

## **PERFORMANCE AND RESOURCES REPORT – JUNE 2021 (QUARTER 1)**

The County Council's business performance, financial performance (revenue and capital), savings delivery, workforce and risk are monitored through the Quarterly Business Performance Report produced each quarter 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 first quarter of 2021/2022 (April - June). 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 the four priorities set out in Our Council Plan.

### **Overview**

2. 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.
3. Though this quarter saw the gradual relaxing of Covid-19 restrictions, the operating context for West Sussex County Council continues to be dominated by the response to and recovery from the Covid-19 pandemic, both in terms of the County Council's service provision, but also as a convenor and enabler of local partners, to ensure the best use of resources and improved outcomes for residents and communities.
4. Central government are focusing on recovery, with the Prime Minister setting out further detail of the "levelling up agenda", but key policy and funding announcements, including the detail of levelling up, delivering a sustainable, long-term funding settlement for adult social care and the Comprehensive Spending Review have been delayed and are not expected to be announced until the Autumn when Parliament returns from recess – and which will have a direct impact on the County Council.

### **Our Council Plan Priorities: Quarter One Highlights**

#### **Keeping People Safe from Vulnerable Situations**

5. An OFSTED monitoring visit took place on the 18<sup>th</sup> and 19<sup>th</sup> May 2021 focusing on how a stable and long-lasting home is achieved for children and young people who are looked after by the authority. OFSTED found that senior leaders are ambitious and determined to improve services for children and young people with a realistic plan in place to do this.

6. The time taken to complete outstanding deprivation of liberty cases has fallen from 4.4 months to 2.2 months, achieving the target set, despite a 20% increase in cases.
7. Three West Sussex County Council run children's homes have been rated Outstanding by OFSTED. Inspected in April and May 2021, Orchard House in Cuckfield, Teasel Close and High Trees, both in Crawley, were all highly praised as homes where children thrive and are kept safe.
8. The number of children eligible for free school meals (FSM) in West Sussex schools has been rising since 2018. In the first quarter, 1,271 free school meals awards were made. Overall, there are currently 16,297 children receiving free school meals in West Sussex schools.

### **A Sustainable and Prosperous Economy**

9. More than 800 enterprises have been supported to start, revive innovate or grow through key initiatives, including through the countywide Experience West Sussex tourism partnership supporting the sector to recover from the impact of the pandemic, and through the partnership with the University of Chichester to support businesses through the Hot House Programme.
10. 21.2% of premises in the county are able to access gigabyte capable connectivity, against a target of 20%, and up from 8.8% in 2019/20.

### **Helping People and Communities Fulfil Their Potential**

11. Following a re-visit from Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) to West Sussex Fire and Rescue Service, HMICFRS found continued 'significant' improvement, particularly with the service's fire prevention and protection activities as well as the introduction of the service's organisational assurance and governance team.
12. The County Council have reached and supported 58,230 people via the West Sussex Community Hub during the Covid-19 pandemic. During April to June, the Community Hub received over 3,000 inbound calls and delivered more than 1,500 food boxes in response to requests for support.
13. The percentage of young people attaining Grade 4 and above for Maths and English GCSE by the age of 16 years old was 72.2% in 2020/2021 – up from 66.2% in 2019/2020.
14. For the three-month period from December 2020 to February 2021, the latest period for which data is available, West Sussex reduced the "Not in education, employment or training" (NEET) and not known figure for the combined percentage of 16 – 17-year-olds who are NEET or not known by 4.2% compared to the previous year.

## Making the Best Use of Resources

15. 55% of key decisions on contracts over £500,000 have included an appraised option for partnership working to assess opportunities for efficiency and helping deliver value for money – against a target of 20%.
16. A new property development initiative has been agreed between the County Council and Morgan Sindall Group Plc, to develop surplus County Council land into new homes and commercial premises. The joint venture will maximise the financial and wider returns from surplus land enabling the extra funds generated to be reinvested to support the wider aims of the County Council.

## Responding to the Challenges Posed by Climate Change

17. Despite unusually cool temperatures in April and May increasing demand for heating, the overall carbon emissions from our estate reduced by 12% against the 2019/2020 baseline.
18. We have continued to roll out solar technology to schools, and installed systems on over 65 schools, with 4.5 Megawatts generating capacity. This both reduced carbon emissions and also saves schools with solar around £2,000 a year in electricity costs.
19. During this quarter, a 59 Kilowatt solar PV system at the West Sussex Records Office was completed and is generating zero carbon electricity.
20. West Sussex County Council is among the first 10 local authorities to be awarded a Carbon Literate Organisation Bronze Award. The Carbon Literacy Project is a unique training scheme to help organisations and employees to understand their carbon impacts and to help make informed choices to address climate change and reduce carbon emissions.

## Performance Summary – Our Council Plan

21. This section reports the latest performance position against Our Council Plan measures. **Graph 1** displays the performance by priority. Details of each measure are reported in each Portfolio Section.

**Graph 1 – Performance by Priority**



## Finance Summary

### National Overview

22. As experienced in 2020/21, the financial position of the United Kingdom's economy continues to be severely influenced by the Covid-19 pandemic. The latest figures from the Office for National Statistics (ONS) has announced that inflation has risen to its highest levels in almost three years. The Consumer Price Index (CPI) rose to 2.5% in June 2021 from 2.1% in May and the Retail Price Index (RPI) rose to 3.9% in June from 3.3% in May.
23. The Office for Budgetary Responsibility (OBR) has lowered its UK growth forecast for 2021 to 4.0% from 5.5% but compensated this by lifting its 2022 projection to 7.3% from 6.6%. With the economy contracting less in 2020 than the OBR had expected, the economy is now predicted to return to 2019 levels by mid-2022 rather than the end of 2022.
24. Due to the pandemic, there have been further delays to the Comprehensive Spending Review and Fair Funding and Business Rate Reform announcements from the Government. These delays continue to hinder our ability to plan with certainty into the longer-term. Collectively, these three inter-related initiatives would have been able to reform the local government finance environment as they determine:
  - how much funding would be available to public services (including local government) as a whole;
  - the means by which that funding would be shared among individual local authorities, based on new arrangements for assessing their spending needs and their ability for raising resources (such as through council tax);
  - how local business rates would be distributed.

### County Council Financial Overview

25. During the first quarter of the year the council continued to respond to the pandemic. There is uncertainty on the on-going impact on demand and costs for council services. Cost of care services remain higher than budgeted and the projected costs of delivering the capital programme are increasing. These uncertainties make forecasting the end of year outturn position difficult. The ongoing economic implications will be factored into the council's medium-term financial strategy.
26. The forecast outturn position for 2021/22 as at the end of June is currently projecting a **£3.775m overspend**. This overall position assumes that costs related to the Covid-19 pandemic will be fully funded from grants and partner contributions received. Please note this position excludes the use of the £6.4m general contingency and £2.2m of pay inflation contingency which is held separately. The pay inflation contingency equates to a pay award of 1%; however, negotiations between employers and unions are on-going. If a pay award of more than 1% is agreed, the additional cost will be funded through the general contingency. **Table 1** details the revenue position by Portfolio.

## Projected Outturn Summary

**Table 1 – Projected Outturn and Variation by Portfolio**

PORTFOLIO	CURRENT BUDGET (£'000)	PROJECTED OUTTURN VARIATION (£'000)	VARIATION %	MOVEMENT (£'000)
Adults Services	208,169	0	0.0%	0
Children & Young People	131,793	3,100	2.4%	3,100
Community Support, Fire & Rescue	39,443	145	0.4%	145
Environment & Climate Change	62,241	-1,150	-1.8%	(1,150)
Finance & Property	14,929	100	0.7%	100
Highways & Transport	36,377	-450	-1.2%	(450)
Learning & Skills	23,175	1,921	8.3%	1,921
Public Health & Wellbeing	0	0	8.3%	0
Support Services & Economic Development	50,387	109	0.2%	109
Leader	1,452	0	0.0%	0
Non Portfolio	56,867	0	0.0%	0
<b>Total</b>	<b>624,833</b>	<b>3,775</b>	<b>0.6%</b>	<b>3,775</b>

-2,000 -1,000 0 1,000 2,000 3,000 4,000 (£m)

27. The individual portfolio sections in the report explain the key movements. The main risks across the portfolios include:

- Uncertainty in demand for services in adults and children,
- The mix between internal and external placements for children,
- The rising numbers of children requiring home to school transport,
- The rising numbers of children requiring high needs education,
- The non-delivery of savings in 2020/21.

28. A number of assumptions were used in setting the budget for 2021/22 for expected income from council tax and business rates and surplus/deficits on the collection fund as our districts and boroughs finalised their estimations. In addition, the government announced that it would support 75% of collection fund losses. However, the methodology to calculate the value of this loss only started to emerge in the first quarter of this year and is still not finalised. In our budget report, we explained that any difference between the estimates and actuals will be transferred either to or from the budget management reserve, as required.

29. The impact of the pandemic on our council tax income, due to both the number of individuals in receipt of council tax reduction relief and the impact on housebuilding, remains uncertain and further potential shortfalls relating to 2021/22 will not be known until after the year end. Likewise, the final impact on our business rate income will not be known for a number of years as the business rates appeals process allows retrospective claims. The assumptions for council tax and business rate income and the income/deficit on the collection fund for 2021/22 and future years will be updated in the Medium-Term Financial Strategy when it is presented at Cabinet in the autumn.

30. The pressure on the Dedicated Schools Grant (DSG) continues to be of concern, with a projected overspending of £1.4m currently forecast in 2021/22. It should be noted that this overspending projection is after allowing for a £7.0m transfer from the DSG Reserve which was agreed by Schools Forum. The total DSG deficit is therefore predicted to increase from £10.4m to £18.8m in 2021/22. Further details are reported in **Section 3** – Learning and Skills Portfolio.

## Savings Update

31. The **2021/22 savings target** across all portfolios is £18.5m. Of this amount, £6.1m (33%) is currently judged as on track and has either been delivered as originally envisaged or the saving has been achieved via a different mechanism, £11.3m (61%) is judged as amber where further work is required to ensure the saving can be achieved and £1.1m (6%) is judged as red with no expectation of delivery. **Table 2** summaries the savings position. Details of each saving and its delivery is included in the separate portfolio sections.

**Table 2 – Savings by Portfolio**

Total Savings 2021/22	Red	Amber	Green	Blue	Total (£m)
	Significant Risk (£m)	At Risk (£m)	On Track (£m)	Delivered (£m)	
Adults Services	-	7,868	-	108	7,976
Children & Young People	800	2,081	350	675	3,906
Learning & Skills	350	-	300	131	781
Community Support, Fire & Rescue	-	220	-	218	438
Environment & Climate Change	-	100	438	2	540
Finance & Property	-	-	243	-	243
Highways & Transport	-	76	1,221	-	1,297
Leader	-	-	101	-	101
Public Health & Wellbeing	-	-	-	-	-
Support Services & Economic Development	-	900	2,313	18	3,231
<b>Total</b>	<b>1,150</b>	<b>11,245</b>	<b>4,966</b>	<b>1,152</b>	<b>18,513</b>

**Savings Key:**

<b>R</b> Significant Risk	<b>A</b> At Risk	<b>G</b> On Track	<b>B</b> Delivered
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32. In addition, there remains £3.1m of savings from 2020/21 that have not been delivered permanently at this time. The majority of these savings plans were adversely affected by the pandemic. Of the £3.1m currently outstanding, £0.1m (3%) is judged as 'green' and on track, £2.7m (87%) is judged as 'amber' where further work is required to ensure the saving can be achieved and £0.3m (10%) is judged as 'red' with no expectation of delivery. The red savings are reflected in the forecast outturn position.

## Covid-19 Grants and Income Summary

33. The cost of the Covid-19 pandemic to the County Council has been monitored separately from the portfolio budgets agreed by County Council in February 2021.

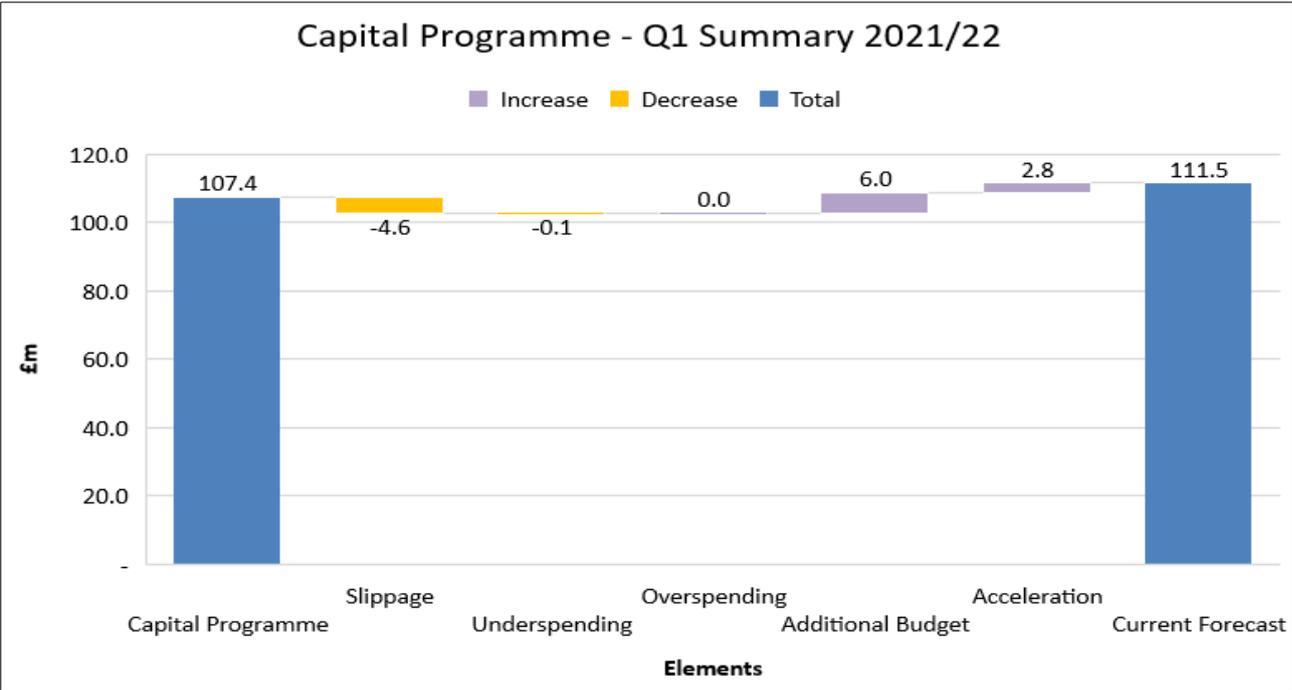
It is expected that all the costs of the pandemic incurred in 2021/22 will be funded from government grants or from other income received from partners.

- 34. Currently, of the £64.8m grant and contributions available in 2021/22, there is £10.8m which is currently unallocated, however, the ever-changing circumstances of the pandemic means that it is likely that all of the Covid-19 pandemic funding will be committed during 2021/22.

**Capital Programme Summary**

- 35. The capital programme; as approved by County Council in February 2021, agreed a programme totalling £101.6m for 2021/22. £5.8m of this expenditure, originally profiled to spend in 2020/21, was slipped into 2021/22, revising the capital programme to £107.4m. Since this time, profiled spend has increased overall by £4.1m, to give a current full year actual spend for 2021/22 of £111.5m. **Graph 2** demonstrates movements from the revised capital programme to the current forecast.

**Graph 2 – Capital Programme**



**Corporate Risks**

- 36. The council’s risks are reviewed regularly to ensure risks are understood and appropriate mitigation takes place. Risks are scored considering the likelihood and impact.
- 37. There are three corporate risks with severity above the tolerance threshold:
  - CR39a - Cyber-security
  - CR58 – Failure of social care provisions

- CR69 – Children’s Services will fail to deliver an acceptable provision to the community.

38. The latest Corporate Risk Register can be found in **Appendix 5**.

## **Sections and Appendices**

Section 1: Adults Services Portfolio

Section 9: Public Health and Wellbeing Portfolio

Appendix 5: Corporate Risk Register