

AGENDA ITEM 7

Report of:	Executive Member for Finance and Governance – Cllr N Walker Strategic Director of Finance, Governance and Support – James Bromiley
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Submitted to:	Executive - 20 November 2018
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Subject:	Strategic Plan 2018-22 – Progress at Quarter Two 2018/19
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Summary

Proposed decision(s)

That the Executive notes the Council’s Quarter Two 2018/19 Results report (Appendix 1) and the actions to be taken to address the issues set out within it.

That the Executive approves the proposed revenue budget virement of over £150,000 (Appendix 2) and the proposed revised Investment Strategy to 2020/21 (Appendix 3).

That the Executive notes confirmation of one-off winter pressures funding for adult social care of £758,000 from the Government, and approves the utilisation of £392,000 of the Social Care Demand Risk Reserve to mitigate increased demand in Children’s Care in 2018/19.

Report for:	Key decision:	Confidential:	Is the report urgent?
Decision	Yes – over the financial threshold (£150,000)	No	No

Contribution to delivery of the 2018-22 Strategic Plan

Business Imperatives	Physical Regeneration	Social Regeneration
Quarterly monitoring, review and action planning plays a central role in ensuring that the Strategic Plan is delivered effectively.		

Ward(s) affected

None.

What is the purpose of this report?

1. This report advises the Executive of progress against the 2018-22 Strategic Plan, and the Council's projected year-end financial position, at Quarter Two 2018/19.

Why does this report require a Member decision?

2. The Council's Scheme of Delegation gives the Executive collective responsibility for corporate strategic performance and financial management / monitoring, together with associated action. Standing Orders and Financial Procedures require the Executive's approval for major virements between revenue budgets, and in-year changes to the Council's capital Investment Strategy.
3. Appendix 1 provides the necessary information to enable the Executive to discharge its performance and financial management responsibilities, setting out for Quarter Two 2018/19:
 - a progress update against the 2018-22 Strategic Plan
 - revenue and capital budget projections and proposed amendments;
 - position statements in relation to the Council's borrowing and its reserves;
 - an update on the Council's Strategic Risk Register; and
 - actions that the Council will take in the next quarter to address performance issues.
4. Revenue budget virements above £150,000 and a revised Investment Strategy for the period to 2020/21 are attached at Appendices 2 and 3 for approval.

Report Background

5. Appendix 1 sets out positive performance in many areas, notably:
 - 26 of the 30 priorities within the 2018-2022 Strategic Plan are on target to be achieved, with 17 of 28 measures of success showing improvement;
 - the Council received an unqualified Value for Money opinion from its external auditor after systematically and effectively addressing governance issues raised in respect of its project management, capital programme and asset disposals over the past three years; and
 - all KPIs within the Middlesbrough Investment Prospectus remain on target to be achieved, and the Council has made continued good progress in delivering its capital investment strategy in support of physical regeneration in the town.
6. Key performance issues identified in the report are broadly unchanged from Quarter One, and relate to improving local life expectancy and addressing increases in recorded crime in the town, both of which are national issues that affect many councils, and more locally, the need to link local job seekers to opportunities arising from the Investment Prospectus, and the transformation of children's social care.
7. At Quarter Two, some positive progress was evident in respect of the latter, with the Children Protection Plan rate remaining static, and the Children in Need rate reducing considerably as work progresses on the Council's Believe in Families programme. The Looked After Children rate increased marginally, but the trend in the increase slowed significantly, with the rise between Quarters One and Two equating to four children.

8. In early 2019, the Council will launch a Social regeneration Prospectus that will set out plans to address the issues set out above and other social issues evident across the town in a systematic and integrated way in the coming years.
9. The Council is also now projecting an overspend which in percentage terms is minor on its revenue budget this year (detailed in the financial section below), due principally to continued pressures in Children's Care, in line with what is now a national trend. Strong action will continue to be taken throughout the remainder of this year to mitigate these spending pressures.

What decisions are being asked for?

10. That the Executive notes the Council's Quarter Two 2018/19 Results report (Appendix 1) and the actions to be taken to address the issues set out within it.
11. That the Executive approves the proposed revenue budget virement of over £150,000 (Appendix 2) and the proposed revised Investment Strategy to 2020/21 (Appendix 3).
12. That the Executive notes confirmation of one-off winter pressures funding for adult social care of £758,000 from the Government, and approves the utilisation of £392,000 of the Social Care Demand Risk Reserve to mitigate increased demand in Children's Care in 2018/19.

Why is this being recommended?

13. To enable the effective management of finances, performance and risk in line with the Council's Local Code of Corporate Governance, the Scheme of Delegation and agreed corporate financial regulations.

Other potential decisions and why these have not been recommended

14. Not applicable.

Impact(s) of recommended decision(s)

Legal

15. The proposed recommendations are consistent with and will promote the achievement of the Council's legal duty to achieve Best Value.

Financial

16. The financial implications of Quarter Two budget monitoring are set out within Appendix 1 of the report.
17. Moving from a projected break-even position at Quarter One, the Council is projecting an overspend of £660,000 (0.6%) at Quarter Two due mainly to continuing pressures in children's care, as has been seen in neighbouring local authorities, and in line with the national trend in demand within these services.
18. In October 2018, the Council received confirmation of one-off winter pressures funding for adult social care of £757,937 from the Government, removing the need for the

Council to fund these pressures this year. As such, the projected position at Quarter Two outlined above:

- allocates this funding to the Adult Social Care budget, reducing pressures in that Directorate this year; and
- assumes that £392,000 from the Social Care Risk Reserve will be utilised to mitigate demand pressures in Children's Care, rather than Adult Social Care as approved at Quarter One, as the funding will not now be required by that Directorate.

19. While an overspend of this level, should it be confirmed at year-end, can be covered by the Council's reserves, strong, additional action will be taken in the second half of 2018/19 to mitigate the Council's in-year spending position. The underlying pressures will be addressed in the revised Medium-Term Financial Plan presented to this meeting of the Executive.

Policy framework

20. The Strategic Plan and associated budgets form part of the Council's Policy Framework. All proposed variations set out in this report are in line with authority delegated to the Executive.

Equality and diversity

21. As reported to Council in March 2018, no negative differential impact on diverse groups and communities is anticipated from the direction of travel set out in the Strategic Plan 2018-22 or the Council's planned budgetary expenditure.

Risk

22. In line with the Council's Risk Management Framework, the Council's Strategic Risk Register was reviewed in the quarter, and is summarised in Appendix 1. The potential impacts of Brexit and the funding position of South Tees Clinical Commissioning Group were the biggest risks to the Council's strategic objectives at the end of Quarter Two.

Actions to be taken to implement the decision(s)

23. All in-year budgetary changes will be implemented upon approval. Mitigating activity set out in the main body of the report will be implemented by Directorates as stated with progress reported to Executive at Quarter Three.

Appendices

- 1 Q2 2018/19 Results
- 2 Proposed virements at Q2 2018/19
- 3 Proposed revised Investment Strategy at Q2 2018/19

Background papers

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| 28/03/18 | Council | Strategic Plan 2018-22 |
| 12/06/18 | Executive | Review of Performance and Risk Management Frameworks |
| 06/09/18 | Executive | Strategic Plan 2018-22 – Progress at Quarter One 2018/19 |

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