

# **Title of report: Quarter 2 Budget & Performance Report**

**Meeting: Cabinet**

**Meeting date: Thursday 25 November 2021**

**Report by: Cabinet member corporate strategy and budget;**

## **Classification**

Open

## **Decision type**

Budget and policy framework

## **Wards affected**

(All Wards);

## **Purpose**

To review performance for Quarter 2 2021/22 and the final budget outturn for the year.

To provide assurance that progress has being 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 net underspend of £152k.

The proportion of performance measures showing an improvement, or remaining the same compared to the same period last year is 73%. At the end of the quarter, 66% 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

2. The 2021/22 outturn is £4,637k overspend before the allocation of the COVID-19 grant. The net underspend is £152k.
3. The table below sets out the cabinet portfolio position at the end of September. 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 Crockett	100,669	59,740	58,396	(1,344)	1,100	(2,444)
Children's and Family Services, and Young People's Attainment	Cllr Toynbee	48,156	37,481	39,742	2,261	1,000	1,261
Commissioning, Procurement and assets	Cllr Davies	21,414	15,460	17,347	1,887	1,200	687
Environment and Economy	Cllr Chowns	3,408	2,392	2,373	(19)	0	(19)
Housing, Regulatory Services and Community Safety	Cllr Tyler	4,323	779	1,344	565	500	65
Infrastructure and Transport	Cllr Harrington	20,603	10,091	10,550	459	90	369
Finance, Corporate Services and Planning	Cllr Harvey	22,193	15,362	16,537	1,175	26	1,149
Corporate strategy and budget	Cllr Hitchiner	1,698	810	863	53	873	(820)
<b>Portfolios</b>		<b>222,464</b>	<b>142,115</b>	<b>147,152</b>	<b>5,037</b>	<b>4,789</b>	<b>248</b>
Central, treasury management, capital financing & reserves		19,883	18,881	18,481	(400)	0	(400)
<b>Total Revenue</b>		<b>242,347</b>	<b>160,996</b>	<b>165,633</b>	<b>4,637</b>	<b>4,789</b>	<b>(152)</b>

4. Health & Adult Wellbeing is reporting a forecast underspend of £1,344k. The improvement of £1,829k since quarter 1 is mainly attributable to delivery of savings, but also a reduction in the number of care packages in some areas of the service, as well as continued vacancies in operational teams.
5. Children's Services, Safeguarding and Corporate Parenting is overspent by £2,261k because the cost of placements has increased since budget setting. The Commissioning, Procurement and Assets overspend of £1,887k 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 and additional costs in finance and legal relating to additional expenditure for supporting COVID-19 work and project delivery.
6. 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

7. The original £97.870m capital budget for 21/22 has been revised to £68.392m, the summary breakdown is shown in the table below, but this consists of £33.296m 20/21 carry forwards of unspent budget, use of reserves of £0.056m and additional grants of £6.606m. Details of the exercise to re-profile project budgets in line with anticipated delivery are in appendix b table b, which saw a reduction of £69.870m. Each year grants are received for Disabled Facilities, Local

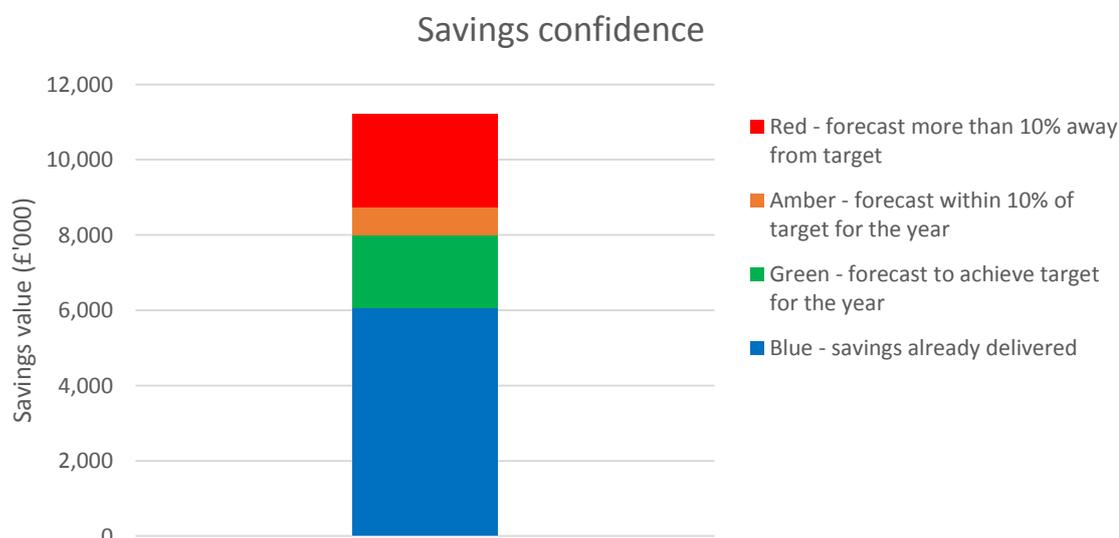
Transport Plan and Schools Maintenance, the minimum value expected has been added to future years up to 2024/25 so that we can see what is expected in the future capital programme of works.

8. The final forecast spend position is £58.656m which is an underspend of £9.736m on the re-profiled budget of £68.392m. Full details for each project are in appendix b table a. This underspend consists of £6.377m 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. The remaining £3.659m 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 need to be retained for those projects. The full capital for this and all future years can be seen in detail by project in appendix b table c.

	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
Reprofile	-69,436	6,440	41,861	21,135	-
20/21 Carry Forwards	33,296	-	-	-	33,296
Use of Reserves	56	-	-	-	56
Additional Grants	6,606	14,272	15,467	15,467	51,812
<b>Revised Capital Budget</b>	<b>68,392</b>	<b>87,346</b>	<b>78,507</b>	<b>36,612</b>	<b>270,857</b>

## 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 September, 72% of the savings agreed at Council in February is forecast to be achieved. This is based on, £6.069m (54%) of the £11.205m savings for the having already been achieved by the end of September, and a further £1.944m on target to be achieved by the end of the year, leaving a total of £3.192m unlikely to be achieved, of which £716k is identified as amber.



10. The status of the savings at the end of September are detailed in appendix E 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:

- a. Children and Families Directorate: £1.150m shortfall on a savings target of £2.390m; this has improved since the last report to cabinet
  - b. Economy and Place Directorate: £2.042m shortfall on a savings target of £4.348m; this has slightly worsened since the last report to cabinet
  - c. Adults and Communities saving of £3.270m on target to be delivered
  - d. Corporate Centre saving is forecast to be delivered; an improvement since the end of the last quarter.
11. There remains work to be done to ensure that as much of the savings programme as possible will be delivered in the reporting year. Those areas which have not yet delivered their identified savings remain subject to regular scrutiny by senior officers, close budget management across other service areas, and are being considered as part of the next round of budget setting.

### **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.
13. Also on this agenda is an update on the progress being made with Sections 106, seeking authorisation for procurement of a new software system to manage Section 106 processes.
14. It also seeks permission to procure professional services, in order to support our delivery of £9.3m of Section 106 money. These services will manage the current programme of works to meet the tight timescales and commence development of the schemes; identifying the costs of the individual schemes, consultation with parish councils, preparing and drafting programmes for tender as well as monitoring the delivery of the successful tenders.
15. A further decision by Cabinet will also be required to outline a new Section 106 policy and procedure for to spend future 106 money in a timely and efficient manner.

### **Performance: Economy**

16. Of the 19 deliverable projects identified in the delivery plan, 2 projects are complete, 14 are on track and 3 have possible delays; this is an improved position than at the end of the last quarter.
17. 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. There is also a new corporate risk in relation to the Hereford City Centre Transport Package and the budget for payments.
18. The recruitment of a Delivery Director to lead the development of a city masterplan is underway and it is expected that this post will lead this significant step in co-ordinating a range of council developments across Hereford and will co-ordinate the delivery of numerous key development programmes including; the transport strategy for the city, council built housing developments and the development of a council owned care home. This masterplan is planned to be completed in 2022/23 and will be subject to sign off by Cabinet.
19. Following the confirmation of Herefordshire's successful bid for £22.4m of funding to develop the Town Investment Plan, the last quarter has focussed on the finalisation of the production of detailed business cases for each of the three council led schemes, determining the full scope of each of the schemes, methods and intended delivery mechanisms and timescales. These business cases, for Greening the City, Hereford Museum and Art Gallery, and Maylord/Library development (TIP) will be signed off by Cabinet, with two progressing to Council sign off as part of the capital programme.

20. Operational management of the Maylord Orchard shopping centre has been transferred to Hoople. As part of this contract Hoople will manage planned maintenance, cleaning, financial administration of rents etc, tenant liaison and promotions. To further usage and occupancy of the centre a new strategy is being drafted which will likely provide focussed retail, commercial business and start-up zones. This strategy will be presented to cabinet in November.
21. The 178 room student accommodation development at Station Approach is now complete and the first cohort of students have moved in time for autumn term. This is a significant step in supporting the development of higher education in the county.
22. Development of the Hereford Enterprise Zone continues, with an additional £675k received from the Marches Local Enterprise Partnership. This money has been committed to improving infrastructure on the site, including utilities, earthworks, drainage, access roads/walkways, and create an additional 1.5 hectares of new employment land ready for development. This additional package of land in the North Magazine will allow the creation of up to 60 new jobs.
23. Following on from delays in allocation of match funding, there have been additional issues in opening the Youth Employment Hub due to ventilation issues in the building. Opening is now intended for January 2022 based in Blueschool Street. There are now 70 vacancies live for Kickstart apprentices in Herefordshire and 10 young people have started recently. The council also awaits confirmation from central government on allocation of the Community Renewal Fund; a shortlist of projects was submitted to government by the council, however the delay by government puts delivery by the end of this financial year at risk.

### **Performance: Environment**

24. Of the 16 deliverable projects in the environment theme of the delivery plan, 7 are on track, 8 have possible delays and one element is delayed; this position is worse than reported at the end of July's report.
25. Two-thirds of performance measures within the theme that have data have met, or exceeded, identified targets – work continues to establish targets for the remaining measures where appropriate. Sixty-six percent of measures have shown an improvement on the same point last year where meaningful comparisons have been possible.
26. There is also one new corporate risk for delivery of our environmental aspirations; the availability of HGV drivers and labour to deliver our waste and recycling services. This is being managed at present with a range of mitigating activities, but will likely become more challenging, in line with national shortages of drivers.
27. During the last quarter, the council has developed a new Integrated Waste Management Strategy setting out ambitious new targets for waste reduction, increased recycling and reduced carbon emissions. Following the adoption by cabinet of the Integrated Waste Management Strategy in July, further technical work has been undertaken and an options appraisal has been commissioned to identify the optimal way to deliver the strategy.
28. Funding has been secured to expand the number of electric bikes as part of the successful Beryl Bikes scheme, and work is underway to secure the scheme for a further 5 years. This popular scheme has seen record levels of use during the last quarter. Planning is also underway for the Holme Lacy Road and other quiet cycle routes which will increase the options for cyclists to move around the city.
29. In July the cabinet approved significant resources to help address the Climate and Ecological Emergency including the development of a new Climate & Nature Board, establishing a new

£200k Climate & Nature Grant schemes, commissioning additional dedicated communication support, developing a new Nature Strategy and to commission the development of a new Building Retrofit Strategy

30. The council's support to help properties in the county to improve their carbon footprint and reduce fuel poverty is on-going but is experiencing some delays, mainly due to national skill and supply shortages. Warm Homes Fund and Green Homes Grant projects, have provided energy efficiency measures in over 50 homes this financial year so far, with a further 75 further targeted by the end of March 2022. Keep Herefordshire Warm advice levels have increased significantly over the last year- 1,298 households received advice in 20/21 and early indications are that this will continue through 2021/22 (Q1- 272 households).
31. Project development and governance is currently taking place for Sustainable Warmth Funding, which will target both rural and urban households up to March 2023.
32. The council has also set new environmental building design standards for future housing development, an important step in setting the standards for the housing that the council intends to build in the future. This will ensure that these houses are both affordable to buy, and also affordable to run. Further Supplementary Planning Documents are in development to set the standards for all housing built in the county.
33. To reduce the phosphate levels in the River Lugg catchment area and help end the moratorium on housing builds on surrounding land, the council continues to progress its development of wetlands. Two sites have progressed to formal acquisition stage, detailed design has been completed for the first site and a planning application submitted. It is anticipated that the first of the wetland sites will be complete next year.
34. The council has also started work on a citizens' climate assembly on how should Herefordshire meet the challenges of climate change? Individuals to be part of the assembly are currently being recruited to, and will meet virtually in the New Year, with their views and opinions contributing to the budget decisions in February 2022.

### **Performance: Community**

35. Of the 27 deliverable projects identified in the delivery plan in the community ambition, 3 have been completed, 15 are on track, 5 have possible delays and 2 projects are delayed. Two projects are on hold pending a review and further scoping work. This represents an improved position from the last quarter.
36. Sixty-six percent of measures with comparable data have either shown an improvement on last year, or have remained static. Sixty-eight percent of measures with targets have met, or exceeded them; work continues to establish targets for the remaining measures where appropriate. This represents an improvement on last quarter, which is positive with key metrics including school ratings, affordable housing delivery, adults and children's social care.
37. There are currently five corporate risks identified which have a bearing on our delivery around our community aspirations; these reflect our current challenges for children's safeguarding services and staffing difficulties in the adult social care sector.
38. The COVID recovery plan was agreed by cabinet last quarter, and has moved into speedy delivery during quarter two. Availability of free bus travel has already provided more than 14,000 free bus journeys across the county, as well as the introduction of newly commissioned Sunday service. A range of schemes to encourage residents to get active have gone live, including 600 attendances at free family swimming sessions, 60 people attending adult swimming lessons, free gym sessions, and 4 schools signing up to the active families programme. Grant programmes to support community activities to improve health and wellbeing have been

launched and well received. These schemes are intended to have a range of positive impacts to support individuals' physical and mental wellbeing, communities and local businesses and the economy; further information on the progress of this plan and the schemes can be found in appendix F.

39. Whilst the recovery plan sets out the work of the council to mitigate the impact of the pandemic on the local economy and communities, the council continues its preventative and reactive work to keep rates of COVID-19 in the county low and manage outbreaks. The council is preparing for the impacts of COVID-19 this winter, including undertaking exercises to test winter preparedness. A risk register continues to be maintained as part of the Silver Command Group, and this can be found at appendix G.
40. A council decision to reallocate funds to the flood repairs required at Whitney-on-Wye means that design work is now underway. In addition, the remaining 67 flood site repairs tender has been successfully let. A single contractor will now manage and deliver the repairs at all of these, due for completion by the end of March 2023.
41. The draft Housing Strategy has been produced to provide the 5 year update on the existing housing strategy this is to be signed off by the Cabinet Member in November 2021. The document pulls together information from every strategy, policy & report in the council that touches on housing and brings all the strands together to give the complete housing picture. It explains what is being delivered and why, identifies areas of challenge and details improvements that we plan to make over the duration of the strategy.
42. To support delivery of housing, the feasibility study into the viability of the first phase of potential development sites continues. The Model Farm development in Ross-on-Wye is also being advanced to enable the delivery of both residential and commercial options and a grant has been sought to purchase 6 cottages for redevelopment.
43. Four new Talk Community hubs have launched in the last two months to support local communities with a range of wellbeing needs, the programme remains on track to reach 50 hubs based in communities across Herefordshire by the end of March 2022. Planning for two integrated service hubs is now being paused to review the current community landscape. The Talk Community kitchen project has also now been completed and transferred to business as usual and the service continues to offer a selection of meals for local residents from Hillside in Hereford.
44. To support adults with care and support needs, an options appraisal has been developed, presented to cabinet in October, this will consider the different operating models possible as part of the development of a council owned care home. Developments at Hillside also continue; procurement is underway to identify a contractor to support the progression of a dementia friendly building and landscaping and installation of technology to support residents has now been specified and will be installed sympathetically during quarter 3.
45. Improvements in Childrens' Safeguarding Services remains the top priority for the council. Regular updates have been provided during the last quarter through cabinet and council. The Improvement Board is meeting monthly, and has recently scrutinised and approved the draft Strategic Improvement Plan, which will bring together the findings of recent judgements and diagnostic reviews as key themes and priority areas as the focus for the next 3 years. This plan was endorsed by cabinet on 28 October 2021.
46. Recruitment and retention of experienced social workers remains a challenge within the Children and Families directorate. This has worsened during the last quarter - a position shared across the West Midlands region, with some authorities reporting greater difficulties than Herefordshire. There are plans in place to develop the council's own staffing as part of the Improvement Plan,

as well as other options to support a successful recruitment drive; it is hoped that these will start to have a positive impact by the end of this reporting year.

### **Performance: Corporate**

47. Whilst measures have been included to reflect effective delivery of the council's delivery plan, a number of additional corporate measures have been included as part of appendix F in order to reflect the operation of the council. Full detail are found in appendix F, including measures of; staffing, health and safety, finance, and other areas of compliance.
48. For measures with baselines last year, 89% of measures have shown an improvement on the same point last year. Where measures have targets, 55% of performance measures have met, or exceeded, targets. Both of these are improvements on the last quarter.
49. The council maintains very good response rates for complaints, Freedom of Information requests and Environmental Information Regulation requests; with the latter two comparing very favourably with national averages. Similarly, sickness within the organisation remains relatively low and is currently meeting corporate targets.

### **Community impact**

50. 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.
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.

### **Environmental Impact**

52. 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**

53. 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.

54. 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**

55. 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**

56. There are no legal implications arising from this report.

### **Risk management**

57. 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 F.

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

### **Consultees**

59. None in relation to this report.

### **Appendices**

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

### **Background papers**

None

## Report Reviewers Used for appraising this report:

**Please note this section must be completed before the report can be published**

Governance	Sarah Buffrey	Date 02/11/2021
Finance	Audrey Clements	Date 28/10/2021
Legal	Kate Charlton	Date 16/11/2021
Communications	Luenne Featherstone	Date 28/10/2021
Equality Duty	Carol Trachonitis	Date 28/10/2021
Risk	Kevin Lloyd	Date 14/11/2021

Approved by [Click or tap here to enter text.](#) Date [Click or tap to enter a date.](#)