

<b>Meeting:</b>	<b>Cabinet</b>
<b>Meeting date:</b>	<b>Thursday 13 December 2018</b>
<b>Title of report:</b>	<b>End of September 2018 corporate budget and performance report</b>
<b>Report by:</b>	<b>Cabinet member finance and corporate services</b>

## **Classification**

Open

## **Decision type**

Non-key

## **Wards affected**

(All Wards);

## **Purpose and summary**

To provide assurance that progress is being made towards achievement of the agreed revenue 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. Cabinet is asked to review projected revenue and capital outturn for 2018/19 and consider performance for the first six months of the year.

At the end of the first six months of the year there is a forecast revenue overspend of £1,184k, whilst the majority of projects are being delivered to schedule and 52% of performance measures are showing improved or stable performance. Action plans are being developed in relevant directorates to address the in-year pressures.

## **Recommendation(s)**

**That:**

- a) the projected financial outturn and performance for the first half of 2018/19 are reviewed and cabinet determines any additional actions required to achieve improvement.**

## Alternative options

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

## Key considerations

### *Revenue outturn*

2. The 2018/19 projected outturn is a £1,184k overspend as at the end of September 2018. The 2017/18 forecast outturn at September 2017 was a £2,172k overspend.
3. The table below sets out the projected directorate position as at the end of September. Further service detail is available in Appendix A, including an explanation of changes in the net budget.

Projected revenue outturn 2018/19 (as at the end of September)

Directorate net budget	Net budget	Projected full year outturn	Projected full year variance over / (under)spend
	£000	£000	£000
Adults and wellbeing	52,141	52,546	405
Children's wellbeing	25,053	26,864	1,811
Economy, communities & corporate	45,139	45,490	351
<b>Directorate total</b>	<b>122,333</b>	<b>124,900</b>	<b>2,567</b>
Other budgets and reserves	21,791	20,408	(1,383)
<b>TOTAL</b>	<b>144,124</b>	<b>145,308</b>	<b>1,184</b>

4. The overspend in the revenue outturn reflects: additional residential placements in learning disabilities in Adults and wellbeing; a net increase of looked after children in Children's wellbeing, with an increase in the residential placements. Economy, communities & corporate overspend has been caused by a reduced number of high value planning applications and pressures on transport costs. Other budgets and reserves has an underspend due to savings on interest costs.
5. There is continued significant pressure on the costs of placement for Looked after children, the cost is being driven up by the lack of placement options available, including when some placements break down and new ones. Analysis of the savings achieved in 2018/19 is included in Appendix E.

### *Capital outturn*

6. The capital programme has been reprofiled to reflect the anticipated delivery of projects as requested at July Council. The current forecast spend of £65.4m against an adjusted budget of £71.4m (originally approved at £145.3m) gives a forecast underspend of £6m,

£5.5m of this was estimated challenge fund which was not allocated this year and the remainder are underspends which are likely to reflect the final position of the projects. Total forecast spend on individual projects will fluctuate during the year as schemes incur expenditure, once the project has been given approval to spend. Actual spend to date is £12.3m so there is still a large amount of spend of £65.4m to incur in the last half of the year.

7. Appendix B provides the 2018/19 capital budget forecast by project in table a, a breakdown of the projects that have been reprofiled in table b and the updated programme to reflect all the changes to date. The table below shows how the reprofile is reflected in each financial year and the addition of the Sustainable Energy in Public Buildings (SEPuBu) grant and future Local Transport Plan (LTP) grants in line with the indicative allocations. The prior year figures were over stated by £4.465m for the Fastershire project as payments made on behalf of Gloucestershire County Council had not been netted off with income received, as the project is managed by Herefordshire on their behalf. Similarly the Marches improvement grant had included expenditure that should have been netted off by grant income as it was not incurred for Herefordshire Council.

	Prior Year Spend £'000	2018/19 Budget £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	Total
July Approved Budget	95,374	145,315	48,077	8,484	-	297,250
Reprofile	(4,883)	(74,246)	65,663	13,269	197	-
Additional Grants	-	380	2,285	12,272	-	14,937
<b>Revised Capital Budget</b>	<b>90,491</b>	<b>71,449</b>	<b>116,025</b>	<b>34,025</b>	<b>197</b>	<b>312,187</b>

#### ***Other budgets and reserves***

8. The net treasury forecast outturn is expected to be a surplus (underspend) of £1.4m, this is detailed in Appendix C. The main reason being the review of the minimum revenue provision requirement. This is calculated based on capital spend funded by borrowing in the previous financial year. The total 2017/18 capital outturn funded by borrowing underspent and this is reflected in the lower minimum revenue provision cost in 2018/19.
9. The debt write-offs for the first six months of 2018/19 is included in appendix D.

#### ***Corporate performance***

10. Council approved the corporate plan 2016/17-2019/20 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.
11. In January 2018 Council approved the 2018/19 budget and, having regard to that budget, the supporting delivery plan was agreed by cabinet in April 2018.

12. Progress towards implementing the delivery plan 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 performance outturns available. Where monitoring information is only available annually, these measures will be reported at the point it becomes available.
13. Appendix F provides an overview of performance during the first half of 2018/19. The proportion of performance measures showing improved performance or remaining the same compared to the same period last year is 52% (70.4% at end of June); there are 48% of performance measures that are currently performing worse than the same period last year (29.6% at end of June).
14. A summary of performance and the challenges faced in achievement of each of the council's corporate plan priorities is included in paragraphs 14-63.

### **Enable residents to live safe, healthy and independent lives**

#### *Staying well at home*

15. To drive the council's core objective of supporting people to stay well, the new 'Talk Community' hubs are now in operation in key locations across the county. The sessions will connect people to support groups, provide information and signposting to local activities or when appropriate, connect customers to social care. The sessions are run by the council's Community Broker team who have extensive knowledge of the community and creative approaches to ensure people are able to maximise their potential to maximise independence. Further developments of the 'Talk Community' approach are planned for the next quarter.
16. The flu vaccination programme has been reviewed and is being extended to all council and Hoople staff, in order to minimise the risk of flu being passed on to members of the public and other high risk groups.

#### *Targeted support*

17. The redesign of the council's Home First is now complete. Home First provides personal care and help with daily living activities, usually for short periods, and encourages service users to develop the confidence and skills to carry out these activities themselves and continue to live at home. The service is now operating 7am – 10pm, 7 days a week. The capacity of the service is being expanded and an active recruitment campaign is ongoing to ensure the service can meet the demands of the urgent health and social care system. The performance of Home First has improved significantly following the redesign and the service now supports up to 70 people at any time (up from 40 before the redesign).
18. Between July and September, 35 refugees from the Syrian Vulnerable Persons Resettlement Scheme and Vulnerable Children's Resettlement Scheme were successfully welcomed to Herefordshire. This cohort has comprised of nine families, all of whom have now started their resettlement in Hereford with the support of the commissioned service provided by Refugee Action.
19. The commissioning of the new carers service has been completed and contract awarded to CarersTrust4All, an established provider from the North West and Shropshire. Mobilisation of the service is underway with the launch of the new service in April 2019. Further work is also underway to ensure the carers' strategy is implemented and that the

carer's assessment process and pathway is clear and able to respond appropriately and effectively to meet the needs of carers.

20. The procurement of an IT system to support the housing register and monitoring of housing allocations has now concluded with the contract awarded to Civica. Nomination agreements have now been finalised with housing providers, and the implementation of the arrangements is planned for March 2019.

#### *Care provision*

21. The increasing demand of people with complex care needs continues, particularly for those living with dementia. As part of the plans to extend care provision for this cohort, a feasibility study for the Hillside facility has been completed and will inform the proposals for this site and future commissioning strategies for adult social care. Funding for the potential development of Hillside is being explored and a proposal to increase the provision in the capital programme will be included in the budget proposals for consideration in the new year.
22. As per the previous quarter, operational challenges in the urgent care system remain. The performance in delayed transfers of care (DToC) has worsened during the summer across Health and Social Care. This is in part due to hospital demand increasing during the summer months with a 15% increase in the number of people approaching A&E requiring hospitalisation. It is also recognised that changes in practices and processes in data recording have led to inaccuracies in DToC data. An analysis of the delays indicates the main reasons are due to issues in sourcing packages of care from domiciliary providers, placements in residential and nursing homes or timeliness of social care assessments. Improvement plans are in place and include ongoing work with providers to improve responses in geographical areas, review of social care resources and development of the urgent care system including further expansion of Home First. Of note, a peer review of the Herefordshire DToC system has been invited and plans for the visit are being finalised.
23. Following a decline in the performance indicators against the quality of care the care home sector, the council and the Clinical Commissioning Group (CCG) have agreed to invest Improved Better Care Fund (iBCF) funding to drive improvements in this area. A joint quality assurance framework and expanded support functions have been developed in partnership with providers. Subject to relevant approvals, these improvements will be implemented in early 2019.
24. Due to disproportionately fewer clients in Herefordshire receiving Continuing Health Care (CHC) funding, an external review has been completed. The outcome has instigated a revision of procedures and the escalation process between health and social care. Training to increase practitioner's knowledge and confidence in the process has been undertaken. Adults Wellbeing Scrutiny Committee has been actively reviewing this work.

### **Keep children and young people safe and give them a great start in life**

#### *Improving children's health and wellbeing*

25. Tooth decay is predominantly preventable and is often linked to high levels of consumption of sugar-containing food and drink, which also contribute to obesity. During the last quarter, an oral health needs assessment has been initiated, public health nursing staff (0-5s) have distributed tooth brushing packs at the 1 year health check, with dental health follow-up at the 2 year review. Further work is underway to address this.

### *Helping all children and young people succeed*

26. The publication of GCSE results in August demonstrated that pupils in Herefordshire's secondary schools are outperforming national averages. For example, 42.3% of pupils achieved a Grade 5+ (identified as a 'strong' pass) in English and maths; this is above the national average of 39.9%. The department for education's progress indicators identify that secondary-age pupils are broadly making the progress they should.
27. Year 6 pupils' performance in 2018 resulted in Herefordshire performing in the top 25% of councils. Further analysis of primary school results identified that 40% of primary schools met the aspirational target set by the council. A further 11% missed this target by the equivalent of less than 1 pupil. Recently published progress figures illustrate the progress children made from their starting points in primary schools was very positive (reading +1.4: writing: +1.0 maths: +0.6.)
28. Provisional results indicate that at Key Stage 5 students in school sixth forms achieved 98.9% A-E A level pass rates. This is above the 97.6% national average. The percentage of students achieving the top grades (A\*-A) at A level was 23.7%, below the national average of 26.4%. The overall average points score at A Level was 35.8, compared to the provisional national of 33.05.
29. Disadvantaged groups of pupils all performed less well than 'all pupils in Herefordshire'. This group include looked after children, FSM6 (i.e. children in receipt of free school meals at some point over the last 6 years), pupils with English as an additional language and those with special educational needs. National comparator data are not yet available to ascertain how well these groups performed in comparison to the same groups nationally. At KS5 in A Levels the percentage of pupils obtaining top grades (Grade AAB or higher) was 13% compared to the national average of 17%.
30. The council's Schools Capital Investment Strategy includes the permanent expansion of Marlbrook Primary School from an admission number of 60 to 90 (total capacity from 420 to 630). The main contractor, Morgan Sindall, was procured this quarter via the Constructing West Midlands (CWM) public sector procurement framework led by Birmingham City Council. The department for education's special provision fund will be used to fund a substantial improvement programme to Brookfield School, which will consolidate various special educational needs services on the school's site and make better use of the available land. The feasibility study for these works is currently out to tender. School maintenance projects were undertaken over the summer to a total value of £273k, in 13 schools, attended by 1,855 pupils. Some projects had to be deferred due to a change in the arrangements for council maintenance works which took place at the end of August. These works will be commissioned through the new arrangements at the earliest opportunity. Some school works can take place at any time, but larger works are generally scheduled for the summer holiday period to avoid disruption.

### *Keeping children and young people safe, in supportive family environments*

31. The introduction of the new local Early Help Assessment (EHA) has replaced the Common Assessment Framework (CAF), resulting in increased assessments from 500 in January 2018 to 727 at the end of September. This means more families are being supported earlier before they reach the need for statutory services.
32. The national Troubled Families Programme has validated that 299 families in Herefordshire have achieved sustainable changes (such as regular attendance at school, reduced offending and secured employment) for at least six months; this has brought in £239,200 to the council at a rate of £800 per family.

33. The number of children subject to child protection plans has reduced in Q2 to 124 as at 30 September 2018, compared to the latter part of 2017/18, which ended at 201. This has been achieved through providing additional capacity to review current cases. The council's number is now below the statistical neighbours average based on most recently data. More specifically there was a reduction in September due to 49 children coming off a child protection plan during the month. The service is currently reviewing the application of thresholds and service support to ensure that children and young people are being effectively supported at the right level of need.
34. There continues to be issues in respect of identification of children in need (CIN) beings recorded appropriately within the system; this is being reviewed and data is being cleansed on a weekly basis to understand and remedy the recording issues. Further work is being done to understand the step down processes as there is concern that this may be one of the causes of the data being recorded incorrectly.
35. There is a continued challenge in respect of the number of referrals that are being made into the Multi Agency Safeguarding Hub (MASH). This area of work is being considered with our partner agencies, in particular the police, to ensure that the referrals that are made into the social care system meet the appropriate thresholds and partners are clear on their own responsibilities. There has also been a significant increase in the number of re-referrals during Q2 at 26% which is being reviewed to understand the reason.
36. The looked after children numbers have increased overall during this financial year from 314 to 332 as at the end of September 2018. The increase has been due to the impact of long term neglect and some large sibling groups being taken into care over recent months.
37. Following the inspection of children's services by Ofsted of the council's children's services in June 2018 the council have produced an improvement plan was submitted to Ofsted in the autumn. Ofsted highlighted issues in respect of visits, supervision and assessments. Information about the visits has seen an improvement over the last period; in June 46% of CP (child protection) visits were completed in timescale which increased to 76% by the end of September; 65% of LAC (looked after children) had visits recorded as being in timescale at end of September, compared to 47% in June; and at end September 44% of CIN (children in need) visits were recorded as being in timescale an improvement from 26% in June. There is an ambitious target in place to ensure that 85% of all visits are within timescale by the end of November.
38. The recording has improved for both cases and social worker supervision in the three months to end of September. In June 39% of case supervisions were being completed, this has risen to 43% as at the end of September. There has also been an increase in the percentage of social worker supervision being completed, which was 79% as at the end of September to compared to 73% in August; the percentage of social worker supervision being completed was not calculated prior to August 2018.
39. In the year to date 56% of assessments have been completed within timescale; this is a significant area of concern and work is underway to ensure that the number of cases that require assessment are undertaken in a robust and efficient manner.
40. The council, as is the case nationally, is struggling to recruit social workers for some key areas of service – this has an impact on quality of service including completing high quality assessments to timescales. The council is continuing to recruit for both agency and permanent social workers and also looking to recruit more family support workers to work with families therefore requiring less involvement of social workers.

### *Building up child-friendly communities*

41. 'Health Uncovered' podcasts created by young people for young people has been recognised at a national awards ceremony for the UK's audio and radio industry. A series of free health podcasts, which featured four young people from Herefordshire, has been awarded silver in the 'Best Podcast' category at the national Arias awards for the UK's audio and radio industry. Since release in November 2017, there have been over 17,000 downloads.
42. Commissioning plans are taking place to secure up to eight units of new accommodation for vulnerable care leavers with joint working across the council in relation to housing pathways for care leavers and homeless young people, complex cases and people.

### **Support the growth of our economy**

#### *Improve the infrastructure*

43. Phase 2a of delivering the £8.5m Challenge Fund supported roadworks are now complete. This was a major investment in the highway asset which resulted in resurfacing and surface treatment works to A465, A4103, and A438 (West of Hereford). Phase 2b of the scheme is scheduled for completion by August 2019. This will then complete the works.
44. The South Wye Transport Package is progressing and the public inquiry into the compulsory purchase orders associated with delivering the road scheme was held, shortly after the reporting period, in October. Negotiations with landowners continue, and heads of terms have been agreed with all landowners, with legal agreements in preparation. Southern Link Road contractor procurement has commenced and development of a preferred package and business case is progressing to programme.
45. Following Cabinet's confirmation of a preferred route for the Hereford Bypass in July, detailed design of a bypass route is progressing, and active travel measures are being further developed for consultation in early 2019. Business Case development is progressing. A bid has been made to Highways England's Road Investment Strategy (RIS2) programme, and discussions continue with Homes England regarding a Housing Infrastructure Fund bid.
46. 86% premises in Herefordshire can access a superfast broadband service (from a base on 0.6% in 2012 ([link](#))). The second phase of delivery is underway with the first homes connected and currently 9 community areas in build. There will be a rescheduling of the delivery programme this autumn which will see a shift in timescale for areas and some additional premises brought into the programme. An additional contract to Airband has been issued for fibre development in hard to reach "cluster" areas of over 5,500 premises.
47. The Development and Regeneration Partnership has seen progress with an initial draft business case delivered by Engie Regeneration Ltd; and a finance business plan is in development with Keepmoat Homes Ltd.
48. Following some delays earlier in the reporting period due to a European Court judgement concerning environmental assessments, three further Neighbourhood Development Plans have now been adopted which takes the total for the county at the end of September 2018 to 40, forming part of the statutory development plan.
49. The Hereford Area Plan site options consultation was undertaken and ended in October 2018, and the preparation of a central Hereford design Supplementary Planning

Document is underway, which will form a key element of evidence for the plan. The Examination in Public is ongoing with regards to the Travellers Sites Development Plan with a requirement to identify additional pitches which could delay the adoption timetable. Consultation upon the additional sites is ongoing until 5 December. A draft Minerals and Waste local plan has been prepared for consultation which is anticipated to begin early in the New Year.

#### *Develop the economy*

50. The Priority Space site opened 7 September at the Enterprise Zone. Work has commenced on site for the stock pile project, which will treat material from previous site clearances so that it can be reused to enable further development sites on the Enterprise Zone. Building design for the Shell Store is being finalised with work due to commence in January 2019.
51. A review of student accommodation for the University has been commissioned. The review will help define requirements for any Development Regeneration Partnership student accommodation projects. Plans for Station Approach student accommodation were submitted in October and the specification for student accommodation on other sites for 2021 are required imminently.

#### *Ensure access to housing*

52. Overall, new housing delivery activity in the county is up on the previous year. Housing completions have increased with the highest level recorded since the start of the Core Strategy Plan period. However, the council cannot yet demonstrate the existence of a 5-year supply of housing land.
53. To date there have been 68 affordable dwellings delivered against a target set for 200 dwellings for the year. Several new or improved accessible bungalows have been completed recently, along with a new scheme of flats for learning disabled people, among other developments. Scoping and specification is being finalised for a comprehensive housing needs assessment for groups of vulnerable people to commence in 2018.

### **Secure better services, quality of life and value for money**

#### *Efficient use of resources*

54. Shared use of children centre buildings are on track and include income generation at Widemarsh Children Centre with a new nursery on site; Leominster Children Centre located next door in council building and former site leased to a nursery enabling them to expand; and works conducted at Ross library to cater for children centre services.
55. A Procurement and Commissioning Strategy ([link](#)) has been published focusing on meeting local needs and delivering value for money. It sets out how the council will provide and arrange innovative and flexible quality goods and services that are responsive to the needs of communities.
56. The overall trend in workforce costs continues upwards. The data shows a reduction in the use of agency staff in all areas of the council except in children's and families where there is a specific piece of work to bring in additional short term agency support. However, the increase in workforce costs will be monitored over the next quarter.

57. Cabinet approved recommendations in June for the operational model for the Museums, Libraries and Archives service. The project plan is in place for a tender process to proceed in the New Year.

#### *New governance*

58. The volumes of Freedom of Information (FOI) and Environmental Information Regulation (EIR) requests received remain high (c.120/month), with an increase in the number of late responses which now falls just behind the council wide target of 95%. Retention schedules are being updated by the Records Manager to ensure that records are only kept for as long as necessary, giving further compliance with GDPR.
59. The council's IT supplier Hoople is compliant with ISO27001:2013 which is the International Organization for Standardisation for cyber security and information security. Hoople also holds National Cyber Security Centres Cyber Essentials certification and the council is also compliant with the government's PSN (Public Services Network) requirements and certified to April 2019. In addition the council has also recently submitted a return on the LGA Cyber Security Stocktake and has been assessed as Amber/Green, following this there is an opportunity to further improve the council's cyber security arrangements by using this assessment to bid for future funding.
60. The annual canvass in respect of the electoral register commenced in July where 82,394 household enquiry forms were sent out. Over 7,380 reminders have been sent out using the government notify website. Technology responses using the Freephone, internet and texting options are up on last year's figures and are also higher than the paper responses for this year. 89.64% have been returned to date.

#### *Improved customer service*

61. Since Universal Credit (UC) was launched in Herefordshire, in the first three weeks almost a third of new claimants have taken up assistance from the council's customer services team to make their claim or for help with budgeting, including the DWP highlighting the good practice by the service in supporting refugees coming into the county. As from April 2019 the Government have decided to commission Citizens Advice Bureau nationally to provide the UC support.
62. 77% satisfaction with the council website with visitor numbers to the site at over 100,000 visits per month which is largely on target.
63. Average waiting times for calls to be answered by customer services for the first half of the year peaked at 50 seconds in July, with the shortest waiting times being in September at 27 seconds therefore showing a reducing trend (though will vary depending on demand).

## **Community impact**

64. In accordance with the adopted code of corporate governance, Herefordshire Council must ensure that it has an effective performance management system that facilitates effective and efficient delivery of planned services. To support effective accountability the council is committed to reporting on actions completed and outcomes achieved, and ensuring stakeholders are able to understand and respond as the council plans and carries out its activities in a transparent manner.

65. 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**

66. 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.
67. 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 this is a factual report on performance achieved we do not believe that it will have an impact on our equality duty. 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.

## **Resource implications**

68. Included within the report.

## **Legal implications**

69. None.

## **Risk management**

70. 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 are included within appendix F.
71. The Welfare Reform risk has been removed as a corporate risk. Universal Credit has started to be rolled out, and whilst there is still some uncertainty as to the full implementation process nationally, the framework is now in place. This risk has now been superseded by the new risk regarding the uncertainty of long-term social care funding, which is currently being considered under the social care green paper.

## Consultees

72. 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	Debt write-offs
Appendix E	Savings performance reports
Appendix F	Scorecards
	AWB
	CWB
	ECC
	Organisation wide

## Background papers

AWB databook  
CWB databook  
ECC databook  
Corporate risk register