

Report to Cabinet

28 November 2023

Performance and Resources Report – Quarter 2 2023/24

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

Electoral divisions: All

Summary

The Quarter 2 (Q2) Performance and Resources Report (PRR) (**Annex B**) gives an overview of Council performance for the second quarter of 2023/24. A Summary Report is followed by Portfolio Sections covering performance, finance, workforce and risk to show how the Council is delivering its four priorities and on protecting the environment.

Annex A – explains the structure of the PRR and provides a table to show which sections of the report are presented to the different scrutiny committees.

Recommendations

Cabinet is invited to: -

- (1) Consider and comment on the Q2 Performance and Resources Report and in particular the financial challenges set out in paragraphs 22 – 39.
- (2) Propose any specific areas for action following such consideration and any scrutiny feedback or comment.

Proposal

1 Background and context

1.1 The PRR provides an overview of performance across the County Council during the second quarter of 2023/24.

1.2 A summary of the 59 Performance Measures in Q2 are as follows:

- 51% (30 of 59) – On target (Green),
- 14% (8 of 59) – Close to target (Amber),
- 25 % (15 of 59) – Not on target (Red).
- 10% (6 of 59) – New with no RAG status.

- 1.3 The forecast revenue outturn position for 2023/24, at the end of September, is an overspend on services of £25.513m, but an overall **£17.425m overspend** after increased investment income from recent interest rises is factored in. All services continue to review their pressures and identify in-year mitigations which is expected to have an impact on reducing the overspend. However, if at the year-end spend remains above budget after the utilisation of the corporate Contingency of £13m; use of the additional £6.3m 2023/24 Business Rates and Collection Fund income, which is currently held in a reserve, could be considered.
- 1.4 **Financial issues from service challenges** include:
- Growing demand and complexity of need in adults and children's,
 - Increases in the cost of adult lifelong services provision,
 - The level of demand for and reliance on external placements for children,
 - The continued necessity to use unregistered placements for children,
 - The rising numbers of children requiring high needs education,
 - Continuing impact of high inflation on goods and services,
 - The delays in achieving savings and the need to re-profile some,
 - Recruitment and retention issues within the workforce.
- 1.5 The County Council, together with district and boroughs, the South East 7 group and the County Council Network will continue its proactive approach to lobbying Government to recognise the funding constraints and rising demand impacting on the sector. There is clear evidence of the need for increased Government funding across many services if the sector is going to remain financially sustainable and continue its vital support to resident and local communities.
- 1.6 **Adults Services is projecting a £1.2m overspend.** Demand pressures in Older People and Lifelong Services and difficulties in delivering all planned savings on time means an estimated overspend of around £18.6m. In-year mitigations of £17.4m have already been identified to reduce this position.
- 1.7 After a £10m one-off drawdown from the Social Care Sustainability Reserve anticipated in the 2023/24 Budget, the **Children and Young People, Learning and Skill's Portfolio is forecasting a £22.8m overspend.** Increasing demand and cost of placements for children we care for is the main factor but also the growth in pupil numbers and contract prices are driving an overspend in Home to School Transport.
- 1.8 The **Dedicated Schools Grant (DSG)** is projecting an in-year overspend of £24.7m. This will increase the **unusable reserve deficit to £67.3m** by the end of the financial year. Work to clear Education, Health and Care Plan assessment backlogs will improve performance but may increase this overspend further. This deficit remains a key concern and the County Council continues to lobby Government for a longer-term solution after 2025/26 when the statutory over-ride is due to end.

- 1.9 The **Environment and Climate Change Portfolio is projecting a £2.540m overspend**. Additional costs associated with a recent Government mandate on the disposal of Persistent Organic Pollutants (POPs), problems with creating Refuse Derived Fuel (RDF) bales to the contract standard and a decrease in the in the value of recyclates have added to the portfolio pressure.
- 1.10 The **Highways and Transport Portfolio** continues to report a **£2.2m underspend** due to a reduction in projected energy costs for the Street Lighting PFI and a reduced uptake of Concessionary Fare journeys. There is however, a significant pressure on the Highways Maintenance budget from the increased volume of reactive pothole repairs required and the number of high-priority drainage and jetting works.
- 1.11 The 2023/24 savings target across all portfolios is £9.6m. In addition, there remains £17.2m of previous years savings which needed to be re-profiled. The overall **savings to be achieved in 2023/24 is £26.8m**. The latest forecast shows £14.4m are on track to be achieved and mitigations are being considered for the remaining.
- 1.12 The approved **Capital Programme** is £124.9m for 2023/24. During 2022/23, £2.9m originally profiled to be spent in 2023/24 was accelerated into 2022/23, which led to the revision for 2023/24 down to £122.0m. Profiled spend has since reduced overall by £4.0m, to give a **forecast spend for 2023/24 of £118.0m**.
- 1.13 The following update has been made to the **Corporate Risk Register** since the last quarter:

Risk No	Risk	Action	Previous Score	Current Score	
CR7	Governance systems not used fully and to best effect	Risk severity reduced and tolerated	8	4	↗

- 1.14 Of the **12 Workforce Key Performance Indicators**, seven are 'Green - On Track' and five are 'Amber - At Risk'.
- 1.15 The 'Amber' measures are set out below and more detail is in **Appendix 6**:
- Percentage positive response to the Pulse Survey question: "I have regular meaningful conversations with my manager about my performance, wellbeing and support needs."
 - Percentage positive response to the Pulse Survey question: "My ideas and opinions are valued and are used to help shape the way we work and our future planning".
 - The number of new apprentice starters since the start of the financial year (excluding schools).
 - Staff induction completion rates.
 - Rolling 12-month average number of calendar days lost due to sickness absence per FTE.

2 Proposal details

- 2.1 Cabinet is invited to note the overall financial outturn forecast and to review the Summary Quarter 2 Report and the detailed performance data in the individual Portfolio Sections of the report.

3 Other options considered (and reasons for not proposing)

- 3.1 Not applicable.

4 Consultation, engagement and advice

- 4.1 The Executive Leadership Team and Cabinet Members have been consulted.
- 4.2 All scrutiny committees review their specific sections of the PRR quarterly, with the Performance and Finance Scrutiny Committee having an overview of the whole document.
- 4.3 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 and Risk implications and mitigations

- 5.1 Financial implications and a summary of corporate risks are set out in the main report.

6 Policy alignment and compliance

- 6.1 The PRR helps the governance of the Council, ensuring transparency in its reporting arrangements and enabling scrutiny by members and the public.

Becky Shaw
Chief Executive

Taryn Eves
Director of Finance and Support Services

Contact Officer: Rebecca Taylor, Financial Planning Manager, 033 022 26878, rebecca.taylor@westsussex.gov.uk

Annexes to the Cabinet Report

Annex A – How to Read the Performance and Resources Report
Annex B – Performance and Resources Report – Q2 2023/24

Background papers

None