

Performance and Resources Report – September 2022

The County Council's business performance, financial performance (revenue and capital), savings delivery, workforce and risk are monitored through the Quarterly Performance and Resources Report produced 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 2022/23 (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 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. Following the death of her Majesty Queen Elizabeth II on the 8th September, the Government announced a period of ten days National Mourning. Public services continued as usual during this time, however an additional Bank Holiday on the 19th September was declared for the State Funeral. The Proclamation of the Accession of King Charles III was made on the steps of County Hall on the 11th September.
3. Liz Truss became the Leader of the Conservative Party and Prime Minister in September, resigning in October. It is unclear yet how significantly the changes in Prime Minister and government will impact on central government's priorities and funding. Early announcements have included funding in response to energy price increases for consumers, public sector organisations as well as schools and a £500 million Adult Social Care Discharge Fund. The proposed reversal of the National Insurance rise has been confirmed. The government had announced it will be working with local government to deliver the 'cap and means test' reforms by October 2023, that the NI raise was due to fund, but more recent indications are that a delay maybe being considered. The then Chancellor delivered a "mini budget" on 23 September setting out the government's plans for growth and announced a number of changes to tax rates, many of which have subsequently been reversed by his successor. A further financial statement is anticipated on 31 October which will set out details of the government's Medium Term Financial Plans, where tax rises and slowing of public spending is expected to be announced.
4. The government launched a review of Net Zero, chaired by Chris Skidmore MP which is focusing on ensuring that delivering the 2050 target does not unduly impact on businesses, consumers or economic growth; the report is due by the end of 2022. It remains to be seen if this review will continue under the new Prime Minister.

5. The Levelling Up White Paper announced earlier in 2022 set expectations about a move towards County Deals for most counties by 2030, as well as signalling a range of challenges for our county as government focus and funding is deliberately shifted away from the South East. Two of the first wave of County Deals have been agreed (in York and North Yorkshire and Nottinghamshire and Derbyshire) and others are understood to be close to agreement. It remains to be seen how evolving national political and public finance changes will impact on the levelling up agenda. The September Growth Plan, initiated a new Investment Zones programme for which West Sussex County Council, working with District and Borough Council partners and MPs, submitted three expressions of interest relating to Burgess Hill Town Centre, Burgess Hill Science and Technology Park and Shoreham Port.
6. Global inflationary pressures have persisted during the quarter. The unrelenting increasing energy prices, which is also affecting the cost of general goods and services, is fuelling rises in inflation; although there has been some small relief in petrol and diesel prices, which remain volatile. This is alongside the continuing supply and demand pressures caused by the conflict in Ukraine and continued impact of the Covid-19 pandemic around the world. These global events are contributing to rising cost-of-living pressures which is increasing household expenses for families and the deterioration in the outlook for UK growth. The Government's Energy Price Guarantee for households, businesses and public services was announced in response to this, together with a further round of the Household Support Fund for October 2022 to March 2023, in addition to the previously announced Cost of Living payments for people in receipt of certain benefits and additional £300 Winter Fuel Payment for pensioners.
7. The first quarterly estimate in UK gross domestic product (GDP) by the Office for National Statistics, shows an estimated rise of 0.2% between April – June 2022, upwardly revised from a first estimated 0.1% fall. However, the GDP is estimated to have fallen by 0.3% in August after growth of 0.1% in July.
8. The UK's unemployment rate for June to August, decreased to 3.5%, the lowest unemployment rate since 1974. In West Sussex, the unemployment rate in August remained 2.8%, the same as the South East average.
9. The Bank of England's Monetary Policy Committee (MPC) sets its monetary policy to meet a 2% inflation target. The Committee has raised interest rates from 1.25% in June to 1.75% in August and 2.25% in September to help curb inflation. The Bank has warned that consumer spending is likely to have peaked this quarter and that there have been some early indications that the demand for labour is weakening.
10. The latest figures from the Office for National Statistics (ONS) on the Consumer Price Index (CPI) and Retail Price Index (RPI) shows that the level of inflation has remained static during the quarter with CPI and RPI rates around 10% and 12% respectively. The monthly rates are reported in **Table 1** below.

Table 1 – Inflation Table - CPI and RPI Rates

	April 2022	May 2022	June 2022	July 2022	Aug 2022	Sept 2022
Consumer Price Index (CPI)	9.0%	9.1%	9.4%	10.1%	9.9%	10.1%
Retail Price Index (RPI)	11.1%	11.7%	11.8%	12.3%	12.3%	12.6%

11. Inflation places significant pressure on the County Council’s finances, as well as on residents, businesses and the local economy as money does not go as far as costs rise. The County Council continues to focus spend on those areas that contribute to the delivery of the County Council’s priority outcomes as set out in the Council Plan.
12. Growing recruitment and retention challenges over recent years are expected to continue and may be further exacerbated by the wider job market conditions. Particular areas of pressure include social workers, care workers and occupational therapists; planners, property, transport and development experts; and lawyers. Cost of living pressures and the tighter job market means that there is significant competition in roles across services, which is having an impact on our ability to recruit and retain staff, and we expect this will only get more challenging in the short to medium term.

Performance Summary - Our Council Plan

13. This section reports the latest performance position against Our Council Plan measures. **Table 2** 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 2 – 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	0	2	0
	A	1	0	3	0
	G	2	0	0	0
Children and Young People	R	1	0	0	0
	A	3	0	0	0
	G	1	0	0	0
Learning and Skills	R	0	0	0	0
	A	0	0	3	0
	G	0	1	3	0
Community Support, Fire and Rescue	R	0	0	1	0
	A	1	0	0	0
	G	2	0	4	0
Environment and Climate Change	R	0	0	0	0
	A	0	1	0	0
	G	0	1	0	0

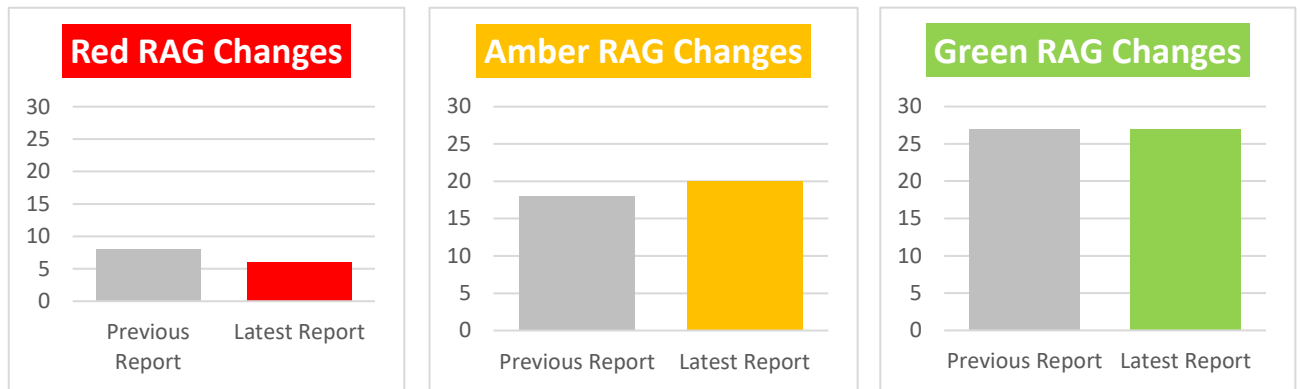
Portfolio / Priority	RAG Status	Keeping People Safe from Vulnerable Situations	A Sustainable and Prosperous Economy	Helping People and Communities to Fulfil Their Potential	Making the Best Use of Resources
Finance and Property	R	0	0	0	1
	A	0	1	0	0
	G	0	0	0	2
Highways and Transport	R	0	0	0	0
	A	0	1	1	0
	G	0	2	0	0
Leader	R	0	0	0	0
	A	0	0	0	0
	G	0	3	0	0
Public Health and Wellbeing	R	0	0	0	0
	A	0	0	3	0
	G	3	0	0	0
Support Services and Economic Development	R	0	0	0	0
	A	0	0	0	2
	G	0	0	0	3

Key:

Cells highlighted in blue indicate the KPIs which include a **Climate Change (CC)** measure. Overall, there are three Climate Change measures.

14. **Table 3** and **Graph 1** below provides a comparison of the latest RAG status on the 53 measures with the previous reporting period.

Table 3 – Performance Comparison With Previous Reporting Period



Graph 1 – Performance Comparison With Previous Reporting Period



15. The quarter two performance position reports the following:
- 51% (27 of 53) - met target (Green). The same number of measures as the previous quarter.
 - 38% (20 of 53) - close to meeting their target (Amber). A net increase of two measures from the previous quarter
 - 11% (6 of 53) – target not met (Red). A net decrease by two measure from the previous quarter.

Performance Summary by Priority

16. During this period, the key focus has been on the ongoing global energy crisis, cost of living and inflation which is impacting operations across the council. The County Council has no additional resources to address the impact and is anticipating additional cost and demand pressures in many services. The County Council with focus on partnership working continues to help those most in need to access the range of support that is available.

Keeping People Safe from Vulnerable Situations

17. The Ofsted Monitoring visit in September 2022 confirmed that the Children First Transformation Programme remains on track and is continuing to improve our services to children and families, and thereby their outcomes.
18. The implementation of the second phase of the Family Safeguarding model, introducing dedicated adult services workers, is continuing following the stabilisation of the service after the phase one implementation earlier in the year. Phase two of the Fostercare Service redesign is also progressing. Alongside these projects, we are continuing to progress our Practice Improvement Plan, with quality assurance activity and performance reporting helping us to understand where there are issues and implement improvement activity immediately, ensuring we continue to make progress as we prepare for a full inspection in early 2023.
19. It continues to be a period of high demand within the areas of Early Help and Children's Social Care; therefore, the service has undertaken a range of recruitment and retention activities, which have included the successful recruitment of 36 qualified social workers from South Africa who will join the organisation in early 2023.
20. Teams across the council continue to work together to respond to the 'Homes for Ukraine' scheme and the Community Hub continues working closely with internal teams, partners and District and Borough Councils distributing the Household Support Fund, as well as providing information and signposting to wider sources of support for people impacted by the cost-of-living pressures.
21. As a response to cost-of-living pressures, it was announced that the Household Support Fund would be extended and will provide support between 1st October 2022 – 31st March 2023. The County Council has been allocated £4.8m, the same funding allocation as previous rounds to distribute across the county. This funding

will enable the County Council to continue to provide £15 per week supermarket vouchers during the holidays for children eligible for term-time free school meals. Household Support Funds will also be available through a range of different distribution methods including via the County Council's Community Hub, District and Borough Councils and also other partnership organisations including Citizens Advice and Food and Fuel Banks.

22. In July, a report by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Service (HMICFRS) following the inspection of our Fire and Rescue Service in November 2021 was published. It highlighted marked improvement in the service, though noted more work to do. This independent and externally validated progress supports, the now embedded, working arrangements to manage service performance and effectiveness. The report provides evidence that we have completed the Fire and Rescue Service Improvement Programme but will be taking forward follow-up actions from the inspection as part of our regular management of performance and continuous improvement.
23. During the period of high temperatures in the summer, firefighters dealt with a number of wildfire outbreaks, attending 32 grassland fires since July. A third of those incidents took place between 1st August and 9th August.

A Sustainable and Prosperous Economy

24. Work continues to help boost our economy including projects underway for the provision of freely accessible outdoor public Wi-Fi at six popular visitor areas in West Sussex. They will provide Wi-Fi for visitors, businesses, event traders and live streaming events.
25. Development continues on our infrastructure including the successful completion of the £9.0m Eastern Gateway scheme which has improved links between Crawley town and key nearby development sites. Construction of a 2km-long shared cycleway/ walkway route, connecting Findon Valley with the South Downs National Park gateway of Findon Village, started in August to provide a link for those wanting to opt for a more active way of travelling and links with an existing cycleway south of the Findon Valley shops, towards the A27 and a signed route into Worthing town centre.
26. A key focus of the Council's Economy Plan is working with Districts and Boroughs to initiate various programmes to support businesses and enterprises. Initiatives include:
 - The Track -a creative digital hub in Bognor Regis that supports the start-up and growth of creative digital businesses;
 - Experience West Sussex partnership (EWS) – supporting tourism and the visitor economy;
 - The Business Hot House - a University of Chichester led EU funded programme of support to pre-start and growing businesses in Coast to Capital area;
 - RISE (Research and Innovation in Sussex Excellence) – helping to accelerate business innovation and investment in research and development; and
 - LoCASE (Low Carbon Across the South and East) - helps green businesses and advances energy efficiency across sectors.

Despite the continuing economic challenges, these initiatives are progressing well and their programmes are on track.

Helping People and Communities Fulfil Their Potential

27. Work continues to ensure that all children are able to access 'Good' or 'Outstanding' provision in schools through tackling weaknesses and support schools to improve. This has led to over 90% of West Sussex children and young people attending 'Good' or 'Outstanding' provision which is the highest seen in West Sussex over a long period. A key focus of activity is on implementing a new Education and Learning Strategy which continues to have SEND and Inclusion at the core. This involves continuing to ensure that the County has sufficient high-quality provision to meet children's needs in mainstream schools and also creating additional specialist provision to cover increasing demand.
28. Following Covid-19, West Sussex has seen a surge in requests for Education, Health and Care Needs Assessments (EHCNAs). The number of new requests for Plans has grown considerably (+16.5%) compared to the previous academic year and there has been a 32.5% increase in the number of plans agreed. Whilst this has challenged the process of completing Education, Health and Care Plans (EHCPs) within the twenty-week deadline, work is being undertaken to manage this process, reduce the timelines and also to signpost schools, early years providers and parents to ordinarily available inclusive practice where needs of children can be met without the need for an EHCP.

Making the Best Use of Resources

29. The County Council's ten-year contract with Capita for internal support services ended on 30th September 2022, with Accounts Payable, Business Services Administration, Operational Procurement, Online Service Delivery and the Customer Service function moving to the Council. The induction of over 300 staff is well underway with a focus on maintaining service continuity.
30. Following the period of prolonged hot dry weather over the summer, staff from the County Council's grass cutting contractor were redeployed to other highway-related tasks, including clearing vegetation from signs and tending 450-plus young trees, which had become stressed in the extreme heat and would otherwise be at very high risk of not surviving these exceptionally dry conditions.
31. Work to implement the new SmartCore enterprise business information management system has continued through the summer. The system is due to go live in April 2023 for all computer-users across the Council. Once launched, SmartCore will replace the current SAP system and deliver a wide range of benefits across all departments, helping to transform the Council's business processes and operations and providing long-term benefits for the future.
32. The Smarter Working Programme is continuing to develop tools, guidance and support for our teams to enable them to operate in the most effective location that prioritises services whilst providing flexibility for staff. This flexibility will also increase our attractiveness as an employer and our retention of staff. In parallel we have enlisted a partner to redesign the floor layout at County Hall, building on

the success of the Bridge House interior refit and industry best practice to provide a space that meets the needs of our staff and provides an inspiring workspace. The revised floor layout will allow the Council to move staff from our Northleigh and The Grange buildings, allowing us to mothball both buildings. This is on course to be completed by the end of 2023.

Responding to the Challenges Posed by Climate Change

33. The County Council's bid to the Government's Low Carbon Skills Fund (Phase 3) for a further £277,000 to deliver 40 Heat Decarbonisation Plans has been successful. The new Heat Decarbonisation Plans will cover more of the county's schools and corporate sites and add to the 50 already completed following a successful bid into an earlier round of Government funding. The plans, which will be completed by March 2023, will show where heating systems powered by fossil fuels could be replaced by low carbon alternatives, complementing improvements to the energy efficiency of the buildings.
34. The Energy Services Team have provided advice and guidance to schools and academies across the county regarding how to mitigate and manage the high energy prices being offered in the gas and electricity markets. The team have supported some schools to join the council's buying basket administered by the LASER Energy Buying Group (Kent County Council's Commercial Services). For one school, this has reduced their expected annual cost of energy by approximately £88,000.

Finance Summary

35. The forecast outturn position for 2022/23, as at the end of September, is currently **projecting a net £9.490m overspend**, an increase of £1.936m when compared to June. 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.
36. **Table 4** details the revenue outturn position by Portfolio.

Table 4 –Year End Outturn Position and Variation

PORTFOLIO	CURRENT NET BUDGET (£'000)	PROJECTED OUTTURN VARIATION (£'000)	VARIATION %	MOVEMENT SINCE Q1 (£'000)
Adults Services	215,868	0	0.0%	0
Children & Young People	139,450	9,070	6.5%	4,870
Learning & Skills	28,664	1,271	4.4%	162
Community Support, Fire & Rescue	45,143	36	0.1%	(206)
Environment & Climate Change	61,948	-2,100	-3.4%	(2,600)
Finance & Property	25,156	-150	-0.6%	30
Highways & Transport	41,460	1,100	2.7%	(400)
Leader	2,892	-88	-3.0%	(88)
Public Health & Wellbeing	0	0	0.0%	0
Support Services & Economic Development	41,418	271	0.7%	88
Non Portfolio	46,022	80	0.0%	80
Total	648,021	9,490	1.5%	1,936

Key:
■ and ■ - Provides a view of the Q1 projection
■ and ■ - Reports the Q2 projection

Inflationary Pressures and Staffing Pay Award

37. Within the net revenue overspend position, there is a net £7.0m of identified service specific inflationary pressures, largely in relation to energy prices and contract inflation increases.
38. The annual inflationary increase for in-house foster care, special guardianship and adoption allowances, have historically been allocated at the same value as NJC staffing pay awards. Although the NJC pay award is not formally resolved for 2022/23, the employer has offered an uplift rate of £1,925, which would equate to 6.4% increase for an average annual fostering allowance. Within the Children's and Young Peoples portfolio, there is currently an inflation provision available of 3.75% for these allowances. If it is decided that a link to the NJC pay award should be maintained in 2022/23 and the £1,925 NJC pay award is agreed; this would equate to an additional £0.3m in-year pressure on allowances.
39. **Table 5** 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 5 – Projected Inflation Costs Over and Above Budgeted Assumption (Excluding Pay)

Estimated Additional Inflationary Pressures 2022/23 (Revenue)		Overspend Reported
Various Portfolios	Previously reported inflation - Q1 Performance and Resources Report	£7.791m
Children and Young People	Potential net inflation increase above the set 2022/23 budget for Fostercare Rates and Adoption, Residence and Special Guardianship Allowances – Projection based on proposed NJC increase (equates to 6.4%)	£0.300m
Environment and Climate Change	Solar Energy – Forecast additional income generated from forecast energy price rise	(£1.600m)
Environment and Climate Change	Corporate Utilities – Forecast energy price rise	£0.300m
Learning and Skills	SEND Home to School Transport – Inflation pressure on running costs	£0.100m
Highways and Transport	In-House Transport – Inflation pressure on running costs	£0.100m
Total Additional Inflation Pressures Identified (Revenue)		£6.991m

40. At this time, we are awaiting the outcome of recent union member ballots following the local government national employers final pay offer announcement for NJC staff. Also, other national unions, including the Fire Brigade Union and the National Education Union are currently negotiating pay and conditions with the government.
41. Following the government’s confirmation on the 17th October that the 1.25% NI reduction will continue to take place; it is estimated that this will result in an in-year saving of £0.580m. Due to the uncertainties around the in-year pay award settlements, it is proposed that this NI underspend is added to the initial 2022/23 pay award funding estimate of £4.5m, therefore the funding earmarked to cover staffing pay awards in 2022/23 is £5.1m. The actual value required will be dependent on the outcome of the current pay negotiations taking place and number of staff within each cohort.

Contingency Budget Overview

42. 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.
43. Following the increasing uncertainty with regard to inflation, a Decision was taken within the 2021/22 Outturn Performance and Resources Report to create an **Inflation Contingency Reserve** using £4.969m of unspent 2021/22 Contingency funds.

44. **Table 6** 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 6 – Projected Impact of Contingency

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%. A further £0.580m of NI savings are also available towards the required funding for staff pay awards	£4.500m
Subtotal – Remaining Contingency	£9.625m
Less – Current projected revenue outturn overspend – as at September 2022	£9.490m
Remaining Uncommitted Contingency Funding	£0.135m

Covid-19 Grant Overview

45. The cost of the Covid-19 pandemic to the County Council continues to be 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.
46. **Table 7** details the remaining Covid-19 grants carried forward into 2022/23 and includes the value of known commitments. The majority of the remaining grants are expected to be fully utilised in 2022/23. Details on planned expenditure are reported in each portfolio section.

Table 7 - 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	£5.073m
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	£11.915m

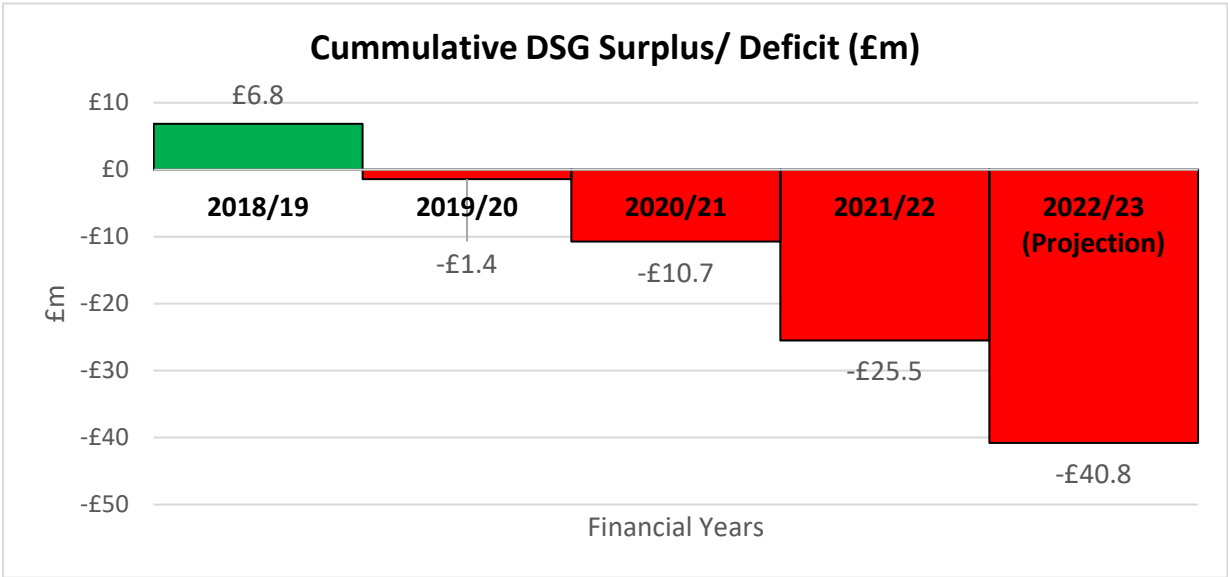
Financial Outturn – Portfolio Risks

47. 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,
 - Increases in the cost of adult lifelong services provision,
 - 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.
48. Taken at face value, the **Adults Services Portfolio** budget continues to appear stable. Within the Older People service, there is evidence to support that the cost of care packages has been reducing in real terms, which is a lead indicator of the good outcomes being produced by the savings target for community care reviews.
49. However, there remains an underlying overspending risk of £10.7m, an increase of £2.3m when compared to June; although the overall forecast remains a balanced budget due to a number of one-off opportunities to cover this overspending position. It should be noted that this forecast includes £7.6m of delayed savings which are no longer expected to be achieved this financial year. Further information on the Adults Services Portfolio is detailed within **Section 1**.
50. The **Children and Young People’s Portfolio** is projecting a £9.1m overspend, an increase of £4.9m when compared to the June position. This increase is largely due

to the mix of placement types, with more external placements, which are more expensive, being required than internal provision. There are also a small number of unique high-cost care and support arrangements which are adding financial pressure.

- 51. The **Dedicated Schools Grant (DSG)** Reserve is currently reporting a £25.5m deficit, with a further £15.3m projected overspend in 2022/23 currently forecast. This will increase the overall DSG overspending position to £40.8m by the end of the financial year.
- 52. **Graph 2** shows the cumulative DSG surplus and deficit which has amounted over the last five years. Further details are reported within **Section 3**.

Graph 2 - Five Year DSG Reserve Balance (Included 2022/23 Estimate).



- 53. Within the **Environment and Climate Change Portfolio**, it is projected that £2.6m of additional income will be achieved in-year due to the elevated solar energy unit cost price increases. This additional income has offset a projected £2.0m corporate utilities overspend which has arisen from the higher energy rates.

Savings Update

- 54. 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**.
- 55. To ensure that all savings are monitored with the same robustness and urgency, **Table 8** 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.

56. Of the total £23.4m savings:

- £7.8m (34%) is currently judged as on track and has either been delivered as originally envisaged or the saving has been achieved via a different mechanism,
- £7.1m (30%) is judged as amber where further work is required to ensure the saving can be achieved, and
- £8.5m (36%) is judged as red with no expectation of delivery in year. Red savings are reflected within the forecast outturn position.

57. The savings area of highest concern relates to Adult Services where £7.6m of savings are no longer expected to be achieved in year and a further £5.0m are judged as 'at risk' due to setbacks in the ability to instigate saving plans to deliver a full year effect.

58. **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	7,593	4,954	2,401	890	15,838
Children & Young People	400	1,700	800	300	3,200
Learning & Skills	150	0	25	725	900
Community Support, Fire & rescue	0	70	0	0	70
Environment & Climate Change	0	20	1,550	0	1,570
Finance & Property	150	0	0	0	150
Highways & Transport	0	376	50	0	426
Leader	0	0	0	0	0
Public Health & Wellbeing	0	0	0	0	0
Support Services & Economic Development	200	0	500	338	1,038
Non-Portfolio	0	0	250	0	250
TOTAL	8,493	7,120	5,576	2,253	23,442

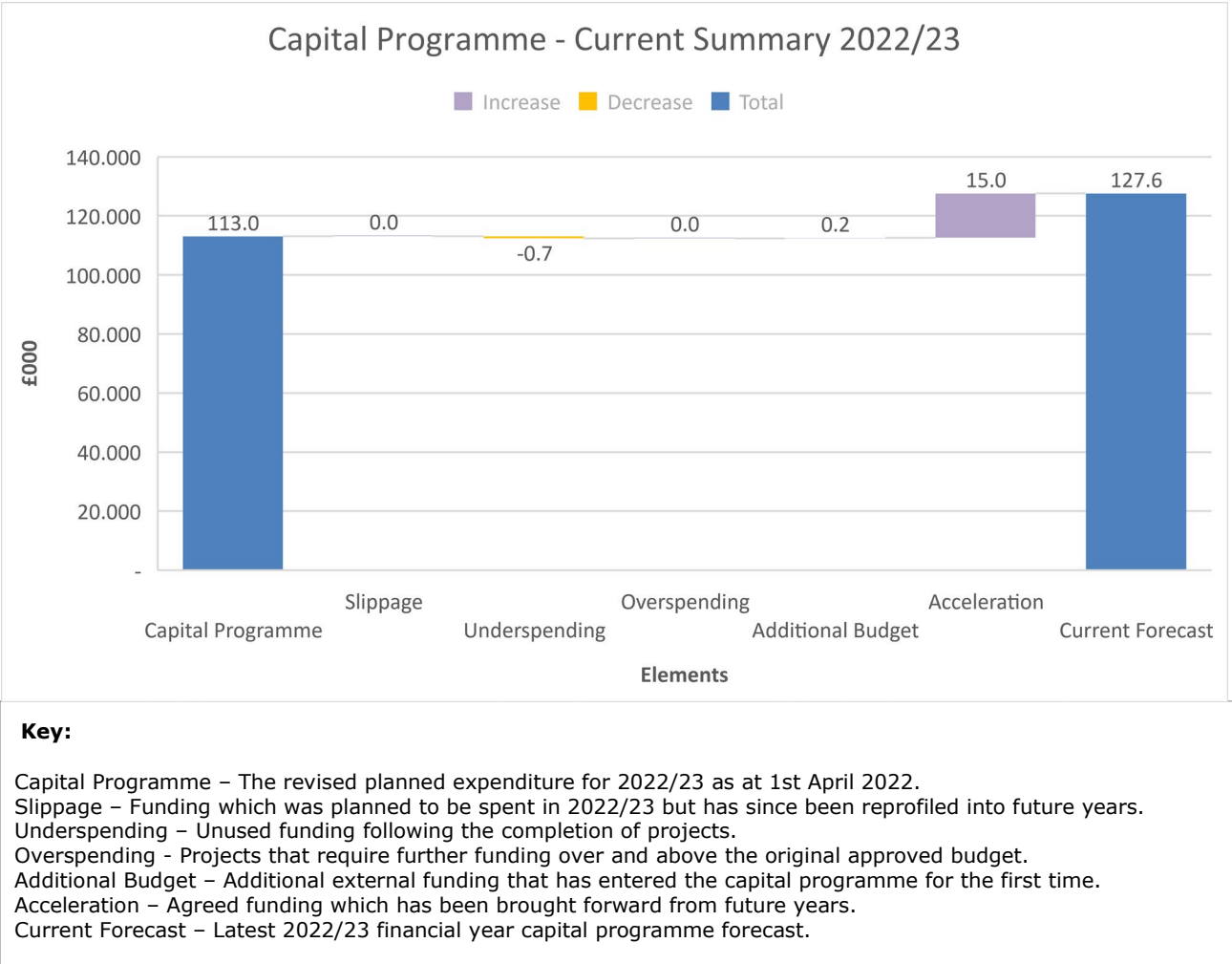
Savings Key:

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

Capital Programme Summary

- 59. 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.
- 60. Since this time, profiled spend has increased overall by £14.6m, to give a forecast spend for 2022/23 of £127.6m. **Graph 3** demonstrates movements from the revised capital programme to the current forecast.

Graph 3 – Capital Programme



Capital Programme Inflation Risk

- 61. 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. 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 17.8% in August compared to the same month the previous year.

62. 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.
63. 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.
64. The impact of inflation on the Capital Programme will be considered during the budget process for 2023/24.
65. The Capital Programme Budget Monitor, as at September 2022, is presented in **Appendix 3**.

Corporate Risk

66. The County Council's risks are reviewed regularly to ensure risks are understood and appropriate mitigation takes place. Risks are scored considering their likelihood and impact.
67. There have been no overall score changes to the Corporate Risk Register during the quarter, however **Table 11** provides details of two risks which have been removed from the Corporate Risk Register:

Table 11 – Risks Removed from the Corporate Risk Register

Risk Number	Risk	Reason for Risk Closure
CR60	There is a risk of failing to deliver the HMICFRS improvement plan , leading to an adverse effect on service delivery; which may result in failing any subsequent inspection.	The Fire and Rescue Improvement Plan is now completed. On-going service improvements will continue to be managed within the Community Risk Management Plan.
CR65	The review of corporate leadership, governance and culture recommended in the Children's Commissioner's report is not fully undertaken or effectively implemented leading to a lack of necessary improvement and further service failures or external intervention.	Recommendations have been carried out. CR7 sufficiently addresses governance and compliance.
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.	This risk has been at a tolerable level for some time and no significant impact has been realised. Covid-19 planning and response is embedded within business-as-usual activity.

68. 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	Previous Quarter Score	Current Score
CR11	Recruitment and Retention	25	25
CR58	Failure of Social Care Provisions	25	25
CR39a	Cyber-security	25	25
CR22	Financial Sustainability	20	20

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

Workforce

70. The Workforce Key Performance Indicators, detailed in **Appendix 5**, reports that of the 12 KPIs with a RAG status indicator, nine are green and three are amber.
71. The amber measures relate to:
- A continuing high-level of sickness recorded on the rolling 12-month average calendar days lost to sickness,
 - Lower staff induction completion rates, 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 Information
 Appendix 6: Children First Improvement Plan Update
 Appendix 7: Fire and Rescue Improvement Plan Update