

Report to Cabinet

December 2020

Quarterly Performance Monitor – September 2020

Report by the Director of Finance and Support Services

Electoral division(s): All

Summary

The attached Quarterly Performance Report (QPM) provides an overview of performance across the County Council for the second quarter of 2020/21. It gives 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.

The financial forecasts include the costs from the Covid-19 pandemic offset by the additional grants announced by the Government. The impact of the pandemic on the council's finances for 2020/21 and future years is uncertain, and projections will be updated as the demand on council services, council tax base and funding become known.

Currently we are projecting a potential overspend of £5.5m in this financial year for both the impact of the Covid-19 pandemic and business as usual activities. This projected overspend excludes the estimated £20m loss of business rates and council tax receipts for 2020/21 as the Government are allowing councils to repay deficits over the next three years. The estimated £20m repayment is included within the Medium Term Financial Plan for 2021/22 to 2023/24. The costs associated with the second lockdown will be reflected in the Q3 Performance Report.

The 2020/21 National Joint Council (NJC) pay award was agreed with the NJC Trade Unions in August 2020. The agreement of a 2.75% increase has been backdated to April 2020. Staffing budgets were uplifted by 2% in 2020/21; therefore, it is proposed that the additional 0.75% (£1.2m) of funding required will be drawn from the Contingency Budget and allocated to Portfolio's to cover this additional pressure.

As previously reported, our performance indicators have been reviewed in light of the pandemic.

Recommendation

- (1) To note the projected overspend position in 2020/21 and the proposed mitigation measures set out on page 42 of the September QPM.

- (2) Authorise the allocation of £1.156m of Contingency Budget to fund the additional 0.75% NJC pay award as detailed in paragraph 2.5 below.
 - (3) To note the other performance information in the QPM including the performance indicators, workforce indicators and the corporate risk register.
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Proposal

1 Background and context

- 1.1 The attached Quarterly Performance Report (QPM) provides an overview of performance across West Sussex County Council for the second quarter of 2020/21. 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.

2 Proposed detail

- 2.1 Since the budget was approved in February 2020, the council has needed to deal with the effect of the pandemic significantly changing its priorities and impacting on planned activities as well as the mounting financial challenge.
- 2.2 Currently, the council is expected to incur £57m of costs beyond those anticipated in the February 2020 budget, with additional grants and other income from partners contributing towards £51.5m of funding for the pandemic. Additional costs relating to track and trace, infection control and cycleways and footpaths will be funded through other specific ring-fenced grants.
- 2.3 The net outturn position for 2020/21 is currently forecast to be £5.5m, largely resulting from dealing with Covid-19. These costs include additional costs, loss of income and the failure to deliver agreed savings programmes as staff have been diverted to deal with the response to the pandemic. The on-going impact on council's finances is not known and is dependent on the time it takes for the economy to recover, the impact on employment for residents and on the demand for council services particularly for demand-led services such as adults requiring care and children and families in need of support.
- 2.4 The costs associated with the second lockdown will be reflected in the Q3 Quarterly Performance Monitor.
- 2.5 The 2020/21 National Joint Council (NJC) pay award was agreed with the NJC Trade Unions in August 2020. The agreement of a 2.75% increase has been backdated to April 2020. The 2020/21 budget agreed by County Council allowed of a 2% uplift on staffing budgets; therefore, it is proposed that the additional 0.75%, (£1.156m) required to fully fund the pay award, be drawn from the Contingency Budget and allocated to Portfolio budgets.
- 2.6 As previously reported, some performance indicators set out in the West Sussex Plan 2017-2022 will not be met because of the pandemic. The 67 measures of success contained within the West Sussex Plan have been categorised into 'active', 'amend' or 'suspended' groupings. Of the remaining 39 'active'

performance measures, 67% of measures are reporting as 'green', 23% as 'amber' and 10% as 'red'.

- 2.7 The change to a predominantly staff home-working model seems to have had an impact on the level of short-term sickness. Calendar days lost to short-term sickness have been consistently lower since the start of the first national lockdown at the end of March 2020. When comparing the period of April to August between 2020 and 2019, there is 33% reduction in short-term sickness absences in 2020, when compared with the same months in 2019. There appears to be little/no impact of Covid -19 on long term sickness absence.

3 Other options considered (and reasons for not proposing)

- 3.1 A decision could be made not to transfer the additional 0.75% to staffing budgets to cover the NJC pay award from the Contingency; however, the Contingency Budget is established to fund areas of unforeseen in year expenditure and it would not be good practice to leave this known corporate pressure unbudgeted in the accounts.
- 3.2 The Performance Indicators could have remained consistent with previous years and not reflected the impact of the pandemic or service changes; however, this option would not reflect the council's performance in the current environment.

4 Consultation, engagement and advice

- 4.1 The Quarterly Performance Monitor is reviewed by the Executive Leadership Team (ELT) to ensure performance is understood and action is undertaken to drive improvements as required.
- 4.2 The Performance and Finance Scrutiny Committee review the QPM quarterly and makes recommendations to the relevant Cabinet Member and/or refers to other scrutiny committees as appropriate.

5 Finance

- 5.1 The financial impact is set out in the Quarterly Performance Monitor Report.

6 Risk implications and mitigations

- 6.1 The corporate risk register is included within the Quarterly Performance Monitor reflecting the key risks facing the council and the planned action to mitigate the risks where possible.

7 Policy alignment and compliance

- 7.1 Reporting on the council activities through the Quarterly Performance Monitor to Cabinet is part of the governance of the council, ensuring transparency in its reporting arrangements; enabling scrutiny by members and the public.

Katharine Eberhart - Director of Finance and Support Services

Contact Officer: Rebecca Taylor, Financial Planning Manager -
Tel: 0330 222 6878; Email: rebecca.taylor@westsussex.gov.uk

Appendices

Appendix A – Quarterly Performance Monitor – Quarter Two

Appendix 1 – Revenue and Reserves Budget Monitor – September 2020

Appendix 2 – Covid-19 Grants Allocated to West Sussex – October 2020

Appendix 3 – Children First Improvement Plan – September 2020

Appendix 4 – Fire Improvement Plan – September 2020

Appendix 5 – Savings – September 2020

Appendix 6 – Capital Monitor Narrative – September 2020

Appendix 7 – Workforce KPI's – September 2020

Appendix 8 – Risk Register – September 2020

Background papers

None.