

MEETING:	Cabinet
MEETING DATE:	3 November 2016
TITLE OF REPORT:	End of September corporate budget and performance report 2016/17
REPORT BY:	Cabinet member, economy and corporate services

Classification

Open

Key decision

This is not a key decision.

Wards affected

County-wide

Purpose

To invite cabinet members to consider performance for the first six months of 2016/17 and the projected budget outturn for the year.

Recommendation(s)

THAT:

- (a) Cabinet notes the council is projected to spend within budget in 2016/17; and**
- (b) Performance for the first six months of 2016/17 is considered.**

Alternative options

1. Cabinet may: choose to review performance more or less frequently; or request alternative actions to address any identified areas of under-performance, including referral to the relevant scrutiny committee.

Reasons for recommendations

- To provide assurance that progress is being made towards achievement of the agreed outcomes and service delivery targets, and that the reasons for important areas of actual or potential under-performance are understood and are being addressed to the cabinet's satisfaction.

Key Considerations

- The projected full year outturn, based on spend to the end of September 2016, is a £485k overspend. This overspend is before the allocation of the corporately held contingency budget of £700k. This contingency budget was set to fund challenges in achieving saving plans in year and its allocation will deliver an outturn within budget. The improvement since May is predominately due to implementing the Adults recovery plans, one-off savings in waste disposal costs and savings in treasury management costs.

Projected Revenue Outturn 2016/17 (as at the end of September)

Directorate Net Budget	Net Budget £000	Projected full year outturn £000	Projected full year variance Over / (Under)spend £000
Adults and wellbeing	51,815	52,485	670
Children's wellbeing	22,341	22,874	533
Economy, communities & corporate	47,853	47,435	(418)
Directorate total	122,009	122,794	785
Other budgets and reserves	25,970	25,670	(300)
TOTAL	147,979	148,464	485

- Appendix A provides a further breakdown of directorate budgets and forecast spend.
- Council approved the corporate plan 2016/17-2019/20 in February 2016, framed around the key priorities of: enable residents to live safe, healthy and independent lives; keep children and young people safe and give them a great start in life; support the growth of our economy; and secure better services, quality of life and value for money. The supporting delivery plan for 2016/17 was approved by cabinet in April 2016 and the budget is managed in recognition of managing need and the council's relationship with communities.
- Progress is measured through a number of performance measures. These have been selected because they demonstrate progress towards achievement of the council's priorities and also provide an overview of the council's performance from a resident's perspective. The databooks, which are available on the council's website, contain the latest performance outturns available. Where monitoring information is only available annually, these measures will be reported at the point it becomes available.

7. Appendix E provides an overview of performance during the first six months of 2016/17. Whilst 66% (69% at end of May) of performance measures are showing a positive shift in performance, there are 34% (27% at end of May) that are currently performing worse than the same period last year, and consideration needs to be given as to required actions to improve performance. A summary of performance and the challenges faced within each directorate is included below in paragraphs 8-43.

Adults and wellbeing (AWB)

8. The forecast outturn for 2016/17 is an overspend of £670k.
9. The forecast overspend specifically within the adult social care client groups is £1.138m at year end. This is due to higher than budgeted expenditure on direct payments over and above the compensating reduction in domiciliary care expenditure, particularly within the learning disabilities (LD) client group. The number of direct payments have increased by a net 137 (28.8%) since the budgets were set. There are also unmet savings within both the residential and domiciliary care areas of the LD budget which are contributing to the current AWB financial position.
10. The client forecast assumes that any further demand pressures will be managed within the operational teams, by AWB panel and by senior management. The directorate leadership team have begun to implement a recovery plan that identifies required actions and additional savings initiatives in order to achieve a balanced outturn for 2016/17.
11. Recovery plan meetings have been taking place and the initial focus has been on the following two areas:
 - a) The 'single handed care project' which aims to reduce the number of 'double handed' care packages with better use of equipment and technology. This piece of work is forecasting to reduce the 2016/17 overspend by £150k and partly explains the improvement in the forecast from Q1 to Q2.
 - b) Maximising the occupancy of all block purchased beds thereby reducing reliance on additional spot purchased capacity to reduce the current over-spend by a further £300k. This piece of work has also contributed towards the recent improvement in the AWB forecast and also forms part of the recovery plan.
12. An improvement programme has now been set up to specifically look at service improvements for complex clients with learning disabilities and the reasons for the increase in expenditure within this client group.

What is going well?

13. Operational social care teams have continued their focus on reviews and at the end of Q2 had reviewed 47% of clients since the start of the year (30% at the same point last year). As a result, the percentage of clients in receipt of a direct payment is now 37% (20% at the same point last year), which is likely to place the authority in the top quartile of performers nationally. There is a continued drive to target areas of high spend, including clients with learning disabilities, where we spend disproportionately more, and have a larger number of clients than our comparator authorities. A significant piece of work is now underway with our county team, who manage many of our complex learning disability cases, which will embed the desired culture and challenge.
14. The Local Account, a report aimed at the public and key stakeholders describing performance of the AWB directorate, has been drafted and is intended to go to Cabinet in December. This will be accompanied by the Public Health Annual Report,

a statutory report by the Director of Public Health, providing information on performance of the Public Health function. An updated Market Position Statement will also be presented to Cabinet, which will inform providers in Herefordshire of our current service trends and the service models we will be looking develop, thus allowing them to prepare their businesses.

15. We completed the final Care Act stocktake assessment in July. This national process sought all authorities' confidence as to whether they had met the requirements of the Care Act. We reported that we were confident in our delivery of all new components and that our processes operated within the spirit of the Care Act. This was in line with most of the other West Midlands authorities which we have been able to benchmark against.
16. The section 75 agreement between the local authority and the Clinical Commissioning Group (CCG) has been reviewed and agreed by Cabinet for an 18 month extension to the end of March 2018, with a further option to extend by an additional 18 months (to September 2019). This agreement provides a contractual framework for the use of pooled funds, enabling services to be delivered and commissioned co-dependently. This also provides a basis for an extension of joint commissioning which is being actively explored.
17. Following go-live of the Wellbeing Information and Signposting for Herefordshire (WISH) website in February, the service is being monitored on a monthly basis. On average, approximately 1,500 people access the website each month, which now holds details of over 1,000 services. In addition in August, there were 21 'pop-ups' held across the county which engaged with just under 300 people and the Hub took 273 phone calls in the month, the majority of which were diverted from our social care Access and Referral Team. Anecdotally, GP's are now referring clients to the WISH hub and see WISH as a key resource for 'social prescribing'. Further awareness of WISH is planned in the next quarter, to make sure all staff are aware of WISH and utilise the information available.
18. Phase 1 of the Leominster project is now complete; this has scoped the available community activities and how these could be developed to help prevent people entering long term social care services. It has also worked to understand the barriers for reduction of costs of care by better utilising community resources. Phase 2 has now started which will scope out other geographical areas in Herefordshire which would benefit from a focus on developing communities. It will further develop the WISH website to ensure that all of the data captured in phase 1 is built into the available services and will further engage with the Leominster community to overcome the barriers identified.
19. The substance misuse services, which were awarded to Addaction in 2015/16, have now been fully mobilised and are working effectively. This covers adults and young person's cessation and recovery support services.

Challenges

20. We are continuing to make progress on the medium term financial strategy (MTFS) for 2016/20. At present, we are £150k short of planned savings for 2017/18 and are an additional £350k short for 2018-2020. The issues around spending on complex LD cases remain the most pressing and these are the subject of a programme of service, process, structural and management interventions, designed to address staff culture and working practices. This continues to be one of the main focusses of the directorate, in order to ensure the full requirements of savings are identified.

Children's wellbeing (CWB)

21. The forecast outturn for 2016/17 is an overspend of £533k.
22. The approved strategy to step down the total number of looked after children and to reduce the number of external fostering placements has reduced the forecast overspend in external fostering placements of £91k to an underspend of £30k. Over the summer pressure period only one new placement was made; this cost pressure has been managed within the service.
23. The recruitment of permanent managers to the fieldwork teams continues to put pressure on the budget. This has been mitigated by tighter controls on discretionary spend, bringing forward future savings in Education and Commissioning as well as a joint commissioning post agreed with the CCG.
24. An assessment of the current year savings achievement to date has provided confidence that savings will be delivered in 2017/18.

What is going well?

25. Following extensive consultation, the multi-agency safeguarding hub and children in need teams have reviewed their structures and resources to improve effectiveness, especially with the introduction of the single assessment at the end of October 2016. If approved, these will be implemented in November 2016.
26. Since the introduction of controls for all strategy meeting requests, the number of strategy meetings convened has continued to significantly reduce. This is slowly increasing the number of strategy meetings that result in a section 47 investigation. This is reassuring as the figures suggest that the direction of travel is correct and that strategy meetings, where convened, are appropriate and are no longer case management meetings or professional meetings.
27. The number of children subject to child protection plans has reduced notably to 120 and is now in line with statistical neighbours. Many of the children who were subject to child protection plans are supported by short term child in need plans to ensure the improvements are maintained prior to 'step down' from social care to universal services. In some instances families do not require this transitional support. The next steps following the discontinuation of a child protection plan is agreed by all parties in the review child protection conference that agrees the child is no longer at risk of harm. Given that for the second time within six months we are not seeing a rise in the number of children subject to child protection plans; this would suggest that the support plans have been appropriate.
28. Referrals to children's social care have reduced by 25% since the reinforcing of the Herefordshire Safeguarding Children Board (HSCB) Thresholds of Need. This progress must be maintained and will be monitored by the HSCB.
29. Herefordshire Local Area was inspected by the Office for Standards in Education, Children's Services and Skills (OfSTED) and the Care Quality Commission (CQC) in September 2016. The inspection looked at the identification, assessment and meeting of need, and outcomes for children with special educational needs and disabilities. The inspection framework was introduced in May 2016 and Herefordshire was the ninth local authority area to be inspected. The inspection was a positive experience, recognising a number of strengths in Herefordshire whilst also noting areas for improvement. Importantly the inspectors recognised that Herefordshire knows itself well. The final inspection letter is scheduled to be made public at the end of November 2016.

30. We have a shared ambition to become one of the best performing education systems in the country. The provisional academic results for each key stage and for the early years foundation stage profile (EYFSP) for summer 2016 are as follows:

- **EYFSP:** 72% of children in reception year assessed as reaching a good level of development. This exceeded the national average (69%) for the first time in several years and means we really are giving our children a great start in life.
- **Key stage 1:** Children, schools and early years settings have done really well. We are above the national average now for each of reading (75.5%), writing (67.8%) and maths (74.4%). Four years ago, we were one of the worst performing areas in the country.
- **Key stage 2:** We are at the national average for reading, writing and maths (52%). This puts us firmly in the third quartile performance (if 14 more children had achieved improved outcomes, we'd be in the second quartile), meaning further improvement is well within our reach. So, better than we have been and still some work to do in this key stage.

There were national concerns about the moderation arrangements. We received some very positive feedback from the Standards Testing Agency in its external review of Herefordshire, as to the good quality of our arrangements for moderating teacher assessment at KS1 and writing at KS2, which was carried out through contract by Marlbrook Teaching School.

- **Key stage 4:** Whilst we await the Department for Education's Progress 8 calculations, we have looked at the traditional 5 A* - C GCSEs, including English and maths, for ease of comparison. Herefordshire has maintained its performance of 57% which is in line with the England average for state funded schools and higher than the overall England average (which includes the independent sector).
- **Key stage 5:** A-levels in maintained schools and academies, which are a particular area of strength for us, continued to be excellent with an overall pass rate of 99.1% against a national rate of 98.1%. At the higher grades of A* - A, our rate was 31.7% against 25.8%. Both girls and boys substantially outstripped the national average for A* - C, with only a 0.3% gap between boys and girls.

Challenges

31. This time last year, we supported over 300 children in care. At the end of September the number was 289, having fluctuated between 279 and 291 during Q1. There were notable demands on the service in the summer both from new entrants and disruptions to existing placements. The reasons for these breakdowns are being analysed by the head of service.
32. Significant work is underway, in close liaison with Adult Wellbeing Commissioners, to develop a wider range of supported accommodation in the county and so enable young people to leave our care sooner. The directorate has also reviewed the process by which children come into our care and implemented a new process in September. A review of our existing cohort has also been completed to ensure we can forecast movements in our looked after children (LAC) more accurately. Taken together these three initiatives should see a managed reduction in our looked after children population over the next two years down to our target figure of 180.
33. The performance at all key stages for vulnerable groups and particularly those eligible for free school meals remains an area of focus for individual schools and the local authority. The gap between these groups and their peers remains too great. Specific

work to address this is being co-ordinated through the Herefordshire school improvement partnership. Achieving the top quartile performance in all national measures by the end of 2018 is challenging; and faster progress is needed in improving the progress, but particularly the attainment of vulnerable groups of children.

Economy, communities and corporate (ECC)

34. A net underspend of £418k is forecast for the ECC directorate.
35. An adverse movement in property services since May 2016 reflects forecast pressures around statutory compliance work and the holding costs of vacant properties. Mitigations are being implemented to ensure that this pressure does not recur in future years. A projected shortfall in car parking income remains a pressure. However, usage and income is being closely monitored monthly and potential options for mitigation are being developed.
36. The above pressures are offset by other favourable movements since May 2016. These include increased certainty around strategic site planning applications, as well as one-off savings in waste disposal and strategic planning budgets. Commissioning has commenced at the energy from waste facility and has resulted in a reduction in landfill tax costs. Whilst the gate fees will increase following the commissioning period, the savings apply to 2016/17 only. Furthermore, consultancy budgets within strategic planning for the delivery of a number of documents linked to the core strategy will not be fully required.

What is going well?

37. Work has progressed well to develop a Green Book Business Case (GBBC) for submission to Government in securing investment support towards the overall University project. Governance arrangements to secure joint working between the Council and the New Model in Technology and Engineering (NMiTE) project are in place and Cabinet has agreed a list of Council-owned sites that NMiTE are now investigating for suitability. The GBBC has now been deposited with Government and feedback is awaited with council staff primed and prepared to support any final amendments.
38. As regards the Hereford City Centre Transport Package, the Link Road construction is well underway and is on target to complete by September 2017.
39. The Local Enterprise Partnership (LEP) funding bids have been prioritised and submitted. For details on the bids go to <http://www.marcheslep.org.uk/lep-bid-68m>. A programme of Growth fund bids were submitted on time and prioritised by the Marches LEP with Herefordshire bids represented strongly. The outcome is expected in the autumn statement.
40. The sale of 6.3 acres of land on the south magazine at the Enterprise Zone in Rotherwas has been approved (the largest sale to date for the Zone). The new development will comprise over 6,000m² of new workspace to include a factory, office and storage. Planning is being progressed and heads of terms are being discussed. A further 11 plot sales are being actively progressed. The final two units at Skylon Place are being fitted out for a tenant. A successful Meet the Primes defence sector event has been held.

Challenges

41. Environmental anti-social behaviour is seeing a steady increase in the county with the

number of fly tipping and abandoned vehicles seeing a particular increase, and is likely to be related to the value of scrap metal now being lower. There is now increased resource to deal with waste enforcement and new arrangements put in place to deal with fly tipping.

42. Housing land supply remains a challenge to the planning process and bringing forward housing developments within the county to meet future and current needs is a key priority. Full Council approved an interim statement on the 5 year housing land supply position during September 2016 that provides important guidance on key policy approaches to considering and determining planning applications in the absence of a 5 year housing land supply. There will be a continued focus on delivery within the development management teams and priority continues to be given to determining major applications. The Core Strategy Delivery Group continues to monitor and steer engagement with major developers in support of delivering housing growth.

Strong performance is being maintained in relation to target timescale for planning applications. A major application for Three Elms strategic site for 1,200 houses with associated infrastructure was received on 9 September and it is anticipated that a decision will be undertaken early in 2017. Holmer West has the benefit of the community resolution to grant outline planning permission.

43. The number of people killed and seriously injured (KSI) on Herefordshire roads have now been confirmed by the Department of Transport for 2015; the three year rolling average to December 2015 was 81. The current three year rolling average to August 2016 has seen an upward trend and currently stands at 87. However, there are fewer KSI's year to date in 2016 compared to the same period in 2015. An action plan is to be prepared to address the issues highlighted from analysis of data.

Capital forecast

44. Attached at Appendix B is the capital forecast outturn for 2016/17. An underspend of £5.746m is forecast due to the re-profiled spend on the city link road, solar photovoltaic panels and Colwall school schemes.

Treasury management

45. The treasury management budget of £17.1m is forecast to underspend by £300k due to a decrease in interest rates being charged on short term loans. Further details are provided in appendix C.

Other budgets and reserves

46. Other budget and reserves includes a corporate contingency budget of £700k which, if not required for other purposes, would be used to offset any remaining year end overspend.
47. Appendix D provides a summary of debts written off in the first six months of 2016/17, for information purposes and as required under the financial procedure rules.

Community Impact

48. The recommendations within the report do not have any community impact.

Equality and human rights

49. There are no specific implications in the report. As regards demonstrating due regard

to the council's public sector equality duty (PSED), as part of our decision making processes we ensure that individual directorates and service areas assess the potential impact of any proposed project, leading to fairer, transparent and informed decisions being made.

Financial implications

50. Included within the report.

Legal implications

51. None.

Risk management

52. The risks associated with any delivery plan objectives and projects are entered onto the relevant service or directorate risk register and escalated as appropriate. The corporate risk register is available on the council's website and an overview of the significant risks is included within Appendix E.

Consultees

53. None in relation to this report. The development of the delivery plan was informed by the evidence base already gathered during the year and which includes user, resident and partner feedback where available.

Appendices

Appendix A Revenue forecast

Appendix B Capital forecast

Appendix C Treasury management forecast

Appendix D Debts written off

Appendix E Scorecards: Adults and wellbeing
Children's wellbeing
Economy, communities and corporate
Organisation wide

Background Papers

- [Adults and wellbeing databook](#)
- [Children's wellbeing databook](#)
- [Economy, communities and corporate databook](#)
- [Corporate risk register](#)