

Performance and Resources Report – June 2022

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 first quarter of 2022/23 (April - June). 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 on our Council Plan as refreshed in February 2022. The Council Plan sets out four priorities: 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.

National Context

2. The UK economy contracted by 0.1% in the quarter April – June 2022, compared to the previous three quarters of growth; leaving it at 0.6% above the pre-Covid 19 growth level (October- December 2019).
3. The Bank of England raised interest rates by 0.25% to 1.25% in June, after 12-month Consumer Price Index (CPI) inflation rose from 7.0% in March to 9.0% in April with a forecast CPI inflation will average slightly over 10% at its peak by the end of 2022.
4. Since the end of June, the Bank of England has revised its inflation forecasts and in August, increased inflation rates to 1.75% and announced that it was forecasting the UK would enter recession in the final three months of 2022. Key inflationary drivers are rising prices for fuel and energy, impacting on food and materials, together with labour shortages.
5. Many organisations both nationally and locally are experiencing significant problems with staffing recruitment and retention. The Office for National Statistics have reported that number of job vacancies in the UK reached a record high of almost 1.3m in the three months to May 2022, around 425,000 more vacancies when compared to the same period of 2021. This high level of vacancies is causing a significant pressure on many industries and organisations, including councils and those from whom they commission services.
6. The Office for National Statistics has also announced that real household disposable income fell by 0.2% during January - March; the fourth consecutive quarter of real negative growth in disposable income. This position is expected to have worsened during the summer; however, this will not be clear until the data is published in September.

7. In May 2022, the then Chancellor announced further support for households with increasing costs, the announcement included:
 - Households will receive £400 of support with their energy bills through an expansion of the Energy Bills Support Scheme. This announcement has doubled the £200 of support originally announced in February, with the payment now becoming a grant, which will not be recovered through higher bills in future years.
 - More than eight million households on means-tested benefits will receive a one-off Cost of Living Payment of £650 this year.
 - Pensioner households will receive an extra £300 this year to help cover the rising cost of energy this winter.
8. The first data from the 2021 Census was published on 28th June. It showed that the West Sussex population has increased 9.4% since 2011 to 882,700 people. This is a larger increase than for neighbouring counties, the South East (7.5%) and England (6.6%). The largest increase has been in older people (aged 65 and over), but five of our Districts and Boroughs have also seen increases in under 15-year-olds above the England average of 5.0%.
9. In May, the government released a consultation on 'Reforming Our Fire and Rescue Service' which sought views on proposals to introduce system-wide reform that will strengthen fire and rescue services in England. The consultation closed in July, and stakeholders await feedback.
10. On the 23rd May 2022, the independent review of children's social care report was published. In response, the government have set out the actions it is taking to improve children's social care and its plans to publish an implementation strategy on children's social care before the end of 2022.

Performance Summary - Our Council Plan

11. This section reports the latest performance position against Our Council Plan measures. **Table 1** displays the performance by priority with details of each measure reported in each respective Portfolio Section. The values within the table refer to the number of KPI measures included within each portfolio.

Table 1 – Performance by Portfolio/ Priority

Portfolio / Priority	RAG Status	Keeping People Safe from Vulnerable Situations	A Sustainable and Prosperous Economy	Helping People and Communities to Fulfil Their Potential	Making the Best Use of Resources
Adults Services	R	1	N/A	2	N/A
	A	1	N/A	4	N/A
	G	2	N/A	N/A	N/A
Children and Young People	R	2	N/A	N/A	N/A
	A	2	N/A	N/A	N/A
	G	1	N/A	N/A	N/A
Learning and Skills	R	N/A	N/A	N/A	N/A
	A	N/A	N/A	3	N/A
	G	N/A	1	3	N/A
Community Support, Fire and Rescue	R	1	N/A	N/A	N/A
	A	N/A	N/A	N/A	N/A
	G	2	N/A	4	N/A
Environment and Climate Change	R	N/A	N/A	N/A	N/A
	A	N/A	1	N/A	N/A
	G	N/A	1	N/A	N/A
Finance and Property	R	N/A	N/A	N/A	1
	A	N/A	1	N/A	N/A
	G	N/A	N/A	N/A	2
Highways and Transport	R	N/A	N/A	1	N/A
	A	N/A	1	N/A	N/A
	G	N/A	2	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	3	N/A	N/A
Public Health and Wellbeing	R	N/A	N/A	N/A	N/A
	A	N/A	N/A	3	N/A
	G	3	N/A	N/A	N/A
Support Services and Economic Development	R	N/A	N/A	N/A	N/A
	A	N/A	N/A	N/A	2
	G	N/A	N/A	N/A	3

Key:

	Cells highlighted in blue indicate the KPIs which include a Climate Change (CC) measure. Overall, there are three Climate Change measures.
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12. The quarter one position shows the following split:

- 51% (27 of 53) – meeting target or on track to meet the target (Green)
- 34% (18 of 53) – close to meeting their target (Amber)
- 15% (8 of 53) – not meeting their target (Red)

Performance Summary by Priority

13. The Council has continued to progress various improvement programmes as well as responding to on-going events and challenges this quarter which have impacted the operations and priorities of the council. Supporting the fallout of the on-going war

in Ukraine, the cost-of-living crisis and national recruitment issues all impact how we deliver services.

Keeping People Safe from Vulnerable Situations

14. Following the successful implementation of the Family Safeguarding model in February 2022, Children's Services have been focused on the dip in performance that such a major change inevitably entails. They are seeing it return to expected levels, despite the continuing high demand within Children's Social Care and Early Help. The service is now working on implementation of phase two of the model in the Autumn of 2022 and the implementation of the phase two Fostering Service Redesign. The next Ofsted Monitoring visit will be in September and the service is focussing on being able to evidence ongoing and consistent progress in this.
15. The report of the Youth Justice inspection undertaken in the previous quarter was published in June, confirming the service is judged good with some outstanding features.
16. The Adult Social Care service are continuing to implement their strength-based approach through the review of care packages, with some early indications that this is having an impact as average weekly costs are not rising despite an average uplift for providers of 9% for 2022/23. In the face of rising pressures at the front-door, robust triage systems are enabling teams to respond immediately to critical situations and deal with other cases on the basis of urgent, normal or low need.
17. An extra care housing development has been opened in East Grinstead, promoting and enabling independence for West Sussex residents.
18. Workforce recruitment and retention is proving increasingly difficult in both Children's and Adults' Services and is putting pressure on our services and those we commission. Both services are undertaking a range of recruitment and retention activities to ensure that levels of service remain strong now and into the future. A package of improved pay and rewards has been implemented and successful overseas recruitment drive in Adult Services has seen a number of new posts filled across the county in community, hospital, learning disability and mental health teams.
19. The West Sussex Fire and Rescue Service's Community Risk Management Plan 2022 – 2026 was launched in April, setting out the direction of the Fire and Rescue Service over the next four years. This plan was developed in consultation with residents, staff, our emergency service partners and other interested stakeholders, to ensure West Sussex remains a safe place to live and work.

A Sustainable and Prosperous Economy

20. Development continues on our infrastructure to improve safety and promote sustainable travel. A countywide road safety review is underway, with the County Council leading a cross-party group to review the county's road safety framework, including the speed limit policy and exploring other traffic management measures that could help reduce serious-injury accidents.

21. 178 of over 600 projects have been completed within the Highways, Transport and Planning Delivery Programme for 2022/23. Preliminary works have also started on the project to build the northern section of the A284 Lyminster Bypass which will ease traffic congestion and will boost the local economy.
22. Some significant milestones within the Growth Deals that are supporting our economic strategy have also been achieved, with the A2300 improvements scheme, Portland Road public realm improvements, demolition of the former school site in Chichester and the Manor Royal phase one works all being completed.
23. The £23 million A2300 improvements scheme was officially opened at the start of April, which included widening 2.4km of single-lane road to dual carriageway near Burgess Hill providing infrastructure to support new homes and employment. It also provides opportunities for people to make active/sustainable travel choices, with provision for pedestrians and people who cycle.

Helping People and Communities Fulfil Their Potential

24. At 89.1% the proportion of West Sussex schools that are judged good or outstanding by Ofsted equalled an all-time high. This means 90.1% of West Sussex pupils are in schools judged thus.
25. In April, the percentage of 16–17-year-olds Not in Education, Employment or Training or whose activity is not known was still higher than those for the South East or England overall, but the gap was narrowing. Our career advisors continue to offer targeted support to help young people who are struggling to fulfil their career potential.
26. Teams across the council are working together to respond to the 'Homes for Ukraine' Scheme. This has included assisting Ukrainians on arrival, carrying out checks and working with District and Boroughs to complete property visits for residents offering accommodation and providing practical support. The Community Hub is managing all initial contact and enquiries from Sponsors.
27. The Community Hub have also been working closely with internal teams, partners and District and Borough Councils distributing the Household Support Fund to support over 9,363 individuals across 3,297 households during the quarter. This assistance has been focused on those requiring support with food, energy, water bills and who are experiencing hardship for reasons not necessarily linked to Covid-19.
28. West Sussex County Council's Admissions Team handled 8,842 primary applications this year and 91.2% of those who applied to start primary school will be offered their first preference school, with 98.7% offered one of their three preferences. The team also managed a total of 1,444 applications for children transferring from infant to junior school. Of those, 100% will be offered one of their three preferences, with 99.9% offered their first preference school.

Making the Best Use of Resources

29. The construction of West Sussex Fire and Rescue Service's new multi-million-pound fire station and training centre continues at pace. The project represents a significant investment in the service. The training centre will be the first of its type in the county and will allow firefighters to train in a wide range of realistic scenarios.
30. The overall square meterage of operational property continues to improve, and we have already met this year's target as a result of the closure of one of the large corporate office hubs, Centenary House Durrington.

Responding to the Challenges Posed by Climate Change

31. West Sussex County Council has adopted the West Sussex Transport Plan (WSTP) 2022-2036. The key change made to the Plan following consultation on a draft in summer 2020, was the inclusion of a commitment to set a decarbonisation target. The Plan will guide the County Council's approach to the improvement and maintenance of the transport network to address key challenges, including transport emissions and impacts on climate change, road safety and rural isolation.
32. Recorded carbon emissions for the quarter totalled 5,107 tonnes, a 25% decrease against the 2019/20 baseline. A reduction in operational buildings, reduced demand from offices and maintenance works have all contributed to these savings, as have comparatively warmer temperatures reducing gas demand. Transport related emissions remain at less than 60% of pre-Covid levels, though this gap is closing as transport emissions trends are increasing.
33. The County Council-led Solar Together Sussex scheme to encourage residents to install domestic solar PV and battery systems reached 1,000 installations in June. This amounts to approximately 4MW of total installed generation capacity and a 1,000-tonne reduction in annual CO2 emissions compared to non-renewable generation. The scheme is on track to deliver a further 500 installations by the end of quarter two.
34. By the end of June, facilities for the deposit of hard plastic items were available at five of the eleven County Council Recycling Centres. This new waste stream, which includes garden furniture, children's toys, plant pots and plastic containers, will add c500 tonnes per annum to the recycling effort. Five further sites will be added in by September 2022.
35. The year-long '1-2-3 Collections Trial' in partnership with Arun District Council finished in May. The trial system which included food waste collection, effectively halved the amount of residual waste for disposal and demonstrated recycling levels that would exceed the Government's 2030 target.

Finance Summary

National Financial Overview and Potential Impacts

36. Global inflationary pressures have continued to intensify during the first quarter of 2022/23. The persistent increasing energy prices, which is also affecting the cost of general goods and services, is fuelling rises in inflation. This is alongside supply and demand pressures following the disruption caused by the conflict in Ukraine, but also the continued impact of the Covid-19 pandemic in China and other countries. These global events are directly attributable to the cost-of-living crisis which is increasing household expenses for families. These factors have also led to a deterioration in the outlook for UK growth.
37. The UK's unemployment rate continues to be at a low level, with the unemployment rate between February and April remaining at 3.8%. Experts predict that this will fall slightly further in the coming months as the supply within the labour market tightens adding further pressure to wage inflation. In West Sussex, the unemployment rate in June was 2.8%, slightly lower than the South East average of 2.9%.
38. The latest figures from the Office for National Statistics (ONS) on the Consumer Price Index (CPI) and Retail Price Index (RPI) are shown in **Table 2** below.

Table 2 – Inflation Table CPI and RPI

	April 2022	May 2022	June 2022
Consumer Price Index (CPI)	9.0%	9.1%	9.4%
Retail Price Index (RPI)	11.1%	11.7%	11.8%

39. The Bank of England's Monetary Policy Committee (MPC) sets its monetary policy to meet a 2% inflation target. Since the 30th June, the Committee has decided to raise interest rates from 1.25% to 1.75%, in a move which is intended to help curb inflation. The Bank has warned that the UK is expected to fall into recession in the final three months of the year and predicts that inflation will peak at 13.3% in October, the highest level since December 1980.
40. Looking at the financial landscape in 2022/23 and beyond, the impact of the increasing cost of goods and services remains a significant concern. With wage increases likely to be agreed at a higher than planned increase and the cost of services also continuing to rise, there is much financial uncertainty. Ongoing economic implications on services and the impact on the medium-term financial strategy and budget for 2023/24 and beyond, remains under review. However, there is uncertainty with regard to the continuing inflation rises, the effect this will have on the value of our service contracts and funding available to deliver essential services over the short-to-medium term.
41. There also remains significant uncertainty around Local Government funding from 2023/24 onwards. The Fair Funding Review and changes to the business rates

retention scheme, originally planned to be implemented from April 2020, has been postponed for a number of years and has, therefore, delayed the impact on local authorities' funding assumptions. It was assumed that Fair Funding would be implemented in 2023/24 but it now seems likely this will be further delayed. The previous Secretary of State for the Department for Levelling Up, Housing and Communities promised to give local authorities greater 'financial certainty' and had indicated a 'two-year financial settlement' would be introduced next year. It is expected that a consultation will follow the conclusion of leadership elections and our assumptions will be kept under review as more details emerge.



County Council Financial Overview

Financial Summary

42. The forecast outturn position for 2022/23, as at the end of June, is currently **projecting a net £7.554m overspend**. This overall position assumes that any in-year costs related to the Covid-19 pandemic will be fully funded from government grants received. Also, this position excludes the use of the general contingency budget which is held separately.
43. **Table 3** details the revenue outturn position by Portfolio.

Table 3 –Year End Outturn Position and Variation

PORTFOLIO	CURRENT NET BUDGET (£'000)	PROJECTED OUTTURN VARIATION (£'000)	VARIATION %
Adults Services	215,853	0	0.0%
Children & Young People	139,753	4,200	3.0%
Learning & Skills	28,810	1,109	3.8%
Community Support, Fire & Rescue	45,110	242	0.5%
Environment & Climate Change	62,078	500	0.8%
Finance & Property	25,131	-180	-0.7%
Highways & Transport	41,372	1,500	3.6%
Leader	2,892	0	0.0%
Public Health & Wellbeing	0	0	0.0%
Support Services & Economic Development	41,487	183	0.4%
Total	602,486	7,554	1.3%

Key:  and  - Reports the Q1 Projection

Inflation Pressures

44. Within the net revenue overspend position, there is £7.8m of service specific inflationary pressures, largely in relation to energy prices and contract inflation increases. **Table 4** details the specific items for closer review. Please note, some portfolios are not reporting an overall overspend projection because other mitigation opportunities have been identified to offset the pressure.

Table 4 – Projected Inflation Costs Over and Above Budgeted Assumption (Excluding Pay)

Estimated Additional Inflationary Pressures 2022/23 (Revenue)		Overspend Reported
Learning & Skills	Mainstream Home to School Transport – Inflation pressures on coach and public transport contracts.	£0.630m
Learning & Skills	SEND Home to School Transport – Increasing Alternative Provision transport costs.	£0.135m
Learning & Skills	Crawley Schools PFI – Inflation and unitary charge price rise.	£0.500m
Environment & Climate Change	Waste contracts- Inflation increases from 5% allocated in budget setting to 8.3%.	£1.826m
Environment & Climate Change	Corporate Utilities – Forecast energy price rise.	£1.700m
Environment & Climate Change	Solar Energy – Additional income generated from forecast energy price rise.	(£1.000m)
Highways & Transport	Street Lighting PFI - Forecast energy price rise.	£3.000m
Highways & Transport	Traffic Signals - Forecast energy price rise.	£0.300m
Highways & Transport	Highways Maintenance – Inflation price rise.	£0.600m
Highways & Transport	Countryside Services – Inflation price rise.	£0.100m
Total Additional Inflation Pressures Identified (Revenue)		£7.791m

Latest Staffing Pay Award Position

45. The 2022/23 budget included a pay award provision of 2.5% for 2021/22 and of 3% for 2022/23. The final 2021/22 NJC and HAY pay award, which was settled in February 2022, after the creation of the 2022/23 budget, was agreed at 1.75%. This has resulted in the remaining 0.75% from the 2021/22 staffing inflation provision being added to the 2022/23 allocation held in service budgets in anticipation of an in-year settlement.

46. On the 25th July 2022, the local government national employers announced their final pay offer for NJC staff, which included:
 - An increase of £1,925 on all NJC pay points,
 - An increase of 4.04% on all allowances
 - An increase of one day annual leave for all employees (with effect from 2023/24).
47. Reaction from the unions to this announcement has been mixed and it is not currently known whether this offer will be accepted.
48. In June 2022, fire and rescue employers offered firefighters and control staff a 2% pay award for 2022/23. The Fire Brigades Union (FBU) are recommending a rejection of the pay offer to its members. Other employer pay bodies, including Soulbury, are still considering their offers at this time.
49. A high-level calculation estimating the potential financial impact of the NJC employer proposal and assumed similar stance for other pay bodies has been undertaken. It is anticipated that a further £4.5m will be required in 2022/23, however the actual value will be dependent on the outcome of the current pay negotiations taking place and number of staff within each cohort.

Contingency Budget Overview

50. The County Council's Contingency Budget is reported within the Non-Portfolio Budget section of the accounts. For 2022/23, a **£9.156m Contingency Budget** is available to assist with unplanned in-year pressures, including £2.9m earmarked for inflation.
51. Following the increasing uncertainty with regard to inflation, a Decision was taken within the 2021/22 Outturn Performance and Resources Report (PRR) to create an **Inflation Contingency Reserve** using £4.969m of unspent 2021/22 Contingency funds.
52. **Table 5** details the total available contingency funds for 2022/23 alongside the current projected overspend position and the estimated additional funding which may be required for the 2022/23 staffing pay award.

Table 5 – Projected Impact of Contingency Budget – Impact of Projected Overspend and Pay Inflation

Contingency Budgets in 2022/23	Funding Available 2022/23
Contingency Budget 2022/23 (Including £2.9m earmarked for inflation)	£9.156m
Inflation Contingency Reserve	£4.969m
Total Contingency/ Inflation Funding Available	£14.125m
Less - Estimated funding required to cover proposed NJC offer (assumes inclusion of HAY) plus funding requirements for other pay bodies at 4%.	£4.500m
Subtotal – Remaining Contingency	£9.625m
Less – Current projected revenue outturn overspend – as at June 2022	£7.554m
Remaining Uncommitted Contingency Funding	£2.071m

Covid-19 Grant Overview

53. The costs of the Covid-19 pandemic to the County Council have been monitored separately from the portfolio budgets agreed by County Council. It is expected that all the costs of the pandemic incurred in 2022/23 will be funded from existing government grants.
54. **Table 6** details the remaining Covid-19 grants carried forward into 2022/23 and value of known commitments. The remaining grants are expected to be fully utilised in 2022/23. Details on planned expenditure are reported in each portfolio section.

Table 6 - Listing of Revenue Covid-19 Grants Transferred into 2022/23 and Current Known Commitments.

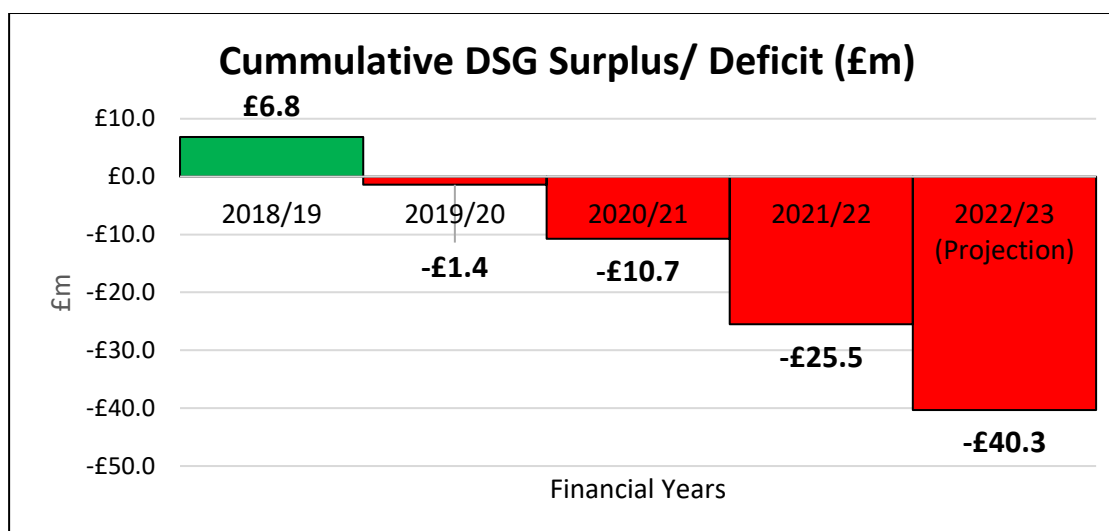
Covid-19 Grant	Details	Grant Carried Forward 2022/23 (£)	Current Known Commitments (£)
Local Authority Non-Ringfenced Grant	Non-Ringfenced Grant – Supporting pressures created by the pandemic	£12.976m	£5.005m
Local Council Tax Support	Non-Ringfenced Grant – To support the continuation of the local council tax hardship scheme	£3.000m	£3.000m
Contain Outbreak Management Fund	Ringfenced Grant – To help reduce the spread of coronavirus and support local public health.	£3.651m	£3.651m
Emergency Active Travel Fund	Ringfenced Grant – To protect and increase travel services.	£0.170m	£0.170m
Travel Demand Management	Ringfenced Grant – Support in developing travel demand management programme.	£0.021m	£0.021m
Total		£19.818m	£11.847m

Financial Outturn – Portfolio Risks

55. The individual portfolio sections within the report explain the key movements which have occurred during the year, however the main areas which have arisen within and across portfolios include:
- Increasing inflation price rises on energy, goods and services,
 - Continued increases in the cost of older people care packages,
 - The mix between internal and external placements for children,
 - The cost of children in need of secure or specialist placements,
 - The rising numbers of children requiring high needs education,
 - The non-delivery and delays of savings.
56. Although the **Adults Services Portfolio** is reporting a balanced budget, the challenge for 2022/23 is to deliver £15.8m of savings; of which £14.5m require action to enable delivery. Currently £7.0m of these savings are judged as 'at significant risk' and are not expected to be delivered in 2022/23; this pressure is being offset by other service opportunities. The remaining £7.5m is currently judged to be 'at risk' which will continue to be monitored during the year.
57. In addition, the **reforms to Adult Social Care** that are scheduled to take place in October 2023 expose the County Council to significant financial risks. In part, this is because of the additional expenditure that they will bring as a result of more residents engaging with the council for their social care needs. The other element is that there is a possibility that the formula which Government will use to allocate funding will target insufficient resources towards local authorities in relatively wealthier areas of the country, despite that these areas are likely to be where the cost impact of the reforms will be greatest. To help mitigate the financial risk, the County Council repurposed the Adult and Health Pressures and Recovery Reserve into the Adult Social Care Reform Risk Reserve. This means that funding of £5m is currently available to manage adverse financial implications, particularly in relation to the one-off spending which will be incurred in 2023/24 from the surge in activity that is expected as self-funders approach the County Council for an assessment so that they may benefit from the reforms.
58. The **Children and Young People Portfolio** is projecting a £4.2m overspend. This largely due to the mix of placement types, with more external placements, which are more costly, being required than internal provision. The external residential placement proportion is being exacerbated by the difficulties in recruiting sufficient staff within the County Council's in-house residential services. There have also been a small number of unique high-cost care and support arrangements which are adding financial pressure within the service.
59. Also, it had been expected that the in-year implementation and service funding for the phase two Family Safeguarding model would be supported by £1.9m of transformation funding from the Department for Education (DfE). Disappointingly, the DfE have informed the County Council that they have not awarded the grant required, therefore the cost will fall within the Children and Young People Portfolio.

60. The pressure on the **Dedicated Schools Grant** (DSG) High Needs block has grown since the implementation of the Children and Families Act 2014 which has resulted in increased requests for:
- Education Health and Care Needs Assessments,
 - Pre-16 specialist placements,
 - Post 16 High Needs placements in special schools, colleges and Independent Specialist Providers,
 - Personal budgets and exceptional needs expenditure to meet very complex needs.
61. The Dedicated Schools Grant (DSG) Reserve is currently reporting a £25.5m deficit, with a further £14.8m projected overspend in 2022/23 currently forecast. This will increase the DSG overspending position to £40.3m by the end of the financial year.
62. In March 2023, the DSG statutory override, which has required local authorities to separate DSG deficits from local authority reserves, will cease. Whilst we await clarify on the future accounting treatment, it is likely that it will result in the DSG deficit being included within the County Council’s reserves total from 2023/24, reducing the overall reserves balance.
63. **Graph 1** shows the cumulative DSG surplus and deficit which has amounted over the last five year. Further details are reported in **Section 3** – Learning and Skills Portfolio.

Graph 1 - Five Year DSG Reserve Balance (Included 2022/23 Estimate).



Revenue Grant Update

64. Since the creation of the 2022/23 Budget, agreed by County Council in February 2022, a number of new grants have been awarded or known grant allocations have been confirmed at higher values than initially expected. **Table 7** provides details these grants; which have been added to the relevant portfolio budget.

Table 7 - Listing of Revenue Grants Which Have Been Awarded Since Creation of 2022/23 Budget

Portfolio	Grant	Value (£)	Narrative
Adults Services	Adult Social Care Charging Reform: Implementation Support Funding	£98,649	To contribute towards the cost of the required preparations for the Social care Charging Reform.
Children and Young People	Youth Justice Grant	£115,800	There has been an uplift to the Youth Justice Core Grant and Ring-Fenced Funding for Early Intervention. The total grant award for 2022/23 is £678,400.
Children and Young People	Supporting Families Grant	£154,000	Previously known as the Troubled Families Programme, this funding is used to provide help to vulnerable families with multiple and complex problems to prevent them from escalating into crises. The total core grant award for 2022/23 is £1,344,000.
Children and Young People	Reducing Parental Conflict Grant	£9,300	The funding is to enable councils to train frontline staff who regularly come into contact with families facing conflict. The total grant award for 2022/23 is £84,100.
Children and Young People	Staying Put Grant	£13,100	Funding to support young people to continue to live with their former foster carers once they turn 18. The total grant award for 2022/23 is £371,800.
Children and Young People	Rough Sleeping Grant	£21,400	Funding to provide intensive support to care leavers at highest risk of homelessness/ rough sleeping. The total grant award for 2022/23 is £21,400.
Children and Young People	Social Work Teaching Partnership Programme Funding	£73,704	Funding to support social worker training. The total grant award for 2022/23 is £73,704.
Learning and Skills	Extended Rights for Home to School Travel Grant	£106,600	Increase in grant award from £635,000 included within 2022/23 Budget to £741,600 in 2022/23.
Community Support, Fire and Rescue	Fire and Rescue – Protection Grant	£160,793	To drive improvement in the capability and capacity to deliver the protection function to support a safer built environment.
Community Support, Fire and Rescue	Fire and Rescue – Fire Pensions Grant	£55,710	Funding received to contribute towards costs associated with the additional administration work in reviewing pension records (McCloud). Grant to be held within the Statutory Duties Reserve.

Portfolio	Grant	Value (£)	Narrative
Community Support, Fire and Rescue	Community Support - Household Support Fund – (April – September 2022)	£4,870,362	To provide support directly to households who would otherwise struggle to buy food or pay essential utility bills or meet other essential living costs or housing costs.
Community Support, Fire and Rescue	Community Support - Homes for Ukraine Tariff Grant- (Q1 March 2022 – May 2022)	£13,030,500	To enable local authorities to deliver their requirements in supporting Ukrainian nationals arriving under the Homes for Ukraine Scheme. (Individual based tariff).
Community Support, Fire and Rescue	Community Support - Hong Kong Welcoming Programme Grant - (Regional Partnership Funding)	£107,692	Enabling funds for local authorities welcoming Hong Kong British nationals.
Community Support, Fire and Rescue	Community Support - Afghan Bridging Hotel Funding - (Current Claim)	£1,018,200	Funds to deliver wrap around support for local authorities delivering bridging accommodation. (Individual based tariff).
Community Support, Fire and Rescue	Community Support - Afghan Relocation and Assistance Scheme	£44,241	To enable local authorities to support Afghan nationals resettling. (Individual based tariff).
Community Support, Fire and Rescue	Community Support - Syrian Refugee Grant	£10,899	To enable local authorities to support Syrian nationals resettling. (Individual based tariff).
Highways and Transport	Local Transport Fund Grant	£463,645	This is a successor grant to the Bus Recovery and Light Rail and Tram Recovery Grant and is to be spent in accordance with set conditions.
Public Health and Wellbeing	Public Health Grant	£990,000	The 2022/23 allocation has been uplifted by 2.7%.

Savings Update

65. The 2022/23 savings target across all portfolios is £11.0m. In addition to these planned savings, there remains £12.4m of 2020/21 and 2021/22 savings which were not delivered on an on-going basis; largely due to the Covid-19 pandemic. Therefore, the **overall savings to be achieved in 2022/23 totals £23.4m.**
66. To ensure that all savings are monitored with the same robustness and urgency, **Table 7** has amalgamated all the savings which need to be delivered; including a number of savings within the Adults Services Portfolio which have been re-cast to reflect revised saving plans. These amended plans have been created and

supported by an external service provider, and have been developed for each individual workstream, however delivery of savings to date has been limited.

67. Of the total £23.4m savings:

- £4.9m (21%) is currently judged as on track and has either been delivered as originally envisaged or the saving has been achieved via a different mechanism,
- £11.1m (47%) is judged as amber where further work is required to ensure the saving can be achieved, and
- £7.4m (32%) is judged as red with no expectation of delivery in year. Red savings are reflected within the forecast outturn position.

68. The savings area of highest concern relates to Adult Services where £7.0m of savings are no longer expected to be achieved in year and a further £7.5m are judged as 'at risk' due to setbacks in the ability to instigate saving plans to deliver a full year effect.

69. **Table 8** summarises the savings position by Portfolio. Details of each saving is included in the separate portfolio sections.

Table 8 – Savings by Portfolio

	RED	AMBER	GREEN	BLUE	
Total Savings 2022/23	Significant Risk Not Delivered (£000)	At Risk (£000)	On Track Delivery In Year (£000)	Delivered On an On-Going Basis (£000)	Total (£000)
Adults Services	7,000	7,500	448	890	15,838
Children & Young People	0	2,600	300	300	3,200
Learning & Skills	187	0	188	525	900
Community Support, Fire & rescue	0	70	0	0	70
Environment & Climate Change	0	20	1,600	0	1,620
Finance & Property	0	150	0	0	150
Highways & Transport	0	376	0	0	376
Leader	0	0	0	0	0
Public Health & Wellbeing	0	0	0	0	0
Support Services & Economic Development	200	400	100	338	1,038
Non-Portfolio	0	0	250	0	250
TOTAL	7,387	11,116	2,886	2,053	23,442

Savings Key:

R Significant Risk **A** At Risk **G** On Track **B** Delivered

Reserves Position

70. The County Council's Useable Reserve balance as at 31st March 2022 was £277.4m. The County Council is and will continue face many challenges which includes areas of funding, social care reforms and transforming services. To reflect these, it is proposed that £31.1m of funding currently held in the Budget Management Reserve is re-allocated to other specific reserves as detailed in the table below.

Table 9 – Proposed Reserve Table

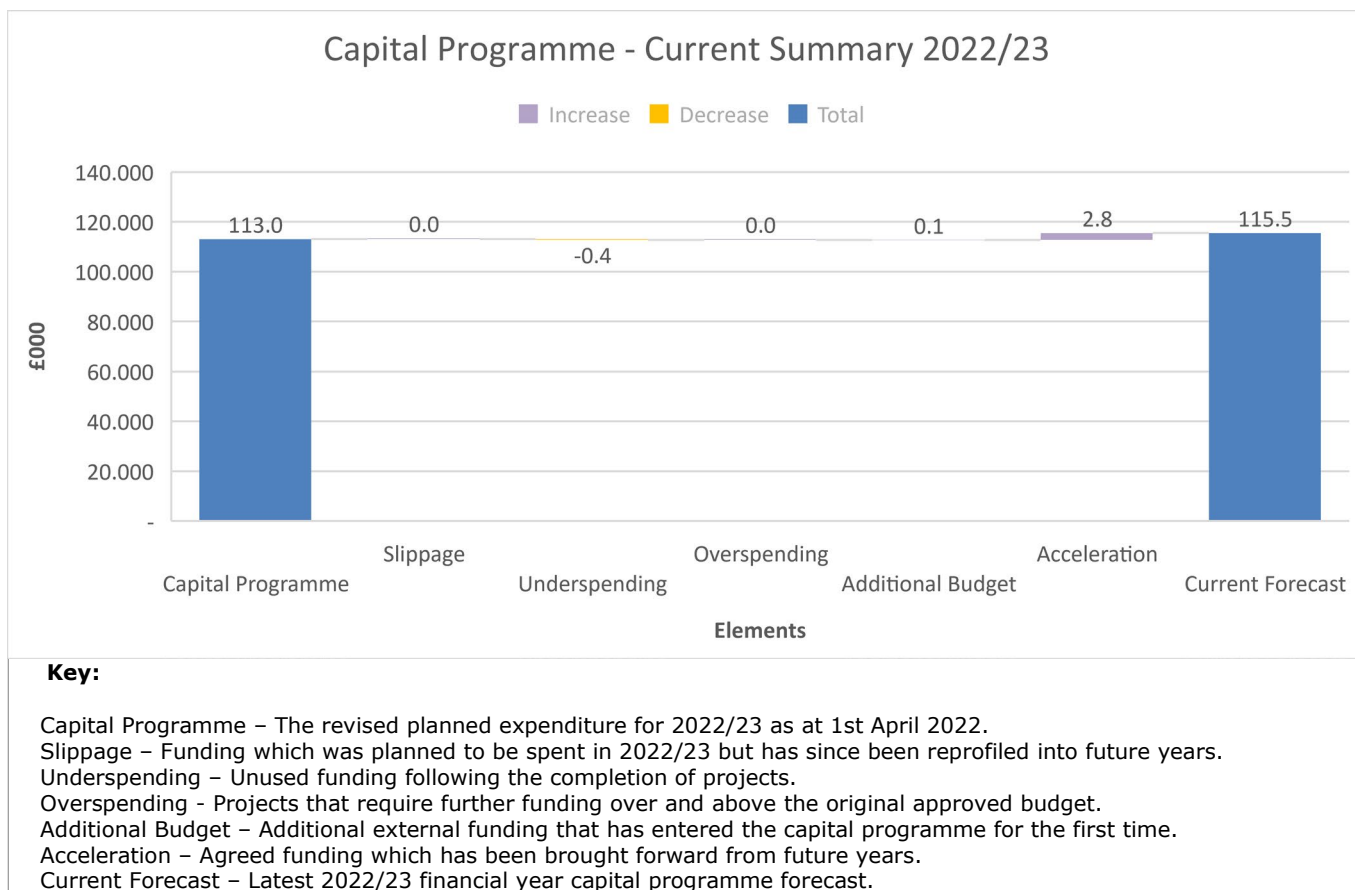
Reserve	Reason of Transaction	Value (£m)
Budget Management Reserve	Transfer funding to other specific reserves.	(£31.1m)
Adult Social Care Reform Risk Reserve	Increase reserve balance to assist anticipated future financial pressures.	£15.0m
Business Rates Appeals and Collection Fund Smoothing Reserve	Increase reserve balance to protect against shortfalls in council tax and business rate income.	£10.0m
Insurance Reserve	Increase reserve balance following a review of funding required in future years.	£5.0m
Service Transformation	Increase reserve balance to enable funding for future transformation schemes.	£1.1m
Total		£0

71. These proposals are included within the **Appendix 1** Reserves Monitor.

Capital Programme Summary

72. The capital programme; as approved by County Council in February 2022, agreed a programme totalling £120.3m for 2022/23. £7.3m of this expenditure, originally profiled to spend in 2022/23, was accelerated into 2021/22, revising the capital programme to £113.0m.
73. Since this time, profiled spend has increased overall by £2.5m, to give a forecast spend for 2022/23 of £115.5m. **Graph 2** demonstrates movements from the revised capital programme to the current forecast.

Graph 2 – Capital Programme



Capital Programme Inflation Risk

74. Inflationary pressures are also impacting on the Capital Programme; however, the impact varies by project and is dependent on the stage of each scheme and the type of material required.
75. The Department of Business, Energy and Industrial Strategy (BEIS) publish monthly statistics on the cost of key areas of business, including the cost of building materials and components. The BEIS reported material price index for 'All Work' increased by 26.4% in June 2022, compared to the same month the previous year.
76. Some in-flight projects have contingency or inflation provision built-in to their agreed funding allocation. Also, block maintenance and annual works programmes could be managed through delivering less schemes in the short-term, but this is likely to compound the problem in future years and would require funding at a later date.
77. Any projects which require additional funding to cover inflation will continue to go through the County Council's set governance procedure which ensures all aspects are assessed on a case-by-case basis. The Capital Programme contains a £7m inflation budget, earmarked to specifically support inflation pressures.

78. The impact of inflation on the capital programme will be considered during the budget process for 2023/24.
79. The Capital Programme Budget Monitor, as at June 2022, is presented in **Appendix 3**.

Capital Programme – Grants Update

80. Since the approval of the Capital Programme in February 2022, a number of grants have been awarded. **Table 10** details the value of these grants which will be available for future projects. The use of these grants will be included in the updated five-year Capital Programme when it is refreshed and considered by County Council in February.

Table 10 - Listing of Capital Grants Which Have Been Awarded Since Creation of 2022/23 Budget

Portfolio	Grant/ Contribution	Value (£)	Narrative
Learning and Skills	High Needs Capital Funding (2022/23 & 2023/24)	£21.050m	Funding will be added to the SEND Programme, with the planned £20m borrowing in the 2022/23 Capital Programme returned to the Capital Improvements budget.
Learning and Skills	Basic Need Funding (2023/24 & 2024/25)	£21.962m	Grant to be added to the existing capital allocation and included in future Capital Programme.
Learning and Skills	Schools Condition Allocation (Schools Capital Maintenance)	£1.159m	Confirmed funding of £8.789m. Assumed £7.630m allocation in February Capital Programme. Additional grant allocation to be added to the existing capital allocation and included in future Capital Programme.
Highways and Transport	Department for Transport – A284 Lyminster Bypass	£11.792m	Additional funding has been secured from the Department for Transport. Funds will be added to the scheme once governance has been completed.

Corporate Risks

81. The County Council’s risks are reviewed regularly to ensure risks are understood and appropriate mitigation takes place. Risks are scored considering the likelihood and impact.
82. During the quarter, the Corporate Risk Register has been updated with four changes which are described in **Table 11**.

Table 11 – Changes to the Corporate Risk Register When Compared to Previous Quarter Report

Risk Number	Risk	Action	Reason	Current Score
CR11	As a result of skill shortages across various sectors, and less attractive employment offers in comparison to other organisations and locations (amplified by the current cost of living situation), there is a risk that we will not be able to recruit and retain sufficient numbers of skilled staff to manage and deliver quality services.	Risk severity increased	To reflect current situation across services with recruitment and retention of staff	25
CR22	The financial sustainability of council services is at risk due to uncertain funding from central government, level of inflation impacting on service delivery, and/or failure to make the required decisions to ensure the budget is balanced. This has been compounded further with the Covid-19 crisis.	Risk severity increased	To reflect uncertainty over Dedicated Schools Grant (DSG) funding and impact of Care Act reforms Risk increased from 12 to 20	20
CR68	The government have relaxed Covid-19 restrictions, however there are still requirements for Local Authorities to support the management of the Covid-19 pandemic. If there is a resurgence in Covid-19 infections and local (county or district) responsibilities are prolonged or additional measures imposed, there is a risk services will fail to deliver existing work plans due to staff responding to the impact of the pandemic, or staff shortages due to sickness.	Risk severity reduced and tolerated	Specific Covid-19 activity/ response has reduced significantly. Risk reduced from 15 to 10	10
CR70	There is an increasing demand placed on the senior officers due to the ongoing threat of Covid-19 and additional burdens due to devolved responsibilities. This may lead to a continued lack of capacity to deal with strategic/ organisational issues , leading to poor decision making.	Risk severity reduced and tolerated	Specific Covid-19 activity/ response has reduced significantly. Risk reduced from 12 to 8	8
CR74	The overdue re-procurement of care and support at home services has been further postponed, meaning the contractual arrangements are non-compliant , inefficient to manage, difficult to enforce and present a risk of challenge and CQC criticism. The delay is to enable more time for the market to stabilise, to complete service reviews and to allow imminent legislative changes to take effect.	New risk		15

83. There are four corporate risks with severity above the tolerance threshold reported in **Table 12**:

Table 12 – Corporate Risks with Severity Above Tolerance Threshold

Risk Number	Risk	Score - Previous Quarter	Score
CR11	Recruitment and Retention	12	25
CR39a	Cyber-security	25	25
CR58	Failure of Social Care Provisions	25	25
CR22	Financial Sustainability	12	20

84. The latest Corporate Risk Register can be found in **Appendix 4**.

Workforce

85. The Workforce Key Performance Indicators, detailed in **Appendix 5**, report that of the 11 KPIs with a RAG status indicator, nine are green and two are amber.
86. The amber measures relate to a continuing high-level of sickness recorded on the rolling 12-month average calendar days lost to sickness and lower than targeted employee declaration rate.

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

Appendix 1: Revenue Budget Monitor and Reserves
Appendix 2: Service Transformation and Flexible Use of Capital Receipts Summary
Appendix 3: Capital Monitor
Appendix 4: Corporate Risk Register Summary
Appendix 5: Workforce