

Performance and Resources Report – Outturn 2021 (Quarter 4)

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 fourth quarter of 2021/2022 (January - March). 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.

National Context

2. The County Council is focused on delivering the four priorities 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. On the 24th February, the Government announced its plan for 'Living with Covid' and the removal of all Covid-19 domestic legal restrictions in England. The plan details how vaccines and other pharmaceutical interventions will continue to form the first defence against the virus. The County Council has continued to provide support to the vaccination programme and to the community by working with local partners and providing help and support to vulnerable people through the Community Hub and other front-line services.
4. Also on the 24th February, Russia invaded Ukraine. This has led to millions of Ukrainian civilians fleeing to neighbouring countries. The UK Government has condemned Russia's actions and has sanctioned over 1,600 individuals and businesses with Russian links. The UK has provided military and humanitarian assistance to Ukraine alongside announcing the Ukraine Family Scheme and the Home for Ukraine Sponsorship Scheme which enables UK households to offer a home to people fleeing Ukraine. Locally, the County Council is supporting these schemes and is working with local and national government, charities and volunteer groups to provide appropriate support. The war in Ukraine has exacerbated other economic pressures that have contributed to growing inflation that is impacting on the council's costs of delivery as well as on the cost of living for residents.
5. On this same day in February, the Chancellor also announced a number of measures to help households with cost-of-living increases:
 - Energy Bills Rebate - through the Energy Bills Support Scheme. All domestic electricity customers will have a £200 discount applied to their energy bills from October 2022. This discount will then be automatically recovered from bills in equal £40 instalments over the next five years;

beginning in 2023, when global wholesale gas prices are expected to reduce.

- Council Tax Rebate. Households in England which are Council Tax Band A-D will receive a £150 one-off rebate from April 2022. This will be administered by individual Council Tax Collection Authorities who will be reimbursed by the Government.

6. In addition, on the 23rd March, the Chancellor presented his Spring Statement where further announcements were made regarding support for people dealing with the rising cost-of-living, these included:

- Increase in the National Insurance Threshold, which will save the typical employee over £330 a year. This will come into effect from July 2022.
- Reduction in Fuel Duty. A 5p per litre reduction on petrol and diesel fuel duty came into effect on the 23rd March 2022.
- £500m of further Household Support Fund Grant which will be distributed by councils in England to directly help support vulnerable households meet daily needs, such as food, clothing and utilities.

7. On the 26th May, the Chancellor announced a Cost-of-Living Support package which detailed the following support measures:

- Households will receive £400 of support with their energy bills through an expansion of the Energy Bills Support Scheme.
- The £200 Energy Bill Rebate, which was announced in February, has been revised with the value of the rebate doubling to £400 per household and the full £400 payment now becoming a grant, which will not be recovered through higher bills in future years.
- More than 8 million households on means tested benefits will receive a one-off Cost of Living Payment of £650 this year.
- Pensioner households will receive an extra £300 this year to help cover the rising cost of energy this winter.
- Around 6 million people who receive disability benefits will receive a one-off payment of £150 from September to assist with additional costs.
- A further £500m increase and extension of the Household Support Fund from October 2022 – March 2023 to support people who need additional help.

8. The Levelling Up White Paper was published on the 2nd February. It sets the policy framework for delivering the Government's ambition to spread opportunity more equally across the UK, including by refocusing funding. It sets out 12 Levelling Up Missions with targets for 2030 grouped under four Objectives:

- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging.
 - Spread opportunities and improve public services, especially in those places where they are weakest.
 - Restore a sense of community, local pride and belonging, especially in those places where they have been lost.
 - Empower local leaders and communities, especially in those places lacking local agency.
9. The White Paper also sets out a new approach to devolution, with an expectation that devolution deals will be in place across England by 2030 for areas that want them. It confirmed that this would include County Deals that would be agreed with county and unitary authorities, with the involvement of district and borough councils encouraged but without a right of veto. County Deals would require populations over 500,000 and Government will not accept 'islands' left out of the final pattern of deals. A three-tier framework for devolution deals, dependent on leadership models was set out in the White Paper. Nine County Deal pilots were announced, as the start of a future pipeline. The White Paper also confirmed that the Government will not impose local government reorganisation and only consider cases where there is broad local support, and that UK Shared Prosperity Funding will go to District and Borough Councils in areas without a County Deal.
10. On the 28th March, the Schools White Paper, Opportunities for All, was published which sets out plans to make sure every child can reach the full height of their potential. The document sets out a series of new measures to support children's education, which include:
- Schools will offer a minimum school week of 32.5 hours by September 2023.
 - Local authorities for the first time will be able to set up their own Multi-Academy Trusts.
 - Ofsted will inspect every school by 2025.
 - By 2030, all children will benefit from being taught in a school in, or joining, a multi-academy trust.
 - At least £100m to put the Education Endowment Foundation on a long-term footing so they can continue to evaluate and spread best practice in education across the country.
11. The SEND Review: Right Support, Right Place, Right Time Green Paper was published on 29th March. This paper seeks views about the proposal to establish a single national SEND and alternative provision system that sets clear standards for the provision that children and young people should expect to receive and the processes that should be in place to access it.

Performance Summary - Our Council Plan

12. This section reports the latest performance position against Our Council Plan measures. **Table 1** displays the performance by priority with details of each measure reported in each respective Portfolio Section.

Table 1 – Performance by Portfolio/ Priority

Portfolio/Priority	RAG Status	Making the Best Use of Resources	Helping People and Communities to Fulfil Their Potential	A Sustainable and Prosperous Economy	Keeping People Safe from Vulnerable Situations
Adults Services	R	N/A	2	N/A	1
	A	N/A	2	N/A	N/A
	G	N/A	2	N/A	3
Children and Young People	R	N/A	N/A	N/A	2
	A	N/A	N/A	N/A	2
	G	N/A	N/A	N/A	1
Learning and Skills	R	N/A	N/A	N/A	N/A
	A	N/A	2	N/A	N/A
	G	N/A	4	1	N/A
Community Support, Fire and Rescue	R	N/A	N/A	N/A	2
	A	N/A	N/A	N/A	N/A
	G	N/A	4	N/A	1
Environment and Climate Change	R	N/A	N/A	N/A	N/A
	A	N/A	N/A	N/A	N/A
	G	N/A	N/A	2	N/A
Finance and Property	R	1	N/A	N/A	N/A
	A	N/A	N/A	N/A	N/A
	G	2	N/A	1	N/A
Highways and Transport	R	N/A	1	1	N/A
	A	N/A	N/A	1	N/A
	G	N/A	N/A	1	N/A
Leader	R	N/A	N/A	N/A	N/A
	A	N/A	N/A	N/A	N/A
	G	N/A	N/A	3	N/A
Public Health and Wellbeing	R	N/A	N/A	N/A	N/A
	A	N/A	N/A	N/A	N/A
	G	N/A	2	N/A	3
	NO RAG	N/A	1	N/A	N/A
Support Services and Economic Development	R	N/A	N/A	N/A	N/A
	A	1	N/A	N/A	N/A
	G	4	N/A	N/A	N/A

	The values within the table refer to the number of KPI measures.
	Blue highlighted cells indicate the KPI includes a Climate Change measure. Overall there are three Climate Change measures.

13. 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 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 the target (Green)
- 10% (4 of 40) - close to meeting the target (Amber)
- 20% (8 of 40) - not met their target (Red)

This compares to Q3 performance: -

- 62.5% (25 of 40) - met target (Green)
- 17.5% (7 of 40) - close to meeting their target (Amber)
- 20% (8 of 40) - not met their target (Red)

and compares to their forecasted outturn: -

- 70% (28 of 40) - met target (Green)
- 17.5% (7 of 40) - close to meeting their target (Amber)
- 12.5% (5 of 40) - not met their target (Red)

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

Performance Summary by Priority

15. The Council has responded to several events and challenges over the last three months which have impacted the operations and priorities of the council, diverting resources to support our residents. These include the war in Ukraine, the energy crisis and the cost-of-living increases and three named storms within a week in mid-February. In parallel, it has continued to focus on core delivery and progressing a range of improvement programmes.

Keeping People Safe from Vulnerable Situations

16. This has been a strong year for improved performance within the Children, Young People and Learning Directorate. The Children First Transformation programme has progressed with the Early Help service, Family Safeguarding (phase 1) and education redesigns all being implemented as planned. Children's services also continue to make improvements in service delivery notably within services provided to children we care for, which was confirmed by the latest Ofsted monitoring visit which noted that, *'The quality of social work practice and the experiences of the children in the care of West Sussex have significantly improved since the May 2019 inspection.'*
17. The Commissioner, who provides independent scrutiny and monitoring of the service performance, has conducted a full review of the evidence of progress during 2021. He submitted his latest report to the Secretary of State in January 2022. In acknowledgement of the improvements that have been made by the Council, his report recommended that the Government remove the statutory direction for a Children's Trust, allowing Children's Service to remain within West Sussex County Council. His report outlined the steps taken by the Leader of the Council and the wider Council to ensure that Children's Services is properly supported and resourced to maintain the pace of improvement. His recommendation has now been approved by the Secretary of State which has put a stop to a Trust arrangement. This is a significant milestone on our recovery.
18. The Covid-19 Omicron variant, although found in the UK back in December didn't peak until January 2022 and further variants continue to be discovered. We remain

focused on making sure we continue to support the most vulnerable people in our community with rising costs of essentials, through our Household Support Fund. The Community Hub received over 24,000 cases from Test and Trace this quarter and since February has, in partnership, been involved with supporting individuals experiencing hardship for reasons not necessarily linked to Covid

19. For adult social care there has been unprecedented demand across the services, mirroring a national trend. The ongoing pressures, in particular for supporting the NHS with hospital discharges has impacted on the ability to meet all the targets.
20. The Council is implementing processes to support eligible families and individuals leaving Ukraine, providing appropriate support in line with Government policy for resettling refugees, while continuing to provide support for other refugees and migrants, including those from Afghanistan.
21. Also, during February, the Council responded to three storms within one week, which created disruption across the region. Teams worked together with emergency planning partners to support communities. On the Friday 19th the Highways team received 554 calls about emergency incidents (an average is 80 on a normal day) and by the close of day on Monday, the team had responded to 388 emergency incidents, the majority of which related to clearing fallen trees. West Sussex Fire and Rescue Service responded to numerous 999 calls from across the County. The Joint Fire Control received almost 600 calls between 8am and 5.30pm on Friday across West Sussex, East Sussex, and Surrey.

A Sustainable and Prosperous Economy

22. Our six growth deals with District and Borough Council partners remain the focus for our investment and activity to support economic growth. A construction contract worth over £1 million for highways improvements in the Manor Royal Business District was awarded as part of the Crawley Growth Programme, with a £60 million package of improvements across the town to support business investment and employment growth. Littlehampton has also had £1.25 million approved for the Terminus Road project to enhance the town centre and promote sustainable modes of transport.
23. A £32 million programme of investment in highways and transport was agreed and will cover investment on more than 650 schemes to improve carriageways, pavement, road safety, bridges, and public rights of way as well as schemes to tackle flood issues, including those caused by extreme weather events.

Helping People and Communities Fulfil Their Potential

24. Ofsted inspections of schools continued uninterrupted between January to March 2022. By March 2022, 88.8% of schools were judged to be either Good or Outstanding, an all-time high. Although national data for Key Stage 2 and Key Stage 4 data has not been published, we continue to provide a programme of professional development for teachers and school leaders and additional school led improvement projects are used to support schools to improve, and where outcomes for pupils are too low.

25. Personal Education Plans (PEP), a statutory document required for all Children we care for from the age of two until they turn 18 and are classed as an adult, remains at an all-time high with 97% completed during the Spring Term 2022, helping children to achieve their potential through a personalised approach to education.

Making the Best Use of Resources

26. The cost of living continues to rise steeply, exacerbated by the energy crisis. As a result, additional funding of up to £3 million has been allocated by West Sussex County Council for the second year running to provide support for households experiencing financial pressures during the pandemic and in the year ahead.

Responding to the Challenges Posed by Climate Change

27. The Cabinet Member for Environment and Climate Change has approved the County Council's new 2030 Energy Strategy. This will guide decision making on energy for the next decade and support the transition to clean energy and action on climate change.
28. Heat Decarbonisation Plans have been produced for 50 County Council buildings, including County Hall and Parkside, to show where fossil fuel systems could be replaced by low carbon technologies such as heat pumps.
29. The County Council has also signed a new three-year contract with E-On to operate the County Council's battery sites. Our grid scale batteries at Westhampnett and, from next year, Halewick Lane, store surplus electricity and respond to peaks in power demand. E-On's specialist expertise will ensure that the County Council generates a sustainable income and advise on new opportunities in the energy market.

Finance Summary

National Financial Overview and Potential Impacts

30. Global inflationary pressures have intensified following Russia's invasion of Ukraine, which has led to a deterioration in the outlook for UK growth. Supply chain disruption has also arisen due to the conflict, but also as a result of the continued impact of the Covid-19 pandemic in China. These global events are directly affecting the cost of goods and services within the UK and are increasing household costs for families.
31. The UK's unemployment rate fell to 3.8% in the three months to February, and experts expect it to fall slightly further in coming months as the supply within the labour market tightens adding further pressure to wage inflation.
32. The latest figures from the Office for National Statistics (ONS) on the Consumer Price Index (CPI) and Retail Price Index (RPI) are shown in **Table 2** below.

Table 2 – Inflation Table CPI and RPI

Inflation	Q4 2020/21	Q1 2021/22	Q2 2021/22	Q3 2021/22	Q4 2021/22		
	March 2021	June 2021	Sept 2021	Dec 2021	Jan 2022	Feb 2022	March 2022
Consumer Price Index (CPI)	0.7%	2.5%	3.1%	5.4%	5.5%	6.2%	7.0%
Retail Price Index (RPI)	1.5%	3.9%	4.9%	7.5%	7.8%	8.2%	9.0%

33. The Bank of England’s Monetary Policy Committee (MPC) sets its monetary policy to meet a 2% inflation target. In its meeting on the 4th May 2022, the MPC decided to increase the Bank of England’s base rate by 0.25%, to 1.00%. It also explained that the UK’s GDP growth is expected to slow sharply in the coming months.
34. Looking forward into 2022/23 and beyond, the impact of the increasing cost of goods and services remains a significant concern, with the cost of care continuing to increase at higher rates than budgeted for and the projected costs of delivering the capital programme continuing to increase. Ongoing economic implications on services have been factored into the council’s medium-term financial strategy and budget for 2022/23. However, there is uncertainty with regard to the continuing inflation rises and the effect this will have on the value of our service contracts and funding available to deliver essential services over the short-to-medium term.
35. There remains significant uncertainty around Local Government funding from 2023/24 onwards. The Fair Funding Review and changes to the business rates retention scheme, originally planned to be implemented from April 2020, has been postponed for a number of years and has, therefore, delayed the impact on local authorities’ funding assumptions. It was assumed that Fair Funding would be implemented in 2023/24 but it now seems likely this will be further delayed. Our assumptions will be kept under review as more details emerge.

Finance Outturn Summary

36. This section sets out the financial outturn for 2021/22. The formal financial statements are still in preparation for the external audit; after which time, they will be submitted for approval to the Regulation, Audit and Accounts Committee.
37. The outturn position reported is provisional until the preparation of the accounts and external audit is complete. Any change from this outturn position included in this report will be reported in the narrative to the financial statements.
38. The Performance and Resources Report endeavours to separate the impact of the Covid-19 pandemic from the County Council agreed business as usual budget; to enable a clear view of the financial impact the pandemic has caused.

39. The provisional revenue outturn position for 2021/22 on revenue budgets is £625.673m, **an overall corporate underspend of £5.566m.**

This underspend is comprised of Portfolio budgets have underspent by £1.199m which has been partly mitigated by the £0.602m overspend within **Non-Portfolio budgets** (excluding the Contingency), leading to a net £0.597m underspend prior to use of contingency. In addition, the **General Contingency** concludes the year with **£4.969m of unused funding.** This balance assumes a Decision to transfer funding from Contingency budgets to Portfolio budgets is agreed following the late NJC pay award agreement in February.





40. **Table 3** details the revenue outturn position by Portfolio and **Table 4** provides a comparison of the outturn position to the quarter three projection.

Table 3 – Year End Outturn Position and Variation

Portfolio	Budget	Outturn Expenditure	Outturn Variation	Variation
Adults Services	£210.620m	£210.446m	(£0.174m)	(0.1%)
Children & Young People	£132.937m	£132.799m	(£0.138m)	(0.1%)
Learning & Skills	£36.985m	£38.623m	£1.638m	4.4%
Community Support, Fire & Rescue	£41.923m	£41.473m	(£0.450m)	(1.1%)
Environment & Climate Change	£59.409m	£56.752m	(£2.657m)	(4.5%)
Finance & Property	£28.241m	£30.963m	£2.722m	9.6%
Highways & Transport	£37.229m	£36.010m	(£1.219m)	(3.3%)
Leader	£2.745m	£2.453m	(£0.292m)	(10.6%)
Public Health & Wellbeing	£0.000m	£0.000m	£0.000m	(0.0%)
Support Services & Economic Development	£41.471m	£40.842m	(£0.629m)	(1.5%)
Portfolio Total	£591.560m	£590.361m	(£1.199m)	(0.2%)
Non-Portfolio & Sources of Finance			£0.602m	
Contingency Budget Remaining			(£4.969m)	
Total Outturn Underspend			(£5.566m)	

Table 4 –Year End Outturn Position and Variation - Compared to Q3

PORTFOLIO	CURRENT NET BUDGET (£'000)	OUTTURN VARIATION (£'000)	VARIATION %	MOVEMENT SINCE Q3 (£'000)
Adults Services	210,620	-174	-0.1%	(174)
Children & Young People	132,937	-138	-0.1%	(638)
Learning & Skills	36,985	1,638	4.4%	(219)
Community Support, Fire & Rescue	41,923	-450	-1.1%	(753)
Environment & Climate Change	59,409	-2,657	-4.5%	(292)
Finance & Property	28,241	2,722	9.6%	2,492
Highways & Transport	37,229	-1,219	-3.3%	(239)
Leader	2,745	-292	-10.6%	(242)
Public Health & Wellbeing	0	0	0.0%	0
Support Services & Economic Development	41,471	-629	-1.5%	(1,091)
Portfolio Total	591,560	-1,199	-0.2%	(1,156)
Non Portfolio (Excluding Contingency)	29,144	602	2.1%	0
Contingency	4,969	-4,969	-100.0%	(869)
Total	625,673	-5,566	-0.9%	(2,025)

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

41. A number of **Technical Accounting Adjustments** have been enacted whilst closing the financial accounts which have been included within the Portfolio outturn position:

- **Increase Doubtful Debts Provision (*Finance and Property Portfolio*)**. Following the work undertaken last year in reviewing the methodology for calculating a more prudent provision for doubtful debt, it has been assessed that a further £1.448m of provision is required within the Doubtful Debt Provision.
- **Insurance Contribution (*Finance and Property Portfolio*)**. An opportunity to fund £0.527m of insurance costs within the Finance and Property Portfolio has been enacted thereby reducing the amount required to be drawn from the insurance reserve for claims in 2021/22.
- **Durrington Bridge House Project (*Finance and Property Portfolio*)**. The costs associated with moving office accommodation from Centenary House to Durrington Bridge House of £0.618m have been charged to the Finance and Property Portfolio. In reality, this project has been fully funded by the in-year homeworking underspends which are held within the individual Portfolios they were generated.

In-Year Homeworking/ Change in Service Delivery Underspend

42. During the year, the Covid-19 pandemic impacted the way the County Council delivered its services to its customers and how it operated internally. Many services have had to adapt to different ways of working to enable the business to continue in an efficient and effective manner. As per government guidelines, the County Council asked its employees to work from home where possible to reduce the risk of infections in the workplace.
43. Homeworking also provided some financial benefits which are detailed in **Table 5** and included in individual Portfolio sections:

Table 5 – Projected In-Year Underspending from Homeworking/ Change in Service Delivery

Type of Spend / Area	In Year Underspending	Comments
Staff Travel and Vehicle Mileage	(£0.455m)	In-year saving from a reduction in staff travel (including social care).
Members Travel, Expenses, Training and Refreshments	(£0.100m)	Saving due to remote working and on-line meetings.
Utilities	(£0.300m)	Reduction in utility expenditure due to reduced occupancy in the majority of county buildings.
Facilities Management	(£0.160m)	Reduction in shredding and refuse, consumables at area hubs and security costs.
Postage and Central Stationery	(£0.200m)	Reduction in the amount of postage and central stationery required.
Total In-Year Underspending	(£1.215m)	

44. Of the £1.215m homeworking underspend which has been generated:
- **£0.618m** has been used to cover the in-year costs for the **Durrington Bridge House Project** which is charged to the Finance and Property Portfolio.
 - It is proposed that the remaining **£0.597m underspend is transferred into the Service Transformation Reserve** to fund future New Ways of Working projects.

Contingency Budgets

45. In February the 2021/22 NJC pay award dispute concluded with a 1.75% pay increase agreed by unions and employers backdated to 1st April 2021. HAY, SMG and Soulbury salaried staff have also agreed a 1.75% increase for 2021/22.
46. A Decision is required to draw £3.406m of Contingency budget to fund the pay award. It is proposed 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. For clarity, it should be noted that these transactions have been assumed within the presentation of the Outturn Report. **Table 6** demonstrates the effect of these transactions to the Contingency budgets.

Table 6 – Contingency Budget – Impact of Pay Inflation Draw-down

Contingency Budgets in 2021/22	Remaining 2021/22 Contingency Budget	2021/22 1.75% Pay Award Agreed	Contingency Budget Remaining
Pay Contingency ¹	£1.975m	(£1.975m)	£-
General Contingency	£6.400m	(£1.431m)	£4.969m
Total	£8.375m	(£3.406m)	£4.969m

Note:

¹ £0.225m previously drawn from Pay Contingency Budget in September 2021 to fund the Fire & Rescue Pay Award.

47. After drawing the £3.406m required for the pay award, the **General Contingency budget concludes the year with a £4.969m underspend.**
48. 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 Contingency Reserve** to enhance the £2.9m Inflation Contingency already created within the 2022/23 Budget.

Carry Forward Requests

49. A number of carry forward requests totalling £3.679m have been actioned as part of the financial year end transactions; these are detailed in **Table 7**. The majority of the carry forward requests relate to grant funding which has been allocated for a specific purpose but has not been fully spent by the end of the financial year. Further details on each of these requests are included in the individual portfolio sections.

Table 7 – List of Carry Forward Requests

Portfolio	Carry Forward Request	Amount
Adult Services	Domestic Abuse Grant – To fund the Pan Sussex Domestic Abuse Accommodation and Support Strategy. Decision (AS03 21/22).	£1.498m
Children & Young People	Youth Justice Service - To fund projects including speech and language therapy, specific training and alternative education provision.	£0.040m
	West Sussex Safeguarding Children Partnership – To fund the implementation of an improvement plan in 2022/23.	£0.163m

Portfolio	Carry Forward Request	Amount
Fire & Rescue and Communities	Domestic Homicide – Delays in completing review cases due to legal processes	£0.115m
	Bequest for Worthing Fire Station – A generous gift has been left to Worthing Fire Station.	£0.098m
	Proceeds of Crime Act Funding – To be used for specific projects to detect and prevent future crime.	£0.038m
Highways & Infrastructure	Capability Fund for Active Travel – This grant was awarded in December 2021 to develop sustainable travel schemes across the county.	£0.251m
	Bus Capacity Grant - Grant to support the development of the Bus Service Improvement Plan and to provide capacity for the implementation of an enhanced partnership approach.	£0.397m
	Capacity Grant for Local Transport Plan – Grant awarded in March 2022. Funding will provide capacity to introduce a carbon impact appraisal system to improve decision-making. <i>Accounted for within Environment and Climate Change Portfolio (Planning Budget).</i>	£0.179m
Leader	One Public Estate Opportunity Development Fund - Grant received in March 2022 to help partners secure capacity to develop a pipeline of public sector property opportunities and help deliver post-pandemic public estate strategies.	£0.100m
Support Services & Economic Development	Provision for IT Restructuring Costs – A number of costs that were initially expected to be met in 2021/22 will now be incurred in 2022/23.	£0.800m
Total		£3.679m

50. In addition to the above listing, **Table 8** details a number of Covid-19 grants received from the Government which were unspent at the end of the year. These funds have been carried forward into 2022/23 to assist the County Council with the on-going Covid-19 pressures it is continuing to encounter. Further details on the Covid-19 grants is detailed in **Appendix 2**.

Table 8: Listing of Revenue Covid-19 Grants Transferred into 2022/23.

Covid-19 Grant	Details	Grant Remaining
Local Authority Non-Ringfenced Grant	Non-Ringfenced Grant – Supporting pressures created by the pandemic	£12.976m
Local Council Tax Support	Non-Ringfenced Grant – To support the continuation of the local council tax hardship scheme	£3.000m
Contain Outbreak Management Fund	Ringfenced Grant – To help reduce the spread of coronavirus and support local public health.	£3.651m
Emergency Active Travel Fund	Ringfenced Grant – To protect and increase travel services.	£0.170m
Travel Demand Management	Ringfenced Grant – Support in developing travel demand management programme.	£0.021m
Total		£19.818m

Financial Outturn – Areas to Highlight

51. The individual portfolio sections within the report explain the key movements which have occurred during the year, however the main areas which have arisen within and across the portfolios include:
- 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.
52. During the year, the **Adults Services Portfolio** has been under significant pressure, largely due to the cost of care for older people continuing to increase and the imbalance of supply and demand in the care sector. Between the Older People and Learning Disabilities cohorts, the aggregate 2021/22 overspend was £12.9m, however due to the extent to which the causes are attributable to the Covid-19 pandemic, £11.3m of the overspend was charged to the County Council's Contained Outbreak Management Fund (COMF) allocation and £1.6m was met from the Improved Better Care Fund (iBCF).
53. Looking forward, the level of underlying risk within the Adults Services Portfolio for 2022/23 is in the region of £4.7m. When combined with existing savings targets, it makes for a challenging outlook, even if the market returns to a settled state.
54. In addition, the reforms to Adult Social Care that are scheduled to take place in October 2023 expose the County Council to significant financial risks. In part, this is because of the additional expenditure that they will bring as a result of more residents engaging with the council for their social care needs. The other element is that there is a possibility that the formula which Government will use to allocate funding will target insufficient resources towards local authorities in relatively wealthier areas of the country, despite this where the cost impact of the reforms will be greatest. To mitigate that risk, the Adult and Health Pressures and Recovery Reserve is to be repurposed as the Adult Social Care Reform Risk Reserve. This action is being taken as a pro-active measure and will mean that funding of £5m is available to manage adverse financial implications, particularly in relation to the one-off spending which will be incurred in 2023/24 from the surge in activity that is expected as self-funders approach the County Council for an assessment so that they may benefit from the reforms. In addition, the reserve will support the County Council in managing any unforeseen market effects that may arise. Further details are reported in **Section 1** – Adult Services Portfolio.
55. The **Dedicated Schools Grant** (DSG) overspent by £7.7m in 2021/22. It should be noted that this overspend value is after allowing for a £7.0m transfer from the DSG Reserve which was agreed by Schools Forum. The total DSG deficit held in unusable reserves now totals £25.5m. Further details are reported in **Section 3** – Learning and Skills Portfolio.

56. The **English National Concessionary Travel Scheme** underspent by £1.1m in 2021/22 due to Covid-19 restrictions. There is still some uncertainty as to how the number of passengers will rebound following the lifting of restrictions, but there may be potential to re-invest resources to other bus service priorities within the Bus Service Improvement Plan.

Savings Update

57. The **2021/22 savings target** across all portfolios was £18.5m. Of this amount, £10.2m (55%) was achieved as originally envisaged or has been delivered by other means or mitigated within the service; with £8.4m (45%) of savings undelivered this year. These unachieved savings are included with the outturn position.
58. **Table 9** summarises the savings position by Portfolio. Details of each saving is included in the separate portfolio sections.

Table 9 – 2021/22 Savings by Portfolio

Total Savings 2021/22	Red	Amber	Green	Blue	Total (£000)
	Significant Risk Not Delivered (£000)	At Risk (£000)	On Track Delivered in Year (£000)	Delivered On an On-Going Basis (£000)	
Adults Services	7,338	-	530	108	7,976
Children and Young People	200	-	1,050	2,656	3,906
Learning & Skills	187	-	463	131	781
Community Support, Fire & Rescue	-	-	70	368	438
Environment & Climate Change	-	-	170	370	540
Finance & Property	-	-	-	243	243
Highways & Transport	-	-	76	1,221	1,297
Leader	-	-	-	101	101
Public Health & Wellbeing	-	-	-	-	-
Support Services & Economic Development	632	-	400	2,199	3,231
Total	8,357	-	2,759	7,397	18,513

Savings Key:			
R Significant Risk	A At Risk	G On Track	B Delivered

59. In addition, we have also been monitoring **£3.1m of savings from 2020/21** which had not been delivered permanently by the start of the financial year. The majority of these savings plans were adversely affected by the pandemic and are taking longer than predicted to deliver. Of these £3.1m savings, £1.2m (39%) were achieved as originally envisaged or have been delivered by other means or mitigated within the service, with £1.9m (61%) of savings undelivered this year. **Table 10** summarises the savings position by Portfolio. Details of each saving is included in the separate portfolio sections.

Table 10 – Savings Brought Forward from Previous Year by Portfolio

Savings Brought Forward From 2020/21	Red	Amber	Green	Blue	Total (£000)
	Significant Risk Not Delivered (£000)	At Risk (£000)	On Track Delivered in Year (£000)	Delivered On an On-Going Basis (£000)	
Adults Services	1,100	-	800	-	1,900
Children and Young People	56	-	44	-	100
Learning & Skills	25	-	100	-	125
Community Support, Fire & Rescue	-	-	-	150	150
Environment & Climate Change	-	-	-	-	-
Finance & Property	150	-	150	-	300
Highways & Transport	300	-	-	-	300
Leader	-	-	-	-	-
Public Health & Wellbeing	-	-	-	-	-
Support Services & Economic Development	-	-	-	-	-
Non-Portfolio	250	-	-	-	250
Total	1,881	-	1,094	150	3,125

Savings Key:			
R Significant Risk	A At Risk	G On Track	B Delivered

60. As part of the 2022/23 budget setting process, all of the delayed savings were reviewed, and consideration was given to the likelihood of their deliverability going forward. This exercise led to the removal or reprofiling of £0.6m of savings.
61. Looking forward to 2022/23, there are currently no 2020/21 or 2021/22 savings judged as 'at significant risk' (red), however there are **£9.0m of savings judged as 'at risk' (amber)**. £7.1m of these 'at risk' savings relate to the Adults Services Portfolio. Details of each saving and 2022/23 RAG status are included in the separate portfolio sections.

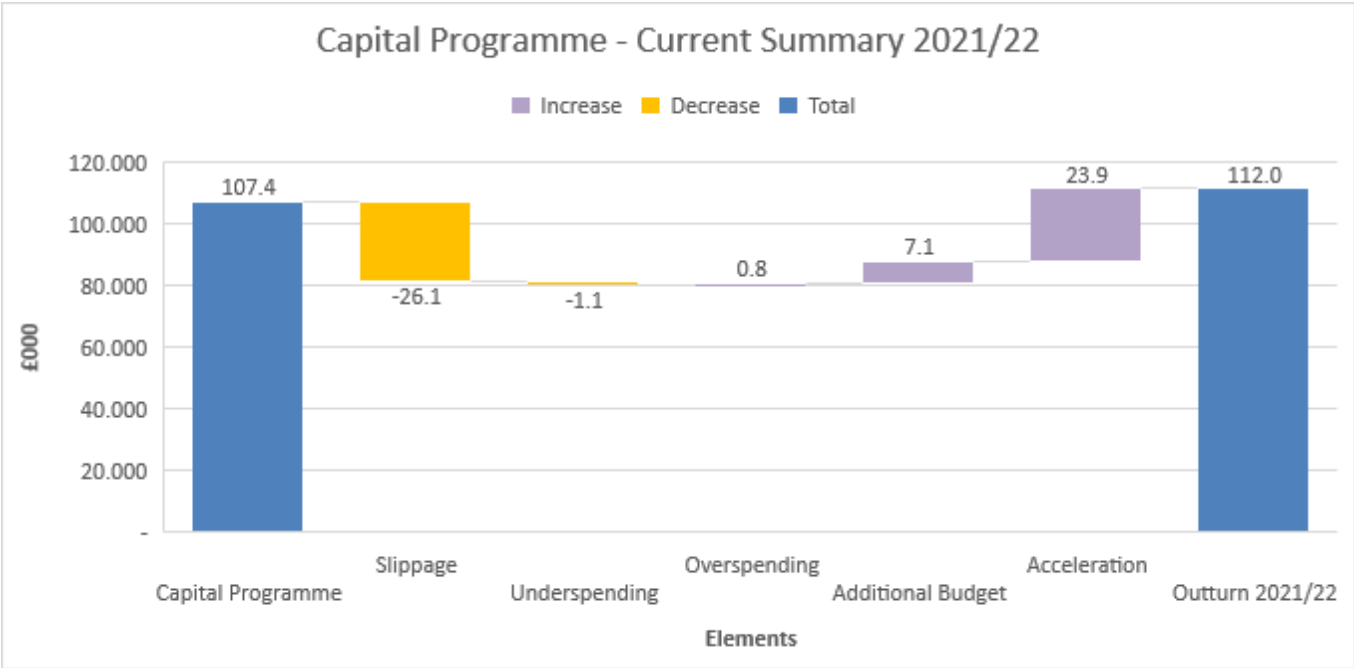
Covid-19 Grants and Income Summary

62. 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. A total £94.4m of Covid-19 revenue funding was available in 2021/22 which included £92.1m from grants – i.e grant balances carried forward from 2020/21, ringfenced grants with conditions attached, ringfenced grants administered in accordance to Government Requirements (passporting funds to third parties) and other non-ringfenced grants. A further £2.3m of contributions from other organisations including the West Sussex Clinical Commissioning Group (CCG) also contributed to this funding.
63. Of this funding, £71.3m was spent in year in response to the pandemic, £3.3m of unspent ringfenced grants, largely related to government administered funds including Infection Control and Rapid Testing funding, will be repaid to the Government, leaving £19.8m to be carried forward into the 2022/23 financial year to continue to cover the costs of the on-going pandemic. Further details are reported in **Appendix 2**.

Capital Programme Summary

- 64. 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.
- 65. Since this time, spend has increased overall by £4.6m, to give a full year spend for 2021/22 of £112.0m. **Graph 1** demonstrates movements from the revised capital programme to the current forecast.

Graph 1 – Capital Programme



Key:
 Capital Programme – The revised planned expenditure for 2021/22 as at 1st April 2021.
 Slippage – Funding which was planned to be spent in 2021/22 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.
 Outturn 2021/22 – Total capital programme expenditure as at 31st March 2022.

- 66. Within the Capital Programme there is £4.4m of revenue transformational projects which meet the eligibility criteria under the Flexible Use of Capital Receipts principles. Further details on the Flexible Use of Capital Receipts projects are available in **Appendix 3**.
- 67. The Capital Programme Budget Monitor, as at the end of March 2022, is included in **Appendix 4**.

Corporate Risks

68. The County Council’s risks are reviewed regularly to ensure risks are understood and appropriate mitigation takes place. Risks are scored considering the likelihood and impact.
69. During the quarter, the Corporate Risk Register has been updated with two changes which are described in **Table 11** below.

Table 11 – Changes to the Corporate Risk Register When Compared to Previous Quarter Report

Risk Number	Risk	Action	Reason	Current Score
CR11	As a result of skill shortages across various sectors and less attractive employment offers in comparison to other organisations and locations (amplified by the current cost of living situation), there is a risk that we will not be able to recruit and retain sufficient numbers of skilled staff to manage and deliver quality services.	Risk likelihood increased.	To reflect current situation across services with the recruitment and retention of staff.	16
CR72	The Government has stipulated that children in care under the age of 16 will not be allowed to be accommodated in unregulated placements. This has strengthened existing regulations that stipulate that all children and young people who require residential care must be placed within registered children's homes. Due to a local and nationwide shortage of registered provision there is a risk that these children and young people will not be cared for in settings that best meet their needs , which could lead to safeguarding concerns and enforcement action against the providers of unregistered homes and local authorities.	Risk likelihood reduced.	Due to completion of an annual review and update of the placement sufficiency and commissioning strategy, and number of children currently in unregulated care. Risk reduced from 16 to 12.	12

70. There are two corporate risks with severity above the tolerance threshold:
- CR39a – Cyber-security.
 - CR58 – Failure of social care provisions.

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

Workforce

72. The Workforce Key Performance Indicators, detailed in **Appendix 6**, report that of the 12 KPIs with a RAG status indicator, 10 are green and two are amber.
73. The amber measures relate to an increase in sickness recorded on the rolling 12-month average calendar days lost to sickness and a reduction in the completion rate of staff inductions.

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: Covid-19 Summary
- Appendix 3: Service Transformation and Flexible Use of Capital Receipts Summary
- Appendix 4: Capital Monitor
- Appendix 5: Corporate Risk Register Summary
- Appendix 6: Workforce