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## **Report to Performance and Finance Scrutiny Committee**

**28 November 2022**

### **End of September 2022 (Quarter 2) Performance and Resources Report – Focus for Scrutiny**

**Report by Director of Law and Assurance**

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#### **Summary**

The Quarterly Performance and Resources Report (PRR) is the Council's reporting mechanism for corporate performance, finance, savings delivery, risk and workforce. It has been designed to reflect the priorities, outcomes and measures included in Our Council Plan. The report is available to each scrutiny committee on a quarterly basis and each committee will consider how it wishes to monitor and scrutinise performance relevant to their area of business.

The report (Annex B) reflects the position at the end of September 2022 and reports the Quarter 2 2022/23 position.

Of the 53 performance measures, 51% of measures are reporting as 'green', 38% as 'amber' and 11% as 'red'.

The projected outturn forecast for 2022/23 is a £9.490m overspend.

The PRR also includes information which is specifically relevant to the portfolio responsibilities of the scrutiny committee including service transformation and workforce. The service transformation section (Appendix 2) includes updates on the key projects currently being managed and the workforce statistics, (Appendix 5) provides quarterly information on Key Performance Indicators (KPIs).

The current Risk Register (Appendix 4) is included to give a holistic understanding of the Council's current performance reflecting the need to manage risk proactively.

The Cabinet meeting on 29 November will approve the Quarter 2 Performance and Resources Report.

#### **Focus for scrutiny**

The Committee is asked to consider the PRR (the Annex report attached). Key lines of enquiry for scrutiny include:

- Whether the report provides all the information necessary to enable effective and efficient scrutiny and addresses the concerns raised at previous meetings of the Committee; progress of the Horsham Enterprise Park and Broadbridge Heath Retail Scheme and Corporate Risk 11 the recruitment and retention of key officers.

- Assess the performance indicators and measures identified as most critical to the focus of the committee and whether the narrative provides assurance about the position presented and likely outcomes. Issues recognised previously by the committee as priorities to monitor include cyber security, the Capital Programme, Economy Plan, climate change and staff recruitment
- The continuing impact of the Covid-19 emergency situation on the Council's performance and financial resilience
- Identify any areas of concern in relation to the Risk Register and assess plans in place to mitigate key corporate risks, particularly in relation to Corporate Risk (CR) 11 recruitment and retention and CR 22 financial sustainability
- The effectiveness of measures taken to manage the Council's financial position and any non-delivery of identified savings
- Any areas of concern in relation to the workforce indicators
- Using all the information presented to the committee, identify any issues needing further in-depth scrutiny relevant to the committee's portfolio area of responsibility (where there are outcomes scrutiny may influence/add value)
- Identification of:
  - a) Any specific areas for action or response by the relevant Cabinet Member
  - b) Any issues for further scrutiny by one of the other scrutiny committees as appropriate

The Chairman will summarise the output of the debate for consideration by the Committee.

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## **1. Background and context**

- 1.1 The Performance and Resources Report (PRR) is designed to be used by all scrutiny committees as the main source of the County Council's performance information.
- 1.2 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 which are expected to be reviewed by the different scrutiny committees.
- 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:
  - 51% (27 measures) as 'Green'
  - 38% (20 measures) as 'Amber'
  - 11% (6 measures) as 'Red'
- 1.4 Appendix 8 includes 3 proposed changes to KPIs for approval by Cabinet on 29 November. The details as to why the changes are proposed are outlined in the Annex. These have been presented to the appropriate service scrutiny committee for discussion and agreement.

- 1.5 The **forecast outturn position** for 2022/23 is a £9.490m overspend. This is an increase in the forecast overspend of £1.936m from the end of June PRR. This projection assumes all Covid related costs will be funded by Government grants and excludes the use of the general contingency budget which is held separately. The contingency budget held for 2022/23 is £9.156m to assist with unplanned pressures. This includes £2.9m earmarked for inflation. An Inflation Contingency Budget has also been established of £4.969m to cover inflationary pressures.
- 1.6 The report highlights the non-delivery and delay in achieving the **savings target**. There are £23.4m savings to be achieved in 2022/23 which includes £12.4m undelivered savings from 2020/21 and 2021/22. £8.5m of the target is judged to be red rated with no expectation of delivery. This has been reflected in the outturn position forecast.
- 1.7 The main **financial risks** from across the 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.
- 1.8 The impact of increasing costs within the **capital programme** continues to be monitored on a project-by project basis. The Capital Programme for 2022/23 is currently £113m with an expected spend of £127.6m due to the acceleration of a number of projects. The capital programme monitor is detailed in Appendix 3.
- 1.9 In relation to **corporate risks**, there are 4 corporate risks with severity above the tolerance threshold, more detail can be found in Appendix 4:
- Recruitment and retention,
  - Cyber-security,
  - Failure of social care provisions,
  - Financial sustainability.
- 1.10 There are no **Workforce Key Performance Indicators** rated as 'red' this quarter, which is an improvement on previous quarterly reports, the detail is included in Appendix 5.
- 1.11 The background and context to this item for scrutiny are set out in the attached appendices (listed below). As it is a report dealing with internal or procedural matters only the Equality, Human Rights, Social Value,

Sustainability, and Crime and Disorder Reduction Assessments are not required.

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**Appendices**

Annex A – How to read this report

Annex B – Performance and Resources Report

Annex B Section 1 – Adults Services

Annex B Section 2 – Children and Young People’s Services

Annex B Section 3 – Learning and Skills

Annex B Section 4 – Community Support Fire and Rescue

Annex B Section 5 – Environment and Climate Change

Annex B Section 6 – Finance and Property

Annex B Section 7 – Highways and Transport

Annex B Section 8 – Leader

Annex B Section 9 – Public Health and Wellbeing

Annex B Section 10 – Support Services and Economic Development

Appendix 1 – Budget Monitor and Reserves

Appendix 2 – Services Transformation

Appendix 3 – Capital Monitor

Appendix 4 – Risk Register Summary

Appendix 5 – Workforce

Appendix 6 - Children First Improvement Plan

Appendix 7 - Fire and Rescue Improvement Plan

Appendix 8 - Proposed Amendments to KPIs on the Council Plan

**Background Papers**

None