

Report to Cabinet

12th March 2024

Performance and Resources Report – Q3 2023/24

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

Electoral divisions: All

Summary

The Q3 Performance and Resources Report (PRR) (**Annex B**) gives an overview of Council performance for the third quarter of 2023/24. A Summary Report is followed by the detailed Portfolio Sections covering performance, finance and risk and show how the Council is delivering its four priorities and on protecting the environment. The remaining appendices provide an update on workforce metrics and the latest position on reserve balances.

Annex A explains the structure of the PRR and provides a table to show which sections of the report have been reviewed by the different scrutiny committees.

Recommendations

Cabinet is invited to: -

- (1) Consider and comment on the Q3 Performance and Resources Report and in particular, the financial challenges set out in paragraphs 18 - 36 and the overall financial position which shows that some use of reserves may be required at the year-end if the mitigations in place are not sufficient to reduce spend in line with the overall budget envelope of £708.8m.
- (2) Propose any specific areas for action following such consideration and any scrutiny feedback or comment.

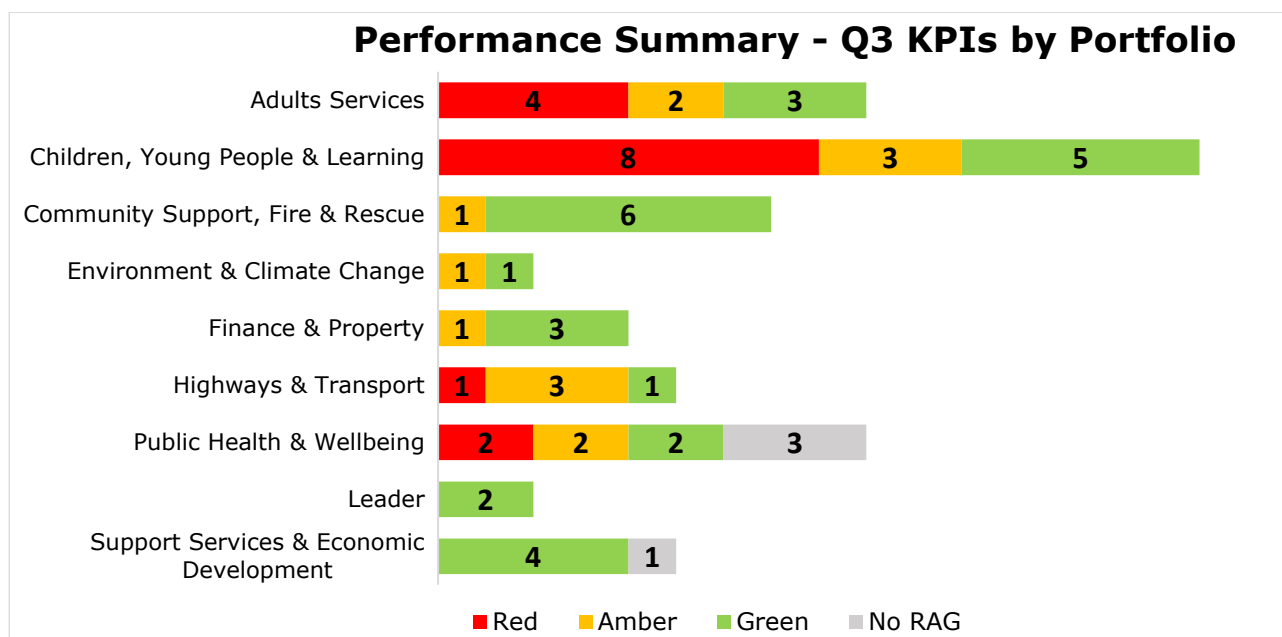
Proposal

1 Background and context

- 1.1 The PRR provides an overview of performance across the County Council during the third quarter of 2023/24.
- 1.2 The County Council is making good progress against the priorities in the Council Plan as evidenced through the progress against key performance indicators (KPIs). Of the 59 measures:
 - 46% (27 of 59) – On target (Green),
 - 22% (13 of 59) – Close to target (Amber),

- 25 % (15 of 59) – Not on target (Red).
- 7% (4 of 59) – New with no RAG status.

1.3 A summary of the latest KPI performance by portfolio is reported in the chart below.



1.4 The Performance KPI rating changes between Q3 and Q2 are detailed as follows:

Quarterly Measures Improving to Green (On Target) from Red (Not on Target):

- KPI 1 - Percentage of re-referrals to Children’s Social Care within 12 months of the previous referral.

Quarterly Measures Regressing to Amber (Close to Target) from Green (On Target):

- KPI 12 - Percentage of adult social care assessments that result in a support plan.
- KPI 21 - The percentage of young people attaining grade 4 and above for Maths and English GCSE by age of 16 years old.
- KPI 25 - Percentage of schools with OFSTED rating ‘good’ or ‘outstanding’.
- KPI 34 - Community Hub provides positive outcomes for residents at first point of contact.

Quarterly Measures Becoming Amber (Close to Target) from Unrated:

- KPI 18a - A Roads in good condition.
- KPI 18b - B and C Roads in good condition.

Quarterly Measures Regressing to Red (Not on Target) from Amber (Close on Target):

- KPI 13 – Outcomes of safeguarding risk, where a risk was identified, the outcome/expected outcome when the case was concluded for Section 42 enquires (% where risk remains).

1.5 In addition, there have been a number of KPI rating changes to the projected year-end forecast in Q3. The KPIs affected are detailed as follows:

Year End Measures Forecast Amber (Uncertainty on Achieving Target):

- KPI 21 - The percentage of young people attaining grade 4 and above for Maths and English GCSE by age of 16 years old.
- KPI 22 - Equivalent tonnes (te) of CO2 emissions from County Council activities.
- KPI 49 - Square metres of operational property (e.g., offices, libraries, fire stations etc) that are in use.

Year End Measures Forecast Red (Expectation Target Will Not Be Achieved):

- KPI 59 - Number of new pupil places.
- KPI 9 - Percentage of children becoming subject to a child protection plan for a second or subsequent time.

1.6 The forecast revenue outturn position for 2023/24, at the end of December, is an overspend on services of £31.049m which reduces to a **£2.773m overspend** after additional income, non-portfolio service budgets and Contingency are factored in. All services continue to identify mitigations to reduce the overspend but as the end of the financial year approaches, any impact from new actions is likely to be limited. If an overspend remains at the end of March 2024, the County Council may be required to draw from its reserves to remain in a balanced budget position. It is anticipated that the Budget Management Reserve, held to manage risks and uncertainties, will be utilised.

1.7 **Financial issues from service challenges** continue to be in line with those reported through the year but the scale of the pressures have gradually increased through the year and 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,
- Delays in achieving savings and need to re-profile some in future years,
- Recruitment and retention issues within the workforce.

1.8 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 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 residents and local communities. Recent lobbying has successfully contributed to the Government's decision to allocate additional funds of £600m through the final Local Government Finance Settlement 2024/25, recognising pressures within social care and home to school transport. It remains unclear at this stage if this support will be one off or continue into 2025/26 and the proactive lobbying will continue through the year to influence the 2025 Spending Review.

- 1.9 Demand pressures in Older People and Lifelong Services and difficulties in delivering all planned savings on time has led to an estimated overspend of around £26.2m in the **Adult Services Portfolio**. In-year mitigations of £20.5m reduce the overspend forecast to **£5.7m**.
- 1.10 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 £24.0m 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.
- 1.11 The **Dedicated Schools Grant (DSG)** is projecting an in-year overspend of £31.3m. This will increase the **unusable reserve deficit to £73.9m** by the end of the financial year. Work to clear Education, Health and Care Plan (EHCP) assessment waiting lists will improve performance but many will lead to an EHCP being in place so will increase this overspend further in 2024/25 as well as increasing the number of pupils eligible for home to school transport (approx. 30%). The deficit is also impacting the treasury management budget and is forecast to have led to a £2.7m loss on investment income in year. As the financial position on the Dedicated Schools Grant is expected to worsen over the next three years, the deficit remains a key concern and the County Council continues to lobby Government for additional funding into high needs as well as a longer-term solution after 2025/26 when the statutory over-ride is due to end.
- 1.12 The **Environment and Climate Change Portfolio** continues to forecast a **£2.5m 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, a decrease in the value of recyclates and delays in the timing of savings have impacted the portfolio position.
- 1.13 The **Highways and Transport Portfolio** is projecting a **£2.1m 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 in-house transport service from increased operational costs and additional safety critical inspections that have been required.
- 1.14 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:
- £15.9m has been delivered or are on track to be achieved,
 - £1.5m is judged as at risk, but is expected to be achieved or mitigated within the overall projection, and
 - £9.4m is judged as not achievable in 2023/24 and is included in the overspend projection.
- 1.15 These savings were reviewed as part of the 2024/25 budget setting process with revised plans and timelines agreed to ensure these savings can be met in the future.

- 1.16 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 £3.4m, to give a **forecast spend for 2023/24 of £118.6m**. The main areas of spend continue to be in schools, highways and transport and the environment, which accounts for 87% of the capital programme.
- 1.17 The following update has been made to the **Corporate Risk Register** to reflect the challenging financial position facing the County Council in the short, medium and long term. This report shows that some use of reserves to balance the budget for 2023/24 may be required. A balanced budget for 2024/25 was agreed by County Council in February, however the Budget Report explained that there are a number of inherent risks and set out the medium-term financial forecast showing a budget gap of at least £58m from 2025/26 to 2028/29.

Risk No	Risk	Action	Previous Score	Current Score	
CR22	Financial sustainability of council services	Risk severity increased	20	25	↗

- 1.18 Of the **12 Workforce Key Performance Indicators**, seven are 'Green - On Track' and five are 'Amber – At Risk'. This is the same as reported last quarter.
- 1.19 The 'Amber' measures are set out below with further detail reported 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 performance and financial outturn forecast and to review the Summary and detailed performance and finance 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.

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Annexes to the Cabinet Report

Annex A – How to Read the Performance and Resources Report

Annex B – Performance and Resources Report – Q3 2023/24

Background papers None