

# Agenda

## Scrutiny Management Board

Date: **Friday 7 October 2022**

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Time: **2.00 pm**

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Place: **Herefordshire Council Offices, Plough Lane, Hereford,  
HR4 0LE**

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Notes: Please note the time, date and venue of the meeting.

For any further information please contact:

**Michael Carr, Statutory Scrutiny Officer**

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If you would like help to understand this document, or would like it in another format, please call Michael Carr, Statutory Scrutiny Officer on 01432 260659 or e-mail [Michael.Carr@herefordshire.gov.uk](mailto:Michael.Carr@herefordshire.gov.uk) in advance of the meeting.

# **Agenda for the meeting of the Scrutiny Management Board**

## **Membership**

<b>Chairperson</b>	<b>Councillor Christy Bolderson</b>
<b>Vice-chairperson</b>	<b>Councillor Yolande Watson</b>
	<b>Councillor Graham Andrews</b>
	<b>Councillor Toni Fagan</b>
	<b>Councillor Phillip Howells</b>
	<b>Councillor Graham Jones</b>
	<b>Councillor Jonathan Lester</b>
	<b>Councillor Felicity Norman</b>
	<b>Councillor Louis Stark</b>
	<b>Councillor David Summers</b>
	<b>Councillor Elissa Swinglehurst</b>
	<b>Councillor William Wilding</b>

## Agenda

	Pages
<b>1. APOLOGIES FOR ABSENCE</b> To receive apologies for absence.	
<b>2. NAMED SUBSTITUTES</b> To receive details of members nominated to attend the meeting in place of a member of the board.	
<b>3. DECLARATIONS OF INTEREST</b> To receive declarations of interests in respect of Schedule 1, Schedule 2 or Other Interests from members of the board in respect of items on the agenda.	
<b>4. MINUTES</b> To receive the minutes of the meeting held on 5 <sup>th</sup> September 2022.	9 - 14
<b>HOW TO SUBMIT QUESTIONS</b>	
The deadline for the submission of questions for this meeting is 9:30am on Tuesday 4 <sup>th</sup> October 2022.	
Questions must be submitted to <a href="mailto:councillorservices@herefordshire.gov.uk">councillorservices@herefordshire.gov.uk</a> . Questions sent to any other address may not be accepted.	
Accepted questions and the responses will be published as a supplement to the agenda papers prior to the meeting. Further information and guidance is available at <a href="http://www.herefordshire.gov.uk/getinvolved">www.herefordshire.gov.uk/getinvolved</a>	
<b>5. QUESTIONS FROM MEMBERS OF THE PUBLIC</b> To receive any written questions from members of the public.	
<b>6. QUESTIONS FROM MEMBERS OF THE COUNCIL</b> To receive any written questions from members of the council.	
<b>7. BUDGET SCRUTINY - 2023/24 BUDGET SETTING PROGRESS</b> To consider the progress of the development of the 2023/24 budget proposals and Term Financial Strategy (MTFS).	15 - 56
<b>8. PROGRESS REPORT</b> This report provides a brief update on issues previously considered by the Scrutiny Management Board, including responses to information requests made by the committee, updates on resolutions made by the committee, including reports and recommendations to the executive and the Executive Response and executive decision made in respect of scrutiny reports and recommendations.	57 - 62
<b>9. DATE OF THE NEXT MEETING</b>	

To note the date of the next meeting scheduled for Monday 28th November 2022 at 2pm.

## The public's rights to information and attendance at meetings

In view of the continued prevalence of Covid, we have introduced changes to our usual procedures for accessing public meetings. These will help to keep our councillors, staff and members of the public safe.

Please take time to read the latest guidance on the council website by following the link at [www.herefordshire.gov.uk/meetings](http://www.herefordshire.gov.uk/meetings) and support us in promoting a safe environment for everyone. If you have any queries please contact the governance support team on 01432 261699 or at [governancesupportteam@herefordshire.gov.uk](mailto:governancesupportteam@herefordshire.gov.uk)

We will review and update this guidance in line with Government advice and restrictions.

Thank you for your help in keeping Herefordshire Council meetings safe.

### You have a right to:

- Attend all council, cabinet, committee and sub-committee meetings unless the business to be transacted would disclose 'confidential' or 'exempt' information.
- Inspect agenda and public reports at least five clear days before the date of the meeting. Agenda and reports (relating to items to be considered in public) are available at [www.herefordshire.gov.uk/meetings](http://www.herefordshire.gov.uk/meetings)
- Inspect minutes of the council and all committees and sub-committees and written statements of decisions taken by the cabinet or individual cabinet members for up to six years following a meeting.
- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting (a list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
- Access to a public register stating the names, addresses and wards of all councillors with details of the membership of cabinet and of all committees and sub-committees. Information about councillors is available at [www.herefordshire.gov.uk/councillors](http://www.herefordshire.gov.uk/councillors)
- Have access to a list specifying those powers on which the council have delegated decision making to their officers identifying the officers concerned by title. The council's constitution is available at [www.herefordshire.gov.uk/constitution](http://www.herefordshire.gov.uk/constitution)
- Access to this summary of your rights as members of the public to attend meetings of the council, cabinet, committees and sub-committees and to inspect documents.

## **Recording of meetings**

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The reporting of meetings is subject to the law and it is the responsibility of those doing the reporting to ensure that they comply.

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## **Public transport links**

The Herefordshire Council office at Plough Lane is located off Whitecross Road in Hereford, approximately 1 kilometre from the City Bus Station.

The location of the office and details of city bus services can be viewed at:  
[www.herefordshire.gov.uk/downloads/file/1597/hereford-city-bus-map-local-services-](http://www.herefordshire.gov.uk/downloads/file/1597/hereford-city-bus-map-local-services-)

## **The seven principles of public life**

### **(Nolan Principles)**

#### **1. Selflessness**

Holders of public office should act solely in terms of the public interest.

#### **2. Integrity**

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

#### **3. Objectivity**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

#### **4. Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

#### **5. Openness**

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

#### **6. Honesty**

Holders of public office should be truthful.

#### **7. Leadership**

Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.





## **Minutes of the meeting of Scrutiny Management Board held at Herefordshire Council Offices, Plough Lane, Hereford, HR4 0LE on Monday 5 September 2022 at 2.00 pm**

**Physically Present and Voting:** Councillors: Graham Andrews, Christy Bolderson (Chairperson), Toni Fagan, Phillip Howells, Graham Jones, Felicity Norman, Louis Stark, David Summers and Elissa Swinglehurst  
**In Attendance:** Councillor David Hitchiner (Leader of the Council)  
**Remote Attendance:** Councillors: Jonathan Lester, Yolande Watson (Vice-Chairperson) and William Wilding

*Members attending the meeting remotely, e.g. through video conferencing facilities, may not vote on any decisions taken.*

**Officers:** Democratic Services Manager, Democratic Services Officer, Director of Resources and Assurance, Senior Solicitor, Statutory Scrutiny Officer

### **11. APOLOGIES FOR ABSENCE**

There were no apologies for absence from members of the committee.

Apologies for absence were received from Cllr Liz Harvey, Cabinet Member for Finance, Corporate Services and Planning. Cabinet representation at the meeting was provided by Cllr David Hitchiner, Leader of the Council.

### **12. NAMED SUBSTITUTES**

None.

### **13. DECLARATIONS OF INTEREST**

None.

### **14. MINUTES**

It was noted that the presentation of the attendance listed for members attending virtually in the minutes from the previous meeting was inconsistent across committees and requested that this be standardised.

A correction to the published minutes was noted, the word “virtually” to be inserted after the word “meetings” and before “and vote”, to read:

“The Senior Solicitor advised that the legislation did not allow for members to attend meetings virtually and vote”.

The Democratic Services Manager further clarified that remote attendance at committee meetings did not count towards an individual member’s attendance record, and it remained a legislative requirement to attend a meeting in person at least once in any six-month period to avoid disqualification from office. Some Members indicated that they had previously been unclear on these provisions, whilst other Members expressed

concern that their records of attendance for the previous two year period were inaccurate. The Democratic Services Manager confirmed an intention to update the records of both physical and virtual member attendance and undertook to make a guidance note available to members on the current legal position.

**It was resolved that:**

**The minutes of the meeting held on 16 June 2022, as amended, be approved as an accurate record and signed by the Chairperson.**

**15. QUESTIONS FROM MEMBERS OF THE PUBLIC**

There were no questions from members of the public.

**16. QUESTIONS FROM MEMBERS OF THE COUNCIL**

There were no questions from councillors.

**17. ROLE AND DEVELOPMENT OF THE SCRUTINY FUNCTION**

The Board gave consideration to the report as set out on pages 13 – 34 of the agenda, which asked it to note the general role and remit of the scrutiny committees and progress in the development of the scrutiny function, and to agree the Key Objectives for 2022-2023 for the Council's Scrutiny Committees with identified outputs and activities.

Members sought clarification on access to information rules for members of Herefordshire's scrutiny Committees, and advice was sought on what the Council constitution provided for. The Senior Solicitor advised that the constitution set out the relevant provisions which reflect the legislative position, but added that any proposed additions or amendments could be referred to the Audit and Governance Committee for consideration. The Chairperson and the Statutory Scrutiny Officer advised that an Executive-Scrutiny Protocol was being developed, and it was intended that this would assist with establishing the working relationship and a common set of expectations between the Council's scrutiny committees and the Cabinet.

The Chairperson of Children and Young People Scrutiny Committee suggested that, whilst recognising the role of the Scrutiny Management Board involved considering issues of a cross-cutting nature at a strategic level, the role and remit of individual scrutiny committees should also make specific reference to their ability to consider the same issues within the particular context of their own committee remit. It was noted that the Member would provide wording to this effect for later consideration.

In respect of Appendix 3, the Chairperson of the Health, Care and Wellbeing Scrutiny Committee requested that the Integrated Care Board be added to the list of health partners set out at Objective 8b.

The Chairperson highlighted the particular importance of item 1b on the Key Objectives document, in relation to tracking the implementation and effectiveness of the Rethinking Governance Working Group recommendations on scrutiny. It was requested that an update report be brought to a future meeting, setting out the progress of these recommendations.

**It was resolved that:**

**The general role and remit of the scrutiny committees and progress in the development of the scrutiny function be noted, and the Key Objectives for 2022-**

**2023 for the Council's scrutiny committees with identified outputs and activities be agreed, subject to:**

- (i) An Executive-Scrutiny protocol be drafted, to include how scrutiny committees request information from Council departments and on how scrutiny committees can communicate their work to the public;**
- (ii) The addition of the NHS Integrated Care Board to the list of partners set out at Appendix 3 Objective 8b;**
- (iii) That the objectives include that scrutiny committees consider issues in greater depth, the wording to be re-phrased by the Chairperson in consultation with the Statutory Scrutiny Officer on behalf of the committee; and**

**That an update be requested from Democratic Services on operational improvements and progress arising from the implementation of the Rethinking Governance Working Group recommendations, including those relating to the Council website.**

## **18. ANNUAL SCRUTINY WORK PROGRAMME 2022-2023**

The Board gave consideration to the report as set out on pages 35-70 of the agenda, which asked it to agree the Annual Scrutiny Work Programme 2022-2023, made up of the Scrutiny Work Plans of the Council's five scrutiny committees.

A correction to the Connected Communities Work Plan was tabled, to replace reference to the former Interim Service Director for Economy and Regulatory Services with the current Interim Service Director for Planning and Regulatory Services.

A correction to the Environment and Sustainability Scrutiny Committee (ESSC) Work Plan was tabled, to re-insert previously agreed wording under the 21<sup>st</sup> September 2022 Herefordshire Local Plan item:

“To consider the Herefordshire Local Plan 2021- 2041, which includes the planning framework for the county, housing provision, the economy, retail and town centres, infrastructure provision and the environment.

Specifically to consider:

- a) Does the preferred spatial option lead to sustainable communities, including promoting active travel and reducing car journeys?
- b) Is the rural assessment scoring system used for allocating housing development across rural wards robust and supported by evidence?
- c) To consider the analysis of the public consultation on the Local Plan and the mechanism by which the consultation was undertaken”.

The Leader of the Council welcomed the consolidation of the individual scrutiny committee work plans into a single accessible document. The Leader noted, in respect of the Herefordshire Farming item on the Environment and Sustainability Scrutiny Committee (ESSC) Work Plan, that the identified themes and witnesses were confined to Herefordshire and suggested whether a broader approach may be worthwhile considering, with potential witnesses from organisations such as the National Farmers Union (NFU) invited to contribute. The Chairperson of ESSC noted that there was a balance to be struck in terms of how broad the outlook could be without losing focus, and suggested that the Leader could email him with his suggestions for consideration by the Committee. The Leader and the Chairperson also noted that the Children and Young People Scrutiny Committee (CYPSC) Work Plan appeared to be ambitious in terms of the number of items included and queried whether officers would have the necessary

capacity to deliver all of the reports that would be requested. The Chairperson of CYPSC said that the agenda plan was being reviewed in consideration of what could reasonably be delivered in view of current departmental pressures and its responsiveness to the Children's Services improvement programme and reported that some items for the September meeting, following consideration, had been deferred to reduce the overall burden from the Committee's work on the department.

Members noted that the items on the Annual Work Programme could be delivered through committee or also through Task and Finish Groups, where appropriate (Task and Finish Group work was not listed separately). It was also queried why historic Task and Finish Group material did not appear to be readily available. The Democratic Services Officer advised that whilst some Task and Finish Group material may not be in the public domain (as Task and Finish Groups were not formal committees), final scrutiny reports were placed in the public domain by virtue of their referral to the formal scrutiny committee upon completion, when these were published with the committee's papers. It was, however, suggested that a centralised, accessible location for the deposit of Task and Finish Group papers may be useful and further consideration of this would be reported back to the Board.

The Chairperson raised the issue that some Scrutiny Work Programme items were being brought back to committee due to lateness of reports or missing information that had been requested and that there were historic backlogs of previously made information requests not having been provided, and it was stressed that the proposed Executive-Scrutiny protocol needed to establish a clear set of expectations on reports and information requests to scrutiny committees and that report requests made by the scrutiny committees should henceforth be copied to the relevant Cabinet Member so that they can retain oversight.

The Chairperson proposed that once the Board had agreed the Annual Work Programme a progress report to the committee should provide an update on any substantive changes to scrutiny committee work plan items during the municipal year.

**It was resolved that:**

- (i) Democratic Services be requested to report back to the Board on how historic Task and Finish Group material and reports might be made more accessible;**
- (ii) Report requests made by scrutiny committees to council departments be copied to the relevant Cabinet Member for information and oversight;**
- (iii) A progress report be provided and included on future agendas to update the Board on the progress of any matters arising from previous committee meetings, including information requested, tracking any recommendations made to the Cabinet and any substantive amendments made by scrutiny committees to their work plan during the municipal year.**

**19. BUDGET SCRUTINY**

The Board gave consideration to the report as set out on pages 71-80 of the agenda, which provided suggestions on how Scrutiny could support the budget setting process for 2023/24.

The Chairperson expressed disappointment that the papers received did not contain the identified elements of the budget that the Board wished to scrutinise at the meeting, as specified in the Scrutiny Management Board Work Plan 2022-23. This was in spite of extensive pre-meeting discussions at a senior level setting out the information the Board were requesting. It was suggested that, in respect of both the Scrutiny Management Board and other scrutiny committees, a greater commitment was required at leadership

level to provide members with the information they were entitled to in a timely manner, and an assurance was sought from the Leader of the Council, in attendance, that the information that had been requested for inclusion the report would be provided to a future meeting. The Leader confirmed that it was useful to gain an understanding of how the Board wished to scrutinise the budget process and undertook to work with officers to ensure that future papers provide what is asked for.

Members suggested that to put the current budgetary position and pressures into context, it would be useful to receive a comparison against the position at the beginning of the 2021/22 Medium Term Financial Strategy (MTFS). Members also expressed a desire to see different potential budgetary scenarios modelled to gain an insight into how the picture may look if some of the underlying assumptions turned out to be better or worse than expected.

**It was resolved that:**

**A further budget meeting be convened, in October 2022, for the purpose of considering a report which fully addresses the five key items of interest identified in the Scrutiny Management Board Work Plan:**

- (i) The financial outturn for 2021-2022;**
- (ii) The budget priorities, positioning, assumptions and risks informing the development of the budget proposals for 2023-2024;**
- (iii) How the budget priorities and plans link to the Council priorities;**
- (iv) The arrangements and overall timetable for the scrutiny of the budget proposals for 2023-2024 for agreement in 2023; and**
- (v) The plans for consultation on the budget proposals for 2023-2024.**

**20. DATE OF THE NEXT MEETING**

To be confirmed.

The meeting ended at 4.05pm

**Chairperson**





# Title of report: 2023/24 Budget Setting Progress Update

**Scrutiny Management Board: 7<sup>th</sup> October 2022**

**Report by:** The Head of Strategic Finance (deputy S151) Officer

## **Classification**

Open

## **Decision type**

This is not an executive decision

## **Wards affected**

(All Wards);

## **Purpose**

To seek the views on the developing 2023/24 budget and 4 year Medium Term Financial Strategy (MTFS) to 2026/27 and to make any recommendations to the Cabinet details the impact of continued pressures from growth in demand and rising inflation on the council's financial position. It highlights the need to identify options for additional income, savings and efficiencies to mitigate these pressures to achieve a balanced budget.

The committee is invited to make recommendations to inform, constructively challenge and support the process for making Cabinet proposals to Council regarding the adoption of the budget.

## **Recommendation(s)**

**That:**

- a) **The board is asked to note the report; and**
- b) **The board considers how it can support the budget setting process and the areas inviting comment which are identified in this report**

## **Alternative options**

1. The Board could choose not to review the options to mitigate financial pressures but this is not recommended as the Board has a role to undertake scrutiny in relation to the budget planning process.

## Key considerations

### Background and Context

2. The council, alongside all local authorities, faces significant financial challenges in the continued delivery of services and improvements whilst maintaining a financially sustainable and resilient position. Continued uncertainty over Central Government funding and national changes in policy, particularly adult social care reforms, alongside emerging cost and demand pressures, will have a significant impact on the council's net revenue and capital budgets over the medium term.
3. The draft MTFS presents a challenging position; with early forecasts identifying a gap between resources and pressures of **£21.6m in 2023/24**, rising in subsequent years to around **£57m by 2026/27** if no mitigating actions are implemented. This draft position is based on a number of variables and assumptions which are subject to change and these are detailed later in this report.
4. The council maintains a prudent level of reserves to manage future financial risks. At 31 March 2022, the council has useable reserves of £106.1m, comprising Earmarked Reserves of £96.5m and a General Fund balance of £9.6m as detailed per Appendix 4. These reserves were deemed to be adequate to support the 2022/23 budget.
5. Government has yet to confirm the limits the maximum increase in core council tax for 2023/24 before triggering the need for a referendum, officers have modelled the budget on an increase of 1.99%. In addition, an assumption has been made that the council will charge a 1% Adult Social Care precept, this is subject to Government confirming the arrangements for Adult Social Care precepts for 2023/24.

### Significant issues and pressures

6. The significant issues which contribute to the council's challenging positions and a summary of their impact in 2023/24 are noted below.
7. The net pressure for 2023/24 is currently forecast at £21.6m and is summarised in Table 1 below with analysis per Directorate at Table 2.
8. The cost of living crisis is placing Herefordshire residents under significant pressure; work is ongoing to develop strategies to help address the cost of living crisis.

**Table 1: Estimated Pressures 2023/24**

Assumed Pressure 2023/24	Latest Estimate £m	Key Assumptions/Notes
Pay inflation	3.0	Pay inflation assumed at £1,925 per FTE; noting pay award offer has been made but not agreed.
Pay increment	1.4	Annual incremental pay increases for relevant staff, based on current establishment.
Demand pressures: Social Care	12.0	Demand pressures in Adult Social Care are modelled on client data at Q1 of 2022/23. No general growth is assumed in this estimate. Demand pressures in Children's Social care are modelled on current client data at Q1 of 2022/23. Demand pressures include



		additional staff costs as identified to deliver transformation across Children's services.
Demand: Other budget pressures	2.6	Pressures in Corporate Services comprising staffing costs for previously funded posts and increased demand in concessionary travel.
Contract inflation	2.2	Inflation is assumed at 8% based on initial indications of National Living Wages and CPI.
Non-contractual inflation	8.2	Work is underway to separate out from £10.4m above and identify non-contractual element.
Energy inflation	1.0	Inflationary increases are based on estimates provided by West Mercia Energy.
Capital Financing costs	1.8	Costs based on the planned capital programme. Further due diligence to be completed on the profile of capital expenditure.
Interest costs	1.0	Interest rates are informed by estimates from the council's Treasury Management Advisors.
Savings identified	(0.9)	Savings identified through transformation and remodelling of Adults services. Further work to be completed to prepare detailed savings plans.
Other variances and mitigations	(0.5)	This represents the removal of one-off funding.
<b>Net budget requirement</b>	<b>31.8</b>	
Estimated funding increases 23/24	(10.2)	Funding increases are informed by Pixel modelling. Further due diligence to be completed to confirm the increase in resources for the council.
<b>Net pressure</b>	<b>21.6</b>	

**Table 2: 2023/24 Pressures by Directorate**

	Community & Wellbeing	Children & Young People	Economy & Environment	Corporate	Central	Total
	£m	£m	£m	£m	£m	£m
Pay inflation	0.7	1.0	0.6	0.7	-	3.0
Pay increment	0.2	0.5		0.7	-	1.4
Demand pressures	1.1	10.9	0.3	2.3	-	14.6
Contract inflation	0.4	-	1.8	-	-	2.2
Non-contractual inflation	5.3	1.3	0.6	1.0	-	8.2
Energy inflation			1.0			1.0
Capital Financing costs	-	-	-	-	1.8	1.8
Interest costs	-	-	-	-	1.0	1.0
Savings	(0.9)	-	-	-	-	(0.9)
Other	(0.5)	-	-	-	-	(0.5)
<b>Total pressure</b>	<b>6.3</b>	<b>13.7</b>	<b>4.3</b>	<b>4.7</b>	<b>2.9</b>	<b>31.8</b>

### **Pay inflation and incremental uplift**

9. The council budgeted for a 2% pay award when setting the 2022/23 MTFS; each additional 1% increase in the national pay award adds a further £0.6m to the forecast.
10. Following recent communications, it is now expected that pay costs will be higher than anticipated in future years in order to address the cost of living increases and national living wage rise. The current offer of an increase of £1,925 on basic salary per FTE will result in an additional pressure of £3.0m in 2023/24, with incremental pay increases estimated at a further £1.4m. This pressure is in addition to the recruitment challenges facing the local government sector.

### **Social Care inflation and rising demand**

11. Significant inflationary pressures are being faced in all areas of social care and other demand led services. Rising costs in Adult Social Care are being experienced across residential and domiciliary care as providers address workforce pay issues and the wider implications of general inflation. Estimates, based on current levels and forecast changes in demand, suggest demand pressures of £1.1m and inflationary increases of £5.7m in 2023/24.
12. Whilst it is not possible to predict the recurring budget pressures arising as a result of future social care reforms, it is anticipated that changes in the funding regime may require a 25% increase in relevant staffing levels representing an additional cost burden of £1m to support the new regime. At this stage, the impact of Fair Cost of Care on residential and nursing placements has not been included in the draft MTFS with further work required to quantify the potential increase in costs. This too will result in significant additional pressures for the council.
13. In Children's Social Care, the cost of placements continues to rise to reflect inflationary pressures and demand for placements in the sector. Current estimates identify inflation pressures of £1.3m and demand pressures of £4.8m with additional staffing costs of £4.5m required to deliver transformation across the Children & Young People Directorate.

### **General inflationary increases**

14. The council continues to experience financial pressures from the impacts of high inflation across all contracts that are linked to RPI and CPI as well as non-contractual goods and services. Potential pressures on income from fees and charges for discretionary services and commercial activities, already noted through in-year budget monitoring in 2022/23, are a further impact of rising inflation as residents and businesses across the County manage cost of living rises. The draft MTFS assumes an 8% inflationary uplift in 2023/24 with a total impact of £10.4m. A 1% variation in this assumed uplift will result in additional £1.3m pressure for the council, a 5% increase in the assumed rate of inflation will result in pressures of £6.5m.
15. Inflation pressures arising from energy costs are estimated at £1.0m for 2023/24 however it should be noted that there is risk within this estimate as a result of the unstable global position.
16. The impact on inflation has an impact on the council's Minimum Revenue Provision (MRP) assumptions and the board may wish to consider reviewing the council's MRP arrangements as part of its work program.

### **Key assumptions in pressures**

17. The key assumptions for expenditure, income and treasury rates which inform the 2023/24 budget and MTFS are included below at Table 3.

**Table 3: Key Assumptions 2023/24 to 2026/27**

<b>Expenditure</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>
Pay award	£1,925 per FTE	£1,925 per FTE	4.00%	4.00%
Employers National Insurance	15.05%	15.05%	15.05%	15.05%
Employers Pension Contributions (payroll rate)	17.60%	17.60%	17.60%	17.60%
Contract Indexation - Community Wellbeing	8.00%	5.00%	5.00%	5.00%
Contract Indexation - E&E	8.00%	8.00%	8.00%	8.00%
Contract Indexation - Childrens Placements	6.00%	6.00%	6.00%	6.00%
Contract Indexation - IT	12.00%	12.00%	12.00%	12.00%
Contract Indexation - BCIS	8.00%	8.00%	8.00%	8.00%
<b>Income</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>
<b>Council Tax</b>				
Council taxbase (after council tax reduction scheme)	70,448.3	70,644.7	70,841.6	71,039.4
Increase in CT Base	1.0%	1.0%	1.0%	1.0%
Band D (standard) (%)	1.99%	1.99%	1.99%	1.99%
Band D (adult social care precept)%	1.00%	1.00%	1.00%	1.00%
<b>Treasury Rates</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>25/27</b>
PWLB Borrowing Rates (10-year)	3.5%	3.1%	3.1%	3.1%

## Political priorities

- The Council remains committed to the delivery of key activity to meet the ambitions set out in the County Plan to deliver long-term benefits in supporting the local economy, communities and the environment. This delivery will be supported by the development of the 2023/24 budget and MTFS to align the council's financial resources with its political priorities.

## Changes in funding 2023/24

- Whilst early modelling suggests that Herefordshire will be in a stronger position following the implementation of the Government's Fair Funding Review, any potential increases following the review have not been assumed in the draft MTFS at this time as Central Government have yet to confirm a timeline for their implementation. The assumptions on which funding for 2023/24 has been estimated will require further work to understand the potential risks in the data which informs the calculations.

## Results of early work

- A high level exercise to identify options to reduce the budget gap and refine income and expenditure forecasts is currently underway to include a detailed review of each service area to consider options for savings and efficiencies and to understand the severity and impact of proposed changes upon residents and businesses. Where opportunities to mitigate pressures are identified, it will be important to assess whether options are realistic and achievable to deliver sustained savings over the medium term. This work will be driven by Directorates, supported by Finance and other support services as appropriate.
- This exercise requires additional work and the output of the detailed review will be provided as part of budget preparation work over forthcoming months. This early preparatory work to understand future pressures will allow time within the budget setting timetable to refine plans and options.

22. Following initial discussions between Directors and Finance staff, work is underway to quantify potential corporate savings. Each Corporate Director, in consultation with portfolio holders, will be responsible for developing a plan to recover 2022/23 overspend and deliver recurrent savings for 2023/24 and the medium term planning period. It is unclear, at this stage, whether the actions identified will be sufficient to close the £21.6m budget gap.
23. If options identified do not fully mitigate budget pressures, the council's options to balance the budget include:
- a) Use of reserves
  - b) Increasing Council Tax, noting the requirement for a referendum to increase above the Government referendum limit
  - c) Continue to lobby for additional Government funding
  - d) Increasing fees and charges and optimising income
  - e) Influencing demand for services by working with partners and identifying efficiencies in working practices
  - f) Identifying further savings
  - g) Changing or reducing service levels for non-statutory services

### Next steps

24. The pressures identified above must be mitigated in order to maintain the council's financial resilience, to ensure delivery of services within available resources and to minimise the impact on future financial sustainability.
25. Directors and Officers will continue to work to refine forecasts to inform the budget setting process for 2023/24 as per the proposed timetable as set out in Table 4 below.

**Table 4: 2023/24 Proposed Budget Setting Timetable**

Action	Timeline
Scrutiny Management Board Meeting	7 October 2022
Local consultation on strategic capital priorities (3 weeks)	TBC
Focus groups	TBC
Online survey (5 weeks)	TBC
Social media consultation (5 weeks)	TBC
Government spending review announcement (estimated)	November 2022
Cabinet - consultation outcomes and draft budget proposals	24 November 2022
Scrutiny Management Board (scrutiny of Cabinet report proposals)	28 November 2022
Scrutiny Management Board Budget Scrutiny Summit (TBC)	2 December 2022 (TBC)
Scrutiny Management Board Meeting (report to Cabinet)	9 January 2023
Cabinet – final proposed budget	26 January 2023
Full Council – final budget for approval	10 February 2023

Council tax setting	3 March 2023
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## Environmental Impact

26. The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
27. Whilst this budget process document will not detail specific environmental impacts, consideration is always made to minimising waste and resource use in line with the council's Environmental Policy. A specific environmental impact assessment for service specific budget proposals will be considered as appropriate to seek to minimise any adverse environmental impact and actively seek opportunities to improve and enhance environmental performance.

## Equality duty

28. 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.
30. 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 report is a factual summary, we do not believe that it will have an impact on our equality duty.

## Resource implications

31. Contained in the report.

## Legal implications

32. The Local Government Finance Act 1992 requires a council to set a balanced budget. To do this the council must prepare a budget that covers not only the expenditure but also the funding to meet the proposed budget. The budget has to be fully funded and the income from all sources must meet the expenditure.
33. Best estimates have to be employed so that all anticipated expenditure and resources are identified. If the budget includes unallocated savings or unidentified income then these have to be carefully handled to demonstrate that these do not create a deficit budget. An intention to set a deficit budget is not permitted under local government legislation.
34. Local government legislation requires the council's S151 officer to make a report to the full Council meeting when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals. This is

done so that members will have authoritative advice available to them when they make their decisions.

35. The council's budget and policy framework rules require that the chairpersons of a scrutiny committee shall take steps to ensure that the relevant committee work programmes include any budget and policy framework plan or strategy, to enable scrutiny members to inform and support the process for making Cabinet proposals to Council.

## **Risk management**

36.

Risk / opportunity	Mitigation
The local Government Settlement does not include support for inflationary pressures.	A range of savings programmes and contingency plans are being developed.
The local Government Settlement announcement is delayed.	A two-stage approach to budget consultation will be adopted.
The recovery plans for 2022/23 are not delivered.	The Council holds a number of reserves to cover contingencies such as budget over runs.
Reputational risk with the council not having a clear plan in terms of council tax increases.	Central Government sets referendum limits as part of the local government settlement,

## **Consultees**

37. The council's constitution states that budget consultees should include parish councils, health partners, the schools' forum, business ratepayers, council taxpayers, the trade unions, political groups on the council, the scrutiny committees and such other organisations and persons as the leader shall determine.
38. Consultation on the 2023/24 budget will take place as per the Proposed Budget Setting Timetable in Table 4 above.

## **Appendices**

Appendix 1: 2023/24 Budget Slides

Appendix 2: 2021/22 Quarter 4 Budget & Performance Report (Cabinet 26 May 2022)

Appendix 3: 2022/23 Quarter 1 Budget & Performance Report (Cabinet 29 September 2022)

Appendix 4: Earmarked Reserves and General Fund Balances at 31 March 2022 (Cabinet 29 September 2022)

## **Background papers**

None.

## Glossary

**Minimum Revenue Provision (MRP)** is the minimum amount which a Council must charge to its revenue budget each year, to set aside a provision for repaying external borrowing (loans). This is an annual revenue expense in a Council's budget.

Medium Term Financial Strategy (MTFS) sets out the overall shape of the council's budget by determining the level of resources that will be available and how these are currently allocated between services. This provides a medium term framework to enable members and officers to develop detailed annual budget allocations.





- **Budget 2023/24**
- **7th October 2022**

# Context

- Secretary of State for Leveling Up, Housing and Communities advised in July that local government settlement announced in December 2022 would be a flat cash two year settlement;
- Global events and uncertainty are driving inflation;
- Bank of England have raised interest rates over summer, and further increases are expected;
- Fiscal event on the 23<sup>rd</sup> of September did not mention local government funding, further announcements being trailed in media;
- Residents and local businesses are facing significant cost of living challenges and energy costs:

# Impact of inflation

- The funding model for local Government makes little allowance for the transition to an inflation driven economy.
- 9.7% of base budget is funded from Government grants. The current assumption is that this will not increase;
- 21.6% of base budget is funded from retained business rates. The Current assumption is that this will not increase;
- 68.2% of base budget is funded from council tax, the assumption is that this will increase by 2.99%, referendum limit announcement in December;
- Cost inflation is likely to be in double digits for the medium term:

# Perfect storm of inflation and need to invest in children's services

- Structural disconnect between rate of increase in funding and costs, costs are increasing at an unprecedented rate;
- Based upon the available information and assuming Government support is not forthcoming the Council's budget gap for next year is £21.6m; ( pressures £31.8m, funding increases £10.2m)
- The above includes £4.6m additional budget for Children;
- Without additional support from Government, it will not be possible to balance the Council's financial position without affecting front line service delivery:

# Key Assumptions 2023/24 to 2026/27

Expenditure	23/24	24/25	25/26	26/27
Pay award	£1,925 per FTE	£1,925 per FTE	4.00%	4.00%
Employers National Insurance	15.05%	15.05%	15.05%	15.05%
Employers Pension Contributions (payroll rate)	17.60%	17.60%	17.60%	17.60%
Contract Indexation - Community Wellbeing	8.00%	5.00%	5.00%	5.00%
Contract Indexation - E&E	8.00%	8.00%	8.00%	8.00%
Contract Indexation - Childrens Placements	6.00%	6.00%	6.00%	6.00%
Contract Indexation - IT	12.00%	12.00%	12.00%	12.00%
Contract Indexation - BCIS	8.00%	8.00%	8.00%	8.00%
Income	23/24	24/25	25/26	26/27
<b>Council Tax</b>				
Council taxbase (after council tax reduction scheme)	70,448.3	70,644.7	70,841.6	71,039.4
Increase in CT Base	1.0%	1.0%	1.0%	1.0%
Band D (standard) (%)	1.99%	1.99%	1.99%	1.99%
Band D (adult social care precept)%	1.00%	1.00%	1.00%	1.00%
Treasury Rates	23/24	24/25	25/26	25/27
PWLB Borrowing Rates (10-year)	3.5%	3.1%	3.1%	3.1%

# Pressures by directorates

30

	Community & Wellbeing	Children & Young People	Economy & Environment	Corporate	Central	Total
	£m	£m	£m	£m	£m	£m
Pay inflation	0.7	1.0	0.6	0.7	-	3.0
Pay increment	0.2	0.5		0.7	-	1.4
Demand pressures	1.1	10.9	0.3	2.3	-	14.6
Contract inflation	0.4	-	1.8	-	-	2.2
Non-contractual inflation	5.3	1.3	0.6	1.0	-	8.2
Energy inflation			1.0			1.0
Capital Financing costs	-	-	-	-	1.8	1.8
Interest costs	-	-	-	-	1.0	1.0
Savings	(0.9)	-	-	-	-	(0.9)
Other	(0.5)	-	-	-	-	(0.5)
Total pressure	6.3	13.7	4.3	4.7	2.9	31.8

# Progress

- Each Corporate Director, in consultation with the portfolio holders have been tasked to develop a savings programme, to deliver:
  - In year recovery program;
  - Recurring savings for 2023/4 and future years to be included in next years budget and the roll forward of the MTFS;
  - Transformation programme;
- <sup>31</sup>• These recovery plans and savings will be subject to the normal decision making processes;
- The development of a savings programme will enable the Council to identify further areas of savings to be made to address the worsening financial position:

# Transformation programme: ambitions and approach

- Digital and customer transformation programme: across all services – see next slide
- Transformation work with Directorates: introduction of strategic capacity to promote disruptive thinking to ways of working and re-framing purpose
- Corporate by default: providing excellent corporate support services that everyone will use, bringing consistency across the Council
- Longer term thinking: what shape will the Council need to take, agreement on vision and strategy, building on Economy 2050, Climate Change action plan, Housing Strategy
- Operational asset review: consider purpose-built new accommodation
- Cost of living review: how we support residents



# Digital and customer transformation programme

- Working with partner on wholesale review of Council's use of technology and digital communication across all services
- Primary objectives to improve significantly the experience of residents, and staff, and to be able to deliver more efficient and smarter services
- Digital transformation programmes carried out in other similar local authorities result in substantial savings – scope to be determined in diagnostic work
- Phase one of work underway from mid September taking 10 weeks to complete diagnosis, build case for change and implementation planning, i.e. reporting in late November / early December
- Phase two that follows will involve developing, designing and implementing new operating models, transforming ways of working and organisational culture:
  - Wholesale redesign of customer processes
  - Introduction of more automation and self-service
  - Engaging staff on changes to their ways of working and building capacity within the Council for change to continue.

# Consultation

- As mentioned above the budget plans are dependant on clarity from Government on a number of key assumptions that are used to construct the budget. This level of uncertainty is a change from previous years. As consequence the budget consultation will take two forms;
- Consultation on strategic capital budget priorities, both on line and face to face consultation, to commence in October:
- The full revenue and capital budget consultation will be carried out once Government have confirmed the local government settlement,

34



# Title of report: Quarter 4 Budget & Performance Report

**Meeting: Cabinet**

**Meeting date: Thursday 26 May 2022**

**Report by: Cabinet member finance, corporate services and planning;**

## **Classification**

Open

## **Decision type**

Non-key

## **Wards affected**

(All Wards);

## **Purpose**

To review performance for Quarter 4 2021/22 and the final budget outturn for the year.

To provide assurance that progress has been made towards delivery 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 final 2021/22 outturn shows a net underspend of £461k.

The proportion of performance measures showing an improvement, or remaining the same compared to the same period last year is 74%. At the end of the quarter, 74% of actions from the delivery plan are identified as complete or are progressing within planned timescales.

## **Recommendation(s)**

**That:**

- a) Cabinet review performance and financial forecast for year 2021/22, as set out in the appendices A-F, and identifies any additional actions to be considered to achieve future improvements.

Further information on the subject of this report is available from  
Paul Harris, Tel: 01432 383675, email: Joanne.Moore@herefordshire.gov.uk

## Alternative options

1. Cabinet may choose to review financial, delivery 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 2021/22 outturn is £4,248k overspend before the allocation of the COVID-19 grant. The net underspend is £541k.
3. The table below sets out the cabinet portfolio position at the end of March. Further service detail is available in Appendix A.

#### Revenue Summary

Portfolio	Councillor	Gross	Working	Outturn	Variance	COVID	Variance
		Budget	Budget			Grant	including
		£000	£000	£000	£000	Allocation	the Grant
						£000	£000
Health & Adult Wellbeing	Cllr Crockett						
Children's and Family Services, and Young	Cllr Toynbee	103,567	61,996	56	1,100	(6,909)	
People's Attainment		48,818	40,237	44	1,000	3,524	
Commissioning, Procurement and assets	Cllr Davies	23,008	16,845	19	1,200	1,017	
Environment and Economy	Cllr Chowns	3,372	1,488	1	0	151	
Housing, Regulatory Services and Community	Cllr Tyler	4,024	524		500	(296)	
Safety							
	Cllr	20,768	10,091	11	90	1,259	
Infrastructure and Transport							
	Harrington	26,299	21,918	24	26	2,607	
Finance, Corporate Services and Planning	Cllr Harvey	1,383	449		873	(793)	
Corporate strategy and budget	Cllr Hitchiner						
<b>Portfolios</b>		<b>231,239</b>	<b>153,548</b>	<b>158</b>	<b>4,789</b>	<b>560</b>	
Central, treasury management, capital financing & reserves		19,883	7,448	6	0	(1,101)	
<b>Total</b>							
<b>Revenue</b>	<b>251,122</b>	<b>160,996</b>	<b>165,244</b>	<b>4,248</b>	<b>4,789</b>	<b>(541)</b>	

4. The forecast underspend in Health and Adult Wellbeing reflects a combination of savings achieved to date, some of which are non-recurrent, reductions in the number of care packages, mostly within homecare and also the impact of the discharge to assess process resulting in a proportion of client expenditure being funded via that process. There are also underspends in Commissioning and Operational Service Delivery due to continued vacancies within Homefirst and some of the operational teams. The overspend in Children's and Family services and young people's attainment is due to cost of placements continues to cause pressure.
5. The overspend in the remaining portfolios reflects pressure on income targets as a result of covid restrictions, and savings targets that have not been achievable in year. This has been offset by vacancies.
6. 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.

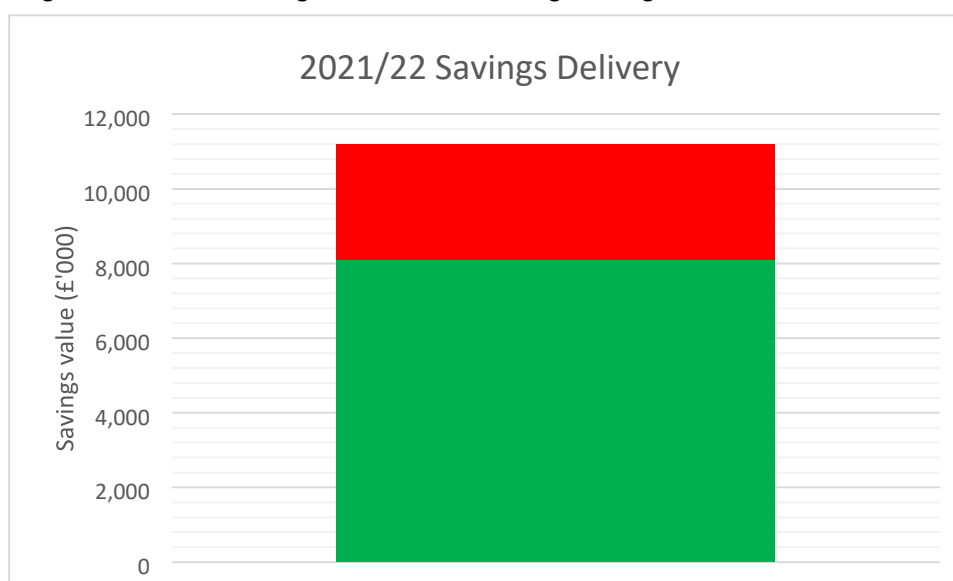
## Capital Budget

7. The original £97.870m capital budget for 2021/22 has been revised to £69.097m, the summary breakdown is shown in the table below, but this consists of £33.296m 2020/21 carry forwards of unspent budget, use of reserves of £0.056m and additional grants of £7.311m. Details of the exercise to re-profile project budgets that took place in quarter 2 are in Appendix B Table B, which saw a reduction of £69.436m.
8. The final forecast spend position is £37.607m, which is an underspend of £31.490m on the current 2021/22 budget of £69.097m. Full details for each project are in Appendix B Table A. This underspend consists of £4.793m projects that have delivered below the project budget and projects that may no longer be required such as the car park fire suppression system. The remaining £26.697m are budgets that may not be committed in this financial year but have been rolled forward to 2022/23 as they are funded by grants or land may not be acquired in this financial year for housing but the budgets need to be retained for those projects. The full capital programme budget for this and all future years can be seen in detail by project in Appendix B Table C.

	2021/22 Budget £000s	2022/23 Budget £000s	2023/24 Budget £000s	2024/25 Budget £000s	Total
February 2021 Council Approved Budget	97,870	66,634	21,179	10	185,693
Reprofile Budget	-69,436	6,440	41,861	21,135	0
20/21 Carry Forwards	33,296	-	-	-	33,296
Use of Reserve	56	-	-	-	56
Additional Grants	7,311	17,964	18,661	18,661	62,597
<b>Revised Capital Budget</b>	<b>69,097</b>	<b>91,038</b>	<b>81,701</b>	<b>39,806</b>	<b>281,643</b>

## Savings

9. The graph below shows the final delivery of savings for 2021/22. As can be seen from the graph, 72% of savings are identified as green; the remaining savings have been identified as red.



## Section 106 portfolio

10. The council's approach to Section 106 is set out in its Planning Obligations Supplementary Planning Document (SPD) and is designed to meet the relevant objectives of the Core Strategy

and the other relevant strategies to support the significant increase in population and employment.

11. Cabinet took a decision on 25 November 2021 which approved the procurement route and implementation of new delivery proposals and processes and expenditure of up to £9.3m of Section 106 monies, including resources required, to deliver Section 106 schemes.
12. In order to assist with the development and delivery of the Section 106 Works Programmes, two temporary Section 106 Senior Project Managers have been recruited to focus on the delivery of Section 106 monies.
13. Section 106 data is currently being cleansed and validated and is due for completion by the end of May 2022. During this process the Section 106 Project Management Office Team will continue to deal with any critical issues as they are identified.
14. Section 106 process maps, where available, are also being reviewed and new draft processes are being developed for all gain types, to enable a robust delivery process is in place. These will be reviewed with the planning and service areas and then issued to the S106 Portfolio Sponsor in June 2022 for approval.
15. Currently there are 224 Section 106 contributions covering 14 gain types. The Section 106 Project Management Office Team is focused on addressing any expired /expiring Section 106 agreements as a priority and then delivering the 189 agreements covering the following gain types; Highways, Education, Sports, Off-site play and Open spaces. The team are also in the process of working with internal stakeholders to reconcile information, finance and data with a view to providing delivery programmes in July 2022. Where appropriate, projects will be consolidated by requirement and procured via the appropriate framework to ensure value for money.
16. A further decision by Cabinet will also be required to outline the council's Section 106 policy and procedure for future Section 106 monies, to ensure future spend is complete in a timely and efficient manner.

### **Performance: Economy**

17. Of the 19 activities of the delivery plan, 4 have been completed (blue), 13 are on track (green), 1 is at risk (amber) and 1 is compromised (red); this position is an improvement to that reported at the end of December 2021.
18. All measures have shown an improvement on the same point last year where comparison can be made. Two-thirds of reported performance measures within the theme have met, or exceeded targets – there remains some work within the directorates to ensure all measures have targets established.
19. Market Town Investment Plans (MTIPs) for each of the five market towns have been agreed by Cabinet. Plans for Leominster, Ross-on-Wye, Ledbury, Bromyard and Kington identify the longer term vision for the growth, sustainable economic development of the towns and ultimately to increase the amount of inward investment to each town. These have been produced based on extensive local engagement, as well as the current economic analysis of each town. The plans identify a number of potential projects for each town as well as the possible sources of income which could support their development. The council will now be looking to work with local

partners to take forward projects identified, and seeking opportunities to finance these, including as part of the council's capital programme.

20. The Town Investment Plan scheme at Maylord Orchards has progressed and the decision has been made to procure support for the detailed design of the library and learning resource centre. Similarly, the decision to contract for a design team capable of delivering the detailed designs for Hereford Museum and Art Gallery was also taken. These decisions will both develop the plans necessary to develop the full business case for submission by June 2022.
21. The COVID recovery plan has delivered economic, social and health benefits across the county. Following the passport of more than £58m to Herefordshire businesses in grants throughout the pandemic, the county has also delivered a number of initiatives as part of the recovery plan. These include grants of more than £230k to businesses to promote business start-ups and rent at vacant units, a marketing campaign to promote Herefordshire as a fantastic "staycation" destination which has reached more than 52 million people.
22. The council has supported more than 108,000 free bus journeys to incentivise people to visit towns and attractions across the county, allowing them to leave the car behind. Car clubs pools have also been supported in Leominster, Fownhope, Kington and Belmont.
23. The council also completed the delivery of a "Love Going Out Locally" pre-paid card as part of the recovery plan. This offered a pre-paid card of £15 to each household in Herefordshire, with money to be spent in Herefordshire shops and businesses – this card was topped up with an additional £10 in quarter 4. The scheme was successful in issuing more than 60,000 cards and resulted in more than £1 million spent in more than 1850 local businesses. The council has also supported local businesses with a marketing campaign to support local businesses, products and services. Further investment through a Great Places to Visit project has invested £450k to revitalise market town places through greening of market town centres, grants for shop front enhancements, infrastructure for events and improvements for public rights of way/cycling routes.
24. At the end of the final quarter, 93.9% of premises in Herefordshire can access superfast broadband speeds of 30Mbps or above (based on independent figures from [thinkbroadband](#)). This has been slow progress this year as the remainder of the programme is based on coverage to the hardest to reach premises because of limited existing infrastructure and in reaching sparse rural areas with a fibre network. There were also two impacts to the project during the year – a supplier of Gigaclear ceased trading with a new provider having to be mobilised; and secondly, Gigaclear pulling out of delivery in south of the county due to costs. Whilst contracted delivery continues in the north of the county the future programme will be a combination of bespoke local schemes to support businesses, communities and households (as agreed on [18 November 2021](#)) with the implementation of the new [Project Gigabit](#) programme launched by national government.

### Performance: Environment

25. Of the 16 activities of the delivery plan, 1 is complete (blue), 8 are on track (green), 4 are at risk (amber), and 3 are compromised (red); this position is an improvement on that reported at the end of December 2021.
26. Seventy-one percent of reported performance measures within the theme have met, or exceeded targets – there remains some work in directorates to ensure all measures have targets



established. Ninety-one percent of measures have shown an improvement on the same point last year where comparison can be made.

27. A set of recommendations as to how Herefordshire should meet the challenges of climate change was made following the completion of a citizens' assembly. The assembly sought the views of a group of county residents who were carefully selected to represent the county's demography. After 30 hours of engagement, hearing the views of a number of experts in climate change, a series of recommendations were made (found [here](#)) which have been taken forward by the cabinet and form part of the 2022/23 delivery plan. A wide range of recommendations were made, including sustainable food options, active travel measures, improved access to support and information for local businesses and residents. This was subject to a further decision in cabinet in April (found [here](#)).
28. The Hereford Transport Review continues through the city master planning work. A delivery director has been appointed to lead the development of this work and an engineering firm has been appointed through the Midlands Highways Alliance Framework to progress the review of the eastern river crossing. In addition, active travel measures on quiet routes at Holme Lacy Road and the Hereford Enterprise Zone has recently progressed to design work and is on track to commence construction in 2022/23.
29. To support the reduction of phosphate levels in the county's rivers, the first site has been purchased and planning consent granted for the development of a wetlands site. Initial works have been completed on site and detailed designs are being peer reviewed to ensure robustness and effectiveness of the design, prior to further cabinet ratification and the next stages of construction. In addition, a second site has been purchased with design underway and a third site has been identified for procurement. These sites will filter the river water and reduce the amount of phosphates, with the aspiration of reducing the levels to enable the moratorium on development to be eased.
30. In order to update and re-develop the core strategy for the council, significant work has gone in to developing the housing land availability assessment (due for completion in June 2022), special options consultation has been completed, retail and town centre study, employment land study and playing pitch and sports facilities studies have all been commissioned. A draft gypsy and traveller accommodation assessment has been complete and a transport scoping report and natural environment evidence brief is currently out for tender.

### Performance: Community

31. Of the 27 activities of the delivery plan, 9 have been completed (blue), 11 are on track (green), and 7 are at risk (amber). This is an improved position to that reported at the end of December 2021.
32. Seventy-five percent of reported performance measures within the theme have met, or exceeded targets, which represents an improvement on the previous quarter end position – there remains some work to ensure all measures have targets established. Sixty-four percent of measures have shown an improvement on the same point last year where comparison can be made – this is a small decline on the end of quarter 3 position.
33. Childrens social care continues its improvement journey, with the Improvement Board meeting regularly. In March 2022, Cabinet agreed investment of £11.49 million in support of the improvements of children's social care. Specifically, the priority action areas will be; to address caseloads across the directorate, more frequent and improved supervision and management decision making, and consistently improved practice. One of the major challenges to the



directorate remains recruitment and retention of social workers, a significant amount of the additional investment is due to focussed on staff, but there is a national shortage of qualified social workers meaning that many authorities are struggling in this area.

34. To continue to focus on improvement in childrens social care, a second iteration of the Childrens Improvement Plan is currently being drafted. A draft is currently being consulted on within the directorate; with a focus on embedding the changes to practice and culture that have started in 2021/22.
35. Additional demand driven by national media interest on high profile cases and potential pandemic driven demand, as well as previous inconsistencies with the application of thresholds are resulting in increasing levels of demand for the service. Following this analysis and insight from case file audits, the directorate have changed the approach at the front door and introduced a number of additional assessment teams; the service used to only have 3 teams, but this is temporarily increased to 7. These teams are focussed on resolving the backlog of assessments which are due for completion and helping to reduce the average caseload of the assessment, which was previously as high as 30 cases per worker but currently around 23. Getting the front door of the service is an important development, as this will mean that the service is engaged with the right children and maximising their capacity.
36. Close financial management of the Community Wellbeing directorate throughout the year has resulted in savings being achieved, as well as a significant underspend of the annual revenue budget. The directorate are planning on investing a small amount of this underspend on additional locum resourcing to focus on annual reviews for clients, which has not delivered as expected during the year, at 53%, to ensure that packages of care meet clients current demands.
37. Analysis of the adult social care pathway has demonstrated that there has been a significant increase in demand for placements in domiciliary care; this is partly due to changed discharge routes following hospital admissions for self-funders, the Brokerage team is currently seeing about 3 times the number of placement requests. In order to meet this increased demand and keep the adult social care pathway flowing, the Community Wellbeing directorate are exploring ways of supporting this demand, including the possibility of further boosting the domiciliary care market by working with the Clinical Commissioning Group (CCG) over and above the already planned annual uplifts.
38. Talk Community has continued to deliver a range of activities to support communities within Herefordshire to support their residents and maintain their collective independence. The Holiday Activity Fund (HAF) has continued to provide opportunities for more than 2700 school children in the county during school holidays and has also sought feedback from those using the activities, and their families, on living in the county; more than 1000 people's opinions were gathered services will use these to further develop their approaches for working with communities. In addition, funding for the next 3 years has been confirmed, which means the HAF scheme will continue to provide activities throughout school holidays.
39. The target of 50 community hubs has been achieved and exceeded, with 54 hubs operational at the end of March 2022. This work will be continued during 2022/23, with the intention of further expanding the network to more than 75 hubs, as well as a new approach to two integrated service hubs.
40. There has also been good progress on strengthening the mental health and wellbeing of communities, supported by the COVID recovery plan (details in Appendix F). A mental health toolkit has been launched this year, Qwell, which is an online platform – during March 2022, more than 160 people logged in to the system, and further work is being done to seek further

roll-out and engagement. In addition, 55 people in communities have been trained as Mental Health first-aiders, capable of supporting other residents in the community.

41. The council has brought back the Public Rights of Way and Traffic Management services, into council management which had been delivered by BBLP. This decision was taken by Cabinet in order to support the transformation of the services and also to address a backlog of more than 120 schemes requiring assessment.

### Performance: Corporate

42. Appendix F contains a set of measures of corporate performance, which have been selected as an indication of the overall health of the organisation. For measures which had baselines in 2020/21, 44% of measures were showing an improvement. Forty-four percent of measures which have targets set have met these targets. This position is a decline from the end of December 2021 position.
43. Sickness in the council is on an upward trend although absence is still below pre-pandemic rates. Benchmarking would suggest that the council has traditionally had lower than average sickness when compared to other local authorities, and the increase in absence is in line with other authorities. It is noticeable that the increases are across all directorates and the increasing trend is being investigated in order to fully understand the reason for the increase.
44. The performance report shows 49% completion on mandatory training, but for clarity the new modules were introduced at the start of the calendar year. For the financial year the following results were achieved in the training subjects:

- | Mandatory Training subject | Complete by workforce |
|----------------------------|-----------------------|
| Information Governance     | 92%                   |
| Information Security       | 91%                   |
| Prevent                    | 92%                   |
| Code of Conduct            | 93%                   |
45. The council continues to experience difficulties in recruiting across all roles and service areas and turnover in the council has increased to 14.82% from 9.57% this time last year. This reflects the recent experience of other local authorities and is believed to be a consequence of the well reported national labour shortage. Where posts are being filled it is common for managers to have to advertise multiple times. In response the council is reviewing its candidate offer, introducing new recruitment software and benchmarking its terms and conditions to ensure it remains a competitive employer.
46. The council continues to manage Freedom of Information and Environmental Information Regulation requests within timescales, achieving over 96% percent through the course of the year, this is despite some internal challenges associated with staff changes, but also due to increasing demand. The service continues to benchmark its performance against other councils, and the council performance in this area continues to perform better than the English average. The same is also true of complaints, where more than 92% of complaints received in the year met our statutory timescales.
47. Between April 2021 and March 2022 the council dealt internally with 641 complaints, of which the council upheld or partially upheld 12%. In addition, 23 complaints were processed under the children's complaints procedure for children's social care.

48. In March 2022, full Council agreed to approve the amendments to the council's constitution recommended by audit and governance committee which drew extensively on the work of the Re-thinking Governance Working Group. Among the principal recommendations made was a reorganisation of scrutiny committee functions into 5 committees; introduction of a dedicated statutory scrutiny officer to lead a scrutiny improvement programme, including new mandatory scrutiny training for all members and new dedicated scrutiny web-pages for the council's website. On and following the Annual Meeting on 20 May 2022, Council will introduce a number of new procedures. These will include new processes for political group consultations, a new training programme on council decision making, a new look forward plan and a re-presentation of the council's constitution. In addition, members will be asked to consider recommendations from an independent remuneration panel as to whether the new Scrutiny Chair's should attract a Special Responsibility Allowances (SRA); if there should be remuneration offered to the post of deputy leader; if Task and Finish Group chairpersons should attract a one off SRA and proposals to create a sliding scale to the basic allowance linked to the amount of committees members take up positions on.
49. The revenue budget outturn for the year was an underspend of £541k. This is an improvement from the forecast at the end of the last quarter, and represents an improvement on 2020/21 outturn.
50. Our final capital budget outturn was 54% of the annual budget; this is a decline on the forecast position at the end of quarter 3, and for 2020/21.

### **Community impact**

51. In accordance with the accepted code of corporate governance, the 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.
52. Regularly reviewing performance with a view to identifying actions which will further drive improvement in outcomes or efficiencies helps ensure the council achieves its County Plan priorities.

### **Environmental Impact**

53. This report details how progress is being made in achieving the Delivery Plan; this document details how the council is working to deliver the environmental ambitions set out in the County Plan. Individual projects and deliverables included within the Delivery Plan will all be subject to their own governance arrangements and assessment of environmental and ecological impact.

### **Equality duty**

54. 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.

55. 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. Whilst this paper is not seeking any project specific decisions, in determining the council's budget allocation, the council is working towards its equality objectives. In addition, projects identified within the delivery plan, where relevant, will be subject to an Equality Impact Assessment to ensure appropriate attention is given to our Equality Duty.

### Resource implications

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

### Legal implications

57. There are no legal implications arising from this report.

### Risk management

58. The risks associated with the council's business as recorded in the relevant service risk register and escalated in accordance with the council's Performance Management Framework and Risk Management Plan. The highest risks, i.e. those scoring 16 or more after controls, are escalated to the council's Corporate Risk Register. These risks can be found at Appendix F.

### Consultees

59. None in relation to this report.

### Appendices

Appendix A	Revenue Outturn
Appendix B	Capital Outturn
Appendix C	Treasury Management outturn
Appendix D	Debt Write Offs
Appendix E	Savings Outturn
Appendix F	Delivery Plan Dashboards

### Background papers

None Identified



# Title of report: Quarter 1 Budget & Performance Report

**Meeting: Cabinet**

**Meeting date: Thursday 29 September 2022**

**Report by: Cabinet member finance, corporate services and planning**

## **Classification**

Open

## **Decision type**

Non-key

## **Wards affected**

(All Wards);

## **Purpose**

To review performance for Quarter 1 2022/23 and the forecast budget outturn for the year.

To provide assurance that progress has been made towards delivery 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 forecast 2022/23 outturn shows a net overspend of £9.4 million.

## **Recommendation(s)**

**That:**

- a) Cabinet review performance and financial forecast for year 2022/23, as set out in the appendices A-E, and identifies any additional actions to be considered to achieve future improvements.**

## **Alternative options**

1. Cabinet may choose to review financial, delivery 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.

Further information on the subject of this report is available from  
 Appy Reddy, Tel: 01432 383675, email: Appy.Reddy2@herefordshire.gov.uk

### Key considerations Revenue Budget

2. The latest outturn forecast for 2022/23 at the end of June 2022 is a potential cost pressure of £9.4 million.
3. The table below sets out the cabinet portfolio position at the end of June 2022. Further service detail is available in appendix A.

102,865	62,684	64,662	1,978			0
				(1,978)		
55,315	48,403	54,673	6,270		(6,270)	0
24,598	17,705	17,818	113	(113)		0
3,734	2,640	3,007	367	(367)		0
4,816	1,467	1,652	190	(190)		0
19,432	9,456	9,349	(107)			(107)
22,772	13,237	14,244	1,007	(1,007)		0
1,689	894	752	(142)			(142)
<b>235,221</b>	<b>156,486</b>	<b>166,157</b>	<b>9,676</b>	<b>(3,655)</b>	<b>(6,270)</b>	<b>(249)</b>
20,946	19,422	19,155	(267)			(267)

### Revenue Summary

Portfolio	Councillor	Gross Budget £000	Working Budget £000	Outturn £000	Variance £000	Recovery Plan £000	Use of Reserves £000	Revised Variance £000
Health & Adult Wellbeing Children's and Family Services,	Cllr Crockett							
People's Attainment	Cllr and Young Toynbee							

Commissioning, Procurement and Environment and Economy Housing, Regulatory	Cllr Davies assets Cllr Chowns
Services and Community Safety Infrastructure and Transport Finance, Corporate Services and Planning	Cllr Tyler Cllr Harrington
Lovegrove, Andrew 14:58 it looks like the Q1 report in Mod.gov is an old copy, is Appy working on this?	Cllr Harvey
Corporate strategy and budget	Cllr Hitchiner

## Portfolios

Central, treasury  
management,  
capital financing & reserves

<b>Total Revenue</b>	<b>256,167</b>	<b>175,908</b>	<b>185,312</b>	<b>9,409</b>	<b>(3,655)</b>	<b>(6,270)</b>	<b>(516)</b>
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4. The overall forecast indicates a potential cost pressure of £9.4 million (5.3% of budget). At this stage in the year, emerging costs pressures are still being validated however the underlying costs and demographic pressures will need to be managed and mitigating actions put in place to achieve a balance budget at the end of the financial year. The table above indicates where there are appropriate plans to recover the forecast overspend, and which will be funded from earmarked reserves.
5. The forecast overspend of £2.0 million in the Health and Adult Wellbeing Portfolio comprises £0.8 million non-delivery of savings, net pressures within care provision budgets of £0.9 million and staffing cost pressures across the directorate of £0.3 million. However the directorate plans to recover this overspend by the year end.
6. Children's and Family Services and Young People's Attainment is forecasting an overspend of £6.3 million at 30 June 2022. This overspend is largely explained by variances in Looked After Children of £5.3 million and Additional Needs of £0.7 million.
7. The forecast overspend of £0.4 million in Environment and Economy is explained by £0.3 million pressures arising from energy costs alongside costs associated with a £0.1 million Beryl bikes subsidy due to the cessation of grant funding.
8. Finance, Corporate Services and Planning is forecasting an overspend of £1.0 million at 30 June 2022. The most significant variances from budget are as a result of reduced planning applications of £0.5 million and staffing cost pressures across the directorate.
9. The central, treasury management, capital financing and reserves £0.3 million underspend is detailed in appendix C and represents increased interest earnings on short term investments.

## Capital Budget

10. The original £99.1 million capital budget for 2022/23 has been increased to £133.8 million. This increase consists of £26.7 million 2021/22 carry forwards of unspent budget and additional grants of £8.0 million. A summary breakdown is shown in the Table below.

	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	Total
February 2022 Council Approved Budget	99,094	90,546	44,901	0	234,541
21/22 Carry Forwards	26,697	-	-	-	26,697
Additional Grants	8,043	13,458	4,852	409	26,762
<b>Revised Capital Budget</b>	<b>133,834</b>	<b>104,004</b>	<b>49,753</b>	<b>409</b>	<b>288,000</b>

11. The forecast spend position is £64.3 million which represents an underspend of £69.5 million against a budget of £133.8 million. Full details for each project are in Appendix B. This underspend consists of £2.6 million projects that are likely to deliver below the project budget and a further £66.9 million of budgets to be carried forward to 2023/24. These amounts represent budgets that may not be committed in this financial year for projects which are funded by grants or dependent upon the acquisition of land for housing and therefore budget is retained for delivery in future periods. The full capital programme analysed by project for current and future years can be seen in detail in Appendix B. Capital budgets will be profiled at Q2 to reflect the expected project delivery.

## Savings

12. The graph below shows the confidence in the delivery of savings planned for 2022/23. As can be seen below, at the end of June 2022, 94% of the savings agreed at Council in February 2022 are forecast to be achieved. This is based on £1.0m (62%) of the £1.6m savings for the year having already been achieved by the end of June 2022, and a further £0.5m on target to be achieved by the end of the year, leaving a total of £0.1m forecast as unlikely to be achieved.

Value of Savings £'000	Savings confidence
801	<b>Blue</b> Full savings have already been achieved (complete)
722	<b>Green</b> Forecast variance for the year is zero (or negative) but not yet fully achieved
100	<b>Red</b> Forecast is more than 10% away from target for the year
<b>1,623</b>	<b>Total Savings 2022/23</b>

13. The status of individual savings plans can be found in appendix E, a summary of savings plan status per directorate can be found below:
- Community Wellbeing are set to deliver 100% of their £0.7m savings
  - Economy and Environment are due to deliver 76% of their £0.4m savings
  - Corporate have delivered 100% of their £0.5m savings



14. Where it has been identified there are risks to the delivery of savings alternative proposals are being developed in consultation with the cabinet portfolio holders in preparation for Quarter 2 Budget and Performance Report.

### Performance: Economy

15. All the projects are now being captured in detail on delivery dashboard and progress monitored. Of the 23 activities of the delivery plan, 19 are on track (green), 1 is at risk (amber) and 3 are compromised (red).
16. Sixty per cent of measures have shown an improvement on the same point last year where comparison can be made. Where targets have been set, performance measures within the theme have met, or exceeded targets – there remains some work within the directorates to ensure all measures have targets established.
17. 11 successful business events delivered between April and June 2022 - the Hereford Business Summit at the Shell Store which attracted over 40 businesses - this event had over 48 stand holders showcasing over 600 vacant positions. We had in excess of 150 job seekers attend. Further Market Towns Business Summit events are in the calendar over the next 2 months, Herefordshire Business EXPO on 12th May and topical events being planned. 5 new businesses were located in enterprise zone in Qtr-1 and 50 jobs were created in the zone.
18. High street WiFi is installed and live, and has been used to take card payments on market day as well as being used throughout the May Fair event. Wi-fi coverage has been better than originally projected, reaching further afield than initial estimates. The web-app has completed a soft launch with no issues so far. Leominster Town Council are progressively generating and adding more content. The CAA Public Consultation is to be scheduled for later this summer. The Public Realm Public consultation went live on 9 May 2022 and has had its first in-person event during the monthly farmer's market event as well as a successful Webinar on 15 May 2022. The Site Visit planned for 18 May 2022 went ahead successfully between the project key partners and stakeholders.
19. "Unique website users for the quarter have been at 270,162 (N.B. Lifetime unique users since March 2021 to June 2022 is over 405,000). Views of providers' listings is at 197,145 views of individual provider listings, with 22.5% clickthrough to providers' sites. The proportion of clickthroughs continues to grow month on month and there is a definite correlation between current campaigns and the providers viewed/ visited e.g. promotion of canoeing experiences directly relates to listings of canoe providers being viewed.
20. Downloads of PDF guides & walks has increased to 13,053 total downloads, including Black & White Villages Trails & Herefordshire. Organic search traffic dominates: this demonstrates that users are actively seeking out information about visits to Herefordshire, which proves that profile is growing and our integrated campaigns are working. Search engine performance: increased the number of keywords ranking between 1-3 in Google from 420 to 1,014, and the total number of keywords Google ranks the website for grew from 5,508 to 10,475.
21. Clickthroughs from social advertising: In addition to raising brand awareness, the social advertising campaign has delivered 55,491 sessions (48,986 unique users) and 4.8% engagement including clicking through or browsing gallery of images on the ad

### Performance: Environment

22. Of the 25 activities (Projects) of the delivery plan, 21 are on track (green), 3 are at risk (amber), and 1 are compromised (red).

23. Over eighty per cent of measures have shown an improvement on the same point last year where comparison can be made. Where targets have been set, eighty per cent of performance measures within the theme have met, or exceeded targets – there remains some work within the directorates to ensure all measures have targets established.
24. Keep Herefordshire Warm continues to provide advice and support to fuel poor households including referrals into Green Homes Grant Local Authority Delivery (GHG LAD) projects. These are on-going providing 177 energy efficiency measures being installed in 2021/22. Advice levels in 2021/22 reached 1,578 enquiries from 1,035 households slightly lower than last years but with 425 enquiries in Q4 alone 2021/22 as a result of energy and fuel prices. A contract extension of +1 year has been agreed and will run to June 2023.
25. A communications plan and project development for Sustainable Warmth Funding have been developed, that will target both rural and urban households up to March 2023.
26. The Hereford Transport Review continues through the city master planning work. A delivery director has been appointed to lead the development of this work and an engineering firm has been appointed through the Midlands Highways Alliance Framework to progress the review of the eastern river crossing. In addition, active travel measures on quiet routes at Holme Lacy Road and the Hereford Enterprise Zone has recently progressed to design work and is on track to commence construction in 2022/23.
27. For sustainable energy in public buildings "Project expenditure and outputs remain significantly below profile. Nine grant applications have been approved so far in the Phase 2 project, of which five projects have completed. The project pipeline remains healthy with 17 buildings in the active project pipeline, of which six are in Herefordshire and the project team is working with relevant officers to try and progress these."
28. To support the reduction of phosphate levels in the county's rivers, the first site has been purchased and planning consent granted for the development of a wetlands site. Initial works have been completed on site and detailed designs are being peer reviewed to ensure robustness and effectiveness of the design, prior to further cabinet ratification and the next stages of construction. In addition, a second site has been purchased with design underway and a third site has been identified for procurement. These sites will filter the river water and reduce the amount of phosphates, with the aspiration of reducing the levels to enable the moratorium on development to be eased.

### **Performance: Community**

29. Of the 48 activities of the delivery plan, 1 has been completed (blue), 38 are on track (green), and 2 are at risk (amber). 7 are in Red and this is an improved position to that reported at the end of financial year 2021-22.
30. Ninety-two percent of reported performance measures within the theme have met, or exceeded targets, which represents an improvement on the previous quarter end position – there remains some work to ensure all measures have targets established. Sixty-eight percent of measures have shown an improvement on the same point last year where comparison can be made.
31. All social care statutory returns all complete for 2021/22 –positive trends in the adult social care and carers surveys. Overall satisfaction in the Carers survey also increased from 33.1% to 40.0% and Overall satisfaction of people who use service with their care and support increased slightly from 60.0% to 61.0%.
32. Ongoing comprehensive support for Ukraine guests arriving in the county and we had positive feedback on complex adult social care cases from the Court.

33. Received £10,000 to explore the viability of a Marches Regional Food Network and have been awarded year 2 Sustainable Food Partnership (SFP) coordinator funding also Awarded £284k from Office for Health Improvement and Disparities (OHID) as part of the Substance Misuse Treatment and Recovery Grant.
34. The Covid recovery plan delivered and over £1.2m invested into the Voluntary, Community and Social Enterprise (VCSE) sector, a significant increase on previous years' investment.
35. Children's social care continues its improvement journey, with the Improvement Board meeting regularly. One of the major challenges to the directorate remains recruitment and retention of social workers, a significant amount of the additional investment is due to be focussed on staff, but there is a national shortage of qualified social workers meaning that many authorities are struggling in this area however there is comprehensive corporate recruitment program focusing on workforce and recruitment
36. Analysis of the adult social care pathway has demonstrated that there has been a significant increase in demand for placements in domiciliary care; this is partly due to changed discharge routes following hospital admissions for self-funders, the Brokerage team is currently seeing about 3 times the number of placement requests. In order to meet this increased demand and keep the adult social care pathway flowing, the Community Wellbeing directorate are exploring ways of supporting this demand, including the possibility of further boosting the domiciliary care market by working with the Clinical Commissioning Group (CCG) over and above the already planned annual uplifts.
37. Hoople Care, as part of Hoople Limited, has been established and the formal transfer of registered social care provider services to Hoople Care was agreed by Cabinet in February 2022 to include the Home First reablement service, Hillside and residential services for learning disabled people at Southbank Close and Ridgemoor Road. CQC registration has been received so Hoople Care are now an established care provider. TUPE consultation has been completed with the successful transfer of staff on 1 June 2022.
38. Talk Community has continued to deliver a range of activities to support communities within Herefordshire to support their residents and maintain their collective independence. 61 Talk Community hubs are live across the county.

### Performance: Corporate

39. A set of measures of corporate performance, which have been selected as an indication of the overall health of the organisation, are included in Appendix E. For measures which has baselines in 2021/22, forty-six per cent are showing an improvement. Thirty-eight per cent of measures which have targets set are meeting or exceeding target.

### Community impact

40. In accordance with the accepted code of corporate governance, the 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.
41. Regularly reviewing performance with a view to identifying actions which will further drive improvement in outcomes or efficiencies helps ensure the council achieves its County Plan priorities.

## Environmental Impact

42. This report details how progress is being made in achieving the Delivery Plan which details how the council is working to deliver the environmental ambitions set out in the County Plan. Individual projects and deliverables included within the Delivery Plan will all be subject to their own governance arrangements and assessment of environmental and ecological impact.

## Equality duty

43. 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.
44. 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. Whilst this paper is not seeking any project specific decisions, in determining the council's budget allocation, the council is working towards its equality objectives (found here). In addition, projects identified within the delivery plan, where relevant, will be subject to an Equality Impact Assessment to ensure appropriate attention is given to our Equality Duty.
45. These recommendations have no direct financial implications, however cabinet may wish to consider how money is utilised in order to meet the council's objectives. **Legal implications**
46. There are no direct legal implications arising from this report.

## Risk management

47. The risks associated with the council's business are recorded on the relevant service risk register and escalated in accordance with the council's Performance Management Framework and Risk Management Plan. The highest risks, i.e. those scoring greater than 16 after controls, are escalated to the council's Corporate Risk Register.

## Resource Implications

48. These recommendations have no direct financial implications, however cabinet may wish to consider how money is utilised in order to meet the council's objectives. **Consultees**
49. None in relation to this report.

## Appendices

Appendix A - Revenue Budget Position 2022/23

Appendix B - Table A - 2022/23 Capital Programme Forecast Position June 2022

Appendix C - Treasury Management Interim Quarter 1 Update Report (30 June 2022)

Appendix D - Savings proposals approved by Full Council on 11 February 2022

Appendix E - Delivery Plan updated 2022/23

### **Background papers**

None Identified



## APPENDIX 4

### Earmarked Reserves and General Fund Balance as at 31 March 2022

Reserve	01/04/2021 £m	Transfer out £m	Transfer in £m	31/03/2022 £m
Additional Pension Costs	(2.5)		(2.3)	(4.8)
Adult Social Care Integration	(1.6)		(0.8)	(2.4)
Business Rate smoothing	(9.2)	0.2	(2.0)	(11.0)
Children's Improvement Proposals	(5.2)	5.2	(1.9)	(1.9)
College Road Campus	(0.4)		(0.1)	(0.5)
Tourism Projects	(0.1)	0.1	(0.1)	(0.1)
ICT	(0.5)	0.1		(0.4)
Financial Resilience	(14.4)	1.2	(4.2)	(17.4)
Learning Disability	(1.1)	0.5		(0.5)
Recovery and Invest Fund	(0.5)			(0.5)
Remedial Road Works	(0.1)			(0.1)
Risk mitigation	(2.9)	2.9		
School balances	(10.3)	1.5	(0.5)	(9.4)
Settlement monies	(3.3)			(3.3)
Economic Growth			(0.1)	(0.1)
Severe Weather Fund	(1.1)			(1.1)
Short Breaks	(0.2)	0.2		
Social Care Contingency	(0.5)	0.1		(0.4)
Knowledge Management System reserve			(0.3)	(0.3)
Technology Enabled Communities	(1.5)			(1.5)
Waste Disposal	(8.3)	2.8	(2.4)	(7.9)
Whitecross School PFI	(1.6)		(0.2)	(1.7)
Other small reserves	(8.1)	1.2	(1.1)	(8.1)
Grant funding carried forward	(32.2)	21.2	(12.1)	(23.1)
<b>Total Earmarked Reserves</b>	<b>(105.6)</b>	<b>37.2</b>	<b>(28.1)</b>	<b>(96.5)</b>
General Fund balance	(9.1)			(9.6)
<b>Total</b>	<b>(114.7)</b>			<b>(106.1)</b>







## Title of report: Progress Report

**Meeting:** Scrutiny Management Board

**Meeting date:** 7 October 2022

**Report by:** The Statutory Scrutiny Officer

### Classification

Open

### Decision type

This is not an executive decision

### Wards affected

(All Wards);

### Purpose:

This report provides a brief update on issues previously considered by the Scrutiny Management Board, including responses to information requests made by the committee, updates on resolutions made by the committee, including reports and recommendations to the executive and the Executive Response and executive decision made in respect of scrutiny reports and recommendations.

### Recommendation(s)

That the progress report on scrutiny information requests, scrutiny reports and recommendations and other matters raised by the committee be noted.

### Alternative options

1. The alternative is for the committee not to receive a Progress Report to update on matters since the last meeting, which would provide less clarity and transparency on the progress of issues since the last meeting.

### Key considerations

2. Scrutiny committees have statutory powers to make recommendations to the Executive, as appropriate, and the Executive has a statutory duty to respond to scrutiny recommendations. They may also make reports and recommendations to external decision making bodies.
3. In tracking scrutiny recommendations, it is important that it is clear that the recommendations are addressed to the Cabinet, as the Executive decision making body of the council (or,

where appropriate, external agency), and to track the decision of the Cabinet and thereafter the implementation status of the Executive Response and Cabinet decisions.

4. Scrutiny committees also have the power to request information from council departments and certain other external organisations, from who they should expect a response. Scrutiny committees should be clear why they are requesting information and when they need the response by. Scrutiny committees may therefore wish to keep track of information requested at the previous meeting and for this to be received at the next ordinary meeting of the committee.

### **Scrutiny Committees at Herefordshire**

5. The council has five scrutiny committees, established by full Council on 20 May 2022;
  - i). Scrutiny Management Board
  - ii). Environment & Sustainability Scrutiny Committee
  - iii). Connected Communities Scrutiny Committee
  - iv). Children & Young People Scrutiny Committee
  - v). Health, Care & Wellbeing Scrutiny Committee.
6. The general role of the scrutiny committees is set out in Article 6 – Scrutiny of the council's Constitution, in accordance with the Local Government Act 2000. Part 3, Section 4 of the council's Constitution sets out the specific remits for each of the scrutiny committees. This includes a strategic management and coordination function for the Scrutiny Management Board, as well as the thematic remits of the four other scrutiny committees. The Scrutiny Management Board is also responsible for the scrutiny of corporate cross cutting functions of the council.
7. Although scrutiny committees do not have any executive decision making powers, they do have statutory powers to make recommendations to Cabinet, as appropriate, and Cabinet has a statutory duty to respond to scrutiny recommendations. The scrutiny committees may also make reports and recommendations to external decision making bodies.

### ***Progress from the Previous Meeting***

#### **Role and Development of the Scrutiny Function**

8. At the last meeting on 5 September 2022 the committee received a report from the Statutory Scrutiny Officer on the role and development of the scrutiny function.
9. At the end of its consideration, the committee agreed the Key Objectives for scrutiny for 2022-2023 and resolved that a Executive-Scrutiny protocol be drafted, to include how scrutiny committees request information from council departments and on how scrutiny committees can communicate their work to the public. This is being prepared and will be reported to the committee once it has been completed. It was also agreed that the scrutiny objectives include that scrutiny committees may consider issues that are before the committee in greater depth and that the wording for this should be re-phrased by the Chairperson in consultation with the Statutory Scrutiny Officer on behalf of the committee.
10. The Chairperson of the Children and Young People Scrutiny Committee subsequently suggested some wording for this, and in consideration of this the following amendment has been inserted into page 1 Appendix 2 'Key objectives for 2022-2023 for the council's Scrutiny Committees' under the paragraph 'Scrutiny Work Planning', under Objective 10:- "Scrutiny committees may undertake focused and in-depth investigations being considered by the

Scrutiny Management Board (SMB), where the committee believes this will add value in improving the council's public services".

11. This should include, but is not limited to, it was suggested, scrutinising matters such as the budget, human resources and specific partner organisation reports that relate that particular committee's role.
12. An information request was also made for an update on operational improvements and progress arising from the implementation of the Rethinking Governance Working Group recommendations, including those relating to the Council website.

#### Scrutiny Management Board Annual Work Plan 2022-2023

13. At the last meeting, on 5 September 2022, the committee agreed its work plan for the year, along with the entire Annual Scrutiny Work Programme 2022-2023, comprised of all of the scrutiny committee Work Plans. Amendments were made to the Connected Communities and the Environment and Sustainability Scrutiny Committee Work Plans sections, which have been made.
14. An information request was also made for an update on how historic Task and Finish Group material and reports might be made more accessible.
15. It was requested that report requests in relation to the items scheduled on the Work Programme made by scrutiny committees to council departments be copied to the relevant Cabinet Member for information and oversight and this will be included in the operational procedures for this.
16. It was also agreed that a progress report be included as a standing item for consideration at future meetings to update the SMB on the progress of any matters arising from previous committee meetings, including information requested, tracking any recommendation made to the Cabinet and any substantive amendments made by scrutiny committees to their work plan during the municipal year. This report has been included for that purpose and similar standard information reports are being included on all scrutiny committee agendas.

#### ***Scrutiny Recommendations and Executive Response***

17. In accordance with Part 4 Section 5 of the council's Constitution, the council's scrutiny committees may make recommendations to the full Council or the Cabinet with respect to any functions which are the responsibility of the executive or of any functions which are not the responsibility of the executive, or on matters which affect the county or its inhabitants. The SMB may also make recommendations to the relevant NHS bodies or relevant health service providers or full Council.
18. Scrutiny committees may not make executive decisions and therefore scrutiny recommendations require consideration and decision by the appropriate decision maker; usually the Cabinet, but also full Council for policy and budgetary decisions and the NHS where it is the decision maker.
19. The Scrutiny Recommendation Tracker table will provide a summary of scrutiny recommendations made during the municipal year, so that the committee can track the progress of the recommendations made.

20. The Scrutiny Recommendation Tracker table includes each committee recommendation made and the date it was made, (which will be as is recorded in the committee minutes), identification of the decision maker (e.g. Cabinet), the Executive Response (the actual Cabinet decision), which may be different from the scrutiny recommendation and which will be minuted in the Cabinet minutes, the date the Executive Response/decision was made and an implementation review date.
21. The Scrutiny Recommendation Tracker enables the committee to track whether their recommendations have been agreed, what actually was agreed (if different) and ask about any outcomes arising from the scrutiny recommendations, for example, service improvements, value for money savings and outcomes for residents.
22. If the relevant respective executive decisions and actions have been implemented, they will not be referred over to the Scrutiny Recommendation Tracker report for the next municipal year. If executive decisions have not been implemented they may be referred to the Scrutiny Recommendation Tracker for the next municipal year.

#### Procedure for Recommendations from Scrutiny Committees

23. Where scrutiny committees make reports or recommendations to the Cabinet, as soon as this has been confirmed, these will be referred to the Cabinet requesting an Executive Response and the issue will be published on the council's Forward Plan. This will instigate the preparation of a report to Cabinet and the necessary consideration of the response, the technical feasibility, financial implications, legal implications and equalities implications etc.
24. Where scrutiny committees make reports or recommendations to full Council (e.g. in the case of policy and budgetary decisions), the same process will be followed, with a report to Cabinet to agree its Executive Response, and thereafter, a report will be prepared for Council for consideration of the scrutiny report and recommendations along with the Cabinet's Response.
25. Where scrutiny committees have powers under their terms of reference to make reports or recommendations external decision makers (e.g. NHS bodies), where they do this, the relevant external decision maker shall be notified in writing, providing them with a copy of the committee's report and recommendations, and requesting a response.
26. Once the Executive Response has been agreed, the scrutiny committee shall receive a report to receive the response and the committee may review implementation of the executive's decisions after such a period as these may reasonably be implemented (review date).

#### **Community Impact**

27. In accordance with the adopted code of corporate governance, the council is committed to promoting a positive working culture that accepts, and encourages constructive challenge, and recognises that a culture and structure for scrutiny are key elements for accountable decision making, policy development and review. Topics selected for scrutiny should have regard to what matters to residents.

#### **Environmental Impact**

28. Whilst this is an update on the work of the scrutiny committees and will in itself have minimal environmental impacts, consideration has been made in the consideration of Executive decisions and the Executive Responses provided by the Cabinet.

## **Equality Duty**

29. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:
30. 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.
31. 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. Whilst this is an update on the work of the scrutiny committees and will in itself have minimal equalities impacts, consideration has been made in the consideration of Executive decisions and the Executive Responses provided by the Cabinet.

## **Resource Implications**

32. The costs of the work of the committee will have to be met from existing resources. It should be noted the costs of running scrutiny committees can be subject to an assessment to support appropriate processes.
33. The councillors' allowance scheme contains provision for co-opted and other non-elected members to claim travel, subsistence and dependant carer's allowances on the same basis as members of the council. If the committee agrees that co-optees should be included in an inquiry they will be entitled to claim allowances.

## **Legal Implications**

34. The council is required to deliver a scrutiny function. The development of a work programme which is focused and reflects those priorities facing Herefordshire will assist the committee and the council to deliver a scrutiny function.
35. The Scrutiny Rules in Part 4 Section 5 of the council's Constitution provide for the setting of a work programme, the reporting of recommendations to Cabinet and the establishment of task and finish groups within the committee's agreed work programme.
36. There are no specific legal implications arising from this report which provides a progress update on recommendations made to Cabinet and subsequent Cabinet decision. Any legal implications arising from Cabinet Decisions will be detailed in the relevant Cabinet report.

## **Risk management**

Risk / opportunity	Mitigation
There is a reputational risk to the council if the scrutiny function does not operate effectively.	The arrangements for the development of the work programme should help mitigate this risk.

## **Consultees**

The Chairperson of the Scrutiny Management Board .

## **Appendices**

None.

## **Background papers**

None identified.