



Committee report

Committee	CABINET
Date	15 JUNE 2017
Title	PERFORMANCE AND FINANCE REPORT – QUARTER ENDED 31 MARCH 2017
Report to	DEPUTY LEADER OF THE COUNCIL AND CABINET MEMBER FOR RESOURCES

EXECUTIVE SUMMARY

1. This report sets out the outturn results of the council's performance (shown in detail at Appendix A) against the established indicators and targets that underpin the delivery of the current corporate plan for the final quarter of the reporting period ending 31 March 2017. The report is accompanied by the risk and financial position at that point in time, (shown at Appendices B and C).

BACKGROUND

2. The council's current corporate plan was approved by Full Council on 1 April 2015. It set out the council's priorities for the period 2015 to 2017, as follows:

Priority 1: Supporting growth in the economy, making the Island a better place and keeping it safe

Priority 2: Keeping children safe and improving their education

Priority 3: Protecting the most vulnerable with health and social care, investing in support, prevention and continuing care

Priority 4: Ensuring that all the resources available to the Island are used in the most effective way in achieving the Island's priorities

STRATEGIC CONTEXT

3. On-going management and monitoring of performance data, the council's strategic risk profile and financial situation is required to support the successful delivery of agreed council priorities. As such, this report provides the Cabinet (and subsequently the council's scrutiny function) with the necessary information to record achievements and challenge areas of underperformance and to account for it to the wider community. The report references the corporate plan and its priorities approved by Full Council in April 2015.

4. The corporate plan sets out the vision for the island and the council's priorities and planned activities in delivering it. The existing plan was agreed for the period 2015 to 2017. A new plan is in preparation to reflect the aspirations of the council's new Administration elected in May.

CONSULTATION

5. The council's performance management framework sets out the processes required to be undertaken to manage performance effectively. This framework requires discussion at all levels across the authority on a routine basis and also the escalation of issues to senior management and members as part of monthly performance review meetings. This report therefore is a culmination of that regular and routine review.

FINANCIAL / BUDGET IMPLICATIONS

6. Failure to appropriately manage performance, risk, and finance in an integrated way has the potential to lead to increased cost or exposure to unacceptable financial risk.
7. Whilst there are no direct financial implications arising from this report, any remedial recommendations made, based on the information provided, may result in activity that has an impact on capital and/or revenue budgets or on resources generally.

LEGAL IMPLICATIONS

8. The council has a statutory requirement under the Local Government Act 1999 to achieve 'Best Value' in its delivery of its services. The authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The quarterly performance report forms part of such arrangements, thereby assisting the council to comply with legal and statutory requirements.

EQUALITY AND DIVERSITY

9. The council has statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and those who do not. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. It is not considered that there are any direct equality and diversity implications arising from this report.

SUMMARY POSITION OF QUARTER 4 PERFORMANCE

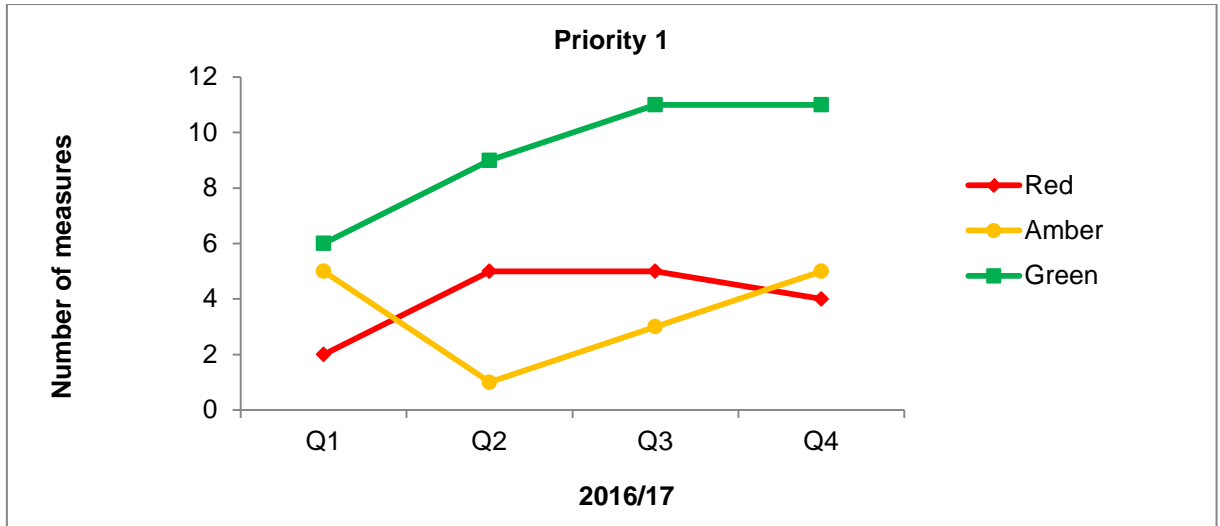
10. The following table provides an assessment of the status of each priority at the end of quarter four.

Corporate Priority	Q4 15/16	Q1 16/17	Q2 16/17	Q3 16/17	Q4 16/17	Direction of travel
A1: Supporting growth in the economy, making the Island a better place and keeping it safe	Amber	Amber	Amber	Amber	Amber	↗
A2: Keeping children safe and improving their education	Amber	Amber	Amber	Amber	Amber	↗
A3: Protecting the most vulnerable with health and social care, investing in support, prevention and continuing care	Amber	Amber	Amber	Amber	Red	↗
A4: Ensuring that all the resources available to the Island are used in the most effective way in achieving the Island's priorities	Red	Red	Red	Red	Amber	↗

Colour Key	Status
Green	Majority of performance is on or above target, projects are meeting planned delivery dates, risk is managed appropriately and financial position stable against profiled spend
Amber	Some performance is off target but within accepted tolerance levels, project milestones are still attainable, risk levels demonstrate some concern with appropriate planned activity, financial overspends being forecast
Red	Significant underperformance or project slippage, high scoring risks without active mitigation in place and/or significant overspend impacting delivery of corporate priority

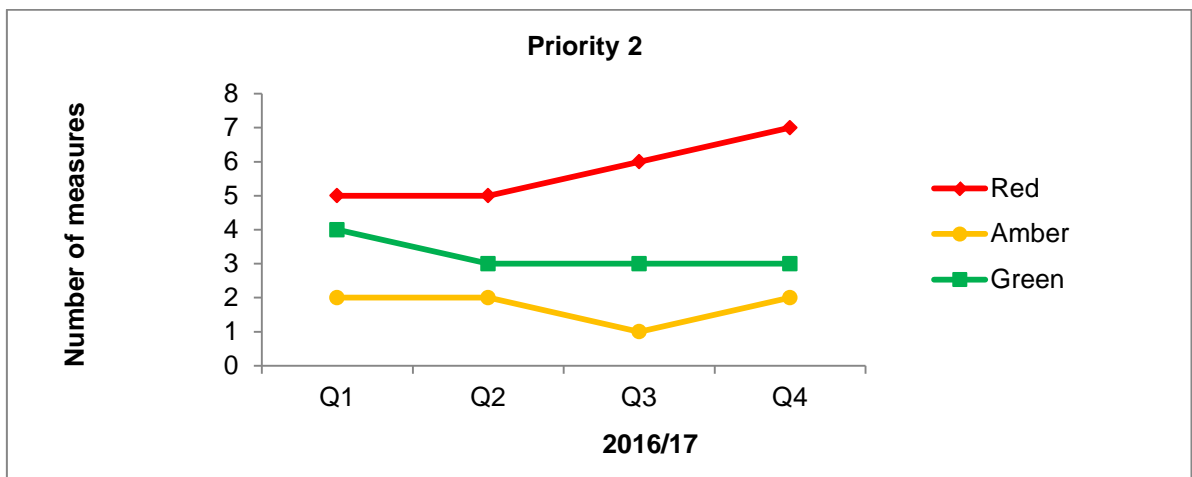
11. A detailed analysis of the performance and risk position of each corporate priority is provided in Appendix A.
12. **A1: Supporting growth in the economy, making the Island a better place and keeping it safe**

As at 31 March 2017, this priority status remains as Amber with direction of travel being upwards. The following table shows the overall trend of performance during the reporting twelve month period 1 April 2016 – 31 March 2017.



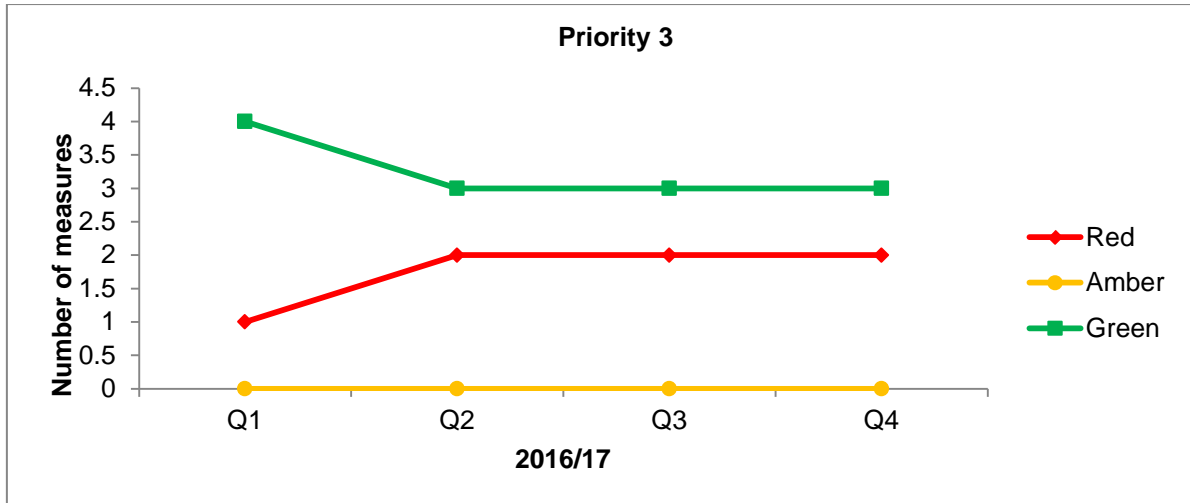
13. A2: Keeping children safe and improving their education

As at 31 March 2017, this priority status remains as Amber with direction of travel being upwards. The following table shows the overall trend of performance during the reporting twelve month period 1 April 2016 – 31 March 2017.



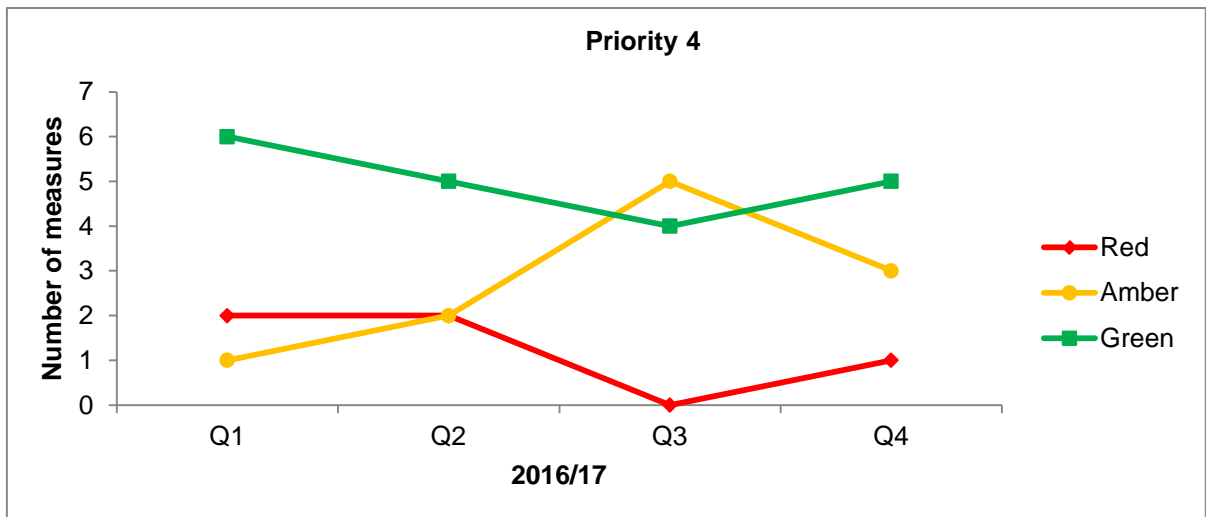
14. A3: Protecting the most vulnerable with health and social care, investing in support, prevention and continuing care.

As at 31 March 2017, this priority status changed from Amber to Red but with a direction of travel being upwards. This is as a result of a review of service delivery issues and performance that has been undertaken by the new Director of Adult Social Services upon her appointment. The following table shows the overall trend of performance during the reporting twelve month period 1 April 2016 – 31 March 2017.



15. A4: Ensuring that all the resources available to the Island are used in the most effective way in achieving the Island’s priorities

As at 31 March 2017, this priority status changed from Red to Amber with direction of travel being upwards. This is as a result of the delivery of a revised medium term financial plan approved by Full Council in October 2016 which amended the council's savings requirements downwards to more achievable levels in the short to medium term. The following table shows the overall trend of performance during the reporting twelve month period 1 April 2016 – 31 March 2017.



SUMMARY FINANCIAL POSITION AT QUARTER 4

Revenue - 2016/17

16. The net revenue budget for 2016/17 was £122.8m. The budget was approved at Full Council on 24 February 2016 with gross savings totalling £12.753m. The budget also included a contribution of £4.0m from reserves in 2016/17 to help bridge the budget gap.

17. At Full Council on 19 October 2016, a revised medium term financial strategy for 2016/17 to 2020/21 was approved. This included making changes to the way that debt financing is provided and which created a saving allowing adjustments to be made to the original savings requirement. For 2016/17 this included removing undeliverable savings of £1.093m. The revised strategy also removed the requirement to use £4.0m from reserves in 2016/17 but instead provides for a contribution to reserves of £2.3m.
18. The 2016/17 accounts are still being closed but the current forecast position as at 31 March 2017 is that the revenue budget will be some £6m underspent (£2m after transfers to the revenue reserve for capital and the transformation reserve), meaning that a further contribution to general reserves can be made.
19. The main overspends and underspends at year end are set out in the following table:

	Forecast Variation £m
Main Overspendings:	
<i>Adult Services:</i> Better Care Fund contribution from CCG, residential care, nursing care and direct payment personal budgets	2.3
<i>Place Directorate:</i> Cowes Ferry	0.4
sub total	2.7
Main Underspendings:	
<i>Corporate items:</i> Contingency, loan interest, housing benefit over-payment recovery, additional vacancy management savings	-6.4
<i>Children's services:</i> Home to school transport, vacancy savings and centralised council training budget	-0.6
<i>Place:</i> Housing related support, homelessness and planning	-1.3
<i>Miscellaneous items</i>	-0.4
sub total	-8.7
Transfer to Reserves:	
Revenue reserve for capital	3.0
Transformation reserve	1.0
	4.0
Net Total Forecast Underspend	-2.0

20. The main pressure is within adult social care which has a total forecast overspend of £2.3m of which the key item is a £1.4m pressure within the Better Care Fund due to a reduced contribution from the IW Clinical Commissioning Group for the protection of adult social care. The budget for adult social care packages is also under pressure of £1.1m, mainly relating to residential care, nursing care and direct payments for personal budgets.

21. The main item of underspend is the corporate budget relating to the corporate contingency, interest payment costs, vacancy management savings and housing benefit overpayment recovery. See the revenue budget monitor set out at Appendix B for more detail.

Capital

22. The total re-profiled capital budget for 2016/17 is £26.8m, including projects slipped from 2015/16. Actual spend against budget at the end of quarter 4 is £23.0m. The remaining balance of £3.7m will be slipped into 2017/18 to allow schemes that are still in progress to be completed. Although slippage has occurred, at this stage, the overall capital programme is anticipated to be fully funded. See the draft outturn for the capital budget set out at Appendix C for more detail.

General Reserves

23. General reserves at the end of quarter 4, indicates a forecast balance of £8m (after taking account of the approved transfer from general reserves of £3.6m used to support the 2017/18 revenue budget). The minimum level of reserves is judged to be £5.0m for an authority of this size (gross expenditure of circa £420m for 2017/18) and risk profile, leaving just £3.0m to act as a buffer against further unforeseen circumstances or financial shocks.

RISK

24. The council has a strategic risk register that sets out those risks which are considered to have the potential to prevent the council from achieving its agreed strategic priorities and outcomes. There are action plans in place to mitigate and/or counter those risks occurring. Strategic risks are monitored by the Audit Committee and will be reviewed again on [26 June 2017](#).

25. RECOMMENDATIONS

That the Cabinet notes the performance in relation to the council's priorities as set out in this report and the priority report detail as set out in Appendix A, together with the council's financial position as set out at Appendices B and C.

APPENDICES ATTACHED

26. [Appendix A](#): Corporate Plan priority reports for:

- A1: Supporting growth in the economy, making the Island a better place and keeping it safe
- A2: Keeping children safe and improving their education
- A3: Protecting the most vulnerable with health and social care, investing in support, prevention and continuing care

- A4: Ensuring that all the resources available to the Island are used in the most effective way in achieving the Island's priorities

[Appendix B](#): Revenue Budget Monitor – March 2017

[Appendix C](#): Capital Monitor – March 2017

BACKGROUND PAPERS

[Executive 13 October 2016 - Paper B](#)

[Medium Term Financial Strategy 2016/17 to 2020/21 and Efficiency Plan](#)

[Corporate Plan 2015-2017 Full Council 1 April 2015](#)

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