

# Q1 2019/20 Results

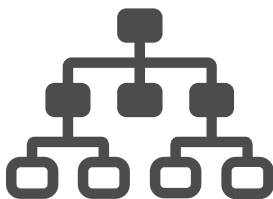
Progress against the Council's Strategic Plan 2019-2022 and projected financial position at Quarter One 2019/20



# 1

# Headlines

This report sets out our performance results at Quarter One 2019/20. There is positive performance in many areas, though there remain a number of key challenges, particularly within the social regeneration aims. The Council continues to experience financial pressures, but is responding robustly to this.



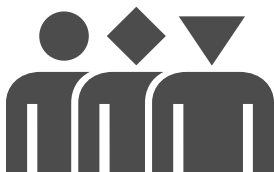
## Business Imperatives

- Eight out of nine strategic priorities are on target.
- More of our customers are accessing services online.
- Lost productivity due to staff absence improving.
- We are developing our partnership working with Thirteen and Cleveland Police.



## Physical Regeneration

- Seven out of eight strategic priorities are on target.
- The Radio 1 Big Weekend promoted Middlesbrough worldwide.
- Housing growth targets are now under review.



## Social Regeneration

- The local crime rate has continued to increase.
- We have taken strong action to address crime in the TS1 area and in local neighbourhoods.
- More children were subject to statutory intervention by Children's Services.



## Projected Financial Position

- We are projecting a £336,000 (100.3%) overspend on our revenue budget in 2019/20.
- Change Programme savings of £2.475 million were identified during Quarter One as not being achievable this year, but we have deliverable alternatives totalling £2.771 million in 19/20.
- We are projecting to spend 94% of our capital budget in 2019/20.
- Borrowing and reserves remain within agreed limits.

# 2

# Strategic Plan 2019-2022

## Strategic Priorities - Performance at Quarter One 2019/20

23 of 30 strategic priorities are currently on target to be achieved. The priority on in-year financial performance relative to Council budget is Red on the basis of prudence given the Council has predicted overspends for the last couple of years, it will be reviewed at Quarter Two. The two priorities relating to house building are now rated Amber as work continues to re-profile housing development within the town. A revised Strategic Plan will be presented to Council later in 2019, which will re-set the Council's strategic priorities and associated KPIs in line with the forthcoming new Vision for Middlesbrough.

### Business imperatives

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

### Physical regeneration

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

# 2

# Strategic Plan 2019-2022

## Strategic Priorities - Performance at Quarter One 2019/20

### Physical regeneration

Priority	Status
Continue to grow our business base, with new commercial workspace and support for innovation sectors.	G
Build 1,800 new homes to meet the needs and ambitions of a growing population.	A

### Social regeneration

Priority	Status
Continue to strengthen the local economy, creating 3,400 new jobs and increasing the number of local services we commission.	G
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.	A
Take action to promote financial inclusion and reduce income inequality within the town, including improving community advice and welfare services and promoting the South Tees Community Bank.	A
Increase educational and vocational attainment for all children and adults, by working with nurseries, schools, colleges, Teesside University, other education and vocational training providers and local employers.	G
Continue to promote the welfare of our children, young people and vulnerable adults and protect them from harm, abuse and neglect.	G
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.	R
Work to improve local health and wellbeing, and reduce health inequalities in the town, focusing on self-care, community-led prevention and early intervention.	R
Join up health and social care, working with partners to keep children and adults healthy, avoid admissions to hospital, and improve care upon discharge.	G
Improve the town's environment, working with local communities to make sure our roads, streets and open spaces are well-designed, clean and safe.	G
Create more affordable housing, to develop balanced, sustainable communities where people want to live.	A
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.	G
Work with local communities to redevelop Middlesbrough's disadvantaged estates, such as those in North Middlesbrough, and to put in place our empty homes strategy.	G
Change perceptions of Middlesbrough and raise local aspirations, working with partners to give local communities the opportunity to influence how Middlesbrough is transformed and how local public services are changed and improved.	G

# 2

# Strategic Plan 2019-2022

## Measures of success

Nine of our 28 measures of success have improved compared to previous quarter or latest available data, five have deteriorated, with the remaining 14 showing little or no change. The position is as expected, with Social Regeneration again showing the most uneven performance in Quarter One.

### Business imperatives

Measure	Status
Council income from local sources	→
Customers using online self-serve	↑
Employee satisfaction	→
Employee sickness absence	↑
External Auditor's 'Value for Money' judgement	→

### Physical regeneration

Measure	Status
Town population	→
Satisfaction with Middlesbrough as a place to live	→
Visitors to Middlesbrough	→
Inward investment	↑
New business start-ups	→
Value of goods and services in Middlesbrough per worker	↑
New homes built	↑
Affordable homes as proportion of housing stock	↑

### Social regeneration

Measure	Status
New jobs created	↑
Council spending with local businesses	→
Local employment rate	→
Gross weekly pay	→
Child & adult poverty	↓
Children looked after by us	↓
Pupils achieving expected GCSE standards	↑
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 2019-2022

## Quarter One highlights



BBC 1's Big Weekend was held in Middlesbrough during May 2019, bringing an estimated benefit of £2m to the Tees Valley.



The Mayor of Middlesbrough launched a trial of free bulky waste collections as part of efforts to clean up the town and reduce fly tipping.



Commercial and housing Investment continues to increase in line with expectations. Latest data shows us at 29.6% of the overall target outlined in the Investment Prospectus.



Two new Community Enforcement Vehicles fitted with CCTV have been introduced by the Mayor to help combat anti-social behaviour and crime, in line with one of his key priorities.



The Council's Live Well Centre won a prestigious national award from the Local Government Association for transforming the way health improvement and wellbeing services are delivered.



The rate of permanent admissions to residential and nursing care homes per 100,000 population continues to be below target.



Reablement services that support people to recover from illness and injury in order to live independently in communities continues to perform above target.



Latest published data shows that smoking prevalence within Middlesbrough has decreased to 17.4%, which is below target.



Overall % of working time lost due to sickness absence is at 4.31% to the end of Quarter One, well under target of 5.11%.

# 2

# Strategic Plan 2019-2022

## Issues arising at Quarter One



The rates of children subject to statutory intervention from Children's Services has increased from Q4 2018/19 to Q1 2019/20. The Looked After Children rate rose from 157.1 per 10,000 in Q4 to 169.2 in Q1, and the Child Protection Plan rate rose from 80.3 per 10,000 to 87.7.



The continued uncertainty around the UK's Brexit deal remains our biggest risk at Q1, given the potential implications both in terms of short-term service delivery, and for economic development within Middlesbrough and the future funding and delivery of services.



Child and Adult Poverty is showing an increase in the latest available data. The % of pupils eligible for and claiming Free School Meals has risen by 2.9% to 26.9% as at Jan 19. The % of Universal Credit/JSA claimants has risen again, from 5.1% to 5.5% in Q1.



The rate of reported crime per 1,000 population for Q1 is 42.9, which is higher than the same period last year.



The Mayor of Middlesbrough has established new priorities relating to private and affordable housing and housing growth targets are now being recalculated to reflect these changes.



While Child Mental Health has stayed the same at 2.87% in the latest release of data, the % of adults with long-term mental health problems has risen from 7.6% in 2017, to 11.6% in 2018.

# 3

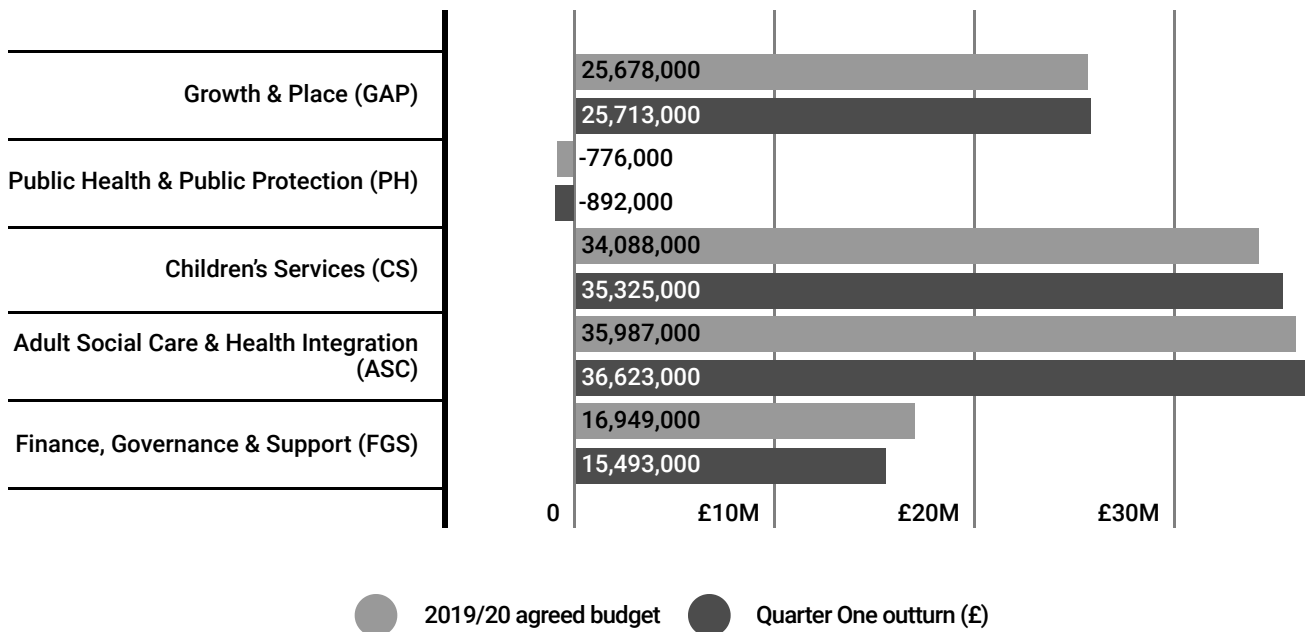
## Financial position

### Projected expenditure of 2019/20 Revenue Budget

The 2019/20 Revenue budget for the Council is £111,926,000.

Following an assurance exercise undertaken during Quarter One, £2.475m of Change Programme 3 savings were identified as unachievable within 2019/20. These are set out at Appendix 2 and are largely a timing issue, with the transformation within Children's Services in particular taking longer than initially anticipated.

Strong action was undertaken during Quarter One to identify additional budget savings totalling £2.771m to mitigate this position (Appendix 3). These have been assessed as fully deliverable and if agreed by the Executive, and taking into account other pressures, the Council's outturn position for 2019/20 is projected to be an overspend of £336,000. An overspend of this level would be covered by the Council's reserves.



The Children's Services (Education) projection includes a £273,000 pressure relating to shortfall in secondary school places and GAP (Environment & Commercial Services) an associated £100,000 pressure for additional school transport costs. The ongoing effects of these pressures will be addressed as part of the refresh of the Council's Medium Term Financial Plan to be considered by Council in December 2019.



## 3

# Financial position

## Projected expenditure of 2019/20 Revenue Budget

It is to be expected that in a complex organisation there are variances in areas between budget and projected outturn. At Quarter One, 17 budget areas (listed below) were projected to spend +/- £150,000 of the agreed budget during 2019/20.

Owner	Budget	Over / underspend	%	From Budget setting	Reason	Status
CS / GAP	School places	£373,000	100%	R	Projected pressure in Education of £273k due to shortfall in secondary school places and projected pressure of £100k in ECS because of additional transport costs.	One-off / Structural
CS	Residential agency placements	£337,000	5%	A	Slower than expected implementation of new initiatives.	One-off / Structural
CS	In-house Fostering / Family & Friends Allowances	£1,124,000	31%	R	Significant increased number of placements / cases and full year effect of 2018/19 increases.	One-off / Structural
CS	Independent Fostering Agency (IFA) Placements	£1,300,000	26%	R	Increased numbers of placements and full year effect of 2018/19 increases.	One-off / Structural
CS	Resource Service Management	£244,000	140%	R	Reviews delayed that will result in achievement of savings required.	One-off / Structural
CS	Assessment & Care Planning Teams	£677,000	13%	A	Agency costs of QWAP Team relating to caseload issue highlighted by OFSTED.	One-off
CS	Savings mitigation plan	-£1,884,000	-6%	G	Mitigating actions being undertaken in 2019/20 to address delay in achieving savings and pressures outlined above.	One-off
CS	Edge of Care Project	-£998,000	-38%	G	Slower than anticipated implementation of new initiatives.	One-off
FGS	Valuations - Commercial Income	£353,000	16%	R	Technical accounting treatment of TWI income and transfer of Sandringham House budget (vacant).	One-off

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# Financial position

## Projected expenditure of 2019/20 Revenue Budget

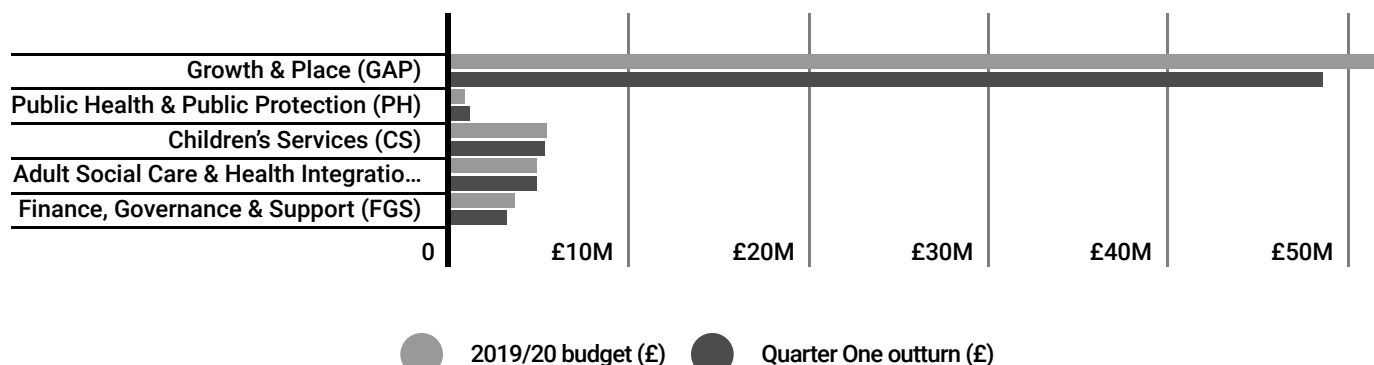
Owner	Budget	Over / underspend	%	From Budget Setting	Reason	Status
FGS	Section 31 Business Rates Relief Grant	-£766,000	-25%	G	Additional grant income received above budget	One-off
FGS	Social Care Support Grant	-£480,000	-37%	G	This is the remaining unallocated grant held centrally, which it is proposed to be used to offset demand pressures in Adult and Children's Social Care.	One-off
FGS	Capital Financing	-£458,000	-5%	G	Underspend on Minimum Revenue provision, favourable borrowing rates. Unbudgeted income from SLM.	One-off
PH	Public Health - substance misuse	£220,000	23%	R	Increase in the cost of the prescribed drug (Buprenorphine) used in addiction treatment.	One-off / Structural
PH	Public Health - staffing	-£173,000	-6%	G	Delays in recruitment to vacant posts across the service.	One-off
ASC	Adult Social Care - staffing	-£400,000	-3%	G	Delays in recruitment to vacant posts across the service and delay in implementation of Forensic Services.	One-off
ASC	Purchasing of external care packages	£877,000	3%	A	Additional demand for services, offset by early achievement of 2020/21 Change Programme 3 savings.	One-off / Structural
ASC	Prevention, Access and Provider Services	£252,000	57%	R	Shortfall in achieving Change Programme savings from in house services, offset by early achievement of 2020/21 purchasing savings.	One-off

# 3

## Financial position

### Projected expenditure of 2019/20 Capital Budget

The 2019/20 capital budget is £66,451,000. At Quarter One it is predicted that £62,688,000 or 94% of the budget will be spent.



There are 6 new schemes / investment that have been included in the revised Investment Strategy for approval.

Directorate	Scheme	Total Value (£)	Reason
GAP	Street lighting	£1,404,000	Capitalisation of street lighting maintenance costs as part of budget savings approved by Council in March 2019.
GAP	Capitalisation of Major Scheme	£270,000	Capitalisation of Project Officers as part of budget savings approved by Council in March 2019.
GAP	Urban Traffic Management	£500,000	TVCA have awarded £500,000 to develop the Urban Traffic Management system. MBC is the lead Council for this service.
GAP	Local Transport Plan	£2,837,000	2019/20 LTP allocation from TVCA.
ECS	Highways maintenance	£900,000	Increased capitalisation of Highways maintenance as part of budget savings approved by Council in March 2019.
PH	Middlesbrough Alcohol Centre of Excellence	£245,000	Capital grant received to develop MACE.

One scheme has been removed from the Investment Strategy at Quarter One.

Directorate	Scheme	Total Value (£)	Reason
GAP	Social Regeneration scheme	£450,000	eMpower programme to be reviewed and delivered differently when relaunched later in 2019.

## 3

# Financial position

## Projected expenditure of 2019/20 Capital Budget

14 schemes are projecting expenditure of +/- £150,000 of the revised budget for 2019/20, requiring movement within our four year strategy but not affecting the overall investment or cost of borrowing.

Directorate	Scheme	Variation (£)	%	Reason	Movement
GAP	LED Street Lighting upgrade (phase 2)	-£160,000	-7%	Slight delay in implementation means £160,000 of the scheme is reprofiled to 2020/21. There will also be a saving of £469,000 in 2020/21 against the approved allocation of £3,219,000.	To 20/21
GAP	Teesside Media and Innovation Village	-£153,000	-96%	Paused. This project is under review, therefore planning and feasibility have been re-profiled to 2020/21.	To 20/21
GAP	Local Transport Plan	-£408,000	-10%	A proportion of the LTP has been ringfenced to fund unforeseen requirements, this has been reprofiled to 2020/21 and will be brought back into this financial year as and when required.	To 20/21
GAP	North Ormesby Housing Joint Venture	-£321,000	-76%	The housing acquisition and refurbishment element of the joint venture is almost complete with £100,000 of the £421,000 allocated expected to be spent. While discussions are underway with the joint venture partner as to the next stage, the remaining budget has been reprofiled to 2020/21.	To 20/21
GAP	City Centre Public Realm	-£258,000	-52%	Paused. Centre Square master plan is currently under review, as such public realm works are on hold and £258,000 of the budget has been reprofiled to 2020/21.	To 20/21
GAP	Housing growth	-£716,000	-32%	Paused. Delays in access to the Nunthorpe Grange site mean construction works are now likely to be complete in 2020/21.	To 20/21

## 3

# Financial position

## Projected expenditure of 2019/20 Capital Budget

Directorate	Scheme	Variation (£)	%	Reason	Movement
GAP	Housing Delivery Vehicle (MHomes)	-4,250,000	-65%	Paused. A review has been undertaken in relation to housing delivery objectives. Gresham is now anticipated to be undertaken by a third party and there is a 3 month delay in works at two other sites. As a result £4,250,000 requires reprofiling to 2020/21.	To 20/21
GAP	Hemlington Community Hub	-175,000	-100%	Budget has transferred to ECS from CCC as ECS are now managing the project.	To ECS
GAP	Hemlington Community Hub	175,000	100%	Budget has transferred to ECS from CCC as ECS are now managing the project.	From CCC
GAP	East Middlesbrough Community Hub	-896,000	-37%	Delays in demolition of the Southlands Centre resulted in the need to slip resource.	To 20/21
GAP	North Ormesby Resource Centre	150,000	100%	Budget has transferred from ASC as ECS are now managing the project.	From ASC
ASC	North Ormesby Resource Centre	-150,000	-100%	Budget has transferred from ASC as ECS are now managing the project.	To ECS
CC	Abingdon School	-160,000	-18%	Due to the extent of planned external works, further assumptions have been made on the funding profile, allowing for possible adverse winter weather conditions.	To 20/21
FGS	De-risking sites	-451,000	-60%	Review of total amount allocated across years.	To 20/21

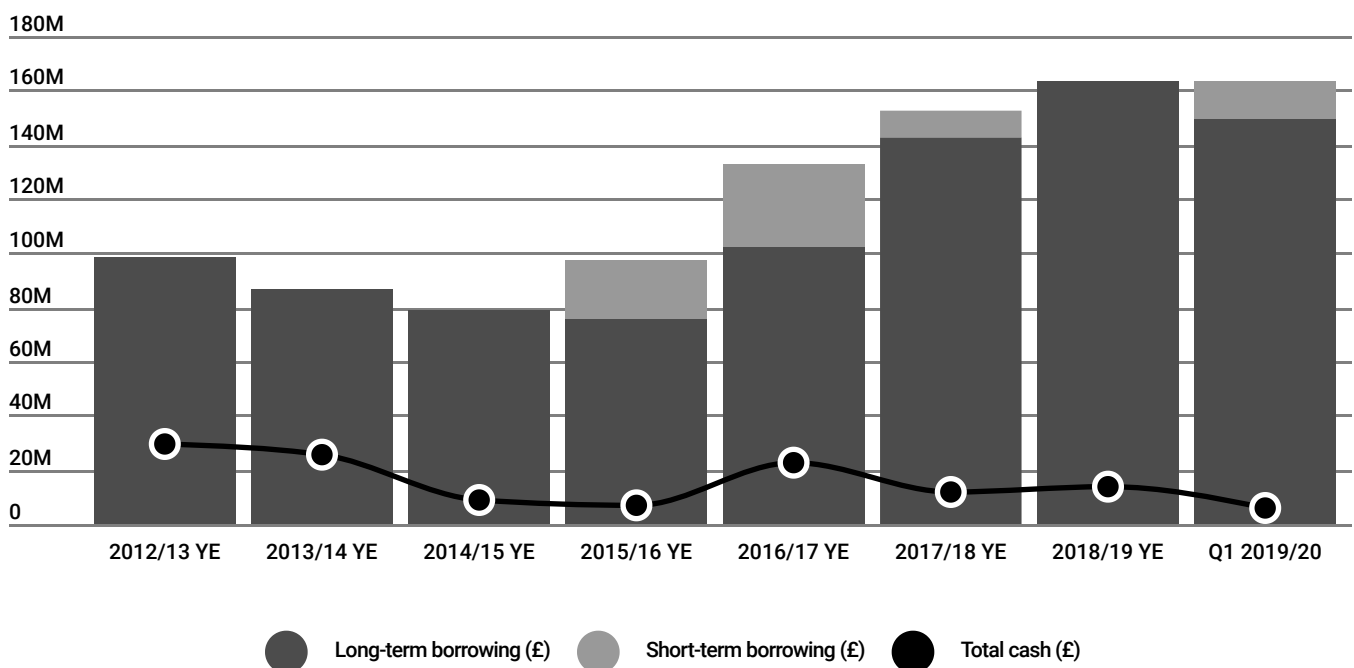
A full review of Capital Schemes will take place during Quarter Two.

# 3

## Financial position

### Borrowing and Reserves

Our balance of borrowing at the end of 2018/19 was £163M. Planned borrowing for 2019/20 at the end of Quarter One is £163M. It was reported at year-end that all short-term had been converted to long-term borrowing due to uncertainty around BREXIT. While the policy position on this is unchanged, some long-term loans are now classified as short-term as they are due to complete repayment in less than one year.



The following table sets out a summary of the balance of reserves and provisions at the start of 2019/20. The level of reserves has reduced from the start of 2018/19 in a planned manner to smooth out future savings requirements and to fund investment as intended within the Council's Medium Term Financial Plan.

Reserves and Provisions	Opening Balance	Use in Year	Additional Contributions	Transfers to General Fund	Balance at Year End
General Fund	£11,903,000	(£1,713,000)	£0	(£336,000)	£9,854,000
Earmarked reserves	£21,768,000	(£3,408,000)	£3,566,000	£0	£21,925,000
Maintained school reserves	£2,345,000	£0	£0	£0	£2,345,000
<b>Total</b>	<b>£36,015,000</b>	<b>(£5,121,000)</b>	<b>£3,566,000</b>	<b>(£336,000)</b>	<b>£34,124,000</b>

## 4

# Strategic risks

The table below sets out current risks to the achievement Council's strategic priorities following our Quarter One review, following which the total number of risks on the Strategic Risk Register increased to 29. Risks are displayed from highest scoring to lowest. Impact ranges from insignificant to extreme and likelihood ranges from rare to almost certain to happen. A review of the Council's risk appetite is currently underway and will be reported to Executive during Quarter Two.

Short Title	Impact	Likelihood	Trend
No Deal Brexit - business continuity	Extreme	Likely	→
Partners' funding positions - MTFP pressure	Major	Likely	→
Transition to new housing provider for asylum seekers	Major	Likely	NEW
School Leavers - poor skills profile	Major	Possible	→
Failure to manage school places for International New Arrivals	Major	Possible	→
Children impacted by social care transformation	Major	Possible	→
Failure of early help services	Major	Possible	→
Failure to transform culture and deliver savings plans	Major	Possible	→
Inaccurate MTFP leading to savings gap	Major	Possible	→
Insufficient primary places in central Middlesbrough	Major	Possible	→
Failure to develop effective partnerships	Major	Possible	→
Failure to comply with GDPR	Major	Possible	→
Retail market distress impacting on the Town Centre	Major	Possible	NEW
Historical investigations requiring changes to practice	Major	Possible	NEW
Any Brexit - Local Economy	Major	Possible	↓
Failure to have adequate governance	Major	Possible	NEW
Historical child abuse claims	Major	Possible	NEW
Failure to comply with statutory duties	Extreme	Unlikely	→

## 4

# Strategic risks

Short Title	Impact	Likelihood	Trend
Terrorist incident (national threat level)	Extreme	Unlikely	→
Inward migration - MTFP pressures	Moderate	Likely	→
Reduction in front line policing impacting on crime levels and community resilience	Moderate	Likely	NEW
National Waste Review - MTFP pressures	Major	Unlikely	→
Town has high residential voids/low sales values	Major	Unlikely	NEW
Failure to recruit/retain key staff	Moderate	Possible	→
Poor quality of services provided by Health Partners may impact/increase demand for the Council	Moderate	Possible	NEW
Disruption from national/local elections	Moderate	Possible	NEW
Centre Square - failure to provide expected returns	Minor	Possible	↓
TeesAMP - failure to provide expected returns	Minor	Possible	↓
Business Rates - MTFP pressures	Moderate	Rare	↓



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# 5

# Actions

## Action taken in response to issues identified

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### Strategic Plan

The Vision for Middlesbrough will be revised to reflect the priorities of the new Mayor of Middlesbrough and be presented to Council in September 2019. After this the Strategic Plan and the Council's budgets will be realigned with the new vision.

### Financial governance

In response to pressures on the revenue budget, the following controls have been put in place and will remain in place throughout 2019/20:

- Vacancy control process overseen by Leadership Management Team
- Cessation of use of agency staff
- Review of proposed spending £5,000 and over by the procurement team
- Controls over staff travel, the ordering of stationery and use of first class post.

In addition, Corporate Management Team will monitor key budgets on a monthly basis going forward.