

Meeting:	Cabinet
Meeting date:	Thursday 16 November 2017
Title of report:	End of September corporate budget and performance report 2017/18
Report by:	Cabinet member economy and corporate services

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose and summary

This report is designed to provide assurance that progress is being made towards achievement of the agreed revenue and service delivery targets, and that the reasons for major variances or potential under-performance are understood and are being addressed to the cabinet's satisfaction. Cabinet is asked to review projected revenue outturn for 2017/18 and consider performance for the first half of the year.

Recommendation(s)

That:

The projected financial outturn and performance for the first six months of 2017/18 are reviewed and cabinet determines any additional actions required to achieve improvement.

Alternative options

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

Key considerations

Revenue outturn

- As at the end of September 2017 the revenue outturn for 2017/18 is projected to be a £2.172m overspend.
- The table below sets out the directorate position at the end of September. Further service detail is available in Appendix A.

Projected revenue outturn 2017/18 (as at the end of September)

Directorate Net Budget	Gross Budget	Net Budget	Projected full year outturn	Projected full year variance
	£000	£000	£000	Over / (Under)spend
				£000
Adults and Wellbeing	84,042	52,033	52,674	641
Children's Wellbeing	141,489	21,591	23,922	2,331
Economy, Communities & Corporate	68,077	46,998	46,998	0
Directorate total	293,608	120,622	123,594	2,972
Other budgets and reserves	73,497	24,403	23,603	(800)
TOTAL	367,105	145,025	147,197	2,172

Capital outturn

- This section provides a forecast for capital budgets. Where appropriate, the overall scheme variance is forecast alongside the in-year variances. The majority of schemes / resources are in-year only and therefore illustrated as such.
- At the end of September 2017 the council is forecasting slippage of £11.566m for 2017/18 – i.e. budget to be carried forward into 2018/19. A net overspend of £342k is forecast for 2017/18 (although budgets have been identified to address this). The slippage figure is artificially high due to the significant level of slippage brought forward from 2016/17 (£15.031m).

Corporate performance

6. Council approved the corporate plan 2016/17-2019/20 in February 2016, framed around the key priorities to:
 - 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.
7. In February 2017 Council approved the 2017/18 budget and, having regard to that budget, the supporting delivery plan was agreed by cabinet in April.
8. Progress is measured through a number of agreed 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.
9. Appendix D provides an overview of performance during the first half of 2016/17. The proportion of performance measures showing an improvement in performance compared to the same period last year has fallen significantly to 39% (58% at the end of May) and there are 55% (42% at the end of May) that are currently performing worse than the same period last year. Discussion with the directorates has identified that plans are in place or being put in place to ensure that reduced performance in key areas of service is addressed by year-end. Performance should also be put into context with the performance of the council in regard to delivering service this year with significant further savings. Maintaining performance with less funding is in itself an improved performance in terms of efficiency. A summary of performance and the challenges faced within each directorate is included below in paragraphs 11-50.
10. The unauthorised capital spend on the Blueschool House project has been a cause for serious concern and the Audit and Governance Committee (AGC) is overseeing actions being put in place so that all members can be assured about the robustness of the internal control processes and officer compliance with those processes. The Chief Executive has also approached the Local Government Association to establish a corporate peer review of governance and culture in this area to ensure that we have best practice embedded and use the opportunity for collective learning from this process. Potential improvements may also be considered to existing directorate performance reviews where cabinet members, political group leaders and scrutiny chairs have the opportunity to challenge performance.

Adults and wellbeing (AWB)

11. The forecast outturn for 2017/18 is a projected overspend of £641k at year end. This forecast, as at the end of September 2017, assumes the allocation of £2.5m from Better Care Fund (BCF) money going towards meeting adult social care needs.
12. The forecast overspend specifically within the adult social care client groups is £1.243m. This is mainly due to the full year impact of increases in the number of nursing client placements with physical support needs and a further increase in the number of physical support domiciliary care packages. There has also been an increase in the cost of

learning disability (LD) residential placements along with cost pressures in both LD domiciliary care and day care placements. Within LD residential care budgets there are also undelivered savings of £350k that are contributing to the current AWB financial position.

13. There has been a small reduction of £62k in the client budget overspend and this is mainly due to a fall in the number of physical support residential placements. There was an increase during the month within LD direct payments due to provision being made for a risk relating to an 'ordinary resident' case, but this has been partially offset by a reduction in residential care within the Memory & Cognition client cohort.
14. A focussed approach to filling vacant block beds and shared lives placements is continuing to ensure that the council gets best value and quality outcomes for service users from the block contracts that it commissions. There has been improvement in this area over the past few weeks.

What is going well?

15. Progress on the new Healthy Living Network Herefordshire continues with the membership pack under development and a training programme planned to start in January 2018.
16. The implementation of the Healthier you Diabetes Prevention Programme also continues, with 1,402 referrals and 405 participants now participating in the programme. Reporting of outcomes for the participants will be completed during the next quarter.
17. The number of people who attended a NHS Health Checks, has increased by 8% during the last quarter to 37.34%, which is the 2nd best for comparable authorities.
18. The backlog of Disabled Facility Grants awaiting surveyor input, due to staffing issues within our Home Improvement Agency service, is being actively mitigated, with the introduction of Trusted Contractor arrangements. This should result in an increase in rate over the next few months to help deliver the target of 200 completions. The number of people waiting for an occupational therapy assessment decreased from 332 in April 2017 to 150 in September 2017.
19. The number of hits to the WISH website during the quarter increased to 5,891 and over 40,000 page views. A series of upgrades to improve performance of the website will be completed by March 2018. Results from the annual satisfaction survey, and bi-annual carers survey, show improvements in the areas of availability of information and advice.
20. Culture changes and practice development within adult social care continue, in order to respond to demand pressures on services and ensure that appropriate and proportionate services are delivered to customers to meet their identified outcomes in a timely manner. Phase 2 of the pathway changes has now been delivered. This includes: improved information, advice and guidance to support people more effectively to live independently within their communities; improved referral options aimed at ensuring that customers receive the right level and type of support at the time of need; and the delivery of strengths-based staff training, which draws on the customer's strengths and assets.
21. Following the adoption of the new accommodation strategy for vulnerable young people by Cabinet in July 2017, a number of customised housing arrangements for disabled people and their families have been completed. Negotiation with Connexus, a group of

Herefordshire Housing, South Shropshire Housing Association and other housing associations, to confirm the detail of housing development for vulnerable people continues. Housing for vulnerable people is now being negotiated as part of s106 agreements for every major development scheme.

22. A pilot project to implement assistive technology to support clients with learning disabilities to remain living in the community remains on track. Enabled through a grant from the Department of Health, the project will provide adaptations and technology to 14 properties supporting up to 81 people.

Challenges

23. Herefordshire's Better Care Fund (BCF) and Integration plan was submitted on 11 September 2017 for regional and national assurance. The plan highlights the progress made during 2016/17, details key milestones for 2017/19 and is required to demonstrate plans to achieve delayed transfers of care (DToC) targets set by NHSE. Based on provisional data, the delays attributed to social care achieved the target for September, but delays attributable to the NHS were above the target, resulting in the overall system target not being met.

Children's wellbeing (CWB)

24. The outturn position for 2017/18 is a net overspend of £2.33m. This is an increase of £1m compared to the reported position in May. The increase overall is due to meeting children's needs in relation to safeguarding, including complex disability cases. The number of children in internal and external placements continues to be higher than expected. Internal placements increased from 214 in July to 250 in August but have now reduced to 212. We currently have 60 children in independent fostering agency placements at an average cost of £42k per year, 8 in supported accommodation at an average cost of £60k per year and 10 in residential placements costing an average of £162k per full year. With the exception of the spike in August, placement numbers are starting to reduce and for the year to September, 15 children have been adopted and 10 have returned home.
25. Short term planning for reducing the numbers of looked after children (LAC) can be problematic because crises will occur which necessitate a child becoming looked after. When this occurs we often have to use external provision as we have limited vacancies within our own resource. Whilst social workers seek to remedy domestic problems quickly and return children home, this is not always possible. Since April there have been 12 children placed in external foster provision of which 6 have, or are planned to return home. 7 of these placements were made by the Emergency Duty Team. Only 5 are planned to last for six months.
26. Herefordshire's comparative number of looked after children is higher than might be expected for our population. This figure is 85 per 10,000 and our statistical neighbours' average rate is 50 per 10,000. An invest to save project is now starting to provide additional capacity to support the reduction in the number of looked after children over the next 18 months. In order to progress the reduction in the LAC population, a number of applications to court will be required alongside the supporting assessments, changes to care plans and statements.
27. All other savings in the medium term financial strategy (MTFS) for CWB have been achieved and savings have been identified in-year to support the overall budget position.

However, the target reduction in the number of LAC for 2017/18 has not been achieved at the rate originally envisaged. This is also being experienced regionally and nationally and the local government association has identified a £2 billion funding pressure to meet the needs of LAC across the country. Officers met with colleagues from Solihull Council over the summer to review each other's challenges and approach to rising costs associated with meeting the needs of LAC and learning from this has been incorporated into our approach.

28. The overspend continues to be challenged and we are maximising the use of grants to offset costs and holding vacancies. Some savings achieved through vacancies are due to ongoing difficulties with filling social worker posts, whilst other non-frontline posts are being held.
29. The Threshold of Care Panel continues to operate and consider all requests for children to become accommodated apart from those subject to court proceedings which are screened through a Legal Gateway process. This provides a clear oversight of the numbers of children becoming looked after. In 2015/16 an average 10.2 children became looked after each month; the figure for 2016/17 was 8.6, a 16% reduction. In comparison with our regional neighbours, we have the 11th lowest rate of new entrants in the West Midlands for last period where comparative data exists.

What is going well?

30. At the end of quarter 2, the number of children subject to a child protection plan was 156. Whilst this has increased from the end of the last financial year, it is still appropriate when compared with our statistical neighbours. We have one of the lowest levels of children subject to child protection plans in the region and our timeliness for child protection conferences is one of the best. This reflects concerted effort by directorate and local safeguarding board colleagues.
31. The majority of new social work assessments are now completed within the statutory timescale. This is a notable improvement on the same period last year when the majority were not. This improvement has been sustained over the last two quarters and we have some confidence that new professional culture has taken root.
32. The Threshold of Care Panel has been in operation for a year and has overseen a sustained reduction in new admissions to the looked after system. Our rate of new admissions is now below the regional average.
33. Applications to the local family justice court have been concluded within the statutory timescale of 26 weeks. This is a notable achievement and our court is the highest performing in the region. Consequently, children are not left in limbo awaiting a decision on their future; whether that be a return to family, adoption or a long term care placement.
34. Although school examination results are still being verified, there has been a range of good performance in Herefordshire. Highlights include top quartile performance in phonics, continuing the significant improvement for Herefordshire children, alongside achieving above the national average for Key Stage 1 assessments. At Key Stage 4, pupils experienced the first year of the new GCSE grading for English and maths and achieved higher than the national average. At Key Stage 5 Herefordshire's maintained schools and academies with sixth forms have demonstrated the talent of the county's young people. The percentage of the county's students achieving the top grade of A* was 10.6%, which exceeded the national average of 8.3%

Challenges

35. During this period the number of our LAC has increased to 309 (an increase of 8 since the end of the last financial year). The Threshold of Care Panel continues to operate effectively to ensure that all new placements meet the proportionate criteria. This has been successful. The challenge has been, and remains, reducing our overall number of looked after children to a sustainable, demographically appropriate number of 220.
36. During the last quarter, 41 young people were identified who could have their care needs met through other arrangements; including special guardianship or a return to family. This work is a priority and a spend-to-save proposal has been approved to ensure there is sufficient capacity within the looked after service to complete all of the work required to achieve this goal.
37. As noted in the previous quarter's report the percentage of referrals accepted for assessment continues to be a concern because it is too low. We would expect the majority of referrals to be accepted if professionals applied the local thresholds of need guidance consistently. Analysis of decision-making within our Multi Agency Safeguarding Hub has confirmed appropriate decisions were made by the team and therefore the challenge remains the understanding of professionals within the county. This was raised as a priority for the local safeguarding children board at its meeting in October and each partner agency is tasked with going back to their own staff, reviewing the application of the Herefordshire Safeguarding Children's Board Threshold of Need and addressing professional practice and understanding.
38. Progress with our application to join the Adoption Central England regional adoption agency has been slow. A detailed application was submitted in the spring and we await a decision by the Department for Education.
39. The recruitment of experienced social workers remains a challenge and managers are working with our recently appointed business partner within HR and new approaches are now being undertaken.
40. In relation to school examination results Key Stage 2 maths is an area of focus for this academic year and the council is working with Herefordshire teaching schools and the sub regional school improvement approach with Coventry, Solihull, Warwickshire, Worcestershire and the regional schools commissioner's office to develop support. The achievement of pupils eligible for free school meals compared to their peers has shown some improvement in terms of narrowing the gap and some schools have made significant progress with this. However, the gap is still too big and is still an area of focus at an individual school and county level.
41. There are 17 disabled children currently being supported with overnight short breaks, either through a link fostering family or in a residential setting. In addition, there are a very small number of families that tell us that the available services do not meet their needs or expectations. Following the work to recommission and implement a new short breaks offer from April 2017, further planned work will be undertaken during the autumn to update the short breaks needs assessment, so that appropriate actions can be taken to address any potential gaps in sustainable ways. In the meantime, the council continues to offer and provide alternative forms of support to ensure that needs are sufficiently met.

Economy, communities and corporate (ECC)

42. The ECC directorate is currently projecting a nil variance at year-end. Although in previous years ECC have delivered a budget underspend to support the overall corporate position, savings delivery and mitigation of budget pressures is becoming increasingly challenging. ECC will continue to work towards achieving in-year savings for 2017/18.
43. Within the overall pressures highlighted, the ECC directorate has previously highlighted a shortfall in car parking income and a potential issue regarding planning fees whilst Government's delayed decision on a national fee increase is awaited. Although these issues are creating in-year risks for the directorate, it is not anticipated that they will create an ongoing base budget issue for 2018/19.
44. Energy cost savings have been identified, due to continued benefits from saving initiatives and challenging and resolving one-off historic issues.

What is going well?

45. It was announced on 1 August that Herefordshire's bid to the Challenge Fund was successful and that an additional £5m capital had been secured from Government, along with £3m of capital from the council's capital programme for the maintenance of the A465 South West of Hereford, A4103 and A438 west of Hereford. This funding was awarded for the current financial year and the terms of the grant requires the £5m from Government to be spent by the end of March 2018. This major programme of maintenance works across key A routes within the county commenced in August. Delivering these works in such a constrained period and avoiding adverse weather conditions during the winter period, presents a significant challenge. The nature of the works required has necessitated a number of road closures and has resulted in some disruption to the travelling public. However, these works will deliver a higher quality road surface, minimising the whole life cost and reducing the need for future reactive and planned maintenance.
46. The council continues to seek to increase contact through its website for routine transactions. The downward trend in the number of face-to-face contacts (14,339 recorded year to date) compares favourably with the same period last year (22,200). 63% of visits to the council's website are from returning visitors. This is an encouraging trend as people are able to find other information and the council website becomes even better trusted and utilised.
47. The target for the sale of council assets this year was £33.6m and it is currently forecast that £43.7m will be achieved. The increase is due to site sales being more attractive to the market than expected. As a result, £1m of planned savings is being delivered one year earlier than the MTFs plan.

Challenges

48. The increased time required to undertake background checks to ensure that the correct housing benefit claim value is being paid has caused a backlog in the processing of claims. Whilst the target to process claims is 19 days, outturn at the end of quarter 2 was 27 days. An improvement and training plan for staff is in place and the backlog is being monitored on a daily basis. Customers are also being directed to self-serve online wherever possible.

49. Following high profile capital overspend and the September Audit and Governance Committee (AGC), an Internal Controls Improvement Board (ICIB) has been established. The ICIB has been tasked with overseeing the development and implementation of an improvement plan to ensure effective internal controls in respect of capital spend, project management and contract management are in place and complied with across the council. The ICIB will report back to AGC in January 2018 and the AGC have tasked a small working group of members to oversee its work.
50. There have been more data incidents reported as a result of policy or procedures having not been followed, although there has been some recent improvement. Work is taking place with teams to ensure that incidents are investigated fully and that actions are being taken to avoid repeat incidents. Face to face tailored training sessions are being delivered to staff to ensure that they understand their responsibilities for handling data and the consequences of these types of incidents. Over the last 6 months there have not been any serious incidents requiring reporting to the Information Commissioners Office.

Community impact

51. Regularly reviewing performance with a view to identifying actions which will deliver further improvement in outcomes or efficiencies helps ensure the council achieves its corporate plan priorities.

Equality duty

52. 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.
53. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a factual report on performance achieved we do not believe that it will have an impact on our equality duty. 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.

Resource implications

54. Included within the report.

Legal implications

55. None.

Risk management

56. 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 are included within appendix D.
57. The council is required to close the accounts by 30 June 2018 which includes the approval of statutory statements by the chief finance officer. Failure to meet statutory deadlines carries a reputational risk for the council in relation to its corporate governance role.

Consultees

58. 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 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](#)