

<b>MEETING:</b>	<b>Cabinet</b>
<b>MEETING DATE:</b>	<b>21 July 2016</b>
<b>TITLE OF REPORT:</b>	<b>End of May corporate budget and performance report 2016/17</b>
<b>REPORT BY:</b>	<b>Cabinet member, economy and corporate services</b>

## **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 2016/17 and the projected budget outturn for the year.

## **Recommendation(s)**

**THAT:**

- (a) Cabinet notes the council is currently projecting an overspend of £1.5m; and**
- (b) Performance for the first two months of 2016/17 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. The projected full year outturn based on spend until the end of May 2016 is an over spend of £1.5m, this represents 1% of the budget. The 2016/17 savings are £10.9m; £9.4m (86%) of which are on track to be delivered during the current year. Action plans are being undertaken in all directorates to address the in-year pressures and to help mitigate the impacts of the external economic environment. It is not unusual at this period in the year for there to be a forecasted over spend; actions contained within the directorate overviews in paragraphs 8-39 are expected to manage this.
4. Council approved the corporate plan 2016/17-2019/20 in February 2016, framed around the key priorities of: enable residents to live safe, healthy and independent lives; keep children and young people safe and give them a great start in life; support the growth of our economy; and secure better services, quality of life and value for money. The supporting delivery plan for 2016/17 was approved by cabinet in April 2016.
5. 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 only available annually, these measures will be reported at the point it becomes available.
6. During May the pension deficit budget of £5.4m was centralised (this excludes schools). This reduces per employee on costs to the current service pension cost of 14.6% with the remaining 19.26% per employee pension deficit contribution now being a centrally held fixed cost.

### Projected Revenue Outturn 2016/17 (as at the end of May)

Directorate Net Budget	Net budget £000	Projected full year outturn £000	Projected full year variance £000 Over / (Under)spend
Adults and wellbeing (AWB)	51,239	52,233	994
Children's wellbeing (CWB)	22,292	22,751	459
Economy, communities and corporate (ECC)	47,557	47,625	68
<b>Directorate total</b>	<b>121,088</b>	<b>122,609</b>	<b>1,521</b>
Other budgets and reserves	26,891	26,891	0
<b>Outturn</b>	<b>147,979</b>	<b>149,500</b>	<b>1,521</b>

7. Appendix A provides a further breakdown of directorate budgets and forecast spend.
8. Appendix D provides an overview of performance during the first two months of 2016/17. Whilst 69% of performance measures are showing a positive shift in

performance, there are 27% that are currently performing worse than the same period last year, and consideration needs to be given as to required actions to improve performance. A summary of performance and the challenges faced within each directorate is included below in paragraphs 9-40.

### ***Adults and wellbeing***

9. The latest forecast predicts a £994k overspend of the budget at year end.
10. The forecast overspend within the adult social care client groups is £1.047m at year end. This is due to higher than budgeted expenditure on direct payments that are over and above the compensating reduction in domiciliary care spend that would normally be expected. It should be noted that client budgets for 2016/17 are £441k lower than they were in 2015/16 and that the forecast outturn for the directorate is £1,990k lower than the 2015/16 outturn position.
11. The client forecast assumes that any further demand pressures will be managed within the operational teams, by AWB panel and by senior management. The directorate leadership team are currently in the process of preparing a recovery plan document to identify required actions and additional savings initiatives in order to ensure a balanced outturn for 2016/17.
12. The first recovery plan meeting has now taken place and the initial focus will be on the following two areas:
  - The 'single handed care project' which aims to reduce the number of 'double handed' care packages with better use of equipment and technology. This is anticipated to reduce the over spend in 2016/17 by £150k.
  - Maximising the occupancy of all block purchased beds to reduce the current over spend by a further £300k.

### *What is going well?*

13. During the last quarter, the directorate submitted its statutory returns to central government. Results were generally pleasing with some significant improvements over the last 12 months; including an increased proportion of people supported by a direct payment and an improvement in the number of new admissions to care homes. A significant part of these returns include the annual social care survey; where almost all measures showed improvements.
14. As a demonstrator site for the National Diabetes Prevention Programme, Herefordshire completed the mini competition process in Q1 and Reed Momenta have been appointed as the provider. Two GP practices have started to pilot the identification process for people as 'pre-diabetic' with a further three starting in Q2 and all GP practices are signed up to identify eligible people for full implementation. Starting this summer, Reed Momenta will be working with pharmacies and will be delivering behavioural change courses of 12 weeks duration across Herefordshire.
15. Three key housing strategic documents have been approved by cabinet. The first is the Homelessness Review and Homelessness Prevention Strategy, a statutory document focused on measures to prevent and relieve homelessness in its different forms. The Herefordshire Home Point Allocations Policy sets the basis on which people are allocated social and affordable housing via the housing register. This requires a delicate balance between fairness in responding to needs and the management of demand to make best use of housing stock in the county. The policy must also comply with complex statutory requirements and the council seeks to

ensure that housing providers' individual policies for allocating and excluding tenants are fair and consistent with the strategic position. The third is Herefordshire's Housing Strategy, which is no longer a statutory document, but is valuable in capturing the strategic overview across all housing issues countywide. It, therefore, reflects key elements from other strategic documents but also addresses important issues relating to health and wellbeing, specialist housing and housing development.

16. We have submitted three iterations of the Better Care Plan for 2016/17 during May and following two regional assurance reviews have been 'assured with support'. We are awaiting confirmation of the areas where our plan requires further work, and what regional support will be available. We are currently in the final stages of concluding discussions with the CCG about the risk share arrangements for 2016/17. Following the significant additional costs incurred by the council as a result of the 2015/16 risk share arrangement we have been clear that we will only enter into risk share arrangements which change partner behaviour and have a financial limit (cap). Options under consideration include some form of limited risk share arrangement in relation to the additional pool, and plans to reduce delayed transfers of care (DTC). Negotiations must be complete by the end of June.
17. By including the spend split on community equipment as part of the Better Care Fund (BCF) risk share negotiations we have succeeded in engaging the CCG in discussions which now indicate a more equitable cost allocation going forward. The revised split has now been agreed for 65/35 CCG/council, taking effect from 1 July 2016. A scoping study will be undertaken to identify options for improved operation of the service, with the aim of reducing the total cost of the equipment.
18. During the last quarter, we finalised our review of Making Safeguarding Personal (MSP). As a result we have developed an action plan which will be our key focus for taking forward the improvement of safeguarding in Herefordshire during 2016 and into 2017. The majority of these actions however are being delivered during the next quarter. The review scope was multi-faceted in its aim, seeking the understanding and embedding of MSP across all agencies. Findings reflect the scope of the review and, following the council's own governance, the report and action plan will shortly be presented to Herefordshire Adult Safeguarding Board for consideration. A component of the review was to ensure that recommendations following last year's Peer Challenge, which focused on safeguarding, had been actioned and embedded and, where we could, were addressed as part of the review. Most process changes, such as those identified in the peer challenge, will be addressed with a new safeguarding workflow scheduled for Mosaic, the council's new upgraded social care data system, over the next few months. All findings are articulated in the report or its appendices and agreed actions are tabled with the MSP review action plan.
19. We continue to work on the help to live at home project, considering what options are required for the future home care market. To date much of the work has focussed on the development of a proposed model, analysing current and future demand, aligning our current service users to the model and consideration of potential zones which would help mitigate some of our current market challenges. We have also commenced a formal consultation process with service users and the market, which will run through until the end of August. By the end of September, we will have undertaken the governance process required for us to go to the market in October.

### *Challenges*

20. Responding to changes and pressures that impact upon the workforce and its practices remains a significant challenge for AWB. This includes as examples the workforce adapting their practice to align to changes introduced by the Care Act, the

recent upgrade to the care management system (Mosaic) and changes to the Adult Social Care pathway; the planned introduction of mobile working; managing demographic pressures; and managing public expectations. Cultural change therefore remains a key priority across the directorate for the upcoming future.

21. In the context of overall cuts in public sector budgets, AWB is facing an increasingly challenging financial position due to the fact that grant funding for the Independent Living Fund (ILF) and Public Health have reduced. This, at a time of increasing demand, when NHS budgets are already under pressure and a potential slowdown of the economy, all impact upon AWB's ability to ensure a balanced outturn for 2016/17.

### ***Children's wellbeing***

22. The forecast outturn for 2016/17 is an over spend of £459k, this is due the timing of savings implementation. The 2015/16 outturn was an over spend of £2.1m, reductions in the number of agency staffing (60 to 26) and the reductions in the number of looked after children and child protection plans will ensure the budget is manageable in 2016/17, recognising there is pressure on delivering the £1.6m 2016/17 savings.
23. The savings of £300k associated to moving young adults into independent accommodation has been delayed, focus is being placed through working with adults commissioning to deliver a part year savings, this will reduce the over spend.
24. The review of regular payments has been completed; the financial assessments will start in August, a part year savings could deliver up to £100k savings in year depending on the assessments.
25. Difficulties in recruiting social workers remain and the recruitment strategy continues to be refreshed and developed ensuring targeted actions. Establishment costs must keep within budget and this includes any use of agency staff.
26. The number of Independent Fostering Agencies (IFA) placements in the forecast is 55. It is anticipated that a focused review, including the approval process for placement panel and how we support short term placements will reduce spend in this area.

### *What is going well?*

27. The number of initial assessments completed in timescale has been on an upward trajectory since September 2015. Whilst there was a dip in performance during December 2015 and January 2016, the team are now achieving 95% of initial assessments in timescale. The multi-agency safeguarding hub and children in need teams are currently reviewing their structures and resources to consider how they can be most effective, especially with the introduction of the single assessment in late autumn 2016.
28. Since the introduction of controls for all strategy meeting requests (service manager authorisation), the number of such meetings has significantly reduced. This is slowly increasing the number of strategy meetings that result in a section 47 investigation. This is reassuring as it suggests that the direction of travel is correct and that strategy meetings are appropriate and are no longer case management meetings or professional meetings.

## *Challenges*

29. During this quarter, the numbers of looked after children have begun to reduce. At the end of May there were 279 children accommodated by the local authority as opposed to 291 at the end of March. Significant work is underway, in close liaison with AWB commissioners, to develop a wider range of supported accommodation in the county and so enable young people to leave our care sooner. CWB has also reviewed the process by which children come into our care and will implement a new process during this summer. Taken together, these two initiatives should see a managed reduction in our looked after children population over the next two years down to our target figure of 180.
30. The numbers of children subject to child protection plans has continued to reduce during this quarter. As at the end of May, 155 children were subject to child protection plans. Whilst we can expect periodic fluctuations in the monthly number, we are working with partners to ensure a sustained reduction that reflects the nature of our child population. The three-pronged approach outlined in the last report continues and has been given an increased momentum by a multi-agency case audit which questioned the reasons for many children being subject to child protection interventions. A more consistent application of the HSCB Thresholds of Need should lead to children getting appropriate support at the right time.
31. The performance at all key stages for vulnerable groups and particularly those eligible for free school meals remains an area of focus for individual schools and the local authority. The gap between these groups and their peers remains too great. Specific work to address this is being co-ordinated through the Herefordshire school improvement partnership.

## ***Economy, communities and corporate***

32. A net overspend of £68k is forecast for the ECC directorate.
33. Monitoring of income from off-street parking charges is currently indicating that overall income for the year may be below forecast. This is contributing to the directorate's current forecast overspend. Careful monitoring of income levels on a monthly basis will keep this area under review and may require corrective action.
34. Early delivery of 2017/18 management restructure and public transport savings are forecast to provide a favourable variance against budget, therefore offsetting some of the car parking pressure.

## *What is going well?*

35. The Local Transport Plan (LTP) was adopted by full council in May. The LTP was drafted to reflect Herefordshire's Core Strategy and sets out the council's strategy for supporting economic growth, improving health and wellbeing and reducing the environmental impacts of transport. Adoption of the plan supports the commitment to deliver the bypass.
36. Promotion of 2020 programme (<http://www.hereford2020.com>) of developments for Hereford has been increased to include a dedicated website which was recently launched. The partnership between Fastershire and Business Improvement District provides free Wi-Fi in Hereford. A key project within the 2020 programme is the City Link Road, for which a contractor has been appointed. Herefordshire Council and Balfour Beatty Living Places evaluated the tenders submitted through an open competitive tender process prior to the awarding of the contract to Alun Griffiths Contractors of Abergavenny. Construction will begin in July 2016 and will take

approximately 15 months to complete.

37. Herefordshire Council has been awarded £419K from the Department of Transport Transition Fund to deliver a one year programme of promotions to increase levels of physical activity and improved access to education and employment through walking and cycling across the county during 2016/17. This programme directly compliments the new infrastructure proposals for Hereford as outlined in the LTP. In addition, the council successfully secured £920k of ERDF funding to run a new public building energy efficiency grants scheme across the Marches.
38. Work continues to empower communities to do more for themselves, including through the transfer and devolvement of services. The Regeneration Team have supported groups to obtain funding including a £10k Heritage Lottery Fund start-up grant for Ledbury Places, a group working together to find a sustainable future for six buildings that represent a part of Ledbury's heritage . Moreton-on-Lugg and Titley received grants to make improvements to the village halls. The Big Skill received a grant of £10k from Awards for All.

### *Challenges*

39. Housing land supply remains a challenge to the planning process and bringing forward housing developments within the county to meet future and current needs is a key priority. This requires a focus on delivery within the development management teams and priority continues to be given to determining major applications. Strong performance is being maintained in relation to target timescales, as shown in the ECC scorecard at Appendix D. Work is underway with the developers of all the strategic housing sites identified within the Core Strategy, with a view to providing appropriate support to ensure these sites are brought forward to planning in line with agreed timescales. In addition, cabinet recently approved proposals to establish a Development Partnership which will secure residential and commercial development to maximise the commercial return for the council, and contribute to and drive forward economic and housing growth priorities.
40. Demand for face-to-face contact at Franklin House has risen because of council tax main billing. Housing and council tax benefit accounts for 27% of the total demand. Customer Service face-to-face contact has seen an increase compared to the same period in 2015 with 7,587 face-to-face contacts year to date compared to 5,853 during the same period in 2015. A drive for people to use services on-line is to continue, with a new website due later in the year.

### **Capital forecast**

41. Attached at Appendix B is the capital forecast.

### **Treasury management**

42. The treasury management budget is forecast to spend to budget based on current borrowing projections. Further details are provided in appendix C.

### **Other budgets and reserves**

43. Other budget and reserves includes a contingency of £0.7m which if not required would be used to offset any remaining directorate year end overspend.

## **Community Impact**

44. The recommendations within the report do not have any community impact.

## Equality and human rights

45. 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

46. Included within the report.

## Legal implications

47. None.

## Risk management

48. In June the country voted to leave the European Union. The actual leaving process is yet to commence and will include two years of negotiating the final exit package. The council will play an active role in managing the local impact of departure wherever possible by providing support to businesses, individuals and funding opportunities through playing an active role in any consultation process.
49. The risks associated with any delivery plan objectives and projects 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

50. 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 Scorecards: Adults and wellbeing  
Children's wellbeing  
Economy, communities and corporate  
Organisation wide

## Background Papers

- [Adults and wellbeing databook](#)
- [Children's wellbeing databook](#)
- [Economy, communities and corporate databook](#)
- [Corporate risk register](#)