

Agenda

Scrutiny Management Board

Date: **Tuesday 10 September 2024**

Time: **2.00 pm**

Place: **Conference Room 1 - Herefordshire Council, Plough Lane Offices, Hereford, HR4 0LE**

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

For any further information please contact:

Danial Webb, Statutory Scrutiny Officer

Tel: 01432 260659

Email: Danial.Webb@herefordshire.gov.uk

If you would like help to understand this document, or would like it in another format, please call Danial Webb, Statutory Scrutiny Officer on 01432 260659 or e-mail Danial.Webb@herefordshire.gov.uk in advance of the meeting.

Agenda for the meeting of the Scrutiny Management Board

Membership

Chairperson **Councillor Ben Proctor**
Vice-chairperson **Councillor Louis Stark**

Councillor Bruce Baker
Councillor Jenny Bartlett
Councillor Simeon Cole
Councillor Frank Cornthwaite
Councillor Pauline Crockett
Councillor Clare Davies
Councillor Toni Fagan
Councillor Ed O'Driscoll
Councillor Richard Thomas
Councillor Rob Williams

Agenda

Pages

1. APOLOGIES FOR ABSENCE

To receive apologies for absence.

2. NAMED SUBSTITUTES

To receive details of members nominated to attend the meeting in place of a member of the board.

3. DECLARATIONS OF INTEREST

To receive declarations of interests from members of the board in respect of items on the agenda.

4. MINUTES

To receive the minutes of the meeting held on 14 May 2024.

9 - 16

HOW TO SUBMIT QUESTIONS

The deadline for the submission of questions for this meeting is 5pm on Wednesday 4 September 2024.

Questions must be submitted to councillorservices@herefordshire.gov.uk.

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 www.herefordshire.gov.uk/getinvolved

5. QUESTIONS FROM MEMBERS OF THE PUBLIC

To receive any written questions from members of the public.

6. QUESTIONS FROM COUNCILLORS

To receive any written questions from councillors.

7. 2023/24 QUARTER 4 BUDGET OUTTURN REPORT

To present the financial outturn position for 2023/24 for revenue and capital budgets, subject to external audit, as reported to Cabinet at the meeting in May 2024.

17 - 56

8. PREPARATIONS FOR THE 2025/26 BUDGET

For the board to prepare and plan for how it intends to approach the 2025/26 budget.

9. WORK PROGRAMME

To consider the board's work programme.

[Papers to follow].

10. DATE OF THE NEXT MEETING

Monday 28 October 2024 2pm

|

The public's rights to information and attendance at meetings

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
- 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
- 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
- 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

Please note that filming, photography and recording of this meeting is permitted provided that it does not disrupt the business of the meeting.

Members of the public are advised that if you do not wish to be filmed or photographed you should let the governance support team know before the meeting starts so that anyone who intends filming or photographing the meeting can be made aware.

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

The council may make a recording of this public meeting or stream it live to the council's website. Such videos are made available for members of the public via the council's YouTube channel at www.youtube.com/@HerefordshireCouncil/streams

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.

Bus maps are available here: www.herefordshire.gov.uk/downloads/download/78/bus_maps

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 Conference Room 1 - Herefordshire Council, Plough Lane Offices, Hereford, HR4 0LE on Tuesday 14 May 2024 at 2.00 pm

Present: Councillor Jenny Bartlett (Acting Chairperson)

Councillors: Bruce Baker, Ellie Chowns, Simeon Cole, Frank Cornthwaite, Pauline Crockett, Clare Davies (substitute), Toni Fagan, Rob Owens, Louis Stark and Richard Thomas

Present Remotely: Councillor Liz Harvey

In attendance: John Coleman (Democratic Services Manager), Rachael Hart (Head of Strategic Finance), Councillor Jonathan Lester (Leader of the Council), A Lovegrove (Director of Resources and Assurance), Alfie Rees-Glinos (Governance Support Assistant), Councillor Pete Stoddart (Cabinet Member Finance and Corporate Services), Councillor Elissa Swinglehurst (Cabinet Member Environment).

63. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillor Peter Hamblin, Councillor Bob Matthews and Councillor Rob Williams.

64. NAMED SUBSTITUTES

Councillor Clare Davies was present as a named substitute for Councillor Bob Matthews.

65. DECLARATIONS OF INTEREST

No declarations of interest were made.

66. MINUTES

Resolved:

That the minutes of the meeting held on 19 March 2024 be confirmed as a correct record and be signed by the Chairperson.

67. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions were received from members of the public.

68. QUESTIONS FROM COUNCILLORS

No questions were received from councillors.

69. HEREFORDSHIRE COUNCIL PLAN - FINDINGS OF THE BOARD WORKING GROUP

The Chair introduced the report, which detailed the findings of the working group that had been set up by the board in order to track the Council Plan and contribute to its development.

The Chair invited comments from the board members in relation to the report. The principal points of discussion are summarised below:

1. The board raised concerns about the language used regarding the Council's commitment to the declared climate and ecological emergency and queried whether the commitment to tackling climate change was less robust than that of the ecological crisis in the rivers.
 - The Cabinet Member Environment gave an assurance that the Council was fully and equally committed to addressing climate change/net zero and ecological issues impacting local rivers, but noted that these were serious challenges and warned against using language that overpromised. It was stated that these were issues that would require effort and endeavour and this was conveyed in the choice of language used in the plan.
2. The board welcomed the three themes of 'people, place and growth' that ran through the plan, but raised concerns about the use of the word 'ensure' being used in circumstances where pledges, commitments and promises could not necessarily be ensured.
 - The Leader of the Council acknowledged the concerns and noted that certain choices were down to partnerships and individuals to make. The Leader suggested that an alternative word such as enable could be used instead of ensure.
 - The Leader suggested that the content of the plan could be adjusted to make it clear that the Council would ensure that opportunities were there for people to take, but that ensuring people took those opportunities was a matter of choice for each individual.
3. The board suggested that the item would have been more productive if it had been used to focus on which findings from the working group had been incorporated into the Council Plan that was due to go to Cabinet on Thursday 16 May 2024, rather than being asked just to note the findings of the working group.
4. The board raised concerns that the Delivery Plan was unbalanced and was 'Hereford rather than Herefordshire' focused.
5. The Chair noted that the Delivery Plan was coming to Cabinet on 27 June 2024 and that it would be useful to be able to take a look at it again.
 - The Leader of the Council noted that the board's working group had focused on the Council Plan and had only had limited time to view the Delivery Plan. However, some board members had been able to add tracked changes to the Delivery Plan, these had been implemented to allow for the creation of a new draft of the Delivery Plan. The Leader hoped to bring the new draft of the Delivery Plan to a Political Group Consultation, which would allow members to see that the deliverables had been tightened up in a clear and concise way.
 - The Leader suggested that, if possible, the Delivery Plan could be put before the Scrutiny Management Board again in some fashion before it went to cabinet on 27 June 2024.

6. The board reiterated its frustration at not knowing which findings on the Council Plan from the working group had been implemented in the final version. It was noted that the papers for the Council Plan were in the public domain, but not in the board meeting agenda papers, which left the board in a 'quandary'.
 - The Cabinet Member Finance and Corporate Services assured the board that wide consultation had taken place during the development of the plan and that members of the board's working group would be able to see many of its findings incorporated into the document.
 - Regarding the discussion around focus and resources directed at Hereford and Herefordshire, it was stated by the Cabinet Member Finance and Corporate Services that this was an ongoing debate.
7. The board raised concerns around potential accessibility issues when reading the plan on certain devices.
 - The Cabinet Member Finance and Corporate Services assured the board that the plan would be optimised for multiple devices.
8. The board considered and discussed whether to set up a working group to look at the Delivery Plan before it went to Cabinet and if an extraordinary meeting of the board should be held, so that formal recommendations based on the working group's findings could potentially be sent to Cabinet.
9. The board was presented with a set of recommendations for the Council and Delivery Plans based on findings from the board's working group.

Following debate and discussion, the board unanimously agreed the following recommendations:

Resolved that:

- a. **The board agree the report and;**
- b. **The board make any recommendation for delivery of;**
 - i. **the draft Herefordshire Council Plan;**
 - ii. **the draft Herefordshire Council Plan delivery plan; and**
 - iii. **future iterations of the draft Herefordshire Council Plan delivery plan.**
- c. **The Delivery Plan comes back to a working group of the Scrutiny Management Board before it goes to Cabinet on 27 June 2024**

That Herefordshire Council notes the following recommendations for Council and Delivery Plans:

- d. **If the ambition of the County Plan is to be scaled back to focus on the work only of the Council itself, that a broader and longer term County Strategy/Plan be developed with input from partners and stakeholders to guide action and investment.**
- e. **The County Plan recognise the increasing importance of partners and partnership working to the operation of the council.**
- f. **The Council Plan should be aligned in resource terms with the Medium Term Financial Strategy**
- g. **The County and Delivery Plans should be clear in showing how council resources and effort is spread fairly across city, market town and rural communities.**

- h. Council 'Transformation' is a means to an end, not an end in itself. It should be explained primarily in terms of its beneficial impact on residents and communities.**
- i. The Delivery Plan should contain real, tangible in-year deliverables which progress and support the stated objectives**
- j. Deliverables should be SMART (Specific, Measurable, Achievable, Realistic, Timely) and should relate to tangible items that are deliverable within that financial year**
- k. The Delivery Plan should follow the structure and sequencing of the Council Plan to make it straightforward to follow**
- l. Plain language should be adopted throughout to ensure the documents are accessible to and understandable by all**
- m. The importance of tackling river pollution should be more evident**
- n. The importance of improving life for children and families should be more evident**

Herefordshire Council notes the following recommendations for future planning cycles:

- o. The Council Plan should be aligned in resource terms with the Medium Term Financial Strategy**
- p. The Delivery Plan for the following year should be drafted alongside the development of the budget for that financial year**
- q. Deliverables should be SMART (Specific, Measurable, Achievable, Realistic, Timely) and should relate to tangible items that are deliverable within that financial year.**

70. FINANCIAL STRATEGY WORK PROGRAMME

The report was introduced to the board, with particular attention being paid to the 'Scrutiny Management Board Potential Areas of Focus' table set out at Appendix 1. An overview was provided of the key topics of focus:

- Reserves Policy
- Service Savings Plans
- Budget Consultation
- Delivery of Capital Programme
- Income and Charging
- Quarterly Outturns
- Treasury Management
- Budget Scrutiny

It was explained that the report had been informed by guidance set out by the CfGS (Centre for Governance and Scrutiny) detailing how scrutiny boards and committees should be undertaking financial scrutiny of a councils' financial operations and budget development cycles.

The Chair invited the board to discuss and comment on the report. The principal points of discussion are summarised below:

1. A board member suggested that scrutinising budgets and account management on a quarterly basis was not frequent enough and should be being carried out on more regular basis.

- The Cabinet Member Finance and Corporate Services welcomed the board's interest in the finance portfolio and noted that finance was included in seven of the board's scheduled meetings. The Cabinet Member suggested that this might indicate potential mission creep and noted that the board did have other responsibilities outside of the area of finance.
2. The board members considered and discussed the potential need for a standing panel made up of members, who would track and follow the financial delivery of the Council by meeting up to review published quarterly reports and other financial documents - with a view to determining which appropriate topics could be drawn from the reports for the Scrutiny Management Board to address. It was suggested that the panel could also monitor monthly budget reports coming out of each of the directorates.
 3. The board considered what additional training would be required by members, especially in relation to the scrutiny of financial items.

Action: The Head of Strategic Finance stated that they could produce some suggestions about training and topic briefings aligned to the Board's work programme.

4. A board member contemplated whether items relating to savings within directorates could be delegated to the other scrutiny committees, which might remove some of the financial load identified earlier by the Cabinet Member Finance and Corporate Services.
5. A board member suggested a potential recommendation that officers and the Cabinet look at other authorities to see what their financial plans were and how they shaped their revenue budgets in terms of the allocations that were made across the areas they were responsible for.
6. The board raised concerns around the number of authorities and councils facing financial difficulties and going bankrupt and sought assurance that Herefordshire Council was in a stable financial position.
7. In response to the suggestion that the work programme was finance-heavy, a board member pointed out that the item being discussed was the financial strategy work programme, and that the board had its own work programme that would include non-financial topics and items. It was suggested that some of the financial topics being discussed in the item might not be included in the board's final work programme.
8. The board noted that there was potential for problems to arise from a lack of alignment between its bimonthly meetings and the publication of quarterly budget reports, and stressed the need to align meetings with the financial calendar.
9. A board member suggested that the Financial Strategy Work Programme be accepted as it was and that finer details within it could be debated and discussed in future meetings and work programming sessions.

The Board discussed the recommendations in the report and those that had been put forward during the meeting and unanimously approved the following recommendations:

Resolved

That:

- a) **Scrutiny Management Board considers the draft terms of reference and work programme for scrutinising financial strategy and budget setting, and makes any amendments it wishes;**

The committee considers

- I. **Establishing the principal of a standing panel (with ToR developed for agreement at the July SMB meeting)**
- b) **identifies topics of focus for the committee's work**
 - I. **Officers to produce a benchmarking analysis of budget setting alongside our statistical neighbours.**
- c) **further identifies training or topic briefing required to support their work**
- d) **Scrutiny Management Board adopts the draft terms of reference and work programme for scrutinising financial strategy and budget setting.**

71. SCRUTINY ANNUAL REPORT

The board heard that the Scrutiny Annual Report would be available at the next board meeting.

The board expressed its wish for the Scrutiny Annual Report to include a section on the timeliness of reports coming to committees and the requirement for members of the public and councillors to have reasonable time to submit questions relating to reports and papers.

The board agreed to defer the item until its next meeting.

Resolved:

That the item be deferred until the next meeting of the board.

72. WORK PROGRAMME

A discussion took place about the remit of the Scrutiny Management Board with reference to Herefordshire Council Constitution.

The board agreed to defer the item and hold a dedicated session before the next meeting to discuss the content of the work programme in greater detail.

The board agreed that the work programme item should always include the latest version of the Herefordshire Council Forward Plan.

The board agreed that the work programme items should include a progress sheet/action tracker detailing responses and feedback from recommendations and actions.

The board suggested that partnership working between the four counties should be added to the work programme list of topics.

Resolved:

That the work programme item be deferred until the board had discussed it in detail as part of a work programme planning session to be held before the board's next scheduled meeting.

73. DATE OF THE NEXT MEETING

Tuesday 16 July 2024 2pm

The meeting ended at 16:07

Chairperson

Title of report: 2023/24 Quarter 4 Budget Outturn Report

Meeting: Scrutiny Management Board

Meeting date: Tuesday 10 September 2024

Report by: Director of Finance

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To present the financial outturn position for 2023/24 for revenue and capital budgets, subject to external audit, as reported to Cabinet at the meeting in May 2024.

Recommendation(s)

That:

- a) **That the Cabinet report and outturn position for 2023/24 be noted.**

Alternative options

1. None proposed.

Key considerations

2. The report included at Appendix A presents the outturn position for 2023/24 of £8.7 million (4.5% of budget) after the use of reserves and recovery plan actions implemented by management during the year. Detailed explanations for variances from budget are set out in Appendix B, by Directorate and Service Area.
3. This report was presented at the Cabinet meeting on 16 May 2024.

Community impact

4. In accordance with the accepted code of corporate governance, the council must ensure that it has an effective financial control framework to support delivery of services within the agreed budget. The council is accountable for how it uses the resources under its stewardship, including accountability for outputs and outcomes achieved. In addition the council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies.

Environmental Impact

5. 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.
6. This report is to review the financial outturn at Quarter 4 of 2023/24 so will have minimal environmental impacts, however consideration has been made to minimise waste and resource use in line with the council's Environmental Policy.

Equality duty

7. 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.
8. 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

9. This report has no direct financial implications, however the Board may wish to consider how money is utilised in order to meet the council's objectives.

Legal implications

10. There are no direct legal implications arising from this report.

Risk management

11. 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.

Consultees

12. None in relation to this report.

Appendices

- Appendix A - Quarter 4 Budget Report (Cabinet 16 May 2024)
- Appendix B - Revenue outturn
- Appendix C - Capital outturn
- Appendix D - Treasury management outturn
- Appendix E - Savings delivery
- Appendix F - Earmarked reserves.

Background papers

None identified.

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	Simon Cann	Date 02/09/2024
Finance	Click or tap here to enter text.	Date Click or tap to enter a date.
Legal	Click or tap here to enter text.	Date Click or tap to enter a date.
Communications	Click or tap here to enter text.	Date Click or tap to enter a date.
Equality Duty	Click or tap here to enter text.	Date Click or tap to enter a date.
Procurement	Click or tap here to enter text.	Date Click or tap to enter a date.
Risk	Click or tap here to enter text.	Date Click or tap to enter a date.
Approved by	Click or tap here to enter text.	Date Click or tap to enter a date.

Title of report: Quarter 4 Budget Report

Meeting:	Cabinet
Meeting date:	Thursday 16 May 2024
Cabinet Member:	Cabinet member finance and corporate services
Report by:	S151 Officer
Report Author:	Head of Strategic Finance (Deputy S151)

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose

To report the provisional financial outturn position for 2023/24 for revenue and capital budgets, subject to external audit. The 2023/24 outturn shows a net overspend of £8.7 million after the use of reserves and recovery plan actions.

Recommendation(s)

That: Cabinet

- a) **reviews the financial outturn for 2023/24, as set out in the appendices A-E, and identifies any additional actions to be considered.**

Alternative options

1. Cabinet may choose to review financial performance more or less frequently; or request alternative actions to address any identified areas of variance from budget, including referral to the relevant scrutiny committee. This is not recommended as existing budget monitoring arrangements are robust and effective.

Key considerations

Revenue Outturn

2. This report presents the outturn position for 2023/24 of £8.7 million (4.5% of budget) after the use of reserves and recovery plan actions implemented by management during the year.

Detailed explanations for variances from budget are set out in Appendix A, by Directorate and Service Area.

3. The council's approved net revenue budget for 2023/24 is £193.3 million which includes planned savings of £20.0 million comprising £14.1 million of Directorate savings and £5.9 million of Central budget savings.
4. The revenue outturn position for 2023/24 by Corporate Director portfolio is shown in Table 1 below.

Table 1: 2023/24 Revenue Outturn

2023/24 Revenue Outturn			
	Revenue Budget £m	Outturn £m	Outturn Variance £m
Community Wellbeing	71.8	71.8	-
Children & Young People	51.8	63.5	11.7
Economy & Environment	27.0	26.5	(0.5)
Corporate Services	26.0	26.3	0.3
Directorate Total	176.6	188.1	11.5
Central	16.7	13.9	(2.8)
Total	193.3	202.0	8.7

Directorate Outturn

5. Additional expenditure controls implemented during 2023/24 and management recovery actions have had a positive impact on the final outturn position; reducing the forecast overspend of £13.8 million reported at Quarter 2 by £5.1 million. Table 2 below notes the cumulative impact of the enhanced financial controls on the reported overspend over the 2023/24 financial year.

Table 2: Impact of Recovery Actions in 2023/24

	Q1 Forecast Variance £m	Q2 Forecast Variance £m	Q3 Forecast Variance £m	Q4 Outturn Variance £m
Community & Wellbeing	0.7	0.5	0.3	-
Children & Young People	10.6	11.8	11.7	11.7
Economy & Environment	0.6	0.6	-	(0.5)
Corporate Services	2.4	2.0	0.7	0.3
Directorate Total	14.3	14.9	12.7	11.5
Central	(0.8)	(1.1)	(2.0)	(2.8)
Total	13.5	13.8	10.7	8.7
Impact of management actions (quarter)			(3.1)	(2.0)
Impact of management actions (cumulative)				(5.1)

Further information on the subject of this report is available from Rachael Hart, Tel. 01432 383775, email Rachael.Hart@herefordshire.gov.uk

Savings

6. Council approved a total of £20.0 million of savings for 2023/24 comprising Directorate Savings of £14.1 million and £5.9 million of Central Savings. As at 31 March 2024, 79% of the approved savings have been delivered.
7. Directorate savings of £9.9 million have been achieved recurrently or mitigated in year by Directorate underspends and application of reserve balances. Central savings of £5.9 million have been delivered in full in 2023/24. Where savings have not been delivered recurrently in 2023/24, activity plans are in place to deliver recurrently from 2024/25.
8. The status of individual savings plans is included at Appendix D; a summary by Directorate is noted in Table 3 below:

Table 3: Delivery of Savings 2023/24

	Target £m	Delivered recurrently/ Mitigated £m	Not delivered/ Mitigated £m
Community & Wellbeing	6.1	6.1	-
Children & Young People	4.5	0.3	4.2
Economy & Environment	2.2	2.2	-
Corporate Services	1.3	1.3	-
Directorate Total	14.1	9.9	4.2
Central	5.9	5.9	-
Total	20.0	15.8	4.2

Capital Outturn

9. The revised 2023/24 capital budget of £68.4 million includes additional grants and approved changes. Capital budgets had been reprofiled in line with expected delivery Appendix B Table c; this has reduced the 2023/24 budget by £78.9m and this has been reallocated across the subsequent three years. A summary breakdown is shown in Table 4 below.

Table 4: Revised Capital budget 2023/24 to 2026/27

	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total
December 2023 Council Approved Budget	147,821	105,417	23,788	10,570	287,596
Other approved movements	(455)	(2,611)	-	-	(3,066)
Additional Grant	-	4,757	1,952	99	6,808
Budget Reprofile	(78,948)	45,527	25,424	7,997	-
Revised Capital Budget	68,418	153,090	51,164	18,666	291,338

Further information on the subject of this report is available from
Rachael Hart, Tel. 01432 383775, email Rachael.Hart@herefordshire.gov.uk

10. The final spend position is £47.3 million which represents an underspend of £21.1 million against a budget of £68.4 million; an increase in underspend of £5.6 million from the position reported at Quarter 3. Full details for each project are in Appendix B, Table a. This underspend consists of £4.8 million projects that have delivered below the project budget, a further £1.0 million of budgets where the projects are on hold awaiting successful bids and £15.3 million in respect of project budgets to be rolled forward for delivery 2024/25. The full capital programme analysed by project for current and future years can be seen in detail by Appendix B Table b.

Community impact

11. In accordance with the accepted code of corporate governance, the council must ensure that it has an effective financial control framework to support delivery of services within the agreed budget. The council is accountable for how it uses the resources under its stewardship, including accountability for outputs and outcomes achieved. In addition the council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies.

Environmental Impact

12. 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.
13. This report is to review the financial outturn at Quarter 4 of 2023/24 so will have minimal environmental impacts, however consideration has been made to minimise waste and resource use in line with the council's Environmental Policy.

Equality duty

14. 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.
15. 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.

Legal implications

16. There are no direct legal implications arising from this report.

Risk management

17. 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

18. 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

19. None in relation to this report.

Appendices:

Appendix A - Revenue outturn

Appendix B – Capital outturn

Appendix C - Treasury management outturn

Appendix D - Savings delivery

Appendix E – Earmarked reserves

Background papers

None Identified.

Appendix B: 2023/24 Revenue Outturn Quarter 4 (March 2024)

2023/24 Revenue Outturn at Quarter 4 (March 2024)			
	2023/24 Revenue Budget £m	Q4 Outturn £m	Q4 Outturn Variance £m
Community Wellbeing	71.8	71.8	-
Children & Young People	51.8	63.5	11.7
Economy & Environment	27.0	26.5	- 0.5
Corporate Services	26.0	26.3	0.3
All Ages Social Care			
Directorate Total	176.6	188.1	11.5
Central	16.7	13.9	(2.8)
Total	193.3	202.0	8.7

Community Wellbeing	2023/24 Approved Revenue Budget £'000	Q4 Outturn £'000	Q4 Outturn Variance £'000
Learning Disabilities	25,251	24,776	(475)
Memory & Cognition	2,402	2,501	99
Mental Health	3,918	3,438	(480)
Physical Support	35,909	33,857	(2,052)
Sensory Support	410	330	(80)
Client sub-total	67,890	64,902	(2,988)
All Ages Commissioning	2,713	2,842	129
Care Operations	6,815	7,065	250
Commissioned Services	5,527	6,558	1,031
Transformation and Improvement	1,083	859	(224)
Housing	1,137	2,425	1,288
Prevention and Support	1,774	1,323	(451)
Talk Community Programme	1,775	1,486	(289)
Director and Management	(19,510)	(18,114)	1,396
Public Health	100	100	0
Non-client sub-total	1,414	4,544	3,130
Adults, Health and Wellbeing Portfolio	69,304	69,446	142
Cultural Services	2,145	2,103	(42)
Community Services and Assets Portfolio	2,145	2,103	(42)
Strategic Housing	359	276	(83)
Economy and Growth Portfolio	359	276	(83)
Directorate Total	71,808	71,825	17

Key variances from budget (> £250k) at Q4/Outturn:

- £1.2m overspend relates to Temporary Housing accommodation demand pressures
- £0.6m overspend relates to demand pressures in Care Home and Home Care placements
- £0.4m overspend relates to Employees and Agency cost pressures
- £1.4m underspend relates to funding of Discharge to Assess Placements
- £0.5m underspend relates to reduced Prevention and Support revenue costs
- £0.3m underspend relates to Talk Community grant funding

Children & Young People	2023/24 Approved Revenue Budget £'000	Q4 Outturn	Q4 Outturn Variance
Children's Commissioning	461	489	28
Director's Office	237	675	438
Total Improvement*	5,882	3,139	(2,743)
Total Youth Offending	197	190	(7)
Total Children's Directorate Costs	6,777	4,493	(2,284)
Additional Needs	6,049	8,604	2,555
Commissioning Management	873	749	(124)
Development and Sufficiency	516	365	(151)
Early Years	90	156	66
Education Improvement	471	476	5
Total Education and Commissioning	7,999	10,350	2,351
Total Children in Need	5,072	6,935	1,863
Total Early Help	2,022	2,257	235
Total Looked After Children	26,617	35,356	8,739
Total Safeguarding and Early Help	1,313	1,882	569
Total Safeguarding and Review	1,167	1,420	253
Total Safeguarding and Development	868	815	(53)
Total Safeguarding and Family Support	37,059	48,665	11,606
Directorate Total	51,835	63,508	11,673

Key variances from budget (> £250k) at Q4/Outturn:

£4.2m overspend representing Savings Targets not delivered; £0.3m delivered recurring

£2.1m cost pressures in respect of Agency Staff; a reduction of £0.5m since Q3

£2.2m overspend representing additional demand in SEN Transport

£0.8m overspend in Agency Fostering

£0.8m overspend due to additional demand in Complex Needs

£0.5m overspend re additional expenditure to support Practice Improvement

£0.3m overspend due to cost pressures in respect of In-House Fostering

£0.4m overspend to support UASC

£0.4m overspend £0.2m Historical Residential Placements and £0.2m Other misc

*The approved budget for Total Improvement includes amounts that have been reallocated during 23/24 across the relevant service area.

Economy & Environment	2023/24 Approved Revenue Budget £'000	Q4 Outturn	Q4 Outturn Variance
Management	(218)	472	690
Economy and Growth	937	1,983	1,046
Environment, Highways and Waste	26,312	24,057	(2,255)
Directorate Total	27,031	26,512	(519)

Key variances from budget (> £250k) at Q4/Outturn:

£0.8m underspend in Energy costs representing £1.2m of reduced Electricity costs offset by £0.2m increase in Gas costs and un-budgeted £0.2m RCCO for Solar Panels (in Schools and Corporate Buildings)

£0.5m net underspend in respect of Concessionary Travel

£0.6m net underspend in respect of Employees and Agency

£0.2m net underspend in respect of Winter Maintenance

£0.2m additional income for Trade Waste

£1.0m overspend representing Savings Targets delivered by mitigation

£1.0m reduced income for Development Planning Control

Corporate Services	2023/24 Approved Revenue Budget £'000	Q4 Outturn	Q4 Outturn Variance
Chief Executive's Office	1,069	1,535	466
Corporate Support Services	4,157	4,191	34
Governance and Legal Services	5,823	5,700	(123)
HR and Organisational Development	1,779	1,883	104
Strategic Assets	2,747	2,285	(462)
Strategic Finance	7,224	7,372	148
Transformation, PMO and Performance	3,141	3,323	182
Directorate Total	25,940	26,289	349

Key variances from budget (> £250k) at Q4/Outturn:

£0.3m **overspend** in respect of Public Relations Office due to staffing and agency cost pressures

£0.2m **overspend** in respect of Executive Support due to staffing and supplies cost pressures

£0.5m **overspend** in respect of Programme Management Office arising due to staffing cost pressures partially offset by

£0.3m **net underspend** in respect of the Special Projects budget

£0.5m **net underspend** in respect of Strategic Assets representing savings targets at risk – which has been mitigated by increased rents incl. collection of historic rents charges

Central	2023/24 Approved Revenue Budget £'000	Q4 Outturn	Q4 Outturn Variance
Total	16,690	13,958	(2,732)

Key variances from budget (> £250k) at Q4/Outturn:

£1.0m **overspend** (Thrive) as a result of savings assessed as at risk in 2023/24; delivery expected in 2024/25

£3.8m **underspend** (Treasury Management - Interest receiveable) representing additional income in 2023/24

Appendix C

Table A - 2023/24 Capital Programme Outturn

				2023/24				
Adjustments include 22/23 carry forwards and additional grants allocations (Budget as agreed at Council in December)	2023/24 Revised Budgets £000s	Adjustments in Year £000s		Current Capital Budget £000s	Q3 Forecast £000s	Outturn £000s	Outturn Variance to Current Budget £000s	Reason for Forecast Variance to Current Capital Budget
		Reprofile Table C	Grant & Other changes Table B					
Disabled facilities grant	4,229			4,229	3,140	3,220	-1,009	Strategic Housing delays on DFG team doing assessments £269k, SHAP programme starting later than anticipated £740k
Community Capital Grants Scheme	200			200	0	0	-200	A small budget was placed in 23/24 for this new scheme in case any projects could progress quickly but no decision has yet been taken on how this will be spent
Total Community Wellbeing Delivery Board	4,429	0	0	4,429	3,140	3,220	-1,209	
Hillside	121		0	121	121	32	-90	Project has completed under budget
Empty Property Investment & Development	919		0	919	219	25	-893	£500k match will be required next year as properties are unlikely to be bought in this financial year - £393k delays in new schemes progressing
Gypsy & Traveller Pitch development	1,096	-1,046	0	50	30	27	-23	

Single Homelessness Accommodation Programme (SHAP)	455			455	303	455	0	
Strategic Housing Development	80		0	80	52	10	-70	
Private sector housing improvements	111		0	111	111	111	0	
Total Housing & Accommodation Delivery Board	2,781	-1,046	0	1,736	836	661	-1,075	
Electronic Document Management Storage	12		0	12	0	0	-12	Project has completed under budget
Capital Development Fund	1,000		0	1,000	0	0	-1,000	No projects have been approved to use this funding.
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)	412		0	412	386	384	-28	
HARC SAN Lifecycle Replacement	372	-370	0	2	2	1	0	
Data Centre Equipment Lifecycle Replacement	329		0	329	199	192	-137	£107k underspend due to equipment cheaper than anticipated - £30k delayed due to repair work to the Fibre cables between Plough Lane & Harc est July24
Windows Server Upgrades	330		0	330	208	175	-155	Project extended to Sept 2024 as M365 project needs to be up and running before the servers can be upgraded
Backup Storage	82		0	82	37	37	-45	Project has completed under budget
Device and Ancillary kit replacement programme	365	-100	0	265	265	443	178	Due to lower price offered bought in advance of year end for 24/25

M365 E5 Implementation	300		0	300	300	300	0	
Primary Data Storage Area Network (Plough Lane)	63		0	63	9	9	-55	Project has completed under budget
Total IT Services Partnership Board	3,265	-470	0	2,795	1,405	1,540	-1,254	
Flexible Futures	582		0	582	582	471	-110	Reception Area works were not commissioned in year
My Account	7		0	7	5	5	-1	Phase 1 was completed under budget
Total Corporate Transformation Delivery Board	588	0	0	588	587	477	-111	
Schools Capital Maintenance Grant	5,693	-2,707	0	2,986	2,693	2,033	-953	Slippage due to delivering a group of projects in the Easter holidays which falls over the year end due to holiday needed to do works
Peterchurch Area School Investment	7,446	-7,416	0	30	30	56	26	
Brookfield School Improvements	3,830	-3,080	0	750	100	47	-703	A programme for construction will only start just before summer holidays due to DfE time to agree funding.
High Needs Grant	1,300	-1,150	0	150	20	8	-143	Works have not commenced as expected
Basic Needs Funding	7,674	-7,474	0	200	100	215	16	
Preliminary works to inform key investment need throughout the county	303	-23	0	280	280	94	-186	Works will be delivered later than planned, in early 24/25
School Accessibility Works	1,003	-672	0	331	166	141	-189	Slippage into 24/25 due to constraints on design stage, procurement and lack of resource to do tenders, ecology & asbestos surveys

Work to Shirehall Annex (Care Leavers Base)	100			100	0	0	-100	Awaiting work to commence
Shirehall Improvement Works	0			0	0	0	0	
Estates Capital Programme 2019/22	2,322	-1,656	0	666	666	553	-113	Some works expected to complete by end March have been delayed
Residual property works identified in the 2019 condition reports	1,351	-650	0	701	660	573	-129	Some works expected to complete by end March have been delayed
Estates Building Improvement Programme 22-25	2,569	-871	0	1,698	1,624	1,279	-418	Some works expected to complete by end March have been delayed
Estates Building Improvement Programme 2023-25	2,280	-1,500	0	780	994	759	-21	
Fly-Tipping Intervention Scheme	30		0	30	30	30	0	
Upgrade of Hereford CCTV Cameras	4		0	4	4	4	0	
Changing Places	287		0	287	287	264	-23	
Hereford Library	200	-200	0	0	0	0	0	
Total Asset Management Delivery Board	36,392	-27,399	0	8,993	7,654	6,057	-2,936	
E & E's S106	4,558	-2,578	0	1,979	1,201	756	-1,223	Slippage due to working with stakeholders and public consultations, also delay on purchasing affordable housing
C & F's S106	1,376	-516	0	860	860	873	13	
Total Planning Delivery Board	5,933	-3,094	0	2,839	2,061	1,629	-1,210	
Local Transport Plan (LTP)	15,466		0	15,466	15,466	15,451	-15	
Priority Flood Repair Works	1,159		0	1,159	390	347	-812	Works will complete under budget and not use the contingency.
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	408	-151	0	256	95	43	-213	Some areas will be delivered under budget but some budget

								will carry forward for delivery of equipment.
Public Realm Maintenance - Mitigating Risk on the Network	3,849	-193	0	3,656	2,919	2,825	-832	Delays in delivering works on Public Realm
Highways Maintenance and pot hole repairing 2023/24	2,558		0	2,558	2,558	2,558	0	
Winter Resilience	677	-450	0	227	182	183	-44	
Highways Equipment	507		0	507	314	312	-195	£100k Underspend - Camera scheme not going ahead, £5k Kington Parking charges being reviewed and £89k Hereford on street parking will not be introduced
Resurfacing Herefordshire Highways	0			0	0	0	0	
Natural Flood Management	489	-269	0	220	187	177	-43	
Highways Infrastructure Investment	4,085	-2,750	0	1,335	500	0	-1,335	Decision taken in March so no work commenced in 23/24
Public Realm Improvements for Ash Die Back	315		0	315	60	19	-296	Action being undertaken on known risks, unknown areas need confirmation on risk and action, further surveying work required. Funding also required for HC fte, post to go through recruitment.
Moving Traffic Enforcement Phase 2	144	-119	0	25	0	0	-25	
Total Highways Maintenance Delivery Board	29,657	-3,933	0	25,724	22,670	21,915	-3,809	
Integrated Wetlands	748	-339	0	410	232	227	-182	Schemes on hold/ awaiting cabinet decision - Delay due to regulatory uncertainty
Solar Photovoltaic Panels	1,272	-1,007	0	265	201	201	-64	

Wye Valley AONB	155		0	155	155	118	-37	
SEPUBU Grant	344		0	344	17	17	-327	Not enough schemes have come forward to utilise the grant.
Waste	18,090	-18,090	0	0	0	0	0	
E-Cargo Bike Share	85		0	85	85	85	0	
Local Electric Vehicle Infrastructure Capital Fund (LEVI)	124		0	124	0	0	-124	Procurement is expected to take place late 24/25 early 25/26
Green Homes Grant - Local Authority Delivery	293		0	293	260	253	-40	
Home Upgrade Grant	4,301		0	4,301	2,835	1,233	-3,068	Contract needed to be reproced and time taken to get Government approval to proceed has created delays. Although HC delivered more schemes than most other councils in the region
Total Environment & Sustainability Delivery Board	25,413	-19,436	0	5,977	3,785	2,134	-3,842	
Hereford Enterprise Zone	421		0	421	421	411	-9	
Marches Business Investment Programme	544		0	544	486	486	-58	Not enough schemes have come forward to utilise all the grant.
Employment Land & Incubation Space in Market Towns	3,500	-3,400	0	100	10	2	-98	
Leominster Heritage Action Zone	2,009	-653	0	1,356	498	398	-958	Delays on public realm works due to retendering
Safer Streets / CCTV	43		0	43	4	4	-39	Work complete under budget.
Fastershire Broadband	1,216	3,024	0	4,240	4,240	3,968	-272	One of the lots came in a lot lower on costs than expected
Total Economic Development Delivery Board	7,734	-1,029	0	6,705	5,660	5,270	-1,434	

Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	10,665	-9,965	0	700	600	473	-227	Project delayed due to procurement issues and additional surveys required to inform costings
Stronger Towns Fund - Greening the City	323	-300	0	23	23	25	2	
UK Shared Prosperity Fund	290		0	290	191	187	-103	Slower take up on grant applications than expected
Rural Prosperity Fund	850		0	850	530	281	-569	Some schemes only launched in November and also looking at third party to deliver
Stronger Towns Library & Learning Centre relocation to Shirehall	395			395	0	45	-350	Project took longer to start than expected due to approvals for change of location
Total Major External Funded Delivery Board	12,523	-10,265	0	2,258	1,345	1,011	-1,247	
Hereford City Centre Transport Package	6,255	-4,755	0	1,500	1,126	1,080	-420	Slippage due to planning permission delayed and land negotiations
Hereford City Centre Improvements (HCCI)	2,500	-300	0	2,200	1,950	1,597	-603	The business grants delayed due to not being taken up by businesses and some of the other schemes slippage due to issue with procurement
Hereford ATMs and Super Cycle Highway	1,000	-650	0	350	10	0	-350	Delay in development in the minors works framework
Emergency Active travel Fund	119		0	119	60	88	-31	
Active Travel Fund 4	306	-150	0	156	125	58	-98	
Southern Link Road	800			800	0	0	-800	Decision taken in March so no work commenced in 23/24
LUF - Active Travel Measures (north of river)	1,025	-525	0	500	225	305	-196	Delay in development in the minors works framework

LUF - Active Travel Measures (south of river)	4,036	-3,286	0	750	225	242	-507	Delay in development in the minors works framework
Total Sustainable Transport & Place Making Delivery Board	16,041	-9,666	0	6,375	3,721	3,370	-3,005	

Total	144,756	-76,337	0	68,418	52,862	47,284	-21,134	
--------------	----------------	----------------	----------	---------------	---------------	---------------	----------------	--

Projects likely to be delayed into 24/25, some with no decisions yet made on spend, others with delays in delivery.	-15,315
Projects are on hold awaiting successful grant bids or review before continuation	-1,000
Project to deliver under budget or not spend full grant allocation	-4,819
	-21,134

Table B – Overall Capital Programme position 2023/24

Project Name	Prior Years £000s	2023/24 budget £000s	2024/25 budget £000s	2025/26 budget £000s	2026/27 budget £000s	Total scheme budget £000s
Disabled facilities grant	0	4,229	2,000	0	0	6,229
Community Capital Grants Scheme	0	200	1,800	0	0	2,000
Total Community Wellbeing Delivery Board	0	4,429	3,800	0	0	8,229
Hillside	879	121	0	0	0	1,000
Empty Property Investment & Development	0	919	0	0	0	919
Gypsy & Traveller Pitch development	781	50	1,046	0	0	1,877
Single Homelessness Accommodation Programme (SHAP)	0	455	455	0	0	910
Strategic Housing Development	0	80	0	0	0	80
Private sector housing improvements	88	111	0	0	0	199
Total Housing & Accommodation Delivery Board	1,747	1,736	1,501	0	0	4,984
Electronic Document Management Storage	303	12	0	0	0	315
Capital Development Fund	0	1,000	0	0	0	1,000
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)	143	412	0	0	0	555
HARC SAN Lifecycle Replacement	0	2	370	0	0	372
Data Centre Equipment Lifecycle Replacement	0	329	0	0	0	329
Windows Server Upgrades	0	330	0	0	0	330
Backup Storage	0	82	0	0	0	82
Device and Ancillary kit replacement programme	0	265	365	415	548	1,593
M365 E5 Implementation	0	300	150	0	0	450
Primary Data Storage Area Network (Plough Lane)	272	63	0	0	0	335
Total IT Services Partnership Board	718	2,795	885	415	548	5,361
Flexible Futures	268	582	0	0	0	850
Wye Valley Trust - Education Centre Investment	0	0	6,000	0	0	6,000

HWGTA - Development of Vocational Work Based Skills Investment	0	0	2,000	0	0	2,000
My Account		7	0	0	0	7
Total Corporate Transformation Delivery Board	268	588	8,000	0	0	8,857
Schools Capital Maintenance Grant	0	2,986	3,902	0	0	6,888
Peterchurch Area School Investment	232	30	3,175	5,716	1,700	10,853
Brookfield School Improvements	375	750	3,875	822	0	5,822
High Needs Grant	77	150	3,328	500	0	4,055
Basic Needs Funding	0	200	5,000	5,000	6,084	16,284
Childcare Expansion Capital Grant 2023-24	0	0	296	0	0	296
Preliminary works to inform key investment need throughout the county	213	280	23	0	0	516
School Accessibility Works	0	331	672	0	0	1,003
Work to Shirehall Annex (Care Leavers Base)	0	100	0	0	0	100
Shirehall Improvement Works	0	0	3,000	0	0	3,000
Estates Capital Programme 2019/22	3,760	666	1,656	0	0	6,082
Residual property works identified in the 2019 condition reports	40	701	650	0	0	1,392
Estates Building Improvement Programme 22-25	174	1,698	1,135	0	0	3,007
Estates Building Improvement Programme 2023-25	0	780	2,747	0	0	3,527
Fly-Tipping Intervention Scheme	0	30	0	0	0	30
Upgrade of Hereford CCTV Cameras	38	4	0	0	0	42
Changing Places	0	287	0	0	0	287
Hereford Library	145	0	200	0	0	345
Total Asset Management Delivery Board	5,055	8,993	29,658	12,038	7,784	63,528
E & E's S106	0	1,979	4,045	1,548	0	7,572
C & F's S106	0	860	1,047	2,084	0	3,992
Total Planning Delivery Board	0	2,839	5,092	3,632	0	11,563
Local Transport Plan (LTP)	0	15,466	15,466	0	0	30,932
Priority Flood Repair Works	2,868	1,159	0	0	0	4,027
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	1,891	256	151	0	0	2,299

Public Realm Maintenance - Mitigating Risk on the Network	1,101	3,656	193	0	0	4,950
Highways Maintenance and pot hole repairing 2023/24	0	2,558	0	0	0	2,558
Additional Pothole Allocation 23/24 & 24/25	0	0	3,660	0	0	3,660
Winter Resilience	0	227	740	435	0	1,402
Highways Equipment	41	507	0	0	0	548
Resurfacing Herefordshire Highways	0	0	5,000	5,000	0	10,000
Natural Flood Management	97	220	337	336	284	1,274
Highways Infrastructure Investment	0	1,335	6,835	3,985	3,885	16,040
Public Realm Improvements for Ash Die Back	0	315	367	367	367	1,416
Moving Traffic Enforcement Phase 2	0	25	119	0	0	144
Total Highways Maintenance Delivery Board	5,998	25,724	32,869	10,123	4,536	79,250
Integrated Wetlands	2,252	410	930	1,071	99	4,760
Solar Photovoltaic Panels	862	265	1,007	0	0	2,134
Wye Valley AONB	55	155	116	0	0	326
SEPUBU Grant	88	344	0	0	0	432
Waste	0	0	18,090	0	0	18,090
E-Cargo Bike Share	0	85	0	0	0	85
Local Electric Vehicle Infrastructure Capital Fund (LEVI)	0	124	300	300	400	1,124
LEVI Pilot Fund Grant	0	0	60	60	0	120
Green Homes Grant - Local Authority Delivery	526	293	0	0	0	819
Home Upgrade Grant	522	4,301	4,646	0	0	9,469
Total Environment & Sustainability Delivery Board	4,304	5,977	25,149	1,430	499	37,359
Hereford Enterprise Zone	14,526	421	0	0	0	14,947
Marches Business Investment Programme	2,884	544	0	0	0	3,428
Employment Land & Incubation Space in Market Towns	341	100	10,000	10,260	0	20,701
Leominster Heritage Action Zone	1,095	1,356	653	0	0	3,104
Safer Streets / CCTV	340	43	0	0	0	383
Safer Streets 5	0	0	150	0	0	150

Fastershire Broadband	26,990	4,240	2,508	0	0	33,738
Total Economic Development Delivery Board	46,176	6,705	13,311	10,260	0	76,451
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	1,535	700	7,000	8,765	0	18,000
Stronger Towns Fund - Greening the City	81	23	300	0	0	404
UK Shared Prosperity Fund	0	290	845	0	0	1,135
Rural Prosperity Fund	0	850	856	0	0	1,706
Stronger Towns Library & Learning Centre relocation to Shirehall	0	395	2,611	0	0	3,005
Total Major External Funded Delivery Board	1,616	2,258	11,611	8,765	0	24,250
Hereford City Centre Transport Package	37,224	1,500	5,755	2,500	0	46,979
Hereford City Centre Improvements (HCCI)	3500	2,200	300	0	0	6,000
Hereford ATMs and Super Cycle Highway	0	350	650	0	0	1,000
Emergency Active travel Fund	0	119	0	0	0	119
Active Travel Fund 4	0	156	150	0	0	306
Southern Link Road	0	800	2,200	2,000	5,300	10,300
LUF - Active Travel Measures (north of river)	251	500	3,715	0	0	4,466
LUF - Active Travel Measures (south of river)	2	750	8,445	0	0	9,197
Total Sustainable Transport & Place Making Delivery Board	40,976	6,375	21,215	4,500	5,300	78,366

Total	106,859	68,418	153,090	51,164	18,666	398,197
--------------	----------------	---------------	----------------	---------------	---------------	----------------

	2023/24 Budget £000s	2024/25 Budget £000s	2025/26 Budget £000s	2026/27 Budget £000s	Total
December 2023 Council Approved Budget	147,821	105,417	23,788	10,570	287,596
Reprofile Budget	-78,948	45,527	25,424	7,997	0
Other approved Movements	- 455	2,611	-	-	-3,066
Additional Grants	0	4,757	1,952	99	6,808
Revised Capital Budget	68,418	153,090	51,164	18,666	291,338

Grant Additions since February Council

	2023/24	2024/25	2025/26	2026/27	£000s
					0
DfT - Additional Pothole Grant		3,660			3,660
DfE - Childcare Expansion Capital Grant 2023-24		296			296
WMP - Safer Streets 5 Grant		150			150
DLUHC - Phosphate Mitigation Grant		591	1,071	99	1,760
DfE - additional Grant for Brookfield School			822		822
WMCA - LEVI Pilot Grant		60	60		120
	0	4,757	1,952	99	6,808

Other Movements

	2023/24	2024/25	2025/26	2026/27	£000s
Removal of Maylords Library project	(455)	(2,611)			(3,066)
					0
	(455)	(2,611)	0	0	(3,066)

Total Grants and other movements

	-455	2,146	1,952	99	3,742
--	------	-------	-------	----	-------

Table C – Reprofiled budget details

Project Name	2023/24 Budgets Adj £000s	2024/25 Budgets Adj £000s	2025/26 Budgets Adj £000s	2026/27 Budgets Adj £000s	Reason
Schools Capital Maintenance Grant	-2,707	2,707	0	0	Phasing delays to some major projects as well as issues around ecology. Ring-fenced grant so has to be carried forward.
Peterchurch Area School Investment	-7,416	0	5,716	1,700	Procurement taking place later than anticipated, due to timeframe will slip into 24/25.
Brookfield School Improvements	-3,080	3,080	0	0	Delays due to agreement on the finance arrangements and transfer of the trust.
High Needs Grant	-1,150	650	500	0	Decision on which projects to progress was later than planned which delayed delivery.
Basic Needs Funding	-7,474	-3,610	5,000	6,084	Kingstone expansion has not progressed, therefore delayed while the decision to expand Aylestone was taken. Ring-fenced grant so has to be carried forward.
Preliminary works to inform key investment need	-23	23	0	0	
School Accessibility Works	-672	672	0	0	Due to some works requiring longer holidays these works will complete next financial year.
Estates Capital Programme 2019/22	-1,656	1,656	0	0	The under spend is mainly due to the Shirehall budget that has been held until a decision on the future use of the site was taken.
Residual property works identified in the 2019 condition reports	-650	650	0	0	Due to some none tender returns and delays to procurement, these works are expected to deliver later than originally planned.
Estates Building Improvement Programme 22-25	-871	871	0	0	
Estates Building Improvement Programme 2023-25	-1,500	1,500	0	0	
Hereford Library	-200	200	0	0	Project on hold until the works begin on the Broad St building.
Total Asset Management Delivery Board	-27,399	8,399	11,216	7,784	
HARC SAN Lifecycle Replacement	-370	370	0	0	Project is still being scoped and therefore delivery delayed.
Device and Ancillary kit replacement programme	-100	0	0	100	Equipment prices have been lower than expected.

Total IT Services Partnership Board	-470	370	0	100	
Gypsy & Traveller Pitch development	-1,046	1,046	0	0	Planning wasn't approved and therefore the project is delayed.
Total Housing & Accommodation Delivery Board	-1,046	1,046	0	0	
E & E's S106	-2,578	2,953	-374	0	Delay to the appointment of professional services.
C & F's S106	-516	696	-181	0	Some school led projects are expected to deliver later than originally anticipated.
Total Planning Delivery Board	-3,094	3,649	-555	0	
Hereford City Centre Transport Package	-4,755	2,255	2,500	0	Construction will be later than planned while waiting for land negotiations and planning.
Hereford City Centre Improvements (HCCI)	-300	300	0	0	Shop Front Grants have an extension from LEP due to slower take up by businesses.
Hereford ATMs and Super Cycle Highway	-650	650	0	0	Procurement of the design consultant for all LUF projects took longer than expected and therefore they are all delayed, including the match funding.
Active Travel Fund 4	-150	150	0	0	
LUF - Active Travel Measures (north of river)	-525	525	0	0	
LUF - Active Travel Measures (south of river)	-3,286	3,286	0	0	
Sustainable Transport & Place Making Delivery Board	-9,666	7,166	2,500	0	
Integrated Wetlands	-339	339	0	0	Development has been paused while awaiting government announcement on housing.
Solar Photovoltaic Panels	-1,007	1,007	0	0	Delays to planned works due to ecology issues and lack of suitable sites.
Waste	-18,090	18,090	0	0	Due to the delivery timescale, any new purchases of vehicles and equipment would arrive next financial year.
Total Environment & Sustainability Delivery Board	-19,436	19,436	0	0	
Employment Land & Incubation Space in Market Towns	-3,400	0	3,400	0	No decisions have yet been taken on how to utilise this budget.
Leominster Heritage Action Zone	-653	653	0	0	Public Realm works are starting later than planned so will complete the following year.

Fastershire Broadband	3,024	-3,024	0	0	Budget has been brought forward with the work planned to be delivered this year.
Total Economic Development Delivery Board	-1,029	-2,371	3,400	0	
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	-151	151	0	0	Gritter to arrive next financial year
Public Realm Maintenance - Mitigating Risk on the Network	-193	193	0	0	Some work will be completed in the following year due to time needed to scope works.
Winter Resilience	-450	450	0	0	Gritter to arrive next financial year
Natural Flood Management	-269	59	97	113	Delay to the start of awarding grants.
Highways Infrastructure Investment	-2,750	2,750	0	0	Awaiting the decision to spend and due to time of year will not deliver this year.
Moving Traffic Enforcement Phase 2	-119	119	0	0	On hold while project reviewed which will delay delivery.
Total Highways Maintenance Delivery Board	-3,933	3,722	97	113	
Stronger Towns Fund - Hereford Museum & Art Gallery	-9,965	1,200	8,765	0	Commencement of construction is going to be later than planned.
Stronger Towns Fund - Greening the City	-300	300	0	0	Still awaiting the design before delivery can commence.
Total	-76,337	42,917	25,424	7,997	

Project Removed after reprofile

Stronger Towns Fund - Maylord Orchard Redevelopment and LRC	-2,611	2,611	0	0	
Total	-78,948	45,527	25,424	7,997	

Budgets are reprofiled in quarter 2 as recommended by External Audit to ensure reporting against a more deliverable capital programme. Explanations for reprofiling of the budget are given in the table above.



APPENDIX D TREASURY MANAGEMENT REPORT 2023/24

Introduction

- 1.1 Treasury Management is the management of the council's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 1.2 The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that members be updated on treasury management activities at least quarterly. The Local Government Act 2003 also requires that the council produce an annual review of treasury management activities comparing actual activity during the year with the Treasury Management Strategy approved prior to the start of the year.

Economic Context

- 2.1 The final quarter of the year saw:
 - Negative Gross Domestic Product (GDP) growth of -0.3% while growth on an annual basis was also negative at -0.2%. GDP growth of 0.5% is envisaged in 2024.
 - Unemployment is currently below 4%, with annual wage inflation above 5%.
 - Consumer Price Index (CPI) inflation continuing on its downward trajectory, from 8.7% in April to 4.6% in October, then to 3.9% in November. It is currently 3.4% but is expected to fall below 2% over the summer months and to stay there in 2025 and 2026.
 - Core CPI inflation decreasing from April and May's 31 years' high of 7.1% to 5.1% in November, the lowest rate since January 2022; decreasing further to 4.5% in February.
 - A steady fall in 10-year gilt yields as investors revised their interest rate expectations lower. There is likely to be a fall in gilt yields over the next one to two years as Bank Rate falls and inflation moves below the Bank of England's 2% target.
- 2.2 In March, the Bank of England voted to keep interest rates at 5.25% for the fifth time in a row with no Monetary Policy Committee (MPC) members voting to raise interest rates. The latest projections from Link Group suggest the bank rate will start to decrease in September 2024, falling to 3.75% at the end of the 2024/25 financial year.

Investments

3.1 At 31 March 2024, the council held investments as shown in table 1.

Table 1 Investment Portfolio

Treasury investments	Term	Maturity date	Interest rate	Amount invested £m
Instant Access Money Market Funds:				
Federated	N/A	N/A	5.29%	10.00
Aberdeen Standard	N/A	N/A	5.27%	3.70
Invesco	N/A	N/A	5.27%	4.67
Instant Access Bank Accounts:				
NatWest	N/A	N/A	3.25%	0.25
95 Day Notice Bank Accounts:				
Barclays (ESG green deposits)	N/A	N/A	5.30%	5.00
Fixed Term Deposits:				
Standard Chartered (ESG green deposits)	183 days	04/04/24	5.52%	5.00
Goldman Sachs	182 days	10/05/24	5.51%	5.00
Blackpool Council	182 days	05/08/24	5.60%	5.00
Lloyds	182 days	09/08/24	5.31%	5.00
Total treasury investments			Average 5.37%	43.62

3.2 The council applies the credit worthiness service provided by Link Group. This service employs a modelling approach utilising credit ratings from three main credit rating agencies (Fitch, Moody's and Standard and Poor's). This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system to which Link Group allocate a series of colour coded bands with suggested maximum durations for investments. These are detailed in the Treasury Management Strategy for 2023/24 as approved by Council in February 2023.

3.3 The council has earned interest on its investments as shown in table 2. This is not included in the revenue budget for 2023/24, and therefore represents an underspend position within the Central budget line.

Table 2: Interest earned

Month	Average amount invested £m	Average rate of interest earned	Amount of interest earned £m
Apr 23	71.8	4.15%	0.245
May 23	78.6	4.34%	0.290
Jun 23	76.2	4.51%	0.282
Jul 23	86.6	4.84%	0.356
Aug 23	85.6	5.10%	0.371
Sep 23	85.5	5.18%	0.381
Oct 23	83.0	5.30%	0.374
Nov 23	86.3	5.35%	0.379
Dec 23	78.8	5.37%	0.359
Jan 24	83.8	5.34%	0.380
Feb 24	71.2	5.34%	0.302
Mar 24	54.6	5.34%	0.248
Total			3.967

- 3.4 In addition to the investment income, the council earns interest on the provision of loan finance to the waste disposal PFI provider. This has generated loan interest of £1.7 million in 2023/24 and has been credited to the waste reserve.

Borrowing

- 4.1 The council can only borrow up to its Authorised Borrowing Limit which represents the affordable limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements. The Authorised Borrowing Limit for external borrowing for 2023/24 is £350m which was approved in the Treasury Management Strategy.
- 4.2 At 31 March 2024, the council held long-term borrowing of £120.9m; no new long-term borrowing has been secured during the financial year. The council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR), this is the capital expenditure that has not yet been paid for by revenue or other resources. The council's CFR at 31 March 2024 is £303.1m, which demonstrates that the Council has significant internal borrowing when compared to the actual long-term borrowing (excluding PFI liabilities) of £120.9m.
- 4.3 The current capital financing budget position is shown in table 3. The underspend has arisen from utilisation of internal borrowing over external borrowing, alongside a slippage in the capital investment budget spend.

Table 3: Summary of borrowing budget

	Budget £m	Outturn £m	(Surplus)/deficit £m
Minimum Revenue Position (MRP)	9.9	8.6	(1.3)
Interest Payable on loans	5.6	4.8	(0.8)
Total	15.5	13.4	(2.1)

Compliance with Treasury and Prudential Limits

- 5.1 During the quarter ended 31 March 2024, the council has operated within the treasury and prudential indicators set out in the Treasury Management Strategy for 2023/24. Actual values for quarter 4 are shown in table 4.
- 5.2 Prudential indicators (PI) for quarter 4 are shown as actual outturns for the financial year 2023/24, e.g. for PI1 (capital expenditure), the outturn spend for the financial year 2023/24 of £47.3 million is shown against a Prudential indicator value approved in the Treasury Management Strategy of £141.7 million. This means that capital expenditure for 2023/24 outturn is lower than was budgeted for at the start of the year.
- 5.3 Treasury indicators for quarter 4 are shown as actual values as at 31 March 2024, e.g. for PI4 (authorised limit for external debt), the actual value of external debt as at 31 March 2024 of £158.7 million is shown against a Treasury Indicator limit of £420.0 million as approved in the Treasury Management Strategy. This means that actual debt is lower than the approved limit and the council is operating within agreed boundaries.

Table 4: Prudential and Treasury indicators for 2023/24 as at 31 March 2024

Ref	Treasury indicators	Description	2023/24 Budget/Limit £000	Actual as at 31 March 2024 £000	Compliance result
PI4	Authorised limit for external debt	To set an authorised limit for its gross external debt for the forthcoming financial year (includes PFI liabilities)	420,000	158,719	Within limit
PI5	Operational boundary for external debt	To set an operational boundary for its gross external debt for the forthcoming financial year (includes PFI liabilities)	400,000	158,719	Within limit
PI8	Upper limit for principal sums invested over 364 days	To set an upper limit for total principal sums invested over 364 days	5,000	NIL	Within limit
PI7	Maturity structure upper and lower limits:	To set upper and lower limits for the maturity structure of its borrowing			
	Under 12 months		0-10%	6%	Within limit
	12 months to 2 years		0-10%	5%	Within limit
	2 to 5 years		0-25%	11%	Within limit
	5 to 10 years		0-35%	17%	Within limit
	10 years and above		0-80%	61%	Within limit
Ref	Prudential indicators	Description	2023/24 Budget £000	2023/24 Actual £000	Compliance result
PI1	Capital expenditure	A reasonable estimate of the total capital expenditure that it plans to incur during the forthcoming financial year	141,661	47,284	Under budget
PI2	Capital financing requirement (CFR)	A reasonable estimate of the total capital financing requirement at the end of the forthcoming financial year	366,582	303,146	Under budget
PI3	Gross debt and CFR	To ensure that the total gross debt does not, except in the short term, exceed the total of capital financing requirement	N/A	40%	Below 100%, within limit
PI6	Ratio of financing costs to net revenue stream	To estimate the proportion of financing costs to net revenue stream for the forthcoming financial year	8.1%	7%	Under budget
PI9	Ratio of net commercial and service investments income to net revenue stream	To estimate the proportion of net income from commercial and service investments to net revenue stream for the forthcoming financial year	N/A	1%	Low reliance on this income

Appendix E: Delivery of Savings at 31 March 2024 (Quarter 4)

Directorate Savings of £14.1m for 2023/24 were approved by Council on 10 February 2023.

The status of the delivery of approved savings at 31 March 2024 (Quarter 4) is noted below:

Directorate	Approved Savings £'000	Delivered recurrently/ mitigated £'000	Not delivered/ mitigated £'000
Community Wellbeing (S1 to S17)	6,105	6,105	-
Children & Young People (S18 to S19)	4,500	300	4,200
Economy & Environment (S20 to S28)	2,200	2,200	-
Corporate Services (S29 to S36)	1,330	1,330	-
Total Savings	14,135	9,935	4,200

⁵ At 31 March 2024 (Quarter 4), £9.9 million (70%) of the £14.1 million Directorate savings for 2023/24 have been delivered recurrently or mitigated in year. £4.2 million (30%) have not been delivered in 2023/24.

The status of individual Directorate savings as per Appendix B of the Council Report approved on 10 February 2023, is shown in Annex 1 below.

Annex 1: Delivery of approved savings at 31 March 2024 (Quarter 4)

Directorate	Target £'000	Delivered (Recurrent) £'000	Delivered (Non- Recurrent) £'000	Not delivered £'000
Community & Wellbeing				
S1 Stable Engaged Workforce	710	210	500	
S2 Edge of Care and Prevention	300	300		
S3 New Integrated Models of Care	550	70	480	
S4 Occupational Therapy Delivery Model	100	100		
S5 Digital and Technology	500	245	255	
S6 Respite Provision	300		300	
S7 Process Efficiency - Block Bed Contracts	300	200	100	
S8 Telecare Charges	150	100	50	
S9 Process Efficiency - Business Support	100	100		
S10 Process Efficiency - Income Collection & Debt Management	600	600		
S11 Process Efficiency - Repairs and Maintenance	100	100		
S12 Process Efficiency - Brokerage	100		100	
S13 All Age Commissioning	600	200	400	
S14 Social Care Delivery	750	750		
S15 Public Health	326	326		
S16 Supported Living	369		369	
S17 Care and Funding Pathway	250	250		
Total Community & Wellbeing	6,105	3,551	2,554	-
Children & Young People				
S18 Place Management balance	466			466
S18 (i) UASC Expenditure Offset by Increased Claims	108			108
S18 (ii) Reduction In Proportion Of Residential Placements	624	300		324
S18 (iii) Discharge of Placement with Parents Orders	50			50
S18 (iv) Review of Staying-Put Payments and Allowances	0			0
S18 (v) Edge of Care Re-unification	234			234
S18 (vi) Targeted Cohort Step Downs Q1	768			768
S18 (vii) Increased Contributions for Complex Needs	100			100
S18 (viii) Reduced Costs of Parent & Baby Placements	150			150
S18 (ix) School Transport Savings	0			0
S19 Recruitment and Retention	2,000			2,000
Total Children & Young People	4,500	300	-	4,200

Directorate	Target £'000	Delivered (Recurrent) £'000	Delivered (Non- Recurrent) £'000	Not delivered £'000
Economy & Environment				
S20 BBLP Annual Plan Revision	350	350		
S21 Waste Collections	80	80		
S22 Parking Income	450	450		
S23 Fees & Charges	300	228	72	
S24 Fixed Penalty Notice Pilot	50		50	
S25 Transformation Planning & Regulatory Services	350		350	
S26 Economic Development: Vacancy Management	50	50		
S27 Enterprise Zone Running Costs	150		150	
S28 Directorate Transformation Programme:				
S28 (i) Demand Management	150		150	
S28 (ii) Partnership Opportunities	225		225	
S28 (iii) Commercial Opportunities	225		225	
Public Realm FOM Project costs	(180)		(180)	
Total Economy & Environment	2,200	1,158	1,042	-
Corporate Services				
S29 Exit From Inefficient Properties	300		300	
S30 Increase in Rental Income	170	170		
S31 Financial Payment Process Efficiencies	100	100		
S32 Mobile Phones	20	20		
S33 Herefordshire Now	100		100	
S34 Children's Services Legal Support	200		200	
S35 Transformation of Legal Support	140	140		
S36 Transformation of Programme Management (PMO)	300		300	
Total Corporate Services	1,330	430	900	-
TOTAL DIRECTORATE SAVINGS	14,135			



EARMARKED RESERVES AND GENERAL FUND BALANCE 01 APRIL 2023 TO 31 MARCH 2024

Reserve	01 April 2023 £m*	Transfers out £m	Transfers in £m	31 March 2024 £m
Business rates risk	(13.1)	-	(6.6)	(19.7)
Waste disposal	(9.4)	4.3	(1.7)	(6.8)
Fastershire clawback	(5.1)	4.6	-	(0.5)
Additional pension costs	(4.1)	3.4	(1.0)	(1.7)
Settlement monies	(3.3)	0.5	-	(2.8)
Care market costs	(3.0)	2.0	-	(1.0)
Adult social care integration	(1.8)	1.8	-	-
Whitecross school PFI	(1.8)	-	-	(1.8)
Technology enabled communities	(1.8)	0.3		(1.5)
Financial resilience	(1.2)	0.2	(2.1)	(3.1)
Severe weather fund	(1.0)	-	-	(1.0)
Unused grants carried forward	(17.6)	8.7	(8.4)	(17.3)
Other reserves individually under £1 million	(9.3)	4.2	(1.0)	(6.1)
Total reserves excluding schools	(72.5)	30.0	(20.8)	(63.3)
Schools' balances	(9.3)	-	(0.6)	(9.9)
Total earmarked reserves	(81.8)	30.0	(21.4)	(73.2)
General fund balance	(9.6)	-	-	(9.6)
Total earmarked reserves and general fund	(91.4)	30.0	(21.4)	(82.8)

*audited balances per the council's statutory accounts

