a one off contribution to the general fund reserve of £500k is not required due to the £600k underspend in 2014/15 being transferred to reserves last year.

Collection fund

37. The first review of 2015/16 business rate and council tax income is showing a forecast income in line with the budget projections of £22m and £84m. There has been no unexpected growth or decline to date however business rate income is subject to the risk of appeals. Funds have been set aside for lodged appeals and the risk of unknown appeals has been reduced following the national implementation of restricted back dating.
38. A more detailed analysis of the revenue outturn is provided in Appendix A.

Capital forecast

39. The forecast capital outturn is £73.3m compared to an original budget of £67.9m with the increase due to the re-profiling of spend and additional funding announcements. A more detailed analysis of the capital forecast is provided in Appendix B.

Treasury Management

40. Treasury Management is expected to spend within budget, no new fixed term borrowing has been taken to date. Appendix C provides further details.

Equality and human rights

41. There are no specific implications in the report. As regards demonstrating due regard to the council's public sector equality duty (PSED), as part of our decision making processes we ensure that individual directorates and service areas assess the potential impact of any proposed project, leading to fairer, transparent and informed decisions being made.

Financial implications

42. Projects and activity within the delivery plan must be delivered within the budget agreed by council in February 2015; they include projects and activity to deliver the cost reductions required for a balanced budget. Slippage in projects and activity to deliver cost reductions will impact on the overall council budget and will require

remedial or mitigating actions to maintain financial stability.

Legal implications

43. None.

Risk management

44. The corporate plan and its delivery plan are integral elements of the council's risk management framework. Risks associated with each objective and project are entered onto the relevant service or directorate risk register and escalated as appropriate. The corporate risk register is available on the council's website and an overview of the significant risks is included within Appendix D.

Consultees

45. None in relation to this report. The development of the delivery plan was informed by the evidence base already gathered during the year and which includes user, resident and partner feedback where available.

Appendices

- Appendix A Revenue forecast
- Appendix B Capital forecast
- Appendix C Treasury management forecast
- Appendix D Strategic overview:
 - Organisation wide
 - Adults' wellbeing
 - Children's wellbeing
 - Economy, communities and corporate

Background Papers

- [adults' wellbeing databook](#)
- [children's wellbeing databook](#)
- [economy, communities and corporate databook](#)
- [corporate risk register](#)