

Report to Cabinet

December 2021

Performance and Resources Report – Quarter 2 2021/22

Report by the Chief Executive and Director of Finance and Support Services

Electoral division(s): All

Summary

The Performance and Resources Report (PRR) provides an overview of performance across the County Council for the second quarter of 2021/22. The report in **Annex B** 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 and overarching theme set out in Our Council Plan.

The PRR is designed to be used by Cabinet and all scrutiny committees as the main source of the County Council's performance information. **Annex A** – How to Read the Performance and Resources Report, provides some key highlights on the structure, content and a detailed matrix of the sections of the report for the different scrutiny committees.

The latest performance targets measured against Our Council Plan is currently reporting 42% 'Green', 30% 'Amber', 24% 'Red' and 4% with 'No RAG Status' due to no data or no target set.

Key Issues

An Ofsted monitoring visit took place in September focused on how children's social work support 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 found that support for children with disabilities has improved, the voice of the child is being heard and listened to, social workers know the children they work with well, the senior leadership team is committed in maintaining a clear focus on improving the experience of disabled children and that there is more to do to improve the consistency of help and support offered to disabled children.

The Fire and Rescue Service is currently undergoing a second full inspection by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) focusing on efficiency, effectiveness and people; with a particular look at how well we have responded to the recommendations from the last full inspection.

The local Health and Social Care system remains under a very high level of pressure and work continued throughout the quarter to meet demand.

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 position excludes the use of the contingency budget.

Currently, there is £10.1m of un-ringfenced Covid-19 grant unapplied, 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.

The pressure on the Dedicated Schools Grant continues to be of concern with projected overspend of £4.4m forecast in 2021/22. The total **DSG deficit is predicted to increase to £21.8m by the end of the financial year.**

Cabinet are asked to agree a £0.225m draw down from the £2.2m pay inflation contingency budget to fund the Fire and Rescue Service 1.5% pay award which has been agreed nationally and took effect from the 1st July 2021.

The final pay award offer for 2021/22 to NJC employees of 1.75% has been rejected by the unions. If it had been accepted, this would have cost the County Council an estimated £3.575m. We had set aside a specific contingency of £2.2m for the pay award, therefore the excess will need to be funded from the general contingency.

Recommendations

That Cabinet: -

1. Notes the information contained in the Q2 Performance and Resources Report in Annex B,
2. Notes the update in the presentation of the report following scrutiny committee feedback from the Q1 report,
3. Agrees the allocation of £0.225m from the pay inflation contingency budget to the Fire and Rescue Service to fund the nationally agreed 1.5% pay award from July 2021.

Proposal

1 Background and context

- 1.1 The attached Performance and Resources Report (PRR) provides an overview of the performance across West Sussex County Council for the second quarter of 2021/22 (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 and overarching climate change measures set out in Our Council Plan.

1.2 A number of **presentational updates** have been made to the Q2 Performance and Resources following feedback from Scrutiny Committees on the Q1 report. These changes include:

- **Improvements to the Performance KPI Summary Table.**

- A Summary Table has replaced the Summary Graph previously included. The new table shows the measures by portfolio, priority and the KPI RAG status.

- **Improved Overarching Climate Change Priorities Inclusion.**

- The KPI Summary Table now highlights the three Climate Change measures.
- Performance highlights of the Responding to the Challenges Posed by Climate Change priority is included in the summary highlights section.
- The three Climate Change KPIs have a  symbol and are highlighted in 'blue' to indicate they are a Climate Change measure.

- **Capital Section Review.**

- Capital performance within the Portfolio Sections has been moved to the start of each capital section to enable the reader to focus on the performance of projects; this is complimented by the financial aspect of the capital programme and links the areas together. In addition, explanations of the capital finance movements (including additions to the programme) have been included for completeness and governance reasons.

- **Performance KPI Arrows.**

- The arrows on the KPI measures have been updated. A green upward arrow indicates that performance is improving, a downward red arrow indicates performance is worsening, and a horizontal amber arrow indicates no change to performance.

1.3 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**. In the second quarter, the measures reported:

- 42% (22 measures) as 'Green'
- 30% (16 measures) as 'Amber'
- 24% (13 measures) as 'Red'
- 4% (2 measures) are reported as having no RAG status, due to no target set or no data being available at this time.

- 1.4 During the summer, the council has continued to respond to the Covid-19 pandemic. There is uncertainty on the on-going impact of demand and costs for council services.
- 1.5 The **forecast outturn position for 2021/22 is currently projecting a £1.386m overspend**. This overall position assumes that costs related to the Covid-19 pandemic will be fully funded from grants and partner contributions. This position also excludes the use of the £6.4m general contingency and £2.2m of pay inflation contingency budget which are held separately.
- 1.6 **Key financial risks** arising across services include:
- Uncertainty in demand for services in adults and children,
 - 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.
- 1.7 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 significant risk for our capital programme and 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.
- 1.8 In relation to **corporate risks**, there are four risks with a severity above the tolerance threshold:
- Cyber-security,
 - Failure of social care provisions,
 - Children's Services will fail to deliver an acceptable provision to the community.
 - Unregistered care homes – children and young people will not be cared for in settings that best meet their needs.
- 1.9 All of the **Workforce Key Performance Indicators** 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.
- 1.10 The main indicator for sickness absence is the rolling 12-month average number of calendar days sickness per FTE. The indicator is set at 15 calendar days with the quarter two data reporting sickness of 14.9 calendar days. This is an increase of 1.3 calendar days since quarter one and is due to the impact of the pandemic and the rolling nature of the sickness KPI over a 12-month period.

2 Proposal details

- 2.1 In July, unions associated with fire and rescue services agreed a 1.5% pay award for staff. The award took effect from the 1st July 2021 and will increase the cost of salaries in this service 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 inflation contingency budget to £1.975m (equivalent of 0.96% for the remaining staff groups).

3 Other options considered (and reasons for not proposing)

- 3.1 The additional costs associated with the nationally agreed Fire and Rescue Service pay award could be charged directly to the Community Support, Fire and Rescue Portfolio without additional funding allocated; however, as part of the 2021/22 budget, a pay inflation contingency was created to fund potential in-year pay inflation increases, therefore it is appropriate to allocate the funding to this service.

4 Consultation, engagement and advice

- 4.1 The Executive Leadership Team and Cabinet Members have considered the Performance and Resources Report and the updates to the Key Performance Indicators.
- 4.2 All scrutiny committees review their specific sections of the Performance and Resources Report quarterly, with the Performance and Finance Scrutiny Committee having an overview of the whole document. Committees can make recommendations to the relevant Cabinet Member and/or refer issues to other scrutiny committees as appropriate.

5 Finance

- 5.1 The financial impact is set out in the Performance and Resources Report.

6 Risk implications and mitigations

- 6.1 The corporate risk register is included within the Performance and Resources Report, reflecting the key risks facing the council and the planned action to mitigate the risks where possible.

7 Policy alignment and compliance

- 7.1 Reporting on the council's performance and activities through the Performance and Resources Report to Cabinet is part of the governance of the council, ensuring transparency in its reporting arrangements and enabling scrutiny by members and the public.

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Appendices

Annex A – How to Read the Performance and Resources Report

Annex B – Performance and Resources Report – Q2 2021/22

Background papers

None