

Meeting:	Cabinet
Meeting date:	Thursday 15 February 2018
Title of report:	End of December 2017 corporate budget and performance report
Report by:	Cabinet member finance, housing 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 and capital outturn for 2017/18, consider performance for the first nine months of the year and authorise the use of reserves.

Recommendation(s)

That:

- a) the projected revenue financial outturn and performance for the first nine months of 2017/18 be reviewed and any additional actions required to achieve improvement be determined;**

b) the projected capital financial outturn and performance for the first nine months of 2017/18 be reviewed and any additional actions required to achieve improvement be determined; and

c) the chief finance officer be authorised to use reserves as set out below:

	Total £000s
Schools Balances: scheme of delegation	(8,089)
Children's planned improvement	(109)
Waste: planned as part of the PFI contract	(204)
Legal – specialist interims	(100)
Broadband and digital planning	(126)
Severe Weather – for the Link Road	(384)
Leominster landfill site	(15)
Hereford Relief Road	(308)
ECC	(600)
Total Movements	(9,935)

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.
2. Alternative option is not to agree to the use of reserves; this will lead to a corresponding revenue budget pressure.

Key considerations

Revenue outturn

3. As at the end of December 2017 the revenue outturn for 2017/18 is projected to be a £2.001m overspend.
4. The following table sets out the projected directorate position as at the end of December. Further service detail is available in Appendix A.

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

Directorate net budget	Gross budget	Net budget	Projected full year outturn	Projected full year variance over / (under)spend
	£000	£000	£000	£000
Adults and wellbeing	84,027	52,033	52,913	880
Children's wellbeing	141,672	21,564	23,583	2,019
Economy, communities & corporate	68,254	47,036	46,885	(151)
Directorate total	293,953	120,633	123,381	2,748
Other budgets and reserves	80,247	24,393	23,646	(747)
TOTAL	374,200	145,026	147,027	2,001

Capital outturn

- Appendix B provides the projected 2017/18 capital budgets outturn. Where appropriate, the overall scheme variance is forecast alongside the in-year variances.
- The December position is a forecast slippage of £29.669m for 2017/18 – i.e. budget to be carried forward into 2018/19. Since November all capital programmes have been reviewed and forecasts refreshed. A detailed capital monitoring report has been developed and will be fully implemented in 2018/19, to report on the quarterly positions as well as the overall programme and the sources of funding.

Other budgets and reserves

- Appendix C provides detail of the Treasury Management (i.e. investment and borrowing activity) outturn which is forecasting an underspend by £4.6m in required capital financing profiling. The main reason for this underspend is due to the approved change to the Minimum Revenue Provision Policy which is expected to generate an in-year saving of £3.8m. This saving will be added to the council's general reserves.

Corporate performance

- The council's corporate plan priorities are 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.

9. In February 2017 Council approved the 2017/18 budget and, having regard to that budget, the supporting corporate delivery plan was agreed by cabinet in April 2017.
10. 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.
11. Appendix D provides an overview of performance during the first nine months of 2017/18. The proportion of performance measures showing an improvement in performance compared to the same period last year has risen to 49% (39% at the end of September). There are 49% (55% at the end of September) that are currently performing worse than the same period last year.
12. Plans have been put in place following the previous report to ensure that reduced performance in key areas of service is addressed by year-end and would appear to have made an impact during Q3. Given the continued need for 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 13-51.

Adults and wellbeing (AWB)

13. The forecast outturn for 2017/18 is a projected overspend of £880k at year end – an increase of £239k from September. This forecast, as at the end of December 2017, assumes the allocation of £2.5m of funding from the Better Care Fund (BCF) going towards meeting adult social care needs. This also assumes a drawdown of £48k from grant payments within AWB to fund the Local Welfare provision service that is provided. There have also been drawdowns from Public Health reserves during 2017/18 that have gone to both match fund the Sport England funding received as well as contributing to the Public Health Nursing service.
14. The forecast overspend specifically within adult social care client groups is £1.506m. This is mainly due to the full year impact of increases in the number of client placements with nursing and physical support needs. There have also been increases in the number of physical support domiciliary care packages, in part due to the operational teams clearing the backlog of client assessments as part of the pathway redesign work. There have also been increases 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 there are also unmet savings of £350k that are contributing to the current AWB financial position.
15. There has been a reduction of £169k in the client budget overspend since the November forecast and this is mainly due to the successful outcome of an ordinary resident case. However, comparing to the September financial position there has been an increase in the client budget overspend position of £263k. This is due to both the number and cost of packages within physical support domiciliary care.
16. A focussed approach to filling vacant block beds and shared lives placements is continuing to operate to ensure that the council gets best value and quality outcomes for

service users from the block contracts that it commissions. There has been continued improvement in this area over the past few months.

What is going well?

17. The council's expanded in-house Home First was formally implemented from 22 November 2017, with the focus on supporting people in their own homes especially following discharge from hospital. Initial recruitment issues in this area have now been resolved. The new service is going through a phase of development and embedding, which is being monitored to ensure delivery and performance against better care fund targets.
18. The directorate held a series of panels during the last quarter to assess a number of proposals put forward by the Herefordshire health, social care and voluntary sectors for projects to support the grant conditions in the iBCF. Several schemes have been approved and we are now in a period of mobilisation with the successful agencies. These schemes are focussed on supporting transfers of social care and helping to build capacity and sustainability in the provider market.
19. During the quarter there have been 5,456 hits to the WISH website. This slightly down on the previous quarter due to a drop in website hits during December, but is to be expected during this month. October however saw the highest number of hits in the year to date. There have been 914 visitors to the WISH hub at the city centre library which is a slight increase compared to previous quarters and there were 639 telephone calls to the WISH team. The upgrade of the WISH website has now been implemented (January 2018), with further work planned to develop the interactive capability.
20. Adaptations have been completed to 9 of the 14 identified properties as part of a project installing assistive technology in homes supporting people with learning disabilities; works are underway for one more and works on 4 properties are scheduled for the final quarter of the project. Phase 3 of the project was not quite completed to schedule in Q3 due to lead time on provision of a specialist bath and additional works identified for that property. As well as supporting the development of independent living skills for existing tenants the project has enabled three people to move into supported independent living from leaving college. The project board is giving consideration to adding one, possibly two, more properties to the project. Technologies to the value of approximately £60k are still to be acquired following wider exploration of products and services to meet identified service user needs.
21. In order to support reduced numbers of admissions to care homes and reductions in the requirement for formal care, we continue to progress housing adaptations and Disabled Facilities Grants (DFGs). The number of approvals in applications for DFGs continues to rise: from 41 approved in Q1, to 51 approved in Q2, to 58 approved in Q3. The number of completion in Q3 is 45; taking the total number of completions this year to 131. The target for 2017/18 is 200.
22. The number of people waiting for an OT assessment has decreased very significantly, from 332 in April 2017 to 74 at the end of December 2017 – this is a positive outcome for the waiting service users and enables us to increase the number of people referred for DFGs and adaptations. The longest waiting time is now approximately nine weeks. The service remains committed to a target of 28 days waiting time to be achieved by end March 2018.

Challenges

23. The home and communities (HACS) framework, contract that supports the provision of care in people's homes, will end on 31 March 2018. The new framework will be split into two areas; care @ home (personal care) and supported living. These have been developed as two open frameworks which will ensure the council has a list of approved providers to offer choice and quality to individuals who need care. The care @ home framework closed just before Christmas and has received its first round of applications to join and the supported living framework opened to tenders on 8 January 2018. All new placements from 1 April 2018 will be to providers on the appropriate approved frameworks.
24. Although Herefordshire has one of the highest proportions in the country of care providers achieving ratings by the independent Care Quality Commission of 'good' or 'outstanding', there remain quality concerns with a small number of providers. This is coupled with ongoing difficulties in recruiting and retaining care staff, especially registered managers and nurses. The directorate continues to be very actively engaged with all providers where there are concerns, with several showing consequent improvement.

Children's wellbeing (CWB)

25. The outturn position for 2017/18 is a net overspend of £2.02m. This is a decrease of £312k compared to the position reported in September. This has resulted from a £166k draw down from reserves, a reduction in forecast for short breaks and direct payments to reflect activity to date and ongoing vacancies. There is little change in the overall number of care placements but average costs have reduced. Children in independent fostering agency placements has increased by 3 to 63 but the average cost of each placement has reduced to £34k per year (down from £42k). The number of children in supported accommodation has increased from 8 to 12 but the average cost per year has reduced from £60k to £44k per year. The number in residential care placements is unchanged at 10 but the average cost per placement has increased to an equivalent of £175k per year (from £162k per year). This is due to significant costs for one placement. For the year to December, 15 children have been adopted and 14 have returned home. This is in addition to those who have left care due to their age.
26. The national Financial Framework for the Troubled Families Programme has been updated from 1 January 2018. This means Herefordshire's Family Outcome Plan has also been reviewed to encompass these minor changes which still focus on the core aims of the programme to reduce children not attending school, parents engaging in criminal behaviour and encouraging engagement in work. The overall approach of holistically working with the whole family and achieving sustainable change against all the identified criteria for each family has not changed.

What is going well?

27. The majority of new social work assessments continue to be completed within the statutory timescale and the appointment of permanent managers in our assessments teams should consolidate this development. This improvement has been sustained during 2017 with some monthly variance.
28. The Threshold of Care Panel has been in operation for a year and continues to oversee a sustained reduction in new admissions to the looked after system. Our rate of new

admissions remains below the regional average and we can have confidence that a sustainable culture of appropriate decision making is now embedded.

29. We continue to provide stable placements for our looked after children, those young people that are in the care of the local authority to protect them from harm, and perform well against regional and national comparators. 85% of looked after children under the age of 18 have been in the same placement for more than 2.5 years.
30. Although there are concerns about the rise in the number of children subject to child protection plans, which are put in place when there are concerns that a child is at risk of severe harm while living at home, decision making within the child protection conference arena continues to be effective, with only 2 children remaining on a child protection plan for more than two years at the end of December.
31. Applications to the local family justice court continue to conclude within the statutory timescale of 26 weeks. This is a notable achievement and our court is still the highest performing in the region and one of the best nationally. As a consequence 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.
32. Colwall primary school has opened its new school buildings on time and to budget and is being well received by pupils and staff. A formal opening of the school is taking place in February 2018.
33. The development of a 16-19 SEN Free School in Herefordshire is progressing well and the council is currently evaluating interest in running the new provision, should it be approved by the secretary of state.
34. Attainment and progress data for Herefordshire for 2016-17 indicated significant strengths for pupils overall. The publication of additional pupil characteristics in January 2018 will give us a clearer understanding of how vulnerable groups (including SEND, FSM) fared at the end of their secondary education. Closing gaps in attainment for FSM pupils and their non FSM peers will remain a priority for the county. Data published thus far indicate some real improvements for FSM pupils in the EYFS, phonics and KS2 overall where success rates are higher than that of FSM pupils nationally. We will work with school leaders to support the closing of the attainment gaps, particularly where these continue to be a challenge in Herefordshire.
35. Significant progress has been made in delivering the national expectation to convert 600+ Statements of SEN into Education, Health and Care Plans by the expected date (end of March 2018). Many local areas are still struggling to meet this deadline.
36. Good progress has been made towards reaching the target of 12 carers offering short breaks through the sleepover scheme. Currently we have 7 sets of carers approved, 2 more being assessed and anticipate reaching the target by April 2018.

Challenges

37. At the end of Q3, the number of children subject to a child protection plan was 216. This increase is reflected in a rise in the number of child protection strategy meetings and investigations. During Q3 there has been a notable rise in children subject to child protection plans and, in the absence of any demographic change, this has prompted

concern. Analysis is underway to understand how this has happened and to propose actions to return our activity to that sustained between the summer of 2016 and 2017.

38. During the last quarter work within the directorate identified 80 young people who could have their care needs met through other arrangements including special guardianship or a return to family. An action plan was agreed and progress on this work is now a priority. Bimonthly reports are provided for senior members and officers, the first of which is due at the end of January 2018.
39. As noted in the previous quarters' reports the percentage of referrals accepted for assessment continues to be a concern because it is too low. 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.
40. Progress with our application to join the Adoption Central England (ACE) regional adoption agency has been slow. A detailed application was submitted in the spring and there has been extensive discussion with the DfE and ACE over recent weeks. A decision is likely to be made in May 2018 however we are in correspondence to confirm this and explore possible interim arrangements.
41. A workforce action plan has now been devised by our HR Business Partner to address the challenge we face in recruiting experienced social workers.
42. In line with national trends, we are experiencing high levels of demand for children and young people with special educational needs and disabilities. This is placing considerable demands on the high needs budgets and work is continuing to try to address this issue.

Economy, communities and corporate (ECC)

43. The ECC directorate is currently projecting a £151k underspend at year-end. This is an improvement on the last quarter when a balanced budget was being projected. This has been achieved through careful review of budgets, delivery of MTFs savings proposals and better than forecast income in a number of areas. Given the corporate pressures, ECC will continue to seek to improve on this position over the final quarter.

What is going well?

44. The new Hereford City link road opened successfully in December on time and within budget. The road marks a significant milestone in the regeneration of Hereford City. As part of further improvements, the road unlocks previously unseen and under-utilised inner city land for development, and plans can now be taken forward for the site to build new homes, a transport hub at the Hereford Railway Station, new public services buildings and university accommodation.
45. Cabinet agreed to proceed with the Development Regeneration Partnership following the appointment of Keepmoat as preferred bidder. It is planned for the contract to be finalised and signed by the end of February 2018, following which a number of potential schemes of development will be considered for approval by Cabinet.
46. Cabinet have confirmed the making of Compulsory Purchase Orders (CPO's) and Side Road Orders (SRO's) for the South Wye Transport Package – Southern Link Road (SLR)

in Hereford; and also considered Active Travel Measure feedback and approved the next step to develop a preferred package of active travel measures to be delivered with the SLR. Procurement of a contractor for the SLR will commence in early 2018. Works on site are programmed to commence in spring 2019. In tandem with the CPO process direct negotiations with landowners are taking place. Securing the land and procurement processes to appoint a contractor are being progressed as quickly as possible to begin delivery of this next stage of the Hereford Bypass.

47. Cabinet have agreed that the council will act as the accountable body for public funding allocated to the new Hereford university, NMiTE (new model in technology & engineering), during its establishment phase. The NMiTE University aims to open its doors to the first 300 students at a purpose-built city centre campus in Hereford in September 2020. It aims to have 5,000 students by 2032.
48. Balfour Beatty Living Places (BBLP) carry out a range of public realm (highways and related services) for Herefordshire Council. Work is progressing well to prepare the Annual Plan for 2018/19; this will seek to prioritise investment in highway maintenance building upon additional funding sources identified in the Council's capital programme.

Challenges

49. The commitment of grant funding awarded through the LEADER programme is running at well below profile and against the performance comparator Authorities. Significant temporary additional resources have been applied to the Herefordshire LEADER programme, working with the Local Area Group (LAG) to improve the situation, including staff from economic development to convert live applications to approvals.
50. There continues to be a backlog in the time taken to carry out background checks to ensure that the correct housing benefit claim value is being paid. The target to process claims is 19 days, and whilst there was a reduction during December, the outturn at the end of Q3 was 25 days (a reduction from the 27 days reported in Q2). Although, the improvement and training plan that was put in place for staff during Q2 is beginning to show results, it is unlikely that the target of 19 will be met in 2017/18. The time taken to deal with changes of circumstances in a claim has also seen a rise in the reporting period. Customers continue to be directed to self-serve online wherever possible.
51. Considerable work has been undertaken to develop a shortlist of bypass route options as part of the Hereford Transport Package (HTP). Cabinet has recently approved a further round of consultation (Phase 2) and this consultation commenced on 6 February for a period of six weeks. Work on the HTP remains a priority and we will be targeting resources to enable the selection of a preferred route and the requisite technical work required.

Community impact

52. In accordance with the council's adopted code of corporate governance Herefordshire Council must ensure that it has an effective performance management system that facilitates effective and efficient delivery of planned services. Effective financial management, risk management and internal control are important components of this performance management system. Herefordshire Council is committed to promoting a positive working culture that accepts, and encourages constructive challenge. To support effective accountability the council is committed to reporting on actions completed and

outcomes achieved, and ensuring stakeholders are able to understand and respond as the council plans and carries out its activities in a transparent manner.

53. 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

54. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
55. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. 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

56. Earmarked reserves have been identified that may be drawn down if alternative funding is not found to meet in-year pressures, as outlined in the following table. Recommendation c) seeks approval from Cabinet to enable this drawdown. If alternative funding sources or external contributions are secured this would reduce the call up on reserves.

Earmarked reserves planned and completed movements 2017/18

	Completed £000s	Proposed £000s	Total £000s
Opening Balance 1 April 2017			39,685
Schools Balances: scheme of delegation	(8,089)		(8,089)
Children's planned improvement	(109)		(109)
Waste: planned as part of the PFI contract		(204)	(204)
Legal – specialist interims		(100)	(100)
Broadband and digital planning	(126)		(126)
Severe Weather – for the Link Road		(384)	(384)
Leominster landfill site		(15)	(15)
Hereford Relief Road	1	(309)	(308)
ECC		(600)	(600)
Total Movements	(8,323)	(1,612)	(9,935)
Proposed Closing Balance 31 March 2018			29,750

Legal implications

57. None.

Risk management

58. 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.
59. 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

60. 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

[AWB databook](#)

[CWB databook](#)

[ECC databook](#)

[Corporate risk register](#)