



<b>Report to:</b>	Strategy and Resources Committee	<b>Date:</b>	17 July 2017
<b>Report title:</b>	Quarter Four Performance and Finance Report 2016/17		
<b>Report from:</b>	Strategic Director – Resources and Assistant Director, Chief Executives Directorate - Customers, Commissioning and Governance		
<b>Ward/Areas affected:</b>	Borough wide		
<b>Chair of Committee/Lead Member:</b>	Councillor Ruth Dombey, Leader of the Council and Councillor Simon Wales, Deputy Leader of the Council		
<b>Author(s)/Contact Number(s):</b>	Simon Breeze, Commissioning and Business Insight Manager 020 8770 4276 Toby Joseph, Revenue Planning & Monitoring Manager, 020 8770 4448		
<b>Corporate Plan Priorities:</b>	<ul style="list-style-type: none"> <li>• An Open Council</li> <li>• A Green Council</li> <li>• A Fair Council</li> <li>• A Smart Council</li> </ul>		
<b>Open/Exempt:</b>	Open		
<b>Signed:</b>		<b>Date:</b>	5 July 2017

## 1. Summary

- 1.1 This report provides an outturn performance summary for 2016/17 with a focus on quarter four (January - March) against the Corporate Plan priorities, reported through the corporate balanced scorecard (Appendix A) and the 2016/17 Strategic Commissioning Plan (Appendix B).
- 1.2 The report includes an overview of the Council's revenue and capital financial position and the key corporate risks from the Medium Term Financial Plan.
- 1.3 The report also includes a Cumulative Equality Impact Assessment of the Council's decision making (Appendix C).
- 1.4 The revenue outturn for the year is a net overspend of £2.5m (1.7%) against an approved net budget of £144.9m.
- 1.5 The spend on the capital programme is £106.82m compared to a current capital programme budget of £102.86m. This is a difference of £3.97m (3.9%), reflecting timing differences and new funding. The reasons for key variations are set out in the report and appendices.

## 2. Recommendations

The Strategy and Resources Committee is recommended to:

- 2.1 Note performance against Corporate Plan indicators.

- 2.2 Note performance against 2016/17 Strategic Commissioning plan,
- 2.3 Note top five corporate risks as set out in Appendix A.
- 2.4 Note the Cumulative Equality Impact Assessment in Appendix C.
- 2.5 Note the outturn position of a net overspend of £2.5m (1.7%) against an approved net budget of £144.9m.
- 2.6 Agree to carry forward £125,400 of unspent revenue budgets for public realm and neighbourhood grants, to be funded from reserves (paragraph 7.5).
- 2.7 Approve the proposed reserve transfers as set out in Appendix E.
- 2.8 Agree the proposed net reduction of £1.843m to the capital programme 2017/18 summarised in Appendix F, mainly due to expenditure being brought forward into 2016/17 and new capital funding.

### **3. Background**

- 3.1 The Council continues to manage significant budget and delivery risks arising from government funding reductions, demographic growth and government policy developments, such as the Care Act, that may not be fully funded.
- 3.2 This report summarises the overall performance for 2016/17 and it should be noted that this performance is good. Despite the difficult financial situation and uncertainty in a number of key policy areas the Council has continued to deliver the majority of its priorities as planned.
- 3.3 The report gives an analysis of the Cumulative Equality Impact of the Council's decision making (see appendix C).
- 3.4 Over the last year, the Council has been reviewing its role in Sutton the borough and how it will need to function in the future. The Smaller Bigger Different project, sets out the vision, purpose and corporate values; to ensure that the organisation is culturally ready for the changing local and national context. This new organisational development strategy explains the ambition and culture of Sutton and redefines the Council's PRIDE values. These values were agreed by members and launched in May 2017 as part of Staff Conference Week.
- 3.5 The Evolve programme, launched in November 2016 aims to identify and develop digital improvements across the organisation to improve self service, drive channel shift and to deliver more cost effective services. Evolve is also responsible for commissioning the Digital Ambassadors Scheme and rolling out Google adoption across the organisation. A new digital strategy for the organisation has been reviewed by the Digital Programme Board and is proposed for final approval at Strategy and Resources Committee concurrently to this report.



- 3.6 The Better Connected Rating is an industry standard measure of how well websites provide quick and easy 'customer journeys' and the successful resolution of a series of common tasks. The overall rating for the Sutton website is due to be published in June 2017.
- 3.7 Following an LGA Peer Review in February 2016, Sutton began to consider where there may be opportunities to improve working across the public sector. The Sutton Plan, launched in April 2017, is a borough wide partnership initiative aiming to improve the service offer for all that live and work in Sutton. The output of this work will prioritise four key areas which partners have committed to work towards.

#### **4. Performance Management Framework implementation update**

- 4.1 Work has continued on developing the Directorate balanced scorecards, updating existing indicators with new targets for 2017/18, as well as adding or removing indicators where necessary, to ensure that there is a suite of indicators for each service that accurately reflects key activity.
- 4.2 Risk Registers have been developed on Covalent at both corporate and directorate levels. These feature on the bottom of the existing performance scorecards on the system, which enables discussions to take place at the monthly directorate 'Challenge Sessions' chaired by the Chief Executive. This arrangement ensures that there is continued focus on areas of concern and that risks can be reassessed at any point between meetings.
- 4.3 Committee performance reports were launched during 2016/17. This involved scorecard-style report generated from Covalent with a short covering report explaining any variances or missed targets and setting out remedial actions proposed if necessary. System scorecards were produced for five of the standing committees - Adult Social Services and Health; Children, Family and Education; Environment and Neighbourhoods; Housing, Economy and Business; and Strategy & Resources. Members were provided with user accounts and training on how to access and use Covalent. This now means that they can access any of the data at any time. This has provided a new degree of transparency and accountability to Members around performance, enabling them to better scrutinise Council services and activity on behalf of residents. Overall, the implementation of the use of Covalent for performance monitoring at Committees has been successful and has achieved:
- A consistent approach to reporting performance across the organisation
  - Substantially reduced the reporting timescales for each committee
  - Overall has increased member understanding of performance issues across the organisation
  - Increased transparency and accountability of performance reporting to members and the wider public.
  - Made performance information available to members outside of the committee reporting cycle
  - 27 of the 46 Members with Covalent accounts have logged on at least once to the system since their accounts were created, this equates to approximately 59% of

Members. Details on numbers of logins is only available for the last six months, but during the time period 10 November 2016 - 10 May 2017, there have been 58 logins by Members.

## **5. Council Performance Quarter Four 2016/17**

- 5.1 The Corporate Plan sets out the priorities for the Council over the period 2014/15 – 2018/19. These priorities will be delivered under the following themes: Open, Fair, Green and Smart in accordance with the direction of travel and future shape of the Council.

### Key Achievements

- 5.2 Following the Ofsted inspection in November and December 2016 Sutton received a Good judgement which places our Children Services in the top quartile of all English authorities. Similarly, our START (Short Term Assessment and Reablement Team) was inspected by the Care Quality Commission (CQC) and our service rated 'Good in all five core areas'. Sutton's pupils and schools recorded another year of outstanding GCSE results in August 2016, with 83.7 per cent of pupils achieving five or more GCSEs, up from 83.5 per cent in 2015. The proportion of pupils scoring five or more A\*-C including English and Maths was 79.0 per cent. Finally, 90% of Sutton schools are rated Good or Outstanding.
- 5.3 The Sutton customer services team has been awarded the Cabinet Office's 'Customer Service Excellence standard', each year for the past nineteen years. We were the first London borough to complete all Freedom Pass renewals online and we are a digital test pilot for DWP, helping develop the new Universal Credit digital test and resolve issues for vulnerable claimants. We have also started work on the Sutton Plan which aims at creating a joint strategic vision for the borough and thinking about how we address local needs by working better together. The Plan was successfully launched in April with a wide range of partners.
- 5.4 Plans for the London Cancer Hub continue to progress. The hub will create a global life-science campus specialising in cancer research, drug discovery, treatment, education and enterprise. LBS purchased 2.4 hectares of land from the Epsom and St Helier NHS Trust and with plans for further land to be purchased before the end of 2017/18. The Cabinet Office is supporting our plans with £250,000 of One Public Estate (OPE) programme funding this year. Sutton Living Ltd, a housing development company wholly owned by the Council was launched this year. Sutton Living will buy empty properties and rent them out, build new homes for sale or rent, or partner with house builders or social housing providers to help deliver additional housing in line with the needs of residents. The Council also plans to build houses directly, with planning permission already granted for 93 homes across three sites.

### 2016/17 Strategic Commissioning plan outturn

- 5.5 The 2016/17 Strategic Commissioning plan sets out the activities that will contribute to the delivery of corporate plan priorities.
- 5.6 As agreed, reporting has now been replaced with a minimum focus on key statutory data (which is mandatory) exception reporting (where required) and the corporate balanced scorecard (appendix



A) - these changes have enabled the corporate centre to work closely with Directorates to support a more accurate collection of performance data.

- 5.7 A full update against Strategic Commissioning plan activities has been provided in this quarter four performance outturn report.
- 5.8 Over 90% of the plan has been completed. Below is a summary of those measures which are shown as not being completed, and any supporting commentary. Further detail is available in appendix B.

<b>Key commissioning activity</b>	<b>Measure of Success</b>	<b>End of year commentary</b>
KCA 14 Consider future options for wellbeing prevention strategy	MOS 21 Strategy Completed	An approach of maximising community assets and universal services to prevent social care need alongside services such as meals on wheel, reablement and use of assistive technology is being considered
KCA 16 Build and develop the partnership relationships across the borough, including with community groups, the voluntary sector and the wider public sector through the Sutton in Partnership.	MOS 24 Infrastructure Support Fund delivered	Reset is agreed from Strategy & Resources, with a contract variation agreed with the supplier. Currently awaiting end of year figures.
KCA 18 Work collaboratively with TfL and LB Merton to develop the Tramlink extension to Sutton town centre.	MOS 26 Funding for Tramlink extension confirmed.	Sutton Town Centre transport study has been completed and it concluded that Tramlink would be the best option for the delivery of growth in Sutton Town Centre.  TfL, LBS and LBM are reviewing the funding for Tramlink.
KCA 19 Collaborative working and Public Affairs programme with TfL, Network Rail and Train and Bus Operators and South London Partnership boroughs to deliver the transport infrastructure required for the borough's growth aspirations	MOS 27 Published 3rd party investment plans which benefit Sutton.	LBS working within the South London Partnership remains engaged with TfL and the GLA through the new Mayoral Transport Strategy.
KCA 23 Co-ordinate Sutton's new Sustainable Transport Strategy through: sustainable School Travel Plans; updating and implementing the Parking Policy; enhancing the borough cycle network and pedestrian environment; and promoting sustainable travel.	MOS 32 Reduce the % of car journeys	The latest data available indicates that 56% of borough journeys are made by car/motorcycle. This data represents the period 2013/14 - 2015/16 and is published by TfL in their travel in London Report. The current modal share has increased by 1% since the previous reporting period. The percentage of journeys made by car in Sutton is higher



		than the outer London average of 48%.
	MOS 34 Maintain the % of cyclists and walkers	The data for this target is collected from TfL and reported on a three year rolling period. Data published by TfL in 2016-17 was for the period 2013-14 to 2015-16. The figures show a continued decrease in walking from 28% down to 24%. The council has commissioned a borough Walking study for 2017. Which will be used to identify options to improve walking in the borough.
KCA 26 Work with partner organisations (Marathon Trust, HLF, Viridor Credits), community Friends Groups and Local Committees to increase external funding contributions and continue to deliver improvements to parks	MOS 39 Refreshed park management plans	The review of the management plans will be carried out in 2017/18. This is to allow the new delivery contract to bed in.
KCA 32 Complete an OJEU compliant procurement process and appoint a contractor (s) to design, build, operate and maintain a heat energy network for the borough, through an Energy Services Company (ESCo).	MOS 46 & 47 Reduce the % of CO2 emissions in the borough & Improve self sufficiency of energy supply	Terms have been agreed with the heat supplier and purchaser and contacts will be signed in June 2017.  Preferred bidders have been selected for the Design and Build and Operations and Maintenance and will be formally appointed once contracts have been signed.
KCA 34 Re-commission Waste Collection services as part of the South London Waste Partnership	MOS 49 Increase the % of waste diverted from landfill.	It is expected that the changes to Waste Collection services will increase the recycling performance to over 40% during 2017/18
KCA 36 Progress integration of adult social care health services within the People Directorate with the Sutton Clinical Commissioning Group, Children's Services and other partners.	MOS 53 Joint commissioning strategy developed through Health and Wellbeing Strategy	PID Agreed by the Major Change Board. Programme Manager being recruited and programme support agreed.
KCA 44 Integrate Children and Adolescent Mental Health Services (CAMHs) Tier 2 including Looked After Children delivered	MOS 69 Contract KPIs achieved	All KPIs were achieved apart from the counselling pathway, where 70% of referrals met the 12 week waiting time target. This has been discussed at the quarterly contract management meeting and an agreed approach will now be adopted to reduce this time.
KCA 47 New secondary school	MOS 72 Deliver	Planning application was submitted December 2016 but decision delayed due



site identified	successful planning approval in timely way	to adjournment by Committee in March and then Purdah. 28 June confirmed as new committee date. Technical Design delayed due to unexpectedly high cost plan for contractor. Resolution/value engineering process complete and technical design underway. Pending planning expected to be on site Nov/Dec 2017.
	MOS 73 Technical Design Complete	
KCA 48 Commission a new delivery model for school improvement and support services	MOS 74 Schools continue to access high quality services	Company spun out on 1 November 2016. Company now providing statutory and non-statutory services on behalf of the Council. Operations Director, Managing Director and Company Directors all appointed. Company have not completed stage 2 consultation on restructure due to ongoing discussions with LBS regarding the commissioning agreement. Discussions on KPIs and outcomes framework also underway but not yet complete.
	MOS 75 Schools maintain OFSTED ratings	
	MOS 76 New delivery model in place	
	MOS 77 Service outcomes delivered	
KCA 49 Deliver Inclusion Strategy to improve attainment and progress for pupils with Special Educational Needs (SEN), increasing the use of mainstream and other in-borough specialist resources for pupils with SEN.	MOS 78 Increase in the number of SEN children accessing Sutton's specialist schools	The SEN strategy review is underway. It is planned that an initial draft will be read by September. Subject to comment, it will go through the political process during the Autumn and winter, with a "go live" at the start of the next financial year. The review will analyse current and projected need, and be used to form our commissioning strategy for high needs places
	MOS 79 Increase in SEN pupils accessing mainstream schools	
KCA 53 Sutton Town Centre Master Plan adopted and phased delivery strategy in place.	MOS 84 Phase One sites identified with delivery strategy for each.	<p>Programme being implemented via five workstreams.</p> <p>Heritage Action Zone status secured.</p> <p>Site delivery plan being developed.</p>
KCA 54 Maximise economic regeneration benefits of developing the Gas Holder site for the north end of Sutton High Street through co-ordinated investment	MOS 85 Increase footfall in Town Centre	<p>Market Place Sutton: Upper facades of properties in scope of project have been renovated.</p> <p>Pop Up Sutton: Delivered monthly markets throughout the course of the project, adding to the vibrancy of the High Street and supporting the local entrepreneurs.</p>



		<p>Since the launch of the scheme the project has supported 88 local entrepreneurs through the business support programme and monthly market. To date, 80 new businesses have been supported through Pop Up Sutton and over 90 hours of business support training has been provided by our business advisors.</p>
<p>KCA 57 Work with the Institute of Cancer Research, The Royal Marsden NHS Foundation Trust and Epsom and St Helier University Hospital NHS Trust to deliver world-class, research-led cancer treatment and significant benefits for the local and wider London economy.</p>	<p>MOS 88 Development Partnership</p>	<p>The London Cancer Hub was successful in its bid to the One Public Estate Programme, receiving £250,000 for 2016/17.</p>
<p>KCA 59 Identify growth businesses and their recruitment needs across the borough and address gaps in provision /availability of appropriate skills and qualifications in the workforce</p>	<p>MOS 93 Develop business-led skills provision</p>	<p>The South London Area Based Review and the Pan London Adult Community Learning Review have now concluded. LBS is working with the South London Partnership to develop a specification to commission a regional skills strategy in partnership with local businesses.</p>
<p>KCA 62 Implement the second phase of the Digital Programme leading to 50% of transactions being completed online</p>	<p>MOS 97 Increase in the number of web transactions</p>	<p>Total web transactions per quarter for 2016/17 (figures taken from PI CEX PCS (CS) 19 - Total web transactions)</p> <p>Q1: 64,452 Q2: 52,141 Q3: 53,069 Q4: 63,679</p>
	<p>MOS 98 Reduce face to face and telephone contacts</p>	<p>Total call volume fluctuated per quarter during 16/17:</p> <p>Q1: 60,489 Q2: 60,686 Q3: 58,786 Q4: 67,988</p>
	<p>MOS 99 Better Connected Rating from SOCITM (Society of information technology management)</p>	<p>Surveys completed end of April/early May, with overall star rankings to be announced ahead of Better Connected Live 2017 in late June 2017.</p>
	<p>MOS 100 Increased customer satisfaction with accessing council services online</p>	<p>Web satisfaction varied between 38% and 47% good during 16/17, with an average of 42% good across the reporting year.</p>



KCA 67 Explore opportunity for shared delivery vehicle with Royal Borough of Kingston Upon Thames.	MOS 108 Business case complete and agreed	Business case completed, no agreement reached as to final model, solution to be decided.
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### Corporate Balanced Scorecard

5.9 The Corporate Balanced scorecard for quarter four can be found at appendix A. The Performance Indicator RAG summary for Q4 2016/17 is as follows:

- Red: 3 indicators - Percentage of household waste sent for refuse, recycling and composting; % of waste diverted from landfill; Number of affordable homes delivered (gross)
- Amber: 5 indicators - Gap in attainment of pupils eligible for FSM and their peers at KS4; HIV late diagnosis rate (%); % of journeys that are taken by car; % of residents satisfied with parks; % of residents satisfied with street cleaning
- Green: 14 indicators
- There are 16 indicators on the scorecard where RAG rating is not applicable. This where an indicator has been set as 'Data Only' with no target set (e.g. employment rate; accepted homelessness applications); or where data is being benchmarked in order to help set a realistic target for the indicator in the future.

5.10 The explanation and mitigation for any indicators that are red or amber in the Corporate Balanced Scorecard can be found below.

Measure of Success	Commentary
<b>Red:</b>	
Percentage of household waste sent for reuse, recycling and composting	The percentage of household waste sent for reuse, recycling and composting is expected to increase over the the next year due to the introduction of Food waste collection, a year round kerbside garden collection and a separated recycling Dry Mixed Recycling and Paper collection service in April 2017.
% of waste diverted from landfill	
Number of affordable homes delivered (gross)	The number of completions in any one year are determined by the number of projects starting 2 to 3 years earlier and so we are constantly trying to maximise potential completions years in advance. We cannot impact on the number of planning applications made in any period but try to maximise the affordable housing in any planning application that is made. The 152 total is made up from 115 rented units and 37 shared ownership units. Although this doesn't meet our part of the Mayor's target, it is a vast improvement on last year.
<b>Amber:</b>	



Gap in attainment of pupils eligible for FSM and their peers at KS4	Most recent data is from 2014/15. Updated data was expected to be published by DFE in November 2016, but appears that this data is no longer published.
HIV late diagnosis rate (%)	<p>Significant investment has taken place with investment to find out why our rates of late diagnosis are poor, and extensive outreach testing in novel settings (libraries), on the medical assessment unit at St Helier and opportunistically in the community. The new joint services for prevention and support are working well so we are working towards improvement</p> <p>Despite not meeting target, the rate is improving. Increased investment will continue this upwards trajectory.</p>
% of journeys that are taken by car	The latest data available indicates that 56% of borough journeys are made by car/motorcycle. This data represents the period 2013/14 - 2015/16 and is published by TfL in their travel in London Report. The current modal share has increased by 1% since the previous reporting period. The percentage of journeys made by car in Sutton is higher than the outer London average of 48%.
% of residents satisfied with parks	Findings for these two indicators are taken from the last Residents' Survey, which took place in 2015. The next survey due to take place in late 2017.
% of residents satisfied with street cleaning	

Customer Care

5.11 For Q4, Stage 1 complaint volumes are stable, with the highest volume in Children’s social care and safeguarding. Complaints relating to Housing have reduced. There is still room for improvement with response performance, and in the quality and depth of the investigation and responses. Stage 2 escalations and escalations to the LGO remain low. March saw an increase in Member and MP enquiries particularly in EH&R, and response performance has slipped, in some teams. March is typically a busy month, but volumes were higher than 2016. Many related to concerns about the new waste collection service before it went live. FOI volumes were very high in January but have stabilised, response performance often dips below the 90% response performance expected by the ICO, despite the weekly reports.

Workforce (excluding schools & colleges)

5.12 The Council’s workforce size has continued its long term decrease in the light of continued reductions in funding and also staff moving across to different delivery models including shared services - the most recent addition being the Shared Finance Service with Kingston, which went live on April 3rd 2017 (Sutton is the hosting borough for this service). For further detail see appendix B.



## 6. Cumulative Equalities Impact Assessment

- 6.1 In line with the law LBS seeks to identify and mitigate where appropriate any negative impacts changes will have upon the protected groups. Steps have been taken where possible to re-shape service delivery so that the protected groups and most vulnerable still have access to core services.
- 6.2 LBS has improved systems for alerting officers of the need to complete and EIA and then supporting the production and quality assurance of the document. Data collection has also improved since we last published a cumulative assessment and this is integral to our ability to identify and mitigate impacts. We will continue to improve our knowledge of the needs of different groups in the borough through The Sutton Plan work and our partnership with the Sutton Fairness Commission. Furthermore, we will draw on the forthcoming work to consider issues with social cohesion in the borough and beyond.
- 6.3 Overall, this assessment shows that no one group has been systematically disadvantaged by LBS starting, stopping or changing what it does. This assessment shows that there is a system in place for considering the impact of changes and where appropriate mitigating negative impacts on the protected characteristics. Over the next twelve months significant work will be done to improve our knowledge of the borough and to continue to ensure that these groups are considered and protected. For full assessment see appendix C.

## 7. Financial Performance 2016/17

### At a glance: Provisional Revenue Outturn Summary Period 4 2016/17

- 7.1 The General Fund budget outturn position is for a net overspend of £2.5m (1.7%) against an approved net budget of £144.9m.
- 7.2 The outturn position, before transfers from general fund balances, is summarised in the table overleaf. Note that underspends are shown in brackets.

<b>Revenue Outturn Summary Fourth Period 2016/17</b>			
	Final Budget Full Year £'000	Outturn Variance £'000	Outturn Variance %
<b><u>Commissioning Directorates</u></b>			
People			
- Adult Social Care, Children's Services, Wellbeing	112,928	4,736	4.2%
- Public Health	10,322	(1)	(0.0%)
- Public Health Grant utilisation	(10,328)	0	0.0%
- DSG Delegated Budgets	104,860	2,259	2.2%
- Dedicated Schools Grant	(104,860)	(2,259)	(2.2%)
Environment, Housing & Regeneration	39,706	(463)	(1.2%)
<b><u>Corporate Core</u></b>			
Chief Executive's	6,151	(212)	(3.5%)
Resources	25,449	7	0.0%
Adjustment for Support Cost Recharge	(25,644)	(360)	(1.4%)
<b>TOTAL DIRECTORATE COSTS</b>	<b>158,585</b>	<b>3,706</b>	<b>2.3%</b>
Non Service Revenue Budgets	(4,183)	(1,337)	(32.0%)
Core Grants	(9,486)	235	2.5%
<b>Agreed Net Budget</b>	<b>144,916</b>	<b>2,604</b>	<b>(1.8%)</b>

Funding sources :			
- Revenue Support Grant (RSG)	(24,751)	0	0.0%
- Top-up grant (business rates)	(17,622)	(147)	(0.8%)
- Local business rate share	(15,606)	0	0.0%
- Council Tax Requirement	(85,391)	0	0.0%
- Collection Fund Surplus (CT)	(1,330)	0	0.0%
- Collection Fund Deficit (NNDR)	(217)	0	0.0%
Total Funding	(144,916)	(147)	0.1%
<b>Total Income and Expenditure</b>	<b>0</b>	<b>2,457</b>	



- 7.3 The outturn position for services shown above includes budget virements agreed by officers under delegated authority or by Committee in year. It also takes account of carry forwards of unspent grants which must be used for specific purposes.
- 7.4 The outturn position also includes two proposed transfers to reserves, full details of which are at Appendix E.
- Transfer of planned principal loan repayments relating to investments in commercial property to the Commercial Property Investment Reserve. This amounts to £254k in 2016/17 and will continue in future years.
  - Transfer of contributions from South London Waste Partnership partners (£109k) to the Strategic Priorities Investment Fund Reserve. These will be held for future environmental improvements.
- 7.5 As part of the year end process proposals are invited to carry forward unspent budgets. As there is no aggregate underspend in 2016/17 recommended carry forwards have been kept to a minimum. It is recommended to carry forward £120,000 of unspent public realm budget which has been fully committed and will be spent by September 2017 and £5,400 of unspent neighbourhood grant budget. In the absence of an aggregate underspend it is recommended to fund these from reserves. No other carry forward proposals are being recommended this year.
- 7.6 Details of the main reasons for outturn variations from budget are set out in the later sections of the report.

#### People Services Directorate

- 7.7 The General Fund revenue outturn position for People Services Directorate is an overspend of £4.735m (4.2%)

#### *Children's Safeguarding*

- 7.8 The overspend in Children's Safeguarding is £3.642m due to continued pressure in the service. The most significant variations are as follows:
- £647k relating to legal and expert assessment costs. This expenditure relates to care proceedings, which rose from 50 in 2015/16 to 70 in 2016/17 as a result of a court ruling on section 20 accommodation, a lack of effective early help alongside high levels of domestic violence, substance misuse and adult mental health issues contributing to the need to initiate proceedings in order to protect children;
  - £611k relating to essential posts established during the year for a CSE practice lead and a Court Protection Officer that were not within the baseline establishment, recruitment and retention costs incurred in securing permanent staff, particularly for front line child protection teams, higher than budgeted agency costs and a planned reduction in costs that was not achieved;

- £1.087m relating to placement costs for looked after children (LAC). The overspend is mainly due to increased numbers, particularly in higher cost residential care;
- £462k relating to Special Guardianship Orders, Adoption Allowances & Residence Orders. This overspend is due to an increasing number of children leaving the care of the local authority and being cared for by those other than their birth parents. It is positive that children have permanent placements and the costs awarded to carers by the court are less than placement costs.
- £270k relating to Leaving Care Placement Support costs. This expenditure relates to those young people who are still looked after but are allocated within the leaving care team. The local authority has a duty to keep these young people safe and support them. Expenditure has increased as a result of two factors; an increase in the number of young people with high needs including self harm needing to be placed in semi-independent accommodation and the additional cost of caring for about 10 unaccompanied asylum seeking children who became 18 years old. These young people reduce the availability of supported places which leads to more expensive options being used; and
- £107k relating to Referral and Assessment - No Recourse to Public Funds (NRPF). The local authority has a duty to support families that have NRPF where they have children under the age of 18. There has been an increase (from 8 in 2015/16 to 12 in 2016/17) in families who have no recourse but a more important factor in driving the cost increase is the time taken to get the cases resolved by the Home Office. This is increasing so the cost accrues over a longer period.

### *Education & Early Intervention*

7.9 The overspend in Education & Early Intervention is £1.810m. The most significant variations are:

- £1.079m relating to SEN transport. The number of passengers on SEN transport has increased, which is broadly in line with increases in the numbers of Education Health Care Plans (EHCPs) maintained by the authority. The number of routes has also increased over the same period;
- £154k relating to Sutton Tuition and Reintegration Service (STARS) transport. The number of passengers on transport to STARS has increased during 2016/17, as has the number of routes for the same period;
- £173k relating to Travellers Vulnerable Children's Transport. There has been an increase in the number of children transported and the number of routes used;
- £388k relating to Quad Family Support Service. The overspend is predominantly due to the number of locum social workers employed which were above the budgeted staffing establishment due to the increase in caseloads that featured domestic violence, adult mental health and substance misuse;
- £226k relating to Sutton Family Centre - No Recourse to Public Funds. These monies are spent on families where a child is considered destitute following their family having a human rights assessment; as highlighted above, there has been an increase (from 8 in



2015/16 to 12 in 2016/17) in families who have no recourse and it is taking longer to get them resolved by the Home Office.

- £174k relating to Sutton Family Centre - higher staffing costs due to an increased volume of Children in Need cases that have required additional support and higher levels of agency staff to fill vacant posts, and;
- (£436k) (underspend) relating to Families Matter Services. This underspend was achieved as a result of the troubled families grant income and from keeping staffing posts vacant to try and offset some of the cost pressure detailed above.

### *Adults Social Care*

- 7.10 There was an overspend of £184k on the adults social care budget. This overspend was as a result of an increasing number of people requiring care and support at home and increases in the cost of residential placements due to people having more complex support needs. These overspends were partially offset by savings achieved in community based services, reassessment of high cost care packages and staffing vacancies.

### *Wellbeing*

- 7.11 There was an underspend of £900k on wellbeing services. This variance was due to early savings on prevention contracts due to lower than expected demand and further savings from a staffing restructure of Community Well-Being and Library Services.

### *Public Health*

- 7.12 The Public Health grant for 2016/17 of £10.3m was fully spent in accordance with the grant conditions resulting in a balanced budget

### *Dedicated Schools Grant (DSG) Funded*

- 7.13 The DSG outturn position is an overspend of £2.259m which will be partially funded from previous years balances.
- 7.14 The DSG brought forward balance as at 1 April 2016 was £1.524m. There is a deficit balance as at 31 March 2017 to be carried forward to 2017/18 of £0.735m.
- 7.15 The overspend is predominantly due to pressures on SEN services (£2m) including increased pupil numbers and higher placement costs at specialist colleges (including for 19-25 year olds).

### Environment, Housing and Regeneration

- 7.16 The financial outturn position for 2016/17 for the Environment, Housing & Regeneration Directorate is an underspend of £463k.
- 7.17 The major variations for the Directorate are detailed in Appendix D. Significant variations are as follows:

- 7.18 There has been an overspend on Bed and Breakfast costs (£632k). During 2016/17 households in emergency accommodation have averaged between 200 to 220 per month compared to budgeted number of 150 per month. This reflects a lack of temporary accommodation supply and the impact of universal credit on rent collection. This overspend has been partially offset by the early achievement of planned savings in Housing support costs (£252k)
- 7.19 Other major variations include an underspend on Waste disposal costs (£392k) due to reduced volumes of waste arisings and fluctuating prices received for recyclates, an underspend in Regulatory Services (£261k) as a result of staffing vacancies following the start of the shared service and an underspend on Neighbourhoods and Local Committees (£208k) due to a number of public realm projects not completing this year.

#### Chief Executive's

- 7.20 The revenue outturn position for the Chief Executive's Directorate is an underspend of £212k.
- 7.21 The main variation is an underspend on the Smarter council budget (£144k) which is due to the use of internal staffing resources to support some major projects rather than buying in external capacity, a reduction in support needed on some projects and some staffing vacancies during the year.

#### Resources

- 7.22 The outturn position for the Resources Directorate is a net overspend of £7k.
- 7.23 The main variations are on housing benefit administration of £300k mainly due to the successful application for Government grants, a credit on rent allowances of £717k due to customer overpayments now moved to sundry debtors, overachievement of income from the Investment Property Portfolio of £160k; offset by an overspend of £220k on Childrens & Adults Social Care Business Support due to the late completion of a staffing restructure, an overspend on ICT services due to unachieved savings during the year on the telephony and shared service contracts of £250k and additional service infrastructure costs for the telephone system and mobile phone calls and charges of £291k. Further work is being done to review the overall costs of telephony for the Council in the new year.

#### Non Service Revenue Accounts

- 7.24 The outturn position is an underspend of £1.337m. This is mainly due to net underspends on interest payable/receivable due to deferring borrowing decisions (£880k) and unspent contingency against additional Care Act related costs held in non-service budgets (£400k). In addition there is a net underspend of £360k due to support service actual costs being lower than budgeted recharges.



### Funding and Core Grants

- 7.25 Core grants are £235k lower than budgeted, mainly reflecting Education Services Grant reductions due to academy conversions. Funding is higher than budgeted due to additional top-up grant (£147k).

### At a glance: Capital Summary Period 2016/17

- 7.26 The year end spend is £106.82m compared to a current capital programme budget of £102.86m. This is a net projected overspend of £3.97m or 3.9%. About £1.84m is the net impact of movements between years with expenditure planned for 2017/18 being brought forward into 2016/17. The balance reflects new spend in 2016/17 funded by new resources including s106 money, application of leaseholder contributions and HRA revenue funding to housing capital projects, schools' contributions and additional borrowing to finance commercial property investment. Details are in Appendix F.
- 7.27 The table below summarises the position for each Directorate as at 31 March 2017. Figures in brackets represent projected underspends. Actual expenditure includes provision for works completed but not yet invoiced by the contractor.

Capital Programme	Approved Budget £'000	Actual Expenditure £'000	Variance £'000
<i>People - Schools</i>	24,955	24,101	(854)
<i>People - other</i>	850	619	(231)
<b>People - Total</b>	<b>25,805</b>	<b>24,720</b>	<b>(1,085)</b>
<i>EHR - Housing</i>	18,770	21,767	2,997
<i>EHR - other</i>	22,875	25,198	2,323
<b>EHR - Total</b>	<b>41,645</b>	<b>46,965</b>	<b>5,320</b>
<b>Resources -Total</b>	<b>34,624</b>	<b>34,339</b>	<b>(285)</b>
<b>Chief Executive - Total</b>	<b>783</b>	<b>799</b>	<b>16</b>
<b>Total</b>	<b>102,857</b>	<b>106,823</b>	<b>3,966</b>

7.28 During the year the Council worked on a number of key capital projects. This included major improvements to the council's housing stock to meet Decent Homes standards, procuring to build new council housing on the sites of Richmond Green, Ludlow Lodge and Fellows Road, investments to increase the primary, secondary and SEN school places, investing IT and accommodation changes, as well as rolling programmes to improve highways, pavements and street lighting.

7.29 The reasons for the major variations are as follows:

*Environment, Housing & Regeneration Directorate*

- Re-phasing of £2.959m of the costs for LA New Build at Richmond Green, Ludlow Lodge and Fellows Road to 2016/17 following final contract being agreed.
- Re-phasing of £3.565m of the SLWP Vehicles which were purchased in 2016/17 in advance.
- Public Realm budgets not allocated during the year of allocated late in the year totalled £0.356m. These projects will be delivered in 2017/18.

*People Directorate*

- Re-phasing of £1.512m of the school expansions budget from 2016/17 mainly at Cheam Park Farm Junior, Manor Park Primary, Barrow Hedges, Secondary School Expansions for NS3 project and Sherwood Park School.

*Resources and Chief Executives*

- Re-phasing of various ICT projects of £0.309m due to delays in the desktop refresh project, delays in upgrading for IT Infrastructure project and delay in replacement of planning and Building Control System.
- Re-phasing of £0.229m from 2016/17 due to delays in agreeing schemes within the programme.
- The cost of the ICT for SLWP of £0.271m has partly brought forward from 2017/18.

## **8. Managing Risk**

8.1 The Commissioning and Financial Planning Report includes the Medium Term Financial Plan that identifies and manages risks to the organisation's financial sustainability taking account of changes in government funding and the ability to deliver savings. The key corporate risks and mitigations are detailed in the aforementioned report and summarised below:

- government funding reductions in the next five years may be more than expected;
- difficulties in identifying and delivering savings sufficient to meet the savings targets or it may take longer than planned to implement savings options;



- demographic and other demand pressures, in particular from Adult and Children's social care;
- increasing Looked After Children placement costs. This is a demand led budget and placements continued to increase.
- exposure to financial risks if business rate receipts are lower than forecast. Specific risks from ratings appeals.

8.2 The Corporate Management Team monitors risk in the business environment, particularly changes in funding from government grants and through the business rate retention scheme. The Medium Term Financial Plan is updated to reflect any changes and identify any impact on the Corporate Plan. As shown in this report, performance management includes the assessment of risk to the achievement of the key activities in the Strategic Commissioning Plan and to the delivery of planned savings. Further detail is available in appendix B.

### Impacts and Implications

#### Financial

8.3 The financial implications are covered in the relevant sections of the report.

#### Legal

8.4 There are no specific legal implications arising from the report.

### 9. Appendices and Background Documents

Appendix letter	Title
A	Corporate Balanced Scorecard
B	Strategic Commissioning Plan 2016-17
C	Cumulative Equality Impact Assessment
D	Major Revenue Budget Variations 2016-17
E	Recommended reserves transfers 2016-17
F	Recommended capital budget adjustments 2016-17 and 2017-18

Background documents
None



<b>Audit Trail</b>		
Version:	Final	Date: 5 July 2017
<b>Consultation with other officers</b>		
Finance	Yes	Phil Butlin
Legal	No	N/A
Equality Impact Assessment Required?	No	N/A