

Cabinet	Ref no: CAB02 (20/21)
26 May 2020	Key Decision: Yes
Total Performance Monitor for 2019-20 Outturn Position	Part I
Report by the Director of Finance and Support Services	Electoral Division(s): All
<p>Summary</p> <p>The attached report provides an overview of performance across West Sussex County Council for the year ending on 31st March 2020. It brings together information from a range of perspectives including financial, key performance indicators, workforce and risk management, all of which is reported on an outturn forecast basis.</p> <p>The provisional outturn position for 2019-20 is a £6.307m overspend, which will need to be funded from the Budget Management Reserve. This is in-line with the previous quarter's projection. Performance indicators measured in relation to the West Sussex Plan priorities, reflect that 76% are at Green (49%) or Amber (27%) levels and remaining 24% are Red. The financial circumstances facing the Council have been challenging in 2019-20 and with the Covid-19 outbreak and the transition period following the United Kingdom's departure from the European Union due to end on 31st December 2020, the future also seems uncertain.</p>	
<p>West Sussex Plan: Policy Impact and Context</p> <p>The performance against the Key Performance Indicators across all West Sussex Plan priorities is detailed in the report.</p>	
<p>Financial Impact</p> <p>The Council has required to draw on its reserves as the actual expenditure has exceeded the budgeted expenditure by £15.070m. The overspend has been funded by the revenue contingency budget, utilising capital receipts flexibilities, and use of reserves, including the draw down of £6.307m of the budget management reserve.</p>	
<p>Recommendations</p> <p>That Cabinet:-</p> <ol style="list-style-type: none"> (1) Notes the information contained in the Total Performance Monitor in particular the requirement to utilise reserves to meet the expenditure requirement and (2) Agrees the allocation of the contingency budget set out in paragraph 1.8 below. 	

1. Background and Context

- 1.1 The Council has experienced a difficult financial year largely due to the overspending in the Children's portfolio which was identified at the beginning of the year and at June, the projected overspend was estimated to be £12.1m, where it more or less remained for the rest of the financial year. Much of this overspending is a direct result of the outcome of the Ofsted

inspection of Children's Services published in May 2019. Some of the consequential impacts of the inadequate judgement have included higher numbers of children looked after (numbers which are unprecedented for West Sussex); a greater focus on social worker recruitment and retention including agency social work staff; the inability to deliver savings that had been identified prior to the Ofsted inspection.

- 1.2 In total the Council failed to deliver 30% of its planned savings (£6.7m) including savings in Children's Services set out in the 2019-20 budget report. In previous years we have been successful in delivering over 90% of the planned savings and it is important that we return to an improved delivery of savings in 2020-21.
- 1.3 As a result of challenges facing the Council during 2019-20 it has needed to draw on £14.4m of its reserves to fund expenditure, meaning that the financial resilience of the Council from the proceeding year-end. Plans for rebuilding the reserves were set out in the budget report for 2020-21 as part of the Medium Term Financial Strategy with a planned replenishment of £9m in the period to 2023-24.
- 1.4 The challenges facing the Council will continue into 2020-21 and with the Covid-19 outbreak and the transition period following the United Kingdom's departure from the European Union due to end on 31st December 2020.
- 1.5 The actual financial impact of Covid-19 will not become clear until government activates its roadmap to remove the lockdown measures and services return to a new steady state. We have estimated that the costs associated with Covid-19 are in the region of £85m, but these costs will change as government guidance becomes clearer. To date government has promised £36.4m of funding.
- 1.6 What is evident is we need to reconsider our priorities to ensure we are focusing our resources on the services most important to our residents and businesses as we move forward into a recovery phase. These services include our core statutory services which we provide to our residents, as well as reviewing our capital programme to ensure it meets any revised priorities.
- 1.7 It is important that the costs of the provision of our services remains within the available funding and it is likely that we will need to consider stopping or changing some services, or planned capital projects, to ensure we remain resilient. We are currently working on this plan to provide options on how to reset the budget and capital programme for 2021-21 as well as plan for the 2021-22 budget, including the capital programme over the medium term.
- 1.8 As set out in paragraph 84 of the Total Performance Monitor, the budget for 2020-21 was set with at £3.4m contingency budget. In July's Total Performance Monitor, the Cabinet Member for Finance agreed to allocate £3.368m to fund the improvement plans for Children First and Fire Improvement Plans. The timing of the delivery plans meant that not all the funding was spent as planned, so that underspending of £1.233m has now been allocated to fund this year's overspend. The agreed improvement plans are fully resourced in 2020-21, therefore the transfer of this underspend will not impact on the agreed funding commitment. The Cabinet

is asked to agree the use of the improvement plan underspending of £1.233m and the £0.032m remaining balance from the Contingency budget towards the corporate overspend.

2. Financial (revenue and capital) and Resource Implications

2.1 The financial impact is set out the Total Performance Monitor Report.

3. Legal Implications

3.1 The Accounts and Audit Regulations 2015 require the Director of Finance and Support Services to publish the unaudited Statement of Accounts no later than 31st May, however due to the Covid-19 pandemic; the government has extended the deadline to publish the unaudited Statement of Accounts to 31st August 2020.

4. Equality and Human Rights Assessment

4.1 There are no Equality and Human Rights issues.

5. Social Value and Sustainability Assessment

5.1 There are no social value or sustainability issues.

6. Crime and Disorder Reduction Assessment

6.1 There are not Crime and Disorder issues.

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Annex: Outturn 2019-20 Total Performance Monitor Report