

Q1 2018/19 Results

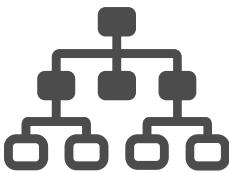
Progress against the Council's Strategic Plan 2018-2022 and
projected financial position at Quarter 1 2018/19



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Headlines

The report sets out performance results at Quarter 1 2018/19. There is positive performance in many areas. We will ensure a balanced budget by implementing actions throughout the remainder of the year to address significant spending pressures, mainly within Children's Social Care.



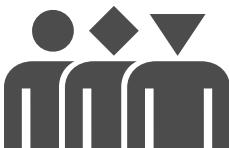
Business imperatives

- Significantly more customers are using our online services.
- Staff absence is reducing.



Physical regeneration

- All Middlesbrough Investment Prospectus Key Performance Indicators remain on target.
- Middlesbrough received national recognition for the progress of its consumer and digital sectors.
- The Town Hall successfully reopened following major renovation works.



Social regeneration

- Work to develop our Social Regeneration Prospectus continued.
- Looked after children and adults in residential care both increased.
- South Tees Public Health launched in Q1 which will help to improve Public Health in Middlesbrough.



Projected financial position

- A break-even position is predicted for 31st March 2019, following successful implantation on actions highlighted in Section 5.
- Accelerated progress on schemes saw 13% of capital investment brought forward into 2018/19 from 2019/20 while remaining within budget.
- Our Investment Strategy was boosted by £9.1m.
- Borrowing and reserves remain comfortably within agreed limits.
- Use of Adult Social Care Demand Reserve demonstrates effectiveness of the actions taken in boosting this in 2017/18.

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Strategic Plan 2018-2022

Strategic Priorities - performance at Quarter 1

Business imperatives

Priority	Status
In-year financial performance relative to Council budget	☹️
Improve the financial performance of services we charge for, and look for new income	😊
Achieve greater value for money when buying services and managing contracts	😊
Look at new ways of delivering our services, working with local communities & partners	😊
Through our digital strategy, make it easier to access our services online & phone	😊
Introduce a 'unit cost' budgeting approach to our services to identify further efficiency savings	😊
Make sure that our business management practices compare with those of the best-performing councils	😊
Gain a greater understanding of the needs of our customers and partners, by introducing new ways of improving communications and consultation	😊
Use our people strategy to become recognised as a good employer	😊

Physical regeneration

Priority	Status
Create a Middlesbrough 'brand' to improve the town's reputation, attract new investment, visitors & residents, and add to civic pride	😊
Develop Middlehaven as an education, leisure, sports and entertainment centre of national significance	😊
Improve Middlesbrough's rail connections, promote investment in the Historic Quarter to encourage business growth and continue to improve our road network	😊
Transform our town centre to create an iconic and regional centre for media, digital creativity, learning & leisure	😊
Develop Centre Square as the Tees Valley's main office location and a major focus of cultural & leisure activity	😊
Build 2,300 new homes to meet the needs and ambitions of a growing population	😊
Create more affordable housing to develop a balanced, sustainable community where people want to live	😊
Continue to grow our business base, with new commercial workspace and support for innovation sectors	😊
Work with local communities to redevelop Middlesbrough's disadvantaged estates, and to put in place our empty homes strategy	😊

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Strategic Plan 2018-2022

Strategic Priorities - performance at Quarter 1

Social regeneration

Priority	Status
Work with partners to involve local communities, giving them the chance to influence how Middlesbrough is transformed and how local public services are changed & improved	😊
Continue to strengthen the local economy, creating 3,500 new jobs and increasing the number of local services we commission	😊
Number of local jobs and average weekly wage will increase, as our communities will be able to access the opportunities arising from Middlesbrough's regeneration	😞
Take action to promote financial inclusion and reduce income inequality within the town, including improving community advice and welfare services and launching Middlesbrough's Community Bank	😊
Transform children's social work and early help, to allow more families to stay together where it is safe to do so and reduce the need for children to be looked after by us	😞
Increase educational & vocational attainment for all children and adults	😊
Work to improve local health and wellbeing, and reduce health inequalities within the town, focusing on self-care, community-led prevention and early intervention	😞
Join up health and social care, working with partners to keep children and adults healthy, avoid admissions to hospital, and improve care upon discharge	😊
Continue to promote the welfare of our children, young people and vulnerable adults and protect them from harm, abuse and neglect	😊
Improve the town's environment, working with local communities to make sure our roads, streets and open spaces are well-designed, clean and safe	😊
Work with local people to improve community life, making sure that all adults, children and young people feel safer and happier where they live, and reduce loneliness and social isolation	😊
Develop a new cultural strategy for the town, investing in our museums and other cultural assets, and lead the Tees Valley's 2025 UK City of Culture bid	😊

Please refer to Measures of Success/Highlights & Issues for the underlying measures of performance and issues arising.

Section 5 details the actions to be undertaken to resolve any issues.

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Strategic Plan 2018-2022

Measures of Success

19 of our 28 measures of success were improving compared to previous quarter or latest available data. The position is as expected, given that we are currently developing our approach to social regeneration, the most uneven area of performance at Quarter 1.

Business imperatives

Measure	Status
Council income from local sources	⬆️
Customers using online self-serve	⬆️
Employee satisfaction	➡️
Lost productivity due to employee sickness absence	⬆️
External Auditor's 'Value for Money' judgement	To be confirmed

Physical regeneration

Measure	Status
Town population	⬆️
Satisfaction with Middlesbrough as a place to live	➡️
Visitors to Middlesbrough	⬆️
Inward investment	⬆️
New business start-ups	⬆️
Value of goods and services in Middlesbrough per worker	⬇️
New homes built	⬆️
Affordable homes as proportion of housing stock	⬆️

Social regeneration

Measure	Status
New jobs created	⬆️
Council spending with local businesses	⬆️
Local employment rate	⬇️
Gross weekly pay	⬇️
Child & adult poverty	⬆️
Children looked after by us	⬇️
Pupils achieving expected GCSE standards	⬆️
Residents with technical & professional qualifications	⬆️
Child & adult obesity	⬆️
Child & adult mental health	⬇️
Healthy life expectancy	⬆️
Adults living independently	⬆️
Waste recycled	⬆️
Overall crime rate	⬇️
Average life satisfaction	⬆️

Key

Improving ⬆️

Worsening ⬇️

No Movement ➡️

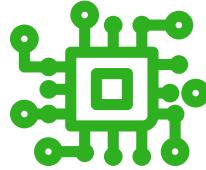
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Strategic Plan 2018-2022

Highlights



Our adult social care user survey again showed that our services compare favourably with national averages.



The 2018 Tech Nation report* again highlighted the strength of the Middlesbrough's digital sector with significant growth in digital GVA, digital business turnover, and digital tech jobs.



A report^ released in Q1 highlighted that Middlesbrough's consumer sector saw the second highest growth in the UK in Q4 2017/18.



Lost productivity to sickness absence improved to 4.11% from 4.86% at the end of 2017/18.



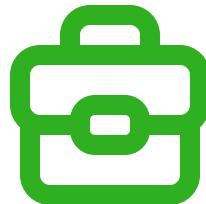
All six KPIs in the Middlesbrough Investment Prospectus are currently projected to meet target.



117 new houses of all types were built in Q1 to service the needs of the growing population.



Q1 saw the launch of our new digital strategy. Almost 150,000 customer transactions took place online, 50% of our target for the year.



The number of jobs in Middlesbrough has grown consistently since 2013, with a 2.9% increase in Q1.



Middlesbrough Town Hall reopened to great acclaim following a successful £8m regeneration scheme.

*<https://technation.io/insights/report-2018/middlesbrough>

^<https://www.irwinmitchell.com/ukpowerhouse/consumer>

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Strategic Plan 2018-2022

Issues



South Tees Clinical Commissioning Group was placed in special funding measures posing challenges to the funding and delivery of some services.



The local gross weekly pay for Middlesbrough as a % of the North East Average declined by 3.7% between 2016 and 2017.



Projected break-even position at 31st March 2019, following successful implementation of actions as detailed in Section 5.



Suicide rates and emergency admissions for self-harm remain higher than regional and national comparators.



Q1 saw a 17% rise in the rate per 100,000 of residential care admissions.



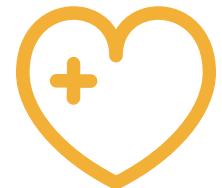
Data published in Q1 shows that economically active people within Middlesbrough has decreased by 1.5% between 2016 and 2017.



Rate of reported crime has increased by 14.6 per 1,000 from March 2017 to March 2018.



While there has been a 15% reduction in cases open within Children Care since the end of 2017/18, Looked after Children increased by 7% in Q1.



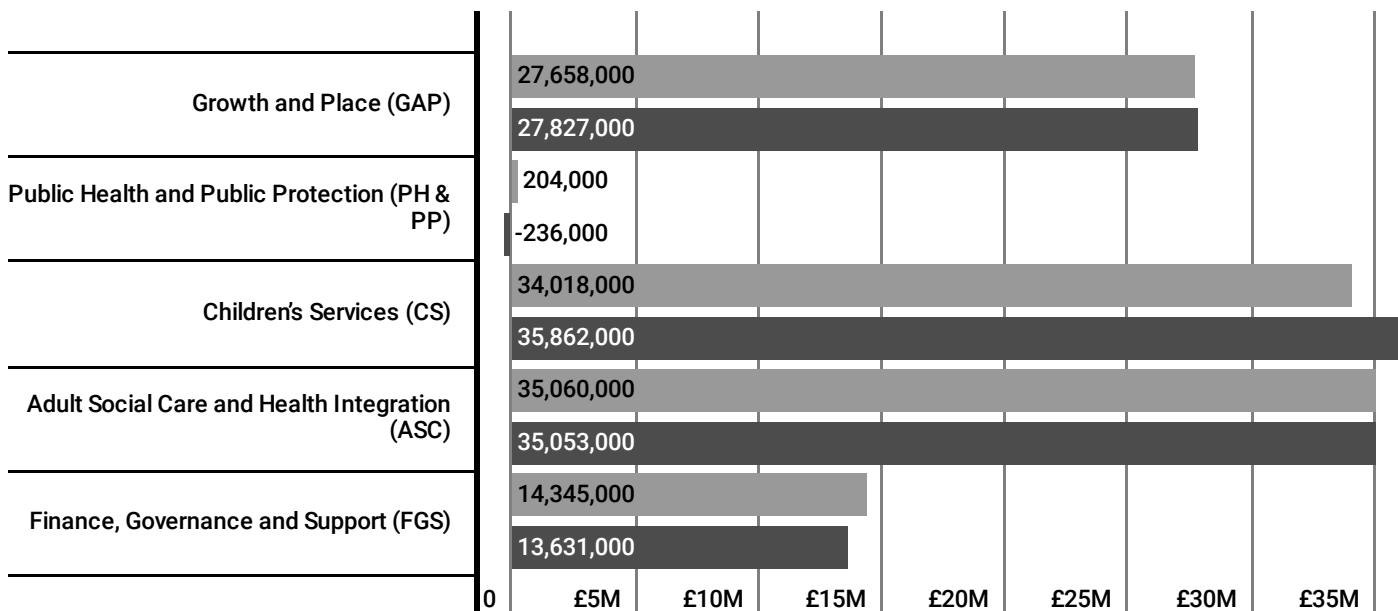
Data was published in Q1 showing that the gap to national average life expectancy has not narrowed.

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Financial position

Projected Expenditure of 2018/19 Revenue Budget

We are projecting a break-even position for 31st March 2019. We are currently seeing pressures in particular within Children's Social Care, as are other local authorities across the country. The actions the Council is putting in place throughout the year, when implemented, will fully mitigate these pressures, which if not tackled could result in our spending in 2018/19 being £112,137,000 against the agreed budget of £111,285,000, a potential overspend of £852,000 or 0.77%. Projected spending within Directorates before any mitigating actions is as follows:



● 2018/19 budget (£) ● Projected outturn (£)



Social care demand up

Looked After Children rose by 7% and admissions to adult residential care by 17%.



2.5% p.a.

Our income is growing at 2.5% a year in line with targeted levels.

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Financial position

Budget Variation

10 budget areas are projecting expenditure of +/- £150,000 of the agreed budget for 2018/19. Action will be taken in-year (as set out in Section 5) and reported in Q2 to mitigate pressures, with structural / demand pressures to be considered within the next review of the Medium-Term Financial Plan as part of the 2019/20 budget setting process.

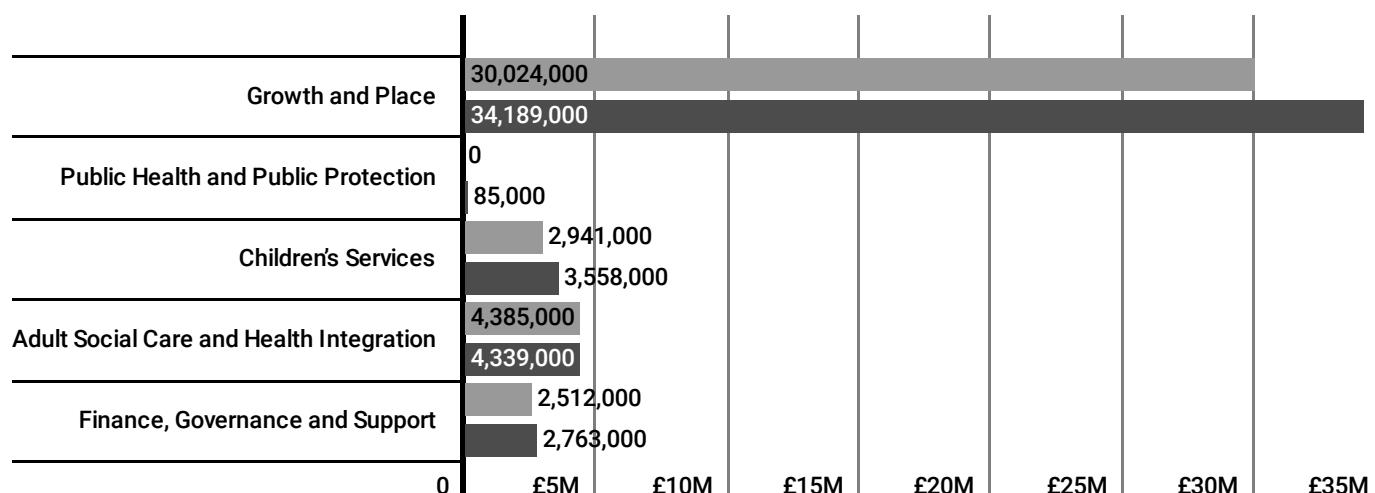
Directorate	Budget	Over / (underspend)	%	Reason	Status
GAP	Integrated Transport Unit	£324,000	14%	Increased demand & taxi costs; legal requirement to provide transport to age 25.	Demand
PH & PP	Substance misuse treatment	-£194,000	-5%	Demand-led budget and underspend based on activity to date. This is subject to change due to a potential rise in drug costs.	Demand
CS	Residential agency placements	£1,036,000	13%	Increased Looked After numbers, complexity, and market rate of provision.	Demand
CS	In-house Fostering / Family & Friends Allowances	£354,000	13%	Increased number of placements being brought in-house.	Demand
CS	Short Breaks / Direct Payments	£249,000	43%	Provision of services in excess of budget.	Demand
FGS	Welfare and benefits	-£600,000	-38%	Savings in staffing, supplies and services, and insourcing.	One -off
FGS	Valuations	-£182,000	-8%	Overachieved commercial income and staffing savings.	One -off
FGS	General Fund	£281,000	28%	Increased demand on pay and prices contingency budget.	One -off
FGS	Capital Financing	-£540,000	-7%	School contributions towards capital schemes	One-off
FGS	Council Wide Digital Strategy	£258,000	41%	Delays in Digital Mailroom & Digital Purchasing savings.	One-off

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Financial position

Projected Expenditure of 2018/19 Capital Budget

At Quarter 1 we are projecting that our capital spending in 2018/19 will be £44,934,000, or 113% of the agreed budget, with 13% of funding within our Investment Strategy being brought forward from future years to fund accelerated progress on schemes.



● 2018/19 budget (£) ● Projected outturn (£)

Budget variation

5 schemes projected expenditure of +/- £150,000 of the agreed budget for 2018/19, requiring movement within our four year strategy but not affecting the overall investment or cost of borrowing.

Directorate	Scheme	Variation	%	Reason	Movement
GAP	JAQU early measures	£274,000	+78%	Accelerating air quality improvement works.	From 19/20
GAP	Social Regeneration	£250,000	+100%	Transfer of funding to Regeneration from Culture, Communities and Communications.	In-year
GAP	Social Regeneration	-£250,000	-100%	Transfer of funding from Culture, Communities and Communications to Regeneration.	In-year
GAP	Property Asset Investment Prog.	£268,000	+21%	Funding essential works to Council buildings.	From 19/20
GAP	Town centre accommodation	-£800,000	-80%	Funding not now required until next year.	To 19/20

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Financial position

New Schemes

Our Investment Strategy has been increased by £9,135,000 since the end of 2017/18, adding nine major schemes funded by grants and capital receipts, not impacting on our borrowing position.

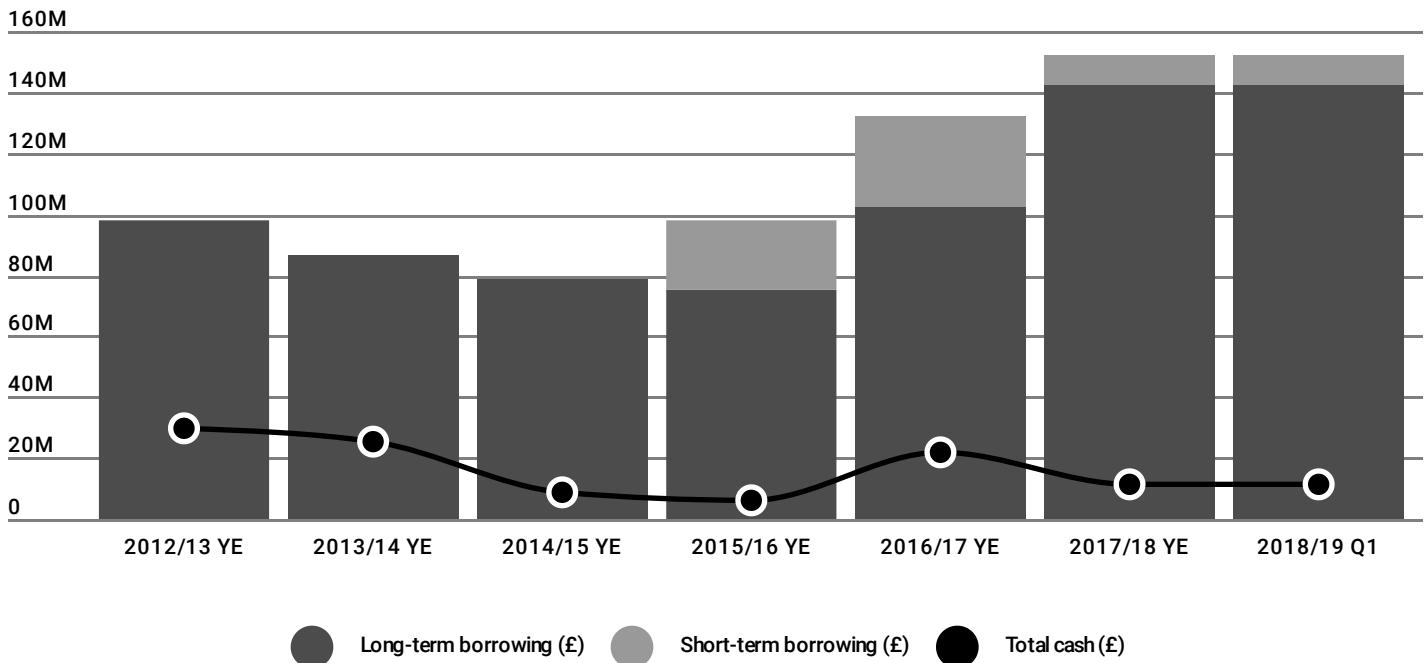
Directorate	Scheme	Total value	Reason
GAP	Local Transport Plan	£2,840,000	New Government grant allocation.
GAP	Salary capitalisation - Economic Growth	£900,000	Maintain progress of schemes.
GAP	Newham Grange Leisure Farm	£1,200,000	Executive decision to develop site.
GAP	Salary capitalisation - Property Services	£150,000	Maintain progress of schemes.
CS	Supported Capital 2018/19 allocation	£885,000	New Government education grant.
CS	EFA Basic Needs 2019-21 allocations	£1,253,000	New Government education grant.
CS	EFA Special Provision Fund 2018-21 allocations	£500,000	New Government education grant.
FGS	Derisking sites	£900,000	Civic Centre demolition costs.
FGS	ICT Lights On	£224,000	Essential ICT funding.

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Financial position

Borrowing and Reserves

Our balance of borrowing at the end of Quarter 1 was £152M, unchanged from 31 March 2018. This position was in line with our plans, and is comfortably within our agreed borrowing limits.

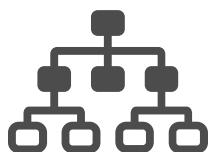
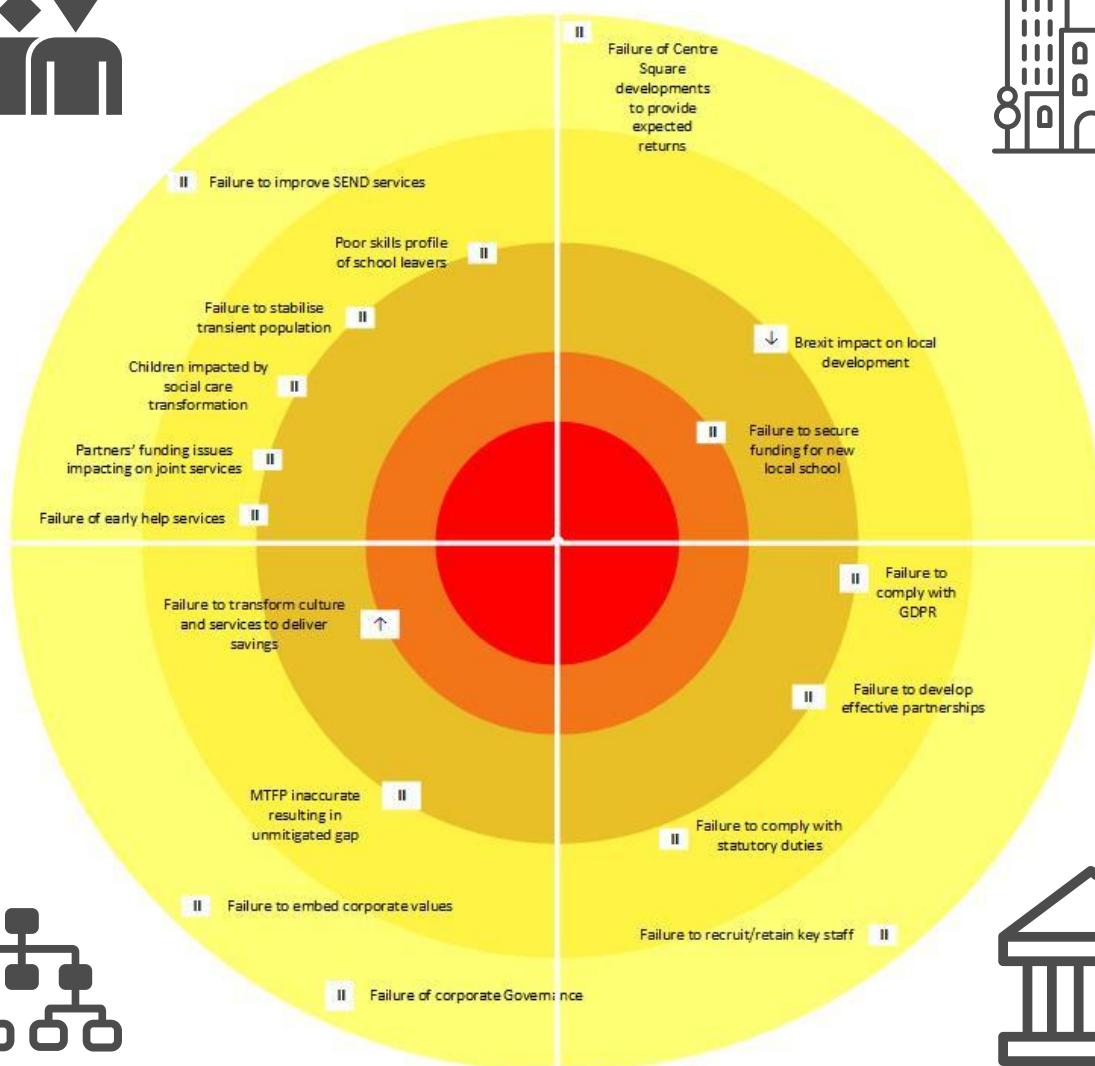
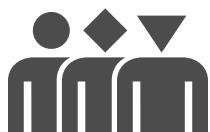


The following table sets out a summary of the balance of reserves and provisions at the start of 2018/19, and the projected position at the end of the year. This assumes the use of £392,000 from the Social Care Demand Risk Reserve for a one-off increased demand in 2018/19.

Reserves and Provisions	Opening Balance	Use in Year	Additional Contributions	Transfers to General Fund	Balance at Year End
General Fund	£14,867,000	(£2,812,000)	£0	£0	£12,055,000
Earmarked reserves	£24,012,000	(£5,246,000)	£1,911,000	£0	£20,677,000
School reserves	£4,354,000	(£120,000)	£0	£0	£4,234,000
Total	£43,233,000	(£8,178,000)	£1,911,000	£0	£36,966,000

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Strategic risks



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Actions

Strategic Plan Actions (in response to issues raised in section 2)

Issue	Action	Planned impact	Lead	Deadline
Demand planning in Children's Social Care	Decision Making Panels to be chaired by Director of Children's Care to gatekeep Children becoming Looked After, and external residential and foster placements.	Reduce LAC numbers and associated costs	Executive Director Children's Services	March 2019
Adult Social Care Demand	Put in place decision making panels for Social Care Delivery	Reduction in projected overspend	Director of Adult Social Care	March 2019
Gap to average national life expectancy	The DPH annual report for 2017 explored the key drivers for preventable deaths and recommended specific actions to improve the life expectancy at birth, healthy life expectancy and narrowing the gap between affluent and deprived wards (as well as non-geographic inequalities)	Improve life expectancy and healthy life expectancy and reducing health inequalities	Director of Public Health and Public Protection	Annual Report on progress by March 2019
Mental Health	Improve mental health and emotional well-being for children, young people and adults and specific work to prevent suicide deaths across the town.	Improved mental health and reduction in suicide rates	Director of Public Health and Public Protection	March 2019
Average Weekly Pay	Developments in Centre Square and TeesAMP to attract new employers and job opportunities	Increase in average weekly pay	Director of Regeneration	March 2019
Increase in Reported Crime Rate	Community Safety Partnership to actively work within Middlesbrough to develop multi agency action plans to bring crime down and introduce an integrated community safety prevention model	Reduction in crime levels	Director of Culture, Communities and Communications	March 2019
Funding and delivery of services from NHS	Joint working with the NHS on the impact of their financial position and explore opportunities for different commissioning and delivery models, overseen by the Health and Well-being Board	Reduce risk of NHS decisions impacting negatively on Council Services	Director of Adult Social Care and Integration	March 2019
Reduction in economically active people	Drive economic growth and inward investment to increase opportunities for the people of Middlesbrough	Increase in economically active people	Director of Regeneration	March 2019

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Actions

Financial Actions (in response to issues raised in section 3)

Issue	Action	Planned impact	Lead	Deadline
Achieving a balanced revenue budget position for 2018/19	Implementation of vacancy control process for the remainder of 2018/19	Address the potential pressures to ensure a balanced revenue budget	Strategic Director of Finance, Governance and Support	September 2018
Potential overspend in individual budget areas in Directorates	Directors to submit and agree action plans with Strategic Director of Finance, Governance and Support	Address the potential pressures to ensure a balanced revenue budget	All Directors	September 2018