

Report to:	Cabinet
Date:	19 June 2019
Title:	Council Performance Report 2018/19 – Year End
Portfolio Area:	All
Divisions Affected:	All
Local Member(s) briefed:	N/A
Relevant Scrutiny Committee: All	
Authors, Roles and Contact Details:	<p>Responsible Service Directors</p> <p><u>Cabinet report and Performance appendix:</u> Jessie Hamshar, Service Director - Strategy & Engagement Jessie.Hamshar@cornwall.gov.uk</p> <p><u>Finance and Treasury Management appendices:</u> Andy Brown, Chief Operating Officer [Section 151 Officer] Andy.Brown@cornwall.gov.uk</p> <p><u>Projects appendix:</u> Richard Williams, Interim Service Director – Resources & Commercial Services Richard.2.Williams@cornwall.gov.uk</p> <p><u>Risk appendix:</u> Melanie O’Sullivan, Service Director Assurance & Monitoring Officer Melanie.O’Sullivan@cornwall.gov.uk</p> <p>Simba Muzarurwi, Head of Internal Audit, Risk and Insurance Simba.Muzarurwi@cornwall.gov.uk</p> <p>Report Authors</p> <p>Natalie Elsworthy and Sarah Findlay – Strategy & Engagement Service Natalie.Elsworthy@cornwall.gov.uk / Sarah.Findlay@cornwall.gov.uk</p> <p>Clare Williams and Drew Gregory - Financial Planning & Business Intelligence Clare.1.Williams@cornwall.gov.uk / Drew.Gregory@cornwall.gov.uk</p>
Approval and clearance obtained:	Y/N
For Cabinet and delegated executive decisions only	
Key decision? (≥£500k in value or significant effect on communities in two or more electoral divisions)	N
Published in advance on Cabinet Work Programme?	Y
Urgency Procedure(s) used if ‘N’ to Work Programme?	N

Date next steps can be taken	29 June 2019
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Recommendations that:

1. The year end Council Performance Report (covering performance, finances, risks and projects) and the improvement actions being taken, be noted.
2. The proposed use of the 2018/19 underspend, as detailed in appendix 2, paragraph 3.9, be approved.
3. The award of a contract to the Councils implementation partner to finalise the implementation of the Councils Enterprise Resource Planning Cloud based system as detailed in appendix 2, paragraph 2.4, be approved.
4. The proposed strategic and critical Key Performance Indicators and targets for 2019/20, be considered and agreed. (Appendix 4)
5. The proposed strategic and critical projects for 2019/20, on which progress will be reported quarterly to Cabinet, be approved. (Appendix 5)
6. The Treasury Management Strategy 2018/19 outturn, as detailed in Appendix 6 to this report, be approved.

1. Executive Summary

- 1.1. This report sets out the performance of the Council during the fourth quarter of 2018/19 and over the full year against its strategic performance indicators, risks and projects, together with its financial performance and outturn, as summarised below and set out in more detail in the body of the report and appendices. Cabinet is invited to note the Council's performance over the year in each of the above areas.

2. Council Performance 2018-19 Strategic Performance Indicators and Projects (Appendix 1)

- 2.1. Strategic Performance Indicators: There are 27 strategic performance measures, of which 17 are reported quarterly, 4 are reported biannually (first reported in Q3) and 6 are reported annually. A summary of the year end performance of all 27 business plan success measures is provided.

YE RAG	Measure Title	YE Actual	YE Target
Green	Number of additional premises enabled with superfast (30+Mbps) broadband coverage	4,126	3,902
Green	Average (median) employee annual earnings	24,000	23,797
Green	% planning appeals successfully defended (exception reporting)	74.4%	69.0%
Green	% spent in line with investment programme	100.0%	100.0%
Green	% of residents who think that the Council provides value for money	42.0%	30.0%
Green	Increase the percentage of residents who agree that the Council is campaigning and standing up for Cornwall	46.0%	40.0%
Green	% of residents that are satisfied with the way that the Council runs things	51.0%	47.0%
Green	% of users who are satisfied with the Council's children and family services	78.1%	75.5%
Green	Progress against Strategic Project relating to devolution of libraries	Green	Green
Green	% Cornwall's household waste sent for reuse, recycling and composting (Recycling Rate)	40.0%	39%
Green	% of land in Cornwall in positive management for environmental growth	19.0%	19.0%
Green	% of Council spend with Local Suppliers	59.0%	55.0%
Green	Long term support needs of people aged 65+ by admission to residential and nursing care homes /100,000 (Actual figures)	472.9	487.0
Green	Long term support needs of younger people with disabilities aged 18-64 adults by admission to residential and nursing care homes / 100,000 (Actual figures)	7.6	11.4
Green	Proportion of adults with a learning disability receiving long term support in paid employment	4.1%	3.8%
Green	Delayed transfers of care, that are attributable to social care, from acute hospital per 100,000 population	6.3	7.3
Green	Number of empty properties brought back into use	87	60
Green	Number of homes that cost less to heat as a result of our investment	1,081	1,000
Green	% of successful homeless preventions and relief outcomes	74.2%	35.0%
Green	The number of passenger journeys operating in Cornwall across all transport modes: Bus, Rail and Air	19.2	18.5
Amber	Number of new homes provided by the Council: Completions	133	140
Amber	% of children (Under 16's) in low income families	16.4%	15.7%
Red	% of our savings plan delivered	91.4%	100.0%
Red	% of disadvantaged young people in Cornwall who achieved a "strong" 9-5 GCSE pass in Maths and English, compared with all non-disadvantaged young people in England.	18.2%	20.5%
Red	% of residents who say we got everything right first time with regards to their most recent contact with the council	62%	73%
Red	Response to category 1 safety defects (% potholes repaired within agreed timescales)	81%	95%
Red	Number of new homes provided by the Council: Starts on site	191	210

2.1.1 This year 74% of targets have been met, a significantly higher proportion than in previous years. This improvement is reflective of the strength of our robust focus on performance and prioritisation of investment in the areas residents have told us matter most to them.

2.1.2 We have also seen strong performance on projects which contribute to our business plan priorities, with 94% of projects either on track, closed or have plans in place to mitigate.

2.1.3 There are many success stories of which we can be proud:

Healthy Cornwall: We are refocussing the way in which we deliver our services and use our resources, which is beginning to demonstrate a sustained improvement in Adult Social Care. Over the last 12 months, we have welcomed a new Strategic and Service Director and have strengthened our relationship with the Clinical Commissioning Group through sharing leadership capacity. Our senior team is using robust data and evidence to make decisions which have positive impacts on our service users, whilst having regard to the financial constraints within which we are working. Our successes include more people being re-abled and living independently for longer, reducing the amount of unnecessary time people spend in hospital exceeding targets for tackling delayed transfers of care and introducing the Foundation Living Wage for homecare workers. The Council has also pledged to deliver over 3,500 extra care units by 2025, with a partner or partners now being sought to deliver the first 750 of these.

In child health, the Council has welcomed health visitors, school nurses and speech and language therapists to Cornwall Council as part of the new Together for Families combined service. The Council's work to tackle fuel poverty for up to 1,000 residents of Cornwall has won regional recognition - the 'Warm and Well Cornwall' programme won Large Scale Project of the Year at the South West Regional Energy Efficiency Awards and was shortlisted for a national Local Government Chronicle Award. Also, a scheme to help pregnant women quit smoking following their 12-week dating scan has been shortlisted in the national Municipal Journal Awards in the Public Health Improvement category, to be announced on 26 June.

Cornwall has also been recognised as an excellent Council and was cited as a model example in a report earlier in the year from the House of Commons which looked at the benefits of early intervention to improve children's mental health. Headstart Kernow, a multi-agency partnership led by Cornwall Council and its work with Newquay Tretherras secondary school, was highlighted in the report by the Science and Technology Committee. The partnership aims to promote emotional resilience and mental wellbeing in 10-16 year olds to manage or prevent and reduce the risk of poor mental health.

One of our main Council functions which keeps people safe and well is our Fire and Rescue Service. Following Her Majesties Inspectorate of Constabularies and Fire and Rescue Services (HMICFRS) inspection report for Cornwall Fire and Rescue Service in December 2018, we have undertaken a considerable

amount of targeted work against the five areas of concern. We were delighted that, following the prompt and positive progress already made across all areas, the External Governance Board scrutinising the introduction of improvements, has been approved to close. Internal governance arrangements will remain, and continue to drive and deliver improvements to ensure the continued success of our Fire and Rescue Service in Cornwall.

- *Homes for Cornwall:* At the year end point of 2018-19 the percentage of successful homeless preventions or reliefs was 74% against a target of 35%. Cornwall Council also exceeded its target of bringing 60 empty properties back into use by achieving 87. In 2018-19 approval was given for the purchase by the Council of 250 homes for people in need of temporary accommodation, geographically spread across Cornwall so households can be near work, school and family.

Along with our partners we saw another drop in rough sleeping across Cornwall, thanks to our co-ordinated action plan to tackle the issue. Since November 2016 there has been a 46% reduction in the number of people sleeping rough.

In December Cornwall Council's 'Homes for Cornwall' partnership with LiveWest and Galliford Try celebrated delivering its fifth development since its launch in 2014 with 21 affordable homes built in St Brevard. The partnership has now delivered 205 new homes, built on Council-owned land, with an aim of building 356 over the course of the partnership, 44% of which will be affordable homes. Another success for Cornwall was the publication by the Ministry of Housing in January 2018 that confirmed we are the number one local authority for delivery of affordable homes. The second phase of Cornwall's first stopping site for Gypsies and Travellers at South Treviddo near Liskeard, to accommodate up to 15 caravans at a time, will allow the Council to direct families away from unauthorised encampments. All this is a demonstration of Cornwall Council's 'Homes for Cornwall' priority in action, having a tangible impact on the lives of local people and communities.

- *Green and Prosperous Cornwall:* We are committed to providing more better paid jobs for people in Cornwall. Overall this year the average (median) employee annual earnings in Cornwall is now £24,000, which exceeded our target of £23,797. This is supported further by Cornwall Council gaining Living Wage Foundation accreditation on 1st April 2019 showing our commitment to a fair wage for all. Most of the work with our partner organisations, subsidiary companies and contracted suppliers took place in the 2018/19 year, the benefit of which will continue into the 2019/20 to ensure continued accreditation status, and the benefits this brings to Cornwall Council as an organisation as well as to individual staff members.

During 2018/19 we spent over £350m with local suppliers, 59% of our total spend. This exceeds the target of 55% for this measure. Driving spend within Cornwall to Cornish businesses continues to be a priority and we've been successful in doing this through 2018/19 through all tiers of our supply chain. £82m (of GVA) is also added to Cornwall's economy by Cornwall Council's arms-length trading companies, employing 3,500 and with a total turnover of £240m. There are several other initiatives planned for 2019/20 to increase our local spend, which is all part of our approach to social value.

In major infrastructure projects, work has started to revitalise the Penzance promenade, Cornwall's only Victorian seafront esplanade, in time for it to host the start of the Tour of Britain cycling event in 2020. Cornwall's new £21m heritage archive, Kresen Kernow, is nearing completion in Redruth. Drilling has also begun on the £18m United Downs Deep Geothermal Power project, securing £10.6m from ERDF and £5 from the private sector.

Our distinctive strength in renewable energy is not just a key part of our economic ambition, but also our climate commitment. Our commitment to a Green Cornwall took centre stage in January at Full Council where Councillors voted to declare a climate emergency. Following the declaration we are preparing a report outlining how Cornwall can ensure it is net carbon neutral by 2030. These efforts will build on and accelerate the work already delivered through our Green Cornwall programme which is now seeing 37% of all electricity consumed in Cornwall coming from renewable sources.

In respect of our beautiful and natural environment, in 2018/19 Cornwall Council achieved its target of 19% of land in Cornwall in positive management for environmental growth, a huge achievement supported by the Environmental Growth service alongside partner organisations. Cornwall's bathing waters and beach cleanliness were again confirmed as among the best in the country, with a total of 22 Blue Flag and Seaside Awards. Over £250,000 has been saved by diverting Cornwall's waste from landfill, and last year we collected 32,000 tonnes of grass and foliage cuttings – enough to fill 39 Olympic swimming pools.

- *Connecting Cornwall:* It has been a great year for connectivity in Cornwall. We have seen over 4,000 further premises with superfast (30+Mbps) broadband coverage. 95% of Cornwall's properties now benefit from Superfast Cornwall broadband.

Cornwall's access to the global marketplace has also been given a huge boost with the announcement that new direct flights between Cornwall Airport Newquay and London Heathrow would begin from April 2019. The number of return flights will increase from three to four a day, seven days a week offering flexibility for both business and leisure travel to and from Cornwall, secured

for the next four years under the Public Service Obligation agreement. With 460,000 passengers in 2018-19, Cornwall Airport Newquay is now the UK's fastest-growing UK airport outside London.

The Council's successful Growth Deal partnership with Network Rail and GWR continues to deliver upgraded rail facilities including the completion of the mainline signalling upgrade this year in Cornwall leading to half hourly train services between Cornwall and London Paddington by December 2019. The partnership has also delivered during this year upgraded rolling stock and new lounges at Truro and Paddington for the Night Riviera service, moving the maintenance services to the Long Rock depot in Penzance from Old Oak Common depot.

This is the first year we have begun measuring growth in all journeys by public transport across train, plane and bus. Our devolution deal investment in new buses has seen Cornwall buck national trends for several years with more people travelling by bus. We can now see that our work to fully integrate public transport journeys across Cornwall and the Isles of Scilly has secured double digit growth in passenger numbers, which aligns with climate change reduction goals by encouraging the use of public transport. Our transformation of bus travel in Cornwall continues, with £320,000 investment from the Transforming Cities Fund for south-east Cornwall, providing new bus shelters and digital real time displays. Newquay and Truro bus stations have been improved, and Cornwall-wide, older passengers and those of any age with a disability, who qualify for a concessionary bus pass, can now travel at no charge at any time of the day.

We continue to invest effectively in our highways network with a £30m boost over 3 years to maintain our 4,545 miles of road. There has been a successful delivery of over 260 road surface treatment schemes in 2018/19, many located on our rural road network. The use of improved public reporting systems saw a considerable improvement in the repair timescales for road defects such as potholes, with over 95% being actioned within required timescales over the past 6 months.

Throughout 2018/19 we have worked with Highways England to prepare for the work to upgrade the A30 Carland Cross to Chiverton Cross dualling due to provisionally commence construction in spring 2020. This has involved discussion relating to the side roads, the de-trunked roads and the Cycling and Safety Integration (CSI) project.

In the ultimate 'Connecting Cornwall' project, Cornwall Council and Virgin Orbit signed an agreement in July 2018 to create the UK's first horizontal satellite launch Spaceport at St Mawgan, aiming for the first British launch for five decades within the next three years. And Goonhilly Earth Station on the Lizard is to receive an upgrade which will allow communication with unmanned and robotic missions to the Moon and Mars. On the 4th of June, over £20m of funding was announced, it is intended that the Council will provide up to £12 million funding for the scheme, subject to approval by Cabinet and Full Council, alongside up to £7.85 million from the UK Space Agency. A further contribution of £0.5 million will come from the Cornwall and Isles of Scilly Local Enterprise Partnership. The funding will allow Spaceport Cornwall and US launch operator Virgin Orbit, who are also investing an additional £2.5 million, to develop facilities and operational capabilities that would enable small satellite launch from Cornwall in the early 2020s.

- *Democratic Cornwall:* We are committed to listening to residents and acting in their best interests. Four of our strategic and critical targets are measured through resident feedback, seeking a year-on-year increase in the percentage of residents that agree they are satisfied with the way Cornwall Council runs things overall; that Cornwall Council is standing up and campaigning for Cornwall; offers value for money; and gets it right first time for customers. We were pleased to report that the results of the latest independent satisfaction survey showed residents' trust in Cornwall Council was above the Local Government Association national results for the first time since the unitary authority was established, standing at 58%. Residents satisfaction with their local areas as a place to live was also higher than the LGA national results, at 83%, with significant increases in the percentage of residents agreeing that Cornwall Council provides value for money, is standing up and campaigning for Cornwall, and that overall they are satisfied with the way that Cornwall Council runs things also reported.

We are the first and only rural area to have an agreed devolution deal in July 2015, and with 50% of our original commitments delivered the benefits that the region has accrued from this deal have been significant including the delivery of 78 new buses, improved 528 fuel poor homes, launched a £40m investment fund to support businesses and enabled over 11,000 business interactions through the Growth and Skills hub and Better Business for All service. Through our approach we have been recognised by senior civil servants as one of the most advanced devolution areas in regards to delivery, a view that was reinforced by a recent delegation from Warwick Economics and Development, commissioned by MHCLG to investigate the possible requirements for a devolution framework. We were instrumental in the development of New Frontiers a bold partnership vision to help Cornwall and

the Isles Scilly prepare for Brexit, develop our distinctive economic strengths and build on the strong foundations of our existing devolution deal. Twelve months from the launch of New Frontiers we have had 4 asks formally approved by government.

Our Library Transformation Programme, which started 2015 with the primary aim to devolve local libraries to partners, is drawing towards a successful conclusion. Through engagement and partnership working, 31 library and information sites have now been completed with the remaining 5 sites due to transfer by the end of June 2019. Full annualised savings are expected as a result of the programme, with the majority of library services having been protected and many enhanced. For example the use of electronic leisure resources (such as e-books, e-audio books and newspapers) has increased by 12.5% since 2017/18, Borrowbox user numbers has doubled, and electronic newspaper downloads have increased by more than 700% due to changes in accessibility and targeted promotional activities. Overall library footfall has also increased year-on-year by 5%, bucking the national trend and new borrowers have increased by 15%. Working together with town and parish councils and other partners will ensure that the Service continues to achieve the best possible outcomes for our communities, including supporting the provision of a mobile library service across Cornwall's rural communities, and working closely with schools across Cornwall to promote the summer reading challenge, which experienced the highest completion rate in the South West in 2018.

2.1.4 Six of our strategic and critical performance targets have not been met. The Council Leadership Team have reviewed the management actions in place to bring performance back on track. The measures that have not met their target are:

- **'% of our savings plan delivered'**: The Council has a strong track record of financial management, with £350m of savings delivered so far since 2010. However, a further £70m remains to be delivered by 2022. The Council keeps savings plans under very active review to maintain strong delivery. The mid-year review has resulted in £10m of savings being reprofiled for delivery later in the MTFP period, revising the 2018/19 savings target to £24.086m. There was a shortfall of £2.084m against the revised target mainly due to non-delivery of the following saving targets:
 - Income generation from Transport activities (£0.770m)
 - Income generation from planning services (£0.211m)
 - Crewing system for Community Fire Stations (£0.137m)
 - Income generation for Phoenix and CCTV (£0.120m)

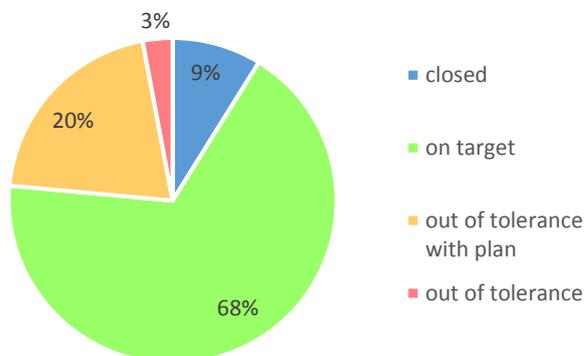
- Waste income and waste reduction projects (£0.074m)
 - Customer Access programme (£0.500m)
 - Public Health savings (£0.228m)
- **‘Number of new homes provided by the Council: Starts:** Developments for new homes began construction across a number of programmes. This included 143 new homes started through the ‘Homes for Cornwall’ partnership, 29 homes under the Housing Revenue Account programme and works to provide 15 Gypsy and Traveller pitches also commenced. The anticipated start of the next Housing Development Programme scheme was delayed and will now start on site in Q2 2019.
 - **‘Number of new homes provided by the Council: Completions’:** This measure reported as red in quarter 3 and has improved to amber for the year end. The target was narrowly missed, delivering 133 homes against a target of 140. This included the first completed homes on the Housing Development Programme Pilot sites as well as completions through the ‘Homes for Cornwall’ partnership and for the HRA. The shortfall against the target reflects delay to the HDP Pilot scheme at Tolvaddon where the final homes will be completed in Q1 2019.
 - **‘Percentage of residents who say we got everything right first time with regards to their most recent contact with the Council’:** 62% of respondents who had recently contacted the Council agreed that ‘we got everything right first time’. While this result is below the Council’s target of year-on-year improvement, 62% is in line with the local government benchmark from the UK Customer Satisfaction Index. Our target of year on year improvements should see us exceed the local government average in future years, as services drive forward on delivering the Council’s Customer Service Promise to get things right first time for customers.
 - **% of disadvantaged young people in Cornwall who achieved a "strong" 9-5 GCSE pass in Maths and English, compared with all non-disadvantaged young people in England:** The gap between disadvantaged and non-disadvantaged young people achieving a strong GCSE pass in Cornwall remains. The need to reduce this 26.6% gap, compared to the national gap of 25.4%, remains a key priority within Cornwall’s Education Strategy. A wide variety of activities continue to be undertaken in order to help narrow the gap. These include progress review meetings with schools, a range of bespoke training, targeted school support and specific areas of work with vulnerable groups. This work includes mental health support, ensuring the development of supported employment pathways, exclusion support and other actions to develop capacity in leadership at all levels within schools and settings.

- Response to category 1 safety defects (% potholes repaired within agreed timescales):** Following a severe late winter snow and ice event in February/March 2018, a significant volume of road defects occurred and Cabinet responded swiftly awarding an additional £30m over 3 years for road maintenance. This enabled the road treatment programme to be accelerated and by July, the winter defects backlog had been addressed and the target of repairing at least 95% of defects such as potholes within 72 hours has been achieved for the last 6 months/2 quarters of the year (which includes the most recent winter). The impact of last winter means that the first annual average figure is 81%. Based on recent performance, and with additional funding accelerating the pro-active treatment programme, we are confident this performance should continue throughout 19/20.

2.3 Strategic & Critical Projects

In order to ensure strategic and critical business change is managed in a cohesive, consistent and transparent way, whilst maximising delivery and minimising risk, the Council adopts a standard methodology to improve and align how we identify, scope, plan, deliver, monitor and control the delivery of business change, as well as ensuring that the conditions for the delivery of project benefits are fully understood, managed and realised. Projects are reported as at 31 March 2019 and the commentary provides an indication of progress at this point in time.

Of the 34 projects that were reported at Q3, 3 are now closed. There are 11 newly reporting projects this quarter, namely ‘Spaceport’, ‘Farms Strategy’, ‘Cornwall Kemeneth’, ‘High Cost Placements’, ‘Cornwall Care’, ‘Joint Strategic Commissioning of Care Homes’, ‘Supported Living Re-procurement’, ‘Modernising Day Services and Day Opportunities’, ‘Integrated Place Based Services’, Integrated Children’s Services Directorate Implementation’ and ‘Modernising Short Breaks and Respite Care’.



There are currently **34 listed strategic and critical projects:**

23 are Green (on track), of which 10 are new projects. 6 Of the new projects are a product of the division of larger existing programmes into several projects. ‘Market Care Offer’, ‘Transforming Operational Services’ and ‘Accommodation with Care’ were larger programmes which have now been split

into constituent parts. The projects are marked to indicate which previous programme they were part of. Other new projects include ‘Farms Strategy’,

‘Integrated Place Based Services’ and ‘Integrated Children’s Services Directorate Implementation’.

7 are Amber (out of tolerance but a plan to mitigate) of which 1 is a new project, namely ‘Modernising Short Breaks and Respite Care’ (previously under ‘Market Care Offer’).

1 is Red (out of tolerance), namely ‘Development Company’.

3 are now Closed projects, namely ‘Newquay to London Public Service Obligation’, ‘Making Integration Happen’ and ‘Truro Western Corridor’.

2.3.1 Of the 34 projects being reported, the majority of projects (97%) are either on target (green); out of tolerance but with a plan to mitigate (amber) or now closed. Only 1 project is reporting as out of tolerance (red). Appendix 1 provides further details.

3. Future Performance 2019/20

3.1. Key Performance Indicators and Targets for 2019/20 (Appendix 4)

We have reviewed the indicative 2019-20 strategic and critical performance targets set by Cabinet last June in light of 2018-19 performance to ensure that the targets set the level of ambition. Cabinet is invited to consider and endorse the proposed changes to targets and measures and to note the full lists of strategic and critical performance measures and strategic and critical projects to be monitored in 2019/20 in Appendices 4 and 5. The majority of performance measures remain unchanged but a small number of indicators have been reviewed as follows:

- Homelessness: Cabinet is invited to agree the indicator should be changed from **% successful homeless prevention and relief outcomes** to **% successful prevention outcomes**. This ensures a better fit with the focus of the Housing Service on the prevention in line with the with fresh homelessness legislation introduced last year and to agree a significantly more ambitious target of 78% (compared to 35%) should be set in light of this year’s strong performance.
- Child poverty: Cabinet are invited to approve the change of measure from “Reduce the number of children living in poverty whose families benefit from our services” to **“Reduce the number of children in low income families”** to better reflect the related performance measure reported.
- Devolution: Due to successful delivery of the project delivering the devolution of libraries, there is now a need to identify a new way to measure progress on devolution. Cabinet is invited to agree a new measure with associated targets set out at appendix 4 of **‘More services and local assets are under the**

influence or control of local communities'. The revised measure will monitor the level of devolution activity around Cornwall in line with our aim to sustain and enhance service delivery to develop increased local satisfaction achieved by empowering local communities.

- **Empty Homes:** Following outstanding performance in 2018/19, Cabinet is invited to agree the target for the '**number of long term empty properties brought back into use**' has been increased to be even more challenging, with the target for 2019/20 being increased from 80 to 120.
- **Local Spend:** Cabinet is invited to agree that the measure for '**% of Council spend with local suppliers**' to move from a quarterly percentage to a year to date percentage measure to better reflect the year as a whole and align to other similar measures.
- **Better Public Transport:** Following better than target delivery in 2018-19 and as a reflection of our public transport ambitions, Cabinet is invited to approve that the annual target for the '**number of passenger journeys in Cornwall across all transport modes: bus, rail and air**' increase year-on-year by 0.1m until 2022. We are currently preparing for the letting of new subsidised bus routes for the public and school children. We will re-set further challenging targets once we have received feedback from the industry as part of this process during 2019/20.
- **Additional success measure:** Cabinet is invited to adopt a new measure of '**Reablement – successful finishers**' to demonstrate the positive impact of reablement on our ability to reduce delayed discharges from hospital and admissions to care homes. This measure links well with the existing Adult Social Services measures in demonstrating how we are keeping people independent and in their own homes for longer, which is better for them. The proposed target is 52.31 finishers per week for 2019-20.

3.2. Strategic & Critical Projects for 2019/20 (Appendix 5)

Cabinet is invited to review the proposed strategic and critical projects for 2019-20 as detailed in appendix 5. These projects are critical to the delivery of the Council's Business Plan and Medium Term Financial Strategy (MTFS). These projects will form a series of portfolios and will be underpinned by senior office leadership with a Senior Responsible Owner (Head of Service and above). Resourcing through project management capacity and delivery will be assured through the organisation's Programme Office and supporting governance. The list includes new projects and a continuation of projects which were part of the previous year's plan that have a longer implementation period, it does not include projects that are due to end within 2019-20. It is possible that in-year, further strategic and critical projects will be

identified and added or removed upon completion from the portfolio. These projects will be fully supported by project delivery teams across the council and reported through the Programme Office.

4. Financial Performance Q4 2018/19 (Appendix 2)

4.1. The final revenue outturn for 2018/19 is an underspend of £1.234m, 0.22% of the £550.016m net revenue budget. This is a favourable movement of £0.518m from the December forecast.

Net Expenditure against Budget					
	Latest Budget £m	Forecast Outturn £m	Variance £m	Variance %	RAG Status
Total	550.016	548.782	(1.234)	(0.22)	Green
Directorates	479.784	484.367	4.584	0.96	Amber
Adult Social Care	168.990	168.830	(0.160)	(0.09)	Green
Economic Growth & Development	54.425	55.340	0.915	1.68	Amber
Neighbourhoods	94.498	95.527	1.029	1.09	Amber
Children's, Schools & Families	78.447	80.766	2.319	2.96	Red
Wellbeing & Public Health	25.461	25.461	-	-	Green
Customer & Support Services	57.964	58.445	0.481	0.83	Amber

4.2. Directorates have overspent by £4.584m (0.96%).

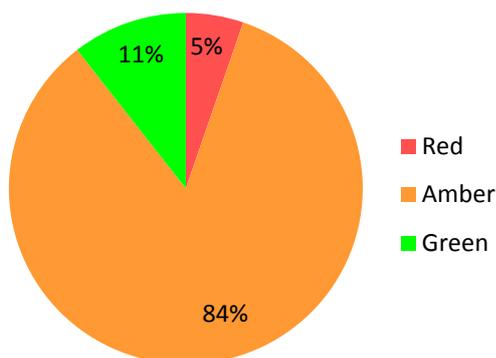
- Children, Schools and Families overspent by £2.319m mainly due to significant increase in the number of children in care.
- Neighbourhoods overspent by £1.029m mainly due to high levels of operational activity within the fire service.
- Economic Growth and Development overspent by £0.915m mainly due to shortfalls in planning income.
- Customer and Support Services overspent by £0.481m mainly due to costs of implementing Oracle Cloud.
- Adult Social Care underspent by £0.160m.

4.3. These overspends are offset by an increase in corporate grant income which is £5.925m higher than budget. This is mainly due to receipt of additional section 31 grants and a share of the surplus on the 2017/18 national Business Rates Levy account.

4.4. On 1st May 2019, Cabinet approved to transfer the underspend to the General Fund reserve. Appendix 2, paragraph 3.9 now gives a further proposal on the use of the underspend.

- 4.5. On 7th November 2018, Cabinet resolved to remove or reprofile £10.648m of savings which will not be delivered in 2018/19, giving a revised target of £24.086m. Against the revised saving targets there is a further non-delivery of savings of £2.084m (9%), as detailed in Appendix 2.
- 4.6. The Council is currently implementing improved functionality to its Enterprise Resource Planning (ERP) system that will enable significant ongoing benefits to be driven forward. The Oracle Cloud project will implement a new finance, procurement, commercials, workforce and payroll system and is currently part completed. At the end of quarter 3 the project flagged the identification of cost over-runs as a result of increased specification from the original business case and the complexity of the implementation which has led to time delays. In the last couple of months the project has been re-planned with a revised completion date and significant work has also been undertaken to strengthen the leadership, governance and risk management on the project. A new contract with a value of c£2.3m now needs to be entered into with the Council's implementation partner to complete the project. In addition internal resourcing of £0.9m is estimated to complete the finalisation of this project which will result in a forecast requirement of £3.2m and it is recommended that Cabinet approves this. The Customer & Support Services Directorate do not have sufficient budget or earmarked reserves set aside to cover this cost and therefore will be reporting this as a cost pressure during 2019/20, but with a focus to mitigate this during the financial year.

5. Strategic Risks Q4 2018/19 (Appendix 3)



5.1. At Q4 (year-end) 2018/19, there are 19 strategic and critical risks of which only 1 of which is currently rated as red, namely Environment/Climate Change. The Human Rights Act risk has been reviewed and has been downgraded from being a strategic risk.

There are **19 strategic and critical risks**, of which:
2 are Green (on track).
16 are Amber (out of tolerance but a plan to mitigate).

1 is Red (out of tolerance).

- 5.2. up to the end of quarter four, no new risks were identified. There have been two additional risks identified for the financial year 2019-20, which are the Oracle Cloud Project and Sustainability of the Social Care Marketplace.
- 5.3. One risk currently remains red is the '**Environment/Climate Change**' risk. In the last quarter substantial changes have been made in relationship to the management of

this risk. The Council declared a climate emergency in January and has mandated officers to bring a report back to Cabinet in July 2019; outlining the requests to Westminster for the powers and resources to support Cornwall to strive towards carbon neutrality by 2030. Two climate change protests by young people have now been held at County Hall, to which Members and officers have engaged with to gauge the perspectives of the young people attending. The work programme to respond to the Declaration has been noted as a Strategic and Critical project for the Council and is correspondingly supported with corporate programme management resources as well as the attention from staff across the Directorates who need to input into the report development. A Programme Board has been established and engagement activities have commenced. The work streams and lead officers for the report drafting are currently being identified and additional staff capacity sought to enable the work to progress rapidly.

- 5.4. The risk for **‘Brexit – immediate impacts in the event of ‘no deal’** has moved from red (Q3) to amber (Q4). The impact score has been amended due to ongoing mitigation actions. Cornwall Council mitigating actions are continuing for the potential immediate impacts of a 'no deal' scenario. This includes work to test the resilience of the Council's major suppliers, testing of business continuity measures, and the suitable allocation of resource to areas such as the Business Standards Unit to meet potential increases in workloads. We have continued to work very closely with the Devon, Cornwall and Isles of Scilly Local Resilience Forum ensure appropriate cross-organisational preparations are developed. We are also continuing to work closely with colleagues in the South West on collaborative preparations and to share intelligence. Government engagement also continues, including through our representation on the Ministry of Housing, Communities and Local Government's (MHCLG) Brexit Advisory Panel. Cornwall Council's website has now been updated with further information on our preparations: www.cornwall.gov.uk/brexit.
- 5.5. The risk rating for **‘Failure to negotiate with Government a suitable post Brexit growth environment for Cornwall’** is still amber but the risk rating has greatly increased from 10 to 15. In light of the increasing likelihood of a 'no deal' scenario and the technical guidance notes that Government is publishing, this risk remains under review. The UK Shared Prosperity Fund consultation was due to be released in December 2018. It is now overdue. The fund is not likely to be launched until 2021/22 dependent on the Brexit deal. Indications are that were a no deal scenario to occur, major changes to current EU programme methodology, processes, systems and allocations could occur. Contracted projects will be underwritten by HMG but those in the pipeline or unallocated balances could be redistributed to respond to economic shocks. A set of red lines developed to inform conversations with HMG on current programmes should a no-deal scenario occur. When the consultation on Shared Prosperity Fund (SPF) is launched, further work and engagement will be required with local partners once the detail of the consultation is known. Best use must be made out of the current EU programmes in addition to the work required

for the future funding programmes and to this end, the team have been focussing on identifying programme headroom, assessing match funding options and ensuring strategic alignment. Work with HMG ministers to unlock delays and performance issues with the European Social Fund (ESF) programme has been productive and a number of solutions are proving fruitful. Ongoing endeavours to re procure provision for the Cornwall Brussels Office have been supported by the recent Full Council motion and Cornwall Council are in the process of contracting the successful bidder.

- 5.6. The risk for **'Information Technology'** is still reporting as amber but with a reduced overall risk rating (from 12 to 9). IS are continuing to make good progress on the majority of the mitigations stated including the Service Re-structure, which is now in consultation and is expected to be in place for Jun/Jul 2019. Microsoft Cornwall Navigator (Digital Cornwall) – continues to progress with: - 5TB of archive mailbox data migrated of an estimated 26TB. - 3,805 Skype accounts in the cloud of an estimated 7,200 - 2,301 OneDrive users activated of an estimated 7,200. - 1,304 home drives reported as copy completed. Our new Security Manager and team are in place and are already making good progress. KPIs are being regularly reported and monitored. Work has also commenced on a Digital Cornwall 2 Programme to build, develop and evolve the foundational technology which is being put in place now.
- 5.7. The risk for **'Human Rights Act'** has been reviewed and is no longer a strategic risk. However, work will continue as previously identified to strengthen awareness of the Council's HRA responsibilities and compliance with them and to check that the actions identified from the Looe landslip fatality inquest have been fully implemented. That work will be driven by Legal Services working with Strategy and Engagement.

6. Annual Treasury Management Strategy Outturn (Appendix 6)

- 6.1. The Annual Treasury Management Strategy outturn report is included in this performance report in order to meet the Chartered Institute of Public Finance & Accountancy's recommendation that Members be updated on the Council's treasury management activities and performance for the financial year.
- 6.2. The report sets out the Council's performance against the Annual Treasury Management Strategy as approved on 20 February 2018 and also provides the closing balances on the Council's investments and borrowings.
- 6.3. During 2018-19, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices demonstrating that the Council's capital investment plans are affordable, prudent and sustainable. Further details are at appendix 6.

7. Consultation and Engagement

Performance

7.1. Through the 2018 residents' survey, and through extensive consultation and engagement on the business plan and budget reaching over 70,000 people in Cornwall, we have gained feedback on what matters most to residents. Overall feedback reinforced the priorities set in the 2018-22 Business Plan. Some small amendments were agreed by Full Council to further enhance our focus on keeping the environment clean and litter free, decent affordable homes, giving more power to communities, increasing aspirations for young people and protecting residents affected by welfare reform. Services have also refreshed their four year Service Plans which are published at <https://www.cornwall.gov.uk/council-and-democracy/council-strategy-and-business-plan/service-plans/>.

Projects

7.2. The Council asks residents to have their say at appropriate points in strategic and critical projects according to the type of project and activity. All live consultations are available on our website.

Finance

7.3. Investment and savings plans are set annually as part of the Council's budget process, informed by extensive resident consultation and engagement.

8. Financial Implications of the proposed course of action/decision

8.1 This regular performance update has no material cost implications in and of itself. Regular monitoring and reporting of performance supports the Council to achieve good value for money for local residents.

8.2 Despite the small underspend in 2018/19, there remains significant underlying pressures as a result of not delivering planned savings and other service pressures arising. Whilst in year mitigations have been actioned to deliver services within budget overall, this does not offer a long term sustainable solution, potentially impacting on service delivery and performance.

8.3 Whilst a majority of these pressures have been dealt with through the budget process, a proportion of these pressures are likely to impact again in 2019/20. It is essential that budget managers continue to exercise tight budgetary control to ensure target savings are delivered as planned and further mitigations are put in place to address budget pressures arising and that services are delivered within budgets.

8.4 Going forward, and during the forthcoming budget process, additional information will be collated in support of planned savings to ensure they are robust and deliverable.

8.5 The base budget supports the delivery of the Council's strategic priorities for Cornwall within its Business Plan. However the following have been identified as potential pressures:

- There is a risk relating to Welfare Reform due to the roll-out of Universal Credit on homelessness and increased housing stress. The financial implications has not been quantified.
- The financial implications relating to meeting Climate Change targets has not been quantified.
- The general fund reserve has been set and is considered adequate against the financial risk assessed including an allowance of £2m for significant contract failure.

9. Legal/Governance Implications of the proposed course of action/decision

- 9.1 There are no adverse legal or governance implications arising directly from this report.
- 9.2 This report sets out the final revenue financial position for 2018/19 which will be reported in the Councils annual statement of accounts.

10. Risk Implications of the proposed course of action/decision

- 10.1 See section 5 of this report for consideration of the strategic risks to successful delivery of the Council's strategic priorities for Cornwall.

11. Comprehensive Impact Assessment Implications

- 11.1 None, as it is expected that the consideration of any potential impacts during the delivery of key activities and projects will be undertaken at service level. Where any negative impacts are identified, it is the responsibility of the relevant service area to consider mitigating actions and monitor any ongoing risks.

12. Options available

- 12.1 Any issues arising from this report can be referred to the appropriate Overview and Scrutiny Committee for further analysis and investigation.

13. Supporting Information (Appendices)

Appendix 1 – Council Performance Q4 (year-end) 2018/19 (KPIs and Projects)

Appendix 2 – Finance Report Q4 (year-end outturn) 2018/19

Appendix 3 – Strategic Risks Report Q4 2018/19

Appendix 4 – KPIs and Targets for 2019/20 to 2021/22

Appendix 5 – Strategic and Critical Projects for 2019/20

Appendix 6 – Treasury Management Outturn Report 2018/19

13. Background Papers

13.1 None.

14. Approval and clearance

Final report sign offs	This report has been cleared by (or mark not required if appropriate)	Date
Governance/Legal (Required for all reports)	Matt Stokes, Head of Legal	10/6/19
Finance (Required for all reports)	Clare Williams – Interim Head of Financial Planning and Business Intelligence	10/6/19
Equality and Diversity (If required)		
Service Director (Required for all reports)	Jessie Hamshar - Service Director Strategy and Engagement	10/6/19
Strategic Director (If required)	Andy Brown, Chief Operating Officer [S.151 Officer]	11 June 2019