

# Title of report: Quarter 1 Budget & Performance Report

**Meeting: Cabinet**

**Meeting date: Thursday 29 September 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 1 2022/23 and the forecast 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 2022/23 outturn shows a net overspend of £9.4 million.

## **Recommendation(s)**

**That:**

- a) **Cabinet review performance and financial forecast for year 2022/23, as set out in the appendices A-E, 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 latest outturn forecast for 2022/23 at the end of June 2022 is a potential cost pressure of £9.4 million.
- The table below sets out the cabinet portfolio position at the end of June 2022. Further service detail is available in appendix A.

#### Revenue Summary

Portfolio	Councillor	Gross Budget £000	Working Budget £000	Outturn £000	Variance £000	Recovery Plan £000	Use of Reserves £000	Revised Variance £000
Health & Adult Wellbeing	Cllr Crockett	102,865	62,684	64,662	1,978	(1,978)		0
Children's and Family Services, and Young People's Attainment	Cllr Toynebee	55,315	48,403	54,673	6,270		(6,270)	0
Commissioning, Procurement and assets	Cllr Davies	24,598	17,705	17,818	113	(113)		0
Environment and Economy	Cllr Chowns	3,734	2,640	3,007	367	(367)		0
Housing, Regulatory Services and Community Safety	Cllr Tyler	4,816	1,467	1,652	190	(190)		0
Infrastructure and Transport	Cllr Harrington	19,432	9,456	9,349	(107)			(107)
Finance, Corporate Services and Planning	Cllr Harvey	22,772	13,237	14,244	1,007	(1,007)		0
Lovegrove, Andrew	Cllr Hitchiner	1,689	894	752	(142)			(142)
<b>Portfolios</b>		<b>235,221</b>	<b>156,486</b>	<b>166,157</b>	<b>9,676</b>	<b>(3,655)</b>	<b>(6,270)</b>	<b>(249)</b>
Central, treasury management, capital financing & reserves		20,946	19,422	19,155	(267)			(267)
<b>Total Revenue</b>		<b>256,167</b>	<b>175,908</b>	<b>185,312</b>	<b>9,409</b>	<b>(3,655)</b>	<b>(6,270)</b>	<b>(516)</b>

- The overall forecast indicates a potential cost pressure of £9.4 million (5.3% of budget). At this stage in the year, emerging costs pressures are still being validated however the underlying costs and demographic pressures will need to be managed and mitigating actions put in place to achieve a balance budget at the end of the financial year. The table above indicates where

there are appropriate plans to recover the forecast overspend, and which will be funded from ear marked reserves.

5. The forecast overspend of £2.0 million in the Health and Adult Wellbeing Portfolio comprises £0.8 million non-delivery of savings, net pressures within care provision budgets of £0.9 million and staffing cost pressures across the directorate of £0.3 million. However the directorate plans to recover this overspend by the year end.
6. Children’s and Family Services and Young People’s Attainment is forecasting an overspend of £6.3 million at 30 June 2022. This overspend is largely explained by variances in Looked After Children of £5.3 million and Additional Needs of £0.7 million.
7. The forecast overspend of £0.4 million in Environment and Economy is explained by £0.3 million pressures arising from energy costs alongside costs associated with a £0.1 million Beryl bikes subsidy due to the cessation of grant funding.
8. Finance, Corporate Services and Planning is forecasting an overspend of £1.0 million at 30 June 2022. The most significant variances from budget are as a result of reduced planning applications of £0.5 million and staffing cost pressures across the directorate.
9. The central, treasury management, capital financing and reserves £0.3 million underspend is detailed in appendix C and represents increased interest earnings on short term investments.

## Capital Budget

10. The original £99.1 million capital budget for 2022/23 has been increased to £133.8 million. This increase consists of £26.7 million 2021/22 carry forwards of unspent budget and additional grants of £8.0 million. A summary breakdown is shown in the Table below.

	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	Total
February 2022 Council Approved Budget	99,094	90,546	44,901	0	234,541
21/22 Carry Forwards	26,697	-	-	-	26,697
Additional Grants	8,043	13,458	4,852	409	26,762
<b>Revised Capital Budget</b>	<b>133,834</b>	<b>104,004</b>	<b>49,753</b>	<b>409</b>	<b>288,000</b>

11. The forecast spend position is £64.3 million which represents an underspend of £69.5 million against a budget of £133.8 million. Full details for each project are in Appendix B. This underspend consists of £2.6 million projects that are likely to deliver below the project budget and a further £66.9 million of budgets to be carried forward to 2023/24. These amounts represent budgets that may not be committed in this financial year for projects which are funded by grants or dependent upon the acquisition of land for housing and therefore budget is retained for delivery in future periods. The full capital programme analysed by project for current and future years can be seen in detail in Appendix B. Capital budgets will be profiled at Q2 to reflect the expected project delivery.

## Savings

12. The graph below shows the confidence in the delivery of savings planned for 2022/23. As can be seen below, at the end of June 2022, 94% of the savings agreed at Council in February 2022 are forecast to be achieved. This is based on £1.0m (62%) of the £1.6m savings for the year having already been achieved by the end of June 2022, and a further £0.5m on target to be achieved by the end of the year, leaving a total of £0.1m forecast as unlikely to be achieved.

Value of Savings £'000	Savings confidence
801	<b>Blue</b> Full savings have already been achieved (complete)
722	<b>Green</b> Forecast variance for the year is zero (or negative) but not yet fully achieved
100	<b>Red</b> Forecast is more than 10% away from target for the year
<b>1,623</b>	<b>Total Savings 2022/23</b>

13. The status of individual savings plans can be found in appendix E, a summary of savings plan status per directorate can be found below:
- Community Wellbeing are set to deliver 100% of their £0.7m savings
  - Economy and Environment are due to deliver 76% of their £0.4m savings
  - Corporate have delivered 100% of their £0.5m savings
14. 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.

## Performance: Economy

15. All the projects are now being captured in detail on delivery dashboard and progress monitored. Of the 23 activities of the delivery plan, 19 are on track (green), 1 is at risk (amber) and 3 are compromised (red).
16. Sixty per cent of measures have shown an improvement on the same point last year where comparison can be made. Where targets have been set, performance measures within the theme have met, or exceeded targets – there remains some work within the directorates to ensure all measures have targets established.
17. 11 successful business events delivered between April and June 2022 - the Hereford Business Summit at the Shell Store which attracted over 40 businesses - this event had over 48 stand holders showcasing over 600 vacant positions. We had in excess of 150 job seekers attend. Further Market Towns Business Summit events are in the calendar over the next 2 months, Herefordshire Business EXPO on 12th May and topical events being planned. 5 new businesses were located in enterprise zone in Qtr-1 and 50 jobs were created in the zone.

18. High street WiFi is installed and live, and has been used to take card payments on market day as well as being used throughout the May Fair event. Wi-fi coverage has been better than originally projected, reaching further afield than initial estimates. The web-app has completed a soft launch with no issues so far. Leominster Town Council are progressively generating and adding more content. The CAA Public Consultation is to be scheduled for later this summer. The Public Realm Public consultation went live on 9 May 2022 and has had its first in-person event during the monthly farmer's market event as well as a successful Webinar on 15 May 2022. The Site Visit planned for 18 May 2022 went ahead successfully between the project key partners and stakeholders.
19. "Unique website users for the quarter have been at 270,162 (N.B. Lifetime unique users since March 2021 to June 2022 is over 405,000). Views of providers' listings is at 197,145 views of individual provider listings, with 22.5% clickthrough to providers' sites. The proportion of clickthroughs continues to grow month on month and there is a definite correlation between current campaigns and the providers viewed/ visited e.g. promotion of canoeing experiences directly relates to listings of canoe providers being viewed.
20. Downloads of PDF guides & walks has increased to 13,053 total downloads, including Black & White Villages Trails & Herefordshire. Organic search traffic dominates: this demonstrates that users are actively seeking out information about visits to Herefordshire, which proves that profile is growing and our integrated campaigns are working. Search engine performance: increased the number of keywords ranking between 1-3 in Google from 420 to 1,014, and the total number of keywords Google ranks the website for grew from 5,508 to 10,475.
21. Clickthroughs from social advertising: In addition to raising brand awareness, the social advertising campaign has delivered 55,491 sessions (48,986 unique users) and 4.8% engagement including clicking through or browsing gallery of images on the ad

### **Performance: Environment**

22. Of the 25 activities (Projects) of the delivery plan, 21 are on track (green), 3 are at risk (amber), and 1 are compromised (red).
23. Over eighty per cent of measures have shown an improvement on the same point last year where comparison can be made. Where targets have been set, eighty per cent of performance measures within the theme have met, or exceeded targets – there remains some work within the directorates to ensure all measures have targets established.
24. Keep Herefordshire Warm continues to provide advice and support to fuel poor households including referrals into Green Homes Grant Local Authority Delivery (GHG LAD) projects. These are on-going providing 177 energy efficiency measures being installed in 2021/22. Advice levels in 2021/22 reached 1,578 enquiries from 1,035 households slightly lower than last years but with 425 enquiries in Q4 alone 2021/22 as a result of energy and fuel prices. A contract extension of +1 year has been agreed and will run to June 2023.
25. A communications plan and project development for Sustainable Warmth Funding have been developed, that will target both rural and urban households up to March 2023.
26. 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.

27. For sustainable energy in public buildings "Project expenditure and outputs remain significantly below profile. Nine grant applications have been approved so far in the Phase 2 project, of which five projects have completed. The project pipeline remains healthy with 17 buildings in the active project pipeline, of which six are in Herefordshire and the project team is working with relevant officers to try and progress these."
28. 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.

### **Performance: Community**

29. Of the 48 activities of the delivery plan, 1 has been completed (blue), 38 are on track (green), and 2 are at risk (amber). 7 are in Red and this is an improved position to that reported at the end of financial year 2021-22.
30. Ninety-two 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-eight percent of measures have shown an improvement on the same point last year where comparison can be made.
31. All social care statutory returns all complete for 2021/22 –positive trends in the adult social care and carers surveys. Overall satisfaction in the Carers survey also increased from 33.1% to 40.0% and Overall satisfaction of people who use service with their care and support increased slightly from 60.0% to 61.0%.
32. Ongoing comprehensive support for Ukraine guests arriving in the county and we had positive feedback on complex adult social care cases from the Court.
33. Received £10,000 to explore the viability of a Marches Regional Food Network and have been awarded year 2 Sustainable Food Partnership (SFP) coordinator funding also Awarded £284k from Office for Health Improvement and Disparities (OHID) as part of the Substance Misuse Treatment and Recovery Grant.
34. The Covid recovery plan delivered and over £1.2m invested into the Voluntary, Community and Social Enterprise (VCSE) sector, a significant increase on previous years' investment.
35. Children's social care continues its improvement journey, with the Improvement Board meeting regularly. 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 be focussed on staff, but there is a national shortage of qualified social workers meaning that many authorities are struggling in this area however there is comprehensive corporate recruitment program focusing on workforce and recruitment
36. 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.

37. Hoople Care, as part of Hoople Limited, has been established and the formal transfer of registered social care provider services to Hoople Care was agreed by Cabinet in February 2022 to include the Home First reablement service, Hillside and residential services for learning disabled people at Southbank Close and Ridgemoor Road. CQC registration has been received so Hoople Care are now an established care provider. TUPE consultation has been completed with the successful transfer of staff on 1 June 2022.
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. 61 Talk Community hubs are live across the county.

### **Performance: Corporate**

39. A set of measures of corporate performance, which have been selected as an indication of the overall health of the organisation, are included in Appendix E. For measures which has baselines in 2021/22, forty-six per cent are showing an improvement. Thirty-eight per cent of measures which have targets set are meeting or exceeding target.

### **Community impact**

40. 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.
41. 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**

42. 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 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**

43. 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.

44. 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.
45. 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**

46. There are no direct legal implications arising from this report.

### **Risk management**

47. The risks associated with the council's business are recorded on 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 greater than 16 after controls, are escalated to the council's Corporate Risk Register.

### **Resource Implications**

48. 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.

### **Consultees**

49. None in relation to this report.

### **Appendices**

Appendix A - Revenue Budget Position 2022/23

Appendix B - Table A - 2022/23 Capital Programme Forecast Position June 2022

Appendix C - Treasury Management Interim Quarter 1 Update Report (30 June 2022)

Appendix D - Savings proposals approved by Full Council on 11 February 2022

Appendix E - Delivery Plan updated 2022/23

### **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	John Coleman	Date 13/09/2022
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Finance	Louise Devlin	Date 12/09/2022
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Legal	Alice McAlpine	Date 16/09/2022
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Communications	Luenne Featherstone	Date 12/09/2022
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Equality Duty	Carol Trachonitis	Date 09/09/2022
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Procurement	Mark Cage	Date 15/09/2022
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Risk	Kevin Lloyd	Date 13/09/2022
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Approved by	Andrew Lovegrove	Date 21/09/2022
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