



<b>Report to:</b>	Strategy and Resources Committee	<b>Date:</b>	17 July 2017
<b>Report title:</b>	Q1 Performance and Finance Report (April-June) 2017-18		
<b>Report from:</b>	Strategic Director – Resources and Assistant Director – Customers, Commissioning and Governance		
<b>Ward/Areas affected:</b>	Borough wide		
<b>Chair of Committee/Lead Member:</b>	Cllr Ruth Dombey, Leader of the Council and Cllr Simon Wales, Deputy Leader of the Council		
<b>Author(s)/Contact Number(s):</b>	Sam Barker, Head of Corporate Commissioning, 020 8770 5141 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>	11 July 2017

## 1. Summary

- 1.1 This report provides an overview of performance and finance during April - June 2017 as reported through the corporate balanced scorecard and financial monitoring arrangements.
- 1.2 A full update on progress against the Council's 2016/17 Strategic Commissioning Plan will be provided in November 2017.
- 1.3 An overview of the Council's revenue and capital financial position and the key corporate risks from the Medium Term Financial Plan using the latest available data will be provided via Covalent in advance of the meeting.

## 2. Recommendations

That the Strategy and Resources Committee is recommended to:

- 2.1 note performance against Corporate Balanced Scorecard indicators;
- 2.2 note the projected revenue outturn position to be provided via Covalent;
- 2.3 note the projected capital position to be provided via Covalent;
- 2.4 agree the proposed revenue budget adjustments including the proposed use of the additional social care grant funding, and proposed additional revenue expenditure funded from reserves (paragraphs 6.7 to 6.8); and

- 2.5 agree the capital programme adjustments, including additional expenditure on highways maintenance and improvements.

### **3. Background**

- 3.1 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.
- 3.2 The 2017/18 Strategic Commissioning plan sets out the activities that will contribute to the delivery of corporate plan priorities. Directorate Progress against the Commissioning Plan 2016/17 will be reported in November 2017.
- 3.3 This report summarises the overall Council performance for April to June 2017/18 as reported through the Corporate Balanced Scorecard.

### **4. Council Performance April - June 2017 - Corporate Balanced Scorecard**

- 4.1 The Corporate Balanced scorecard for quarter one can be found at appendix A, which shows the Council position as at 4 July 2017 for the indicators that contribute to the Council's Open, Fair, Green and Smart priorities during 2017/18.
- 4.2 The performance indicator RAG summary for the period April - June 2017 is as follows:
- Data only: 17 indicators (these indicators do not have a target set)
  - Red: 1 indicator
  - Amber: 3 indicators
  - Green: 12 indicators
  - Unknown: 4 indicators (data is not yet available - these tend to be quarterly, termly or annual indicators, or where data is being validated to ensure accurate reporting after a change to a service or service delivery model)
- 4.3 As noted above, the majority of indicators are green. For those indicators that are red or amber, these have not yet been updated in 2017/18 (due to their collection frequency). The remedial action outlined previously on these indicators is continuing to be implemented as set out in the appendix.

### **Customer Care**

- 4.4 The Corporate Balanced scorecard sets out performance for May. Performance against responses to FOIs, Member enquiries and, MP enquiries within timescales has shown an improvement. Responses to complaints within timescales has decreased, with 6 complaints responded to outside of timescales during May.



### **Workforce (excluding schools & colleges)**

- 4.5 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 (with Kingston) or outsourced to contractors.

### **5. Performance Challenge Session**

- 5.1 In order to enhance the scrutiny work of standing committees, members are asked to consider a performance dashboard covering performance within the areas of responsibility for this committee. This information will be presented 'live' at committee meetings. Members will be able to explore performance issues, ask questions of officers and seek assurance as to what mitigation is being put in place to rectify issues.
- 5.2 The initial list of performance indicators covers each of the key areas within the responsibility of the Strategy and Resources Committee (appendix B).
- 5.3 During 2017/18 it is proposed that the committee takes a different thematic area to look at in detail at each committee meeting. The following timetable is suggested;
- November - Public Health
  - January - SSPS
  - February - HR

### **6. Financial Performance, Period 1 2017/18**

- 6.1 The projected General Fund budget outturn position, including commentary on key variations and proposed actions to address will be provided via Covalent shortly before the meeting. An overview of the financial position will also be presented at the meeting itself.
- 6.2 The separate report on the 2016/17 outturn position identifies a number of revenue budget pressures. Some of these are non-recurrent, or have been addressed as part of the 2017/18 budget process. However, pressures that are likely to continue into 2017/18 include:
- external legal and expert assessment costs associated with Children's safeguarding arising primarily from higher numbers of children being taken into care (£600k);
  - transport for Children with Special Educational Needs and some other home to school transport arising from an increase in the number of children being given Education, Care and Health Plans (ECHP) and the associated costs of transport support (£1.8m); and
  - costs associated with leaving care and for children in families with no recourse to public funds (£600k).

- 6.3 There are some other offsetting recurrent underspends expected that reduce the overall net potential pressure to around £2.3m. Officers are considering action to ensure that total expenditure across the Council is in line with the agreed net budget and will provide further information on this in future reports.
- 6.4 In the Chancellor's Spring Budget it was announced that Local Authorities would receive additional funding for Adult Social Care. This is an acknowledgement from central government of the significant pressures faced across the country as demand for social care services increase with people living longer and having more complex needs that need supporting. It is also putting additional pressures on the health service, which government wish to help alleviate. In 2017/18, the London Borough of Sutton have been awarded grant of £2.405m, £2.079 in 2018/19 and £1.038m in 2019/20. This is to supplement the improved Better Care Fund grant that is expected to come in from 2018/19 and increase in 2019/20.
- 6.5 The Government is clear that this money should be used to fund adult social care services and will be additional to current budgeted spend. The DCLG and DH have set out the following conditions for the use of the grant by Local Authorities, these are:
- grant paid to a local authority under this determination may be used only for the purposes of meeting social care needs and so reducing pressures on the NHS, including supporting people to be discharged from hospital when they are ready; and ensuring that the local social care provider market is supported so social care needs can be met;
  - the funding should be pooled into the Better Care Fund, and;
  - the government has made clear that part of this funding is intended to enable local authorities to quickly provide stability and extra capacity in local care systems.

The Council's proposals for use of the new adult social care monies include:

- there are a number of pressures across the social care market within Sutton, in particular the homecare market that is expected to have a significant impact on the Council's financial position for 2017/18. There are several factors that mean hourly rates paid to providers need to increase, firstly current providers are still receiving the same price that was agreed through the personal care framework in February 2013, this price is below that paid by neighbouring boroughs and below the national average. This causes a recruitment challenge for providers and in turn is having a significant effect of their ability to cover calls during unsociable hours. Secondly the introduction of the National Living Wage in April 2016 is having a significant and rising impact on the cost of care in addition to providers now being required to pay travelling costs in addition to time spent delivering care. The Council is therefore proposing to invest £1.291m (Homecare and Direct Payments) of the grant into this area to support and stabilise existing market providers. This in turn will support transfers of care from hospital to avoid delayed transfers of care (DToCs) and focus on improving outcomes that reduce the need for longer term care packages;



- there are growing demographic pressures on adult social care. These include young people with more complex needs transitioning from children's services. There is also an increasing population of over 75s and over 85s. with these cohorts living longer and becoming more complex. There are projected population increases of 2-2.5% annually in these groups. In March 2015 Adult Social Services were supporting 1,526 (long term support), and now there are 1,650 with long term support, an 8% increase which is set to continue into 2017/18. The Council is therefore proposing to invest £0.774m (homecare and direct payments) to support this demographic pressure, and;
- additional staffing capacity to support the Council's adult social care transformation and operational delivery to ensure timely assessments and reviews are conducted so that people receive the right support at the right time. This will create additional capacity to support this program and propose utilising £340k from the grant.

6.6 These proposals were discussed and agreed with the Clinical Commissioning Group at the Sutton Integration and Transformation Board in June 2017.

6.7 During the 2016/17 year end processes a number of bids were received to carry-forward unspent budgets into 2017/18. As there was no net underspend overall the intention is that most of these bids will now be managed within the agreed 2017/18 budget allocation, with any budget management issues arising from this being reported in future Performance and Finance reports to this Committee. The following items are exceptions to this. The Committee is recommended to agree actions as set out below:

- the Shared Environment Service carried out a review of its first year of operation and a report and recommendations was approved at Committee on 30 March 2017. In order to carry out the review recommendations, a programme of work is being developed. This will need to be appropriately resourced if the recommendations are to be implemented in an effective and timely way. The expectation was that this could be funded from unspent 2016/17 budget, but this is no longer an option. Approval to cover these costs of up to £100k from reserves is requested;
- it has been necessary to increase resources in the Customer Services Team to cover high and volatile demand due to the transition to the new waste service and the implementation of the shared Customer Service arrangements with RB Kingston. The estimated additional cost is £109k. Commercial discussions regarding the additional costs of the introduction of new services are due with the contractor where officers will be seeking a contribution to these costs, but there may be costs that the Council needs to meet. It is recommended to note this situation and that a further recommendation to allocate funding from reserves will be brought forward to a future meeting if required; and
- the move to a new Library Management System (Open Galaxy) in 2016/17 and its subsequent merger with Agresso towards the year end resulted in the service being unable to purchase essential new book stock and resource material, required for spaces that will be created as part of the central library refurbishment. This

refurbishment will be completed in 2017/18, funded by capital already agreed. A further £55k allocated in 2016/17 as part of the wider programme of IT upgrades to both public computers and staff IT equipment could not be spent due to delays in the project. Approval is requested to cover these total costs of £95k from the ICT infrastructure reserve, in order to begin the central library refurbishment.

- 6.8 In January 2017 the government announced funding allocations for highways works. Across England this included £801m to help improve the condition of local roads, £70m from the Pothole Action Fund to repair potholes and £75m from the Highways Maintenance Challenge Fund to repair and maintain highways infrastructure. No funding allocations were made to London authorities and Councils in London are not eligible to bid for funding from the Challenge Fund despite the concerns about road condition being equally applicable in London as elsewhere in the country. In the absence of any external funding it is proposed to commit up to £946k, funded from reserves, to an Essential Highways Maintenance Programme to address priority road condition issues in the borough. This programme will include about £746k of capital expenditure (highways resurfacing and some railings maintenance) and £200k of revenue expenditure (pothole repair £100k, verge maintenance £50k and programme management £50k). Any changes in the allocation between capital and revenue will be reported to future meetings of the Committee. The intention is to complete the programme during the 2017/18 financial year.
- 6.9 The year to date and projected year end capital spend, including commentary on significant variations will be provided at the meeting via Covalent.
- 6.10 Appendix C shows recommended adjustments to the capital programme. These reflect rephasing of work between years, the utilisation of new capital resources into the programme and the capital element of the proposed Essential Highways Maintenance Programme..

## **7. Impacts and Implications**

### Financial

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

### Legal

- 7.2 There are no specific legal implications arising from the report.



## 8. Appendices and Background Documents

Appendix letter	Title
A	Corporate Balanced Scorecard Q1 (April-June 2017) - as at 4 July 2017
B	2017/18 KPIs
C	Recommended capital budget adjustments

Background documents
N/A

Audit Trail		
Version	Final	Date: 10 July 2017
Consultation with other officers		
Finance	Yes	Phil Butlin
Legal	No	N/A
Equality Impact Assessment required?	No	N/A

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