

Title: Council Monitoring Report – end of year 2022/23
Report to: Cabinet
Date: 27 June 2023
Report by: Chief Executive
Purpose: To report Council monitoring for the full year 2022/23

RECOMMENDATIONS

Cabinet is recommended to:

- 1) note the latest monitoring position for the Council;
 - 2) note the changes to the Strategic Risk Register; and
 - 3) agree to £5m additional provision being made to the Capital Programme in relation to Highways Maintenance for 2023/24.
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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 March 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 7.

1.3 The Council has faced a number of external challenges over the past year. The increase in rates of inflation have affected our residents, local businesses and our supply chain. We have also continued to see increased demand for support as part of the longer-term impact of the Covid-19 pandemic. The Departmental Appendices (2-6) provide examples of how we have responded to these challenges.

2. Overview of Council Plan outturns 2022/23

2.1 35 (65%) of the 54 Council Plan targets were achieved and 15 (28%) were not achieved. 4 (7%) are carried over for reporting in quarter 1 2023/24. The carry overs are measures, where action has been completed, but the year-end outturn data is not yet available to report against the target.

2.2 Of the 54 targets, the outturns for 10 (18%) are not comparable with the outturns from 2021/22. Of the remaining 44 measures which can be compared, 25 (46%) improved or were at the maximum (i.e., the most that can be achieved); 3 (6%) remained the same; 13 (24%) had a lower outturn; and 3 (6%) are carried over for reporting in quarter 1 2023/24. Although 13 measures are showing a lower outturn compared with 2021/22, 7 of these met their target for 2022/23.

2.3 The Strategic Risk Register, Appendix 7, was reviewed and updated to reflect the Council's risk profile. The 'Placements for Children and Young People in our Care' risk has been escalated to the Strategic Risk Register. The risk was previously included in the Children's Services Departmental Risk Register. Risk 4 (Health), Risk 5 (Reconciling Policy, Performance and Resources), Risk 6 (Local Economic Growth), Risk 9 (Workforce), and Risk 15 (Climate) have updated risk controls. Risk 17 (Safeguarding of Children and Young People) covered the risks of failing to recruit and retain an effective children's social care workforce. It has been removed as a standalone strategic risk and incorporated into the existing Workforce strategic risk.

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 overspend of £10.7m (£10.8m at quarter 3). The main headlines are:

- The outturn in Children's Services (CSD) is an overspend of £11.5m, a decrease of £0.1m since quarter 3.

The outturn comprises an overspend against the budget relating to Early Help and Social Care of £10.328m and a further overspend of £2.422m in Communication, Planning and Performance, mainly within Home to School Transport. This is offset by an underspend of £1.217m in Central Resources, where the department records any efficiencies and staff vacancies from across a number of areas in the department.

The department is continuing to look for further mitigations, with senior managers leading in taking every opportunity to save costs where possible. However, containing costs in Children's Services continues to be a significant challenge across the country, against the background of increased demand and complexity of needs emerging from the pandemic and acute supply side shortages in both care and education provision.

The department has continued looking at any longer-term impact from the 2022/23 outturn on the Medium Term Financial Plan (MTFP). The MTFP includes significant investments totalling some £8.9m for Home to School Transport, Looked After Children, Locality social work, new school attendance duties and support for care leavers from 2023/24.

- The Adult Social Care (ASC) outturn is an overspend of £0.1m (£0.2m at quarter 3). This comprises an overspend of £1.7m in the Independent Sector, offset by an underspend of £1.6m in Directly Provided Services, the latter due mainly to staffing vacancies.
- The outturn in Communities, Economy & Transport (CET) is an underspend of £0.7m (no change from quarter 3). The main underspend arising primarily within Waste Services, due to increased income from recycling, electricity sales, and reduced disposal costs. As agreed, £2.4m of this windfall Waste income has been transferred to the Waste Reserve to cover future budget pressures, and a further £1.4m will be used to cover the cost of the Record Service move from Ropemaker Park. There is a net overspend of £0.6m on the Highways budget due to streetlighting electricity, the cost of correcting safety defects, additional gritting and drainage works, and additional tree work due to Ash Die Back.
- The Business Services (BSD) outturn is an underspend of £0.2m (£0.3m at quarter 3). This resulted from minor underspends across services due mainly to vacancies.

3.2 Within Treasury Management (TM), Corporate Funding and other centrally held budgets (CHB) there is an underspend of £8.9m including the general contingency (£11.0m at quarter 3):

- Corporate Funding budgets have overspent by £0.7m, because of a £0.6m error by Rother District Council in their precept returns to the Council at budget setting, and a £0.7m reduction in the income from Business Rate Pooling arrangements compared with the district and borough forecasting used for budget setting. This is offset by a £0.6m grant from government for the Council's share of an accumulated surplus in the national business rates levy account that was announced as part of the final local government settlement.
- Within CHB an accounting adjustment of £1.0m is required to reflect the potential risk that increasing outstanding debt levels will not be settled. This is a book entry required by accounting standards, based on a prudent judgement of future risk. This has resulted in a reduction in the underspend. The General Contingency of £4.3m will be required in full to offset part of the Service and Corporate Funding overspend.
- There is a £6.2m underspend on TM as a result of improved returns on market investment. The slippage on the capital programme, and an increase in our cash balances, has also removed the need to borrow externally in 2022/23. This underspend has reduced by £0.5m since quarter 3 because interest accrued on S106 contributions was higher than forecast due to increased interest rates. The entire £6.2m will be required to offset part of the Service and Corporate Funding overspend.

- The remaining £1.763m of the Service and Corporate Funding comprises an operational overspend of £0.748m, compared with £0.743m at quarter 3, and the £1.015m accounting adjustment for increased levels of debt.

3.3 The Council is still experiencing residual COVID-19 related costs and income losses which are being fully mitigated from general and specific funding. The following table shows the use of this funding in 2022/23:

COVID-19 Grants 2022/23 (£m)	Carried forward	Use in-year (including payback*)	Specific set-aside for LAC in future yrs	Estimated balance remaining
COVID-19 General Funding	14.1	(5.0)	(3.1)	6.0
COVID-19 Specific Funding	9.0	(4.7)	-	4.3
Total funding	23.1	(9.7)	(3.1)	10.3

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

3.4 Capital Programme expenditure for the year totalled £75.4m against an approved budget of £84.1m, a net variation of £8.7m. Of the net variation position, £1.4m relates to Local Enterprise Partnership (LEP) funded projects being delivered by, or in partnership with, others, where the timing of expenditure and delivery is largely outside of the Council's control.

Main variations include:

- Bexhill and Hastings Link Road – Project costs remain for post excavation archaeology, landscaping, and remaining compensation claims. There is a projected overall overspend on the scheme in the region of £2.3m, of which £1.0m has materialised during 2022/23.
- Westfield Lane – Underspend of £0.6m due to budget provisionally held for potential land charge not being required.
- Emergency Active Travel Fund – Underspend of £0.6m where the grant was larger than expected and a number of schemes bid for turned out to not be feasible.
- Managing Back Office System (MBOS) Programme – slippage of £1.8m which reflects delays in build and testing.
- IT&D Digital Strategy – Slippage of £0.7m largely due to staff resource limitations. None of the delayed projects or programmes affects the Council's existing systems or security but may delay new capabilities being introduced.
- Bus Service Improvement Programme – Slippage of £0.7m as awaiting outcome of consultant's reports before commencement of bus priority infrastructure work.
- Visibly Better Road – Slippage of £0.5m due to the need to redirect footway gangs to repair potholes.
- Other Integrated Transport Schemes – slippage of £0.7m due to delays on a number of Integrated Transport schemes including the Casualty Reduction Programme, Battle Hill, Dropped Kerbs and Uckfield Bus Station.
- Climate Emergency Works – £1.2m profiled to 2023/24 to cover retention payments not yet due and underspends now being allocated to other 2023/24 projects.
- Hastings Bexhill Movement and Access Programme (LEP funded project) – slippage of £1.2m mainly due to elements of the project being delayed until commencement of new highways contract.

There are several other schemes that have smaller variances.

4 Progress against Council Priorities

Driving sustainable economic growth

4.1 The Council has spent £299m with 898 local suppliers over the past 12 months, 66% of our total spend, exceeding our target of 60%. We continued throughout the year to work with suppliers to maximise the social value delivered by our contracts. Our target for the year was to secure commitments for economic, social and environmental benefits that were of equivalent value of at least 10% of our spend with suppliers. At the end of 2022/23 we had managed to secure commitments that were equal to 57% of our spend with suppliers (Appendix 3).

4.2 As part of our work on supporting our local economy we helped create or safeguard the equivalent of nearly 200 full-time jobs last year. In addition our Trading Standards team provided advice or training to 379 businesses and individuals. We also continued to work with partners to develop ways to attract visitors to the county as well as supporting our local cultural sector to attract funding (Appendix 5).

4.3 The road condition outturns (where a lower figure indicates better road condition), have been published, these figures are only available at one point each year and are based on specialist laser surveys undertaken in Summer 2022. Both the percentage of Principal roads requiring maintenance and the percentage of Non-Principal roads requiring maintenance were slightly above target but in line with the outturn from 2021/22 (5% and 6% compared to targets of 4%). The percentage of Unclassified roads requiring maintenance was 13%, below the target of 14%, and the same outturn as 2021/22. These targets were set as part of a ten-year programme of investment to improve the condition of roads in East Sussex. The winter saw challenging weather for the condition of the roads, with two periods of very wet and cold weather in November/December 2022 and March 2023. By the end of January 2023, we had more than doubled the number of pothole repair gangs from 10 to 23 and extended working hours. Overall, 93.7% of the repairs to potholes were completed within the required timescales in 2022/23. 30,000 potholes were repaired, with 21,600 of these potholes in the road. This is a significant increase on the 24,000 potholes completed in 2021/22. (Appendix 5). Cabinet will receive, at the same meeting as this report being considered, a report updating Cabinet on the condition of the highways and recommending Cabinet consider additional investment on highways maintenance in 2023/24 be increased by £15.7m. It is proposed that £5m of this increase be funded through additional provision being made to the Capital Programme. Such additional provision will be funded by borrowing which will have a revenue implication of £375k per annum.

4.4 A number of highway improvements were completed in 2022/23 using the one-off investment funding agreed by Cabinet in November 2021. Using the extra investment, we have completed an extra 1,117 patch repairs over 735 sites. We have also completed 367 small patch repairs to footways. We installed 1,193 new signs, costing £0.5m, to replace worn out signs. We also completed £0.2m worth of refreshed road marking works (Appendix 5).

4.5 A new highways contract was awarded to Balfour Beatty Living Places in October 2022. The new contract is worth £297m and started in May 2023. Balfour Beatty Living Places will be responsible for maintaining the county's highways network and infrastructure, including roads, pavements, drainage, streetlights, traffic lights and bridges. As part of the procurement process Balfour Beatty Living Places demonstrated how they would help reduce the Council's carbon footprint, provide value for money, and improve social wellbeing in East Sussex (Appendix 5).

4.6 The Government confirmed in quarter 2 that the Council would receive £41m towards our Bus Service Improvement Plan (BSIP). This allocation was the third highest for shire/rural authorities, and the highest per capita amongst these authorities. The Enhanced Partnership Plan and Schemes were agreed in quarter 3, and the first tranche of funding has now been received from the Department for Transport. The new Bus Team are analysing the tenders from bus operators for the enhanced bus services, with the additional services expected to start running in quarter 1 2023/24 (Appendix 5).

4.7 The proportion of young people participating in education, training or employment with training improved in quarter 4, achieving the targets set for the year. The percentage of Looked After Children participating in education, training or employment with training at academic age 17 remained slightly below target, Virtual School, Through Care Team and Youth Employability Service are continuing to provide support to those not participating in education to re-engage (Appendix 4).

4.8 We exceeded our targets for adult education this year. We had 1,166 enrolments across our Family Learning programmes, over twice as many as our target of 500. The refurbishment of our library buildings continued in 2022/23, with works completed at Rye and Newhaven libraries.

Keeping vulnerable people safe

4.9 The increase in demand for Children's Social Care continued throughout 2022/23. There was an 37% increase in the number of referrals to the Single Point of Advice compared with 2020/21. We continue to ensure that there is pace and purpose in our work with Children in Need and that plans are ended where it is safe to do so. The number of open Children in Need (CIN) cases fell from a high of 980 at the end of quarter 2, to 897 by the end of quarter 4. The rate of children with a Child Protection Plan was 64.8 per 10,000 children (691 children) at the end of quarter 4, above the target of 50.3 (536 children). There continues to be robust management oversight of plans, with additional scrutiny of plans being provided by mid-way reviews by the Children Protection Advisor (Appendix 4).

4.10 The rate of LAC at quarter 4 was 62.3 per 10,000 children (664 children). Of the 664 children, 73 are Unaccompanied Asylum Seeker Children (UASC), and this cohort represented 25% of our new entrants to care in 2022/23. A change in the National Transfer Scheme for UASC means that the authority is now required to look after up to 106 UASC. We are also experiencing an increase in asylum seeking young people, placed in adult hotels in the area requiring age assessment and placements. There are also still delays in the court system which is continuing to impact on how quickly we are able to secure Special Guardianship Orders and adoptions (Appendix 4).

4.11 The percentage of Health and Social Care Connect referrals that were triaged and progressed to required services within 24 hours was 87.3% at year end, below the target of 95.0%. Performance was affected by a combination of an increase in referrals and workforce challenges. A number of vacant posts have now been recruited to and sickness absence has reduced. The percentage of Health and Social Care Connect contacts that were appropriate and effective remained above target (Appendix 2).

4.12 Trading Standards made 530 positive interventions to protect vulnerable people in 2022/23, 418 of which were support sessions and training and 112 were direct interventions. Trading Standards also obtained Proceeds of Crime Act (POCA) confiscation orders against convicted individuals totalling nearly £100,000. The POCA ensures that criminals do not profit from their crimes. Trading Standards also received civil compensation of over £160,000 in quarter 4, which is being distributed to nine victims of fraud (Appendix 5).

Helping people help themselves

4.13 The winter period and final quarter of 2022/23 was one of extreme pressure across the country for NHS and care services. Locally our staff worked hard to rapidly use our share of the extra national £500m Social Care Discharge Fund to best effect, helping patients be discharged from hospital and into onward care as fast as possible. This, and other winter rapid improvement work meant that the Council was part of a successful Sussex Integrated Care System bid to be one of six national 'Discharge Frontrunners'. This will trial innovative long-term solutions in 2023/24, to free up hospital beds and make sure patients get the right care at the right time, which could be rolled out more widely across the NHS and care system if successful (Appendix 2).

4.14 The take up of NHS Health Checks by eligible residents living in the top 20% most deprived areas in the county continues to be below target. The Hastings and St Leonards Primary Care Network started delivering health checks in February and are specifically targeting those living in the most deprived areas (Appendix 2).

4.15 We continued to provide support to Ukrainian guests living in East Sussex as part of the Homes for Ukraine scheme and their hosts. Over 400 school places have been allocated to Ukrainian children. We have also provided support with accommodation to over 100 families (Appendix 2).

4.16 We completed four infrastructure schemes to improve road safety in quarter 4. Two of these schemes were in Eastbourne, one in Bodiam and one in Hastings. In total during 2022/23, the highways contractor completed 17 road safety schemes. Several other schemes have been designed, however it was not possible to schedule these within the final works programme before the end of the existing highways contract. These schemes will be carried over for the new highways contractor to implement. As part of our wider work on road safety we delivered 555 'Bikeability' courses to 4,354 individuals at participating schools and the Cycle Centre at Eastbourne Sports Park in 2022/23. We also delivered 252 'Wheels for All' sessions to 3,649 attendees at the Sports Park (Appendix 5).

Making best use of resources now and for the future

4.17 We developed a range of initiatives to help address our significant recruitment and retention challenges as a result of the current labour market conditions and cost of living pressures during 2022/23, most notably the development and launch of our new employer recruitment brand and campaign: 'We Choose East Sussex'. This has resulted in increases in people visiting our online jobs pages and in the proportion of Council vacancies filled. As well as attracting external candidates to the Council, in line with our commitment to supporting and developing our existing managers, two new leadership development initiatives were launched: the 'Ladder to Leadership' programme and Heads of Service masterclass programme (Appendix 3).

4.18 We set a more challenging target for sickness absence for 2022/23 compared to previous years. This target of 9.10 days lost per full-time equivalent employee has not been met, mainly due to an increase in COVID-19 related absences at the beginning of the year. We have seen an increase in mental health absences, a trend also seen in other local authorities. We have developed a range of initiatives to support staff in response (Appendix 3).

4.19 We experienced a number of challenges in our delivery of energy efficiency projects during 2022/23, including delays within supply chains. We completed 21 projects against a target of 22. The data on carbon emissions from Council buildings for 2022/23 will be available in quarter 1 of 2023/24 as carbon data is reported a quarter in arrears. However, data from quarter 3 forecasts a 33% reduction in carbon emissions for year end against the baseline year of 2019/20. This is very close to the target of a 34% reduction from the baseline year and represents an improvement on the previous quarter (Appendix 3).

4.20 The Council has continued to work with a range of partners to develop and deliver carbon reduction and climate change adaptation work in 2022/23. We have assisted 149 Small and Medium Enterprises (SMEs) to measure their carbon footprint and awarded energy grants, totalling £250,000, to 49 SMEs to implement carbon reduction measures. We also delivered carbon literacy training to 259 staff and Members and have shared an e-learning climate change module with district and borough councils (Appendix 5).

4.21 Throughout 2022/23 corporate lobbying work has focussed on using our partnerships and networks at the local, regional, and national level to influence policy development in a range of areas, including adult social care charging reforms, the future of children's social care and local authority funding. In quarter 4, we also supported councils across the south east region to escalate questions and concerns regarding migration and contributed to the development of the new Office for Local Government (Appendix 6).

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