

MIDDLESBROUGH COUNCIL
OVERVIEW AND SCRUTINY BOARD

AGENDA ITEM 5

28 FEBRUARY 2017

BUDGET AND BALANCED SCORECARDS: QUARTER THREE 2016/17

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FINANCE, GOVERNANCE AND SUPPORT**

PURPOSE OF THE REPORT

1. To advise Overview and Scrutiny Board of expenditure against the Council's revenue and capital budgets, and its performance overall at Quarter Three 2016/17, and provide a position statement in respect of Treasury Management and General Reserves.

SUMMARY OF RECOMMENDATIONS

That Overview and Scrutiny Board:

2. Notes the overall revenue position at Quarter Three 2016/17, namely a forecast budget saving of £0.019m (or 0.02%).
3. Notes the overall capital position at Quarter Three 2016/17, namely a forecast underspend of £1.9m (or 5.4%).
4. Notes the Council's borrowing at 31 December 2016 of £127.4m, and its forecast Reserves at 31st March 2017 of £27.975m.
5. Notes the performance of Outcome Areas at Quarter Three 2016/17, as reflected within Balanced Scorecards at Appendix 1, and the consolidated action plan responding to all issues identified in the report, at Appendix 2.
6. Considers issues raised by the report in the ongoing development of the scrutiny work programme, as appropriate.

BACKGROUND AND EXTERNAL CONSULTATION

Background

7. On the 2 March 2016, the Council approved its revenue and capital budget for 2016/17. Executive received the first post-quarter update on delivery of that budget on 6 September 2016, together with a position statement in respect of Treasury Management and General Reserves.
8. On 7 October 2014, Executive approved the introduction of Balanced Scorecards across the Council, to replace the previous 'top-down' performance management framework for local government, prescribed by Central Government.

9. Balanced Scorecards were piloted within 2015/16 and reported to Overview and Scrutiny Board. On 21 October 2016, the Executive Member for Finance and Governance approved a revised model for Balanced Scorecards for 2016/17, developed through consultation with Outcome Areas, Corporate Audit and Affairs Committee, and Overview and Scrutiny Board, and informed by feedback received in the Corporate Peer Challenge of early 2016. The Executive Member agreed as part of that report that in line with the Council Improvement Plan, a consolidated Finance and Performance report would be presented to Executive from Quarter Two 2016/17.
10. Following the successful introduction of this approach, and recent internal audits of revenue and capital monitoring, which reported a strong control environments in place, this update to Overview and Scrutiny Board illustrates the revised process, and summarises the Council's performance at Quarter Three 2016/17, including:
- a revenue budget forecast and progress update on savings delivery;
 - issues for the Medium-Term Financial Plan arising from the above;
 - a capital budget forecast and progress on capital schemes;
 - position statements in relation to the Council's borrowing and its reserves;
 - overall performance, as reflected in Balanced Scorecards;
 - a consolidated action plan addressing performance issues raised; and
 - the Council's current Strategic Risk Register.

Revenue budget forecast

11. Based upon information available at the end Quarter Three, the full year forecast expenditure of the Council in 2016/17 is projected to be £115.893m, a budget saving of £0.019m (0.02%). The table below summarises the position by Directorate.

Directorate	Full Year Budget £'000	Full Year Forecast £'000	Over / (under) spend £'000
Economic Development and Communities	31,583	31,560	(23)
Children's Services	27,069	28,169	1,100
Adult Social Care	39,508	39,396	(112)
Finance, Governance and Support	10,135	9,637	(497)
Total Service outturn	108,295	108,762	467
Central costs and contribution to Reserves	7,617	7,131	(486)
Revenue Outturn	115,912	115,893	(19)

12. Explanations for major variances have been agreed with Directorates, and are summarised below together with key achievements.

Economic Development and Communities: forecast budget underspend (£23k)

Economic Development and Communities	Full Year Budget £'000	Full Year Forecast £'000	Over / (under) spend £'000
Economic Development	7,367	7,518	151
Supporting Communities	7,714	7,425	(289)
Improving Public Health	829	654	(175)
Environment, Property and Commercial Services	15,673	15,963	290
Revenue Outturn	31,583	31,560	(23)

Economic Development

13. There is a net pressure of £33,000 in the Economic Growth service, where costs relating to the provision of the successful Orange Pip Market (£90,000) are offset by staffing savings of £57,000 from vacant posts. The additional costs of continuing Orange Pip Market will be built into the Council's budget from 2017/18 onwards.
14. A saving of (£120,000) is anticipated within the Planning service, due to increased income within Development Control mainly associated with major planning applications, and the charging of officer time to specific external funding streams.
15. There is a pressure of £203,000 within the Passenger Transport Service, due to an increase in demand for home to school and adult social care transport. Again, provision has been made within the MTFP to cover the costs in future years.
16. Income within Traffic and Parking is significantly lower than budget, resulting in a pressure of £167,000, partially mitigated in 2016/17 by the use of one-off grants and developers contributions (£122,000), so giving a net pressure of £35,000. Transport and Infrastructure management will work with Accountancy with a view to increasing current income streams and ascertaining whether additional income opportunities may be available ahead of the 2017/18 financial year.
17. Over the remainder of 2016/17, Economic Development will endeavour to identify mitigating savings in order to balance off these pressures, and prevent the service overspending in-year.

Supporting Communities

18. Staffing savings of (£464,000) are forecast, of which £250,000 has been identified as the early achievement of 2017/18 savings targets. In addition, a further saving of (£54,000) is forecast on supplies and services.
19. Planned investment of £108,000 is forecast in relation to the Selective Landlord Licensing project, with the aim of improving local neighbourhoods, and will be funded in 2016/17 from savings elsewhere in the Supporting Communities budget. From 2017/18 onwards, funding for this service will be included in the base budget.
20. The Stronger Communities service has utilised £85,000 to provide additional capacity to improve the effectiveness and resilience of the Taxi licensing service. This expenditure has been funded from staffing savings identified above, and will not be passed onto licensees through fees.

Improving Public Health

21. **Public Health:** Capital costs for the Health and Wellbeing Hub (Dundas House) have increased by £180,000, and it is proposed that these costs be funded from the Public Health Grant, unless sufficient and appropriate resources can be identified from the existing Economic Development and Communities capital budgets.
22. The provider of the sexual health contract will refund the Council (£103,000) for underperformance and penalties relating to the 2015/16 contract.

23. A total of £200,000 has been earmarked for the acquisition and refurbishment of a residential property to support service delivery. It is unlikely that this expenditure will be incurred before the end of the financial year.
24. There are a number of budgets projecting small scale savings, which bring the total projected underspend within Public Health to (£350,000). This saving will be transferred to the Public Health reserve at year-end.
25. **Public Protection:** Savings totalling (£175,000) are forecast, mainly on staffing costs. Of this, £108,000 relates to the early achievement of 2017/18 savings targets.

Environment, Property and Commercial Services

26. **Environmental Services:** There continues to be an increase in overall waste tonnages compared with 2015/16, leading to a forecast pressure of £355,000 on the Waste Disposal budget. As reported at Quarter Two, £200,000 of this pressure has been built into the budget from 2017/18. Analysis of the £155,000 increase in the pressure since Quarter Two is now being undertaken to determine what proportion of these additional costs will be recurring, with early work suggesting that at least £60,000 is related to additional housing stock within Middlesbrough. Once finalised, it is intended that these costs should be considered for inclusion in the MTFP.
27. A pressure of £60,000 is forecast in relation to the annual maintenance costs of Streetscene work in Middlehaven. The ongoing cost of this maintenance has been built into the budget from 2017/18 onwards.
28. **Property and Commercial Services:** There is a forecast pressure of £100,000 on the Ayresome Industries budget, due to a reduction in income and write offs of obsolete stock. A full review of service provision is required to address this, and a report to Executive on the future of the service is anticipated in early 2017/18. The pressure is offset by increased income in the other areas within Property and Commercial Services, particularly Building Cleaning and Building Maintenance (£225,000).
29. During the remaining months of the 2016/17 financial year Environment, Property and Commercial Services will continue to look for mitigating savings in order to balance off the forecast budget pressure and result in an improved budget position at year-end.

Children's Services: forecast budget pressure £1.100m

Children's Services	Full Year Budget £'000	Full Year Forecast £'000	Over / (under) spend £'000
Learning and Skills	(724)	(640)	84
Safeguarding and Children's Care	27,793	28,809	1,016
Revenue Outturn	27,069	28,169	1,100

Learning and Skills

30. A pressure of £142,000 is projected, linked to support service based savings targets dating from 2014/15 that have been identified as no longer being deliverable following review. This pressure will be addressed in the 2017/18 budget and in future years. Various one-off savings have helped to mitigate this pressure in 2016/17.

31. The appointment of the interim Director of Children's Services has created an expected pressure of £54,000, this will be funded by savings on staffing and supplies and services budgets.
32. The service will continue to identify and implement mitigating savings to reduce the budget pressure in Learning and Skills.

Safeguarding and Children's Care

33. Delays in the implementation of proposals to achieve 2016/17 savings targets are expected to result in a budget pressure of £889,000. This has been partly mitigated by one-off savings of (£200,000) from a refund of partnership income from the Youth Offending Service, and (£100,000) from a management fee for the Youth Offending Service.
34. There has been a net increase of 14 Looked After Children since Quarter Two. All of these children have been placed in the Independent sector, and a pressure of £665,000 is currently forecast for the year. Active budget monitoring of these areas will continue throughout the remainder of the year, to ensure that the effects of this trend are monitored and possible mitigating actions implemented.
35. There is a projected pressure of £399,000 on the Resources Service, including a pressure on in-house Children Homes. There has been an increase in staffing costs to support an increase in the number of Children with Disabilities and Looked After Children to maintain placements, alongside preventative work with families.
36. There is also a projected total pressure of £229,000 on the Adoption Service. £150,000 of this pressure is as a result of one-off adoption fee payments to an agency for five children who are planned to be adopted by the end of 2016/17. These children are currently within the in-house fostering system, and this will produce savings in future years. The remaining £79,000 pressure has resulted from an income shortfall on the sale of adoption places.
37. The above pressure is mitigated by a saving of (£193,000) projected on social worker salary costs. Savings of (£119,000) are also projected within Specialist Services due to staff vacancies and contract savings, and there are projected savings of (£101,000) on management costs due to staff recharges to another local authority and supplies and services savings.
38. It is proposed to draw down funding from the Social Care Demand Pressures reserve totalling £397,000 to cover spending pressures in Adoption, In House Fostering and the Return to Middlesbrough Strategy where spending is intended to produce savings in future years.
39. The service will continue to identify and implement mitigating savings to reduce the budget pressure in Safeguarding and Children's Care.
40. It is key to the Council's medium-term budget strategy that the level of cost relating to children's social care will be brought under control and then remain at a steady level. The Quarter Two report included an action to establish a panel to monitor expenditure in Safeguarding and Children's Care. Since then, meetings have taken place between the service and the Council's finance, performance and commissioning services to explore

improved ways of working together, in particular through higher quality management information and better engagement. It is anticipated that this will lead to higher quality processes being in place by the start of the financial year 2017/18, and that results will begin to be evident in that year.

41. By the financial year 2018/19, it is anticipated that significant savings will be made in order to balance the Council's budget. The Outcome Area is implementing a new model of practice, based on a 'believe in families' approach. This will be achieved by (amongst other initiatives) focusing on the development of a Children's Hub, increase the use of Family Group Conferencing Approach, improve the commissioning of placements to improve choice and reduce costs, remodel the Resources Service, and invest in a foster carer recruitment strategy to increase in house capacity. This will take time to implement, but the service is committed to this and will invest in particular in staff development to drive this change through.
42. If the savings anticipated from Safeguarding and Children's Care were not to be delivered and / or if the requirement for demand growth funding were to rise, then fundamental changes to the Council's budget strategy and MTFP would be required. Monitoring of progress against transformation plans and of expenditure trends in Safeguarding and Children's Care will therefore be accorded the highest priority going forward.

Adult Social Care: forecast budget underspend (£0.112m)

Adult Social Care	Full Year Budget £'000	Full Year Forecast £'000	Over / (under) spend £'000
Revenue Outturn	39,508	39,396	(112)

43. (£469,000) of recurring budget savings that had not been reflected at budget setting were identified as part of the analysis of the 2015/16 underspend. These will produce a budget saving in 2016/17 and then be removed from the budget as part of 2017/18 budget setting.
44. Early delivery of savings associated with the closure of the ASPIRE service has resulted in a projected saving of (£140,000).
45. A saving of (£632,000) is expected on purchased care budgets as a result of updated practice guidance, improved quality assurance processes, and increased focus on reablement and review. This is an early achievement of the 2017/18 savings target.
46. Early delivery of 2017/18 budget savings identified above total £1.241m. It is proposed that these early savings be transferred into the Change Fund in order to support future service transformation.
47. Additional one-off supplies and services savings of (£157,000) and staff vacancy savings of (£120,000) have been identified in 2016/17, alongside additional income from the Community Inclusion Team and Levick House of (£180,000). This has been offset by in-year pressures of £265,000 on some purchasing budgets and a pressure of £80,000 on Tees Community and Equipment Service recharges.

Finance, Governance and Support: forecast budget underspend (£0.497m)

Finance, Governance and Support	Full Year Budget £'000	Full Year Forecast £'000	Over / (under) spend £'000
Revenue Outturn	10,134	9,637	(497)

48. **Welfare & Benefits:** There are projected savings within this budget, due to an increased level of recovery of Housing Benefit overpayments (£205,000) and increased income from Council Tax court cost recoveries (£324,000). As reported previously, (£531,000) of these savings are recurring and have been included in the MTFP. There is also a projected saving of (£290,000) in the Community Support budget. It is proposed that this saving be transferred into a new Hardship Fund for Council Tax.
49. **Marketing and Communications:** A pressure of £160,000 is forecast due to an increased requirement for marketing across Outcome Areas. The Council has subsequently reviewed its requirements for the Marketing and Communications service and reduced the savings target for this area by £100,000 from 2017/18 onwards. This has been reflected in the 2017/18 budget.
50. **Legal Services:** An additional pressure of £341,000 is now projected due to a further increase in legal expenses (£250,000 was reported at Quarter Two). Additional funding of £250,000 has been reflected in the 2017/18 budget, and analysis work will be carried out on the additional pressure to identify actions required.
51. **Senior Management:** There is a projected saving of (£114,000) on this budget, mainly due to the post of Executive Director of Commercial and Corporate Services being held vacant following the senior management review.
52. **Democratic Services:** There is a projected saving of (£126,000) on this budget, mainly due to early achievement of the 2017/18 savings following a staffing review, and an overachievement of income for chargeable administrative work to external clients.
53. **Other savings:** Further savings totalling (£333,000) are anticipated across Finance, Governance and Support. These are mainly one-off staff savings in 2016/17 through posts being held vacant pending implementation of reviews and savings in supplies and services.

Central costs: forecast budget underspend (£0.486m)

Central costs	Full Year Budget £'000	Full Year Forecast £'000	Over / (under) spend £'000
Revenue Outturn	7,617	7,131	(486)

54. Savings have been identified as a result of the receipt of unbudgeted top-sliced New Homes Bonus Grant (£96,000), and lower than expected contingency-backed Concessionary Fares costs (£119,000).
55. There is a projected saving of (£66,000) on the Added Years Pensions Increases budget due to the decrease in the numbers of ex-employees.

56. **Capital Financing:** A pressure of £814,000 is forecast, due to unachievable savings targets set in the 2016/17 budget. This has been addressed in the MTFP for future years. A further pressure of £439,000 is expected as a result of the need to borrow an additional £10m (following a further review and re-assessment of the short term / long term borrowing portfolio), paying a higher interest on borrowing than forecast (owing to interest changes prior to the BREXIT referendum), budgeting errors, and lower than expected income from Street Lighting Invest to Save scheme. However, as part of an on-going review into the profiling of Minimum Revenue Provision (MRP) costs, it has been calculated that the Council can reduce the MRP charge in 2016/17 by (£1.447m). Detail on the revised approach to MRP will be brought forward as part of the Prudential Indicators report to Council on 1 March 2017.

Savings Delivery

57. The following table summarises the success achieved in delivering the agreed savings targets required to deliver a balanced budget in 2016/17.

Directorate Savings Delivery	Full Year Budget £'000	Full Year Forecast £'000	Over / (under) spend £'000
Economic Development and Communities	6,043	6,043	0
Children's Services	2,454	1,852	(602)
Adult Social Care	1,859	3,100	1,241
Finance, Governance and Support	3,731	2,917	(814)
Total savings delivery	14,087	13,912	(175)

58. The savings which will not be delivered in Children's Services and Finance, Governance and Support have been analysed and identified as unachievable as a result of the assumptions made when they were included being shown to be incorrect. They have therefore been written out of the MTFP in future years.

Medium-Term Financial Plan

59. The following issues have been identified by Outcome Areas for potential inclusion in the next iteration of the MTFP. As part of the 2017/18 Budget report to be considered by Council on 1 March 2017, all identified issues will be included within the MTFP and the effect on the overall budget gap reconciled.

Outcome Area	Issue	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s
Adult Social Care	Potential Pressure on cost of Domiciliary Care	442	1,103	1,103
Environment, Property and Commercial Services	Additional cost of waste disposal due to housing growth	60	60	60

Capital budget forecast

60. The Council continues to invest in the development of Middlesbrough to create a *Fairer, Safer, Stronger* Middlesbrough by 2025. The Strategic Plan approved by Council on 30 November 2016 set out a planned investment of £35.2m in 2016/17 in the town through the Council's own resources and external funds, continuing to support the development of the town as the vibrant centre of the Tees Valley.

61. A revised Investment Strategy (moving some budgets to future years) was included within the first refresh of the Strategic Plan 2016-20 approved by Council on 30 November 2016. This will be used as the base for future control and monitoring of the capital programme and its impact of the Council's revenue budget.
62. Expenditure at Quarter Three 2016/17 is summarised below, together with a full-year forecast, based upon the position at 31 December 2016.

Outcome Area	Full Year Budget £'000	Full Year Forecast £'000	Over / (under) spend £'000
Economic Development	19,134	18,394	(740)
Supporting Communities	17	17	0
Improving Public Health	930	930	0
Learning and Skills	2,922	2,220	(702)
Safeguarding and Children's Care	5	0	(5)
Social Care	2,589	2,384	(205)
Environment, Property and Commercial Services	6,029	5,782	(247)
Finance, Governance and Support	3,540	3,523	(17)
Total	35,166	33,250	(1,916)

63. This is a much improved position to that reported at the end of Quarter Two (29.4% underspend) as a result of significant work undertaken to improve and embed the Council's Programme and Project Management Framework and associated capital monitoring processes. In recognition of the increased level of risk and unpredictability in some capital projects, while maintaining the required rigour in respect of project management, going forward the target for capital expenditure within Balanced Scorecards has been amended from 100% to 95%.
64. Delivering the Investment Strategy on time is a crucial part of the Council's MTFP, and will deliver both physical benefits to the Borough and an improved financial position for the Council through efficiency savings and increasing the town's economic base. Since Quarter Two, the Project Management Office has co-ordinated a detailed review to discover the explanations for project delays, and impacts upon service delivery and on the MTFP position. Key findings from this work, which informed the revised Investment Strategy, are summarised in the following paragraphs.
65. The Town Hall venue development project has had a total capital slippage of £1.743m in 2016/17, representing 53% of the original in-year budget of £3.260m. This project runs over multiple years and has an overall budget of £7.000m. Following the original procurement exercise the cost estimate for the project was £2.300m over the total project budget. At this stage the Outcome Area undertook a value engineering exercise alongside the contractor, which successfully reduced the overall estimated cost to £6.846m. This exercise was a successful piece of project management and has given far greater assurance on value for money on this project. However, the time invested in this work has necessarily had the side effect of delaying the commencement of the project and so shifting some the payments from 2016/17 to later financial years. It is however clear that this positive project management action has protected value for money and reduced risk to the Council, far outweighing any problems caused by the consequent delay in the project timetable.

66. The Middlehaven Relief road scheme has reported a combined slippage figure of £0.787m or 27% against an original allocation of £2.953m in 2016/17. The delay has been caused by the outstanding acquisition of one remaining third part land parcel. The Project Management Framework identified this risk and allowed mitigating actions to be escalated through the appropriate channels. Alternative plans were produced in the event that it would not be possible to purchase the land, albeit agreement has now been reached for the transaction. In the meantime an exercise is being conducted to adapt the engineering plans, rationalise project costs and amend specifications. Whilst there has been a delay in the commencement of the delivery programme, the simplified specifications and engineering treatment means that the project completion date aims to come in as close to the original programme projections as possible.
67. During the course of 2016/17 there has been intensive work done by Learning and Skills, in collaboration with Accountancy, to improve the planning of schools-related capital expenditure. The nature of this funding means that it must be planned over the medium-term and expenditure profiles will not be smooth. As a result of this work, the Investment Strategy in this area now provides a realistic estimate of when schemes will be delivered. A side effect of this process has been significant slippage from 2016/17 to later years, due to the improved assessment of the likely timetable of expenditure.
68. ICT Strategy expenditure reported slippage of £2.274m, or 42%, of its 2016/17 budget of £5.391m at Quarter Two. This was a result of a review of its ICT strategy and the revised allocation no longer relies on a block budget approach, instead aligning investment priorities against technical infrastructure roadmaps which in turn are aligned to the Council's MTFP. As investment is driven by clear technical decision points, changes in technology, service area priorities and the life cycle of key components will trigger amendments to the profile bringing funding forward, as well as potentially deferring it where desirable. This new approach will ensure that ICT Strategy capital expenditure will be appropriate, targeted and any changes in expenditure profile will be business driven and clearly understandable. Application of this new approach has resulted in net slippage of £17,000 at Quarter Three, representing 0.5% of the remaining budget.
69. The key areas of expenditure slipped from 2016/17 to later years, and expenditure brought forward to 2016/17 from future years, are shown in the table below.

Outcome Area	Project	Full Year Budget £'000	Full Year Forecast £'000	Brought Forward / (Slipped) Expenditure £'000
Economic Development	Middlehaven Relief Road	2,599	2,166	(433)
	Town Hall Venue Development	2,017	1,517	(500)
	Site Assembly at Middlehaven	1,302	1,138	(164)
	Highways Infrastructure Section 106 Schemes	450	250	(200)
	Housing Delivery Vehicle	180	335	155
	Street Lighting (Invest to Save)	1,300	1,900	600
Learning & Skills	Devolved Formula Capital	311	235	(76)
	LA Capital Maintenance	511	286	(225)

Outcome Area	Project	Full Year Budget £'000	Full Year Forecast £'000	Brought Forward / (Slipped) Expenditure £'000
Adult Social Care	Disabled Facilities Grant	1,589	1,400	(189)
EPCS	Middlesbrough Sports Village and Leisure Investment	330	199	(131)

Treasury Management

Borrowing position

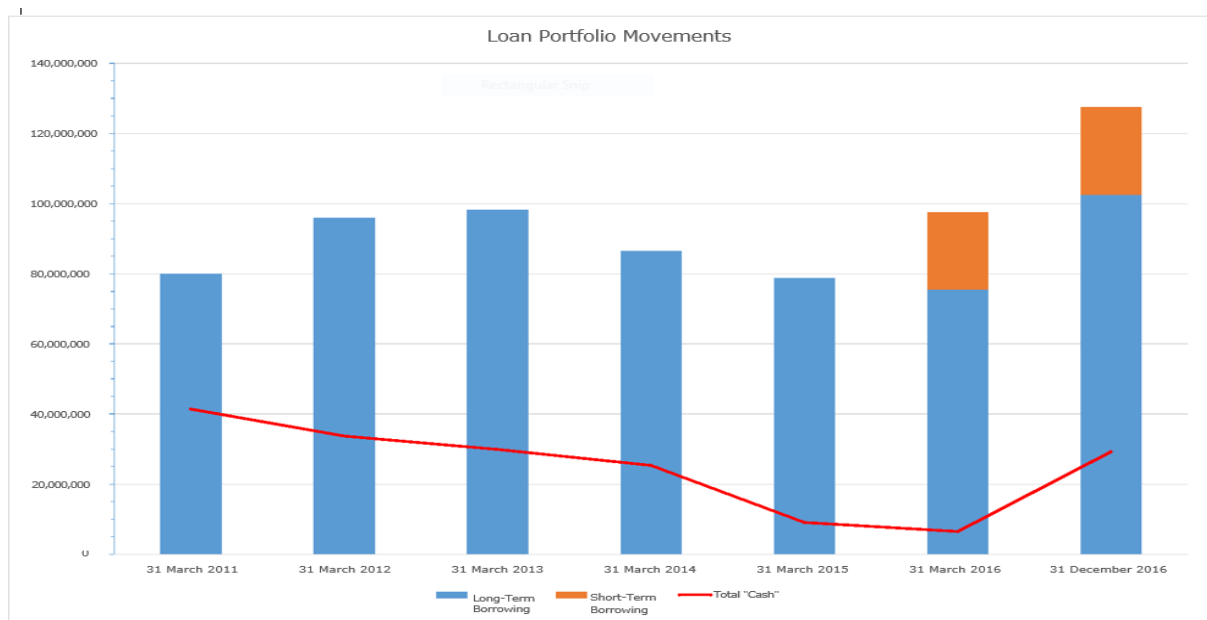
70. The balance of borrowing was £127.4m at 31 December 2016 (£102.4m long-term, and £25.0m short-term borrowings). This is a reduction of £3.0m since 30 September, this is accounted for by a reduction in long term borrowing due to the repayment of loans.

Borrowing limits

71. On 2 March 2016 Council approved borrowing of up to a maximum of £199.9m during this financial year (the Authorised Limit). At no time during Quarter Three has either the Operational Borrowing Limit (£178.7m), or the Authorised Limit, been reached.

Loan Portfolio Trend

72. The graph below illustrates the change in the Council's cash and loan position in recent years. Since 2011, cash balances had been run down to fund the capital programme, without additional borrowings, resulting in the drawdown of short-term loans.



Reserves and Provisions

73. As part of proper financial planning, the Council holds a level of reserves and provisions as a safety net against unexpected expenditure, and to provide for anticipated events

with financial implications. As part of the Strategic Plan 2016-20, it was determined that the Council's overall level of reserves and provisions could be safely reduced in order to smooth out savings requirements and fund investment.

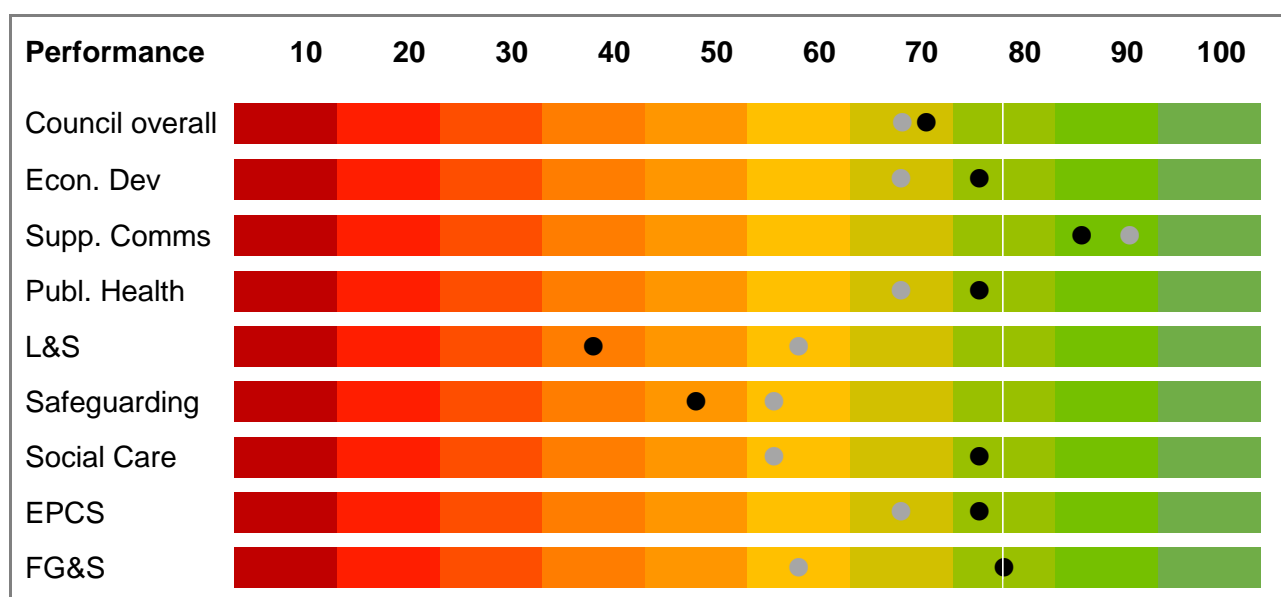
74. The following table sets out a summary of the Council's level of general balances at 31 March 2016, and the forecast position at the end of 2016/17.

Reserves & Provisions	Opening Balance £000's	Forecast Use to Year End £000's	Additional Contributions £000's	Transfers to General Fund £000's	Forecast Balance at Year End £000's
General Fund	11,594	(343)	0	3,204	14,455
Business Rates Appeal Reserve	3,963	0	0	(1,300)	2,663
Change Fund	3,682	(4,967)	3,191	0	1,906
Public Health Ring Fenced Reserve	3,171	(1,959)	360	0	1,572
Investment Fund	3,217	0	0	0	3,217
Insurance Fund	1,143	0	0	0	1,143
Social Care & Vulnerable Children	1,997	(1,079)	0	(918)	0
School Achievement Reserve	0	0	2,000	0	2,000
Other Reserves & Provisions	5,712	(1,745)	35	(2,983)	1,019
Total	34,479	(10,093)	5,586	(1,997)	27,975

75. The Council's reserves policy will be reviewed in line with the updated MTFP during the year and be subject to Council approval.

Performance at Quarter Three 2016/17

76. The Council's overall performance at Quarter Three is summarised in the table below. Performance overall improved at Quarter Three; with five Outcome Areas demonstrating improvement on the Quarter Two position. Explanations of major variances from target and mitigating activity set out in the following paragraphs. The complete set of Outcome Area Scorecards are at Appendix 1.



● Current position ● Last quarter (where different)

77. **Economic Development:** Overall performance improved within Quarter Three, driven by a significant improvement in New Homes delivered, which exceeded target at the end of the quarter. The Outcome Area also fully reviewed and reprofiled its key programmes and projects in the quarter, and as a result only one programme (Housing Growth Strategy) was rated Red at quarter end, as planning in this area is not completed. The Council has engaged to support to assist this with critical area of work, which will be completed within Quarter Four.
78. **Supporting Communities:** While dropping very slightly, performance remained the highest among Outcome Areas, with no significant concerns.
79. **Improving Public Health:** Overall performance improved within Quarter Three, with improvement across a range of screening indicators. Further work, including benchmarking with other local authority areas, will be undertaken to explore how the Outcome Area can improve the performance of smoking cessation and rehabilitation services, for which performance has now been low for several reporting periods. The Outcome Area will launch a Prevention Strategy in Quarter Four, aimed at tackling the root causes of public health problems and bringing out lasting improvements to key population health metrics.
80. **Learning and Skills:** Performance reduced at Quarter Three, with a number of measures off target. Improvement within educational attainment and the local skills profile are central to the achievement of the 2025 Vision for Middlesbrough. The Council has set aside £2m to invest in school improvement services between 2017/18 and 2019/20 and the plan to achieve best value from this investment will be developed in Quarter Four.
81. **Safeguarding and Children's Care:** Overall performance in this Outcome Area again reduced at Quarter Three, as the gap to nearest neighbours for LAC and Child Protection Plans continues to widen and associated spending pressures increase. As previously reported (and outlined above), the longer-term transformation of practice within this Outcome Area now commenced and a robust programme plan will be developed throughout Quarter Four.
82. **Adult Social Care:** Performance improved within Quarter Three. The rate of permanent admissions to residential / nursing care homes achieved targeted level for the first time in 2016/17, and the Outcome Area has taken steps to ensure the robust monitoring of this cohort in future. Efforts to extend reablement are proving successful.
83. As previously reported, delayed transfers of care attributable to Adult Social Care failed to hit target for the first time this year. The Outcome Area has disputed these figures and has now agreed a revised reporting process with the Acute Trust. It is expected that performance will improve from this point, though targets will be reviewed for 2017/18 onwards to ensure that they are SMART.
84. **Environment, Property and Commercial Services:** Performance overall improved within Quarter Three, with the Outcome Area performing well against recently agreed Environment Customer Service Promises. However, it should be noted that the recycling rate is now projected to fail to achieve the 35% target in 2016/17. It is likely that this is linked to the domestic growth reported above. The Outcome Area will analyse this issue and report solutions at year-end.

85. **Finance, Governance and Support:** Performance improved significantly within Quarter Three, with the increase in the number of transactions being undertaken through the Council's new website worthy of note. This will be a key indicator of success of the Council's Customer Strategy.
86. The average number of days for processing a change of circumstances for Housing Benefit continued to worsen and remained over target. As previously reported, this is due to ongoing potential data protection issues with self-serve modules for this transaction, resulting in these being made unavailable to customers for extended periods, and processing of changes having to be undertaken manually. The Council has now funded six FTE on a temporary basis to resolve these issues, and it is anticipated that this, and bulk changes for social housing tenants later in the year will see this measure move back towards target.
87. Collection of both Council Tax and Business Rates remained under target at the end of Quarter Three. The Council continues to discuss remedial actions with its service provider (Kier), with the aim of minimising uncollected revenues in-year.
88. **Overall:** Sickness absence per FTE remains off target in several Outcome Areas. The Council will review its sickness absence processes, propose appropriate amendments and develop a bespoke action plan for each Outcome Area by the end of Quarter Four. Similarly, while there has been significant progress in implementing the Middlesbrough Manager and Employee Frameworks within the Council, there remain issues in relating to the timely completion of employee appraisals. The Council has now streamlined its appraisal process, and all managers will be trained on this new process in Quarter Four. Going forward, all appraisals will be completed by the end of April annually.
89. A consolidated action plan from Quarter Three budget and performance monitoring is attached at Appendix 2. This plan will be reviewed and updated on a quarterly basis to ensure that under-performing measures improve to target as quickly as practicable.

Strategic Risk Register

90. In line with the Council's Risk Management Framework, the Council's Strategic Risk Register was reviewed in the quarter, and is attached at Appendix 3 for information. The key risk remains the potential impact on of Brexit on the national economy and economic growth locally. It is anticipated that the implementation of Council's Investment Prospectus and associated initiatives will positively impact on the probability of this risk of Middlesbrough being disproportionately affected by an economic downturn.
91. Two risks have removed from the Strategic Risk Register since Quarter Two:
- the risk of the achievement of Council's strategic objectives being affected by ineffective corporate governance processes is considered to have been reduced by strong progress made in implementing the Council Improvement Plan, evidenced by a series of recent internal audit reports, all demonstrating strong control environments; and
 - the risk around financial pressures from the previously proposed Education Bill, which has now been dropped by Government. As reported below, work continues on identifying potential MTFP pressures resulting from a wide range of education function and funding changes, and the conclusion of this work in Quarter Four may result in the identification of further risks in future iterations of the register.

92. As part of the Council Improvement Plan, risk registers are currently being reviewed and strengthened across the organisation, and progress on the delivery of identified mitigation activity is now reported within Balanced Scorecards at Appendix 1. It is anticipated that performance against these measures will improve significantly by year-end.

IMPACT ASSESSMENT

93. Not applicable.

OPTION APPRAISAL / RISK ASSESSMENT

94. Not applicable.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

95. **Financial** – the financial implications of Quarter Three monitoring are set out within the main body of the report.
96. **Ward Implications** – there are no ward implications from the proposed recommendations.
97. **Legal Implications** – the proposed recommendations are consistent with and will promote the achievement of the Council's legal duty to achieve Best Value.

RECOMMENDATIONS

That Overview and Scrutiny Board:

98. Notes the overall revenue position at Quarter Three 2016/17, namely a forecast budget saving of £0.019m (or 0.02%).
99. Notes the overall capital position at Quarter Three 2016/17, namely a forecast underspend of £1.9m (or 5.4%).
100. Notes the Council's borrowing at 31 December 2016 of £127.4m, and its forecast Reserves at 31st March 2017 of £27.975m.
101. Notes the performance of Outcome Areas at Quarter Three 2016/17, as reflected within Balanced Scorecards at Appendix 1, and the consolidated action plan responding to all issues identified in the report, at Appendix 2.
102. Considers issues raised by the report in the ongoing development of the scrutiny work programme, as appropriate.

REASONS

To provide an integrated and comprehensive overview of performance within the Council and provide assurance that mitigating actions are in place to address underperformance.

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Appendix 1: Balanced Scorecards – Quarter Three 2016/17

Guide to the Balanced Scorecards model

How KPIs are identified

1. The Customer and Business quadrants of Balanced Scorecards comprise primarily performance indicators prioritised for improvement by Outcome Areas, in line with their Outcome Delivery Plans, which set out how the Outcome Area will develop in the medium-term to support the achievement of the 2025 Vision for Middlesbrough. Several standard measures are also included within **all relevant** Scorecards, particularly within the Finance and People quadrants, to ensure that key priorities are delivered. These are as follows:

Standard measure	Associated corporate priority
Major programmes and projects projected to complete within target date	Improvement in programme and project management
Risk mitigation activity projected to meet milestones	Improvement in risk management
Projected expenditure of revenue budget and attainment of savings targets	Balancing the budget by delivering agreed savings
Projected expenditure of capital budget	Improvement in programme and project management
Employees with appraisal for current financial year, and managers and employees scoring average of satisfactory or better in appraisal	Embedding the Middlesbrough Manager and Employee Frameworks
Sickness absence (days per FTE) and employees satisfied with working in their service area	Improving employee health and wellbeing

How targets are set

2. Targets are set by Outcome Areas, in view of (i) position against regional and national averages, where relevant, and (ii) ambitions for the development of services as set out in Outcome Delivery Plans. All targets must be SMART (Specific, Measurable, Achievable, Realistic and Time-bound).

How performance is RAG-rated

3. Performance against target is traffic-lighted as follows:

At or better than targeted performance	Green
Within 5% of target	Amber
More than 5% from target	Red

4. Trend is also traffic lighted to demonstrate whether direction of travel is positive or negative. The following table shows this applied using targets within the Customer quadrant of the Outcome 2 Scorecard for Quarter One 2016/17:

Measure	Last	Target	Current	Period	Trend	Benchmark
C Number of households accepted as homeless	15 (Q4 15/16)	21.25	25	Q1 16/17	▲	N/A
C Troubled Families w/ sustained and measured positive outcomes	New PI	30	50	Sept 15	N/A	N/A
C Children in Need referrals resulting in CAF step-downs	61 (Q4 15/16)	25	37	Q1 16/17	▼	N/A
C Children meeting Early Years 'good' measure – gap to national average	New PI	New PI	-9%	2016 (Prov.)	New PI	N/A
C 16-18 year olds not in education, employment or training (NEET)	7.7% (2014/15)	8.7%	6.9%	2015/16	▼	ENG: 4.2%
C Anti-Social Behaviour incidents – gap to national average	New PI	New PI	Due Q2	Quarterly	New PI	Due Q2
C Domestic Violence incidents – gap to national average	New PI	New PI	Due Q2	Quarterly	New PI	Due Q2

How the Scorecards are developed

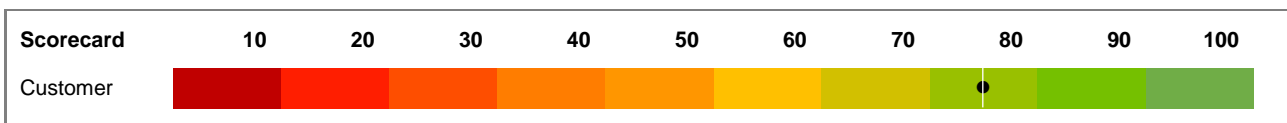
5. RAG rated performance is then converted into scores, as follows:

At or better than targeted performance	Green	= 2 points
Within 5% of target	Amber	= 1 point
More than 5% from target	Red	= 0 points

6. The following table shows this applied using the same targets within the Outcome 2 Scorecard, giving a total score and percentage for the quadrant.

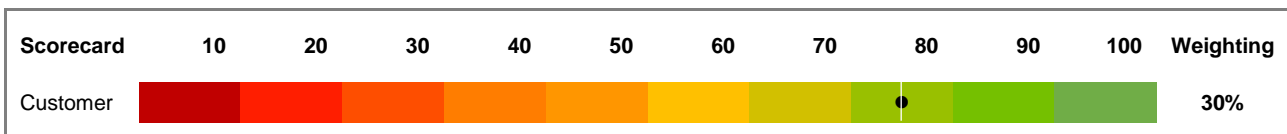
Measure	Last	Target	Current	Period	Trend	Benchmark	
C	Number of households accepted as homeless	15 (Q4 15/16)	21.25	0 pts	Q1 16/17	▲	N/A
C	Troubled Families w/ sustained and measured positive outcomes	New PI	30	2 pts	Sept 15	N/A	N/A
C	Children in Need referrals resulting in CAF step-downs	61 (Q4 15/16)	25	2 pts	Q1 16/17	▼	N/A
C	Children meeting Early Years 'good' measure – gap to national average	New PI	New PI	-	2016 (Prov.)	New PI	N/A
C	16-18 year olds not in education, employment or training (NEET)	7.7% (2014/15)	8.7%	2 pts	2015/16	▼	ENG: 4.2%
C	Anti-Social Behaviour incidents – gap to national average	New PI	New PI	-	Quarterly	New PI	Due Q2
C	Domestic Violence incidents – gap to national average	New PI	New PI	-	Quarterly	New PI	Due Q2
			Total	6/8			
				75%			

7. This overall performance figure for the quadrant is summarised within the Scorecard in 'thermometer' format, to provide a graphical indication of the current position, as follows:



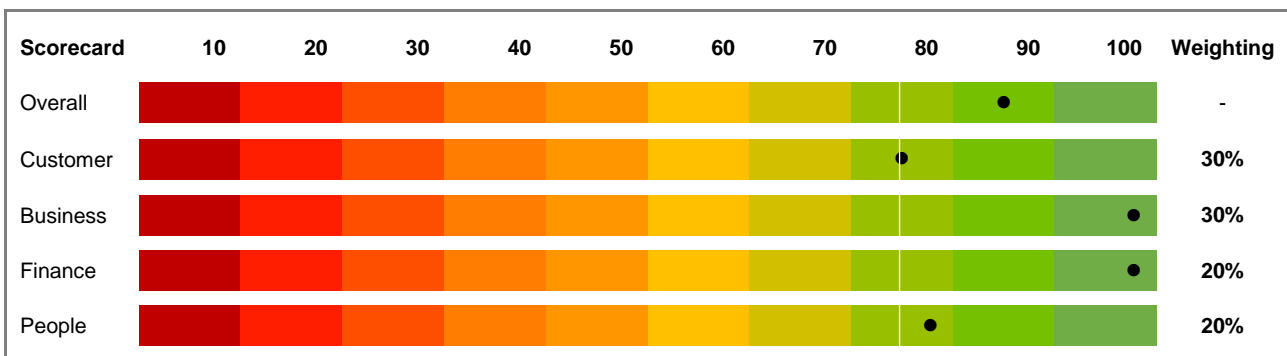
8. Each quadrant is then weighted to reflect the respective priority of each to overall performance for the area, as identified in the Strategic Plan and Outcome Delivery Plans. Weighting will be agreed with appropriate Executive Members. For example, the Finance quadrant would be more heavily weighted in Outcome Areas contributing most to budget savings targets. Outcome Areas largely focused on Customer / Business quadrants would place a greater weighting on these. Weightings may change each year, according to priorities.

9. In this example, Outcome 2 has allocated the Customer quadrant a weighting of 30% to the overall total.

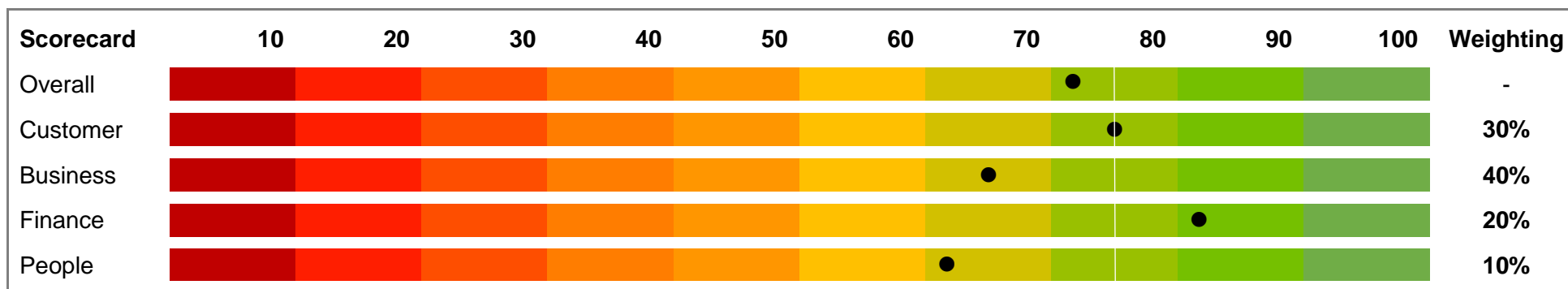


10. This means that a maximum score of 100% in this quadrant would contribute a maximum of 30% to the overall Scorecard. As, it is the quadrant scored 75% at Quarter One, contributing 22.5% to the overall score.

11. The same approach is applied to all quadrants, giving a total overall score for the Scorecard.

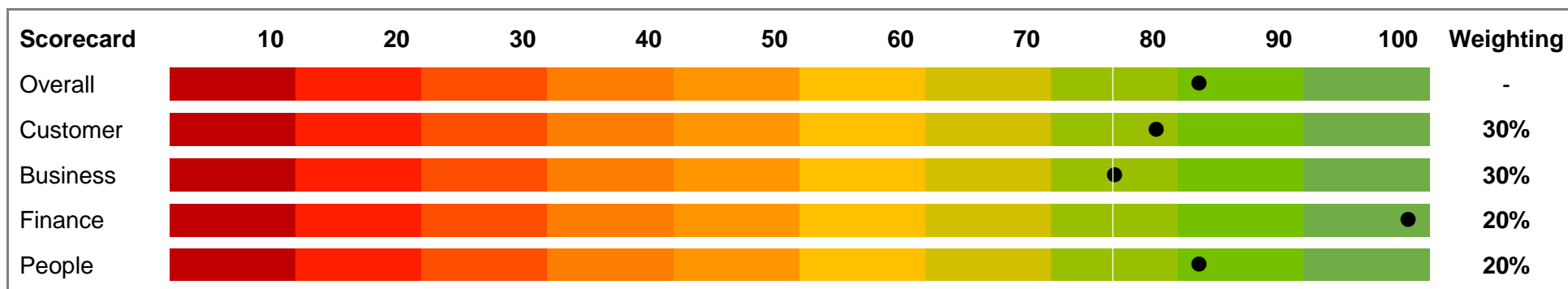


Outcome 1 Economic Development



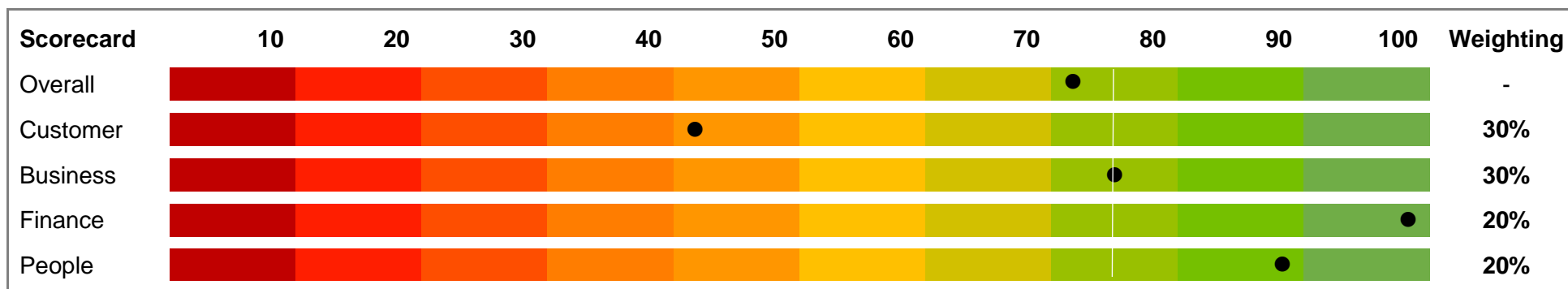
Measure	Last	Target	Current	Period	Trend	Benchmark
C Local gross weekly pay as %age of the NE average	96.45% (2015)	93.80%	97.15%	2016	▲	NE: £492.20
C Economically active people in Middlesbrough in employment	65.1% (2015/16)	64.95%	64.2%	Oct15 - Sep16	▼	NE: 69.9%
B New homes delivered (gross)	178 (Q2 16/17)	338	449	Q3 16/17	▲	N/A
B New homes built Council Tax Band D and above	109 (Q2 16/17)	112	154	Q3 16/17	▲	N/A
B Homes empty for over six months	847 (Q2 16/17)	1,100	910	Q3 16/17	▲	N/A
B Growth in Middlesbrough's Business Rates base	Due Q4	New PI	Due Q4	Quarterly	New PI	Due Q4
B Occupancy rate within town centre retail units	New PI	85%	86%	Q3 16/17	▲	N/A
B Major programmes and projects projected to complete within target date	64% (Q2 16/17)	100%	86%	Q3 16/17	▲	Council: 98%
B Risk mitigation activity projected to meet milestones	New PI	90%	60%	Q3 16/17	N/A	Council: 64%
F Projected expenditure of revenue budget	102% (Q2 16/17)	100%	102%	Q3 16/17		Council: 99.9%
F Projected attainment of savings targets	100% (Q2 16/17)	100%	100%	Q3 16/17		Council: 98.75%
F Projected expenditure of capital budget	71% (Q2 16/17)	95%	97%	Q3 16/17	▲	Council: 94.6%
P Employees with appraisal for current financial year	69% (Q2 16/17)	95%	69%	2016/17		Council: 83%
P Managers scoring average of satisfactory or better in appraisal	100% (Q2 16/17)	90%	100%	2016/17		Council: 99%
P Employees scoring average of satisfactory or better in appraisal	100% (Q2 16/17)	90%	100%	2016/17		Council: 99%
P Sickness absence (days per FTE)	3.59 (Q2 16/17)	5	5.32	To Nov 16/17	▼	Council: 6.16
P Employees satisfied with working in their service area	82.6% (2012)	70%	76%	2015	▼	Council: 81%

Outcome 2 Supporting Communities



Measure	Last	Target	Current	Period	Trend	Benchmark
C Number of households accepted as homeless	37 (Q2 16/17)	63.75	47	Q3 16/17	▼	N/A
C Troubled Families w/ sustained and measured positive outcomes	79 (Q1 16/17)	152	127	Q2 16/17	▲	N/A
C Children in Need referrals resulting in CAF step-downs	57 (Q2 16/17)	75	74	Q3 16/17	▲	N/A
C Children meeting Early Years 'good' measure – gap to national average	New PI	-9%	-9%	2016 (Prov.)	N/A	N/A
C 16-18 year olds not in education, employment or training (NEET)	7.7% (2014/15)	8.7%	6.9%	2015/16	▼	ENG: 4.2%
C Anti-Social Behaviour incidents (target 5% reduction)	New PI	9,220	9,080	To Nov 16	▼	New PI
C Domestic Violence incidents (target 5% reduction)	New PI	3,283	3,174	To Nov 16	▼	New PI
B North East asylum seekers housed in Middlesbrough	21.5% (Q2 16/17)	30.5%	19.2%	Q3 16/17	▼	UK rank # TBC
B Take-up of nursery places for 2 year-olds from target groups	88% (Sum 16)	70%	86%	Oct 16	▼	N/A
B Children identified for nursery readiness interventions engaged	New PI	New PI	Due Q4	TBD	New PI	Due Q4
B 16-17 year olds with suitable offer of learning – gap to national average	+1.5% (Q2 16/17)	-0.5%	+3.1%	Q3 16/17	▼	ENG: 94.6%
B Risk mitigation activity projected to meet milestones	New PI	90%	83%	Q3 16/17	N/A	Council: 64%
F Projected expenditure of revenue budget	95% (Q2 16/17)	100%	96%	Q3 16/17	▲	Council: 99.9%
F Projected attainment of savings targets	100% (Q2 16/17)	100%	100%	Q3 16/17		Council: 98.75%
F Projected expenditure of capital budget	100% (Q2 16/17)	95%	100%	Q3 16/17		Council: 94.6%
P Employees with appraisal for current financial year	79% (Q2 16/17)	95%	79%	2016/17		Council: 83%
P Managers scoring average of satisfactory or better in appraisal	97% (Q2 16/17)	90%	97%	2016/17		Council: 99%
P Employees scoring average of satisfactory or better in appraisal	100% (Q2 16/17)	90%	100%	2016/17		Council: 99%
P Sickness absence (days per FTE)	2.34 (Q2 16/17)	5	4.87	To Nov 16/17	▲	Council: 6.16
P Employees satisfied with working in their service area	69% (2012)	70%	83.2%	2015	▲	Council: 81%

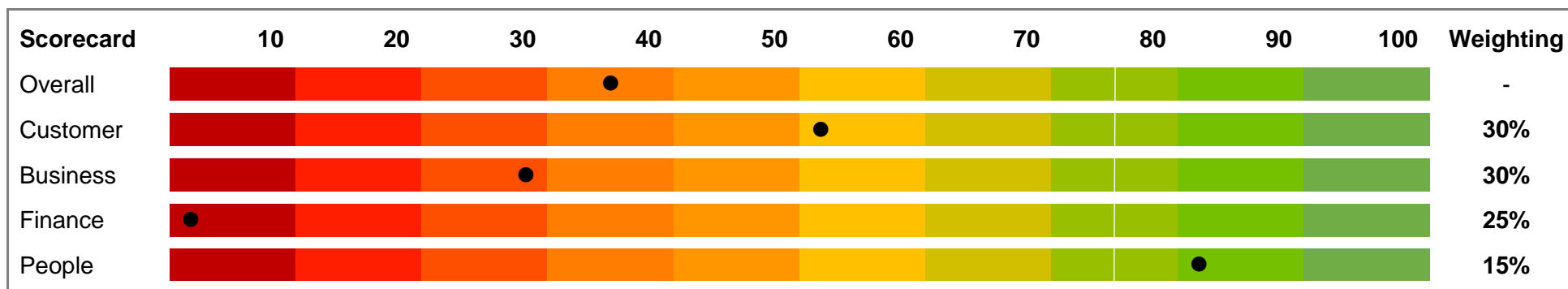
Outcome 3 Public Health



Measure	Last	Target	Current	Period	Trend	Benchmark
C Healthy life expectancy (males) – gap to national average (years)	-5.7 (2011-13)	-5.6	-5.7	2012-14		ENG: 63.4 (2012-14)
C Healthy life expectancy (females) – gap to national average (years)	-4.4 (2011-13)	-2.6	-2.7	2012-14	▼	ENG: 64 (2012-14)
C Healthy life expectancy (males) – gap most: least affluent wards (years)	14.2 (2011-13)	-11.6	11.7	2012-14	▼	N/A
C Healthy life expectancy (females) – gap most: least affluent wards (years)	10 (2011-13)	-11.9	12	2012-14	▲	N/A
C Early deaths from all causes (standardised mortality <75)	476.43 (2014)	484.33	484.33	2015	▲	ENG: 337.15 (2014)
C Mothers smoking at time of delivery	23% (Q1 16/17)	23.9%	21%	Q2 16/17	▼	ENG: 11.4% (2014/15)
C Smoking cessation – number of ‘four week quitters’	108 (Q1 16/17)	361	234	Q2 16/17		N/A
C Successful rehabilitation – Opiate users	5.2% (Q1 16/17)	5.5%	4.8%	Q2 16/17	▼	ENG: 6.6% (2015)
C Successful rehabilitation – Non-opiate users	34.1% (Q1 16/17)	37.8%	29.8%	Q2 16/17	▼	ENG: 39.2% (2015)
C Satisfaction of business with local authority regulation services	97% (Q2 16/17)	97%	96.6%	Q3 16/17		N/A
B Children who received a 2-2.5 year review using ASQ3	90% (Q1 16/17)	90%	93.4%	Q2 16/17	▲	N/A
B NHS Health Check programme – health checks offered	82.3% (Q1 16/17)	85%	87.3%	Q2 16/17	▲	ENG: 66% (2015)
B NHS Health Check programme – health checks taken up	34.9% (Q1 16/17)	40%	37.1%	Q2 16/17	▲	ENG: 31.8% (2015)
B Attendances at Leisure Centres	393,759 (Q2 16/17)	TBC	569,936	Q3 16/17	▲	N/A
B Cancer Screening coverage – breast cancer	71.1% (2014)	71.4%	71.3%	2015	▲	ENG: 75.4% (2015)
B Cancer Screening coverage – cervical cancer	69.8% (2014)	70.1%	70.6%	2015	▲	ENG: 73.5% (2015)
B Chlamydia diagnoses (15-24 year olds)	1,538 (2015)	2,300	3,172	2016	▲	ENG: 1,887 (2015)
B %age food businesses rated as satisfactory or above – gap to national average	+3% (Q2 16/17)	0%	+3%	Q3 16/17		N/A

Measure		Last	Target	Current	Period	Trend	Benchmark
B	%age Env. Protection service requests successfully resolved	100% (Q2 16/17)	90%	100%	Q3 16/17		N/A
B	%age businesses visited brought to a state of compliance	75% (Q2 16/17)	80%	83%	Q3 16/17	▲	N/A
B	Risk mitigation activity projected to meet milestones	New PI	90%	71%	Q3 16/17	N/A	Council: 64%
F	Projected expenditure of revenue budget	100% (Q2 16/17)	100%	100%	Q3 16/17		Council: 99.9%
F	Projected attainment of savings targets	100% (Q2 16/17)	100%	100%	Q3 16/17		Council: 98.75%
F	Projected expenditure of capital budget	100% (Q2 16/17)	95%	100%	Q3 16/17		Council: 94.6%
P	Employees with appraisal for current financial year	91% (Q2 16/17)	95%	92%	2016/17	▲	Council: 83%
P	Managers scoring average of satisfactory or better in appraisal	100% (Q2 16/17)	90%	100%	2016/17		Council: 99%
P	Employees scoring average of satisfactory or better in appraisal	100% (Q2 16/17)	90%	100%	2016/17		Council: 99%
P	Sickness absence (days per FTE)	2.15 (Q2 16/17)	5	3.32	To Nov 2016	▲	Council: 3.8
P	Employees satisfied with working in their service area	83% (2012)	70%	83%	2015		Council: 81%

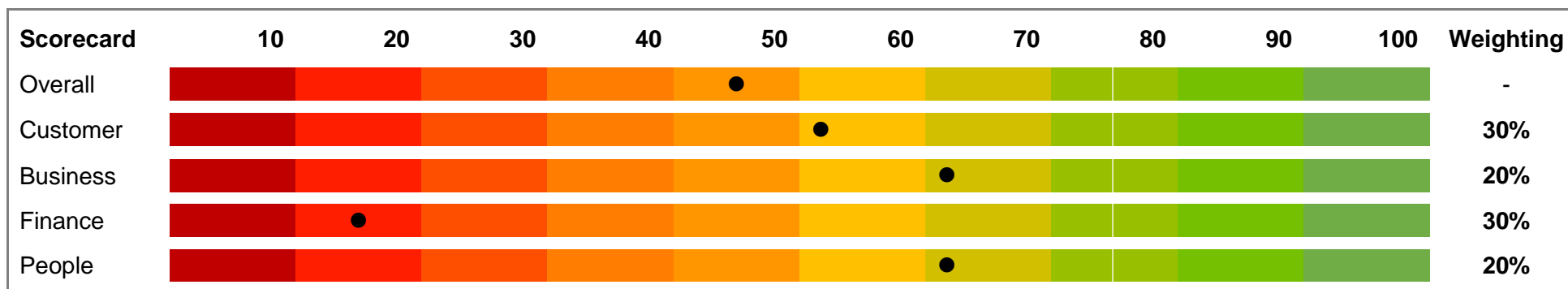
Outcome 4 Learning and Skills



Measure	Last	Target	Current	Period	Trend	Benchmark
C Yr 1: Expected standard in phonics de-coding	69% (2014/15)	72%	74%	2015/16 (Final)	▲	ENG 80.6%
C KS1: Expected standard in reading	New PI	New PI	67%	2015/16 (Final)	N/A	ENG: 74%
C KS1: Expected standard in writing	New PI	New PI	57%	2015/16 (Final)	N/A	ENG: 66%
C KS1: Expected standard in maths	New PI	New PI	65%	2015/16 (Final)	N/A	ENG: 78%
C KS2: Expected standard in reading	New PI	New PI	62%	2015/16 (Final)	N/A	ENG: 65.6%
C KS2: Expected standard in writing	New PI	New PI	69%	2015/16 (Final)	N/A	ENG: 74%
C KS2: Expected standard in maths	New PI	New PI	71%	2015/16 (Final)	N/A	ENG: 71%
C KS4: %age achieving threshold in English and maths	New PI	New PI	54.9%	2015/16 (Final)	N/A	ENG: 59.3%
C Permanent exclusions from school	0.18% (2014/15)	0.06%	0.32%	2015/16	▼	ENG: 0.07% (14/15)
C Success rates on Community Learning skills programmes	84.7% (2014/15)	86.3%	86.1%	Dec 16	▲	N/A
B Children not allocated a school place	0.5% (Q2 16/17)	0.5%	0.3%	Q3 16/17	▲	ENG: 0.4%
B Pupils attending a school judged 'Good' or better by Ofsted	85% (Q2 16/17)	73%	87%	At Nov 16	▲	ENG: 89%
B Persistent absence rate: Primary schools	2.6% (2014/15)	5.3%	11%	Aut/Spr 15/16	▲	ENG: 8.8%
B Persistent absence rate: Secondary schools	12% (2014/15)	6.9%	19.9%	Aut/Spr 15/16	▲	ENG: 12.3%
B Education Health & Care Plans completed within 20 weeks	59% (Jan-Jul 16)	56%	51.7%	Jan-Dec 16	▼	55.5% (2015)
B Community Learning: Learners Recruited	1,115 (Q1 15/16)	1,125	1,054	Q2 16/17	▲	N/A
B Risk mitigation activity projected to meet milestones	New PI	90%	56%	Q3 16/17	N/A	Council: 64%
F Projected expenditure of revenue budget	121% (Q2 16/17)	100%	112%	Q3 16/17	▲	Council: 99.9%
F Projected expenditure of capital budget	44% (Q2 16/17)	95%	76%	Q3 16/17	▲	Council: 94.6%
P Employees with appraisal for current financial year	61% (Q2 16/17)	95%	78%	2016/17	▲	Council: 83%
P Managers scoring average of satisfactory or better in appraisal	100% (Q2 16/17)	90%	100%	2016/17		Council: 99%

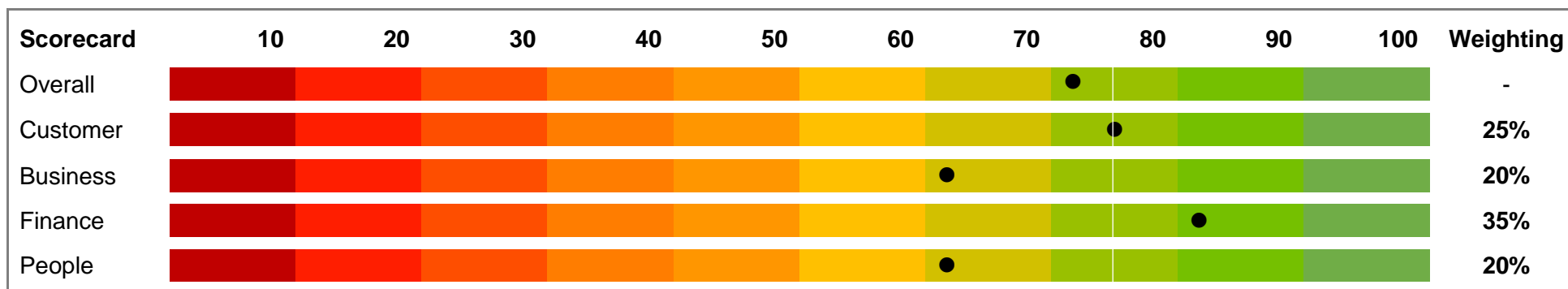
Measure		Last	Target	Current	Period	Trend	Benchmark
P	Employees scoring average of satisfactory or better in appraisal	100% (Q2 16/17)	90%	100%	2016/17		Council: 99%
P	Sickness absence (days per FTE)	1.37 (Q2 16/17)	5	3.13	To Nov 16	▲	Council: 3.8
P	Employees satisfied with working in their service area	78% (2012)	70%	85.2%	2015/16	▲	Council: 81%

Outcome 5 Children's Safeguarding



Measure	Last	Target	Current	Period	Trend	Benchmark
C LAC rate per 10,000 – gap to Family Group average (maintain in 16/17)	+32.9 (Q2 16/17)	+21.8	+37.3	Q3 16/17	▲	Family Group: 98.2 (2015/16)
C LAC – Residential placements within Middlesbrough	80.4% (Q2 16/17)	50%	81.9%	Q3 16/17	▲	N/A
C CPP rate per 10,000 – gap to Family Group average (maintain in 16/17)	+21.3 (Q2 16/17)	+10.6	+26.2	Q3 16/17	▲	Family Group: 61.9 (2014/15)
C Children's safeguarding – demand measure	New PI	New PI	Due Q2	TBD	New PI	Due Q2
C Rate of proven re-offending by young offenders	0.68 (Q1 16/17)	1.16	0.94	Q2 16/17	▲	ENG: 1.2 (Oct 13- Sep 14)
B LAC cases reviewed within required timescales	78.4% (Q2 16/17)	70%	80.1%	Q3 16/17	▲	N/A
B Continuous assessments completed within 45 working days	88.1% (Q2 16/17)	90%	84.8%	Q3 16/17	▼	N/A
B Caseload per social worker	19 (Q2 16/17)	21	18	Q3 16/17	▼	N/A
B Major programmes and projects projected to complete within target date	100% (Q2 16/17)	100%	100%	Q3 16/17		Council: 98%
B Risk mitigation activity projected to meet milestones	New PI	90%	79%	Q3 16/17	N/A	Council: 64%
F Projected expenditure of revenue budget	103% (Q2 16/17)	100%	104%	Q3 16/17	▲	Council: 99.9%
F Projected attainment of savings targets	72% (Q2 16/17)	100%	76%	Q3 16/17	▲	Council: 98.75%
F Projected expenditure of capital budget	N/A	95%	0%	Q3 16/17	N/A	Council: 94.6%
P Employees with appraisal for current financial year	76% (Q2 16/17)	95%	76%	2016/17		Council: 83%
P Managers scoring average of satisfactory or better in appraisal	95% (Q2 16/17)	90%	95%	2016/17		Council: 99%
P Employees scoring average of satisfactory or better in appraisal	98% (Q2 16/17)	90%	98%	2016/17		Council: 99%
P Sickness absence (days per FTE)	4.58 (Q1 16/17)	5	7.76	To Nov 16	▲	Council: 3.8
P Employees satisfied with working in their service area	83% (2012)	70%	88%	2015/16	▲	Council: 81%

Outcome 6 Adult Social Care



Measure	Last	Target	Current	Period	Trend	Benchmark
C Service users stating that services have made them feel safe and secure	95% (2014/15)	95%	91%	2015/16	▼	ENG 14/15: 84.5%
C Social care-related quality of life (/24)	20 (2014/15)	20	19.8	2015/16	▼	ENG 14/15: 19.1
C Social Care clients receiving Self-Directed Support	100% (Q2 16/17)	100%	100%	Q3 16/17		N/A
C 65+ year olds still at home 91 days after discharge into reablement / rehab	86.4% (Q2 16/17)	80%	82.35%	Q3 16/17	▼	ENG 14/15: 80.7%
C Adult Social Care – demand measure	New PI	New PI	Due Q4	TBD	New PI	Due Q4
B People in a permanent nursing or residential setting per 100,000	New PI	TBC	854	Q3 16/17	N/A	N/A
B Permanent admissions to residential / nursing care homes per 100,000	107.9 (Q2 16/17)	150	140.4	Q3 16/17	▲	N/A
B Delayed transfers of care from hospital per 100,000 attributable to ASC	0 (To May 16/17)	0	5.11	To Jul 16	▲	ENG 14/15: 3.7
B %age of reablement episodes achieving identified goals	85.71% (Q1 16/17)	75%	92.56%	Q2 16/17	▲	N/A
B % of referrals to ASC achieving agreed outcomes	New PI	New PI	Due Q4	TBD	New PI	Due Q4
B Major programmes and projects projected to complete within target date	100% (Q2 16/17)	100%	100%	Q3 16/17		Council: 98%
B Risk mitigation activity projected to meet milestones	New PI	90%	83%	Q3 16/17	N/A	Council: 64%
F Projected expenditure of revenue budget	97% (Q2 16/17)	100%	100%	Q3 16/17	▲	Council: 99.9%
F Projected attainment of savings targets	94% (Q2 16/17)	100%	100%	Q3 16/17	▲	Council: 98.75%
F Projected expenditure of capital budget	100% (Q1 16/17)	95%	92%	Q3 16/17	▼	Council: 94.6%
P Employees with appraisal for current financial year	80% (Q2 16/17)	95%	82%	2016/17	▲	Council: 83%
P Managers scoring average of satisfactory or better in appraisal	100% (Q2 16/17)	90%	100%	2016/17		Council: 99%
P Employees scoring average of satisfactory or better in appraisal	99% (Q2 16/17)	90%	99%	2016/17		Council: 99%
P Sickness absence (days per FTE)	6.77 (Q2 16/17)	5	10.38	To Nov 16	▲	Council: 6.16
P Employees satisfied with working in their service area	79% (2012)	70%	90.1%	2015/16	▲	Council: 81%

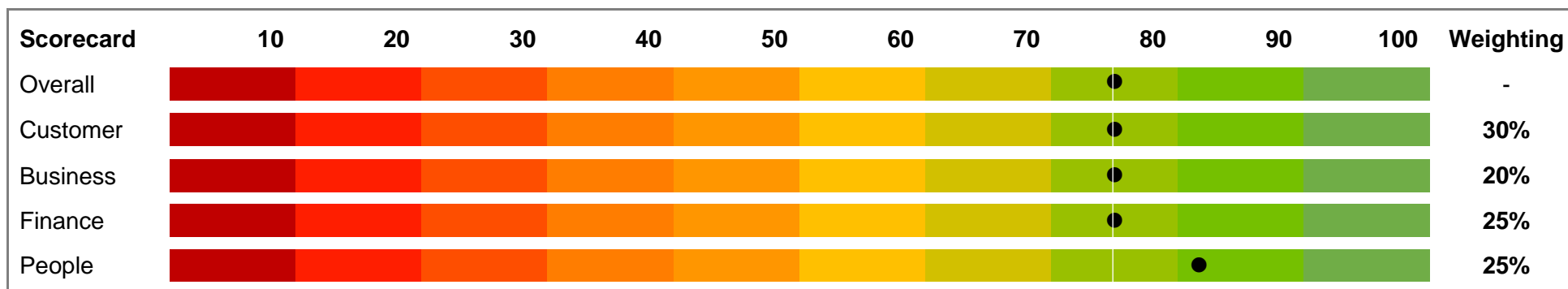
Outcome 7 Environment, Property and Commercial Services

Scorecard	10	20	30	40	50	60	70	80	90	100	Weighting
Overall											-
Customer											30%
Business											20%
Finance											30%
People											20%

Measure	Last	Target	Current	Period	Trend	Benchmark
C Satisfaction with cleanliness of streets	New PI	80%	Due Q4	2016/17	TBD	N/A
C Satisfaction with waste and recycling collections	New PI	80%	Due Q4	2016/17	TBD	N/A
C Environment Customer Service Promises achieved	New PI	90%	94%	Q3 16/17	N/A	N/A
C Customer satisfaction with commercial space	New PI	80%	81%	2014/15	N/A	N/A
C Customer satisfaction with public buildings	New PI	80%	79%	2015/16	N/A	N/A
C Staff Satisfaction with office accommodation	New PI	80%	61%	2015	N/A	N/A
C Average customer rating of support services (/10)	New PI	7	7.49	2015/16	N/A	N/A
B Household waste sent for reuse, recycling and composting (annual projection)	33.7% (2015/16)	35%	33%	2016/17 (Proj)	▼	UK 2015: 43.9%
B Streets meeting Keep Britain Tidy standards	New PI	90%	90.5%	Q1 16/17	N/A	N/A
B Critical compliance works completed as per schedule (Total)	100% (Q1 16/17)	100%	100%	Q2 16/17	N/A	N/A
B Occupancy rate in commercial portfolio (Commercial)	96% (Jun 16)	88%	96%	Sep 16		N/A
B Major programmes and projects projected to complete within target date	66% (Q4 15/16)	100%	100%	Q3 16/17		Council: 98%
B Risk mitigation activity projected to meet milestones	New PI	90%	53%	Q3 16/17	N/A	Council: 64%
F Projected expenditure of revenue budget	103% (Q2 16/17)	100%	102%	Q3 16/17	▼	Council: 99.9%
F Trading performance of commercial services (projected)	New PI	+8% p.a.	TBC	Q3 16/17	N/A	N/A
F Projected attainment of savings targets	100% (Q2 16/17)	100%	100%	Q3 16/17		Council: 98.75%
F Projected expenditure of capital budget	91% (Q2 16/17)	95%	96%	Q3 16/17	▲	Council: 94.6%
P Employees with appraisal for current financial year	88% (Q2 16/17)	95%	88%	2016/17		Council: 83%
P Managers scoring average of satisfactory or better in appraisal	100% (Q2 16/17)	90%	100%	2016/17		Council: 99%
P Employees scoring average of satisfactory or better in appraisal	100% (Q2 16/17)	90%	100%	2016/17		Council: 99%
P Sickness absence (days per FTE)	3.49 (Q2 16/17)	5	5.76	To Nov 16	▲	Council: 6.16

Measure		Last	Target	Current	Period	Trend	Benchmark
P	Employees satisfied with working in their service area	100% (2012)	70%	81%	2015	▼	Council: 81%

Outcome 8 Finance, Governance and Support



Measure	Last	Target	Current	Period	Trend	Benchmark
C Average customer rating of support services (/10)	New PI	7	8.1	2015/16	N/A	N/A
C Elected member satisfaction with support services	New PI	New PI	Due Q4	TBD	New PI	Due Q4
C Service transactions undertaken via MBC website	39,255 (Q2 16/17)	44,250	66,240	Q3 16/17	▲	N/A
C Housing Benefit – average days to process new claims	22.2 (Q2 16/17)	26	20.6	Q3 16/17	▼	N/A
C Housing Benefit – average days to process changes of circumstances	17.6 (Q2 16/17)	13	24.92	Q3 16/17	▲	N/A
B Council Tax collected in-year	59.4% (Q2 16/17)	82.47%	79.27%	Q3 16/17		ENG: 97.1% (2015/16)
B Business Rates collected in-year	55.5% (Q2 16/17)	83.19%	81.79%	Q3 16/17	▲	ENG: 98.2% (2015/16)
B Projected achievement of Council Improvement Plan actions on target	96% (Q2 16/17)	100%	100%	Q3 16/17	▲	N/A
B Major programmes and projects projected to complete within target date	100% (Q2 16/17)	100%	100%	Q3 16/17		Council: 98%
B Risk mitigation activity projected to meet milestones	New PI	90%	59%	Q3 16/17	N/A	Council: 64%
F Projected expenditure of revenue budget	97% (Q2 16/17)	100%	95%	Q3 16/17	▼	Council: 99.9%
F Projected attainment of savings targets	78% (Q2 16/17)	100%	78%	Q3 16/17		Council: 98.75%
F Projected expenditure of capital budget	51% (Q2 16/17)	95%	100%	Q3 16/17	▲	Council: 94.6%
F % of Council expenditure on local goods and services	New PI	25%	30%	Q3 16/17	N/A	N/A
P Employees with appraisal for current financial year	75% (Q2 16/17)	95%	77%	2016/17	▲	Council: 83%
P Managers scoring average of satisfactory or better in appraisal	100% (Q2 16/17)	90%	100%	2016/17		Council: 99%
P Employees scoring average of satisfactory or better in appraisal	98% (Q2 16/17)	90%	98%	2016/17		Council: 99%
P Sickness absence (days per FTE)	3.46 (Q2 16/17)	5	4.69	Q3 16/17	▲	Council: 6.16
P Employees satisfied with working in their service area	New PI	70%	76.5%	2015/16	N/A	Council: 81%

Appendix 2: Budget and performance monitoring Quarter Three 2016/17 – Consolidated action plan

OA	Issue	Impact	Action	Who	When	Status
1	Four major programmes and projects were projected to overrun at end Q1.	Various, potentially significant, impacts on the Council's budget gap if not mitigated effectively.	Re-plan and secure change controls to ensure slippage is mitigated.	Assistant Director, Economic Development	End Q3 2016/17	Completed – only one programme remains
	Progress and impact on the budget of the LED Street Lighting Project is unclear.		Assessment of the progress of the scheme and its impact in terms of budget savings is required for inclusion in the Quarter 2 report.	Head of Capital Programmes / Accountancy	End Q2 2016/17	Completed – reflected in Q2 monitoring.
	Potential MTFP Pressure identified around increased demand in the Passenger Transport Service.		Work to be undertaken to understand and quantify the potential pressure ahead of Quarter 2 monitoring.	Head of Transport and Infrastructure / Accountancy	End Q2 2016/17	Completed – demand issues addressed in MTFP agreed by Council on 30 Nov 2016.
	Passenger Transport Budget Pressure.		Work to minimise this pressure through improved decision making and accessing all relevant funding.	Head of Transport and Infrastructure / Accountancy	End Q4 2016/17	Significant progress has been made in this area, which is expected to deliver budget savings in 2017/18. Further work will continue to end Q4.
	Forecast budget pressure in 2016/17.		Explore measures to mitigate this pressure and implement to deliver a balanced budget position in 2016/17.	Assistant Director, Economic Development	End Q4 2016/17	On target.
2	Households accepted as homeless rose at end Q1.	Personal cost to individuals and families and avoidable costs to public services.	Monitor trends closely with contractor to ensure the correct preventative support is in place.	Assistant Director, Supporting Communities	End Q2 2016/17	Completed – back on target at Q2.
3	Lack of positive movement in some key population health metrics (e.g. male life expectancy).	Significant impact on quality of life and public sector health and social care budgets.	Develop Adult Prevention Strategy and joint approaches across South Tees to drive improvements in Public Health outcomes and inform commissioned services.	Assistant Director, Improving Public Health	End Q4 2016/17	On target – Prevention Strategy is now out for consultation and will be approved before end Quarter Four.
	Continued underperformance on some PH contracted services (e.g. smoking cessation).					
	Expenditure on Public Health contracts is difficult to forecast due to performance related payments not finalised until September 2016.	Year-end projections difficult to achieve without accurate forecasting.	Once performance related data is finalised the impact on the 2016/17 budget position must be assessed.	DPH / Accountancy	End Q2 2016/17	Completed – reflected in Q2 monitoring.
4	Continued rise in school exclusions.	Impact on attainment, and associated social implications.	Participate in the development of and support MAP's plans as appropriate to address these persistent absence and exclusions.	Assistant Director, Learning and Skills	End Q4 2016/17	On target.
	Continued rise in persistent absence from secondary schools.					
	Targets for this Outcome Area have not reflected recent changes within sector and comparative performance.	Scorecard is unlikely to accurately assess performance of Outcome Area.	Review targets against appropriate comparators and propose new.		End Q4 2016/17	Completed – reflected in Q3 monitoring.

OA	Issue	Impact	Action	Who	When	Status
4	Budget pressure on Learning and Skills budgets relating to failure to achieve previous years savings targets.	Various, potentially significant, impacts on the Council's budget gap if not mitigated effectively.	Service to identify mitigation measures for this pressure ahead of Quarter 2 monitoring.	Assistant Director, Learning and Skills	End Q2 2016/17	Completed – reflected in Q2 monitoring. Pressure covered in MTFP following agreement at Council on 30 Nov 2016.
	Forecast budget pressure in 2016/17.		Explore measures to mitigate this pressure and implement to deliver a balanced budget position in 2016/17.	Assistant Director, Learning and Skills	End Q4 2016/17	On target.
	Potential MTFP Pressure identified around the future of Local Authority Education functions and funding.		Work to be undertaken to understand and quantify the potential pressure over the course of the current financial year.	Assistant Director, Learning and Skills	End Q4 2016/17	Work on this area has commenced and is expected to be complete by the end of 2016/17.
5	Continued rise in numbers of Looked After Children.	Significant impact on children, families and the Council's budget gap if not mitigated effectively.	Develop and implement an 'asset-based social work' model with the Outcome Area (Post-Ofsted Improvement Plan).	Assistant Director, Safeguarding and Children's Care	Actions to end of and beyond 2016/17	On target – work to commence within Q4.
	Some targets do not appear to be SMART when compared with national averages.	Scorecard is unlikely to accurately assess performance of Outcome Area.	Review targets against appropriate comparators and propose new.		End Q3 2016/17	Completed – reflected in Q3 monitoring.
	Budget pressure on Safeguarding & Children's Care due to delayed implementation of some 2016/17 budget savings as a result of OFSTED.	Various, potentially significant, impacts on the Council's budget gap if not mitigated effectively.	Service to identify what proportion of these savings can be delivered in 2016/17 in order to update forecast for Quarter 2 report.	Assistant Director, Safeguarding and Children's Care	End Q2 2016/17 O / S Actions End Q4 2016/17	Work on this is being carried out alongside work on savings proposals for 2017/18. A progress report was included at Q2 but further work will be required.
	Forecast budget pressure on the Resources Service within Safeguarding and Children's Care.		Service to work with accountancy to ensure that an accurate forecast of the pressure and a mitigation plan is available for Quarter 2 report.	Assistant Director, Safeguarding and Children's Care	End Q2 2016/17	Completed – reflected in Q2 monitoring.
	Potential MTFP Pressure identified in Safeguarding and Children's Social Care. Peopletoo diagnostic work may identify requirements to invest to save in changing practice.		Work to be undertaken alongside the service transformation work to identify and understand any potential costs over the course of the current financial year.	Assistant Director, Safeguarding and Children's Care	End Q4 2016/17	Work on this area has commenced and is expected to be complete by the end of 2016/17.
5/8	Forecast budget pressure in 2016/17 and savings requirement in future years.		A panel chaired by the Strategic Director of Finance, Governance and Support should be set up to monitor and scrutinise expenditure in Safeguarding and Children's Care.	Strategic Director, Finance, Governance and Support	30 Nov 2016 O / S Actions End Q4 2016/17	Work has commenced to improve management information and performance management processes within the Outcome Area – further work to be undertaken by end Q4.

OA	Issue	Impact	Action	Who	When	Status
6	Rise in rate of admissions for residential care numbers.	Significant impact on the Council's budget gap if not mitigated effectively.	Implement revised process for scrutinising residential placements / high-cost care packages, including new appointments.	Strategic Director, Adult Social Services	End Q3 2016/17	Completed – back on target at end Q3.
	Some targets do not appear to be SMART when compared with national averages.	Scorecard is unlikely to accurately assess performance of Outcome Area.	Review targets against appropriate comparators and propose new.		End Q3 2016/17	Completed – reflected in Q3 monitoring.
7	A potential increase in waste disposal tonnages has led to a budget pressure.	Various, potentially significant, impacts on the Council's budget gap if not mitigated effectively.	Service to undertake analysis work to understand the reasons for the increase in waste tonnages, ensure the increase is genuine and recurring and look for mitigation. Analysis to be included in Quarter Two.	Keith Garland / Andrew Humble	End Q2 2016/17 Further analysis end Q4	MTFP adjusted to reflect pressure identified at Q2 – further analysis required on additional pressure identified in Q3.
	Potential MTFP Pressure due to ongoing negotiations with regard to the proposed 5 year extension of the SUEZ Tees Valley Waste Disposal Contract.		Work to be undertaken to understand and quantify the potential pressure ahead of Quarter 2 monitoring.	Geoff Field / Andrew Humble	End Q2 2016/17 O / S actions end Q4 2016/17	Contract extension is due to commence on 1/4/2020. Estimate of costs have been provided by SUEZ and negotiations are taking place between SUEZ and Tees Valley Councils to agree a position.
	Forecast budget pressure in 2016/17.		Explore measures to mitigate this pressure and implement to deliver a balanced budget position in 2016/17.	Geoff Field	End Q4 2016/17	On target.
8	In-year collection rates for Council Tax and Business Rates under target at end Q1.	Significant impact on the Council's budget gap if not mitigated effectively.	Agree remedial actions with service provide (Kier) to minimise uncollected benefits.	Strategic Director of Finance, Governance and Support	End Q2 2016/17	Discussions still ongoing between Council and Kier senior management.
	HR / Payroll is currently projected not to meet targeted 'Go Live' date of 1 April 2017.	Significant ongoing impacts on Middlesbrough Managers / Employees.	Re-plan to ensure Go Live date is achieved.		End Q2 2016/17	Completed – back on target at end Q3.
	There is a forecast budget pressure on employee budgets within Finance, Governance and Support.	Impact on the Council's budget gap if not mitigated effectively.	Budget managers and accountancy will identify a strategy to bring these budgets budget in on target by year end.	FGS Budget Managers / Andrew Humble	End Q2 2016/17	Completed – action has been taken by Budget Managers to address this pressure and expenditure will be within budget in 2016/17.
	Legal Services are reporting a pressure resulting from an increase in new child care cases following new Section 20 legislation.	Significant impact on the Council's budget gap if not mitigated effectively.	Legal services to work with children's social care and accountancy to analyse the reasons for the pressure and identify what mitigation may be applied.	Bryn Roberts / Alison Brown	End Q2 2016/17 O / S actions end Q4 2016/17	Provisional analysis of undertaken and reflected in MTFP. A service review will be required and will commence in 2016/17.

OA	Issue	Impact	Action	Who	When	Status
8	Data held on the Agresso system can be confusing and difficult to interpret for Budget Managers hampering the ability to forecast accurately without accountancy support.	Significant ongoing impacts on Middlesbrough Managers / Employees.	Cleanse data held on the Agresso system to ensure that: income (Debtors, Grant & C Fund), expenditure funded by Reserves, allocation of charges to service budgets and Support Service Charges, are all accounted for accurately and on a timely basis.	Head of Financial Planning and Support	End Q2 2016/17 O / S actions end Q3 2016/17	System cleansed in respect of all central charges and budget adjustments. There are some outstanding areas of charging where information is required from service areas. Processes are being reviewed to ensure that this information will be available in a timely manner in future.
	A number of pressures have been identified within service budgets at Quarter One.	Significant impact on the Council's budget gap if not mitigated effectively.	Ahead of Quarter 2 monitoring analysis should be completed looking for mitigating savings opportunities to balance out pressures	Head of Financial Planning and Support	End Q2 2016/17	Completed – reported at Q2.
	To maintain the integrity of quarterly monitoring assumptions around the use of reserves must be consistent with other financial projections.	Effectiveness of financial management not optimised.	Systems to be put in place to ensure that all the use of reserves are tracked quarterly at a central point and service assumptions are consistent with this position.	Head of Financial Planning and Support	End Q2 2016/17	Completed – reported at Q2.
All	Sickness absence KPI off target in several Outcome Areas.	Lost productivity for the organisation and personal impacts on employees (particularly in relation to long-term absence).	Initiate a cross-Council task and finish group to review sickness absence processes, propose appropriate amendments and develop a bespoke action plan for each Outcome Area.	Strategic Director of Finance, Governance and Support	End Q4 2016/17	On target.
	Apparent underperformance in several Outcome Areas highlighted in appraisal return.	Employees not receiving an appraisal are not sufficiently directed.	Initiate a cross-Council task and finish group to review the corporate appraisal process and propose appropriate amendments.		End Q3 2016/17	Completed – LMT agreed a streamlined approach in Q3.
	Early indications suggest forecast slippage in delivery against the Investment Strategy agreed by Council on the 13 July 2016.	Anticipated benefits from Investment Strategy not achieved, or achieved later.	Ahead of Quarter 2 monitoring services will review project timetables of all Capital Projects and accurately forecast expenditure profiles.	All Services / Accountancy	End Q2 2016/17	Completed – accurate profiling information was obtained from project managers and included at Q2. Based upon this work a revised Investment Strategy was agreed by Council on 30 Nov 2016.

Appendix 3: Summary Strategic Risk Register

The Council's Corporate Strategic Risk Register identifies the following as current high and medium level risks to the achievement of the Council's targeted outcomes, given the current controls in place to reduce their probability and impact of their occurrence. Activity to further mitigate risk to the lowest practicable level is set out in this Strategic Plan and supporting risk plans. Risk levels and controls are reviewed on a quarterly basis in line with the Council's Risk Management Strategy.

Risk	Outcome Area(s) affected	Current risk level			Trend
		Probability	Impact	Score ¹	
Targeted investment within Middlesbrough disproportionately affected by low economic growth (e.g. following Brexit).	1	4	5	20	
Qualifications and skills profile of local labour does not match requirements of current employers and / or potential future investors.	2	3	5	15	▼
Increased risk of harm to children and young people, in particular due to instability caused by Social Care transformation.	5	3	5	15	
Potential for achieving sustainable improvement in local health and wellbeing affected by failure to protect and improve public health.	3	3	5	15	
Qualifications and skills profile of school leavers does not allow them to progress to further education, employment or training.	4	3	5	15	
Reduced outcomes and incurred costs through failure to implement effective strategic and delivery partnerships.	8	3	5	15	
Failure to deliver required transformation of services, culture change or savings.	All	3	5	15	
Further public sector austerity as a result of the UK exiting the European Union.	8	2	7	14	
Failure to respond effectively and efficiently to legislative changes places the Council in breach of statutory duties.	All	2	7	14	
Individuals and families in need not provided with effective help at appropriately early stage, resulting in social issues and greater downstream costs to public services.	2	2	5	10	▼

¹ Probability is scored from 1 (rare) to 5 (almost certain), impact from 1 (insignificant) to 7 (extreme). Impact can relate to a range of factors including the achievement of priorities, financial losses and reputational damage. The risk score is P x I, with a maximum score of 35.