

# Q2 2018/19 Results

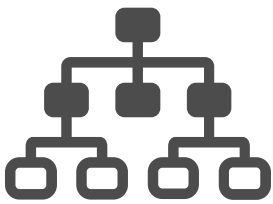
Progress against the Council's Strategic Plan 2018-2022 and  
projected financial position at Quarter 2 2018/19



# 1

## Headlines

This report sets out our performance results at Quarter 2 2018/19. As at Quarter 1, there is again positive performance in many areas but we are now projecting an overspend of 0.6% on our revenue budget this year, due mainly to continuing pressures within children's social care, in line with national trends. Strong action will be taken in the second half of the year to mitigate these pressures as far as practicable.



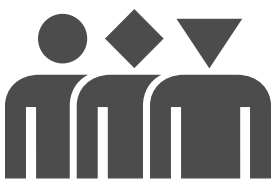
### Business imperatives

- All strategic priorities are on target, bar that of revenue budget performance.
- We received an unqualified Value for Money opinion from our auditor.
- Significantly more customers are using our online services.
- We took steps to insource our Revenues and Benefits services.



### Physical regeneration

- All strategic priorities are on target.
- All Middlesbrough Investment Prospectus KPIs remain on target.
- Centre Square and TeesAMP started on site.
- Student Village and affordable housing scheme in Grove Hill announced.



### Social regeneration

- Work to develop our Social Regeneration Prospectus continued.
- The South Tees Health and Wellbeing Board was launched.
- The amount of money we spend in the local area increased significantly.
- The rate of increase in Looked After Children slowed significantly.
- Provisional educational attainment results showed some improvement.
- Crime continued to increase, in line with the national picture.



### Projected financial position

- We are projecting 100.6% expenditure of our revenue budget this year.
- Further actions have been put in place to mitigate this during 2018/19.
- We are projecting 94% expenditure of our revised capital budget this year.
- Borrowing and reserves remain comfortably within agreed limits.










# 2

# Strategic Plan 2018-2022

## Strategic priorities - performance at Quarter 2

This section summarises current progress overall in delivering the strategic priorities set out in our Strategic Plan, progress against the key measures of success outlined in the plan, and the highlights and issues arising from Q2 monitoring. Section 5 details the actions we will take to resolve the performance issues identified in the report. Overall performance on strategic priorities remains the same as Q1, with 26 of 30 priorities currently on target.

### Business imperatives

Priority	Status
In-year financial performance relative to Council budget.	
Improve the financial performance of services we charge for, and look for new income.	
Achieve greater value for money when buying services and managing contracts.	
Look at new ways of delivering our services, working with local communities & partners.	
Through our digital strategy, make it easier to access our services online and phone.	
Introduce a 'unit cost' budgeting approach to our services to identify further efficiency savings.	
Make sure that our business management practices compare with those of the best-performing councils.	
Gain a greater understanding of the needs of our customers and partners, by introducing new ways of improving communications and consultation.	
Use our people strategy to become recognised as a good employer.	

### Physical regeneration

Measure	Status
Create a Middlesbrough 'brand' to improve the town's reputation, attract new investment, visitors and residents, and add to civic pride.	
Develop Middlehaven as an education, leisure, sports and entertainment centre of national significance.	
Improve Middlesbrough's rail connections, promote investment in the Historic Quarter to encourage business growth and continue to improve our road network.	
Transform our town centre to create an iconic and regional centre for media, digital creativity, learning and leisure.	
Develop Centre Square as the Tees Valley's main office location and a major focus of cultural & leisure activity.	
Build 2,300 new homes to meet the needs and ambitions of a growing population.	

# 2

# Strategic Plan 2018-2022

## Strategic priorities - performance at Quarter 2

Priority	Status
Create more affordable housing to develop a balanced, sustainable community where people want to live.	😊
Continue to grow our business base, with new commercial workspace and support for innovation sectors.	😊
Work with local communities to redevelop Middlesbrough's disadvantaged estates, and to put in place our empty homes strategy.	😊
<b>Social regeneration</b>	
Priority	Status
Work with partners to involve local communities, giving them the chance to influence how Middlesbrough is transformed and how public services are changed and improved.	😊
Continue to strengthen the local economy, creating 3,500 new jobs and increasing the number of local services we commission.	😊
Number of local jobs and the average weekly wage will increase, as our communities will be able to access the opportunities arising from Middlesbrough's regeneration.	😞
Take action to promote financial inclusion and reduce income inequality within the town, including improving community advice and welfare services and launching Middlesbrough's Community Bank.	😊
Transform children's social work and early help, to allow more families to stay together where it is safe to do so and reduce the need for children to be looked after by us.	😊
Increase educational and vocational attainment for all children and adults.	😊
Work to improve local health and wellbeing, and reduce health inequalities in the town, focusing on self-care, community-led prevention and early intervention.	😞
Join up health and social care, working with partners to keep children and adults healthy, avoid admissions to hospital, and improve care upon discharge.	😊
Continue to promote the welfare of our children, young people and vulnerable adults and protect them from harm, abuse and neglect.	😊
Improve the town's environment, working with local communities to make sure our roads, streets and open spaces are well-designed, clean and safe.	😊
Work with local people to improve community life, making sure that all adults, children and young people feel safer and happier where they live, and reduce loneliness and social isolation.	😊
Develop a new cultural strategy for the town, investing in our museums and other cultural assets, and lead the Tees Valley's 2025 UK City of Culture bid.	😊

# 2

# Strategic Plan 2018-2022

## Measures of success

17 of our 28 measures of success were improving compared to previous quarter or latest available data, down 2 from Q1. The position remains as expected, given that we are currently developing our approach to social regeneration, which remains the most uneven area of performance at Q2.

Business imperatives		Physical regeneration		Social regeneration	
Measure	Status	Measure	Status	Measure	Status
Council income from local sources	😊	Town population	😊	New jobs created	😊
Customers using online self-serve	😊	Satisfaction with Middlesbrough as a place to live	😐	Council spending with local businesses	😊
Employee satisfaction	😐	Visitors to Middlesbrough	😊	Local employment rate	😞
Employee sickness absence	😊	Inward investment	😊	Gross weekly pay	😞
External Auditor's 'Value for Money' judgement	😊	New business start-ups	😊	Child & adult poverty	😞
		Value of goods and services in Middlesbrough per worker	😊	Children looked after by us	😞
		New homes built	😊	Pupils achieving expected GCSE standards	😊
		Affordable homes as proportion of housing stock	😊	Residents with technical & professional qualifications	😊
				Child & adult obesity	😊
				Child & adult mental health	😐
				Healthy life expectancy	😞
				Adults living independently	😊
				Waste recycled	😐
				Overall crime rate	😞
				Local life satisfaction	😐

# 2

# Strategic Plan 2018-2022

## Quarter 2 highlights



The Council received an unqualified Value for Money opinion from its external auditor for 2017/18, after delivering significant improvements in the management of projects, capital expenditure and asset disposals in recent years.



At Q2, almost 280,000 customer transactions had taken place online, over 80% of our target for the year. Through our digital strategy we will continue to enhance the online customer experience over the next four years.



Positive action was taken to address income inequality and promote financial inclusion within the town, with a provider for the Middlesbrough Community Bank appointed and Executive agreeing the insourcing of the Revenues and Benefits services from November 2018.



All six KPIs in the Middlesbrough Investment Prospectus are currently projected to meet target. Key milestones within the Investment Prospectus were achieved, with starts on site for TeesAMP and Centre Square.



181 new houses of all types were built in Q2 to service the needs of the growing population, with plans for the Middlesbrough Student Village and affordable housing in Grove Hill also announced.



Middlesbrough Staying Put Agency won the national Home Improvement Agency of the year award, reflecting its role as a comprehensive and leading prevention service helping local people remain independent for as long as possible.



All of Middlesbrough's seven main parks and open spaces retained their Green Flag award status, continuing to provide a critical health and leisure asset for the town. We successfully relaunched Newham Grange Leisure Farm, which will receive considerable investment in future years.



The South Tees Health and Wellbeing Board was launched in Q2, with an ambition to tackle health inequalities and transform the health and social care system in Middlesbrough and Redcar and Cleveland.



To boost the local economy we aim to spend as much as we can in Middlesbrough and surrounding areas. In Q2 44% of our expenditure was local, up from 32% in Q1.

# 2

# Strategic Plan 2018-2022

## Issues arising at Quarter 2



We will continue to take strong action to address our projected Q2 overspend of £660,000 in the remainder of the year. Progress on actions to date and new planned actions are set out in Section 5.



The special funding measures imposed on South Tees Clinical Commissioning Group in Q1 continue to pose challenges to the funding and delivery of services, and this situation is (jointly) our biggest risk at Q2.



The uncertainty around the UK's Brexit deal is our other joint biggest risk at Q2, given the potential implications for development in Middlesbrough and the future funding and delivery of services.



The rate of increase in Looked After Children rate slowed significantly, with the rise between Q1 and Q2 equating to four children. The Children Protection Plan rate remained static, and the Children in Need rate reduced considerably as work progresses on our Believe in Families programme. An Ofsted focused inspection during Q2, highlighted some issues for us to address, but was supportive of our direction of travel.



Provisional education results released in Q2 showed a mixed picture. While the majority of measures improved in absolute terms, there was variable performance in narrowing the gap to national averages. Through its school improvement programme, the Council will continue to work with the local education sector to further improve outcomes in future years.



Rate of reported crime increased to 79.9 per 1,000 in Q2, significantly higher than the same period in 2017/18. Some of this is due to changes made in recording crime locally, though it is clear that the position in Middlesbrough is following the national increase in crime.

### Social regeneration - progress at Q2

In our Q1 report, we reported that work in developing a social regeneration strategy for Middlesbrough - a key strand of our Strategic Plan - was progressing. In Q2, we have been working through the feedback from the Community Conversations and the last Community Survey to identify specific community issues, and marry these with the data we hold on the opportunities and challenges faced within the town. This is feeding the development of a Social Regeneration Prospectus that will outline what the Council and its partners are intending to do to facilitate more effective social regeneration. The prospectus will be launched early in 2019.

# 3

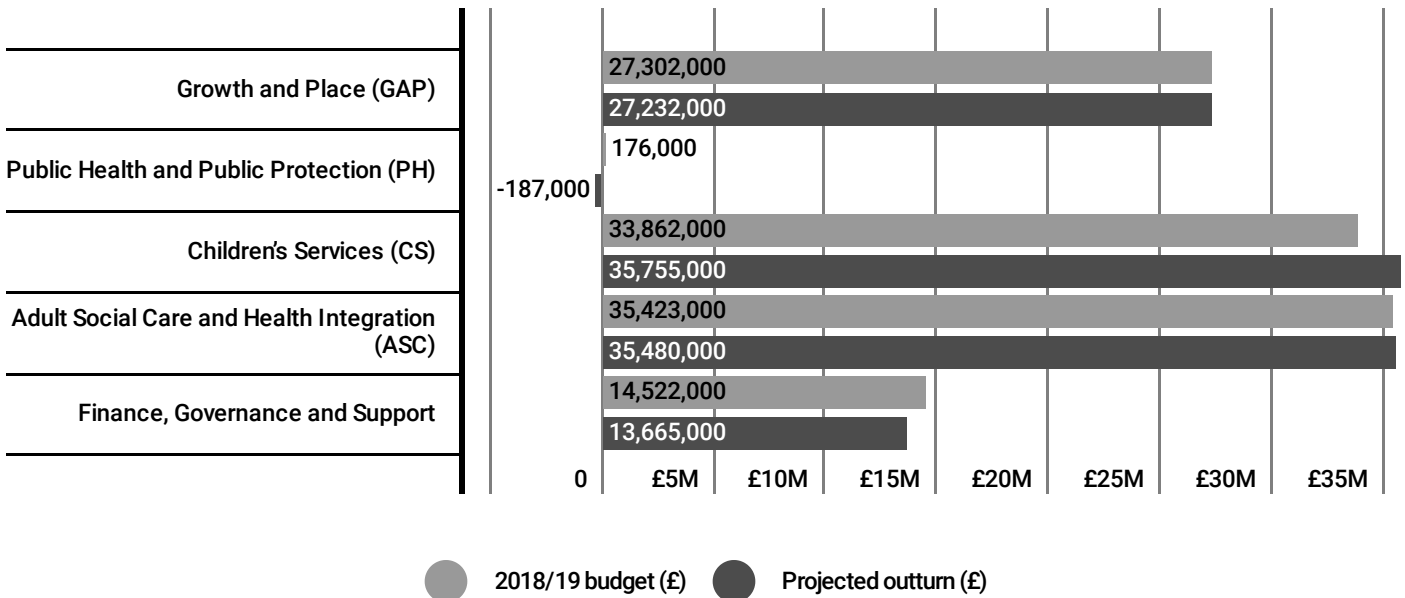
## Financial position

### Projected expenditure of 2018/19 Revenue Budget

Moving from a projected break-even position at Quarter One, we are projecting an overspend of £660,000 (0.6%) at Q2, with expenditure of £111,945,000 against an agreed budget of £111,285,000, 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.

While an overspend of this level 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 (as set out in section 5).

The underlying pressures identified in quarterly monitoring and budget development will be addressed in the revised Medium-Term Financial Plan (MTFP) as part of the 2019/20 budget setting process.



It is to be expected that in a complex organisation there are variances in areas between budget and outturn. However, 12 budget areas (listed below) are projecting expenditure of +/- £150,000 of the agreed budget for 2018/19 - two more overall than at Q1, with Substance Misuse treatment services now falling under this threshold (and not shown) and three ASC budgets exceeding the threshold, and therefore considered for specific action, with these set out in section 5 where appropriate.



## 3

# Financial position

## Projected expenditure of 2018/19 Revenue Budget

Owner	Budget	Over / underspend	%	From Q1	Reason	Status
GAP	Integrated Transport Unit	£268,000	12%	☺	Continuing demand pressures, mainly from Education.	Structural
CS	Residential agency placements	£656,000	8%	☺	Increased placement costs due to bed blocking of in-house placements and increased number of children with complex needs, offset by the use of £392,000 one-off demand reserve funding.	Structural
CS	In-house Fostering / Family & Friends Allowances	£541,000	20%	☹	Increased placements.	Structural
CS	Short Breaks / Direct Payments	£463,000	80%	☹	Provision of services in excess of budget.	Structural
FGS	Welfare and benefits	-£608,000	-38%	☺	Savings in staffing, supplies and services, and insourcing.	One -off
FGS	Valuations	-£229,000	-10%	☺	Overachieved commercial income and staffing savings.	One -off
FGS	General Fund	£247,000	17%	☺	Increased demand on pay and prices contingency, mainly due to projected net costs in 2018/19 of Southlands (£160k) / Vancouver House (£340k) remaining open.	One -off
FGS	Capital Financing	-£540,000	-7%	☹	School contributions towards capital schemes; reduced cost of borrowing.	One-off
FGS	Council Digital Strategy	£258,000	41%	☹	Delays in Digital Mailroom & Digital Purchasing savings.	One-off

## 3

# Financial position

## Projected expenditure of 2018/19 Revenue Budget

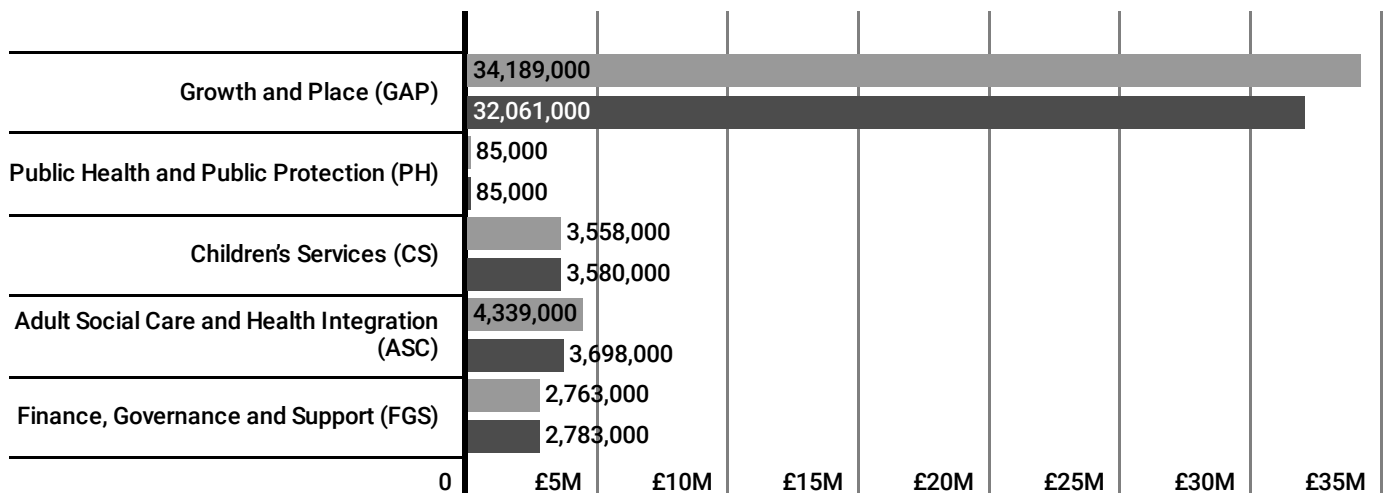
Owner	Budget	Over / underspend	%	From Q1	Reason	Status
ASC	Prevention, Access and Provider Services	-£304,900	-8%	New	Staffing savings and early achievement of future years savings.	One-off
ASC	Specialist and Lifelong Services	-£227,100	-5%	New	Staffing savings and delays in implementation of service review.	One-off
ASC	Purchasing of external care packages	£580,200	2%	New	Additional demand, and changes to funding arrangements with health sector, offset by one-off winter pressures funding from the Government.	One-off

# 3

## Financial position

### Projected expenditure of 2018/19 Capital Budget

At Quarter 2 we are projecting that our capital spending in 2018/19 will be £42,207,000, or 94% of the revised budget of £44,934,000 agreed at Q1. This is a reduction from our Q1 projection but remains 6% higher than our original expectations for 2018/19, reflecting the acceleration of our investment strategy.



● 2018/19 budget (£) ● Projected outturn (£)

4 schemes projected expenditure of +/- £150,000 of the revised budget for 2018/19 approved at Q1, requiring movement within our four year strategy but not affecting the overall investment or cost of borrowing.

Directorate	Scheme	Variation (£)	%	Reason	Movement
GAP	TeesAMP	-1,500,000	-17%	Further work undertaken to improve certainty on ground conditions in order to reduce tender costs.	To 19/20
GAP	Stainton Way / Dixons Bank	-715,000	-49%	Reprofiled due to pause to undertake significant public consultation.	To 19/20
GAP	Cultural Transformation	294,000	16%	Brought forward to fund additional works to the Town Hall and new Christmas lighting for the town centre.	From 19/20
ASC	Preventative Services	-480,000	-51%	Accommodation works have slipped from 2018/19 to 2019/20.	To 19/20

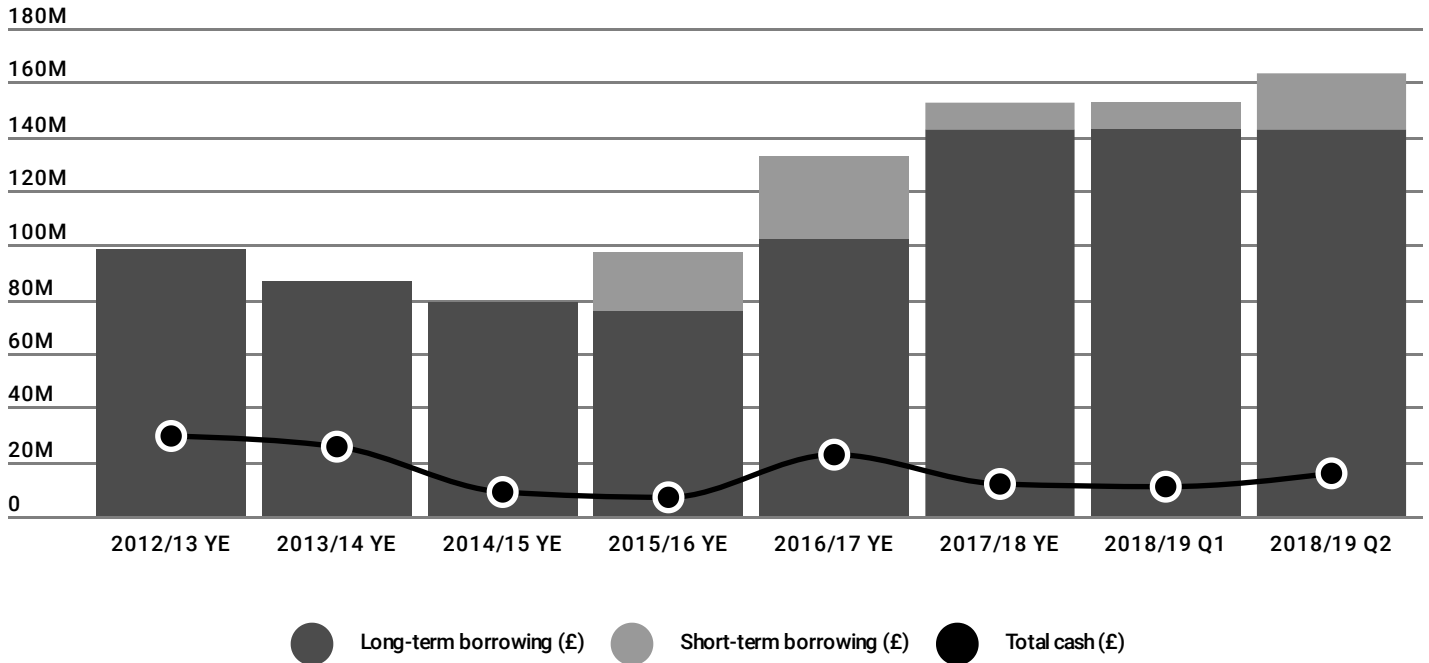
No new grants or capital receipts and no new schemes have been added to the investment strategy since Q1.

# 3

## Financial position

### Borrowing and Reserves

Our balance of borrowing at the end of Q2 was £163M, up £11M from 30 June 2018, reflecting planned borrowing for this year in support of our investment strategy.



The following table sets out a summary of the balance of reserves and provisions at the start of 2018/19, and the projected position at the end of the year. This assumes the use of £392,000 from the Social Care Demand Risk Reserve for a one-off increased demand in Children's Care in 2018/19.

Reserves and Provisions	Opening Balance	Use in Year	Additional Contributions	Transfers to General Fund	Balance at Year End
General Fund	£14,867,000	(£2,812,000)	£0	£0	£12,055,000
Earmarked reserves	£24,012,000	(£5,317,000)	£1,910,000	£0	£20,605,000
Maintained school reserves	£4,354,000	(£120,000)	£0	£0	£4,234,000
<b>Total</b>	<b>£43,233,000</b>	<b>(£8,249,000)</b>	<b>£1,910,000</b>	<b>£0</b>	<b>£36,894,000</b>

# 4

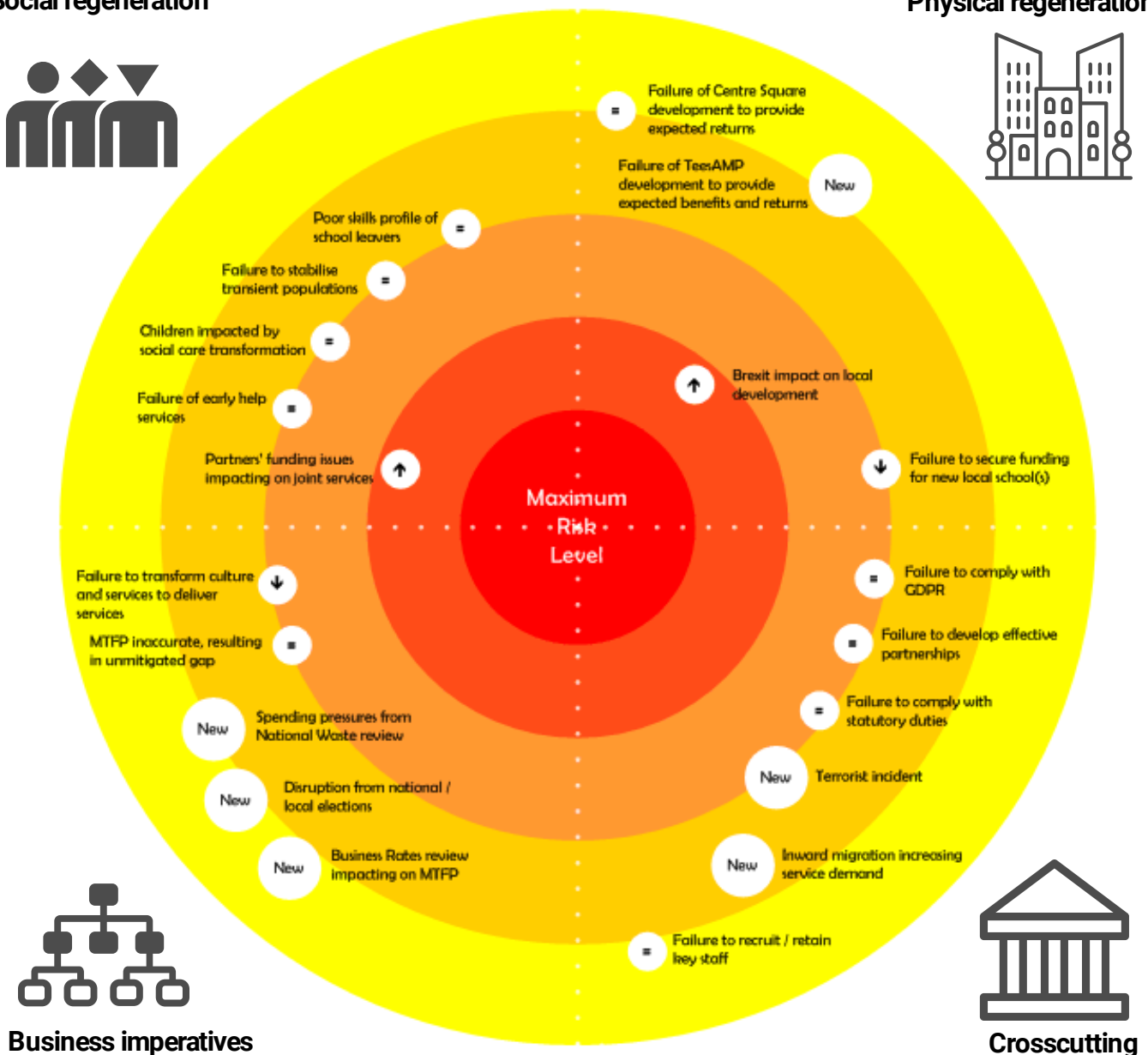
# Strategic risks

The graphic below sets out current risks to the achievement Council's strategic priorities following our Q2 review. At Q2 we added six risks to our Strategic Risk Register, and removed three, making a total of 20. Progress in Q2 meant that failure to embed our corporate values, corporate governance failure and failure to improve SEND arrangements are not now considered significant risks. Two risks increased and five risks reduced, with Brexit and the CCG funding position our biggest risks at Q2.

## Social regeneration



## Physical regeneration



# 5

## Actions

### Strategic Plan actions (in response to issues in sections 2 and 4)

The table below sets out progress on actions we identified to address issues raised by our Q1 report.

Issue	Action	Lead	Deadline	Status
Children's Social Care demand	Implement decision making panels for Looked After Children, external residential and foster care placements.	CS	March 2019	😊
Adult Social Care demand	Implement decision making panels for adult social care.	ASC	March 2019	😊
Life expectancy	Review progress against actions to improve life expectancy and narrow the gap made in 2017 Director of Public Health's annual report.	PH	March 2019	😊
Mental Health	Implement actions to improve mental health and prevent suicides in Middlesbrough.	PH	March 2019	😊
Average weekly pay	Ensure Centre Square and TeesAMP developments attract new employers and local job opportunities.	GAP	March 2019	😊
Reported Crime Rate	Through the Community Safety Partnership, develop multi-agency action plans to reduce crime and introduce an integrated community safety prevention model.	GAP	March 2019	😊
Funding and delivery of services from NHS	Work jointly with the NHS on the impact of their financial position and explore opportunities for different commissioning and delivery models, overseen by the South Tees Health and Wellbeing Board.	ASC	March 2019	😊
Reduction in economically active people	Drive economic growth and inward investment to increase opportunities for the people of Middlesbrough	GAP	March 2019	😊

Three further actions have been added at Q2 to address further issues identified within this report.

Issue	Action	Planned impact	Lead	Deadline
Impact of Brexit on local economy and services	Bring forward a report to Full Council on plans in response to Brexit.	Mitigate where possible issues arising in immediate aftermath and longer-term.	FGS	January 2019
Narrowing the educational attainment gap	Finalise School Improvement Programme Plan.	Articulate targeted improvement levels to allow ongoing programme management.	CS	December 2018
Social regeneration	Finalise Social Regeneration Prospectus.	Articulate, coordinate and drive ambitions for social regeneration in Middlesbrough.	GAP	March 2019

## 5

# Actions

## Financial actions (in response to issues in section 3)

The table below sets out progress on actions we identified to mitigate issues raised in our Q1 report.

Issue	Action	Lead	Deadline	Status
Balancing the 2018/19 Revenue Budget	Implement a vacancy control process for the remainder of 2018/19.	FGS	September 2018	😊
Balancing the 2018/19 Revenue Budget	Submit and agree action plans for overspending budgets with the Strategic Director of Finance, Governance and Support.	Relevant Directorates	September 2018	😊

A vacancy control process was implemented in September 2018, which it is projected will deliver significant savings during 2018/19.

Spending control plans have now been agreed for the three areas required: Adult Social Care, Children's Care and the Integrated Transport Unit. It is anticipated that these will begin to impact on expenditure during 2018/19, though the issues in Children's Care and the ITU in particular will only be resolved fully in the longer term.

Two further spending control actions have been added at Q2 in view of the projected overspend position.

Issue	Action	Planned impact	Lead	Deadline
Further mitigating potential overspend in 2018/19	Review all purchasing card activity with view to applying further restrictions.	Mitigate where possible projected overspend in 2018/19.	FGS	December 2018
Further mitigating potential overspend in 2018/19	Implement Director-led approval process for all relevant non-pay spend above £5k.	Mitigate where possible projected overspend in 2018/19.	FGS	December 2018