

Meeting:	Cabinet
Meeting date:	27 November 2019
Title of report:	Quarter 2 2019/20 corporate budget and performance report
Report by:	Cabinet member finance and corporate services

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose and summary

To review performance for quarter 2 2019/20 and the budget outturn.

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.

The 2019/20 outturn is £146k overspend as at the end of September 2019. It is anticipated that this will be addressed within the directorates.

The proportion of performance measures showing an improvement, or remaining the same compared to the same period last year is 63%. This is an improvement on the same period last year.

Recommendation(s)

That:

- (a) Cabinet review performance and financial outturn for quarter 2 2019/20, as set out in appendices A - H, and identifies any additional actions to be considered to achieve future improvement.

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.

Key considerations

Revenue outturn

2. The projected 2019/20 outturn is £146k overspend as at the end of September 2019. It is anticipated that this will be addressed within the directorates.
3. The table below sets out the directorate position at the end of September. Further service detail is available in appendix A.

Projected revenue outturn 2019/20 (as at the end of September)

Directorate net budget	Gross budget	Net budget	Outturn	Variance over / (under)spend
	£000	£000	£000	£000
Adults & Communities	92,975	56,865	55,934	(931)
Children & Families	160,224	30,574	31,955	1,381
Economy & Place	49,503	31,071	31,183	112
Corporate	19,171	15,742	16,042	300
Directorate total	321,873	134,252	135,114	862
Central, treasury management, capital financing & reserves	62,877	16,840	16,124	(716)
TOTAL	384,750	151,092	151,238	146

4. The underspend in Adults and Communities further evidences the success of the strengths based practice and the associated service developments; this is a significant improvement since the figure reported in the Q1 report.
5. Children and Families continues to spend more than the planned budget for looked after children and care leavers placements and support, including supported accommodation. The council's budget was set with no assumption for growth in this budget, but that any growth would be covered through corporate contingency. Following Cabinet's decision to establish a one off reserve to support improvements in edge of care, a business case has been developed to inform a cabinet member decision. Cases that are potentially becoming looked after are reviewed at a weekly 'alternatives to care' panel to see what proactive steps can be taken. Cabinet recently approved the creation of a support service to work in a council owned property providing local supported accommodation for care leavers. Nationally, spend on supporting looked after children and care leavers continues to be a significant challenge for many councils.
6. Economy and Place is also an improved position from the quarter 1 report; this is in part due to an underspend in Technical Services, specifically Building Control. The analysis of the overspend showing the pressures and the mitigation is in appendix A.
7. Corporate Services are overspent due to a pressure in Legal Services, through the use of locums while the structure is being addressed to meet the future demand.
8. There is an increasing underspend in central, treasury management, capital finances and reserves. This is a result of the changed profile of capital spend and the subsequent reduction in costs associated with borrowing.

Capital outturn

9. The capital budget for 2019/20 is £88.946m; the summary breakdown is shown in the table below. Based on the budget, which was re-profiled and reported in May's Cabinet, the forecast spend in 2019/20 is £50.633m, equivalent to 57%.

	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	Total
February 2019 Council Approved Budget	130,124	54,780	11,521	-	196,425
Re-profiled	(61,210)	47,043	12,086	2,081	-
18/19 Carry Forwards	19,435				19,435
Additional Grants	597			-	597
Revised Capital Budget	88,946	101,823	23,607	2,081	216,457

10. A significant proportion of this underspend arises from the decision to pause and review the South Wye and Hereford Transport Packages; there are also underspends against some school capital builds. In addition, at request of Department of Digital, Media, Culture & Sport, the Building Digital funding, supporting Fastershire, was front loaded, and whilst roll out of broadband access continues, spending in 2019/20 is behind the allocated

budget. Further details can be found on capital project delivery in Appendix B. There will need to be focus on delivery of projects in the latter half of the year to ensure spend is not lower than forecast.

Corporate performance

11. 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.
12. The Corporate Plan is currently being refreshed, with a new four-year corporate plan scheduled for approval by Council in February 2020.
13. In February 2019 Council approved the 2019/20 budget. The annual corporate delivery plan was agreed by Cabinet in February 2019. This plan sets out the activities for the year which will meet the overarching outcomes defined in our Corporate Plan.
14. Progress towards delivering the activities within the delivery plan can be found in appendix F. Half way through the year, two thirds of actions identified as already complete or on track for completion within planned timescales.
15. The impact of the delivery plan is supported by 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 are available in appendix G and contain the latest performance outturns available. Where monitoring information is only available annually, these measures will be reported at the point it becomes available.
16. The proportion of performance measures showing an improvement, or remaining the same compared to the same period last year is 63%. This is an improvement on the same period last year.

Enable residents to live safe, healthy and independent lives

17. The Better Care Fund plan for 2019/20 has been submitted and is currently being reviewed through the regional and national assurance process. The Health and Wellbeing Board has approved the joint plan between the council and the Clinical Commissioning Group that agrees the joint funding for a number of schemes, services and initiatives, national conditions and performance metrics. The plan provided an updated on delivery during this year and the local health and social care integration plans. Approval letters for the plan are due the week commencing 18th November. The BCF is currently being reviewed by central government to determine the future of the programme which is due to be published early in 2020.
18. Association of Directors Adults Social Services (ADASS) undertook a peer review in September on the council's ambitious plans to promote wellbeing, protect vulnerable people and manage future demand for formal adult care services through the new Talk Community programme. The Talk Community programme is an all-encompassing approach to working with Herefordshire's communities. The Peer Review team were asked to consider how our current plans and partnerships can be strengthened to increase or accelerate the impact

on population wellbeing, community resilience and managing the demand for formal care. Final feedback is pending but early indications reflect good progress overall. The final report will include a more details reflection of what is working well and opportunities for further improvement. This will be reported in the next quarter.

19. Adult social care operations continues to drive improvement. This can be evidenced in the directorates' current financial outturn, as seen above, but also in areas of performance, such as the improvement of the proportion of clients which have been reviewed in year.

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

20. The Children's Integrated Needs Assessment (ChINA) and the Oral Health Needs Assessment have both highlighted the importance of action to address the relatively high levels of tooth decay and obesity of Herefordshire children. Work is being taken forward to increase the number of children accessing fluoride varnish and enabling targeted, supervised tooth brushing as well as encouraging parents to take their child to the dentist. A Little Trip to the Dentist campaign has been well supported and promoted through children's centre services, early years' settings and by the public health nursing service. Results from the dental survey of 5 year olds will be available in December 2019. A dental survey of 3 year olds will be undertaken in the first quarter of 2020 and this will underpin a drive to work further upstream in terms of prevention.
21. A significant improvement in educational outcomes has taken place in Herefordshire over the past 5 years. Data on 2019 un-validated results for primary schools in Herefordshire indicate that the county is performing in either the top or second quartile of all local authorities in the vast majority of performance indicators. Data to show performance of secondary schools against other councils is not yet available. However Key Stage 4 un-validated 4 data for Herefordshire schools show that attainment has fallen slightly in 2019. Areas that are now being targeted by local authority officers are improving outcomes in the Attainment 8 and English and Maths measure at the end of Year 11 and securing higher attainment for disadvantaged groups, particularly pupils eligible for free school meals.
22. Nationally, there has been a great deal of publicity around pressures in the high needs block. A significant number of councils are currently in deficit and many have top-sliced funding from the schools block. Herefordshire's high needs budget is not in deficit. In October 2019, the Secretary of State, confirmed extra high needs funding that for Herefordshire amounts to £2m extra in 2020/21. As a consequence, significant pressures in the high needs block have been largely alleviated in the short term. Although the high needs block in Herefordshire is currently not in deficit, schools forum has elected to keep this position under review on an annual basis.
23. At the end of quarter 2 a number of performance indicators for safeguarding and family support had shown improvement. This included the establishment of the first deep dive audit into an area of practice as part of the work to support improvements in quality of practice. The principal social worker started in post in September and will lead a number of developments including the implementation of Signs of Safety, an approach to underpin practice with a strengths based model working with families. However, a number of key indicators including visits and supervision remain overall below targets. The service experienced a higher number of contacts being received into the Multi Agency Safeguarding Hub (MASH) but also a higher percentage of them being converted into referrals. This has led to higher caseloads in the assessment teams and is something that is being reviewed to reflect on the application of thresholds and determine what action should be taken. Recruitment has been supported by taking on an agency specifically tasked with recruiting social workers for Herefordshire and a bespoke microsite has been developed. Retention

has been supported through a variety of enhancements, but filling vacant posts, keeping caseloads down and managing the work across the service remains a challenge.

Support the growth of our economy

24. In August the cabinet member infrastructure and transport took a decision to pause and review the Southern Link Road (SLR) and bypass road schemes to undertake a review of these schemes to ensure there are consistent with emerging policies and solve the problems they have been developed to address. This decision confirmed that the Hereford Transport Package (HTP) and South Wye Transport Package (SWTP) active travel projects would progress subject to funding as the review is progressed. This decision was called in by the General Scrutiny Committee and was considered by the committee at a meeting on the 9 September and the committee made four recommendations. The cabinet member for infrastructure and transport considered these recommendations and a further decision was published on 22 October 2019 which took these recommendations into account.
25. Further to this decision the scope of the review of the SLR and the bypass will be developed and will be the subject of a further decision report before end 2019. Delivery of the SWTP active travel measures and HTP active travel measure projects will be the subject of a further decision report and delivery will progress subject to funding.
26. The Hereford City Centre Transport Package (HCCTP) consists of the City link road (which opened in December 2017); a new transport hub at Hereford railway station and improvements to the public realm including improved walking, cycling and public transport infrastructure in Commercial Road, Blueschool Street and Newmarket Street. The preliminary design of the Transport hub and Commercial Road, Blueschool and Newmarket Street designs are progressing to enable stakeholder liaison later in 2019 and public consultation in early 2020. Cabinet member infrastructure and transport decision is scheduled in November 2019 to authorise consultation in early 2020. Following consultation in 2020 detailed design will progress, planning application if required late 2020 with construction commencing in 2021.
27. A new bike share scheme 'Beryl Bikes' launched in Hereford this summer and has been a tremendous success. Since the launch, Beryl cyclists have clocked up over 7,960 rides totalling over 20,400 km. As a hybrid of traditional bike share schemes with 150 bikes located over 40 'Beryl bays' across the city, the scheme is ideal for short trips in and around the city. The scheme has been extremely well received by local residents who have been enjoying the easy app based system.
28. In support of the economic growth of the county, located on the Enterprise Zone construction of the Cyber Quarter - Midlands Centre for Cyber Security, a £9m Joint Venture between the council and the University of Wolverhampton is underway and due to be completed in summer 2020. Through joint venture will establish business suites, innovation rooms, IT workshops and a 'Cyber Range' – a cutting edge facility that will enable the growth of cyber security businesses in Herefordshire. Also located on the Enterprise Zone, the £7m redevelopment of a World War One Shell Store will establish the first business incubation space available in the county, and is also due to open in summer 2020. The Shell Store will also provide an opportunity for higher education institutions, such as NMiTE, and businesses to work in partnership.
29. Construction has also commenced on a 178 bedroom purpose-built student accommodation development in Hereford on Station Approach. Due to be completed in September 2020, the student accommodation will support the development of higher education in Herefordshire, critical to supporting the growth of the economy.

30. The council's bid to the Heritage Action Zone fund for £2m to support Leominster's historic town centre to flourish has been successful at the initial stage; the council will be working with Leominster partners to develop a full bid. It was also announced that the council has been allocated up to £25m from the government's Stronger Towns Fund to support Hereford; this is subject to submission of a successful business case, which again the council will be working with city partners to produce.

Secure better services, quality of life and value for money

31. During August a new council maintained website, [Understanding Herefordshire](#) was launched providing information about the county and its people and places. It includes information on the factors that affect health and well-being, such as population numbers, lifestyle choices, housing, the economy and the environment.
32. As well as making it easier to find fact and figures about a topic or place, the site offers a number of new features, including a 'quick facts' function and 'latest news' pages. It also has an interactive map where you can download 'area profiles' providing local level statistics for Herefordshire.
33. The council continued its engagement with parish councils, holding a further parish summit on 20 September, where 82 attendees, representing 52 parish councils participated. As well as presentations on the Talk Communities Hub initiative and the planned Core Strategy review we began the process of engaging parish councils in the development of the council's budget and corporate plan.

Corporate Risk

34. The Corporate Risk Register holds the most significant risks for the council and is attached at appendix G. Since the last quarter, there have been a number of changes to the risks held within the register. The following risks have been removed from the corporate risk register
- Market Capacity – this risk has been reduced due to the changes made by the Adults & Communities directorate to the commissioned services as well as the strengths based assessments which have helped to reduce demand.
35. The following risks have been reduced during the last quarter
- Demographic Pressures – following the reduction in demand evident from the implementation of the strengths based pathway
 - Capital Programme – with additional resources supporting the capital programme, this residual risk of non-delivery of this has been reduced.
 - Litigation – risk has been reduced and is managed by the legal team and ensuring visibility of any ongoing disputes.
36. Two new risks have escalated on to the corporate risk register during the last quarter;
- Childrens Operational Staffing/Workforce – due to ongoing difficulties in recruiting social workers, specifically into the Child Protection and Court teams, this has escalated to the corporate risk register.
 - Budget & Savings Plans – Childrens & Families – due to an increasing spend on placements of children in care and care leavers, this risk has escalated on to the corporate risk register.

Community impact

37. 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.
38. 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

39. 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.
40. 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 part of the decision making processes, individual directorates and service areas assess the potential impact of any proposed project, leading to fairer, transparent and informed decisions being made.

Resource implications

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

Legal implications

42. None.

Risk management

43. The risks associated with the councils business, and any delivery plan objectives or projects are entered onto the relevant service or directorate risk register and escalated as appropriate. The corporate risk register is found in appendix H.

Consultees

44. None in relation to this report.

Appendices

Appendix A	Revenue forecast
Appendix B	Capital outturn
Appendix C	Treasury management forecast
Appendix D	Debt Write Offs during period
Appendix E	Savings performance reports
Appendix F	Delivery Plan Progress
Appendix G	Corporate Plan Performance Metrics
Appendix H	Corporate Risk Register

Background papers

None