

Title of report: Quarter 3 Budget & Performance Report

Meeting: Cabinet

Meeting date: Thursday 25 February 2021

Report by: Cabinet member finance and corporate services

Classification

Open

Decision type

Non-key

Wards affected

All (All Wards);s

Purpose

To review performance for quarter 3 2020/21 and the budget forecast.

To provide assurance that progress has been 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.

Recommendation(s)

That:

Cabinet review performance and financial outturn for quarter 3 2020/21, as set out in appendices A - I, 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 £13,265k overspend as at the end of December 2020.
3. The table below sets out the directorate position at the end of December. Further service detail is available in appendix A.

Projected revenue outturn 2020/21 (as at the end of December)

| | Working Budget | Outturn | Forecast Outturn | Movement since last quarter | Covid 19 related |
|--|----------------|----------------|------------------|-----------------------------|------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Adults & Communities | 58,249 | 59,456 | 1,207 | (2,540) | 2,724 |
| Social Care | - | - | 0 | 0 | 0 |
| Children & Families | 33,705 | 37,930 | 4,225 | (37) | 0 |
| Economy & Place | 30,321 | 34,640 | 4,319 | 818 | 4,319 |
| Corporate | 16,898 | 18,054 | 1,157 | 786 | 349 |
| Directorates | 139,173 | 150,080 | 10,908 | (973) | 7,392 |
| Central, treasury management, capital financing & reserves | 17,944 | 17,461 | (483) | 0 | 0 |
| Total Revenue | 157,117 | 167,541 | 10,425 | (973) | 7,392 |
| Covid 19 additional expenditure | 0 | 2,840 | 2,840 | (552) | 2,840 |
| Total Revenue | 157,117 | 170,381 | 13,265 | (1,525) | 10,232 |

4. The outturn position forecasts a £13,265k overspend, £10.2m 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 and £1,525k since quarter 2.
5. Adults & Communities continues to show an over spend due to Covid-19 pressures, but this has reduced to £1,207k due to the non-Covid-19 budget position improving during this quarter.
6. A reduction in income relating to Covid-19 across services in Economy and Place. Childrens and Families reflects the cost pressure in placements costs. In addition, the revenue budget includes the Covid-19 pressure of PPE and community support.
7. Government has awarded grants to local authorities to manage the Covid 19 pressures, this is expected to cover around 70% of the pressure although there are ongoing discussions between government and the local authority. The remainder of the pressures will be funded by the change in activity of the council in reducing costs as a result of Covid-19 and by reserves if required. A summary of the grants paid to Herefordshire by Government is found at appendix E. A summary of the resources in support of the

Outbreak Control Resource Plan is available in appendix G and further information has also been provided in relation to the Public Health ring fenced grant (PHRFG) at appendix F.

8. The central, treasury management, capital financing and reserves underspend is detailed in Appendix C and reflects the delayed need to borrow from a combination of high cash balances and slippage in capital investment spend, detailed in appendix B.

Capital Budget

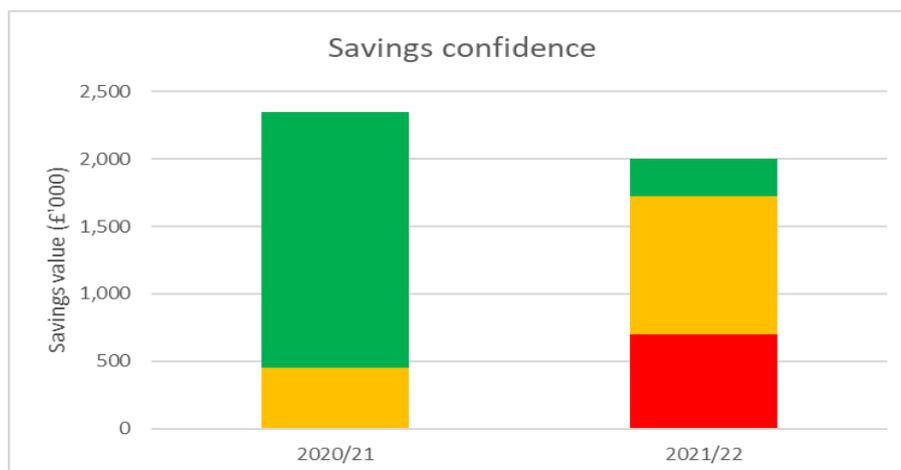
9. The capital Budget for 2020/21 has been revised to £92.136m, the summary breakdown is shown in the table below, but this consists of £51.712m 2019/20 carry forwards of unspent budget. Additional grants of £16.261m which resulted in a reduction of borrowing requirement for the Hereford City Centre Improvements project of £2.5m and a reduction in the use of the capital receipts reserve of £1.053m due to an external grant allocation to replace this funding. Further borrowing to fund the flooding works of £4.027m and non-insurable works at the leisure pool £0.505m. Details of the exercise to re-profile project budgets in quarter 1 are in appendix B, which saw a reduction of £98.613m.
10. The forecast spend has reduced from £72.056m in September to £68.171m in December, which is an underspend of £23.965m of the £92.136m 20/21 budget, or 74% of the capital budget spent. Full details for each project are in appendix B. A significant number of underspending schemes are a result of Covid-19 delays. 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.

| | 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 |
| Reprofiled | (98,613) | 46,510 | 52,103 | - | - |
| 19/20 Carry Forwards | 51,712 | - | - | - | 51,712 |
| Priority Flood Works Borrowing | 4,027 | | | | 4,027 |
| Leisure Pool | 505 | | | | 505 |
| Reduction HCCI Borrowing | (2,500) | | | | (2,500) |
| Reduction for HEZ grant | (1,053) | | | | (1,053) |
| Additional Grants | 16,261 | (2,671) | - | - | 13,590 |
| Revised Capital Budget | 92,136 | 91,225 | 81,634 | 21,113 | 286,108 |

Savings delivery

11. The graph below shows the confidence in the delivery of savings identified for 2020/21. This represents an improvement in confidence for savings identified for 2021/22 compared to the quarter 2 report. Further information can be found at appendix D. This

figure does not include the saving proposals intended for full council as part of the 2021/22 budget setting.



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

Performance and risk

12. Council approved a [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
13. The delivery plan, which sets out how the high levels ambitions will be progressed in the year was agreed by Cabinet in November 2020. The following report provides an overview of the progress in delivering these activities. Full detail on the delivery plan items can also be found in appendix H. A narrative on the key developments in the last quarter are detailed from paragraph 16 below, these are split by the themes of the county plan detailed in the paragraph above.
14. Alongside the delivery plan commitments and measure updates, risks appearing on the council’s corporate risk register are also found in appendix H; these reflect the highest scoring risks to the council based on their post-mitigation scores.
15. In addition, an updated COVID-19 Risk Register has been supplied at appendix I. COVID-19 specific risks have been documented in a separate risk register to support a more flexible, project style approach.

Economy

16. The council established the Discretionary Grant Scheme 2 to support businesses that were ineligible for the nationally defined Local Restrictions Support Grant and were either closed, or open but had lost more than 50% of their trade. The Discretionary Grant Scheme 2 has provided £516k to c.500 businesses impacted by the November lockdown. On 27 January, a Discretionary Grant Scheme 3 and an Exceptional Circumstances Fund

was launched to support businesses impacted by the lockdown that started on 5 January. These schemes will provide regular support to businesses for as long as the lockdown period lasts.

17. Working with a wide range of visitor economy businesses, and with £444k secured from the Marches LEP, a marketing and PR campaign has raised the awareness of Herefordshire as a staycation destination to support businesses recover from the impacts of Covid-19. This has resulted in widespread national media coverage in newspapers, magazines and social media. An advertising campaign which will include TV adverts for the first time, will commence once the current lockdown restrictions are lifted.
18. The £7.5m Shell Store Business Incubator construction was completed in Q3. The innovative conversion of the former World War 1 building has created a modern business incubation space on the Hereford Enterprise Zone, the only purpose built incubation space in the Marches LEP area. Through a £9m joint venture between the University of Wolverhampton and the council, the Midlands Centre for Cyber Security construction was also completed in Q3. The Cyber Security Centre, also located on the Hereford Enterprise Zone provides a specialist facility to enable the development of cyber security businesses in the county, a fast growing global market for which we have significant local strengths. It is expected that the centre will formally open once current lockdown restrictions allow.
19. As the accountable body, the council has facilitated the development of the Hereford Town Investment Plan which was submitted to government for consideration on 28 January 2021. In accordance with the guidance, the Town Investment Plan identifies a long term vision for the development of the city, including 12 projects seeking up to £25m that have been through an extensive application and selection process, to deliver the plan. This includes the following three council led projects: the development of a world class museum and art gallery; redeveloping Maylord Orchards; and greening the city / improving the visitor welcome.
20. The impact of Covid-19 on the range of adults and children engaging with learning has meant that for the last year we have had less people able to engage with learning opportunities, as well as less young people able to take up apprenticeships. The council has engaged with the national programmes in support but are also working on local initiatives.

Community

21. Council and Hoople colleagues have supported early years, schools and education settings remaining open throughout the autumn term. The work of early years settings, schools and colleges has been intense and extensive with “blended learning” continuing, groups isolating, timetables, staff and pupil groupings adjusted to meet national and public health advice. Attendance by pupils at our settings has been amongst the highest nationally during the pandemic – both during and in between lockdowns, but despite this education has been significantly disrupted.
22. Supporting Herefordshire schools and education settings has been a significant challenge over the last quarter. There are concerns about the impact on the education and development of children and the latest lockdown now will increase this, including concerns regarding emotional wellbeing and mental health, the effects of neglect and other potential safeguarding issues. Teams have been working on supporting the most effected cohorts from September, including disadvantaged, vulnerable, exam cohorts and

pre-school children. This includes supporting the offer of food to vulnerable families, including those eligible for Free School Meals.

23. An Early Help Hub has been introduced during the quarter as part of the overall approach to provide the “right help at the right time” providing advice, signposting and coordination of whole family early help support. The Hub met its target of 95% of contacts completed in 72 hours (96% achieved, 737 contacts). This compliments the domestic abuse hub that deals directly with many domestic abuse referrals that previously went to the MASH. There has also been the launch of the “Right Help, Right Time” framework by the Herefordshire Safeguarding Children Partnership – a multi-agency approach to assessing the risk to children and young people and putting in place support to the child and family to address this.
24. During the quarter, there have been improvements in a number of key focus areas within children’s safeguarding. Performance around the Care Leavers service has improved, with more care experienced children now in touch, in suitable accommodation and in education employment and training. The number of Looked After Children is at the lowest point for 18 months and this has been supported in the year by the creation of the ECHO edge of care preventative service. Pleasingly, there has also been some positive feedback from the courts on the work of social workers and legal services during this quarter.
25. A survey of children and their families in receipt of safeguarding support has been undertaken, understanding their perspective of their engagement with children’s social workers. The results are currently being analysed and will set the baseline for improvement following the implementation of Signs of Safety.
26. Retention, as well as recruitment, of children’s social care staff is allowing more consistent allocation of workers, and more suitable caseload levels. Currently more than 80% of staff within the service are permanent employees.
27. There remain areas of focused development within the safeguarding function; the re-referral rate remains above expectations, as well as ensuring that children are seen within 3 days of a referral. Quality of practice, whilst showing signs of improvement, needs further development. This has been a focus of joint work with Essex, particularly the quality of the child’s assessment. Supervision of staff also remains a focus of the service, ensuring that staff are regularly seen and discussing their cases is a key mechanism to support an increase in quality. Placement costs are the reason for the significant spend, including the use of residential placements. Detailed work is underway to try to enable some children to move to family homes, including foster care. If successful, this will be better for those children and also reduce the spend for the council.
28. Adults’ operational teams are continuing to manage the demands that COVID-19 places upon the service, without implementing the possible easements allowed under the Care Act. All statutory services are being maintained; with no waiting lists for services, and functions such as DoLS, managing ongoing demand. Operational teams are engaged with hospitals to support the flow of people being discharged from hospital, with a joint discharge hub in operation. This hub is also helping to maintain people in the communities by avoiding further admissions to hospital.
29. The COVID-19 discharge routes has added an approximate 33% of additional demand on the adult social care function, as all cases discharged into support require an assessment within 6 weeks to make sure that they are routed to the correct pathway.

However, currently more than 80% of hospital discharges are being managed with no requirement for adult social care support.

30. The additional demand is being managed within the existing staffing resources of the service. This means that the recent audit of activity around supervision which identified that 100% of worker supervisions have been recorded on the system, and more than 80% of supervisions being assessed as either good or outstanding, reflects very good performance.
31. The Talk Community programme has continued to support the response within communities throughout the COVID-19 pandemic. Additional work has also been undertaken during the last quarter to look at engagement and branding for Talk Community.
32. Bereavement Services continues to support the County Hospital mortuary team, who have been operating at full capacity in recent months. The temporary mortuary storage facility was in use over the Christmas period and remains on standby. The crematorium has been particularly busy over the past couple of months and two trained volunteers are helping to support the service. The live streaming service facility is enabling families and friends to attend a funeral service digitally and has been welcomed at this difficult time.
33. Following the Cabinet decision taken on 26 November to develop affordable housing units, subsequent decisions were taken by cabinet to move this forward at pace. This includes identifying a pipeline of potential sites, master planning for a first development of land at Merton Meadow and surrounding the link road and the appointment of environmental consultants to advise on achieving developments that are net zero carbon.
34. Highways defects have decreased since August and were significantly lower than the same period last year. The annual patching programme was completed in October and the Winter Maintenance programme commenced in November. There were prolonged periods of cold weather over Christmas and into the New Year, which required a considerable programme of gritting on priority and secondary routes and footways across the county. Rainfall associated with Storm Bella in December required significant resource to respond to the impacts of flooding on the highway network.

Environment

35. The Hereford Transport Strategy Review was completed. The review undertook a comprehensive review of transport strategy options for the city. The results of the review, and a Peer Assessment of the Hereford Transport Package and South Wye Transport Package were considered by the General Scrutiny Committee in November 2020. Cabinet considered this, together with the recommendations of the scrutiny committee, on 3 December 2020. Cabinet took into account all of the technical work and recommendations made by the scrutiny committee in confirming its preferred transport strategy for Hereford.
36. Considerable activity has been undertaken in responding to the new lockdown and resultant changes in regulations in order to close or change operations including: buses; street signage; enforcement patrols; and click and collect services in libraries. In January, temporary arrangements for the bus network were introduced for the new lockdown period.

37. A number of active travel initiatives have been implemented, including seeking to increase the percentage of journey-kilometres made through the Beryl Bike initiative, continuing to promote walking, cycling and public transport across the county, as well as commencing a new procurement process for a private sector partner to further expand the county's electric vehicle charging network.
38. The Council was successful in securing additional funding from the Department for Transport for Tranche 2 of the Active Travel Fund and has been allocated £120k for an active travel scheme on Aylestone Hill between Station Approach and Venns Lane which will be progressed this year.
39. The council's consultation on new waste collection options was launched on 7 December 2020. This is intended to enable us to take the next step to deliver an improved waste collection service, encouraging increased recycling levels and the quality of materials collected.
40. Last year, the council released its third Carbon Management Plan for the period 2021/22 to 2025/26, with an interim target to reduce 75% of its carbon emissions during this period. It draws and builds upon previous plans to achieve this, targeting that we become carbon neutral by 2030/31. Monitoring and review continues through annually publishing figures on the council's carbon footprint. This has seen the council achieve a 49% reduction to date.
41. Work on the delivery of up to 8 integrated wetlands is progressing. These will be positioned adjacent to those sewage works within the Lugg catchment without any form of phosphate stripping currently in place nor planned under the current agreement of Welsh Water spending with Ofwat. These wetlands will serve to provide tertiary treatment to the effluent by naturally removing phosphates from detergents and sewage by the utilising microbial activity on the roots of wetland vegetation in specially created ponds which retain the effluent for more than a week to achieve this reduction. In delivering these wetlands the council seeks not only to unblock the delivery of housing within the Lugg catchment, but also assist the government agencies to attain the Wye SAC's favourable conservation status by its target date of 2027.
42. The council's formal decision making process has been updated to ensure that the climate, ecological and wider environmental impacts of decisions are considered through a new Environmental Impact section in all decision reports. This has also been included as a key consideration for project development to ensure that environmental impacts are considered and budgeted for as new projects are developed.

Community impact

43. 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.
44. 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

45. 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

46. 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.
47. 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

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

Legal implications

49. The recommendations have no direct legal implications.

Risk management

50. The risks associated with the councils business, and delivery plan objectives or projects are entered on to the relevant service or project risk register and escalated as per the councils Performance Management Framework and Risk Management Plan.
51. The COVID-19 Risk Register has also been included at appendix I. The risk register records the risks in relation to COVID-19 as at the end of December.

Consultees

52. None in relation to this point.

Appendices

| | |
|------------|---------------------------------|
| Appendix A | Revenue forecast |
| Appendix B | Capital forecast |
| Appendix C | Treasury Management |
| Appendix D | Savings delivery |
| Appendix E | COVID-19 grants |
| Appendix F | Public Health ring fenced grant |
| Appendix G | Outbreak Control |
| Appendix H | Delivery Plan performance |
| Appendix I | COVID-19 Risk Register |

Background papers

None identified.