

Title of report: Quarter 3 Budget and Performance

Meeting: Cabinet

Meeting date: Thursday 23 February 2023

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 3 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 £9.1 million after the use of reserves and recovery plan actions.

The proportion of performance measures showing an improvement, or remaining the same compared to the same period last year is 66%. At the end of the quarter, 81% 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 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

2. The latest outturn forecast for 2022/23 at the end of December 2022 is a potential cost pressure of £9.1 million after the use of reserves and recovery plan actions (£8.7 million at Quarter 2).
3. The table below sets out the cabinet portfolio position at the end of December 2022. Further service detail is available in appendix A.

Revenue Summary

Portfolio	Gross Budget £000	Working Budget £000	Outturn £000	Variance £000	Planned Use of Reserves £000	Recovery Plan £000	Revised Variance £000
Health & Adult Wellbeing	107,632	63,939	63,660	(279)	(242)		(521)
Children's and Family Services, and Young People's Attainment	61,291	54,448	63,549	9,101			9,101
Commissioning, Procurement and assets	25,407	17,298	17,400	102			102
Environment and Economy	4,055	3,583	3,768	185	(36)		149
Housing, Regulatory Services and Community Safety	4,673	1,873	1,939	66		(36)	30
Infrastructure and Transport	20,797	9,828	9,397	(430)			(430)
Finance, Corporate Services and Planning	23,165	13,917	15,827	1,910	(71)		1,839
Corporate strategy and budget	1,507	712	689	(23)			(23)
Portfolios	248,527	165,598	176,229	10,632	(349)	(36)	10,247
Central, treasury management, capital financing & reserves	20,946	10,310	9,210	(1,100)			(1,100)
Total Revenue	269,473	175,908	185,439	9,532	(349)	(36)	9,147

4. The overall forecast indicates a potential cost pressure of £9.1 million (5.2% of budget). At this stage in the year, emerging costs pressures continue to be 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.
5. The table above indicates where there are in year plans to recover the forecast overspend and which will be funded from earmarked reserves. The impact of these one-off actions will reduce the outturn forecast for 2022/23 by £0.4 million to £9.1 million and it is expected that continuing activity to identify savings through transformation will mitigate these cost pressures for future years.
6. The improved forecast overspend of £0.3 million, before recovery actions, in the Health and Adult Wellbeing Portfolio reflects the delivery of recovery plan activity identified at Quarter 2 and a reduction in client demand. The forecast overspend of £0.3 million comprises net pressures within care provision budgets of £0.2 million offset by £0.5 million of allocated Better Care Fund hospital discharge funding held within Commissioning and Operational Service Delivery.
7. Children's and Family Services and Young People's Attainment is forecasting an overspend of £9.1 million at 31 December 2022. The overspend is largely explained by variances in Looked After Children of £7.1 million, Additional Needs of £1.4 million and the impact of the pay award which has resulted in an additional pressure of £0.5 million for 2022/23.
8. The £1.9 million movement in forecast (£7.2 million overspend reported at Quarter 2) comprises additional costs for Residential Placements of £1.2 million and Agency Fostering of

£0.5 million, £0.2 million to support the ongoing care needs of Unaccompanied Asylum Seeker Children (UASC) and £0.2 million in Supported Accommodation costs offset by smaller variations across the Directorate.

9. The council has supported 45 Unaccompanied Asylum Seeker Children up to 31 December 2022 and of these cases, 42 remain active placements. The number of unaccompanied children arriving in the UK has increased significantly during 2022/23 and this unbudgeted expenditure represents the council's responsibility to support and protect these vulnerable children and young people.
10. The movement in Residential Placements reflects an update to the forecast following focused work in this quarter to ensure the data recorded and processed in the Children's Social Care system is complete and accurate and reconciled to supporting placement data maintained by the service.
11. The forecast overspend in 2022/23 for Children's Placements is £3.9 million. The provision of children's social care continues to face increased demand and unit cost pressures. Focused activity in 2022/23, through collaboration between Finance and the placement team, continues to review the number of high cost placements and implement tighter management controls to influence reductions in average placement cost.
12. Despite the continuing national challenges, additional funding approved for the Children's Improvement Plan has delivered significant and sustainable improvements across the service in 2022/23. The allocation of funds to increase management capability has resulted in a reduction in average social worker caseload, improvements in practices and a reduction in the number of children coming in the council's care. Efficiencies in working practices have provided increased opportunities to work more directly with children and young people and for early family engagement and enhanced management information has been used to drive improvements in working practices to support informed decision making.
13. Analysis of expenditure of the Children's Improvement Plan Funding up to 31 December 2022 and a full year forecast is included below at paragraph 20.
14. The net £0.1 million overspend in Commissioning, Procurement and Assets represents an improvement of £0.8 million in the position reported at Quarter 2 following the planned drawdown of reserves to support increases in waste collection and disposal costs, increased income from waste services and a reduction in Council Property Services expenditure.
15. The forecast overspend of £0.2 million, before recovery plan actions, in Environment and Economy is explained by £0.1 million pressures arising from energy costs alongside costs associated with a £0.1 million Beryl bikes subsidy due to the cessation of grant funding.
16. The forecast net £0.1 million overspend in Housing, Regulatory Services and Community Safety comprises cost pressures of £0.1 million in the Communications and Web presence budget and £0.2 million across Markets and Fairs and Gypsy and Traveller sites to clear up some of the gypsy and traveller sites, offset by £0.2 million of additional income in bereavement and coroner services following fee increases.
17. Infrastructure and Transport is forecasting an underspend of £0.4 million. This underspend comprises £0.1 million as a result of fixed costs for street lighting, grant reimbursement of £0.2 million, a reduction in forecast highways costs and improvements in car parking income.
18. Finance, Corporate Services and Planning is forecasting an overspend, before recovery actions, of £1.9 million at 31 December 2022 and it is expected that this position will improve in

the period to the year end. The most significant variances from budget are as a result of reduced planning applications of £0.5 million, £0.2 million inflationary increases in ICT contracts and staffing cost pressures across the directorate.

19. The central, treasury management, capital financing and reserves £1.1 million underspend is detailed in appendix C and represents increased interest earnings on short term investments.

Children’s Improvement Plan Funding

20. At 31 December 2022, £6.9 million has been spent in the delivery of the Children’s Improvement Plan (£3.5 million at Q2). This comprises all of the £5.0 million first tranche funding and £1.9million of the second tranche funding. The full year forecast against the £11.5 million budget is expenditure of £10.8 million; it is planned that the £0.7 million underspend will be carried forward to support the delivery of improvements in 2023/24.
21. An analysis of £6.9 million expenditure incurred to 31 December 2022 is noted in the table below:

Transformation Area	Expenditure to 31 December 2022 £'000
CP Court Team	459
Assessment Team	674
Corporate Parenting Team	216
Fostering Team	318
Early Help Advanced Practitioners	40
Improvements Leads	132
IRO/CP Chairs	212
Signs of Safety	184
Auditors	873
Social Worker Academy	108
Service Managers	660
CiN Teams	851
Newly Qualified Social Workers	33
Managing Practitioners	258
Business Support	69
Social Work posts	98
Advanced Practitioners (Children Looked After)	59
4 Additional Project Teams Equinox	1,241
Social Worker (SEND)	27
Data & Systems Analyst	109
Commissioning Lead	70
Ingson Training	26
Ofsted Investment	190
Total	6,908

22. It should be noted that increased budgetary pressures with respect of the cost of placements are being faced by most council’s nationally. A number of proposals have been drafted by the Government in a report entitled [Children’s social care: Stable homes, Built on Love](#) which is currently out for consultation. The consultation closes on 11 March 2023.

23. The Department of Education Improvement Advisor and chair of the Improvement Board has acknowledged the improved infrastructure in place to support the improvement journey and confidence in the quality assurance framework which is now in place.

Capital Budget

24. The original £99.1 million capital budget for 2022/23 has been revised to £66.7 million. The revised capital budget for 2022/23 has been reduced to reflect re-profiled projects and other approved movements of £64.3 million and £6.0 million respectively and includes £26.7 million 2021/22 carry forwards of unspent budget and £11.2million of additional grants. A summary breakdown is shown in the Table below.
25. An analysis of the reprofiling of project budgets in line with anticipated delivery is shown in Appendix b, Table c and this presents a reduction of £64.3 million.

	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	Total
February 2022 Council Approved Budget	99,094	90,546	44,901	-	-	234,541
Re-profile	(64,299)	(17,225)	37,139	42,984	1,400	0
Other approved movements	(5,951)	5,023	(706)	-	-	(1,634)
21/22 Carry Forwards	26,697	-	-	-	-	26,697
Additional Grants	11,150	22,550	8,076	4,426	170	46,372
Revised Capital Budget	66,691	100,894	89,410	47,410	1,570	305,975

26. The forecast spend position is £54.7 million which represents an underspend of £12.0 million against a budget of £66.7 million. Full details for each project are in Appendix b, Table a. This underspend consists of £2.9 million projects that are likely to deliver below the project budget and a further £9.1 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 by appendix B.

Savings

27. The graph below shows the confidence in the delivery of savings planned for 2022/23. As can be seen below, at the end of December, 92% of the savings agreed at Council in February 2022 are forecast to be achieved. This is based on £1.5m (90%) of the £1.6m savings for the year having already been achieved by the end of December, and a further £0.01m 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
1,464	Blue Full savings have already been achieved (complete)
11	Green Forecast variance for the year is zero (or negative) but not yet fully achieved
148	Red Forecast is more than 10% away from target for the year

1,623	Total Savings 2022/23
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28. The status of individual savings plans can be found in appendix D, 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 63% of their £0.4m savings
 - Corporate have delivered 100% of their £0.5m savings
29. 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 the Quarter 4 Budget and Performance Report.

Hoople Limited Position and Performance at 31 December 2022

30. The financial position and performance of Hoople Ltd is reported at the company's quarterly Board Meeting. Membership on the company's Board by the council's s151 Officer and Leader ensures that management receive regular reports of the company's trading performance against budget, its financial position and key risks. The audited financial statements for the year ended 31 March 2022 were formally approved at the Hoople Ltd board meeting held on 13 October 2022.
31. The company's position at 31 December 2022 (Q3 of 2022/23) is a forecast loss of £75k, outstanding debtor balances of £471k (of which £452k is represented by debtor accounts raised within 30 days) and cash balances of £4.5 million. The movement in outturn represents additional costs in agency staff in Learning Disabilities and Respite services and property maintenance.

Performance: Economy

32. All the projects are now being captured in detail on delivery dashboard and progress monitored. Of the 22 activities of the delivery plan, 17 are on track or complete (green or blue), 3 are at risk (amber) and 2 are compromised (red).
33. Forty-three per cent (43% at Q2) 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.
34. During quarter 3 we finalised the new Big Economic Plan through extensive engagement with private, public, third sector and further and higher education partners, setting out a 2050 vision to transform our local economy and create higher paid sustainable jobs for local people. The Plan was subsequently approved by cabinet on the 26 January. The council was one of only 20% of successful applicants to the Levelling Up Fund round 2, securing just under £20m to enhance transport connectivity in Hereford, including a new transport hub and active travel measures across the city.
35. We also held a quarterly business briefing which included the council's budget consultation, and commenced the next round of face to face meetings in the market towns.

36. The final elements of the land remediation and infrastructure works were completed on the Hereford Enterprise Zone 'North Magazine'. There has been a very high level of interest from businesses, with the HEZ Board selecting 11 to proceed with land sales – bringing hundreds of higher value jobs to Skylon Park.

Performance: Environment

37. Of the 26 activities (Projects) of the delivery plan, 20 are on track (green), 5 are at risk (amber), and 1 is compromised (red).
38. Eighty-three per cent of measures have shown an improvement on the same point last year where comparison can be made (eight-four per cent at Q2). Where targets have been set, eighty-eight per cent of performance measures within the theme have met, or exceeded targets (eighty per cent at Q2); there remains some work within the directorates to ensure all measures have targets established.
39. Citizens Climate Assembly – the planned business event was moved from December to January to allow for a wider cross section of businesses to attend.
40. Waste Collection Contract – the new contract for waste collections has been sent to providers for them to complete and return, with tender submissions expected at the end of Q4.
41. A pilot has been run for residential flats in order to improve recycling rates – this has seen an increase in the volume of material that is diverted from residual waste bins and has been achieved through a combination of improved signing, better bins and information. The trial will continue to run until the end of Q4.
42. A draft Hereford City Masterplan is scheduled to be presented to Cabinet in February following a year's worth of development work by a multi-disciplinary team.
43. Levelling Up funds have been awarded to the Hereford City Transport bid and this will allow for the delivery of a number of active travel schemes covering both north and south areas of the city.
44. The Hereford City Centre Improvement package has seen the introduction of a new contra flow cycleway in St Owens Street. The scheme will help to remove barriers to cycling through the city and provides an essential link for active travel. Work is ongoing to ensure that the scheme achieves the required quality.
45. Beryl Bikes continue to grow in popularity, and we were pleased to receive our e-bikes. These will be rolled out across locations in the city and are expected to be popular with existing users whilst also attracting those who feel that assisted cycles are necessary.
46. Electric Vehicle charge points – our new provider has now successfully switched virtually all of our existing charge points to operate as a part of their concession. Plans are well progressed to see a wider county roll out of charge points.
47. Increased energy bills continue to be a problem for residents and businesses of Herefordshire, our programme of advice and retrofitting of properties continues to deliver real savings to previously energy inefficient buildings.
48. Our programme to deliver energy saving measures to council buildings has continued to be difficult as the timing of capital investment hasn't matched the requirements of the grant programme. Work continues to maximise the impact of the Sustainable Energy in Public Buildings Project.

49. Wetlands – the Luston site has reached a point where the Council can now allocate credits for building work. Prolonged wet weather has delayed the site's completion, the bays that are complete are operating as per design. Other sites are at different stages, with a planning decision for Titley expected shortly.

Performance: Community

50. Of the 48 activities of the delivery plan, 4 have been completed (blue), 37 are on track (green), and 5 are at risk (amber), 1 is compromised (red) and 1 has been paused (violet).
51. Seventy-one percent of measures have shown an improvement on the same point last year where comparison can be made (seventy-four per cent at Q2). Ninety-four percent of reported performance measures within the theme have met, or exceeded targets, the same as the previous quarter end position; there remains some work to ensure all measures have targets established.
52. In respect of Children's Services, work continues to take place to ensure that the right children are in care for the right period of time; this includes revising our Permanency Policy and the implementation of a Reunification Framework; a Permanency Champion has been appointed. In respect of recruitment, a [micro-site](#) is now live and we are offering retention and welcome bonuses to experienced social workers; a recruitment campaign should see a lesser reliance on interim and agency staff which will reduce our staffing costs.
53. Progress in respect of the Herefordshire Children's Improvement Plan, the direction of travel is largely positive and at most recent Improvement Board meeting the Chair and Advisor from Department of Education recognised this and expressed increased confidence in performance reporting and quality assurance activities.
54. All performance measures in Community Wellbeing are on track this year with the exception of admissions to care homes. Admissions have increased as a result of workforce challenges in the homecare market leading to more short term stays in residential homes. Recruitment across the care sector remains a major challenge. The Herefordshire Cares website is being proactively developed to showcase the range of job opportunities within the sector.
55. In the light of the pressures in the homecare market, the secondary framework was launched in December and has brought in additional capacity to meet the needs of vulnerable people for support at home.
56. The work on Hillside to make the dementia friendly adaptations remains on track to be completed by the end of February 2023. The demonstration and assessment unit and external landscape are due to for completion in April 2023.
57. Work to prepare for the new inspection framework for local authority adult social care services continue. A self-assessment has been completed and an improvement plan, which will form part of the directorate's transformation delivery plan, is being developed.
58. Plans to utilise some of the funding Department of Levelling Up, Housing and Communities (DLUHC) for Domestic Abuse to enhance engagement with people with lived experience progressed, resulting in the successful let of a joint contract for Herefordshire and Worcestershire for a lived experience co-ordination service. This will bring together the voices of those with lived experience across the two counties working in partnership with Worcester Community Trust and other organisations to inform domestic abuse support and prevention progress and help shape future commissioning.

59. The Shires care home which accommodated 10 people with complex, severe and enduring mental health conditions successfully closed as planned on 30 December. All residents were successfully matched with new accommodation, and joint work across the directorate ensured a safe closure.
60. Fuel Poverty Awareness Day in December saw promotion of 'Keep Herefordshire Warm', a fuel poverty and energy efficiency advice service. Since the pandemic, the service has supported over 3,000 households. The online directory of Warm spaces launched in October 2022 which includes venues such as Herefordshire's libraries and a number of the countywide Talk Community Hubs. People are able to access up to date health and wellbeing information; and details on services and activities within their local community and across the county. There has been a continued increase in hits and reach for Talk Community Website, particularly the Money on your Mind section.
61. There has been an increase in the number of Herefordshire residents claiming Pension Credit following "Help available for struggling pensioners" in the September edition of Herefordshire Now. The Department for Work and Pensions monthly figures after the publication show there were 71 new awards, compared with 34 and 19 in the previous two months.
62. During November, the Smoking Cessation Maternity Support Worker team managed to reduce by more than half the proportion of women who had been smoking at their first scan to under 7% smoking at time of delivery. This is well below the previous 12.4% average across 2021/22 and also well below the national 9.9% rate – we are almost at the Saving Babies Lives target of 6%.
63. Work has continued on the refresh of the Health and Wellbeing Strategy with public consultation on the proposed themes and priority areas in November 2022. There were over 1000 responses to the online survey and face to face engagement sessions.

Performance: Corporate

64. 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 have baselines in 2021/22, fifty-seven per cent are showing an improvement (fifty per cent at Q2). Fifty-three per cent of measures which have targets set are meeting or exceeding target (forty-seven per cent at Q2).
65. Parking income continues to perform better than expected, with a 4% over achievement to the end of Q3.

Community impact

66. 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.
67. 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

68. 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

69. 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.
70. 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.
71. 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

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

Risk management

73. 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

74. 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

75. None in relation to this report.

Appendices

Appendix A - Revenue forecast

Appendix B – Capital forecast

Appendix C - Treasury Management forecast

Appendix D - Savings delivery

Appendix E - 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 03/02/2023
Finance		Date 03/02/2023
Legal	Click or tap here to enter text.	Date Click or tap to enter a date.
Communications	Luenne Featherstone	Date 02/02/2023
Equality Duty	Click or tap here to enter text.	Date Click or tap to enter a date.
Procurement	Lee Robertson	Date 03/02/2023
Risk	Kevin Lloyd	Date 03/02/2023

Approved by Click or tap here to enter text. Date Click or tap to enter a date.