

# **Title of report: Quarter 4 Budget & Performance Report**

**Meeting: Cabinet**

**Meeting date: Thursday 26 May 2022**

**Report by: Cabinet member finance, corporate services and planning;**

## **Classification**

Open

## **Decision type**

Non-key

## **Wards affected**

(All Wards);

## **Purpose**

To review performance for Quarter 4 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 final 2021/22 outturn shows a net underspend of £461k.

The proportion of performance measures showing an improvement, or remaining the same compared to the same period last year is 74%. At the end of the quarter, 74% of actions from the delivery plan are identified as complete or are progressing within planned timescales.

## **Recommendation(s)**

**That:**

- a) Cabinet review performance and financial forecast for year 2021/22, as set out in the 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 £4,248k overspend before the allocation of the COVID-19 grant. The net underspend is £541k.
3. The table below sets out the cabinet portfolio position at the end of March. Further service detail is available in Appendix A.

#### Revenue Summary

Portfolio	Councillor	Gross Budget	Working Budget	Outturn	Variance	COVID Grant Allocation	Variance including the Grant
		£000	£000	£000	£000	£000	£000
Health & Adult Wellbeing	Cllr Crockett	103,567	61,996	56,187	(5,809)	1,100	(6,909)
Children's and Family Services, and Young People's Attainment	Cllr Toynbee	48,818	40,237	44,761	4,524	1,000	3,524
Commissioning, Procurement and assets	Cllr Davies	23,008	16,845	19,062	2,217	1,200	1,017
Environment and Economy	Cllr Chowns	3,372	1,488	1,639	151	0	151
Housing, Regulatory Services and Community Safety	Cllr Tyler	4,024	524	728	204	500	(296)
Infrastructure and Transport	Cllr Harrington	20,768	10,091	11,440	1,349	90	1,259
Finance, Corporate Services and Planning	Cllr Harvey	26,299	21,918	24,551	2,633	26	2,607
Corporate strategy and budget	Cllr Hitchiner	1,383	449	529	80	873	(793)
<b>Portfolios</b>		<b>231,239</b>	<b>153,548</b>	<b>158,897</b>	<b>5,349</b>	<b>4,789</b>	<b>560</b>
Central, treasury management, capital financing & reserves		19,883	7,448	6,347	(1,101)	0	(1,101)
<b>Total Revenue</b>		<b>251,122</b>	<b>160,996</b>	<b>165,244</b>	<b>4,248</b>	<b>4,789</b>	<b>(541)</b>

4. The forecast underspend in Health and Adult Wellbeing reflects a combination of savings achieved to date, some of which are non-recurrent, reductions in the number of care packages, mostly within homecare and also the impact of the discharge to assess process resulting in a proportion of client expenditure being funded via that process. There are also underspends in Commissioning and Operational Service Delivery due to continued vacancies within Homefirst and some of the operational teams. The overspend in Children's and Family services and young people's attainment is due to cost of placements continues to cause pressure.
5. The overspend in the remaining portfolios reflects pressure on income targets as a result of covid restrictions, and savings targets that have not been achievable in year. This has been offset by vacancies.
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 2021/22 has been revised to £69.097m, the summary breakdown is shown in the table below, but this consists of £33.296m 2020/21 carry forwards of unspent budget, use of reserves of £0.056m and additional grants of £7.311m. Details of the

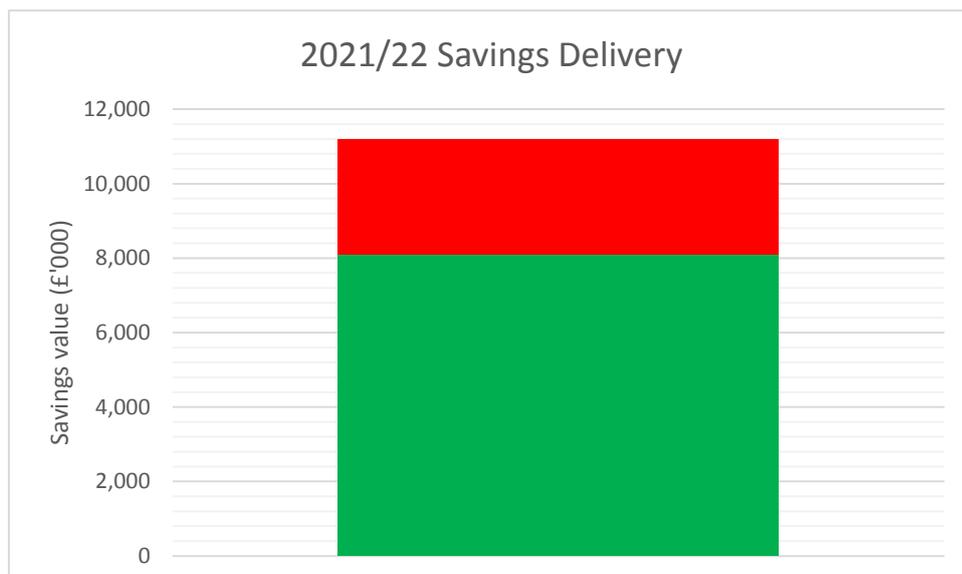
exercise to re-profile project budgets that took place in quarter 2 are in Appendix B Table B, which saw a reduction of £69.436m.

8. The final forecast spend position is £37.607m, which is an underspend of £31.490m on the current 2021/22 budget of £69.097m. Full details for each project are in Appendix B Table A. This underspend consists of £4.793m projects that have delivered below the project budget and projects that may no longer be required such as the car park fire suppression system. The remaining £26.697m are budgets that may not be committed in this financial year but have been 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 programme budget for this and all future years can be seen in detail by project in Appendix B Table C.

	2021/22 Budget £000s	2022/23 Budget £000s	2023/24 Budget £000s	2024/25 Budget £000s	Total
February 2021 Council Approved Budget	97,870	66,634	21,179	10	185,693
Reprofile Budget	-69,436	6,440	41,861	21,135	0
20/21 Carry Forwards	33,296	-	-	-	33,296
Use of Reserve	56	-	-	-	56
Additional Grants	7,311	17,964	18,661	18,661	62,597
<b>Revised Capital Budget</b>	<b>69,097</b>	<b>91,038</b>	<b>81,701</b>	<b>39,806</b>	<b>281,643</b>

### Savings

9. The graph below shows the final delivery of savings for 2021/22. As can be seen from the graph, 72% of savings are identified as green; the remaining savings have been identified as red.



### Section 106 portfolio

10. The council's approach to Section 106 is set out in its Planning Obligations Supplementary Planning Document (SPD) and is designed to meet the relevant objectives of the Core Strategy and the other relevant strategies to support the significant increase in population and employment.

11. Cabinet took a decision on 25 November 2021 which approved the procurement route and implementation of new delivery proposals and processes and expenditure of up to £9.3m of Section 106 monies, including resources required, to deliver Section 106 schemes.
12. In order to assist with the development and delivery of the Section 106 Works Programmes, two temporary Section 106 Senior Project Managers have been recruited to focus on the delivery of Section 106 monies.
13. Section 106 data is currently being cleansed and validated and is due for completion by the end of May 2022. During this process the Section 106 Project Management Office Team will continue to deal with any critical issues as they are identified.
14. Section 106 process maps, where available, are also being reviewed and new draft processes are being developed for all gain types, to enable a robust delivery process is in place. These will be reviewed with the planning and service areas and then issued to the S106 Portfolio Sponsor in June 2022 for approval.
15. Currently there are 224 Section 106 contributions covering 14 gain types. The Section 106 Project Management Office Team is focused on addressing any expired /expiring Section 106 agreements as a priority and then delivering the 189 agreements covering the following gain types; Highways, Education, Sports, Off-site play and Open spaces. The team are also in the process of working with internal stakeholders to reconcile information, finance and data with a view to providing delivery programmes in July 2022. Where appropriate, projects will be consolidated by requirement and procured via the appropriate framework to ensure value for money.
16. A further decision by Cabinet will also be required to outline the council's Section 106 policy and procedure for future Section 106 monies, to ensure future spend is complete in a timely and efficient manner.

### **Performance: Economy**

17. Of the 19 activities of the delivery plan, 4 have been completed (blue), 13 are on track (green), 1 is at risk (amber) and 1 is compromised (red); this position is an improvement to that reported at the end of December 2021.
18. All measures have shown an improvement on the same point last year where comparison can be made. Two-thirds of reported performance measures within the theme have met, or exceeded targets – there remains some work within the directorates to ensure all measures have targets established.
19. Market Town Investment Plans (MTIPs) for each of the five market towns have been agreed by Cabinet. Plans for Leominster, Ross-on-Wye, Ledbury, Bromyard and Kington identify the longer term vision for the growth, sustainable economic development of the towns and ultimately to increase the amount of inward investment to each town. These have been produced based on extensive local engagement, as well as the current economic analysis of each town. The plans identify a number of potential projects for each town as well as the possible sources of income which could support their development. The council will now be looking to work with local partners to take forward projects identified, and seeking opportunities to finance these, including as part of the council's capital programme.

20. The Town Investment Plan scheme at Maylord Orchards has progressed and the decision has been made to procure support for the detailed design of the library and learning resource centre. Similarly, the decision to contract for a design team capable of delivering the detailed designs for Hereford Museum and Art Gallery was also taken. These decisions will both develop the plans necessary to develop the full business case for submission by June 2022.
21. The COVID recovery plan has delivered economic, social and health benefits across the county. Following the passport of more than £58m to Herefordshire businesses in grants throughout the pandemic, the county has also delivered a number of initiatives as part of the recovery plan. These include grants of more than £230k to businesses to promote business start-ups and rent at vacant units, a marketing campaign to promote Herefordshire as a fantastic “staycation” destination which has reached more than 52 million people.
22. The council has supported more than 108,000 free bus journeys to incentivise people to visit towns and attractions across the county, allowing them to leave the car behind. Car clubs pools have also been supported in Leominster, Fownhope, Kington and Belmont.
23. The council also completed the delivery of a “Love Going Out Locally” pre-paid card as part of the recovery plan. This offered a pre-paid card of £15 to each household in Herefordshire, with money to be spent in Herefordshire shops and businesses – this card was topped up with an additional £10 in quarter 4. The scheme was successful in issuing more than 60,000 cards and resulted in more than £1 million spent in more than 1850 local businesses. The council has also supported local businesses with a marketing campaign to support local businesses, products and services. Further investment through a Great Places to Visit project has invested £450k to revitalise market town places through greening of market town centres, grants for shop front enhancements, infrastructure for events and improvements for public rights of way/cycling routes.
24. At the end of the final quarter, 93.9% of premises in Herefordshire can access superfast broadband speeds of 30Mbps or above (based on independent figures from [thinkbroadband](#)). This has been slow progress this year as the remainder of the programme is based on coverage to the hardest to reach premises because of limited existing infrastructure and in reaching sparse rural areas with a fibre network. There were also two impacts to the project during the year – a supplier of Gigaclear ceased trading with a new provider having to be mobilised; and secondly, Gigaclear pulling out of delivery in south of the county due to costs. Whilst contracted delivery continues in the north of the county the future programme will be a combination of bespoke local schemes to support businesses, communities and households (as agreed on [18 November 2021](#)) with the implementation of the new [Project Gigabit](#) programme launched by national government.

### **Performance: Environment**

25. Of the 16 activities of the delivery plan, 1 is complete (blue), 8 are on track (green), 4 are at risk (amber), and 3 are compromised (red); this position is an improvement on that reported at the end of December 2021.
26. Seventy-one percent of reported performance measures within the theme have met, or exceeded targets – there remains some work in directorates to ensure all measures have targets established. Ninety-one percent of measures have shown an improvement on the same point last year where comparison can be made.

27. A set of recommendations as to how Herefordshire should meet the challenges of climate change was made following the completion of a citizens' assembly. The assembly sought the views of a group of county residents who were carefully selected to represent the county's demography. After 30 hours of engagement, hearing the views of a number of experts in climate change, a series of recommendations were made (found [here](#)) which have been taken forward by the cabinet and form part of the 2022/23 delivery plan. A wide range of recommendations were made, including sustainable food options, active travel measures, improved access to support and information for local businesses and residents. This was subject to a further decision in cabinet in April (found [here](#)).
28. The Hereford Transport Review continues through the city master planning work. A delivery director has been appointed to lead the development of this work and an engineering firm has been appointed through the Midlands Highways Alliance Framework to progress the review of the eastern river crossing. In addition, active travel measures on quiet routes at Holme Lacy Road and the Hereford Enterprise Zone has recently progressed to design work and is on track to commence construction in 2022/23.
29. To support the reduction of phosphate levels in the county's rivers, the first site has been purchased and planning consent granted for the development of a wetlands site. Initial works have been completed on site and detailed designs are being peer reviewed to ensure robustness and effectiveness of the design, prior to further cabinet ratification and the next stages of construction. In addition, a second site has been purchased with design underway and a third site has been identified for procurement. These sites will filter the river water and reduce the amount of phosphates, with the aspiration of reducing the levels to enable the moratorium on development to be eased.
30. In order to update and re-develop the core strategy for the council, significant work has gone in to developing the housing land availability assessment (due for completion in June 2022), special options consultation has been completed, retail and town centre study, employment land study and playing pitch and sports facilities studies have all been commissioned. A draft gypsy and traveller accommodation assessment has been complete and a transport scoping report and natural environment evidence brief is currently out for tender.

### **Performance: Community**

31. Of the 27 activities of the delivery plan, 9 have been completed (blue), 11 are on track (green), and 7 are at risk (amber). This is an improved position to that reported at the end of December 2021.
32. Seventy-five percent of reported performance measures within the theme have met, or exceeded targets, which represents an improvement on the previous quarter end position – there remains some work to ensure all measures have targets established. Sixty-four percent of measures have shown an improvement on the same point last year where comparison can be made – this is a small decline on the end of quarter 3 position.
33. Childrens social care continues its improvement journey, with the Improvement Board meeting regularly. In March 2022, Cabinet agreed investment of £11.49 million in support of the improvements of children's social care. Specifically, the priority action areas will be; to address caseloads across the directorate, more frequent and improved supervision and management decision making, and consistently improved practice. One of the major challenges to the directorate remains recruitment and retention of social workers, a significant amount of the additional investment is due to focussed on staff, but there is a national shortage of qualified social workers meaning that many authorities are struggling in this area.

34. To continue to focus on improvement in childrens social care, a second iteration of the Childrens Improvement Plan is currently being drafted. A draft is currently being consulted on within the directorate; with a focus on embedding the changes to practice and culture that have started in 2021/22.
35. Additional demand driven by national media interest on high profile cases and potential pandemic driven demand, as well as previous inconsistencies with the application of thresholds are resulting in increasing levels of demand for the service. Following this analysis and insight from case file audits, the directorate have changed the approach at the front door and introduced a number of additional assessment teams; the service used to only have 3 teams, but this is temporarily increased to 7. These teams are focussed on resolving the backlog of assessments which are due for completion and helping to reduce the average caseload of the assessment, which was previously as high as 30 cases per worker but currently around 23. Getting the front door of the service is an important development, as this will mean that the service is engaged with the right children and maximising their capacity.
36. Close financial management of the Community Wellbeing directorate throughout the year has resulted in savings being achieved, as well as a significant underspend of the annual revenue budget. The directorate are planning on investing a small amount of this underspend on additional locum resourcing to focus on annual reviews for clients, which has not delivered as expected during the year, at 53%, to ensure that packages of care meet clients current demands.
37. Analysis of the adult social care pathway has demonstrated that there has been a significant increase in demand for placements in domiciliary care; this is partly due to changed discharge routes following hospital admissions for self-funders, the Brokerage team is currently seeing about 3 times the number of placement requests. In order to meet this increased demand and keep the adult social care pathway flowing, the Community Wellbeing directorate are exploring ways of supporting this demand, including the possibility of further boosting the domiciliary care market by working with the Clinical Commissioning Group (CCG) over and above the already planned annual uplifts.
38. Talk Community has continued to deliver a range of activities to support communities within Herefordshire to support their residents and maintain their collective independence. The Holiday Activity Fund (HAF) has continued to provide opportunities for more than 2700 school children in the county during school holidays and has also sought feedback from those using the activities, and their families, on living in the county; more than 1000 people's opinions were gathered services will use these to further develop their approaches for working with communities. In addition, funding for the next 3 years has been confirmed, which means the HAF scheme will continue to provide activities throughout school holidays.
39. The target of 50 community hubs has been achieved and exceeded, with 54 hubs operational at the end of March 2022. This work will be continued during 2022/23, with the intention of further expanding the network to more than 75 hubs, as well as a new approach to two integrated service hubs.
40. There has also been good progress on strengthening the mental health and wellbeing of communities, supported by the COVID recovery plan (details in Appendix F). A mental health toolkit has been launched this year, Qwell, which is an online platform – during March 2022, more than 160 people logged in to the system, and further work is being done to seek further roll-out and engagement. In addition, 55 people in communities have been trained as Mental Health first-aiders, capable of supporting other residents in the community.

41. The council has brought back the Public Rights of Way and Traffic Management services, into council management which had been delivered by BBLP. This decision was taken by Cabinet in order to support the transformation of the services and also to address a backlog of more than 120 schemes requiring assessment.

**Performance: Corporate**

42. Appendix F contains a set of measures of corporate performance, which have been selected as an indication of the overall health of the organisation. For measures which had baselines in 2020/21, 44% of measures were showing an improvement. Forty-four percent of measures which have targets set have met these targets. This position is a decline from the end of December 2021 position.
43. Sickness in the council is on an upward trend although absence is still below pre-pandemic rates. Benchmarking would suggest that the council has traditionally had lower than average sickness when compared to other local authorities, and the increase in absence is in line with other authorities. It is noticeable that the increases are across all directorates and the increasing trend is being investigated in order to fully understand the reason for the increase.
44. The performance report shows 49% completion on mandatory training, but for clarity the new modules were introduced at the start of the calendar year. For the financial year the following results were achieved in the training subjects:

Mandatory Training subject	Complete by workforce
Information Governance	92%
Information Security	91%
Prevent	92%
Code of Conduct	93%

45. The council continues to experience difficulties in recruiting across all roles and service areas and turnover in the council has increased to 14.82% from 9.57% this time last year. This reflects the recent experience of other local authorities and is believed to be a consequence of the well reported national labour shortage. Where posts are being filled it is common for managers to have to advertise multiple times. In response the council is reviewing its candidate offer, introducing new recruitment software and benchmarking its terms and conditions to ensure it remains a competitive employer.
46. The council continues to manage Freedom of Information and Environmental Information Regulation requests within timescales, achieving over 96% percent through the course of the year, this is despite some internal challenges associated with staff changes, but also due to increasing demand. The service continues to benchmark its performance against other councils, and the council performance in this area continues to perform better than the English average. The same is also true of complaints, where more than 92% of complaints received in the year met our statutory timescales.
47. Between April 2021 and March 2022 the council dealt internally with 641 complaints, of which the council upheld or partially upheld 12%. In addition, 23 complaints were processed under the children’s complaints procedure for children’s social care.

48. In March 2022, full Council agreed to approve the amendments to the council's constitution recommended by audit and governance committee which drew extensively on the work of the Re-thinking Governance Working Group. Among the principal recommendations made was a reorganisation of scrutiny committee functions into 5 committees; introduction of a dedicated statutory scrutiny officer to lead a scrutiny improvement programme, including new mandatory scrutiny training for all members and new dedicated scrutiny web-pages for the council's website. On and following the Annual Meeting on 20 May 2022, Council will introduce a number of new procedures. These will include new processes for political group consultations, a new training programme on council decision making, a new look forward plan and a re-presentation of the council's constitution. In addition, members will be asked to consider recommendations from an independent remuneration panel as to whether the new Scrutiny Chair's should attract a Special Responsibility Allowances (SRA); if there should be remuneration offered to the post of deputy leader; if Task and Finish Group chairpersons should attract a one off SRA and proposals to create a sliding scale to the basic allowance linked to the amount of committees members take up positions on.
49. The revenue budget outturn for the year was an underspend of £541k. This is an improvement from the forecast at the end of the last quarter, and represents an improvement on 2020/21 outturn.
50. Our final capital budget outturn was 54% of the annual budget; this is a decline on the forecast position at the end of quarter 3, and for 2020/21.

## **Community impact**

51. In accordance with the accepted code of corporate governance, the 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.
52. Regularly reviewing performance with a view to identifying actions which will further drive improvement in outcomes or efficiencies helps ensure the council achieves its County Plan priorities.

## **Environmental Impact**

53. This report details how progress is being made in achieving the Delivery Plan; this document details how the council is working to deliver the environmental ambitions set out in 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**

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. 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. 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**

56. 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**

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

### **Risk management**

58. The risks associated with the council's business as recorded in the relevant service risk register and escalated in accordance with the council's Performance Management Framework and Risk Management Plan. The highest risks, i.e. those scoring 16 or more after controls, are escalated to the council's Corporate Risk Register. These risks can be found at Appendix F.

### **Consultees**

59. None in relation to this report.

### **Appendices**

Appendix A	Revenue Outturn
Appendix B	Capital Outturn
Appendix C	Treasury Management outturn
Appendix D	Debt Write Offs
Appendix E	Savings Outturn
Appendix F	Delivery Plan Dashboards

## Background papers

None Identified

## Report Reviewers Used for appraising this report:

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

Governance	Sarah Buffrey, Democratic Services Officer	Date 16/05/2022
Finance	Louise Devlin	Date 13/05/2022
Legal	Alice McAlpine	Date 17/05/2022
Communications	Luenne Featherstone	Date 18/05/2022
Equality Duty	Carol Trachonitis	Date 13/05/2022
Procurement	Mark Cage	Date 13/05/2022
Risk	Kevin Lloyd	Date 18/05/2022

**Approved by** Andrew Lovegrove **Date** 18/05/2022