

Meeting:	Cabinet
Meeting date:	Thursday 28 February 2019
Title of report:	End of December 2018 corporate budget and performance report
Report by:	Cabinet member finance and corporate services

Classification

Open

Decision type

Non-key

Wards affected

All wards

Purpose and summary

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 2018/19 and consider performance for the first nine months of the year.

At the end of the first nine months of the year there is a forecast revenue overspend of £289k, whilst the majority of projects are being delivered to schedule and 52% of performance measures are showing improved or stable performance. Action plans are being developed in relevant directorates to address the in-year pressures.

Recommendation(s)

That:

- a) the projected financial outturn and performance for the first nine months of 2018/19 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

2. The 2018/19 projected outturn is a £289k overspend as at the end of December 2018. The 2017/18 forecast outturn at December 2017 was a £2,001k overspend.
3. The table below sets out the projected directorate position as at the end of December. Further service detail is available in Appendix A, including an explanation of changes in the net budget.

Projected revenue outturn 2018/19 (as at the end of December)

Directorate net budget	Net budget	Projected full year outturn	Projected full year variance over / (under)spend
	£000	£000	£000
Adults and communities	52,016	52,016	0
Children and families	25,499	27,522	2,023
Economy and place	33,601	33,791	190
Corporate	14,923	14,962	39
Directorate total	126,039	128,291	2,252
Central, treasury management, capital financing and reserves	18,085	16,122	(1,963)
TOTAL	144,124	144,413	289

4. The council has delivered a balanced outturn in previous financial years by delivering savings as central government funding has been reduced. The council continues to direct its resources to deliver the key services required by residents while reducing overall costs to demonstrate efficiency and ensure good use of scarce resources.
5. The Adults and communities directorate has a balanced budget due to further reducing the number and the cost of placements. The Children and families directorate overspend has remained reasonably static since September. Central, treasury management, capital financing and reserves shows an underspend due to savings on interest costs.
6. The revenue budget reported in the table above is as per the revised directorate structure. The movement in the budgets to the new structure is detailed in appendix A.
7. Monitoring of the achievement of savings continues on a monthly basis with the directorates. Analysis of the savings achieved in 2018/19 is included in Appendix D.

Capital outturn

8. The capital programme budget has increased since the July Council meeting from £297.25m to £325.630m due to an overall increase of £28.38m of grants, detailed in Appendix B, table b. The only other change is the reprofile to reflect the anticipated spend on projects during the current financial year as requested at July Council. The current year forecast spend is £47.8m against an adjusted budget of £68.6m (originally approved at £145.3m). This reflects revised profiles of spend on major projects. These variances are detailed in Appendix B, table a.
9. Appendix B provides the 2018/19 capital budget forecast by project in table a and the updated overall capital programme to reflect all the changes to date in table b. The table below shows how the reprofile is reflected in each financial year and the addition of £28.38m grants.

	Prior Year Spend	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	Total
	£000	£000	£000	£000	£000	£000
July Approved Budget	95,374	145,315	48,077	8,484	-	297,250
Reprofile	(4,883)	(74,247)	65,664	13,269	197	-
Additional Grants	-	(2,445)	4,687	22,920	3,218	28,380
Revised Capital Budget	90,491	68,623	118,428	44,673	3,415	325,630

Other budgets and reserves

10. The net treasury forecast outturn is expected to be a surplus (underspend) of £1.8m, this is detailed in Appendix C. The main reason being the delayed need to borrow due to capital receipt cash funds which has reduced the forecast annual interest cost payable. At the same time, the forecast interest earned is higher reflecting bank base rate increases (currently 0.75%) in the period. The total forecast outturn includes an £0.2m underspend on the £0.7m contingency budget.

Corporate performance

11. 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.
12. In January 2018 Council approved the 2018/19 budget and the supporting delivery plan was agreed by cabinet in April 2018.
13. Progress towards implementing the delivery plan 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.

14. Appendix E provides an overview of performance during the first nine months of 2018/19. The proportion of performance measures showing improved performance or remaining the same compared to the same period last year is 52% (52% at end of September); there are 48% of performance measures that are currently performing worse than the same period last year (48% at end of September).
15. A summary of performance and the challenges faced in achievement of each of the council's corporate plan priorities is included in paragraphs 16-54.

Enable residents to live safe, healthy and independent lives

Staying well at home

16. Uptake of NHS Health Checks has improved in Q3 but overall remains below target. Whilst work is underway with the provider with the aim of implementing an action plan to increase uptake before the end of the financial year, the target of 20% of eligible population being invited of which 55% have an NHS Health Check is unlikely to be reached. A further review of health checks is to be completed before the end of the financial year and changes implemented for the next financial year to get the greatest gain from this service.
17. There has been a steady increase in the numbers of people accessing information and advice using the WISH online service. October and November reported the highest in month figures since the service was established with average of around 2,400 hits per month.

Targeted support

18. There has been steady progress on recruitment of hard to fill frontline reablement workers within the HomeFirst service. Current projections suggest that a full complement of staff should be in place by the end of quarter 4. Workforce development within HomeFirst will be a priority, with training in medication management, manual handling and safeguarding being the initial focus. Planned completion of this training is the end of quarter 4.
19. Following the introduction of the Homelessness Reduction Act in April 2018, there has been a 59% increase in footfall and an unprecedented demand upon need for Temporary accommodation for which the council has a statutory duty. This is impacting upon spend levels within the overall Housing Services budget and within the Temporary Accommodation budget in particular and continues to be managed by the Housing Solutions Team.

Care provision

20. To support the management of hospital pressures, Winter Pressures money has been invested in the care market for community discharges, increase of the capacity of the HomeFirst service and purchasing of a small number of block domiciliary care hours. To manage ongoing pressures within the local care market, a consultation is underway regarding proposals to increase the hourly rate for domiciliary care providers by 7.18% for urban providers and 20% for rural providers.
21. To enable improvement in the discharge from hospital, a dedicated integrated health and social care discharge lead has been appointed. This role will align hospital and social care resources to ensure the discharge processes are managed effectively.

22. To manage the increased demand for nursing provision, the number of block beds available to the council has been increased and additional plans are under development to further increase this capacity at Waverley House and Hillside. This will potentially increase capacity by 11 beds and 25 beds respectively.

Keep children and young people safe and give them a great start in life

Helping all children and young people succeed

23. A significant improvement in educational outcomes has taken place in Herefordshire over the past 5 years. Data on 2018 published results for primary and secondary schools in Herefordshire validated in the autumn term indicate that the county is performing in either the top or second quartile of all local authorities in the vast majority of performance indicators. Areas that are now being targeted by local authority officers are improving outcomes in the Attainment 8 measure at the end of Year 11; ensuring more primary pupils achieve the higher standard (greater depth) in Key Stages 1 and 2; securing higher attainment for disadvantaged groups, particularly pupils eligible for free school meals.
24. Overall, school budgets remain tight as improvements in revenue have not kept pace with rising costs. The schools forum recently approved the schools budget (£100.2m in total). The county benefitted from an additional £200k funding made available from the national growth fund and this will be split equally between schools and the high needs block. Consequently, all Herefordshire primary and secondary schools will receive their full funding according to the national funding formula, plus an extra £15 per pupil.
25. Nationally, there has been much publicity around pressures in the high needs block as a number of local authorities are currently in deficit and have been required to top-slice funding from the schools block. This is not the case in Herefordshire as in the autumn term, the Secretary of State, confirmed extra high needs funding for Herefordshire of £375k for both this and next financial year. Although as a consequence, pressures have been alleviated in the short term and the high needs block in Herefordshire is currently not in deficit, the schools forum has elected to keep this position under review on an annual basis.
26. A review of special educational needs provision across the county is a key priority in Herefordshire's strategy for Education, Development and Skills. The council is committed to supporting schools to develop inclusive practice that will enable more pupils to remain in mainstream schooling. National trends and developments have seen the numbers of children who are temporarily excluded from school rise with more children entering home education. This is also reflected in Herefordshire (although the county still ranks below the national average in these measures). In the autumn term, the council commenced, in collaboration with schools, a review of the county's pupil referral unit and how it operates. This development complements current capital projects with schools and academies that aim to improve provision for pupils with special educational needs; these include the 16-19 free school build at Barrs Court Special School and increasing provision at The Brookfield School for students with social, emotional and mental health needs.
27. In the autumn term, a number of inspections by Ofsted took place in schools affiliated to the Bishop Anthony Education Trust in Herefordshire and Shropshire. Academy schools are directly responsible to the Regional Schools Commissioner's office, based within the Department for Education (DfE). This office has no powers of intervention unless an academy has been judged to be inadequate. Notably, within Herefordshire, The Hereford Academy was judged to be inadequate. Local authority officers are now in discussion with representatives from the DfE over the academy's future; this may include changes to the academy's leadership and/or trust arrangements.

Keeping children and young people safe, in supportive family environments

28. The introduction of the new local Early Help Assessment (EHA) has replaced the Common Assessment Framework (CAF), resulting in increased assessments from 500 in January 2018 to 945 at the end of December 2018. This means that more families are being supported earlier before they reach the need to require an intervention from the statutory services.
29. The number of families who have achieved sustainable changes under the national Troubled Families programme, Payment By Result (PBR) by the end of December 2018 was 366. This has brought a further £53.6k into the council equating to a total of £292.8k at the end of the last quarter.
30. The number of children subject to child protection plans has remained at 124 in Q3, compared to the latter part of 2017/18, which ended at 201. This has been achieved through providing additional capacity to review current cases. The council's number is now below the statistical neighbours' average based on most recent data. More specifically the national children in need (CIN) census data at the end of December 2018 shows that the rate per 10,000 children was 34, the national average 45 and the West Midlands average 50.
31. The service has reviewed the application of thresholds and service support to ensure that children and young people are being effectively supported at the right level of need. A number of cases that have stepped down from child protection (CP) plans have been audited and the findings have been taken to the Safeguarding and Family Support management meeting to ensure that there is oversight of this practice within this area.
32. The council established a specific work programme to address weaknesses regarding approach to CIN. A dedicated senior manager led the work for a three-month period and has produced a clear CIN policy and procedure, which has recently been implemented. During this process and the establishment of CIN panels, 181 CIN cases were reviewed. CIN visits are being monitored as part of a weekly performance management approach, which has shown some improvement but still needs to get much better. Strategy meeting guidance has also been reviewed and implemented. S47 guidance is in the process of being produced to improve the practice in this area.
33. The looked after children (LAC) numbers have increased overall during this financial year from 314 to 332 as at the end of December 2018; despite the overall number remaining the same as the previous quarter there were 5 children who ceased to be looked after in December 2018. The increase has been due to the impact of long-term neglect and some large sibling groups being taken into care over recent months. Ofsted identified that there had been some delay in progressing neglect cases.
34. As a result of an improved approach to performance, children are receiving more timely visits. CP visits are at 85% in time in December 2018 compared to 69% in September, LAC visits are 74% compared to 65% and CIN visits are recorded as 63% compared to 44%. However, the accuracy of the reports need to improve particularly for LAC and CIN, as they do not take into account different timescales for visiting a child/young person. Whilst timeliness of visits is still not as good as it should be, it is showing an improvement.
35. The recording continues to improve for both cases and social worker supervision; in September 43% of case supervisions were being completed, this has risen to 61% as at the end of December 2018. There has also been an increase in the percentage of social worker supervision that are being completed, which was 75% as at the end of December

compared to 73% in August; the percentage of social worker supervision being completed was not calculated prior to August 2018.

36. In the year to date 59% of assessments have been completed within timescale and although the year to date percentage increased slightly from 56% last quarter, this remains a significant area of concern and work is underway to ensure that the number of cases that require assessment are undertaken in a robust and efficient manner. Note that the target that has been set is for 80% of assessments to be completed within the 45-day timescale and in December 2018, 94% were completed within the timescale, a significant improvement. Of the assessments completed in December, 89% of cases are reported as seeing the child within 10 days. To continue this improvement changes are being made within the Mosaic system to set a 3-day limit.
37. It had been identified that some cases were in the wrong teams and as a consequence the council's transfer process has been updated and a review process and reporting implemented. Management capacity in the CP/Court services has been increased, as well as social workers recruited to fill vacant posts.

Support the growth of our economy

Improve the infrastructure

38. The development of the preferred package and business case for the South Wye Transport Package is progressing to programme. Heads of terms have been agreed with all landowners and legal agreements are being drafted to exchange.
39. The Chancellor of the Exchequer announced in the Budget 2018, that the Government is allocating £420m in 2018/19 for local highways maintenance – £5.108m of which has been allocated to Herefordshire. This new capital funding represents a significant extra investment in road maintenance and is on top of the funding DfT have allocated for local highways maintenance purposes. The £5.108m has been added to the Highways Asset Management line in the council's capital programme, allowing the council to increase that programme of work. To allow effective use of the grant allocation £2.608m will be utilised to support work already programmed in 2018/19. The remaining £2.5m will be utilised to deliver additional in-year resurfacing work. As a consequence of this the £2.608m that would have been invested by the council, as an addition to the funds received through the Local Transport Plan (LTP) maintenance grant allocations and pothole fund, can be utilised in 2019/20. Through adopting this approach the council will meet Government's spend criteria and enable the funds available through the council's capital programme to be invested in accord with its Asset Management Strategy and in a way that achieves better value for money.
40. Masterplanning work has commenced on options for the Country Bus Station including potential for a new multi-storey car park. Initial design feasibility works commissioned at stage 1 in respect of stand redevelopment at Hereford Football Club. Successful delivery of this scheme would make an important contribution to the significant development and improvement currently underway on Blackfriars street, contributing to the regeneration of the Urban Village area, enabled by the new link road.
41. Ledbury has become the first market town to reach referendum stage, with the Leominster referendum scheduled for 28 February. To date, four market town Neighbourhood Development Plans (NDPs) have reached the formal regulatory stages (Reg14 to referendum). 14 NDP's have become part of the statutory development plan in 2018 (46 in total since 2012). Several Neighbourhood Planning Referendums have taken place during February 2019, with further referendums taking place later in the year.

42. The Hereford Area Plan site options consultation is now completed and a draft design guide is subject to consultation.
43. Updated proposals for pitch provision within the Travellers Sites DPD have been submitted to the examiner and the Inspector's modifications are expected in the Spring. Recommendations will determine the subsequent timetable for adoption.
44. Ross Enterprise Park business case has been completed and applications have been submitted to discharge planning conditions and finalised designs prepared. An enabling package of works is being prepared with a view to starting on site in March 2019.
45. As part of the new phase of broadband deployment in Herefordshire, additional premises in Hereford are in plan to receive superfast broadband. Though Fastershire is primarily a programme to deploy fibre broadband in rural parts of the county, there are some premises in the city with very low speeds that commercial providers would not reach without public funding. A contract is therefore in place with BT to connect an additional 2,200 premises in the city. The Fastershire website includes details of premises in Hereford in plan and those that can already order a superfast broadband service.

Spend on Fastershire is behind profile due to payment being held back until work is completed by the supplier for the broadband fibre rollout. The supplier has been asked to provide evidence of deliverables and outcomes with due diligence before payment is made.

Develop the economy

46. Significant progress is being made on the Hereford Enterprise Zone. On 13 December 2018, Cabinet approved the creation of a Joint Venture company between the council and the University of Wolverhampton to deliver and operate the Centre for Cyber Security at the Enterprise Zone. In addition, a contractor has been appointed to carry out the redevelopment of the Shell Store which will provide business units in this historic location.
47. The Station Approach project was approved at Cabinet on 13 December 2018. The scheme will support short-term student accommodation needs for NMiTE and longer term needs for Herefordshire College of Arts (HCA), subject to final agreements. This is the first significant project to be delivered through the Development and Regeneration Partnership (DRP) on the new link road.

Ensure access to housing

48. Planning permission for 45 homes on the site at Bromyard former depot has been secured including the provision of affordable housing. Subject to securing access to site work will commence in the new financial year.
49. Initial investigations are underway in respect of the former Holme Lacy school site, with potential for delivery of new homes to high standards of sustainability.
50. To date there have been 112 affordable dwellings delivered against a target of 200 for the year.

Secure better services, quality of life and value for money

Efficient use of resources

51. To ensure the council's corporate compliance with data protection legislation and compliance with the national data security and data protection toolkit, all staff are required to complete their mandatory information governance and security training that currently stands at 99.7%.

Despite the increased numbers of Freedom of information requests the council are achieving the target of 95% response rate within timescales.

52. The elections team finalised the canvass during December and have increased the electorate register figure by 1% (1,300).

Planning is underway for the local government elections on 2 May, including updated website with links and nomination packs and arranging briefing sessions with parish clerks, prospective candidates and agents.

Improved customer service

53. The second issue of Herefordshire Now was published the first week of December. In the first four weeks 805 people had read the publication online (an increase from 671 in the first four weeks of issue 1), and many more may have read the paper version. Social media items from the publication reached 14,500 people.
54. The Blue Badge service is changing as a result of the Department for Transport no longer supporting the ICT system for badge applications, and therefore the customer services team have tendered for a local system which is currently being implemented. A recent audit found that the systems and processes in place adequately support the current numbers of Blue Badge applications across Herefordshire

Community impact

55. In accordance with the 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. 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.
56. 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

57. 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.
58. 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 decision making, in the design of policies and in the delivery of services. As part of the decision making processes, individual directorates and service areas assess the potential impact of any proposed project, leading to fairer, transparent and informed decisions being made.

Resource implications

59. The overall trend in workforce costs continues upwards which is a consequence of the additional £1.5m investment in children's workforce. The data shows a reduction in the use of agency staff in all other areas of the council.

Legal implications

60. None.

Risk management

61. 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 E.
62. The Welfare Reform risk has been removed as a corporate risk. Universal Credit has started to be rolled out, and whilst there is still some uncertainty as to the full implementation process nationally, the framework is now in place. This risk has now been superseded by the new risk regarding the uncertainty of long-term social care funding, which is currently being considered under the social care green paper.

Consultees

63. 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	Savings performance reports
Appendix E	Scorecards
	Adults and communities
	Children and families

Economy and place

Organisation wide

Background papers

Databooks ([link](#))

Corporate risk register ([link](#))