

## **Report to Cabinet**

**20<sup>th</sup> June 2023**

### **Performance and Resources Report – Q4 2022/23**

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

**Electoral division(s): All**

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#### **Summary**

The Q4 Performance and Resources Report (PRR) provides an overview of performance across the County Council for the fourth quarter of 2022/23. The report in **Annex B** brings together an overall summary in the first part of the Annex followed by more detailed updated by individual Cabinet Portfolio and provides information on performance, finance, workforce and risk management. These are all reported on an outturn basis and describes how the County Council is delivering its four priorities and overarching theme of tackling climate change as set out in Our Council Plan.

The PRR has been reviewed by all Scrutiny Committees as the main source of the County Council's performance information. **Annex A** – How to Read the Performance and Resources Report, provides some key highlights on the structure, content and a detailed matrix of the sections of the report that has been presented to the different scrutiny committees.

Our **performance** is measured against Our Council Plan. There are 52 measures, of which, 46 have year-end results available and full details are set out within the individual portfolio sections (Sections 1 to 10). The remaining six measures will not have updates until later in 2023, therefore their RAG status relates to the latest results available. Of those 46 measures with 2022/23 results:

- 63% (29 of 46) - met or exceeded their target (Green),
- 15% (7 of 46) – close to meeting their target (Amber),
- 22% (10 of 46) – did not meet their target (Red).

Of the six KPI measures that do not have data updates for this year, two are forecast to meet their target (Green) and four 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. Following this review, it is proposed that three targets are revised to reflect the new outturn baseline data set. It is requested that Cabinet agree the updated measures which will take effect from 1<sup>st</sup> April 2023. Details of these proposed changes are reported in **Annex C**.

The overall **provisional revenue outturn position** for 2022/23 is a balanced budget consisting of:

- £10.541m overspend within Portfolio Budgets
- £0.665m additional income from business rates and included within Sources of Financing
- £4.947m of additional investment income and included within Non-Portfolio Budgets
- £4.747m of remaining General Contingency (within Non-Portfolio); and
- £0.182m draw down from the Inflation Contingency Reserve.

The **Dedicated Schools Grant (DSG)** position remains a key concern for the County Council with an overspend of £16.873m in 2022/23, increasing the reserve deficit balance to £41.855m as at 31 March 2023.

The **Capital Programme** full year spend for 2022/23 was £124.7m across all portfolios with the majority of spend on our highways and transport, education and fire and rescue services.

The **12 Workforce Key Performance Indicators** concluded the year with nine measures rated 'Green', one 'Amber' and one 'Red'. There is one KPI measure which was unavailable this quarter.

## **Recommendations**

Cabinet are requested to: -

- (1) Consider the information contained in the Q4 Performance and Resources Report in Annex B.
- (2) Consider any specific areas for action following Scrutiny Committee feedback.
- (3) Agree to the following transactions to cover the £10.541m Portfolio overspend position:
  - a. Utilise the remaining £4.747m Contingency Budget.
  - b. Utilise the £0.665m Sources of Financing additional income.
  - c. Utilise the £4.947m additional income within Non-Portfolio budgets.
  - d. Utilise £0.182m from the Inflation Contingency Reserve.
- (4) Agree the proposed changes to the Key Performance Indicator measures detailed in Annex C.

## **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

2022/23; bringing together information on performance, finance, workforce and risk management, all of which are reported on an outturn 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. These are all underpinned by tackling climate change.
- 1.3 We have 52 KPI **Performance measures**, of which, 46 have year-end results available. The remaining six measures will not have updates until later in 2023, therefore their RAG status relates to the latest results available. Of the 46 measures with 2022/23 results, 29 measures met or exceeded their target, 7 measures were close to meeting their target and 10 measures did not meet their target. Of the six measures that do not have data updates for this year, we forecast two of them will meet their target and four will be close to their target.
- 1.4 A review of the Council Plan, agreed by County Council in February 2023 led to a number of KPI targets being revised based on the data available at the time of the review; however, for some KPIs, it is now appropriate to revise the targets against new baseline data from the latest year end information. As a result, three indicator targets are proposed for amendment from April 2023 relating to the percentage of adults with a learning disability living in settled accommodation, square metres of operational property that are in use, and smoking prevalence in adults to achieve Smoke-free 2030 prevalence of 5% or below. Further details of the proposed baseline changes are set out in **Annex C**.
- 1.5 During the fourth quarter of the year, the council has continued to respond to on-going challenges which have impacted the operations and priorities of the council; with the County Council supporting the fallout of the on-going war in Ukraine, the cost-of-living pressures, complexity of need of those requiring support, supporting the challenges facing health and national recruitment issues all impacting how we deliver services for our residents.
- 1.6 The **provisional revenue outturn position** for 2022/23 is net spend of £654.643m, an overall net overspend of £0.182m before the draw down from the Inflation Contingency Reserve. This position incorporates an overspend of £10.541m on portfolio budgets but largely offset by additional income in non-portfolio budgets and use of £4.747m of General Contingency.
- 1.7 **Key financial issues** arising across services are in line with that reported through the year and include:
  - Increasing inflation price rises on energy, goods and services,
  - Uncertainty in the growing demand and complexity of need in adults and children's,
  - Increases in the cost of adult lifelong services provision,
  - The high use of external placements for children,
  - The cost of children in need of secure or specialist placements,
  - The rising numbers of children requiring high needs education,

- The non-delivery and delays in achieving savings,
- Recruitment and retention issues within the workforce.

- 1.8 The 2022/23 **savings** target across all portfolios was £11.0m. In addition to these planned savings, there remained £12.4m of 2020/21 and 2021/22 savings which were not delivered on an on-going basis; largely due to the Covid-19 pandemic. Therefore, the overall savings to be achieved in 2022/23 totalled £23.4m.
- 1.9 Of the total £23.4m savings, £13.3m (57%) was achieved as originally envisaged or have been delivered by other means or mitigated within the service; with £10.1m (43%) of savings undelivered this year. These unachieved savings are reflected within the outturn position and are expected to be delivered in full in 2023/24.
- 1.10 The **Dedicated Schools Grant (DSG)** overspent by £16.873m in 2022/23. Increasing costs and volumes of independent and specialist placements within the High Needs Block has largely led to this position. This overspend has been added to the DSG Unusable Reserve balance which now stands at a £41.855m deficit at 31 March 2023.
- 1.11 The **Capital Programme**; as approved by County Council in February 2022, agreed a Capital programme totalling £120.3m for 2022/23. The Performance and Resources Report at Outturn 2021/22 agreed £7.3m of this programme, originally profiled to spend in 2022/23, be accelerated into 2021/22, revising the capital programme for 2022/23 down to £113.0m. Since this time, spend has increased overall by £11.7m, to give a full year spend for 2022/23 of £124.7m across all portfolios but with the majority of spend on our highways and transport, education and fire and rescue services.
- 1.12 In relation to the **Corporate Risk Register**, although there were no overall changes to the scores during the period 1<sup>st</sup> January – 31<sup>st</sup> March 2023, a number of updates have arisen since this time which have been included within the Corporate Risk Register Summary.
- 1.13 These updates include a number of changes to the Children’s Services risk scores which have since reduced in severity due to the positive recent Ofsted results and the impact this outcome has had on crucial areas within the service. Also, a review of the overarching Climate Change risk has led to two new separate risks being adopted; one monitoring mitigation and the other adaptation to climate change. These updates are included within the Corporate Risk Register Summary reported in **Appendix 4**.
- 1.14 Of the 12 **Workforce Key Performance Indicators**, nine are rated ‘Green’, one is rated as ‘Amber’, one is rated as ‘Red’ and there is one KPI measure which is unavailable this quarter. The ‘Red’ measure relates to the number of new apprentice starters since the April 2022 (excluding schools); with only 85 new starters in 2022/23 compared to the set target of 113.
- 1.15 The ‘Amber’ measure related to the level of sickness absence – the rolling 12-month average number of calendar days lost due to sickness absence per FTE, with 15.9 calendar days being the average in the fourth quarter when compared to the target 15 days. The two services reporting the highest sickness levels this quarter were Adult Services with 22.1 days and Children Services with 18.5 days.

## **2 Proposal details**

- 2.1 It is proposed that Cabinet agree to the following transactions to fund the £10.541m in-year revenue Portfolio overspend:
- Use of the remaining £4.747m Contingency Budget,
  - Use of the £0.665m additional business rates income within Sources of Financing,
  - Use of the £4.947m additional investment income within Non-Portfolio budgets, and
  - Drawdown £0.182m from the Inflation Contingency Reserve.
- 2.2 In addition, 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 1<sup>st</sup> April 2023.

## **3 Other options considered (and reasons for not proposing)**

- 3.1 A decision could be made not to utilise the in-year available corporate balances to offset the majority of the Portfolio overspend position. However, this would lead to a required drawdown from reserves; which in-turn, would become a circular transaction as the unspent Sources of Finance and Non-Portfolio funds would need to be transferred into reserves.
- 3.2 The current proposal is also in-line with the reported plan through the year which has seen the quarterly reports detail the assumed use of in-year income and budget before the use of reserves. The draw down requirement from the Inflation Contingency Reserve has also been expected and reported in-year. A different reserve could be drawn; however, the Inflation Contingency Reserve was created to help fund the inflation pressures in 2022/23.
- 3.3 With regards to the proposed three Key Performance Indicators (KPIs) baseline measure updates, the original KPI measures could continue as 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 proposed updates to the Key Performance Indicators.
- 4.2 All scrutiny committees have reviewed 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 have had the opportunity to make recommendations to the relevant Cabinet Member and/or refer issues to other scrutiny committees as appropriate.

## **5 Finance**

- 5.1 The financial implications are as set out in the Performance and Resources Report.

## **6 Risk implications and mitigations**

- 6.1 A summary of 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.

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## **Appendices**

Annex A – How to Read the Performance and Resources Report

Annex B – Performance and Resources Report – Q4 2022/23

Annex C – Key Performance Indicator Measures

## **Background papers**

None