

Report to Cabinet

11 March 2025

Performance and Resources Report – December 2024 (Q3 2024/25)

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

Electoral divisions: All

Summary

The Q3 Performance and Resources Report (PRR) (**Annex B**) provides an overview of Council performance for the third quarter of 2024/25. A summary is followed by portfolio sections covering performance, finance, risk and workforce to show how the Council is delivering its four priorities including its overarching theme of protecting the environment.

Annex A – explains the structure of the PRR and includes 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 Q3 Performance and Resources Report and in particular the financial challenges set out in paragraphs 18 – 55.
 - (2) Agree the allocation of £2.012m from the Contingency Budget to Service Portfolio Budgets to fund the nationally agreed £1,290 pay award for NJC staff from April 2024.
 - (3) Propose any specific areas for action following such consideration and any scrutiny feedback or comments.
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Proposal

1 Background and context

- 1.1 The PRR provides an overview of performance across the County Council during the third quarter of 2024/25.
- 1.2 There are currently 60 Performance Measures reported in 2024/25. A summary of the Q2 RAG status of these measures is as follows:
 - 43% (26 of 60) – On Target (Green),
 - 27% (16 of 60) – Close to Target (Amber),
 - 20% (12 of 60) – Not on Target (Red),
 - 10% (6 of 60) – No Current RAG Status.
- 1.3 **Overall the net projected revenue outturn position for 2024/25, after the use of the Contingency Budget is £7.2m**, an increase of £4.4m when compared to September.
- 1.4 The overspend position on service budgets has increased this quarter by £4.990m to £32.430m when compared to September, however once non-portfolio service budgets are factored into the position, the County Council is projecting a net £30.528m overspend prior to the use of the Contingency Budget, an increase of £4.368m when compared to September. Utilising the remaining £23.348m Contingency Budget reduces the revenue overspend position to £7.180m. All funding options are being considered to offset the remaining projected shortfall.
- 1.5 Services continue to identify and action in-year mitigations to help reduce the forecast overspend. The Executive Leadership Team (ELT) have taken further decisions to reduce the projected overspend during Q3 by **agreeing £4.1m of In Year Planned Actions**, the impact of which is included within the latest projected position. These actions are in addition to the council-wide workforce and spending controls which were imposed by ELT earlier in the year.
- 1.6 In October, the **National Joint Council (NJC) pay award for 2024/25 was agreed**. A flat rate payment of £1,290 (pro rata for part-time employees), backdated to 1st April 2024 was confirmed. For HAY and SMG pay scales, the County Council agreed to mirror a national award of 2.5%. As previously reported, these in-year awards will largely be funded by the 3% pay inflation allocation held within service staffing budgets, however, a further £2.012m is required from the Contingency Budget to cover the full value of the NJC award.
- 1.7 **Financial risks, issues and challenges** include:
 - Growing demand and complexity of need in adults and children’s social care.
 - Increases in the cost and cohort of adult lifelong services provision.
 - Pending cases in adult social care financial assessments and data processing.

- The growing need for and the cost of external placements for children.
- The continued necessity to use unregistered placements for children.
- The rising numbers of children requiring high needs education.
- Rising demand and cost of Home to School Transport provision.
- Loss of Service Level Agreement (SLA) income due to school academisation.
- Volatility of waste volumes and recycle rates.
- Impact of updates to waste disposal legislation (POPS).
- Rising cost of reactive maintenance.
- Impact of nationwide change to National Concessionary Fare charges.
- Delays in achieving savings

- 1.8 The **Adult Services Portfolio** is projecting a £19.2m overspend, an increase of £4.1m when compared to September. This projection is based on current information and quantifiable risks, and also makes allowance for the uncertainties during the winter season, acknowledged as the most volatile time of year for service demand. Therefore, the financial forecast should be viewed as the central estimate across a risk range of up to £20.5m, although equally, there is potential for a reduction depending on customer numbers.
- 1.9 The **Children and Young People, Learning and Skill's Portfolio** is projecting a £11.330m overspend, an increase of £2.130m when compared to September. This position is largely due to an increase in Children We Care For placement costs provision and a shortfall in planned savings. The portfolio's financial position remains volatile, and there is a risk that the overspend projection could increase further if demand and unit rates increase above that forecast.
- 1.10 The **Dedicated Schools Grant (DSG) Unusable Reserve** is currently reporting a £71.6m deficit, with a further £59.9m projected overspend in 2024/25. This will increase the **reserve deficit to £131.5m** by the end of the financial year. This has direct financial implications for the Council including the loss investment income opportunity.
- 1.11 The **Community Support, Fire and Rescue Portfolio** is reporting a £0.115m overspend, a decrease of £0.405m when compared to September. This decrease largely relates to additional Registration Service income and the utilisation of eligible grants identified as part of the ELT In Year Action Plan.
- 1.12 The **Environment and Climate Change Portfolio** is reporting a £0.540m overspend, a decrease of £0.875m when compared to September. This decrease largely relates to a reduction in utility rates and consumption in the Corporate Estate, alongside the planned impact of drawing £0.540m from the MRMC Reserve, as agreed as part of ELT's In Year Action Plan, to meet the costs of the works to re-configure the Mechanical and Biological Treatment Plant (MBT) and the associated increase in disposal costs.

- 1.13 The **Finance and Property Portfolio** is reporting a £1.870m overspend, an increase of £0.070m when compared to September. The rise in the projected overspend largely relates to additional holding costs incurred on the Woodlands Meed site as a direct consequence of the contractor entering administration.
- 1.14 The **Highways and Transport Portfolio** is projecting a £0.485m overspend, a decline in the position when compared to the balanced budget reported in September. There have been a number of changes within the Portfolio position this quarter including, a reduction in the amount Highways Agreement income expected in 2024/25, additional underspending on the Street Lighting PFI contract and the utilisation of transport grants in line with the ELT In Year Action Plan.
- 1.15 The **Leader Portfolio** is reporting a £0.373m underspend, an increase in the underspend projection of £0.223m when compared to September. There have been a number of staffing vacancies held in accordance with the corporate workforce controls currently in place alongside the opportunity to utilise grant and other funding.
- 1.16 The **Public Health and Wellbeing and Support Services Portfolio** continues to report a balanced budget.
- 1.17 The **Support Services and Economic Development Portfolio** is reporting a £0.737m underspend, an increase in underspending of £0.292m when compared to September. There have been a number of changes within the Portfolio position this quarter, however they largely relate to the impact of the activities within the ELT In Year Action Plan – the deferral of IT expenditure, vacancy management and reduced expenditure within Law and Assurance.
- 1.18 Within the **Non-Portfolio budget**, the County Council continues to benefit from the high Bank of England interest rate, although, the Bank Rate has started to fall. The budget presumes interest income of £11.0m, with the latest forecast projecting an additional £1.4m, an increase of £0.6m since September.
- 1.19 The 2024/25 savings target across all portfolios is £15.7m. In addition, there remains £10.7m of previous years savings which needed to be re-profiled. The overall **savings to be achieved in 2024/25 is £26.4m.**
- 1.20 Of the total £26.4m savings:
- £17.8m (67%) is judged as delivered or on track and has either been delivered as originally envisaged or in a different way,
 - £1.4m (6%) is judged as at risk where further work is required and, if not achieved, the projected overspend will increase, and
 - £7.2m (27%) is judged as at significant risk with no expectation of delivery in year and is reflected within the forecast outturn.

1.21 The approved 2024/25 **Capital Programme** totals £131.6m. During 2023/24, £0.9m originally profiled to be spent in 2024/25 was accelerated into 2023/24, which led to the revision for 2024/25 down to £130.7m. Since this time, profiled spend has decreased by £16.6m, £4.5m since September, to give a forecast spend for 2024/25 of £114.1m.

1.22 There is one update to the risk levels reported in the **Corporate Risk Register** since the last quarter:

Risk No	Risk	Action	Previous Score	Current Score
CR58	Failure of social care provisions	The impact of the Government's Autumn Statement on the care market – notably the increase in Employer National Insurance contributions and National Living Wage.	12	20

1.23 The latest information on Risk is available within the PRR (**Appendix 5**). Full details of actions and mitigations are included within the latest Risk Register (as at September 2024), which is available under the County Council's [Regulation, Audit and Accounts Committee Agenda](#) website.

1.24 Of the **12 Workforce Key Performance Indicators**, seven are 'On Track - Green' and five are 'At Risk - Amber'.

1.25 The 'Amber' measures are set out below and more detail on specific measures is available in **Appendix 6**:

- Rolling 12-month turnover rate.
- Rolling 12-month average number of calendar days lost due to sickness absence per FTE.
- Disclosure rate for self-declaration of an employee's: disability, sexual orientation, race/ethnicity and religion.
- 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"
- Percentage positive response to the Pulse Survey question: "I am treated with dignity and respect by my work colleagues"

2 Proposal details

2.1 Cabinet is invited to note the overall financial outturn forecast and to review the Q3 Performance and Resources Report including the detailed performance data in the individual portfolio sections. The recommendations are set out above.

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 Scrutiny committees review their sections of the Performance and Resources Report quarterly, with the Performance and Finance Scrutiny Committee considering 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 risk are set out in the Performance and Resources Report.

6 Policy alignment and compliance

- 6.1 The Performance and Resources Report assists 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 – December 2024
(Q3 2024/25)

Background papers

None