

Cornwall Council

Report to: **Cabinet**

Date: **16 March 2017**

Title: **Council Performance Report – Quarter 3 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 (CPR) for December 2016 including the financial position, performance and risk issues, and the actions being taken to address them be noted.
2. That Cabinet receive a more detailed review of the plans and resources being put in place to improve delayed transfers of care from hospital.
3. That the budget virement detailed in Appendix 2 to the report is approved.
4. That delegated authority be given to the Section 151 officer, in consultation with the Leader, to approve the final 2016/17 outturn report including any variations or additions to the reserve movements given in Appendix 2 to this report that are required to ensure the year end accounts are submitted by the statutory deadline.

1. Executive summary

This report provides an overview of the Council's performance as at the end of Quarter 3 as part of the regular reporting and monitoring requirement.

This Council Performance Report consists of four components, 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 presented to Cabinet and the Council Leadership Team (CLT) as part of the Council's Performance Framework.

The Performance Framework consists of 17 Service scorecards (that reflect the new Council Service areas) containing performance measures deemed to be *Strategic* (key to our Council Strategy) or *Critical* (critical to the quality of service delivery) to the organisation. 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 Council Performance Report by the Strategic Directors at the Informal Portfolio Holders' Briefing, followed by a formal review at Reputation and Performance Portfolio Advisory Committee and Cabinet on a quarterly basis.

The CPR will then be electronically circulated to Policy Advisory Committee and Scrutiny Chairs, published on the Intranet and publicised in the Members newsletter.

The Council Performance Report is made up of the following components:

- **Service performance report (Appendix 1)** – contains the strategic and critical performance and finance measures and targets. Overall performance and the outcomes of CLT and Portfolio Holder discussions are summarised at the front of the report, followed by a 'scorecard' for each Service that comprises of an overview of

performance, drawing attention to key performance areas, followed by summary information on the performance and financial targets.

- **Financial performance report (Appendix 2)** – contains an overview of the Council’s overall financial performance and organisational financial information, including corporate items; reserves; housing revenue account and treasury management.
- **Strategic risks (Appendix 3)** – 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)** – updates on the current status and progress of each strategic project.

3. Outcomes/outputs

Service performance report (Appendix 1)

This shows that, at the end of December 2016, of the 87 strategic and critical performance and financial indicators with targets being reported, 52% are achieving or exceeding their target (shown as Green) with 33% significantly off target (shown as Red).

There are 29 indicators that are off target and these are summarised in Appendix 1, followed by comments from Service Directors. CLT reviewed these indicators in detail at their meeting on 19 January and ensured that there were mitigations and/or action plans in place for these measures.

The Reputation and Performance PAC reviewed the report on 17 February and noted that delayed transfers of care from hospital remains significantly off target, although it is recognised that this is a national issue. The Committee requested that the matter be referred to Cabinet and the Health and Adult Social Care Overview Scrutiny Committee for a more detailed review of the plans and resources being put in place to improve performance.

Section 151 Officer’s commentary on the Council’s Financial Position as reported in the Financial performance report (Appendix 2)

The forecast revenue outturn, based on projections as at the end of Quarter 3, shows a net forecast underspend of £2.737m against a net budget of £494.620m. This equates to 0.55% of the budget and is an improvement of £7.116m on the quarter 2 reported position.

Within this service budgets are projected to be £7.277m overspent against a budget of £432.223m; 1.7% of the budget.

The most significant overspend continues to be within Adult Social Services, which is forecasting an overspend of £5.667m partly due to significant pressures on residential and nursing home fees in respect of the Council supporting the market and the non-delivery of savings.

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 management action plan was developed and enacted to mitigate the residual overspend for this service, which has seen a significant improvement since the quarter 1 position and continued improvement in quarters 2 and 3.

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

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

Several savings plans will not now be delivered in this year, with an expected shortfall of £16.909m 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.

Whilst some one-off mitigations are in place to off-set in-year pressures, there is a need for sustainable savings to be delivered to maintain a robust and balanced budget in future years.

Strategic risks (Appendix 3)

This contains two changes to the position in Quarter 2 – in the case of SR01 (Financial Sustainability) and SR13 (Information Technology) the probability of the risk occurring has been downgraded. Mitigating actions remain in place for all the strategic risks and no additional actions are recommended at this time.

Strategic projects (Appendix 4)

Although 11 of the 27 strategic and critical projects being reported are amber (i.e. out of tolerance and with a plan in place), this is not significantly out of line with a normal / expected distribution of the ratings and no additional actions are recommended at this time.

4. Options available and consideration of risk

The publication and consideration of the Council Performance Report is a key part of mitigating the risk that the organisation fails to manage its performance and resources effectively. By receiving regular, up-to-date information on performance, the Cabinet can hold CLT to account for the performance of the organisation.

This report 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 Council Performance Report for Quarter 3 (1 October to 31 December 2016) incorporating performance, financial status, strategic risks and strategic projects be reviewed and appraised.

Cabinet are requested to note the outcomes of the Reputation and Performance PAC review of performance and consider if it wishes to receive a more detailed review of the plans and resources being put in place to improve delayed transfers of care from hospital. In addition, it is sought that the budget virement detailed in Appendix 2 to the report is approved.

A recommendation is also made to give delegated authority to the section 151 officer, in consultation with the Leader, to approve the 2016/17 final outturn report, including reserve movements. This is needed as a new working Cabinet are unlikely to meet before the final submission date of 31 May when the draft 2016/17 financial statements need to be certified, as presenting a true and fair view of the financial position of the Council, by the section 151 officer.

6. Implications

Implications	Relevant to proposals	Details and proposed measures to address
Legal/Governance	N	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 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	N	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	N	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 N		
Equality and Diversity	N	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	N	There are no Safeguarding implications associated with this report.
Information Management	N	There are no Information Management implications associated with this report.
Community Safety, Crime and Disorder	N	This report has no impact upon crime and disorder reduction.
Health, Safety and Wellbeing	N	There are no Health, Safety and Wellbeing implications associated with this report.
Other implications	N	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)	Simon Mansell	03.03.17
Finance Required for all reports	Wayne Rickard	06/03/17
Equality and Diversity	Not required	

Cabinet/individual decision reports:

Final report sign offs	This report has been cleared by	Date
Service Director	Andy Brown	8 March 2017
Strategic Director		