

Meeting:	Cabinet
Meeting date:	Thursday 26 November 2020
Title of report:	Quarter 2 Budget & Performance Report
Report by:	Cabinet member corporate strategy and budget

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose

To review performance for Quarter 2 2020/21 and the budget forecast.

To provide assurance that progress has 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 2020/21 forecast outturn is a £14,790k overspend as at the end of September 2020.

Recommendation(s)

That:

- (a) Cabinet review performance and financial outturn for quarter 2 2020/21, as set out in appendices 1 - 8, 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 Budget

2. The 2020/21 outturn is £14,790k overspend as at the end of September 2020.
3. The table below sets out the directorate position at the end of September. Further service detail is available in appendix 1.

	Working Budget	Outturn	Forecast Outturn	Movement since last quarter
	£000	£000	£000	£000
Adults & Communities	58,249	61,996	3,747	(708)
Social Care	-	-	0	1,254
Children & Families	33,139	37,401	4,262	(1,668)
Economy & Place	29,686	33,187	3,501	(107)
Corporate	16,852	17,223	371	101
Directorates	137,926	149,807	11,881	(1,128)
Central, treasury management, capital financing & reserves	19,191	18,708	(483)	0
Total Revenue	157,117	168,515	11,398	(1,128)
Covid 19 additional expenditure	0	3,392	3,392	0
Total Revenue	157,117	171,907	14,790	(1,128)

4. The outturn position forecasts a £14,790k overspend, £11m of this position relates directly to the COVID-19 impact on both expenditure and income. This is an improvement since quarter 1 of £1,128k.
5. Adults & Communities is reporting a forecast overspend of £3,747k of which £3,666k (98%) is directly related to COVID-19 pressures. This reflects a non-COVID-19 forecast overspend position of £81k for the directorate as at Q2. Of the £3,666k COVID-19 pressure, £1.5m is estimated to form part of future NHS claims in this financial year, leaving £2.1m to be funded from the central government grants to the local authority. A reduction in income has been seen across services in Economy and Place, together with increases in costs associated with responding to the pandemic. Children and Families reflects the cost pressure in placements costs. In addition, the revenue budget includes the COVID-19 pressure of PPE and community support.
6. Government has awarded grants to local authorities to manage the COVID-19 pressures, this is expected to cover around 70% of the pressure, depending on the final COVID-19 spend, although this is ongoing discussions between government and the local authority. A summary has been provided at appendix 6 in relation to COVID-19. The remainder of the pressures will be funded by the change in activity of the council in reducing costs and by reserves if required.

7. The central, treasury management, capital financing and reserves underspend is detailed in Appendix 3 and reflects the delayed need to borrow from a combination of high cash balances and slippage in capital investment spend, detailed in appendix 2.
8. As at end September claimants of council tax reduction, due to being a low income household, have increased in 2020/21 from an expected working age caseload of 5,375 to 6,255. This means that council tax income in 2020/21 is forecast to decrease by £0.8m due to the additional discounts awarded. This deficit can be carried into 2021/22 and will be reflected, with the latest forecast estimates, as part of the 2021/22 budget setting process.

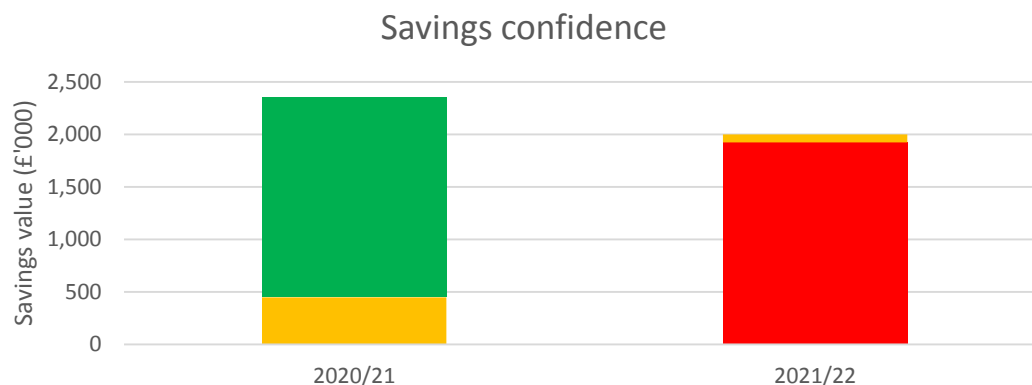
Capital Budget

9. The capital Budget for 2020/21 has been revised to £88.989m, the summary breakdown is shown in the table below, but this consists of £51.712m 2019/20 carry forwards of unspent budget. Additional grants of £8.454m, further borrowing to fund the flooding works of £4.027m and a reduction in the use of the capital receipts reserve of £1.053m due to an external grant allocation to replace this funding. Details of the exercise to re-profile project budgets in quarter 1 are in appendix 2, which saw a reduction of £98.613m.
10. The forecast spend is £72.056m, which is an underspend of £16.933m, of the £88.989m 2020/21 budget equates to 79%; full details for each capital project are in appendix 2. This forecast underspend consists of projects that are anticipated to deliver below the project budget, may no longer be required or where there have been further delays in progress. COVID-19 restrictions have had an impact upon a number of construction projects where work was suspended for a period.
11. There are a few outstanding items that may affect the overall future capital programme budget, these are recent LEP grant allocations and Towns Fund Grant, but these will only be added to the capital programme if the decision is taken to accept the terms of the grant. Also a decision to Council to fund the leisure pool non-insurable costs was made in quarter 2 ([25 September 2020](#)).

	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	Total
February 2020 Council Approved Budget	121,796	47,386	29,531	21,113	219,826
Re-profiled	(98,613)	46,510	52,103	-	-
19/20 Carry Forwards	51,712	-	-	-	51,712
Priority Flood Works Borrowing	4,027				4,027
Reduction for HEZ grant	(1,053)				(1,053)
Additional Grants	11,120	(2,666)	-	-	8,454
Revised Capital Budget	88,989	91,230	81,634	21,113	282,966

Savings Delivery

12. The graph below shows the confidence in delivery of savings identified for 2020/21 and 2021/22. This represents an improvement in savings identified and achieved (green) for the current reporting year of £600k compared to the quarter 1 report. Further information can be found at appendix 5.



Green = achieved, Amber = in progress, Red = delay or at risk

Performance and Risk

13. Council approved the new County Plan in February 2020, identifying three key areas for prioritisation across the four year period 2020-24;
- **ECONOMY:** support an economy which builds on the county's strengths and resource; and
 - **COMMUNITY:** strengthen communities to ensure everyone lives well and safely together; and
 - **ENVIRONMENT:** protect and enhance our environment and keep Herefordshire a great place to live
14. Below are a list of highlights relating to performance during the quarter. More detail on the delivery plan items can also be found in appendix 7.
15. The councils Risk Framework has been updated since the last quarterly report, as such risks are now escalated to the councils corporate risk register based solely on risk score after control. As a result of the changes to the framework, some scoring mechanism have also changed, so changes of risks from the previous quarter will not be reported in this quarter.
16. The risks from the Corporate Risk register have been displayed against the ambitions in appendix 7.
17. In addition, an updated COVID-19 Risk Register has been supplied at appendix 8. COVID-19 specific risks have been documented in a separate risk register to support a more flexible, project style approach.

Economy

18. COVID-19 and the related lockdown restrictions has severely affected Herefordshire's local economy since mid-March 2020, with the true extent of the impact not yet fully known. Whilst the lifting of lockdown measures for many sectors in June and July helped

the economy to start to recover, many business have remained either closed throughout or are continue to operate at reduced levels.

19. In August 2020, 24,800 people (31% of the eligible workforce) were on furlough through the Job Retention Scheme. The closure of the Job Retention Scheme later in the year could have a further significant impact on local unemployment.
20. In September 2020, the total number of claimants for out-of-work benefits was 5,000; a 137% increase since March compared to a 117% rise in England in the same period and unchanged from August. Within this number there were 960 claimants aged 18-24; an increase of 131% since March compared to a 126% rise in England in the same period and a decrease of 3% from August.
21. A recent report by Grant Thornton for The County Councils Network identified Herefordshire as one of the counties estimated to have experienced a greater than average decline in Gross Value Added (GVA) and classified 55.59% of employment in the county as currently 'at risk' (compared to a national average of 48.8%), due to the high prevalence of particular industries locally, self-employed workforce and the county's demography.
22. Throughout the last 7 months Herefordshire Council has worked with local partners to deliver a wide range of support to businesses, including;
 - Providing information, advice and guidance to thousands of businesses across Herefordshire via Marches Growth Hub or the council directly. Cabinet Member for Economy, Environment and Skills has frequently written to and e-mailed businesses across the county to raise awareness of the support that is available to during the crisis.
 - The council established a group of key business representative organisations to provide a forum to share information on the key impacts on the economy, identifying the support requirements, and co-ordinating delivery of services across the different organisations.
 - As of 30 August 2020, the council's finance team had supported 4,946 businesses with small business support grant payments totalling £56,840,000 - 98% of eligible hereditaments (compared to 93% nationally).
 - The council has provided £3.21m of Discretionary Grants (the full allocation) to 407 local businesses and charities that had not been supported by the previous grants but were affected by the crisis. The Discretionary Grant Scheme included a hardship/exceptional circumstances element to help those that needed assistance the most, recognising the high number of micro and self-employed businesses across the local economy.
 - The council and the Herefordshire Business Board secured a £444,220 grant from the Marches Local Enterprise Partnership to support the soonest possible recovery of the visitor economy. Recognising that the visitor economy (accommodation, attractions, retail, hospitality, cultural venues etc.) has been worst affected by COVID-19 during their usual peak season. The project is delivering an extensive tourism marketing and PR campaign to encourage day and overnight visits. To date the Apples for Autumn campaign has established significant coverage across a range of national newspapers and other media outlets.
 - An application to the government Kickstart scheme has been submitted to both provide direct placements ourselves, but to also be a 'gateway' for other businesses or organisations. The Kickstart scheme provides 100% funding for 6 monthly placements for 16 to 24 year olds claiming universal credit to gain critical work experience. In order to apply directly to the scheme an employer needs to offer 30 placements or more. Through being a gateway applicant, smaller organisations will be able to offer placements to those that need this support the most.

- The Marches Small Business Recovery Grant ERDF Scheme is currently allocating £182,000 to around 73 Herefordshire small businesses to support their recovery from the crisis.
 - Plans to allocate the £172,000 ERDF Re-Opening of the High Street Safely Fund is being finalised to deliver a range of communications and advice services, and public realm improvements to enable people to safely return to the high street.
 - Emergency active travel measures were introduced in Hereford and each of the market towns following local consultation to provide space for social distancing to support retail and promote the use of cycling and walking. These measures include footway widening, road closures and cycle lane provision to enable people to choose active modes of travel and to remain socially distanced as restrictions were lifted.
23. Despite COVID-19 restrictions that required a suspension of construction works earlier in the year, the Number 1 Station Approach Student Accommodation is due to be completed by the end of the year and will support higher education and skills in partnership with Hereford College of Arts and NMiTE. The renovation of the previously derelict WWI Shell Store in to a modern high quality business incubation space is due to be completed in November. The construction of the Midlands Centre for Cyber Security has now been completed through a joint venture between the council and the University of Wolverhampton, providing specialist facilities and support to enable the country to build on our significant strengths in this sector.
 24. There were a total of 136 young people Not in Education, Employment or Training (NEET) in August 2020 compared to 123 in March, which equates to 3.8% of the total cohort of who have reached statutory school leaving age. Of the total NEETs, 98 (72%) were available for the labour market and 38 (28%) were not available for the labour market due to being a carer, teenage parent, sickness, or pregnancy. There is national concern that there will be a significant increase in youth unemployment. The council is working with two Opportunity Areas (Blackpool and West Somerset) which have made inroads into this area; looking at their best practice and implementing their successful initiatives locally, alongside better tracking. It is the intention to move from the bottom quintile (bottom 20%) to quartile 3 (50-75% of authorities), however it is recognised that the current climate will make performance volatile across the country in 2020.
 25. By September 2020 the percentage of premises in the county that can access superfast broadband had risen to 91.9% - the target for the financial year is 94%. Whilst the digital inclusion training sessions at libraries and other venues ceased due to Covid-19, the council introduced the "Keep Connected" Grant. This was to help not-for-profit groups and organisations to adapt their services and enable people to access digital support. Up to quarter end 81 grants have been offered to groups (including 39 to parish councils) – a collection of case studies were produced and published [here](#).
 26. Support has also been provided for Parish and Town Councils to help improve their online presence – the need for this became more apparent as councils supported their communities during lockdown with digital being a key way of engaging; this provided assistance with webpages, sharing information, social media and emails ([more information](#)). Fastershire business training moved online with 80 attendees in the quarter; and community information events also moved online to give an outline of future deployment (supported by direct mail).
 27. The implementation of repairs following the major flooding in early 2020 has continued with priority being given to the major works to the Hereford to Fownhope Road. The first phase was completed in July 2020 and following the council's decision to allocate additional

funding on 27 July 2020 the second phase of works is now underway and due for completion in February 2021.

Community

28. There have been delays due to COVID-19 in the delivery of the planned 220 affordable dwellings for 2020/21. Development sites were closed down for 6 weeks or more and the closure of numerous supply businesses has resulted in a continuing shortage and delay on some building materials. However, the Registered Providers have clawed back progress on some sites and at present predicted delivery to 200 dwellings this year, a 10% reduction on the original plans for the year. Delivery of this revised target, and potentially a few additional units, is dependent on continued good weather and lockdown restrictions.
29. There is evidence of a sustained upturn in key measures across the children's safeguarding and family support services. Contacts handled in MASH are meeting timescales in 93% of occasions and police notifications for the domestic abuse hub are dealt within 48 hours in 97% of the time. Timeliness at this point of the system is key to ensuring that children receive the right help at the right time. An early help hub was also established in September, and whilst performance monitoring will not show results until October, having this preventative approach embedded in to the MASH will further help to ensure timeliness and that children are routed more effectively at an earlier stage.
30. Assessment timeliness remains at a consistently higher level than recent years and changes around the allocation of Child In Need cases so that they remain with the workers in the assessment team leads to greater continuity, which is associated with improved practice and better outcomes. Furthermore the involvement of Family Support Workers at an earlier stage intends to prevent further escalation of cases.
31. The number of looked after children remains relatively high, but the service has seen a reduction from 356 in February this year, to 337 at the end of September. Teams continue to pursue Special Guardianship Orders (SGO) where this is the most appropriate option; this supports children to be placed in their wider family and minimising the requirement for a social work intervention. Between 01 April and 30 September 2020 13 children have had their care orders discharged following the granting of an SGO. A project to reduce the numbers of children placed in residential care has been established. At the end of quarter 2 there were 22 children living in residential placements, often a long way from their friends and family, who would be better supported within a family setting, including foster care.
32. To further support reducing the number of children that become looked after, the Edge of Care service, ECHo, has now been established this year. To the end of quarter 2, 35 children and young people have been worked with, 3 cases have been closed to the team, with two of these children not requiring care as a result; this is estimated to have avoided £141,000 approx. in costs and these children have continued to live with their family.
33. Audit activity shows an improvement on 2019/20 figures. To date 42% of cases audited have been identified as good or outstanding, up from 17% last year. To support the improvement in this area, Signs of Safety (SoS) (a strength based social work model) is being implemented. To date, training has been delivered to staff, partners and cabinet members, the implementation plan has received praise from Elia (the international body which oversees SoS).
34. The Children & Families directorate also continues to develop the offer to support the recruitment drive. Twenty newly qualified social workers have been recruited, a refreshed draft childrens workforce strategy and appointments to the Principal Social Worker for the

social work academy. This has meant more permanent staff in place to support children and avoid drift and delay in cases.

35. Attendance in Herefordshire schools remains high running at around 91-94% (this is well above national performance). Similarly schools in the county are above national for the attendance of pupils with education, health and care plans and also those with a social worker.
36. As the winter approaches, discharges from hospital in to adult social care are increasing and are now at the levels we experienced before COVID-19 with discharge routes closely monitored. A bid for additional discharge to assess money has been submitted to the Clinical Commissioning Group, following the predictions of winter and COVID-19 pressures in coming months – which would equate to an increase of 31% in the number of clients. The added resource would cover additional staff to manage the flow of cases, as well as additional Reablement workers, increased number of residential and nursing discharge to assess beds.
37. As the national lockdown eased, the Talk Community response was scaled back during the quarter. The phone line was embedded in to business as usual within the customer services team at Blueschool House and continues to link in vulnerable people to meet their needs with essential supplies and befriending. During the quarter the following activity took place:
 - 80,000 letters sent to Herefordshire households
 - Over 4,000 calls to the Talk Community helpdesk
 - More than 2,000 people supported (1,300+ with food supplies and 900+ with medication collections)
 - 1,500 volunteers registered
 - 150 community groups actively engaged
 - More than 200 community contacts made
 - 200 council staff redeployed into Talk Community;
 - Including 70+ link workers redeployed as liaison officers with communities & providing advice and support
38. During the quarter, surveys were undertaken with all known community groups that supported the COVID-19 response to understand future resilience plans and a further survey was sent to all 1500 volunteers that registered with us to assess future volunteering capacity. The Talk Community team worked in partnership with a number of community and voluntary organisations during COVID-19 – in particular with HVOSS. The council have since commissioned HVOSS to be the strategic third sector umbrella organisation that will support in developing and engaging with the community sector, and to provide a volunteering infrastructure for the county.
39. Following cabinet approval for the Talk Community strategic approach in September 2020, a number of projects are currently in the scoping stage with 2 Talk Community Hubs launched in September and a number to be launched during quarter 3.
40. Environmental Health and Trading Standards officers have worked with police on daily patrols monitoring compliance of COVID-19 restrictions since the start of lockdown across all the market towns and the city. This continued until July when the lockdown was effectively lifted, however this resumed as of September. Environmental health officers have also been embedded into the public health teams to assist with contact tracing and trading standards and environmental health officers continue to respond to numerous daily complaints from the public about non-compliance.

41. As part of Project Brave, the council has sourced accommodation and provided support for over 80 vulnerable homeless people in various locations as a continuation of the 'Everyone in' arrangements under COVID-19 (63 were accommodated at end of quarter 2). During the operation of the national 'everyone in' policy accommodation was offered and sourced to everyone who was identified as rough sleeping or at risk of rough sleeping. A small number of people remained sleeping rough, either through refusing the offer of accommodation or by accepting the accommodation and then leaving it; or through being required to leave by the private sector landlord. The service has also introduced a 24/7 emergency contact service to support the private sector landlords who are contributing to Project Brave.
42. There has been considerable success in finding solutions for individuals through the approach; including 46 people provided with long-term sustainable housing, and 8 supported into employment. Others have identified individual achievements such as reduced substance misuse, better self-care etc.
43. Project and capital funding has been identified to deliver 14 new units of long term sustainable homes, in addition a further 20 – 25 additional units of transitional and emergency accommodation have been identified including the development of a new homelessness hub on White Cross Road. A grant of £410,000 has been secured from Ministry of Housing, Communities and Local Government (MHCLG) to support people where they are currently accommodated, whilst helping to secure long term sustainable homes. A bid for a further £102,000 has been also made and the decision is awaited.

Environment

44. Work to reduce the council's carbon footprint continues. A corporate energy efficiency programme is delivering projects across the council; some of these projects had been delayed due to COVID-19, however these are now back on track. The council has most likely made carbon savings during the summer months due to the reduced occupancy of offices, however the latest guidelines of keeping buildings well ventilated throughout the winter to prevent the spread of COVID-19 will see potential increases in our heating related emissions, particularly across maintained schools (to be assess at the end of the financial year).
45. The Climate and Ecological Emergency county group are currently developing an action plan due to be published in the new-year and setting up a new, permanent structure to take the action plan forward beyond 2021, this will reduce the target for the county's carbon footprint. The Warm Homes Fund first time heating scheme has been delayed during the first half year due to concerns over letting contractors into premises. The council has also secured just over £1m from central government under the Green Homes Grant, Local Authority Delivery scheme to install energy efficiency measures in approximately 100 fuel poor households across Herefordshire and Shropshire, to be delivered by the end of the financial year 2020/21.
46. Through increased staff working from home change in practices to be more digital based has seen a reduction in print, postage and mileage (full figures available at the end of financial year). Whilst creating reduced cost in those area they also have a positive impact on the un-necessary use of resources.

Community impact

47. 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.

48. 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.

Environmental Impact

49. This decision does not have any direct implications for the environment. The report details how progress is being made in achieving the Delivery Plan which in turn identifies how the council will work deliver the Environmental ambitions within the County Plan. The individual projects/deliverables detailed within the delivery plan will all be subject to their own governance arrangements.

Equality duty

50. 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.
51. 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. This report has no direct equality implications; it is a report to cabinet on work undertaken by the local authority in the last quarter, each of these workstreams will consider their individual equality duties. This report will have no detrimental impact on people with a protected characteristic.

Resource implications

52. 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

53. The recommendations have no direct legal implications.

Risk management

54. The risks associated with the councils business, and delivery plan objectives or projects are entered on to the relevant service risk register and escalated as per the council's Performance Management Framework and Risk Management Plan.
55. The COVID-19 Risk Register has also been included at appendix 10. The risk register records the risks in relation to COVID-19 as at the end of September.

Consultees

56. None in relation to this report.

Appendices

Appendix 1	Revenue Budget Forecasts
Appendix 2	Capital Budget Forecasts
Appendix 3	Treasury Management
Appendix 4	Debt Write-Offs (April 2020 – September 2020)
Appendix 5	Savings
Appendix 6	COVID-19 Spend Summary
Appendix 7	Delivery Plan dashboards
Appendix 8	COVID-19 Risk Register

Background papers

None Identified