

Report of: Executive Member for Finance and Governance; Strategic Director of Finance, Governance and Support

Submitted to: Executive, 22 February 2019

Subject: Strategic Plan 2018-22 – Progress at Quarter Three 2018/19

Summary

Proposed decision(s)

That the Executive notes the Council’s Quarter Three 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 revised Investment Strategy to 2021/22 (Appendix 2).

That the Executive approves the utilisation of the remaining £82,000 of the Social Care Demand Risk Reserve and the remaining £15,000 of the Deprivation of Liberty Safeguards (DoLS) Reserve to mitigate increased demand in Adult Social Care in 2018/19.

That the Executive notes that the Section 31 Business Rates Relief Grant received by the Council in 2018/19 was £736,000 more than anticipated, and the proposed use of this one-off income to mitigate the Council’s overall projected overspend 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 Three 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 Three 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. There are no major revenue budget virements proposed at the end of Quarter Three. A revised Investment Strategy for the period to 2021/22 is attached at Appendix 2 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 at Quarter Three; 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 Two, 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. In spring 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.
8. The Council continues to project 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?

9. That the Executive notes the Council's Quarter Three 2018/19 Results report (Appendix 1) and the actions to be taken to address the issues set out within it.
10. That the Executive approves the proposed revised Investment Strategy to 2021/22 (Appendix 2).
11. That the Executive approves the utilisation of the remaining £82,000 of the Social Care Demand Risk Reserve and the remaining £15,000 of the Deprivation of Liberty Safeguards (DoLS) Reserve to mitigate increased demand in Adult Social Care in 2018/19.
12. That the Executive notes that the Section 31 Business Rates Relief Grant received by the Council in 2018/19 was £736,000 more than anticipated, and the proposed use of this one-off income to mitigate the Council's overall projected overspend 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 Three budget monitoring are set out within Appendix 1 of the report.
17. The Council is projecting an overspend of £577,000 (0.52%) at Quarter Three, again due mainly to continuing pressures in children's care. This a decrease of £83,000 on the Quarter Two projection.
18. The overall projected overspend within Children's Services overall increased by £939,000 from Quarter Two to Quarter Three, rising to £2.832m. As previously reported, this is a national issue, with the Local Government Association, recently reporting that 133 out of 152 councils (88 per cent) were forced to spend more money than they had planned to on children's social care in 2017/18. In Quarter Three, the Council appointed a new Director within Children's Services with a specific remit to

work with other Directors to drive financial and performance improvement within the department.

19. The projected overspend within Adult Social Care and Health Integration increased from £57,000 at Quarter Two to £295,000 at Quarter Three, again in line with the (longer-term) national trend.

20. Mitigating this position:

- the projected underspend within Growth and Place increased from £70,000 at Quarter Two to £236,000 at Quarter Three;
- the projected underspend within Public Health and Public Protection increased from £363,000 at Quarter Two to £408,000 at Quarter Three; and
- the projected underspend within Finance, Governance and Support increased £857,000 to £1,906,000 at Quarter Three due largely to one-off savings in welfare and benefits and the receipt of £736,000 more Section 31 Business Rates Relief Grant than anticipated in 2018/19.

21. At Quarter Two, Executive noted the confirmation of one-off winter pressures funding for adult social care of £758,000 from the Government, and so approved the utilisation of £392,000 of the Social Care Demand Risk Reserve to mitigate increased demand in Children's Care (rather than Adult Social Care) in 2018/19.

22. It is now further proposed that the remaining £82,000 of the Social Care Demand Risk Reserve and the remaining £15,000 of the Deprivation of Liberty Safeguards Reserve are used to mitigate increased demand in Adult Social Care in 2018/19, and that the additional £736,000 Section 31 Business Rates Relief Grant received by the Council in 2018/19 is used to mitigate the Council's overall projected overspend this year.

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

Policy framework

24. 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

25. 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

26. 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 a no deal Brexit (i) on business continuity and (ii) on economic development

in Middlesbrough, were by some way the greatest risks to the Council's strategic objectives at the end of Quarter Three. Full Council will be presented with a report on Brexit, associated issues and planning on 4 March 2019.

Actions to be taken to implement the decision(s)

27. 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 Year-End.

Appendices

- 1 Q3 2018/19 Results
- 2 Proposed revised Investment Strategy at Q3 2018/19

Background papers

| | | |
|----------|-----------|--|
| 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 |
| 20/11/18 | Executive | Strategic Plan 2018-22 – Progress at Quarter Two 2018/19 |

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