

Report to Cabinet

July 2022

Performance and Resources Report – Q4 2021/22

Report by the Chief Executive and Director of Finance and Support Services

Electoral division(s): All

Summary

The Performance and Resources Report (PRR) provides an overview of performance across the County Council for the fourth quarter of 2021/22. The report in **Annex B** 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 and overarching theme set out in Our Council Plan.

Our **Performance** is measured against Our Council Plan. We have 53 measures, of which, 40 have year-end results available. The remaining 13 measures (mostly annual measures) will not have updates until later in 2022, therefore their RAG status relates to the latest results available. Of those 40 measures with 2021/22 results:

- 70% (28 of 40) - met or exceeded their target (Green),
- 10% (4 of 40) – close to meeting their target (Amber),
- 20% (8 of 40) – did not meet their target (Red).

Of the 13 KPI measures that do not have data updates for this year, we forecast four of them will meet their target (Green) and nine will be close to their target (Amber).

Our **key performance indicators** are regularly reviewed to ensure the targets and measures set within Our Council Plan are robust and fit for purpose. A recent review has led to two proposed changes, detailed in **Annex C**. It is requested that Cabinet agree the updated measures which will take effect from 1st April 2022.

In February, the 2021/22 National Joint Council (NJC) **pay award** dispute concluded with a 1.75% pay increase being agreed. It is proposed that £3.406m of Contingency Budget is drawn to fund the pay award.

The **provisional revenue outturn position** for 2021/22 is an underspend of £5.566m consisting of:

- £0.597m underspending within Portfolio and Non-Portfolio Budgets (excluding Contingency)
- £4.969m of unused Contingency Budget. This balance assumes a Decision to transfer £3.406m to Portfolio's is actioned to fund the 2021/22 staff pay award.

It is proposed that the £5.566m underspend is allocated to reserves as follows:

- £0.597m to the Service Transformation Reserve.
- £4.969m to an Inflation Contingency Reserve,

In relation to the additional expense caused by the **Covid-19 pandemic**, the County Council has been able to cover the additional cost from in-year Government grant allocations.

Recommendations

1. Cabinet are requested to consider the Q4 Performance and Resources Report including:
 - Consideration of the 2021/22 Our Council Plan- performance indicators, risk register summary and workforce key performance indicators.
 - The continued impact the Covid-19 emergency situation has on the Council's performance and financial resilience.
 - The impact of increasing inflationary pressures and the general downbeat economic forecast over the short-to-medium term.
 - Review the effectiveness of measures taken to manage the Council's financial position and any non-delivery of identified savings.
 2. Agrees the allocation of £3.406m from Contingency Budgets to fund the 2021/22 staffing pay award as set out in paragraph 2.1.
 3. Agrees the allocation of the unused £4.969m Contingency Budget and £0.597m revenue underspend as set out in paragraph 2.2.
 4. Agrees the proposed changes to the Key Performance Indicator measures detailed in **Annex C**.
 5. Consider any specific areas for action following Scrutiny Committee feedback.
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Proposal

1 Background and context

- 1.1 The attached Performance and Resources Report (PRR) provides an overview of performance across West Sussex County Council during the fourth quarter of 2021/22; bringing together information on performance, finance, workforce and risk management, all of which are reported on an outturn forecast basis.
- 1.2 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*.
- 1.3 Of the 53 measures currently reported, only 40 have year-end results available. The remaining 13 measures (mostly annual measures) will not have updates

until later in 2022 and their RAG status relates to the latest results available. Of those 40 measures with 2021-22 results the break-down is as follows:

- 70% (28 of 40) - met or exceeded their target (Green),
- 10% (4 of 40) – close to meeting their target (Amber),
- 20% (8 of 40) – did not meet their target (Red).

- 1.4 Of the 13 measures that do not have data updates for this year, we forecast four of them will meet their target (Green) and nine will be close to their target (Amber).
- 1.5 The provisional revenue outturn position for 2021/22 is £625.673m, an underspend of £5.566m. This consists of £4.969m of unused Contingency and £0.597m net underspend generated from in-year homeworking and change in service delivery savings.
- 1.6 The General Contingency concluded the year with £4.969m of budget unallocated. This balance assumes a Decision to transfer £3.406m of funding from Contingency to Portfolio budgets is agreed following the settlement of the 2021/22 pay award of 1.75% for NJC, HAY, SMG and Soulbury staff in February. It is requested that the £1.975m within the Pay Contingency is applied first, with a further £1.431m drawn from the General Contingency to cover the full requirement. Table 1 demonstrates the effect of these transactions on the Contingency budgets.

Table 1 – Contingency Budget – Impact of Pay Inflation Draw-down

Contingency Budgets in 2021/22	2021/22 Contingency Budget Prior To Pay Award Drawdown	2021/22 1.75% Pay Award Agreed	Contingency Budget Remaining
Pay Contingency	£1.975m	(£1.975m)	£-
General Contingency	£6.400m	(£1.431m)	£4.969m
Total	£8.375m	(£3.406m)	£4.969m

- 1.7 With uncertainty growing regarding inflationary increases in 2022/23 and the general downbeat economic forecast over the short-to-medium term, it is proposed that the unspent Contingency of £4.969m is transferred into a specific Inflation Contingency Reserve to enhance the £2.9m Inflation Contingency already created within the 2022/23 Budget.
- 1.8 With regards to the net £0.597m underspend generated from the in-year homeworking and change in service delivery savings, it is proposed that this underspend is transferred into the Service Transformation Reserve to fund future 'New Ways of Working' projects.
- 1.9 **Key financial risks** which have arisen across services in year have included:
- Continued increases in the cost of older people care packages,
 - 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 commencement of inflation price rises on goods and services
 - The non-delivery and delays of savings.
- 1.10 All costs associated with the **Covid-19 pandemic** were funded through grants and contributions. Overall, the County Council utilised £71.3m of grants and contributions in response to the pandemic in 2021/22.
- 1.11 The pressure on the **Dedicated Schools Grant** continues to be of concern with the DSG Unusable Reserve completing the year with a £25.5m deficit.
- 1.12 The **Capital Programme** completed the year spending £112.0m on schemes during 2021/22.
- 1.13 In relation to **corporate risks**, there are two risks with a severity above the tolerance threshold:
- Cyber-security,
 - Failure of social care provisions,
- 1.14 Of the 12 **workforce** key performance indicators with a RAG status indicator:
- 10 are rated 'Green' and are on track, and
 - 2 are rated 'Amber' and are at risk.

2 Proposal details

- 2.1 It is proposed that a total £3.406m is drawn from Contingency and is allocated to Portfolio's to fund the 1.75% 2021/22 pay award agreed by NJC, HAY, SMG and Soulbury salaried staff groups with:
- £1.975m drawn from the Pay Contingency Budget, and
 - £1.431m drawn from the General Contingency Budget.
- 2.2 With regards to the year end underspend balance within revenue budgets, it is proposed that the total corporate underspend of £5.566m, is transferred to the following reserves:
- £0.597m - Service Transformation Reserve. This underspend has arisen from in-year savings generated by staff working from home or from changes in service delivery during the pandemic; therefore, it is proposed that this balance is transferred into the Service Transformation Reserve to fund future 'New Ways of Working' projects.
 - £4.969m – Inflation Contingency Reserve. With uncertainty growing regarding inflationary increases in 2022/23 and the general downbeat economic forecast over the short-to-medium term, it is proposed that the unspent Contingency is transferred into a specific Inflation Reserve to enhance the £2.9m Inflation Contingency already created within the 2022/23 Budget.
- 2.3 Following a review of the Key Performance Indicators (KPIs) within the Council Plan, it is proposed that Cabinet agree the KPI amendments detailed in Annex C from 1st April 2022.

3 Other options considered (and reasons for not proposing)

- 3.1 A decision could be made not to transfer the 1.75% pay inflation into staffing budgets from the Contingency; however, a provision for a pay award was originally earmarked and had been planned to be met from this budget. In addition, 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 corporate underspend could have been allocated to a number of different areas, however in consultation with the Executive Leadership Team and Cabinet members, the allocation of the £5.566m as described above most suits the pressures that we see for the organisation. The 2022/23 financial year is likely to be challenging with rising inflation and general economic uncertainty, therefore allocating the unused Contingency funding into a specific Inflation Contingency Reserve seems prudent. In addition, allocating the net underspend generated by the homeworking to the Service Transformation Reserve will enable this underspend to be reinvested to deliver further savings in the future.
- 3.3 The original Key Performance Indicator measures could be used as originally agreed; however, some of the measures would benefit from some small adjustments to enable clearer reporting. It seems appropriate to take the opportunity to review the measures and refresh specific indicators where required.

4 Consultation, engagement and advice

- 4.1 The Executive Leadership Team and Cabinet Members have considered the Performance and Resources Report and the updates to the Key Performance Indicators.
- 4.2 All scrutiny committees review their specific sections of the Performance and Resources Report quarterly, with the Performance and Finance Scrutiny Committee having an overview of the whole document. Committees can make recommendations to the relevant Cabinet Member and/or refer issues to other scrutiny committees as appropriate.

5 Finance

- 5.1 The financial impact is set out in the Performance and Resources Report.

6 Risk implications and mitigations

- 6.1 The corporate risk register is included within the Performance and Resources Report, 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's performance and activities through the Performance and Resources Report to Cabinet is part of the governance of the council,

ensuring transparency in its reporting arrangements and enabling scrutiny by members and the public.

Becky Shaw
Chief Executive

Katharine Eberhart
Director of Finance and Support Service

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

Appendices

Annex A – How to Read the Performance and Resources Report

Annex B – Performance and Resources Report – Q4 2021/22

Annex C – Proposed Amendments to KPI's on Our Council Plan – 1st April 2022

Background papers

None