

Performance and Resources Report – December 2022

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

Introduction

1. This report provides an overview of the performance across West Sussex County Council for the third quarter of 2022/23 (October - December). 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. These are all underpinned by tackling climate change.

National Context

2. Rishi Sunak became the Leader of the Conservative Party and Prime Minister in October 2022. The Chancellor delivered his Autumn Statement on 17th November 2022, which included several key announcements, including:
 - Adult Social Care reforms planned to be implemented with effect from October 2023 have been delayed until at least October 2025. The funding allocated by the Government for the implementation of the reforms has been repurposed to provide financial support with current adult social care pressures.
 - Local authorities have been given increased flexibility in setting council tax by increasing the referendum limit to 3% per year from April 2023; and local authorities with adult social care responsibilities being able to increase the adult social care precept by up to 2% per year. Any increase above the 5% would legally require the local authority to hold a referendum.
 - Core schools' budgets to increase by £2.3bn in 2023/24.
 - Existing expressions of interest for Investment Zones, including the West Sussex bids, will no longer be taken forward with the government refocusing on the current Investment Zone programme.
 - A further £1 billion of funding in 2023/24 for an extension of the Household Support Fund.
 - The household energy price cap will be extended for one year beyond April 2023 but made less generous with typical bills capped at £3,000 a year instead of £2,500.

- From April 2023, business rate bills will be updated to reflect changes in property values since the last revaluation in 2017. Targeted support packages worth £13.6 billion over the next five years will support businesses as they transition to their new bill. Local authorities will be fully compensated for the loss of income because of these measures.
 - State pension payments, means-tested benefits based on a person's income and savings and disability benefits will increase in-line with inflation by 10.1%.
 - The pensions 'triple lock' will be kept.
3. The Office of Budget Responsibility (OBR) published its economic and financial outlook alongside the Autumn Statement, which indicated that the economy is now in recession and forecasts that the economy will shrink by 1.4% in 2023, before bouncing back to growth in 2024.
 4. Within November's Autumn Statement, the Government re-confirmed its commitment to the Levelling Up White Paper which set expectations about a move towards devolution 'County Deals' for most counties by 2030. It also signalled a range of challenges which are likely to impact on West Sussex County Council as the government's focus and funding is deliberately shifted away from the Southeast. Further devolution deals were announced with deals agreed with Suffolk County Council, Norfolk County Council and with local authorities in the Northeast devolution agreement.
 5. The Government has commissioned an independent review of integrated care systems. The review, undertaken by Rt Hon Patricia Hewitt will examine governance arrangements and the aim of reducing health disparities and improving outcomes. It is due to make recommendations to the Government in March 2023.
 6. In December, the Education Secretary announced that The Schools Bill, "will not progress" to its third reading in the House of Lords, although ministers "remain committed" to its objectives. The Government had wanted to use the Schools Bill to legislate on issues such as the structure and regulation of academies, school attendance and school funding.
 7. The Bank of England's Monetary Policy Committee (MPC) sets its monetary policy to meet a 2% inflation target. The Committee has continued to raise interest rates during the quarter, from 2.25% in September to 3.0% in November and 3.5% in December to help curb inflation. The Bank warned that further increases in interest rates may be required as it tries to meet its inflation target and on 3rd February 2023, rates increased to 4%.
 8. The UK's gross domestic product (GDP) measured by the Office for National Statistics, reports that GDP fell by 0.3% in the three months to November 2022.
 9. 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 overall remained static during the quarter, but with some early optimism that rates maybe starting to reduce. The monthly rates are reported in **Table 1** below.

Table 1 – Inflation Table - CPI and RPI Rates

	April 2022	June 2022	Sept 2022	Oct 2022	Nov 2022	Dec 2022
Consumer Price Index (CPI)	9.0%	9.4%	10.1%	11.1%	10.7%	10.5%
Retail Price Index (RPI)	11.1%	11.8%	12.6%	14.2%	14.0%	13.4%

10. Inflation continues to add significant pressure on the County Council’s finances, as well as on residents, businesses and the local economy. Whilst managing these pressures, 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.
11. Global inflationary pressures have also continued 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.
12. The UK’s unemployment rate in November increased to 3.7%, an increase of 0.2% since August. In West Sussex, the unemployment rate in November was 2.7%, slightly below the South East average of 2.8%. Growing recruitment and retention challenges are expected to continue and may be further exacerbated by wider job market conditions. Areas of pressure include social workers, care workers and occupational therapists; planners, property specialists, transport and development experts; and lawyers. A new way of working post pandemic, the cost-of-living pressures and a tighter job market means that there is significant competition in roles across services. This is having an impact on the County Council’s ability to recruit and retain staff.

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	0	0	3	0
	G	3	0	1	0
Children and Young People	R	2	0	0	0
	A	2	0	0	0
	G	1	0	0	0
Learning and Skills	R	0	0	3	0
	A	0	0	0	0
	G	0	1	3	0
Community Support, Fire and Rescue	R	0	0	0	0
	A	1	0	0	0
	G	1	0	4	0
Environment and Climate Change	R	0	0	0	0
	A	0	1	0	0
	G	0	1	0	0
Finance and Property	R	0	0	0	1
	A	0	0	0	0
	G	0	1	0	2
Highways and Transport	R	0	1	0	0
	A	0	0	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	1	0	3	0
	G	2	0	0	0
Support Services and Economic Development	R	0	0	0	1
	A	0	0	0	1
	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 52 measures with the previous reporting period.

Graph 1 – Performance Comparison With Previous Reporting Period

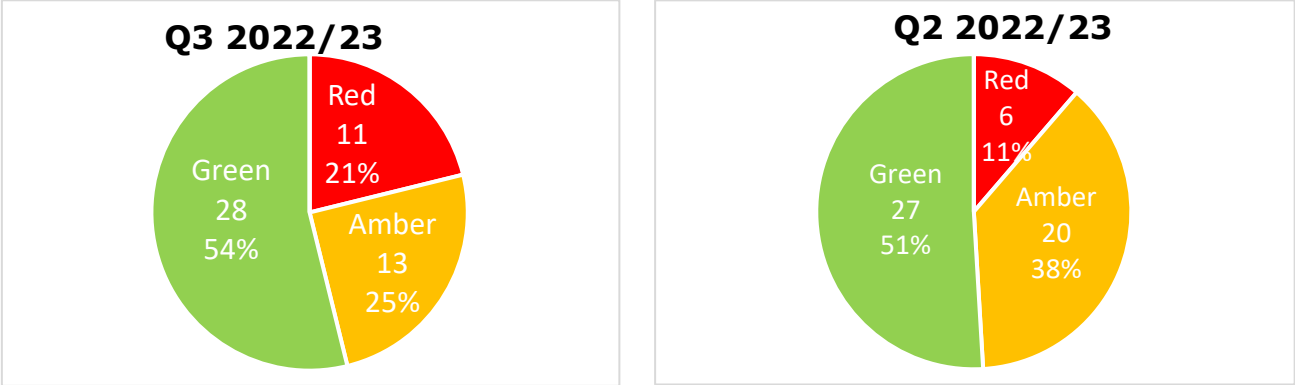
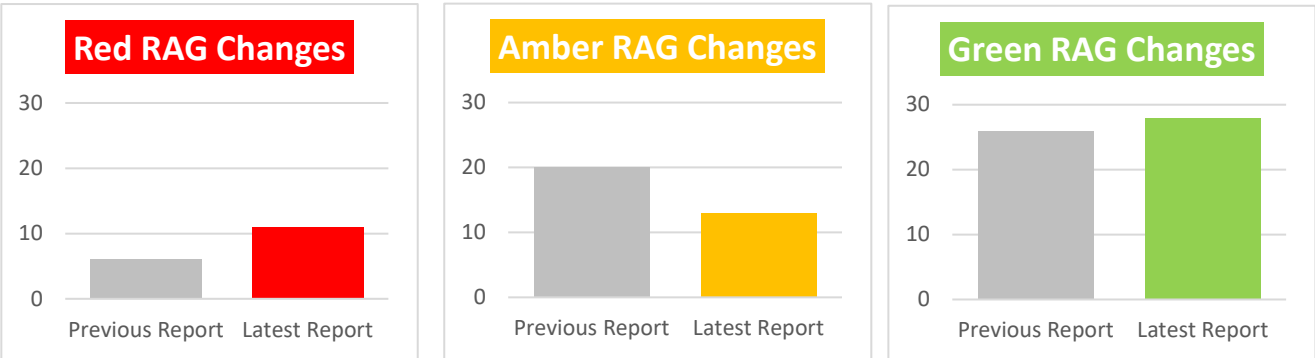


Table 3 – Performance Comparison With Previous Reporting Period



15. The quarter three performance position reports the following:
 - 54% (28 of 52) - met target (Green). An increase of one when compared to the previous quarter.
 - 25% (13 of 52) - close to meeting their target (Amber). A net decrease of seven measures from the previous quarter.
 - 21% (11 of 52) – target not met (Red). A net increase by five measures from the previous quarter.

16. The overall number of measures monitored has reduced from 53 to 52 following the decision in the Q2 Performance and Resource Report to no longer measure Measure 4 (Suspected scam victims receiving a pro-active intervention from the Trading Standards Service). There are few new referrals received from the National Trading Standards Scam Team which means this is no longer a robust measure.

Performance Summary by Priority

17. 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

18. As in previous quarters, the health and social care system in West Sussex continues to experience significant pressure and this dominates the work of the Adults Social Care Service. The reasons for this are complex but include high demand from our partners, in particular our NHS partners requiring support in the timely and safe discharge of patients from hospitals within the county.
19. Performance within the Children and Young People and Learning and Skills Portfolios continues to be focused on maintaining a strong trajectory of improvement as we prepare for the imminent Inspection of Local Authority Children's Services (ILACS) by Ofsted. Recent activity has focused on individual teams where the overall level of performance has fallen below the standard we expect. The service has therefore maintained a strong focus with staff and managers on providing evidence of the impact of our improvement activity at a child and family level. The Children First Transformation programme continues to provide a strong framework for service delivery and is on track with the implementation of Phase 2 of the Family Safeguarding model and the implementation of the Phase 2 Fostering Service Redesign. Both will support the improvements in practice and performance in readiness for a full Ofsted inspection.
20. To ensure we are ready for the ILACS, the Practice Improvement Plan has been reviewed and supports activity across all service areas within children's social care and early help. This activity remains closely aligned to performance reporting and is reported to the independent Improvement Board monthly. The Improvement Board has acknowledged the hard work being undertaken and that there is evidence that the service is maintaining the trajectory of improvement.
21. During the third quarter, we have continued to see levels of high demand within the areas of early help and social care, and the service has managed this well. Recruitment remains a high priority the successful recruitment of 35 qualified social workers from the South Africa programme are now being inducted into the service from January 2023.
22. Teasel Close children's home in Crawley, which is run by the County Council, received an Ofsted rating of 'good' in all areas following an inspection in November 2022. This means the five Council run children's homes that are currently open are rated good or outstanding.
23. Working closely with district and borough councils and charities, the County Council is using its £4.8m Household Support Fund from Government, to provide a package of financial and practical assistance to people over the winter. The Community Hub continues to offer direct support to vulnerable households, providing essentials such as food and supplies, as well as grants to those who are eligible. The Council used some of the Household Support Fund to provide food vouchers for every West Sussex child who receives benefits-related free school meals over the October half-term and the Christmas school holiday. Over 17,000 children were given a £15 supermarket voucher for October and a £30 voucher for Christmas supporting around 10,000 households.
24. Library staff are on hand to help and advise people on a range of topics, from money management to energy saving, job seeking and benefits guidance. Regular library events such as 'Story Time' are free for families of young children. The 'Here

To Help - Cost Of Living' webpages, also has practical advice and information about how to apply for extra local and national support.

A Sustainable and Prosperous Economy

25. With more than three-times the average rainfall in November, the highways network in West Sussex experienced significant flooding. The teams have been working hard with contractors to keep the roads open and repair any subsequent damage to the carriageways that has been caused by the water.
26. A total of £7.4m worth of road surface improvement schemes were completed at 197 sites countywide in the six months to October. 138km of road were either completely resurfaced or had surface dressing or micro-asphalt treatments. Approximately 22,000 potholes were filled. Three programmes of work include 38 resurfacing schemes, totalling approximately 25km in length and representing a total investment of £3.4m. The new road surfaces are more durable and resilient to potholes and the material used has 11% less carbon emissions than traditional methods. Micro-asphalt treatment was used at 113 sites, with a total of 44km roads treated and representing a £2m investment and 46 sites, totalling 69km of road, received surface dressing treatment, representing an investment of £2m.
27. Construction is also progressing well at three Active Travel Fund schemes in West Sussex which will all provide improvements for cyclists and pedestrians. Findon/Findon Valley involves construction of a 2km-long shared cycleway/walkway route, the A283 Steyning Road in Shoreham includes construction of a crossing for both pedestrians and cyclists to access the river-side footway and cycleway and improve connectivity for schoolchildren. The A259 Drayton, near Marsh Lane will provide improvements for pedestrians, cyclists and bus passengers
28. Bus services are still recovering from the impacts on patronage from the pandemic, therefore, a national 'BusIt' campaign has been launched to attract older people with free bus passes to return or start to use buses again. Additionally, a national £2 capped bus fare launched on 1st January 2023.
29. Bidding as part of a South-East consortium, the council has been successful in securing funding from the Department of Culture, Media and Sport (DCMS) to deliver the Create Growth programme across the county to provide support for high-growth potential businesses in the creative industries. The consortium has been awarded funding of £1.275m to deliver business support as part of the programme, over three years. The programme will work to develop the network of investors in the region and build their understanding of the benefits of investing in this sector. This will increase the ability of creative businesses in the South-East to access private investment in the future. The programme is being set up now and will launch in January 2023.

Helping People and Communities Fulfil Their Potential

30. Recent events to help residents stay safe include free electric blanket testing, free kitchen fire safety events at Worthing and the relaunch of the road safety show 'Safe Drive Stay Alive'. Biker Down workshops run by firefighters have also taken place, which teaches vital skills that could save a life in the event of a road traffic

collision involving a motorcycle. A new free online interactive home fire safety check tool has also been launched.

31. Outbreaks of avian bird flu in captive birds, both domestic and commercial, were confirmed in West Sussex for the first time. Working with DEFRA's Animal and Plant Health Agency, 3 km control zones were established around premises in Billingshurst (October), Arundel (November) and Horley (December) and Trading Standards Officers conducted doorstep visits within those areas to identify keepers of birds and ensure that they were being suitably housed whilst DEFRA vets dealt with the outbreaks.

Making the Best Use of Resources

32. Ongoing investment in low carbon and renewable energy by the County Council continues to help towards offsetting the increase in the authority's own energy bills and to lead by example in demonstrating the importance to invest in clean energy. The County Council also works with a specialist energy partner to market the energy it generates and operate its batteries to deliver the best financial return.
33. The County Council's draft Budget and Council Plan for 2023/24 was published and subject to review by the Performance and Finance Scrutiny Committee in January, an all-Member Day and budget and Council Plan session with key stakeholders. The Cabinet is proposing that the Council will spend £1.86 billion (gross) next year to deliver vital services to a growing population of 882,676 residents and 37,400 businesses across West Sussex. Final decisions on the budget are to be made at the Full Council meeting on 17th February.

Responding to the Challenges Posed by Climate Change

34. A new zero-carbon school in Burgess Hill has been approved that will generate its own energy and offer excellent educational facilities to 900 local children. The County Council has approved capital funding of £57m to build the secondary school. Its position will provide maximum sunlight to nearly 1,000 solar photovoltaic panels generating an estimated 296,000 kWh of energy a year. The LED lighting will be controlled automatically by daylight and movement detection. The main building will have fresh air ventilation, keeping the school a comfortable temperature, even in extreme heat. The school will include a Special Support Centre enabling children with special educational needs and disabilities to be supported to learn in a mainstream school.
35. Government funding of up to £1.8m has been awarded to the West Sussex Chargepoint Network, which is providing electric vehicle (EV) chargepoints for residents in areas which have no off-street parking. Working with district and borough council partners this will help fund up to 450 on-street chargepoints and 100 in public car parks to encourage people to consider making the switch to electric vehicles.
36. Around £0.250m of funding was secured to undertake studies at 37 schools, which will identify site specific measures to decarbonise these sites. Within the next few weeks, we expect to have sufficient information to plan a future programme of school decarbonisation works and be ready to bid for funding to undertake the works.

37. The County Council has approved a £7.7m investment in solar PV and battery storage systems for schools and corporate buildings across the county. This investment builds on the council's existing portfolio of solar PV assets delivered through the Solar Power for Schools Programme. The PV and battery systems will help to reduce energy costs and contribute to achieving net zero operation. Following approval, the Energy Services team has started a procurement exercise to commission an installer to deliver the programme over the next three years.

Finance Summary

38. The forecast outturn position for 2022/23 is showing an overspend on services of £11.386m as at the end of December, but overall, **a net £7.141m overspend** when non-service budgets are factored in. This is a decrease of £2.349m when compared to September. This reduction in overspend is largely due to a £4.3m increase in forecast investment income following in-year increases in interest rates and a £1.7m one-off repayment in relation to our recycling and waste handling contract. There has however been an increase in overspending of £3.5m within the Children and Young People Portfolio overspend position, largely due to the cost of Children We Care For placements.
39. This overall position assumes that any in-year costs related to the Covid-19 pandemic will be fully funded from government grants received. The overall position of £7.141m overspend excludes the use of the general contingency budget which is held separately.
40. **Table 4** details the revenue outturn position by Portfolio and full details are set out in the Portfolio Sections at the end of this report.

Table 4 –Year End Outturn Position and Variation

PORTFOLIO	CURRENT NET BUDGET (£'000)	PROJECTED OUTFURN VARIATION (£'000)	VARIATION %	MOVEMENT SINCE Q2 (£'000)
Adults Services	216,645	0	0.0%	0
Children & Young People	140,707	12,600	9.0%	3,530
Learning & Skills	28,922	841	2.9%	(430)
Community Support, Fire & Rescue	46,181	-66	-0.1%	(102)
Environment & Climate Change	64,097	-2,980	-4.6%	(880)
Finance & Property	24,171	-423	-1.8%	(273)
Highways & Transport	38,744	1,600	4.1%	500
Leader	3,056	-300	-9.8%	(212)
Public Health & Wellbeing	0	0	0.0%	0
Support Services & Economic Development	41,813	114	0.3%	(157)
Non Portfolio	49,169	-4,245	0.0%	(4,325)
Total	653,505	7,141	1.1%	(2,349)

-6,000 -2,000 2,000 6,000 10,000 14,000 (£'000)

Key:
 and - Provides a view of the Q2 projection
 and - Reports the Q3 projection

Contract Inflationary Pressures

41. The overspend reported in service budgets of £11.386m includes £7.4m of identified service specific inflationary pressures, largely in relation to energy prices and contract inflation increases. Of this £7.4m, £7.0m had been forecast at quarter two.
42. This quarter three report has identified a further £0.7m of inflationary pressure within Fire and Rescue and Highways and Transport but also a reduction of £0.335m for SEND transport and highways maintenance. A full breakdown is set out in **Table 5**.

Table 5 – Projected Inflation Costs Above Budgeted Assumption – (i.e Above What Was Built Into Service Budgets in February 2022 - Excluding Pay)

Estimated Additional Inflationary Pressures 2022/23 (Revenue)		Overspend Reported
Various Portfolios	Previously reported inflation – Q1 and Q2 Performance and Resources Reports	£6.991m
Fire and Rescue	Joint Control Centre – Estimated inflationary price rise	£0.300m
Learning and Skills	SEND Home to School Transport – Reduction in estimated inflation pressure due to running costs	(£0.135m)
Highways and Transport	Highways Maintenance – Reduction in previous forecast inflation price rise	(£0.200m)
Highways and Transport	Street Lighting PFI – Forecast energy price rise	£0.400m
Total Net Additional Inflation Pressures Identified (Revenue)		£7.356m

Pay Inflation

43. A number of pay awards were settled in quarter three. As a result, £6.1m of cost pressure has been identified. This increase is not included in the £11.386m overspend reported above but instead will be funded through corporate contingency.
44. The 2022/23 National Joint Council (NJC) local government services pay agreement was settled on 1st November 2022. A flat rate payment of £1,925 for each scale point was agreed, along with an additional day of annual leave from 2023/24. HAY, SMG and Public Health employees have also agreed to these same terms.
45. Following the transfer of the Capita contract staff on 1st October, it has been agreed that these staff, excluding Accounts Payable, should also receive a £1,925 pay increase, in-line with the NJC settlement. The Accounts Payable staff have received a pay award following a review of the structure and the assimilation onto the NJC pay scales. These two items together create a pressure of £0.200m.
46. However, there are two pay award agreements which remain unknown at this time:

- Fire and Rescue – The latest offer of 7% for 2022/23 is currently being considered by unions. If agreed, this will create an additional pressure of £0.900m.
- Soulbury - In December 2022, unions rejected the Soulbury national employers' pay offer of £1,925 increase on all pay points. The national employers will be meeting to consider its response. It should be noted that many of the County Council's Soulbury paid staff are funded through the Dedicated Schools Grant and therefore will not significantly impact on the financial position.

47. Full details of pay awards funded through corporate contingency are set out in **Table 6**.

Table 6 –Details of the Staffing Pay Award Budgeted Assumption

Estimated Additional Funding Required to Cover 2022/23 Pay Awards	Total
NJC, HAY, SMG – Funding required to be drawn from Contingency Budget to fund agreed pay award settlements - £1,925 pro-rata per scale point. This is in addition to the 3.75% held in service budgets.	£5.010m
In-year National Insurance savings.	(£0.601m)
Pay Award –Q3 Requested Contingency Draw Down	£4.409m
Earmarked Funding - Fire and Rescue Pay Award– 4%. This is in addition to the 3% held in Fire and Rescue Service budgets.	£0.900m
Earmarked Funding - Staff transferred from Capita in October. Agreed £1,925 pay award in-line with NJC agreement. Estimated value.	£0.200m
Soulbury – Service budgets are holding pay award of £1,925 pro-rata per scale point.	£0.000m
Pay Award – Estimated Total Additional Funding Required	£5.509m

Contingency Budget Overview

48. The County Council's Contingency Budget for 2022/23 is £9.156m. In addition, £4.969m is being held in an Inflation Contingency Reserve. Therefore, the **total corporate contingency available is £14.125m**. Based on the pressures from the pay award as set out in **Table 6**, Cabinet is asked to agree the draw-down of £4.409m from the Contingency Budget and to continue to hold £1.1m within contingency towards the unsettled pay agreements. This means that £8.616m of contingency remains unspent and will be used to mitigate the £7.141m overspend set out in this report.

Covid-19 Grant Overview

49. 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 that are being held in reserves.
50. **Table 7** details the remaining Covid-19 grants carried forward into 2022/23, and the 2022/23 and 2023/24 expenditure projections. Details on planned expenditure are reported in each portfolio section of this report.

Table 7 - Listing of Revenue Covid-19 Grants Transferred into 2022/23 and Commitments

Covid-19 Grant	Details	Grant Balance 2022/23 (£)	2022/23 Projected Use (£)	2023/24 Projected Use (£)
Non-Ringfenced Grant	Non-Ringfenced Grant – Supporting pressures created by the pandemic	£12.976m	£6.692m	£0.384m
Local Council Tax Support	Non-Ringfenced Grant – To fund the local council tax hardship scheme	£3.000m	£2.600m	£0.400m
Contain Outbreak Management Fund	Ringfenced Grant – To help reduce the spread of coronavirus and support public health.	£3.651m	£2.043m	£1.608m
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	£11.526m	£2.392m

51. The end of year forecast as set out in this report, assumes that £6.692m of the Non-Ringfenced Grant is used to fund Covid-19 expenditure this year. A review by services is underway to identify any further costs being incurred that are a direct result of the pandemic. The funding of these and whether there is further eligible spend above the £6.692m of grant already assumed to be used will be considered as part of the year end process and included in the quarter four report.
52. With regards to the Contained Management Outbreak Fund (COMF), the UK Health Security Agency has confirmed that COMF funding can be carried forward into 2023/24. It is currently forecast that £1.6m will be available in 2023/24 to help control any further outbreaks of Covid-19 and its consequences and any on-going costs that are being incurred.

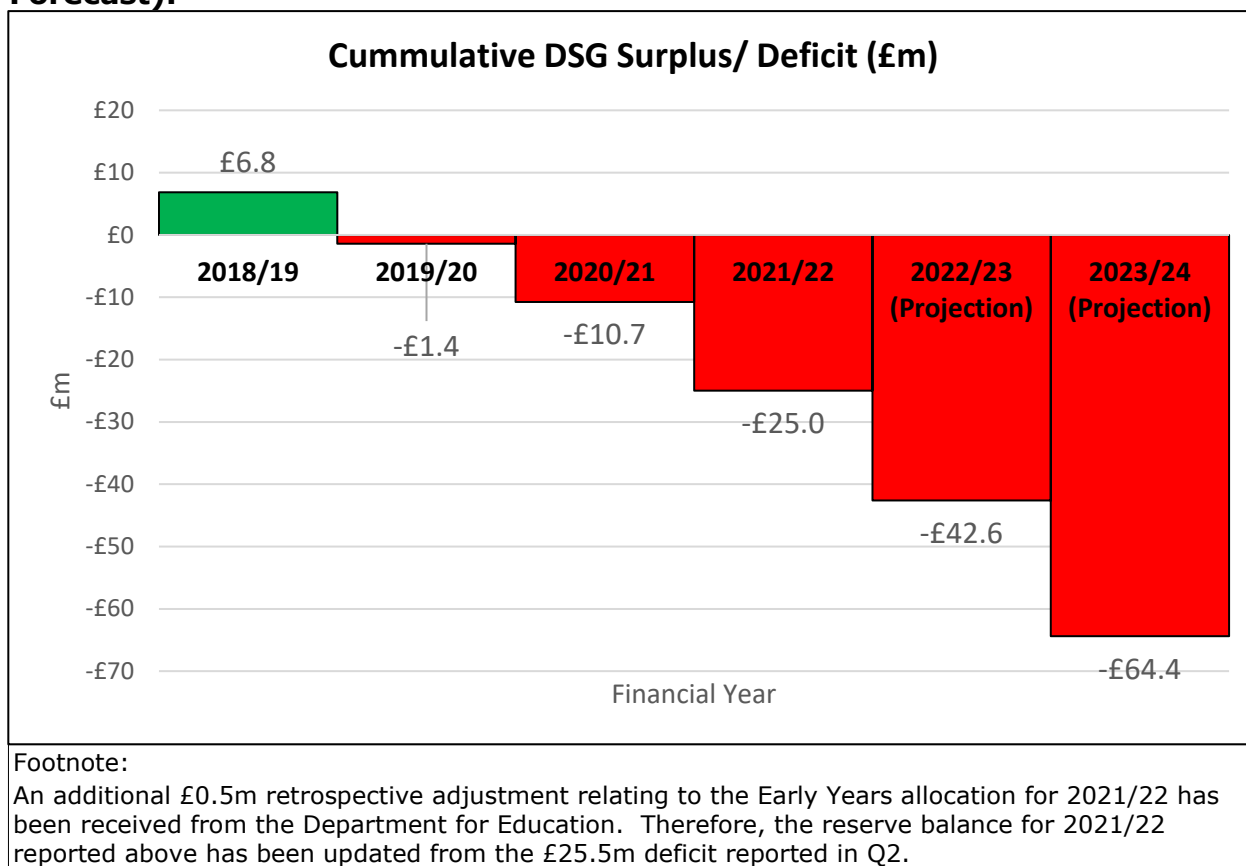
Financial Outturn – Service Portfolios

53. The individual portfolio sections within the report explain the key movements which have occurred during the year, however the main areas to note within and across portfolios include:
- Increasing inflation price rises on energy, goods and services,

- Uncertainty in the growing demand and complexity of need in adults and children's,
- Increases in the cost of adult lifelong services provision,
- The high use of 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 in achieving savings,
- Recruitment and retention issues within the workforce.

54. **The Adult Services Portfolio** is currently operating in a turbulent environment because of the multiple priorities. These challenges are being compounded by staff vacancies, both within the service itself and within the financial assessment teams due to the critical inter-dependency that exists which is impacting on the overall service provided. Amongst the implications is that key information sources have become less reliable and less timely than usual which is impacting on the service and also the ability to accurately forecast. Plans are being put in place for improvements.
55. Between the budgets for Older People and Lifelong Services cohorts, the aggregate overspending on care costs is forecast to be around £14.1m. However, the forecast overall continues to be a balanced budget because the pressure is still expected to be mitigated from a mix of largely one-off opportunities including underspend from staffing vacancies and the use of one-off income. Further information on the Adults Services Portfolio is detailed within **Section 1**.
56. The **Children and Young People's Portfolio** is projecting a £12.6m overspend, an increase of £3.5m when compared to the September position. This increase arises primarily from an increase in the forecast for Children We Care For placement costs, increases in the cost for Direct Payments and a downturn in the expected in-year savings being delivered. All current savings are on-track to be delivered in 2023/24. Further details on the Children's and Young People's Portfolio position are detailed within **Section 2**.
57. The **Learning and Skills Portfolio** is projecting a £0.8m overspend, a reduction of £0.4m when compared to the September position. This is largely due staff vacancies, a reduction in forecast transport inflation costs and a reduction in the SEND transport projection as more school transportation routes are being undertaken internally by the County Council's Transport Bureau.
58. The **Dedicated Schools Grant (DSG) Reserve** is currently reporting a £25.0m deficit, with a further £17.6m projected overspend in 2022/23 currently forecast. This is expected to increase the overall DSG overspending position to £42.6m by the end of the financial year. This remains a key concern for the County Council and work is underway through the Delivery and Better Value Initiative and work with an external expert, to consider options to address these pressures.
59. The Government has confirmed that the statutory override for the DSG deficit will remain off the County Council's balance sheet for a further three years, however the deficit will continue to have an adverse effect on the County Councils cash flow and return on investments. In 2022/23 it is expected to have resulted in £0.7m of lost income.
60. **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 - Six Year DSG Reserve Balance (Including 2022/23 and 2023/24 Forecast).



61. The **Environment and Climate Change Portfolio** is reporting a £3.0m underspend, a £0.9m increase in the projected underspend when compared to September. Within this service, the value of recyclate has fallen significantly as supply and demand markets start to return to pre-pandemic normality. The largest driver of recycling income is waste paper with the value of this commodity strengthening from £95 per tonne in March 2022 to a high of £124 in August 2022. Since this time, the value has decreased significantly each month, and as at November, the value was £18 per tonne; its lowest level since August 2020. Therefore, the forecast additional income generation has been reduced from £2.8m projected in September, to £1.7m.
62. Following a review by the Waste Team of the contractual and accounting obligations under the Recycling and Waste Handling Contract, it was agreed that a £1.730m repayment was due to the County Council, relating to the year-end cash position of the service provider in 2017/18. This repayment is due to be received in February 2023 and has now been included in the forecast. Further details are reported within **Section 5**.
63. The **Highways and Transport Portfolio** is reporting a £1.6m overspend, an increase of £0.5m when compared to September. Inflationary cost pressures remain the major issue within the portfolio.

64. The **Support Services and Economic Development Portfolio** is reporting a small overspend of £0.1m, a reduction of £0.2m when compared to the September forecast. Further details are reported within **Sections 7 and 10**.
65. **Community Support Fire and Rescue, Finance and Property, Leader and Public Health and Wellbeing Portfolios** are all reporting an overall underspend or balanced budget. Further details are reported within **Sections 4, 6, 8 and 9**.
66. Within the **Non-Portfolio** budget, the County Council has benefited from the recent in-year rises in the Bank of England's interest rates. In April 2022, the Bank Rate was 0.75% and the investment income budget for 2022/23 was set on that basis. However, this has increased incrementally during the year to 3.5% in December 2022 and recently increased to 4% on 3rd February 2023. This growth has affected the return on investments and has led to an increase in forecast **Investment Income** of £4.3m. This additional income is helping to mitigate the in-year overspending position on service budgets.
67. A review of the County Council's **Doubtful Debt** is currently underway. Early indications suggest that further funding will be required to add to the Doubtful Debt Provision before the completion of the financial year. Further details will be provided within the Q4 Outturn Performance and Resources Report.

Savings Update

68. 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**.
69. 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 several savings within the Adults Services Portfolio which have been reviewed and updated 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. Although the delivery of savings to date within Adults Services has been limited, these savings plans are on track to be delivered going forward.
70. Of the total £23.4m savings:
- £11.0m (47%) is currently judged as on track and has either been delivered as originally envisaged or the saving has been achieved via a different way,
 - £2.3m (10%) is judged as amber where further work is required to ensure the saving can be achieved. If these savings are not achieved, the projected overspend position will increase, and
 - £10.1m (43%) is judged as red with no expectation of delivery in year. Red savings are reflected within the forecast outturn position.
71. The savings area of highest concern relates to Adult Services where £8.6m of savings are no longer expected to be achieved in year and a further £2.3m are judged as 'at risk' due to setbacks in the ability to instigate saving plans to deliver a

full year effect. These savings are expected to be fully delivered in 2023/24. Any of the £2.3m not delivered in full may increase the forecast overspend. The 2023/24 budget set on 17 February 2023, assumes that any undelivered savings in 2022/23 are delivered in full in 2023/24.

72. **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	8,595	2,308	4,045	890	15,838
Children & Young People	1,000	0	1,900	300	3,200
Learning & Skills	150	0	0	750	900
Community Support, Fire & rescue	0	0	70	0	70
Environment & Climate Change	20	0	900	650	1,570
Finance & Property	150	0	0	0	150
Highways & Transport	0	0	426	0	426
Leader	0	0	0	0	0
Public Health & Wellbeing	0	0	0	0	0
Support Services & Economic Development	200	0	400	438	1,038
Non-Portfolio	0	0	0	250	250
TOTAL	10,115	2,308	7,741	3,278	23,442

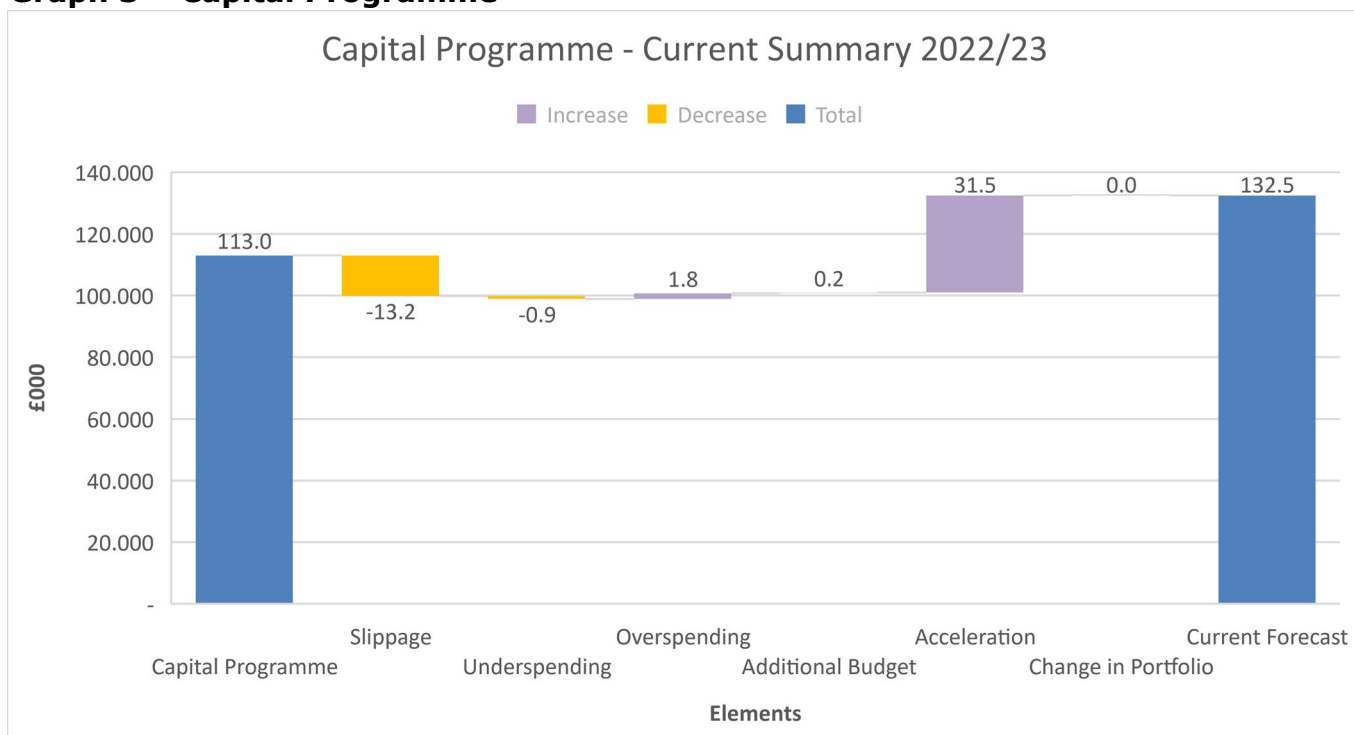
Savings Key:

R Significant Risk
 A At Risk
 G On Track
 B Delivered

Capital Programme Summary

73. The Capital Programme; as approved by County Council in February 2022, agreed a Capital programme totalling £120.3m for 2022/23. The Performance and Resources Report at Outturn 2021/22 agreed £7.3m of this programme, originally profiled to spend in 2022/23, be accelerated into 2021/22, revising the capital programme for 2022/23 down to £113.0m.
74. Within the year, profiled spend has increased overall by £19.5m, to give a forecast spend for 2022/23 of £132.5m. **Graph 3** demonstrates movements from the revised capital programme to the current forecast.

Graph 3 – Capital Programme



Key:

Capital Programme – The revised planned expenditure for 2022/23 as at 1st April 2022.
 Slippage – Funding which was planned to be spent in 2022/23 but has since been reprofiled into future years.
 Underspending – Unused funding following the completion of projects.
 Overspending – Projects that require further funding over and above the original approved budget.
 Additional Budget – Additional external funding that has entered the capital programme for the first time.
 Acceleration – Agreed funding which has been brought forward from future years.
 Current Forecast – Latest 2022/23 financial year capital programme forecast.

Capital Programme Inflation Risk

75. Inflationary pressures are also impacting on the Capital Programme; but 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 15.5% in October 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 can be managed through delivering less schemes in the short-term. This is likely to compound the problem in future years and would require more funding at a later date for the maintenance and work programmes to get back on track. This will need to be considered through future budget setting and the annual review of the capital programme.
77. Any projects which require additional funding to cover inflation will continue to go through the County Council's set governance procedure as set out in the Capital Strategy which ensures all aspects are assessed on a case-by-case basis. The Capital Programme contained a £7m inflation budget, earmarked to specifically support inflation pressures.

78. The Capital Programme Budget Monitor, as at December 2022, is presented in **Appendix 3** and in detail within the individual portfolio sections.

Transformation Projects

79. The County Council has a number of transformation projects currently underway which include the Smartcore Programme, Insourcing and Procurement of IT Services, Better Use of Technology within Children Services, Support Services Programme, Smarter Ways of Working Programme and Adult Services Professional Services Support. As at December 2022, £5.3m of project costs have been incurred in 2022/23. Detail around the progress of these projects is included in **Appendix 2 - Service Transformation and Flexible Use of Capital Receipts Summary**.

Corporate Risk

80. The County Council's risks are reviewed regularly to ensure risks are understood and appropriate mitigation takes place. The Risk Register is reported to the Regulation, Audit and Accounts Committee. Risks are scored considering their likelihood and impact and full details can be found in the council's [Risk Management Strategy](#) report.
81. There have been no overall changes to the scores during the quarter. The latest Corporate Risk Register Summary can be found in **Appendix 4**. The full Corporate Risk Register is scrutinised by the Regulation, Audit and Accounts Committee. Full details of the latest Risk Register, including actions and mitigations can be found under the County Council's [Regulation, Audit and Accounts Committee Agenda](#) website.

Workforce

82. The Workforce Key Performance Indicators, detailed in **Appendix 5**, reports that of the 12 KPIs with a RAG status indicator, nine are 'Green', two are 'Amber' and one is 'Red'.
83. The 'Amber' and 'Red' measures relate to:
- The number of new apprentice starters since the start of the financial year - excluding schools (Amber),
 - A continuing high-level of sickness recorded on the rolling 12-month average calendar days lost to sickness (Amber), and
 - Lower than targeted self-declaration disclosure rate (Red).

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