Title: **Council Monitoring Report – Q2 2023/24**

Report to: **Cabinet**

Date: **12 December 2023**

Report by: **Chief Executive**

Purpose: **To report Council monitoring for Q2 2023/24**

RECOMMENDATIONS

Cabinet is recommended to:

1) note the latest monitoring position for the Council;

2) approve a further and final annual extension of the Additional Measures Scheme for specialist money advice services through 2024/25, funded from the Contain Outbreak Management Fund (COMF) with a total value of £363,000, as set out in Appendix 9; and

3) approve the use of the unused carried forward Contain Outbreak Management Fund (COMF) underspend in 2023/24 to fund any residual pressures in Children's Services arising from the COVID-19 pandemic, as set out in the Funding of Children's Services Pressures table at 3.1.

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1. Introduction

1.1 This report sets out the Council's position and year-end projections for the Council Plan targets, Revenue Budget, Capital Programme, and Savings Plan, together with Risks at the end of September 2023.

1.2 Broad progress against the Council's four strategic priority outcomes is summarised in paragraph 4 and an overview of finance and performance data is provided in the Corporate Summary at Appendix 1. Strategic risks are reported at Appendix 8.

2. Council Plan 2023/24 amendments and variations

2.1 The Council Plan 2023/24 and the Portfolio Plans 2023/24 – 2025/26 have been updated with available 2022/23 outturns and final performance measure targets. All plans are published on the Council's website. The Corporate Summary (Appendix 1) contains a forecast of performance against targets.

2.2 The Strategic Risk Register, Appendix 8, was reviewed and updated to reflect the Council's risk profile. Risk 1 (Roads), Risk 4 (Health), Risk 6 (Local Economic Growth), Risk 9 (Workforce), Risk 12 (Cyber Attack), Risk 15 (Climate), Risk 18 (Data Breach) and Risk 20 (Placements for Children and Young People in Our Care) have updated risk controls.

3 Budget Outturn

3.1 The details of revenue over and underspends in each department are set out in the relevant appendices, and show a total forecast overspend of £24.8m. This is an increase of £8.0m from quarter 1. The main headlines are:

- Children's Services (CSD) is forecast to be overspent by £23.0m (£15.2m at quarter 1). The main area of projected overspend is in Early Help and Social Care (EH&SC) of £23.3m, an increase from quarter 1 of £6.9m. The largest area of overspend within EH&SC is Looked After Children (LAC) at £21.1m, with the main LAC pressures being External Residential costs of £17.7m, due to growth in demand during quarter 1, plus a £2.5m pressure around additional staffing costs in our children's homes. Also, within EH&SC, the Localities budget is forecast to overspend by £2.5m, with £1.5m of this being on staffing including agency and additional social workers.

  The increase in projected overspend at quarter 2 compared to quarter 1 is mainly in looked after children's care costs, in particular in external residential costs and wrap around support for children with the most complex needs. June saw the numbers of children and young people requiring residential placements, which includes supported accommodation and secure accommodation, peak at 150 (excluding Unaccompanied Asylum-Seeking Children (UASC)). The number of children and young people in these types of placements has plateaued in quarter 2, with September data showing a slight reduction to 144. However, the average cost of residential care packages has increased by 13% since quarter 1. The complex care needs of a relatively small number of children mean that there are further pressures on this budget area. Over the course of the year to date there have been 29 looked after children who have had at some time care packages between £10,000 - £20,000 per week; at the end of quarter 2 there were 12 children whose care costs fell in this bracket.

CSD is reviewing closely all expenditure plans to identify possible reductions of the projected overspend. Work with the consultancy Impower to identify ways of meeting the needs of looked after children better, more locally and at reduced cost continues. At present no formal service reductions/savings are being explored but all possible economies are being pursued including delayed recruitment to vacancies where manageable.

The CSD overspend will be funded Corporately for 2023/24 as follows:

Funding of CSD Pressures	**£m**
Forecast overspend	(23.0)
Funded by:	
General Contingency	4.9
Covid-19 General Funding (balance held Corporately)	5.6
Use of provision for budgetary risks	3.5
Part of Treasury Management underspend	5.7
Balance of Contain Outbreak Management Fund	1.6
Use of Financial Management Reserve	1.7
Total	23.0

- The projected outturn for Adult Social Care (ASC) is an overspend of £1.7m (£1.0m at quarter 1). This comprises an overspend of £2.4m in the Independent Sector, due to a combination of factors. These include increasing complexity of need, plus pressures arising from demand and demographic growth returning to pre-pandemic levels of modelling. This is offset by an underspend of £0.7m in Directly Provided Services, mainly being due to staffing vacancies which reflects difficulties in recruitment.
- Communities, Economy and Transport (CET) is forecast to underspend by £0.2m (£0.3m overspend at quarter 1). The largest underspend is in Transport and Operations where current market prices mean that electricity and recycling income is exceeding expectations in the Waste Service.
- The forecast overspend of £0.4m in Governance Services (GS) is mainly due to an increase in mortuary, pathology, histology, and toxicology costs, plus an increase in post mortem fees in-line with local market rates.

3.2 Within Treasury Management (TM), centrally held budgets (CHB) and corporate funding there is an underspend of £15.7m (including the general contingency):

- In CHB there is a forecast underspend of £0.5m for Pensions because of the actuarial revaluation. This is offset by an accounting adjustment estimated at £0.7m to reflect the potential risk that increasing outstanding debt levels will not be settled. The General Contingency of £4.9m will be required in full to offset part of the service overspend.
- There is currently an estimated £7.1m underspend on TM, based on a continued improvement in the current forecasts for our market investment returns and increased cash balances. The anticipated average investment return for the year has increased to 5.49% from the 4.45%

assumed when the budget was set, based on the latest forecasts from our external treasury management advisors. In addition, slippage on the capital programme and an increase in our cash balances has reduced the need to borrow externally in 2023/24.

- There is a planned £3.5m use of the in-year provision made for budgetary risks to cover part of the remaining overspend on service budgets.

3.3 The Council is still experiencing residual COVID-19 related costs and income losses which are being mitigated from general and specific COVID-19 grant funding. The balance of COVID-19 General Funding will be used to meet CSD cost pressures. The following table shows the use of this funding in 2023/24:

COVID-19 Grants 2023/24 (£m)	**Carried forward**	**Estimated use in-year (including payback*)**	**Balance to offset CSD overspend**	**Specific set-aside for LAC in future years**	**Estimated balance remaining**
COVID-19 General Funding	9.1	(1.7)	(5.6)	(1.8)	-
COVID-19 Specific Funding	4.3	(4.3)	-	-	-
Total funding	**13.4**	**(6.0)**	**(5.6)**	**(1.8)**	**-**

*To date the Council has repaid £2.1m of unused grant

3.4 The Contain Outbreak Management Fund (COMF) grant, via Public Health, has also been available through the pandemic to fund the impact of COVID-19. Services continue to feel the impact of the pandemic, particularly in CSD. With the grant funding ending, it is recommended that the remaining COMF grant be used to fund any residual pressures arising from COVID-19 in CSD, any decisions for its use will be taken in accordance with existing delegations or following consideration by members.

3.5 For the last three year the council has made ‘Additional Measures’ (AM) payments to Voluntary Community and Social Enterprise (VCSE) organisations towards activities that provide specialist advice and information that support residents’ financial wellbeing during the current cost of living challenges. In 2023/24 year the AM3 scheme of £450,000 is funded from the COMF and is used to commission 11 organisations who are monitored against a number of performance and activity measures on a quarterly basis. In the first two quarters of 2023/24 AM3 direct delivery partners have collectively worked on 2,350 active cases and achieved a combined total income maximisation and debt write-off figure of £1,077,800, which has had a significant positive impact on residents’ financial wellbeing. The monitoring returns also include case study examples which demonstrate the qualitative impact including the wider health and wellbeing benefits of financial wellbeing and stability.

3.6 VCSE partners continue to experience increased numbers of people presenting with money problems of significant complexity, since COVID-19 and due to ongoing cost-of-living pressures. The Additional Measures scheme supports the sector to meet this elevated demand for money advice and related support and, as such, needs to be extended for one further financial year (AM4) at a reduced level of £363,000. Cabinet is recommended to extend the Additional Measures scheme for another twelve months from 1st April 2024 to 31st March 2025, funded from existing COMF balances. Details of how the reduced level of AM4 funding would be allocated, together with the approach to demand mitigation and management are contained at Appendix 9

3.7 Capital Programme expenditure for the year is projected to be £82.6m against a budget of £110.3m, a net variation of £27.7m. The main headlines are:

- Total slippage of £28.8m across a number of projects as the programme continues to experience extended lead-in times on some materials, and where inflation and material cost increases has resulted in the pause and reassessment of a number of projects to ensure delivery within budgets, as well as other project specific factors. The largest areas of slippage include the delivery of additional Special Educational Needs school places at Grove Park (£5.3m), Hastings and Bexhill Movement and Access Programme (£4.3m), Eastbourne Town

Centre phases A and B (combined £3.6m) and the Street Lighting Replacement Programme (£2.7m).

- A net overspend of £0.7m, mainly relating to the Bexhill and Hastings Link Road where project costs remain for post excavation archaeology, landscaping, and compensation.
- Minor spend in advance totalling £0.4m.

Whilst the implications of slippage in the capital programme are being managed in this financial year, work has commenced to reprofile the capital programme for 2024/25 onwards, as part of the Reconciling Policy, Performance and Resources process.

3.8 The Chartered Institute of Public Finance and Accountancy published the revised Treasury and Prudential codes in 2021. These require quarterly reporting of performance against forward looking prudential indicators. The performance of the Council's treasury management activity against benchmarks and the key indicators in the Council's Treasury Management Strategy, as approved by Full Council on 7 February 2023, are provided at Appendix 2.

4 Progress against Council Priorities

Driving sustainable economic growth

4.1 The Council has spent £309m with 876 local suppliers over the past 12 months. This is 65% of our total spend and exceeds our target of 60%. We continued throughout quarter 2 to work with suppliers to maximise the social value delivered by our contracts. In quarter 2 we achieved benefits that were equal to 37% of the contract value, against a target of 10% (Appendix 4).

4.2 Work on our highways continued in quarter 2 using the additional funding approved by Council in recognition of the deterioration of the network following the last prolonged, wet and cold winter. 36 patch works have been completed so far in 2023/24. A further 269 sites have been identified for patch works which should be completed by the end of 2023/24. Around 100 road signs are programmed to be replaced in 2023/24, with a further 600 signs which require replacement identified. These 600 signs will be scheduled into the work programme in the upcoming months. 100 minor drainage schemes have been completed so far in 2023/24, including replacing jammed gully covers and clearing significant blockages. The annual road surface dressing programme was completed in quarter 2. 17 sites were completed, extending the life of almost 30km of roads by up to 10 years. 32 road improvement schemes were completed in quarter 2, and 7,217 potholes were repaired (Appendix 6).

4.3 £10.5m of bus service improvements began in quarter 2 as part of the Council's Bus Service Improvement Plan. These improvements will result in more frequent services, including running later in the day, and improvements to some weekend services. Work has continued to improve bus stops around the county. Around 75% of all bus stops now have QR plates, which enable people to scan the plate and receive information about the next bus due at that stop (Appendix 6).

4.4 East Sussex Invest provides loans and grants to local businesses to help create local jobs and support businesses to become environmentally responsible. Applications for funding have been temporarily suspended while a full independent review of the fund used for these activities is completed. This review will help is to understand how we can best maximise the use of the fund whilst carefully balancing risk. This review has been commissioned and we expect to receive findings in quarter 3. We anticipate the fund will open again in quarter 4, which means it is unlikely that we will be able to support enough businesses to create jobs in 2023/24 to meet the target for this measure (Appendix 6).

4.5 Our restructured education division, Education East Sussex, was launched in quarter 2. The new division will help the Council to deliver its core roles more effectively in leading the local education system and championing vulnerable children including children with Special Educational Needs and Disabilities (Appendix 5).

4.6 7,198 children took part in the Summer Reading Challenge during quarter 2, the highest total since 2018. The challenge aims to encourage primary school children to read books during the summer holidays. 110 promotional assemblies were delivered to promote the challenge and advertisements ran throughout the summer on social media. 4,258 participants completed the challenge, a 23% increase compared to 2022 (Appendix 6).

Keeping vulnerable people safe

4.7 The demand for Children's Social Care services and the complexity of cases has continued to increase in quarter 2. The rate of children with a Child Protection plan increased from 62.1 per 10,000 at the end of quarter 1 to 63.0 at the end of quarter 2. The rate of Looked after Children has also increased from 63.5 per 10,000 children at the end of quarter 1 to 64.4 at the end of quarter 2. Child Protection plans remain under close scrutiny with a range of reviews and audits taking place to identify where it is possible to reduce the number of plans safely. Although the rate of Looked after Children has increased, the number of children in high-cost residential placements has remained stable and there have been higher numbers of children placed within their own family networks (Appendix 5).

4.8 We have published our new Adult Social Care strategy 'What Matters to You'. This was produced following engagement activities and reflects what our residents who need care and support, their carers, and their families told us was important to them in order to live well (Appendix 3).

4.9 The Council has continued to increase our collaborative working with our voluntary, community and social enterprise (VCSE) sector partners in quarter 2. This included work on financial inclusion, supporting Community Networks and supporting volunteering. The Community Network programme held a series of Strategic and Local partner group workshops in quarter 2, to identify potential areas of support the programme could develop based on the needs of the VCSE sector and public sector partners. The Tribe Project also launched during quarter 2. Tribe is an app and website that makes it easier to volunteer across the county. We've continued to work with partners to help them advertise opportunities on the platform, and to plan for the next phase of the project which will focus on Social Prescribing (Appendix 3).

Helping people help themselves

4.10 The Council's Family Hubs offer has continued to develop in quarter 2. We have launched the 'How Can I Help you?' service to provide direct face to face support to families and encourage them to become familiar with the Family Hubs provision. New parenting groups are also now available to support the transition to parenthood and help for parents with children who are neurodiverse (Appendix 5).

4.11 Three road safety infrastructure schemes were completed by Balfour Beatty Living Places in quarters 1 and 2. However, Balfour Beatty Living Places have provided assurances that the target of 24 high risk schemes will be completed by the end of 2023/24. We delivered 95 'Bikeability' courses to 712 individuals at participating schools and the Cycle Centre at Eastbourne Sports Park in quarter 2. We also delivered 74 'Wheels for All' sessions to 1,097 attendees at the Sports Park (Appendix 6).

4.12 A public consultation was launched on the future of the Support with Confidence scheme on 27 September which will run until 5 December 2023. As a result of the review we are not currently accepting new applications or progressing any renewals (Appendix 3).

4.13 The number of carers provided with a short-term crisis intervention in quarter 2 decreased slightly. This was due to a reduction in overall referrals for carer support. We are working with the provider to promote the service to other carer organisations (Appendix 3).

4.14 During quarter 1 (reported a quarter in arrears) 496 NHS Health Checks were delivered to those living in the most deprived areas of the county. This was slightly lower than expected as Hastings and St Leonards Primary Care Network had a slight pause on activity due to capacity in quarter 1. However, the Primary Care Network and Public Health have worked together to train vaccination staff to deliver Health Checks, with a particular focus on those living in the most deprived areas, to boost capacity (Appendix 3).

Making best use of resources now and for the future

4.15 The financial outlook for the Council continues to remain unclear. We are expecting a further one-year financial settlement for 2024/25, and it continues to be unlikely that there will be any significant national reform to local government funding before the next general election, which is expected in 2024. We continue to take action wherever we can to maximise our resilience as an organisation, to work effectively with our partners and to best manage the growing demand for our services. At the end of quarter 2 Cabinet considered the report of the Local Government Association Corporate Peer Challenge which underlined the Council's strong record of delivery, the value of our partnership working and our good foundations to plan for the longer-term future. Cabinet also agreed the Council's response to the recommendations, which lays out the actions we will take to respond to the suggested areas for development identified during the Peer Challenge (Appendix 7).

4.16 As part of our corporate lobbying work during quarter 2 the Leader took the opportunity to meet with local MPs and continued to raise the issues and priorities of the county with them. This included a specific update on the State of the County report and an update on the additional investment in highways agreed by the Council. The Leader highlighted the very challenging medium term financial outlook for the Council and sought MPs' support in lobbying for certainty of future funding for local government, that reflects local need, and to ensure that service reforms are sustainable and properly funded (Appendix 7).

4.17 Seven energy efficiency projects have been completed in quarter 1 and quarter 2, including two LED lighting projects and two Solar PV schemes. Triple glazing has been installed at one school and several building moves have also reduced emissions. A number of other schemes began in quarter 2. Ongoing supply chain and site issues have impacted performance and may affect our ability to deliver the target number of schemes for the year. The data on carbon emissions from Council buildings is available a quarter in arrears. Total energy consumption in quarter 1 (reported a quarter in arrears) was down 8% when compared with the same period last year and down 26% on the baseline year 2019/20. There is not yet enough data to accurately estimate the end of year outturn for 2023/24, however if consumption for the remainder of 2023/24 is the same as 2022/23 carbon emissions would increase by 1% this year. The main contributing factor to the increase in emissions projected for 2023/24 is the increase in the electricity emissions factor (the carbon intensity of the national grid) has risen 7% year on year. This is due to an increase in using natural gas for electricity generation and a decrease in renewable energy generation, which is out of the Council's control (Appendix 4).

4.18 The Council has continued to work with a range of partners to develop and deliver carbon reduction and climate change adaptation work in quarter 2. We submitted a £500k bid to the next round of the Government's Public Sector Decarbonisation Scheme. If successful, this will pay for part of the cost of decarbonising two schools. We also secured funding from the South East Net Zero Hub for a detailed feasibility study of ground-mounted solar PV at Pebsham landfill site (Appendix 6).

4.19 In September the Pensions Fund Team won the Governance Award at the Local Authority Pension Fund Investment Awards 2023 (Appendix 4).

Becky Shaw, Chief Executive