

Title of report: Q1 Budget & Performance Report

Meeting: Cabinet

Meeting date: Thursday 30 September 2021

Report by: Cabinet member finance and corporate services

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose

To review performance for Quarter 1 2021/22 and the final budget outturn for the year.

To provide assurance that progress has been made towards delivery of the agreed revenue budget 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.

The forecast 2021/22 outturn shows a £65k overspend.

The proportion of performance measures showing an improvement, or remaining the same compared to the same period last year is 54%. At the end of the quarter, 60% of actions from the delivery plan are identified as complete or are progressing within planned timescales.

Recommendation(s)

That:

- a) Cabinet review the performance and financial forecast for year 2021/22, as set out in appendices A – F, and identifies any additional actions to be considered to achieve future improvements.**

Alternative options

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

Key considerations

Revenue Budget

- The 2021/22 outturn is £4,854k overspend before the allocation of the COVID-19 grant. The net overspend is £65k.
- The table below sets out the cabinet portfolio position at the end of July. Further service detail is available in appendix A.

Portfolio	Councillor	Gross Budget	Working Budget	Outturn	Forecast Variance	COVID Grant Allocation	Variance including the Grant
		£000	£000	£000	£000	£000	£000
Health & Adult Wellbeing	Cllr Norman	99,802	59,669	60,154	485	1,100	(615)
Children's and Family Services, and Young People's Attainment	Cllr Toynbee	47,954	37,477	39,241	1,764	1,000	764
Commissioning, Procurement and assets	Cllr Davies	21,414	15,460	16,888	1,428	1,200	228
Environment and Economy	Cllr Chowns	3,408	2,392	2,352	(40)	0	(40)
Housing, Regulatory Services and Community Safety	Cllr Tyler	4,323	779	865	86	500	(414)
Infrastructure and Transport	Cllr Harrington	20,504	10,091	10,533	442	90	352
Finance, Corporate Services and Planning	Cllr Harvey	22,183	15,352	16,393	1,041	26	1,015
Corporate strategy and budget	Cllr Hitchiner	1,698	810	858	48	873	(825)
Portfolios		221,286	142,030	147,284	5,254	4,789	465
Central, treasury management, capital financing & reserves		19,883	18,966	18,566	(400)	0	(400)
Total Revenue		241,169	160,996	165,850	4,854	4,789	65

- Health & Adult Wellbeing is reporting a forecast net overspend of £485k. The main reasons for the current overspend position is savings yet to be delivered (some savings proposals will only generate a part-year effect so will materialise later in the year) and pressures within homecare. Children's and Family Services and Young People's Attainment is overspent by £1,764k due to the cost of placements increasing since budget setting. The Commissioning, Procurement and assets overspend of £1,428k relates to savings not being delivered in this financial year. Infrastructure and Transport is seeing pressures in car parking income. The overspend in Finance, Corporate Services and Planning is due to planning income not meeting forecasts and additional costs in finance and legal relating to additional expenditure for supporting COVID-19 work and project delivery.
- The central, treasury management, capital financing and reserves underspend is detailed in Appendix C and reflects the delayed need to borrow from a combination of high cash balances and slippage in capital investment spend, detailed in appendix B.

Capital Budget

- The original £97.870m capital budget for 2021/22 has been revised to £136.705m, the summary breakdown is shown in the table below, but this consists of £33.296m 20/21 carry forwards of unspent budget, £0.056m use of reserves and additional grants of £5.483m.
- The forecast spend position is £67.225m which is an underspend of £69.480m of the budget of £136.705m. Full details for each project are in appendix B. This underspend consists of £5.817m projects that are likely to deliver below the project budget and projects that may no longer be required such as the car park fire suppression system of £750k. The remaining £63.663m are budgets that may not be committed in this financial year but will be rolled forward to 2022/23 as they are funded by grants or land may not be acquired in this financial year for housing but the

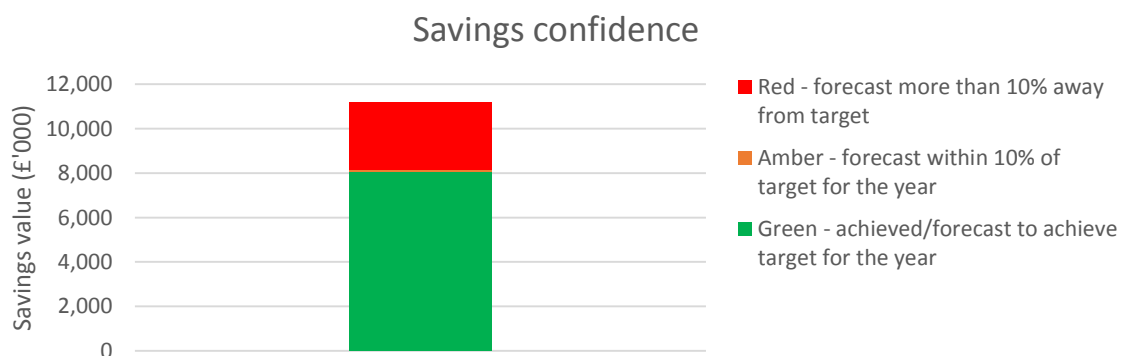
budgets are needed to be retained for those projects to ensure delivery. The full capital programme by project for this and all future years can be seen in detail by project in appendix b.

8. The spend next to the capital spend in some instance (not all) is reflective of progress of programmes. An injection of activity has taken place with additional delivery directors and project management support but that has yet to materialise in significant spend. As part of the Quarter 2 budget and performance report a full review of Delivery Plan activity will take place in consultation with cabinet portfolio holders, to ensure a clear understanding of which schemes will complete in the financial year, and those which will carry forward in to future years.

	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	Total
February 2021 Council Approved Budget	97,870	66,634	21,179	10	185,693
20/21 Carry Forwards	33,296	-	-	-	33,296
Use of Reserves	56				56
Additional Grants	5,482	-	-	-	5,482
Revised Capital Budget	136,705	66,634	21,179	10	224,527

Savings

9. The graph below shows the confidence in the delivery of savings identified for 2021/22. As can be seen below, at the end of July, 72% of the savings agreed at Council in February is forecast to be achieved. This is based on, £5.569 million (49.70%) of the £11.205 million savings for the having already been achieved by the end of July, and a further £2.494 million on target to be achieved by the end of the year, leaving a total of £3.142 million unlikely to be achieved.



10. The status of the savings at 31 July 2021 are outlined in appendix D which includes savings unlikely to be achieved (including forecasts more than 10% away from their target). A summary of savings plans and status per directorate is below:
- Children and Families Directorate: £1.309m shortfall on a savings target of £2.390m
 - Economy and Place Directorate: £1.722m shortfall on a savings target of £4.348m
 - Adults and Families saving of £3.270m on target to be delivered
 - Corporate Centre: though a current shortfall of £111k savings based on a target of £1.197m this is likely to be met.

11. Where it has been identified there are risks to the delivery of savings alternative proposals are being developed in consultation with the cabinet portfolio holders in preparation for Quarter 2 Budget and Performance Report.

Section 106 portfolio of works

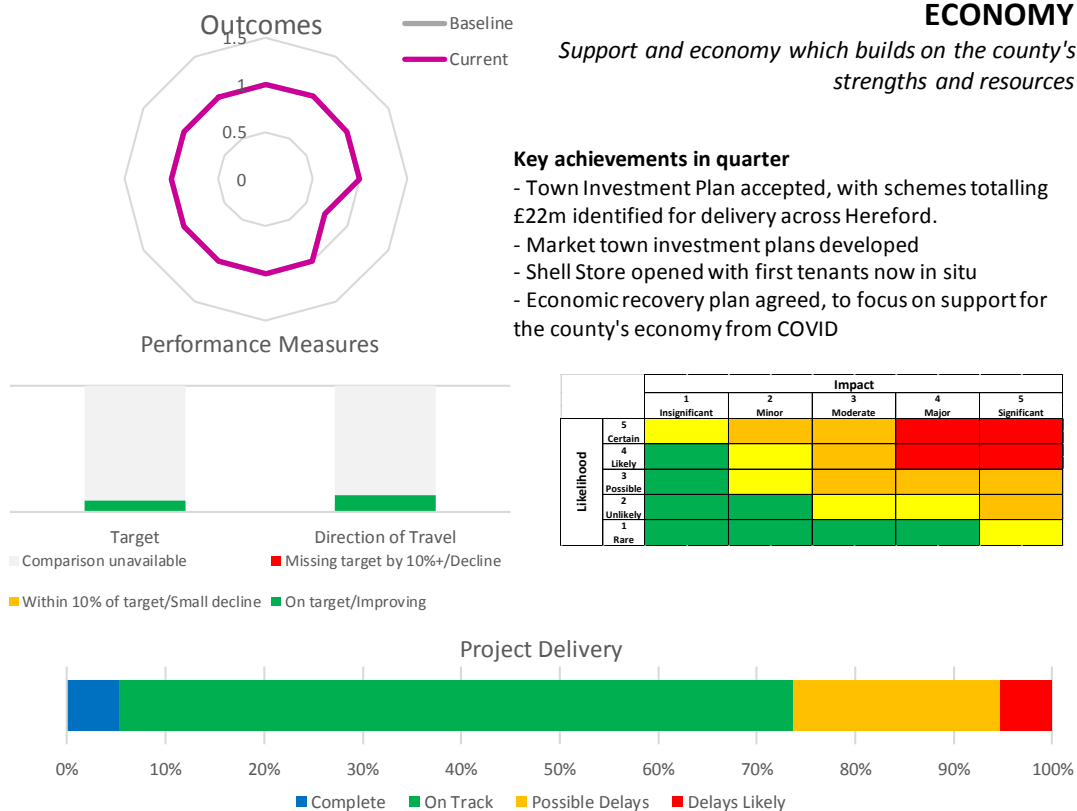
12. Section 106 agreements are legally binding obligations between Herefordshire Council and developers (under the Town and Country Planning Act 1990) to ensure developers make a reasonable contribution to local physical and social infrastructure. These agreements are linked to specific developments and specifies what gain type category the money has been secured for, for example, highways schemes, recreational facilities, education and health. The current total of Section 106 monies available to spend is £9.3m across 14 gain type categories.
13. The council is currently reviewing the procedures and works, undertaking analysis and identifying delivery proposals and processes. This is scheduled to be presented to Cabinet in November 2021 to obtain approval of the new delivery proposals and processes and to put in place appropriate delegation to approve spend, including resources, to deliver the Section 106 schemes identified.
14. The Section 106 portfolio of works updates and monitoring will now be included in future quarterly budget & performance reports.

Performance: Economy

15. Of the 19 deliverable projects identified in the delivery plan, 1 project is complete, 13 are on track, 4 have possible delays, and 1 is delayed. All reported performance measures within the theme have met, or exceeded targets – there remains some work to ensure all measures have targets established. All measures have shown an improvement on the same point last year where comparison can be made. These actions, and measures contribute towards a desired improvement in the outcomes identified. The visual below provides an overview of this information, and greater detail on the deliverables, outputs and outcomes of the delivery plan can be found at appendix E. Within appendix E is a column which details whether each of the deliverables for the year are planned to be completed this year or next year and those deliverables which will extend in to next year, in instances where the work has slipped in to next year, this could be for a range of circumstances including resource and funding availability, unexpected events, or re-prioritisation of work; within the economy theme 42% of the actions are due to be complete this year, 53% are due to be continue in to next year as planned, 5% have slipped from completion this year in to next.

ECONOMY

Support and economy which builds on the county's strengths and resources



Key achievements in quarter

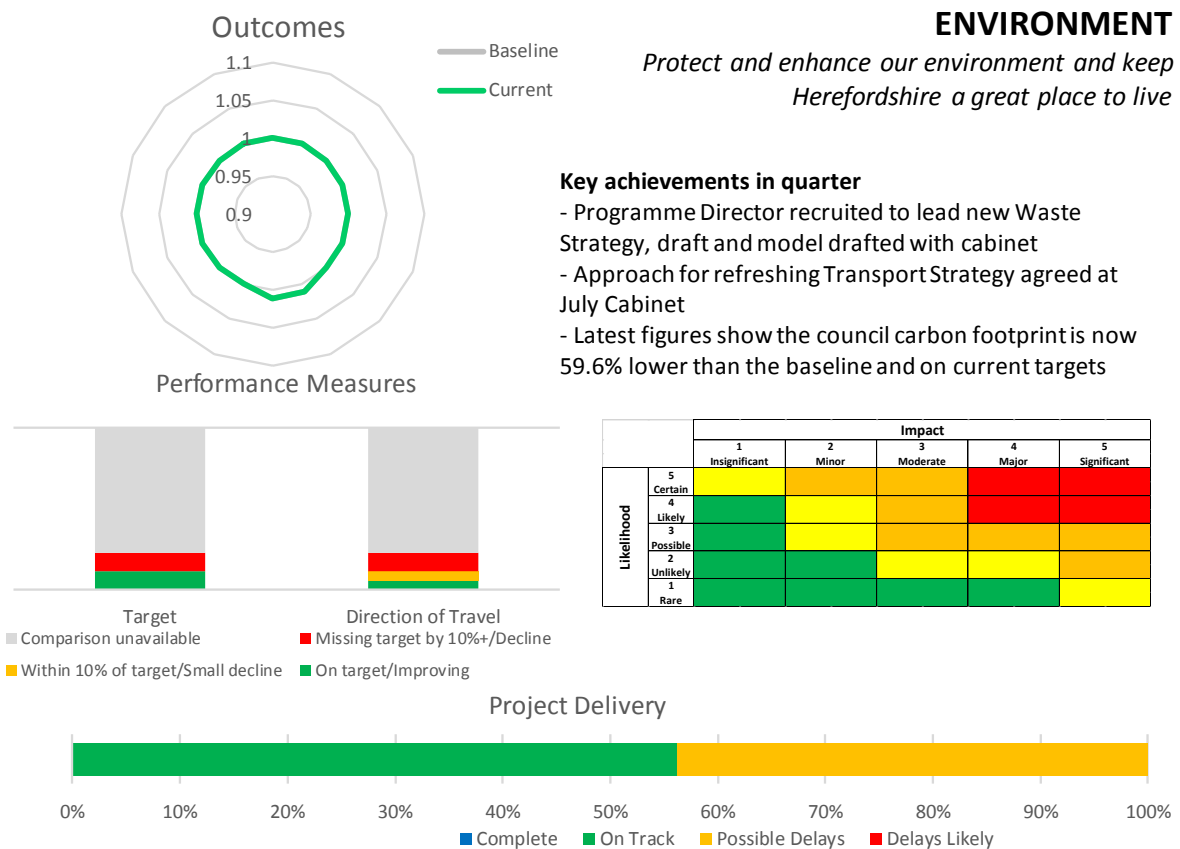
- Town Investment Plan accepted, with schemes totalling £22m identified for delivery across Hereford.
- Market town investment plans developed
- Shell Store opened with first tenants now in situ
- Economic recovery plan agreed, to focus on support for the county's economy from COVID

- Funding has been confirmed for the Town Investment Plan, this has secured £22.4m of funding for investment across the city. Further information on the full list of scheme can be found [here](#).
- The final draft strategies have been developed for the Market Town Economic Development Investment Plans, through engagement with local stakeholders. The plans are due to be considered by Cabinet in October 2021.
- June saw the [opening of the Shell Store](#) housing 25 business incubation units. These units are anticipated to generate approximately 128 new jobs by 2023, rising to 450 by 2031.
- In support of the COVID-19 economic recovery plans agreed by Cabinet outlining how the council will invest the £6.1 million – a copy of the plan can be found [here](#). Further detail on the progress made against the elements of this plan can also be found in appendix E.
- A revised completion date of September 2021 for the student accommodation site at Station Approach is anticipated following construction delays.
- Delivery of a Youth Employment Hub is now planned for September 2021 due to a delay in securing match funding. A hub building in Hereford city will link to market towns and communities working via Talk Communities centres. Despite a slow start in the DWP's Kickstart scheme nationally, Job Centre Plus is now prioritising young people aged between 16 and 24 in receipt of Universal Credit for consideration; there are over 60 live vacancies, which included 20 Herefordshire Council, 10 Hoople and 22 placements with Wye Valley Trust however there have been challenges in engaging with some younger people to date.
- The Marches Local Enterprise Partnership funded marketing and PR [campaign](#) to promote Herefordshire as a tourism destination in support of COVID-19 recovery, has exceeded initial targets, generating over 1.3 million social media impressions, the advertising campaign reaching 8.3m people, coverage in a wide range of national newspapers and magazines, over 100,000

unique visitors to the redeveloped website (www.visitherefordshire.co.uk) since March 2021; and the first ever Herefordshire TV advert launched on 17 July: <https://www.youtube.com/watch?v=W4OhqUxiRLM>. 483 businesses directly assisted, featured on the website (www.visitherefordshire.gov.uk) or in PR campaigns. The results of a survey of businesses indicate that that 148 jobs were at risk without the additional trade generated by the project (25.3% of responding businesses).

Performance: Environment

23. Of the 16 deliverable projects in the delivery plan, 9 are on track and 7 have possible delays. Half of performance measures within the theme that have data have met, or exceeded, identified targets – there remains significant work required in establishing appropriate targets with these measures. Only 25% of measures have shown an improvement on the same point last year where meaningful comparisons have been possible. These actions, and measures contribute towards a desired improvement in the outcomes identified. The visual below provides an overview of this information, and greater detail on the deliverables, outputs and outcomes of the delivery plan can be found at appendix E. Within appendix E is a column which details whether each of the deliverables for the year are planned to be completed this year or next year and those deliverables which will extend in to next year; within the environment theme 31% of the actions are due to be complete this year, 50% are due to be continue in to next year as planned, 19% have slipped from completion this year in to next.



24. During the last quarter, considerable work has been done to develop the waste management strategy with operating models which will form the basis of waste and recycling collections in future years.

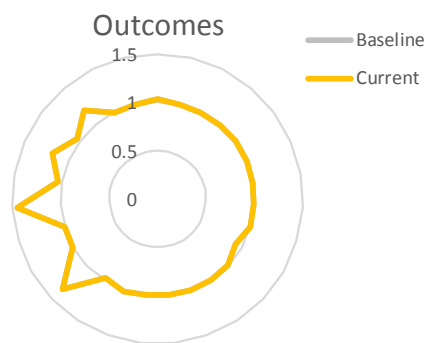
25. Cabinet approved the approach for refreshing Hereford Transport Strategy in [June's cabinet](#). This sets out the focus areas for the development of the strategy, including several active travel measures, which will form the basis of the revised strategy due to be published in 2021/22.
26. The council continues to reduce its carbon footprint; the 2020/21 outturn shows as a 59.6% reduction of carbon dioxide on the baseline, which is on track to meet the 75% by 2025/26. Whilst this is positive news, the decision on PV (solar panels) in schools has been delayed.
27. A new Herefordshire Climate and Nature Partnership has started with the vision of “a thriving net zero carbon nature-rich Herefordshire by 2030”; membership of this group has been aimed at major emitters of carbon, experts, community organisations and organisations which enable change and influence behaviours. In addition, [July's cabinet](#) also agreed investment in a range of measures.
28. To support households in Herefordshire reduce their carbon footprint and to tackle the challenge of fuel poverty, the council's Park Homes project completed in May 2021, which delivered 115 central heating installations completed. A Rural homes project has also been extended to November 2021, which will deliver 70 first time central heating installations – 21 of these have already been completed. The Green Home Grant delivery programme has now completed retrofits on the lowest energy efficiency homes in the county.
29. Formal acquisition of two wetland sites has started. Site surveys and investigations are also underway for a further 4 and potentially 6 sites along the Lugg; these sites will support the reduction of phosphate levels in the river.

Performance: Community

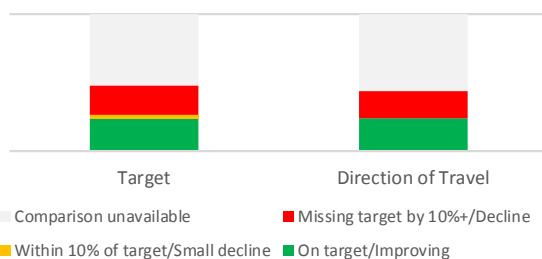
30. Of the 27 deliverable projects identified in the delivery plan, 2 have been completed, 12 are on track, 10 have possible delays and 3 projects are likely to be delayed. Half of measures available for comparisons have either shown an improvement on last year, or have remained static. Fifty-five percent of measures with targets have met, or exceeded them; further work needs to be done on establishing targets for the remaining measures where appropriate. There are currently three corporate risks identified which have a bearing on our delivery around our community aspirations. The visual below provides an overview of this information, and greater detail on the deliverables, outputs and outcomes of the delivery plan can be found at appendix E. Within appendix E is a column which details whether each of the deliverables for the year are planned to be completed this year or next year and those deliverables which will extend in to next year; within the community theme 26% of the actions are due to be complete this year, 52% are due to be continue in to next year as planned, 22% have slipped from completion this year in to next.

Community

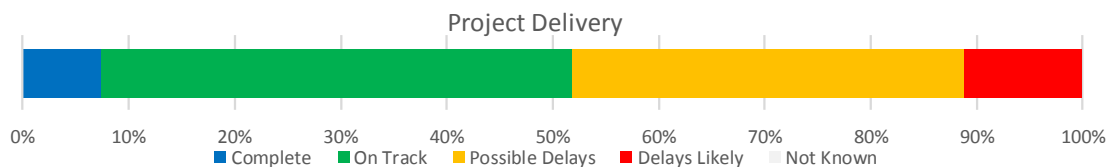
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Performance Measures



		Impact				
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Significant
Likelihood	5 Certain	Yellow	Yellow	Yellow	Red	Red
	4 Likely	Green	Yellow	Yellow	Red	Red
	3 Possible	Green	Yellow	Yellow	Yellow	Yellow
	2 Unlikely	Green	Green	Yellow	Yellow	Yellow
	1 Rare	Green	Green	Green	Green	Yellow



31. Procurement of the design and build work for the repair of flood damage at Whitney-on-Wye has been delayed, this is a result of an unsuccessful attempt to procure a provider. Alternative delivery has been identified, however this will result in a delay of the completion of the works.
32. In order to improve the availability of affordable houses in the county, [July's Cabinet](#) agreed a list of sites to be assessed for suitability for development. Sites, including Holme Lacy Primary School and The Paddock, Aylestone Hill, will be considered for the possibility and the financial estimates for development and progressed to planning application if suitable.
33. There are now 24 Talk Community hubs live across the county, providing advice and support across their communities, this figure is above the anticipated target.
34. Seven organisations across the county have been awarded grants to deliver the Talk Community debt and money management service and these are now operational, providing advice and support to residents with financial concerns. There are 53 volunteers supporting delivery of this service, including 21 new volunteers; to date 87 beneficiaries have been supported with money and debt advice issues. The Money on Your Mind web pages were launched in June alongside a marketing campaign as part of the Families in Hardship project.
35. The Holiday Activity Fund for the summer school holidays has provided approximately 7,000 spaces across the county, providing children with a range of indoor and outdoor activities. This builds upon a successful Easter campaign which, provided activity boxes to more than 40% of eligible primary and secondary children who opted for these activities.
36. Dwellings to meet a combination of learning disabilities, mental health, older people and younger people have been completed at Holme Lea in Ross and currently on track for completion in early 2022 in Tillington Road, Hereford.

37. The Whitecross Homeless Hub has now been completed which provides 12 units of transitional accommodation for those who might otherwise be homeless, as well as a focal point for information and advice for those sleeping rough, or at risk of sleeping rough. Further work on Blackfriars Street to provide additional self-contained flats is slightly delayed due to planning queries but Number 4 is due for completion in October 2021, and Number 5 in early December 2021.
38. Following the Improvement Notice issued to the council in May this year, the council has now established the Improvement Board chaired by Gladys Rhodes White OBE, the DfE appointed independent Improvement Advisor. An Improvement Plan will be considered for approval by the Improvement Board and Cabinet in October.
39. In early July, OFSTED conducted a focused visit of Herefordshire Children's social care services. A letter summarising OFSTED's findings has been [published](#), and included within this were 3 areas for priority action. The required actions will be part of the Improvement Plan (referenced above).
40. There are continuing challenges for the recruitment and retention of children's social care staff, the recent judgement has a continuing impact on staff morale, confidence and stability. A new Workforce Recruitment & Retention Strategy is being drafted.
41. Marlbrook school extension has been completed with landscaping work currently being delivered in time for September. The Peterchurch School design contract has been procured prior to build and completion next year. The Brookfield School development has been put on hold though whilst the council liaises with the DfE in relation to funding.
42. This period has seen rapid change in national policy as well as in the epidemiology of COVID-19 in Herefordshire. Herefordshire has consistently had some of the highest levels of asymptomatic (LFD) testing in the West Midlands. Asymptomatic testing is available through a community collect option, as well as 10 commissioned pharmacies located across the county.
43. The Outbreak Control Hub has continued to support settings with implementing preventative measures and managing outbreaks, including setting up workplace onsite testing where requested. During quarter 1, there was a decrease in the number of outbreaks in care homes and, as to be expected as society opened up, increase in outbreaks associated with workplaces and other settings. The vaccination programme continues the council has particularly focused on inequalities and worked with partners to address these, such as co-ordinating vaccination for seasonal workers and identifying and responding to key groups where vaccine uptake is lower.

Performance: Corporate

44. Whilst measures have been included to reflect the delivery plan, a number of a number of additional corporate measures have been included as part of appendix E in order to reflect the operation of the council. Full detail is in appendix E; and includes measures of staffing, health and safety, finance, and other areas of compliance.
45. For measures with baselines last year, 62.5% of measures have shown an improvement on the same point last year. Where measures have targets, 50% of performance measures within have met, or exceeded, targets.

Community impact

46. 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.

47. 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.

Environmental Impact

48. This report details how progress is being made in achieving the Delivery Plan which details how the council is working to deliver the environmental ambitions set out within the County Plan. Individual projects and deliverables included within the Delivery Plan will all be subject to their own governance arrangements and assessment of environmental and ecological impact.

Equality duty

49. 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.
50. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Whilst this paper is not seeking any project specific decisions, in determining the council's budget allocation, the council is working towards its equality objectives (found [here](#)). In addition, projects identified within the delivery plan where relevant will be subject to an Equality Impact Assessment to ensure appropriate attention is given to our Equality Duty.

Resource implications

51. These recommendations have no direct financial implications, however cabinet may wish to consider how money is utilised in order to meet the council's objectives.

Legal implications

52. The recommendations have no direct legal implications.

Risk management

53. The risks associated with the council's business are recorded on the relevant service risk register and escalated as per the council's Performance Management Framework and Risk Management

Plan. The highest risks, i.e. those scoring greater than 16 following controls, are escalated to the council's Corporate Risk Register. These are found in appendix E.

54. The Covid-19 risk register has also been included at appendix F, this holds the current risks in relation to the Covid-19 pandemic and its response in Herefordshire.

Consultees

55. None in relation to this report.

Appendices

Appendix A	Revenue budget forecast
Appendix B	Capital budget outturn
Appendix C	Treasury Management
Appendix D	Savings Delivery
Appendix E	Delivery Plan dashboards
Appendix F	Covid-19 risk register

Background papers

None