

**Appendix Two: Corporate Plan 2022/2023: Performance Report  
Half-Year (1 April 2022 to 30 September 2022) Exception Reports**

Two Key Performance Indicators (3%) have been forecast as “red” where performance is, or is likely to be off track

**Priority: P6 – Strong, growing economy to enable social mobility**

- KPI No. 44 Number of people supported into employment or learning

**Priority: P8 – Transparent and effective organisation**

- KPI No. 65 Achieve a breakeven or underspend against the Council’s General Fund Revenue Budget (as measured by the agreed Budget Requirement)

<b>Department: Adults &amp; Prevention</b>		
<b>Priority:</b> Strong, growing economy to enable social mobility		
<b>Performance Measure: 44</b>		<b>Good performance is: Higher</b>
<b>Target: 1300 (1200 NCS; 100 MPT)</b>		<b>Baseline: 879</b>
<b>Quarterly performance</b>	<b>Half year performance and RAG rating</b> 356 (334* NCS, 22 **MPT)  <b>RAG Rating: RED</b>	<b>Year-end performance and RAG rating</b> Amber
<b>What is the reason for the performance?</b>		
<p>Performance measure 44 relates to two services supporting people into employment or learning. As per the previous exception report (end of year 2021/2022), DWP invited the team back in to provide face to face appointments on-site and there are now more face to face appointments taking place in the Neighbourhood Learning Centres. This activity started gaining momentum in July and August 2022 and, as such, has not yet resulted in the expected increase in numbers. However, improved links with Blackburn College and our own Adult Learning service delivery picking up there should be a rise in learning outcomes in particular. There are increased numbers of accredited course programmes being offered, which should in turn see an increase in outcomes.</p> <p>The following reasons for the shortfall have continued to apply during the first 2 quarters of 2022/2023:</p> <ul style="list-style-type: none"> <li>• Lack of physical space and/or opportunity for people to have face to face appointments</li> <li>• Fewer people being referred by agencies who work with people looking to improve their work prospects (eg DWP)</li> <li>• DWP were unable to host group sessions due to restricted room availability following an increase in numbers of work coaches</li> </ul>		

The National Careers Service in particular has seen an increase on the same period in 2021-2022. Additionally, there are periods of increased activity in terms of identifying, recording and claiming Job and Learning Outcomes. As these are generally October/November and February/March we expect to reduce the gap between current performance and targets significantly before the end of Quarter 4.

**What is the likely impact of continued performance?**

As this is a payment by results contract any shortfall in targets has an impact on income. However, a new Prime Contractor as from 1<sup>st</sup> October 2022 means that there are opportunities to change methods of delivery which are already being discussed with the team to ensure targets are achieved.

**What activities have been or are being put in place to address these issues?**

A delivery plan and projections template is updated monthly and is used to identify potential shortfalls giving the opportunity to mitigate this where possible. Additionally, team members have specific monthly targets which their manager is monitoring.

The above issues which resulted in the shortfall should reduce over the coming months. As a result of the change in Prime Contractor we have also been required to take on additional staffing capacity under TUPE regulations (0.6 FTE) which will enable the team to see more people under the contract and provides extra capacity for tracking customers. It is the tracking element of the role which will most benefit the recording and reporting of the number of people achieving either a learning outcome, job outcome or both. The team will have additional admin support to carry out some of this monitoring which should, again, see an increase in outcomes recorded.

**Are there any decisions likely to be required of Executive Members in the future, in relation to this issue?**

Not at this time

<b>Department: Finance</b> (Council-wide)		
<b>Priority:</b> Transparent and Effective Organisation (Delivered by a Strong and Resilient Council)		
<b>Performance Measure:</b> 65 Achieving a Balanced Budget		<b>Good performance is:</b> Achieving a Balanced Budget or Budget surplus
<b>Target:</b> Achieving a Balanced Budget		<b>Baseline:</b> A Balanced Budget
<b>Quarterly performance</b>	<b>Half year performance and RAG rating</b> - Current forecast is that the Council will overspend by £7.590m:  <b>RAG Rating:</b> RED	<b>Year-end performance and RAG rating:</b> Current forecast is that the Council will overspend by £7.590m unless action is taken to control the Council's spending and/or increase income.  <b>RAG Rating:</b> RED

**What is the reason for the performance?**

On the basis of a Budget Monitoring exercise undertaken at the end of September 2022 (Quarter 2), there are the following reasons for the forecast overspend:-

- Higher than expected pay award in 2022/23. The Council budget for a pay award of 2% (reflecting the prevailing rate of inflation at the time the budget was determined). However, the average pay award for Council staff is c7.5% resulting in a forecast overspend of £3.5m. This is partly offset by a contingency of £1m;
- Higher than expected utility costs where the Council is expected to overspend by c£640k despite increasing the budget for utilities by £1m in 2022/23. Given the current volatility in the energy market, it is increasingly difficult to predict the likely cost of utilities to the Council;
- Additional demand in Children's Service (reflecting an uptick since the Covid-19 pandemic has started to subside) leading to higher than expected costs of Children's placements;
- Shortfall in income across a range of services such as Markets, Leisure Centres, Car Parking and Development Control. These services were significantly affected by the Covid-19 pandemic and whilst the impact of that has started to diminish, these same services are now affected by the Cost of Living crisis and the slowdown in the growth of the economy.

A more detail analysis of the forecast overspend is provided in the report on this matter considered by the Executive Board on 10<sup>th</sup> November 2022.

**What is the likely impact of continued performance?**

Should the Council's General Fund overspend by £7.590m in the 2021/22 financial year, there will need to be an additional call on the Council's Reserves to ensure that the Council's budget is in balance. This will require a review of Earmarked Reserves, particularly those set aside specifically as contingent sums.

Equally, some of the underlying reasons for the forecast overspend may well have an impact on the Council's future budget if no action is taken to mitigate the impact of those matters.

**What activities have been or are being put in place to address these issues?**

The following remedial actions have been put in place with effect from November 2022:

- No new posts will be added to the Council's staffing establishment (unless funded specifically by grant funding)
- Any posts on the establishment which become vacant will be subject to review by the Council's Workforce Management Group before any recruitment process is commenced
- The turnover factor will be extended from 2 weeks to 4 weeks
- Any request for overtime will be subject to review by the relevant Head of Service and/or Director
- The approval limits for general expenditure will be amended so that Heads of Services and/or Directors provide additional oversight to the Council's spending.

In the medium term, and as part of the development of the Council's Budget for 2023/24, a series of strategic Workstreams has been established to review Council activity and identify ways of reducing the Council's expenditure and increasing its income. Details of these Workstreams, along with an update on the Council's Medium Term Financial Plan, were reported to the Executive Board in October 2022.

**Are there any decisions likely to be required of Executive Members in the future, in relation to this issue?**

Any decisions required will be dealt with in accordance with the Council's Financial Procedure Rules.