

Cornwall Council

Report to: **Cabinet**

Date: **28 November 2016**

Title: **Council Performance Report – Quarter 2 Review**

Portfolio Area: **Reputation and Performance**

Divisions Affected: **All**

Relevant Scrutiny Committee: **Scrutiny Management Committee**

Key Decision: **N** Approval and clearance obtained: **Y**

Urgent Decision: **N** Date next steps can be taken:
(e.g. referral on of recommendation or implementation of substantive decision)

Appropriate pre-decision notification given where an executive Decision? **Yes**

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Recommendations:

1. That the council performance report for September 2016 including the financial position, performance and risk issues, and the actions being taken to address them be noted.
2. That the budget virements greater than £500,000 detailed in Appendix 2 to the report are approved.
3. That the budget virements between £250,000 and £500,000 detailed in Appendix 2 to the report are noted.
4. That the write-off, as detailed in Appendix 2 to the report, is approved.

1. Executive summary

This report provides an overview of the Council's performance for September 2016 as part of the regular reporting and monitoring requirement. This council performance report integrates the following four elements: service performance, finance, strategic risks and strategic

projects all of which are reported to Cabinet on a quarterly basis and are attached as appendices.

The Council Leadership Team (CLT) uses the report to fulfil its responsibility for managing performance, which includes engaging to address identified issues/problems, as appropriate. In turn, Cabinet use the report to monitor performance and related business/exposures. The report is also used to bring forward specific items as required by Cabinet under the constitution / financial regulations.

2. Background

The council performance report is reported to Cabinet and the CLT as part of our council performance reporting framework. New measures are included in the 16-17 council performance framework report which are deemed to be of a strategic and critical nature and have changed following the formulation and introduction of the Council's Public Facing Business Plan. These measures were approved by Cabinet in July.

This performance reporting framework consists of 12 service scorecards which contains performance measures key to those services and financial measures. These measures are deemed to be *Strategic* (central to our Council Strategy) or *Critical* (critical to the quality of service delivery) to the Council. The frequency that each measure is reported varies but is usually either monthly or quarterly.

At the centre of the Council's performance management arrangements is the CLT review of the information contained within the scorecards and the other appendices attached to this report. This fulfils CLT's responsibility for managing performance, which includes engaging to address identified issues/problems, as appropriate, and implementing actions to resolve problem areas.

The role of Cabinet is to monitor performance and related business/exposures and approve specific items as required under constitution / financial regulations. Portfolio Holders are briefed on the IPMR by the Corporate Directors at the Informal Portfolio Holders Briefing, followed by a formal review at Cabinet on a quarterly basis.

The council performance report is made up of the following components:-

- Service performance report (appendix 1) – This report contains the strategic and critical performance and finance measures and targets.

Overall performance and the outcomes of CLT and Portfolio Holder discussions are summarised on page 1, followed by a 'scorecard' for each service that comprises of an overview of all service performance, drawing attention to key performance areas, followed by summary information on the performance and financial targets.

- Financial performance report (appendix 2) – This report contains an overview of the Council's overall financial performance and detailed organisational financial information, including corporate items;

reserves; capital; housing revenue account and treasury management.

- Strategic risks (appendix 3) – This report contains cross-cutting strategic risks; which are defined as high value exposures (both financial and other) to the Council as a whole that have a high probability of occurring without continued preventative action.
- Strategic projects (appendix 4) – The strategic projects report updates on the current status and progress of each strategic project.

The council performance report has been electronically circulated to Policy Advisory Committee and Scrutiny Chairs and will be published on the Intranet and publicised in the Members newsletter.

3. Outcomes/outputs

Council Wide Overview

This is the second quarter report for 2016/17, and highlights areas of service performance, including financial performance, that need addressing to ensure performance is within defined targets, as well as highlighting areas where performance is being exceeded.

The Quarter 2 position still gives sufficient time for services to address any areas to enable improvement before the year end.

As at the end of September 2016 of the 72 strategic and critical performance and financial indicators with targets being reported 53% are achieving or exceeding their target (Green); however, 32% are significantly off target.

These off-target indicators total 23, as summarised on pages 2-5 of appendix 1, followed by Head of Service commentaries. CLT reviewed these indicators in detail at their meeting on 20th October and ensured that there were mitigations and/or action plans in place for these measures.

With regards to strategic risks, the likelihood has reduced in 2 of the 16 risks since the previous assessment. Mitigating actions have been put in place and no additional actions were recommended at this time.

Although 13 of the 26 strategic and critical projects being reported are amber (out of tolerance and with a plan in place) the number of greens and ambers are not significantly out of line with a normal / expected distribution of the ratings and no additional actions are recommended at this time.

Section 151 Commentary on Council's Financial Position

The forecast revenue outturn based on projections as at the end of quarter 2 (September) shows an overspend of £4.379m against a budget of £494.620m. This equates to 0.89% of the budget. This is an improvement of £3.728m from the reported quarter 1 position.

Service budgets are projected to be £8.164m overspent against a budget of £433.486m; 1.88% of the budget.

The most significant service overspend is within Adult Care & Support Services, forecasting an overspend of £12.671m which, after utilising one off funding of £5.378m, brings down the forecast position to £7.293m.

Included within this is a pressure arising of £4.510m due to the non-delivery of planned savings through integration with Health. The Cabinet has accepted that this saving will not be delivered this year and therefore the service will overspend by at least this amount. This shortfall will be covered by contingency and a budget action plan has been developed to mitigate the residual overspend for this service, which has already seen an improvement of £3.275m from the quarter 1 position.

An action plan has also been put in place to address the forecast overspend within the Customer & Communities service of £0.863m at the quarter 2 stage. This will ensure that overall the Council can return a balanced budget by year end.

For services flagging red indicators on financial performance individual commentaries are given in the exception reporting table in appendix 1.

When taking into consideration other mitigating actions and favourable budget variances, the Council's bottom line forecast overspend is £4.379m. At its meeting 22 November, Council will consider an update on the Treasury Management Strategy including proposed changes to the Minimum Revenue Provision policy. If approved, this will generate a further saving in 2016/17 of £4.5m which will be available to balance out the current forecast overspend.

Services will need to ensure that they continue to actively mitigate overspends in the remainder of 2016/17 through prudent budget management.

Several savings plans will not now be delivered in this year, with an expected shortfall of £16.967m against approved plans. Whilst a majority of these have been mitigated this year through one-off savings, services need to ensure savings plans are delivered to minimise the impact on future year budgets.

4. Options available and consideration of risk

This report itself goes towards mitigating the risk that the Council fails to manage its performance and resources effectively. By receiving regular, up- to-date information on performance, the Cabinet can both hold CLT to account for the performance of the organisation and place itself to engage, should they identify issues or problems that necessitate action. The report is therefore central to the management of the Council's reputation and long-term health.

This report has links to all the medium term priorities listed in the Business Plan, as it helps the strategic leaders of the Council to plot the organisation's achievement against those priorities. However, in particular, it helps the organisation to "Manage public resources well and always look to improve."

5. Proposed Way Forward

The decision that is sought is that the integrated performance management report (IPMR) for September 2016, incorporating performance, the financial position, strategic risks and major projects, be reviewed and appraised.

In addition, it is sought that the virements detailed in appendix 2 are approved or noted as required and that the write off detailed in appendix 2 is approved.

6. Implications

Implications	Details and proposed measures to address
Legal/Governance	None arising directly from this report. However, the Council needs to be mindful of the need to operate within budget, that it cannot set a negative budget (budget to overspend) and that it has a fiduciary duty to the tax payer with which it must comply. Regard also needs to be had to the exposure to risk of challenge for the Council if service cuts are unlawfully made as a result additional savings that have to be made. Service cuts alone do not present a risk of challenge. It is when those service cuts do not comply with the legal rules within which the Council must operate, and so are unlawful, that the Council is exposed to increased risk.
Financial	This regular performance update has no material cost implications in and of itself, although, clearly, the performance and financial information contained within it should help the Council to manage its costs more effectively.
Risk	This report itself goes towards mitigating the risk that the Council fails to manage its performance and resources effectively. By providing regular, up- to-date information on the Council's performance, this report will, therefore, largely cover the risks to Council performance and the mitigations associated

	with those risks.
Comprehensive Impact Assessment Implications	
Equality and Diversity	A separate equality impact assessment is not required to accompany this report, as it is expected that consideration to any potential impacts during the delivery of key activities and projects will be undertaken at service level. Where any negative equality impacts have been identified it is the responsibility of the relevant service area to consider mitigating actions and monitor any ongoing risks.
Safeguarding	There are no Safeguarding implications associated with this report.
Information Management	There are no Information Management implications associated with this report.
Community Safety, Crime and Disorder	This report has no impact upon crime and disorder reduction.
Health, Safety and Wellbeing	There are no Health, Safety and Wellbeing implications associated with this report.
Other implications	None.

Supporting Information

Appendices:

Appendix 1	Service Performance
Appendix 2	Finance Performance
Appendix 3	Strategic Risks
Appendix 4	Strategic Projects

Background Papers:

None

Approval and clearance of report:

Final report sign offs	This report has been cleared by OR not significant/not required	Date
Legal (if significant/required)	Matt Stokes	15/11/16
Finance Required for all reports	Andy Brown, Interim SD Resources	16 Nov 2016
Equality and Diversity	Not required	

Cabinet/individual decision reports:

Final report sign offs	This report has been cleared by	Date
Head of Service	Andy Brown	16 Nov 2016
Corporate Director	Cath Robinson	18 Nov 2016