

## **Performance and Resources Report – September 2021 (Quarter 2)**

The County Council's business performance, financial performance (revenue and capital), savings delivery, workforce and risk are monitored through the Quarterly Business Performance Report produced each quarter for consideration by senior officers, Cabinet and all members including Scrutiny Committee members.

### **Introduction**

1. This report provides an overview of the performance across West Sussex County Council for the second quarter of 2021/2022 (July - September). It brings together information on performance, finance, workforce and risk management, all of which are reported on an outturn forecast basis and describes how the County Council is delivering the four priorities set out in Our Council Plan.

### **Overview**

2. The County Council is focused on delivering the four priorities as set out in Our Council Plan: keeping people safe from vulnerable situations, a sustainable and prosperous economy, helping people and communities fulfil their potential and making the best use of resources, all underpinned by tackling climate change.
3. During the quarter, we saw the removal of Covid-19 restrictions in day-to-day settings, however the County Council's services have continued to be dominated by the pandemic response and recovery efforts, both in terms of the County Council's service provision, but also as a convenor and enabler of local partners, to ensure the best use of resources and improved outcomes for residents and communities.
4. Over the Summer, the Government have been focusing on the country's economic recovery through its "levelling up agenda" and climate change pledges ahead of COP26. On the 27<sup>th</sup> October, the Chancellor of the Exchequer presented the Autumn Budget and Spending Review which will cover the next three years (2022/23 – 2024/25). Improvements in the UK economy have enabled the Chancellor to announce significant increases in spending and it is expected that Local Government will benefit, however specific details are yet to be released.

### **Our Council Plan Priorities: Highlights**

#### **Keeping People Safe from Vulnerable Situations**

5. An Ofsted visit took place on the 7<sup>th</sup> and 8<sup>th</sup> September to focus on how social work practice is improving the lives of children with disabilities alongside how decisions are made, oversight by managers and the capacity of social workers to provide help and support. Ofsted has since reported that:
  - The support that children with disabilities receive has improved since the Ofsted focused visit in October 2020.

- The commitment of the senior leadership team in maintaining a clear focus on improving the experiences of disabled children.
  - Social workers know the children they work with well.
  - The voice of the child is being heard and listened to.
  - There is more work to do to improve the consistency of help and support offered to disabled children.
6. The Resettlement Team played a vital role at short notice providing support to Afghan nationals and UK citizens arriving in the UK without any personal belongings during the evacuation from Kabul Airport, Afghanistan. Alongside work to procure supplies, packaging parcels and distributing to families during their quarantine period, the team worked with partners to ensure that urgent health and wellbeing needs, especially for babies and pregnant women, were addressed. The team have been working hard and at pace to secure properties in West Sussex for relocation of Afghan families under the Afghan Relocation and Assistance Policy Scheme. It has been successful in securing a number of properties, meeting Home Office expectations, that will be ready for accommodating families later in the year.
  7. Over the quarter, the County Council has facilitated the timely discharge of 2,424 patients from hospital. This evidences the success of innovative joint hospital discharge pathways between the County Council and health partners, which includes Discharge to Assess (D2A) and a Combined Placement and Sourcing Team. The County Council will continue to support health partners with the flow of patients through hospital settings, which is especially important as we approach the winter months.
  8. The Fire and Rescue Service is currently undergoing a second full inspection from Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS). The inspection will focus on the three pillars of efficiency, effectiveness and people with a particular look at how well we have responded to the recommendations from the last full inspection.

## **A Sustainable and Prosperous Economy**

9. Within the Gigabit Programme, our successful 'top up' to the national rural voucher scheme has seen us remain consistently within the top five performing local authorities, and this quarter we have issued more than 500 vouchers bringing our total 'top up' value invested to just over £3m. More than 2,000 premises have claimed a 'top up' and as a result, more than 4,000 premises can become gigabit capable much sooner than if left to the commercial market. To date we have leveraged an additional investment of £3m into the county by The Department for Digital, Culture, Media and Sport (DCMS).

## **Helping People and Communities Fulfil Their Potential**

10. Trading Standards have been helping food businesses to prepare for 'Natasha's Law' which came into effect on 1<sup>st</sup> October. The rules require businesses to provide full ingredient lists and allergen labelling on foods that are prepared and packed for sale on the same premises.
11. School children aged 4 to 16 who are eligible for free school meals were able to enjoy activities and have nutritious meals through the summer holidays through the

Holiday Activities and Food (HAF) Programme. The Council worked with over 30 providers to deliver a wide range of fun and enriching events as well as providing healthy meals for the children. 1,990 individual children participated over the summer with places fully funded by the Department for Education.

### **Making the Best Use of Resources**

12. We are on target to reduce the square meterage of the County Council estate from 179,000m<sup>2</sup> to the year-end target of 170,000m<sup>2</sup>. In September, the total operational property in use was 172,808m<sup>2</sup>.
13. The County Council has secured new accommodation for staff following the closure of Centenary House -Worthing. The new property, Durrington Bridge House, has been leased to provide services and accommodation that meets the needs of the Council now and in the future.

### **Responding to the Challenges Posed by Climate Change**

14. The County Council has awarded a contract, in partnership with District and Boroughs, to EV infrastructure specialists Connected Kerb to fund, install, market and operate EV charge points across the county. Contract mobilisation is underway with installations expected to start in Spring 2022.
15. In the second quarter of 2021/22, the County Council reduced its carbon emissions by 26% compared to 2019/20 levels. For the 2021/22 year to date, total emissions compared to 2019/20 have reduced by 16%.
16. The 2021 round of the Solar Together Scheme has been launched with over 7,200 expressions of interest received so far. More than 400 installations have been completed to date from the 2020 round. The 2021 installations will be delivered by local renewable energy businesses.
17. Phase two of the 1-2-3 kerbside collection trial in partnership with Arun District Council has been launched in parts of Littlehampton town centre; aimed at testing the system with a higher proportion of flatted and multi-occupied residences.

### **Performance Summary – Our Council Plan**

18. This section reports the latest performance position against Our Council Plan measures. **Table 1** displays the performance by priority. Details of each measure are reported in each Portfolio Section.

**Table 1 – Performance by Portfolio/Priority**

Portfolio/Priority	RAG Status	Making the Best Use of Resources	Helping People and Communities to Fulfil Their Potential	A Sustainable and Prosperous Economy	Keeping People Safe from Vulnerable Situations
Adults Services	R	N/A	2	N/A	2
	A	N/A	2	N/A	1
	G	N/A	2	N/A	1
Children & Young People	R	N/A	N/A	N/A	4
	A	N/A	N/A	N/A	1
	G	N/A	N/A	N/A	N/A
Learning & Skills	R	N/A	N/A	N/A	N/A
	A	N/A	5	N/A	N/A
	G	N/A	1	1	N/A
Community Support, Fire & Rescue	R	N/A	N/A	N/A	3
	A	N/A	2	N/A	N/A
	G	N/A	2	N/A	N/A
Environment & Climate Change	R	N/A	N/A	N/A	N/A
	A	N/A	N/A	1	N/A
	G	N/A	N/A	1	N/A
Finance & Property	R	N/A	N/A	N/A	N/A
	A	1	N/A	N/A	N/A
	G	1	N/A	1	N/A
	No RAG	1	N/A	N/A	N/A
Highways & Transport	R	N/A	1	1	N/A
	A	N/A	N/A	1	N/A
	G	N/A	N/A	1	N/A
Public Health & Wellbeing	R	N/A	N/A	N/A	N/A
	A	N/A	N/A	N/A	2
	G	N/A	2	N/A	1
	No RAG	N/A	1	N/A	N/A
Leader	R	N/A	N/A	N/A	N/A
	A	N/A	N/A	N/A	N/A
	G	N/A	N/A	3	N/A
Support Services & Economic Development	R	N/A	N/A	N/A	N/A
	A	N/A	N/A	N/A	N/A
	G	5	N/A	N/A	N/A

**KEY:**

- The values within the table refer to the **number of KPI measures**.
- Blue highlighted cells indicate this KPI is also a **Climate Change** measure.

## Finance Summary

### National Overview

19. The United Kingdom’s economy continues to be severely influenced by the Covid-19 pandemic and the volatility of the supply of commodities. In recent weeks, wholesale energy prices have exponentially increased which has severely impacted industry.
20. During the last quarter, the monthly rate of inflation has varied, although an overall upward trajectory is clear. It is likely that the lifting of the Covid-19 pandemic restrictions, coupled with the global demand increase for oil and gas, has contributed significantly to the current position. The latest figures from the Office for National Statistics (ONS) on the Consumer Price Index (CPI) and Retail Price Index (RPI) is shown in **Table 2** below:

**Table 2 – Inflation Table CPI and RPI**

Inflation %	April 2021	May 2021	June 2021	July 2021	August 2021	Sept 2021
Consumer Price Index (CPI)	1.5%	2.1%	2.5%	2.0%	3.2%	3.1%
Retail Price Index (RPI)	2.9%	3.3%	3.9%	3.8%	4.8%	4.9%

21. The Office for Budget Responsibility (OBR) has announced that the UK's inflation is likely to rise to an average of 4% over the next year, with the Bank of England warning that the rate may hit or surpass 5% by early 2022, which may lead to an increase in the Bank of England's base interest rate.
22. The building industry has seen high inflation rises in recent months with material and labour shortages reported as major factors. Southern Construction Framework (SCF), a leading organisation in public construction, reports that when compared to the previous quarter, building costs in the South have increased by an average of 13% across all trades and building costs are currently 16% greater when compared to this time last year.
23. In September, the Government provided information on Building Back Better: Our Plan for Health and Social Care. This directive will have far reaching implications for Adult's Social Care as well as for local government funding and financial planning. The potential implications on the provision of Adults Social Care services are not clear and further information is expected to be published in a White Paper.
24. On the 27<sup>th</sup> October, the Chancellor of the Exchequer announced the Autumn Statement and Spending Review which covers the next three years (2022/23 – 2024/25). Improvements in the UK economy have enabled the Chancellor to announce significant increases in spending and it is expected that local government will benefit, with a £4.8bn of new funding over the next three years (£1.6bn each year). The Local Government Financial Settlement, due to take place in December, is expected to clarify the detail of this grant.
25. The government also announced that to ensure all local authorities have access to the resources they need to deliver core services such as children's social care, road maintenance and waste management, the referendum threshold for increases in council tax is expected to remain at 2% per year. In addition, local authorities with social care responsibilities are expected to be able to increase the adult social care precept by up to 1% per year. The Department for Levelling Up, Housing and Communities (DLUHC) will set out full details of the council tax referendum principles and proposed approach to allocating grant funding through the Local Government Finance Settlement.
26. There were no announcements regarding local government reforms – i.e., the Fairer Funding Review or business rate changes, therefore we assume that these areas will continue to be delayed to at least 2023/24; however, the Chancellor did announce changes to business rates in the short-term, with reliefs, discounts and cuts to the multiple calculation for businesses. We await further details on these announcements.

## County Council Financial Overview

27. During the second quarter of the year, the County Council has continued to respond to the pandemic and its impact on the services delivered to residents. Uncertainty with regards to the on-going impact on demand and the cost of council services remains. Critically, the cost of care services remain higher than budgeted and the projected costs of delivering the capital programme are increasing. These uncertainties, coupled with the changeable short-term economic outlook, make forecasting the end of year outturn position difficult. Ongoing economic implications on services will be factored into the council's medium-term financial strategy.
28. The forecast outturn position for 2021/22 as at the end of September is currently projecting a **£1.386m overspend**, a reduction of £2.389m when compared to June. This overall position assumes that costs related to the Covid-19 pandemic will be fully funded from grants and partner contributions received. Also, this position excludes the use of the £6.4m general contingency and £2.2m of pay inflation contingency (1% pay provision), which is held separately.
29. In July, unions associated with fire and rescue services agreed a 1.5% pay award for staff. The award took effect from the 1<sup>st</sup> July 2021 and will increase the cost of salaries by £0.225m this financial year. It is proposed that the required £0.225m funding is drawn from the pay inflation contingency budget and allocated to the Fire and Rescue service. This allocation will reduce the balance within the pay contingency budget to £1.975m (equivalent of 0.96% for the remaining staff groups).
30. A final pay offer of 1.75% was put forward by employers to the National Joint Council (NJC) unions with regard to a 2021/22 pay award. Unions have rejected this offer and are balloting members on potential strike action. If this 1.75% offer had been accepted, it is estimated an additional £1.6m would have been required from the £6.4m general contingency budget in addition to the £1.975m available within the pay contingency budget.
31. **Table 3** shows the impact to the contingency budgets of drawing £0.225m for the Fire and Rescue Service pay award and demonstrates the effect of a 1.75% pay award for the remaining staffing groups. The balance in the general contingency budget would be around £4.8m.

**Table 3 – Contingency Budget – Impact of Potential Pay Inflation**

Contingency Budgets In 2021/22	Total 2021/22 Budget	Proposed Drawdown for 1.5% Fire & Rescue Pay Award	Estimated 1.75% Pay Award for Remaining Staff Groups	Estimated Contingency Remaining
Pay Contingency	£2.200m	(£0.225m)	(£1.975m)	£-
General Contingency	£6.400m	£-	(£1.600m)	£4.800m
<b>Total</b>	<b>£8.600m</b>	<b>(£0.225m)</b>	<b>(£3.575m)</b>	<b>£4.800m</b>

## Projected Outturn Summary

32. **Table 4** details the projected revenue outturn position by Portfolio.

**Table 4 – Projected Outturn and Variation by Portfolio**

PORTFOLIO	CURRENT BUDGET (£'000)	PROJECTED OUTTURN VARIATION (£'000)	VARIATION %	MOVEMENT (£'000)
Adults Services	209,113	0	0.0%	0
Children & Young People	131,794	500	0.4%	500
Learning & Skills	23,176	1,901	8.2%	1,901
Community Support, Fire & Rescue	41,213	462	1.1%	462
Environment & Climate Change	60,926	-1,800	-3.0%	(1,800)
Finance & Property	24,067	100	0.4%	100
Highways & Transport	36,517	-190	-0.5%	(190)
Leader	2,618	0	0.0%	0
Public Health & Wellbeing	0	0	0.0%	0
Support Services & Economic Development	40,346	413	1.0%	413
Non Portfolio	48,723	0	0.0%	0
<b>Total</b>	<b>618,493</b>	<b>1,386</b>	<b>0.2%</b>	<b>1,386</b>

-3,000 -2,000 -1,000 0 1,000 2,000 3,000  
(£'000)

33. The individual portfolio sections within the report explain the key movements. The main risks from across the portfolios include:

- Uncertainty in demand for services in adults and children,
- Increases in the cost of older people care packages,
- The mix between internal and external placements for children,
- The rising numbers of children requiring home to school transport,
- The rising numbers of children requiring high needs education,
- The non-delivery and delays of savings.

34. The pressure on the Dedicated Schools Grant (DSG) continues to be of concern, with a projected overspending of £4.4m currently forecast in 2021/22. It should be noted that this overspending projection is after allowing for a £7.0m transfer from the DSG Reserve which was agreed by Schools Forum. The total DSG deficit is therefore predicted to increase from £10.4m to £21.8m in 2021/22. Further details are reported in **Section 3** – Learning and Skills Portfolio.

## Savings Update

35. The **2021/22 savings target** across all portfolios is £18.5m. Of this amount, £9.0m (48%) is currently judged as on track and has either been delivered as originally envisaged or the saving has been achieved via a different mechanism,

£1.8m (10%) is judged as amber where further work is required to ensure the saving can be achieved and £7.7m (42%) is judged as red with no expectation of delivery in this year. Red savings are reflected in the forecast outturn position.

**Table 5** summarises the savings position. Details of each saving and its delivery is included in the separate portfolio sections.

**Table 5 – Savings by Portfolio**

Total Savings 2021/22	Red	Amber	Green	Blue	Total (£000)
	Significant Risk (£000)	At Risk (£000)	On Track (£000)	Delivered (£000)	
Adults Services	6,978	790	100	108	7,976
Children and Young People	200	-	2,481	1,225	3,906
Learning & Skills	150	200	300	131	781
Community Support, Fire & Rescue	-	-	220	218	438
Environment & Climate Change	-	100	120	320	540
Finance & Property	-	-	236	7	243
Highways & Transport	-	76	1,200	21	1,297
Leader	-	-	100	1	101
Public Health & Wellbeing	-	-	-	-	-
Support Services & Economic Development	432	600	2,013	186	3,231
Non-Portfolio	-	-	-	-	-
<b>Total</b>	<b>7,760</b>	<b>1,766</b>	<b>6,770</b>	<b>2,217</b>	<b>18,513</b>

**Savings Key:**

<span style="background-color: red; color: white; padding: 2px;">R</span> Significant Risk	<span style="background-color: orange; padding: 2px;">A</span> At Risk	<span style="background-color: green; color: white; padding: 2px;">G</span> On Track	<span style="background-color: blue; color: white; padding: 2px;">B</span> Delivered
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36. In addition, there remains £3.1m of savings from 2020/21 that have not been delivered permanently at this time. The majority of these savings plans were adversely affected by the pandemic. Of the £3.1m currently outstanding, £1.4m (45%) are judged as 'green' and on track, £0.3m (10%) are judged as 'amber' where further work is required to ensure the saving can be achieved and £1.4m (45%) are judged as 'red' with no expectation of delivery. The red savings are reflected in the forecast outturn position.

### Covid-19 Grants and Income Summary

37. The cost of the Covid-19 pandemic to the County Council has been monitored separately from the portfolio budgets agreed by County Council in February 2021. It is expected that all the costs of the pandemic incurred in 2021/22 will be funded from government grants or from other income received from partners. A detailed list of the Covid-19 grants received and estimate of further grants are listed in **Appendix 2**.
38. Currently, of the £65.1m grant and contributions available in 2021/22, there is £10.1m which is currently unallocated, however, the ever-changing circumstances of the pandemic means that it is possible that all of the Covid-19 pandemic funding will be committed during 2021/22.

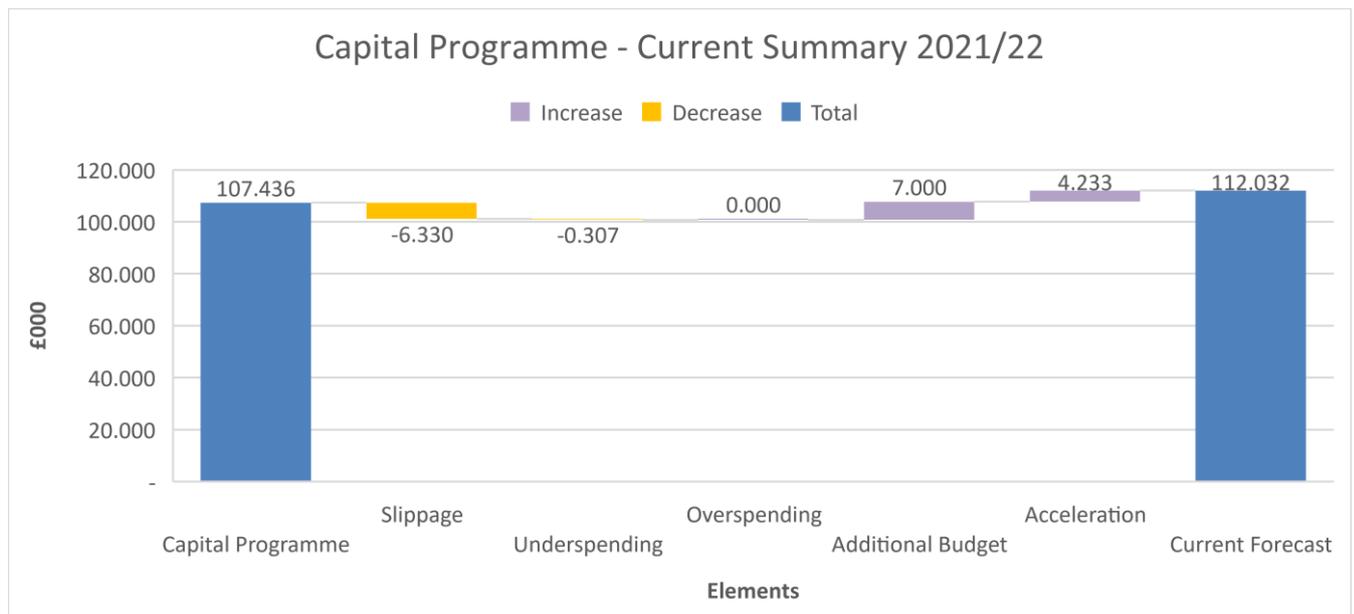
### Capital Programme Summary

39. The impact of increasing costs within the capital programme continues to be monitored on a project-by-project basis. The availability of materials and labour remains a key risk for our capital programme, however our project teams are

working closely with contractors to anticipate problems before they arise. Any increase in budgets will need to be met from additional borrowing or through reprioritising existing approved pipeline projects.

40. The capital programme; as approved by County Council in February 2021, agreed a programme totalling £101.6m for 2021/22. £5.8m of this expenditure, originally profiled to spend in 2020/21, was slipped into 2021/22, revising the capital programme to £107.4m. Since this time, profiled spend has increased overall by £4.6m, to give a current full year projected spend for 2021/22 of £112.0m. **Graph 1** demonstrates movements from the revised capital programme to the current forecast.

**Graph 1 – Capital Programme**



41. The Capital Programme Budget Monitor, as at the end of September 2021, is included in **Appendix 4**.

## Corporate Risks

42. The council's risks are reviewed regularly to ensure risks are understood and appropriate mitigation takes place. Risks are scored considering the likelihood and impact.
43. There are four corporate risks with severity above the tolerance threshold:
- CR39a – Cyber-security.
  - CR58 – Failure of social care provisions.
  - CR69 – Children's Services will fail to deliver an acceptable provision to the community.
  - CR72 – Unregistered care homes – children and young people will not be cared for in settings that best meet their needs. (*New Risk Q2*)
44. The latest Corporate Risk Register can be found in **Appendix 5**.

## **Workforce**

45. All of the Workforce Key Performance Indicators detailed in **Appendix 6** are rated 'Green' except for one measure relating to employee disclosure rate for equality. The target for this measure is 30%, however the current level is 18%. Work is underway to improve the data collection in this area.

## **Sections and Appendices**

- Section 1: Adults Services Portfolio
  - Section 2: Children and Young People Portfolio
  - Section 3: Learning and Skills Portfolio
  - Section 4: Community Support, Fire and Rescue Portfolio
  - Section 5: Environment and Climate Change Portfolio
  - Section 6: Finance and Property Portfolio
  - Section 7: Highways and Transport Portfolio
  - Section 8: Leader (including Economy) Portfolio
  - Section 9: Public Health and Wellbeing Portfolio
  - Section 10: Support Services and Economic Development Portfolio
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- Appendix 1: Revenue Budget Monitor and Reserves
  - Appendix 2: Covid-19 Summary
  - Appendix 3: Service Transformation
  - Appendix 4: Capital Monitor
  - Appendix 5: Corporate Risk Register
  - Appendix 6: Workforce