

MEETING:	Cabinet
MEETING DATE:	9 March 2017
TITLE OF REPORT:	End of January corporate budget and performance report 2016/17
REPORT BY:	Cabinet member, economy and corporate services

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 ten months of 2016/17 and the projected budget outturn for the year.

Recommendation(s)

THAT:

- (a) performance for the first ten months of 2016/17 be reviewed and any further actions to secure improved performance be determined.**

Alternative options

1. Cabinet may: choose to review financial 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.

Reasons for recommendations

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

Key considerations

3. The projected full year outturn at the end of January 2017 is forecast to generate an under spend of £250k. The improvement since September of £735k, is due to: a backdated ordinary residence case in adults; a cabinet member decision improving the car parking pressure; energy efficiency measures; West Mercia Energy (WME) price capping; and planned reserve movements.

Projected revenue outturn 2016/17 (as at the end of January)

Directorate net budget	Net budget £000	Projected full year outturn £000	Projected full year variance over / (under)spend £000
Adults and wellbeing	51,947	52,223	276
Children's wellbeing	22,386	22,868	482
Economy, communities & corporate	48,615	47,972	(643)
Directorate total	122,948	123,063	115
Other budgets and reserves	25,031	24,666	(365)
TOTAL	147,979	147,729	(250)

4. Council approved the revenue budget of £147.979m in February 2016 and a further breakdown of directorate budgets against forecast spend is provided in appendix A.
5. Council approved the corporate plan 2016-2020 in February 2016, framed around the key priorities to:
 - 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.
6. The supporting delivery plan for 2016/17 was approved by cabinet in April 2016 and the budget is managed in recognition of managing need and the council's relationship with communities.
7. Progress is measured through a number of agreed 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 available performance outturns. Where monitoring information is only available annually, these measures will be reported once they become available.

8. Appendix D provides an overview of performance during the first ten months of 2016/17. Whilst 68% (66% at the end of September) of performance measures are showing a positive shift in performance, there are 32% (34% at the end of September) 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 9-52.

Adults and wellbeing (AWB)

9. The forecast outturn for 2016/17 is an overspend of £276k. This improvement of £394k since the September forecast is mainly due to the successful outcome of an ordinary residence case backdated to March 2014: confirmation received during December 2016; the release of some small reserves; plus the delayed implementation of a community project into the 2017/18 financial year.
10. The forecast overspend specifically within the adult social care client groups is £1.1m at year end. This is due to higher than budgeted expenditure on direct payments over and above the compensating reduction in domiciliary care expenditure, particularly within the learning disabilities (LD) client group. There are also unmet savings within both the residential and domiciliary care areas of the LD budget which are contributing to the current AWB financial position.
11. There have been improvements in the client spend position during January in both the LD and Mental Health areas but this has been more than offset by an increase in physical support domiciliary care during the month.
12. The client forecast assumes that any further demand pressures will be managed within operational teams, by AWB panel and by senior management. The directorate leadership team have implemented an in-year plan that identifies required actions and additional savings initiatives in order to achieve a balanced outturn for 2016/17. This has significantly reduced the forecast overspend during the course of the year.
13. A county team improvement programme has been set up to specifically look at LD service improvements and the reasons for the increase in expenditure within this client group. This programme is starting to show results, in terms of an increased rate of client reviews and reduced waiting times for assessments.
14. A focussed approach to filling vacant block beds and shared lives placements is now being developed to ensure that the council gets best value and quality outcomes for service users from the block contracts that it commissions. This piece of work has already improved the financial position and is part of the reason for the improvement in the forecast from August to October 2016.

What is going well?

15. In December, the council hosted a follow-up to the external peer challenge of its safeguarding function, which took place in September 2015. This was part of a regional programme coordinated by the West Midlands association of directors of adult social services (WM ADASS) as the centrepiece of its strategy of sector-led improvement. The challenge team returned to Herefordshire to consider the progress made in delivering the action plan developed to address the recommendations made at the time of the original challenge visit. Formal feedback has very recently been received and will be considered and shortly reported to the cabinet member together with a proposed action plan to further improve performance, but it was clear that the team felt that the progress made since that earlier visit was very encouraging, with clear evidence of strong links across the system and a very positive approach to

delivering genuine improvements for Herefordshire people.

16. Work on developing the prevention strategy is ongoing through the Prevention Project Working Group reporting to the directorate leadership team through the Prevention Board. The brief of the Prevention Board is to embed a coherent prevention approach within the Wellbeing Agenda and oversee an operating framework for that approach. To this end the board is scrutinising and promoting projects and activities which build on the vision that informs the prevention strategy: to provide early, effective and efficient information, advice, education, guidance and support to people living and working within Herefordshire in order to help people to help themselves and others within their community to maximise their well-being and quality of life. To this end, the current work-streams that are ongoing are; Phase 2 of WISH, the community connectors project, a refresh of the carers strategy and we have started a review of technology enabled care services.
17. The focus is on developing a *Prevention Approach in Practice* by identifying good practice models, tools, processes and behaviours that develop sustainable supportive communities. This to be delivered through system leadership, and system accountability that will promote community support by unblocking and supporting progress, and by sharing learning and opportunities.
18. This focus is on both primary prevention projects and activities; such as the Leominster Connecting Communities project, Phase 2 of Wellbeing Information and Signposting for Herefordshire (WISH), the Herefordshire Information and Advice Partnership, and a Carers' Strategy, and on secondary prevention projects and activities such as the Technology Enabled Care Services (TECS) review project, and the work-stream devoted to streamlining access to minor adaptations.
19. The Disabled Facilities Grant (DFG) budget was doubled for 2016/17 as a result of the alignment to and the investment of the Better Care Fund (BCF). Following growth in the Occupational Therapy (OT) service and the Home Improvement Agency (HIA), the rate of OT assessment for DFGs has increased meaning more cases are identified as appropriate for DFGs for progression by the surveyors in the HIA service. Regular reporting indicates that the full increased budget will be spent by the end of the year, which in turn will help to keep people in their own homes for longer and delay, or even prevent, the need for a care home admission. During 2016/17, some 274 applications for DFGs had been received by December 2016, 124 of which had been approved. Over the same period, some 137 DFG adaptations had been completed (including completions of DFGs approved from the previous year).
20. The number of website hits for WISH continues to grow with 4,464 hits in quarter 3 (a slight increase on the previous quarter). More encouraging is the increasing number of users and first time users. The pop up hubs have seen a shift in emphasis with additional ad hoc pop ups being delivered alongside existing events, including the Sixth form college, Hereford & Ludlow college, Tupsley community hall, Bredwardine community market and Hinton community centre which has enabled engagement with a large number of members of the community. In addition to this, pop ups were also delivered alongside flu clinics at three GP surgeries in the county (Ross-on-Wye, Ewyas Harold and Peterchurch) which saw an additional 800 people engaged with. The success of a pop up held at Marches surgery in Leominster has led to the introduction of a regular schedule of pop ups at the surgery (commencing January). The increased number of hits on the website and users/first time users would indicate that these events are being successful.
21. Over the next quarter scoping for Phase 2 will commence; considering how we can further develop and improve the website. We will also identify additional signposting

opportunities, and consider how we might develop an e-marketplace and self-assessment in the future, allowing people to identify their needs and procure their care remotely, without council involvement or funding. The hub will also move from its temporary accommodation into its original planned location of the library.

22. During the last quarter, a short-term care pathway has been developed, which is now being tested and further developed following feedback. This pathway is intended to improve the way we deal with new clients, initially by trying to better signpost them to alternative community options. Where clients require a social care assessment, this will be a strengths based assessment, focussing on what clients can do, rather than on what they can't. Care plans will then be developed by a support and care offer team that will help assessors in developing care plans with a focus on how needs could be alternatively met, by friends, family, communities and voluntary agencies, thereby reducing the dependency on formal care.
23. In November, the tender for the helped to live at home contract (domiciliary care services) was issued, giving potential providers until 16 January to bid for the geographical lots. Also during the third quarter period we have been planning for the mobilisation of the new service and responding to clarification questions from the market. In the final quarter, the tenders will be evaluated and planning as to how the new providers will be mobilised will be finalised.
24. In quarter 3, to support the implementation of the unified contract for residential and nursing care, we have continued to communicate with the market and engage with providers to ensure that they are signed up to the accreditation process. To date, over 65 in-county care homes have signed up to the accredited list with 9 smaller homes remaining, 13 out of county care homes also signed up to the approved list. Communications have been sent out clarifying timescales and deadlines for the changes and copies of contracts have been sent out to all providers (in and out of county).
25. In quarter 4, we will continue to chase the final providers that are yet to sign up to the new contract and will also write to service users, or their representatives, to ensure that their payments details are set up appropriately prior to go live. The mosaic system is also being reconfigured to manage the new payment process.

Challenges

26. During the third quarter, continued focus on the medium term financial strategy (MTFS), including the block contract reductions, managing voids and reviews of care packages, has helped to reduce the projected year end overspend of the directorate from £670k to £276k. Nationally, some three quarters of adult social care departments are forecast to end the year in an overspend position. Continued focus on these areas should help to further reduce this figure for year end in Herefordshire.
27. Annual client reviews reached 58.9% at the end of December. Whilst this is just below our target of 60% for this stage of the year, this is already equalling what we achieved for the whole of 2015/16 and represents a significant improvement in performance. This will continue to be a key focus for operational teams in quarter 4.

Children's wellbeing (CWB)

28. The forecast outturn for 2016/17 is an over spend of £482k. This is a £51k reduction in spend since September. There have been some increases in external fostering placements, costing £102k. This has been mitigated by vacancy savings and tight controls on all discretionary spending.
29. In addition, pressures have been mitigated by the allowances review and implementation for adoption and special guardianship arrangements that delivered £55k of savings in year; there will be a full year impact in 2017/18.
30. The reduction of the use of agency staff continues, replacing with permanent recruitment. All staffing budgets are expected to be within budget by the end of the year, creating a stable budget position for 2017/18.

What is going well?

31. The revision of our child protection and children in need processes continues to reduce the pressures on our social work teams. The number of children subject to a child protection plan has remained at its low level for more than a quarter and at the end of January was 114. In order to be assured about the effectiveness of meeting children's needs outside the child protection plan arrangements, a recent review of the children whose plans were discontinued has been undertaken and will report during quarter 4. The number of allocated children in need has also reduced during this quarter and the combination of these two changes has been a reduction in social work caseloads by an average of five per full time social work post. The Fieldwork Service has also been reorganised to enable our staff to provide a good service, whilst improving their skills and knowledge. Caseloads vary between teams and within teams depending on the experience of the social worker and the nature of their team's work. Within our child protection teams, which manage the most challenging work, caseloads range from 15 to 18. Other teams vary from 18 to 22 however this can change from day to day for the staff who undertake our assessments depending on the flow of work accepted.
32. An audit of all children accommodated under s.20 Children Act 1989, which requires the local authority to provide accommodation for a child who requires accommodation, was completed in June 2016 and identified that out of 95 children there were 24 who required their care plans to be progressed or reviewed to ensure that they were being cared for under the correct legal framework. This cohort of children have recently been audited again and appropriate action had been taken in all but three cases. These three cases have undergone changes in circumstances with regard to parents' views, engagement and/or outcome of updated assessments during quarter 3, and now require further legal advice to review legal status. These have been identified for completion by the end of February 2017.
33. Reliance on agency social workers has continued to fall during this quarter. 16 staff were being employed on an agency basis as opposed to 60 in January 2016. Currently, after an extensive recruitment campaign, we have vacancies in our two child protection teams for senior social workers. A specific recruitment campaign will be launched by the end of February to address these gaps.
34. 72% of pupils achieved a good level of development in 2015/16 at the end of foundation stage. This exceeded the England average of 69.3% and resulted in top quartile performance across all local authorities. We are aiming for top quartile performance in all measures by the end of 2017/18.
35. 92% of primary age pupils were in good or outstanding schools, as recorded in

Further information on the subject of this report is available from Richard Ball, assistant director environment and place on (01432) 260965 and Mark Taylor, interim director of resources on (01432) 383519

Ofsted's Annual Report 2015/16 – a 4% improvement on the previous year and a 22% improvement from 2011/12. Herefordshire has been operating a different model of school improvement for 3 years now, in advance of the national changes and budget reductions, which focuses on improving attainment and progress for all pupils, to give them a great start in life. Achieving this will also improve Ofsted ratings for settings.

Challenges

36. During this quarter the number of our looked after children (LAC) has increased to 296 rather than reducing. In September we introduced a new Threshold of Care Panel to ensure that all new placements meet the appropriate criteria. We then completed an analysis of our LAC population to identify young people who will leave our care as they reach 18 or are due to be placed in permanent care, such as adoption or special guardianship. We believe our LAC population will reduce by a minimum of 33 by June 2017 as a result of this study. The recently established Assessment Teams will provide a robust 'edge of care' response to ensure that young people who can safely live at home will do so. These teams have only just begun their work which will be monitored over the coming quarters. To ensure that we only look after children who need our care for as long as it is required, during 2017 we will work with our managers and social workers to encourage a new way of working across the services to ensure that children come into our care appropriately and remain only for as long as is necessary. At present teams tend to work in isolation and resolve immediate challenges rather than taking a longer, child-centred perspective. Our co-location in Nelson House will support this development.
37. Despite the increase in our LAC population we have reduced overall placement costs by £60k through changing our use of the independent sector. We have recruited a net increase of fifteen new foster carers during 2016 and this has enabled us to manage quality and costs more effectively.
38. The percentage of referrals accepted for a social work assessment is of concern. 43% is too low. We would expect the majority of referrals to be accepted. We also have a high re-referral rate of 32%. An analysis of re-referrals is currently underway and will report in March 2017. We have only had an accurate figure for accepted referrals for one quarter. We will continue to monitor this and, should the level remain below 70%, we will analyse referrals in more detail. There are two principal reasons for a low acceptance rate and both will require the engagement of partners to resolve: the quality of the evidence contained within the referral and the appropriateness of the request. We are currently in a transitional period following the review of our Multi Agency Safeguarding Hub in April 2016 and the reiteration by Hereford's Safeguarding Children Board of its thresholds of need guidance. Professionals are adjusting to these changes and the implementation of our Early Help Strategy.
39. 80% of secondary age pupils were in good or outstanding schools, as recorded in Ofsted's Annual Report 2015/16. This was a 7% reduction from last year and a 10% reduction from 2011/12. Attainment and Progress 8 scores, the most recent measures by national government, indicate that secondary schools overall performance was in line with the national average. Herefordshire Council is working with schools through the Herefordshire School Improvement Partnership approach to highlight schools at high risk of poor outcomes and is also developing its relationship with the regional schools commissioner and academy and multi academy trust boards to challenge poor performance and clarify what actions are being undertaken to enable pupils to have a great start in life.
40. The focus for learning and achievement this academic year include:

- Attainment at key stage 2 (KS2) with a particular focus on maths
- Attainment of pupils eligible for free school meals across most key stages
- Attainment of LAC pupils

Economy, communities and corporate (ECC)

41. A net underspend of £643k is forecast for the ECC directorate. This is a favourable movement of £225k relative to September.
42. The cabinet member decision of 12 January 2017 has resulted in an improvement against the car parking budget pressure highlighted in previous reports; however an income shortfall is still anticipated at outturn.
43. Energy efficiency measures and energy price capping for 2016/17 has benefited expenditure on utilities, resulting in a favourable movement in forecast. The benefit however is anticipated to be a one-off, with energy prices forecast to increase for 2017/18 (this has been addressed in the 2017/18 budget setting).
44. Museums and heritage services are forecasting an adverse variance – this reflects the upfront investment of £80k invest to save at the black and white house and redundancy costs associated with the delivery of the future MTFs savings.

What is going well?

45. Herefordshire's economic vision, 'Invest Herefordshire', has been adopted by full Council. The next step is to plan the delivery of the major projects included in the plan.
46. The EnviRecover energy from waste plant is now operational. This now means we are no longer landfilling our residual waste, we are producing electricity for the first time and significantly reducing our greenhouse gas emissions.
47. The MTFs and 2017/18 revenue budget approved by full Council on 3 February 2017.

Challenges

48. Whilst the Fastershire Broadband contract with BT was due to close on 31 December, there remain outstanding premises to be reached. This phase of deployment has been extended to March 2017, whilst further phases have seen a contract award in January 2017 in line with the revised broadband strategy. For premises still requiring coverage beyond the new procurements, there remain a number of bespoke opportunities for coverage, including new mini-procurements, extended coverage, business bursaries and community schemes.
49. The number of people killed or seriously injured (KSI) on Herefordshire roads continues to be a challenge; the three year rolling average continues to see an upward trend with a provisional 93 recorded for the 3-year rolling period to December 2016. However, there were fewer KSI's to that point in 2016 compared to the same period in 2015. An action plan is in preparation to address the issues highlighted from analysis of data.
50. 36 bridges across the county have been identified as a priority for maintenance, 10 of which have an assessed residual life of less than five years. The loss of any of these structures through their closure or structural failure will impact accessibility, as communities are forced to use (often long) alternative routes. A structural failure could cause serious injury or damage to road users. The reputational and financial

impact of a bridge collapse and the realistic timescales for and expense of any works to restore or replace a bridge that has failed, are significant. In order to address this challenge we plan to focus the £1.96m that the authority will receive in 2017/18 from the National Productivity Investment Fund on an extensive programme of works to all 36 structures.

51. In recent years our investment in roads has improved the general (C&U) road network but the condition of our strategic network (A roads) has declined and is not comparable on a regional or national basis (7% should be considered for maintenance, compared to between 3% and 5% by region, nationally). There is a need to invest in enhancing the condition of that strategic network whilst sustaining the gains made through our prior investment in the general network. To address this challenge we are submitting a bid to the Department for Transport's Challenge Fund in March to secure a (potential) c£7m investment in addition to the council's own capital contribution, as already identified through the capital programme.
52. Drainage is essential for ensuring the longevity of the carriageway and alleviating flooding. At current revenue levels, blocked drainage is predicted to increase by 40% per annum. Poor drainage means carriageway deterioration and an increase in potholes. We need to keep in excess of 30,000 road gullies, 525 high risk flood assets and associated drainage systems and roadside ditches clear to drain the highway well. Such clearance works can only be funded from revenue budgets. In order to meet this challenge we propose a sustained £500k increase in the revenue budget for highway maintenance.

Capital forecast

53. Attached at appendix B is the capital forecast outturn for 2016/17. An underspend of £5.7m is being forecast due to the re-profiled spend on the city link road, solar photovoltaic panels and Colwall school schemes.

Other budgets and reserves

54. Other budgets and reserves are forecast to underspend by £0.365m. This includes the treasury management budget of £17.1m, which is forecast to underspend by £0.3m due to a decrease in interest rates being charged on short term loans. The treasury management report, set out in appendix C, summarises the council's borrowing and investment position at the end of December and the cost of financing charged to the revenue budget via the minimum revenue provision.

Community impact

55. Regularly reviewing performance with a view to identifying actions which will deliver further improvement in outcomes or efficiencies helps ensure the council achieves its corporate plan priorities.

Equality duty

56. 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

57. Included within the report.

Legal implications

58. None.

Risk management

59. 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

60. 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

Links to databooks and corporate risk register

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